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**PROJECT AGAINST CORRUPTION IN ALBANIA (PACA)**

**TECHNICAL PAPER**

**PRELIMINARY STUDY ON RISKS OF CORRUPTION IN THE ALBANIAN SYSTEM FOR  
REGISTRATION OF IMMOVABLE PROPERTY**

*Prepared by:*

**Sonila Jazaj, Council of Europe expert**  
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## Table of Contents

<b>1</b>	<b>INTRODUCTION/EXECUTIVE SUMMARY.....</b>	<b>3</b>
<b>2</b>	<b>BACKGROUND.....</b>	<b>3</b>
<b>3</b>	<b>IMMOVABLE PROPERTY REGISTRATION IN ALBANIA: BASIC CONCEPTS .....</b>	<b>4</b>
	3.1 Main elements of information management and storage of immovable property .....	5
	3.2 Institutional Organisation .....	6
	3.3 Legal and Regulatory Framework .....	7
	3.4 Establishment of the Register: First Registration.....	9
	3.5 Statistical Data .....	9
<b>4</b>	<b>PROBLEMS OF THE IMMOVABLE PROPERTY REGISTRATION SYSTEM AND CORRUPTION RISKS.....</b>	<b>13</b>
	4.1 Incomplete Register of Immovable Properties.....	13
	4.2 Institutional Organization.....	14
	4.3 Insufficient Information campaign and public awareness on first registration and registration procedures in general .....	17
	4.4 Updating and maintaining the information on immovable property .....	17
	4.5 Lack of Professional Staff Training.....	21
<b>5</b>	<b>CORRUPTION AND ANTI-CORRUPTION MEASURES .....</b>	<b>21</b>
	5.1 Official control mechanisms .....	21
	5.2 Anti-corruption measures being introduced.....	21
	5.3 A systematic approach to tackling corruption in property registration.....	22
<b>6</b>	<b>CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>24</b>
<b>7</b>	<b>FURTHER READING .....</b>	<b>25</b>
<b>8</b>	<b>RECOMMENDED PERSONS TO INTERVIEW.....</b>	<b>26</b>
<b>9</b>	<b>ANNEX: ACRONYMS AND DEFINITIONS .....</b>	<b>27</b>

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For any additional information please contact:

Corruption and Fraud Unit  
Economic Crime Division  
Directorate of Co-operation - DG-HL  
Council of Europe  
F-67075 Strasbourg Cedex FRANCE  
Tel +33 388 41 29 76/Fax +33 390 21 56 50  
Email: [lado.lalicic@coe.int](mailto:lado.lalicic@coe.int)  
Web: [www.coe.int/economiccrime](http://www.coe.int/economiccrime)

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## **1 INTRODUCTION/EXECUTIVE SUMMARY**

The Immovable Property Registration System is the institution supporting the Immovable Property market in Albania and as such it is inevitably seen as an institution offering service to the citizens and businesses or even other state institutions, who address themselves at these offices requiring services on various transactions with their properties. This perspective alone would be enough to make us understand that the activity of this Institution , as one which manages all the information on immovable properties in the Republic of Albania offering its services through the offices of Immovable Property Registration is subject to a series of laws, regulations and procedures. The latter are often seen by the Albanian citizens and from local or foreign investors as more bureaucratic and cumbersome.

In order to avoid these rules and procedures often interested groups are faced with different bribes or the so-called "facilitation fees" to obtain the necessary services. Often times the services required are in this form achieved, but as an expert of this system I personally think that despite the bribes, there are cases where citizens do not get what they asked for, or moreover they face the risk of receiving incorrect information on property thus further registration records on these assets are wrongfully processed. Precisely, the reasons why this institution of special importance to the market economy, despite continued efforts to improve it, is not performing its legal function with regard to time limits and accuracy of data, bearing on its back the mark of corruption, are briefly examined in a summary in this report, which will pave the way to further analysis on this phenomenon.

The purpose of this document is to provide a basic information on the risks of corruption in one of the most important institutions, such as the Immovable Property Registration System, which will be used for further analysis in this field.

## **2 BACKGROUND**

One of the first steps in transforming the economy to free market-oriented in Albania, has been massive privatization of state assets, which changed the major part of the property into private property. Privatization of immovable properties was carried out through various programs and supporting legislation.

Government privatization programs started in 1991, while in 1992 the many programs and the large number of property owners over-passed the existing institutional capacities for registration of new rights over immovable property and related transactions, directed from market development . In support to the property market, which was due mainly to large privatization programs listed below , such as:

- the distribution of the ex-cooperative agricultural land to rural households, mostly in 1991 and 1992;

- the distribution of ex-state farm land also to households, approved in November, 1992; (3) the sale of business sites mostly in 1991-92 to individual owners;
- the sale of housing units in state constructed apartment buildings to adult residents begun in 1993;
- the restitution of mostly urban properties to their owners prior to state acquisition, or to their heirs, also begun in 1993;

In 1990 there were no institutions to support the development of the land market, in particular the following:

- For Rural Areas: 'Cadastre Offices', which were technically well organized in 1947 and since that time the parcel was not based on the rights of land ownership, but rather based on the parcel of actual possessors, later based on parcel according to land usage, in order to plan in compliance with the eventual needs of the state.
- For urban areas of cities and urban areas of villages "Hipoteka offices' which role was, to record deeds of sale when sales were allowed, as well as deeds of mortgage and inheritance arrangements when these transactions occurred.

