

# RECOMMENDATIONS

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## *Legal and institutional framework*

### **1. Promote the effective implementation of the legislation on housing**

Since 1991, the Republic of Moldova has considerably improved its housing legislation. However, in any legislation, effective implementation is the key to achieving its objectives. It is important that all obstacles to this are identified and resolved. An obstacle could be anything from a gap in the law to unclear, costly and complex procedures.

The Government may consider establishing cooperation with the UNECE in developing a national action plan on sustainable housing and urban development based on the recommendations of this study, which would support the implementation of the laws.

### **2. Consider abolishing the Law on the Privatization of Housing Stock**

The privatization of housing stock occurred in the early 1990s. The Law included provisions for both privatization and management of housing stock.

The Law on the Privatization of Public Housing (Law No. 1324-XII of 1993) should be abolished. Non-privatized housing stock should be registered as social housing and managed as such for low-income families.

### **3. Enhance the capacity of local authorities for the implementation of the National Decentralization Strategy**

The European Charter of Local Self-Government (hereinafter, the Charter), which came into force in the Republic of Moldova in 1998, assures local self-government in the country and, therefore, local autonomy for the local public authorities (LPAs). This right is stipulated in the Constitution and in the Law on Local Public Administration but, in practice, LPAs have limited autonomy. In light of this, the Government has approved the National Decentralization Strategy (hereinafter, the Strategy) which provides mechanisms for decentralization and assures authentic autonomy for LPAs through better implementation of the principles of the Charter.

To achieve the aims of the Strategy - to improve the management and quality of services offered to the public - it is mandatory for LPAs to take full responsibility for implementing their actions. Capacity-building programmes for LPAs should be established. These could be in the form of training programmes and exchange of experiences with other countries.

### **4. Consider developing an act or a law on utility easement, on joint use of facilities and on joint property units**

The current legislation does not cover such issues as utility easements, joint facilities and joint property units.

It is recommended to develop a Utility Easement Act, i.e. a law that will give the right to legal persons to install pipes/wires in real estate, an act (law) which will handle the establishment of a facility common to several property units (a joint facility), and also an act that will manage joint property units.

A property typically consists of an area of land with associated buildings. For a property to function, it sometimes requires access to facilities outside its own boundaries, e.g., roads, garages, playgrounds and water and wastewater facilities. It is not unusual for several properties in the same village or neighborhood to have similar needs.

### *Housing sector*

#### **5. Support the improvement of housing conditions, with particular attention to privatized housing stock**

The housing stock in multi-apartment buildings is in urgent need of repair. However, homeowners are reluctant to spend on repairs and maintenance because of the non-functioning housing management system resulting from gaps or unclear procedures in laws relevant to housing.

The Law on Condominiums (2000), which governs housing stock, does not provide clear procedures on the establishment, registration and operation of homeowners' associations, and does not clearly stipulate the responsibilities of owners for the repair and maintenance of their property, including of common areas. Further, this Law does not have a provision covering ownership of common properties for buildings without a homeowners' association.

It is recommended that a new law be adopted providing for, among others, registration of ownership of the share of the common properties; clear regulations for the maintenance of common property in a building; mandatory membership of all homeowners in the General Assembly; and penalties for homeowners who do not pay the maintenance fee. At the same time, the new law should protect low-income families from eviction, and provide incentives to condominium associations.

In improving the management of housing stock, the following should also be considered:

- The development of a national strategy for awareness-raising, capacity-building and training of homeowners on the management of common properties.
- The development of vocational training for condominium managers to be organized by the ministries responsible for housing issues and for labour.
- Through the ministry responsible for education, in cooperation with the ministry responsible for housing, the development of curricula for different levels of education, starting with elementary school children, explaining the concept of common property and the behaviour of homeowners in a condominium.
- The planning, by the Government, of a process of privatization of municipal enterprises, providing clear rules and procedures and ample time for transition.
- The development of an automated information system (GIS-based database) where all documents related to construction are stored. Having all these documents in one place would facilitate the planning of repairs and improvements; the provision of State funds for energy efficiency; the monitoring of the condition of constructions and the oversight of the conformity of constructions with regard to safety.

