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LAND ADMINISTRATION REVIEW

RUSSIAN FEDERATION

Addendum

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IV. CURRENT SITUATION IN LAND ADMINISTRATION

A. Land cadastre and registration of land rights

1. Traditionally, the primary objective of land administration systems, and in particular their core cadastral components, is to support the operation of the land market. They are also increasingly important throughout the world for the implementation of land-use policies and to support sustainable economic and social development and environmental protection. Property rights, i.e. ownership as well as rights of third parties (easements, mortgages, etc.), are a precondition for economic policies and for the operation of a real property market. A system of property rights has to be secure, transparent and accessible to all market participants.
2. The need for improved coordination of real property administration in the Russian Federation is directly tied with the governmental strategy to improve the functioning of the public sector and to foster economic growth through effective markets. Two government programmes support the real property market by emphasizing the need to establish efficient coordination between the cadastre and the real property rights register. The Federal Target Programme for the Development of the Automated System for the Maintenance of the State Land Cadastre and State Registration of Real Property Units for 2002 –2007 concentrates on the development of the unified real property cadastre and is supervised by the Federal Land Cadastre Service. The Federal Programme for the Development of the System of State Registration of Real Property Rights and Transactions is carried out under the Ministry of Justice. Both programmes are in the initial stage of implementation. In addition, the Mid-term Programme of Social and Economic Development of the Russian Federation for 2002-2004 identifies the development of the State land cadastre as a basis for the unified system of registration of real property units, and as one of the main land policy issues.
3. In practice the land cadastre and the building register are not integrated into a unified real property cadastre. The records are still kept by separate agencies without any exchange of information. At the local level, there are three organizations involved in real property and real property rights registration. They differ in their historical background, the way they are organized, their technical procedures and their level of computerization.
4. *Cadastral chambers* operate under the *Federal Land Cadastre Service*. They were established in the late 1990s but existed earlier as part of the land committees. Before 1998 land committees also registered rights in land parcels. These data are still kept by cadastre chambers and are legally valid. The registration of land parcels and related rights started in 1992. At the beginning the objects were registered on paper records. Software for the registration of land assets started to be developed in the early 1990s. Since the beginning of 2000 four compatible software products have been developed and certified, and they are now widely used by the cadastre chambers throughout the country. These systems cover both geographical and textual information on the land assets. The systems receive data from private surveyors, who operate according to the rules and procedures developed by the Federal Land Cadastre Service. Base cadastral maps are provided to the cadastre chambers by public-sector surveying institutions under the Federal Land Cadastre Service or institutions and organizations of the Federal Service

for Geodesy and Mapping. The database also provides possibilities for storing information on rights from rights registration chambers as well as information on buildings from bureaux of technical inventory, although there are no procedures in place for data exchange between cadastre chambers and bureaux of technical inventory. The cadastre chamber continues to register land parcels and issues cadastral numbers for surveyed and demarcated land assets. According to the Law on the State Land Cadastre, the State cadastre provides the characteristics and a description of the land assets, which unambiguously single them out from other land assets and are to be stored in the *unified State land register*. The land cadastre is maintained throughout the country according to the same rules and procedures, which were approved by the Federal Government. The *unified State land register* has only recently been introduced following the enforcement of the Law on the State Land Cadastre and it contains new data. Old land cadastre data are also kept by the cadastre chambers. The district and regional cadastral offices are financed from the federal budget and are not allowed to charge for their services.

5. *Bureaux of technical inventory* are mostly municipally owned companies under the limited supervision of the *State Construction Committee*. They were established some 75 years ago to monitor real property within the general policy of State control. They have developed their own identification system, usually based on addresses. They hold comprehensive technical information on buildings and apartments in so-called technical passports, which the client is required to obtain at the time of transaction. They also keep records of rights to real property objects attached to land parcels registered before 1998 (in 1998 rights registration was transferred to the Ministry of Justice). These earlier rights are recognized as legal. Usually, the bureaux store their information on paper records (technical passports). There is no unified policy on information systems for the registration of buildings and structures. In addition, there is no harmonized system among the bureaux. Only few of them use standardized identifiers for buildings and apartments. The bureaux are self-financed with revenues from fees for technical inventory procedures and enquiries. The data collected by the bureaux in processing transactions with property units are obviously redundant from the point of view of the registration of rights to these assets. Fees for the bureaux' extra services are paid by parties to property transactions. This situation increases transaction costs, slows the development of the property market and facilitates the removal of property transactions from the formal sector.

