FINAL REPORT
LAND MARKET DEVELOPMENT II ACTIVITY

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FINAL REPORT

GEORGIA LAND MARKET DEVELOMENT II ACTIVITY

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ACRONYMS

APLR – Association for Protection of Landowners' Rights
BAH – Booz Allen & Hamilton
GBRC – Georgia Business Georgia Business Climate Reform Project
GIS – Geographic Information Systems
GOG – Government of Georgia
IDP – Internally Displaced Person
KFW – KFW Bankengruppe (German Government Owned Development Bank)
LMDP – Land Market Development Project
MoAG – Ministry of Agriculture of Georgia
MoED – Ministry of Economic Development of Georgia
MoEN – Ministry of Environment and Natural Resources of Georgia
MoF – Ministry of Finance
MoJ – Ministry of Justice
MP – Member of Parliament
NAPR – National Agency of Public Registry
NGO – Non-governmental Organization
SDLM – State Department of Land Management
TV – Television
UNDP – United Nations Development Programme
USAID – Unites State Agency for International Development
WB – World Bank

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1. BACKGROUND

Total agricultural land in Georgia amounts to about 3 million hectares. There are approximately 795,000 hectares of arable land and nearly 268,000 hectares under perennial crops. Land classified as "mowing"[1] comprises 142,500 hectares, while pastureland occupies almost 1.8 million hectares.

The land tenure situation in 1991 was approximately as follows:

- Nearly 1,300 large collective and state farms cultivated about 3 million ha of agricultural land. About 1 million hectares were arable or perennially cropped land; the rest were mostly pasture and mowing lands;
- About 700,000 farm households cultivated about 15,400 hectares as household garden plots.

A two-pronged agricultural land reform was devised in Georgia to move toward a market-oriented economy, one prong being the distribution of land parcels of up to 1.25 hectares in ownership to rural families (the "small parcel" approach), and the second being the leasing of the remaining state-owned land in larger allotments to physical and legal entities. The land reform program was intended to create a self-maintaining sector of subsistence-oriented small farmers and a market-oriented sector controlled by larger leaseholders.

The "small parcel" reform was initiated in 1992 to transfer ownership of land from the state to households on an emergency basis. Under this first reform, about 744,000 ha of agricultural land were distributed in ownership to 1,055,200 households. The average size of these privatized agricultural landholdings varied from 0.3 to 1.25 ha. This reform was mainly socially oriented, in that Georgian citizens had the possibility to receive land parcels in private ownership, free of charge. With these allocations of land, people would produce agricultural products that on one hand would give them the possibility of family sustenance and on the other hand would assist the country to overcome complex social problems and a food deficit.

The reform had some positive results, especially from the social viewpoint, but this reform was also accompanied by some flaws. For example land fragmentation has been identified as one of the main flaws, presenting a serious problem for further development of agriculture and also farming and family activities.

[1] The term "mowing lands" refers to land that cannot be plowed but is more commonly used for uncultivated grasses, which typically are moved and stored for livestock food.

USAID support to the land privatization process in Georgia began in 1997. Privatization support project was initiated through the company Booz-Allan & Hamilton (BAH). At the beginning of the Project there was no unified legislative framework, which would directly regulate land-related issues. Land reform itself was carried out without such legislative framework being in place. Laws and normative acts at that time were contradictory and insufficient. No unified legal analysis of existing legislative framework had been made. The BAH Project staff and specialists from the Association for Protection of Landowners' Rights (APLR), subcontractor of BAH, started their activities by researching and analyzing further the existing legislation. The improvement of the legislative framework for agricultural as well as non-agricultural land was the prerequisite of land market development in Georgia. Hence, The Parliament of Georgia adopted several important laws providing for the administration and management of agricultural and urban land. The initial drafting of most of these laws was assisted by the BAH Project and the APLR.

Picture 1: Small Parcel Generated from the Land Reform.

In 1998, the BAH Project began working on improving the procedures for registering rights to the privatized land parcels (initial registration), which was supposed to be official confirmation of privatization. Upon the initiative of the Project the list of documents required for privatization and registration was decreased to minimum, and a Certificate was prepared for confirming the private ownership of land. For confirming ownership it was necessary to carry out unified cadastral surveys and based on them to carry out initial registration and preparation of certificates.

However, the state and the relevant body, State Department for Land Management (SDLM) could not afford to finance these activities, but hoped for assistance from donor organizations.

In August 1998 the BAH project started a pilot effort in two sakrebulos[2] of Zestaponi rayon, for producing survey plans of the privatized parcels of agricultural land and for their initial registration in a rapid and effective way. The project envisioned the actual issuance of Certificates of Ownership to the new private landholders, and the provision to the Registration Offices of property cards and maps.

At this time, the Project, in cooperation with the APLR, was raising the initiative of implementing free-of-charge initial registration throughout the country. The reason for such an approach was the difficult social–economic situation and the necessity of rapid development of the land market. The success of the pilot project in Zestaponi rayon initiated expansion of project activities into 40 rayons. The field cadastral works and preparation of registration materials and certificates were carried out in all rayons covered by the Project. Produced and printed registration documentation was submitted to the SDLM registration offices in rayons, for inspection and registration.

At the end of BAH project, by the year of 2000 there was already a wide stratum of private landholders in Georgia. The Project played the role of a catalyst in land market activation process, however, by this time there was still a need to complete the initial registration process.
In May, 2001, APLR began its collaboration with US based Terra Institute with whom USAID had developed a Land Market Development Project (LMDP) Cooperative Agreement, whose objectives were:

- Registration of an additional 1,400,000 parcels (for a total of 2,400,000 since the beginning of initial registration in 1998) and issuance of registration certificates to landowners to ensure secure title;
- Complete a “quality assurance” program for the initial registration of agricultural reform land;
- Provide support for land transactions that would lead to land market development;
- Provide public education and support to landowners to ensure the protection of their land rights;
- Provide support and assistance for further land privatization;
- Strengthen the APLR’s administrative and financial management capacities for managing initial registration; land market policy development, and the promotion of security of rights to land and real estate;
- Develop, test, and revise regulations for implementing the law for the privatization of agricultural land remaining in state ownership;
- Develop the real estate market institutions.

[2] Local administrative unit.

Terra Institute and the APLR prepared and signed an agreement to work together to achieve above objectives, with special emphasis on assuring the sustainability of the APLR once the agreement with Terra would be completed.
In 2001-2005 APLR and Terra Institute completed the initial registration of 1.4 million agricultural land parcels across the country, in addition to the 1 million agricultural land parcels initially registered by the BAH Project, covering the vast majority of agricultural land parcels in the country that had been transferred in private ownership during the land reform. The Land Market Development Project had been implemented in 52 rayons of Georgia.

Initial registration activities included surveying and mapping of privatized agricultural land parcels, preparation of parcel index maps and registration cards for each parcel, and preparation of registration documents. These materials were handed to the local registration offices. Ownership certificates were also prepared and distributed to the new owners as part of the initial registration process.

Picture 2: Landowner Received Ownership Certificate - Land Titling Ceremony.

Prior to 2004, land reform had not been carried out in Autonomous Republic of Adjara (AAR) due to absence of political will and support. Land had not been distributed in approximately 55 sakrebulos in the region. Therefore a majority of AAR population had not received land in private ownership. It was important to carry out land reform in AAR and transfer land into ownership of rural households. In support of this objective, Georgian Parliament introduced amendment to the Law on Agricultural Land Ownership, providing for transfer of reform agricultural land parcels to households residing in Adjara region before December 31, 2006.

With the drastic change of political situation in AAR and following USAID's special request to support land-related activities in the region, APLR exported its traditional expertise in agricultural land registration to that region and at the end of the LMDP APLR ensured registration of 34,500 agricultural land plots.

The Land Market Development Project actively cooperated with State Department of Land Management (SDLM) with regard to initial registration of agricultural land, as well as the reorganization of the Department and improvement of registration services. SDLM was an independent unit of executive government under the President of Georgia. It was vested with wide spectrum of responsibilities that in many cases were contradictory to each other, and there was duplication of functions with other agencies. Resulting from this situation, in 2003, the group of donors, with active involvement of APLR, had prepared a concept with detailed action plan for SDLM reorganization. In 2004 the Law on Public Registry was adopted. As a result SDLM was reorganized into National Agency of Public Registry (NAPR), customer-oriented, self-financing organization responsible for registration of rights. Since that the reformed agency has been playing an important role in rapid and effective service provision and public access to registration information and land market development.

Legislative drafting was one of the priority activities of the APLR within the Project. The APLR's efforts in this field aimed at improving existing legislation and establishing a legal environment oriented towards the proper development of real estate markets. The legal team of the LMDP actively worked to streamline the legislative basis of land/real estate ownership and use, as well as to raise legal awareness of public. Upon the initiative and with the support of the APLR, the Parliament passed several important laws, including the Law on Privatization of State-owned Agricultural Land which aimed to support effective use and cultivation of agricultural land. It considered privatization of economically viable land parcels in order to avoid excessive land fragmentation. Based on this very important law, large-scale privatization of agricultural land has been carried out in 2005-2010.

Hence APLR had become an efficient and effective NGO and acquired strong project management and financial management capabilities during the lifetime of Land Market Development Project I, in 2005 it was awarded the direct grant by the USAID to support the completion of agricultural land privatization process. To make distinction between the old and the new projects, the new one was called Land Market Development II Activity.

2. LAND MARKET DEVELOPMENT II ACTIVITY OBJECTIVES

2.1. Program Objectives

Privatization: As mentioned above, privatization of agricultural land started in the early 1990-ies, with land parcels distributed, free-of-charge, to more than 1 million households. Free-of-charge distribution provided a basic safety net for the rural population, providing food security to poor households with limited success of income, and enabled landowners to sell, mortgage and lease their titled property. However, the reform resulted in severe fragmentation of agricultural land - with average size of small holding of about 0, 5 ha, and each household owning 3-4 parcels in different locations. These were not the factors encouraging increased agricultural production or development of a vibrant land market.

By the year of 2005 much of Georgia's fertile land (45% of agricultural land suitable for intensive farming) remained state-owned. State ownership of these lands had been detrimental for the development of agriculture. Lack of private ownership limited landowners' ability to attract private credit resources to develop their farming enterprises. Leased land could not be used as collateral. Lease agreements had not provided farmers and other investors the level of confidence necessary to make serious investments in agriculture. Georgia's pasture resources were not properly managed, failing to ensure their sustainable use.

In order to support agricultural sector development the Government of Georgia (GOG)[3] initiated an important further step in land reform by mean of large-scale privatization of agricultural land remaining in state ownership. The law on privatization of agricultural land remaining in state ownership adopted in June 2005 intended economically focused privatization of approximately 360,000 ha of arable and perennial land in larger and economically more viable parcels.

The law granted any state agricultural lease-holder the first option to purchase the leased land. Land parcels which were not leased would be sold through the auctions. Sales price for leased parcels, which was fixed by law, was quite attractive to cause motivation for large scale privatization.

Another incentive proposed by the legislation was that it offered the sales conditions which allowed a flexible timeline for payment – the purchase price was to be paid in installments in a rational timeline, during which the new owner would be able to make payment using revenues from cultivation of the privatized land. After paying the first installment, the former lessee or the winner of the auction would become full-right owner of the land parcel. With this approach, privatized lands, although encumbered by mortgage obligations, would quickly become a part of the land market. Proposed legislation did not include community pasture lands, lands used by

[3] The Ministry is now called the Ministry of Economy and Sustainable Development.

scientific/research farms; and lands within strategic boarder areas adjacent to the national boundary.

Privatization of agricultural land required professional assistance that would enable for a streamlined and transparent process. GOG, at the national as well as at local level, lacked the capacity and technical capability (cadastral maps, GIS data, and appropriate software) to prepare privatization plans and conduct land auctions. Therefore, outside technical assistance was needed, and expected by the Government.

Overall objectives of Land Market Development II Activity was to complete agricultural land privatization process, develop properly functioning land market, and establish clear, transparent, streamlined and user-friendly property registration system. The program would facilitate increased access to credit by establishing titled property that could be used as collateral and supporting development of the real estate market through sales and mortgages. Land policy development would be facilitated through providing analyses and advice on key issues faced by the Government or private sector.

The following results were expected by the end of the Activity:

- Effective, sound and transparent procedures for implementing the Law on Privatization of State-owned Agricultural Land;
- Privatization of large parcels of agricultural land in an efficient, transparent and professional manner;
- Increased public awareness of the land privatization program, landowners' rights and responsibilities, and agricultural land lease issues at a national level;
- Increased administrative and technical management capacity and professionalism of the Ministry of Economic Development (MoED) privatization teams and sakrebulo (local self-government unit) commissions for managing land privatization process;
- Streamlined property registration procedures developed;
- Strengthened administrative and technical capacity of NAPR to provide speedy and customer oriented property registration services to citizens;
- The first stage land reform completed in AAR, covering approximately 55 sakrebulos;
- Completed "white spot" initial registration;
- Tenure model for the proper management of pasture land developed and applied;
- Improvements in legal and institutional environment for land market development.

In 2007 Land Market Development Program Cooperative Agreement was modified to ensure support to the GOG in implementing the 100 New Agricultural Enterprise Program aimed at establishing new farming enterprises, increasing agricultural production and rural employment.

IDP Property Registration: As a result of Russia-Georgia conflict in August 2008, post-conflict rehabilitation and development assistance with regard to public registry data recovery, field survey and map preparation for houses and land parcels purchased by GOG for internally Displaced Persons (IDPs) became crucial. Since APLR had long been involved in the programs aimed at property data collection and processing in conflict zones, it was selected by the USAID to provide required assistance. Land Market Development II Activity extension was initiated to carry out IDP property registration works.

The following results were expected at the end of the IDP property registration component:

- Property claims on land within the administrative boarders of South Ossetia by IDPs who has fled the conflict and are residing in Georgian controlled territories registered and transferred to NAPR;
- Houses and land parcels purchased by GOG for IDPs surveyed and registered;
- Registry data digitalized in those rayons were large numbers of IDPs are concentrated.

2.2. Program Approach

A. Support Privatization of State-owned Agricultural Land

Privatization of agricultural lands required professional assistance that would enable for a streamlined and transparent process. This process was associated with the preparatory works to be implemented at the sakrebulo level. At the beginning of large-scale land privatization, sakrebulos had no capacity and technical capability (cadastral maps, GIS data, and appropriate software) to prepare privatization plans and conduct land auctions.

Through its pilot efforts in 8 sakrebulos which had been implemented within Land Market Development Project, APLR had developed procedures for the collection of information needed for the privatization process to begin, such as the identification of state agricultural land areas, existing leases for that land, and rental payments.

The following support was to be provided to assist the MoED and Ministry of Agriculture (MoAG) in the implementation of the law:

- Test and finalize procedures for implementation of the law;
- Provide consultation and public education on the local level for agricultural land leases;
- Provide assistance (maps, supplies, and training) to the MoED privatization teams and Sakrebulo commissions in 500 sakrebulos for the privatization and initial registration of state-owned agricultural land, including preparation of privatization plans and organization of auctions;
- Provide assistance to GOG in identifying large land lots for 100 New Agricultural Enterprises Program;

- Assist with a public information campaign both at national and local level to publicize the privatization program.

B. Complete Initial Registration of Land in AAR

The overall land privatization program was to be implemented in AAR as well as elsewhere in Georgia. However, there was additional need for completion of first-stage land reform in Adjara. Due to the political situation, the first stage agricultural land reform in AAR had been implemented only partly during 1990-ies. Land had not been distributed in approximately 44 sakrebulos in the region; therefore, special amendments to the legislation allowed prolongation of land reform in AAR until December 31, 2006.

The activity would assist GOG in completing the first-stage land reform, in particular:

- Help the units of local self-government in approximately 42 sakrebulos to prepare cadastral maps showing the location of existing privately held parcels, and land areas which were to be privatized by the reform;
- For the parcels to be privatized as a result of prolonged land reform, assist with the preparation and distribution of registration cards and certificates as well as organization of community displays and correction of the registration information.

C. Complete Initial Registration of "White Spots"

In late 1990-ies and early 200-ies several donor-supported projects had carried out land survey and registration activities using different technologies. As a result, certain areas remained not covered by these works leaving so called "white spots".

Identification, surveying and registration of these areas were essential to provide credible reliable picture and complete the registration of private parcels. This Program intended to carry out "white spot" initial registration for an estimated 50,000 parcels.

D. Provide Advisory Support on Land Policy Issues

Land use and management, urban planning, forestation, and other related issues were regarded a significant part of overall sound economic policy. The GOG had placed high importance on developing land related policies and had turned to international experience for policy advice.

Activity would closely cooperate with the Government to provide policy advice on land policy issues. Seminars/workshops were to be organized involving wide groups of stakeholders. Some of the issues to be covered were land use development, pasture and forest land management.

E. Support GOG in Streamlining Property Registration System

Round of effective reforms had been conducted during the early 2000-ies, including elimination barriers to property transactions. Under newly introduced registration system NAPR required support to build up its capacity in order to meet the requirements set by the legislation.

In achieving the goal of establishing clear property rights system, the Activity intended the following works in order to assist NAPR to establish and maintain a modernized, streamlined public registry.

- In cooperation with other donors support transfer of the cadastral and registry info to the rayon level registry offices;
- Provide advice and recommendations to the NAPR in designing properly functioning registration procedures to ensure speedy and customer oriented property registration;
- Provide recommendations on the need of technical capabilities needed to ensure effective functioning of the registry offices; and
- Provide staff training.

F. Public Outreach/Education

The Activity planned to ensure an aggressive campaign to inform lessees and landowners of the procedures and benefits of privatization carried out throughout Georgia. The activity was to use the common methods of public outreach such as publications, leaflets, and public meetings, print and broadcast media, and also provide consolations and advice through their regional representatives.

G. IDP Property Registration for 2008 Russia-Georgia Conflict Affected Populations

During 2008 August conflict thousands of local residents of conflict affected villages were forced to leave their properties within administrative boarders of South Ossetia

The Program intended to recover lost registry data kept at registration offices that were destroyed or became unavailable as a result of the conflict within administrative boarders of South Ossetia. The following activities were planned to be carried out to ensure the protection of IDP Property rights:

- Databases for real properties abandoned in conflict affected villages would be created through registering the claims by IDPs and helping them to document land ownership, register the land in the national database and provide documentation of the claim;
- Surveying and mapping the properties transferred to displaced people by the GOG was planed within the Program in order to title these properties to IDPs;
- Digitalization of public registry data on those rayons where the large numbers of IDPs are concentrated.

3. LAND MARKET DEVELOPMENT II ACTIVITY ACHIEVEMENTS

3.1. Support to the National Program for Agricultural Land Privatization

As mentioned earlier, the Parliament of Georgia adopted the Law on Privatization of State-Owned Agricultural Land in June, 2005. The law, which called for the privatization of leased and unused state farm lands, was a key legislative act for the development of Georgia's agricultural sector and land market in general.

According to the Law two categories of farm lands to be privatized were leased lands and land parcels that were not used or were used informally. Each category required different approach in terms of planning and implementing the needed professional assistance.

As from beginning of Land Market Development II Activity (hereinafter referred to as Activity) APLR had worked as defined in Program Approach to facilitate privatization of farm lands envisioned by the law.

Consultations with the MoED. Ministry of Economic Development was a key project counterpart for agricultural land privatization issues. APLR started consultations with MoED soon after the law was enacted. Shortly after the project launch, APLR and USAID representatives discussed coordination and assistance efforts with the key MoED staff. After introduction of the project's goals and plans to the Ministry leadership, APLR conducted additional meetings with MoED personnel, including the heads of regional agencies, PR and legal departments' officials.

Initial consultations resulted in coordinated planning and implementation of several key assistance activities aimed at facilitation of land privatization. These activities included drafting of Implementing Regulations, training for MoED personnel, PR strategy and coordination of project activities with MoED territorial agencies.

Elaboration of MoED Implementing Regulations. The Law on Privatization of State-owned Agricultural Land called for the adoption of Implementing Regulations that included specific rules for different forms of privatization envisioned. These regulations were very important for the privatization process, as the Law only defined general provisions and lacked detailed stipulations that would act as a guide for the public institutions involved in the process.

APLR provided its legal expertise to assist MoED in drafting the Implemented Regulations. APLR policy team had closely cooperated with MoED lawyers and as a result, the following documents have been drafted:

(1) Implementing Regulations (in a form of Ministerial Decree) on the Rules of Privatization of State-owned Agricultural Land.
(2) Template of Hypothecation Agreement (allowing land purchase in installment payments or up to 9 years).
(3) Application form for privatization of leased land.
(4) Application form for participation in the special auction for state-owned agricultural land (for non-leased parcels at Sakrebulo level).
(5) Application form for participation in the open auction for state-owned agricultural land (for non-leased parcels not sold on special auction and leased parcel not purchased by lessee).
(6) Protocol template of Auction winner.
(7) Protocol template of purchase of land parcel (final purchase document signed by purchaser and MoED).

The drafts were sent to the Ministry of Justice (MoJ) for final approval. APLR policy team had worked with MoJ as well and replied to their numerous queries regarding the documents. As a result, the submitted documents were approved with minor changes on September 27, 2005 – this date can be considered as a formal start date for the second stage of agricultural land privatization.

During the lifetime of the Activity, APLR had been in close contact with the MoED. Special emphasis was made on the regional network of MoED agencies, with which active working relations were established. Project's legal team acted as a source of legal consultations for MoED regional agencies; regular (monthly) exchange of privatization data had become a constant source of information for APLR's privatization statistics.

Coordination with GOG. APLR was in constant coordination with GOG and acted as a primary government counterpart on the land issues and farm land privatization in particular. Actual start of land privatization process revealed a number of complications that needed to be promptly addressed in order to achieve streamlined and hassle-free procedures.

APLR was in close collaboration with the State Ministry on Reforms Coordination which was to ensure mobilization of various public entities in facilitation of privatization process. Coordination meetings with State Minister had resolved, fully or partially, the problems associated with tax agencies, privatization documentation, and overall bureaucracy. APLR constantly lobbied the land issues to be the priority of the Government. APLR provided privatization statistics to the State Ministry's office on quarterly bases which acted as a good tool for strategic decision-making to further streamline the process.

After six months of program beginning, APLR developed the model of land privatization monitoring activity. At the end of each quarter, APLR used to prepare for GOG detailed report showing various problems, issues and observations.

In order to keep the GOG more involved and updated of the ongoing process, APLR started to produce land privatization reports and statistics, as well as to maintain leased land computerized database for the government's use. Maintenance of such database enabled APLR to learn privatization progress in numbers (parcels, areas and regional distribution) and take respective decisions with regard to the improvement of ongoing process. Such statistics, together with narrative reports describing existing hindrances, problems, observations and violations that had occurred during the privatization process were distributed among government officials and agencies

Coordination meetings were held on a regular base with key representatives aimed at important legislative changes affecting farm land privatization (establishing one-window system, streamlining hypothecation procedures, etc.), APLR worked intensively with Ministry of Finance (MoF) and MoED to abolish lease payments hindering the land privatization process.

Legislative changes elaborated in coordination with GOG are described in detail on Policy Analyses and Formulation Section bellow.

Cooperation with NAPR. NAPR is a final entity in a privatization chain that issues titles to the new landowners. So, it was important for the Activity to streamline property registration procedures and strengthen administrative, technical and institutional capacity of NAPR to provide speedy and customer-oriented property registration services to citizens.

During the Activity APLR had been closely cooperating with the NAPR and its registration offices. APLR policy team members met with NAPR officials at least twice a month to discuss ongoing activities, and to identify and resolve existing problems.

The launch of the leasehold privatization resulted in increased demand for land survey, boundary correction, and registration. Only a few NAPR regional offices had the capacity and equipment to use the integrated cadastral databases that the Agency possessed. Under the Activity APLR launched the system to provide necessary guidance and consultations to the NAPR. APLR had put

into practice regular meetings between land leaseholders and registration offices to ensure the increased demand for boundary correction and registration. APLR set up one central and several regional GIS support centers that were checking the boundaries of the leased parcels (sketches prepared by surveyor companies hired by lessees) against the integrated cadastral and aerial images to ensure that there was no overlap with other parcels in the area. GIS support centers also acted as a source of GIS-related consultations for regional public registry offices.

APLR's policy team worked together with NAPR key personnel to ensure that property transactions (initial and secondary) were implemented in a consistent, transparent and streamlined manner. In cooperation of other donors (KFW, WB) cadastral and registry info were transferred to registration offices (see Registration of "White Spot" Section); recommendations and advice were provided to NAPR to improve the registration procedures and ensure speedy and customer-oriented property registration.

In November, 2007, a training and certification program for the users of web-based registration software developed by NAPR (NAPRWEB) was launched under the Activity to support online registration of titles. APLR legal team directed trainings and certification process and prepared appropriate materials to be delivered to trainees. Special computer tests were also prepared to run certification process. The software enabled companies (banks, brokers, real estate agencies, notaries and others) acting on real estate market to get information kept in NAPR databases through the Internet. Software customers could submit essential documentation for registration electronically and get requested documents. Legal entities and individuals signing the memorandum on cooperation with NAPR were able to become authorized customers of the software. After several months as from the launch of training and certification program, the activity became self-sustainable. APLR continued to run this program based on self-financing.

Activities in the Regions. APLR undertook region-by-region land privatization monitoring to identify common difficulties and hindrances to the process. APLR established working relations with local administrations and information-sharing mechanisms had been set respectively. APLR key staff used to hold meetings with the rayon Gamgebelis[4], officials of local municipalities, territorial agencies of MoED and other relevant officials to discuss the pace of privatization and identify any shortcomings that could be resolved through joint efforts. The topics discussed with local governments covered land related problems and hindrances to privatization process, privatization procedures and rights of the local residents. As a result any shortcomings hindering land privatization were identified and debated.

Trainings/Consultations. MoED territorial agencies, local municipalities and NAPR registration offices, actively involved in agricultural land privatization process, lacked administrative and technical management capacities at both national and local levels. Therefore, they needed continuous assistance in handling land privatization issues.

[4] Gamgebeli is a head of local government.

APLR was providing regular training and consultancy throughout the country for respective officials of MoED territorial agencies, NAPR registration offices and local municipalities involved in privatization process. Such trainings/consultancy dealt with specifics of the privatization law, including the updates in acting legislation and sub-legislative acts; procedures for leased and unused farmland privatization. MoED representatives were also trained in handling cadastral data.

After the adoption of the Implementing Regulations of privatization law, MoED had requested training of its personnel (especially those in territorial offices). APLR policy team had prepared training materials as well as the Guide for Agricultural Land Privatization both distributed at training sessions (Ref. Annex A).

In November-December 2005 APLR trained around 150 MoED staff members involved in farmland privatization.

The training sessions covered the issues related to the benefits of the new legislation for the State and for land users, legal aspects of the new law, and detailed implementation procedures described in the sub-legislative acts.