It was clear that the needs would emerge, as elsewhere in the developed world, to establish a unified state institution for ensuring through the registration of the rights of ownership and other real rights, stemming from the privatization of immovable property, while promoting a secure transfer of property rights at reasonable costs.

For this reason in 1993, the Government, advised and supported by foreign donors began one of the most important projects of the time, the establishment of immovable property registration system.

### **3 IMMOVABLE PROPERTY REGISTRATION IN ALBANIA: BASIC CONCEPTS**

The Immovable Property Registration System is a system of registration of titles based on parcels of property. The Immovable Property Registration System has been designed as such, due to the profile of its implementation, on a specific parcel of immovable property and the flexibility it offers in order to be used for a number of other purposes connected to immovable property and preparation of maps. The Law on Registration of Immovable Property also creates the basis for a dynamic use of technical concepts that will lead to a better management and administration of immovable assets.

The Immovable Property Registration System in Albania performs the following functions:

- Unifies the "registration rights" and "the preparation of cadastral maps and property records"
- Include the whole territory of Albania, rural areas and urban areas
- Includes Public and Private Properties
- Provides with the guarantee of state on the information registered.

This model of registration system (described in the Law of Registration of Immovable Property) has been selected for the following four reasons:

- It protects the rights of owners of immovable properties by providing a strong and reliable information on ownership titles and other interests relating to immovable property;
- It is simple and inexpensive to maintain and administer;
- The public is provided with the necessary information on buying, selling and other real rights over immovable property thus providing the basis for a market oriented economy;
- It allows the creation of a Geographic Information System (GIS) by information on the property as an integral and essential part.

### **3.1 Main elements of information management and storage of immovable property<sup>1</sup>**

The main components of the system for managing and storing information on immovable property are the following:

- The '*Kartela*' of Registration of Immovable Property is a page of information prepared for each immovable property, including information on: a) its geographical location, and b) its general description, such as the area, type of property, determining whether within urban area or not, and if it is part of a building; c) who owns the ownership rights over the

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<sup>1</sup> J. David Stanfield and Sonila Jazo: The Evolution of Immovable Property Registration in Albania, , Paper prepared for the International Conference On The Real Estate Development In Albania, May 13 & 14, 2008 and Law no. 7843, date 13.07.1994 " On Registration of Immovable Properties ", as amended, (the law no. 8090, dated 21.3.1996, published in Official Gazette no. 12/1996, p. 497, Law no. 9407, dated 19:05 .2005, published in Official Gazette no. 45/2005, pages 1622 to 1624, came into force on 30.06.2005; Law no. 9701 dated 04.02.2007 "On some amendments to the Law no. 7843, dated 13.07. 1994 "On Registration of Real Estate" ', as amended, published in Official Gazette 2007, no. 48, pages 1231-1236, which entered into force on 10.05.2007

property; d) who rents, the rent, the usage, whether it has a servitude or not, or if it has any restrictions on the property; e) what mortgages, court decisions, or other restrictions exist in view of the transfer of ownership.

- Registration Index Map (RIM) shows the boundaries of the parcel for all parcels within a cadastral area. The Registrations map is a general map of all separate parcels of land and building that corresponds to a *Kartela*.
- 1:2500 scale maps include most of the agricultural parcels and 1:1000 scale are used for most urban parcels. RIM also contains indications on where the boundaries between properties are not set properly, and where there are disputes of land (as in sub-urban illegal settlements) that exist but are not regulated by law.
- **The legal documents** show the origin of rights acquired by the current owners and changes in the boundaries of parcels, which are finalized in the RIM
- **The number of the property.** Each unit of property has a unique number deriving from the number of the cadastral area within which, a specific number for the property itself. This number serves to connect information between the map (RIM) and the *Kartela* of the Immovable Property.
- **Registration area** is a geographically defined area, which is the administrative responsibility of the Immovable Property Registration Office.
- **Cadastral area** is a geographically defined area, usually a village in the rural area or a neighborhood in the city, which is small enough to be able to locate assets easily.

### 3.2 Institutional Organisation

With the adoption of law 7843, dated 13.09.1994 "On Registration of Immovable Property" (which entered into force 15 days after publication in the Official Gazette 1994, no. 10, page 443, publication date 26/08/1994 ), a new institution was established for the registration of immovable property in Albania. This institution is the Office of Immovable Property Registration of Real Estate (IPRO), based on law no. 7843, with the its object: registration of property titles and other rights to immovable property with legal documents that prove ownership over the immovable property, and the preparation, storage and management of data, the indicative maps of registration, and the documentation, which confirms the right of ownership and other real rights over the immovable properties.

