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# Issues and Options for Improved Land Sector Governance in Georgia

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Application of the Land  
Governance Assessment  
Framework

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**Synthesis Report  
August 2013**

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## 1 Introduction

Since the mid-2000s, Georgia has achieved significant success in reforming its land governance system, largely due to the political will to eliminate queues in registration offices and to reduce corruption. To that end, the government embraced a reform strategy aimed at separating land administration from land management; centralizing the administration of land issue into a single, unified institution under the control of the central government, with no influence from local governments; delegating a number of functions to the private sector; and designing a public registry that would be self-financing.

Still, as good as land governance in Georgia has become over the past seven years, it is still a work in progress. To find out what has worked and what has not – and to recommend improvements – country experts utilized the Land Governance Assessment Framework (LGAF) developed by the World Bank and its partners. This chapter synthesizes and summarizes the key findings of the LGAF process in Georgia and outlines proposals for moving forward. The next section explains the methodology of the LGAF, while the third section provides background information on Georgia and key issues in its land governance. The fourth section presents the results of the Georgia LGAF panel discussions and validation meetings. Part five offers recommendations for prioritizing land policy improvements, and the final section concludes.

The general conclusion of the LGAF was that the Georgian land governance reforms have produced two “best practices” – (1) how to establish an internationally acclaimed Public Registry, and (2) how to engage the private sector in land administration. The LGAF also turned up a number of problems that remain in the system. Thus the Georgian team, in collaboration with experts from the private sector, NGOs, and academia, compiled a list of recommendations for resolving these issues to further improve land administration and management in Georgia.

## 2 LGAF Methodology

The LGAF is a diagnostic tool that is implemented in a collaborative manner at the local level in order to benchmark land governance. This process helps to establish a consensus and priority actions on (i) gaps in existing evidence; (ii) areas for regulatory or institutional change, piloting of new approaches, and interventions to improve land governance on a broader scale; and (iii) criteria to assess the effectiveness of these measures. LGAF helps put in place a structure and process to systematically track progress in improving land governance over time.

The core version of the LGAF consists of 21 Land Governance Indicators (LGIs) covering 80 dimensions of land governance, grouped into five broad thematic areas:

1. Legal and institutional framework (LGI 1-6)
2. Land use planning, management, and taxation (LGI 7-11)
3. Management of public land (LGI 12-15)
4. Public provision of land information (LGI 16-19)
5. Dispute resolution and conflict management (LGI 20-21)

The LGAF also allows the inclusion of optional thematic modules that may be relevant to a specific country context. The Georgian LGAF process included a module on large-scale land acquisition (LSLA), which contains 16 additional parameters, as well as a forestry module that comprises 12 parameters. Each LGAF dimension is rated on a scale from A to D, with scoring options based on international best practice.

Following LGAF guidelines, the Georgian team conducted nine meetings covering the thematic areas to share their findings with panels of experts. A total of 37 such experts from the public and private sectors were involved, including lawyers, architects, academics, and NGO representatives. Panel members were asked for their own preliminary ratings for the LGIs, which were then discussed until the panel achieved consensus in the scoring of each dimension. The panels also discussed recommendations for policies, research, and reforms. Following completion of the analysis, the LGAF Team invited 40 representatives from civil society, NGOs, the private sector, and academia to a technical validation workshop.

Government officials were then invited by the World Bank for a policy dialogue – a discussion about the LGAF’s findings and final recommendations and discussed how those weak points might be improved in the near future. A total of 13 people took part in the policy dialogue. The Government officials agreed to policy recommendations and expressed their interest in using the LGAF as a tool for monitoring the performance of Georgia’s land sector and to open up a broader dialogue on land issues with the Bank.

## 3 Overview of Land Policy Issues in Georgia

### 3.1 Georgia: Background Information

#### 3.1.1 Economy and geography

Georgia is a small country of 4.5 million people with a climate as diverse as its landscape – mountainous and cool in the north and south, subtropical in the west, and continental in the east. It has a variety of natural resources, including significant reserves of minerals and gold as well as minor coal and oil deposits. The land use remains largely rural: approximately 11% is arable, 25% is pastureland, and 34% is forest.<sup>1</sup> Despite this, agriculture accounts for only 13% of GDP, while services contribute 58.2% and industry represents 28.7%.<sup>2</sup> Industrial activity is highly concentrated among a small number of firms: less than 2% of all enterprises account for 75% of total output.<sup>3</sup> The population is 52.8% urban, but apart from the capital, Tbilisi, urban population growth is not high.<sup>4</sup>

Since its independence from the USSR in 1991, Georgia has faced a difficult transition to democracy and a market economy, aggravated by a series of ethnic and civil conflicts. The country has had variable economic growth, with significant contractions in the early 1990s and again during the Russian financial crisis of 1998. Following the Rose Revolution in 2003 and subsequent reforms that included privatizing state property, stabilizing the economy, reducing regulations, and eliminating corruption under the government of Presidency of Saakashvili (who was replaced in the 2012 elections), the economy began to recover; real GDP growth from 2004-2007 averaged 9%.<sup>5</sup> This was succeeded by another period of decline, prompted by conflict with Russia in August 2008 and then the world financial crisis. GDP growth slowed by 2% and foreign direct investment declined; in 2009 the economy contracted by almost 5%. More recently, the economy has again improved: In 2012, Georgia's GDP amounted to US\$15.83 billion, GNI per capita was US\$3,280, and GDP growth stood at 6%.<sup>6</sup>

Despite Georgia's efforts at economic reform, high unemployment remains a persistent challenge. Although government figures indicated that the unemployment rate was 16.3% in 2010, international organizations report Georgian unemployment to be closer to 30%. About 10% of the population (136,000 households, totaling 402,660 individuals) is considered "vulnerable" and is receiving a state subsistence allowance.<sup>7</sup> As of 2008, 23.6% of the Georgian population is poor, with 9.3% classified as "extremely poor."<sup>8</sup>

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<sup>1</sup> Economist Intelligence Unit, "Georgia Country Profile," 2008, [http://www.eiu.com/FileHandler.ashx?issue\\_id=273851812&mode=pdf](http://www.eiu.com/FileHandler.ashx?issue_id=273851812&mode=pdf)

<sup>2</sup> Ibid. Data from 2007.

<sup>3</sup> Ibid.

<sup>4</sup> CIA World Factbook, Georgia, <https://www.cia.gov/library/publications/the-world-factbook/geos/gg.html>

<sup>5</sup> Economist Intelligence Unit, "Georgia Country Profile," 2008.

<sup>6</sup> World Bank, "World Development Indicators," 2013. <http://data.worldbank.org/country/georgia>

<sup>7</sup> Social Service Agency of the Republic of Georgia, 2011, [http://ssa.gov.ge/index.php?lang\\_id=ENG&sec\\_id=35](http://ssa.gov.ge/index.php?lang_id=ENG&sec_id=35)

<sup>8</sup> World Bank. April 2009. "Georgia Poverty Assessment."