#### **6. Promote energy efficiency through effective housing financing and the development of standards on energy efficiency in buildings**

The deterioration of the physical condition of housing stock has a marked impact on energy losses. This should also be considered in the maintenance of the deteriorated stock.

The improvement of the housing stock is a long process that will require time and financial resources. Central and local governments should develop projects that will encourage

homeowners to organize themselves into condominium associations, register their common property and apply for a loan. Land and common property can be used as collateral for a loan from commercial banks. In addition, or as an alternative, a State guaranty fund could be established to cover part of the risk for the banks. The MoREEFF project, developed by the EBRD, is a good example of an energy-efficiency financing project that should continue, even though only three condominium associations have so far applied for financing.

Energy-efficiency improvements can be implemented gradually, starting with small interventions, such as the replacement of windows in individual apartments and in halls, and the insulation of terraces, continuing later with the insulation of walls, the replacement and insulation of hot water pipes, the insulation of the ground floor, and the like.

Developing standards on energy efficiency in buildings by engaging in related work at the UNECE, such as the UNECE Expert Group on Energy-Efficiency Standards in Buildings, should also be considered.

## **7. Develop policies and regulations to improve the living conditions of the population, with particular attention to vulnerable groups**

General Comment No. 4 of the UN CESCR specifies seven criteria that must be taken into account in assessing the quality of living conditions or adequacy of housing. The Republic of Moldova could take these into consideration when developing policies, regulations and programmes to improve living conditions, particularly those of vulnerable groups. The study has taken into account the seven CESCR criteria and developed recommendations in line with improving living conditions based on criteria relevant to the Republic of Moldova.

7.1 Security of tenure: Legislation should ensure security of tenure, particularly for people who are at risk of forced eviction. Households who face this risk are: those living in areas prone to natural disasters; those living in rental housing; those unable to pay the mortgage; etc. In developing regulations, the Government should refer to the UN general rules as specified in General Comment No. 7 of UN CESCR.

7.2 Access to water and sanitation: Specific programmes for Roma communities should be developed to provide safe water and sanitation. The Government should implement the actions provided for in the “Action Plan on supporting the Roma population of the Republic of Moldova for 2011-2015” (approved by Government Decision No. 494 of 8 July 2011) on ensuring adequate access to water and sanitation in Roma communities. The Plan describes, among others, the high social impact of investing in bringing water and sanitation to small communities and states that such investments should be based on a cost benefit analysis. Another action point is the possible relocation of the Roma communities to more densely populated areas, equipped with the necessary infrastructure.

7.3 Overcrowding: Analysis of available data suggests a degree of overcrowding that needs further research and study. Overcrowding is caused by unaffordability and low housing provision. Solving this issue is a complex task that involves integrating policies that support both the demand and supply sides of housing. From the demand side, the Government may take into consideration housing costs and what households can afford to buy, and introduce support programmes, such as small grants programmes, to enable households to enter the housing market. From the supply side, the Government may stimulate private sector involvement, e.g., by providing developed land at a reduced price; or easing urban regulations, e.g., increasing density; etc.

7.4 Improving access to housing for the disabled: Norms and standards in construction relating to person with disabilities should be implemented (contained in “General security requirements for buildings and construction accessibility for people with disabilities” and “Designing buildings and structures taking into account people with disabilities”). These norms and standards have taken into account the Universal Design Principles, which offer guidance to designers for the better integration of features that meet the needs of the disabled.

**8. Examine homeowners’ debt to municipal companies and provide solutions on how to repay these debts**

It appears unfeasible for homeowners to repay their accumulated debt to municipal companies. Therefore, this debt will continue to grow and homeowners may face the risk of eviction. Utility providers should thoroughly analyse the reasons why each household is not paying its dues and fees, and give specific solutions for each case. A new law may provide for local governments to take over the ownership of those apartments (de-privatize) and to sign a social rental contract with the current tenants.

Awareness campaigns are crucial to get the attention of homeowners. Training is needed for housing management companies. Specific requirements should be provided for the professional profile of the manager.

