

DRAFT CROSSCUTTING STRATEGY
REFORM IN THE FIELD OF PROPERTY RIGHTS

2012 – 2020

DRAFT

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Definitions and Acronyms

AITPP	Agency for Inventory and Transfer of Public Immovable property
ALUIZNI	Agency for the Legalization, Urbanization and Integration of Informal Areas/Constructions
AMTP	Act of Taking (agricultural) Law in Ownership (ag. land privatization document)
CoM	Council of Ministers
CoE	Council of Europe
DASHPP	Directorate for Administration of State Property
DCM	Decision of Council of Ministers
DEBASKON	Department for Strategy and Strategic Coordination of Foreign Assistance
ECHR	European Court of Human Rights
EKB	National Housing Agency (<i>Enti Kombetare i Baneseve</i>)
EU	European Union
GCL	Government Commission on Land (for agricultural land)
ILDKP	High State Control and Declaration of Property (<i>Institucion i Larte per deklarimin dhe control i pasurive</i>)
IPRO	Immovable Property Registration Office
<i>Kartela</i>	The legal register for each immovable property in the IPRO
LAMP	Land Administration and Management Project (World Bank financed)
KV	Local (land) Commissions
NSDI	National Strategy for Development and Integration
NTPA	National Territorial Planning Agency
OSCE	Organization for Security and Cooperation in Europe
PACA	Project Against Corruption in Albania
PKZMSA	National Plan for Implementation of the Stabilization and Association Agreement
PRCA	Property Restitution and Compensation Agency
SIDA	Swedish International Development Agency
SDI	Spatial Data Infrastructure
WB	World Bank

Introduction

Reform in justice is under the focus of the activity of the Ministry of Justice in materializing the policy of the Albanian Government, to the effect of committed protection of the fundamental human rights and freedom, return of trust of citizens in justice, enhancing transparency, as well as inexorably combating corruption. Part of this reform, in conformity with the legal framework and governmental program, is also the protection of property titles, as one of the fundamental rights of the individual in a democracy ruled by the law.

Reforming property rights serves the consolidation of investments by Albanian citizens as well as the foreign investments, since it transforms Albania into a safe and attractive country for them. The improvement of the existing legal framework as well as its implementation through the involvement of interest groups transforms the property market into an important factor for economic development. Despite the approval of laws being a very important step for success, the current status of developments requires undertaking more concrete steps to coordinate their effective implementation. The unequivocal property titles and the elimination of legal insecurity are essential prerequisites for the development of the country and absorption of foreign investments.

The drafting of this strategy, despite the complex problems associated with property ownership, is based on the political will oriented towards a comprehensive approach, so that existing international standards are met and the interests and needs of various interest groups in the society are balanced. This national strategy is expected to address the multiple problems and identify the ways to balance contradictory property titles in an equitable way.

The principles giving shape to the strategy are of a constitutional dimension and they are connected to the public interest, fair reward, principle of equity, proportionality and a social state, building not just on elaborating the Decisions of the European Court of Human Rights (ECHR), but also on the current rich case-law of the Constitutional Court. At the same time, the strategy takes account of the principles of legal security and clarity of legislation, as essential prerequisites for strengthening fundamental rights, along with the development of the country and absorption of foreign investments.

The strategic nature of the document has set the task of adjusting its text to the key existing documents of the country, the latter containing commitments and obligations to be met. This coordination aims at leveling out the contradictions and avoiding unnecessary overlapping. In some cases the Strategy will acknowledge that further development of a policy is needed and will provide the basis of how the policy issues will be identified and developed.

The Strategy for the Property Rights follows the long term objectives of the National Strategy for Development and Integration for the period 2013 - 2020 (approved in the meeting of the Strategic

Planning Committee, 20 December 2011). The priorities of the Strategy for Property Rights are: putting the process of restitution and compensation of properties finally on the right track toward a final solution; integrating the legalized informal dwellings and constructions; completion of first registration of all immovable property, and digitalization of the systems.

The strategy also takes account of the fact that separate governmental strategies are being applied in certain sectors, such as the Cross-Sector Strategy for the Prevention and Combating Corruption and for a Transparent Governance, and the Cross-Sector Strategy of Justice, Strategy of privatizing the state-owned immovable properties, strategy for gender equity, and draft-strategy for land consolidation. At the same time, this Strategy is being drafted at a key moment for Albania, aspiring to the integration processes and being led by the National Plan for the Implementation of the Stabilization and Association Agreement. In this respect, these local strategic documents serve as a roadmap in terms of quality, provision of services in the field of justice and law enforcement, to the effect of the European integration of the country.

The strategy utilizes the findings and recommendations of the Memorandum of the Committee of Ministers of the Council of Europe, the outcome of the analysis of which is necessary to have a comprehensive solution of the problem of the property titles, based not only on the current challenges that Albania is experiencing, but also on similar experiences of the other Member Countries of the Council of Europe, implementing the Decisions of ECHR. The Albanian Government has currently, by Decision no 350, dated 29.04.2011, approved a specific action plan for resolving the problems identified in the Memorandum of the Council of Ministers of the Council of Europe - a document, which should also be taken into account.

The planning of the strategic policies has been based on realistic, tangible and achievable priorities. Along with drafting the strategy, the experiences of other European Union (EU) countries were considered carefully, however, referring to the specific and different current situation in Albania, the conclusion was reached that Albania needs to establish its own compensation model, wherein a couple of approaches made use of in other European countries may be applied. Albania shall stand up to the model of full compensation of expropriated persons. Consequently, even due to this reason, this document is expected to be transformed into a realistic, practical tool and understandable to be implemented.

The comprehensive and pragmatic solutions offered by the identified coherent policies require strengthening of technical infrastructure and human resources, through ensuring the status of employees in key positions, continuous staff training and promoting electronic procedures for applications as an essential element for fast, reliable and transparent service.

The Strategy takes account of the typology of the Albanian problems, thus drawing a distinction between temporary processes (restitution/compensation of property; validity of property titles or legalization of informal buildings) and the permanent processes (registration of immovable

property or enforcement of judicial decisions), in order to schedule measures and appropriate principles for addressing them.

The entire process of drafting the strategy is subject to consultation with all interest groups, as a basic prerequisite for drafting a comprehensive strategic document, aiming predominantly at the improvement of inter-institutional coordination in the field of property rights, addressing the case-law of ECHR, including the processes for restitution, compensation and legalization of property. In this context, addressed were also the findings in the Report of OSCE Presence pertaining to the Project: "Registration of Immovable Properties and Road Signs in Priority Coastal Zones in Albania", the recommendations of the World Bank in the context of LAMP Project, recommendations of UNWOMAN, FAO, etc. The process has been based on the recommendations of the Council of Ministers and contributions received from interested entities. The entire process shall follow up the governmental criteria and method enshrined in the manual for preparing the national, sector and cross-sector strategies.

CHAPTER I. General overview of the current situation

Property rights in the post-communist period in Albania were at the focal point of the reforms launched for transforming the governing regime into a pluralistic democracy ruled by law. They went through a dynamic process encompassing massive legislative and institutional changes, thus highlighting the need for establishing an appropriate equilibrium between the individual rights as opposed to the collective rights. It is true that a considerable and frequent number of launched measures exists, the latter being justified by the vigorous social and economic developments that the country was experiencing, passing from an economic centralized system over to a market economy and free development of markets. It is also true that a package of strategic documents exists, thus fragmentarily dealing with the property issues and falling short of providing an exhaustive and comprehensive solution to them. In this context, it is necessary to draft and approve a national comprehensive strategy and extensively consulted in order to reform the property rights.

1.1. Registration of property titles by the Immovable Property Registration Office (IPRO)

During 1991-1994, the privatization programs and the transfer of ownership to the new owners (co-founders, workers, residents of apartments or to the previous owners through the restitution of properties, as well as long term rentals by the state for individuals) brought into being 500 000 owners with round 3 million private property of the type agricultural land, residences or commercial units. In 1994, 35 Local Offices for the Registration of Immovable Properties were set up (LIPRO), administering 3057 Cadastral Zones (CZ) and they were under the supervision of the Central Office (CIPRO), as a public institution. In 1996, the first Chief-Registrar for the Republic was appointed.

Albania is still in the stage of completing the public register of immovable property. To date, first registration has been completed in 2555 CZs or in about 84% of the total, thus making up around 3.088.700 immovable properties, or 73% of the total. The first registration process is still under way in the context of the Land Administration and Management (LAMP) Project, financed by the World Bank, mainly in non-registered urban zones, as well as in the context of the project financed by EU, implemented by OSCE Presence in Albania, for the southern coastal zones.

Despite the on-going reforms, the service quality and the way of organization need to be further improved. The first registration of immovable property is currently close to completion. The transactions subsequent to first registration are reflected in the public register (*kartela* and map) in manual form, but this shall be avoided through using cheap and digital methods. Thus, the digitalization of the *kartelas* and registration index maps of first registration has started; however, it is necessary to digitalize all subsequent transactions, as well as establishing an electronic state-run data base, which is going to serve also for other operators needing the information. The updating of acts in connection with properties is done manually; however, the computerization of the process is necessary to simplify and to accelerate the process. The maps in hard copy format do

not appear in good quality, mainly in cadastral zones with a high volume of transactions. There is need for improvement in material resources and the working environment.

LIPRO have assumed functions to serve other agencies such as Property Restitution and Compensation Agency (PRCA), regional tax offices, courts, prosecution offices, judicial bailiffs, ILDKP (High State Control and Declaration of Property), these services being free of charge. These services have an impact and restrict their capacity in accomplishing the fundamental tasks. The documentation used for registration is very often flawed and hinders the procedures of first registration. So far, IPRO assumes its functions sufficiently with average quantity indicators and the re-structuring of these activities towards self-financing needs attention in order not to spoil the success achieved so far; in terms of basic functions (84% of properties have so far been registered).

The new Law No 33/2012 on Registration of Immovable Property has already been enacted, which reforms the organization of IPRO into a self-financing institution and establishes principles for fast and effective registration procedures, permits the registration of properties constructed before 1991, restricts the entitlement of IPRO to establish restrictions on registered properties, establishes rules for the improvement and updating of data, as well as guarantees the information issued by IPRO. This law ensures the future of IPRO towards provision of *on-line* services, relying on the economic principle of a *one stop-shop* business, secure registration of property titles and establishing a portal for the citizens requesting services for registration of immovable property. Abiding by this law, the by-laws shall be issued, in order for the entire services foreseen in the law to be effectively offered.

1.2. Legislation issues

The Assembly of Albania has, in the course of the transition period from the communist regime towards the market economy, approved a series of laws pertaining to property titles. Referring to an almost non-existent status of the private property during the communist regime, following the deep transformations dating back to 1991 for the establishment of a democratic system, the issue of properties was dealt with extensively.

The state assumed the obligation concerning the recognition, restitution or compensation of the properties by law to all the expropriated persons during the communist regime. There were a series of legal initiatives aiming at a fast and efficient administrative process, unified methodology, transparency, decentralization, accountability in the course of the process and due legal process through guaranteeing the appropriate standards.

Along with the process of the recognition, restitution and compensation of property, a series of laws have been approved over the years concerning property titles. Such are the laws about awarding agricultural land free of charge in use and ownership, privatization of residential apartments, privatization of construction land and state-owned buildings, about the verification of

(agricultural land) property titles, development of the zones having tourism priority and legalization/integration of informal buildings.

Going through an analysis of the legislative background pertaining to ownership, it can be found out that the problems are complex. There are at least 16 separate laws regulating various sectors of property titles, establishing state bodies for sector supervision and determining specific procedures. These laws have been amended and revised continuously¹. The frequent legislative amendments have had an impact on the resulting non-unified administrative and judicial practices.

1.3. Fragmented functions of the state agencies.

Albania has currently more than 8 institutions² functioning with regard to the property titles, under the authority of different responsible ministries, the activity of which is regulated by various pieces of legislation. They deal in a fragmented way with issues of obtaining ownership and registering property titles.

The high number of the state agencies and numerous legal and regulatory acts result in overlapping of processes pertaining to property titles. These factors have an impact also on the enforcement of final decisions and bring about ambiguity concerning the effective remedies of complaint in the event of non-enforcement of final decisions. The technical infrastructure and human resources need further improvement. The state agencies and courts are, in connection with cases bearing a connection to property titles, perceived to be affected by corruption. Transparency International highlighted through the initiative CIMAP³, in 2011 that there are institutional problems compromising the implementation of laws, affect the capacity of the judiciary, law-maker and public administration for an effective and efficient functioning. The public does not trust the services provided by the agencies, the services being slow and not enough transparent. To the effect of preventing this phenomenon and restoration of trust with citizens for the institutions, the comprehensive digitalization process has started, the completion of which shall yield the appropriate outcome.