Table 1: MoED Employees Trained in November-December 2005:

Date	*Location*	*Regions Represented*	*Number of attendees*
12.09.05	*Tbilisi*	*Shida Kartli, Kvemo Kartli, Kakheti, Mtskheta-Mtianeti*	*60*
13.09.05	*Kutaisi*	*Imereti, Racha-Lechxum-Kvemo Svaneti*	*30*
14.09.05	*Poti*	*Guria, Samegrelo-Zemo Svaneti*	*30*
15.09.05	*Borjomi*	*Samtskhe-Javakheti*	*15*
04.10.05	*Batumi*	*Ajara*	*15*
17.10.05	*Tbilisi*	*All regions (wrap-up session, Q&A)*	*130*

In February 2006 another series of trainings were arranged both for the representatives of local self-governance and territorial bodies of the MoED concerning the land privatization law and related issues. Specific focus was made on privatization of non-leased agricultural lands. Training was attended by high-ranking local government officials as well. Participants were handed Privatization Guidelines complied by APLR legal experts. The Guidelines were written in popular and simple language and included answers to frequently asked questions around the topic.

There were held 39 trainings altogether in Imereti, Samegrelo, Guria, Samtskhe-Javakheti, and Kakheti regions.

Following the significant amendments to the MoED Implementing Regulations, in the second half of 2006 APLR legal specialists had conducted a round of regional training sessions where the updated regulations were introduced to those officials involved in privatization process. The trainings had been conducted as a full-day event in each region with the participation of MoED

and NAPR territorial bodies and local government officials. Besides its main target, training sessions had created good opportunity for discussion and consultations regarding problematic issues related to land privatization.

Table 2: Trainings Held for the Employees of MoED, NAPR and Local Municipalities in the Second Half of 2006:

Date	*Location*	*Regions Represented*	*Number of attendees*
21.08.06	*Tbilisi*	*Kvemo Kartli, Kakheti, Mtskheta-Mtianeti*	*40*
13.09.06	*Kutaisi*	*Imereti, Racha-Lechxumi, Kvemo Svaneti*	*30*
14.09.06	*Zugdidi*	*Samegrelo*	*30*
15.09.06	*Poti*	*Guria, Samegrelo-Zemo Svaneti*	*30*
16.09.06	*Akhaltsikhe*	*Samtskhe-Javakheti*	*20*
26.09.06	*Gurjaani*	*Kakheti*	*30*
04.10.06	*Batumi*	*Adjara*	*30*
16.12.06	*Tbilisi*	*All regions (wrap-up session, Q&A)*	*140*

On December 29, 2006, the Parliament amended the agricultural land privatization law and allowed privatization of the leased pastures and pastures attached to the privately owned buildings. These amendments entailed the need to train relevant officials of MoED, self-governments and NAPR on detailed pasture land privatization implementation procedures. APLR arranged six training sessions for respective officials concerning pasture land privatization and related issues and trained more than 165 persons countrywide:

Table 3: Trainings Held on Pastureland Privatization:

Date	*Location*	*Regions Represented*	*Number of attendees*
16.02.07	*Kutaisi*	*Imereti, Racha-Lechxumi-Kvemo Svaneti*	*30*
17.02.07	*Zugdidi*	*Samegrelo*	*25*
18.02.07	*Ozurgeti*	*Guria*	*20*
22.02.07	*Akhaltsikhe*	*Samtskhe-Javakheti*	*20*
1.03.07	*Tbilisi*	*Kvemo Kartli/Shida Kartli*	*40*
05.03.07	*Telavi*	*Kakheti*	*30*

Due to continuous legislative amendments, and permanent change of the staff at MoED territorial agencies and local municipalities, the need of providing training/consultancy had risen once again in 2009. 51 registration offices (approximately 150 employees), 52 local municipalities (100 officials) and 5 territorial agencies of MoED (25 officials) received respective consultations or trainings concerning various aspects of agricultural land privatization. Training program on privatization law particularly included: a) The Law on Privatization of State-owned Agricultural Land (August, 2005), together with further amendments, b) The Law on Local Self-government

(Article 47), c) Order by the Minister of Economic Development on the Approval of the Rule for Privatization of State -owned Agricultural Land (23.09.2005) together with further amendments, d) Order by the Minister of Economic Development on the Approval of Special Forms of Minutes Identifying the Winner of Special or Open Auction Conducted for Sale of State-owned Agricultural Land and the Minutes for Submission to the Public Registry Confirming the Purchase of Land or other Real Estate (2005.12.09) and its amendments, e) Order on the Approval of Typical Form of Agreement for Hypothecation of State-owned Agricultural Land (12.05.2005) together with further amendments.

In 2009, 150 individual surveyors and/or private companies were consulted or trained on handling cadastral data through GIS support centers in order to ensure meeting the standards required by NAPR.

Leasehold Land Privatization. The launch of the leasehold privatization has resulted in increased demand for land survey, boundary correction, and registration. Only a few NAPR regional offices had the capacity and equipment to use the up-to-date integrated cadastral databases that the Agency possessed. As from the start of large-scale privatization in the country APLR had launched the system to provide necessary guidance and consultations to leaseholders and public institutions involved in the process. APLR supported the NAPR and the land survey companies to ensure their mobilization in meeting the intensity of privatization process. This support entailed operation of one central and 5 regional GIS support centers (Marneuli, Gurjaani (later in Telavi), Kutaisi, Akhaltsikhe, Batumi) that had been operating during the project lifetime and checking boundaries of the leased parcels (sketches prepared by surveyor companies or individual surveyors hired by lessees) against the integrated cadastral and aerial images to ensure there was no overlap with other parcels in the area. According to the necessity GIS support centers had been temporarily opened in Senaki, Akhalkalaki, Kareli, Tetritskaro, and Bolnisi. GIS support centers provided free-of-charge assistance and therefore, became very popular not only among land lessees but local government agencies as well. GIS support centers also acted as a source of GIS-related consultations for regional public registry and MoED offices, individual surveyors and surveying companies.

GIS support centers were equipped with modern computer hardware/software and qualified GIS specialists who were assisting the MoED territorial agencies and NAPR registry offices to minimize errors during the privatization/registration process.

Picture 3: APLR Regional Coverage.

Leasehold Privatization Achievements. Within the Land Market Development II Activity privatization of 10,568 leased land parcels with the total area of 172,101 ha was supported[5].

Table 4: Leasehold Land Privatized since September, 2005 through December 31, 2009:

Region	Area/Hectares	Number of Land Parcels
Guria	3,578	378
Imereti	3,508	289
Kakheti	87,857	4,254
Kvemo Kartli	44,257	2,877
Mtskheta-Mtianeti	2,234	398
Racha-Lechkhumi and Kvemo Svaneti	189	57
Samegrelo-Zemo Svaneti	6,394	710
Samtske-Javakheti	13,801	776
Shida Kartli	7,517	727
Tbilisi	2,550	27
Total	***172,101***	***10,568***

Unused Farmland Privatization. Land Market Development II Activity envisioned support to the privatization of unused farmlands remaining in state ownership.

It was planned that APLR would assist 500 sakrebulos countrywide in preparation of privatization plans for the agricultural land parcels to be sold via special and open auctions[6].

[5] After completion of land privatization component of the Activity, APLR continued support to leased land privatization on commercial bases.

During September-November 2005 APLR regional teams had conducted initial survey of all sakrebulos around the country (focusing on lowland ones, where land has more economic significance) and prepared preliminary list of those sakrebulos, where USAID assistance were identified as most adequate. After selection of 506 sakrebulos, APLR had started to work with them for actual assistance in preparation of privatization plans and conduction of auctions.

In December 2005 APLR was asked by the GOG to start these works with the Kvemo Kartli region (predominantly occupied by ethnic Azeri population) as the GOG had identified the land issues to be one of the most problematic in that region.

APLR, in coordination with Kvemo Kartli Regional Administration had identified 11 sakrebulos in the region. The scope of work in these sakrebulos included survey of land parcels, demarcation of parcels on the field, and preparation of Privatization Plans. After approval of these plans, APLR assisted local sakrebulos in organizing special land auctions and facilitated titling of the privatized parcels.

Table 6: Land Sold via Auctions in Kvemo Kartli Region:

Rayon	*Sakrebulo*	*No. of parcels sold*	*Area of parcels sold in hectares*	*No. of parcels titled*	*Area of titled parcels in hectares*
Bolnisi	*Nakhiduri*	*36*	*135*	*0*	*0*
Bolnisi	*Tamarisi*	*87*	*374*	*87*	*374*
Bolnisi	*Talaveri*	*87*	*330*	*87*	*330*
Marneuli	*Kutliari*	*45*	*647*	*45*	*647*
Marneuli	*Algeti*	*15*	*250*	*0*	*0*
Marneuli	*Damia*	*25*	*165*	*25*	*165*
Gardabani	*Jandara*	*38*	*522*	*38*	*522*
Gardabani	*Kalinino*	*50*	*410*	*50*	*410*
Gardabani	*Vakhtangisi*	*41*	*597*	*41*	*597*
Gardabani	*Kesalo*	*0*	*0*	*0*	*0*
Gardabani	*Nazarlo*	*28*	*378*	*28*	*378*
TOTALS		***452***	***3808***	***401***	***3423***

[6] Privatization plans are Sakrebulo maps prepared using aerial imagery which identifies the areas that local administrations are proposing to privatize via special auctions. Privatization plans are negotiated and agreed with local municipalities and are subject to approval of MoED before privatization process can begin.

Picture 4: Land Titling Ceremony in Kvemo Kartli Region.

As of January 31, 2007, privatization plans for 506 sakrebulos around the country had been finalized and handed over beneficiaries.

Table 6: Privatization Plans Prepared Countrywide:

Region	#	Rayon	Number of Privatization Plans Prepared
Khakheti	1	Lagodekhi	14
	2	Gurjaani	17
	3	Dedoplistskaro	9
	4	Sagarejo	13
	5	Telavi	8
Meskhet-Javakheti	1	Adigeni	12
	2	Akhaltsikhe	13
Imereti	1	Khoni	12
	2	Bagdati	9
	3	Samtredia	13
	4	Kharagauli	13
	5	Tskaltubo	16
	6	Tkibuli	9
	7	Terjola	19
	8	Vani	20
	9	Zestaponi	17

	10	Chiatura	14
	11	Sachkere	12
Shida Kartli	1	Kaspi	17
	2	Gori	22
	3	Kashuri	12
	4	Kareli	18
Kvemo Kartli	1	Gardabani	19
	2	Dmanisi	14
	3	Tetritskaro	20
	4	Marneuli	18
	5	Bolnisi	14
Guria	1	Lanchkhuti	16
Samegrelo	1	Tsalenjikha	12
	2	Abasha	16
	3	Chkorotsku	12
	4	Khobi	20
	5	Senaki	15
	6	Martvili	21
TOTAL			***506***

Apart from 506 Sakrebulos identified initially, APLR assisted to more 124 Sakrebulos based on co-financing.

Picture 5: Privatization Plan for the Village of Arashperani, Lagodekhi Rayon.

Table 7: Privatization Plans Prepared based on Co-financing:

#	Rayon	Number of Privatization Plans Prepared
1	Ozurgeti	29
2	Zugdidi	31
3	Sagarejo	7
4	Akhmeta	14
5	Gurjaani	4
6	Choxatauri	23
7	Aspindza	12
8	Ninotsminda	10
9	Tsalka	30
10	Dusheti	15
11	Chkorotsku	1
12	Tsalenjikha	2
13	Chiatura	1
14	Tsageri	9
15	Akhalkalai	22
16	Kazbegi	6
17	Lentekhi	8
	TOTAL	***224***

After approval of privatization plans by MoED, local governments initiated the process of conducting special and open auctions with APLR Assistance. APLR made efforts to spread information about forthcoming land auctions. TV clip had been prepared that was aired on regional TV stations informing the public about specific rayons and sakrebulos where privatization plans had been prepared and auctions were to be conducted. This also contributed to the public pressure on some sakrebulo leaders, who might be hesitant to hold auctions fearing responsibility or avoiding full disclosure of available farm lands.

The auctions were conducted intensively countrywide during 2006-2007, however, due to August 2008 events, as well as legislative changes and restructuring of MoED territorial agencies, privatization of unused farmlands temporarily stopped for several months. The process was renewed in spring 2009 in almost all regions.

APLR had been continuously conducting site monitoring visits at special and open auctions in order to observe auctioneering procedures and draw respective conclusions whether these procedures had been met.

During the project lifetime tens of such visits were recorded around the country.

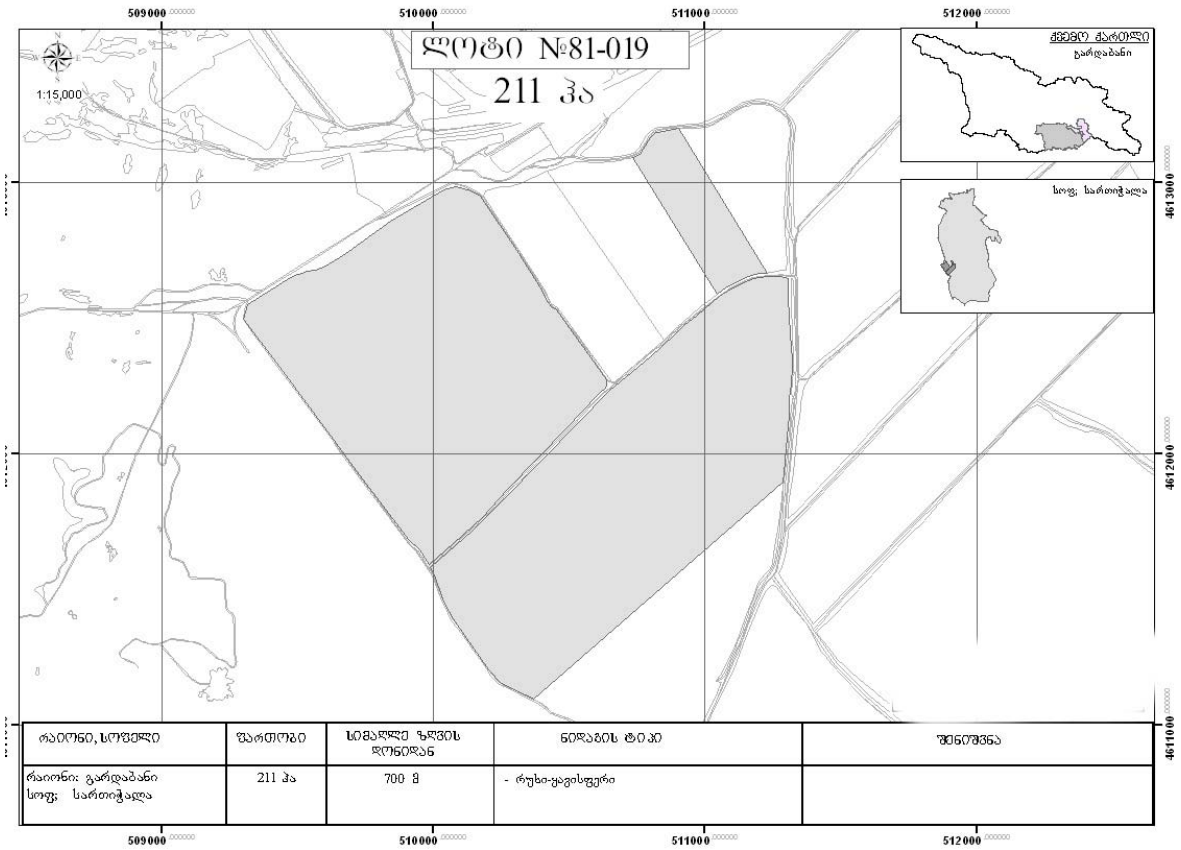
By December 30, 2009, 41,805 ha of unused farmland were privatized throughout the country.

Table 8: Unused Farmland Privatized via Special and Open Auctions Countrywide since September, 2005 through December, 2009:

#	Region	Number of Sold Parcels	Area/Hectares
1	Guria	351	2094
2	Imereti	1701	6002
3	Khakheti	738	4593
4	Kvemo Kartli	1593	11812
5	Mtskheta-Tiantei	431	1435
6	Racha-Lechkhumi	187	1234
7	Samegrelo-Zemo Svaneti	1361	10201
8	Samtskhe-Javakheti	25	89
9	Shida Kartli	604	2759
	Total	***6,315***	***41,805***

Privatization through 100 new agricultural enterprises program – in summer of 2007, president of Georgia launched the new program for the 100 Agricultural Enterprises. The program envisioned privatization of pre-identified land lots (over 50 hectares) to the agricultural investors through competitive and transparent selection procedures, as defined by the amendments to the land privatization legislation. MoED and the MoAG were charged to announce expression of interest for specific land lots. Submitted proposals had to be evaluated on a competitive basis. The priority would be given to those investors offering best price, employment (especially rural), production and exports. GOG decisions had to be based on the agreement with all involved parties, including local governments. This program was equally accessible to domestic and foreign investors, and information about the bidding procedures and land lots for sale would continue to be publicly available. It was planned to privatize 50,000 hectares of agricultural land through the 100 new agricultural enterprise program.

Land Market Development II Activity envisioned support to the new presidential program. For this purpose APLR had closely cooperated with the MoED and MoAG. Based on a number of meetings with key representatives of the Ministries and APLR, scope of APLR support, terms of reference and time-frame for the proposed works were defined. APLR was to provide the MoAG information on large lots located in different regions of Georgia. In particular, APLR was to ensure the search of large lots in the geoinformation databases created within the scope of land market development activities and hand over to the MoAG respective maps, together with other relevant information.



Picture 6: Map of Land Lot, Village of Sartichala, Gardabani Rayon (Prepared within 100 New AE Program).

Within the scope of this particular component (during 2007-2009) 680 large land lots totaling the area of 135,982 hectares were identified and respective maps prepared by APLR for sale through the new 100 Agricultural Enterprises Program. Out of this land 7,308 hectares were sold to the investors.

Table 9: Land Privatized through 100 New Agricultural Enterprises Program By December, 2009

#	Investor	Land Lot Location	Land Area/Hectares	Land Lot Price	Investment Volume	Conditions
1	AgriGeorgia LTD	Samegrelo region	2323	USD 697,047[7]	EUR 4,000,000	Investor shall cultivate nut plantations, build two nut dryer plants and put them in motion by 2010. 150 persons will be employed within the scope of the project on regular bases; 200 persons will be employed for seasonal works.
2	Caucasus Agro development JSC	Gardabani, village of Lemshveniera	1690	GEL 929,339	GEL 7,000,000	Investor shall set up modern cattle farm for producing raw milk, cultivate land to harvest cattle feed locally. 83 persons will be employed by the investor within the scope of the project.
3	Millennium Trans LTD	Kobuleti	60	USD 30,000	GEL 333,000	Investor shall plant and cultivate tea plantations and employ 15 persons on regular bases and 200 persons for seasonal works.
4	Nonfarm LTD	Kobuleti, village of Kutsubani	10	GEL 9,200	GEL 412,200	Investor shall cultivate and harvest medicinal plants
5	AgroTechGeorgia LTD	Kobuleti, village of Kutsubani	33	GEL 16,184	EUR 5,000,000	Investor shall arrange green-houses and employ 100 persons on regular bases and 20 persons for seasonal works
6	AgroTech LTD	Gardabani, village of Akhali Samgori	46	USD 22,822	GEL 10,000,000	Investor shall arrange green-houses and modern warehouses for vegetables
7	Dani LTD	Samegrelo region	120	59,755	GEL 820,000	Investor shall cultivate fruit-trees; make the complex of green-houses over thermal waters in the village of Tsaishi, in order to produce vegetables for export; 490 person shall be employed within the frame of the project.

[7] [1]The price does not include the payment for 937 ha of land acquired in the last quarter of 2009.

#	Investor	Land Lot Location	Land Area/Hectares	Land Lot Price	Investment Volume	Conditions
8	Koren Holding LTD	City of Gardabani	311	USD 217,561	USD 3,000,000	Arrangement of green-houses equipped with modern technologies; planting pomegranate plantations, setting up pomegranate processing plant, training of farmers, employment of 500 persons.
9	Capital Partners Georgia LTD	Samegrelo and Guria Regions (Abasha and Lanchkuti rayons respectively)	1148	USD 690,000	USD 1,000,000	Investor shall cultivate wheat, maize, fruits and citruses (kiwi, tangerine, feijoa)
10	Levan Kardava	Abasha, Samegrelo Region	788	USD 480,000	GEL 3,000,000	Investor shall run large-scale cattle farm and employ 200 persons
11	Malkhaz Kerdzaia	Senaki, Samegrelo Region	101	USD 50,918	GEL 112,000	Investor shall cultivate maize, soy-bean, laurel, stevia, feijoa and employ 52 persons by 2009, 75 persons by 2010 and 92 persons by 2011
12	AgroExport LMT	AAR	90	GEL 45,000	GEL 292,000	Investor should cultivate tea plantations and employ approximately 100 persons
13	AgroFarming LTD	Samegrelo Region	598	GEL 358,800	GEL 500,000	Investor should run the farms of livestock and employ 15 persons
Total			***7318***			

3.2. Support to Land Registration and Land Reform in Autonomous Republic of Adjara (AAR)

The privatization program under the Law on Privatization of State-owned Agricultural Land would be implemented in AAR as elsewhere in Georgia. However, there was an additional need for the completion of a first-stage land reform in AAR, as well as the registration of lands that had been distributed during the first-stage land reform but had not been registered.

Another complication with AAR was that due to the political situation, the first stage of agricultural land reform had been implemented only partly during the 1990s. Land had not been distributed in 42 sakrebulos in the region; therefore, special amendments to the legislation were passed to allow extension of timeframe for land reform in AAR until December 31, 2006.

APLR initiated the following activities to support the completion of land reform in the region:

Registration of Allocated Agricultural Lands. Agricultural land distributed by land reform in AAR had not been registered until the political situation changed in the region. Within the Land Market Development Project APLR (in cooperation with Terra Institute) had facilitated the preparation of registration documents for some 35,000 parcels in AAR, however, by 2005 there was a need to complete free-of-charge registration of already allotted parcels.

By January 2006 APLR completed to prepare registration documents for additional 37,400 parcels. With this effort, registration of agricultural lands that had been allocated within the land reform was completed. By this time it was estimated that APLR would facilitate registration of additional 35,000 parcels that should have been allocated in 42 sakrebulos where land reform had been blocked by the former regional government.

Local Government Coordination. According to the decision of the AAR Cabinet of Ministers, a Land Reform Commission had been formed to establish the policies and activities to be implemented to distribute agricultural land in 42 sakrebulos.

APLR had intensively participated in the work of this commission via Batumi regional office leadership and held a couple of key decision-making consultations with the Head of the Autonomous Republic. APLR participated in the prolonged debate within the Land Reform Commission for the purpose to define the strategy for land distribution.

Identification and Surveying of the Areas to be Privatized. APLR was committed to provide identification and survey of the land parcels in 42 sakrebulos where land reform was yet to be implemented. This effort included two stages – identification of areas to be alloted for land reform and identification and demarcation of parcels to be distributed and titled. Starting from September, 2005, APLR's survey and GIS groups had worked with local sakrebulos to map out land reform areas and deliver the final product in digital form (first stage). These works had been completed by December 2005. APLR had provided technical assistance (mapping/survey work,

outreach to communities and sakrebulo leaders) and actually prepared land distribution plans for this purpose.

Allocation of agricultural land areas to be transferred to the AAR residents in private ownership had been officially approved by the Government of AAR on February 4, 2006.

Approval of the privatization areas by regional government opened a new set of assistance activities for APLR, including training of local sakrebulo officials, preparation of training materials and AAR Land Reform Guide. These activities would be followed with actual allocation of land parcels and registration of titles.

Despite the Government of AAR officially approved the distribution of agricultural land areas in private ownership, the regional government expressed its position to seek GOG approval to the land reform regulations before starting the process. APLR had been requested by regional government to provide legal expertise to draft all necessary documents needed for GOG approval. As GOG approval had not been a part of the overall process from the start, this additional step caused delay in the start date for the reform.

As a result of several rounds of discussions, involving legal specialists from APLR central and Batumi offices, all the documents necessary for GOG consent had been prepared and the final package was sent to the GOG in July 2006. The package of documents included GOG ordinance on the approval of land areas to be transferred in private ownership and Implementing Regulations for AAR land reform. GOG was supposed to take respective decision in August; however, the process was delayed for months.

APLR legal team had series of meetings with representatives of government of AAR and Land Reform Commission to find out the reasons of delay, discuss the issue and find respective solution as the time frame set for implementation of land reform in AAR expired on December, 31, 2006. One of the alternatives discussed for problem resolution was preparation of privatization plans for sakrebulos and selling land via auctions.

APLR was unable to launch survey and registration of the parcels within the areas identified for land distribution within the scope of land reform because of a GOG approval has not been obtained.

On October, 2007, parliament of Georgia amended the Law on Privatization of Agricultural Land Remaining in State Ownership. Amendments allowed privatization of agricultural lands prescribed for the reform fund in the AAR. Privatization of these lands was banned by the previous version of the law.

However, in December of 2007 parliament of Georgia passed the amendments to the Law on Recognition of Title to Land Parcels Possessed, Used or Arbitrarily Occupied by Individuals or Legal Entities. According to these amendments 0.30 ha (in Kobuleti municipality) and 0.20 ha (in Khelvachauri municipality) of arbitrarily occupied land could be transferred free-of-charge to

households residing within these municipalities. Via establishing this legal norm the government tried to fill up the gap existing in land distribution in AAR[8].

3.3. Survey and Registration of Land Parcels in "White Spot" Areas

At the end of 1990-ies and early 2000-ies several donor-supported projects carried out land survey and registration activities in Georgia using different technologies and procedures. This resulted in absence of unified cadastral and registration information. In this respect, special attention was accorded to the KFW Land Cadastre and Registration Project and USAID supported Land Market Development Project, as their activities encompassed almost the entire territory of Georgia (the UNDP supported Registration and Cadastre Project covered the Gori Rayon only, and the World Bank Land Registration Project covered the Rayons of Mtskheta and Gardabani).

KFW Project and LMDP both implemented activities in same sakrebulos, however, problems existed that prevented the practical use of the data generated, because no unified sakrebulo cadastral maps existed that would consolidate land plots surveyed by the two projects. There was no uniform database with records on parcel owners as well. Within the sakrebulos certain areas remained not covered by either project leaving so-called "white spots", territories for which no information existed.

Deriving from the above, there was a need to integrate information of two projects into a uniformly formatted and comprehensive database. For this purpose KFW contracted the APLR to integrate cadastral information of the LMDP and KFW Project. During integration cadastral information prepared by the two Projects was accommodated in uniform database managed by compatible software. A single parcel numbering system was designed. While integration of two projects' data, "white spot" areas that were left out of each project's activities where identified. Within the scope of LMDP special importance was accorded to surveying of "white spots". These territories were surveyed and cadastral information prepared analogous to other parcels surveyed within KFW Project and LMDP. The number of surveyed parcels in "white spot" areas reached 180,000 for the regions of Kakheti, Kartli, Imereti, and partly Samegrelo.