**9. Improve utility infrastructure efficiency by modernizing equipment, introducing modern infrastructure technology and improving infrastructure management**

9.1 A long-term commitment to reforms by the Government for improving the efficiency of the existing utility infrastructure is needed, as well as the encouragement of significant investment in this sector. The Government and the LPAs are on the right track with regards to addressing the problem. However, without major investment and structural reforms, progress could be limited.

Technical standards (e.g., energy-efficiency standards) for multi-family house maintenance should be set and apartment owners must adhere to them. Free market mechanisms can be used to select utility service providers, but the amount of services should be fixed according to technical requirements.

The utility infrastructure should be inspected if an upgrade or a replacement is needed. Old infrastructure has low operational efficiency and this could result in wastage or high utility costs (e.g., water leakage, high energy usage). Modernizing equipment could reduce the amount of electricity required to operate it.

Improving the efficiency of utility networks should be prioritized, since this will bring down operational costs for utility companies and enable them to increase service coverage to peri-urban areas where there is a great need for water and sanitation. The proximity of these areas to the main urban utility network makes this feasible without incurring an increase in operating expenditure.

9.2 A comprehensive GIS-based database of infrastructure assets should be set up by utility providers, in accordance with the provisions of Government Decision No. 1300 of 27 November 2001 (the regulation on the establishment and maintenance of functional urban cadastre). This data should be shared with State bodies and LPAs, as this will increase the efficiency of the process of authorizing new developments, as well as routine urban planning by LPAs. The most important components of a

functional urban cadastre are the register of utility networks and the documentation of information on urban and spatial planning.

## **10. Raise the profile of housing within the Government**

To raise the profile of housing within the Government, consider:

10.1 Strengthening the housing division within the responsible ministry to take on the following additional tasks:

- a) Analyse the actual housing management system, defining bottle necks; initiating legal reforms; and developing academic modules and curricula for courses for housing managers and representatives of homeowners' associations
- b) Define and adjust quantitative and qualitative indicators for the housing sector and, based on these, develop a comprehensive housing sector strategy

10.2 Establishing a government advisory board, under the chair of the responsible ministry, consisting of representatives from major housing stakeholders, to make recommendations on housing issues to the Government and Parliament

10.3 Developing proposals for helping local authorities improve their strategic housing roles

10.4 Developing proposals for establishing mechanisms for incorporating the views of residents into national and local housing strategies.

## **11. Establish a sound housing data platform to use as a basis for developing housing policies and determining realistic measures of certain housing issues**

In developing effective housing policies, their provisions should be based on realistic data and information on the housing situation and issues.

A sound housing data platform (hereinafter, the data platform) is needed to be able to define a realistic standard for "adequate" housing, which will cover space, amenities, construction and repair, management, energy efficiency and affordability. Currently, available data is not sufficient to measure certain housing issues, such as estimating the gap between the rate of new construction and the need to satisfy demand and replace damaged houses.

Sample surveys could be undertaken, the results of which could be included in the data platform. They should contain questions on indicators that would measure the need for repair and improvement of the housing stock, and the need for a housing safety net to prevent homelessness. Moreover, provisions in Government Decision No. 111 of 12 February 2014 on the technical inventory and certification of existing blocks of apartments should be implemented.

The data platform will serve as a centralized database of up-to-date housing information that could be used as a basis for developing policies and programmes to better address housing problems and serve the housing needs of people.

The MRDC could be tasked with establishing this data platform, with the assistance of the NBS.

## **12. Increase the availability of current housing stock and the provision of new housing**

Available data suggest potential problems with housing availability and new housing provision. This is due to a combination of factors from the supply and demand sides. The number of new housing constructions is not enough to replace the dilapidated housing stock.

Moreover, the economic crisis has decreased the ability of households to afford housing costs and of banks to provide affordable mortgages.

12.1 To stimulate affordable housing provision, a combination of policy instruments that support both supply and demand is needed. The State still owns land in Chisinau and some of this land is owned, for example, by hospitals. One hospital gave part of its land (10,000 m<sup>2</sup>) to a private company to build a residential complex with 1,800 apartments. Hospitals are not specialized in developing housing programmes and cannot provide sustainable housing solutions.

12.2 A process of inventory of State and public properties should start, which should identify the state-owned properties to be transferred to, and registered under the name of, municipalities. This implies proper and timely inventory, measurement and registration in the real property register. The municipalities should then develop housing programmes based on local urban plans, and enter into partnership with private developers.

