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## **BUILDING LINKAGES FOR RESTRUCTURING OF RIGHTS TO LAND IN EASTERN EUROPE AND THE FORMER USSR COUNTRIES ("LANDLINK")**

**Abstract:** Major political and social change is occurring in Eastern Europe. Attention is being focused on efforts to privatize the economies of many countries, including Albania, Armenia, Hungary, Romania, and the former Soviet Union. Privatization efforts include placing land resources in the hands of individual land owners and the development of markets to facilitate the sale, purchase, and exchange of land.

While land markets are an important component of economic reform, many organizational and institutional issues must be addressed as well. This paper discusses a number of organizational and institutional issues and proposes a technical assistance network to help assure that technical assistance by the West is provided in a cost-effective, coordinated manner.

### **INTRODUCTION**

The world is witnessing an unusual historical moment: (1) the discipline of the cold war which kept ethnic, religious, racial, and class conflicts somewhat repressed has drastically receded; (2) the boundaries of national economic systems in the traditional market-oriented economies are dissolving into regional commercial blocs; and (3) all countries of Eastern Europe and the former USSR are struggling simultaneously to transform their centrally planned economies, based on public ownership of real property, into market-oriented economies with a strong reliance on the private control over such property and the development of real property (land) markets.

The simultaneous transition from one economic and political system to another in the formerly socialist countries under conditions of serious economic crises, the reorganization of economic relations in the market oriented countries, and the resurgence of social schisms are combining to produce the conditions for fundamental and potentially catastrophic change throughout the world.

At the same time, there are elements of hope that this change can be positive. The restructuring going on in Eastern Europe and the ex-USSR countries provides an opportunity for establishing the basic laws and regulations governing rights to real property in a coordinated way, thus avoiding future difficulties. The international concern for the environmental health of our planet has provided a base for defining private property systems, stressing the rights and responsibilities of the private owners. The formation of trading communities gives the "new" countries opportunities to link themselves with these blocks and to create their own unions. The ending of the cold war has permitted the beginning of free exchanges of information and ideas, which in turn is facilitated by the quantum leap in land information technologies which has occurred in the past 10 years.

If the crises in Eastern Europe and the ex-USSR continue to deepen and the opportunities for positive change are not exploited, massive political and economic problems may roll westward. Part of the needed response will involve capital investments. Investments, however, will flow more freely when the rules of access to and disposition of real property, i.e., property markets, are clearly established. Moreover, foreign investments in the countries in transition will be more readily accepted if we can find ways to reduce the likelihood of the polarization of rich and poor and the deterioration of the environment.

It is an opportune time to mobilize the search for new ways for meeting the challenge of the transition period. The key is clearly people: - their ideas, forms of organization, laws, and visions of the future. People who are experiencing the transition and who are committed to finding new social, economic, and political arrangements should be encouraged to do so.

## OBJECTIVE OF LAND MARKET LINKAGE PROJECT

**The objective of the Land Market Linkage Project is to facilitate the free exchange of ideas about how real property markets can be structured to meet various social, economic, and political objectives.**

The mechanism for achieving this objective is the creation of a network of people in the established market-oriented economies as well as in the countries in transition to assist with the creation of dynamic, accessible, and environmentally sustainable real property markets. The network would not be an organized consortium seeking contracts, but neither would it be without structure. Its organizational model would come from the telecommunication experiments with computer-linked data bases, and its resources will be information and a growing community of informed and motivated people. It would provide support to the countries in transition.

Key concepts of the network include land (real estate) property markets, mortgaging and mortgage financing, land use zoning and planning, valuation and appraisal of real property, surveying and mapping of land parcels, cadastral systems, real property taxation, land banks, leasing and renting of real property, inheritance and probate systems, registration of rights to real property, and gender differences in access to real property markets.

This network will be multidisciplinary. Land information specialties (surveyors, cartographers, computer science specialists, geodesists, geographers, landscape architects, and environmental scientists) will be able to work on technological and institutional systems for describing the physical characteristics of land. Economists, appraisers, and property tax specialists will provide assistance concerning the guidance of land use and the appraisal of the value of the land. Social scientists, lawyers, registrars, urban and regional planners, and historians will focus on alternative systems for defining the rights and responsibilities of public and private holders of the land and other real property.