The organization of the Office of Registration of immovable property is regulated in Articles 1-5 of Law no. 7843, dated 07.13.1994 "On the Registration of Immovable Property"<sup>2</sup>.

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<sup>2</sup> Law no. 7843, date 13.07.1994 "On the registration of real estate", as amended, (the law no. 8090, dated

Based on the stipulations of this law, the Office of Immovable Property Registration, is a budgetary institution dependent of the Minister of Justice and consists of the Central Immovable Property Registration Office and 35 Local Immovable Property Registration Offices situated around the country. Central Immovable Property Registration Office, directs, organizes and controls the activity of registration of immovable property in the whole territory of the Republic of Albania. Central Immovable Property Registration Office is chaired by Chief Registrar. Local Immovable Property Registration Offices practice their activities within the territory of the immovable property registration area, which is determined by the Council of Ministers. The local office of immovable property registration is organized and run by the Registrar, the powers and duties of whom are defined in Article 5 of Law no. 7843, dated 07.13.1994 "On Registration of Immovable Properties".

### 3.3 Legal and Regulatory Framework

In general , the law "On the Registration of the Immovable Properties"<sup>3</sup> regulates different matters related to the registration of immovable property such as:

- Creation of the register for the Immovable Properties and description of the main components of the register.
  - The roles and responsibilities of the Chief Registrar and the Registrars
  - Definition of 'First Registration' and its procedures
  - Rules on who has priority of registration where more than one ownership title was issued for the same property.
  - Registration of different transactions (sales, mortgage, mortgage,)
  - Access to information from the Register
  - The consequences of registration in terms of its effect on the owning parties and third parties, on boundaries and area etc.
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- Appeals against decisions of registrars
  - Compensation for damages incurred

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21.3.1996, published in Official Gazette no. 12/1996, p. 497, Law no. 9407, dated 19:05 .2005, published in Official Gazette no. 45/2005, pages 1622 to 1624, came into force on 30.06.2005; Law no. 9701 dated 04.02.2007 "On some amendments to the Law no. 7843, dated 13.07. 1994 "On Registration of Immovable Properties" ', as amended, published in Official Gazette 2007, no. 48, pages 1231-1236, which entered into force on 10.05.2007

<sup>3</sup> Law no. 7843, date 13.07.1994 "On the registration of Immovable Property", as amended, (the law no. 8090, dated 21.3.1996, published in Official Gazette no. 12/1996, p. 497, Law no. 9407, dated 19:05 .2005, published in Official Gazette no. 45/2005, pages 1622 to 1624, came into force on 30.06.2005; Law no. 9701 dated 04.02.2007 "On some amendments to the Law no. 7843, dated 13.07. 1994 "On Registration of Immovable Properties" ', as amended, published in Official Gazette 2007, no. 48, pages 1231-1236, which entered into force on 10.05.2007

The law does not clearly regulate certain issues sufficiently clearly, however, and could be improved for example to clarify the following:

- How practically accessible is information from the Register for the public?
- Who has the power to change boundaries after first registration – in other words to conduct subsequent registration?
- What is the process and the procedures for changing boundaries?
- What are the procedures and steps for appealing against IPRO decisions?

The law is supported by many instruction and regulations. These are sometimes approved by the Chief Registrar and sometimes by the Prime Minister, as it is not clear in the law who has the power to prepare and approve the secondary legal framework.

The IPRO also plays the role of filter for property documents from several other institutions. Registration procedures in general, as well as documents that must be submitted for registration are defined in the following documents in particular, along with many other guidelines and instructions:

- Regulation for the Work of the Immovable Property Registration Office
- Guideline on “First Registration in City urban zones”. This document also covers the procedures that IPRO has to follow for the creation of the register during the first registration and the administration of the documents.
- Guideline no. 1 , date 31.01.2007, for the Immovable Property Registration Offices on the Procedures of Registration . This documents also covers the procedures for the submitting of the documents and the and for rejecting applications for registration where applications do not contain all formal or substantial elements required.

These regulations are complex because they are not combined in on document, and do not regulate the daily operation of the IPRO adequately for the following reasons in particular:

- They allow different interpretations to be made in identical circumstances.
- They are no easy to understand for IPRO employees, users of the system (lawyers, notary, bank employees etc.), other institutions which control the Registration Office daily activity.
- They do not clearly define working procedures (who will do what and when, the documentation flow) or direct responsibility for fulfilment of tasks.



- This in turn makes recruitment and training of new employees, as well as training of outside users very difficult.

Due to the urgent need for review of these regulations, in 2008 the Chief Registrar designated a working group for preparation of regulations on the operation of the IPRO (Order 274, 7 April 2008). In mid 2008, the IPRO drafted an extensive set of Regulations for the Operation fo IPRO Activities, but these are still awaiting approval from the Ministry of Justice.