6. *Rights registration chambers* The right to property, restrictions on these rights, their origin, transfer and termination are governed by the *Civil Code*, and the *Law on the Registration of Real Property Rights and Transactions*. These rights are subject to State registration in the unified State register of rights held by rights registration chambers. Although registration of real estate rights and transactions is governed by federal legislation, the chambers were established in 1998-2000 by regional authorities. The Ministry of Justice does not have direct control over them. It only appoints registrars in regions and provides methodological support for their operation. Rights are registered on the basis of land parcels, whose characteristics (cadastral number, size, location and boundaries) are first provided by the cadastre chamber. The unified State register of rights consists of separate sections, containing records on each property. Each section consists of three subsections. The first includes a description of the property. The second consists of data on the rights to the property. The third includes records on restrictions (encumbrances) on these rights. According to the legislation, a rights registration chamber is obliged to provide data,

contained in the register, on any real property and to anyone. Formal links between cadastre chambers and rights registration chambers that could support a two-way flow of information are only at the initial stage of development. The rights registration chambers have been operating on a self-financing basis and, by charging fees for their services, have been able to function adequately. The registration of rights is computerized and information is stored in databases. However, due to the decentralized nature of the system there is no unified system, and each region has its own rights registration system. This naturally hampers coordination with the cadastre at the cadastre chamber, which is the only one among these three organizations that has a centralized, vertical structure.

7. The government policy of establishing a unified real property cadastre, linking land parcels and the structures attached to them, is a common practice around the world and it is crucial for the operation of the market, planning, administration, land inventory, land development and real property taxation. However, due to differences in the approaches of different government agencies to this issue, very few practical measures have been taken to this end.

8. As new technologies have evolved, intermediate systems developed at the cadastre chambers have been used to a great extent. But there has been little conversion of older data. This slows down the delivery of data and delays the rights registration processes. Not all land assets are included in the cadastre. Ownership of State and municipal land is still not divided between authorities of different levels and assets attached to land have still not been identified and recorded in the State land cadastre. Municipal land, forests, agricultural land and water are not registered. Until all objects are included in the unified State cadastre at the cadastre chambers, the benefits of the cadastre system cannot be fully used. Spatial and urban planning, environmental protection, land development, all require comprehensive information on land, irrespective of the type of owner or of the land category.

9. Comprehensive information is stored in textual databases. Some of these data could well be used as search entries in databases. However, this is not possible owing to these data's lack of standard formats. For many customers, the street address would, for example, be appropriate as search entry to access other information. The lack of identity numbers and standardized identities for buildings and flats hampers the development of an effective cadastral system.

10. For financial reasons and owing to changes in government structures, the land committees have had to dismiss a number of qualified staff. The Federal Land Cadastre Service is making a significant investment in training staff. However, once trained, many experts leave for higher salaries in other organizations.

11. The State guarantee on rights registration does not protect a bona fide purchaser of real property against previous invalid transactions. The State register only provides evidence of the existence of a registered right. That right may be contested in court only. The role of the notary is reduced to verification only. Provided the notaries were to get more responsibility for judging the transactions, the quality of the data would improve and the rights registration procedure become more reliable.

B. Land valuation for taxation

12. When land (real property) becomes the subject of economic activities, it needs to have a value to enable transactions between parties. Methods for the valuation of real property have been developed and are widely used:

- Comparison of similar market transactions (requires information on a large number of transactions within a short period of time);
- Capitalization of income derived from a property (requires the use of a rate of return);
- Determination of (replacement) costs of an object (minus adjustments for depreciation and other quantitative and qualitative factors).

13. Appraisers use such methods depending on the information available. When a large number of properties have to be valued, individual appraisals become difficult and costly. Thus, a concept of mass valuation has to be introduced to satisfy the need of determining their value (mostly for taxation purposes). This method is based on a survey of actual or intended transactions to establish the basis for typical values of all properties of the same category with regard to their location, size, quality, etc. The main problems related to this concept are:

- The quality and reliability of input, in particular of true transaction price;
- The availability of a functioning market with a sufficient number of samples to be used for the survey;
- The need for statistical software to transform samples to a valid system.

14. Therefore, the requirements for a functioning mass valuation system are:

- The system has to be based on market comparison (of true values);
- Valuation has to serve a variety of users;
- It has to be flexible with regard to methods of data collection and application of software;
- The methodology has to meet certain statistical requirements to make sample inputs usable for general results;
- The system has to be continuously verified by individual appraisals and a feedback process.

15. In the Russian Federation, land tax has proved to be a reliable source of revenue for all levels of government. Taxpayer rolls are prepared on the basis of land cadastre records and records of real property rights registration, and transferred to the tax and finance authorities for tax collection. They then send tax returns to citizens who own or use land parcels. Companies have to file tax returns themselves. In 2001 the Russian Federation collected 31 billion roubles worth of land payments. The systematic improvement of land cadastre data through better land inventory practices helps to maintain an annual 18% to 20% growth in land payments of. Nevertheless, the collection system has many disadvantages since it was based on the normative land values of 1991. In 1999 the Government decided to change the land tax base. Different mass valuation methodologies were designed to assess the value of different land types. While the land

tax is viewed as a local, municipal tax, mass appraisal models used to establish the taxation base are the same throughout the country.