## ACTIVITIES OF THE LANDLINK PROJECT

The following activities are proposed:

1. **Create a list of people**, their experiences with the various aspects of property markets, and the past and planned work in Eastern Europe and the ex-USSR countries. Place this information within a data base network accessible to everyone. This data base will be created through contacts via various professional associations, such as the Real Property and Probate Section of the American Bar Association, American Congress on Surveying and Mapping (ACSM), Urban and Regional Information Systems Association (URISA), American Association of Geographers (AAG), International Right of Way Association (IRWA), universities, and other public and private organizations.
2. **Create an indexed repository** of reports, papers, and studies dealing with the restructuring and re-creation of property markets, with special emphasis on digital formats so as to provide instant access to this information.
3. **Organize regional workshops and seminars** to stimulate the exchange of information about how the institutions of property markets and the technologies applied are being developed, and with what results.
4. **Hold a conference** in the United States, inviting experts and practitioners from the United States, Europe, and the affected countries to assess the principal problems and opportunities in this effort.
5. **Sponsor short- and medium-term training programs** to provide the highly trained technical people in the transition countries with information about the wide range of technological and institutional options which have been tried, the conditions under which they have operated, and with what results.

## RESOURCES REQUIRED FOR ESTABLISHMENT AND OPERATION OF NETWORK

### 1. Network Secretariat

A Network Secretariat will coordinate these efforts to respond to requests for technical assistance and

research requests. The network will also assist national and international organizations in drafting terms of reference for specific activities as well as for evaluating proposals that respond to these terms of reference. A Land Market Restructuring Coordination Committee, with multi-organizational representation, will provide overall guidance to the Network Secretariat.

The following organizational schema is proposed for the Network Secretariat:

#### Figure 1. Network Secretariat Schema

The Network Secretariat will be coordinated through the Land Tenure Center (LTC), in collaboration with the Technology Transfer Center (TTC), both located at the University of Wisconsin-Madison. The LTC will provide the communication and coordination functions, while the TTC will develop and manage the databases required.

The TTC will purchase and operate a UNIX workstation server. This will be the Network Secretariat server that will have database software and listserv functionality. The server will have online access to Internet through the University of Wisconsin-Madison Academic Computing Center (MACC) through the University's network, the campus ethernet. This server will also have direct access to other University databases and resources by virtue of the campus ethernet. The Network Secretariat server will have in residence the databases for professionals, associations, and publications. In the case of publications, the complete digital file of the publication will also be available through this server. The mechanism for downloading files will be an anonymous file transfer protocol (FTP) site.

Project contributors will include associations, private companies, and universities. All of these contributors will participate through the network. A contributor can connect to a University facility on the Madison Campus, connect directly to the UNIX Network Server in the LTC, or connect through any Internet connection from across town to world-wide.

The TTC will have one full-time position to system administer the Network Secretariat server. The responsibilities of this position will include checking messages, responding to messages that can not be answered electronically, adding new information to databases, backing up the system, and uploading new information.

The Network will be the backbone of communication with the other activities and will serve as a central clearinghouse facility and a means to meet electronically with the world. The activities that involve organizing and coordinating workshops and seminars will also be communicated through and posted on the Network Secretariat. The LTC will have one full-time position to provide the communication and coordination services.

Establishing the Network Secretariat (databases through the TTC and communication/coordination through the LTC) will require the following resources:

**Computing and Communications Equipment and Software**

- UNIX Server with ethernet connections to the Internet;
- Database software for the Server; and
- Connect charges through the University of Wisconsin MACC;

**Staff**

- Network system administrator, TTC (full-time);
- Communications coordinator, LTC (full-time);
- Secretarial and administrative staff (part-time); and
- Document repository staff (part-time);

**Services**

- Translation services (to English) and
- Data entry services

## **Other**

- Communications, supplies

## **2. Indexed Repository**

The indexed repository will consist of a core document that will provide an overview of the key concepts in a given subject area. For example, the Federal Geodetic Control Subcommittee (FGCS) publication Multipurpose Land Information Systems: The Guidebook is one example of this model. Each chapter provides an overview of the terminology and concepts in the subject area and is followed by an annotated bibliography. The specific documents in the annotated bibliography could be directly downloaded through the FTP on the Network Secretariat or the bibliography could direct the reader to the document location on another FTP.

The work involved in the indexed repository will be to define the initial core subject areas and core documents to describe the subject area. Then an annotated bibliography will be built, permission for duplication received, and documents scanned and translated by optical character recognition software for uploading. Part of this project will also require that the core documents and referenced papers be translated into English if needed.

The resources required to create the indexed repository would include:

- Optical scanner with optical character recognition (OCR) software;
- Software to create and manage a database for the repository;
- Design services for subject area and core documents; and
- Services for the production of an annotated bibliography.

New additions to the indexed repository would be on-going and could be scanned in (if received in hardcopy) or uploaded (if received in electronic form) by the system administrator as they become available.

