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EVALUATION OF THE GEORGIA LAND MARKET DEVELOPMENT PROGRAM

FINAL REPORT



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EVALUATION OF THE GEORGIA LAND MARKET DEVELOPMENT PROGRAM

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CONTENTS

EXECUTIVE SUMMARY	vii
1.0 BACKGROUND	1
1.1 LMDP I and II Outputs	1
1.2 Objectives of this Evaluation.....	1
1.3 Evaluation Methodology.....	2
2.0 MAJOR FINDINGS	2
2.1 What are the Successes of the LMDP Project?.....	2
2.1.2 Support of NAPR	5
2.1.3 Completing Agricultural Land Privatization	7
2.1.4 Legislative Development.....	10
2.1.5 IDP Assistance.....	12
2.2 What are the Mixed Outcomes?.....	13
2.2.2 100 Agricultural Enterprises	16
2.2.3 Public Awareness and Education	17
2.3 What Did Not Work?.....	19
2.3.1 Increases in Transactions and Land Consolidation.....	19
2.3.2 Self-regulating Organizations	22
2.3.3 Alternative Dispute Resolution	23
2.3.4 Forest Land.....	24
3.0 CONCLUSIONS	25
4.0 RECOMMENDATIONS.....	29

ANNEXES

Annex 1: Outputs and Objectives of LMDP.....	37
Annex 2: Evaluation Methodology.....	41
Annex 3: Tables, Figures, and Pictures.....	45
Annex 4: List of Persons Interviewed.....	55
Annex 5: Example of Interview Script.....	60
Annex 6: Discussion Group Script.....	67
Annex 7: Summary of Discussion Groups.....	72
Annex 8: Selected Quotes from Interviews and Discussion Groups.....	81

LIST OF ABBREVIATIONS

APLR	Association for the Protection of Landowners' Rights
ADR	Act of Delivery and Receipt
BAH	Booz Allen & Hamilton
BTI	Bureau of Technical Inventory
CLO	Certificate of Land Ownership
EPI	Economic Prosperity Initiative
FSU	Former Soviet Union
GEL	Georgian Lari (currency)
GFPVAV	Georgian Federation of Professional Asset Valuers
GREA	Georgian Real Estate Association
GTZ	German Technical Cooperation/Deutsche Gesellschaft für Technische Zusammenarbeit
Ha	Hectare(s)
IDP	Internally Displaced Person(s)
KfW	Kreditanstalt für Wiederaufbau (German Government Development Bank)
LMDP	Georgia Land Market Development Project
LMDP I	Phase I of LMDP – 2000-2005
LMDP II	Phase II of LMDP – 2005-2010
MOA	Georgian Ministry of Agriculture
MOE	Georgian Ministry of Economy and Sustainable Development
MOR	Georgian Ministry of Refugees
NAPR	National Agency of Public Registry
NGO	Non-governmental Organization
OP	Office of Privatization of the MOE
SDLM	Georgian State Department of Land Management
SIDA	Swedish International Development Cooperation Agency
SRO	Self-regulating Organization
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank

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EXECUTIVE SUMMARY

Major Findings

- Land tenure issues are generally considered to be settled at this time in Georgia. It is widely believed that land title issues in Georgia today are no longer an impediment to increased land transactions or land consolidation.
- The amount of arable agricultural lands remaining in state ownership after mass privatization has been significantly reduced and the state is divesting what remains at a steady pace in response to demand.
- The LMDP/APLR exerted considerable influence on policy formulation and program implementation in land privatization and registration, training scores of public officials and today's private sector market professionals. The APLR was a training ground for policy makers in government as well as for active participants in private sector property markets today.
- Necessitated by cessation of donor funding, APLR appears to be making a successful transition from donor supported organization to financially self-sufficient real property consultancy supported primarily by contracts with private sector entities, while at the same time retaining its influence in policy matters on behalf of free and efficient land markets.
- LMDP provided crucial technical and policy support to the National Agency for Property Registration (NAPR). The NAPR reflects many if not all of the best practice recommendations made today for title registration systems, and APLR is credited with providing significant support for creation of its technical systems and databases.
- The LMDP program is widely acknowledged to be the champion of the concept of privatization of leased land, which is in turn widely acknowledged to be responsible for creation of most moderate-sized and large farms in Georgia today.
- LMDP/APLR training, technical assistance and public education contributed directly to the successful privatization of significant amounts of useful agricultural land – including leased land, vacant state lands and pasturelands – which were overlooked in the earlier mass privatizations.
- It is possible that the new electronic cadastre may not be completed for many years because of the policy choice to rely on sporadic registration, but there are significant differences of opinion on the implications of that fact and whether government should invest more in completion of that work.
- There are many cultural, structural and economic variables other than security of titles affecting the growth in land transactions and mortgaging. Land fragmentation is not likely to be resolved through operation of market forces in the near or even medium term.

- Consolidation of “reform land,” the millions is small parcels handed out in the first phase of land reform, is proceeding slowly; there are some indications that market-driven land consolidation is increasing gradually at this time.
- While the growth of agricultural land sales under LMDP I was unremarkable, it was steady. There are indications of increased growth in agricultural land sales since inception of LMDP II, but reported statistical data does not allow precise estimates.
- The pace of mortgage lending also appears to be increasing since 2005, but the reported statistics do not allow a breakdown between lending on agricultural land and lending on apartment units, for example, and further study would require a special request to NAPR. Most market experts detect increasing interest in mortgage credit.

Main Conclusions

- LMDP had very significant accomplishments and is generally acknowledged to be one of the key contributors to agricultural land reform. Several initiatives over its long existence have had mixed outcomes or limited results, but these initiatives tended to be ancillary to the main work of the project and recipients of only a small part of project resources
- A significant contribution of LMDP was its continuing support for the APLR, which is considered by many to be among the most effective NGOs not only in Georgia, but in the region. While APLR’s focus will likely change in the future, there are no indications at this time that its positions in support of free and efficient land markets are any less useful today.
- APLR’s policy guidance and technical assistance to government and citizens from 2001-2010 was a key element in Georgia’s successful agricultural land reform. LMDP’s support for the APLR was a significant factor in the program’s success as well as in the success of the APLR. LMDP/APLR were responsible for constructing much of the technical foundation for the modern cadastre and title registration system being developed in Georgia today under the NAPR. Though that program was not without flaws and has been subject to some controversy, the consensus of opinion appears to be that its positive contributions outweighed its negatives.
- LMDP/APLR provided significant technical assistance in conceptualizing and preparing regulations and procedures for implementation of the new privatization and registration policies, as well as training of national and local officials.
- LMDP’s assistance to the GOG in resettling and protecting the rights of internally displaced persons (IDPs) following the 2008 Ossetia conflict is believed by most experts to have contributed significantly to the success of that effort.
- Whether LMDP activities contributed to increases in land market activity and extension of mortgage credit and a decrease in land fragmentation is very difficult to show given the lack of quantitative data and the fact that the project was not structured initially for high level monitoring and evaluation. Many factors contribute to development of land markets and

increases in land market activity, and to separate out their relative effects now would be difficult without much more effort. Nevertheless, there are indications and strong opinions that the activities of LMDP had a positive effect on growth of agricultural land markets.

- The expectation that privatization and registration of titles would address issues of land fragmentation and availability of credit to small farmers was perhaps optimistic and consolidation was unlikely to be resolved by market forces over LMDP's duration in the absence of other state interventions.
- Only about 15-20% of land owners have obtained new survey surveys and are entered into the new electronic cadastre today. Some people who are not yet entered into the new cadastre may be at risk of losing some of their land to aggressive new government programs to attract investment in agriculture as well as traditional infrastructure programs because of boundary and other errors in the LMDP CLO program, but no compelling evidence that is a significant problem today was found.
- The work of LMDP is not complete today. For example, there remain problems with identifying unused state lands, not all rights were captured by the work of LMDP and other foreign donors, and many discrepancies in the earlier LMDP surveys remain to be corrected. Whether this work can be completed over time through market forces or whether further interventions are required is an open question that is subject to strong differences of opinion.

Recommendations

1. Clarify expectations and objectives for land reform.
2. Consider renewed efforts to accelerate completion of the new cadastre.
3. Clarify the rights of remaining leases.
4. Improve the quality and amount of data available in searchable electronic databases.
5. Study the risk of abridgment of land rights.
6. Implement greater administrative protections for existing rights.
7. Interventions to promote further land consolidation.
8. Interventions to promote access to and use of farm credit.
9. Promote a culture of monitoring and evaluation.

1.0 BACKGROUND

Between April 2001 and July 2005, USAID/Caucasus had a Cooperative Agreement (CA) with Terra Institute Ltd. to implement a Land Market Development Program (LMDP I) valued at \$8,122,795.66. LMDP I was the successor of USAID's Urban/Rural Land Privatization project implemented between 1997-2001 by Booz-Allen & Hamilton (BAH) and subcontracted by BAH with the Association for the Protection of Landowners' Rights (APLR), a Georgian nonprofit organization. In August 2005, the USAID Mission signed another CA with directly with the APLR to implement Land Market Development Program II (LMDP II), valued at \$ 3,616,312. The project was extended again in 2008 and ended on September 30, 2010.

The main objectives of LMDP I and II were to further growth and development of APLR and contribute to development of land and real estate markets in Georgia by facilitating turnover and increasing access to mortgage credit. Activities included completion of agricultural land privatization and contributing to the establishment of a clear, transparent, streamlined and user-friendly property rights registration system.

1.1 LMDP I and II Outputs

The expected outputs of LMDP I and II were many and varied over the course of its 10 year existence, and ranged from titling and registration of an additional 1,400,000 land parcels to promotion of self-regulating market institutions, from land dispute resolution to assistance to internally displaced persons (IDPs) from the 2008 Ossetia conflict. A complete listing of expected LMDP outputs is included at Annex 1 for reference.

1.2 Objectives of this Evaluation

The purposes of the present evaluation as identified by USAID/Caucasus in its Task Order are to:

- 1) Assess Land Market Development Activity accomplishments within a context of the overall land market development in Georgia and evaluate impact of the program both on the local and national levels; and
- 2) Analyze specific results of the Land Market Development Programs I and II (2001-2010) in the following areas:
 - Improving the legal and regulatory environment for land registration;
 - Institutional capacity building of targeted associations and relevant Government of Georgia agencies involved in land registry, privatization and landowner's rights;
 - Phase in of land privatization in the country;
 - Public awareness about land privatization programs including but not limited to registrations and landowner's rights and responsibilities, and agricultural land lease issues at the national level including ethnic minorities;
 - Self-sufficiency of APLR as an independent organization.

Given the limited time and resources for this work, not all of the many outputs and objectives of this 10 year program could be closely analyzed. Upon assessment of the key documents and initial discussions with key informants, and taking into account the evaluation objectives enumerated by USAID/Caucuses, the evaluation team prioritized the expected outputs and objectives of LMDP under 7 comprehensive categories, and identified the key activities under each category. Those categories, listed approximately in the order of importance as estimated based on the effort and resources devoted to them during the project, are:

1. Strengthen the APLR;
2. Facilitate registration of land rights;
3. Facilitate implementation of the Law on Privatization of Remaining State-Owned Agricultural Land and complete and expand privatization of agricultural land;
4. Promote public education & awareness of land rights and the benefits of registration;
5. Assist in the development of useful and transparent legislation;
6. Develop institutional infrastructure for land markets; and
7. Protect IDP rights and facilitate resettlement.

1.3 Evaluation Methodology

This evaluation employed four primary tools: in-depth, scripted interviews with key informants; a series of 6 discussion groups with farmers; site visits to selected facilities; and review of relevant quantitative data where available. A detailed description of the evaluation methodology is provided in Annex 2 of this report.

This evaluation does not emphasize description of the accomplishments of LMDP in quantitative terms. Most of the quantitative results of the project are adequately described in the project's final reports of 2005 and 2009.¹ This evaluation seeks to determine the broader impact of the project on attitudes, policy, capabilities and trends. For example, significant contributions to creating sustainable methods of privatizing state agricultural land over the longer run are considered to be more important than the actual number of hectares privatized with direct LMDP assistance during the project's existence. Significant contributions to creating a climate of tenure security is considered to be more important than the actual number of mortgage loans made during the project's time.

2.0 MAJOR FINDINGS

2.1 What are the Successes of the LMDP Project?

2.1.1 Support of APLR

LMDP and its BAH predecessor project had been collaborating with the APLR since approximately 1998. Begun in 1997 as primarily an advocacy organization for newly created

¹ Final Report Georgia Land Market Development Project: June 2001-July 2005, October 31, 2005; Final Report: Land Market Development II Activity: August 2005-September 2010, December 15, 2010.

landowners, over this period of time APLR underwent several transitions, from advocacy organization, to donor funded technical assistance provider and project implementer, and more recently from donor funded organization to a financially self-sufficient full-purpose real property consultancy. Along the way it has broadened its constituency to include not only the small and medium size landowners of the early years, but also large companies having vital interests in land matters.

“In my opinion the APLR was the best land reform advocacy group in the entire [Europe and Central Asia] region.”

Chief Land Administration Specialist, World Bank Europe and Central Asia Region, and Task Team Leader, World Bank Georgia Cadastre and Title Registration Project

APLR in the Georgian Government. Most experts agree that APLR remains an important and influential participant in public policy making whose advice continues to be sought on land matters, and the primary national advocate for improving land markets. Perhaps the best way to illustrate the past and continuing influence of APLR on land policy in Georgia is to look at the level participation of its former employees in important state and private sector positions. Former staff members of APLR presently hold the Chairmanship of the NAPR, 1 Minister’s position, 3 Deputy Minister positions, advisory positions on the staffs of the President and Prime Minister, and 6 senior management positions with the NAPR. During the years of LMDP the APLR appears to have been a training ground for policy makers in government as well as for active participants in private sector property markets. Table 1 of Annex 3 shows former APLR employees and their subsequent participation in the public and private sectors and Figure 1 of Annex 3 shows these relationships graphically.

APLR Transition to Self-sustaining Status. A large portion of the work of LMDP I was developing the APLR as an institution, with a focus on planning, business model, implementation of management and financial systems and training of human resources. The success of its ongoing transition from NGO to financially self-sustaining consultancy may be considered a reasonable indicator of the strength of APLR’s management and management structure. APLR appears to be making a successful transition from donor supported organization to financially self-sufficient real property consultancy supported primarily by contracts with private sector entities. It still does significant work for the GOG from time to time on a contract basis, but the amount of that work as a portion of the APLR portfolio has decreased substantially. It has 20 projects at this time, all of which were won in competitive tenders. A representative sample of APLR’s current contracts includes:

- *British Petroleum-Georgia.* This contract with a total value of over 3.5 million USD has been ongoing since 2003 to assist BP with land acquisition necessary for construction of a major oil/gas pipeline. In its current phase APLR will be assisting BP with acquisition of an additional 1,500 land parcels over a period of 36 months under a contract worth 1,000,000 GEL.
- *Railway projects.* APLR has been assisting several railway operators, including Georgian Railways and the owners of the proposed Turkey-Azerbaijan-Georgia railway connection, to acquire lands for rights of way. The project with Georgian Railways for a new line on the outskirts of Tbilisi is worth over 300,000 USD, and involve acquisition of over 100 land

parcels. The Turkey-Georgia project will involve over 650 privately owned land parcels in the right of way to be acquired by negotiation.

- *MOE training and training materials.* For the MOE, APLR is working on a manual of state property law and will train staff on property law issues. Under a recently won MOE tender it will prepare manuals for preparation of auctions of state-owned land and also train MOE staff on current auction rules and procedures.
- *Irrigation.* For a regional irrigation infrastructure company that was having trouble collecting water fees APLR prepared a database of leased state land and developed a software program to assist in fee collection. Fee collection jumped from 10% to about 90%.

In addition, APLR continues to operate what appear to be popular certification programs for various types of land market professionals, primarily appraisers and surveyors. The certification course for appraisers is considered the national standard in the absence of any similar certification by the state or a self-regulating professional entity. On behalf of NAPR APLR conducts training for and certifies “authorized users” of the NAPR’s specialized web access facility that allows professionals to make changes directly to the national cadastre map. The NAPR is in the process of implementing an advanced GPS surveying reference system financed partially by the World Bank, and APLR will train and certify surveyors to use the system.

APLR current employs 60 staff members nationwide, down from the height of 150 during LMDP but up 10 since 2010. All recent hires have been made on a performance compensation (commission) basis and regional representatives are responsible for producing their own work.

What is the future of APLR? APLR will likely change its name at the end of 2011 to reflect its new reality as a private sector land market consultancy and only secondarily an advocacy organization. It will likely no longer be structured as a membership organization, but in reality it was never a grass roots membership organization, having only about 400 members most of whom were land market professionals and only incidentally “landowners.” While all of the farmers participating in the discussion groups were aware of the APLR, only a few had ever been members or were current on its activities.

In the future, APLR’s private sector consultancy business activities will likely predominate. This does not necessarily mean that its participation in land policy issues will decrease, but may take a different direction. The change in its project portfolio does not seem to have decreased its influence and participation in policy making and most experts still consider it essential for the GOG and Parliament to seek its views on matter of land policy. It will likely remain a leading representative of the private sector on land policy issues.

There is a sense that these changes will mark a departure from its initial role as an advocate of the small landowner. In fact, APLR still conducts one day a week free office and telephone consultations for all landowners, and claims to still occasionally intervene on a pro bono basis in land owner problems. But close examination of the history makes clear that APLR has always included large landowners and agribusiness in its sphere of concerns, and that most of its activities affected all landowners regardless of size and type of business. Its emphasis on

privatization of state-owned land leased to large holders is a case in point, and those lessees are today among the largest farmers in Georgia.

2.1.2 Support of NAPR

The NAPR is the current land title registry in Georgia and the successor to the SDLM, the former land administration arm of the GOG, as well as the Bureaus of Technical Inventory, Soviet era institutions that were responsible for inventory of built structures. The NAPR was created in 2004 pursuant to the Law On Public Registry, and combines in one institution physical cadastre, registration of legal rights to real real property, registration of legal entities, and registration of secured transactions with moveable property. It is a semi-independent state company that reports to the GOG through the Ministry of Justice.

Land Administration Prior to NAPR. There is general agreement that prior to creation of the NAPR land administration in Georgia under the SDLM was underfunded and characterized by inefficiency and opportunities for rent seeking. There were conflicts of interest, as the same agency was responsible for land allocation, land administration and registration of legal rights. Achieving registration consisted of numerous steps and institutions and in the worst cases could take months. One of the main flaws from the perspective of urban dwellers was the involvement of the Bureaus of Technical Inventory as an entirely separate registry of built objects, an institution that routinely extorted property owners who requested the necessary documentation for registration, but which also imposed an extra, time-consuming step on registrants. Few countries in the world today maintain a separate register of constructed objects, and in most cases even those have nothing to do with legal rights.

Land Administration in Georgia Today. Today the NAPR reflects many if not all of the best practice recommendations for title registration systems, including:²

- It is a semi-independent and financially self sufficient state entity which relies on its own resources and not the state budget. Its current revenues of approximately 35 million GEL per annum are sufficient not only to cover operations, but to fund significant capital investments in technology and cadastral infrastructure.
- It combines cadastral mapping and registration of legal rights in a single agency, as well as registration of land and structures.
- It delivers registration services as a public good, covering costs (including capital investment) but not serving as a profit center.