However, after completion of LMDP number of areas remained uncovered. Identification, surveying, and registration of these "white spots" were essential to provide the complete registration of private parcels.

Within the scope of Land Market Development II Activity APLR completed the work associated with surveying of "white spot" areas.

Identification and Survey of Parcels. The work associated with surveying of all identified "white spot" areas were carried out in 2006. APLR completed this effort with the survey of additional

[8] After the adoption of the law APLR identified land parcels in legitimate possession within the administrative borders of Kobuleti and Khelvachauri municipalities and prepared cadastral maps and registration documents for approximately 15.000 parcels under the contracts concluded with local governments.

161,728 parcels in Samegrelo, Guria, and Samtskhe-Javakheti regions. The table below demonstrates the work done in those regions:

Table 10: Land Parcels Surveyed in "White Spot" Areas:

Region	Rayon	Number of Parcels Surveyed
Samegrelo	Chkorotsku	4,390
Samegrelo	Martvili	3,560
Samegrelo	Tsalenjikha	21,578
Samegrelo	Zugdidi	26,596
	Total	***56,124***
Guria	Lanchkhuti	14,170
Guria	Ozurgeti	16,942
Guria	Cokhatauri	19,860
	Total	***50,972***
Samtske-Javakheti	Adigeni	6,887
Samtske-Javakheti	Aspindza	1,471
Samtske-Javakheti	Akhaltsikhe	14,849
Samtske-Javakheti	Akhalkalaki	5,470
Samtske-Javakheti	Borjomi	18,526
Samtske-Javakheti	Ninotsminda	7,429
	Total	***54,632***
TOTAL		**161,728**

Coordination with KFW Land Cadastre and Registration Project. KFW Project was conducting integration of cadastral data prepared with the support of different donor organizations into a unified system. Land parcels surveyed by APLR in "white spot" areas had been handed to KFW Project for further checking and integration.

The integrated data were transferred to the NAPR newly equipped registration offices in late 2006.

An integrated database gave opportunity to NAPR to effectively implement registration of rights on real estate, as well as supported local government bodies in effective land administration and management; As a result of surveying parcels in "white spot" areas, the owners of these parcels were placed in equal conditions with the other owners, as free- of-charge surveys of these properties had been accomplished.

3.4. Policy Analyses and Formulation

Land use and management, land privatization law and related procedures, use of pasture and forest lands were those issues that were attached a special importance by the Activity during its lifetime. The GOG placed high importance on developing land related policies and turned to international experience for policy advice. Within the scope of the Activity APLR was committed to closely cooperate with the Government and NGOs to provide policy advice on land-related subjects.

APLR assisted the GOG and the Parliament to initiate and formulate various legal amendments and acts related to the country's land policy and privatization. Just at the beginning of large-scale privatization process, APLR participated in drafting of the MoED Implementing Regulations for the Law on Privatization of State Owned Agricultural Land (in cooperation with MoED and Ministry of Justice (MoJ)). As a result the following normative acts were approved by the MoJ:

1. Implementing Regulations (in a form of Ministerial Decree) on the Rules of Privatization of State-owned Agricultural Land.
2. Template of Hypothecation Agreement (allowing land purchase in installment payments or up to 9 years).
3. Application form for privatization of leased land.
4. Application form for participation in the special auction for state-owned agricultural land (for non-leased parcels at Sakrebulo level).
5. Application form for participation in the open auction for state-owned agricultural land (for non-leased parcels not sold on special auction and leased parcel not purchased by lessee).
6. Protocol template of auction winner.
7. Protocol template of purchase of land parcel (final purchase document signed by purchaser and MoED).

These regulations were very important for the privatization process, as the Law only defined general provisions and lacked detailed stipulations that would act as a guide for the public agencies involved in the privatization process.

Amendments to the Law on Privatization of State-owned Agricultural Land. The Law, in its initial form included certain legal deficiencies that became evident when the process of privatization started. One of such deficiencies was that leaseholders willing to privatize land had to sign hypothecation agreements even in the cases where they had not wanted to use the payment prolongation option. This deficiency caused additional bureaucracy for the leaseholders, more time and fees spent for the process.

APLR policy team initiated changes in the law that would correct the picture and presented the draft amendments on the Agrarian Committee of the Parliament in October 2005. In November of the same year APLR held additional consultations with MPs and different Ministries regarding the issue, which resulted in putting the amendments in the Parliament's voting agenda. These amendments were adopted in December 2005 and represented a significant relief for those lessees who were willing to privatize their land parcels with the option of paying the price up-front.

Privatization of Individually-Used Pastures. There are approximately 1,700,000 hectares of pastures in Georgia. For the rural communities pastures are of critical importance for the feeding of their livestock. The appropriate models of privatization are needed to assure the sustainable use of the pasture resources. The Activity assisted with the development and application of tenure models for the proper management of pasture land.

Law on Privatization of State-owned Agricultural Land adopted in July, 2005, excluded pastures from the privatization process due to the frequent common use of these types of lands in Georgia. While many pastures were commonly used by villagers, or were so called "alpine pastures" that were used by large groups of shepherds during specific seasons, an ample part of pastures were individually used for private farming activities. Such pastures were almost always leased from the state, fenced, and operated individually by individual farmer or a private company. APLR believed, and many MPs and GOG officials agreed, that such pastures could become private, and this would only benefit their owners, as well as the sector at large.

APLR legal team continued work to elaborate the proper models for pasture use and held a number of meetings with GOG and MoED representatives. APLR initiated amendments to the privatization law allowing privatization of individually used leased pastures. The proposed mechanism of privatization remained the same as for the other types of leased land farms.

This initiative was discussed by the Agrarian Committee of the Parliament. APLR presented the benefits of the amendment; as a result, the amendment was approved by the Committee hearing. Respective amendments to privatization law were adopted on December 29, 2006. According to the amendments the leased pastures and pastures attached to the privately owned buildings could be privatized. As a result physical and legal persons, who had purchased the farm buildings from the state, could become the owners of pastures adjoining their farms.

Further amendments to agricultural land privatization law. In 2007 APLR initiated and prepared further amendments to agricultural land privatization law. The draft had been discussed with GOG and handed over to the parliament for adoption. According to the proposed amendments categories of agricultural land subject to privatization should be extended and procedures of leased land privatization simplified. In particular, number of documents necessary for privatization was diminished. Public registry extract and cadastral plan were acknowledged to be sufficient for leased land privatization. According to existing version of the law, in case of legal dispute involving the leased land, privatization was impossible until final resolution of the dispute. According to the amendments this restriction was to be abolished.

The draft also provided that at the auctions it was possible to bid several parcels in one lot.

These amendments were passed by the parliament in October, 2007.

In 2009 APLR legal team elaborated the concept for the amendments to the Law on Privatization of State Owned Agricultural Land. In particular, the concept analyzed the problems related to land privatization via auctions and recommended to delegate the authority of conducting auctions to local municipalities, as well as to cancel preferences granted to the buyers via special and open auctions; some recommendations were given to improve the efficiency of leasehold agricultural land privatization. a) MoED would not have requested the lease agreement from lease holder, public registry extract indicating land purpose and category should be sufficient b) enforcement date of lease agreement was often debated, registration of such agreement at public registry should be regarded to be the date of enforcement c) MoED should complete leasehold land

privatization in 10 days (one month period established by law was not due) d) the leasehold period had to be clearly defined e) leaseholder should have been granted the right to privatize his/her leasehold without those parcels adjacent to the state boundaries g) conditions for refusal to privatization should be established by Law.

APLR actively lobbied the above amendments. Working meetings were held with respective MPs, NAPR, MoED, MoAG, and local municipalities for discussion. Proposed amendments were put on the Parliament's voting agenda at the end of 2009[9].

Forest Land Privatization Concept. APLR also worked to develop forest land management concepts. Working meetings were held with the Minister of Environment Protection and Natural Resources to discuss the issue and achieve the common position. The concept was discussed with the MoED as well.

APLR, under its own initiative and in agreement with the Ministry of Environment Protection and Natural Resources undertook the implementation of pilot projects in 4 sakrebulos in Kvemo Kartli region in order to make inventory of forest lands. Based on experience obtained and in consideration of the practice of forest land use, reasonable models for forest land inventory and privatization were prepared and discussed with all stakeholders.

APLR continued discussions with those organizations working on forest privatization issues and/or forest inventory, such as REC Caucasus, Geographic – GIS & RS Consulting Center and GeoLand to discuss forest land management issues. Based on these consultations and discussions APLR lawyers prepared respective amendments to ensure reasonable forest land privatization[10].

Law on Immovable Property Registration. APLR policy group participated in consultations and meetings regarding the Law on Immovable Property Registration providing its expertise on the subject.

The new law, adopted in December 2005, was a substantial improvement over the previous one and introduced a number of innovations, including concept on registration of facilities under construction and linear facilities (pipelines, cables etc). It also provided some technical improvements to the registration process, introducing more informative and easy-to-process templates.

Law on Local Self-Government. The Parliament's Regional Committee introduced new framework legislation on local self-governance in autumn, 2005. Certain provisions of the proposed draft were creating significant problems for agricultural land privatization and were even partially blocking the process already in progress. Namely, the law established state-owned farmlands as the ownership of local sakrebulos which was in sheer conflict with the privatization law.

[9] These initiatives were passed in 2010, after the end of land privatization component of the Activity, in the law on State Property which replaced the law on State-owned Agricultural Land Privatization.
[10] Forest land privatization was allowed in 2010 by the Law on State property.

APLR policy team reacted promptly and started immediate consultations with the authors of the draft law, other MPs and the GOG. Following the intensive meetings with parliamentarians and government officials, some of key MPs have opposed conflicting provisions of the new draft and the conclusion of the government on the initial draft law was also critical. It had been a major achievement to change the provisions of the draft law, leaving the farm lands to be privatized in state ownership. The draft law in this favorable form has been adopted on December 16, 2005.

Distribution of Land-related Functions among Ministries. APLR entered into an important debate over distribution of land related functions in the Government. Working group on the issue was formed with participation of MoED, MoAG, MoJ, Ministry of Environment and Natural Resources (MoEN) and APLR.

The working group prepared a package of legal amendments that introduced more efficient and logical distribution of functions. Namely, all privatization-related functions would be upon MoED and NAPR. The package also established new structure of land categories and defined the body responsibly for changing land categories.

APLR continued to be a part of this working group until the proposed changes were adopted by the Parliament.

The Law on Recognition of Ownership Rights to Land in Legitimate Possession and Use or Land Occupied without Permission by Natural Persons or Legal Entities of Private Law (passed on July, 2007) APLR participated and supported adoption of the Law and certain further amendments. Changes adopted in March 2008 ensured filling up land reform gaps in Tsalka municipality and provided for transference of 03 -1 ha of arbitrarily occupied agricultural land to households permanently residing in Tsalka or/and eco-migrants free-of-charge.

Land Taxes/Coordination with Tax Agencies. The process of privatization revealed the need of streamlining the process in different ways. As soon as the privatization process started, it became apparent that one of the significant burdens for those willing to privatize had been the necessity to approach tax agencies in order to obtain notification on absence of tax liabilities. However, in many cases tax agencies were unable to provide tax liability notifications as their records were disorganized and past liabilities (or absence of liabilities) were not duly recorded.

Amendments to the Administrative Code. APLR policy team initiated a significant amendment to the Administrative Code, establishing the concept of “one window” at the MoED territorial agencies. According to the proposed amendment, MoED agencies would be enabled to request notifications regarding tax liabilities from the respective Tax Department directly and the latter was required to submit the requested information. APLR had introduced the concept of this amendment to the Legal Committee of the Parliament where it was fully endorsed.

Amendments were adopted on December 27, 2005, lifting the burden of collection of tax-related documentation from the land users involved in privatization process.

APLR made efforts to streamline the tax notification process further, introducing "silence is consent" principle according to which absence of notification on tax liabilities to the lessee removed related tax liability from them without hindering the privatization process. APLR strongly supported a radical change in the privatization process: the need to separate tax compliance issue from the land privatization process. APLR convinced the GOG of the fact that privatization process should not be hindered by the overwhelming bureaucracy that existed within the tax agencies. On the other hand, APLR made an argument that the abolishment of the requirement to present a notification on absence of tax liabilities of the lessee would highly contribute to the improved tax compliance - firstly, a farmer with a private property would become a more compliant taxpayer as he/she would be unwilling to take a risk of property arrest or involuntary hypothecation; secondly, the government would have a leverage to collect tax arrears by arresting property (land) of a non-compliant taxpayer who had been already a legitimate private owner of the land.

These efforts resulted in a significant amendment to the Land Privatization Implementing Regulations that totally separated tax and privatization processes.

The new rules came into effect in July 2006. The adoption of the new regulations removed one of the most common and severe hindrances in the land privatization process.

Draft Law regarding Dedoplistskaro Land Users. APLR was engaged in intensive consultations with GOG, and Ministry of Finance (MoF) to introduce the amendments to the Tax Code that would release the land users that were damaged by severe drought in 2000 in Dedoplistskaro rayon. Majority of the land users could not pay land taxes due to the severe drought in 2000 and therefore large penalties had been accrued. This problem also affected privatization pace in this land-rich rayon as payment of taxes was a necessary prerequisite for MoED to receive privatization application. Proposed amendments had been adopted by the Parliament; however, this preference was abolished later.

Draft Law on Distribution of State Income. Following the consultations with Agrarian Committee of the Parliament, APLR elaborated a draft law on distribution of state income generated from land privatization, according to which 50% of the proceeds would be transferred to the local budget (as opposed to the existing 0%). Additional cash income would enable local self-governments to better handle the problems on the local level. The amendment was passed by the Parliament in 2006.

Elaboration of Internal Regulations for NAPR. The pace of land privatization revealed a number of hindrances related to the bureaucracy of the registration process that needed to be promptly addressed in order to achieve streamlined and hassle-free procedures.

New Law on Immovable Property Registration adopted in December 2005 required an internal regulation of NAPR to map out the process. APLR teamed up with Georgia Business Climate Reform Project (GBRC) and together with NAPR lawyers set up a working group to draft the regulations for MoJ approval.

The group had worked intensively during several months and a final draft was submitted to NAPR. Conclusive consultations were held in Septemebr 2006, before sending the new regulations for approval to MoJ.

In December 2006 the MoJ approved regulations describing detailed procedures for immovable property registration.

After the regulations became official, NAPR, GBRC and APLR cooperated further to prepare and publish user-friendly guides to immovable property registration for various types of NAPR customers.

Amendments to the Law on Fees for NAPR Services. Lessees, who were willing to choose the option of prolongation of sales price, had to mortgage their land parcel before the full price was paid. The mortgage deal was subject to registration at NAPR and was associated with fees that were sometimes a significant burden for leaseholders.

APLR initiated amendment to the existing Law on Fees for NAPR Services that would abolish a fee for mortgage registration during agricultural land privatization. The package of amendments had been sent to the GOG for discussion; however, GOG has decided to block the initiative as it would result in decreasing of budgetary income.

Streamlining Privatization Process at NAPR. It was reported that burdensome requirements established by NAPR for lessees was hindering the process of lease agreements' registration, a necessary prerequisite for privatization. An unclear registration procedure of lease agreements left room for imposing lessees with submission of unnecessary documents that hindered the process. The GOG and NAPR acknowledged the need for a change.

APLR had worked with the GOG and NAPR to establish clear procedures resulting in liberalization of the registration of leaseholds at the NAPR. This required a special GOG Order that would instruct NAPR to liberalize its requirements. The concept of the ordinance of the three Ministries (MoJ, MoF, MoED) had been welcomed by GOG session and approved in May 2006.

NAPR sent official instructions[11] to all of its territorial agencies to streamline the procedures for leasehold registration and required a lessee to submit two documents only: the lease agreement and the land sketch[12].

Other Issues not Directly Related to Land Privatization. APLR initiated several amendments to acting land-related laws and participated in discussions with GOG, NAPR and parliamentary committees and provided its expertise and recommendations.

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[11] This important streamlining effort was followed by the round of brief training sessions for NAPR regional personnel, organized by APLR. Video clips, announcing the enactment of the new regulation have been prepared by APLR and was broadcasted on central and regional TV stations.

[12] Boundaries of the land sketches were compared against integrated aerial and cadastral images free-of-charge at APLR GIS centers.

APLR initiated and/or participated and supported adoption of the following laws:

Amendments to Civil Code (adopted on May 11, 2007) – According to these amendments procedure for concluding real property/agricultural land transactions was simplified. In particular, obligation for notarization of transaction was abolished; the parties involved were entitled to register transaction at NAPR, without participation of a notary.

Amendments to the Law on Immovable Property Registration (adopted on May 11, 2007) - amendments to the Law significantly simplified NAPR services. According to these amendments an extract from public registry would include not only the data on legal status of immovable property, but also information on existence or absence of lien or hypothec. Before adoption of the amendments public registry extract and a reference on lien/hypothec had been issued separately. The time of validity of the above documents issued by NAPR was also changed. In particular, according to the adopted amendment, public registry extract and a reference on lien had no time-limit. Before adoption of this amendment, validity period of a reference on lien was 5 working days, and the period of validity of an abstract was 10 calendar days.

Property registration data became available for any person - any citizen could obtain an abstract regarding an immovable property; before passing the above amendments, only an owner of the immovable property or his/her legal representative was entitled to obtain an abstract. However, documents used as a base for registration of rights were available for interested parties only. Such a principle created guarantee for maintaining confidentiality of a citizen's personal and commercial information, except for the cases provided for by legislation.

By the new law taking an original document from the public registry was not allowed without a court decision and the request for an original document or its copy from the registration office would not suspend registration process – an interested person could register an immovable property, receive abstract or other requested documents, or update an abstract.

Decision of the territorial registration office of NAPR could be appealed to NAPR or to the MoJ, or to a court, and the decision of NAPR could be appealed to either the MoJ or a court.

Amendments to the Law on Fees for Services Rendered by the National Agency of Public Registry (adopted on May 11, 2007) introduced new terms and fees for registration services. According to the amendments new terms and conditions, as well as special fees were established for registration of an immovable property, which were far more flexible than the previous ones.

Amendments to the Law on Agricultural Land Ownership (adopted on June 22, 2007) - These amendments aimed at canceling provisions restricting the property rights of land/real estate owners and optimizing legal environment regulating land ownership.

According to said amendments preemptive right of the leaseholder of privately-owned agricultural land was abolished (this amendment had not applied to the leaseholders of state-owned agricultural land, whose preemptive right was provided for by the Law of Georgia on Privatization of State-owned Agricultural Land).

The amendments also abolished preemptive right of the shareholder in common properties and penalties imposed on the owner who had failed to cultivate land.

The Law on Recognition of Ownership Rights to Land in Legitimate Possession and Use or Land Occupied without Permission by Natural Persons or Legal Entities of Private Law (July 11, 2007) - APLR was intensely involved an preparation of the draft of this important law. The Law provided for the basic principles and conditions for legalization of certain categories of land. According to the law after payment of certain fees natural persons and legal entities could request legalization of ownership rights to state-owned lands which had been in legitimate possession and/or use or had been occupied without permission.

3.5. Public Education and Awareness

The Land Market Development II Activity played a significant role in forming public opinion on land privatization and obtaining support of the population for economic reform and improvement of land administration by public agencies.

During the Program lifetime APLR had been conducting an intense public outreach campaign to inform lessees, landowners, officials of public agencies involved in privatization process and other interested parties on the procedures and benefits of land privatization. APLR was committed to ensure appropriate delivery of that information to ethnic minorities who did not speak Georgian.

APLR Privatization Hotline. Starting from September 2005, APLR had launched privatization hotline which acted as a source of privatization-related information. The operator of the hotline delivered basic information regarding land privatization; for the additional queries operator used to redirect callers to the corresponding regional office or information center. The frequency of received calls demonstrated the need for this method of outreach and consultation - around 6500 calls were registered at APLR during the life of the Program. The interest of landowners was basically focused on lease and unused farmland privatization, land legalization, and privatization within the program of 100 agricultural enterprises.

Countrywide Land Privatization Consultations. Under the Activity APLR developed the system to provide necessary consultations and guidance with regard to land privatization. APLR had operated 6 information centers that were providing legal consultations to the persons currently or potentially involved in the privatization process. Information centers were located in Tbilisi, Marneuli, Gurjaani (later in Telavi), Kutaisi, Akhaltsikhe and Batumi. Information centers were opened in Senaki, Tetritskaro and Akhalkalai for a short period of time, but because of the inefficiency they were closed. Marneuli and Akhaltsikhe information centers were focused on serving ethnic minorities residing in those regions. These centers, located in the areas densely populated by ethnic Azeris and Armenians were staffed by local personnel with communication skills in locally-spoken languages (Azeri and Armenian).

APLR regional offices/information centers recorded a total of 13400 consultations rendered in person and via hotline:

Table 11: Consultations Provided on Land Privatization Issues:

APLR Office	Number of Consultations
Tbilisi Office	4581
Marneuli Office	1183
Akhaltsikhe Office	1945
Kutaisi Office	2683
Gurjaani/Telavi Office	1258
Akhalkalaki Office	39
Senaki Office	19
Batumi Office	1653
Tetritskaro Office	39
TOTAL:	***13400***

Advertising in Media. APLR launched extensive advertising campaign throughout Georgia to ensure public awareness regarding the new land privatization legislation and benefits. In order to entail reaching the widest layers of the society, it was decided to use all available diversified sources of media: television, press, and internet. Initially, TV clips and extensive media plans were elaborated. Full (25 sec.) and short (10 sec.) versions of video clips were created in three languages – Georgian, Azeri and Armenian and aired on leading central stations as well as Georgian and bilingual regional channels. Such strategy was designed for providing fruitful and easily comprehensible information for every single citizen of Georgia. From September through to December 2005 APLR privatization ads ran on the different regional and central TV stations.

Central/Regional TV Advertising from September through to December 2005:

- Broadcasting Company Rustavi 2 – news Program Courier, one or two spots a day; total of 59 spots;
- Broadcasting Company Imedi – news Program Kronika, weekly TV Journal Droeba and political talkshows Reaktsia and Pirvelebi, one or two spots a day; total 40 spots;
- Channel I – news programs Adre, Mtavari, also during the program Sarchevi and film session, one or two spots a day, total of 55 spots;
- Borjomi LTD (operates in Georgian) – news program Courier and Announcements, one spot per day from November 4 to November 24; total of 16 spots;
- Independent Tele-Radio Company Imperia (operates in Georgian and Armenian) – news Program Ekho, one or two spots per day from October 31 to December 1; total of 26 spots;
- Tele-Radio Company Parvana (operates in Armenian) – News, one spot per day from October 31 to December 1; total of 21 spots;
- Tele-Radio Company ATV12 (operates in Armenian) – local news, Mtavari in Armenian and Courier translated, one or two spots per day from October 31 to December 1; total of 33 spots;

- Kvemo Kartli Tele-Radio Company Marneuli Branch (operates in Georgian, Azeri and Armenian) – news, five spots per day on every Tuesday, From November 1 to November 30; total of 23 spots;
- Poti Broadcasting Company Metskhre Talga (operates in Georgian) – news program Cursor, one spot per day from October 24 to November 24; total of 19 spots;
- Kutaisi Broadcasting Company Rioni (operates in Georgian) – local News and Announcements, one spot per day from October 24 to November 25; total of 29 spots;
- Senaki Independent Tele-Radio Company Egrisi (operates in Georgian) – local News, one spot per day from October 31 to December 1; total of 22 spots;
- Sagarejo Tele-Radio Company Tvali (operates in Georgian and Azeri) – local news, two spots every Saturday from October 29 to November 25; total of 10 spots;
- Zugdidi Regional TV Company Odishi (operates in Georgian) – local news, one spot per day from October 31 to December 1; total of 22 spots.

Law on Privatization was translated into Russian and Azeri. The latter was published in newspaper "Curcustan" (5.09.2005), while the Russian version was reachable through APLR regional offices. Advertisements for privatization of agricultural land were published in weekly newspaper Kviris Palitra. The advertisement occupying half the page was placed six times altogether at the beginning of 2006.

After the simplification of privatization procedures in 2006, detailed plan was elaborated for the extensive TV ad campaign to be launched from August and last till the end of October. Namely, animated clip on simplified privatization procedures had been created and detailed media plans prepared for the central and regional TV Stations. Animated clip on simplified privatization procedures had been aired from September 11 to November 10, 2006 through popular TV channel Rustavi 2 three times a day and regional TV stations.

Simplified privatization procedures were covered by the 1st Channel of Georgian Public Broadcasting, Azeri Public TV, and also by Azeri language Newspaper Gurjistan – issued in Georgia.

Reporters from the media were continuously invited to publicize events organized by APLR. Journalists from print media were continuously provided with information and clarification on land privatization and legalization issues. Newspapers 24 Saati, Georgian Business Week and Georgia Today gave coverage several times to ongoing privatization and land legalization processes.

Distribution of Printed Materials. At the beginning of privatization process, APLR compiled posters and flyers (Georgian, Azeri and Armenian) for distribution around the country. The posters gave brief information about privatization opportunities and provided contact information of APLR head and regional offices, while the flyers explained privatization rules and procedures. Altogether 3000 posters (2000 Georgian, 500 Azeri and 500 Armenian) and 12000 flyers (9000 Georgian, 1500 Azeri and 1500 Armenian) were disseminated in late 2005 and first half of 2006 (Ref. Annex B).

APLR has an arrangement with several USAID-funded programs (AgVantage, CHF, GSME) to cross-distribute project-related printed materials in the regions.

APLR Journal. APLR used its quarterly journal *Landowner* to carry out public education campaign for countrywide land privatization. The Law on Privatization of State-owned Agricultural Land and abridged version of Land Tax Guide were published in the Journal at the beginning of land privatization process.

Ads and privatization guidelines were included in every issue of the Magazine Landowner starting from September 2005 during a year. The above information was accompanied by hotline number and contact information of APLR offices throughout Georgia, so that interested people could consult with APLR legal advisers.

The Journal published numerous articles covering land and agriculture development issues, including the articles: Law for Stable Agricultural Development, Land Must Be sold as it Needs Rightful Owner, Land Privatization is Important for Everyone, etc.

Landowner had been continuously focused on farm land privatization and placed numerous ads and consultative information. The Q & A section offered qualified legal advice in response to readers' queries.

During 2009, 3000 copies of the booklet - How to Buy Land - was printed, inserted in the Journal and distributed among the landowners and potential investors throughout Georgia (See detailed information on the issues covered by the Journal in Annex C).

APLR website was actively involved in privatization campaign. Information concerning the Activity was publicized on the page on a continuous base. Law on Privatization of State-owned Agricultural Land, together with Guidelines was put on the Web both in Georgian and English languages.

During the Program implementation APLR website had been updated numerously to provide ample information on land privatization issues, APLR activities and privatization related news, and to keep the pace with the changes in privatization process.

APLR prepared comprehensive information on agricultural and urban land acquisition procedures. Procedures of land acquisition (How to Buy Land) were posted on the site and had been updated in parallel with respective legislative changes (Ref. Annex D).