16. Mass valuation of land in the Russian Federation is called cadastral valuation. The Federal Land Cadastre Service is responsible for developing cadastral valuation methodologies and performing cadastral valuation of land. Mass valuation models are based on mass appraisal techniques and employ a market comparison approach, an income approach and a cost approach. Different types of approaches are used for different land categories and types of land use, depending on the availability of market data and other factors influencing land valuation. Cadastral valuation is an example of a modern mass valuation process, with an extensive use of information technology. During 2000 – 2002 the Federal Land Cadastre Service completed the cadastral valuation of approximately 90% of the country's territory, including agricultural land, urban land and forests.

17. The confusing and unclear determination of land use and the deficient regulations related to it, as well as the separation between land and the objects on it, were the major obstacles in this process. Based on the seven official land categories, valuation methodologies for each category were developed. These methodologies were used to develop respective software solutions, which were tested. Within a short period of time, the cadastre valuation process gave impressive results with regard to complexity, quantity of work and relative accuracy (close to market values). With regard to the methodology and the software used, it can be concluded that:

- The Federal Land Cadastre Service has developed a methodology and software for mass appraisal of urban land that meets international standards. Although the procedures are complex, they could be modified and simplified based on the experience of the first round of valuation;
- In Russian cities, market conditions are already in place; it is not necessary to undertake a complicated task of data collection, as the data needed are already available. A simple market comparison of sample data and extrapolation would suffice.

18. Cadastral valuation work is expected to be complete throughout the Russian Federation by the end of 2003, in time for amendments to the Tax Code to become effective. These amendments concern the introduction of property taxes, i.e. taxes on the property of citizens, taxes on the property of legal entities and land taxes. The introduction of the real estate tax is delayed until the unified real estate cadastre is up and running. It is expected that the regional authorities will be responsible for introducing the real estate tax. Once they make this decision, the three existing taxes will be abolished. The Government has started to develop a methodology for the mass valuation of real estate. Experiments with the introduction of the real estate tax have been going on in two cities since 1997. With these amendments it is expected that local authorities will be given the right to set the tax rate within a certain flexible band. Developing valuation methodologies will remain the responsibility of the Federal Government.

C. Land and real estate market development

19. A dynamic, viable and a well regulated market in real property (land, commercial and

residential buildings, and farms) plays a critical role in developing business and in raising living standards. The main function of a real property market is to enable the efficient and optimal use of land and real property resources. A viable, functioning real property market enables the economy to use its existing environment in the most efficient way by channelling resources to their best use.

20. In the Russian Federation the majority of people are still unable to use their land and homes as financial assets. Owing to the ineffectiveness of the land and real estate market infrastructure, individuals and legal entities have very limited possibilities for realizing economic opportunities. Local and foreign investors face major barriers caused by poorly functioning real property markets. Mortgage financing mechanisms in the Russian Federation are virtually non-existent. While some investment has been generated, it has served limited markets and a narrow clientele. Too much real property is controlled by the public sector, which has an impact on the structure of the land and real property market.

21. The policy pursued by the Government has led to a wide distribution of land. Approximately 50 million people and legal entities have acquired private ownership rights in land and by the end of the 1990s some 129 million hectares, or 7.6% of the country, was privately owned. Most of this land is agricultural and located in the regions with the most favourable climate and good soil. Given the size of the country, the size of its population and its climatic conditions, as well as its legislation, it can be concluded that the Russian Federation's land privatization potential has diminished. Available data indicate a falling demand for land among individuals. The further transfer of land from the Government to private businesses will mostly be in cases where the latter are already occupying State land.

22. To support the transition process, the Government has concentrated on developing land market infrastructure mechanisms. By the end of the 1990s, the land cadastre system and the system of real property rights registration were operational throughout the country. The uniformity of the land cadastre system creates a potential for the development of a viable real property market. In the future it will support a free flow of capital between the regions and reduce the disparities in their economic development.

23. In 2001 there were 5.6 million transactions in land parcels. Most were leases of State and municipal land. This reflects to a large extent the country's landownership structure, with 92% of the land still held by the State or the municipalities. With privately held land in the agricultural sector, where absentee ownership is becoming increasingly dominant, leasing is also the most popular legal arrangement. A significant amount of leasing between individuals in rural areas eludes official statistics.

24. The availability of statistical data about real property is a problem. The main reason for the lack of data on buildings and constructions is that the bodies which register such rights operate at the regional level and there is no efficient centralized system for real estate market information. Nevertheless, in 2001, 15 million real property transactions (including land) were registered, and since the introduction of the registration system, more than 32 million transactions have been registered.