² There are many publications which discuss the best practice principles of modern land administration and title registration. Some of those are: Land Administration Guidelines, With Special Reference to Countries in Transition, United Nations, New York and Geneva, 1996; Holstein, L., Towards Best Practice From World Bank Experience in Land Titling and Registration, World Bank, Washington, DC, 1996 (<http://www.landnetamericas.org/docs/World%20Bank%20Experience.pdf>); Williamson, Ian, Best Practice for Land Administration Systems in Developing Countries, International Conference on Land Policy Reform, Jakarta, July 2000 (<http://siteresources.worldbank.org/INTARD/825826-1111055015956/20424575/lapcWilliamson.pdf>).

- Implementation of a “one window” approach to land administration whereby all required documents for registration and delivery of notifications to related government agencies are handled from the same office, and registration can be done for any area of the country from any area of the country through an integrated national land database.
- A flexible approach to the title evidence required for registration.
- All cadastral surveying has been outsourced to the private sector.
- It has moved quickly to a paperless system.
- It has implemented web-based registration application for all citizens.
- It has implemented direct, web-based access for certified users (e.g. public officials, banks, notaries, brokers and property developers) to make changes to the cadastral map by submission of new surveys.
- It maintains all cadastral and registration data on a publicly accessible web site.

The registration function of the NAPR is rated second in the world in the World Bank Group’s “Doing Business” assessments and enjoys an excellent reputation for public service among system users, a clear finding of the discussion groups conducted for this evaluation. Normal transactions with registered properties can be completed in half a day. Even first registrations of unregistered properties in the new cadastre, absent serious issues with boundary survey or other registered data (see Section II.B.1, *infra.*), can take only 4 days. All of this has accomplished while reducing the number of employees in the former SDLM/BTI complex from nearly 2,400 to approximately 650 today in the NAPR.

Contributions of LMDP to Development of NAPR. Many knowledgeable commentators agree that the idea and design of the NAPR was the product of a group of like-minded Georgian and international experts associated with the many donor funded land administration projects ongoing in Georgia in the period 1998-2002, largely under the guidance of the senior staff of the SDLM. But the LMDP, through APLR, is widely acknowledged to be one of the key players in its design and implementation, and one of its key supporters after its creation.

The strongest contributions of LMDP/APLR to the establishment of NAPR were arguably in the areas of information technology and database creation and management. Significant contributions were made by APLR also toward simplification of registration procedures and requirements, but there is considerable opinion that much of the credit for those advances belongs to the USAID Business Climate Project.

In addition to creating the initial NAPR database for CLOs (see Section II.B.1, *infra.*), one of the most significant contribution of APLR to NAPR operations is believed to be the integration of the cadastral databases produced by LMDP and the KfW cadastre project, which overlapped geographically with the LMDP project and was generally considered to have a higher quality geodetic data than LMDP. From 2004-2006 the APLR integrated these databases into a single

database using common mapping standards and technology. In that process the areas that were not captured in the several databases were identified and a significant number of them surveyed and captured. Ultimately LMDP assisted NAPR to transfer the integrated database to the local offices of NAPR, including system consultation and training for local technicians. It is that integrated database that to this day serves as the foundation of the NAPR cadastre and is considered by many land market professionals to be a signal achievement of the APLR work. It should be noted that while LMDP reports appear to claim this activity as an accomplishment of LMDP, the work of integrating the two databases appears to have been initiated and funded by KfW, highlighting the difficulty encountered in this evaluation in separating out the contributions of many actors. KfW may have initiated and funded the database integration program, but LMDP may have established the APLR as the clear choice for implementing it.

2.1.3 Completing Agricultural Land Privatization

APLR's role in land reform has been ongoing since 1998 and its involvement with the BAH implemented enterprise land privatization programs and development of the Law On Privatization of State-Owned Non-Agricultural Lands (1999). APLR is widely acknowledged by public officials and other key informants to have been the leader in promoting completion of privatization of state-owned agricultural land.

Land Privatization Prior to LMDP. Small scale privatization of agricultural land began in 1992 under the auspices of SDLM and resulted in the privatization of millions of small agricultural parcels by the breakup of the large state and cooperative farms. No other state owned agricultural lands were privatized at this time. This process resulted in issuance of the Acts of Delivery and Receipt (ADRs), an early form of title document which was replaced by the CLOs in the LMDP registration program. The parcels privatized were small, ranging in size from 0.5 hectares to 1.25 hectares, and many recipients received multiple parcels which were sometimes at significant distances from each other.

In addition to small scale privatization, large agricultural parcels had been made available under long term leases by municipalities acting through the local offices of the SDLM. (Direct leases of state-owned land were also made at the national level but these were a much smaller volume.) Leased land tended to be the larger, and some considered better quality, arable land parcels which were retained by the state after small scale privatization. The leasing program was considered to have many flaws, including favoritism and lack of transparency in the allocation process and lack of protection against changes of local government. Leases were not respected as legal rights *in rem*, but were considered to be mere contractual rights subject to revocation by the locality. It was believed at the time that the insecurity of the leases discouraged investment in land improvement. There are no records available on the actual incidence of lease revocations, but there is substantial agreement that the threat was considered real by many leaseholders. One upshot was that land leases were considered to be prime opportunities for rent seeking by land officials.

Contributions of LMDP to Land Privatization. LMDP/APLR is widely credited by knowledgeable experts with the vision to see that small scale privatization was only one step in the process, that large amounts of valuable agricultural land remained in state ownership, and

that small scale privatization had resulted in problems of land fragmentation that could be leading to abandonment, underutilization and decrease in agricultural output. An objective of LMDP II was established to facilitate the privatization of 360,000 additional hectares of farmland in a way that would create larger and more economically sustainable farms. To accomplish this objective APLR conceived of and promoted a policy of “completing” agricultural land privatization through its legislative program (See Section II.A.5, *infra.*) and then in cooperation with GOG piloted or implemented several of the important initiative arising from that legislation, including primarily leased land privatization and unused land auctions. At the end of the program LMDP was directly involved through training, technical assistance and consultations with citizens in privatization of 171,000 hectares of leased land and in auction procedures for an additional 41,000 hectares of unused state land. Additional privatization activity went forward without direct LMDP/APLR involvement, but very likely aided indirectly by LMDP training and technical assistance to national and local government officials. Whether the goal of privatizing an additional 360,000 hectares of agricultural land through LMDP activity was met can’t be determined precisely but it seems likely.

In addition, toward the end of its existence LMDP/APLR contributed to the development of the Law on State Property, the successor legislation to the land privatization laws, and assisted the Ministry of Economy and Sustainable Development (MOE) to design and implement the current GOG land auction program which has replaced agricultural land privatization.

LMDP Contributions to Leased Land Privatization. The LMDP/APLR program is widely credited with championing the concept of privatization of leased land. There was considerable opinion at the time that allowing preemptive, direct privatization of large, quality leased land parcels at concessionary prices would aggravate inequities caused by non-competitive and non-transparent allocation of the leases in the first place, and that leased land should be auctioned like unused state-owned farm land. LMDP/APLR took the contrary position that auctioning land that had been already occupied and improved was potentially unfair because of investments in land improvement that had been made, and that leasing to sitting lessees would serve as an antidote to the land fragmentation caused by small scale privatization.³ The LMDP position won out and sitting leaseholders were given a 5 year window in which to directly privatize their holdings which ended in May 2011.

To encourage privatization, LMDP/APLR promoted two key concepts regarding payment for the land. Privatization prices for lease land were set at ten times the then current land tax, which was generally considered to be a concessionary price, but still beyond the reach of many lessees. To deal with this prospect the legislation provided that the land could be bought out with a 10% down payment and equal payments of 10% made over the following 9 years, and that a 50% discount in price would be given to those who paid immediately in a lump sum. Both of these options were considered to induce additional privatizations for different classes of lessees, though this conclusion was not rigorously studied.

³ There is some knowledgeable opinion today that the assumed amount of existing investment in leased land was erroneous and that many leaseholders were, and still are, speculating and not farming. There is no hard data on that issue at this time.

Between September, 2005 and December 31, 2009, the last time APLR reported program data to USAID, it had directly assisted lessees in the privatization of 10,568 leased land parcels comprising 172,101 hectares of land by consultation and provision of information. LMDP support to lease privatization entailed operation of one central and 5 regional GIS support centers which checked boundaries of the leased parcels prepared by surveyors hired by lessees against the integrated cadastral and aerial images prepared by LMDP to ensure there was no overlap with other parcels in the area. An additional 5 GIS support centers were established on a temporary basis to meet demand. The centers provided the services free-of-charge to leaseholders, surveyors and government officials.

Privatization of leased farm land continued beyond the end of the LMDP program, and APLR continued to assist lessees on a fee basis to privatize their land. There appears to be now a consensus of opinion that the leased land privatization program resulted in creation of most of the Georgian-owned moderate and larger sized farms operating today and served as a good alternative to the land fragmentation of small scale privatization.

Final figures on the amount of leased land privatized were not readily available. Moreover, the proportion of leases privatized is not known as these were primarily municipal leases and the total amount of lease land is not known with certainty. Some estimates are that more than 80% of existing leases were privatized by the end of the privatization period in 2011, but other estimates are as low as 50%. The reality probably depends on the region. One group of World Bank investigators estimated that in 1998 there were 49,000 farm leases comprising 1,000,000 hectares in Georgia.⁴ LMDP claims to have directly assisted about 10,500 leaseholders holding about 172,000 hectares to privatize, or less than 20% of the number of leases though to be outstanding. Even assuming that many leaseholders privatized without LMDP assistance (which was suggested from our discussion groups), and that leasehold privatization continued up to May 2011, there could be a substantial number of leases that did not privatize.

LMDP Contributions to Unused Land Auctions. Public auction of unused (vacant) state-owned farmland began in 2006 under the APLR-sponsored amendments to the Law On Privatization of Remaining State-owned Agricultural Land. These auctions were initiated by authority of the municipalities and carried out by the local offices of the MOE. All auctions at this time were “special” auctions, meaning that participation was limited to local residents. Land that was not sold at special auctions could be tendered at open auctions. LMDP provided significant technical assistance to the municipalities and local offices of the MOE during this period. Practically all of these special auctions were carried out pursuant to privatization plans prepared for local authorities by LMDP. Privatization plans were village maps prepared using aerial photography which identified the areas that local administrations proposed to privatize through the special auctions. Each had to be negotiated and agreed with the municipality and approved by MOE prior to commencement of privatization. Over the period 2005-2009 LMDP, acting through APLR, prepared 506 privatization plans for municipalities free of charge, and an additional 226 plans using some co-financing from municipalities. During this period 6,315 unused land parcels comprising 41,305 hectares of land were privatized with LMDP assistance.

⁴ Lerman, Z., Csaki, C. & Feder, G. 2004. *Agriculture in Transition: Land Policies and Evolving Farm Structures in Post-Soviet Countries*. Lexington Books. Lanham, Boulder, New York, Toronto, Oxford.

Opinions are offered by representatives of local government and the MOE that this would not have been accomplished without the assistance of LMDP.

There is not much information on how much vacant state-owned arable land remains to be privatized. Public official in highly desirable agricultural areas such as Khakheti Region believe there are small amounts remaining. In Kutaisi the MOE advised that it has 800 plots that were not privatized in special auctions which await new surveys and title searches before they can be tendered, and that there is far more state-owned land available generally. Representatives of the Imereti MOE believe that fully 60% of the state-owned arable land in the region has not yet been privatized.

Implementing Transparent and Competitive Land Allocation Procedures through Auction.

In August 2010 the Law On State Property made two significant changes to the approach to land auctions: special auctions were ended, and any citizen could now identify a land parcel and request that it be offered at public auction, on the condition that he financed preparation of all documentation need to prepare the auction, including land surveys. There is a general consensus that LMDP/APLR had a significant influence on adoption of these new concepts in the law. Moreover, as noted above, LMDP played a large role in piloting the early unused land auction with MOE, which was in many ways the precursor for the current large scale land auction program operated by MOE pursuant to the 2010 Law On State Property.

APLR continues to assist the MOE in development of its auction programs on a contract basis, and is currently preparing training manuals and will be conducting training for MOE staff in auction procedures. In addition, APLR continues to assist investors on a fee basis in applying to MOE to place land up for auction, assisting with identification and survey of the land and preparation and submission of applications.

All land auctions today are electronic auctions conducted on the MOE's privatization web site. The MOE today maintains a special page on its auction web site for agricultural land. For the week of July 25th, 2011 there were listed on that page 105 agricultural land parcels for sale in all regions of the country, comprising approximately 590 hectares of land ranging in size from 0.1 hectares to 70 hectares.

2.1.4 Legislative Development

Legislative Development Prior to LMDP. The basic concepts of agricultural land privatization and registration of land titles had been already adopted into Georgian law by the time LMDP began in 2001. The BAH project had contributed to development of such foundation laws as the Law on Declaration of Private Ownership to Non-Agricultural Land in Use of Physical and Private Legal Persons, and perhaps most importantly the Presidential decree that permitted systematic registration to proceed under

When asked about the origins of one program, a current Deputy Minister and former APLR managing director said APLR was not involved and that he promoted the program after entering government. He conceded however that he might have developed the idea for the program while with APLR.

The pervasive influence of former APLR staff throughout the government agencies which develop land policy makes it hard to draw a line between which policies it did and did not influence.

both BAH and LMDP I. The concepts of registration of land titles and transactions with land have been established by the civil code and law on public registration by 1998.

Contributions of LMDP to Legislative Development. There were other key players from the GOG and the Parliament involved in the development of land legislation in Georgia, and most donor organizations involved in land reform had input into the key legislative acts of the period. After all these years and the many participants in Georgian land reform, both international and domestic, it is difficult to separate out the relative strengths of influences, but there is widespread agreement that during the entire period APLR had a “seat at the table” for discussion of all major legislation and contributed both ideas and drafting suggestions.

The most important contributions of LMDP to legislative development during its period are believed to be the extension of privatization concepts to additional agricultural lands under the 2005 Law on Privatization of Agricultural Land Remaining in State Ownership and its subsequent amendments; close monitoring and evaluation of actual implementation of all the land reform laws and initiation of efforts to bring flaws to the attention of the authorities and enact appropriate amendments; and contributions to development of the Law On State Property, the currently effective successor to the separate laws on privatization of agricultural and non-agricultural lands.

The general impression of commentators is that APLR brought to the process a keen awareness of what was actually happening in implementation of the laws and also served as a spokesperson for the experiences, concerns and interests of the many thousands of people it had directly interacted with in its years of field work, including local officials. The GOG and Parliament had no comparable abilities to monitor the actual impact of legislation. Through its monitoring functions the APLR developed and proposed amendments to the agricultural land privatization law in 2005, 2006, 2007 and 2009 to improve its efficiency, many of which were adopted. One of the results of its monitoring function is that APLR can take credit for promoting the idea of 10 year terms for leased land privatization payments, accompanied by discounts for those who chose to pay by lump sum.

Some of APLR’s proposed 2009 amendments to the law on agricultural land privatization became key principles of the 2010 Law On State Property which repealed the prior laws on land privatization and is the sole law on privatization today. In this regard, the APLR is credited by some experts with conceiving and promoting the ideas to delegate the authority of conducting auctions to local municipalities, eliminate special auction procedures and allowing citizens to request that the state place certain land on auction, all of which were adopted. These ideas were based on APLR’s experience with how auctions were actually proceeding in the field and close consultation with Parliament, local governments and member of government. Many also give credit to the APLR for taking the lead on the 2007 amendments to the Civil Code which eliminated notaries from land transfer transactions and allowed parties to go instead directly to the registry to complete a transaction. Farmers in our discussion groups noted this as an achievement that greatly simplified as well as reduced the costs of land transactions.

Also considered important by most commentators was the APLR’s focus on actual implementation, and not mere adoption of laws. LMDP worked closely with the GOG, a fact

confirmed by the Ministries involved, to prepare regulations, forms and models for use in implementation of the agricultural land privatization law. Examples of this work include:

- 1) Implementing regulations (in a form of Ministerial Decree) on the Rules of Privatization of State-owned Agricultural Land;
- 2) The application form for privatization of leased land;
- 3) A mortgage template for use by the government when land was purchased with installment payments;
- 4) The application form for participation in the special auction for unused state-owned agricultural land;
- 5) The application form for participation in an open auction for state-owned agricultural land;
- 6) Format of the protocol declaring and auction winner; and
- 7) The template of the final purchase and sale agreement between a land purchaser and the MOE.

From the speed with which it has been implemented it perhaps may be concluded that the legislation produced during this period with LMDP input was generally effective. Though it has been mostly superseded at this time, few complaints or reservations are expressed about the quality or effectiveness of the legislation from this period.

2.1.5 IDP Assistance

Essentially, this IDP component of the LMDP work was in response to an exigent humanitarian crisis. It was undertaken as a specific USAID response to redirect program resources to the crisis. The LMDP had the experience and skills to deal with critical aspects of the crisis and they were effectively deployed. The work constituted only a small part of the overall LMDP budget, approximately \$420,000. All indications are that the work was done was well done and appreciated by the GOG.

Location, Land Planning and Subdivision of IDP Housing Communities. At the start of the 2008 Ossetia crisis the LMDP staff, working alongside of GOG, located, planned, and subdivided 13 housing communities in 5 rayons throughout Georgia in a period of 2-3 weeks. In addition, LMDP located and subdivided over 436 hectares of agricultural land plots to be provided to the IDP families for subsistence, and there is good evidence that these plots are intensively cultivated in some settlements today.

The conclusion of this work was to prepare the documentation for entering the IDP rights to the land and housing given to them into the electronic cadastre. In 2008 LMDP prepared registration documentation for 3,150 houses and 1,034 agricultural land plots. As it turns out, to date almost all of the agricultural land granted to the IDPs is registered in their names, but the housing and housing land remain in state ownership because of eligibility issues which the Ministry of Refugees (MOR) is working on and advises that a resolution is near.

The contribution provided by LMDP is acknowledged by local and state officials to have facilitated rapid commencement and completion of construction providing housing for

approximately 1,000 families, and that the LMDP team demonstrated a high level of cooperation with the GOG and other donors. One point of note is the very different treatment of refugees from the earlier Ossetian and Abkhazian crises and the rapid resettlement of the refugees from the 2008 crisis. The older generation of refugees were housed haphazardly and many are believed to continue to live in substandard housing. Most refugees of the 2008 crisis were provided rapidly with modern individual homes in livable communities. There is a sense that this rapid response with decent housing has contributed to a higher sense of well being and self-esteem among the more recent refugees, but that question can only be answered by studying the different refugee populations.

Consultations on IDP Land Rights. Working through the IDP Consultation Center it created in Gori Rayon, the center of the South Ossetia conflict in Georgia and location of most IDPs from that conflict, LMDP provided legal and technical consultations to IDP families on their rights and how to preserve them. It was presumed that most paper records remaining in South Ossetia were destroyed, and the project set out to reconstruct those rights.

Documentation of IDP Rights to Abandoned Properties. The LMDP provided the technical and human resources to document the land claims of the IDPs to their abandoned homes and other land in South Ossetia. This work was undertaken pursuant to a 2006 decree of the President that required “preliminary registration” of IDP land rights throughout Georgia, which was directed to the refugee from the earlier Ossetia conflict (1991-1992) and civil war and refugees from the Abkhazia conflict. Working with available aerial and photogrammetric maps provided by the GOG, APLR staff interviewed IDPs, local land market professionals such as former SDLM and LMDP surveyors (so-called “land arrangers”) who had worked in South Ossetia, and former public official from the Georgian enclaves in South Ossetia to identify and document their land holdings. Through close of LMDP in 2010 LMDP identified and recorded into the database for lost properties 15,660 houses and agricultural land parcels for approximately 7,800 refugee households. The results of this effort were turned over to the NAPR, which has not yet entered them into the cadastre.