<http://documents.worldbank.org/curated/en/2009/04/10503390/georgia-poverty-assessment>

### 3.1.2 Governance system

Georgia is a democratic republic. The executive branch is composed of a popularly elected president and a presidentially appointed cabinet, headed by the prime minister. The legislature is a unicameral parliament with 150 members, of whom half are elected through proportional representation and half are elected as representatives of Georgia's districts. The highest judicial bodies are the Supreme Court and the Constitutional Court, the heads of which are appointed by the president. Despite certain judicial reform efforts, popular trust in the judiciary remains low.<sup>9</sup>

The country is divided into nine regions, the capital city of Tbilisi, and two autonomous republics, Abkhazia and South Ossetia. The regions are subdivided into districts, and each region is headed by a state commissioner (sometimes called a governor) who is appointed by the president.

## 3.2 Land Issues and Land Policy

### 3.2.1 Tenure typology

Georgia's legal framework divides land into agricultural and non-agricultural land, rather than rural and urban. Construction is only allowed on non-agricultural land. To transfer agricultural land to the category of non-agricultural, the owner simply submits a formal request for the change to the National Public Registry (NAPR), which by law must grant the request automatically and free of charge. The only exceptions are six units in the administrative territories of Tbilisi and Batumi, where the fee for changing agricultural land to non-agricultural is 34,001 Gel per hectare, and in the four recreational zones of Bakhmaro, Ureki, Gudauri and Bakuriani, where the fee is 100,000 Gel per hectare.

Currently, land tenure in Georgia may be broadly categorized into three types: public, private, and community tenure. The tenure typology table below further elaborates and quantifies this typology.

#### *Public Ownership/Use*

Public land may be further categorized into agricultural, non-agricultural/urban, and protected areas. The former two are partially registered by NAPR; however, lands to be privatized by the Ministry of Economy and Sustainable Development have not yet been defined. Protected areas are governed by the Forest Code of June 1999.

#### *Private Ownership/Use*

The level of agricultural land fragmentation remains high, as a result of the massive and free privatization of land that took place in 1992-1998. The average size of a privatized plot of land was 0.25 hectares.

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<sup>9</sup> Economist Intelligence Unit, "Georgia Country Profile," 2008.

### *Community Tenure*

Nearly 1,800,000 ha of pasture are used by community groups; however, Georgian law does not recognize community land ownership. Thus the land remains unregistered and the land rights of these community groups are not protected.



## Land tenure typology

Tenure type	Area/000 ha/Population	Land use	Legal recognition	Registered or recorded	Comments (including overlap with other rights)
<b>PUBLIC OWNERSHIP/USE</b>	2256,7 ha/2097900	Agriculture	The Law on State Property 21 July, 2010 #3512; Law on Agricultural land ownership 22 March, 1996	Partially registered by NAPR	Land to be privatized by Central Government (Ministry of Economy and Sustainable Development) and Local Government are not defined
	3 749,1/ 2 371 300	Non-Agriculture/Urban	The Law on State Property 21 July, 2010 #3512;	Partially registered by NAPR	Land to be privatized by Central Government (Ministry of Economy and Sustainable Development) and Local Government are not defined
	462,7/462 700	Protected Area	Forest Code, 22 June, 1999 #2124-11	Partially Recorded, NAPR, Ministry of energy, Forest Department	Responsible organization: Legal Entity of Public Law of Ministry of Environment Protection of Georgia Agency of Protected Areas
<b>PRIVATE OWNERSHIP/USE</b>	769,6 ha/ 2 097 900	Agriculture Land	Decree of the Cabinet of Ministers 1992 - #48, #128, #290; Law on Agricultural land ownership 22 March, 1996	Partially Registered by NAPR	
	108 100/ 2 371 300	Nonagricultural /urban	Civil Code of Georgia, June26, 1997 #786-I; Law on state ownership 21 July, 2010 N3512;	Registered by NAPR	
	824/206 000	Land under leases	Law on leasing agricultural land, June 28, 1996; Civil Code of Georgia, 26 June, 1997 #786-I;	Registered by NAPR	State owned agricultural land with the right of transfer
<b>INDIGENOUS AND NON-INDIGENOUS COMMUNITY TENURE</b>	1796,6 ha/ 2 097 900	Pasture	Civil Code of Georgia, 26 June, 1997 #786-I; The Law on State Property 21 July, 2010 #3512; Law on Agricultural land ownership 22 March, 1996	Unregistered	Community groups use the land however the law does not recognize such ownership and consequently does not protect their rights

### **3.2.2 History and current status of land policies**

During the country's seven decades as a member of the Soviet Union, Georgians lived in state-owned housing, worked in state factories, and on state farms. After independence, the new government removed the cornerstone of Soviet ideology – the prohibition of private property. Privatization took place in two phases, the first from 1992 to 1998, and the second from 2005 to 2011.

During the first phase, the state distributed state-owned agricultural land in two distinct stages. The first was to distribute land to households in private ownership free of charge. Each household got three to seven separate land parcels; the maximum allotment was 1.25 ha per household (5 ha in mountainous areas). The second stage was to lease out the rest of the state-owned land.

In terms of non-agricultural land, the state transferred apartment buildings to private ownership free of charge, but initially maintained ownership of the land on which the buildings stood. Likewise commercial/industrial buildings were privatized, but not the land on which they were located. Over time, the legal framework for privatization shifted. The 1995 constitution embraced a legal and institutional framework built on restoring the right to private property, and in 1998 the law recognized the land of enterprises as private, requiring them to pay a set price. The law also required that state property be sold along with the attached land. The new owner was required to submit a receipt of payment for the land to the Registry and then register it, paying the annual land tax during the first year that the law was in force and double that amount thereafter. Land under apartment buildings was demarcated and transferred to the apartment owners in co-ownership, free of charge.

During the second phase of privatization, the state obliged leaseholders to buy the agricultural land that they had been occupying for a price that equaled ten times the land tax. The purchase price of the land could be paid in installments over a 10-year period; leaseholders that could cover the cost within a month received a 50% reduction in the price.

### **3.2.3 Formal and informal land management institutions**

From 1998 to 2004, two different agencies were responsible for registering property in Georgia, which caused great confusion among the public. The Bureau of Technical Inventory (BTI) was responsible for surveying and registering apartments and buildings; the State Department of Land Management (SDLM) handled land administration and management, including registering property rights and maintaining the cadastre, privatizing and leasing state owned land, categorizing and compiling land statistics, controlling the use of land and natural resources, and mediating land disputes. Some of these responsibilities were in conflict, which led to corruption, while others overlapped with the mandate of other government agencies. Moreover, the local SDLM offices were also accountable to local authorities, which gave them too much discretion in issues involving property rights. Procedures were vague and cumbersome; consumers were burdened with too many official and unofficial fees; documents flowed through unnecessary chains of control, wasting time and human resources; and SLDM suffered from a constant shortage of state funding.

In the mid-2000s, the government engaged one of Georgia's most experienced land administration professionals to head a team of young specialists in land issues and gave them a clear mandate to accomplish two main tasks: eliminate queues in registration offices and eliminate corruption. The reform team set out to turn a notoriously chaotic and corrupt land management system into a state-of-the-art public registry.