Currently, to the effect of addressing these issues, by the Order of the Prime Minister No 110, dated 31.12.2011 "On the approval of the structure and organigramme of the Ministry of Justice", based on Decision of the Council of Ministers (DCM) No 350, dated 29.04.2011, "On the approval of the action plan for resolving the problems of the property issues, identified in the Memorandum

¹ As illustration, Law No 7501/1991 "On land" has, during 1991-2008, been amended more than 5 times

² The Agency of Restitution and Compensation of Property for expropriated persons, Immovable Property Registration Office for the registration of properties, judicial Bailiff's Office for the enforcement of decisions, Agency of Legalisation, Urbanisation and Integration of Informal Zones for the legalisation of informal buildings, State Advocacy for the protection of the property related interests of the state and representation before ECHR, Agency of Inventory and Transfer of state-owned Immovable Properties, Land Governmental Commission about the validity of the property titles and National Entity of Residences about the social residences.

³ The initiative for Comparative Indicator based on the Monitoring of Anti-Corruption Progress, based on the requirements for EU membership governance and anti-corruption, as well as on the best standards and practices.

of the Committee of Ministers of the Council of Europe" and Law no 55/2012⁴, the Department for Coordinating the Property Issues was set up within the Ministry of Justice. Its structure and organigramme is part of the structure and organigramme of the Ministry of Justice. It shall coordinate the activities of the state institutions involved in property issues such as Property Restitution and Compensation Agency (PRCA), IPRO, Agency for the Legalization, Urbanization and Integration of Informal Areas/Constructions (ALUIZNI), Directorate for Administration of Public Property (DASHPP), Government Commission on Land (GCL), Agency for the Inventory and Transfer of Public Immovable Property (AITTP), National Housing Agency (EKB) and the State Advocate, to the effect of improving the process of recognition, restitution and compensation of properties, registration of property titles, as well as analyzing and improving legislation currently in force. It shall report periodically or upon request to the Minister of Justice and Prime Minister. The Coordination Department shall supervise and monitor the activity of PRCA and IPRO, through continuous inspections and submit recommendations for taking concrete measures, in the event of violation of laws or for the improvement of the way of organizing and functioning of institutions being part of the process of recognition, restitution, compensation and registration of property titles. This Department shall also be involved in the process of launching legal initiatives for harmonizing legislation regulating property issues.

1.4. Number of decisions of European Court of Human Rights (ECHR) for the Albanian state.

Up to 58 communicated requests are pending before the European Court of Human Rights against Albania and 50 are pending their communication, alleging the violation of property titles and other rights related to them. In the majority of the cases, the claims surrounding the property title in accordance with Article 1, Protocol 1, of the European Convention of Human Rights are associated with claims pertaining to due legal process under Article 6 and the right for effective remedy of complaint under Article 13 of ECHR. Decisions have been rendered for 20 such cases against Albania during 2000-2012, out of which in 16 cases violation of rights has been found, bearing a sanction at the amount of 6,571,876 Euro and 1.650 square meters as construction site⁵. Albania has enforced a total of 11 decisions, 2 decisions are in process of enforcement and 3 further decisions are under negotiation process concerning the compensation amount.

Albania is clearly subject to the legal obligation under Article 46 of ECHR to make arrangements for enforcing the domestic final decisions about restitution or compensation and for ensuring an effective relief in the event of non-enforcement of these decisions. The enforcement of the existing final decisions is a separate issue and the most urgent one in terms of enforcing the respective decisions of the ECHR. This issue differs from the situations where no final decision exists concerning the restitution or compensation of property. With regard to these situations, the state has a wide margin of appreciation for selecting the measure for their implementation. The Committee of Ministers for the Council of Europe approved a Memorandum in 2010 about the

⁴ Law no. 55/2012 "On some changes to law 9235, dated 29.7.2004 "On Restitution and Compensation of Property".

⁵ These data pertain to March 2012

supervision of enforcement of ECHR decisions, specifically focusing on the cases of restitution and compensation of property. This document identifies problems and looks for comprehensive solution based even on the experience of other Member States of the Council of Europe. In response to this document, the Council of Ministers approved DCM no 350, dated 29.04.2011 "On the approval of action plan for resolving the problems surrounding the property issues, identified in the Memorandum of the Committee of Ministers of the Council of Europe, containing the governmental reporting and action plan about removing obstacles for enforcing the domestic final decisions recognizing, returning or compensating properties, as well as ensuring effective means of relief in the event of their non-enforcement. Actually, the effective implementation of this Action Plan is required in a coordinated mode by all responsible institutions.

1.5. Recognition, restitution and compensation of the property to expropriated persons.

1.5.1 Agency of Restitution and Compensation of Property.

Following the ratification of the European Convention of Human Rights in 1996 and following the approval of the Constitution in 1998, the Albanian law-maker undertook to adopt the new standards for ensuring the property title, oriented towards the principles of public interest, fair reward, impartiality, proportionality and social state. Following 2004, the maximum limit of agricultural land surface for recognition, restitution or compensation was increased by law, ways of compensation were extended, the obligation for establishing the fund of immovable properties as compensation in kind was established, and the same goes for the obligation for establishing the fund for financial compensation. The State Committee for the Restitution and Compensation of Property was established, as a collegial body with 5 members elected by the Assembly and with local commissions under its authority for each region. In 2006, the Committee was abolished through the establishment of the Agency of Restitution and Compensation of Property (PRCA). PRCA was, along with the regional offices in regions, established under the authority of the Ministry of Justice, in order to ensure a centralized, effective and fast decision-making organization. The Local Offices of Restitution and Compensation of Properties in every region of the country were abolished through the legal amendments dating back to 2009 and the entire administrative review and decision-making process is currently concentrated with PRCA in Tirana, headed by the Director General, who, following assumption of responsibilities for compensation, consideration and solution of complaints to the decisions determining recognition, restitution and compensation, expresses himself by decision.

From 1993- 31.12.2011, a total of 62 000 requests/files for recognition/restitution and compensation of property have been dealt with. Until to date, in more than 90% of the cases, decisions at country scale have been issued: 55 000 decisions for the recognition of ownership, restitution of property and recognition of the right to compensation for round 43000 expropriated

entities⁶. Until to date, round 90 459 ha land has been returned to the expropriated entities, out of which 4359 ha construction site, 4138 ha agricultural land, 79 879 ha forests and 2083 ha combined land⁷.

This process of temporary nature is close to finalizing the administrative review of submitted requests, since the time period for their admission expired on 31 December 2008. There is a considerable number of judicial decisions reviewed by courts, providing an impact towards finalizing the process. During 2011, PRCA issued a total of 1506 decisions, out of which 1160 decisions pertain to the Department for Property Restitution and 346 decisions pertain to the Compensation Department. To date, PRCA administers round 7300 initial requests for the recognition/restitution and compensation of property. This number consists of approximately 6000 requests deposited in the former regional offices PRCA by 31.12.2008, and 1300 requests submitted on the basis of judicial decisions that over-ride the deadline.

Currently, no well-defined financial evaluation of the obligation weighing on the state⁸ exists for completing compensation for all expropriated entities, since the cost has an indefinite value. Making a realistic evaluation of the financial amount is of essential importance, since it has a direct impact on setting the deadline for conducting the process of compensation. The state resources seem sufficient for full compensation and no objective circumstances exist which would hinder the full compensation of expropriated persons who have applied. Until 2005, no financial compensation was made. The financial compensation started in 2005⁹, calculating the compensation amount based on the value map of property at the level of village, commune, municipality and region. This map has been approved by the Council of Ministers based on a method approved by the Assembly in 2005¹⁰. The selected method did not come out accurate with regard to determining the real value of the property since it did not contain coherent criteria and the generated values whereof do not coincide with the market value. It has a narrow scope of implementation and applies only to the properties being compensated or serving for compensation. This method was an obstacle in the accurate calculation of the financial amount of the state obligations and state-owned properties, for finalizing the compensation of expropriated persons and performing further transactions on the immovable property. To this effect, the Ministry of Justice is preparing the new method of evaluating the property based on more accurate and real data, in order to approve a method, the calculation of which shall be compliance with the current market value of the property. The PRCA is currently administering the financial fund and physical fund for compensation. The fund for financial compensation since 2005 until 2011 is

⁶ The data pertain to October 2011.

⁷ The data pertain to April 2012; they are tentative.

⁸ With regard to the obligation amount, third parties have notified various figures, however, no official figure is available yet.

⁹ By the Law No 9235, dated 29.07.2004 "On restitution and compensation of property" and the Law No 10239, dated 25.02.2010 "On establishment of the special fund for compensation of properties", aiming at ensuring an increasingly higher scale of this process.

¹⁰ The Decision of the Assembly No 183, dated 28.04.2005 "On the approval of the method for the evaluation of immovable property to be compensated and to serve as compensation".

3,750,000,000 (three billion and seven hundred and fifty million) ALL. The Government has transferred to the physical compensation fund a sufficient surface of land: more than 71000 ha forests, more than 17000 ha agricultural land and about 117 state owned buildings.

With regard to the monetary compensation, the PRCA administered and considered a total of 3097 requests from expropriated persons. Out of these, 689 requests have been admitted and 2408 requests have been rejected. The admitted cases include also 4 judicial decisions enforced in the course of 2011¹¹. The Law No 10239/2010 "On the special fund of compensation" determined the independence of this fund from the state budget, extended the sources of revenues for financial compensation considerably and facilitated the procedures for its administration. The revenues from the state budget are included into this fund as well as the proceeds out of the sales of state owned properties in auction at the extent of 65% for buildings and 100% for the construction land; the proceeds collected from individuals on whose behalf the construction sites are being privatized; the revenues generated by the PRCA in the course of alienating state owned land surfaces; the revenues which, by law or by-law act, are transferred to the fund for the compensation of properties; revenues from various donors. The fund which is made available for compensating the expropriated persons has been in compliance with the budget of the respective year. Another problem is that the persons benefiting from this fund are, along with the expropriated persons, also the owners having obtained the entitlement to compensation in the course of the legalization process.

The fund shall be distributed in accordance with the procedures approved by the Council of Ministers based on the chronology of the compensation decisions. The distribution formula was reformed in 2011 for the financial compensation, increasing the surface to be compensated from 200 to 600 m², as well as eliminating the restrictions for benefiting it¹².

The PRCA administers the physical fund of compensation and verifies regularly its legal situation. To date, more than 25 200 compensation decisions have been announced, out of which more than 16 000 grant the right to compensation for the recognized property. In total, round 55 283 ha land, out of which 7 333 ha construction site, 43 100 ha agricultural land, 4 000 ha forest land and 850 ha combined cases have been recognized for compensation¹³. These data highlight the need for a thorough analysis of the operating state agencies with regard to their aims, functions, tasks, expenses, effectiveness and institutional structuring, including their regulatory legislative framework. Difficulties are encountered in identifying immovable properties, depending on some further processes, such as the process of first registration, legalization, transfer of state owned property to local government units, completion of the territorial plans, including regulatory plans

¹¹ These data pertain to 06/01/2012

¹² With the exception of cases when the expropriated person has benefited compensation earlier for the decision with which it applies.

¹³ These cases refer to the decisions rendered with regard to combined parts of compensation, construction site, agricultural land or forest, as well as to the cases where the decision contains irregularities with regard to the type of land being compensated.

in coastal zones, as well as digitalization. Consequently, the compensation in kind of expropriated persons has not started yet massively and this is due to the absence of a solid compensation scheme.

1.5.2 The residences owned by the expropriated persons and the Renting Families

In 1992, the privatization process of state-owned residences started. It was found out that around 5500 families lived in residences belonging to the expropriated persons and the state undertook to ensure their accommodation in other apartments, to make these residences available and transfer them to the owners recognized by the competent authorities for the recognition and restitution of properties. The renting families of these residences were awarded the status "Renting families in formerly private property". The legislation¹⁴ for the restitution and compensation of property provided for a 3-year period for making these residences available, however, this time period was repealed by the Constitutional Court due to the ways of providing the accommodation. The absence of a legally set out deadline as well as the low monthly rent (round 80-120 ALL per month) which is being paid to the legitimate owner, brings about the situation that the renting families do not feel themselves forced to apply for social housing programs, and for this reason, it is necessary to analyze and identify the encouragement mechanisms of these programs.