2.2 What are the Mixed Outcomes?

2.2.1 Issuance of CLOs and Creation of the First Registration Database

Title Registration Prior to LMDP. From 1992 to 1999 registration of land titles in Georgia consisted of a paper-based manual system maintained by the local offices of the SDLM in which notations and duplicate copies of the ADR certificates issued in connection with mass privatization were kept. The ADR’s contained only broad property descriptions sometimes backed by generalized schematic drawings. They were considered to be unreliable by landowners and experts alike. The records could be accessed only by manual search. Issuance of the CLOs began in 1999 under BAH, LMDP’s predecessor project, which issued certificates to 1,000,000 farmers. The CLOs were a step beyond the ADRs in that they sought a higher level of survey accuracy and the data of the CLOs were intended to be entered immediately into a searchable electronic database.

Contributions of LMDP to Creation of the Title Registration Database. A main objective of LMDP I was to issue CLOs to an additional 1,400,000 farmers, a number which it slightly

exceeded. The gross statistics of the LMDP title issuance project are reported and accomplishment of that project objective is not in question. The more pertinent questions regarding the LMDP's titling initiative are how it has contributed to development of land markets and the Georgian system of land administration today, and on those questions there are mixed opinions, but on balance opinions are positive.

The survey work for the CLOs was carried out by LMDP by subcontracting to surveyors throughout the country. At the time there were few surveyors with sophisticated capabilities, there was no operational national coordinate system and no uniform standards for quality or methodology.⁵ Subcontractors were largely left to their own devices and surveys apparently were carried out by a variety of methods, ranging from use of theodolites, to chain measurements to desk review of hand-drawn maps of SDLM land arrangements made before and after mass privatization in the early 1990s. Because of the deterioration of the national coordinate system, only local or "relative" boundary coordinates were used, and these were vaguely defined. As it turned out, the survey work was substandard in many ways, and this has implications today.

LMDP itself recognized the potential problem early on and instituted a quality control program which resulted in correction of approximately 90,000 CLOs for various types of errors, including not only geometry errors but also incorrect names, quantities, etc. For the APLR implemented process undertaken later of integrating and reconciling the survey data of the KfW and LMDP projects KfW expended an additional 1.5 million Euro, and some experts believe that a significant portion of that was to correct the errors in the LMDP data. To this day, in the process of transitioning to the NAPR's new electronic cadastre system initiated in 2008, survey and other errors still arise with some frequency. The extent of the undiscovered and uncorrected errors is not known, and estimates of current registrars range from 10% to over 50% of cases, depending on the area. The NAPR requires that all new entrants into the electronic cadastre have a new survey of their property prepared at their own cost, so the full extent of the errors will only become clear as more people come forward to enter their properties into the new electronic cadastre. One upshot of the current rule is that the costs of correcting the survey work has now been shifted to applicants for registration in the new cadastre, which may delay completion of the new cadastre and be burdensome for lower income land owners.

To be fair, the APLR surveyors had limited resources to work with, including the absence of a national coordinate system. The LMDP budget was \$1 US per case, a very low number to provide high quality titles.⁶ In effect, the decision had been made to implement a "quick and dirty" titling program on the theory that it was best to establish bare legal evidence of ownership for as many people as possible in as short a period of time as possible to jumpstart the market and prevent backsliding on land privatization. There was also undoubtedly a political element to this decision at the time, as the Georgian leadership viewed the titling program as a visible and popular initiative. The debate between the quick and dirty titling program and the more

⁵ Since adopting a law on cartography and geodesy in 1997, there was a national coordinate system defined – UTM/WGS84. However, it was not fully operational at that time.

⁶ While estimates vary, some expert opinion suggests that even "quick and dirty" titling programs conducted by other projects can cost as much as \$4-\$5 per case today. Accounting for inflation, the per case expenditure for the LMDP titles may have been one-third of what would have been reasonable to produce consistently high quality mapping work.

meticulous program has occurred in many countries and there is little merit in second guessing that decision now. The main implications of that decision include:

- Significant amounts of resources were expended by LMDP and other programs to correct errors after the fact.
- Significant amounts likely remain to be spent to correct errors as the new electronic cadastre is created, but those costs have now been shifted to landowners.
- There is anecdotal evidence and opinion that widespread public perception of the survey errors with the certificates of ownership decreased confidence in the certificates as evidence of title, and therefore during the period when they were the sole evidence of title increased the costs of and decreased interest in land transactions, which hindered further development of the land market. We have no means of determining the validity of that hypothesis, as there is no empirical evidence supporting one side or the other.

While these are undoubtedly issues, there are balancing considerations about which most experts agree. These include:

- Despite its flaws, the title and cadastral database produced by LMDP was the first such land database in Georgia. There was no equivalent before it. As corrected and integrated with the cadastral databases produced by other donor projects, and subject to many ongoing corrections as the new electronic cadastre is created, the LMDP database remains today the foundation of the modern electronic cadastre.
- The fundamental legal rights established by the LMDP titling activity remain valid, even if the geometry of those rights may be subject to correction. As the current chairman of the NAPR noted, the CLO is the only evidence of rights required today for entry into the electronic cadastre and correction of any defects in boundary survey is merely a technical matter. The NAPR is in fact today in the process of scanning and archiving all issued CLOs into a searchable database.
- The CLOs were an improvement over what existed previously, as the new electronic cadastre and registry is an improvement over the certificates. There is some evidence that real property transactions were higher during the CLO period and showed an increasing trend, but there is no way of knowing how much of this was due to urban transactions and not the rural agricultural land which was the target of LMDP.
- While most participants in the discussion groups said that they preferred the new electronic cadastre and felt it was more accurate and secure, few felt insecure with their CLOs in the LMDP created registry system.

Regarding the effectiveness of the quality control program implemented under LMDP, it was able to catch and correct over 90,000 errors through program of publicizing maps and proposed data entries and inviting recipients of CLOs to come forward with corrections. How effective the effort was overall remains to be seen, as registrars today estimate that the CLO data still contains

quite few errors that need to be corrected prior to entry into the new cadastre. A common estimate is that 10% of the CLO files that have not yet been entered into the new cadastre contain some form of error that will have to be corrected, and that these errors range in seriousness. Since only a fraction of the agricultural land CLOs have been converted to the new cadastre, this implies that the errors not corrected by the quality control mechanisms may exceed the errors corrected by a factor of 2 or more.

2.2.2 100 Agricultural Enterprises

The program “100 Agricultural Enterprises” was announced by the President in 2007. It was a “brand-name” established for provisions in the 2007 amendments to the land privatization laws which allowed the GOG to negotiate and authorize privatization of large land parcels (targeted at 50 hectares) to significant foreign and domestic investors on concessionary terms in return for an investment commitment. It was an investment incentive in the form of land. Based on interviews with knowledgeable experts it is fair to say that when announced by the GOG 100 Agricultural Enterprises was a strategic objective, and that it did not become an actual program until support was provided by the LMDP to MOE and MOA, the responsible bodies. Though based on the government’s authority to engage in direct sales, the program operated by announcing requests for expressions of interest for the available land parcels and negotiations were entered based on competitive evaluation of the proposals by a commission on which apparently a representative of the APLR participated.

Support for the program provided under LMDP between 2007 and end of 2009 included:

- Identification and mapping of 680 large land parcels suitable for the program throughout Georgia;
- Entry of the data on the large parcels into the APLR GIS system, which was made available to the MOE/ MOA;
- Delivery of maps and other relevant documents on the land parcels to MOE/MOA; and
- Advice on review of proposals as requested.

Subsequent to the work provided under LMDP APLR entered into a contract with MOE and MOA from November 2008 to February 2009 to survey and prepare documentation on an additional 5,192 hectares of land in the Kvemo Kartli, Khakheti, Samegrelo regions.

During the LMDP project, the program resulted in sale of thirteen large land parcels comprising 7,318 hectares, the largest being 2,323 hectares and the smallest being 10. APLR data shows that revenues to the GOG amounted to over 3 million USD, and investors committed to more than 30 million USD in new agricultural investments as conditions of the deals. Available data also shows that the investments were capable of producing over 1,500 new permanent and 400 seasonal agricultural jobs.

The program is included under “mixed results” here primarily because it did not reach its objective of 100 new investments, but that was not necessarily the responsibility of LMDP. The responsible government Ministries took the lead in actually marketing the land and investment incentives and LMDP provided technical services. The program was also affected soon after it

started by the South Ossetia war. Finally, the GOG may simply have overestimated the demand for large farms at the time.

The program no longer goes under the “brand name” of 100 Agricultural Enterprises, but privatization of large agricultural land parcels by MOE subject to investment agreements continues under its authority to negotiate investment incentives with large investors. MOE advised that approximately 10 large agricultural investments have been negotiated in 2011 to date.

The MOE still uses the land data provided to it by APLR from 2007-2009 and the APLR GIS system in its large scale agricultural privatization work. There is some opinion that the data originally provided by LMDP was inadequate to actually close a deal and that in all cases significantly more preparation work had to be done to move deal forward. At the same time, MOE and MOA had nothing to assist the process beforehand. As part of its consultancy services APLR continues to assist large investors to locate and negotiate acquisition of large agricultural parcels for investment under investment agreements with MOE.

2.2.3 Public Awareness and Education

LMDP I focused on education of the public to the benefits of land privatization/ownership and the importance of formal land titles and registration. Over 100 land titling ceremonies were held during this period at which local and some national officials were invited to participate in the distribution of the CLOs to local landowners. These apparently were well covered in local media and arguably were positive reinforcement for the importance of formal titling and registration. The fact that LMDP I was able to issue and register 1.4 million new titles in a relatively short period of time suggests that a good job was done in publicizing the purposes of the program and enlisting the cooperation of many small land owners.

The LMDP I final report makes the point that there was still skepticism and uncertainty among the public at that time about land ownership, and its communication efforts helped to move opinion toward greater support for land ownership. Most expert and farmer opinion gathered in this evaluation does not support that view, and suggests that the support for land ownership generally had been growing since mass privatization in the early 1990s and was substantial by the time of LMDP. There was some public opposition to privatization of leased land, but that appears to have been based on the fact that the land leases may have been allocated inequitably to begin with; it did not necessarily represent opposition to land ownership generally. Apparently no such opposition arose to the special and open auction procedures implemented at the same time.

LMDP I saw the start of Landowner magazine which began in 2002 as a newspaper of which 20 editions were issued. Since its conversion to a magazine in 2003 about 1,500 copies have been printed of the quarterly edition and distributed through APLR’s regional offices and field representatives. This is a relatively small distribution, but it became clear from the field interviews that the magazine is more of a reference work aimed at local service providers and government officials who themselves provide advice and guidance to land owners. One or more copies of Landowner may be found in the offices of MOE or NAPR in localities, and perhaps in

the offices of other farm service organizations and private sector land market professionals, and people are referred to it as needed; it is not a mass distribution periodical. Many of the farmers participating in the discussion groups were at least aware of the magazine and some had seen it from time to time, but it was not a primary source of information on developments in land reform.

The same is probably true for the collection of land reform manuals begun under LMDP I. Few farmers participating in the discussion groups were familiar with the manuals, but they were generally familiar to public officials responsible for privatization and registration activities in the regions. These were not mass market publications but rather reference works for those actively engaged in land reform activities.

Many farmers expressed the opinion that they were not familiar with LMDP materials mainly because assistance was available from local officials and the rules and procedures were sufficiently transparent for them to undertake the process on their own, without assistance from LMDP. Most privatizing leaseholders in the discussion groups privatized their leases without direct LMDP assistance. At the same time, most public officials in the regions acknowledged a debt to LMDP for the training and materials it provided to them on the new legislation, from registration procedures under the 2004 Law On Public Registry to privatization procedures under the 2005 Law On Privatization on Remaining State-Owned Agricultural Land and its many amendments. In effect then, it is possible to suggest that many landowners received indirect assistance from LMDP through the local officials it trained.

LMDP II was concerned primarily with the privatization of leased agricultural land as the necessary authority for privatization of leaseholds was not enacted until 2005. Its communications strategy employed a variety of media (face-to face consultations, open air meetings, posters, flyers, publications, manuals and broadcast) in 3 languages, including Azeri and Armenian for ethnic minorities. One of the foundations of this educational program was the provision of free legal/technical consultations to state leaseholders on their rights and the privatization process conducted at 6 long term and 3 short term “GIS Consultation Centers” LMDP had established in the regions, and which ended up providing 13,400 personal consultations to leaseholders and others, which may be more than 1/3rd of the number of leaseholders at the time, and establishes a baseline of the number of people reached by LMDP communications efforts. Table 2 of Annex 3 summarizes this activity. There are no indications that the GOG had an equivalent communications strategy, unlike today where the NAPR operates its own communications program to promote registration.

APLR is generally acknowledged to have been very adept at horizontal communications – delivering information and persuasive communications to government officials at national and local levels, lawmakers, and other key stakeholders in land reform. This activity was a key to its success in shaping developing support for its legislative initiatives. This activity took the form of formal workshops, seminars and training events as well as frequent informal interactions and working sessions with policy makers and other key stakeholders. The success of its legislative agenda may attest to LMDP’s success in communicating ideas and building support.

If training of public officials is considered to be part of the communications strategy and program, most local officials interviewed acknowledged a debt to both LMDP I and LMDP II for training programs in registration and privatization. In September-October of 2005 LMDP trained 150 public officials from 10 regions in land privatization rules and procedures. In the second half of 2006 it trained an additional 210 employees of MOE, NAPR and localities in land auctions and other privatization procedures, and in 2007 trained an additional 165 public officials in procedures for privatization of pastureland.

2.3 What Did Not Work?

2.3.1 Increases in Transactions and Land Consolidation

Agricultural Land Transactions Prior to LMDP. At the start of LMDP in 2001, officially recorded transactions with agricultural land were quite low, with sales numbering in the thousands and mortgages numbering in the hundreds. The APLR reported that in year 2000 there were only 1,143 sales and 106 mortgages of agricultural land in all of Georgia, which increased to 3,729 and 567, respectively, by 2001 (see Table 7 and Figure 5, Annex 3). Assuming that there were at least 2.4 million agricultural land parcels in Georgia (the number of CLOs issued by BAH and LMDP) the rate of turnover was 0.00015% in 2001. By comparison, property turnover in developed economies typically averages 2% or more per annum.⁷ A premise of the LMDP project had been that titling and registration of rights would increase confidence in land acquisition, reduce transaction costs, and lead to more security for lenders and greater availability of credit.

Contribution of LMDP to Increasing Agricultural Land Transactions and Decreasing Land Fragmentation. At the end of the first five years transactions with agricultural land and mortgaging remained low in comparison to indicators in developed countries, and there had not been much movement toward creation of larger farms through acquisition and exchange of land by small farmers. Even at that time, however, there were indications of a steady, albeit slow, increase in sale and mortgage transactions.

Figure 2 in Annex 3 shows that increases in total mortgage lending during the LMDP CLO period was steady but absolute numbers were very small in relation to the number of outstanding land titles. For that same period Figure 3 of Annex 3 shows that there was in fact a large proportional increase in both land sales and mortgages in the early years of LMDP titling activity, but these are increases over a very small base. In contrast, both Figures 2 and 3 of Annex 3 suggest very significant increase in absolute numbers and rate of increase after founding of the NAPR and the new electronic cadastre (2006-2007), such growth occurring at around the same time as implementation of the new electronic cadastre. All growth was deeply affected by two events following in quick succession, the international financial crisis and the Ossetia conflict. Data through 2011 which was not available but referred to by local registrars suggest that the growth track immediately prior to 2008 has now been reestablished, but that would have to be confirmed.

⁷ See for example Eiglsperger, Martin and Wim Haine, *EU Housing Statistics*, Bank for International Settlements, IFC Bulletin No. 31, Proceedings of the IFC Conference on Measuring Financial Innovation and its Impact, Basel, August 26-27, 2008

These are indications that improvements in the quality of titling and registration services have had a positive effect on the pace of transactions, but what would remain to be done is to develop the same data for agricultural land, which is probably available but would require a special request to NAPR, and to separate out the effects of other variables through appropriate econometric models. Having said that, the following findings and observations may be relevant:

- The number of total transactions today is much higher than during LMDP I (See Table 3 & 4, Annex 3). NAPR statistics for 2006-2009 show very high levels for total sale and mortgage transactions compared to the data shown by APLR with respect to agricultural land markets for earlier periods, but it is not possible to compare the data without a special request to NAPR. NAPR does not presently break out transactions with agricultural land, but has the capability of doing so.
- Many land market professional in the regions - including registrars, land surveyors, etc. - perceive that the pace of agricultural land transactions is increasing and believe that the simplification of land and transaction registration has been a positive inducement to transactions.
- Prices of good agricultural land appear to be rising, as demonstrated by MOE agricultural land auctions.
- Many farmers participating in the discussion groups have participated in the market and state that consolidation of their holdings is an objective, but a limited objective. Many are usually looking out for land acquisition opportunities, regardless of whether or not it would result in more consolidated operations.
- One active survey company in Imereti estimated that 30-40% of its new survey business is for people who want to enter the electronic cadastre so that they can obtain credit, and that included holders of agricultural land.

Were the Objectives Optimistic? An issue here may be that the objectives established by LMDP were optimistic, and not attuned to the dynamics of the Georgian market. For one thing, there is little understanding of whether transactions are a lagging indicator of title security and the extent of the lag. The real effects of title security may be realized only now, after the project has ended, and perhaps years into the future. In addition, there are many economic and cultural variables that affect the market other than titling and registration. The discussion groups with Georgian farmers are the best evidence we have of that. Consider some of the following findings:

- Of all the farmers participating, only a few used formal credit and many had no interest in it. Many considered the risk to outweigh the benefits, and believed there were safer sources of finance for small farmers.
- Practically all of the farmers participating were on the lookout for good land acquisition opportunities, and many had already

“Of course there are many people around here who would not sell their land even if you were to give them a million dollars.”

Participant in Tevali Focus Group

acquired land through purchase or exchange, but considered the possibility of consolidating their holdings to be a matter of luck (e.g., your neighbor dies without heirs), not market forces. Moreover, while a consolidated farm might be preferred, and it was understood that efficiencies might be achieved, they did not value consolidation to the extent that they would pay a higher price for the land. Fragmentation was considered tolerable in many instances, and desirable in some. Accordingly, a more secure title might not greatly affect their ability or desire to acquire land.

- Most farmers felt reasonably secure under the CLO system, though they recognized that the modern electronic cadastre is preferable and probably more reliable. Whether to upgrade their titles to the new cadastre was a simple cost-benefit analysis. At the same time, most of the participating farmers had already converted their registrations, considering the costs reasonable.
- Most farmers considered issues of land tenure to be resolved, and had far higher priorities, including stable markets, irrigation, and better credit terms.

Land consolidation through market forces may occur, but possibly over longer periods of time than contemplated by LMDP. Market forces work best where transaction costs are low and the transaction costs of land consolidation for the small farmer are very high. Land consolidation transactions are typically not a simple (A → B → A), but rather (A → B → C → D → E → A). If land consolidation is really an objective, to accomplish it in a medium time frame may require more positive interventions than privatization, titling and registration.