The team's first step was developing a vision for institutional reform. The team visited a number of countries in the West as well as former Soviet Republics to examine their property systems and talk to international experts to refine their vision for the Georgian reform strategy. The result was to set clear goals:

- Separating land administration (registering property and cadastre) from land management (monitoring land use, urban/rural planning and land alienation);
- Centralizing land administration within a single, unified institution under the control of the central Government, with no influence regarding property rights from local governments;
- Delegating a number of functions to the private sector; and
- Designing a public registry that would be 100% self-financing.

Their guiding principle was to run the registry like a business. The reform team set out to build a new, user-friendly registry system whose mission was to provide efficient service, predictable outcomes, and affordable but sustainable fees.

At the reform team's recommendation, in 2004 the government scrapped both the BTI and SDLM. Surveying services were shifted to the private sector, thus creating a competitive environment for surveyors who can be held liable for the quality and reliability of their work. The government created a new agency under the Ministry of Justice – the National Public Registry (NAPR) – to handle land administration, i.e. maintaining the cadastre and registration of rights. Former regional SDLM offices were transformed into local NAPR registration offices, free from local governments meddling in the registration of property rights.

Land management, i.e. land use planning, monitoring, and alienation of land, became the task of the Ministry of Agriculture. Responsibility for urban land and planning, as well as the sale of both agricultural and non-agricultural state land, was given to the Ministry of Economy and Sustainable Development. The Ministry of Energy and Natural Resources became responsible for forest management functions, while the Ministry of Environment Protection retained management functions for national parks and protected areas. Local self-government bodies remained charged with managing non-agricultural lands owned by municipalities and with participating in planning processes in coordination with the Ministry of Economy and Sustainable Development.

## 4 Assessment of Land Governance

### 4.1 Legal and institutional framework

#### 4.1.1 Continuum of rights

Recognition of a Continuum of Rights						
LGI	#	Indicator	A	B	C	D
1	i	Land tenure rights recognition in rural areas	■			
1	ii	Land tenure rights recognition in urban areas	■			
1	iii	Rural group rights recognition				■
1	iv	Urban group rights recognition in informal areas				
1	v	Opportunities for tenure individualization				■

The new Georgian Constitution recognizes ownership as an absolute and ensured right; the nation's laws include no restrictions on ownership based on race, sex, ethnic origin, religious beliefs, etc. Communal rights in the sense of ownership by multiple individuals are also recognized. However, the rights to community-owned land, especially pastures adjacent to villages, are not defined, leaving rural groups unprotected in cases where the state decides to transfer ownership of such land. Still, the rural population manages such lands as common property according to their own rules and regulations. The LGAF panel did not assess LGI 1 (iv) because illegal urban settlements are not a significant problem in Georgia.

#### 4.1.2 Enforcement of rights

Enforcement of Rights						
LGI	#	Indicator	A	B	C	D
2	i	Surveying/mapping and registration of claims on communal or indigenous land				■
2	ii	Registration of individually held properties in rural areas	■			
2	iii	Registration of individually held properties in urban areas	■			
2	iv	Women's rights are recognized in practice by the formal system (urban/rural)			■	
2	v	Condominium regime that provides for appropriate management of common property			■	
2	vi	Compensation due to land use changes				■

Communal lands are not registered in Georgia, although they have been surveyed by donor-funded projects. Similarly, little of Georgia's agricultural land has been officially registered; nonetheless, the majority of owners do have documents that prove their property rights. Likewise, while only a fraction of owners of urban land/property have registered their holdings, most have documents confirming their ownership.

NAPR does not have complete information on agricultural land registered before 2006, thus making it impossible to provide a precise number of owners who might have previously

registered their land. In the same vein, the registry does not maintain statistical information on the amount of property owned by women. Although legislation recognizes women’s land rights without limitations or stipulations, panel members observed that traditionally land owners in Georgia are men.

In 2007, Parliament passed a law regulating the management of condominiums and recognizing the tenants’ common ownership of the land under their building. However, the panel noted, the legislation of Georgia does not regulate the common property of rural groups.

There is no provision for compensation due to changes in land use. Some cases of compensation do occur, but these are based on the policies of individual enterprises or the principle of compensating neighbors who might be displeased with the construction of new houses.

### 4.1.3 Mechanisms for recognition of rights

<b>Mechanisms for Recognition of Rights</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
3	i	Use of non-documentary forms of evidence to recognize rights				
3	ii	Formal recognition of long-term, unchallenged possession				
3	iii	First-time registration on demand is not restricted by inability to pay formal fees				
3	iv	First-time registration does not entail significant informal fees				
3	v	Formalization of residential housing is feasible and affordable				
3	vi	Efficient and transparent process to formally recognize long-term unchallenged possession				

In 2007, Georgia enacted a law regulating official recognition of ownership of undisputed land. A parcel of state-owned agricultural or non-agricultural land with or without buildings/structures is considered to be legitimately used if the individual or legal entity’s right of possession to the land occurred before July 2007. A parcel of land occupied without permission is also considered legitimate if it had been registered with the BTI. After the implementation of this law, special commissions in the six largest cities upheld ownership rights in 34% of the cases received (7,862 out of 23,079). In cases where owners have no documented proof of their property rights, authorities will accept the owner’s oral testimony regarding those rights, a tax statement, or other documents, backed up by a statement from a witness certified by a notary that the owner of the land in question had occupied it before 2007.

NAPR streamlined registration procedures significantly: documents that used to be checked by several staff members are now reviewed by a registrar; land buyers can prepare a purchase contract without having to visit a notary, which saves a significant amount of time and money; applications can be made online directly to NAPR’s website, where customers can also search for property information; property owners no longer need to renew titles or lien certificates, posting the information instead on the registry website. In 2005, NAPR introduced a fast-track service that invited applicants to pay an extra fee to complete the registration process within a single day. In 2006, a new law allowed the Registry to authorize private sector entities (such as commercial banks, real estate agencies, notaries, legal consulting companies, and land surveyors)

to submit applications to NAPR on behalf of their clients. At this writing, NAPR is collaborating with 500 such “front office” operations.

As a result of these efficiencies, NAPR gradually reduced the days required to complete registration from 39 to 7. The number of internal steps for registration has decreased fivefold, from 20 to 4. The registration fee for first-time registration is GEL 50, which is much less than 0.5% of the property cost, and the system no longer involves the payment of informal fees. Indeed, the 2012 Doing Business report ranked Georgia’s property registration system number one out of 183 countries measured.<sup>10</sup>

#### 4.1.4 Restrictions on rights

Restrictions on Rights						
LGI	#	Indicator	A	B	C	D
4	i	Restrictions on urban land use, ownership, and transferability				
4	ii	Restrictions on rural land use, ownership, and transferability				

Current legislation does not place any restrictions on the alienation of land by private owners. There are no limits on the area/size or configuration of the land for sale; nor does the law restrict the buyer in terms of employment or experience in agriculture. Before alienating land, the owner does not have to agree to a selling price or rental fee with local government bodies or the owner of an adjacent parcel; nor is the owner required to explore the background of the buyer or renter or the kind of project he/she is planning for the property.