### **3.4 Establishment of the Register: First Registration**

First Registration is the process of legal registration of property in IPRO. The legal procedures for first registration are regulated in Articles 23-27 of Law no. 7843, dated 07.13.1994 "On the registration of Immovable Properties"<sup>4</sup>. It involves the creation of the RIM for each property, with a public display for 45 days, which has an advertisement character. First registration is performed in two ways: sporadic registration (there is a fixed fee, low compared to the value of the respective property), where the mapping and the legal information is collected and analyzed when subjects present their application for registration of property, or the systematic recording ( performed free of charge) where registration is done for all property located within a designated cadastral area.

### **3.5 Statistical Data**

The Immovable Property Registration Office does not have a system of the creation and maintenance of various reports or statistics, except for those collected by the Office of Finance to keep track of the income and expenses on a monthly and annual basis. For this reason the data of the table below have are given from the finance section from the Central IPRO. Table 1 summarizes the data on the number of applications for years 2008 and 2009.

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<sup>4</sup> Law no. 7843, date 13.07.1994 "On the registration of real estate", as amended, (the law no. 8090, dated 21.3.1996, published in Official Gazette no. 12/1996, p. 497, Law no. 9407, dated 19:05 .2005, published in Official Gazette no. 45/2005, pages 1622 to 1624, came into force on 30.06.2005; Law no. 9701 dated 04.02.2007 "On some amendments to the Law no. 7843, dated 13.07. 1994 "On Registration of Immovable Properties" ', as amended, published in Official Gazette 2007, no. 48, pages 1231-1236, which entered into force on 10.05.2007

**Table 1: Number of applications for property registration, 2009-2009**

<b>No.</b>	<b>Local IPRO-s</b>	<b>Total No. Of Employees</b>	<b>No. Of i transactions Year 2008</b>	<b>No. Of i transactions Year 2009</b>
1	BERAT	11	16525	15839
2	BULQIZE	3	2376	2670
3	DEVOLL	6	5357	6240
4	DIBER	6	6164	5164
5	DURRES	43	51549	49991
6	ELBASAN	23	20734	18401
7	FIER	24	31584	29188
8	GRAMSH	3	5464	5492
9	GJIROKASTER	9	12545	12104
10	HAS	3	778	576
11	KAVAJE	14	22091	24132
12	KOLONJE	3	1123	1226
13	KORCE	24	28483	29192
14	KRUJE	6	11922	11169
15	KUCOVE	5	7117	7687
16	KUKES	7	7146	5566
17	LAC	9	10120	9417
18	LEZHE	14	22420	22363
19	LIBRAZHD	5	7726	7105
20	LUSHNJE	15	11653	10221
21	M.MADHE	4	1662	1296
22	MALLAKASTER	3	2958	3348
23	MAT	3	3865	3193
24	MIRDITE	4	4899	2797
25	PEQIN	3	4006	3870
26	PERMET	4	5482	5393
27	POGRADEC	9	17441	12453
28	PUKE	3	1673	1465
29	SARANDE	16	8608	10687
30	SKRAPAR	3	3150	2531
31	SHKODER	25	23713	22893
32	TEPELENE	4	4889	4471
33	TIRANE	106	129919	137169
34	TROPOJE	3	2403	2708
35	VLORE	25	36386	38735
36	Central IPRO	74		
	<b>TOTAL</b>	<b>522</b>	<b>533,931</b>	<b>526,752</b>

Tables 2 and 3 provides data on the number of court cases related to property registration for IPRO district offices and the central office respectively, based on the study of Kathrine M. Kelm: Study on Security of Registered Titles in Albania, 23 October 2009 (revisions as of 27 October 2009), Land Administration and Management Project; Component A: Security of Tenure and Registration of Immovable Property Rights. These data are collected from the advisor in cooperation with the Legal Sector of the Central Immovable Property Registration Office for some of the local immovable property registration offices.

The tables <sup>5</sup>shows a relatively large number of court cases for those districts that reported. The Central IPRO has no case management system or systematic reporting process to gather and analyze data on court cases from the district offices. Of 35 district offices, only 8 responded to the request for data, as reflected in the table below. In general, the data available show a large case load and the overall number of cases reflects a high burden on district IPRO legal staff.

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<sup>5</sup> Kathrine M. Kelm: Study on Security of Registered Titles in Albania, 23 October 2009 (revisions as of 27 october), Land Administration and Management Project; Component A: Security of Tenure and Registration of Immovable Property Rights.