Similarly, the existence of titles and a reliable title registration system does not necessarily result in extension of credit to small farmers. Secure titles are a necessary but not sufficient cause of credit. Banks lend on assurances of reliable cash flow, not collateral. In this respect they are more comfortable with markets that they understand. Georgian banks that lend to larger grape growers may have no interest at all in horticultural crops, including for example organic produce, because it is not in their experience. At the same time, farmer demand for formal finance may be subject to fear of risk.

There are many factors influencing the growth or property markets. Well conceived and implemented econometric analysis might be useful, but a problem faced will be the lack of good time series data. We were able to find estimates of agricultural market transactions prepared by APLR for the years 1999-2005. The year 2006 seems to be a cipher, as that is the main year of transition from SDLM to NAPR. NAPR provides data for the years 2007-2009, but it is not broken down by agricultural and non-agricultural markets. We believe that NAPR has the data and capabilities to provide more refined analysis, but that would require a special request. Even with good data, the complexity of land markets (e.g., the 2008 Ossetia conflict) would make analysis difficult.

Note on Security of Title, Generally. There have been some concerns expressed about the insecurity of titles in the face of ambitious government sponsored programs for auctioning land, assembling large tracts for foreign and domestic investors, and implementing large infrastructure projects. In the discussion groups conducted for this project there were few concerns about losing land to government action. Most owners believe that infrastructure development is a fact

of life and that they will be fairly compensated were expropriation to happen to them. Most discussion groups members have not heard complaints about expropriation or people losing land to government auction programs. Interviews and discussion groups suggested that land disputes between owners and government were still relatively rare, and there was no sense that the number of disputes was increasing. What the discussion groups did suggest was that there are likely to be a number of people – no one has a reliable estimate of exactly how many - on the land who are not shown or incorrectly shown in an existing register. These might include the following:

- Land users who somehow were not documented at the time of mass privatization or later during the LMDP CLO period. Such people are thought to exist, but there are no good estimates of numbers.
- People who have received land rights from the local land or “Acknowledgement” commissions since the completion of CLO titling, without registering. There is some evidence that between 2002-2008 a number (unknown) of people continued to receive land rights from the local commissions and that these people may not hold CLOs or may not have registered. Again, there is no reliable estimate of the number of such cases.
- Land users whose boundary surveys from the CLO period are erroneous and who have not yet prepared a new survey for entry into the electronic cadastre. In some of those cases land occupied and used by the citizen may be characterized as state-owned and subject to further sale. This may be the most prevalent risk.

2.3.2 Self-regulating Organizations

Market Institutions Prior to LMDP. When LMDP began, there were few real property market institutions in Georgia such as self-regulating associations of market professionals. There was at that time insufficient demand for brokerage and appraisal services as most sales transactions were done informally and there were few mortgage loans being made. While there were small numbers of people playing these roles, they were unlicensed and lacked professional standards, training and codes of professional ethics. An objective of the LMDP was to develop institutional infrastructure for the land market, with a focus on self-regulating associations of brokers and appraisers. Self-regulating organizations of professionals were generally defined as essentially private, voluntary membership organizations having some quasi-official status, through legislation or otherwise, in matters of establishing professional standards, and perhaps with some control over testing and licensing standards as well as power to enforce discipline among members by fines and revocation of certifications or licenses.

Market Institutions after LMDP. This objective of the LMDP I work was not achieved. There is still no legal requirement in Georgia to have a license to hold oneself out to the public as a real estate broker or appraiser, no standardized codes of conduct or consumer protection, no standard training curricula, no standard technical methodologies, and no means of enforcement of discipline or resolution of consumer disputes other than the courts. There is a sense that most in the professions prefer it this way, and are leery of any attempt to centralize oversight of training,

certification and discipline. Whether this has had any adverse effects on the market or consumers in terms of poor performance, fraud, etc. we cannot say.

This is not to say that the work was not useful at another level in the sense of providing some support and training for those professionals who wished to bring more structure to their professions. The Georgia Real Estate Association (GREA), a brokers' association and beneficiary of the LMDP work, apparently survives to this day but in a diminished state, having approximately 50 member firms. It continues to conduct training events for brokers periodically. It has and continues to refer to a code of professional conduct developed with LMDP assistance, and still maintains and makes available various training materials developed with LMDP assistance.

There is an impression among market professionals that the Georgia Federation of Professional Asset Valuers (GFPAV), an appraisers' association and another beneficiary of the LMDP work, remains more vibrant in terms of membership and activities, but we were not able to meet with a representative of that organization. There are also indications that the appraisers have moved more in the direction of adopting international standards for appraisal methodologies under pressures from the large financial institutions and government agencies that use their services. In that regard, APLR continues to offer appraiser professional training and certification courses on a fee basis to this day, and that appears to be a popular and desirable credential in the business.

Lela Shatirishvili was an APLR /LMDP staff member who worked on the enterprise land privatization programs under BAH and development of self-regulating organizations of market professionals, including the Georgia Real Estate Association (GREA), under LMDP.

Upon leaving APLR, she created her own real estate brokerage company, remaining active in the GREA, and continues to this day as a leader in the association. Half a dozen brokers trained by Lela in her firm have already started their own businesses. Lela continues to provide consulting services to donor agencies on issues of resettlement in several countries in the region.

The impression is that the objective of creating self-regulating professional associations with real powers was premature and not in tune with the desires of the real estate professions at the time. Many were familiar with the then recent events in Russia when a USAID supported licensing law for brokers and appraisers was adopted and then soon repealed under pressure from the industry and users of professional services because of many implementation problems.

2.3.3 Alternative Dispute Resolution

Property Disputes Prior to LMDP. LMDP I reported a perceived increase in land-related disputes arising in the first few years of the project (2001-2002). No hard quantitative evidence was reported to support that perception and none is available today.

Dispute Resolution under LMDP. Under LMDP I the APLR established temporary arbitration services to help property owners resolve land-related disputes quickly and inexpensively. The theory apparently was that disputes on land boundaries arising from privatization would prevent market activity by throwing titles into question, and rapid, inexpensive dispute resolution would clarify titles and potentially put more land product into the market. A fee of 1.5% of the total

amount in dispute was charged for private arbitrations, but the service was free for “socially disadvantaged” land owners. The Association also provided some mediation services to resolve disputes between the state and private entities. As of 2005 APLR had settled 76 disputes through its dispute resolution initiatives. The program was essentially terminated in LMDP II.

During the time of its dispute resolution initiative, the APLR:

- Engaged in activities to increase public awareness about public arbitration through relevant information disseminated through mass media and coverage of the pilot project in the Association’s *Landowner* periodical;
- Organized with LMDP funding a Conference on Private Arbitration in Tbilisi and a workshop in Kobuleti financed by the World Bank;
- With the support of others, implemented a program to instruct arbitration trainers;
- With the support of others, contributed to preparation of a draft law on arbitration; and
- With LMDP support, implemented a private arbitration pilot project in West Georgia.

Data on the actual incidence and types of land disputes that led to the decision to implement this program do not seem to be available today. In any case, the APLR believes that there were two main reasons why this initiative never got off the ground: Georgian rural culture does not favor resolving disputes through third-party intermediation, and when intermediation is sought there are many alternative, more trusted local providers who will perform the same service at less cost. Essentially, there was little actual demand for this service and significant competition. This initiative was a relatively minor part of the LMDP budget and much of the APLR work in this area was funded by others.

There is some anecdotal and impressionistic evidence that today land-related disputes are increasing and that Georgians generally are less reluctant to bring disputes to court. Clear data on these points is lacking. If true, however, the idea of alternative dispute resolution for small landowners may have been only premature and there may be a place for it in the future.

2.3.4 Forest Land

As part of its program to complete the privatization of agricultural land, during LMDP II APLR promoted the privatization of state-owned forest land. In agreement with MOE it did a study of forest land use patterns in several regions, and recommended what it believed to be “reasonable” models of forest land privatization. APLR reports describe a process of consultations of these proposals with key stakeholders.

This initiative quickly encountered opposition from within certain segments of government and the political leadership as well as a negative public and media outcry due largely to the perception that much of the interest expressed in forest land was from foreign investors, which may in fact have been true. This was perceived as a possible alienation of a beloved national patrimony and natural resource to foreigners and the government quickly withdrew its support

for the concept. Today, state-owned forest land may be subject to long term concessions (up to 49 years) granted through the Ministry of the Environment, but not owned.⁸

3.0 CONCLUSIONS

The main conclusions of the evaluation are as follows:

1. As discussed in the foregoing Section II, LMDP had significant accomplishments. The program is widely acknowledged by expert commentators to have made significant contributions by supporting and demonstrating what could be done with modern technology in land administration; deeply embedding the concept of land privatization and protection of private land rights in the policies of GOG; and assisting in creation of a growing class of small and moderate size farmers by conceiving and helping to implement methods of land privatization.
2. Land tenure issues are generally considered to be settled in Georgia at this time. Experts and working farmers consulted for this evaluation seem to agree that the agricultural issues that remain today have to do with supply and demand, access to capital, irrigation systems, and rural development in general, and not land tenure.
3. Many donor programs contributed to land reform in Georgia, and at this point it is difficult to separate out their relative contributions, but it is generally acknowledged by expert commentators that LMDP was one of the key players in agricultural land reform.
4. Several initiatives over LMDP's long existence have had mixed outcomes or limited results, but these initiatives tended to be ancillary to the main work of the project and recipients of only a small part of project resources. These include such initiatives as Alternative Dispute Resolution and development of Self-Regulating Organizations of real property market professionals, discussed in Section II.C., *infra*.
5. A significant contribution of LMDP was its continuing support for the APLR, which is considered by many to be among the most effective NGOs not only in Georgia, but in the region. APLR is considered by most experts to have had significant impact on Georgian land reform and governance in general, serving as a training ground not only for land and real property market experts in government and the private sector, but senior government managers in a wide range of other policy areas as well.
6. As detailed under Section II.A.1, *infra*, APLR appears to be making a successful transition from donor-supported NGO to financially self-sustaining consultancy, and to some extent that transition can be attributed to the strength of its management. That strength can be found in the many talented people it has been able to recruit over the years, but a fair share of the credit is given by APLR management to LMDP I and its concentration in the early years on developing all aspects of the organization's management along with its programmatic capabilities.

⁸ APLR reports that forest land was included in the 2010 Law On State Property as land that can be privatized, but that may be an error and confirmation is pending.

7. The nature of APLR is changing today but experts agree that it continues to exert a strong influence on land policy issues on behalf of a wider constituency which now includes major corporations as well as the small land holders who were the main beneficiaries of its earlier programs. The overt change from advocacy organization/NGO to a financially self-sustaining consultancy was arguably necessitated by the cessation of donor funding for land reform in Georgia. It is perhaps possible that APLR could have attempted to pursue a “think tank” model that would have maintained its status as a pure advocacy organization, and focused primarily on consulting work with the GOG, but in the absence of any guarantees of continued funding from USAID, GOG and other donors the APLR management should be given the benefit of the doubt in that regard.
8. There is no indication that the APLR’s more overt role as a consultant to private businesses with land interests implies that its position and advice on protecting ownership rights and perfecting the operations of land markets is any less useful, but perhaps more scrutiny should be given in the future to whom exactly it is representing in policy discussions. The decision by APLR to change its name and abandon its status as a membership organization should leave no confusion as to its future role. It would be inappropriate to assume that representation of large owners as well as small owners implies that APLR’s commitment to free and efficient land markets is diminished. However, conflicts of interest may arise in some cases, though it is hard now to envision what shape those conflicts might take since the work of land privatization is largely over and individual land rights seem to be well protected.
9. As detailed in Sections II.A.2 and II.B.1, *infra*, LMDP/APLR were responsible for constructing much of the technical foundation for the modern cadastre and title registration system being developed in Georgia today under the NAPR. The NAPR is considered by many experts to be among the most forward thinking and effective title registries among emerging countries. Registration services in Georgia are today ranked second in the world in the International Finance Corporation’s “Doing Business” rankings. Through its land titling and registration program LMDP/APLR developed and contributed many of the systems and much of the technical data on which this system is still based. The current Chairman of the NAPR is a former leader of APLR, as is the chief specialist of the NAPR Geodesy and Cartography department and a half-dozen other senior managers of NAPR. Though the LMDP titling program was not without flaws and has been subject to some controversy, the consensus of opinion appears to be that its positive contributions to development of the cadastre and registration systems outweighed its negatives.
10. As detailed in Section II.A.3, *infra*, following mass privatization of agricultural lands in the early 1990s, LMDP/APLR are widely acknowledged by expert commentators to have been the primary champions of Georgian agricultural land privatization policy, early on staking out and promoting a strong position on divestiture of all types of agricultural land remaining in state ownership. Most of these positions became government policy through deft use of public communications, technical expertise, and political savvy. The amount of arable agricultural lands remaining in state ownership after mass privatization

has been significantly reduced and the state is divesting what remains at a steady pace through a transparent public auction program which LMDP/APLR helped to design and implement. To this day APLR provides some training in land auction procedures to state officials.

11. As detailed in Section II.A.3, *infra*, to support its policy agenda LMDP/APLR provided significant technical assistance in conceptualizing and preparing regulations and procedures for implementation of the new privatization and registration policies, as well as training of national and local officials. The intensive work that LMDP did during this period in helping to develop transparent auction procedures, forms and regulations, and to train local official to carry out auctions remains relevant today, and much of the process is preserved despite the fact that auctions have now become strictly electronic through the MOE web site.
12. As detailed in Section II.A.3, *infra*, LMDP provided significant direct assistance to land owners in the implementation of the leasehold privatization program, which many experts believe was responsible for creating many of the medium and larger sized farms in existence today.
13. As discussed in Section II.B.3, *infra*, it is difficult to assess the impact of the LMDP mass communications and education programs this long after they were implemented, particularly without gathering data from the targets of the communications. The many communications efforts made by the LMDP are clear, and it can perhaps be presumed that they had the desired effect. This appears to be a comprehensive, well conceived communications strategy, and at the time the GOG had no equivalent program. Training of public official should probably be included in the public awareness activities. If as indicated in the interviews and discussion groups many people consulted with and received assistance directly from public officials in their registration and privatization activities, this training could have had a significant indirect educational affect on a much wider swath of the population.
14. As detailed in Section II.A.6, *infra*, LMDP's assistance to the GOG in resettling and protecting the rights of internally displaced persons (IDPs) following the 2008 Ossetia conflict is considered by government officials and outside experts to have contributed significantly to the success of that effort. While the relative value of documenting the land rights of IDPs in Ossetia may be questioned, the work was undertaken at the specific request of GOG pursuant to a USAID commitment to re-direct resources to the refugee crisis.
15. As discussed in Section II.C.1, *infra*, whether LMDP activities achieved or contributed to achievement of their main objectives – increases in land market activity and extension of mortgage credit and a decrease in land fragmentation – is very difficult to show given the lack of quantitative data and the fact that the project was not structured initially for high level monitoring and evaluation. Many factors contribute to development of land markets and increases in land market activity, and to separate out their relative effects now would be difficult without much more effort. Nevertheless, there are indications and

strong opinions that the activities of LMDP had a positive effect on growth of agricultural land markets. Many people believe that the first transition from the older Acts of Delivery and Receipt (ADRs) to the CLO system implemented largely under BAH and LMDP from 1999-2004 was a leap forward which had positive impact on the rate of transactions, though producing precise estimates of the extent of that impact would be difficult.

16. As shown in Section II.C.1 and accompanying tables and figures, while the growth of agricultural land sales under LMDP I was unremarkable, it was steady. There are indications of increased growth in agricultural land sales since inception of LMDP II, but reported statistical data does not allow precise estimates. The data is probably available from NAPR but it would require a special request. It is possible that the growing number of land sale transactions in recent years is due to the creation of the NAPR in 2004 and the ongoing conversion to the new electronic cadastre with new parcel surveys, in which case LMDP may deserve credit to the extent that it contributed to those activities. Discussion group members made clear that they had more confidence in the new cadastre than in the paper-based registration system that existed under LMDP I, primarily because of the requirement that all parcels in the new cadastre be surveyed anew.
17. As shown in Section II.C.1 and accompanying tables and figures, the pace of mortgage lending also appears to be increasing since 2005, but the reported statistics do not allow a breakdown between lending on agricultural land and lending on apartment units, for example, and further study would require a special request to NAPR. Most market experts detect increasing interest in mortgage credit, which was supported by the discussion group interviews. Most farmers who had voluntarily converted to the new electronic registry mentioned the possibility of obtaining credit. Whether this trend is because banks are more willing to extend credit because they feel safer under the new registry is a question that can be answered by a survey of the banks. If that is the case then LMDP can perhaps claim some of the credit for the increase to the extent that it contributed to the creation of NAPR and the new cadastre.
18. As discussed in Section II.C.1, *infra*, the expectation that privatization and registration of titles would address issues of land fragmentation and availability of credit to small farmers was perhaps optimistic. Consolidation of “reform land,” the millions of small parcels handed out in the first phase of land reform, is proceeding slowly and was unlikely to be resolved by market forces over LMDP’s duration in the absence of other state interventions. There are some indications that market-driven land consolidation is increasing gradually at this time.
19. Based on the results of the roundtable discussions with farmers and interviews with experts it is considered unlikely that land title issues in Georgia today remain a major impediment to increased land transactions or land consolidation. Georgia has an effective land titling system and the costs of entry are relatively low for many people who actually make a living on the land. People appear to feel comfortable with the rights they have now, and there appears to be widespread familiarity with the requirements and benefits of re-registering in the new cadastre. Essentially, further upgrading of titles –

conversion from the paper based CLO registration system implemented by LMDP/APLR to the electronic cadastre - may be characterized as a product of transactions, and not a cause of transactions. People re-register in the new cadastre because they have finally decided to seek credit; they don't seek credit because they have re-registered.

20. Only about 15-20% of land owners have obtained new survey surveys and are entered into the new electronic cadastre today. Some people who are not yet entered into the new cadastre may be at risk of losing some of their land to aggressive new government programs to attract investment in agriculture as well as traditional infrastructure programs because of boundary and other errors in the LMDP CLO program, but no compelling evidence that is a significant problem today was found. We don't discount the possibility that it may become a problem, and there are administrative steps that can be taken now to prevent it from becoming an actual problem.
21. The work of LMDP is not complete today. For example, there remain problems with identifying unused state lands, not all rights were captured by the work of LMDP and other foreign donors, and many discrepancies in the earlier LMDP surveys remain to be corrected. Whether this work can be completed over time through market forces or whether further interventions are required is an open question that is subject to strong differences of opinion.

4.0 RECOMMENDATIONS

Several possibilities for further action on land issues are suggested by the findings of this evaluation. These include:

1. Clarify expectations and objectives for land reform. LMDP may have faced a problem of unrealistic expectations with respect to the short term outcomes of land reform. As discussed above, not much is known about the effects of titling and registration on economic and market development, and less is known about their potential effects in Georgia. There are many cultural and economic variables. Within the scope of this evaluation there was no opportunity to collect or manipulate the data which might shed more light on these questions. It might be helpful at this point to do some baseline surveys of attitudes towards and experiences in land markets to identify other factors that may slow progress toward LMDP objectives. For example, a more detailed study of both the banks and the farmers might suggest other avenues to try to increase the availability and use of credit.