Comprehensive information on property taxes on agricultural land and the laws regulating land related issues had been available through the website. The following laws had been translated into English and were available through the aplr.org to enable foreign investors to get aware of land related issues:

- Law on Ownership of Agricultural Land;
- Law on State Property Privatization;
- Law on Recognition of Titles to the Land Plots in Legitimate Possession, Use or Occupied without Permission;
- Law on Fees for NAPR Services; Law on Management and Alienation of State-owned Non-agricultural Land;

- Law on Declaration of Non-Agricultural Land Used by Natural persons and legal Entities as Private property.

Questions & Answers menu was also functioning and enabling stakeholders, including stakeholders from foreign countries, to get timely clarification of any real estate issue.

Website had 100 visitors a day in average.

Land Titling Ceremonies in Kvemo Kartli Region. Resolution of land-related problems in Kvemo Kartli region (densely populated with ethnic Azerbaijani population) was high on the GOG's agenda as locals cited the shortage of farm lands as one of their primary concerns and underlined the importance of their participation in the newly-started land privatization process. APLR organized and participated in several ceremonies of transfer of land ownership titles to new landowners who privatized agricultural lands following the enactment of land privatization legislation. Various high-level GoG officials as well as USAID Mission Director and other representatives participated in the award of titles in the borderline village of Vakhtangisi in Kvemo Kartli Region. Hundreds of ethnic Azerbaijanis residing in the village had a unique opportunity to receive land ownership titles after the new legislation has made it possible to privatize lands in borderline zones. The ceremony took place on March 20, 2006, Four other similar but more 'low-key' ceremonies took place later in Kalinino, Jandara, Kutliari and Tamarisi villages in Kvemo Kartli.

Journalists from TV and print media were invited to the ceremonies, and the events were covered by the 1st Channel of Georgian Public Broadcasting, Azeri Public TV, AZTV, Space, Leader TV, and also by Azeri language Newspaper Gurjistan – issued in Georgia, Azeri newspaper Ekho, Azeri news agency.

Public Meetings – APLR through its regional offices conducted public open-air meetings throughout the country to provide consultancy to landowners on subject-specific issues and discuss the problems landowners and farmers were facing with. More than 100 public meetings were held throughout the Program lifetime in the regions of Khakheti, Imereti, Samegrelo-Zemo-Svaneti, AAR, Kvemo Kartli and Samtskhe-Javakheti. In most cases the main topic of such meetings was lease land privatization and special and open auctions where the unused farmlands were sold.

Promotion of the Website www.agro100.ge – within the scope of 100 Agricultural Enterprises Program, the MoAG designed the website www.100agro.ge. This website is to provide information to local and foreign investors on agricultural land to be privatized in large lots throughout various regions of Georgia. However, since the launch of the site, it had not been properly updated or promoted.

APLR provided consultancy to the MoAG for due functioning of agro100.ge and suggested particular steps to be taken to increase the number of website visitors. Several meeting were held on this issue with key officials of the MoAG and agreement was achieved between the Ministry and APLR on taking further measures for website popularization.

APLR, based on consultations with the MoAG, prepared the concept for the improvement, update and due functioning of agro100.ge. The concept was submitted to the MoAG for further consideration. Several working meetings were held with the representatives of the Ministry to discuss the concept and take particular steps. As a result final plan was agreed for website update and promotion. However, MoAG decided later to create the new website instead updating the existing version, which required considerable expenses to be allocated in the budget of the Ministry in the year of 2010. A procedure for allocating needed amount was undertaken in December 2009[13].

3.6. IDP Property Registration for Post Russia-Georgia Conflict Affected Populations

As a result of Russia-Georgia conflict in August 2008, post-conflict rehabilitation and development assistance with regard to public registry data recovery, field survey and map preparation for houses and land parcels transferred by GOG to IDPs became crucial. Since APLR had long been involved in the programs aimed at property data collection and processing in conflict zones, it was selected by the USAID to provide required assistance.

3.5.1. Registration of Property Claims Within the Administrative Boarders of South Ossetia by IDPs who Fled the Conflict and are Residing in Georgian Controlled Territories. During the hostilities between Georgia and Russia, public registry offices of Kurta and Eredvi based within administrative boarders of South Ossetia were destroyed. Respectively, registry data for dozens of villages in Didi and Patara Liakhvi gorges, which had been affected by the conflict, became unavailable. Registry data for Akhalgori rayon, occupied by Russians, was also unavailable. It was necessary to recover the registry data for all conflict affected territories in the shortest possible time.

Operation of IDP Consultation Center in Gori - APLR opened Consultation Center in Gori in February 2009 to provide required assistance to IDPs. The IDP Consultation Center had two primary functions. The Center was to create a database for properties within the administrative borders of South Ossetia that were abandoned during the conflict. The Center would provide assistance to IDPs to document land ownership, register the land in the national database and provide documentation of the claim. The Center's staff was also to ensure surveying and mapping property transferred to IDPs by the Georgian Government in order to title these properties to IDPs.

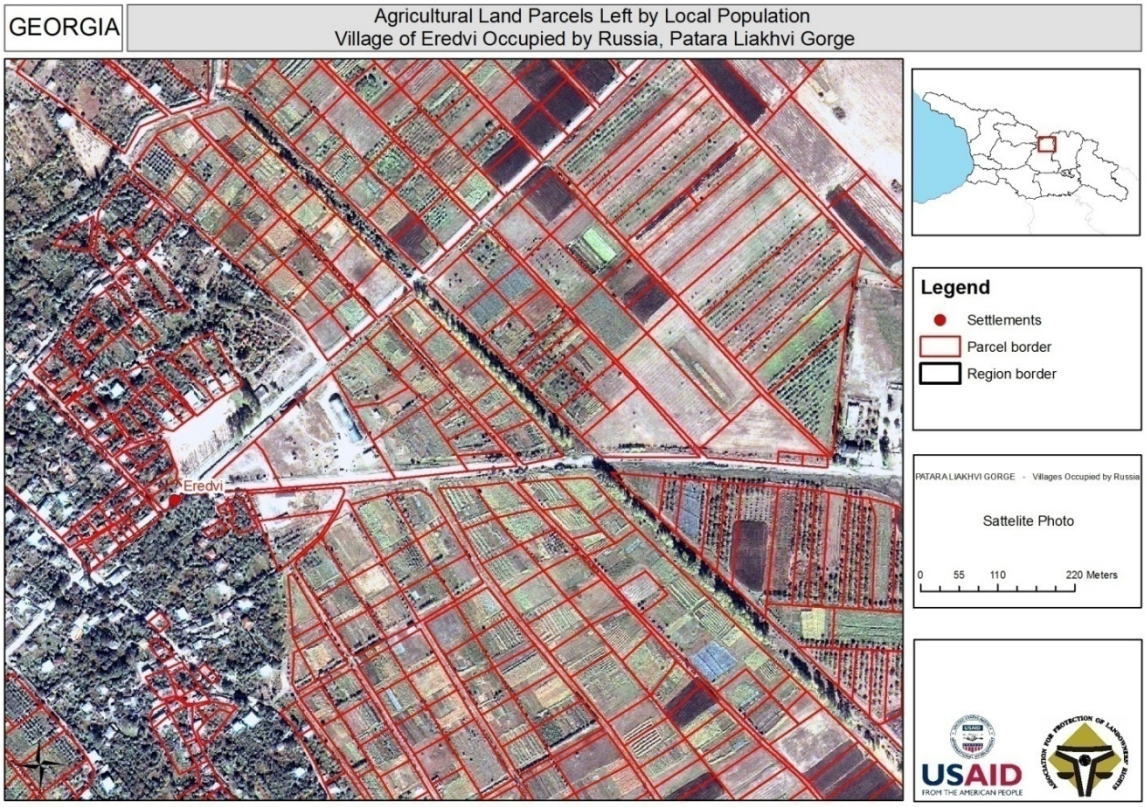
The center was equipped with necessary furniture and computer equipment and staffed with legal consultant and technical/mapping specialists. Consultation Center had been serving the owners who have permanently resided within the borders of South Ossetia, receiving IDP property declarations and providing respective consultancy to target groups.

Preparing Documentation for Registration of IDP Claims in the NAPR Database - in order to depict the land parcels on conflict affected territories, the boarders for satellite imaging was identified; APLR should select the service provider to ensure satellite imaging via competitive tender procedure. However, APLR addressed NAPR to mediate with GOG, which had held satellite images for Didi and

[13] After completion of land privatization component, APLR provided consultations to MoAG on the proper functioning of agro100.ge, however, neither existing site was updated nor the new one was created.

Patara Liakhvi Gorges, to provide these images for the smooth implementation of the proposed registration of IDP properties. Based on NAPR request, the GOG transferred aerial imagery to APLR free-of-charge. As for satellite imagery for Akhalgori rayon, APLR obtained it from the Ministry of Defense free-of-charge as well.

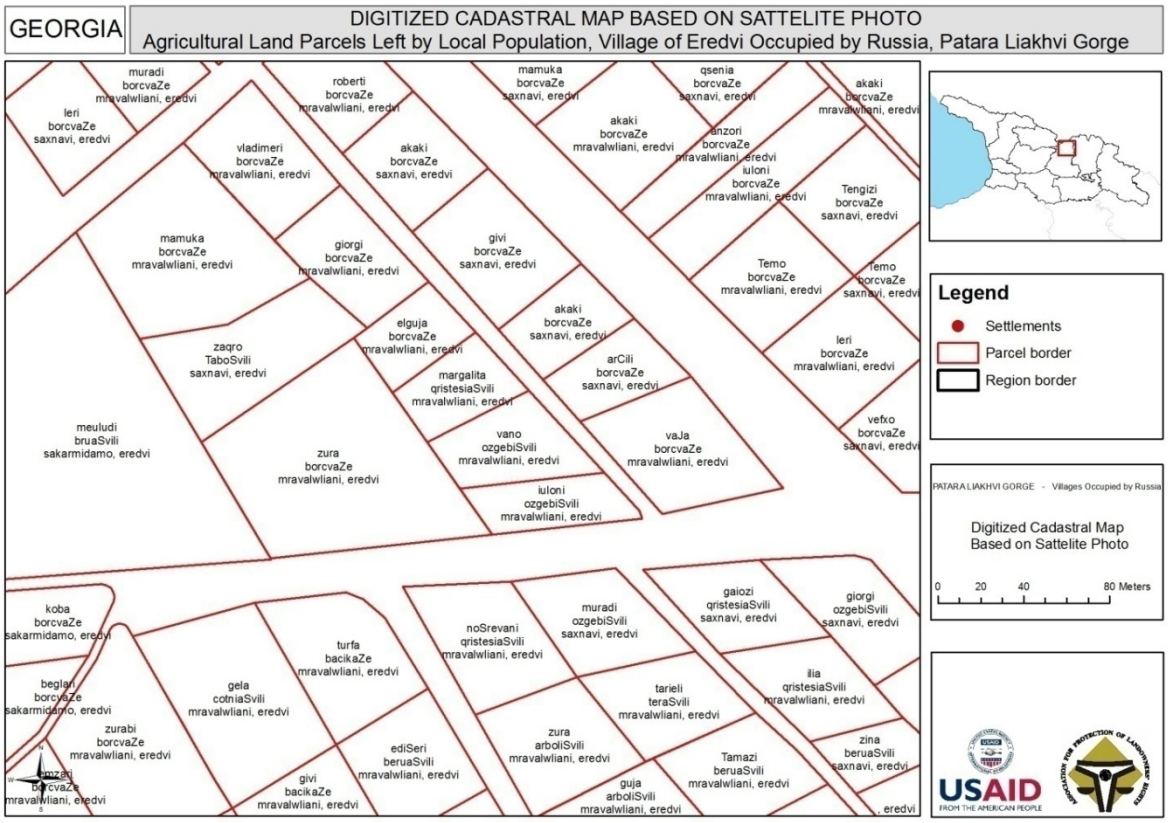
Initially, it was estimated that the properties would be registered for approximately 3,500 beneficiary households (about 7,000 units); however, it turned out throughout the work process that far more families required identification and registration of their properties.



Picture 7: Abandoned Land Parcels Identified on Orthophoto Map, Village of Eredvi, South Ossetia, Georgia.

APLR designed a special software for the maintenance of comprehensive information on IDP properties, including declarant's name, current and permanent address, contact information, data on land parcel/building, land sketch, copy of declarant's ID (if available) and legal documentation proving the ownership rights (in case of availability). The main focus of the activity had been identification of properties either by individual landowners or with the assistance of former land arrangers[14] who possessed information about the properties and their respective owners.

[14] Land arrangers were the employees of SDLM who were in charge of land survey and distribution during land reform.

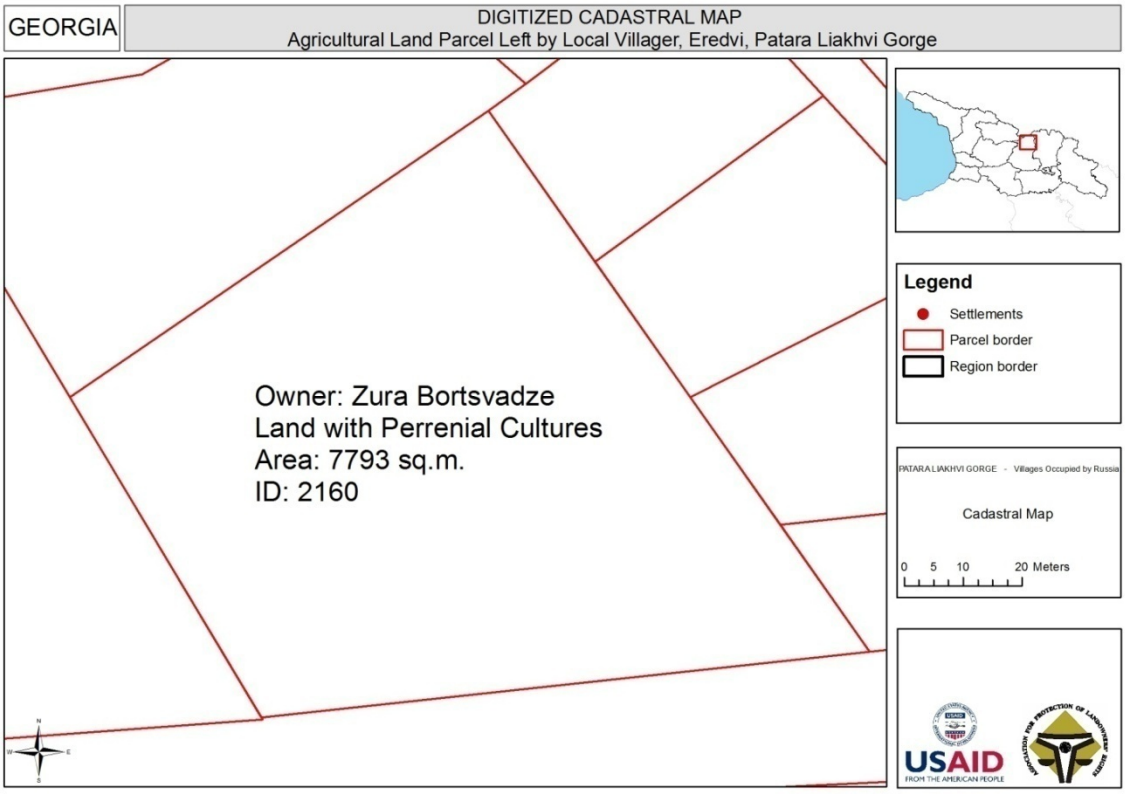


Picture 8: Digitalized Land Parcels Indicating Owners

By September 30, 2010, 15,660 property units (houses and residential and/or agricultural land parcels) for approximately 7,800 beneficiary households were identified and recorded into the database for lost properties. Database was transferred to NAPR which was the beneficiary of these activities.

Key representatives of APLR, Ministry of Refugees and Accommodation (MoRA), NAPR and MoJ had held number of meetings to discuss the procedure for titling these abandoned properties. In particular, the format and content of the document to be issued by MoRA to confirm ownership rights of IDPs to the abandoned property was to be agreed. Based on this MoRA document the NAPR would be authorized to issue respective ownership certificates. APLR initiated to simplify appropriate procedures to ensure registration of such properties by submitting necessary documents directly to NAPR and not to MoRA at first. However, respective decision was not taken during the life of the component[15].

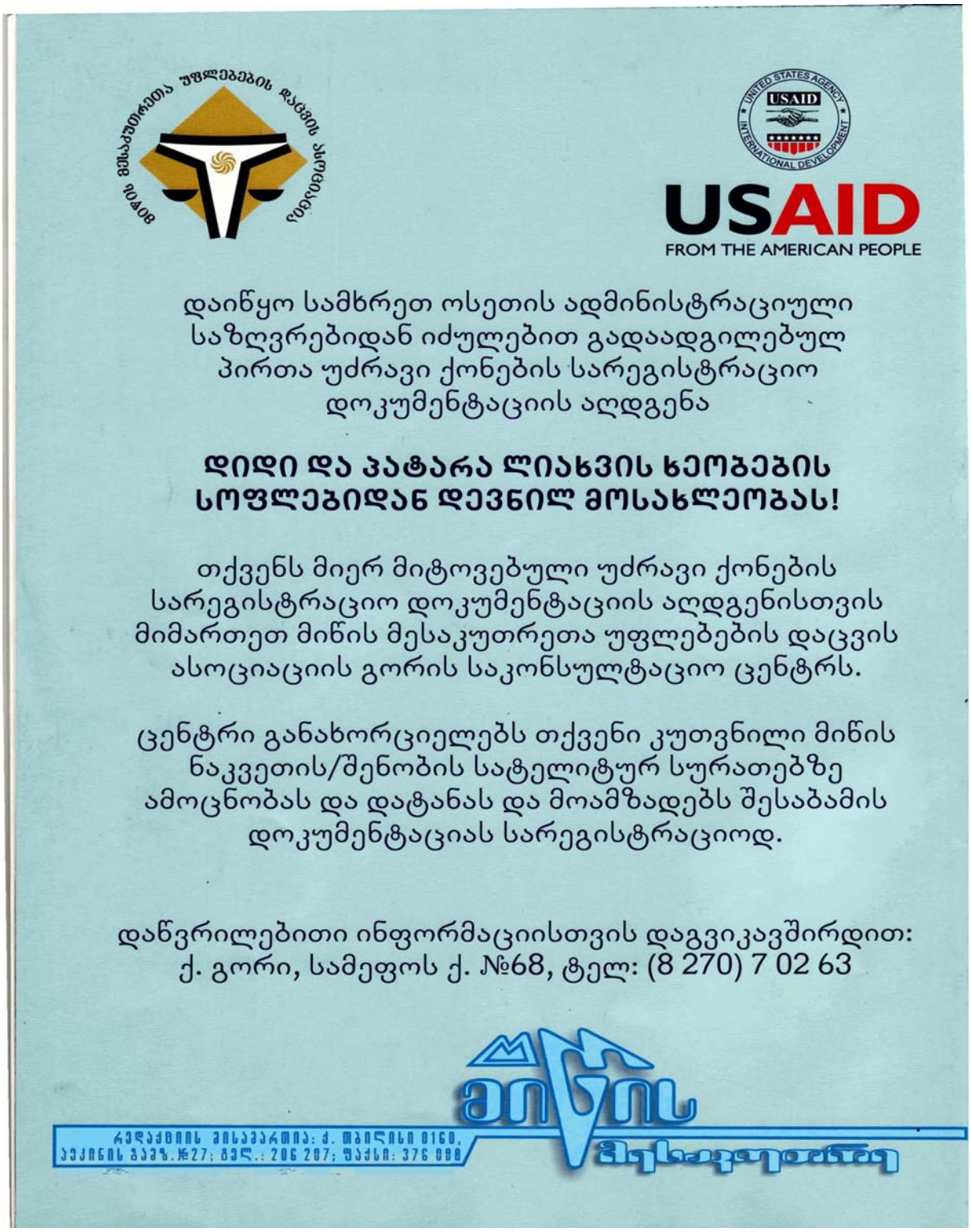
[15] Titling of abandoned properties is still debated.



Picture 9: Land Parcel Sketch, Village of Eredvi, South Ossetia, Georgia.

Public Outreach/Education Campaign **-** APLR carried out intense information campaign to make IDPs aware of the need, ability and requirements for registering a claim. APLR representatives held more than 20 open air meetings in all IDP villages and resettlement centers concentrated in Shida Kartli region and distributed respective leaflets describing the project purpose and procedures for registering a claim. Special announcement was published in three issues of the APLR's quarterly journal *Landowner* calling for IDPs to address Gori Consultation Center for registering a claim. The journal was distributed among target groups in IDP villages.

Information on the proposed recovery of lost registration data was posted on APLR website during the lifetime of the activity.



USAID
FROM THE AMERICAN PEOPLE

დაიწყო სამხრეთ ოსეთის ადმინისტრაციული
საზღვრებიდან იძულებით გადაადგილებულ
პირთა უძრავი ქონების სარეგისტრაციო
დოკუმენტაციის აღდგენა

**დიდი და პატარა ლიახვის ხეობების
სოფლებიდან დევნილ მოსახლეობას!**

თქვენს მიერ მიტოვებული უძრავი ქონების
სარეგისტრაციო დოკუმენტაციის აღდგენისთვის
მიმართეთ მიწის მესაკუთრეთა უფლებების დაცვის
ასოციაციის გორის საკონსულტაციო ცენტრს.

ცენტრი განახორციელებს თქვენი კუთვნილი მიწის
ნაკვეთის/შენობის სატელიტურ სურათებზე
ამოცნობას და დატანას და მოამზადებს შესაბამის
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დაწვრილებითი ინფორმაციისთვის დაგვიკავშირდით:
ქ. გორი, სამეფოს ქ. №68, ტელ: (8 270) 7 02 63

Picture 10: Announcement in the Landowner Calling IDPs to Register Property Claim.

In the month of June 2009 public awareness event for Gori Consultation Center was held. Representatives of the USAID, governmental agencies and local authorities, as well as beneficiaries of the project participated in the event. Public awareness raising event was covered by Central and local TV stations and local media.

Picture 11: Public Awareness Campaign in Gori Consultation Center.

Survey and Digital Map Preparation for up to 2000 Houses and Land Parcels Purchased by GOG for IDPs - Under the GOG initiative purchase of 2000 houses and separate arable land parcels (upon availability) for IDPs was planned. Ministry of Internal Affairs was coordinating the overall GOG effort of procurement. Survey and digital map preparation of the purchased land should be undertaken in order to title properties to IDPs through the proper NAPR procedures.

Regardless APLR was to ensure survey and registration of the houses/parcels to be purchased by GOG for IDPs, there had no any request by GOG to provide the mentioned services during 2009. It seemed that surveying of 2000 houses/land parcels as planned earlier would not be necessary and respectively expenses intended for these particular services were reallocated for other essential activities to ensure survey and registration of houses and land parcels transferred to IDPs and digitalization of public registry data.

Digitalization and Web Publishing of NAPR Data for Gori, Kaspi, Kareli, Khashuri and Zugdidi Rayons. By 2008, NAPR registration data (both graphic and textual) for only Tbilisi, Gardabani and Mtskheta rayons were digitalized and integrated into unified database. APLR had done Gardabani digitalization under WB contract in 2008. While it was necessary to digitalize such data throughout Georgia, NAPR considered Gori, IDP settled rayon, to be the next. Later, in the month of December, 2009, APLR was awarded no-cost extension of CA to ensure digitalization of public

registry data for Kaspi, Kareli, Khashuri and Zugdidi rayons, where large numbers of IDPs were also concentrated.

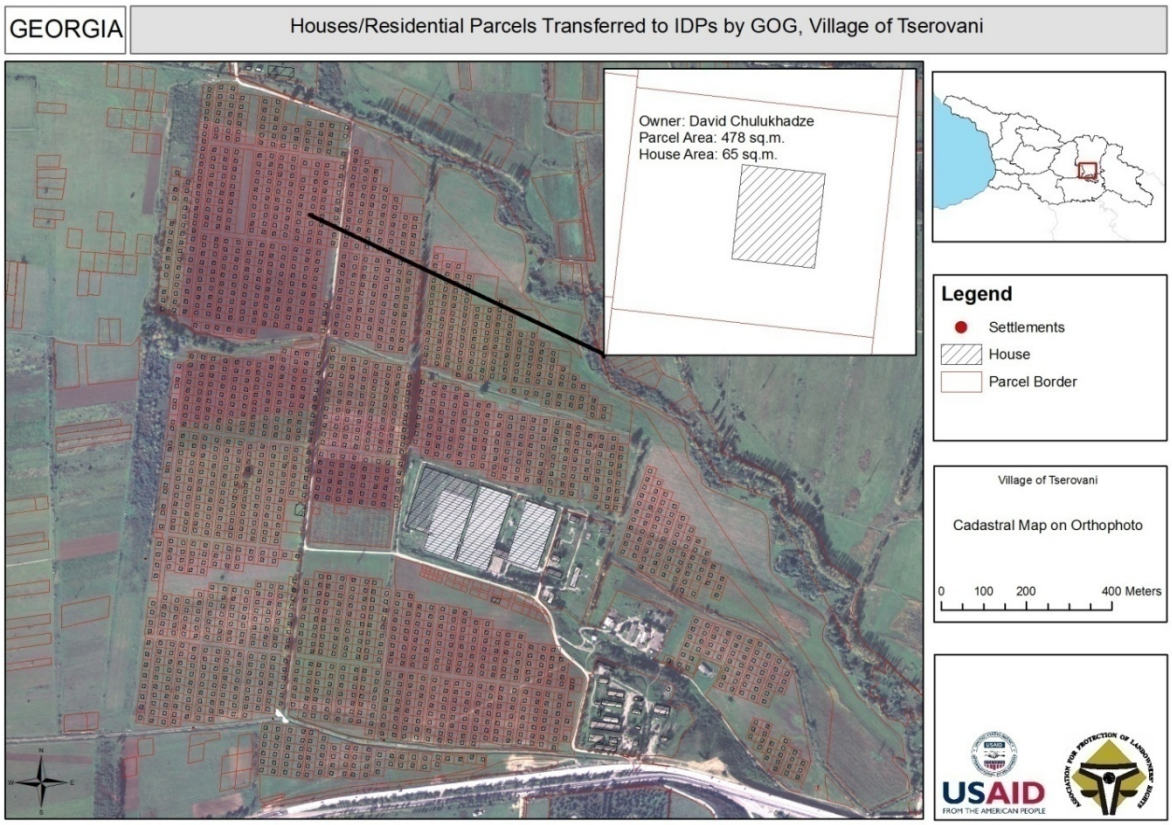
For cadastral digitalization and Web publishing of registry data, APLR and NAPR GIS specialists carried out a number of meetings to define specifics of respective software. As agreement was made, APLR procured GIS software to carry out necessary works.

For updating existing geodata and getting more accurate information, APLR purchased aerial imagery for Zugdidi rayon. Based on this imagery cadastral data processing was simplified; it became also possible to make necessary corrections to the unified database and improve data quality. After the completion of respective digitalization works, this aerial imagery was transferred to NAPR free-of-charge.