25. Currently, the transfer procedure is complicated. Several bodies are involved and very often there are bureaucratic barriers. However, an analysis of ways to cut this red tape suggests that within the next few years the country should obtain a fully operational unified real estate cadastre system closely linked to the system of real property rights registration. This would undoubtedly create a better environment for the land market to flourish.

26. As in many other countries in transition, in the Russian Federation discussion over the privatization of land and the development of land markets always reverts to the issue of ownership of land by foreigners. Although the restrictions on landownership by foreigners were removed in 1993, there has been little interest from international investors owing to the poor economic conditions, difficulties to interpret the legislation as well as overly complicated procedures for land purchase.

D. Urban land management

27. Although the legal framework necessary for a functioning urban real estate market is largely in place, there are still two major legal bottlenecks that prevent it from operating efficiently. First, the division of real property ownership between the federation, the regions and the municipalities is unclear and unregulated. Second, there are no clear and transparent rules for the privatization of municipally owned land.

28. Clarification of the actual ownership rights to land of the three levels of administration is really urgent. The transfer of ownership to regional and municipal levels should be based on their ability to document a clear social need for such a transfer. The process of transferring landownership within the public sector will be very complex and will considerably delay the establishment of an effective land market.

29. There is a need to streamline the transfer of urban land to the administrative level where land would help ensure effective urban development. Such a change in policy should be based on the principle that all publicly owned urban land for which there is no obvious federal or regional need should be transferred to the municipalities quickly and free of charge. Ownership of the land is imperative for them to implement the economic and development policies and urban master plans for which they are responsible within their jurisdictions.

30. Urban land privatization in municipalities is not a competitive, open and transparent process, despite government regulations which lay the framework for competitive land sales. Only by introducing transparent procedures will it be possible to enforce real property rules, and to obtain clear documentation of the real value of urban real estate, which is needed, among other things, for effective taxation.

31. The 1998 Town Planning Code introduced the principle of legally binding land-use zoning. The Code obliges municipalities to develop rules for land use and development, and to implement them. Although there is a growing awareness of the importance of urban planning, the present situation in urban municipalities is characterized by ineffective, bureaucratic planning procedures and rigid implementation of the zoning plans, with equally difficult and rigid

procedures for changing zoning once a plan has been approved. Zoning plans are in many instances regarded as a bureaucratic tool to hinder development, rather than a means to create dynamic and forward-looking urban development and support an effective urban real estate market.

32. There is a need to have efficient and transparent procedures for the local authorities to examine, approve or reject urban development projects. Such procedures should be based on the “one-door” principle, where one unit in the municipality has overall responsibility for a coordinated approach as well as for final decisions on project proposals. The necessary documentation to be provided by the developer should be clearly defined, and should vary in complexity depending on the size of the project. A reasonable relationship should also be established between the time and cost for project evaluation and the final approval or rejection of a project proposal. The present situation where the cost of the documentation can amount to 15-20% of a project’s total cost, and approval procedures can take up to three or four years, is not conducive to an emerging urban real estate market.

33. Today, the lack of good laws is not the principal reason for the lack of sound land-use plans in urban municipalities. The main problem is that the responsibilities for planning procedures, planning and building permits, implementation and control both at the federal and at the municipal levels are not clearly distributed. A legal clarification of these issues with principles and guidelines on practical planning procedures and flexible rules on implementation at municipal level is urgently required.

34. *The federal programme “Dwellings for 2002-2010”*, approved by the Government in 2001, forms the basis for the further transformation of the housing sector. Its goals and objectives are being further elaborated in the draft *housing code* with a comprehensive overview of the housing sector. The new housing code is to recognize the fact that buying and selling houses and flats should form an important part of the urban real estate market in the Russian Federation.

35. Privatized housing increased from 22% of the total stock in 1990 to 67% in 2002. Improvements in the management of the privatized housing stock are not taking place at a satisfactory rate. Within the privately owned housing stock, only 5000 homeowners’ associations have been formally registered. This represents less than 2% of the total housing stock. The combination of a high degree of privatization, ineffective management and lack of formal homeowners’ organizations leads to a gradual degradation of the housing stock. In the short and medium term the drop in the quality of the stock reduces the volume of transactions, and in the longer term it represents a real threat to sustainable, socially responsible housing. Introducing a competitive market for professional housing management and adopting policies to encourage the creation and registration of homeowners’ associations should be a priority. External financing through lending institutions would greatly help improve the housing stock. Loan security for the existing housing stock is dependent on the transfer of ownership of the land under and adjacent to the buildings to private homeowners (condominiums/owners’ associations). The consolidation of land and building into a single legal entity is therefore crucial.

36. In 2002, the private sector was responsible for 60% of all new housing construction. During the first half of the year the share of new housing completed by individual private developers increased by 48%. This shift in responsibility for new housing construction from the public to the private sector underlines the importance of developing new, simple but effective methods of land privatization, land-use planning and project approval procedures in the urban municipalities. Without such specific and speedy changes, the full potential of the housing sector as a driving force for economic recovery will not be realized.