Table 2: Court Data for IPRO district offices

District	Year	Number of Cases
Tirana	2008	574
Tirana	2009 (through August)	462
Durres	2008+2009 (through August)	262
Fier	2009 (through August)	24
Berat	2009 (through August)	7
Librazhd	2008+2009 (through August)	5
Elbasan	2008+2009 (through August)	75
Elbasan	2007	44
Kavaje	2009 (through August)	28
Shkoder	2009 (through August)	83
Shkoder	2007+2008	117

Table 3: Court Data for IPRO Central Office from January-September, 2009

	Cases related to Instruction Nr. 4 (Cancel Registration on <i>kartela</i> )	Cases related to order Nr 160 (Durres Restitution Commission)	Refusal of Registration	Labor Disputes	Total
Central IPRO	44	35	93	21	193

## 4 PROBLEMS OF THE IMMOVABLE PROPERTY REGISTRATION SYSTEM AND CORRUPTION RISKS

This section summarizes the main problems and risks of corruption within the immovable property registration system.

### 4.1 Incomplete Register of Immovable Properties

Systematic First Registration (see following table showing the progress of first registration) began in rural areas in 1995, and 80% of the main agricultural areas are completed. Registration of urban areas was slow and thus far only 25% of urban cadastral areas have completed the first registration process (see table). This process is mainly financed by foreign donors and is free of charge for the owners of the respective assets.

The Immovable Property Registration Office for the registration of urban areas, currently operates in two systems: a new (Map +Kartela) and old (Hipoteka, similar to the system of deeds, which operated only in urban areas, without any specific law.

Major problems are caused by the recordings made in the old Hipoteka. Lack of clear registration procedures in this register and the lack of maps required the identification of properties, which has caused two other major problems, first: that of illegal recordings and secondly: that of overlapping of titles and conflicting interested parties in court, where court proceedings take years.

Although international donor support from USAID, EU and OSCE has meant there has been significant progress in completing First Registration, there remains over 700,000 properties without a kartela. LAMP<sup>6</sup> plans to issue kartelas for a further 500,000 mainly urban properties.

**Table 4: Progress of the First Registration Process as of [?]**

District	Total CZ	Total Registered CZ	Total Urban CZ	Total Registered Urban CZ	Total Rural CZ	Total Registered Rural CZ	Registered Rural CZ with Forests/Pastures	Registered Rural CZ except Forests/Pastures
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<sup>6</sup> The Land Administration and Management Project (LAMP) is a 4 year project, commencing in April 2007. It is jointly funded by the World Bank and the Swedish International Development Agency and consists of 3 components with one of these components focussed on the IPRO and specifically on improving security of tenure and the registration of immovable property rights. The objective of LAMP within IPRO is to improve the service delivery and transparency of the IPRO and to fund further first registration work.

NATIO	3058	2427	138	38	2920	2389	295	1939
NAL								

Note: CZ=Cadastral Zones

## 4.2 Institutional Organization

As shown below, in the diagram<sup>7</sup>, The Registration Office does not have a central body coordinating the various groups involved in the creation of immovable property titles. Citing the study of Mrs. Kelm: There is no central oversight authority to help with coordination or communication; each institution is responsible for signing memorandum of understandings with other institutions in order to define working relationships.

Of particular importance for the current issues surrounding property ownership, security of title and registration are the interactions and relationships between three key institutions:

- **IPRO:** supplies mapping and legal information to PRCA and ALUINZI, and records the results;
- **ALUIZNI** (Agency on Legalization, Urbanization of Informal Zones) – is responsible for the nation-wide legalization process and carries out survey, mapping and legal documentation functions to produce the documents necessary for transfer of title and registration in IPRO;
- **PRCA (AKKP)** – is responsible for issuing decisions on restitution/compensation of property, based on legal and mapping data from the claimants, and also to administer the compensation fund for those whose land was expropriated.

While the three institutions note that Memorandum of Understanding have been signed between them, issues remain. Each institution has various levels and formats for legal and mapping information, with incompatible technology to easily transfer and use each other's data. For example, both IPRO and AKKP have trouble accepting and integrating the high quality geographic data that ALUIZNI produces, either due to lack of capacity, appropriate procedures or differences in technology. ALUIZNI claims that IPRO does not understand the legalization process while IPRO claims that the data provided by ALUIZNI does not meet the requirements for registration in IPRO. PRCA has to rely on legal and mapping data submitted by the claimants whereas ALUIZNI has received the latest technology and uses it to produce the information for its clients. PRCA is responsible to pay compensation for owners whose land was occupied and then expropriated under the ALUIZNI process but PRCA notes that the funds to compensate expropriated owners have not been provided by either ALUIZNI or the