The primary restriction is that foreigners cannot own agricultural land. However, at the time of the LGAF assessment, foreigners were able set up a legal entity in Georgia that could purchase and own agricultural land. Then in June 2013, Parliament passed a bill placing a moratorium on the sale of agricultural land to foreign individuals or entities until the end of 2014.<sup>11</sup> Analysts do not expect the moratorium to be extended beyond its current end date.

#### 4.1.5 Clarity of institutional mandates

Clarity of Mandates						
LGI	#	Indicator	A	B	C	D
5	i	Separation of policy formulation, implementation, arbitration roles				
5	ii	Differentiated mandates across institutions				
5	iii	Differentiated responsibilities across levels of government				
5	iv	Information sharing across institutions				

Current Georgian law clearly defines the responsibilities related to land governance, splitting them among the state agencies noted in Section 3.2.3 to avoid horizontal overlap. Land

<sup>10</sup> World Bank and IFC. 2012. “Doing Business 2012: Doing business in a more transparent world.”

<sup>11</sup> Economist Intelligence Unit, “Georgia economy: Controversy surrounds land bill,” July 26, 2013.

[http://www.eiu.com/index.asp?layout=displayVw&article\\_id=1210776705&geography\\_id=1700000170&region\\_id=](http://www.eiu.com/index.asp?layout=displayVw&article_id=1210776705&geography_id=1700000170&region_id=)

management, administration, and arbitration roles are also clearly separated. The vertical division of responsibilities across levels of government is also defined; however, the panel felt that clear information was not always available at the local level. Local self-government bodies are also not involved in the process of selling public property, which is conducted by the Ministry of Economy and Sustainable Development. Information related to land rights is generally available to interested institutions, but it is difficult to obtain information on areas in which planning is absent.

#### 4.1.6 Equity and nondiscrimination

<b>Equity and Non-Discrimination in the Decision-Making Process</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
6	i	Clear land policy developed in a participatory manner			■	
6	ii	Meaningful incorporation of equity goals			■	
6	iii	Cost of implementing policy is estimated, matched with benefits, and adequately resourced		■		
6	iv	Regular public reports indicating progress in policy implementation		■		

A land policy can be inferred from the existing legislation, but in some cases this policy does not incorporate the views of those affected. Community participation is not guaranteed in the implementation process. Typically, public discussions are held only after an aggrieved party expresses dissatisfaction. Although legislation implies some incorporation of equity objectives, panel members observed that regular monitoring is ensured neither legally nor institutionally.

In terms of cost-benefit analysis, estimated implementation costs do not take into account costs associated with registration of land use and land use monitoring. Organized information about land use is also scarce, which is a major obstacle to designing and implementing a sound agricultural and land policy. The panel also determined that the public is not informed about land policy, and felt that the government should organize roundtable discussions in addition to disseminating reports on progress. Public information is particularly important at the local level, since farmers and other rural populations are the major beneficiaries of land policy.

## 4.2 Land use planning, taxation, and management

### 4.2.1 Transparency of restrictions

<b>Transparency of Land Use</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
7	i	Urban land use plans and changes to these are based on public input			■	
7	ii	Rural land use plans and changes to these are based on public input			■	
7	iii	Public capture of benefits arising from changes in permitted land use		■		
7	iv	Speed of land use change	■			

During the first decade after independence from the Soviet Union, the main focus of land reform in Georgia was privatizing, registering, and taxing land, rather than planning for land use. In 2005, Parliament finally enacted a law that regulates the process of spatial planning, specifies its goals and tasks, identifies the agencies authorized to consider issues related to planning, and spells out the types of planning covered by the law and the hierarchy of the planning process. Still, the panel determined that agricultural land use plans generally do not exist, and there are no development projects in the planning stages. In the rare cases that rural plans are prepared, public input is not sought. The legal framework in Georgia does provide for public participation in the planning process for cities and residential areas, but in practice public opinion is rarely taken into account.

The low level of public involvement notwithstanding, the panel judged that the planning process is relatively transparent, allowing some public capture of benefits. However, the public may not be aware of the profit or loss resulting from a change in land use. In some cases, land use changes may reflect hidden interests and could result in illegal profits for interested parties. Georgian policy also requires land use changes to be completed within 20 or 50 days, depending on the difficulty level of the change. Yet the panel believed that changes to land use are not always carried out properly.

#### 4.2.2 Efficiency in planning process

<b>Efficiency of Land Use Planning</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
8	i	Process for planned urban development in the largest city			■	
8	ii	Process for planned urban development in the next 4 largest cities			■	
8	iii	Ability of urban planning to cope with urban growth			■	
8	iv	Plot size adherence		■		
8	v	Use plans for specific land classes (forest, pastures, etc.) are in line with use	■			

Master plans for the use and development of urban land exist for three of Georgia's largest cities (Tbilisi, Batumi, Zugdidi) and for a small mountain resort town (Bakuriani). Zoning maps have also been drawn up for the cities of Batumi, Kobuleti, Poti, Kutaisi, Khashuri, Gori, and Signagi. So far, however, development has occurred only in Batumi. The rest of the country's cities and towns still await plans.

Georgia's spatial planning regime has significant gaps, which are likely to undermine efforts toward the rational and sustainable growth of Georgia's cities. For example, the cadastre lacks some of the data necessary for the planning process, such as the location of public utilities or externalities (e.g. an underground sewage system, telecommunications lines, gas conduits, etc.) on certain parcels of alienated land. Similarly, legislation does not clearly define the legal status of internal roads passing through privately owned properties in commercial areas. Additionally, the implementation of spatial plans is very slow, especially in small settlements. Implementation could be sped up by new regulations that would allow authorities to implement parts of the master plans independently (e.g. zoning plan, transport plan, etc.) and set minimum requirements for them.



The urban planning process is strongest in Tbilisi, where most planning specialists are concentrated. The city’s official website features an interactive and constantly updated map reflecting the issues/information related to ownership, planning, obtaining a building permit, and other current processes. Despite these resources, urban constructions that lack sufficient infrastructure do arise.

Plot sizes are maintained in residential areas in both rural and urban areas, although adherence might be somewhat higher in urban developments. Likewise, the planned uses of specific land classes (forests, protected areas, national parks, reserves, natural monuments, protected landscapes, etc.) are in line with actual use. In addition, a special law on the “System of Protected Areas” has been adopted that creates bases for protection of the country’s remarkable natural environment and cultural heritage.

### 4.2.3 Speed and predictability

<b>Speed and Predictability</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
9	i	Requirements for building permits are affordable/transparent				
9	ii	Time to get building permit				

Building permits are relatively easy to obtain. The process is regulated by government decree, and involves three stages: 1.) defining the terms for building on the land (15 working days); 2.) agreeing on design documents (20 working days); and 3.) issuing the building permit (10 working days). The second and the third stages can be merged and completed in 20 working days. Since January 2012, the process has been simplified in the capital city of Tbilisi, where applicants can register at the website of the office of the municipality’s architect ([www.tas.ge](http://www.tas.ge)), establish a personal online account, and then upload the relevant documentation, including architectural designs. Within the same legal time periods, applicants receive the terms of construction and the building permit in their personal online account.