12.3 These properties can also be used to stimulate the market for NPO housing providers. The MRDC should prepare the legislation to support such activities.

### **13. Set up a regulated not-for-profit housing sector**

After World War II, most of the development of social housing in Western Europe was carried out by NPOs. They fulfilled the role of investors in developing rental apartments as well as apartments for private ownership. The owners of these organizations are cities and municipalities, the state, counties, churches and business entities. Prevailing legal forms are cooperatives, limited liability companies and joint-stock companies.

Being NPOs, they are not subject to the provisions of the Tax Act, that is, they pay no tax on corporate income, and the balance sheet is drawn up under the commercial code.

These NPOs must organize their activities and overall management under an act or a law on non-profit housing. This law may consider provisions of similar laws in other countries.

## *Spatial planning and urban development*

### **14. Implement the Master Plans development initiative of the Government**

The Government recognizes the need to have modern Master Plans in place (Government Decision No. 493 on Approval of a Mid-term Programme on the Development of Master Plans for Human Settlements). However, it is still not clear how these Plans are going to be set up and who will finance their development. Therefore, there is a need to establish clear guidelines on these matters. The challenges to the establishment of Master Plans could be categorized into the following:

14.1 Financing. Government Decision No. 493 identifies a broad range of financing sources (State budget, local administration budget, loans and grants), which might blur the responsibility for financing. There is a need to look further and develop a policy document that would address issues of stakeholders' involvement in the elaboration of Master Plans, and that would assure the quality of the process for approving them based on market economy principles.

14.2 Strategic planning. It is very important that country-specific concerns are addressed in the Master Plans. These concerns are: (1) the environmental risk due to geological processes (including gully formation, landslides and floods); (2) spatial planning to

allow space for infrastructure development (water supply and sanitation, and waste management); and (3) the concerns of vulnerable population groups.

- 14.3 Capacity of LPAs. Local authorities are responsible for the provision of Master Plans. However, without the necessary experience, expertise and skill for doing so, the planning process could be hijacked by “sponsors” (i.e., developers and other parties concerned) and could result in Plans that do not fully address the needs related to the socio-economic development in a specific locality.

Further steps may include the development of laws guiding the public participation process in planning, and addressing specific issues like natural disaster risk mapping, utilities infrastructure and environmental management in the planning documents.

Developing the Master Plans requires the availability of spatial data. Therefore, the Government should support the ongoing establishment of the National Spatial Data Infrastructure.

#### **15. Ensure coherence with the guidelines of the “Sendai Framework for Disaster Risk Reduction 2015-2030” in developing a disaster risk strategy**

The Sendai Framework for Disaster Risk Reduction 2015-2030 makes numerous references to the importance of housing and land use management in disaster risk reduction (DRR) and resilience. The integration of climate change adaptation and DRR within development planning is crucial for the prevention of human and economic losses due to disasters, particularly in countries with high risk exposure such as the Republic of Moldova.

The following are some recommendations based on this Framework.

- 15.1 In order to mitigate existing risks and to avoid the generation of new ones, land use planning and planning of new urban and/or industrial settlements must be based on multi-hazard risk assessments, including secondary effects, and evaluate financial losses due to both direct and indirect consequences of disasters.

- 15.2 The proper accounting of financial losses due to disasters is crucial. Understanding each risk and its consequences in terms of financial and social costs will provide the basis for deciding on the most appropriate DRR strategy to be implemented. It is important that this risk information is shared among the different stakeholders at national and local levels, as well as with the private sector and civil society. In the Republic of Moldova, as in many other European countries, housing is often the largest investment made by families, and shared information would increase their interest in protecting their investment and heighten their awareness on its exposure to risk.

The same applies to the private sector. National and international investors are interested in risk analysis and DRR to protect their activities. A proper risk assessment and the accounting of losses due to disasters will also facilitate the penetration of insurance and reinsurance markets, as insurance companies will be able to better assess their risk and therefore to develop services tailored to the needs of customers.