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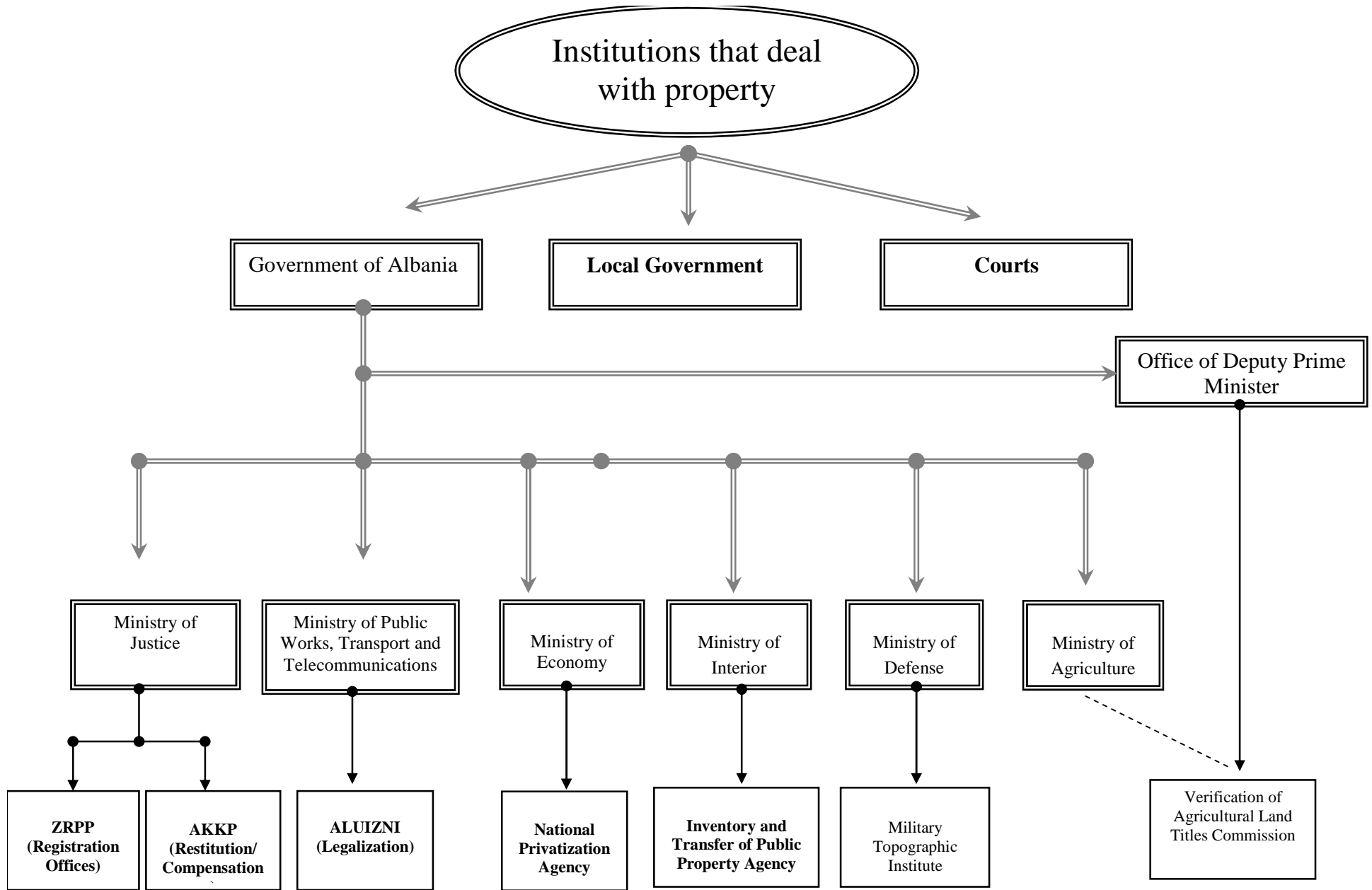
<sup>7</sup> Kathrine M. Kelm: Digram included in the Study on Security of Registered Titles in Albania, 23 October 2009 (revisions as of 27 october), Land Administration and Management Project; Component A: Security of Tenure and Registration of Immovable Property Rights.

state budget. As a result, the expropriated owners are not being compensated. Thus, the various processes are moving ahead but due to the poor institutional coordination, they do so inefficiently.

The government began an initial discussion of property related issues in its draft Inter-Sector Strategy Reform in the Field of Property Rights (2008). However, this document treats the various issues with each institution independently and fails to define how improvements will be made in overall coordination, harmonization and cooperation.

Since IPRO, through the registration process, is the institution that becomes the filter for the various documents associated with property privatization, investment in property, land administration etc. it is often blamed for the problems when it identifies a discrepancy and refuses registration. The IPRO becomes the messenger of bad news for inaccurate, incomplete or conflicting property documents when the fault lies more with the various institutions and commissions issuing the documents.

Without a better mechanism for coordinating and harmonizing the work of the various institutions dealing with property, the current situation will continue to generate a large number of property conflicts, to increase costs for market functions and to erode the already skeptical public perception of the IPRO.