### 4.2.4 Transparency of valuations

<b>Transparency of Valuation</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
10	i	Clear process of property valuation				
10	ii	Public availability of valuation rolls				

Land taxation in Georgia is not based on valuations. Instead, the amount of land tax is determined by a zoning principle – the property is taxed according to the zone in which it is located and not according to its market value. An individual owner pays the tax on his real estate plus other property on the land, such as unfinished buildings and other structures. Property owners can file electronic declarations regarding their property and automatically receive notice online of taxes owed based on the information that they filed. Nominal tax rates are defined by law and thus publicly available. Local administrative bodies and tax departments will issue information on tax rates for any particular territory without limitations.

#### 4.2.5 Tax collection efficiency

Tax collection efficiency						
LGI	#	Indicator	A	B	C	D
11	i	Property tax exemptions justified	■			
11	ii	Completeness of tax roll	■			
11	iii	Assessed property taxes are collected	■			
11	iv	Taxes higher than cost of collection		■		

The 2010 Tax Code of Georgia clearly defines the list of groups that are exempt from land/property taxes, which include the majority of agricultural landowners and households whose income is below GEL 40,000 (about \$24,000, according to current exchange rates), among others. These exemptions are applied in a transparent manner, as tax authorities are no longer authorized exempt individuals from property taxes.

The tax authorities have full information on land taxpayers, which is provided to them by NAPR. In addition, information on new owners is provided to tax authorities and updated annually. Assessed taxes are generally collected: the tax authority reported that in 2010 the projected tax collection was GEL 201.000.0K and actual tax collection was GEL 191.728.7K. The total amount of the tax fees that the Revenue Service collected exceeded the personnel costs by almost five times.

Recent changes to agricultural land tax rates may help encourage investment. In the past, investment has been weak, since a number of owners of agricultural land have had little incentive to put it into cultivation, which encouraged speculation. Then in 2011, rural land taxes and bid prices were increased, and sales prices were established for land. This change is likely to reduce speculation of uncultivated landowners and encourage them to engage in the market.

However, some problems with land taxation remain, including frequent changes in tax legislation. The Tax Code has been amended 137 times, which has made it difficult for taxpayers to stay up to date on their tax obligations. Moreover, this has undermined the professionalism of tax collectors, as they may not have up-to-date information on recent amendments to the tax code.

## 4.3 Management of Public Land

### 4.3.1 Identification of public land

<b>Identification of Public Land</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
12	i	Public land ownership is justified and implemented at the appropriate level of government	■			
12	ii	Complete recording of publicly held land			■	
12	iii	Assignment of management responsibility for public land	■			
12	iv	Resources available to comply with responsibilities	■			
12	v	Inventory of public land is accessible to the public		■		
12	vi	Key information on land concessions is accessible to the public	■			

The legislation of Georgia clearly defines the issues of land management and competences. The state policy is clearly oriented toward attracting investments (both local and foreign), which benefits society. Likewise, as noted above, the assignment of responsibility for public land management across state institutions is clear, and these agencies possess adequate budgets and human resources.

The most significant problem is the lack of information on public land. Indeed, the majority of state-owned land, including large-scale plots (50 plus hectares), has not been registered or even surveyed. Registration tends to occur only when either the state or a private investor expresses interest in privatizing a piece of land.

Nonetheless, the information that does exist is accessible on the Public Registry website. Any kind of registered data can be obtained after payment of the stipulated fee, except for cases in which the data represents a commercial secret. Likewise, the panel found that information on the location and financial terms of land concessions is publicly accessible. Sometimes such information is listed on websites and other times interested parties can apply to the appropriate services to obtain it.

### 4.3.2 Justification of expropriation

<b>Incidence of Expropriation</b>						
<b>LGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
13	i	Transfer of expropriated land to private interests	■			
13	ii	Speed of use of expropriated land	■			

Privatization of state-owned land is done mostly in accordance with national policy requirements rather than the interests of local governments and developers. The Georgian Constitution prohibits expropriation except where there is an “Urgent Public Need” (Article 21). Land is also transferred to its destined use quickly. Some NGOs, however, have pointed to cases of illegal expropriation, mainly in tourist zones.

Transferring the rights to use forest land to the private sector is conducted by the Agency of Natural Resources, with the agreement of the Ministry of Economy and Sustainable Development. If the forestland is located in a border zone with different regulations, the Agency needs the additional consent of the Ministry of Internal Affairs to transfer those rights. The Agency of Natural Resources is authorized to transfer the land of the State Forest Fund for agricultural purposes for a period of no longer than 10 years; for non-agricultural purposes the limit is 49 years.

### 4.3.3 Transparency of expropriation procedures

Transparency of Procedures						
LGI	#	Indicator	A	B	C	D
14	i	Compensation for expropriation of ownership				
14	ii	Compensation for expropriation of all rights				
14	iii	Promptness of compensation				
14	iv	Independent and accessible avenues for appeal against expropriation				
14	v	Appealing expropriation is time-bounded				

Legislation clearly defines the rules of expropriation. Registered owners are fairly compensated, usually on the basis of mutual agreements. Other rights may also be compensated. The panel noted that international organizations, which often fund parts of infrastructure projects, also monitor this issue. Compensation is generally paid within one month, and the panel did not uncover any cases of complaints regarding delayed payments. Courts have the final say when a dispute arises, and their decisions must contain a detailed description of the property to be expropriated and precise instructions about how the owner will be fairly compensated. First-instance courts typically make decisions within three months. The Special Ministry of Law Enforcement, Probation, and Legal Aid provides free legal aid and lawyer services to vulnerable citizens, as do a number of NGOs, making avenues for appeal quite accessible.

### 4.3.4 Allocation of public land

Transparent Processes for Divestiture						
LGI	#	Indicator	A	B	C	D
15	i	Openness of public land transactions				
15	ii	Collection of payments for public leases				
15	iii	Modalities of lease/sale of public land				

State land is now sold or leased without any restrictions, except those put on certain categories of land, such as pastures, livestock trails, historical monuments, and protected areas. Land privatization is managed by the Ministry of Economy and Sustainable Development, and may be conducted in one of three ways: a) by auction (most common); b) by direct sale; and c) by direct sale through a competitive process. In rare cases, land may also be sold by the president through sole source. Land transactions are generally transparent. In Tbilisi, interested parties can get information on nominal prices of land to be sold at auction through the city's online interactive map. The information is also regulated in the rest of the country, although it is not posted online.

The Agency of Natural Resources carries out State Forest Fund transfers regarding the right of use and the ownership of wood resources via an electronic auction.<sup>12</sup> E-auctions may be initiated by the government or by anyone interested in buying the right of use of the State Forest Fund. With respect to transferring ownership of wood resources, the Agency of Natural Resources is responsible for initiating the e-auction.

The collection of lease payments is strictly and effectively organized. Tax authorities respond to cases of nonpayment through a computerized system, which sends electronic notices to registered lessees with outstanding payments due.

## 4.4 Public provision of land information

### 4.4.1 Completeness

Completeness of Registry Information						
LGI	#	Indicator	A	B	C	D
16	i	Mapping of registry records				
16	ii	Relevant private encumbrances				
16	iii	Relevant public restrictions				
16	iv	Searchability of the registry				
16	v	Accessibility of registry records				
16	vi	Timely response to requests				

Georgia introduced a new registry system in Tbilisi in 2006, which then expanded to the rest of the country in 2009. Only properties registered under the new system are easily identifiable on maps. Although ownership rights for properties registered before 2006 are recognized, their boundaries are not clearly defined and it is impossible to identify them on maps.