- 15.3 Once both the risk and the impact are recognized, it will be much easier to design a DRR strategy to be integrated within new urban and/or industrial settings. The idea is not to avoid new settlements, but to develop them without generating additional risks.

15.4 Perform risk analysis and implement related mitigation strategies in a coordinated manner and with the engagement of all relevant stakeholders. The full participation of academia is crucial to ensuring that the most effective and convenient techniques and methodology are adopted, to guarantee the safety of the infrastructure as well as the financial sustainability of the measures in the long term. It is also crucial that all competent ministries, local authorities, and representatives of the private sector and of civil society are involved and committed to ensuring the sustainability of the measures.

#### **16. Establish a mechanism to monitor how LPAs implement the approved Master Plans**

The legal system clearly defines the division of responsibilities in the different tiers of the Government regarding urban and rural planning and development. The Government should establish a mechanism that would monitor and assess the performance of LPAs when it comes to adhering to and enforcing approved land use plans.

#### **17. Monitor urban indicators at national level and set up policies and targets to address the most pressing problems**

The national and local governments should adopt policy documents that would address specific problems at the local level. There should be local strategies to tackle problems according to priority, and indicators should be monitored based on progress made towards achieving specific targets and milestones. Such programmes could be directed at, for example, transport and waste management challenges. These programmes could and should be linked together, and should also be closely related to spatial data.

There is a need to set up policies that would address the most pressing problems (e.g., waste management) and develop strategy documents at the local level. The key locality-specific problems should be identified, and relevant urban sustainability indicators should be set and monitored. This would enable informed decision-making by the LPAs within an agreed policy framework, rather than ad-hoc decisions for tackling prolonged and persistent problems.

#### **18. Treat dachas in peri-urban areas as individual housing units, gradually making provisions to integrate them into the urban system by providing utilities and standard State services**

Living in a predominantly rural country with favourable climate and soil and limited industrial development, Moldovans rely on the land for their livelihood. During the Soviet era, people migrated to cities; now they migrate out of them. The migration process does not target remote villages, but rather peri-urban areas where formal and semi-formal (dachas – summer houses or cottages typically used as holiday homes) housing is being developed and currently flourishes. The Republic of Moldova still has ample land available that is either unused or not intensively used. In this situation, aggressively combatting urban sprawl would not be the right policy, but rather regulating it in a way that would still enable people to build their own houses and have domestic agriculture and farming.

It is recommended to have a policy appraisal exercise to determine whether peri-urban individual housing development would revitalize the economy. If it would, steps should be taken to determine the optimal size for a land lot and what functional use it should have (housing, gardening, small-size agriculture or animal farming). This exercise should include the assessment of infrastructure needs, including a study on transport systems. It should be determined to what extent encouragement of individual housing could be a promising policy

and strategy for economic growth, and under what conditions it should be encouraged or discouraged, and how.

Since significant urban sprawl occurs de facto, there is a need for a policy that would make it as sustainable as possible.

### **19. Provide staff training and capacity-building across LPAs and service providers, especially in the housing management and utility infrastructure sectors**

In some instances it has been reported that professionals responsible for certain types of work lack the required qualifications for their job, or their knowledge and qualifications are not up to date. This has been observed in mapping and topographic works, as well as in the management of the utilities infrastructure. Many professionals attained significant experience in crisis management and tailored solutions ad-hoc while combatting problems unique to localities. However, this does not provide them with the knowledge and motivation to move to state-of-the-art facilities and facilitate the implementation of new policy and/or technical solutions.

It is recommended to establish a programme that would train LPAs in their line of work. International cooperation and exchange would also be beneficial.

## ***Land management and real estate markets***

### **20. Complete the real estate register**

Challenges and problems are encountered in any registration system. Some are unique to individual countries, whilst others are commonly encountered across all jurisdictions. Now that the first phase of land registration is largely complete, both types of problems were observed in the Republic of Moldova.

The remaining 15% of unregistered privatized properties must be registered. The Government should accelerate the process of registration of all properties and may consider adopting additional triggers. For example, first registration should become a statutory requirement upon the death of an owner or when an owner takes a new mortgage on a property.