APLR finished digitalization of land registry data for Gori rayon in December 2009 and for Kaspi, Kareli, Khashuri and Zugdidi rayons in August 2010. Data converted into the electronic format was transferred to NAPR, which integrated this information into the unified database and made them publicly available through the NAPR web-page.

Survey and Digital map Preparation for Houses and Residential and Arable Land Parcels Transferred to IDP Households by GOG. APLR, through its program "Support to the Government Initiative of Property Restitution for the Refugees Emerged as a Result of Georgian-Ossetian Conflict" conducted field cadastral works on the lands selected by GOG for the resettlement of IDPs. 2006 residential and agricultural land parcels with total area of 436 ha were identified and surveyed to be allotted to 1003 IDP households within this program. Through funding received from Eurasia Partnership Foundation APLR conducted survey for additional 263 IDP households with the total area of 130 ha. As new settlements were constructed in autumn 2008 and were in the process of being transferred to IDPs, survey of residential parcels and/or arable land lots was needed for about 4369 IDP households settled by GOG in newly constructed cottages and renovated apartments in order to title these properties to IDPs.

In April, 2009, APLR announced the tender to select subcontractor companies for surveying and mapping houses and/or land parcels transferred to IDP families in Khakheti, Shida Kartli, Kvemo Kartli and Mtskheta-Mtianeti regions. As a result three surveying companies were selected through which field cadastral works were performed.



Picture 12: Houses Transferred to IDPs by GOG, Village of Tserovani, Georgia.

APLR prepared registration documents for 3150 houses (with or without residential parcels) and 1034 agricultural land plots with the total area of 389 ha. This documentation was transferred to MoED and NAPR for taking decision on registration. All these properties were registered as state properties. After registration of these houses and land parcels as state properties, all agricultural lands were titled to IDPs.

Titling of houses with or without residential parcels to IDPs was considered to be very sensitive issue by GOG. MoRA prepared the draft agreement on property transfer to be signed between the IDPs and the MoED submitted it to the GOG, which was to take decision whether to allow the IDPs to sell these properties after the title transfer.

The Table Bellow shows the status of land allocation to IDPs by September 30, 2010:

Table 12: Status of Land Allocation by GoG to IDPs by September 30, 2010:

#	Village	Rayon	Number of Beneficiary IDP Households	Number of Residential Parcels (with Houses) Transferred to IDPs	Number of Arable Land Parcels Transferred to IDPs	Area/Hectares of Residential Parcels Transferred to each IDP Household	Area/Hectares of Arable Land Parcels Transferred to each IDP Household	Total Area/Hectares of Residential Land Parcels transferred to IDPs	Total Area of Arable Land Parcels/Hectares transferred to IDPs	Residential Parcels (with houses) Registered as State Property	Arable Land Parcels Registered as State Property	Residential Parcels (with houses) Titled to IDPs	Arable Land Parcels Titled to IDPs
1	Koda	Tetritskaro	445	_	445	_	0.5	_	223	_	445	_	445
2	Shaumiani	Marneuli	206	_	206	_	0.2	_	44.5	_	206	_	206
3		Gardabani	121	_	121	_	0.1	_	29	_	121	_	121
4		Sagarejo	24	_	24	_	0.5	_	12	_	24	_	24
5		Lagodekhi	18	_	18	_	0.3	_	4.8	_	18	_	18
6	Kvemo Bolnisi	Bolnisi	19	_	19	_	0.3	_	6	_	19	_	19
7	Tsinamdzgvriantkari, Zakaro	Mtskheta	101	_	101	_	0.2	_	20	_	101	_	101
8	Shindisi	Gori	100	100	100	0.1	0.50	10	50.2	100	100	In Process	100

9		Gori	350	350	_	0.01	_	1.6	_	350	_	In Process	_
10	Tsiklani	Mtskheta	400	400	_	0.04	_	18	_	400	_	In Process	_
11	Prezeti	Mtskheta	300	300	_	0.04	_	13.5	_	300	_	In Process	_
12	Tserovani	Mtskheta	2000	2000	_	0.04	_	90	_	2000	_	In Process	_
	Total		***4084***	***3150***	***1034***			***133.1***	***389.5***	***3150***	***1034***		***1034***

Guidelines

for Privatization of Leased Agricultural Lands in State Ownership

Tbilisi
2005

ANNEX A. GUIDE FOR AGRICULTURAL LAND PRIVATIZATION

This Guideline is prepared by the Association of Protection of Landowners' Rights with facilitation of the United States Agency of International Development (USAID).

This Guideline is the first publication of its sort envisioning requirements of the Law on Privatization of State Owned Agricultural Lands and the Provision on the Rule of Privatization of State Owned Agricultural Land. The document also includes the complete information on privatization of State-owned leased agricultural lands.

Association of Protection of Landowners' Rights 2005

ANNEX A. GUIDE FOR AGRICULTURAL LAND PRIVATIZATION

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20. What is the privatization price of leased land parcel?

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23. What information is contained in the application?

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27. What are the consequences of failure by the applicant to submit the additional documents?

28. What is the procedure that the application of the lessee goes through in the territorial agency?

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37. What are the documents that the lease land purchaser should submit with the Public Registry to register the property and hypothec rights?

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48. What is the subject of agreement?

49. What is the subject of hypothec?

50. What liabilities are guaranteed by the subject of hypothec?

51. What are the duties and obligations of the parties?

52. What are the rules and terms of payments envisioned in the agreement?

53. What are the responsibilities of the parties?

54. How are the complaints made and satisfied by the parties?

55. When are the parties exempted from the responsibilities?

56. How are the disputes regarding the agreement solved?

57. For what term is the hypothec agreement effective?

58. What are the terms of termination of the hypothec agreement?

59. How are the amendments and additions made to the agreement?

60. What are the obligations of the purchaser to a new creditor?

61. Does the failure to use the right granted by the agreement in specific occasions mean general rejection of this right?

62. How are the cases not envisioned in the agreement regulated?

63. Is the agreement considered invalid if some of its parts become invalid?

64. In how many copies is the agreement made?

ANNEX A. GUIDE FOR AGRICULTURAL LAND PRIVATIZATION

Introduction

This Guideline on Privatization of Leased Agricultural Lands in State Ownership is meant for the persons interested in privatization of State-owned leased agricultural lands, also for the territorial agencies of the Ministry of Economic Development, which are responsible for organization and implementation of the privatization process.

This Guideline is prepared according to the Law of Georgia on Privatization of State Owned Agricultural Lands and the Provision on the Rule of Privatization of State Owned Agricultural Land. The purpose of the Guideline is to explain and make it easy for the readers to understand the procedures related to the privatization of leased State-owned agricultural lands.

The Guideline includes the detailed information on: implementation of privatization of the leased State-owned agricultural lands; agencies implementing the process; rights and obligations of the persons interested in the privatization; limitations and privileges, the price of the privatization lands, deadlines of payments; and registration.

This Guideline is the commentary on the normative acts regulating agricultural land privatization and may not be completely free of some mistakes. We shall welcome and consider the documented comments and proposals from the readers that will only improve and perfect the future editions of the Guideline.

ANNEX A. GUIDE FOR AGRICULTURAL LAND PRIVATIZATION

Chapter I. General Provisions

1. What is privatization of State-owned agricultural lands?

Privatization of State owned agricultural lands is the chargeable transfer of the State owned agricultural lands in the private ownership of Georgian citizens or legal persons of private law registered in Georgia.

2. Which agricultural lands qualify for privatization?

The following types of leased and non-leased State owned agricultural lands qualify for the privatization:

a) Arable;
b) Lands occupied with perennial plants;
c) Hayfields.

3. Which agricultural lands do not qualify for privatization?

1. The following categories of lands are not subject to privatization:

a) Pastures;
b) Cattle transfer routs;
c) Lands of the water fund, except for artificial fishing ponds and land parcels of common water usage categories used for agricultural purposes as regulated by the Law of Georgia on Water;
d) Lands of forest funds, which are used for agricultural purposes;
e) Recreational lands;
f) Lands occupied with historical, cultural, natural and cult-religious monuments;
g) Lands of protected territories;
h) Agricultural lands qualifying for the reform fund in the Adjara Autonomous Republic;
i) Agricultural lands that are used by the institutions and legal persons of public law in form of usufruct.

4. What is the format of privatization of agricultural lands?

Privatization of agricultural lands is carried out through: a) direct sale; b) special auctions; c) open auctions.

State-owned leased agricultural land is subject to privatization through the direct sale.

State-owned non-leased agricultural land is subject to privatization through special auctions.

State-owned formerly leased parcels and the parcels that were not privatized at the special auction are subject to privatization through open auctions.

5. What is privatization through direct sales?

ANNEX A. GUIDE FOR AGRICULTURAL LAND PRIVATIZATION

Privatization of land parcel through direct sale is one of the privatization forms when the lessee of the State-owned leased agricultural land is given the privileged right to purchase the land leased by him/her.

A necessary condition for direct sale of privatization is a lease agreement processed between the state and lessee and registered in the Public Registry in accordance with the established rule.

In order to participate in direct sale of land, lessee must file a request with the respective territorial office of the Ministry of Economic Development before termination of the lease agreement term. In case of lease agreement the term of which is longer than 10 years, lessee must file a request with the Ministry within 10 years beginning the lease agreement date. Otherwise, the lessee shall lose his/her privilege right to purchase the land through the direct sale and the land parcel shall be privatized through the open auction.

6. What is privatization through special auctions?

Privatization through the special auction is a form of privatization when the State-owned non-leased agricultural land is privatized through the special auction.

The specialty of the special auction is that only the residents of those cities, villages, dabas and communities where the land parcel to be sold is located, have the right to participate in special auctions.

Participant of the special auction records the purchase price at a specially designated area only once on an application created in advance. The person bidding the highest price gets the right to privatize the land parcel.

7. What is privatization through open auctions?

Privatization through open auction is a form of privatization of agricultural land, when the purchaser of the land is revealed through the open auction. Formerly leased State-owned lands, also the parcels for which the purchasers were not revealed at special auctions shall be privatized through open auctions.

Only the citizens of Georgia and legal persons of private law registered pursuant to the Georgian legislation have the right to participate in the open auctions.

Participant of the open auction makes the public announcement of the land parcel purchase price. The person bidding the highest purchase price has the right to privatize the land parcel.

8. Which State agency is in charge of privatization of agricultural lands?

Ministry of Economic Development of Georgia, with facilitation of respective territorial agencies - State Property Recording and Privatization offices of the Ministry of Economic Development conduct the privatization of State-owned agricultural lands.

9. What are the functions of local self-governance agencies in the process of privatization of agricultural lands?

Duties and responsibilities of local self-governance agencies in the privatization process of non-leased lands include:

a) Compiling draft privatization plans and their submission with respective territorial agencies of the Ministry of Economic Development for approval;

b) Formation of privatization commissions to organize and conduct special auctions.

c) Conducting special auctions with the support of privatization commissions pursuant to the confirmed privatization plans and auction schedules.

10. How are agricultural land parcels located in a 500-meter borderline area privatized?

If a privatization land parcel is located in a 500-meter State borderline area, the Georgian Government makes a decision about privatization of this land parcel.

11. Who is authorized to purchase privatization agricultural parcels?

Only citizens of Georgia and legal persons of private law registered in Georgia pursuant to the current legislation have the rights to purchase agricultural privatization lands:

a) Only the Georgian residents of those cities, villages, dabas and communities where the land parcel to be sold is located have the rights to purchase agricultural lands through special auctions;
b) Only the citizens of Georgia and legal persons of private law registered in Georgia pursuant to the current legislation have the rights to purchase leased lands and other agricultural privatization lands through open auctions.

12. Is it prohibited to lease out State-owned agricultural land parcels?

Beginning the effective date of the Law of Georgia on Privatization of State-owned Agricultural Lands, (July 28, 2005) State-owned agricultural lands that are subject to privatization are not issued in lease, except for the cases when the lease procedure was launched and was not finalized prior to the effective date of this Law.

As for the agricultural lands that are not subject to privatization according to this Law, their leases are treated pursuant to the established rule (Presidential Decree #446 of August 2, 1998).

Chapter II. Privatization of Leased State-owned Agricultural Lands

13. How are leased State-owned agricultural lands privatized?

Leased State-owned agricultural lands are privatized through direct sales.

14. What is privatization of leased State-owned agricultural lands through direct sales?

Privatization of State-owned agricultural land through the direct sale means granting of a privileged right to the lessee to purchase the land parcel leased by him/her.

15. What are preconditions required for privatization of leased lands?

A necessary condition for direct sale of the State-owned leased agricultural land is:

a) a lease agreement processed between the state and lessee and registered in the Public Registry in accordance with the established rule;
b) that there is no legal dispute over the leased land parcel.

16. What are the opportunities of the lessee if in the moment of the start of privatization his/her lease agreement is not registered in the Public Registry?

The lessee whose lease agreement is not registered in Public Registry prior to the termination of lease agreement term, or in case of a lease agreement the term of which is longer than 10 years, the lessee may register the lease agreement in the Public Registry within 10 years beginning the date of signing the lease agreement. After this the lessee may participate in the privatization process.

17. What is the deadline of using the direct sale right by the lessee to purchase the leased land parcel?

Lessee may use his/her right to participate in the direct sale during privatization of leased land parcel before termination of the lease agreement term or in case of lease agreement the term of which is longer than 10 years – within 10 years beginning the lease agreement date. After the expiration of this term, the lease agreement is terminated according to the rule established by legislation and the parcel becomes subject to privatization through the open auction.

18. Can a lessee purchase a part of a leased land?

It is impossible that a lessee purchases a part of a leased parcel.

19. If a lease area is fragmented in small parcels, is the lessee authorized to purchased a desired parcel and what happens to the remaining parcel(s)?

If the leased land consists of several spatially/geographically independent parcels, lessee has the right to purchase the desired parcel or parcels.

If a lessee privatized only the desired parcel or parcels, the lease agreement for remaining parcels shall terminate and the remaining parcels shall be privatized through open auction.

20. What is the privatization price of leased land parcel?

Privatization price of leased land parcel equals ten times the annual base rate property tax on agricultural land determined by the Tax Code of Georgia effective as of the date of submitting the application for privatization.

For example: If the Tax Code of Georgia establishes annual base rate property tax on agricultural land to be 52 GEL for 1 ha of the quality agricultural land in Gardabani rayon, the lessee will have to pay 250 GEL for each ha of quality agricultural land.

21. What happens if there is other State-owned real estate (such as farming and auxiliary facilities and/or perennials) located on a leased land parcel?

If the State-owned farming facilities and auxiliary premises and/or perennial plants are located on the land parcel, they shall be sold to the lessee together with the leased land parcel and their price as established by the law shall be added to the price of the land parcel.

22. What are the grounds of privatization through direct sale?

The grounds of privatization through the direct sale are the written application forms submitted by the lessee.[1]

If a lease agreement covers several land parcels, the lessee submits separate privatization applications for each desired land parcel. Lessee separately attaches relevant documentation or their copies verified in an appropriate manner to each application.

23. What information is contained in the application?

The application should contain the following information:

a) name of the territorial agency of the Ministry of Economic Development to which the applicant addresses;
b) Identify and address of the applicant;
c) Request of the applicant regarding the privatization of leas land parcel;
d) List of the documents attached to the application.

24. What documents should be enclosed in the application?

Together with the application, the lessee should submit the following documents with the respective territorial agency of the Ministry of Economic Development:

1. Lease agreement processed between the State and the lessee together with the attached documents or their notarized copies;
2. Document verifying registration of the lease agreement in the Public Registry – excerpt from the registry and the cadastre plan attached to the excerpt; If the

[1] See Attachment #1

cadastre plan does not exist or if it does not give precise information about the land parcel, the application should have the survey cadastre plan attached to it;

3. Copy of the identification document of the applicant:

3.1. In case of a physical person – copy of the ID or passport;

3.2. If a physical person is presented by his/her representative - copy of the ID or passport and appropriate identification document of the representative;

3.3. In case of legal entity – copy of the ID or passport of a representative, document confirming representation and the excerpt of the legal person from the respective registry.

3.4. If the lessee is more than one physical and/or legal person – copy of the ID or passport of the lessee submitting the application and the document confirming representation.

25. What are the obligations of the territorial agencies of the Ministry of Economic Development when the lessee submits the application?

The territorial agency is not authorized to request any additional document or information other than what is listed above.

The territorial agency is obliged to receive an application whether the attached documents are complete or not.

The territorial agency is obliged to register the application as established by the rule, to put the registration date and number on it and immediately give the applicant the document verifying registration of the application.

The territorial agency is obliged to explain to the applicant his/her the rights and obligations, the rule of consideration of the application, the requirements that the application or a complaint should meet and tell him/her about the mistakes made in the application (if such exist). The applicant should be given the opportunity to become familiar with the documents related to the consideration of the case.

26. What are the obligations of the applicant if he or she does not submit all the documents listed in the application?

The territorial agency checks the application and enclosed documentations within three business days and if it turns out that the applicant failed to submit a required document or information, the agency will immediately give the applicant 10 business days within which the applicant shall submit additional documents or information.

Until submission of the additional documentation or other information, the application time is considered stopped and it shall renew immediately after submission of additional documentation or information by the applicant.

27. What are the consequences of failure by the applicant to submit the additional documents?

If within the 10 business days the applicant does not submit the additional documents or information, the territorial agency makes a decision to leave the application without consideration.

28. What is the procedure that the application of the lessee goes through in the territorial agency?

Within one month after submission of the application by the lessee, the territorial agency considers and investigates all circumstances important for the privatization through direct sale, including the payments of lease rent and land property tax.

The territorial agency investigates whether the lease rent debts exist in the respective agencies, while the land property tax payments are investigated in respective tax agencies.

If the submitted documents are accurate and there are no debts over the land, the territorial agency sends the applicant the written notice about the amount of the funds to be paid and the possibility to pay the full or at least 20% of the full amount.

Otherwise, the territorial agency will issue the act about the refusal to satisfy the application within the same deadlines.

29. In what deadline should the lessee pay the land parcel purchase amount?

One month after receiving a written notice, lessee shall pay the total purchase amount or at lease 20% of the purchase amount of the land parcel and should address the territorial agency with the document verifying payment.

30. What are the consequences of failure by the lessee to pay the full or at least 20% of purchase amount within the set deadlines?

If within one month after receiving the written notice, lessee does not pay the total purchase amount or at lease 20% of the purchase amount, the territorial agency makes a decision to refuse to consider the application.

31. Is the lessee authorized to resubmit the application with the territorial agency in case the application is not satisfied or considered?

If an applicant receives a notice from the territorial agency about refusal to satisfy the application (because of inaccuracies in the documentation) and he/she cures the inaccuracies or if he receives the refusal about the application from the territorial agency, (because of non-payment of purchase amount in time) he/she can reapply before the termination of the lease agreement. In case of the 10-year lease, he/she can reapply for the direct sale within 10 years beginning the lease agreement date.

32. What are the results of completion of requirements by the lessee?

If a lessee pays the full or at least 20% of the purchase amount within one month after receiving the written notice and submits the payment receipt with the territorial agency, the territorial agency shall issue the Protocol conforming purchase of land and other real estate within the three business days.

If a lessee pays at least 20% of the purchase amount together with the protocol confirming land and other estate purchase, the hypothec agreement is made within the three business days.

33. What is a Protocol Confirming of Land and Real Estate Purchase?

Protocol confirming privatization of land and other real estate is issued by the respective territorial agency of the Ministry of Economic Development to the purchaser of the land parcel and this document is the grounds of registration of property rights over the land in the Public Registry.

34. When is the hypothec agreement made?

The hypothec agreement is made only when the lessee intends to pay for the land parcel in installments. The respective territorial agency makes a hypothec agreement with the lessee. The grounds of hypothec agreement is the submission of the receipt of payment of at least 20% of the purchase amount by the lessee with the territorial agency.

35. How is the privatization of several land parcels processed?

If a lessee desires to purchase more than one parcel in his/her lease, the respective territorial agency of the Ministry of the Economic Development issues the Protocol confirming purchase of land and other real estate and makes a hypothec agreement for each land parcel if needed.

36. What are the deadlines of submission of the Protocol Confirming Land and Real Estate Purchase and the hypothec agreement with the Public Registry?

For privatization of leased land parcel, the Protocol confirming purchase of land and other real estate issued by the respective territorial agency of the Ministry of the Economic Development and the hypothec agreement should be submitted with the Public Registry within 30 business days.

In case of late submission of registration documentation, the lessee shall pay the triple amount of registration fee.

37. What are the documents that the lease land purchaser should submit with the Public Registry to register the property and hypothec rights?

To register property and hypothec rights (in case of payment in installments) buyer of land through direct sale shall submit to the Public Registry the following documents:

a) Registration application;
b) Protocol issued by the respective territorial agency of the Ministry of Economic Development confirming privatization of land and other real estate, or in case of payment in installments, protocol confirming privatization of land and other real estate and hypothec agreement;
c) Cadastral survey plan(s) of land parcel(s) (in case of amendments to the cadastral map or in case it does not exist at all);
d) In case of physical person –Copy of the ID or passport;

e) In case of legal entity – document confirming registration in court or the Ministry of Justice;
f) Document verifying representation (if applicable).

38. Is the applicant paying the registration fee for registration of ownership and hypothec rights over the privatization land parcel?

Pursuant to the Law of Georgia on Privatization of State-owned Agricultural Land registration of ownership right over the privatization land parcel and hypothec in a form of initial registration in public registry is free. Pursuant to the current legislation, initial registration of agricultural land is free of charge.

39. Is it possible to resell the privatized land parcel encumbered with hypothec?

Pursuant to the current legislation the owner may sell the privatized land parcel encumbered with hypothec and the obligations envisioned in a hypothec agreement automatically transfer to the new owner of the land parcel.

40. What is the term of payment of sale amount in installments for the privatized land parcel?

When purchasing the leased land parcel, the owner may pay the purchase amount in installments during 9 years. Each consecutive year the owner shall pay at least 10% of the remaining amount.

41. What may be the consequences of failure to pay annual purchase amount?

If after processing the hypothec agreement the owner does not pay at least 10% of the total purchase amount every consecutive year, the land parcel and other real estate shall be sold pursuant to the rule established by the Georgian legislation.

42. What are the privileges of purchase of leased agricultural lands?

If within one year after processing the hypothec agreement the owner pays 50% of the purchase percent, and 70% of the total amount within 1-3 years, the land parcel and other real estate shall be considered purchased. If the owner submits with the territorial agency the document confirming the payment of the purchase amount, the territorial agency shall issue the written confirmation of completing obligations within 3 business days based on which the hypothec agreement is invalidated in the Public Registry.

43. What are the privileges envisioned in privatization of land parcels to the Church through the direct sale?

State-owned Agricultural land parcels leased by the Church are declared the ownership of the Church pursuant to Item a, Article 4 of the Law of Georgia on Privatization of State-owned Agricultural Lands.

44. How are the lease lands privatized in a 500-meter borderline area?

If the leased land parcel is located in a 500-meter State borderline area, the Government of Georgia makes a decision for each separate case. Until the decision of the Georgian Government, the privatization process is stopped.

The territorial agency of the Ministry of Economic Development is obliged to send respective documentation to the Government of Georgia through the Ministry of Economic Development for each separate case.

The privatization process of the parcel shall be renewed only after the satisfactory decision of the Georgian Government.

Chapter III. Hypothec Agreement to Guarantee the Privatization Price

45. What is a hypothec?

Pursuant to the Civil Code of Georgia, the immovable object may be used (encumbered) to guarantee the obligation so that the creditor gets the privileged right to use the encumbered object as compared to other creditors (hypothec).

In other words, hypothec is the means to guarantee the complete and sufficient meeting of the obligation when the property is used as the means to guarantee the obligation. The specialty of hypothec is that it guarantees that the obligations are met in case if they are violated. Hypothec has the function of carrying out the obligation and is not some sort of additional penalty to the debtor.

Above all, since the hypothec is created after its registration in Public Registry, it is possible to encumber one and the same object with hypothec more than once, while the right of the creditor to use the encumbered object depends on the order of its registration in the Public Registry, that is the date of registration.

46. When is the hypothec agreement made in the process of agricultural land privatization?

Pursuant to the Law of Georgia on Privatization of State-owned Agricultural Land, payment of privatization funds for land parcel and other real estate may be made in full amount or in installments. In case of the latter, the land parcel and other real estate that the buyer intends to purchase is encumbered with hypothec to guarantee the full payment.

47. Who are the parties of the hypothec agreement?

When the agricultural land parcel and other real estate is privatized in installments, the parties of the hypothec are creditor represented by the Property Recording and Privatization territorial agencies of the Ministry of Economic Development and the debtor – the citizen of Georgia or the private legal person registered in Georgia.

Moreover, it should be noted that pursuant to the Law of Georgia on Privatization of State-owned Agricultural Land, it is the land parcel and other real estate of the buyer, as the legal owner, and not the other owners that is encumbered with the hypothec. In other words, the State is not waiting for the fact when the buyer shall register in the Public Registry the ownership right over the land and other real estate purchased by him/her and when he/she shall become the full-right owner of the property.

What is the subject of agreement?

Subject of the agreement is the land and real estate purchased by the buyer encumbered with hypothec to guarantee sufficient and full payment of privatization money for the State-owned agricultural land to the benefit of the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development.

Property Recording and Privatization Territorial Agency of the Ministry of Economic Development has the privileged right to satisfy its demands as compared to other creditors.

49. What is the subject of hypothec?

Subject of hypothec is the agricultural land parcel and other real estate and the premises and objects that are fixed to it and are not meant for temporary use.

Moreover, when the agricultural land parcel is encumbered with hypothec, its limits are increasing and it covers not only the substantial parts of the land parcel but also its products.

50. What liabilities are guaranteed by the subject of hypothec?

If the land and other real estate purchaser fails to pay the privatization price within the set deadlines, the liability will be guaranteed with the subject of hypothec (land parcel and other real estate), that is the land parcel and other real estate shall be sold pursuant to the established rule and the funds gained from this sale shall cover the essential liability– privatization price as well as the fine for failure to carry out the obligation. Also, the sales, court and other costs shall be covered from the gained funds. The remaining funds shall be returned to the owner.

51. What are the duties and obligations of the parties?

Purchaser of the real estate (debtor) has the right to:

a) freely use and dispose of the hypothec subject (land parcel and other real estate) and its product, including its transfer to another person in use, and its usage as the means of guaranteeing other liabilities (encumber it with hypothec) and/or it sale.

b) When the liabilities are met or in case of its termination due to other conditions, the purchaser can request the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development to provide a written notice to submit with the Public Registry to invalidate the record made in the registry about the hypothec and/or for some other legal action.

c) Not reimburse the costs that are not indicated in the agreement.