## **NETWORK CREATION ACTIVITIES**

### **1. People Lists**

The professional associations which participate in this effort (in the United States, the countries in transition, and in other regions) will provide

information to their members concerning the Land Market Linkage Project and will request their cooperation. Each association will develop lists of names of interested and relevant people. Association professional meetings will include activities related to the emerging network. A small amount of administrative support will be provided to the associations to assist in this stage of network building.

## **2. Conference and Workshops**

The second set of network activities will be an international conference and several regional workshops, the former to be organized in the United States and the latter in Eastern Europe and the former Soviet Union.

The initial activity will be a Conference on Land Markets held in the United States, with participants from the United States, Western and Eastern Europe, and the former Soviet Union. Subject to the recommendations of that conference, subsequent activities would be the offering of specific regional workshops on land market problems and the development of communication linkages. Themes on which the Conference will focus will include the following.

An introductory session would explore the definition of basic terms, such as "land", "land markets", and "environmental sustainability". The background paper for this session will be distributed to all participants prior to the conference to facilitate use of common terminology. Attention would be focused on developing an analytical framework, not on a theoretical debate.

Several themes could be explored for each country, for example through the preparation of a limited number of review papers by a knowledgeable person or group of persons. A tentative list of questions these papers could address might include:

- a) What is the legal framework for land markets?
  - Are the basic concepts of property well defined in law and practice, including ownership, lease rights, mortgages, inheritances, easements, etc.? If so, what are the operational definitions of these rights?
  - What rights to deal in land (buy, sell, rent, mortgage, give as inheritances, give away, and lend) are restricted by law or custom?
  - Do all citizens have the same rights to property or are

there restrictions for some groups which do not apply to others?

b) How is the real property registration system (RPRS) organized?

--What agencies are responsible for the recording, displaying, and updating of information about these interests in land? An important feature of this information is that it provides a legal basis for defining and defending private and public rights to land. We have provisionally defined "land" as the surface of the earth and that which is attached relatively permanently to it.

--Do these agencies form a well coordinated system for legally registering interests/rights to different types of land (agricultural, urban, shoreline, industrial, forest, pasture, etc.)?

--Are geographic descriptions of properties included in the description of properties (survey plans, cadastral maps, etc.) and if so, what technologies are used to prepare these descriptions?

--What agencies actively use the real property registration system's information for other purposes (such as property taxation, land use zoning, and agricultural and other land use management programs)?

--What functions of the RPRS have been computerized or are in the process of being computerized, and with what results?

c) How do people relate to land markets?

--What are the transaction costs for carrying out and recording dealings in land (time involved, distances, lawyer and surveyor fees, transaction fees, and taxes)?

--What methodologies are used by those engaged in land transactions (buyers, sellers, agents, banks, and other agencies) to appraise the value of properties?

--Is there a well developed system for buyers and sellers of land to get information about the supply and demand for different types of land (advertisements, listings, etc.)?

--Are there special programs for assisting people who do not have much capital to get access to land via the land markets (land bank, mortgage guarantee program, public housing for poor people, etc.)?

Following the recommendations of the initial conference, a series of regional workshops will be held in the countries of Eastern Europe and the former Soviet Union. Discussion in these regional conferences will focus on such specific problems as property valuation and appraisal, registration systems, mortgage administration, land banks, mortgage financing, zoning and land use planning, real property taxation, real property rental markets, inheritance of real property, overcoming cultural and legal constraints to participation in land markets, and options for legal descriptions of real property (survey and mapping techniques and land information systems (LIS)).

These regional workshops will be organized in response to perceived need in each region. The participants will be professionals engaged in the activity being treated, and will be organized in cooperation with relevant professional associations as well as other public and private organizations.

We propose that six regional workshops be conducted during the two years of the proposed project, each one involving a total of 50 specialists from the region, Western Europe, and North America.

### **3. Document Collection**

An essential part of the network is the collection of relevant reports, research papers, books, and other documents which describe experiences, consultant reports, and research results. The major funding agencies which will have access to the network will introduce into their procedures a review process for the release into the public domain of any research results and consultant reports within a reasonable time following their preparation. Also, individual users of the network will be given preferential access rights to the network once they agree to provide the network with reports, papers, books, etc.

### **4. Training**

Short-term training seminars will be conducted on topics defined by the initial Conference as being of highest priority. An example is training in the creation and management of modern real property registration offices, taking advantage of the advances in LIS

technologies, but adapted to the needs of each jurisdiction. Small groups of registration office managers would spend one month at European and U.S. model offices, followed by on-the-job training offered by European and United States registrars in the countries involved.

## **5. Funding strategy**

This project is designed to support the creation of the LANDLINK network. Once created and in operation, the network will be sustainable, without any further outside assistance, since the fees generated from users will pay for network maintenance. Users will include agencies and organizations which become involved with the implementation of land market programs and which require experienced people and tested ideas for their programs.

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