To date, more than half of these families have been provided with housing from the EKB (National Housing Entity) through the forms programmed by current legislation. The implementation of this program started in 2009 until 31 March 2012, and 286 credit contracts have been entered into with 0% interest, belonging to this category. The annual fund that is reserved as an obligation for the years 2012-2017 amounts to around 400 million ALL.

The outcome of inspection on the ground by EKB in cooperation with local government units is that, in the course of the period 2007-2008, 2500 families countrywide have not been provided yet with accommodation through the programs for this category. The majority of the families are in the municipalities of Tiranë, Durrës, Vlorë and Shkodër. The Ministry of Public Works and Transport, through EKB and in accordance with the law¹⁵, started in 2010 subsidizing these families, providing to them credits for a period of 30 years at 0% interest. The credit is granted through second level banks in Albania and the state budget covers the total interest. Based on the requests of the renting families, EKB approved around 994 families, the latter having proceeded with the application procedure for withdrawing the credit from banks. 230 families have already

¹⁴ Article 9 of the Law no 9583, dated 17.07.2006 "On restitution and compensation of properties", repealed by Decision No 11, dated 04.04.2007, of the Constitutional Court.

¹⁵ The Law No 9232, dated 13.05.2004 "On social programs for the accommodation of the inhabitants of urban zones", as amended; Instruction No 6257, dated 02.09.2008 "On determining the subsidy extent for the families benefiting mild credits reimbursed by the state", of the Minister of Finance and Minister of Public Works and Transport.

withdrawn the credit and have made the residences available¹⁶. It is expected that the housing process for this category will be completed within 5 years.

1.5.3 Urbanizing/Legalizing the informal buildings and their prevention in the future.

Prior to 1990, the majority of the population lived in rural zones. The elimination of restrictions for internal migration paved the way for the relocation of a considerable number of people from the rural and mountainous zones to urban centers, specifically to the towns of Tirana and Durres. Since the existing housing capacities or the town planning or extension mechanisms were not sufficient, the people constructed houses on free land that was not their property. As a consequence, big informal and illegal dwellings came into being: around 350 000 illegal buildings, with a land surface of more than 30.000 ha. A considerable share of the occupied land was state-owned, however, the most sensitive problem pertained to the land belonging to individual owners. Around 270 592 informal properties were included in the legalization process through voluntary self-disclosure¹⁷. Conflicts between the individuals with legitimate rights over the land and the occupying individuals emerged, as well as between the latter and the state.

This situation dictated the approval of sector-related legislation for the legalization and territorial planning of informal zones, attempts which started in 2004 and climaxed in 2006. A mechanism for the legalization of the illegal buildings and extensions was put in place by 2006 legislation, as well as a system for the approval of territorial planning. This law has been sent twice to the Constitutional Court¹⁸, including the concept of legalization itself. In both Court decisions, the essence of legalization remains unaffected and it permits the finalization of the process through the Agency of Legalization, Urbanization and Integration of Informal Zones/Buildings (ALUIZNI), arguing that the legalization process meets the standard of "public interest" and that the transfer of property title to land to the possessors without such property title is allowed.

ALUIZNI acts in compliance with the legal and by-law acts concerning the necessary legalization procedures, taking into account the temporariness of this process. The administrative procedures have been completed for almost 80% of these buildings. Legalization permits have been granted for 52 000 properties, which have also been included into the system of immovable properties registration. Around 100 000 informal properties are in the process of preparing the legal-technical documentation. 127 informal zones and dwellings have been approved by the National Territory Regulation Council, including 120 000 properties. Around 80 000 informal buildings have been approved by the local council of territorial regulation, included as blocks of informal residences or treated as separate buildings and extensions to the legally constructed buildings. However, the legalization has not been completed yet for around 90 000 properties, since the

¹⁶ The data pertain to November 2011.

¹⁷ These statistics belong to the month of November 2008.

¹⁸ Decisions No 35/2007 and No 3/2009 of the Constitutional Court.

process requires the payment of financial obligations by the possessors of the informal buildings¹⁹. These obligations shall be transferred in the form of the fees revenues to the financial fund, being administered by the Property Restitution and Compensation Authority, to be distributed to the owners whose land was occupied and for boosting the possibilities of financial compensation to expropriated persons.

There have been found also buildings constructed prior to 1990, which cannot be registered since their possessors do not possess any property documents or title. The number of cases submitted so far for treatment by ALUIZNI is around 900²⁰.

By Council of Ministers Decision 40, dated 11.01.2012, , amendments have been made to DCM No 411, dated 19.05.2010 "*On criteria, procedures and type of form of legalization permit*", which have decentralized the process of decision-making in order to accelerate the process. These amendments have consisted in: (i) Repealing the procedure for the certification of documentation of informal building at the Central Directorate, prior to being provided with legalization permit; (ii) Issuing the legalization permit for buildings by the ALUIZNI Directorates in regions and not by the Central Directorate; (iii) Setting out a 30 day deadline from the moment of paying the financial obligations for the legalization of the building until issuing of the legalization permit by the ALUIZNI Directorates in regions; (iv) Providing for the administrative review at the Central Directorate of ALUIZNI of the respective decision/permit of the ALUIZNI Directorate at regions.

There is a need to identify the illegal buildings constructed after the legal deadline for legalization, in order to avoid similar situations in the future. There are an estimated 80,000 such buildings. This task belongs not only to the local government authorities, which under the law²¹ monitor the process of legalization of informal buildings through the inspection on the ground of illegal buildings and declarations made by the claimants, but also to the legitimate owners, who should demand and exercise the instruments for the protection of their property.

1.6. Other types of properties.

1.6.1. Making an inventory of the state owned properties and their transfer to local government

In 2001²² the Agency for the Inventory and Transfer of Public Properties (AITPP) with its seat in Tirana and branches in 12 regions of the country was established, for the process of the transfer of state immovable properties to the local government units. Currently, AITPP has its branches in only three regions. AITPP follows up, facilitates and coordinates the process of the inventory of state owned property by the institutions involved in this process in the regional territory, as well as

¹⁹ The data pertain to October 2011.

²⁰ The data pertain to October 2011.

²¹ Law no 10119, dated 23.04.2009, "On town planning";

²² By DCM No 500, dated 14.08.2001 "On the inventory of immovable state owned properties and their transfer to the local governance units"

the transfer of properties to local governance units. The inventory shall also positively impact the continuation of privatization.

363 DCMs have been made to the effect of approving the list of inventories of local government units and 220 DCM for approving the preliminary list for the transfer to the use or ownership of local government units, and 120 DCMs for the approval of the final list of properties being transferred to use or ownership. Under approval process are also *25 further draft-decisions*²³. During January - June 2008, in cooperation with the Ministry of Environment, Forests and Waters Administration, the transfer of ownership or use of forests/pastures to 321 local government units has been affected.

The process of making the inventory and transfer of state owned property has not been completed yet. There are delays on behalf of Local Government Units in submitting the necessary documentation for continuing with the procedures of transfer, thus bringing about a considerable time delay between the first phase and the transfer procedure. The demarcation of borders between the local government units, specifically in the zones where the administrative border goes through a forest zone, is hindering the registration process. An urgent requirement appears to be the completion of the registration of immovable properties in rural zones. Even after the issue of DCMs for the transfer of the immovable properties to the ownership or use of local government units, the latter did not, in many cases, submit any request for their registration at the immovable property registration offices (IPRO). Very often the respective state institution does not prepare and send the geographic information, along with the act for obtaining the property title for registration.

The service fees of IPRO are an obstacle for state institutions which are not proceeding with the finalization of registration²⁴.

1.6.2. Forests and pastures.

Law no 9385, dated 04.05.2005 "On forestry and forestry service", as amended, imposes the obligation for maintaining an inventory of the forestry and pasture fund, determining that the national forestry fund be treated in compliance with the cultivation and inventory plans, which shall be conducted within a period of not less than 10 years. The national inventory, accomplished in the context of the 2002 – 2004 World Bank Project has, due to its generalized character of information it provides, identified the big changes having occurred in the last 20 years in the forestry fund, however, it did not manage to become a basis for inventory (cadastre) indicators. The majority of the plans have been drafted between 1981-1985 and, consequently, the reference information is currently outdated. In the context of the World Bank project, management plans

²³ The data pertain to March 2012.

²⁴ This is a typical situation for the transition countries, involving a number of Member States of the European Union and it highlights the need of an analysis in the context of the best European practices.

were drafted between 1999 - 2004 for state owned forests, the indicators of which are valid to be reflected in the inventory (cadastre) for only 10% of the forestry fund, while the communal forests and pasture management plans drafted so far in the context of the World Bank project for the Development of Natural Resources have been reflected partially, due to deficiencies they have in terms of information.

In the context of decentralizing policies, over 50% of the forestry and pasture fund in 2008 was transferred to the ownership of communes. The documentation used by AITPP reflected the deficiencies of cadastre indicators. The process has been associated with overlapping of borders and significant fragmentation of properties, detached from each other, thus making the recognition and management of this fund difficult. The functions of the transferred properties are not clear to the Local Government Units and to the community. One of the main problems has been the demarcation borders among the local government units, overlapping of property titles, changes to the destination of the use compared to the initial inventory of the former Directorate General of Forests and Pastures in 2004. The registration of properties as "forest" or "pasture" has not been done yet with IPRO-s and the submission of maps to LIPRO-s at the required scale, mainly 1: 2500, is an obstacle, since the cultivation and inventory plans are at the scale 1: 10000 or 1: 25000.

The geo-reference in the GIS system of topographic maps has been done and attempts are focused on topic related maps, as the first step for establishing a comprehensive system in this respect. The forests and pastures properties, with the status of national parks or of special protection zones, are being affected by the process of transfer, despite the legal framework in place, which is not being implemented appropriately. The conflicts of legal aspect in their administration have been identified. The additional transfer requests from Local Government Units and the absence of inter-institutional coordination has brought about ambiguities with regard to the real forest and pasture fund for the compensation of former owners. Concrete steps are being undertaken currently by the Directorate of Forests and Pastures to improve and unify the information of communal forests and pastures, being private or state owned.

1.6.3. Agricultural (agricultural) land.

The Law no 7501, dated 19.07.1991, "On the land" and the Law No 8053, dated 21.12.1995 "On the free-of-charge transfer of agricultural land to ownership" affected the transfer of agricultural land to ownership or use, free of charge, to the effect of utilizing it only for agricultural purposes, maintaining and improving the productive capacity, as well as doing leveling and construction works to the effect of its protection. The beneficiaries were the owners or individuals being members of the agricultural cooperative or residing in the villages of the cooperative, as well as the agricultural families of the employees in the former agricultural enterprises. The size of the agricultural land surface was conditioned by the number of the family members, providing within the same village the same size for every capita of the family. These criteria have served as an important source of living, under the circumstances when early '90ies, over 65% of the population of the country lived in the countryside. Around 445 thousand agricultural families or individuals

obtained the property privatization document, the AMPT. Every family has been provided with 1.2-1.3 ha. agricultural land.

The implementation of the Law "On the land" has fragmented agricultural land, putting productiveness at risk through the misuse, ignoring its natural function. Big surfaces of agricultural land effectively used for consolidating the national agriculture and competitive exportation of the agricultural products are missing. Fragmentation is decreasing through the application of various forms of land consolidation and dynamics in the land market. 561 thousand ha land or 80% of the total agricultural land is in private ownership, while 134 ha land or 20% of its total is property of the state.

Around 134 ha agricultural land currently exists as property of the state. This fund consists of 108.5 ha agricultural land, not distributed in the former agricultural cooperatives under Law no 7501/1991, rejected by the agricultural families since they have a relatively low productivity, far away from the inhabited centers, lacking the infrastructure (access road, irrigation facilities), sloped surfaces and/or generally in high mountainous areas. This surface is being administered by the communes/municipalities, under Law no 8312, dated 26.03.1998 "On undistributed agricultural land", as amended, through renting it to legal or natural, national or foreign persons, for a period of up to 99 years, for agricultural and livestock cultivation purposes. Part of this fund is also around 25 ha agricultural land of former agricultural enterprises which has not been distributed (AE) due to the surpassing of the rate per capita, as well as of the land made available to the state institutions for carrying out their functional tasks. 17 335 ha of this agricultural land is under the administration of PRCA, as part of the physical fund of compensation out of the agricultural land.