The person purchasing the immovable object (debtor) is obliged to:

a) Maintain the hypothec object and its realistic value. Also, protect it from the third person's damage and other claims.

b) Immediately inform the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development if the hypothec subject is in jeopardy and try to avoid the danger in a minimum time-period.

c) Pay the established amount within the set terms and amounts.

d) Immediately submit with the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development the document confirming gradual as well as full completion of liabilities.

Property Recording and Privatization Territorial Agency of the Ministry of Economic Development has the right to:

a) Check the conditions of the land parcel and other real estate, its maintenance and ask the buyer to take necessary measures to maintain the real value of the hypothec object;

b) Transfer the liability guaranteed by the hypothec object and the hypothec to another person, on which the buyer of the immovable property shall be immediately informed;

c) In case of failure by the buyer to complete the responsibilities, request through the court the sale of the hypothec object. The sale will take place according to the established legislation.

Property Recording and Privatization Territorial Agency of the Ministry of Economic Development is obliged to:

a) In case of giving up the hypothec, transfer to a new creditor this hypothec agreement and provide its, as of a new creditors', registration in the Public Registry, if agreed.

b) Immediately after the effective date of the agreement, provide the real estate buyer with the information about the place of payment and the bank requisites as well as their updates.

52. What are the rules and terms of payments envisioned in the agreement?

The amount shall not be considered paid until the receipt is submitted with the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development.

Thus, the annual privatization amount should be paid by the buyer annually no later than the effective date of the Protocol confirming the land and other real estate purchase. Cash or non-cash payment should be made at the account indicated by the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development.

The buyer of the real estate has the right the pay the privatization amount annually over 10% of the amount as long as nine years.

If the privatization amount shall not be paid with the set deadlines, the buyer shall have to pay the penalty for non-payment on each unpaid day.

The penalty for nonpayment envisioned in the agreement is paid in the same rule as the annual amount payment. The buyer of the immovable property pays the penalty for nonpayment within 10 days after receiving a complaint from the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development.

53. What are the responsibilities of the parties?

a) Parties of the agreement are responsible to reimburse the damage caused by the failure to implement requirements of the agreement or in case of their insufficient implementation according to the rule set by the current legislation.

The necessary condition of the agreement is timely and sufficient implementation of its requirements, otherwise, the failure to implement the requirements shall be considered violation of responsibilities. If the damage is caused by implementation of the requirement, the party is responsible to reimburse the damage. It is inadmissible that the parties agree in advance not to reimburse the damage caused by noncompliance with the requirements of the agreement.

The damage should be reimbursed not only for the factual property damage but also for the expected incomes and revenues. The income shall be considered as lost if the party has not received it and would receive it if the requirement was sufficiently implemented.

Only the damage that was expected by the party and is the result of the party's action is subject to reimbursement.

If the party receiving a damage also facilitated the cause of the damage, the responsibility to reimburse the damage and the amount of reimbursement depends on the guilt of the party. This rule applies if the fault of the damaged party is his/her inactiveness to avoid and decrease the damage.

b) The owner of the immovable property takes a responsibility to pay 0,01% of the annual amount on each day as the penalty for the late payment.

Penalty for nonpayment is the additional guarantee to implement the obligations that the party has to pay for insufficient implementation of the obligation.

Neither the payment of penalty for nonpayment and nor the reimbursement of the damage exempts the parties from implementing the responsibilities taken under this agreement.

54. How are the complaints made and satisfied by the parties?

The parties of the agreement have to raise complaints regarding the implementation of requirements of this agreement within 10 business days as of creation of the cause of the complaint.

The date of the submission of the complaint is the date of signature on the receipt of the complaint by the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development or the buyer of the immovable property.

The party receiving the complaint is responsible to substantially consider the issue (to fully or partially recognize or reject it) and make a decision to fully or partially take or reject the complaint and inform the other party in writing no later than five business days after receiving the complaint.

The parties fix the raised and recognized complaints within five days after their receipt.

55. When are the parties exempted from the responsibilities?

The parties shall be exempted from their obligations in the conditions of force majeure.

Force majeure situations may be different. It is impossible to create a complete list of such situations, since the situation that is considered force majeure may not be such in future.

Natural disasters: earthquakes, floods, fires, storms, etc. may be considered as force majeure. Social events such as wars, revolutions, rebels, also, State acts that limit some activities and other events that the debtor cannot control may be considered force majeure.

The situation is force majeure if it makes it impossible to implement the requirement. Such are the situations that may not be foreseen in advance. The force majeure is the situation that may not be foreseen not only by the common citizen but also by the agreement party, who requests exemption from the obligation on the grounds of the force majeure. If in the beginning of the agreement the party knew that such situation would come when the requirements would not be possible to implement, he/she will not be exempted from his/her requirements. The party who has the force majeure situation and has not informed the other party in writing about such situation, its possible duration and termination, is not exempted from his/her obligations. The same applies if the notice is late.

If the force majeure affects the deadline of completion of the requirement by the party, the deadline shall be extended as needed depending on the duration of the force majeure situation. Thus, the late completion of the requirement shall not be considered as late completion and respectively, the party shall not be responsible for the failure to complete the obligation if it is caused by the force majeure.

56. How are the disputes regarding the agreement solved?

Any disputes regarding the agreement are settled through negotiation and agreement between the parties. If the dispute cannot be settled through negotiation and agreement, the parties address the court as provided by the Georgian legislation.

57. For what term is the hypothec agreement effective?

Pursuant to the Law of Georgia on Privatization of State-owned Agricultural Land and the Civil Code of Georgia, the hypothec agreement becomes effective beginning the moment of registration of the Protocol on land and real estate purchase and this agreement in Public Registry and it is effective until the liability guaranteed by the hypothec object exists.

58. What are the terms of termination of the hypothec agreement?

The agreement terminates if:

1. ***The liability guaranteed by the hypothec object is covered***, when the privatization amount is fully covered or if the buyer pays 50% of the purchase amount within 1 year or 70% of the purchase amount within 1-3 years, which is considered as the completion of requirements according to the Law of Georgia on Privatization of State-owned Agricultural Land.

2. ***Under the agreement by the parties***, if the parties agree to abandon and terminate the hypothec agreement.

3. ***The hypothec object is destroyed***, if the land and other real estate used as the guarantee of hypothec is destroyed.

4. ***The protocol becomes ineffective or invalid*** – when the Protocol confirming purchase of land and other real estate becomes ineffective or invalid or the fact and privatization amount payment of land and other real estate purchase is announced to be invalid.

5. ***If the hypothec creditor becomes the owner of the hypothec object*** – if the State in the name of the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development becomes the owner of the agricultural land and other real estate that it has already privatized to the debtor.

6. ***As the result of failure to cover the liability, the hypothec object is privatized according to the established rule*** – if in case of failure by the debtor to cover the liability, the creditor requests sale of the land and other real estate used as the guarantee through auction or in some other form. This is the case when the creditor recovers its monies through the realization of the hypothec object.

59. How are the amendments and additions made to the agreement?

The agreement may be amended and altered under the written agreement of the parties and in no case by one party only.

The amendments and additions to the agreement become effective only after their registration in the Public Registry. This term is based on the requirement that the effective amended agreement and the agreement itself become effective in the same manner.

All additions and amendments to the agreement that have been agreed and effective automatically become the inseparable part of the agreement.

60. What are the obligations of the purchaser to a new creditor?

If the hypothec obligation goes to a new creditor and the purchaser of the immovable property continues to pay to the benefit of the old creditor, this does not exempt him/her from the obligation to a new creditor to complete his/her obligation even when he/she did not know anything about the transfer to obligations to a new creditor.

This is the requirement of a new Civil Code of Georgia but this does not mean that the land and other real estate purchaser loses his/her right over the paid money, to the contrary, the Civil Code also determines that the buyer who paid to the benefit of the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development by mistake, as to a creditor, has the right to request the money back.

61. Does the failure to use the right granted by the agreement in specific occasions mean general rejection of this right?

If one of the parties does not use some of the rights of this agreement, this does not mean that the party is rejecting the right completely.

This term means that if the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development does not request from the buyer to pay the penalty for nonpayment for once, this does not mean that the Property Recording and Privatization Territorial Agency of the Ministry of Economic Development rejects its right to request from the buyer the payment of the penalty if this requirement is violated once again.

62. How are the cases not envisioned in the agreement regulated?

The parties use the norms regulated by the Georgian legislation for the cases that are not envisioned in this agreement.

This term is not a necessary term for any agreement. This statement once again declares that the completion of requirements of this agreement is the complex process and envisions gradual actions.

The parties include all substantial terms and conditions and requirements in this agreement but it is impossible and not required to include all current legislative norms in this agreement that the parties are required to comply with when entering the agreement.

63. Is the agreement considered invalid if some of its parts become invalid?

If a part or some parts of the agreement is declared as invalid, other parts of the agreement or the entire agreement shall not be declared invalid.

64. In how many copies is the agreement made?

The agreement is made only in Georgian in three copies having equal legal power. Each party receives a copy and land and other real estate purchaser submits the third copy with the Public Registry for registration of the hypothec right.

ANNEX B. LAND PRIVATIZATION POSTERS AND FLYERS

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GÜRCÜSTANIN İQTİSADİ İNKİŞAF NAZİRLİYİ XƏBƏR VERİR:

kənd- təsərrüfatı torpaqlarının özəlləşdirilməsi prosesi başladı

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✓ ŞƏXSİ FERMER TƏSƏRRÜFATINI YARAT VƏ İNKİŞAF ETDİR

✓ BANK KREDİTİNİ ALMA İMKANINDAN İSTİFADƏ ET

İCARƏYƏ VERİLMƏMİŞ KƏND-TƏSƏRRÜFATI TORPAQLARINI SATIN ALMAĞA İLKİN HÜQUQ YALNIZ SİZƏ, MÜVAFİQ SAKREBULO ƏHALİSİNƏ VERİLİR!

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ANNEX . LAND PRIVATIZATION POSTERS AND FLYERS

ANNEX B. LAND PRIVATIZATION POSTERS AND FLYERS

GÜRCÜSTANIN İQTİSADİ İNKİŞAF NAZİRLİYİ XƏBƏR VERİR Kİ, KƏND TƏSƏRRÜFATI TORPAQLARININ ÖZƏLLƏŞDİRİLMƏSİ PROSESİ BAŞLADI.

Dövlət mülkiyyətində mövcud olan icarəyə verilmiş kənd təsərrüfatı təyinatlı torpaq sahələri icarəyə bir başa satış formasında satın alma üsulu özəlləşdirməyə tabedir.

Özəlləşdirməni həyata keçirən orqan özünün arazi orqanları şəklində Gürcüstanın İqtisadi İnkişaf Nazirliyidir.

BİR BAŞA SATIŞ FORMASI İLƏ ÖZƏLLƏŞDİRMƏNİN VACİB ŞƏRTLƏRİ VƏ SƏNƏDLƏRİ

a) Torpaq sahəsinin kredit planına yaxud kredit ölçü planına əlavə olunan icarə reyestrinda qeydə alınmış icarə müqaviləsi.
b) İqtisadi inkişaf Nazirliyinin müvafiq arazi orqanlarına icarə müqaviləsi müddətinin dayandırılması və yaxud imzalanması tarixindən 10 il ərzində ərizə ilə müraciət.

ÖZƏLLƏŞDİRMƏYƏ BİR NEÇƏ TƏLƏB ƏLAVƏ OLUNUR

a) İcarəyə verilmiş torpaq sahələri ilə bağlı məhkəmə davası nəticəsində qeydə olunan torpaq sahələri özəlləşdirməyə tabe olmur.
b) İcarədar tərəfindən icarəyə götürülmüş torpaq sahəsinin bir hissəsinin özəlləşdirilməsinə yol verilməməlidir.
v) Əgər icaraçı icarəyə götürdüyü torpaq sahələrindən birinin özəlləşdirilməsini həyata keçirərsə, o zaman icarəyə verilməmiş qalan torpaqların icarə müqaviləsi ləğv olunur və açıq hərrac çıxarılır.

ÖZƏLLƏŞDİRMƏ DƏYƏRİ

İcarə ilə verilmiş torpaqların birbaşa satış formasında özəlləşdirilməsi zamanı, torpağın satış qiyməti, onun satın alması barədə ərizənin təqdim olunması vaxtda Gürcüstanın vergi məcəlləsi ilə müəyyən olunmuş kənd təsərrüfatı təyinatlı torpaqlara əmlak vergisinin illik baza dəyərinin 10 qatı miqdarındadır. Əgər torpaq sahəsində dövlət mülkiyyətində olan digər əmlak yerləşirsə alınma qiymətinə onun dəyərində əlavə olunur.

ÖZƏLLƏŞDİRİLMƏNİN ŞƏRTLƏRİ

Qanun torpaq dəyərinin ödənilməsinin güzəştli şərtlərini nəzərdə tutur. Özəlləşdirmə məbləğini icarədar birbaşa tam şəkildə və yaxud məbləğin on azı 20 faizini ödədikdən sonra, 9 il ərzində hər il bütöv məbləği hissə-hissə, yəni 10 faizini ödəyərək ərtə bilər. Belə halda qiymətin tam ödənilməsindən torpaq dövlətin xeyrinə ipoteka ilə yüklənir. Məbləğin ən azı 20 faizini ödədiyi halda icarədar qeyd olunan torpağın sahibkarı olur.

Əgər icaraçı ipoteka müqaviləsinin imzalanmasından bir il ərzində ödənilməcək məbləğin 50 faizini, 1-dən 3 ilədək isə, 70 faizini ödəyərsə, onda torpaq sahəsi və digər dayanmaz əmlak tamamilə satın alınmış hesab olunur. Məsələ, kənd təsərrüfatı təyinatlı 1 hektar torpağa əmlak vergisinin illik baza qiyməti 45 laridir. Yəni 1 hektarın alınması məbləği 450 larini təşkil edir. Əgər icaraçı bir ildə məbləğin 50 faizini, yəni 225 lari və yaxud 1-dən 3 ilədək 315 lari ödəyərsə, o zaman torpaq sahəsi və digər dayanmaz əmlakın dəyəri tamamilə ödənilmiş olur.

ƏTRAFLI MƏLUMAT ÜÇÜN BİZƏ MÜRACİƏT EDİN:

38-71-50

899 41-77-66

MAQTİ ABONENTLƏRİ ÜÇÜN ZƏNQ PULSUZDUR

38-71-50

899 41-77-66

38-71-50

899 41-77-66

ANNEX C. APLR QUARTERLY MAGAZINE *LANDOWNER*

Landowner # 3 (39), 2010 published: Reportage from APLR General Meeting; Information on APLR projects aimed at identification, survey and registration of livestock movement corridors and associated grazing areas, and at rehabilitation and modernization of melioration and water supply systems; how interactive map was created by the National Agency of Public Registry together with the Department of Tourism and Resorts of Georgia; how citizens are served through mobile monitor at NAPR and how new businesses can be registered in the shortest period of time; information on trainings on new methods of plant protection held in Israel in June, this year, where the Georgian specialists participated; why the Tushetian sheep is considered the best species and why the foreign specialist are especially interested in it; how the farmers can select the best seeds; characters of asparagus and the methods of its harvesting, etc.

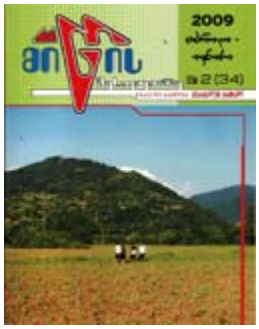
Landowner # 2 (38), 2010 published: Answers of the lawyer to landowners questions; reportage on the certificate transfer ceremony to the users of Business Registry software that was held at NAPR; how the extracts from Business Registry can be received via Internet; innovations used by the National Agency of Public Registry; general analyses of the real property markets; methods for sowing for getting rich harvest, technologies of irrigation, the rules for grain storage, effective methods for kiwi fruit reproduction, methods for protection of plants against diseases, and other interesting articles.

Landowner # 1 (37), 2010 published: Comments of the lawyer on the issues of landowners' interests; how APLR became the member of International Valuation Standards' Council (IVSC); how APLR professional Certification Body expanded its activities in the field of operation of Business Register and Mortgages/Leasing Register electronic programs; new rules of keeping Business Register by NAPR instead of tax authorities; how Peoples Bank provides assistance to public registry in providing real property registration services; how information can be obtained from Business Register via Internet; about modern archival system and server center of NAPR; how registration of IDP property rights is carried out; on the food-related problems to which Georgia is facing; the rules of apple production through the modern technologies; how to get ecologically pure produce; the methods of harvesting tomatoes in green-houses and other helpful information.

Landowner # 4 (36), 2009 published: Answers of the lawyer to landowners' questions; Report on APLR General Meeting; information on 8th International Congress of Real Property Valuators held in Tbilisi; review of food safety related legislation of Georgia; new program for the movable property mortgage register; innovation at the National Agency of Public Registry – the rule for oral

review of stakeholders' claims; how the employees of Public Registry were rewarded for success; the rules for fruit and vegetable storage; effective methods for harvesting tomatoes; healthy features of various agricultural produce; how rheumatic arthritis are cured through bee poison; methods for making apple cider vinegar; how to improve the quality of soils through fast-acting fertilizers; the rule for processing seeds; where to buy high quality wheat seeds; etc.

Landowner # 3 (35), 2009 published: Answers of the lawyer to the readers' questions; Report on the public awareness event for the Internally Displaced Person (IDP) Consultation Center in Gori; status of agricultural and residential land parcels allocation by Government of Georgia to IDPs; NAPR project for unified real property registration network; how to obtain data on hypothecated real property and information stored at the archives of Technical Inventory Bureau via Internet; information on authorized users of electronic registration software of NAPR; methods for cultivating vegetables and the ways of its development; information on compost – the best organic fertilizer; how to improve fertility of soils; impact of microelements on the harvest; how to increase the harvest through the use of seed turnover and other helpful information.



Landowner # 2 (34), 2009 published: How certificates of competency were issued to real property surveyors; professional training programs for real property surveyors and appraisers; how APLR assists the state to acquire privately-owned land parcels within Baku-Tbilisi-Karsi railway construction corridor; ratings by the WB and IFC, according to which National Agency of Public Registry is the second in terms of the reforms implemented in the field of real property registration; how interested persons can learn NAPR web programs used for electronic registration. The special insert is made to the journal describing in detail procedures for acquisition of state-owned agricultural land.

Landowner # 1 (33), 2009 published: Report on APLR General Meeting; sample tests for professional certification programs of real property surveyors and valuators; information on 7th International Congress of CIS Valuators held in Baku; amendment to land related legislation and simplified rules for land legalization; how the State transfers agricultural land to IDPs into private ownership; on training and certification program for the users of title registration software; how the lost registration data are being recovered for real property within the administrative boarders of South Ossetia; on the reforms undertaken at National Agency of Public Registry; explanations of APLR and NAPR consultants on the issues of interest to property owners; rules for the use of mineral and combined fertilizers; how to conduct spring works at orchards; grafting techniques for grapevines; how the farmers can get revenue from harvesting the grass; rose diseases and the methods for cure; modern preparations used for beekeeping; how the storehouse for kiwifruit was built in west Georgia within the scope of Euro Commission grant; as well as other interesting information.

ANNEX C. APLR QUARTERLY MAGAZINE *LANDOWNER*

Landowner # 4 (32), 2008 published: Comments of the lawyer on the issues of real property owners interest; reportage on the ceremony of signing Memoranda of Understanding in the fields of real property survey and valuation; information on APLR Professional Certification Body, programs for training and certification in real property survey and valuation; on the website of APLR certification Body – certification.org.ge; how the National Agency of Public Registry was announced to be the best company in IT management; how the farmers can get ecologically clean harvest; the rules for the potato storage; the methods for feeding and cure of calf; how to breed a good cattle; how to prepare the soil for seeding in autumn and how to store serials in winter; as well as other helpful information.

Landowner # 3 (31), 2008 published: Information on the package of APLR commercial services presented at the international real estate exhibition; about professional training program for real estate valuators; on another innovative project implemented by the National Agency of Public Registry; how to get information via Internet from Technical Inventory Bureau; about new project of International Development Agency of Sweden (SIDA); considerations for overcoming crises in agricultural sector of Georgia; the causes for soil salinity and the ways for the improvement; how to prepare store-houses for keeping cereals; rules for the use of bio-energy activators in agriculture and its consequences; on the new foreign species of apple; consequences of cattle poisoning and the methods of cure; etc.

Landowner # 2 (30), 2008 published: Reportage on joint presentation provided by APLR and Association of Banks of Georgia; information on the conference held in Marneuli, where local population and APLR discussed together the work of Marneuli Legal Consultative Center; answers to frequently asked questions in regard to training and certification carried out for the users of title registration electronic program; initiative by the National Agency of Public Registry on the employment of disabled individuals; the form of cadastral plan recommended to surveying companies; issues related to the local species of vine and fruit trees; measures to be taken against infectious diseases of sheep and goats; how to make high quality cheese and how to raise productivity of medicinal plants; new species of apple and other interesting issues.

Landowner # 1 (29), 2008 published: Lawyer's commentaries on the issues of landowners interests; on property taxes for arable and perennial lands, natural and cultivated pastures and hay-fields; simplified procedures for agricultural land category change; outcomes of the reforms carried out by NAPR last year; how to renew and get public registry extract through Internet; simplified rules of property registration owned by legal entities; importance of grass cultivation for the development of cattle production; information on the exhibition of Polish agricultural produce and technologies carried out in Tbilisi; methods for cucumber cultivation in green-houses; causes of hypodermatoses and methods of diseased cattle treatment; why the flower dust is remedial; how to prepare inversive food for bees at small farms and other helpful information.

ANNEX C. APLR QUARTERLY MAGAZINE *LANDOWNER*

Landowner # 4(28), 2007 publidhed: Answers of the lawyer to the readers' questions; how web-based software for registration of applications and titles is introduced in territorial registration offices; reportage on joint presentation of Land Market Development Project, National Agency of Public Registry and Small and Medium-size Enterprise Support Project; how NAPR customers can receive information via SMS on the status of public registry extract; amendments to the agricultural land privatization law; on geo-information services offered by APLR to its stakeholders; how gigantic coniferous tree – sequoia grows in Georgia; about unique species of vine-tree; information on the first conference held by the National Association of Milk Producers in the city of Telavi; which methods are used against hazelnut tree diseases; how to improve silk farming in Georgia; about high efficient plant fertilizers and importance of microelements for plant nutrition; the reasons for vine deterioration and rules for vine quality improvement; on modern agricultural equipment and other interesting information.

***Landowner # 3(27), 2007 published*:** Answers of the lawyer to landowners' questions in Georgian, Azeri and Russian languages; Interview with the chairman of the National Agency of Public Registry; simplified procedures for ownership rights registration; how ownership rights are registered through the Peoples' Bank and its affiliates; information on the new web-program advanced at Mtskheta registration office; statistics on real property registrations; about professional certification programs for real property surveyors and appraisers implemented by APLR; how the real property left in Abkhazia by IDPs and refugees are identified and ownership rights recorded; information on Field Day carried out at Kaspi berry demonstration/production site and on the activities of Georgian Berry Producers' Association; what is African swine fever and what actions are to be taken against the disease; how to breed cattle and improve milk quality; methods for artificial breeding of colony bees and how the Consultative/Diagnostic Center for Bee Diseases helps the bee-keepers; the methods for growing the palm trees in Georgia and other helpful information.

Landowner # 2(26), 2007 published: Information on APLR projects implemented at Kolkheti Nation Park and Khanchali Lake; how the National Agency of Public Registry introduced modern information technologies for the development of efficient and consumer-friendly registration system; prospects for the introduction of new technologies in Georgian agriculture; how to breed the insect killer plants and animals; methods for improving the milk quality and for protection of fruit against insects and diseases; new methods for grafting of vine trees and vineyard cultivation; wholesome features of soy-beans; unique species of sunflower and other interesting information.

Landowner # 1(25), 2007 published: Information on the conference carried out by APLR in Marneuli; on APLR project implemented within the scope of presidential program My House; outcomes of the reforms at the National Agency

of Public Registry, as well as the new program of title registration and the joint project of NAPR and People' Bank; why it is important to establish peasants' associations in rural areas; the importance of bio-humus and the efficiency of its use; the methods of breeding mosquito and other insect killer plants and animals; relic species of vine endemic to Lechkhumu; agro technologies to be used in vineyards and nursery gardens; reportage form the cattle exhibition/contest held at Tbilisi Ethnographic Museum; why the Alazani Valley is under the threat of saltiness; perspectives of buffalo breeding in Georgia; how the laurel and eucalyptus plantations are restored in the Western Georgia; information on the new models of the bee hives; how the Georgian actress has become the successful farmer; and other interesting information.

Landowner # 4(24), 2006 published: Statistical data on the privatization of state-owned agricultural land; how reforms are carried out at the National Agency of Public Registry; how to select soil for orchards; the methods for the improvement of soil fertility; therapeutic plants used against goiter; how to protect tomatoes against diseases; opinions on restoration of grape species and tea-growing in Georgia; how to see after bee in the hive; and other interesting information.

Landowner # 3(23), 2006 published: Answers of the lawyer to landowners' questions; information on "Field Day" carried out in the village of Tamarisi and on cattle-breeding festival conducted in Marneuli; about the fishing farm in Samtredia rayon; the methods for plant watering and old Georgian means for vegetable protection; some issues of vineyard protection against frost; about Butter Tree, a tropical plant, which grows in Georgia as well. In this issue you will also see interesting photos of folk arts exhibition carried out at the Tbilisi Ethnographic Museum, as well as read the interview with the successful farmer residing in Akhaltsikhe rayon.

Landowner # 2(22), 2006 published: Lawyer's commentaries on the issues of privatization of agricultural land and dwelling houses; on current situation in Georgia's irrigation system; expert's opinion about agrarian policy of the government of Georgia; on the importance of honey plants for the development of bee-keeping; how to increase the milking abilities of the cows; on the importance of soil acidity for harvest and the rules for its regulation; on various types of pesticides and the rules of their use; why the land cultivation is especially important in high mountainous regions and on the role of terraced orchards in the increasing of fruit harvest; information on buffalo farm in Dedoplistskaro rayon, etc.

ANNEX C. APLR QUARTERLY MAGAZINE *LANDOWNER*

Landowner # 1(21), 2006 published: Why privatization of agricultural land remaining in state ownership is important; questions of taking control over pesticide residues in agricultural products and food products safety; how to check the quality of seed and process them before sowing; how to select the land for orchard; the methods for avian flu prevention; information on the output of two world's largest pesticide producer companies that are sold on Georgian markets; information on the new Georgian breed of wheat harvested at different periods of the year; about fungal diseases of grape and fruit-trees and the chemicals used against them; on the rules for the selection of poultry species for breeding; statistical data on water recourses in Georgia; fruit growing issues; therapeutic qualities of vegetables and other interesting information.

Landowner # 9(20), 2005 published: Reportage on the General Meeting of APLR members; the rates of the property taxes on land; issues dealing with the use of plant protecting means; information on the second conference of women farmers; the rules of cattle feeding; about the new vitaminized Georgian product for poultry and cattle; how to sow spring crops; opinions by Khakhetian farmers on agricultural land privatization; history of tea-growing development in Georgia.