E. Rural land management

37. The goal of land reform in the rural sector was to create a new class of landowners and to increase farm production by breaking up large State and collective farms into smaller privately operated and presumably more efficient farms. By the late 1990s it became evident that such a policy would not yield immediate results. Some 12 million people have become the legal owners of 119 million hectares of prime agricultural land. Many of them never planned or expected to have to carry the burdens associated with landownership or farming. A significant number of them had no experience in farming.

38. In the absence of agricultural land market mechanisms and the uncertain prospects for rural land markets, land has mostly remained in the hands of the same people to whom it was granted at the beginning of the reform. Agricultural land transfers mostly take place in the form of leases. Introducing land market mechanisms into farming is further complicated because the owners of agricultural land (shareholders) are poor. Few have the means to cultivate land. Generally they do not believe that their collective farms have a future and do not even believe in their own opportunities as private farmers.

39. More agricultural land is being transferred in some parts of the country than in others. While in the northwest there is little interest in farm sector investment, there is much interest in acquiring agricultural land in the southwest. This process is further contributing to a growing disparity among the regions. In areas with favourable soil and climate conditions agricultural land is being concentrated in the hands of food-processing companies, which are effectively managing their own land. Agricultural land market prices remain very low. Inefficient agriculture, lack of a farm support infrastructure, poor development of rural areas, legal uncertainty over the sale of agricultural land, red tape, all contribute to keeping the price of agricultural land down.

40. Following the break-up of large State and collective farms, three types of farms carry out modern farm production: large farms, mainly agricultural cooperatives, private family farms and subsistence farms. There are also limited partnerships, closed partnerships, open partnerships, associations of private family farms and trust partnerships. Most of the agricultural land is still used by large farms that generally took over from the former State and collective farms. Typically, however, these farms do not have ownership rights over the land that they use. About 70% of the agricultural land that they use belongs to owners of land shares. The large farms mostly use this land without any legal security. Rural land management and agricultural land-use planning were not among the priorities on the land reform agenda. Basically little thought was

given to creating economically and environmentally sustainable farms. Millions of hectares of cultivated land were lost during the period of reform.

41. The new *Law on the Transfer of Agricultural Land* assumes that the owners of agricultural land can be identified as individuals or as legal persons, but this is not so obvious. The concept of *land shares* was expected to bring about full ownership of an identifiable piece of land. Land shares were introduced in the early 1990s, motivated by political aims to introduce landownership as fast as possible and create a transitional mechanism that would allow the reallocation of agricultural land to the most efficient farmers. Land shares were given to a defined group of the population, including the workers and employees of all State and collective farms, and schoolteachers, medical personnel and retired people who lived at that time in rural areas. In 1996 a special presidential executive order was passed to address the rights of individuals to dispose of their land shares. Instead of starting individual family farms, the overwhelming majority of owners of land shares have preferred to lease their property to large farms or new private farmers. This can be explained by people's desire to hold on to their way of life.

42. Many shareholders do not want to sell their shares. They are waiting for a better price and do not want their shares to be separated from the collective unit. It means that, for example, some retired people can prevent a collective farm from being reorganized into several effective agricultural units. Apart from social reasons, there are also economic reasons that influence the behaviour of rural population. People believe that leasing their land shares to a large farm or a private farmer will provide a guaranteed income, whereas once a share is sold it does not give any income to its former owner. With the generally poor state of agriculture, the lack of investment opportunities for any money that would be raised from a land sale, high inflation and the absence of comparable land market prices, the owners of land shares prefer to hold on to their property. Less than 5% of owners have decided to transform their land shares into real parcels of land and become independent farmers.

43. Based on the experience of some other countries in transition, it was realized that any physical demarcation of land shares into separate land parcels would later require costly land consolidation procedures. The fact that the country has managed to avoid the danger of land fragmentation is regarded as one of the positive outcomes of the land reform. With the introduction of the *Law on the Transfer of Agricultural Land* it is expected that buyers of agricultural land will be able to concentrate land shares and acquire land from the owners of land shares. It is also important to identify the owners of land shares who do not intend to sell their land, consolidate these shares and identify consolidated properties in the field as separate land parcels with registered title belonging to all co-owners. To trigger an agricultural land market, government support is needed to survey and identify the boundaries of these consolidated properties.

44. The social welfare of the people living in rural areas has declined. The social infrastructure, including primary and secondary schools, kindergartens, hospitals and libraries, is also rapidly deteriorating. With no possibilities for earning money working on a farm, the youngest and most active people find work in other sectors of the economy, and after some years

only the older and less active remain in agriculture. Their main income is mostly limited to small allotments, where they grow potatoes and vegetables. This type of subsistence farming remains the country's most important source of potatoes and vegetables. In the villages 1 or 2 hectares of land is typically allocated to each family for their private use. This area is enough to produce the necessary food to get through the winter and sell some in the market. Rural families also keep some livestock (hay pastures are usually provided by the local authorities) and poultry. In the upcoming period of transition from collective to private farms, regardless of how the land will be redistributed, it will be very important to keep about 2 hectares of land close to each household, for subsistence.