In accordance with the Law no 7501/1991 and the Law No 8053/1995, the commissions for the distribution of land were set up. More than 300 commissions for the land distribution became operational at country scale, in villages and inhabited centers of agricultural enterprises. These commissions functioned with regard to 560 thousand ha agricultural land, while the number of entities benefiting agricultural lands (agricultural families) was more than 445 thousand. In the course of this reform, even illegal conduct was identified in terms of granting property titles to agricultural land, with regard to land surfaces given in ownership, which not always were designated as "agricultural land", same as for entities benefiting land, not always being entities recognized by law. Due to this, a mechanism was set up in 2008 by law²⁵ to consider the legal validity of the creation of the property titles for agricultural land and consolidation of agricultural land, as well as developing an appropriate environment for investments in the agricultural field and beyond. The state structure for considering the legal validity of the creation of the ownership titles on the agricultural land are the Local Commissions (LC) at the regional prefect level, under the authority and reporting to the Governmental Commission of Land (GCL). The process started in 2009 and it is expected that this temporary process turns out into releasing the agricultural surfaces

²⁵ The Law No 9948, dated 07.07.2008 "On the consideration of legal validity of the creation of property titles on agricultural land", as amended.

from illegal possession or use, or establishing financial funds (although small), as well as making them available to the process of physical or financial compensation.

In October 2011, LCs at prefectures reported to GCL:

- Requests submitted from individuals and institutions, in total 12.607
- Administrative response (requests beyond the jurisdiction or incomplete) 2.952
- Decisions for partial or full invalidity by AMTPs 724
- Other decisions 1.314
- Total surface being scope of decisions for invalidity of AMTP 429.7 ha

The government has initiated a process to improve and finalize the distribution of agricultural land. Three laws were approved²⁶ in connection with assessing the criteria for issuing valid titles, controlling the process to ensure compliance with the law regarding allocations and distribution of land of both cooperatives and state enterprises, and completing the necessary legal documentation for registration purposes. The review process will be completed within 2013.

1.6.4. Privatization of state-owned land.

The privatization of shares in commercial companies operating in strategic sectors is done in accordance with the Privatization Strategy²⁷. The transfer of property ownership is done through selling the shares of companies or separate parts taken out of the state-owned companies or enterprises. In the event of privatization through partial or full transfer of ownership, the privatization formula is applied. The definition of the form and structure of the privatization formulae for companies with state-owned capital in sectors of specific importance shall be done by law. The specific laws have been prepared for every company of the strategic sector²⁸. The privatization formulae determines the percentage of the company capital being offered to the strategic investor or other investors, as well as the way of involving the expropriated entities in connection with the land and buildings as shareholders, depending on the value of the land included in the capital of the company and employees of the company, by means of swapping the shares with privatization bonds possessed by them. In addition to the above, it has been provided for that, as long as the percentage of shares of the company capital is not sufficient to compensate

²⁶ Law nr. 58/2012 "For some changes to Law nr. 9948, dated 7.7.2008, "On the consideration of legal validity of creation of property title for agricultural land", Law nr. 56/2012 "On additions to law nr. 8053, date 21.12.1995 ""On the transfer of agricultural land into ownership free of charge", and Law nr.57/2012 "On Finalizing the Process of Transfer of Ownership of agricultural land of former state enterprises".

²⁷ Approved by Law No 8306, dated 14.03.1998, "On the privatisation strategy for sectors of specific importance".

²⁸ Such laws are: Law No 8515, dated 21.07.1999, "On privatisation of anonymous company "Albanian Mobile Communications" (AMC); Law No 8810, dated 17.05.2001 "On defining the form and structure of the privatisation formulae of the anonymous company "Albtelecom"; the Law No 9117, dated 24.07.2003 "On privatisation of the company "Armo" sh.a., Fier".

the expropriated entities of the land and buildings, the Council of Ministers shall be tasked to determine the mode of their compensation²⁹.

The privatization of various state-owned assets and buildings is done by the central institutions and local government authorities, with regard to their own properties, in cooperation with METE and Directorate of Administration and Sale of Public Properties at the Ministry of Finance. Under the circumstances where the building is at the land of expropriated entities, the expropriated entities shall have the pre-emption right for the building with its initial value³⁰. Where the building is confirmed not to be privatized and it is on the land of expropriated entities, as well as where the PRCA is not able to confirm the ownership over the land for the building to be privatized, it shall be subject to auction. Under any other circumstances, the expropriated entity shall have the pre-emption right, with the initial value of the building.

Under these circumstances, the process of privatization of the public properties has been associated with problems with regard to observing the ownership right of expropriated entities. The identification of the decisions of competent authorities in some cases for the recognition/restitution or compensation of property has not been accurate and this has caused overlapping or technical irregularities in terms of property titles. In some other cases, conflicts arose in connection with paying the rent/rewarding the expropriated persons, and this was in cases when properties have been taken by third parties in use through a rent, emphyteoses or concession contract. Despite the law providing for the right to rent/reward, the rules for appointing the institution responsible for the coordination and supervision of procedures are not in place.

1.6.5. The zones having tourism as a priority.

The zones having as priority the development of tourism have been regulated in legislation, the latter having been amended over the years. The Ministry of Tourism has, until 2004, proceeded with awarding the title 'stimulated person' by the Tourism Development Council, as the decision-making authority provided for by law, as well as with entering into rent and development agreements for state-owned land and only into development agreements for private land with natural and legal persons having met the legal requirements. With the entry into effect of Law No 9235/2004 "On restitution and compensation of property", the Ministry of Tourism is not any more entitled to operate with state-owned property³¹. The type of property being administered by the structure of tourism, based on the Law No 8743, dated 22.02.2001 "On immovable properties of the state", is in the majority of the cases non-public construction site-immovable property. Despite the legal provisions, it has been noticed in practice that the Tourism Development Council has not, in the course of the procedures for awarding the title 'stimulated person' and entering the rent and

²⁹ Law No 9889, dated 20.03.2008 "On defining the form and structure of the privatisation formulae of the anonymous company "Operator of the Distribution System".

³⁰ According to the Law No 9235, dated 29.07.2004 "On restitution and compensation of properties", as amended.

³¹ This entitlement is restricted due to the repeal of letter "ç", of Article 7, of the Law No 7665, dated 21.01.1993 "On development of zones having tourism development as priority", as amended.

development agreement, acted based on property registered "Republic of Albania" as the owner³². In absence of an ownership title, the construction sites over which rent agreements have been entered into cannot be registered, due to the absence of information on ownership and, consequently, absence of border lines for the zones having development of tourism as a priority³³. The town planning surveys for determining the border lines in tourist zones have been accomplished mainly for the coastal zone, lake zones and a part of the internal continental zones. With regard to those zones, where such town planning surveys are missing, the demarcation border has been disputable and difficult to be drawn.

The Law No 10186, dated 05.11.2009 "On regulation of ownership over the state owned construction sites in zones with tourism priority", as amended, regulates the ownership relations over the construction site and constructed buildings in stimulated zones with tourism priority, which have been granted for the stimulated activities, established prior to the entry into effect of this law, providing the opportunity to the owners of the buildings to buy the construction site where these buildings have been built, within the set time limits, this making possible involvement of these properties into the civil-law-regulated transactions (building + construction site). The proceeds obtained out of this process shall be paid into the financial compensation for the former owners.

Implementing the law, the application process for the transfer of the property title over the construction site and buildings within the stimulated zones has currently been completed. Participating in this process were 4200 interested entities and 94 stimulated persons. In the meantime, ALUIZNI took the necessary procedural steps to verify the legal status of the stimulated zones on the ground, updating the database with the town-planning and legal elements for 32 zones.

1.6.6. Foreign investments

In 2010, the Assembly approved the Law No 10316/2010 "On some amendments to the law on foreign investment", having simultaneously materialized one of the priorities of the Albanian Government, focused on the improvement of the general climate of business, through the absorption of the foreign investment. The law provides for the conditions and procedures for granting special state protection to foreign investments, where, due to the judicial conflicts with third parties, the realization of the foreign investment or the conduct of the economic activity, stemming out of it or bearing a connection to it, is hindered.

The specific state protection includes the legal civil protection that the government awards to foreign investments where, due to the judicial conflicts with third parties, the realization of the foreign investment or the conduct of the economic activity stemming out of it or bearing a

³² This has not been done yet, since the inventory of the state owned property and its transfer to the local governance units has not been completed.

³³ The absence of specific studies in accordance with letter a, point 3, of DCM No 88, dated 01.03.1993 "On approval of zones having tourism development as priority", as amended.

connection to it is hindered. The protection provides for the full-fledged subrogation of the foreign investor by the Albanian state in the civil law conflict with private third parties. By means of the institute of the specific protection, the State becomes 100% guarantor of the foreign investments.

1.7. Enforcement of domestic final decisions and ECHR judgments

Measures are taken for the creation of an effective and efficient enforcement service, in order to increase effectiveness of the system of enforcement of final decisions. In this framework, the Ministry of Justice and General Directorate of Enforcement were engaged to achieve the necessary legal and implementing initiatives, in order to improve the work and strengthen the capacities of this service. As a result of these initiatives, law no. 10031 of 11 December 2008 “On the private judicial enforcement service” was adopted. This double system of Judicial Enforcement Service creates the possibility for the functions of the state judicial enforcement service to be exercised even to private operators who are tested and certified for this purpose. Currently, the Ministry of Justice has certified 66 private enforcement agents who exercise their functions in conformity with the provisions of law no.10031/2008. The vision of the future is to move gradually towards the private judicial enforcement system and to this end, in March 2012, the Assembly adopted an amendment to the law “On private judicial enforcement service”. According to this amendment, the persons who have been judicial enforcement agents in the State Judicial Enforcement Service on 30th of December 2011 are exempted from the obligation to undergo the qualification exam. This amendment is based on the fact that state judicial enforcement agents have a long experience in their position and have attended trainings in continuity. However, the private judicial enforcement system is at the beginning of operation and it must be consolidated in order to act uniformly.

From an analysis of the judgments of the European Court of Human Rights, in the framework of cases related to non-enforcement of final judicial decisions, related with the rights of former owners for restitution or compensation of property in implementing law no. 9235 of 29 July 2004 “On restitution and compensation of properties” amended, it has been found that the violation of the ownership right of Albanian subjects results from the obstacles and difficulties in the realization of the process of restitution and compensation of properties.

There are several factors³⁴ that have affected the non-enforcement of domestic final decisions related to both the legal framework and the institutional and structural organization in the sectors of restitution and compensation of properties, registration of properties and provision of the effective legal remedies in case of non-enforcement of domestic final decisions.

³⁴Such factors are lack of inter-institutional coordination in the circulation of documentation and interaction of the archives of each of them, and also fragmentarization of the legal framework for properties and non-completion of process of initial registration of immovable properties in the entire country

1.8. Corruption and Anti-Corruption Strategy

The fight against corruption is one of the main directions of the Albanian government. To this end, the Albanian government has adopted several policy papers including: National Strategy for Development and Integration, Cross-Cutting Strategy for the Prevention and Fight against Corruption and for Transparent Governance etc. The National Strategy for Development and Integration defines clearly the challenges of the Albanian government in the fight of this phenomenon and also the main priorities which are integral part of the Cross-Cutting Strategy against Corruption. In implementing the National Strategy for Development and Integration it was adopted the decision of the Council of Ministers no 1561 of 3 October 2008 “On approval of the cross-cutting strategy for the prevention and fight against corruption and for transparent governance 2008-2013”.

This strategic document provides also for the reform of property rights. However, this strategy and its action plan cover only the issue of reforming the system of registration of immovable properties and issues of integration of state agencies which have several functions related to property rights. Consequently, the Anti-Corruption Strategy refers only to the following issues:

- Strengthening and improvement of the existing law;
- Strengthening and completion of the subordinate legal framework in the area of registration of properties;
- Improvement of the status and training of employees of the Immovable Property Registration Office;
- Completion of the system of registration of immovable properties;
- Extension of computerization of the system;
- Transparency and integrity in the implementation of reform of restitution and compensation of immovable properties;
- Transparency and integrity in the implementation of reform of legalization of immovable properties and their introduction into economic and civil circulation;
- Concrete measures foreseen in the action plan in implementing this strategy of the implementation of the digital system of property registration

1.9. Digitalization of information received by the institutions dealing with property rights

The fight against organized crime and corruption remain an absolute priority; a major priority of the political directions of the Albanian Government. One of the main measures for the fight against this phenomenon is digitalization immovable property system services, and other services, with public access to them. Taking this measure is linked to the consistent concern of gaps in the documentation of properties, lack of correspondence in the maps and judicial processes. With the new digital system a higher quality of registration of all the documentation related to properties will be achieved. Consequently, even the development of proper software creates facilities for all

the users, first of all for the employees of state organs dealing with such documentation but also for the public.