Along these lines also, in Georgia today the kinds of data that would be needed to do even a simple econometric/quantitative analysis of the impacts of LMDP initiatives on market development may be available, but it is difficult to find. NAPR may the capability to producing useful data, but it does not do so ordinarily and a thorough review of the variables for which it collects data and a request for special data runs would be necessary. With the right data and properly constructed studies it might be possible to produce a clearer picture of the results of land reform under LMDP and what objectives might be reasonable in the future.

2. Consider renewed efforts to accelerate completion of the new cadastre. The most recent NAPR statistics available suggest that new registrations of agricultural land in the new cadastre have declined considerably since the height in 2007 but that the quarterly pace appeared to be increasing as of end of 2009 (see Tables 5 & 6, Annex 3). It is possible that the electronic cadastre may not be completed for many years because of the policy choice to rely on sporadic registration. After almost 5 years, the electronic cadastre only includes about one million land plots, and 60% of those are estimated to be urban. This implies that 80% of the titles issued by LMDP are not in the new cadastre yet. There is significant evidence that many land owners are taking an opportunistic view of registration and will not register until there is an absolute need to do so. Part of this calculation is costs. While many working farmers don't see the process as expensive, there is a significant amount of opinion that many landholders do.

In many countries there would be a fear that taking too long to complete the modern cadastre could lead to greater informality and deterioration of the existing database as transactions are not captured. High costs of registration are considered to be a main cause of informality. This may not be the case in Georgia, as there seems to be widespread knowledge of the need and benefits of registration and most observers believe there are very few informal transactions today. Moreover, most people rightfully feel secure with their registration in the earlier paper based register. The real costs of extending completion of the cadastre may be instead the issues of unresolved land boundaries, title search errors for failure to incorporate earlier manual data into the electronic system, and difficulty in identifying the extent of state-owned land available for further privatization, all of which were mentioned by respondents.

Some believe the costs of re-registering in the new cadastre also raises the issue of fairness, and argue that completion of the cadastre is a public good and should be funded by the state. While we agree that the new cadastre is a public good, and many countries do opt for state funding of first registrations in new cadastres, we do not necessarily agree with the argument of fairness as the costs in Georgia are relatively low, people are not compelled to re-register and there is precedent elsewhere for shifting reasonable costs onto the beneficiaries of registration. The argument of practicality may be more compelling than the argument of fairness

There are significant differences of opinion about whether state interventions in completion of the new cadastre are required and whether they would be productive. Representatives of local government and state officials tasked with identifying and selling state land often believe that the work should be completed by the state. Other experts inside and outside of government believe that there are more important investments and that market forces will do the job in a reasonable, if not short, period of time.

This is a question that should be resolved at higher levels. There are good arguments on both sides. If accelerating completion of the new cadastre is considered to be an important objective, there are several options that might be considered:

- 1) *Market survey.* Some good information on why people do not re-register in the new cadastre was obtained in the discussion groups of this evaluation, but that is only a start. A good market survey of unregistered persons could provide further insight on how to structure a renewed effort to encourage re-registration and identify actions that may be

taken to address specific impediments. Of course, such information might lead to the conclusion that people feel secure with their current land rights and not much is going to induce them to spend money to upgrade, though the discussion groups for this evaluation suggested that interest in upgrading is substantial and there is general perception that the new system offers marginally better protection.⁹

- 2) *Renewed efforts at inducing re-registration through public awareness.* We are not familiar with all of the current public relations and educational efforts of the NAPR, but based on appropriate market research consideration might be given to reviewing the current communications strategy and making another effort to encourage re-registration.
- 3) *One-time price concessions or subsidies for lower income people.* There are undoubtedly lower income people for whom even 50-100 GEL is a large amount and they will continue to avoid re-registration. If completion of the cadastre is an important objective a one-time lower price for first registration or even subsidies for survey and registration might be considered as an inducement.
- 4) *Support completion of cadastre through local initiative.* Apparently the Ministry of Finance is considering a program to incentivize municipalities to complete the local cadastre – to identify the occupants and boundaries of the “white spots” remaining on the current cadastre map – through systematic field work. The incentive to localities to participate is potentially higher land tax collections. Technical assistance for this work could help to accelerate completion of the cadastre in some areas.
- 5) *Do systematic registration.* By systematic registration is meant here a process where a state entity enters an area and systematically considers land claims through field work, review of claims and documents, public postings and individualized hearings, and the result is a final entry into the land register. It is in effect a compulsory process. This process can be relatively expensive, particularly when compared to the work done by LMDP. While it would be a good way to accelerate completion of the new cadastre, its expense and the possibility that any such compulsory process might be out of tune with current Georgian attitudes concerning the role of the state do not recommend it as a general proposition. Moreover, apparently the systematic registration of the LMDP activity was limited to that project by Presidential decree, and systematic registration under the new system might require a change to the law. However, there may be some cases where it would be appropriate and acceptable. For example, a case can be made that if an area is already substantially covered by the new cadastre, the state can implement a systematic process to bring in the remaining holdouts and complete the work if it is in the general interest to do so. This is in fact implied in the the proposal of the Ministry of Finance to incentivize localities to inventory the “white spots” remaining on the local maps. Some consideration might be given to situations in which systematic registration of rights might be appropriate and the necessary amendments to the law prepared in the eventuality that some form of systematic registration work might become feasible.

⁹ Apparently NAPR conducts its own, primarily web-based, surveys of satisfaction with NAPR service delivery, among other things. We requested to see copies of the survey instruments and data but have not yet received them.

3. Clarify the rights of remaining leases. The situation with remaining leases is confusing, and clarification of these issues might be useful. The official position of the MOE is that all existing state leases terminated in May 2011 when the time period for direct privatization by lessees expired. One local MOE official stated that all that remains is to “redefine” the rights of the people now holding this land. It is acknowledged that some leaseholders may have had time remaining on their leases at May 2011, but the expectation is that may not amount to much. It is believed that most leases were for terms of 5-10 years and have expired at this point, but hard data is difficult to find. Moreover, apparently the Civil Code permits either part to a lease to terminate after 10 years.

It is suggested here that the last has not been heard of this issue. At least, the MOE should determine the actual status of the remaining leases, most importantly if some have remaining terms. We cannot opine on Georgian law, but if the ten years permitting unilateral termination have not passed, it seems that the argument in favor of the continuation of existing lease rights for the duration of their terms may be a serious one, or at least the grounds for a serious lawsuit. If the lessees still retain some rights, or have a reasonable legal claim, then they are in effect a cloud on the title of the land. If it is determined that some lessees have continuing rights, it may be in the interests of the state as owner to survey and register these lands in the new cadastre on its own initiative, subject to the encumbrances of the existing leases. These actions would help to clarify an important segment of land rights. It is also possible to simply wait a period of years to assure that all leases can be terminated, but that might not be fair to farmers who are actually working that land.

Moreover, mass evictions of working farms because they did not privatize in time, for whatever reason, so that the land can then be sold to another investor, might not be a happy prospect for the GOG and have negative affects on production. It might be helpful at this time to do an inventory of what is actually happening on that land so that appropriate policy on the rights of those lessees who have actually invested in land improvements and worked the land can be developed. The current position of the government seems to be that they are not going to remove anyone from the land in the near future, and that pending a decision any leaseholder has the right to request that his property be put up for auction. This may seem like cold comfort to anyone who has actually invested in and worked the land but was unable to purchase it, for whatever reason.

4. Improve the quality and amount of data available in searchable electronic databases. The NAPR advises that it is in the process of scanning and creating a searchable electronic database of all CLOs. This is important work if the decision is to continue to rely on sporadic entries into the new cadastre. We would recommend that this work also include entry of all existing data on un-privatized leases into the database as well. Pending clarification of the rights of these lessees, this data could be relevant to title searchers.

5. Study the risk of abridgment of land rights. If loss of land rights to government action is amounting to a major problem today, of which we found no evidence, some effort might be invested in studying this issue further. It may be possible to do a randomized survey of court case files to clarify the incidence and type of land-related cases arising today, and possibly the

trend in land disputes. With pipelines, railways and new highways, there appear to be many populations today in Georgia that have been affected by expropriation proceedings or the threat of expropriation. If there are concerns about how they are being treated it should be a simple matter to study their experiences and attitudes, leading perhaps to improved administrative regulations on expropriation.

6. Implement greater administrative protections for existing rights. More could be done to protect existing land rights through administrative rules. The threat that exists, if any, is the state failing to recognize pre-existing legal or beneficial rights to land in its further privatization processes. Further steps toward delineating state and private lands, as discussed above, may help this situation, but other administrative steps are possible, including:

- 1) *Require that searches be made of all paper records prior to auction.* It appears that some paper records have not been entered into the current registry data. This would include not only paper archives of CLOs, but also available records of prior privatizations and leases that have not been privatized. It might also include review of the records of the local Land (“Acknowledgement”) Commissions for some period of time, probably since 2002. These records may not be available or useful, but if they are any diligent title searcher should want to see them. Much of this data is not available in searchable, electronic databases, and the costs of searching this material may be high. This is essentially a cost-benefit analysis, and might depend on the number of errors and disputes actually occurring. The NAPR is presently in the process of scanning CLOs and putting them into a searchable database, and this will help.
- 2) *Require by regulation site visits for all land held for auction,* including consultation with neighboring land owners.
- 3) *Define the indicators of potential issues that might require increased scrutiny.* It is not difficult to define what indicators suggest problems and the steps that must be taken in such cases. If a record indicates that land was leased but no privatization entry can be found in the cadastre, this does not necessarily mean that the land has not been privatized. An inquiry is in order. Signs of occupancy, maintenance or cultivation should require heightened scrutiny. Etc.
- 4) *Legal publication.* If errors and disputes become a real problem, it would not be prohibitively expensive to require publication in periodicals of general circulation of pending auctions for a period of time prior to accepting bids, including locations and maps. This might give right holders of the possibility to make a claim.

7. Interventions to promote further land consolidation. The opinion of practically all actual farmers as well as other market observers in the regions was that consolidation of land holdings, while desirable, is happening very slowly, is very difficult to achieve and is often a matter of luck. If consolidation is an important objective, some other forms of intervention might be necessary, including:

- 1) *Voluntary land consolidation pilots* have been implemented by many donor agencies, including USAID (e.g., Moldova), the World Bank and UN. Voluntary land consolidation programs are generally most successful if implemented as part of an overall rural development program which includes development of rural markets and infrastructure. Landowners suggest that the transaction costs of consolidation are just too high. What is missing are trading floors or equivalent market making mechanisms whereby complex arrangements can be made, assisted by the necessary mapping capabilities and land valuation expertise to quickly show the various permutations and combinations that may be available among cooperating farmers. This is not likely to happen without technical assistance.
- 2) *Return to direct sales and special auctions in well defined cases.* A second initiative that should receive consideration is a return to direct negotiation and sale, or special auction, or right of first refusal on state-owned land adjoining or in close proximity to working farms. At several group discussions the point was raised that the current requirement to auction all land is a disincentive for the small farmer to put in the time and effort required because they could easily lose the land to speculators at auction and have to end up paying a higher price. There is no hard evidence that this in fact happens, but a review of the NAPR data could probably show whether existing landholders have been able to acquire adjoining or nearby land through auction processes. This may be a controversial issue, as there is a sense that some resentments persist over land lease privatization because of the disparity in holdings it created. If direct sales or rights of first refusal were to be considered eligibility could be limited to farms of smaller size, or farmers who had not previously exceeded certain levels of benefits from land reform. Proof could be required that an actual working farm exists. And, if there are more than 1 abutter, all of them should have the chance to compete. Sales in such cases could be made at market rate after appraisal.
- 3) *Review land taxation options.* A comparative study could be made of the current agricultural land tax system to determine whether it encourages long term speculation and underutilization. For example, the current tax exemption for smaller agricultural land holdings may be reconsidered. But this could be a delicate issue if it resulted in higher taxes for working farmers, many of whom are just getting by.

8. Interventions to promote access to and use of farm credit. The picture with respect to use of credit is very mixed. Smaller farmers claim to have limited need for formal credit, and many are reluctant to pledge the farm. Others say credit is available unsecured or secured by collateral other than land. Some larger farmers say they rely frequently on credit and that it is available. Almost all want the possibility of credit, and understand the place of good title security in obtaining credit. Almost all complain that creditors don't understand agriculture and the special needs of agricultural finance and that therefore the terms of loans are prohibitive. Growth of agricultural credit depends on factors other than good titles and may require interventions other than titling. Other interventions that may be useful might include training of farmers on the risks and use of credit, and bankers on agricultural markets and lending. More ambitious undertakings might include attempts to balance the risks between farmers and processors; as it stands now

farmers in Georgia seem to bear all risk of market fluctuations and have no means of hedging risk.

9. Promote a culture of monitoring and evaluation. LMDP was set up for simple evaluation – e.g. number of new registrations - but not for complex evaluation, e.g. the relationship between titling and growth in transactions. A simple baseline survey of attitudes toward land tenure security or use of credit among land owners at the start of the project and another at its completion could have offered greater insight into the impact of the project. There are indications that the GOG in its own programs also does not focus much on monitoring and evaluation. It could be useful to work with the GOG to implement a culture of monitoring and evaluation, providing training in techniques and methodologies, making the task of evaluation a regular part of all government programs going forward.

ANNEXES

ANNEX 1:
LMDP Objectives and Outputs

Annex 1: LMDP Objectives and Outputs

Outputs/Objectives of LMDP I & II
Initial Objectives - 2001
<ul style="list-style-type: none"> • Registration of an additional 1,400,000 parcels (for a total of 2,400,000 since July 1999) and issuance of registration certificates to landowners that ensures secure title support to land transactions that lead to land market development; • Public education and support to landowners to ensure the protection of other land rights; • Support and assistance for further land privatization, including enterprise land; • Advise on legal land reform and monitoring new land law introduced by GOG; • Strengthening the APLR's administrative and financial management capacities for managing initial registration, land market policy development, public education concerning landowner's rights and responsibilities, and the promotion of security of rights to land and real estate through registered transactions Conversion of the APLR and other organizations into Self Regulating Organizations which will include other groups or professionals related to real estate transactions, cadastral surveying, property appraisal, auction, and land registration services; • Establishment of a legal mediation and conflict resolution capability in the APLR.
Additional Objectives - 2003
<ul style="list-style-type: none"> • Complete a "quality assurance" program for the initial registration of agricultural reform land; • Develop, test, and revise regulations for implementing the law for the privatization State owned agricultural land; • Develop the real estate market institutions by strengthening the policy voice of the APLR; • Increasing the services of the APLR for assisting land owners Improving the legal/policy framework for the proper functioning of land markets; • Establish effective, sound and transparent procedures for implementing the law on additional privatization of agricultural land; • Complete privatization of large parcels of agricultural land and issuance of registration certificates to landowners; • Increase public awareness of the land privatization program, landowners' rights and responsibilities, and agricultural land lease issues at the national level; • Increase administrative, technical and financial management capacity and professionalism of the Ministry of Economic Development privatization team and Sakrebulo (local self-government unit) commissions for managing land privatization processes, including initial

Outputs/Objectives of LMDP I & II

registration of land, preparation of cadastral information and maps and organization of community displays;

- Streamline administrative, technical and institutional capacity of National Agency of Public Registry to provide speedy and customer-oriented property registration services to citizens;
- Complete the first stage of land reform in Adjara, covering approximately 55 Sakrebulo;
- Tenure models for the proper management of pasture land developed and applied;
- Improve the legal and institutional environment for land development.

Additional Objectives – 2008

- Implement new activity of 100 New Agricultural Enterprises Program, aimed at identification of land lots for agricultural enterprise establishment;
- Identification of land lots of unused lands suitable for the GOG Program;
- Computerization of identified lots and publishing on www.agro100.ge GOG website specially designed for this program;
- Assistance to the registration of identified and verified land lots as state owned at National Agency of Public registry;
- Acting as a liaison for GOG to explain the procedures associated with the 100 New Agricultural Enterprise Program to potential investors;
- Maintain graphic and textual database for land parcels privatized via www.agro100.ge;
- Provide further training and consultations to regional GOG agencies involved in farmland privatization to implement the GOG new “100 NEW Agricultural Enterprises” and the new pasture land privatization law. Provide training and consultations to strengthen the capacity of regional agencies of the Ministry of Economic Development, National Agency of Public Registry and local self-government units in these new methods of farmland privatization.
- A question and answer hotline for local officials, farmers and investors will continue to operate;

Outputs/Objectives of LMDP I & II

- Finalize the privatization of 95,000 hectares of unused land through the GOG’s “100 New Agricultural Enterprises” initiative;
- Support the privatization of 67,000 additional hectares of leased, and 18,000 hectares of unused land, including previously-excluded pasture lands which can now be privatized in accordance with the amendment to the agricultural land privatization law.

IDP Activity – Immediately Following 2008 Ossetia Conflict

Conduct registration of old and new IDPs property. The following activities were added to the program:

- Field survey and map preparation for houses and land parcels procured by the GOG for IDPs;
- Digital map preparation for about 80 houses and 35 land parcels attached to those houses;
- Registration of property claims on land within the administrative borders of South Ossetia by IDPs who fled the conflict and are now residing in Georgian controlled territories;
- Cadastral digitalization and web-publishing of NAPR data in Gori, Kaspi, Kareli, Khashuri and Zugdidi municipalities;
- Survey and digital map preparation of residential and arable land parcels transferred to the IDP households by GOG.

ANNEX 2:
Evaluation Methodology

Annex 2: Evaluation Methodology

This evaluation employed four primary tools: in-depth, scripted interviews with key informants; a series of 6 focus groups with farmers; site visits to selected facilities; and review of relevant quantitative data where available.

1. Scripted, in-depth Interviews

In-depth interviews were conducted with 58 key informants. Potential informants were identified based on review of LMDP project reports, suggestions from USAID, and suggestions from the interviewees themselves. A key source of recommendations for interviews was the APLR itself, which is of course a subject of the evaluation. This is particularly true of interviews conducted outside of the city of Tbilisi.

Reliance on APLR to identify potential interviewees may suggest a selection bias in favor of persons with an interest in the success of LMDP. This potential bias may have been increased by the fact that so many former APLR managers and staff today hold key positions in the Georgian government and private sector and are essential informants when discussing land reform. Two of the three chairmen of the National Agency for Property Registration (NAPR) since its inception, including the current chairman, are former managing directors of APLR. Potential bias was countered to the extent possible by interviews with persons having less of an interest in the program or less association with APLR. Ultimately, recognizing bias is a matter of judgment. The evaluation team believes that practically all interviewees were generally balanced and objective in their opinions.

Interviews were conducted in Tbilisi, the Khaketi Region (Tevali Rayon), the Kvemo Kartli Region (Marneuli), the Imereti Region (Zestaponi, Terjola, and Tsakaltubo Rayons), the Shida Kartli Region (Gori Rayon), the Samagrela Region (Zugdidi) and the Javakheti Region (Akhalsikhe, Senaki).

Interviews were conducted with scripts adapted to the type of respondent, though there was considerable overlap among the scripts. Separate scripts were prepared for Ministries of GOG, NGOs, APLR, NAPR, donor organizations, local governments, and project beneficiaries (focus group participants). To encourage spontaneous dialog the scripts were used flexibly as guides, and not as questionnaires. All questions were open-ended. Given the time constraints of most respondents it was not possible to discuss all questions with each respondent, but over the course of all interviews multiple responses were obtained to all questions. A list of persons interviews is attached as Annex 5 and an example of an interview script is attached as Annex 6 of this report.