45. The major issue that still remains unsolved in agriculture is the introduction of mortgage mechanisms. It is clear that without proper legislative support and given the uncertainties surrounding owners' ability to dispose of agricultural land, lending institutions are not confident enough to accept land as collateral.

F. Geodesy and mapping

46. Topographic maps and cadastral maps are used by modern land registers. These maps should cover the entire territory and every parcel of land should have a unique cadastral identifier. The cadastral (registration) map is the cornerstone which must be built up and maintained jointly with the attribute database by the same authority in districts and regions. Other authorities could use it for their data collection and registers. A consistent link between the cadastral register and the cadastral map should be maintained.

47. The Federal Service for Geodesy and Mapping, with its institutions and enterprises, produces small-scale topographic maps. Its institutions and enterprises also have contracts with the Federal Land Cadastre Service to produce large-scale cadastral maps. The Federal Land Cadastre Service also has some institutions and enterprises, such as VISHAGI, which produce large-scale cadastral maps and maps for land-use planning. There are also some private mapping enterprises, which mostly produce maps of towns and settlements. Customers can select the enterprise that best corresponds to their needs.

48. Topographic mapping is mainly financed through federal funds. So the Federal Service for Geodesy and Mapping has a special position, because it manages the cartographic resources by annual contracts with its own enterprises. Owing to this "internal" coordination, the Federal Service for Geodesy and Mapping develops annual work plans that indicate the areas to be mapped. There is very little coordination with the mapping activities of other agencies.

49. The urban areas and settlements are mapped according to the "Basic Regulations" on a scale from 1:500 to 1:2,000 (1:5,000) and rural areas on a scale from 1:10,000 to 1:25,000. Those scales match the scales used in the cadastral registration maps. Mapping is mainly based on aerial photos or remote-sensing images. Some topographical maps include classified information (national coordinates) and their use is therefore limited. The local coordinates are public. The coordinates needed for land management, land cadastre and land monitoring are calculated only in a local coordinate grid. The local coordinate systems are limited to the

administrative boundaries.

50. Currently cooperation among cadastral and topographic mapping organizations is not good, the coordination of work is poor and the two types of maps are not integrated. Buildings are mapped in large-scale topographic and cadastral surveys. Both organizations, the Federal Land Cadastre Service and the Federal Service for Geodesy and Mapping, are directly under the Cabinet of Ministers, and they carry out technical work to implement political decisions. However, the sharing of political and technical work in support of government decisions is not clear.

51. The allocation of work financed by public funds among private enterprises and public institutes or enterprises is not yet well organized. Government agencies cannot charge their clients for the use of maps, while government-owned enterprises can. The licensing of topographical work is the responsibility of the Federal Service for Geodesy and Mapping. However, this might be to the advantage of its own enterprises and institutions, meanwhile private enterprises have difficulties obtaining such a licence.

V. DONOR ASSISTANCE

52. Land administration activities in the Russian Federation have enjoyed significant support from international donor agencies and financial institutions. Landownership is a key factor in the transition to a market economy. However, the Russian Federation did not have the necessary expertise, which had not been required in a centralized planned economy where all land was in public ownership. This was the rationale behind the international assistance.

53. By the start of the reform process, the Russian Federation had a high level of expertise in such land administration activities as surveying, geodesy and mapping, as well as land-use planning and management of agricultural land used by large farms. The land cadastre, designed to meet the needs of the socialist economic environment, aimed to provide the Government with the most detailed information on the quality and condition of the soil. At the same time, the land administration authority did not maintain fiscal and legal cadastres, registration of rights in land and other real property, market-based valuation of land, mass valuation of land for taxation purposes, or mortgaging of real property. These areas became prime targets of international assistance.

54. The most visible among the international assistance projects were those of Swedesurvey, the overseas agency of the National Land Survey of Sweden. Sweden and the Russian Federation have cooperated in the development of the land reform concept since 1992. The Swedish International Development Agency (Sida) has financed projects to the tune of US\$ 12 million. The primary objectives of the Swedish support have been: (a) to strengthen the leading land administration institutions, i.e. primarily the State Land Cadastre Service; and (b) to establish reliable registers with real property information and cadastral maps. The activities have comprised legal as well as methodological, managerial, technical and system-related matters. The support has been targeted at the local, regional and federal levels. Besides the extensive efforts to establish sound and well-functioning land committees at local and regional level, activities have

been focused on developing, testing and verifying sector-related models and procedures covering management, system development, information dissemination, property valuation, land legislation, aerial photography and satellite imagery, cadastral mapping and satellite positioning. A new three-year phase, starting in May 2003, is being prepared. It will concentrate on enabling the public and private actors involved and the population to effectively use the property information to pursue their activities. The establishment of a land information infrastructure with common standards and procedures is seen as a prerequisite.