Landowner # 8(19), 2005 published: The Georgian Law on Agricultural Land Privatization Remaining in State Ownership and the commentaries on this law; lawyer's interpretation of the privatization process; information on the "Field Day" carried out for farmers in the village of Gantiadi; the rules of vegetable harvesting and their wholesome features; on the importance of the sheep washing unit and the rule of its use; the methods of asparagus growing and harvesting; materials on bee-keeping; Georgian breeds of wheat; various therapeutic plants, breeding of Georgian lemon, soil cultivation for maize etc.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

How to Buy Leased Agricultural Land

WHO CAN BUY: Lease holder through direct sale.[1]

PROCEDURES:

STEP 1. Preparation of cadastral plan

Surveyors or Private companies perform work upon commercial agreement. The fee for service depends on an agreement with client and is not regulated by legislation.

STEP 2. Depiction of a plan on aerial and cadastral base maps[2]

It is desirable to summarize prepared plan with the integrated cadastral data of aerial orthophoto, this ensures precise borders of land and avoids potential problems/overlaps. Such service is available at APLR central and regional offices.

Document(s) to be submitted:
Cadastral plan.

Document(s) received
Plan depicted on the aerial orthophoto, approved by APLR barcode.

STEP 3a. Registration of lease right at Public Registry

For privatization through direct sale, Lessee has to register right to leased property in corresponding Public Registry registration office.

Document(s) to be submitted:
1. Application about the right to the leased property.
2. Lease Agreement.
3. Cadastral plan.
4. Bank[3] receipt confirming title registration fee payment[4].
5. A copy of applicant's ID.
6. If applicant is legal person, extract from the State Registry of Entrepreneurs

Document(s) received:
Extract from Public registry[5] and cadastral plan.

STEP 3b. Receipt of already registered leased right document (Public registry extract)

For direct sale land leaseholder has to obtain document confirming right to the leased property - public registry extract and cadastral plan.

Document(s) to be submitted
1. Application for receiving extract from Public Registry.
2. Bank receipt confirming public registry extract fee payment[6].
3. A copy of applicant's ID.
4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

STEP 4. Submission of privatization documents to corresponding regional agency of the Ministry of Economic Development (MoED).

In order to begin privatization process, lessee should apply to regional agency of MoED with the application. Within one month, agency conducts privatization process and sends written notification about privatization fee payment. In case of refusal, agency notifies applicant within 3 days.

Document(s) to be submitted:
1. Lease holder's application on leased out land(s) and privatization.
2. Lease agreement.
3. Public registry extract and cadastral plan.
4. Cadastral plan.
5. Land parcel depicted on aerial orthophoto, approved by APLR barcode.
6. A copy of Applicant's ID.
7. If applicant is a legal entity, extract from State Entrepreneurs Registry.

Document(s) received:
Written notification on payment of privatization fee[7].

STEP 5. Payment of land privatization fee

The buying price equals ten times the annual base rate of the agricultural land tax determined by the Tax Code of Georgia. Land price is divided into qualitative indices (good and poor) and categories (hayfield, arable, land with perennial cultures) In case of perennials existence on land, price grows up in accordance with cultivation area, and it must not exceed more than 10% of the established privatization price per hectare. In case of constructions and buildings on the land, their price established by the agency of MoED is added to the privatization price.

If applicant pays 50% of entire privatization price, after receiving written payment notification in one month's time and presents receipt of payment to the agency of MoED, privatization fee is considered covered. Within 3 working days, after presenting payment confirming receipt to the agency of MoED, land and real estate property acquisition protocol is issued.

If applicant pays not less than 20% of privatization price within one month, after receiving written payment notification and presenting payment receipt to the respective agency, land and other real estate property acquisition protocol is issued and hypothecation agreement is signed within 3 working days.

Document(s) to be submitted:
Privatization payment receipt.

Document(s) received:
In case of 50% payment - land and other real estate property acquisition protocol: In case of 20% payment - land and other real estate property acquisition protocol and hypothecation agreement.

STEP 6. Registration of agricultural land ownership right and hypothecation at Public Registry

Within 15 working days from receiving land and other real estate property acquisition minutes, buyer has to appeal special registration office at Public Registry for property or hypothecation registration (if such exists). After the payment of registration fee in agreed time hypothecation and property registration is conducted.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

Document(s) to be submitted:
1. Application on property right and hypothecation registration (if such exists).
2. Protocol confirming land and other property acquisition.
3. Hypothecation agreement (if such exists).
4. Bank receipt confirming registration fee payment.
5. A copy of Applicant's ID.
6. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS

Comment I: Land parcel privatization if it is located within 500 meter border line

Special decision shall be taken by the government if the land is located within 500-meter borderline.

Regional agency of MoED is obliged to send out submitted documents to the MoED, presented application will be discussed at the nearest government sitting. Georgian government takes decision to conduct privatization or to reject process for every land parcel. The decision is sent to regional agency of the MoED. Negative decision does not deprive the lessee from the right to leased property.

Comment II: Annual 10% privatization fee liabilities

The buyer should pay 10 % of the privatization fee annually, after hypothecation agreement and to present payment receipt to the regional agency of the MoED.

Document(s) to be submitted:
Receipt proving 10% of privatization fee payment.

Document(s) received:
Document confirming fulfillment of current 10% liabilities.

Comment III: Payment of remaining price in case of discount privatization

If person pays 50 % of privatization price within a year, privatization fee is considered to be completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70 % of privatization price within 3 years, privatization fee is considered to be completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10 % annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document confirming fulfillment of liabilities is issued. Hypothecation liabilities are considered to be cancelled after presenting the above mentioned document to the Public Registry.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

Document(s) to be submitted:
Receipt confirming privatization fee payment.

Documents received:
Document confirming fulfillment of liabilities and comprising reason for hypothecation cancellation.

Comment IV: Registration of hypothecation annulment

After receiving the document confirming payment, landowner has to present document for hypothecation annulment to the registration office at Public Registry.

Document(s) to be submitted:
1. Application on hypothecation cancellation.
2. Document confirming fulfillment of liabilities, issued by the regional agency of the MoED.
3. Receipt confirming the annulment of hypothecation annulment.
4. A copy of Applicant's ID.
5. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

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[1]Lesee should privatize leased land parcel before expiration of lease agreement or within 10 years, if lease agreement is concluded for more then 10 years.
[2]Specification of the plan and agreement can be conducted by surveyor companies.
[3]The price for title registration is GEL 50 within 4 working days; GEL 150 - within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting application.
[4] Bank adds 1 GEL for its service.
[5] Extract from Public Registry has no expiration period.
[6] Receipt of public registry extract costs GEL 15 within 1 working day and GEL 50 - if applicant wants to receive the extract on the day of submitting application.
[7]Notification comprises information about qualitative indices and categories of land. Privatization price is also shown in case of perennials' and construction-buildings' existence.

How to Buy Leased Pastures

STATE-OWNED PASTURES LEASED BEFORE JANUARY 3, 2007, ARE SUBJECT TO PRIVATIZATION THROGH DIRECT SALE.

WHO CAN BUY: Lease holder through direct sale[1].

PROCEDURES

STEP 1. Preparation of cadastral plan

Surveyors or Private companies perform work upon commercial agreement. The fee for service depends on an agreement with client and is not regulated by legislation.

STEP 2. Depiction of a plan on aerial and cadastral base maps[2]

ANNEX D. HOW TO BUY LAND IN GEORGIA.

It is desirable to summarize prepared plan with the integrated cadastral data of aerial orthophoto, this ensures precise borders of land and avoids potential problems/overlaps. Such service is available at APLR central and regional offices.

Document(s) to be submitted:
Cadastral plan of the land.

Document(s) received
Plan depicted on the aerial orthophoto, approved by APLR barcode.

STEP 3a. Registration of lease right at Public Registry

For privatization through direct sale, Lessee has to register right to leased property in corresponding Public Registry registration office.

Document(s) to be submitted:
1. Application about the right to the leased property.
2. Lease Agreement.
3. Cadastral plan.
4. Bank[3] receipt confirming registration fee payment[4].
5. A copy of applicant's or attorney's ID.
6. If applicant is legal person, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public registry[5] and cadastral plan.

STEP 3b. Receipt of already registered leased right document (Public registry extract)

For land direct sale, leaseholder has to obtain document confirming right to the leased property – public registry extract and cadastral plan.

Document(s) to be submitted
1. Application for receiving extract from Public Registry.
2. Bank receipt confirming public registry extract fee[6] payment.
3. A copy of applicant's ID.
4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

STEP 4. Submission of privatization documents to corresponding regional agency of the Ministry of Economic Development (MoED).

In order to begin privatization process, lessee should apply to regional agency of MoED with the application. Within one month, agency conducts privatization process and sends written notification about privatization fee payment. In case of refusal, agency notifies applicant within 3 days.

Document(s) to be submitted:
1. Lease holder's application on leased out land(s) and privatization.
2. Lease agreement.
3. Public registry extract and cadastral plan.
4. Cadastral plan.
5. Land parcel depicted on aerial orthophoto, approved by APLR barcode.

6. A copy of Applicant's ID.
7. If applicant is a legal entity, extract from State Entrepreneurs Registry.

Document(s) received:
Written notification on payment of privatization fee[7.]

STEP 5. Payment of land privatization fee

The buying price equals ten times the annual base rate of tax on pastures determined by the Tax Code of Georgia. Land price is divided into qualitative indices.

If applicant pays 50% of entire privatization price, after receiving written payment notification in one month's time and presents receipt of payment to the agency of MoED, privatization fee is considered covered. Within 3 working days, after presenting payment confirming receipt to the agency of MoED, land and real estate property acquisition protocol is issued.

If applicant pays not less than 20% of privatization price within one month, after receiving written payment notification and presenting payment receipt to the respective agency, land and other real estate property acquisition protocol is issued and hypothecation agreement is signed within 3 working days.

Document(s) to be submitted:
Privatization payment receipt.

Document(s) received:
In case of 50% payment – land and other real estate property acquisition protocol: In case of 20% payment – land and other real estate property acquisition protocol and hypothecation agreement.

STEP 6. Registration of agricultural land ownership right and hypothecation at Public Registry

After receiving land and other real estate property acquisition minutes, buyer has to appeal special registration office at Public Registry for property or hypothecation registration (if such exists). After the payment of registration fee in agreed time hypothecation and property registration is conducted.

Document(s) to be submitted:
1. Application on property right and hypothecation registration (if such exists).
2. Protocol confirming land and other property acquisition.
3. Hypothecation agreement (if such exists).
4. Bank receipt confirming payment of registration fee.
5. A copy of Applicant's ID.
6. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS

Comment I: Land parcel privatization if it is located within 500-meter border line.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

Special permission is needed from the government if the land is located within 500-meter borderline.

Regional agency of MoED is obliged to send out submitted documents to the MoED. Application will be discussed at the nearest government sitting. Georgian government takes decision to conduct privatization or to reject process for every land parcel. The decision is sent to regional agency of the MoED. Negative decision does not deprive the lessee from the right to leased property.

Comment II: Annual 10 % privatization fee liabilities.

The buyer should pay 10 % of the privatization fee annually, after hypothecation agreement and to present payment receipt to the regional agency of the MoED.

Document(s) to be submitted:
Receipt proving 10% of privatization fee payment.

Document(s) received:
Document confirming fulfillment of current 10% liabilities.

Comment III: Payment of remaining price in case of discount privatization.

If person pays 50% of privatization price within a year, privatization fee is considered to be completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70% of privatization price within 3 years, privatization fee is considered to be completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10% annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document confirming fulfillment of liabilities is issued. Hypothecation liabilities are considered to be cancelled after presenting the above mentioned document to the Public Registry.

Document(s) to be submitted:
Receipt confirming privatization fee payment.

Documents received:
Document confirming fulfillment of liabilities and comprising reason for hypothecation cancellation.

Comment IV: Registration of hypothecation annulment

After receiving the document confirming payment, landowner has to present document for hypothecation annulment to the registration office at Public Registry.

Document(s) to be submitted:
1. Application on hypothecation cancellation.
2. Document confirming fulfillment of liabilities, issued by the regional agency of the MoED.
3. Receipt confirming registration fee payment.

4. A copy of Applicant's ID.
5. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

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[1] Lessee should privatize leased land before expiration of lease agreement or within 10 years, if lease agreement is concluded for more than 10 years.
[2] Specification of the plan and agreement can be concluded by surveying companies.
[3] The price for title registration is GEL 50 within 4 working days; GEL 150 – within 1 working day and GEL 200 – if applicant wants to make registration on the day of submitting application.
[4] Bank adds 1 GEL for its service.
[5] Extract from Public Registry has no expiration period.
[6] Receipt of public registry extract costs GEL 15 within 1 working day and GEL 50 – if applicant wants to receive the extract on the day of submitting application.
[7] Notification comprises information about qualitative indices and categories of land. Privatization price is also shown in case of perennials' and construction-buildings' existence.

How to Buy Non-leased Land, Hay-fields, Land with Perennial Cultures

STATE-OWNED AGRICULTURAL NON-LEASED LAND IS PRIVATIZED THROUGH SPECIAL AND OPEN AUCTIONS AND DIRECT SALE BASED ON COMPETITION.

SPECIAL AUCTION

WHO CAN BUY: Georgian citizens who live in corresponding villages.

PROCEDURES

STEP 1. Receiving information

Information on special auction conduction is published in press.

Georgian citizens, registered at household record book of corresponding administrative unit, have the right of land privatization at special auctions.

Information describes terms of auction, time and place of conduction, procedures and deadlines, location of the land parcel with its qualitative indices and initial privatization price. Interested persons also have opportunity to examine land on site.

Initial price of the land parcel to be sold at a special auction equals twice the amount of the annual base rate of land tax on agricultural land determined by the Tax Code of Georgia. If perennial plants are located on the land parcel, their price, as established by the law, shall be added to the initial price of corresponding cultivation area. This price must not exceed 10% of initial privatization price per hectare. If buildings are located on the land parcel, their price shall also be added as established by the regional agency of the MoED.

STEP 2. Submission of application for participation in the auction

Buyer shall submit application on participation at special auction and down payment receipt to the committee of the MoED, within 30 days. Down payment will be not less than 30% of the initial price of the land. If applicant wins the auction, down payment will be included in the total sum to be paid. In case applicant loses the auction, down payment will be recompensed.

Document(s) to be submitted:
1. Application on participation.
2. Receipt of down payment[1].
3. A copy of Applicant's ID.

Document(s) received:
Confirmation of application registration

STEP 3. Participation at special auction

Participating person or attorney should register 30 minutes before the beginning of an auction. Only registered participants are eligible to place a desirable bid 20 minutes before the beginning. The auction results are announced by auctioneer. After the announcement the protocol identifying the winner is issued.

Document(s) to be submitted:
1. A copy of Applicant's ID.
2. Confirmation of application registration.

Document(s) to be received in case of winning:
Protocol identifying winner.

STEP 4. Payment by winner[2]

After receiving the protocol identifying the auction winner the winner shall make payment within one month. The winner can pay the entire purchase amount, 50% or at least 20% and submit payment receipt with the protocol identifying the winner to the regional agency of the MoED. If the winner fails to submit the document confirming payment within the set dates, the auction results shall be announced invalid.

If the winner of a special auction pays 50% of proposed amount (bid) within one month, the land parcel and other real estate shall be considered purchased. After submitting the payment receipt to the MoED, land and real estate purchasing protocol is issued within 3 days.

If the winner of the special auction pays 20% within one month after receiving the protocol and presents the payment receipt to the MoED, within 3 days land and real estate purchasing protocol is issued and hypothecation agreement is signed.

Document(s) to be submitted:
1. Application on privatization through special auction.
2. Protocol identifying the winner.
3. Document confirming bid payment.

Document(s) received:
In case of 50 % payment - protocol confirming land and other real estate acquisition; in case of at least 20% payment – hypothecation agreement.

STEP 5. Registration of ownership right and hypothecation registration at Public Registry.

After receiving the protocol, the winner of the special auction shall apply to the Public Registry for ownership right or/and hypothecation registration.

Document(s) to be submitted:
1. Application on ownership right registration and hypothecation (if applicable).
2. Protocol confirming land and other real estate acquisition.
3. Hypothecation agreement (if applicable).
4. Bank[3] receipt confirming payment of registration fee[4].
5. A copy of Applicant's ID.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS:

Comment I: Annual 10% liabilities for privatization.

The buyer shall pay 10% of the privatization fee annually, after signing hypothecation agreement and submit payment receipt to regional agency of MoED.

Document(s) to be submitted:
Receipt confirming payment of privatization fee10%.

Document(s) received:
Document confirming fulfillment of 10% liabilities.

Comment II: Payment of remaining price in case of discount privatization.

If a winner of special auction pays 50% from a bid within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, liability document is issued within 3 days. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70% of privatization price within 3 years, privatization fee shall be considered completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10% annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document certifying liability fulfillment is issued. After presenting the above mentioned document to the Public Registry hypothecation liabilities are cancelled.

Document(s) to be submitted:
Receipt confirming privatization price payment.

Document(s) received:
Document confirming fulfillment of liabilities and comprising the reason for hypothecation cancellation.

Comment III: Registration of hypothecation annulment.

After receiving payment confirming document, landowner has to submit document for hypothecation annulment to the registration office of Public Registry.
Document(s) to be submitted:
1. Application on hypothecation annulment.
2. Document confirming fulfillment of liabilities issued by the regional agency the MoED.
3. Receipt confirming registration fee payment.
4. A copy of Applicant's ID.
5. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

OPEN AUCTION

WHO CAN BUY: Only the citizens of Georgia and legal entities registered pursuant to the Georgian legislation.

PROCEDURES

STEP 1. Receiving information

Information on open auction conduction is published in press, at privileged places of the regional agency of the MoED and on the website of MoED.

Every interested person, citizens of Georgia and legal entities registered pursuant to the Georgian legislation, have the right to participate in open auction. Information describes terms of registration procedures, time and place of conduction, procedures and deadlines, location of a land parcel with its qualitative indices and initial privatization price. Interested persons also have opportunity to examine land parcel on site.

Initial price of the land parcel to be sold at open auction equals the amount of ten times annual base rate of land tax determined by the Tax Code of Georgia (for previously leased land parcel). if the land parcel had been auctioned before, the price equals twice the amount of the annual base rate of land tax, as determined by the Tax Code of Georgia (for non-leased land parcels). If perennial plants are located on the land parcel, their price as established by the law shall be added to the initial price of the land parcel corresponding the cultivation area. This price must not exceed 10% of the initial privatization price per hectare. If buildings are located on the land parcel, their price shall also be added as established by the regional agency of the MoED.

STEP 2. Submission of application for participation in the auction

Candidate shall submit application and receipt confirming the down payment of participation fee at the open auction to the auction commission of the MoED within 30 days after the publication of advertisement. Down payment will be not less than 30% of the initial price of the land. If the applicant wins the auction, down payment will be included in total sum to be paid by the winner. In case applicant loses the auction, down payment will be recompensed.

Document(s) to be submitted:
1. Application on participation.
2. Receipt of down payment.
3. A copy of Applicant's ID.

4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Confirmation of application registration.

STEP 3. Participation in open auction

Participating person/entity or attorney should register 30 minutes before the beginning of an auction. Only registered participants are eligible to place a desirable bid.

Document(s) to be submitted:
1. A copy of Applicant's ID.
2. Confirmation of application registration.

Document(s) to be received in case of winning:
Protocol identifying the winner.

STEP 4. Payment by winner[5]

After receiving the protocol identifying winner, the winner shall make the payment within one month. The winner can pay, the entire purchase amount, 50% or at least 20% and submit payment receipt with the protocol identifying the winner to the regional agency of MoED. If a winner fails to submit the document confirming payment within one month, the auction results shall be announced invalid.

If a winner of a an open auction pays 50% of bid within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, land and real estate purchasing protocol is issued within 3 days.

If a winner, of an open auction pays 20% within one month after receiving protocol and submits payment receipt to the MoED, within 3 days, land and real estate purchasing protocol is issued and hypothecation agreement is signed.

Document(s) to be submitted:
1. Application on privatization through an open auction.
2. Protocol identifying the winner.
3. Document confirming payment of proposed bid.

Document(s) received:
In case of 50 % payment - protocol confirming land and other real estate acquisition; in case of at least 20% payment – hypothecation agreement.

STEP 5. Registration of ownership right and hypothecation registration

After receiving the protocol, the winner of an open auction shall apply to the Public Registry for ownership right or/and hypothecation registration.

Document(s) to be submitted:
1. Application on ownership right registration and hypothecation (if such exists).
2. Protocol confirming land and other real estate acquisition.
3. Hypothecation agreement (if applicable).
4. Bank receipt confirming payment of registration fee.
5. A copy of Applicant's ID.
6. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS

Comment I: Annual 10% liabilities for privatization.

Buyer should pay 10% from the privatization fee annually, after signing hypothecation agreement and submit payment receipt to the regional agency of the MoED.

Document(s) to be submitted:
Document confirming 10% payment.

Document(s) received:
Document confirming fulfillment of current 10% liabilities.

Comment II: Payment of remaining price in case of discount privatization.

If a winner on an open auction pays 50% of proposed amount within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, payment liabilities document is issued within 3 days. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70% of privatization price within 3 years, privatization fee shall be considered completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10% annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document certifying liabilities fulfillment is issued. After presenting the above mentioned document to the Public Registry hypothecation liabilities are cancelled.

Document(s) to be submitted:
Receipt confirming privatization fee payment.

Document(s) received:
Document confirming fulfillment of liabilities and comprising the reason for hypothecation cancellation.

Comment III: Registration of hypothecation annulment.

After receiving payment fulfillment document, landowner shall submit document for hypothecation annulment to the Public Registry registration office.

Document(s) to be submitted:
1. Application on hypothecation cancellation.
2. Document confirming fulfillment of liabilities issued by the regional agency the MoED.
3. Receipt confirming registration fee payment.
4. A copy of Applicant's ID.
4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

DIRECT SALE BASED ON COMPETITION

WHO CAN BUY: Citizen of Georgia and legal entity registered in Georgia in accordance with legislation of Georgia.

STEP 1. Expression of interest

For acquisition of land through direct sale (under competition) of non-leased or formerly leased state-owned agricultural land interested persons must express their interest for land acquisition. Persons interested must apply to the MoED.

STEP 2. Submitting applications on privatization through direct sale under competition

Person interested to buy particular parcel(s)/lot(s) must submit application to MoED or territorial agency of MoED within the period of expression of interest.

Document(s) to be submitted:
1. Application including following information:
- Name of applicant; legal status - if applicant is a legal entity;
- Address; contact information;
- Location of parcel(s)/lot(s) to be privatized, suggested price;
- Experience in agriculture;
- Amount of investments;
- Number of employees;
- Amount of output to be produced and sold (on local and international markets);
2. Copies of foundation documents, if applicant is a legal entity.
3. Other documents that may be requested by the MoED.

Document(s) to be received:
Confirmation of registration.

STEP 3. Taking decision on direct sale

After the deadline for expression of interest, government of Georgia shall review applications and submit suggestions to the president on direct sale of agricultural land.

President of Georgia shall take decision on direct sale of agricultural land.

Based on president's decision minister for economic development shall issue special legal act on measures to be taken for conclusion of sales agreement.

STEP 4. Conclusion of sales agreement

Within 3 months as from taking decision by president, the MoED concludes sales agreement with buyer.

STEP 5. Payment of land price

The buyer shall pay the land price after concluding sales agreement, within the term as established by the president. The payment term shall be indicated in sales agreement and must not exceed 1 year.

STEP 6. Issuance of ownership right certificate

Ownership right to land shall be transferred to the buyer after full payment of privatization price. MoED shall issues ownership right certificate.

Document(s) to be submitted:
Receipt confirming privatization price payment.

Document(s) to be received:
Ownership right certificate.

STEP 7. Registration of ownership right

The buyer shall address to Public Registry for ownership right registration.

Document(s) to be submitted:
1. Application on ownership right registration.
2. President's decision.
3. Sales agreement.
4. Ownership right certificate.
5. Bank receipt confirming payment of registration fee.
6. Copy of ID of applicant or attorney.
7. If applicant is a legal entity - extract from State Registry of Entrepreneurs.

Document(s) to be received:
Extract from Public Registry and cadastral plan.

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[1] If applicant wins the auction, down payment will be included in the total sum to be paid. In case applicant loses the auction, down payment will be recompensed. Bank adds 1 GEL for its service.
[2] Discounts established by legislation: 1) 50% payment within one month; 2) 50% payment within a year; 3) 70% payment within 3 years; 4) paying in installments during 9 years: 20% payment for the first year and 10 % every next year after signing the hypothecation agreement. All above mentioned payments are acceptable.
[3] The price for title registration is GEL 50 within 4 working days, GEL 150 within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting application.
[4] Bank adds 1 GEL for its service.
[5] Discounts established by legislation: 1) 50% payment within month; 2) 50% payment within a year; 3) 70% payment within 3 years; 4) paying in installments during 9 years: 20% payment for the first year and 10% every next year after signing the hypothecation agreement. All above mentioned payments are acceptable.

How to Buy Non-leased Pastures

STATE-OWNED NON-LEASED PASTURES THAT UNDER THE ACTS OF LOCAL SELF-GOVERMENT (GOVERMMENT) BODIES ARE ALLOTED TO PRIVATELY-OWNED BUILDINGS AND PREMISES THEREON ARE SUBJECT TO PRIVATIZATION THROUGH SPECIAL AND OPEN AUCTIONS[1].

SPECIAL AUCTION

WHO CAN BUY AT SPECIAL AUCTIONS: Georgian citizens who live in corresponding villages.

PROCEDURES

STEP 1. Receiving information

Information on special auction conduction is published in press, at administrative buildings and public gathering places.

Georgian citizens, registered at household record book of corresponding administrative unit, have the right of land privatization at special auctions.

Information describes terms of auction, time and place of conduction, procedures and deadlines, location of the land parcel with its qualitative indices and initial privatization price. Interested persons also have opportunity to examine land on site.

Initial price of the land parcel to be sold at a special auction equals twice the amount of the annual base rate of land tax on pasture land determined by the Tax Code of Georgia.

STEP 2. Submission of application for participation in the auction

Buyer shall submit application on participation at special auction and down payment receipt to the committee of the MoED, within 30 days. Down payment will be not less than 30% of the initial price of the land. If applicant wins the auction, down payment will be included in the total sum to be paid. In case applicant loses the auction, down payment will be recompensed.

Document(s) to be submitted:
1. Application on participation.
2. Receipt of down payment.
3. A copy of Applicant's ID.

Document(s) received:
Confirmation of application registration

STEP 3. Participation at special auction

Participating person or attorney should register 30 minutes before the beginning of an auction. Only registered participants are eligible to place a desirable bid 20 minutes before the beginning. The auction results are announced by auctioneer. After the announcement the protocol identifying the winner is issued.

Document(s) to be submitted:
1. A copy of Applicant's ID.
2. Confirmation of application registration.