Currently, the digitalization of the ALUIZNI institution is completed but work is being carried out to provide access by the public. The Digitalization of the IPRO system is underway and it is expected to provide a complete system for a single application from different sources of information, and also processing of data during both the first registration process and the reflection of future transactions (archive, dossier of immovable property and registration index map, both in hard copy and electronic form).

Even at the Property Restitution and Compensation Agency, the system of digitalization of the archive concerning the decisions taken over the years by the Property Restitution and Compensation Commissions to Former Owners and also by the Property Restitution and Compensation Agency is underway. This process aims to reflect a digital format not only for the decisions but also for the geographic positions of the properties on the respective (cadastral) map of the area.

1.10. National Territorial Planning

The process of territorial planning in Albania is regulated by legislation³⁵ which defines 5 responsible authorities at the national and local levels for issues of territorial planning³⁶. The National Territorial Planning Agency (NTPA) was created in 2009³⁷ and began functioning in March 2010. NTPA is the agency responsible for ensuring implementation of national territorial planning, through coordination at all levels of government, in accordance with legislation and international standards. NTPA is also the focal point for planning for national and local authorities, professionals and implementers, and for citizens.

To date NTPA has drafted the necessary sub-legal acts, regulations, instructions and manuals for territorial planning in Albania. In addition, training of local government staff for developing territorial planning instruments, based on the law, have been provided.

1.11 Property rights and gender perspective

Studies of UNWOMEN show that Albania has a lot of work to do in order to respect properly property rights of women. Data collected by these studies show that the situation of women in rural areas is less favorable. The main factors contributing to this situation are the limited knowledge of women about their property rights, problems and gaps in legislation (as is the case

³⁵Law nr. 10119, dated 23.04.2009 "On Territorial Planning", as amended and sub-legal implementing acts.

³⁶ The national authorities are CoM,, National Council, National Agency for Territorial Planning, each ministry and central public body which has obligations and responsibilities for territorial planning as well as their subordinate institutions when responsibilities are delegated for planning or environmental protection. Local authorities are municipalities, *komunas* and *qark*.

³⁷ CoM Decision Nr. 1190, dated 13.11.2009, "On Organizations and Functions of the NTPA".

of cohabitation), inaccuracies in the case-law and administrative practice and also lack of monitoring of enforcement of the law on the respect for the gender equality. This situation must be improved through the guaranteeing and development of the property rights of women. Improvement of legislation, increase of access of women to the institutions of property rights, monitoring of enforcement of legislation, training of central and local staff dealing with property rights, awareness campaign for the information and promotion of women's rights are needed. These measures will be planned in compliance even with the National Strategy for Gender Equality and Reduction of Gender and Domestic based Violence³⁸ and its Action Plan.

³⁸Adopted by DCM. 573 of 16 June 2011

CHAPTER II: Vision and strategic aims

- **Vision**

Property in a free, developed and democratic social order is considered one of the fundamental rights of man. The solving of property cases will be a guarantee for making right the injustice of the past, through respect for this right for any Albanian individual and family and also for the legal persons. Based on the actual achievements and growth potential of the country, in compliance with the vision determined in the National Strategy for Development and Integration, the Cross-Cutting Strategy of Property lays down the following vision for the future years:

Albania will be a developed country and European consolidated country of rule of law, able to guarantee property rights, even in practice, as one of the fundamental rights of man, provided through a regulated and harmonized system of immovable properties, which offers clear and secure property titles for everyone.

The handling of property issues will be guided by the constitutional principles of legal certainty, public interest, just satisfaction, and also principles of law (fairness and equality), proportionality and welfare state, in compliance with the democratic standards foreseen in the Constitution and in the European Convention for Human Rights.

The vision will be materialized through several strategic aims whose foundation is the reforming of agencies and processes related to property rights. The strategic aim will be detailed in reforming policies in order to provide security and clarity of property titles. These policies will be more harmonized, coordinated and planned at a strategic level. The main pillars will be the digitalization of information and transparency of the activity, accuracy of the legal actions and decisions that will be taken by the state agencies of the executive, but also the courts, the follow-up of processes through inter-institutional coordination with separate roles and responsibilities, facilitation of administrative and judicial procedures, decentralization of competences and respect for territorial planning, consistent analysis of the problems that are encountered, continuous monitoring of the enforcement of law and review of the harmonized legislation. The attainment of the strategic aims and their policies will be continuously subject to the process of consultation, not only by the state institutions but also consultation and assistance of international partners and interest groups.

Reforming IPRO organization and functions will be completed as the institution which registers immovable property and property titles, in order to transform it into a quality and effective service-oriented body for clients. The transition will be based on a concrete Business Plan and a Mid-term Strategy that will define the future vision, priorities and level of investments needed. The process of systematic first registration the national level will be

completed within 2013, based on defined administrative boundaries. Also, an electronic Immovable Property Register will be created. The electronic Immovable Property Register will be created through well-coordinated activities through a maximum exploitation not only of the domestic capacities and budgetary sources, but also assistance of international projects. The process of digitalization of IPRO information will be gradual, initially in the cadastral areas of Tirana, Durrës and Elbasan to be followed by other areas. In this context, the main pillar will be the digitalization of information which is created and distributed by IPRO, not only as a modern service feature but also as a premise for transparent services. The result of this reform will be not only the online communication and elimination of overlapping titles, but also security and clarity of property titles which are registered and issued by IPRO. Moreover, the digital system of IPRO will be interlinked with other state electronic databases. The first reform in this direction is for notarial services, converting that into a one-stop shop. This reform has started in Tirana, Durrës and Elbasan and in the near future it will be extended to the entire territory of the country.

Moreover, under this vision the issue of recognition, restitution and compensation of properties to the expropriated subjects will be finally addressed. Within 2014, the administrative process for review of some 7000 remaining files will be finalized, through a review and approval of facilitated procedures *pro forma* and *prima facie*. These changes will be followed even by the monitoring of enforcement of law in courts in order to avoid the abusive cases of reinstatement of deadlines for new applications. In parallel, work will be carried out to identify all the obligations of the state for the expropriated subjects in order to give priority to the urgent cases, according to the recommendations of the Council of Europe. On the other hand, this identification will serve also for the creation of a final compensation scheme within 2013. The full compensation of property to the legal owner aiming at complete rehabilitation of the consequences of unfair actions is the challenge that the Albanian government faces and the key to success for guaranteeing property rights. Creation of an effective compensation scheme will be based on a careful inventory and analysis of state-owned properties. The central issue of this analysis will be the reform of the methodology of the value map of immovable properties, in order to find the value of properties based on the real market value. Moreover, the cases of Territorial Planning at the national, regional and local level will be also considered in order to ensure sustainability and development of the land market. Even in this issue, digitalization of information and use of improved maps for recording the claims will be given the proper attention as a premise of modernization and accuracy of information in parallel with the increase of transparency in service provision and elimination of corruption.

With regard to legalization, the ALUIZNI processes will be improved and completed so that properties can be legalized and formally registered in IPRO. For those buildings that were constructed after the 2006 deadline, about 80,000 illegal buildings, it has been decided that those building situated in the areas where urban/territorial plans are approved will be accepted and the others will be demolished. Prevention of future illegal buildings will be supported by completion of regulatory plans, more open and efficient building permission procedures,

including a special register at IPRO for building permission registration, and re-enforcement of control and demolition processes.

In continuation, the effective and barrier-free execution of judicial decisions and executive titles concerning property, consolidation of performance of the state and private judicial enforcement service, consolidation of the judicial system and finalization of all the provisional processes of properties are other challenges which are foreseen to be faced in the short and medium term period. As for the temporary processes, very important is the process of legalization of informal buildings and the process of release of buildings (current occupants leaving the houses of former owners). Legalization of informal buildings will be accelerated through the application of new procedures of decentralization of competences. Moreover, cooperation will be established with the local government units for the proper enforcement of legislation which prevents new informal buildings. The process of release of buildings will continue through social housing programs of, and also identification of incentives in compliance with the case-law of the Constitutional Court under the principle of the welfare state, taking care to ensure that vulnerable groups receive the necessary support and that international standards are respected. The vision of the government for reforming of property rights will consider especially the effective enforcement of legislation for the protection of foreign investments which in addition to the special protection by the state will be affected even by other measures for the security and clarity of property titles.

New technology will be introduced for better information access and management. Digitalization of property rights information under national Spatial Data Infrastructure (SDI) and Geographic Information Systems (GIS) standards as well as electronic application procedures (e-services) will be essential elements for quick, reliable, public services that are free from illegal influence. Better management and administration of spatial data will also be used for other areas as well such as territorial planning, infrastructure, taxation, land use, natural resource management and other standard SDI/GIS applications, and will be developed in compliance with the Cross-Cutting Strategy of Information Society and standards of the INSPIRE directive.

All policies and activities shall be monitored by the structures specifically defined in this Strategy as part of the monitoring mechanism, which are the Inter-institutional Working Group, Consultative Group³⁹, and the Department of Coordination of Property Matters. The latter shall monitor and coordinate continuously the activities planned in the Strategy.

- Strategic aims

In concrete terms, the vision of the government about property rights will be realized through strategic aims which take into account the typology of issues, thus drawing a distinction between temporary processes (restitution/compensation of property; validity of property titles

³⁹ See Chapter V

or legalization of informal buildings) and the permanent processes (registration of immovable property or enforcement of judicial decisions), in order to schedule measures and appropriate principles for addressing them. The strategic aims, which in a summarized way, consist in the following:

1. 100% completion of national systematic first registration within 2013, creation of the electronic Immoveable Property Register and improved functions of IPRO;
2. 100% completion of temporary processes at the national level: recognition of property of expropriated subjects within 2014, release (by current occupants) of houses of former-owners within 2017; legalization of informal buildings within 2013 and verification of (agricultural land) property titles within 2013;
3. Creation of a unique effective compensation scheme within 2013 and beginning its implementation based on a consolidated physical and financial fund for the expropriated subjects even through reforms to the method of valuation of immovable property based on the market value and on the process of inventory of state property.
4. Strengthening and protection of the property rights system until the phase of execution (of decisions) according to the standards of the European Court of Human Rights in compliance with the Cross-Cutting Strategy of Justice in order to increase security to property acquired by law and related investments, and dynamism of the land market within 2020; and
5. Modernization and improvement of information, through 100% digitalization of systems that have immovable property information, including maps, according to the standards of the INSPIRE directive, in order to benefit from SDI capabilities, until year 2020.

These strategic aims will be affected even by the principle of good governance, through the fight against corruption and other negative phenomena which prevent the development of integration of the country and guaranteeing the functioning of the rule of law. This principle is included in the aims because it constitutes the main premise for quality service to the citizen and increasing public trust in the state authorities. The government view against corruption and other negative phenomena are elaborated in the Government Anti-corruption Strategy which includes improvement of the legal framework to stop conflict of interests, declaration of assets etc., as well as strengthening control mechanisms (inspectories) In addition, this strategy secures tools such as better communication and access between state agencies and their databases, and allowing electronic systems which reduce citizen contact with officials that deal with property.

In addition, the strategic priorities will be seen from the gender perspective in order to enable access of women and their control in the productive and economic sources aiming at their strengthening. Albania is party to the International Covenant on Economic, Social and Cultural Rights and CEDAW Convention. This Convention and the *CEDAW General Recommendation No. 21: Equality in Marriage and Family Relations* guarantee the rights of women to participate and acquire property on equal terms with men, with a special emphasis on the rights of women to own,

manage, enjoy and dispose of property. This right, as underlined by the Committee *“is central to a woman’s right to enjoy financial independence, and will be critical to her ability to earn a livelihood and to provide adequate housing and nutrition for herself and for her family”*.

CHAPTER III: Policies

This chapter deals with the main policies to be undertaken for the analysis of the strategic aims based on the defined vision. The definition of policies is based not only by listing them, but also on the harmonization of main policies between them, and their inter-connection for achieving the defined strategic aims. . Where a specific policy is still not fully defined, the strategy will include reference to future development of such policy based on accurate and adequate information and through an open consultation process. In this aspect, a decisive role is played by the new Directorate of Coordination of Property Issues which is authorized by law to coordinate and monitor policies related with recognition, restitution and compensation of properties, registration of property titles and also the analysis and improvement of the legislation in force.

The policies and implementing programmes will be drafted through a process that guarantees property rights, aiming at effective and sustainable development of ownership without prejudice to the environment or to the public interest. They will aim to create fair and transparent legal procedures related to ownership and spatial plans, in an integrated way, in order to enable privatization of public and private properties according to the rule of law principle. Among them will be some special processes for the IPRO to register secure and clear titles with legal force and to guarantee property rights through enforcement of the law.