55. The LARIS project (World Bank, since 1994) supports the implementation of land reform. Originally, it was expected to run from 1994 to 2000. However, it was extended until 31 December 2003. The project costs US\$ 115 million in all, of which US\$ 80 million is a loan. The project's main purpose is to support the creation of a system of land registration, the development of a land and real estate market, State guarantee of rights to real estate for citizens and legal persons, the creation of the information base for land resource administration and land taxation. In the framework of LARIS, a computerized State land cadastre maintenance system is being installed in a number of entities. It is part of the Federal Programme for the Development of an Automated System for the Maintenance of the State Land Cadastre and State Registration of Real Property Units for 2002-2007.

56. LARIS has achieved the following:

- Seven production enterprises in seven regions are equipped with modern cartography and geodesic equipment and digital cadastre technologies;
- Town and district land committee offices in 10 regions are equipped with a computerized systems for the maintenance of the State land cadastre and State registration of real property units;
- Approximately 1500 people have received training: specialists of enterprises have been trained to work with cartography methods and technologies for the production of digital cadastral maps, and specialists of regional and municipal land committees have been trained to work with the computerized State land cadastre maintenance system; and
- A number of pilot projects have been implemented. Their main objective was to develop new approaches to solving the problems related to the legal framework, the organizational structure and financing.

57. The World Bank's housing project "Assistance in the Legal Aspects of the Registration of Real Estate Rights" analysed present legislation, land surveying and registration.

58. A new "Land Registration and Cadastre" project of the World Bank is expected to start in 2004. Its objective is to build an effective land administration system so as to contribute to the development of efficient land and real estate markets. The new project will upgrade and link the operation of the system for the registration of real estate rights with the land cadastre system, and concentrate on improving the services provided by the land administration system. This will include upgrading both systems and strengthening their institutions. On the registration side, the project will create a federal informational and technological infrastructure for managing a uniform registry system for real property. The cadastral side will concentrate on developing the

unified real property cadastre, which will contain data on both land parcels and the improvements attached to them. The unified real property cadastre is expected to become the only source of legal information for the registration of rights in real estate. The project will put in place a nationwide communication system between cadastre chambers and rights registration chambers. The system will be designed to provide potential users with improved access to unified real estate cadastre information and information on real property rights.

59. A number of projects were implemented within the framework of the European Union's 1991 TACIS programme. Between 1995 and 2001, the Federal Land Cadastre Service successfully realized the following projects with EU technical assistance:

- Land registration (project budget €1.0 million);
- Support in the development of the land market (project budget €3.0 million);
- Advice on land policy (project budget €0.5 million);
- Project TACIS-BISTRO International Conference;
- Land registration in Karelia (project budget €0.4 million);
- Consulting support from the EU for the creation of a normative and legal framework and the retraining of personnel during the land reform (project budget €0.3 million);
- Support for the implementation of land and property policy tools (to carry out the Rostov-on-Don pilot project and test the methodology and software on cadastral valuation of agricultural and urban land).

60. The main purpose of the TACIS projects is to accelerate land reform in the Russian Federation, based on the transfer of know-how and the training of land cadastre personnel and other specialists in real estate rights registration, as well as on assistance to legislators.

61. As a result of these projects:

- A network of training and consulting centres was established in pilot regions. New training courses were developed. Assistance was provided to the Federal Land Cadastre Service in developing a modern land cadastre information system and organizing cooperation with European companies;
- The State land cadastre valuation system for taxation was tested jointly by Russian specialists and EU experts;
- A geographical information system (GIS) application for urban and regional land-use planning as well as cadastre valuation of land was developed;
- Several international conferences were held on the creation of a legal framework and the retraining of personnel during land reform.

62. The Russian-German project HERMES was carried out between 1995 and 2002. Its main purposes were:

- The creation of a computerized information system for land cadastre maintenance, registration and valuation of land for the constituent entities of the Russian Federation (regions, krais, autonomous republics);

- The development and installation of software for forming land parcels and real estate objects, the maintenance of land registration and State land cadastre as a mechanism to protect property rights;
- Implementation of modern information technologies, providing collection, processing, storage and use of data for land cadastre maintenance and land registration based on modern computer equipment, information gathering and GIS.