#### **4.3 Insufficient Information campaign and public awareness on first registration and registration procedures in general**

In general, the public and private or state institutions are not fully and precisely informed on,

- the importance of first registration
- their responsibility in this process
- procedures to be followed

And as a result, 1. lack of awareness, and correct procedures for public information, influenced also 2. by the institutional position of IPRO, until today this is seen as a separate process - an event that should take place only within the IPRO, where the citizens and state institutions do not have any particular role. The consequences of non-participation in not submitting their titles and supplementary documents by the IPRO, or the information on the identification of the immovable property, makes the register still incomplete and sometimes inaccurate, as the borders of those title released are not well identified. This significantly affects the further extension of the registration procedures and the quality of the services provided.

Another phenomenon, which occurs during the first sporadic registration is that citizens or other private institutions complain when employees of IPRO address them to apply to register their property for the first time. Having not been informed of the procedures of first sporadic registration, they claim that they have already once registered their property (the old Hipoteka registration) and cannot understand the reasons why their property should be recorded again and this situation is worse when they are required to bring original documents from the beginning (and often because of the uncertainty of making new recordings into the system based on forged documents) requesting once again the documents from those institutions that have established these titles. Although IPRO requests these titles officially from the relevant institutions (Agency of Restitution and Compensation of Properties, Courts, Notaries, etc.), again in cases when these institutions are not responding, it is the citizen who has to go in person to request the necessary documents, increasing significantly the potential of corruptive practices, not only to the IPRO-s, but also in other institutions that have issued and that administer original copies .

#### **4.4 Updating and maintaining the information on immovable property**

The immovable property registration system is an information system designed to be constantly updated through the eventual transactions of the registration of the Immovable Property.

Despite that the product of the first registration is presented in two versions, digital and hardcopy, the daily work in all IPRO-s is done manually on maps and Kartelas

in paper. There is a lack of standard procedures, standards and precise rules for maintenance and update of cartographic information that has caused not only the degradation of accuracy in information, but also the loss of cartographic information itself.

Until recently the procedures for updating digital information of immovable property are not even considered by IPRO<sup>8</sup> and this has led to non-updated information and consequently, IPRO is not able to control the information on immovable property. This prevents it from fulfilling the conditions necessary for performing its functions, identified in the Land Governance Assessment Framework, Implementation Manual for Assessing Governance in the Land Sector (see Table 5).

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<sup>8</sup> The Land Administration and Management Project (LAMP) will support the introduction of a computerised Property Registration System in the major IPRO district offices that will enable registration processes to be streamlined and monitored more efficiently and result in improved levels of services to IPRO customers. The move to a computerised system makes it necessary to convert existing paper based records, including Kartelas and the Registration Index Maps, into computer formats and this activity will also be supported by LAMP. Provision has also been made within LAMP for data improvement work including increasing the accuracy of Registration Index Maps so that the computerised form of these maps is capable of coping with more intensive property development and closer subdivision of land parcels

**Table 5: Conditions necessary for IPRO to perform its role effectively**

Example Land Administration System Requirement	LGAF Reference
The ability to deal with and facilitate first-time registration in an efficient and transparent manner.	Thematic Area 1. Legal and Institutional Framework, Land Governance Indicator – 3 Mechanism for recognition of rights
The ability for any citizen to search any land and for details on all current rights, limitations on rights and the names of right holders to be made available	Thematic Area 1. Legal and Institutional Framework, Land Governance Indicator – 4 Awareness
The ability to provide details on enforcement and conflict resolution options	
The ability to record any restrictions particularly those related to ownership and transferability rights	Thematic Area 1. Legal and Institutional Framework, Land Governance Indicator – 5 Restrictions on rights
The ability to share information with other institutions that need land information	Thematic Area 1. Legal and Institutional Framework, Land Governance Indicator – 6 Clarity of mandates and practice
The ability to manage applications for development in a non-discretionary manner	Thematic Area 2. Land Use Planning, Management and Taxation, Land Governance Indicator –9 Public Good Provision in urban and peri-urban areas
The ability to monitor all applications for a service and to report on the time taken to complete any application	Thematic Area 2. Land Use Planning, Management and Taxation, Land Governance Indicator – 11 Speed and predictability of enforcement
The ability to register land owned by the State	Thematic Area 3. Management of Public Land, Land Governance Indicator – 14 Identification
The ability to register the expropriation of land by the State (and to identify expropriation as a specific type of registration transaction)	Thematic Area 3. Management of Public Land, Land Governance Indicator – 15 Incidence of expropriation
The ability to register the ownership, other rights, restrictions and encumbrances of any property in the jurisdiction	Thematic Area 4. Public Provision of Land Information, Land Governance Indicator – 19 Completeness
The ability to record/map the spatial extents of any registered right	
The ability to search on wide range of fields,	

Example Land Administration System Requirement	LGAF Reference
to retrieve details and report on those details	
The ability to reflect immediately all changes (resulting from registration) to the registry and related cadastral maps	Thematic Area 4. Public Provision of Land Information, Land Governance Indicator – 20 Reliability
The ability to determine the cost of any service (including the provision of land information), to receipt and record all such payments	Thematic Area 4. Public Provision of Land Information, Land Governance Indicator – 22 Transparency
The ability to record the receipt an objection and all steps in the resolution of the objection including appeals and the assignment of responsibility	Thematic Area 5. Dispute Resolution and Conflict Management, Land Governance Indicator – 23 Assignment of responsibility

Source: Neil Pullar BSc (Otago), MSurv (Otago), Dip Social Sciences (Massey), RPSurv : The Application Of Technology In Land Administration: Governance And Sustainability Implications.