2. Discussion Roundtables

Six Roundtable discussions were organized with the assistance of the USAID Economic Prosperity Initiative (EPI) at its Farm Service Centers located in Tevali, Marneuli, Gori, Akhalstiki and Geguti. Approximately forty-eight farmers participated. The discussion was aimed primarily at testing some of the premises of the LMDP program regarding the needs and behavior of small and medium-size farmers/landowners. To organize the discussions a script was used which sought information on, among other things, size and number of land holdings,

types of tenure, use and perceptions of title registration, use and perceptions of formal credit, perceptions of tenure security, and land market activity. A copy of the discussion script for the roundtables is attached as Annex 7, and summaries of the discussions are attached as Annex 8.

All of the participants were users of the USAID sponsored Farm Service and/or Mechanization Centers, suggesting a selection bias in favor of more aggressive and perhaps entrepreneurial farmers who were aware of and interested in exploiting the resources available to them. For example, more than 75% of these participants had already registered in the new electronic cadastre without the impetus of a pending transaction. Aside from that, the participating farmers reflected a wide variety of characteristics and experiences in terms of size of farms, number of parcels held, crops grown, and experience in land and credit markets. Table 1 below summarizes some of the findings of the roundtable discussions.

Table 1: Summary of Participation in Roundtable Discussions

Region	Locality	Number of Participants	Average Size of Land Holdings (Hc)	Average Number of Land Parcels
Khakheti	Telavi	10	7.33	3.5
Imereti	Geguti	15	1.75	2.3
Kvemeo Kartlis	Marneuli	7	16.5	2
Samagrelo	Zugdidi	8	12.6	2.32
Shida Kartli	Gori	3	N/A*	N//A*
Javakheti	Akhaltsikhe	5	N/A*	N/A*

* *Small number of participants made averages misleading.*

3. Site Visits

In the course of the project the team visited 7 registry offices in all of the selected regions to observe facilities and the level of customer service; several IDP housing settlements and IDP agricultural land grants in the Gori Rayon, locale of the largest number of such settlements; and a working farm in the Emeriti region owned by a farmer assisted by the LMDP program to privatize his land.

4. Quantitative Data

In Georgia good quantitative data on many important indicators is lacking, or at least not reports. Many government agencies do not appear to have yet implemented rigorous monitoring and evaluation requirements and techniques. Most programs, including LMDP, did not anticipate structured evaluation of outcomes by definition of key indicators and collection of baseline data. Reliable time series data appears to be scarce, particularly for periods prior to 2002. If more data exists than we believe it is not easily accessible, and few people have an overview of the nature and location of available data. The upshot is that it may be possible to do a more refined impact analysis of LMDP if the data can be located, but it could not be located within the time constraints of this evaluation.

ANNEX 3:
Tables, Figures, and Pictures

Annex 3: Tables, Figures, and Pictures

TABLES

Table 1: Former APLR Employees in the Georgian Government

#	Name	Position at APLR	Current Position
1	Jaba Ebanoidze	Director	Chairman of Revenue Services of Georgia
2	David Giorgadze	Director	Deputy Minister of Economy and Sustainable Development of Georgia
4	Lasha Tordia	Lawyer/Parliamentary Representative	Chairman of the Parliamentary Committee for Human Rights
5	Mubaris Karaev	Head of Marneuli Regional Office	Advisor to the President of Georgia on Minority Issues
6	Amiran Meskheli	Head of Akhaltsikhe Regional Office	Deputy Minister of Internal Affairs
7	Marika Gabunia	Contracts' Manager	Advisor to the Prime Minister
8	Soso Tsikarishvili	Privatization Task Manager/Regional Coordinator	Chairman of the National Agency of Public Registry
9	Vano Tsartsidze	Regional Coordinator	Head of Registration and Cadastre Insurance Office/NAPR
10	Dimitri Makhatadze	Lawyer	Deputy Head of Registration and Cadastre Insurance Office/NAPR
11	Giorgi Bakuradze	GIS Operator	Chief Specialist at Geodesy and Cartography Department/NAPR
12	Khakha Lashkhi	Logistics Manager	Head of Scanning Group of NAPR Archive
13	Shalva Nozadze	GIS Operator	Worked as Chief Specialist at Geodesy and Cartography Department of NAPR; currently works for BP Georgia on the position of Land Officer
14	Niko Aspanadze	GIS Operator	Assistant at Registration and Cadastre Insurance Office/NAPR
15	Soso Bagashvili	GIS Operator	Assistant at Registration and Cadastre Insurance Office/NAPR
16	Nona Tsiklauri	Procurement Manager	Deputy Head of Procurement Office /NAPR
17	Gela Samukashvili	Regional Coordinator	Regional Coordinator in Khakheti/NAPR
18	Malkhaz Shatirishvili	Quality Control Group Leader	Logistics Department/NAPR
19	Temur Bigvava	Lawyer	Worked as Deputy Chairman of NAPR in 2005-2008; currently works for the Bank of Georgia

#	Name	Position at APLR	Current Position
20	Varlam Badzagua	Lawyer	Arbitrator of European Arbitration Chamber, Member of the Board of Directors
21	Zviad Okropiridze	Lawyer	Deputy Head of Legal Department, Ministry of Internal Affairs of Georgia
22	Paata Geliashvili	Regional Coordinator	Consultant on Security Issues at Georgian Air Navigation
23	Alexander Abulashvili	Regional Coordinator	Head of Administration at Berta LTD, Georgian-Swiss Company, Largest Manufacturer of Household and Personal Care Products
24	Giorgi Ramishvili	Quality Control Team Member	Land Officer, BP Georgia
25	Lela Shatirishvili	Transactions Manager /Coordinator for Real Estate Related Issues	International Consultant on Resettlement and Social Issues; works for WB and ADB projects
26	David Arsenashvili	Lawyer/Parliamentary Representative	Runs private company working in the field of real property
27	Temur Atunashvili	Head of Akhaltsikhe Regional Office	Head of Samtskhe-Javakheti Regional Service Agency of the Ministry of Finance of Georgia
28	David GOGoladze	Lawyer/Akhaltsikhe Regional Office	Regional Coordinator in Samtskhe-Javakheti/NAPR
29	Irakli Chiburdanidze		Current Technical Manager at APLR, at the same time works as consultant for the Geodesy and Cartography Department of NAPR
30	Jemal Tsetskhladze		Current Head of APLR Regional Office in Batumi; at the same time works as NAPR Coordinator in Autonomous Republic of Adjara

Source: APLR

Table 2: LMDP Public Awareness Activity

Activity	Number
Personal consultations on privatization	13,400
Privatization posters distributed (3 languages)	3,000
Privatization flyers distributed (3 languages)	12,000
Open air meetings	100
IDP meetings	20
Hotline calls	6,500
National Magazine “Landowner”	1,500 quarterly
Broadcasting:	
Imedi Network	40 spots
Channel 1	55 spots
Borjomi LTD	16 spots
Imperia – New program Ekho	26 spots
Parvana network (Armenian)	21 spots
Tele-radio ATV12 (Armenian)	33 spots
Kvemo-Kartli radio (Azeri)	23 spots
Poti Broadcastin	19 spots
Kutaisi Broadcasting	29 spots
Senaki Tele-Radio	22 spots
Sagerjo Tele-Radio (Azeri)	10 spots
Zugdidi Regional TV	22 spots

Source: APLR

Table 3: Trends in Total Transaction Registrations 2007-2009

Trends in Total Transaction Registrations 2007-2009			
	2007	2008	2009
Mortgages	56793	68149	62240
Sales	68088	56997	54960

Source: NAPR

Table 4: Total Property Sales and Mortgages by Quarter, 2008-2009

Transaction Type	2008				2009			
	I	II	III	IV	I	II	III	IV
Mortgage Registration	1718	2135	1431	1529	1078	1406	1701	2039
	6	8	1	4	3	2	0	3
Purchase Registration	3803	4240	3510	3518	2426	2635	3297	3477

Source: NAPR

Table 5: Trends in New Registration of Agricultural Land, by Quarter, 2008-2009

Transaction Type	2008				2009			
	I	II	III	IV	I	II	III	IV
Primary Registration Transactions								
Ownership Registration on Agricultural Land Received by Reform	2944	4210	3032	2396	1486	1693	1989	2043

Source: NAPR

Table 6: Trends in First Registration of Agricultural Land, 2007-2009

Trends in First Registration of Reform Agricultural Land in the Electronic Cadastre			
	2007	2008	2009
New Entries	27303	13379	8085

Source: NAPR

Table 7: Sale and Mortgage Transactions Involving Agricultural Land 1999-2004

Type of Transaction	1999	2000	2001	2002	2003	2004*	2005 I/II quarters
Sales	1485	1143	3729	6471	5158	10429	7745
Mortgages	15	106	567	1324	2216	2323	1703
TOTAL	1500	1249	4296	7795	7374	12752	9448
% growth against previous year	Baseline	- 17%	244%	81%	-5%	72%	-

Source: APLR

Table 8: Number of Sales and Mortgages – Ag and Non-Ag Land 1999-2004

Number of Transactions	1999	2000	2001	2002	2003	2004*	2005 I/II quarters
Agricultural land	1500	1249	4296	7795	7374	12752	9448
Nonagricultural land	1737	2443	9947	11914	18206	23963	18378
TOTAL	3237	3692	14243	19709	25580	36715	27826
% growth against previous year	Baseline	14%	286%	39%	30%	43%	-

Source: APLR

Figure 1: APLR Staff in the Georgian Government

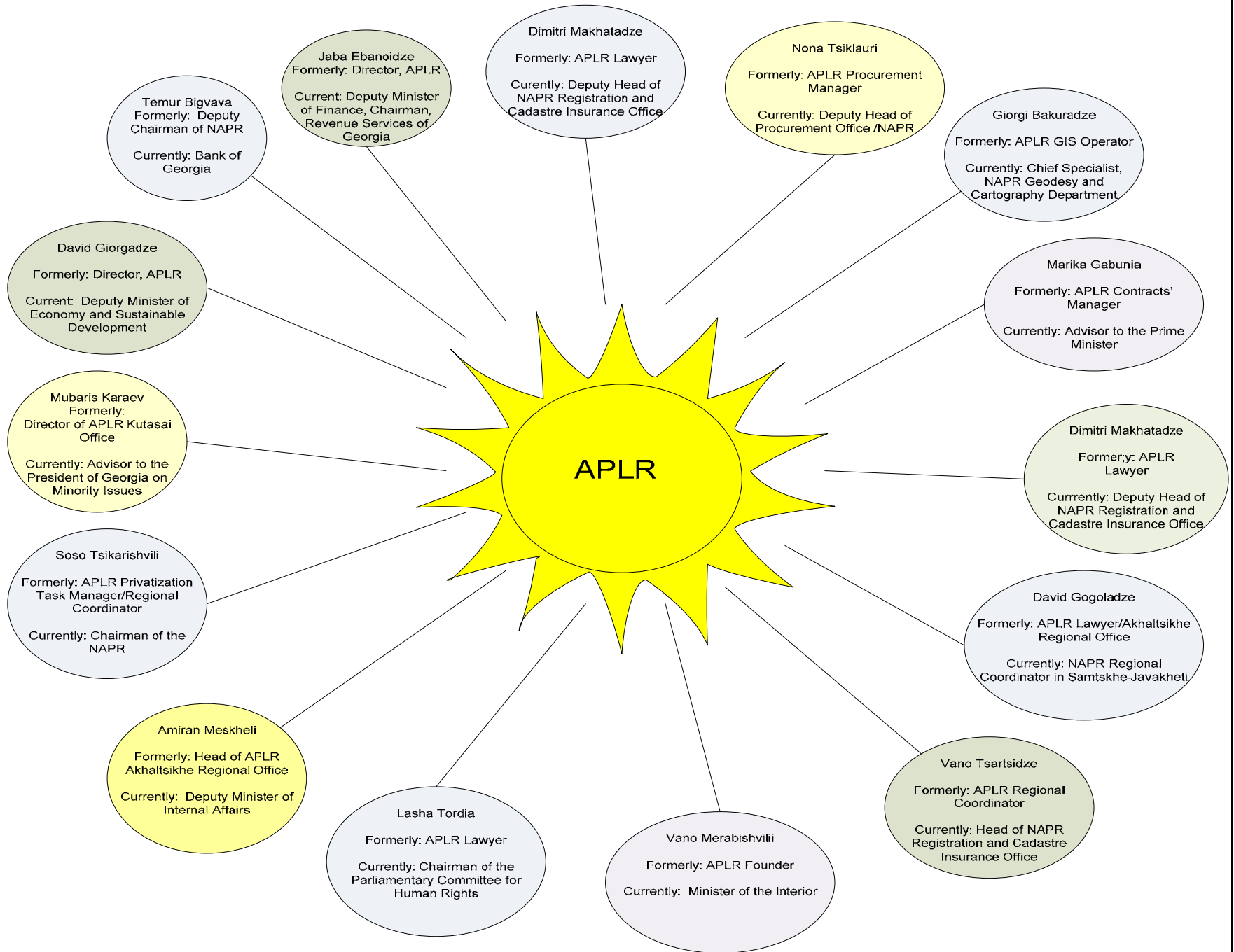
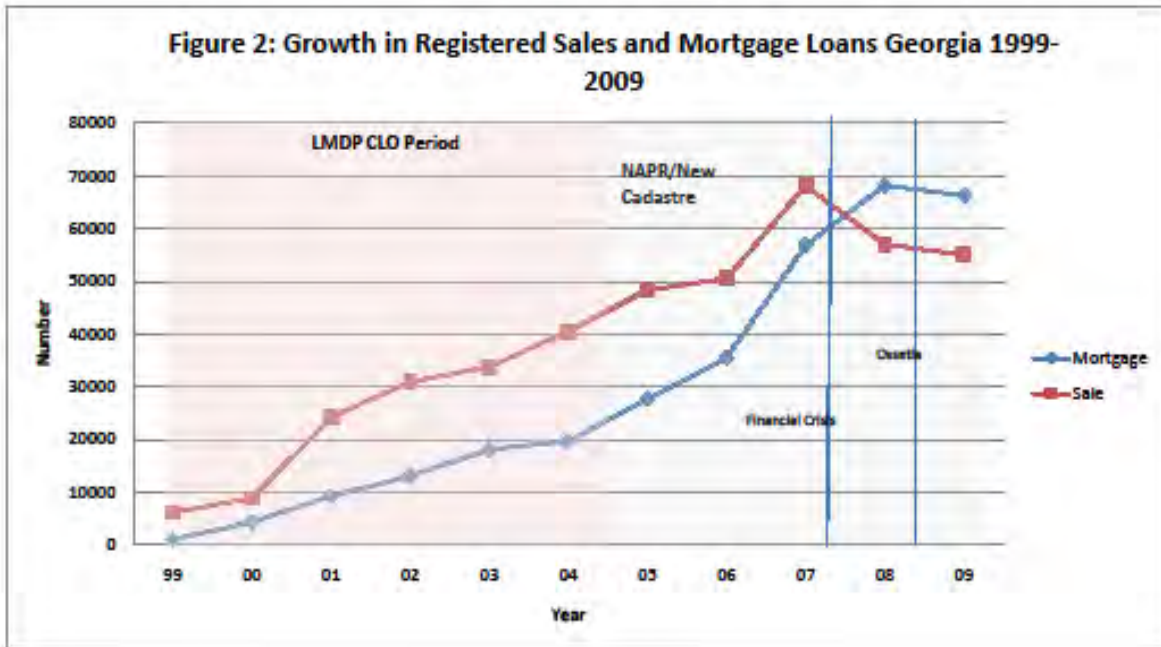
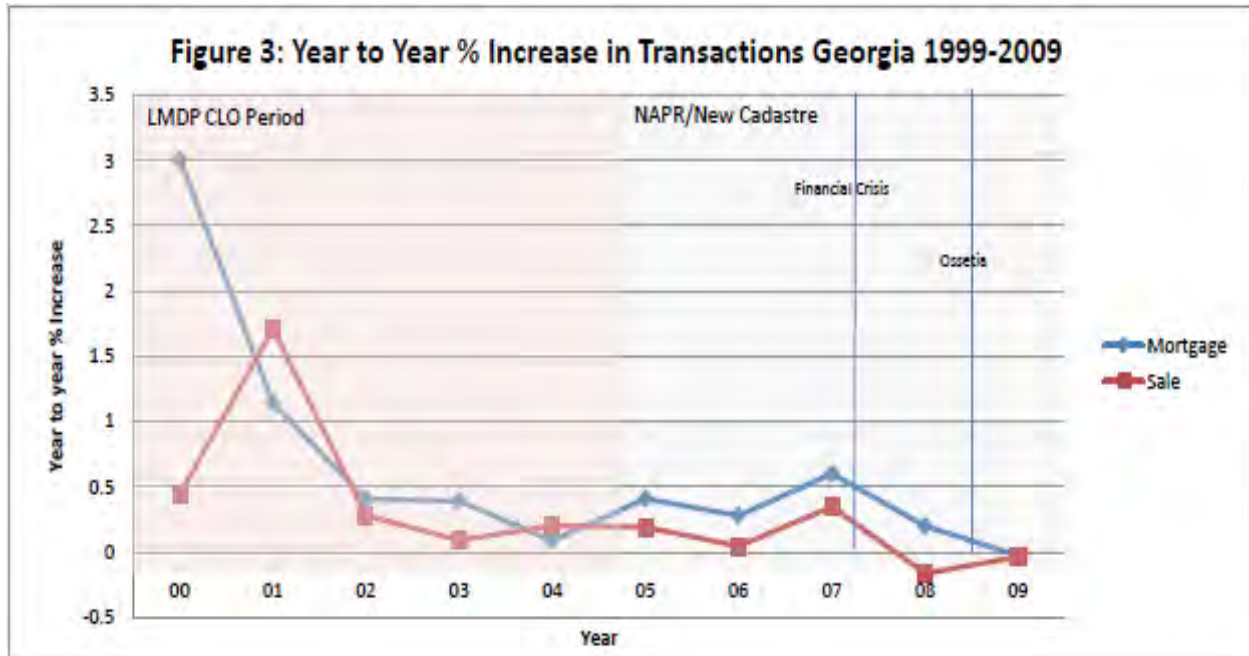


Figure 2: Growth in Registered Sales and Mortgage Loans Georgia 1999-2009



Source: APLR, NAPR, NORC

Figure 3: Year to Year % Increase in Transactions Georgia 1999-2009



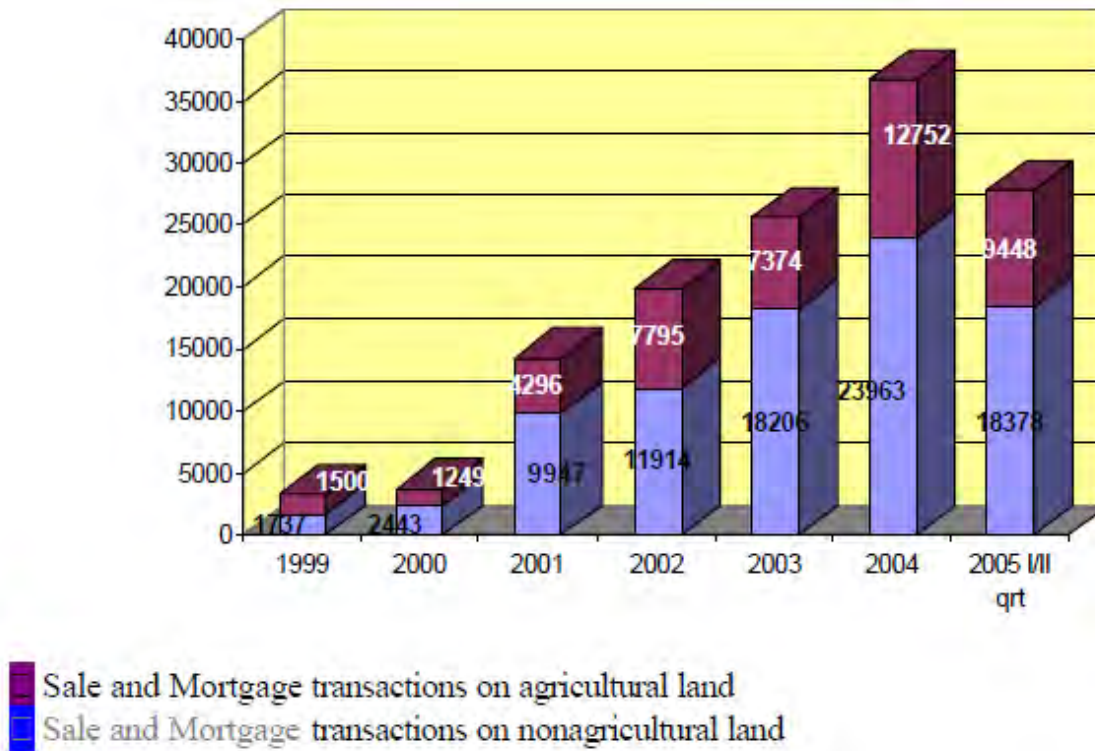
Source: APLR, NAPR, NORC

Figure 4: Growth in Sales and Mortgages Georgia 1999-2005



Source: APLR

Figure 5: Growth in Sales and Mortgages Ag and Non-Ag Land 1999-2005



Source: APLR

PICTURES



IDP cultivated fields at the Karaleti Housing Settlement in Gori Rayon – the settlement comprises 480 homes and an accompanying 250 hectares of arable lands providing subsistence and small amounts of income to IDP families.