Information on private encumbrances is easily accessible online at no cost. Additionally, interested individuals can acquire relevant documents/verification through NAPR for a fee. The same is true for public restrictions and charges. Likewise, registry information is easily searched; the software allows searches based on the name and personal number of the owner, as well as the address, the cadastral code of the parcel, and other data. Copies of documents are kept in the NAPR and the Archive of Technical Inventory, which is the archive of the Public Registry. The accessibility of these records is guaranteed for anyone who applies and pays the required service fee. Moreover, requests are fulfilled in a timely fashion. In addition to standard service times, the registry offers expedited same-day services.

Despite the successes of NAPR, a few areas for improvement remain. Registration procedures have not yet been incorporated into the regulatory framework and formalized in manuals for staff. Moreover, it is sometimes difficult to enforce contracts and execute collateral due to the lack of apartment numbers.

<sup>12</sup> Decree #242 on “Ratification of Regulations for Application of Forest,” Article 46

#### 4.4.2 Reliability

Reliability of Registry Records						
LGI	#	Indicator	A	B	C	D
17	i	Registry focus on client satisfaction				
17	ii	Cadastral/registry info up-to-date				

The management of NAPR regularly monitors the performance and customer relations of its staff. In addition to other means, monitoring is conducted through installed cameras. NAPR is also divided into front and back offices to serve clients more efficiently. The former provide reception services to customers, while the latter process registrations.

As noted above, the registry remains less than 50% complete, since it lacks updated information on land parcels registered prior to 2006. Before the creation of NAPR, registration was not based on verified information or conducted according to the new cadastral rules. Thus owners of earlier registered properties desiring a mortgage or alienation of their land are required to have additional surveys conducted in a new coordinate system.

#### 4.4.3 Cost-effectiveness, accessibility, and sustainability

Cost Effectiveness, Accessibility, and Sustainability						
LGI	#	Indicator	A	B	C	D
18	i	Cost of registering a property transfer				
18	ii	Financial sustainability of registry				
18	iii	Capital investment in the system to record rights				

The registration fee for a property transfer is GEL 50, which is significantly below 0.5% of property cost. Since 2008, transfers no longer require notary certification. Sellers and purchasers simply have to sign a transfer agreement in the presence of a registrar, whose signature certifies its validity.

The plan for reform that began in 2004 prioritized the achievement of 100% financial sustainability of the registry, a goal that was in fact achieved. Before the reforms, the annual budget for Georgia's land administration system was US\$370,000; two years into the reforms, NAPR earned US\$6.4 million and paid the state more than \$250,000 a year in income and other taxes. The Public Registry compiled these earnings without increasing registration fees, due mainly to added income from the agency's fast-track services. Cost efficiencies also came from providing online access and establishing authorized users in the private sector who replicate NAPR's services. The agency was able to reduce the number of employees three times between 2004 and 2006, while increasing salaries twelve times during the same period.

#### 4.4.4 Transparency of service costs

Transparency of Service Costs						
LGI	#	Indicator	A	B	C	D
19	i	Schedule of fees for services is public				
19	ii	Informal payments discouraged				

The schedule of fees is defined by law and thus publicly accessible. In addition, fees for registry services are paid in commercial banks, which issue receipts for the transactions. Informal payments have been curtailed under the reforms to the registry, in part because employees no longer had the opportunity to accept payments for speeding up services. NAPR has mechanisms to detect and handle cases of illegal staff behavior, reporting 88 such cases in 2010.

#### 4.5 Dispute resolution and conflict management

##### 4.5.1 Assignment of Responsibility for Dispute Resolution

Assignment of Responsibility for Dispute Resolution						
LGI	#	Indicator	A	B	C	D
20	i	Accessibility of conflict resolution mechanisms				
20	ii	Informal or community based dispute resolution				
20	iii	Forum shopping				
20	iv	Possibility of appeals				

Since 2005, Georgia has been implementing a wide-ranging reform of the judiciary system, including the dismissal of all judges, the hiring of judges on the basis of an examination process, and the allocation of significant resources for increased salaries, court administration, and building renovations. Currently, there are three legal avenues for dispute resolution: higher administrative bodies, the court system, and private arbitration. Informal or community-based systems generally do not exist in Georgia, except for in very rare cases in the high mountainous villages. Despite the fact that people respect such community decisions, these decisions remain unofficial and not legally recognized.

An administrative body is authorized to hold proceedings regarding disputes over acts issued by its subordinate administrative bodies. Administrative decisions made may be appealed to higher administrative bodies and eventually to the court.

The general courts consider most disputes. Any citizen of Georgia who believes that his/her rights have been violated has an unrestricted right to apply to the court for the restoration of those rights. The courts hear cases in open sessions and make their decision in public. (Closed sessions are allowed, but only in special cases envisioned by the law.) Decisions are binding on all public bodies and persons throughout the country. Appeals must be filed before the Court of Appeal (District Court) and the Court of Cassation (Supreme Court). Between 2008 and 2011, 10% of all disputes filed in lower courts ended up in the Supreme Court.

The court system is accessible at the district level; however, some villages within districts may be quite far from the district center where the courts are located. This imposes high costs on villagers in remote areas who, in addition to paying court fees, have to travel to the court at considerable personal expense.

Arbitration is authorized to consider private legal disputes over property to help those involved resolve their differences as equals before the law. Arbitration can take place only with the written consent of all parties to the dispute, and involves one or several arbitrators designated by the parties themselves. Any capable person – irrespective of occupation and education – may act as an arbitrator. The legal decision resulting from arbitration is final and not subject to appeal, making arbitration a prompt means of dispute resolution.

#### 4.5.2 Pending conflict level

Low Level of Pending Conflicts						
LGI	#	Indicator	A	B	C	D
21	i	Conflict resolution in the formal legal system				
21	ii	Speed of conflict resolution in the formal system				
21	iii	Long-standing conflicts (unresolved cases older than 5 years)				

Georgia scores highly on issues of pending cases. According to information from the Supreme Court of Georgia, land disputes in the formal court system comprise only 9% of total court cases. The legislation of Georgia stipulates that the term for conflict resolution in the first instance court is two months, which can be extended up to five months for complicated cases (as many land disputes are). In recent years, the average time for case resolution has been three months, although some cases may take years. LGAF panelists noted that there are extremely few long-standing conflicts in the Georgian court system.