In order to achieve these goals, the policy for immovable property registration and the IPRO is to reform its organization and functions in order to transform it into an institution oriented towards quality and effective service for clients. The approval of Law 33/2012, as the legal/regulatory framework for this policy, has initiated the process of transforming IPRO into a self-financing institution with a supervisory board to help oversee transformation and future effective administration. The further transformation of IPRO will be based on an approved Business Plan and a Mid-term Strategy that will be finalized within 2012. Moreover, programmes will be undertaken to complete the process of systematic first registration at the national level within 2013, including the final determination of administrative boundaries for cadastral zones where clarification is needed. Completion of first registration is perhaps the single most important step for improving property rights and the point from which other reforms begin. Law 33/2012 includes provisions related to the legal basis for completion of first registration that will facilitate registration of clear ownership titles, and provisions for updating and improvement of existing IPRO data. Approval of the by-laws is a priority for 2012. The reforms also include the creation of the electronic Immoveable Property Register through digitalization of information that IPRO creates and distributes. This information will serve not only for more efficient exchange of data with state and private clients, but also their control through online access by clients who may check data and the status of applications submitted to registration offices. Such policies are inspired by the principles of transparency, the fight against corruption and modern business principles.

Concerning restitution and compensation for expropriated subjects, the policy reflects the vision and priority of the government for the finalization of the process of recognition of properties to expropriated subjects within 2014 and beginning to apply the solid scheme of full compensation. The compensation scheme will be developed and approved within 2013 through a multidimensional policy related to the calculation of the bill and the obligations of the state towards the expropriated subjects as well as a review of possible options and solutions. The financial bill and related options will be calculated and assessed through the complete digitalization of the national register of immovable property, completion of the administrative requests through facilitated procedures *pro forma* and *prima facia*, use of updated technology and maps to identify the geographic position of claims related to the original ownership rights, public notification of the list of all the decisions of the Property Restitution and Compensation Agency over the years and processing of potential complaints about the list, revisions to the value map according to the market value, completion and consolidation of the physical fund of compensation with integrated territorial planning processes and the calculation of the value of physical compensation and existing obligations over the 1993-2012 period. This bill and analysis of options will serve for the approval of a scheme for proper compensation within the deadlines and for the purpose of full compensation of expropriated subjects. With respect to the policy of the release of buildings by current occupants in favor of the expropriated subjects (former owners), a special social housing program is being set up in compliance with the case-law of the Constitutional Court and international standards, under the principle of the welfare state, taking care to protect vulnerable groups. The government has also decided to finalize the division of agricultural land and complete a review of titles to identify any abuses that happened. As part of the policy the legal framework has recently been amended to improve assessing the criteria for issuing valid titles, controlling the process to ensure compliance with the law regarding allocations and distribution of land, and completing the necessary legal documentation for registration purposes. Further drafting of the by-laws and implementation will help complete this temporary process and allows the land to enter the market with clear ownership, the ability of the owners to use (enjoy) full ownership rights and also for them to benefit from projects that support agricultural development.

In order to complete the legalization process, a review of legislation will be conducted to improve ALUIZNI performance and finishing the legalization process, including registration of legalized buildings/land plots in IPRO. The review of legislation will also reflect the policy for the 80,000 illegal buildings built after the current deadline so that building located in areas with approved urban/territorial plans can be legalized and integrated into the urban territory. Prevention of further illegal buildings will be supported by integration of the regulatory plans, more open and efficient building permission procedures, including a special register at IPRO for building permission registration, and stronger enforcement of control and demolition processes.

Concerning the strengthening of the property rights system and their protection until the phase of enforcement (enforcement of administrative and court decisions), the policy has been determined in compliance with the Decision of the Council of Ministers no.350/2011 “On approval of the

action plan for the settlement of problems related to property rights, identified in the Memorandum of the Committee of Ministers of the Council of Europe”. Special attention will be undertaken for the reduction of the workload in courts and delay of judicial processes for cases of administrative decisions from the Property Restitution and Compensation Agency. This policy will be achieved through several activities, among which are the reforming of the Code of Civil Procedure for the quick review of these cases, online notification of parties, increased use of technology for communication and exchange of information, and adjudication of these cases by a single judge.

In relation to territorial planning, NTPA will develop and/or harmonize the legal and sub-legal acts for territorial planning in accordance with current legislation and the NTPA Strategic document. This will support, teach, train and put order to local and national planning authorities for their role in territorial planning and control of development. NTPA will also reinforce institutional and organizational capacity to fulfill its role as the head institution for planning. This policy will support the finalization of territorial planning for the country.

Referring to the government policy to use improved technology, to harmonize legislation with the INSPIRE directive, approved by DCM nr. 144, dated. 22.02.2012 “On the Creation of National Spatial Data Infrastructure” the Ministry of Innovation and Technology has prepared a draft law “On the organization and functions of the national SDI in the Republic of Albania”. In this draft the main points addressed are: (1) Building the national SDI by defining the basic rules for creation, updating and management (2) Inter-connection between groups and services for SDI (3) Exchange of data between public authorities and (4) Public access to SDI. With the approval of this law the National Authority for SDI will be created which sets the standards for other institutions to use, including the creation and use of maps. One aim of the SDI programme is to create a mapping database from the various institutions that deal with property and allow for the shared use and improvement of data.

The general harmonization of property rights legislation and consolidation of institutions that deal with property will take place within clear deadlines in order to enable the implementation of the aims and objectives in this strategy. The Ministry of Justice and relevant institutions will conduct a complete review and analysis of legislation related to property within 2013 and draft amendments to improve security of property rights and eliminate overlaps and contradictions, while the necessary amendments to improve the processes for the urgent priorities of registration, restitution/compensation and legalization will be completed within 2012. Also, upon completion of the programmes and deadlines defined in this strategy the number of institutions that deal with property will be analyzed in order to optimize their functions and proceed with the natural reduction of agencies with temporary status (PRCA, ALUIZNI, GCL) and leave a more efficient structure for institutional responsibility for immovable property. For the current situation, coordination through the new Directorate of Coordination of Property Issues and the reporting and monitoring structure that is set up to implement this strategy will help to ensure a more efficient way of working.

The policies were selected based on the SMART methodology i.e the Specific, Measurable, Achievable, Relevant and Timely objectives in order to enable at the same time their effective monitoring based on tangible indicators and results. Policy indicators that will measure the attainment of strategic aims are result-oriented and belong to the categories of structural indicators (adoption of laws), process-related indicators (of executive measures) and result-oriented indicators (of the final aim of the strategic priority):

1. Strategic aim: 100% completion of national systematic first registration within 2013, creation of the electronic Immovable Property Register and improved functions of IPRO

Specific objective 1.1: Improvement of the electronic Immovable Property Register in order to provide to the public an effective, quality and quick service and also completion of all systematic first registration within 2013, according to the priorities of the Task Force chaired by the Prime Minister:

- i. Transfer of IPRO into a self-financing form oriented toward service provision and building of its administrative capacities;
- ii. Creation of an electronic Immovable Property Register for the transfer and online control of data and their connection with other state databases, aiming at an online portal for service requests;
- iii. Creation of a system which allows improvement and updating of data administered by IPRO;
- iv. Completion of the process of first registration of immovable property within 2013 based on defined administrative boundaries;
- v. Consistent increase of quality, transparency and effectiveness in the provision of services; increasing professionalism of staff, improvement of professional ethics, and prevention of conflict of interests.
- vi. Respect for and promotion of gender equality in the process of registration of properties.

2. Strategic aim: 100% completion of the temporary processes at the national level: of recognition of property of expropriated subjects within 2014, release (by current occupants) of former-owner houses within 2017; legalization of informal buildings within 2013 and verification of (agricultural land) property titles within 2013.

Specific objective 2.1: 100% finalization by the Property Restitution and Compensation Agency, within 2014, of the process for recognition of properties to expropriated subjects, about 7000 files which have not been processed, including for the religious communities.

- i. Review of the legislation in order for the Property Restitution and Compensation Agency to conduct accelerated procedures for the completion of the administrative process for the recognition of property within 2014;

- ii. Completion of the administrative process of recognition of property by the Property Restitution and Compensation Agency within 2014.

Specific objective 2.2: Finalization of the process of release of houses of the former owners within 2017, providing soft loans to the persons as foreseen by the law:

- i. Improvement of the legal framework applicable for the release of houses of former owners and creation of an effective plan with defined time limits and financial sources for the provision of the necessary assistance, especially to the vulnerable persons;
- ii. Final settlement of the issue of release of buildings by the tenant families and the provision of housing to these families under the subsidy scheme based on the principle of the welfare state and case-law of the Constitutional Court, having as a priority the granting of loans to women and widows as head of the households.

Specific objective 2.3: 100% finalization by ALUIZNI of the legalization process for 270 592 illegal buildings within 2013.

- i. Completion of the administrative process for legalization based on decentralization reforms within 2013, registration of legalized properties in IPRO and supervision of the final court decisions during the enforcement phase through a process coordinated by ALUIZNI, IPRO and PRCA;
- ii. Use of legalization data in order to create an accessible digital system for the management of geo-spatial and engineering data of legalized buildings (a Geographical Information System or GIS) in line with the INSPIRE directive;
- iii. Urban development of territories of legalized buildings, through technical assistance in drafting and implementing spatial planning policies by the local government units aiming at the integration of these territories, improvement of the living conditions, creation of possibilities for investment and prevention of future informal buildings;
- iv. Improve legal framework for processes to integrate illegal buildings constructed after 2006 and for prevention of further illegal buildings.

Specific objective 2.4: 100% completion of the process of review of the legal validity of property titles for agricultural lands within 2013 and consistent consolidation of agricultural land:

- i. Improvement of the legal framework for the review of legal validity property titles for agricultural land and strengthening of inter-institutional coordination in this process;
- ii. Completion of review of legal validity of property titles for agricultural land within 2013;
- iii. Approval and effective implementation of a National Strategy for consolidation of agricultural land

- 3. Strategic aim: Creation of a unique effective compensation scheme within 2013 and beginning its implementation based on a consolidated physical and financial fund for the expropriated subjects even through reforms to the method of immovable property valuation based on the market value and on completion of the inventory of state property.**

Specific objective 3.1: Drafting the final effective and real scheme of compensation within 2013 including the deadlines to implement the scheme of full compensation of properties through consolidation of the physical and financial fund:

- i. Approval of the final effective and realistic compensation scheme within 2013 including deadlines and options for full, just and final compensation of properties based on the principles of long-term territorial planning;
- ii. Restructuring the Property Restitution and Compensation Agency, for the purpose of improved functions for the compensation process, after an analysis of its functions and efficiency;
- iii. Extension of resources for consolidation of the financial and physical fund in compliance with the national/regional/local territorial development plans.

Specific objective 3.2: Reforming the methodology for immovable property valuation according to the market value and territorial planning and development standards, and also consistent calculation of state financial obligations in addition to the identification of the existing state properties, through the inventory of state owned immovable property:

- i. Complete the review of the methodology for valuation of immovable property and creation of the digital system for preparation of a property map with the new values;
- ii. Inventory of state owned immovable property, through identification of properties with a public interest which should remain public property, properties for the protection of environment, properties which may be used to generate income, properties to be transferred to the physical fund for expropriated subjects, properties for privatization and properties for construction aimed at tourism promotion;
- iii. Improvement and updating of data for the forest/pasture fund in compliance with the national system for registration of immovable property;
- iv. Completion of transfer of properties to local government units and procedures for registration of state owned properties, including forests and pastures;
- v. Strengthening of inter-institutional coordination, based on the principle of public consultation, during the process of transfer of state-owned properties, forests and pastures, to the local government units and their registration and also during privatization, with the aim to avoid overlapping in the administration of the territory and property titles;
- vi. Development of property rights in tourism priority areas in compliance with the principle of territorial planning and for the purpose of effective use of land;

- vii. Reduction of fragmentation of properties, forests and pastures, in order to create a sector that is functional, beneficial and competitive in the market;
- viii. Improvement of the legal framework and institutional mechanisms for administration and handling of the forest and pasture fund during the transfer of property from the central to the local government, based on the principle of sustainable development and the primary role it exercises in the protection of the environment.

4. Strategic aim: Strengthening of the system of property rights and their protection until the phase of execution (enforcement of administrative and court decisions) , according to the standards of the European Court of Human Rights and in compliance with the Cross-Cutting Strategy of Justice in order to increase security to property acquired by law and related investments, and dynamism of the land market within 2020.