The modern and consumer-friendly NAPR office in Gori Rayon – built with NAPR revenues.



Surveyors advertise their services at the entrance to the Zestaponi Town Registry, Khakheti Region



Modernized Paper Archives, Gori Registry

ANNEX 4:

List of Persons Interviewed

Annex 4: List of Persons Interviewed

Georgia LMDP Evaluation List of Persons Interviewed		
Name	Position	Organization
Chris Thompson	Component Leader, Business Enabling Environment	USAID Economic Prosperity Initiative (EIP)
Lasha Dolidze	Agricultural Specialist	USAID Economic Prosperity Initiative (EIP)
Irakli Songulia	Managing Director	APLR
Marika Lapachishvili	Director, Public Relations	APLR
Aleko Gvaramia	Chief Lawyer	APLR
Sergo Tsikarishvili	Chairman	NAPR
Ekaterina Meskhidze	Project Manager, Head of International Relations	NAPR
Vladimer Chkhaidze	Technical Supervisor	NAPR
David Egiashvili	Director/Owner of Private Real Estate Consultancy Former Head of International Relations, SDLM Former Chairman of NAPR	PCG (Professional Consulting Group)
Jaba Ebanoidze	Deputy Minister of Finance – Director of Revenue Service Former Director of APLR	Ministry of Finance
Gavin Adlington	Lead Land Administration Specialist, Europe and Central Asia Region Task Team Leader, Georgia Title and Registration Project	World Bank
Lela Shatirishvili	Private Consultant, Resettlement Issues Former staff member LMDP/APLR	GREA

Georgia LMDP Evaluation List of Persons Interviewed		
Name	Position	Organization
	Member and representative of GREA	
Nino Metreveli	Former AOTR of LMDP	USAID
David Giorgadze	Deputy Minister Former APLR Director	Ministry of Economy and Sustainable Development
Zaza Shatirishvili	Registrar, Akhmeta Municipality, Khakheti Region	NAPR
Eka Todadze	Chief Lawyer, Khakheti Region	Ministry of Economy and Sustainable Development
Soso Megutnishvili	Former Gamgebeli (Mayor)	Village of Tsinandali-Khaketi Region
Tornike Vepkhvishvili	Former Gamgebeli (Mayor)	Village of Tsinandali-Khaketi Region
Soso Sulashvili,	Regional Representative - Kakheta Region	APLR
Karlo Oniani	Director of Marneuli Regional Office	APLR
Tamaz Abesadze	Member of Marneuli Regional Office Private Surveyor Former LMDP/APLR Survey Subcontractor	APLR
Shaik Bairamov	Farmer, Chairman	Farmers Association of Marneuli Municipality
Nona Tsartsidze	Former employee of Marneuli Territorial Agency of	Ministry of Economy and Sustainable Development
Karlo Oniani	Director of Marneuli Regional Office	APLR
Tamaz Abesadze	Private Surveyor Former LMDP/APLR Survey Subcontractor	
Rezo Bregvadze	Private Surveyor Former LMDP/APLR Survey Subcontractor	

Georgia LMDP Evaluation List of Persons Interviewed		
Name	Position	Organization
Nona Tsartsidze	Former employee of Marneuli Territorial Agency of	Ministry of Economy and Sustainable Development
Mamuka Doreuli	Registrar, Marneuli Municipality	NAPR
Shalva Kapanadze	Head of Kutaisi Regional Office	APLR
Zurab Arsenashvili	Private Surveyor, Zestaponi Former LMDP Survey Subcontractor	
Merab Mumladze	Private Surveyor, Terjola Former Head of SDLM Land Management Unit, 1992-1998, Terjola Former SDLM Registrar, 1998-2003, Terjola	MAPANET Survey Company
Gia Porchkhidze	Deputy Registrar, Village of Zestaponi SDLM Land Registrar in Zestaponi, 2001 – 2005	NAPR
Gabriel Mazmishvili	APLR Regional Representative Former Head of IDP Consultation Center in Gori Former Registrar, SDLM, Gori	APLR
David Oniashvili	Registrar, Gori Rayon	NAPR
Emzar Khetaguri	Deputy Registrar, Gori Rayon Former SDLM Registrar	NAPR
Mamuka Chachanidze	Regional Director, Gori Region	Ministry of Economy & Sustainable Development
Zviad Khmaladze	Chairman	Legislative Council (Sakrebulo) of Gori Rayon
Ramaz Ninikashvili	Coordinator for Imereti, Samegrelo and Guria regions	APLR

Georgia LM DP Evaluation List of Persons Interviewed		
Name	Position	Organization
Kakha Jolokhava	Head of Zugdidi registration office	NAPR
Yuri Sherozia	Specialist of State Property Registration and Privatization, Regional Department of Samegrelo, Guria and Zemo Svaneti	Ministry of Economy and Sustainable Development
Dimitri Patsatsia	Chief Specialist of State Property Registration and Privatization, Regional Department of Samegrelo, Guria and Zemo Svaneti	Ministry of Economy and Sustainable Development
Goneli Nachkebia	Chairman of the Commission of Land Legalization	Zugdidi Municipal Council
Klimenti Kikaleishvili	Consultant for agrarian issues	Zugdidi Municipal Council
Givi Shengelia	Director	Zugdidi Farmers' Service Centre
Zurab Khaburzania	Former Chairman	Senaki City Council
Vano Merabishvili	Regional representative/chairman	APLR
Levan Nikabadze	Inspector of Akhaltsikhe Group of Revenue Services	Ministry of Interior
Teimuraz Atunashvili	Head of Samtskhe-Javakheti Service Agency	Ministry of Finance
Elizbar Parunashvili	Registrar, Akhaltsikhe registration office	NAPR
David GOGoladze	Administrator-coordinator of Samtskhe-Javakheti Region	NAPR
Sergo Sujadze	Private surveyor	Private surveying company
Tengiz Zedgenidze	Representative of local government	Akhalsikhe Municipality
Mamuka Nasidze	Farmer; Co- founder, shareholder	Agricultural Company "Laba+"
Iveri Akhalbedashvili	Head of Office, Agrarian Committee	Georgian Parliament
George Nanobashvili	Economic Development Team Leader	UNDP

ANNEX 5:
Example Interview Script

Annex 5: Example Interview Script

INTERVIEW SCRIPT

MINISTRIES

(Economy and Sustainable Development, Refugees, Agriculture, Environmental Protection, Finance)

Background

Name of Organization

Person Interviewed

Position of person interviewed

Nature of the organization's project activity in land markets

Did this person have direct experience working with LMDP/APLR programs?

What was the nature of your relationship with LMDP/APLR?

Describe in general the nature of the cooperation between LMDP/APLR and the respondent organization

General

How effective was APLR in helping your Ministry to adapt to land reform? Would you say:

- Extremely effective?
- Effective?
- Not very effective?

Why?

Without APLR assistance would your work in land reform been:

- Not as successful?
- About the same?
- More successful?

Why?

What were the main contributions of LMDP and APLR to your work in land reform?

- Technical knowledge?
- Knowledge of the law?
- Knowledge of surveying and cadastre?
- Training?

If you had to choose, what was the most important contribution of LMDP and APLR to your activities? Why?

Which policies in particular was APLR most helpful with? Why?

As far as you know, was the assistance offered by APLR the assistance you needed most? Were its programs right on target?

What type of assistance did you wish for that APLR was not able to offer you?

What aspect of the assistance APLR provided to you was most effective? Why?

Was there any aspect of your work with APLR that was not as successful as others? Why?

Overall, would you say that the contribution of LMDP and APLR to your work was:

- Essential?
- Highly Positive?
- Positive?
- Ineffective?

In your opinion, what was the LMDP's role and impact on developing the Georgian land market in general?

What changes in conditions took place in land management and land market development as a result of LMDP's activities?

Now that it has ended, to what extent has LMDP contributed to the environment for continuing development of the land market?

What work remains to be done to develop the Georgian land market?

Ag Land Privatization

How important was LMDP's role in developing, testing and revising regulations for implementing the law for the privatization of State owned agricultural land?

How effective and transparent the law procedures are aimed for additional privatization of agricultural land?

- What are the problems with the law and procedures?
- What would you change today?

In general, how successful was agricultural land privatization?

What remains to be done today?

Ajara

How important was LMDP's work on land privatization in Ajara after the governance issues there were resolved?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- What are the problems with the Ajara program today?
- What would you change today?
- What was the most important result of that work?

Unused Farmland

How important was LMDP's contribution to developing policy on allocation and privatization of unused farmland?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- What was the most important result of that work?

Pasture Land Privatization

What was project's contribution in pasture land privatization law?

How effective were tenure models for the proper management of pasture land?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- How effective was the law and tenure models for the proper management of pasture land?
- What are the problems with the law and procedures?
- What would you change today?

Forest Land Privatization

How important was the role of LMDP in developing the policy on forest land privatization?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- What was the most important result of that work?

100 Ag Enterprises

In general, how important was the role of LMDP assistance on the 100 New Agricultural Enterprise program?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- What are the problems with the program today?
- What would you change today?
- Was the 100 Ag Enterprises Program well conceived? What was the overall impact of the 100 NAE program on land market development in Georgia?
- What was the most important result of that work?

How effective was LMDP in assistance to the Government in acting as a liaison for GOG to explain the procedures associated with the 100 New Agricultural Enterprise Program to potential investors?

How effective was LMDP in maintaining graphic and textual database for land parcels privatized via www.agro100.ge and the parcels for privatization?

How important was the 100 New Agricultural Enterprises program on land market development in Georgia generally?

What was the overall impact of the 100 NAE program on land market development in Georgia?

IDPs

In general, how important was LMDDP's assistance on IDPs after the August 2008 conflict in titling the property received from the GOG free of charge and the property abandoned after the conflict?

- Is the work continuing today?
- Does APLR have any continuing role in that work?
- What are the problems with the program today?
- What would you change today?
- What was the most important result of that work?

How has the registration of property claims on land within the administrative borders of South Ossetia by IDPs improved the GOG's land data database that was destroyed during the conflict?

What are the political implications of the data now available to GOG?

How has the titling of agricultural land received by IDPs and registration of residential parcels improved confidence of IDPs and stimulated their livelihood development?

Training

Did you or members of your staff participate in any training events, seminars, roundtable for experts or public officials? What training was received?

How effective were APLR training events, roundtables and seminars for experts and public officials?

Would you have been able to prepare and deliver the same level of training with your own resources?

Would you say that the training materials prepared by APLR were:

- Accurate?
- Clear?

- Comprehensive?
- Easy to use?

Were the APLR staff conducting the training experts in their field?

Were they experienced trainers?

What in your opinion were the best aspects of the APLR training events? Why?

What areas did the APLR *not* cover in its training that you think would have been useful?

Knowledge Management – dissemination of information

Are you familiar with events conducted by APLR to familiarize the public with the ongoing changes to the land regime?

How useful/important were APLR public events as means of raising awareness of changes in the land regime? For example, the titling ceremonies?

Have you received any positive feedback from the public on the events?

Are you familiar with Landowner Magazine?

Do you think Landowner Magazine is a main source of information locally on land policy and land issues?

To what extent does it influence local opinion on these issues?

To what extent does it provide practical information?

Are you familiar with the APLR's Technical Manuals? For example:

Do you know if these materials are generally available locally?

To what extent do you think the local people are familiar with these manuals?

To what extent do you think these manuals have been useful to local people?

If not useful, why?

ANNEX 6:
Discussion Group Script

Annex 6: Discussion Group Script

LOCAL RECIPIENTS, DISCUSSION GROUPS (FARMERS, LAND OWNERS, LESSEES, ETC.)

Title Status

What sort of title to your land do you hold?

- None?
- Pre-2007 Certificate of Registration?
- Registration in the National Cadastre?
- Other?

Who holds a lease of state land? Has it expired? What steps are you going to take about that land now?

What is average number of land plots held?

What is the average size of land holdings in total?

What is the average size of land plots?

Have the boundaries to your land been surveyed?

Transactions

Have you engaged in any transactions with land?

A sale, lease or mortgage? Was the transaction registered?

Do you think you need to register your land in the national cadastre in order to sell it?

Would you be interested in selling some land? Have you thought about it? Under what conditions?

Have you ever used your land as collateral for a loan?

Have you ever used credit from a bank in your farm business?

Would you use credit if it was available to you? For what? Inputs? Equipment? More land?

Attitudes toward ownership and registration

What does owning the land mean to you and your family?

If you have registered in the national cadastre, why did you do it? What does registration mean to you?

What were the major obstacles to registering your land?

- Proving my ownership right?
- Expense?
- Survey?
- Dealing with the registry?

If you have not registered, why not?

Tenure security

Do you feel that your land right is insecure?

Who is the greatest threat to your land right – the state or your neighbors?

Have you been involved in a dispute about your land? Whom with? What was the nature of the dispute? Boundaries? Other rights? Inheritance?

Would you acquire more land if it were available locally? Is there land available for sale? Why don't you acquire more of it?

If you feel insecure, has this prevented you from investing more in improving your land? Would you invest more in you land if you felt that your land right was better protected?

Training

Did you participate in any training events, seminars, roundtable for obtaining a title to your land?

From which organization did you receive the training?

What training was received?

How useful was the training?

Knowledge Management – dissemination of information

Are you familiar with events conducted by APLR to familiarize the public with the ongoing changes to the land regime?

How useful/important were APLR public events as means of raising awareness of changes in the land regime? For example, the titling ceremonies?

Why?

Are you familiar with Landowner Magazine?

Do you think Landowner Magazine is a main source of information locally on land policy and land issues?

To what extent does it influence local opinion on these issues?

To what extent does it provide practical information?

Are you familiar with the APLR's Technical Manuals?

Do you know if these materials are generally available locally?

To what extent do you think the local people are familiar with these manuals?

To what extent do you think these manuals have been useful to local people?

If not useful, why?

ANNEX 7:

Summaries of Roundtable Discussions

Annex 7: Summaries of Roundtable Discussions

Summary of Telavi Roundtable Discussion

- Number of participants: 8-10 (Participants came and went)
- Average number of land plots held: 3.5 (2, 4, 2, 3, 5, 5, 4, 3, 3)
- Average size of total holdings: 7.325 (2.6, 13.5, 3, 5, 5, 4, 5, 4.5, 3, 12)
- All participants were already registered in the electronic system.
- None have leased land from the state.
- All have new boundary surveys. (Note: Telavi registry requires new survey from everyone.)
- None of the participants had used bank loans. (“We are small farmers.”)
- None have mortgaged their land. (“There are risks to pledging land. We are dependent on the harvest.”)
- All have either acquired *or exchanged* land since the time of initial privatization. In each case the transaction was registered.
- All believe that it is necessary to register a transaction. All understand that it is necessary to register land in the cadastre before a transaction may proceed. They believe that unregistered transactions still occur, but that they are decreasing in number. Unregistered transactions were more common prior to the creation of new electronic cadastre, when certificates of land occupancy would be transferred just on the basis of notarized transactions. How many of these transactions remain unregistered is an open question.
- Reasons for registering in the new cadastre:
 - Transparency;
 - Old certificates not as reliable;
 - Avoid disputes (Note: none of the participants had actually been involved in a dispute, but all “knew of someone who had;”
 - Better guarantee of title- not concerned about expropriation because they know they have to be compensated.
 - They think they can get credit quickly if they need it (even though they don’t need it);
 - Makes it easier to acquire land if they want to;
 - The fees are reasonable – why not just do it? A cost-benefit analysis.

- Their collective sense is that there are more boundary disputes arising, though none of them have had a dispute.
- All are always looking for land acquisition opportunities. None are looking to sell land. (“You have to understand that there are people who will not sell their land even if you offer them a million dollars.”)
- Not so easy to find out what land may be available – no market mechanisms.
- There is more land becoming available in the market – but it is all over the place and in small parcels. Still, if it is a good opportunity they will look at it.
- All would prefer to have a consolidated farm, but can tolerate multiple parcels. It is more expensive to operate, but there are some benefits. For example, hail storms can devastate vines, but they are micro-events so having multiple parcels may mean you are not wiped out. It depends on your crop, but in general having a consolidated farm is preferable.
- Prices for larger parcels can be double the price for smaller parcels – so they will still acquire smaller parcels.
- Not so easy to consolidate. Your neighbors don’t necessarily want to trade or exchange. It is opportunistic. Being able to consolidate your land is often a matter of luck – what your neighbor or his heirs decide to do with the land.
- All feel secure in their rights. Don’t feel threatened by state expropriation because they have a registered title. Did not feel the same way about the certificates of land ownership.
- None had received training or any other assistance from LMDP. The procedures for privatization and registration are simple enough for them to do without help. None were familiar with APLR publications, manuals, etc.

Summary of Marneuli Roundtable Discussion

- Number of participants: 7 (2 Georgians, 1 Armenian, 4 Azeris)
- Average number of land plots held: 2 (1, 1, 1, 6, 2, 2, 1)
- Average size of total holdings: 16.57 (28, 10, 15, 30, 24, 4, 5)
- 4 out of 7 participants were already registered in the electronic cadastre system.
- 4 have leased and later purchased land from the state using the grace conditions for lessees; 3 did not succeed to do so in time – 2 of them complained about lack of (“free”) funds to buy land; one is going to request an auction of his land. In order to collect documents for the auction this farmer systematically approaches APLR, but is not happy of their services/consultancy.
- All who have registered their properties have new boundary surveys.