#### 4.6 Large-Scale Land Acquisition

Large-scale Acquisition of Land Rights						
LGI	#	Indicator	A	B	C	D
PLI	1	Most forest land is mapped and rights are registered				
PLI	2	Conflicts generated by land acquisition and how these are addressed				
PLI	3	Land use restrictions on rural land parcels can generally be identified				
PLI	4	Public institutions in land acquisition operate in a clear and consistent manner				
PLI	5	Incentives for investors are clear, transparent, and consistent				
PLI	6	Benefit sharing mechanisms for investments in agriculture				
PLI	7	There are direct and transparent negotiations between right holders and investors				
PLI	8	Information required from investors to assess projects on public/community land				



PLI	9	Information provided for cases of land acquisition on public/community land			
PLI	10	Contractual provisions on benefits and risks sharing regarding acquisition of land			
PLI	11	Duration of procedure to obtain approval for a project			
PLI	12	Social requirements for large scale investments in agriculture			
PLI	13	Environmental requirements for large scale investments in agriculture			
PLI	14	Procedures for economically, environmentally, and socially beneficial investments			
PLI	15	Compliance with safeguards related to investment in agriculture			
PLI	16	Procedures to complain if agricultural investors do not comply with requirements			

The number of investments in large-scale agricultural land (50 hectares plus) was low until 2011. Current state policy is clearly directed at improving the environment for investment in Georgia – foreign as well as local – with an eye on the potential direct and indirect benefits that such capital might add to the economy. The state has initiated privatization of local forests (formerly owned by collective farms) with the starting price of 200 Gel per ha, which is significantly below market price.

All forest land is surveyed and registered; however, there is no statistical information available to confirm the total amount of large-scale, government-owned land in Georgia. Apart from forests, state-owned large-scale lands have not been measured or registered. Nor has the State identified categories of these lands or their quality – the kind of information that is essential for investors to make decision about how much the land is worth to them: whether the land is irrigated or not; whether there are communication systems available or other utilities.

There are cases in which investors have had problems with the local population, especially in relation to the acquisition of leased pastures. Information regarding these cases was disseminated through the media. The LGAF panel observed that such problems are typically resolved promptly – within a month, on average, and never exceeding three months.

In terms of restrictions, as previously noted, owners must change the designation of land from agricultural to non-agricultural in order to undertake building construction. Otherwise, there are no restrictions on agricultural land, and the state does not regulate the type of agricultural production. Likewise, negotiations over large-scale land acquisition are left to the investor and the owner; the government’s responsibility is limited to checking that the deal accords with the law. Parties have no obligation to the state apart from registering ownership.

Public institutions generally operate in a transparent and consistent manner. As noted above, the alienation of state land occurs through online auction. The downside of such Internet land auctions is that local villagers are not likely to have easy access to computers or the Internet.

The state does pay special attention to the attraction of investment. However, both foreign and domestic investors sometimes lack information on relevant legal stipulations. This is exacerbated by frequent changes to legislation related to large-scale land acquisition.

Investors are obliged to report certain information to the state, as well as provide bank guarantees and make respective preliminary payments. Foreign investors who establish legal entities in order to purchase agricultural land are required to provide information on their companies, including financial information. However, this information is not always sufficient to assess the desirability of the project. Moreover, there is some confidential information that state bodies are not obliged to make public, and Georgian legislation prohibits the publishing of confidential information. The Government of Georgia promptly reviews investment applications, and the panel noted that no applications have taken longer than three months to review.

State institutions are legally required to have procedures for the transfer of state/community land. The issue is strictly regulated in infrastructure investment projects. In negotiations between the state and investors, contracts regulate both risk-sharing and benefit-sharing mechanisms. The panel noted that the public provision of information on shared benefits can help to avoid problems with local populations, especially in cases of rural land acquisition. However, experts felt that land authorities in Georgia tend to ignore the potential objections of local populations and have not done enough to explain the benefits of these investments to local people. Effective tools for mitigating potential disputes and delays in implementing investments – such as campaigns to spread the word about what is happening, to engage the public and make them more aware about land policies under implementation – have been limited during the alienation of large-scale land.

The inclusion of environmental safeguards is required by legislation and by international conventions to which Georgia is a signatory. Safeguards are generally well-incorporated into certain kinds of projects, such as the construction of hydro-electric power stations; however, in others, incorporation is not always achieved. The Ministry of Economy and Sustainable Development of Georgia has special service that is responsible for supervision and monitoring of contract compliance. In addition, there are cases in which civil society reacts to cases of contract violation. Relevant state bodies are responsible for monitoring and responding to cases of investors' non-compliance with environmental safeguards. Public information on non-compliance can help to make the process of responding to non-compliance more expedient.

## **4.7 Forestry**

Georgia's national forestry policy remains weak, including its strategy for operating and developing forest areas. As a result of structural and staff changes in state forest management institutions, progress in designing reforms and new policies has been delayed several times, and in some cases the direction of forestry operations was radically changed. The optional forestry module of the LGAF helped to illuminate specific policy gaps in the forest resource management in Georgia.

<b>Commitments to Sustainability and Climate Change Mitigation</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
1	i	Country signature and ratification of international conventions				
1	ii	Incentives to promote climate change mitigation through forestry				

Georgia is signatory of the major forestry and natural resource conventions; however, implementation does not always happen. For example, according to international conventions, the Government of Georgia should have developed a system of certification, as well as published guidelines for its forestry policy. Similarly, incentive mechanisms for climate change mitigation are not available, either in terms of financing or forest development plans.

<b>Recognition of Public Goods Aspects and Promotion of Sustainable Use</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
2	i	Public good aspects of forests recognized by law and protected				
2	ii	Forest management plans and budgets address the main drivers of deforestation and degradation				

The panel members mentioned that the issues of public goods and services are incorporated in the National Environmental Plan. However, there are no economic assessment indicators and no effective protection system. Likewise, there are no prospective and operative forest development plans, and they appear low on the list of budget priorities. Funding mainly goes to physical protection of forests, technical costs, and salaries. There is no funding for in-depth assessments of forests or for addressing the main drivers of deforestation.

<b>Supporting Private Sector Sustainable Investment</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
3	i	Commitment to forest certification and chain-of-custody systems to promote sustainable harvesting				
3	ii	Commitment to SMEs as a way to promote competition, income generation, and productive rural employment				

Currently, certification is voluntary, which creates problems for implementation. Additionally, existing laws and institutions make it difficult for small and medium sized enterprises to succeed. The state issues licenses for forest use, and someone wishing to use licensed forest land needs to apply for permission from the license holder. Thus the license holder makes the decisions over the use of forest resources for small businesses.

<b>Livelihood of Forest-Dependent Communities</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
4	i	Legal recognition of traditional and indigenous rights to forest resources				
4	ii	Sharing of income and benefits from public forests with local communities legally provided for and implemented				

Everyone has the right to use the nation’s forests. Citizens are allowed to enter and move freely around forest areas, unless otherwise specified by Georgian law. (The State Forest Fund, for example, may put restrictions on specific areas.) Citizens are allowed to collect only secondary wood for their personal use (e.g. fallen tree branches for heating); they also have the right to use forest areas for relaxation, tourism, and aesthetic enjoyment. Still, these rights suffer from complicated regulations for their enforcement. The law does not guarantee security of access with special permission from relevant institutions; for some rights, citizens must apply to the appropriate body for documentation of their rights to forest resources.

The legislation of Georgia is silent on the issue of benefit-sharing for local communities. Instead, such regulation depends on the decisions of local authorities.