Specific objective 4.1. Strengthening of the system of property rights through fight against corruption and other negative phenomena:

- i. Assessment of existing legislation, aiming at harmonization and simplification, respect for gender equality and undertaking of new legislative initiatives in the property rights area;
- ii. Increase the effectiveness of agencies of executive power and courts under the principles of shared roles and responsibilities and also improvement of management capacities of state agencies according to the best European practices.

Specific objective 4.2: Effective and barrier-free execution of final judicial or administrative decisions allocating property rights especially for expropriated subjects, through the strengthening of the private judicial enforcement service or other private agencies, and prevention of disputes before the European Court of Human Rights:

- i. Enforcement, with priority and speed, of the final decisions for restitution or compensation, based on the obligations set by the European Court of Human Rights;
- ii. Sustainable increase in the level of enforcement of decisions concerning property cases in conformity with European standards and also improvement of the quality of enforcement services;
- iii. Strengthening the role of the private judicial enforcement service;
- iv. Consolidation of the ALBIS system and its extension to the entire enforcement system;
- v. Guaranteeing constitutional standards through the increase of effectiveness of judicial power, with the aim to improve the quality of judicial decisions;
- vi. Improvement of supervision of enforcement of final decisions;
- vii. Reduction in the number of complaints before the European Court of Human Rights concerning property rights issues;

- viii. Reduction in the workload of courts and delay of court cases related to the administrative decisions from the Property Restitution and Compensation Agency, through reforms to judicial procedures;
- ix. Respect for the rights of gender equality in the rendering of decisions related to property issues.

5. Modernization and improvement of information, through 100% digitalization of systems that have immovable property information, including maps, according to the standards of the INSPIRE directive, in order to benefit from SDI capabilities, by year 2020.

Specific objective 5.1: Digitalization of property rights information for the promotion of national SDI development and electronic application procedures as an essential element for quick, reliable, public services that are free from illegal influence, in compliance with the Cross-Cutting Strategy of Information Society and standards of the INSPIRE directive:

- i. Improvement of legislation for the creation and well-functioning of SDI and databases in institutions managing property issues concerning standards, national coverage, communication, access, publication, control, frequency of reporting etc.;
- ii. Installation of computer networks in the institutions dealing with property rights which are not yet digital;
- iii. Construction of an internal digital intranet between the Ministry of Justice and several dependent institutions dealing with property rights, and also courts, in order to ensure integrated information management;
- iv. Updating of information of the Property Restitution and Compensation Agency with all of the administrative or judicial acts, and digitalization of the Property Restitution and Compensation Agency.
- v. Improvement of data and geographic information

CHAPTER IV: Consequences on resources

This chapter will deal, in a summarized way, with the references related to the need for use of financial funds that are necessary for implementation of the property reform strategy. In this framework, as it is suggested even by the methodology for the drafting of the sector/cross-sector strategies, the reference is made to the budgetary plans foreseen in the National Strategy for Development and Integration (NSDI) and the Medium Term Budgetary Framework.

More concretely, the medium and long term process of strategic planning, i.e. the National Strategy for Development and Integration, which sets the priorities and strategic aims and also the Medium Term Budgetary Framework, requires each ministry to prepare a three-year plan within a ceiling of defined expenses. The budget ceiling of the first year of the Medium Term Budgetary Framework is broken down during the process of the annual budget, which is realized between July and October.

Moreover, in the identification of the needs for financial sources, an important place will be occupied by foreign projects and the obligations resulting in the framework of the integration process of Albania into the European Union. After the approval of the Strategy, further discussions will need to take place with the donor partners about how to more effectively plan and coordinate the resources needed to complete such a broad reform in the very complex area of property rights. As it has already become a consolidated practice, the sector and cross-cutting strategies are under a consistent review process, through the annual drafting of the Medium Term Budgetary Framework, with a three-year cycle, so far until 2020.

In this context, the cross-cutting strategy “reform in the field of property” and its action plan will be subject to continuous review and will provide the basis of information to determine the budget ceiling. Moreover, even the integrated plan which is updated annually, will serve as a good basis to monitor and provide the needs for funds by the state budget or through foreign funds.

In the following figures, in table no 1, we referred to the information provided for the preliminary ceiling prepared by the Ministry of Finance, in the framework of preparation of the medium term budgetary framework 2013-2020. These data refer to the budget ceiling allocated during 2011-2020 for the following institutions: Ministry of Justice, Ministry of the Interior, Ministry of Environment, Forests and Water Administration, Ministry of Economy, Trade and Energy, Ministry of Public Works and Transport (ALUIZNI; EKB, National Territorial Planning Agency), Ministry of Agriculture, Food and Consumer Protection, Ministry of Culture, Youth and Sports and Governmental Commission of Properties. Moreover, the budget programs of the above-mentioned institutions contain information on the objectives and necessary activities to be performed in order to attain the major objectives determined by each institution. It has been foreseen that these documents already submitted to the Ministry of Finance will be subject to budget review. However, a summary table of the projects foreseen for each institution will be attached to the action plan of this strategy as an integral part of this document.

Table no.1 PRELIMINARY CEILING OF THE MTBF 2011-2020

Title	Ceilings (in million lek)									
	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
Total of the System of the Ministry of Justice	2613	2604	2115	2184	2385	2413	2537	2661	2790	2820
Ministry of the Interior (AITTP)	20.6	21.2	22	22.6	23.2	23.9	24.7	26.2	27.5	29.5
Ministry of Environment, Forests, and Water Administration	54.1	308.3	309.1	215.3	215.3	211.5	211.5	218	225	232
Ministry of Economy, Energy and Trade	27.9	28.3	28.3	28	27.5	27	27	28	29	31
Ministry of Agriculture, Food and Consumer Protection (GCL ⁴⁰)	6	6.5	7	7.4	7.4					

⁴⁰This part of the budget of the Ministry of Agriculture, Food and Consumer Protection pertains to the Governmental Commission of Properties, at central level

Ministry of Public Works and Transport (ALUIZNI)	423.4	395.25	405.1	430.5	441.1	452.25	491.22	528.2	543.13	558.65
(EKB)	53.8	240	240	260	280	300	320	340	360	400
Governmental Commission of Properties ⁴¹	57.7	72.6	90	110	110					
TOTAL I+II+III+IV+V+VI+ VII+VIII	3256.5	3676.15	3216.5	3257.8	3489.5	3427.65	3611.42	3583.4	3749.63	3839.15

⁴¹ This part of budget is a separate item in the budget of the Ministry of the Interior for the local commission under the prefectures

Moreover, the donor partners of the Albanian government, Ministry of Justice and other line ministries dealing with property issues, through the implementation of the LAMP project (Land Administration and Management Project), CARDS, OSCE, WB, FAO etc will continue to play a key role in the funding of projects initiated or planned to be funded. The following table provides summarized information on the projects funded or expected by donor partners operating in the property area.

Table nr.2

INFORMATION ON FOREIGN FUNDED PROJECTS

PROJECT	STATUS	FUND
Property Strategy		
Land Administration and Management. LAMP Component A Starting data 22.02.2007. Project is expected to end on 30 June 2013 after the amendment of the initial funding agreement. Beneficiary Ministry of Justice and IPRO	It aims the strengthening of security of property, improvement of urban planning, control and management of land development through digitalization of data administered in the immovable property registration office.	Total: USD 19.4 million Budget (EUR15.1 million) World Bank Grant: (IBRD/IDA 16.1 million Sweden 3.33 million)
Creation of GNSS Alpos Network 22/10/2008 until 22/06/2011 Beneficiary Ministry of Justice IPRO, Ministry of Defense/Albanian Military Geographical Institute, Polytechnic University of Tirana, University of Tirana	It aims the creation of a national coordinative system standardized through 16 local stations. It is expected the signing of the final certificate of delivery of the system to the beneficiary.	Total: EUR1 161 000 European Community CARDS 2005
Registration of immovable properties and road signalization in the coastal areas, signed by the memorandum of understanding on 03.04.2009 and implementation of the contract with OSCE, October 2010 and expected to be completed on 31.12.2011	This process links three main processes of property reform in Albania: systematic first registration of immovable property, restitution –compensation and legalization.	Total: EUR1 686 000 1.5 million European Union and OSCE (+ Donation of the Greek, Swiss and Czech government.)

<p>Technical assistance to the Agency for Property Restitution and Compensation. The project ends on 30 December 2011.</p> <p>The aim of the project is the improvement of the infrastructure of information technology and capacities for data management. Beneficiary Ministry of Justice and dependent institutions (APRC and IPRO)</p>	<p>OSCE presence has contracted an expert to review the information of the IT system for PRCA in order to provide recommendations for the improvement of the system including even the introduction of a GIS through the provision of a document with recommendations. IT equipment may be provided following the presentation of the first draft of the assessment.</p>	<p>OSCE: EUR 10 000</p>
<p>Pilot project for consolidation of agricultural land in the commune of Tërbufi Beneficiary Ministry of Agriculture, Food and Consumer Protection</p>	<p>Underway</p>	<p>FAO project USD 300 thousand</p>
<p>Natural Resources Development Projects (NRDP) Component A – Management and governance of communal forests and pastures Starting date 09.06.2005. End date 30.10.2011 Through the Trust Fund –Sweden it has been approved an additional fund of USD 3.0 million USD active for the 2012 - 2013 period in order to draft other plans for management and drafting of the new project –Project of environmental services Beneficiary Ministry of Environment, Forests and Water</p>	<p>In the framework of improvement of management of communal forests and pastures it is planned the preparation o 225 plans of management which aim at strengthening the security of property through digitalization of all the administered data and their registration in the immovable property registration office.</p>	<p>Total: USD 19.4 million Budget (USD 5.0 million) Contribution of communities USD 2.2 million World Bank (IBRD/IDA) USD 7.0 million Co-funding of the Swedish government USD 5.2 million</p>

Administration		
Project of environmental services in forests Component – National inventory of the forests and pastures fund Period 2014 – 2015 Beneficiary Ministry of Environment, Forests and Water Administration.	It aims specification of the surface area for the forest and pastures fund and registration in the cadaster (IPRO?) according to the digital format (GIS).	Total foreseen for the component: USD 1.6 million, foreign funds.
Planning and Local Governance Project Beneficiary: National Territorial Planning Agency	Provide assistance to the National Territorial Planning Agency to develop a conceptual framework for the National Territorial Plan in accordance with the Territorial Planning Law and implementing regulations.	USAID USD 10 million for total project

It must be pointed out that the Ministry of Economy, Trade and Energy (MoETE) is in the process of privatization of state properties, in order to implement the program of the government, relies even on the agreements concluded with consultative international organizations and more specifically the International Finance Corporation (IFC) which has consistently consulted the Albanian government and MoETE on the main principles of the progress of privatization in the strategic and non-strategic sectors aiming at their successful realization through obtaining the optimal values from such privatization.

In continuation, in the calculation of financial resources necessary for the implementation of this strategy, reference is made to the state budget allocated in the Medium Term Budgetary Framework 2012-2020, respectively for each institution, and also foreign funded projects which are being implemented or foreseen to be implemented in the future; data presented in the above table no.1 and no.2.

Moreover, as it was said above, the documentation of the Medium Term Budgetary Framework is useful for drafting the action plan that will accompany the Strategy of the reform in the field of property, as its integral part. It is foreseen that any institution participating in the drafting of this

strategy will complete the information required for the purpose of projects identified for implementation within the defined budget ceilings. In these conditions, the overall amount of expenses planned for the property system, in the state budget of 2011-2020 is 35107.7 billion ALL. Despite the expenses planned for the property system, it remains necessary the absorption of investments from donors involved in the property rights sector, as a manner for the extension of financial sources.

On the other hand, human resources are also important. Human resources and capacities of the Ministry of Justice and line ministries dealing with property issues are integral part of the administrative system of executive power. Infrastructure and financial needs and barriers in the functioning of the public administration in general are addressed in the cross-cutting strategy of reform of the public administration and its action plan⁴², whose implementation has started and it is being monitored by the Public Administration Department.

To conclude, even though the Medium Term Budgetary Framework covers the 2012-2014 period and the major objectives laid down by this strategy go beyond this timeframe, the priority of discussion with the Ministry of Finance and Strategic Planning Committee remains the definition of the funds necessary for the successful implementation of this strategy in the years to come. In addition to the budgetary funds, the follow-up of cooperation with the European Union and World Bank in the framework of the multi-annual indicative plan will aim at absorbing as many projects in the framework of the property system reform. Moreover, the objective for the quick membership of Albania into the European Union and more concretely the gaining of the status of a candidate country will allow the absorption of many more projects, because even the sub-components will be extended.