- None of the participants had used bank loans. A owner of 28 hectares applied to a bank, but the bank offered only 4000 GEL credit instead of 12000-15000 he requested, and a lot of paper work. He declined the offer. “Such amount we can collect through our neighbors and relatives.”
- One reported mortgaging his land (not clear for which purpose). Most also mentioned about risks to pledging land.
- All have acquired more land. No one mentioned about exchanging land.
- 4-5 believe that it is necessary to register a transaction. However, they mentioned that most of farmers, especially small holders do not understand necessity of registration; they lack information and awareness on this issue.
- Reasons for registering in the new cadastre:
 - Better ownership security, but not full trust in “untouchability” of registered property, especially from the State; (two farmers related this threat to the government’s campaign of searching for land for new investors under the “100 Agricultural Enterprises” program.
 - Old certificates not reliable;
 - The fees are reasonable, the procedures are easy. The only non-annoying chain in the whole process.
- They didn’t show a good knowledge of mass land privatization process and USAID certification project. However, they also mentioned about boundary disputes arising because inaccuracy of data shown in certificates (names, parcel geometry an boundaries).
- “New land acquisition would be interesting if there was an operating irrigation system. We have good productive soils but irrigation canals are not functioning and their capacity is also insufficient. This is a problem #1 for local farmers”.
- Other acute issues/problems are: - lack of a market for selling their production; - low prices of state purchase of agricultural goods (for processing factories), e.g. 0,20-0,50 GEL for 1 kg tomato; bad infrastructure inside the municipality.
- There is more land becoming available in the market – but it is all over the place and in small parcels. Still, if it is a good deal they will look at it.
- “Land is still quite cheap, many people are looking forward to get fertile plots, but almost everything is already sold... Therefore, local farmers are a bit scared to lose their properties to some wealthy (foreign) investors and/or powerful guys (with good connections to the authorities).”
- Land consolidation is not an important issue for them; these were mostly larger farmers.

- None had received training or any other assistance from LMDP either. None is familiar with APLR publications, manuals, etc. Just one farmer told about his information (sharing experience in farm organization and management) trip to Turkey, organized perhaps by USAID.

Summary of Geguti Roundtable Discussion

- 15 Participants
- All have registered titles in the electronic cadastre.
- The sense of the group is that 60% of the farmers in the rayon have already registered in the electronic system.
- Geguti is a close in suburb of Kutaisi. There is a lot of greenhouse construction underway for horticultural crops.
- Average number of parcels held: 2.3 (3, 1, 1, 2, 2, 5, 3, 3, 1, 1, 2, 4)
- Average total size of holdings: 1.75 (1, 1, 1, 1, 7, 4, 3, 1, 1, 1, 1, 9)
- 4 participants had held land leases, and all privatized within the time period. In this they were all directly assisted by LMDP. There was much appreciation for the LMDP assistance. “LMDP actually started the land market here.”
- Farmers in the area are very familiar with APLR because Kutaisi was one of its main field offices, and the APLR is still very active in the region. Several participants had been members of the APLR.
- Only one of the participants had actually purchased more land recently (his fifth parcel) – to build a greenhouse.
- Why did they register in the new system?
 - Costs are reasonable
 - Some improvement to the quality of their rights;
 - It has become very easy to do; the “one window” system, means you don’t have to search around for documents and can register from any municipality;
 - The possibility of getting credit.
- Why do people not register?
 - The cost is a factor to some; particularly to people who own more than one parcel;

- Most people feel secure with their CLO registration and will therefore only upgrade when there is a need – sale or mortgage;
- In some cases there are errors in the title documents in their possession, and it costs money to correct them; some may even have to go to court; no sense in doing that until they have to. Most of these errors are correctable, but it takes time and maybe money. Just to correct a wrong name on certificate is a complex process.
- Land consolidation is important, but not essential. Fragmentation may have some benefits in terms of diversity of soils, etc. Depends on the crops you want to plant. In general, consolidation is preferable but there are other issues involved.
- The ability to consolidate is largely a matter of luck, though some farmers are succeeding and the pace of consolidation appears to be picking up.
- The continuing auctions of state-owned arable lands will not necessarily solve fragmentation problems. Public tenders mean that the land will not necessarily end up in the right hands. A farmer can seek an auction of nearby land and then lose it to a speculator, end up having to pay a higher price. There is some justification to going back to special auctions and direct sales for land adjoining operating farms.
- Many people are cultivating land they have no rights to. They have extended their original grants onto state owned land and have not registered.
- Commissions of Acknowledgement continue to give out land rights but that will end at the end of 2011. They think that many of the Commission's acts between 2002 and 2008 were not registered and are hanging over some of the state land that may be made available for auction.
- Almost all have obtained credit from a bank, but only one has actually mortgaged the farm. Banks are not enthusiastic about taking farmland for collateral in the region. They will take cows and sheep as collateral before farmland. Except for greenhouses and highly developed arable land. They can pledge their homes or other collateral more easily than farm land.
- Banks do not understand agriculture – their loan terms are inappropriate for farmers.
- No one is worried about government expropriation, even though there is a major highway project planned to cross the region.
- People feel more confident with the new electronic cadastre. The old CLO system was known for its measurement errors. But even the old CLO system was thought to be secure.
- Only a few of the participants had significant survey errors with their CLOs that had to be corrected before re-registration in the electronic cadastre.
- There are not many land disputes, and most of those are intra-familial.

- The inequities of leasehold privatization are still sensitive for some; the sense that some got so much more than others.
- Land tenure is largely a settled issue. The main problems are:
 - Prices;
 - Unreasonable credit terms;
 - TA-Know how
 - Deteriorated irrigation systems;
 - Veterinary; cattle diseases are becoming a problem, there is not enough vaccine.

Summary of Samegrelo Roundtable Discussion

- No. of participants: 8 (there were twice as many people attending the meeting from time to time, including several women)
- Average number of land plots held: 2.37 (1, 1, 4, 2, 2, 1, 6, 2)
- Average size of total holdings: 12.6 (2, 40, 2, 1.25, 2, 3, 47, 4)
- *No one is registered in the electronic system.* All of them have old certificates and documents. [One (owner of 47 ha) has some land in illegal tenancy and has problem with local land administration to legalize.]
- Nobody reported about privatizing leased land.
- All complained that new registration is very expensive; even registering relatively small holding (up to 2 ha) costs at least GEL 250-300.
- Everyone expressed a wish to register their properties. They understand well that without that they will not be able to transact with land parcels.
- About half of them feel unsafe because of lacking proper registration; another half does not feel any threat.
- 2 had leased state land but didn't privatize.
- Most of farmers said that they would approach banks for credits if their properties were registered. At the same time, they emphasized very unfavorable conditions for loans, very short-term and with interest rates from 1 to 3% monthly. "Banking loans are very inaccessible and expensive for agricultural business."
- "Markets are also not favorable for local farmers... A big market in Abasha is full of foreign stuff, while local producers cannot sell their products... The market is good only when the harvest is poor [of other farmers, evidently]."

- The state doesn't buy/accept anything [agricultural goods]. In the whole region there are no processing plants. "There were everything [in the Soviet times] but everything was closed and robbed."
- "Water is a problem, even drinkable... Irrigation/melioration system doesn't exist anymore... Machinery is not sufficient... We don't have good seeds... It becomes very costly to run agricultural business... Banks do not give credits and if they do, the interest rate is too high. We could afford 12-15% maximum, considering some 20% profit in agriculture..."
- "There is no (cheap) fuel for farmers/peasants. There must be special fuel for agricultural machinery that costs not so expensive and must be provided separately from regular fuel... We are lacking fertilizers too... Land taxes are also expensive, and registration fees high..."
- "The State should legalize land under our tenancy and our maintenance [informally occupied], and give to use for a moderate/available price."
- "American maize seeds didn't give good harvest – 80 % didn't come out at all despite the fact that all seeding conditions were kept properly... Farmers, who borrowed for planting that sort, have lost a lot of money. There is a shortage of poisons/toxins (against insects/bugs)..."
- Many expressed their wish to sell out their land parcels if it were possible.
- They complained about high rates of land taxes in urban places – 36 tetri/sq.meter, and rural areas – GEL 76 per 1 ha, even for less fertile land. "I complained, they took my soil pattern to Anaseuli, didn't give me answer for several weeks, and afterwards told that I have to pay the highest rate, anyway."
- Only a few farmers know about the work of APLR, but almost everyone knows Ramaz Ninikashvili, the APLR regional coordinator.
- Two or three of them may have attended APLR trainings on registration issues.
- "It is good that eventually land gains a value and becomes a market asset."

Summary of Samtskhe-Javakheti Roundtable Discussion

- No. of participants: 5; 4 of them representing the same cooperative company "Laba+", + 1 individual farmer (ethnic Armenian).
- Number of land plots held: 20 for the company; 15 for the individual.
- Size of total holdings: 100 (20 in private ownership, 80 in leasehold), 5.
- Privatized land is registered, Leasehold is actually sublease, which is not registered; the prime leasehold, according to their knowledge is not registered.

- They didn't privatize leased land because it's not their lease; they don't know whether the prime lessee has purchased the land.
- Both the company and the individual farmer have taken credits, for 18% and 22% respectively. They are not happy because of very short terms and very high interests on bank credits.
- The farmers complain about:
 - access to state land is complicated,
 - no relevant insurance for production,
 - many services (e.g. fuel, spare parts, etc.) are provided without proper financial documents,
 - the quality of seeds are not always good,
 - fuel is very expensive,
 - land is very fragmented and cultivation very difficult and expensive,
 - the prices of fertilizers became very expensive,
 - there is no business consultancy available in order to assure profitable operations,
 - the business climate for agriculture is poor.
- They don't cooperate with APLR and do not know much about their activities and services.

Summary of Gori Roundtable Discussion

- Number of participants: 3
- Number of land plots held: 10, 4, 1
- Size of total holdings (Hc): 55, 2, 1
- 2 of 3 participants were already registered in the electronic cadastre system.
- One leased and later purchased land from the state using the grace conditions for lessees; this was the former director of a state farm who now holds 55 hectares in 10 parcels.
- Those who have registered their properties have new boundary surveys.
- Only one of the participants – the largest farmer - had used bank loans, on which he “depended.” The other participants were small farmers and had no need for credit. In general they all believed that agricultural land was not attractive to banks as collateral and that borrowing was too expensive for most farmers.

- The one farmer who used credit did not mortgage his land.
- All believed that it is necessary to register a transaction and that most farmers understood this. They believed that most farmers will not register until necessary, and that the expense was a factor.
- Reasons for registering in the new cadastre:
 - Better ownership security; old certificates not reliable;
 - The fees are reasonable, the procedures are easy.
- The largest farmer is in the market to double the size of his farm to 110 Hc.; the others are not actively looking for land.
- Land consolidation is not a major issue for them. Land prices are a more important consideration, and they believe prices are increasing rapidly.
- None had received training or any other assistance from LMDP either. None is familiar with APLR publications, manuals, etc.

ANNEX 8:

Selected Quotes from Interviews and Discussion Groups

ANNEX 8: Selected Quotes from Interviews and Discussion Groups

Marneuli focus group

An owner of 28 hectares applied to a bank, but the bank offered only 4000 GEL credit instead of 12000-15000, and a lot of paper work. “Such amount we can collect through our neighbors and relatives”.

Rumors and the fact that some officials (e.g. police) and unofficial/private people started to investigate and collect information about land plots. “They walk back and forth in search of land – often we don’t know who they are. We feel quite insecure...” (this farmer has a proper/electronic registration). “They [registration office of NAPR] didn’t recognize certificates of several landowners... They said that they (landowners) shouldn’t have been given those certificates... Thus they considered them as illegal.”

They have negative experience of assistance of state bodies for solving land disputes. “We went to Rustavi several times but nobody could regulate [land] dispute cases... They don’t know themselves how and what to do...”

“New land acquisition would be interesting if there was an operating irrigation system. We have good productive soils but irrigation canals are not functioning and their capacity is also insufficient. This is a problem #1 for local farmers.”

“Land is still quite cheap, many people are looking forward to get fertile plots, but almost everything is already sold... Therefore, local farmers are a bit scared to lose their properties to some wealthy (foreign) investors and/or powerful guys (with good connections to the authorities).”

“Very strong support to privatization: today in the land market only 10% of [ag] land is not distributed... And those parcels are also are being prepared for putting on auctions.”

“The biggest problem is irrigation: before it belonged to the Ministry of agriculture and now it is transferred to the Ministry of Economic Development. Probably a private company will take responsibilities of its improvement ... Tractors and machinery is sufficient now, there are 3 combines to collect a harvest.”

Deputy Chairman, Marneuli Municipal Council

APLR facilitated in privatizing of pastures under leasehold. In Marneuli the most of pastures, ~ 80%, is sold out to private entities/persons. Only large pasture lands are not privatized; they mostly are in communal tenure.

Hence, role of APLR in privatization was tremendous: today 90% of agricultural land is privatized (other than pasture land), and ~70% of privatized land is systematically cultivated.

Chief Specialist, Marneuli Municipal Council, Former MOE auction specialist

Proposed price for a survey (USD 1) was by far too low, and defined time-schedule was too tight, unrealistic. “Some of dishonest contractors/companies tried to fake a matter up by artificially multiplying existing parcels, not making a proper (instrumental) survey, etc.”

“There were mostly mistakes coming from contractors. E.g. I remember heavy fragmenting of land blocks in the village of Algeti, when a contractor “cut land in parcels by himself, in order to get as many parcels as possible, hence, to collect more money...” There were quite many similar cases, which was necessary also to meet a target of ~2,5 million parcels in 2-3 years time.

It became very costly to a landowner to correct mistakes done under mass survey. For a household a re-surveying and re-registration might come up to 500-600 GEL on average, as each small holder has 3-5 parcels.

“It is necessary to correct mistakes, because it costs a lot to landowners: changing/correcting names, especially correcting graphical/survey information on parcels. There are at least 50% of cases with mistakes. Preferably, they should be improved in systematic way.”

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“There is a big threat for the owners with damaged/outdated certificates to be expropriated of their property.”

Former LMDP Surveyor, APLR Representative, Marneuli

Samagrelo Discussion Group

“Banking loans are very inaccessible and expensive for agricultural business.”

“Markets are also not favorable for local farmers... A big market in Abasha is full of foreign stuff, while local producers cannot sell their products... The market is good only when the harvest is poor [of other farmers, evidently].”

“Water is a problem, even drinkable... Irrigation/melioration system doesn't exist anymore... Machinery is not sufficient... We don't have good seeds... It becomes very costly to run agricultural business... Banks do not give credits and if they do, the interest rate is too high. We could afford 12-15% maximum, considering some 20% profit in agriculture...”

“It is good that eventually land gains a value and becomes a market asset.”

The farmers often complain because of lack of (micro) credits, they are scared to use their land as collateral. They have a problem in machinery too. Some landowners can't use/cultivate their land even if they have a valid certificate, especially in mountainous areas.

“The progress in land market is tremendous. It's ridiculous even to compare with former time. In many rayons there were no acts of delivery and acceptance available.”

Head of Zugdidi NAPR Registration Office

“There is no possibility of land expropriation unless tenants have grabbed land illegally. However, there is a theoretical chance to lose parcels under old certificates; therefore, it's better to re-register.”

“The fear of investing in agriculture because of ownership security is not a big issue.”

“Only 10% of the population is willing to work in agriculture. However, among bigger investors Georgians are prevailing. From foreigners we have only “Ferrero” and one Turkish firm.”

“We and local government, in general, always listens to APLR, because their opinion is highly competent.”

“The main problem for us is a lack of transport facilities, which makes our operation less efficient, especially in mountainous areas. Sometimes APLR representative(s) help us even in this.”

Land Privatization Specialist, MOE, Samagrela Region

“APLR helps in problem solution. They are qualified and give a good consulting. We have very tight contacts and good relations. Often we even abuse them by our problems...”

“There are some gaps in the legislation not allowing legalization of many cases, e.g. if there is no building on grabbed land but only plants, it becomes difficult to make solution in favor of a

tenant. The amendments must be made to the law; and APLR must be supported for participation in this process”.

Zugdidi Land Commission, Zugdidi Municipal Council

The public is very satisfied with the new electronic registry system, but only about 10% of the municipality is registered in the new system today. They think it is expensive and don't want to spend the money.

The main contribution of APLR was creation of the database and giving it to the government free of charge.

Not many land disputes today – that is mostly an urban issue.

Registrar, Telavi

All of the land in the town is privatized today. The municipality had no resources and could not have done this without assistance of LMDP/APLR.

Some land consolidation is taking place today through market forces – some farmers today have 2 hectares, some have none.

Mayor,

Most important aspect of LMDP: all of the data has been registered in the system, and it remains the foundation of the registration system today. As long as there is a certificate of ownership, we can correct any mistakes.

Privatization of leased land was an important achievement.

Completing the national electronic database is the final step; only Tbilisi and Kutaisi are 100% complete now.

Chairman, NAPR

LMDP/APLR helped to lead the fight for an open land market. The Government was not entirely supportive when it began.

NAPR was conceived and designed by a group of experts in GOG supported by international donors and their experts. LMDP made a significant contribution.

Former Chairman, SDLM and NAPR

There was no real title registry in Georgia when LMDP began. LMDP focused on real registrations and transactions.

Its most significant accomplishments were creating the main registration database and integrating the data and systems of various donors, and leading the fight for further land privatization, in particularly leased land. Leased land had been a constant problem, insecure and a disincentive to investment in land improvement.

LMDP/APLR made significant contributions to the development of the legislation, in particularly by its roundtables, public meetings, and public awareness work.

Most of the work on procedural reform was done under the Business Climate project; LMDP focused on the cadastral (graphic) and legal registration databases.

Deputy Minister of Finance, Former NAPR Chairman

As of 2002 the SDLM land records were primitive – hand drawn. We referred to the title documentation at this time as “intermediate acts,” knowing that it had to be improved.

The LMDP work was not always precise, but it was a huge work and systematically done. In this area 78,000 parcels were registered in Terjola and 89,000 in Zestaponi.

Mistakes that were made are easily corrected today because of orthophotography and the accumulation of other data.

Citizens won't purchase land today unless it is registered in the new cadastre.

In 2000 the rule was to register a transaction in 10 work days, but it often took months. Today we do even first registration in not more than 4 days.

NAPR Official, Zestaponi

The main contribution of LMDP was the inventory of property in the searchable electronic database. Searching for information became easier. We are still using that initial inventory and database.

There is an increase in turnover in agricultural land – daily registrations of land transfers has already surpassed the rate immediately prior to the Ossetia war. The major part of new registration is related to new mortgage loans.

No one will purchase land today that is not registered in the new electronic cadastre; there is little or no informality. Costs of survey and registration are not a real impediment. Nevertheless, only about 15% of the rayon population has registered in the new system today.

Registrar, NAPR, Gori Municipality

In its land auctions MOE still cooperates closely with the APLR and still uses its land inventory and GIS system to identify possible land for auction. We privatized an additional 1,741 hectares of leased land in 2011 [before end of the privatization period).

Demand for agricultural land is increasing; more auctions are being held.

We allow people who did not privatize their leased land to continue to use it pending a new arrangement and redefinition of their rights.

MOE Official, Gori Municipality