63. Bilateral cooperation financed by the Finnish Ministry of Foreign Affairs started in 1994 with an experimental land registration pilot project in the town of Sortavala (Land management and valuation in north-west Russia”). Finland provided hardware and software on attribute and cadastral map databases. The cooperation has continued and been extended by a EU/TACIS/PCP3 project financed partly by EU and Finland. During the TACIS project licensed registration software for attribute and cartographic data was used and a temporary training centre in Petrozavodsk was created. In future, bilateral cooperation with Finland will concentrate on: (a) technical and legal training for land surveyors and registrars; (b) system development; and (c) testing the mass valuation method developed for Baltic countries in a pilot area.

64. Since 1990, nine projects for the registration of property rights have been carried out within the framework of bilateral cooperation with Denmark. The projects have been implemented in cooperation with the former State Committee for Land Resources and Land Management and the land committees in Moscow, St. Petersburg and Perm. The main activities have focused on the development of cadastral maps, cadastral registers and property right registers. One project dealt with the development of routines and standards to facilitate the exchange of maps between different geographical information systems. Another project dealt with the exchange of registry information among municipal authorities, Moscow’s land committee, the bureau of technical inventory and several other authorities in Moscow. An ongoing project, on introducing land market mechanisms in farming, is taking place in the Pskov region. Its purpose is to develop methods to integrate the new Law on the Transfer of Agricultural Land in an effort to spark off a real estate market in the agricultural sector.

65. An important contribution to the development of the “one-stop shop” concept came from the project in the Dmitrov District of the Moscow region financed in 1994 – 1997 by the Government of Canada.

66. In 1994 – 1997 the United States Trade and Development Agency financed the development of the *Russian Land Cadastre Feasibility Study*.

67. In 1995 – 1999 the Government of Switzerland financed a pilot project in the Moscow area to help develop digital mapping technologies for cadastral purposes. Another project financed by the Swiss Government is still ongoing. It concentrates on providing support to users of global positioning systems (GPS) through the establishment of a differential GPS network in the city and the region of Moscow.

Annex I

MISSION PROGRAMME (10-16 November 2002)

Sunday, 10 November

Arrival of the experts in Moscow

Monday, 11 November

Meeting of the experts

Meeting with Mr. S. Vassilev, UNDP Deputy Resident Representative

Meeting with Mr. A. Olson, Coordinator of Swedesurvey Projects in the Russian Federation

Meeting with Mr. V. Korneev, TACIS Programme, European Commission Office

Meeting with Mr. V. Kislov, First Deputy Chief of the Federal Land Cadastre Service

Tuesday, 12 November

Meeting at the Ministry of Natural Resources

Meeting at the Resident Mission of the International Bank for Reconstruction and Development

Meeting at the Ministry of Agriculture

Meeting at the Ministry of Justice

Meeting of experts

Wednesday, 13 November

Meeting with the Federal Service for Geodesy and Mapping

Meeting at the Ministry of Economic Development and Trade, Department of Taxation Policy

Meeting with Mr. S. Say, Chief of the Federal Land Cadastre Service

Meeting with the President of the Association of Private Land Surveyors

Meeting of experts

Thursday, 14 November

Meeting at the Ministry of Property Management

Meeting with the President of the Institute of Urban Economics

Meeting with the Committee on Construction and Housing Policy

Meeting with "Tema" private construction and development company

Friday, 15 November

Meeting of experts

Visit to Dmitrov District Office Land Committee and Cadastral Chamber

Meeting with the Chief of Administration of the Dmitrov District

Saturday, 16 November

Departure of the experts

Annex II INSTITUTIONAL RESPONSIBILITIES

Many institutions share responsibility for land administration. As a result, redundancies and overlapping, and, sometimes, confusion prevail to the disadvantage of the citizens using the system. Similar land administration functions are shared among the following federal government agencies:

The determination of principles of federal policy in the regulation of land management:

- Ministry of Property Management
- Federal Land Cadastre Service
- Ministry of Economic Development and Trade
- Ministry of Agriculture

State land cadastre (unified real property cadastre) and its regulation:

- Federal Land Cadastre Service
- Construction Committee
- Ministry of Property Management
- Ministry of Natural Resources
- Federal Service of Geodesy and Cartography

Land management, land use planning and the formation of property units:

- Federal Land Cadastre Service
- Construction Committee
- Ministry of Property Management
- Ministry of Agriculture
- Federal Service of Geodesy and Cartography
- Ministry of Natural Resources

The registration of to real property rights and transactions:

- Ministry of Justice
- Federal Land Cadastre Service
- Construction Committee

The regulation of geodesy and mapping:

- Federal Service of Geodesy and Cartography
- Federal Land Cadastre Service

Land-use control:

- Federal Land Cadastre Service
- Ministry of Natural Resources
- Construction Committee
- Ministry of Property Management
- Ministry of Agriculture

Land and property assessment:

- Ministry of Property Management
- Federal Land Cadastre Service
- Construction Committee
- Ministry of Natural Resources
- Finance Ministry
- Ministry of Economic Development and Trade

Annex III

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