Completion of the register will not only benefit property owners, but also the real estate market in general. Property owners benefit from a legally valid registration title that they could use, for example, to sell or rent out a property at a fair price or pass it on as inheritance. A legal ownership title, in turn, gives banks secured credit against real estate, which could encourage them to provide more residential mortgage lending on more affordable terms. The availability of register information, such as ownership and property location, will stimulate the development of the real estate market.

As the real estate register becomes more complete, and new data sets are added, its value to society becomes greater. There may be opportunities in the future to use land registry data to improve land management, forecasting and predicting trends which will help improve the efficiency and transparency of the land market. This should perhaps be viewed as a long-term vision but, if borne in mind now, decisions for the next steps will have a focus and a rationale.

**21. Undertake a quality-improvement programme by Cadastru to align registered properties with the physical occupation of the property in order to build confidence in the land register**

There are discrepancies between the legal title issued and the physical occupation. This has partly been caused by plots inadequately delineated. Hence there are residual difficulties in identifying the extent of land included in individual ownership. Moreover, this has been exacerbated by subsequent re-surveys, which have used different surveying methods. These two problems result in insecurity of tenure and lack of confidence in the land register.

**22. Consider setting up an alternative and independent complaints office to act as a single point of contact for all registration complaints, and a new land tribunal, operating independently of Cadastru and the courts, to improve the impartiality and speed of the judicial process and to increase access to justice for land owners**

The involvement of State and private entities in the purchase and registration processes has resulted in complex and lengthy procedures for those who are unhappy with the service they have received. For example, Cadastru will refer complainants to private surveying firms if the problem is not directly attributable to it, even though, in principle, the State carries the liability for the registration process.

Owners have little faith in current procedures to hear land disputes. This is partly because of the length of time taken to receive a judgement, and also because of a perception that the process is not transparent and is susceptible to undue influence.

Cadastru would keep responsibility for paying compensation for mistakes but, where the fault lies with a contracted supplier, it should pursue a claim against the third party.

**23. Investigate into the problems in respect of shared responsibility for the maintenance of purpose-built apartments or condominium blocks and, when solutions are found, set up a process to ensure that the financial details of purchaser liability are set out in the particulars of the sale as well as in the contract**

The Moldovan registration system separates ownership of land and buildings, most typically where purpose-built blocks of apartments<sup>129</sup> (condominiums) are built on land formerly owned by State authorities or local municipalities.

Moreover, the transfer documentation of individual apartments is largely silent on the apportionment of ownership of common parts to individual owners. This has led to problems, misunderstandings and disputes over the liability for the maintenance and upgrade of these areas. Furthermore, owners build or extend their apartments without permits or any form of building control.

The recommended investigations should look at the role and statutory obligation of management committees, examples of public-private financing of new housing stock, and the role of Cadastru in administering any eventual solution (e.g., by setting out the liability of apartment owners on the register).

**24. Further enhance the implementation of the new Insolvency Law**

A new Insolvency Law, which took effect in 2013, was designed to speed up the process of administering insolvency.

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<sup>129</sup> Blocks of apartments built specifically as such. If a hospital building was converted into a block of apartments, these apartments could not be called purpose-built.

The linkage of the new legislation to the land register was unclear but its positive effects could be further enhanced by adopting a procedure for entering the details of a bankrupt owner on the register, and also by keeping a central register in Cadastru if this is not already in place.

## **25. Compliance of responsible data owner and data providers with the EU INSPIRE Directive**

The INSPIRE Directive is obligatory for EU member states. As a non-EU member state, the Republic of Moldova does not currently conform to it. However, the country is aspiring to EU membership and has made efforts to establish its National Spatial Data Infrastructure (NSDI) in accordance with the Directive. It is recommended that the Government should fully support this process.

To ensure that the spatial data infrastructure is harmonized with those of EU member states, it is recommended that the Government ensures compliance with the requirements of the Directive.

## **26. Review the Cadastru IT technical infrastructure**

On the assumption that some, if not all, recommendations are adopted in the fullness of time, it should be ensured that the Cadastru IT technical infrastructure has the capacity and capability to operate going forward. This is particularly important since, as heard during interviews, the current IT system has been in place since the introduction of the current land registration system. Such a review should also encompass its web services.