<b>Forest Land Use, Tenure, Conversion</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
5	i	Boundaries of the countries forest estate, the classification into various uses, and ownership are clearly defined and demarcated				
5	ii	In rural areas, forest land use plans and changes in these plans are based on public input				

The State Forest Fund covers both Protected Territories, which are set aside for protection, and the State Industrial Forest Fund, which includes local forests. The State Forest Fund includes both forested areas and deforested areas, such as fields. Previously, the borders of the State Forest Fund were based on a proposal to the Government from the Ministry of Environmental Protection identifying the borders of protected territories. During the LGAF assessment, the Government amended Georgia’s Forest Code and changed this rule; as of March 17, 2011, the process of border identification is limited only to protected territories of the State Forest Fund.

Expert consensus is that the registration and administration of forests should be conducted once every ten years. However, most of the territory in the State Forest Fund has not been attended to since 1990. As a result, the state does not have information about the overall condition of the Forest Fund, which represents more than 34% of the country’s territory. Moreover, forest use plans are not prepared, and public input on forest use is not sought.

<b>Controlling Illegal Logging and Forest Crimes</b>						
<b>FGI</b>	<b>#</b>	<b>Indicator</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
6	i	Approach to controlling forest crimes, including illegal logging and corruption				
6	ii	Inter- and intra-agency efforts and multi-stakeholder collaboration to combat forest crimes, and awareness of judges and prosecutors				

The rural population faces a critical shortfall of timber for heating. As noted above, regulations for acquiring the right to cut a certain number of trees tend to be bureaucratic, which sometimes results in villagers cutting trees illegally. Illegal felling is also a problem among some industrial businesses. The state does have measures to control illegal tree cutting, including forest inspections, and the situation has improved recently. However, the panel noted that these measures are not conducted systematically and sufficiently to address the problem fully.

In addressing forest crime, the government rarely collaborates with civil society organizations and representatives of local communities. Moreover, cases in which local authorities identify illegal tree cutting are very rare. Rather, the process is centralized, and central forest agencies do not generally collaborate with local authorities.

## **5 Policy Priorities**

### **5.1 Legal and institutional framework**

To strengthen the legal and institutional framework for land in Georgia, an improved land management strategy should be developed, and land consolidation projects should be implemented within the framework of agricultural program. This has the further benefit of facilitating a solution to the land fragmentation problem. Additionally, it is important that local government bodies participate in the process of land alienation because they are tuned into the needs and requirements of the people in their villages and cities, despite governance challenges.

Local government roles and responsibilities in spatial planning should be defined. The status of group/community land should be defined, especially for village pastures. This includes both use rights and the specific rights of rural groups. Community land should be registered so that the state does not consider the alienation of these pastures. State land policy in general should ensure the effective use of land not through restrictions on land ownership (e.g. for foreign citizens) but through control of land use.

### **5.2 Land use planning, management, and taxation**

To improve the system of spatial planning and construction activity, it is necessary improve the quality of land use planning. The Code “About Spatial Planning and Construction Activity” should be further streamlined, and technical regulations should be elaborated in accordance with the Code (e.g. zoning rules, construction rules, the rule of mechanical systems etc.). Technical regulations should be approved by local governments, and spatial development services should be implemented regionally or across several municipalities. One or two small cities should be selected for implementing pilot urban development projects, and several villages should likewise be identified for pilot rural planning projects. Social dwellings and necessary conditions should be determined, and the state could help organize training courses for architects and other professionals.

To improve the land/immovable property assessment system, it is important to encourage the work of private valuers and promote the formation of self-regulating organizations to support them. The participation of state valuers should be limited, as this creates a non-competitive environment. Finally, the state should provide free consultations to tax payers to help them submit their tax declarations via the Internet.

### **5.3 Management of public land**

Surveying all state land and registering it in the Public Registry is essential. This includes information on borders, land categories, quality indicators, and pipelines. Likewise, clear policies for the management of state-owned land are required. Legislation should consolidate and clearly define the investment climate, taxes, and other relevant terms. Information collected about state-owned land should support the analysis and monitoring of policies.

It is important that legislation protects both state and privately owned agricultural lands from further fragmentation. Policies to strengthen cooperation between local government bodies and state agencies in charge of land management should also be explored. In particular, local government bodies should be a part of the decision-making process over relevant public lands.

#### **5.4 Public provision of land information**

In order to improve the public provision of land information, land parcels registered before 2006 should be entered into the NAPR database in a new system of coordinates. This should be done free of charge to the owners, since they paid to register their properties prior to 2006. The initial registration fee for agricultural land should be reduced or abolished, and members of vulnerable populations should also be subject to reduced registration fees. The public registry should produce statistical information on land an immovable property in forms that would allow decision makers to implement land policy more effectively.

In order to help NAPR achieve uniform service throughout the country, legislation should be improved to make registration procedures as clear as possible. Proper manuals should also be developed for NAPR staff, and a serious effort should be made to raise the qualifications for registry employees. In addition, a registry of addresses should be organized, in order to make the process of enforcing contracts and executing collateral easier.

#### **5.5 Dispute resolution and conflict management**

For quick and effective resolutions of land disputes at the local level, it would be expedient to cede authority to a village trustee for certifying agreements between village residents over boundaries. Such locally certified agreements could also become the basis for registration of land parcels in the respective territorial registration branches of NAPR.

In order to encourage the use of legal dispute resolution forums, court fees for settling neighborhood disputes could be lowered. Additionally, to ensure the quick and effective consideration of disputes in the court system, the judicial system must increase the number of judges.

#### **5.6 Large-Scale Land Acquisition**

When public land is privatized, it is important to increase the awareness of the rural population about the process and the possible benefits to them of large-scale land acquisitions, which may decrease the number of disputes between communities and investors. The socioeconomic welfare of the community should be considered throughout the process, along with environmental issues.

Together with announcements made on television, advertisements of land sales should be posted in local government offices. It is also important that investors be aware of the conditions of sale and their responsibilities toward local communities, which might include investment in local infrastructure or services.

## 5.7 Forestry

Forest land should be inventoried, functional zones should be determined, and forest management plans should be implemented in accordance with them. Pastures and forest land should be registered in NAPR as protected areas, national parks, and natural monuments. Cattle trails should also be identified and recorded. Furthermore, the state should develop a forestry privatisation strategy and should elaborate legislation that will allow different forms of forest ownership. Special consideration should also be given to the allocation of community forests. Forest protection, restoration, and fire-preserving programs should be implemented.



## 6 Conclusion

The LGAF assessment confirmed that certain reform goals set in 2004 have been achieved: land management functions have been separated from land administration, and the latter has been centralized within the National Public Registry. NAPR has proven successful in streamlining registration processes and generating sufficient revenues. Additionally, NAPR has effectively engaged the private sector in land administration.

Nonetheless, areas for improvement in land governance remain. In particular, communal land rights lack recognition, increasing the vulnerability of rural groups and limiting opportunities for tenure individualization. Likewise, planning capacity remains weak, and public participation in land governance processes is low. Moreover, those affected by changes in land use do not receive compensation, and land taxation is not based on transparent market valuations. The challenge is to consolidate policy successes and sustain momentum for addressing the next set of reform priorities as the Government of Georgia undergoes the transition to a new administration.