⁴²Adopted by Decision of the Council of Ministers no.1017 of 12.8.2009.

CHAPTER V: Accountability, monitoring and assessment analysis

In implementing law no. 9936 of 26 June 2008 “On management of the budget system in the Republic of Albania” and instructions of the Ministry of Finance, an analysis of the monitoring indicators for each program that is a component of the Ministry of Justice and other institutions dealing with property issues, is presented every three months. This analysis considers the progress on achievements and objectives and the aims of the cross-cutting strategy, through the identification of the qualitative and quantitative realization of the foreseen products, deviations from the deadlines, and main reasons of non-achievement. The institutional mechanism for the monitoring of this strategy consists of three monitoring structures: the inter-institutional working group; the consultative group and the technical secretariat.

Inter-institutional Working Group is set up by Order of the Prime Minister and it will consist of:

- i. Deputy Minister of Justice;
- ii. General Secretary of Ministry of Justice;
- iii. 2 representatives from the Ministry of Justice;
- iv. 1 representative from the Ministry of Finance;
- v. 1 representative from Ministry of Agriculture, Food and Consumer Protection;
- vi. 1 representative from Ministry of Economy, Trade and Energy;
- vii. 1 representative from Ministry of Environment;
- viii. 1 representative from Ministry of Public Works and Transport;
- ix. 1 representative from Ministry of the Interior;
- x. 1 representative from Ministry of Labor, Social Affairs and Equal Opportunities;
- xi. 1 representative from Ministry of Innovation, Information Technology and Communication;
- xii. 1 representative from GCL;
- xiii. 1 representative from AITPP;
- xiv. 1 representative from DEBASKON;
- xv. 1 representative from CIPRO;
- xvi. 1 representative from PRCA;
- xvii. 1 representative from ALUIZNI;
- xviii. 1 representative from State Advocate.

Based on the standard rules for functions of Inter-institutional working groups (WG), the WG will have the following responsibilities;

- a) To coordinate property issues at a high political level;
- b) To prepare the part of the National Strategy for Development and Integration 2013-2020 that relates to property, in accordance with Prime Minister Order Nr. 12, dated 02.02.2012 “On Preparation of the National Strategy for Development and Integration 2013-2020 “;

- c) To follow implementation of the strategy in line with deadlines defined in this document, and to coordinate at a high level all process that link to implementation issues for the Strategy
- d) To ensure performance-based monitoring of the strategy and policies that link to property issues, based on standards defined in Prime Minister Order Nr. 139, dated 1.07.2010 “For implementation of monitoring processes of sectoral and inter-sectoral strategies”;
- e) To ensure the agreement of this strategy with other strategies under the respective member ministries and to include all objectives and indexes (indicators) in other institutional strategies;
- f) To ensure the harmonization of the strategy with other key government documents such as the Medium Term Budgetary Framework and National Plan for Implementation of the Stabilization and Association Agreement (PKZMSA) and the resources at the disposal for planning during 2013-2020.

At the same time the WG must monitor the work of the technical and consultative groups as well as oversee consultations with interest groups and government-donor sector groups. These WG tasks and other needed points will be defined in a prime Minister Order after approval of this strategy.

Consultative group is set up by order of the Minister of Justice and will consist of representatives from interest groups, academia and civil society. This group will manage the public consultation for the measures and policies of the strategy and will be created upon approval of this strategy.

Technical secretariat will be the Directorate of Coordination of Property in the Ministry of Justice which, according to the task given by law, will support the inter-institutional working group for the identification of problems and coordination of measures to be taken.

The Directorate of Coordination on Property Issues, for the process of recognition, restitution and compensation of property rights follows the activities of PRCA, IPRO, ALUIZNI, DASHPP, GLC, State Advocate, and other institutions that have links to this process. Every state institution whose activity has a link to the process of recognition, restitution and compensation of property rights is obliged to work with and provide information or documents requested by the Ministry of Justice, as well as to report on non-fulfillment and steps or recommendations requested. In concrete terms the Directorate of Coordination:

- a. Prepares recommendations for legal and organizational steps for issues related to property rights, while overseeing the process of recognition, restitution and compensation of property and the process of implanting the approved strategic objectives;
- b. Develop programmes, techno-legal analyses, studies for effectiveness and undertakes necessary legal and executive steps to protect property rights;
- c. Supports, cooperates and organized the work with other state institutions included in the process of recognition, restitution and compensation of property;

- c) Takes care to gather, work on and transfer information and documents between other state institutions for updating of their data related to recognition, restitution and compensation of property;
- d. Follows and realizes defined in legal and sub-legal acts.
- e. Performs any other work defined in legal and sub-legal acts

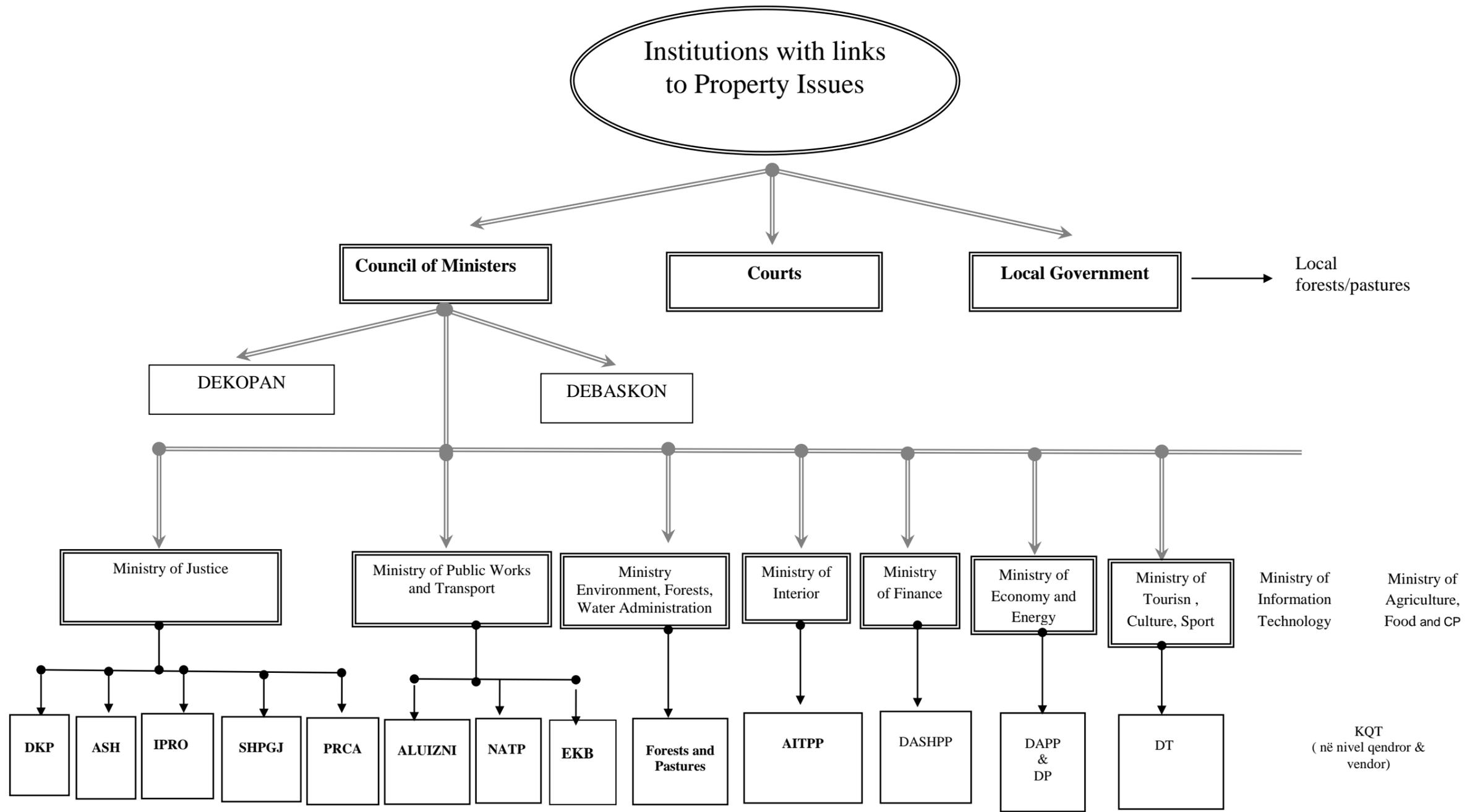
Each structure of the monitoring mechanism will organize regular meetings for the collection of information on the activities to be performed by each institution, their phase of development, results achieved and where appropriate, identification of practical problems, aimed at developing a resolution. One of the effective instruments to be used is the annual monitoring report which contains data based on results and which is submitted to the Department of Strategic Coordination and Foreign Aid Coordination in the Council of Minister.

The main products resulting from the objectives foreseen, as reported to the Ministry of Finance based on the documentation of the Medium Term Budgetary Framework 2012-2014, grouped according to the programs of the Ministry of Justice and other institutions dealing with property issues, are:

- Inspections at the Immovable Property Registration Offices and Property Restitution and Compensation Agency made by the inspectors of the Ministry.
- Digital register and connection of the notary offices with the Central IPRO
- Decisions taken from the review of applications of expropriated subjects for the recognition of ownership, restitution and compensation of property
- Decisions handled according to the procedure about the leased yards (land plots) and alienation of surface areas which are state-owned.
- Expropriated subjects which benefit from financial compensation by the budgetary funds
- Expropriated subjects which benefit from financial compensation from the distribution of funds of ALUIZNI income
- Services provided by the Central IPRO concerning the transfer of immovable property
- Services provided concerning the registration and elimination of restrictions to immovable property
- Services provided concerning the registration of immovable property
- Services provided concerning the provision of information on immovable property
- Services provided concerning the first registration of immovable property electronic system for registration of immovable property
- Properties registered within urban cadastral zones
- Trained staff of Local and Central IPROs
- Adopted act of the National Strategy for Consolidation of Agricultural Land
- Inventory lists of Local Government Units reviewed for agricultural lands
- Inventory lists of Local Government Units reviewed for forests and pastures

- Approval of inventory lists of central institutions
- Digital archive for the inventory of Local Government Units
- Digital archive for inventory of central institutions
- Approval of the inventory lists
- Approval of the preliminary and final inventory lists
- Review of lists for central institutions
- Decisions of the Local Commissions attached to the Prefects of each district for the review of the legal validity of property titles to agricultural land
- Decisions of the Local Commissions for full or partial invalidity of property titles to agricultural land
- Judicial decisions for full or partial invalidity of property titles to agricultural land
- Surface area of agricultural land, owned by the state, which is regained through the process of review of the legal validity of property titles to agricultural land
- Legal and subordinate legal acts approximated with those of the EU, drafted and approved
- National cadastre of forests and pastures improved through creation of the database for 536 forests/pastures economies and connected with the GIS system
- Management plans drafted and approved for 410000 ha forests and pastures
- Management plans of communal forests and pastures (255) drafted in the framework of the “Project of Development of Natural Resources”
- National inventory for the forest and pastures fund, drafted and approved
- Number of informal buildings qualified for legalization
- Number of informal properties processed with cartographic elements
- Drafting of the technical-legal documentation for legalization
- Subjects benefiting from the transfer of ownership to the land plot of the informal building
- Subjects benefiting from financial compensation for the site occupied by informal buildings
- Collection of income foreseen in compliance with the specifications of Law no. 9482 of 3 April 2006 “On legalization, urban planning and integration of illegal buildings”, amended
- Number of legalization permits issued
- Properties included in the immovable property registration system
- Drafting of the design aspects aimed at urbanization of informal territories

An assessment analysis of performance and work results, at the end of every quarter, is submitted to the Ministry of Finance. In addition to the reports in excel format, data are entered into the software for the respective quarterly period.



Annex 1/1

Acronyms for the Institutional Diagram

AITPP	Agency for Inventory and Transfer of Public Immovable property
ALUIZNI	Agency for the Legalization, Urbanization and Integration of Informal Areas/Constructions
DEBASKON	Department for Strategy and Strategic Coordination of Foreign Assistance
DEKOBAN	Department for Internal Control and Anti-Corruption
DASHPP	Directorate of Administration and Selling of Immovable Property
DAPP	Directorate of Administration of Immovable Property
DKP	Directorate for Coordination of Property
DP	Directorate of Privatization
DT	Directorate of Tourism
EKB	National Housing Agency
IPRO	Immovable Property Registration Office
KQT	Government Commission on Land (for agricultural land)
NTPA	National Territorial Planning Agency
PRCA	Property Restitution and Compensation Agency
SA	State Advocate
SHPGJ	Judicial Bailiff Service