## **27. Use clear, transparent and systematic methodologies in the taxation of properties and use the market value of the object as the basis for taxation**

To have an effective taxation system, the criteria used should be explicit, transparent and systematically applied to all real estate. It should be made public, and citizens should be informed on the methodologies used. In a market-oriented economy, market values and changes due to inflation should be used rather than the normative basis. The same applies to the revaluation methodologies used every three years.

## **28. Apply CAMA for the whole territory**

CAMA can assist in obtaining data for the whole territory in a systematic and transparent manner in a limited timeframe, and it can be easily repeated. For pragmatism and transparency, available data should be used rather than ad hoc appraisals where data are missing and which may comprise a methodology that is not always clear.

## **29. Base the taxation of real estate and land on market values**

The use of market values will contribute to the development of the land market, as it allows the comparative analysis of sales. Currently, sales across the country cannot be compared.

## **30. Consider merging land and real estate taxes to make tax collection more efficient**

To make the tax collection system more efficient, the merging of land and real estate taxes is needed. From a psychological point of view, it would be important to collect one tax instead of two. Furthermore, if tax collection takes place only once, savings can be made, and this would lead to lower costs.

At the same time, consider reviewing the collection of taxes, as the costs of collection barely exceed revenue. Collection of taxes is only useful if it brings in revenue. It is easier to explain that taxes need to be paid and what the Government is doing with the revenue for the society as a whole, rather than having to explain that, even though taxes were collected, nothing could be invested for the benefit of society because no revenue was earned from the tax collection.

## *Land policy*

### **31. Address the issue of an emerging land lease market in the land policy**

The intent of creating a formal land property system was the establishment of a credible and secure system for long-term perspectives and investments. However, in rural areas a land lease market has emerged, rather than a land market. Land leases have become the dominant land transaction. The land policy should address this issue because it has created an environment where short-term focus prevails over long-term interest in the sound use of these land resources.

### **32. Modernize the agricultural educational system and agricultural research to improve land use**

To improve land use as one of the pillars of good land policy, the agricultural educational system and agricultural research should be modernized with regards to the capabilities, methodologies and tools used for production in a competitive market. This modernized agricultural education should be linked to agricultural research, so that information and knowledge are united.

### **33. Transfer labour from agricultural to non-agricultural activities to increase the quality of livelihoods in rural areas**

The creation of modern and competitive agriculture implies a substantial transfer of labour from agricultural to non-agricultural activities. Rural development programmes should support this transfer in order to create diverse and attractive areas of living, facilitating a decent livelihood for the population.

### **34. Focus the strategy for land consolidation in rural development by taking into account the age groups of farmers, the funding and the envisaged farm types**

In the “National Strategy for Land Consolidation 2012-2017”, the following can be observed:

- The Strategy should not only address the farm holdings. It should also focus on the age groups of farmers, so that elder farmers can retire and young farmers be given the opportunity to start as private entrepreneurs. This means that this Strategy should be integrated into rural development programmes.
- The Strategy should be long-term and with the necessary funding secured. Possible sources of funding are mentioned, but there are no explicit statements concerning long-term funding.
- The Strategy should take into account the type of farming envisaged long-term. This aspect is currently neglected. With such a vision, and in combination with spatial planning, the rural countryside can be shaped for the future.

**35. Integrate the use of land consolidation in the land policy and the agricultural strategy to make optimal use of developed capacities**

The steps taken in concluded land consolidation projects have been crucial in developing local capacities. These capacities should be further enhanced and broadened countrywide, while integrating the process of land consolidation in the land policy and the strategy for agriculture and rural development.

Land consolidation is an instrument that can contribute to solving land registration problems. In Western European countries this has been applied and, from this experience, the Republic of Moldova could apply the lessons learned.

**36. Enhance the protection and management of all co-ownership arrangements, communal rights and common use rights**

The protection and management of land with co-ownership arrangements, communal rights or common use rights should be improved. Delineation of areas is a prerequisite and this should be completed.

**37. Monitor the purchase and sale of agricultural land for investment purposes**

The Government should monitor the purchase and sale of agricultural lands for investment purposes, and make sure that the local population benefits from such investments. Land-based investments should create a win-win situation for the investor and for the host.