Document(s) to be received in case of winning:
Protocol identifying winner.

STEP 4. Payment by winner[2]

After receiving the protocol identifying the auction winner the winner shall make payment within one month. The winner can pay the entire purchase amount, 50% or at least 20% and submit payment receipt with the protocol identifying the winner to the regional agency of the MoED. If the winner fails to submit the document confirming payment within the set dates, the auction results shall be announced invalid.

If the winner of a special auction pays 50% of proposed amount (bid) within one month, the land parcel and other real estate shall be considered purchased. After submitting the payment receipt to the MoED, land and real estate purchasing protocol is issued within 3 days.

If the winner of the special auction pays 20% within one month after receiving the protocol and presents the payment receipt to the MoED, within 3 days land and real estate purchasing protocol is issued and hypothecation agreement is signed.

Document(s) to be submitted:
1. Application on privatization through special auction.
2. Protocol identifying the winner.
3. Document confirming bid payment.

Document(s) received:
In case of 50 % payment - protocol confirming land and other real estate acquisition; in case of at least 20% payment – hypothecation agreement.

STEP 5. Registration of ownership right and hypothecation registration at Public Registry.

After receiving the protocol, the winner of the special auction shall apply to the Public Registry for ownership right or/and hypothecation registration.

Document(s) to be submitted:
1. Application on ownership right registration and hypothecation (if applicable).
2. Protocol confirming land and other real estate acquisition.
3. Hypothecation agreement (if applicable).
4. Bank[3] receipt confirming payment of registration fee[4].
5. A copy of Applicant's ID.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS:

Comment I: Annual 10% liabilities for privatization.

The buyer shall pay 10% of the privatization fee annually, after signing hypothecation agreement and submit payment receipt to regional agency of MoED.

Document(s) to be submitted:
Receipt confirming payment of privatization fee10%.

Document(s) received:
Document confirming fulfillment of 10% liabilities.

Comment II: Payment of remaining price in case of discount privatization.

If a winner of special auction pays 50% from a bid within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, liability document is issued within 3 days. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70% of privatization price within 3 years, privatization fee shall be considered completely covered. Within 3 working days, after presenting payment confirming receipt to the regional agency of the MoED, payment fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10% annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document certifying liability fulfillment is issued. After presenting the above mentioned document to the Public Registry hypothecation liabilities are cancelled.

Document(s) to be submitted:
Receipt confirming privatization price payment.

Document(s) received:
Document confirming fulfillment of liabilities and comprising the reason for hypothecation cancellation.

Comment III: Registration of hypothecation annulment.

After receiving payment confirming document, landowner has to submit document for hypothecation annulment to the registration office of Public Registry.

Document(s) to be submitted:
1. Application on hypothecation cancellation
2. Document confirming fulfillment of liabilities, issued by the regional agency the MoED.
3. Receipt confirming registration fee payment.
4. A copy of Applicant's ID.
5. If applicant is a legal entity - extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

OPEN AUCTION

WHO CAN BUY LAND AT OPEN AUCTION: Only the citizens of Georgia and legal entities registered pursuant to the Georgian legislation.

PROCEDURES

STEP 1. Receiving information

Information on open auction conduction is published in press, at privileged places of the regional agency of the MoED and on the website of MoED.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

Every interested person, citizens of Georgia and legal entities registered pursuant to the Georgian legislation, have the right to participate in open auction. Information describes terms of registration procedures, time and place of conduction, procedures and deadlines, location of a land parcel with its qualitative indices and initial privatization price. Interested persons also have opportunity to examine land parcel on site.

Initial price of the land parcel to be sold at open auction equals the amount of ten times annual base rate of land tax determined by the Tax Code of Georgia (for previously leased land parcel). if the land parcel had been auctioned before, the price equals twice the amount of the annual base rate of land tax, as determined by the Tax Code of Georgia (for non-leased land parcels).

STEP 2. Submission of application for participation in the auction

Candidate shall submit application and receipt confirming the down payment of participation fee at the open auction to the auction commission of the MoED within 30 days after the publication of advertisement. Down payment will be not less than 30% of the initial price of the land. If the applicant wins the auction, down payment will be included in total sum to be paid by the winner. In case applicant loses the auction, down payment will be recompensed.

Document(s) to be submitted:
1. Application on participation.
2. Receipt of down payment.
3. A copy of Applicant's ID.
4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs

Document(s) received:
Confirmation of application registration.

STEP 3. Participation at open auction

Participating person/entity or attorney should register 30 minutes before the beginning of an auction. Only registered participants are eligible to place a desirable bid.

Document(s) to be submitted:
1. A copy of Applicant's ID.
2. Confirmation of application registration.

Document(s) to be received in case of winning:
Protocol identifying the winner.

STEP 4. Payment by winner[5]

After receiving the protocol identifying winner, the winner shall make the payment within one month. The winner can pay, the entire purchase amount, 50% or at least 20% and submit payment receipt with the protocol identifying the winner to the regional agency of MoED. If a winner fails to submit the document confirming payment within one month, the auction results shall be announced invalid.

If a winner of a an open auction pays 50% of bid within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, land and real estate purchasing protocol is issued within 3 days.

If a winner, of an open auction pays 20% within one month after receiving protocol and submits payment receipt to the MoED, within 3 days, land and real estate purchasing protocol is issued and hypothecation agreement is signed.

Document(s) to be submitted:
1. Application on privatization through an open auction.
2. Protocol identifying the winner.
3. Document confirming payment of proposed bid.

Document(s) received:
In case of 50 % payment - protocol confirming land and other real estate acquisition; in case of at least 20% payment – hypothecation agreement.

STEP 5. Registration of ownership right and hypothecation registration

After receiving the protocol, the winner of an open auction shall apply to the Public Registry for ownership right or/and hypothecation registration.

Document(s) to be submitted:
1. Application on ownership right registration and hypothecation (if such exists).
2. Protocol confirming land and other real estate acquisition.
3. Hypothecation agreement (if applicable).
4. Bank receipt confirming payment of registration fee –50 GEL for property right registration and 50 GEL for hypothecation.
5. A copy of Applicant's ID.
6. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

ADDITIONAL COMMENTS

Comment I: Annual 10% liabilities for privatization.

Buyer should pay 10% from the privatization fee annually, after signing hypothecation agreement and submit payment receipt to the regional agency of the MoED.

Document(s) to be submitted:
Document confirming 10% payment.

Document(s) received:
Document confirming fulfillment of current 10% liabilities.

Comment II: Payment of remaining price in case of discount privatization.

If a winner on an open auction pays 50% of proposed amount within one month, the land parcel and other real estate shall be considered purchased. After presenting the payment receipt to the MoED, payment liabilities document is issued within 3 days. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 70% of privatization price within 3 years, privatization fee shall be considered completely covered. Within 3 working days, after presenting payment confirming receipt to the

regional agency of the MoED, fulfillment document is issued. Hypothecation liabilities are cancelled after presenting the above mentioned document to the Public Registry.

If person pays 10% annually after signing hypothecation agreement and in case of presenting 100% payment receipt to the regional agency of the MoED, document certifying liabilities fulfillment is issued. After presenting the above mentioned document to the Public Registry hypothecation liabilities are cancelled.

Document(s) to be submitted:
Receipt confirming privatization fee payment.

Document(s) received:
Document confirming fulfillment of liabilities and comprising the reason for hypothecation cancellation.

Comment III: Registration of hypothecation annulment.

After receiving payment fulfillment document, landowner shall submit document for hypothecation annulment to the Public Registry registration office.

Document(s) to be submitted:
1. Application on hypothecation cancellation.
2. Document confirming fulfillment of liabilities issued by the regional agency the MoED.
3. Receipt confirming registration fee payment.
4. A copy of Applicant's ID.
5. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry without hypothecation indicated on it.

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[1] Only pastures attached to state-owned buildings are subject to privatization via special and open auctions. If non-leased pastures are attached to the buildings owned by natural persons or legal entities by the special act of state or local self-government body, such pastures shall be subject to legalization according to the Law on Recognition of Title to the Land Parcels Possessed by Individuals and Legal Entities under Public Law.
[2] Discounts established by legislation: 1) 50% payment within one month; 2) 50% payment within a year; 3) 70% payment within 3 years; 4) paying in installments during 9 years: 20% payment for the first year and 10 % every next year after signing the hypothecation agreement. All above mentioned payments are acceptable.
[3] The price for title registration is GEL 50 within 4 working days, GEL 150 within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting application.
[4] Bank adds 1 GEL for its service.
[5] Discounts established by legislation: 1) 50% payment within month; 2) 50% payment within a year; 3) 70% payment within 3 years; 4) paying in installments during 9 years: 20% payment for the first year and 10% every next year after signing the hypothecation agreement. All above mentioned payments are acceptable.

How to Buy Non-Agricultural State-owned Land with or without Buildings

LAND WITH OR WITHOUT BUILDINGS OWNED BY THE STATE IS PRIVATIZED THROUGH AUCTION OR DIRECT SALE.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

AUCTION

WHO CAN BUY: Natural persons or legal entities, both foreign and local[1].

PROCEDURES:

STEP 1. Receiving information

Information on auction conduction is published in press and on the website of MoED.

Information describes terms of registration, time and place of conduction, procedures and deadlines, location of the land parcel and other real estate, initial price and terms of payment in case of winning a bid. Interested persons have opportunity to examine land parcel on site.

STEP 2. Submission of application on participation in an auction

Interested person have to submit an application on participation within 30 days to MoED (if auction is conducted by MoED) or to the corresponding regional agency of the MoED (if auction is connducted by this agency).

Documents to be submitted:
1. Application on participation.
2. Receipts confirming payment of the participating label price and down payment[2].
3. A copy of applicant's ID.
4. If special requirements are set for auction winner - applicant's consent to meet special requirements.
5. Notarized authorization, if applicant acts on behalf of other person.
6. If applicant is a legal entity - copies of foundation documents and extract from State Registry of Entrepreneurs.

Documents received:
Auction ticket.

STEP 3. Participation

Participating person has to be at agreed place on agreed time. Participator can place a bid on real estate. The person who places the highest bid is considered to be a winner.

Documents to be submitted:
1. A copy of applicant's ID.
2. Auction label.

Documents received in case of winning:
Protocol identifying the winner.

STEP 4. Payment for real property fee by the winner

The winner must pay within 30 calendar days as from the auction date. In case of the auction under special requirements, different term may be set for payment. Down payment will be included in the total sum to be paid.

STEP 5. Obtaining certificate identifying ownership right

After full payment of real property fee, certificate identifying ownership right is issued.

Documents to be submitted:
Receipt confirming real property fee payment.

Document(s) received:
Certificate of ownership right.

STEP 6. Ownership right registration at Public Registry

Ownership right certificate must be submitted to the Public Registry for registration.

Document(s) to be submitted:
1. Application on ownership right registration.
2. Sales agreement (if such exists).
3. Ownership right certificate.
4. Bank[3] receipt confirming registration fee payment[4].
5. A copy of winner's or attorney's ID.
6. If a winner is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

DIRECT SALE

WHO CAN BUY LAND AND REAL ESTATE PROPERTY THROUGH DIRECT SALE: Natural persons or legal entities, both foreign and local.

PROCEDURES:

STEP 1. Submission of an application

Interested person must apply to the MoED for buying real property through direct sale, including through direct sale under competition.

Document(s) to be submitted:
1. Application on real estate acquisition.
2. A copy of an applicant's ID.
3. if applicant is a legal entity - copies of foundation documents and extract from the State Registry of Entrepreneurs.
4. Other documents that may be requested by the MoED (including, but not limited to, financial guarantees).

Document(s) received:
Confirmation of registration.

STEP 2. Taking decision on direct sale

After receiving applications on acquisition of state-owned real property through direct sale, including through direct sale under competition, government of Georgia shall review submitted applications and deliver suggestions on direct sale to the president.

Final decision on direct sale shall be taken by the president of Georgia.

Based on president's decesion minister for economic development issues a special legal act on measures for concluding sales agreement.

STEP 3. Conclusion of sales agreement

MoED concludes sales agreement within 3 months as from taking decision by the president.

STEP 4. Payment of real estate fee

Buyer pays for real estate after conclusion sales agreement, within the period established by the president. Term for payment shall be indicated in the agreement and must not exceed 1 year.

STEP 5. Issuance of certificate identifying ownership right

In case of full payment, certificate of ownership right is issued by the MoED.

Document(s) to be submitted:
Receipt(s) confirming payment on real estate.

Document(s) received:
Certificate of ownership.

STEP 6. Registration of ownership right at Public Registry

Ownership right certificate must be submitted to Public Registry for registration.

Document(s) to be submitted:
1. Application on ownership right registration.
2. President's decision.
3. Sales agreement.
4. Certificate of ownership right.
5. Bank receipt confirming registration fee payment.
6. A copy of applicant's or attorney's ID.
7. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

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[1] Legal entities cannot buy, if more than 25% is state owned.
[2] Down payment will be included in total sum to be paid for the land and other real estate; If applicant loses auction or competition, down payment will be recompensed.
[3] Bank adds 1 GEL for its service.
[4] The price for registration is GEL 50 within 4 working days; GEL 150 - within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting applications.

How to Buy Urban Land Owned by Local Self-Government Bodies

ANNEX D. HOW TO BUY LAND IN GEORGIA.

REAL PROPERTY (LAND WITH OR WITHOUT BUILDINGS) OWNED BY LOCAL SELF-GOVERNMENT ENTITIES CAN BE PRIVATIZED THROUGH THE AUCTION AND DIRECT SALE.

AUCTION

WHO CAN BUY: Citizens of Georgia and legal entities registered in Georgia, citizens of foreign countries and legal entities registered in foreign countries[1].

PROCEDURES:

STEP 1. Receiving information

Information on auction is published in local newspapers. Other media sources can be also used.

Information describes terms of auction, procedures, time and place of conduction, procedures and deadlines, location of the land parcel, initial price and terms of payment in case of winning. Interested persons have opportunity to examine the land to be sold, on site.

STEP 2. Submission of application

Participating person, within 30 days, has to submit application on participation to the executive body of local self-government unit.

Document(s) to be submitted:
1. Application on participation.
2. Receipt of down payment and auction ticket[2].
3. Copy of ID of applicant.
4. In case of auction under special requirements - consent of applicant to meet special requirements.
5. Notarized authorization - if applicant acts on behalf of other person.
6. Copies of foundation documents and extract from state registry of entrepreneurs - if applicant is a legal person.

Document(s) received:
Auction ticket.

STEP 3. Participation

Participating person or attorney has to be at agreed place on agreed time. Participant has the opportunity to place a bid. The winner shall be the person bidding the highest price.

Document(s) to be submitted:
1. A copy of participant's or attorney's ID.
2. Auction ticket.

Document(s) received in case of winning:
Protocol identifying the winner[3].

STEP 4. Payment of real property price

Real property price must be covered by the winner within 30 calendar days as from conduction of an auction. In case of auction under special requirements, other term of payment may be fixed. Down payment shall be included in total sum to be paid for real property.

STEP 5. Getting oqnership right certificate

After the full payment of real property price document confirming ownership right to real property shall be issued.

Document(s) to be submitted:
Receipt confirming bid payment.

Document(s) received:
Ownership right certificate.

STEP 6. Registratioon of ownership right at Public Registry

Document confirming ownership right to real property must be submitted to Public Registry for ownership right registration.

Document(s) to be submitted:
1. Application for ownership right registration.
2. Written agreement (if applicable).
3. Ownership right certificate.
4. Bank[4] receipt confirming registration fee payment[5].
5. Copy of ID of a winner or attorney.
6. If applicant is a legal entity, extract from the state registry of entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

DIRECT SALE

WHO CAN BUY LAND AND REAL ESTATE PROPERTY THROUGH DIRECT SALE: Natural Persons and legal entities, both foreign and local.

PROCEDURES:

STEP 1. Submission of an application

Interested person must apply to executive body of local self-government unit for buying real property through direct sale, including through direct sale under competition.

Document(s) to be submitted:
1. Application on real estate acquisition.
2. A copy of an applicant's ID.
3. if applicant is a legal entity - copies of foundation documents and extract from the State Registry of Entrepreneurs.
4. Other documents that may be requested by executive body of local self-government unit (including, but not limited to, financial guarantees).

Document(s) received:
Confirmation of registration.

STEP 2. Taking decision on direct sale

ANNEX D. HOW TO BUY LAND IN GEORGIA.

After receiving applications on acquisition of real property through direct sale, including through direct sale under competition, government of Georgia shall review submitted applications and deliver suggestions on direct sale to the president.

Final decision on direct sale of real property shall be taken by the president of Georgia.

Based on president's decision executive body of local self-government takes measures for concluding sales agreement.

STEP 3. Conclusion of sales agreement

Executive body of local self-government concludes sales agreement within 3 months as from taking decision by the president.

STEP 4. Payment of real estate fee

Buyer pays for real estate after conclusion sales agreement, within the period established by the president. Term for payment shall be indicated in the agreement and must not exceed 1 year.

STEP 5. Issuance of certificate identifying ownership right

In case of full payment executive body of local self-government unit issues certificate of ownership right.

Document(s) to be submitted:
Receipt(s) confirming payment on real estate.

Document(s) received:
Certificate of ownership.

STEP 6. Registration of ownership right at Public Registry

Ownership right certificate must be submitted to Public Registry for registration.

Document(s) to be submitted:
1. Application on ownership right registration.
2. President's decision.
3. Sales agreement.
4. Ownership right certificate.
5. Bank receipt confirming registration fee payment.
5. A copy of applicant's or attorney's ID.
7. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry and cadastral plan.

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[1]Legal entities cannot buy, if more than 25% is state owned.
[2]If applicant wins the auction, down payment shall be included in total sum to be paid for the land; if applicant loses, down payment shall be recompensed.
[3]Protocol is a written agreement in case of privatization via auction; if special conditions are set for the auction, agreement in writing may be concluded no later then 3 months as from the auction date. Legal entities can not buy, if more than 25% is state owned.

[4]Bank adds 1 GEL for its service.
[5] The price for title registration is GEL 50 within 4 working days; GEL 150 - within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting application.

How to Buy Privately Owned Land

HOW TO BUY LAND AND OTHER REAL ESTATE FROM NATURAL PERSON AND LEGAL ENTITY

PROCEDURES:

STEP 1a. Registration of ownership right at Public Registry

In order to buy land or other real estate from natural persons or legal entities it is obligatory to register ownership right at Public Registry.

Document(s) to be submitted:
1. Application on initial registration of ownership right.
2. Document confirming ownership right on land[1].
3. Detailed cadastral plan.
4. Bank[2] receipt confirming registration fee payment[3].
5. A copy of Applicant's ID.
6. If applicant is a legal entity, extract from the State Registry of Entrepreneurs, copy of authorized representative's ID and the document confirming this authorization[4].

Document(s) received:
Extract from Public Registry and cadastral plan.

STEP 1 b. Obtaining document certifying ownership right registration

In order to sell already registered land parcel, land and other real estate the property owner has to obtain extract from Public Registry.

Document(s) to be submitted:
1. Application on receiving extract from Public Registry.
2. Bank receipt confirming public registry extract fee payment[5].
3. A copy of Applicant's ID.
4. If applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
1. Extract from Public Registry.

STEP 2. Signing sales agreement

Sales agreement is signed between two parties: a buyer and a seller. For notarizing sales agreement parties address notary, or compose agreement themselves.

STEP 3. Registration of ownership right at Public Registry on the base of sales agreement

ANNEX D. HOW TO BUY LAND IN GEORGIA.

The right to the property must be registered at respective registration office of Public Registry. If sales agreement is not notarized, buyer and seller should apply to registration office and in attendance of registration office attorney, confirm written agreement, which will be sealed afterwards.

Document(s) to be submitted:
1. Application on ownership right registration.
2. Original of sales agreement.
3. Receipt confirming registration fee payment.
4. A copy of applicant' ID; if sales agreemnt is to be confirmed at Public Registry - copy of sellers ID.
5. If an applicant is a legal entity, extract from the State Registry of Entrepreneurs.

Document(s) received:
Extract from Public Registry.

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[1]In case of the village: receive-delivery act or statement from self government institutions about the owner and land area, or a list of land distribution, or tax payers list, or protocol confirming buying land or other real estate; in case of the city: rference letter, sales agreement.
[2]The price for title registration is GEL 50 within 4 working days; GEL 150 - within 1 working day and GEL 200 - if applicant wants to make registration on the day of submitting application.
[3]Bank adds 1 GEL for its service.
[4]Document confirming authorization is not necessary, if legal entity is represented by director (legally authorized representative).
[5]Receipt of public registry extract costs GEL 15 within 1 working day and GEL 50 - if applicant wants to receive the extract on the day of submitting application.

Land Taxes

PROPERTY TAX ON AGRICULTURAL LAND

Obligation to pay taxes on agricultural land in Georgia had been enacted since 1995 by the head of state decree #398 of December 18, 1994. In 1997 agricultural land tax was established by the tax code of Georgia.

As of today agricultural land taxes are called property tax on land, which are local taxes to be transferred to the budgets of local self-government bodies and are established by the Tax Code of Georgia. The tax rates for specific land parcels are defined by the normative acts of local self-government representative bodies within the limits set forth by the Tax Code.

Natural persons or legal entities that own land parcels or use state-owned land or have the state-owned land under factual ownership are liable to pay property tax on land.

Lease holder of state-owned agricultural land is also obliged to pay property tax on land, together with the land rent.

The land tax shall be imposed to a person starting the month following the month when title to land or the right to use the land was granted; in case of the state-owned land – when becoming a factual owner of the land.

ANNEX D. HOW TO BUY LAND IN GEORGIA.

A document certifying the land ownership or a lease agreement or any other document verifying the right to use a land parcel shall serve as a basis to assess a property tax to a land parcel. Factual ownership of the state-owned land shall also serve as a bases for a tax assessment.

The period to pay property tax on land is a calendar year. Tax payer natural persons shall submit the tax declaration to the tax agencies no later then May 1 of the reporting year. Property tax on land shall be paid no later then November 15 of the tax year.

A base tax rate payable on the agricultural land shall not be related to tax payers' economic activities. Tax rate shall be differentiated according to administrative units and computed per 1 ha per annum, in GEL.

Tax Code establishes maximum and minimum limits for property tax to agricultural land according to administrative-territorial units for arable and perennial lands, as well as for pastures and hayfields. The rates for particular land parcels shall be defined by local self- government bodies according the quality and location of the land. At the same time a base tax rate payable on specific land plots can be reduced up to 50% or increased up to 150% considering land category and location.

Arable and perennial lands are divided into two categories: good and poor lands. For the good lands Tax Code establishes the maximum base rate payable that accounts for GEL 57 per 1 ha, and the minimum base rate - GEL 13 per 1 ha. For poor lands the maximum base rate payable accounts for GEL 31, and the minimum base rate - GEL 8.

Pastures and hayfields are also divided into two categories: natural pastures and hayfields and cultivated pastures and hayfields. For the natural pastures and hayfields the maximum base rate established by the Tax Code equals GEL 6 per 1 ha, and the minimum base rate - GEL 2.5 per 1 ha. For the cultivated pastures and hayfields maximum base rate payable equals GEL 8 per 1 ha, and the minimum base rate - GEL 4 per 1 ha.

If the tax payer fails to submit the certificate indicating the land quality to the tax agencies, the land parcel shall be taxed at the rate established for good lands - in case of arable and perennial lands or at the rate established for cultivated lands - in case of pastures and hayfields.

Land parcel allocated to a person using the natural resources under the respective license, is taxed at the rate established for natural hayfields and pastures.

Since 2004 tax exemptions have been granted to some persons or agricultural land parcels, in particular, the following is exempt from the property tax:

- agricultural land parcels in the ownership of physical person as of march 1, 2004, not exceeding 5 hectares;

- agricultural land parcels in which half or more of the topsoil is damaged because of natural disaster;

- natural persons or legal entities who have received agricultural lands for recultivation purposes - for the first five years following its allocation;

- individuals and their families living on the territory of former settlements, as well as families settled in accordance with state resettlement measures - for the first five years from the time of settlement;

ANNEX D. HOW TO BUY LAND IN GEORGIA.

- plots off agricultural land in which half or more of the harvest is damaged because of natural disaster (blizzard, hail, drought, flood) and other force majeure circumstances. The basis for the exemption from land tax is decision of local self-governing bodies, which is granted in agreement with relevant territorial unit of the Ministry of Agriculture of Georgia. The resolution of the commission is made twice - within 2 weeks after the disaster termination date and prior to harvesting;

- inhabitants of villages and settlements situated on southern slope of Caucasus chain and Adjara-Guria mountains - on the land parcels in the given territory; the land tax is reduced by 50% for the inhabitants of mountainous regions in Southern Georgia for the land parcels in the given regions.

ANNEX E. SUCCESS STORY

Taking Ownership: Hope for Better Future

Valeri Magaldadze's home was in the village of Kemerti, Didi Liakhvi gorge, currently occupied by Russians. His family owned two-store house and agricultural land, on which they had been harvesting various crops. During last summer's conflict, when the bombs were dropping in the village, Valeri fled his home to protect his own life and lives of his family - wife, 1 year-old child, brother and parents. "My father insisted staying in the place where he had lived all his life and was killed by Ossetians in the yard of our house", Valeri Magaldadze recalls sadly.

Coming to Tbilisi, for several months the family lived in blind children's school and then in the destroyed building of military hospital. There were no windows and doors in the hospital and the members of the household had to fit for harsh living conditions.

The fate of Magaldaze's family was shared by thousands of South Ossetia villagers, who left behind their homes and their land unsure what the future held for them. While the return prospects of these displaced fled from occupied territories had been unclear after the end of hostilities, the Government of Georgia took decision to establish IDP villages, construct living houses and allocate residential and agricultural land parcels for displaced people.

Consultation Center for IDP Property Registration was opened in Gori to provide technical assistance to titling process of these newly constructed houses and residential and/or agricultural land parcels transferred by GoG to IDPs; as well as to create a database for property abandoned during last summer's conflict, recover lost registry data and prove IDPs ownership rights. The Center is operated by the Association for Protection of Landowners Rights (APLR), local non-governmental organization and funded by USAID as part of the $1 billion dollar pledge from the US Government to the Georgian people.

Within the frame of USAID assistance titling of houses and land parcels transferred to IDPs by GoG are to be completed in the near future for 5477 households; and 7,000 families will register their claims for abandoned properties and get ownership certificates.

Valeri Magaldadze' family, among other hundreds of displaced households, received the house with residential and agricultural land parcels into private ownership. Now his family lives in the village of Karaleti and is able to begin farming again. "We have already got some tomatoes, onions and garlic in the yard of our new cottage; next year we are planning to harvest beans, corn and potatoes on agricultural land that will be sufficient for our family" - Valeri's wife says.

Valeri has also registered his property claim at the unified database. He is now pending ownership certificate hoping for the fast returning to his home village, taking abandoned properties back and living in his house, If not destroyed. He certainly will, like many others, get his ownership back.

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