The inaccuracy of information (because of incomplete registers and lack of updating procedures and lack of maintenance of information of immovable properties) and lack of digital information do not allow for more access to information, especially if we consider that Albania still continues the process of privatization and state institutions require from IPRO to have updated information on the status of borders and property rights.

For the same reason the notaries, who are the legal persons who prepare the documentation for various transactions on the immovable properties, are the so-called "Passive Notaries"<sup>9</sup>. In the case of Albania, very few are the notaries who search on the title before a transaction on an immovable property takes place. The parties interested to the transaction (eg, seller or buyer) are those who present themselves by the IPRO-s, seeking information for the property on which the transaction will take place. This information is provided by the Registration Office, in the form of the copy of the Kartela(a page from the register for the piece of property requested.)

In the study on The Evolution of Immovable Property Registration in Albania, by J. David Stanfield and Sonila Jazo, Paper prepared for the International Conference on the Real Estate Development in Albania, May 13 & 14, 2008, it is underlines that :

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<sup>9</sup> J. David Stanfield and Sonila Jazo: The Evolution of Immovable Property Registration in Albania, , Paper prepared for the International Conference On The Real Estate Development In Albania, May 13 & 14, 2008,

The monopoly power by the Registration Local Offices to accept documents for registration of transactions gives rise to the temptation to reject or delay applications until “facilitation fees” are paid. The counterbalancing pressures from the Notaries to pressure the rapid registration of transactions have not materialized, in large part due to the fear by the Notaries that if they openly criticize a Registrar, future applications for registration will be delayed or rejected. The Registrars’ powers are substantial.

#### **4.5 Lack of Professional Staff Training**

There is a strategy for training<sup>10</sup> the staff of IPRO, nevertheless it is not yet clear what will be the steps to establish a routine training program at the IPRO. Trainings need to include not only the staff of IPRO, but also those institutions, whose activity or needs are closely related to the procedures and functions of IPRO. There are efforts for staff training by IPRO leaders, mainly on the legal problems faced during daily work. One can often notice that the employees of IPRO-s (mainly those serving at the counters) are not able to help citizens to properly address their requests, or it happens that they give the wrong solution to these requests, giving even the incorrect impression, that without "a facilitative payment" this service cannot be offered.

## **5 CORRUPTION AND ANTI-CORRUPTION MEASURES**

### **5.1 Official control mechanisms**

The Supreme State Audit, Department of Internal Administrative Control and Anti-corruption at the Council of Ministers, Ministry of Justice, Economic Crime Department at the Prosecutor's Office, and Department of Legal and Technical Audit of the Central IPRO are some of the institutions which exercise supervision or controlling functions over the IPRO. There are enough many reports from the institutions above on cases or allegations of violations of legal procedures by IPRO staff. On the other hand, other observers point to an alleged lack of understanding of the functions and legal procedures of IPRO by the institutions mentioned, leading *inter alia* to a focus on formal violations rather than more damaging phenomena that may not always be illegal. Such a lack of understanding may itself be linked to the lack of a clear legal/procedural framework for IPRO. A more detailed study, including information from these institutions may create a clearer picture, and better institutional collaboration between the IPRO and the other controlling institutions is needed if corruption and other malpractice is to be tackled effectively.

### **5.2 Anti-corruption measures being introduced**

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<sup>10</sup> Republic of Albania, IPRO, Training Needs Assessment, IPRO Training and Development Strategy 2008-2012, Land Administration and Management Project, prepared by Paul Bullock

Under the LAMP Project<sup>11</sup>, new measures are being introduced by the IPRO to enhance customer service and *inter alia* reduce corruption. These include:

- Establishment and notification of target times for service delivery. These times will be further revised as systems are improved.
- Establishment of a customer complaints hotline.
- The undertaking of customer surveys to monitor satisfaction with the service.
- Development of better information for the public, including brochures, guidelines and an Agency website.
- Improved accommodation with upgraded customer service areas.

### **5.3 A systematic approach to tackling corruption in property registration**

While the above measures are laudable, a more comprehensive approach to tackling corruption would derive anti-corruption (or more general good governance measures) from specific risks identified within property registration procedures. An example of such risks, the potential persons affected and the possible measures to tackle such risks are shown in Table 6.

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<sup>11</sup> The Land Administration and Management Project (LAMP). In addition to these specific measures, the improvements to the registration system will speed up processing and provide better access to information, thereby enhancing the service to the public.

**Table 6: Corruption risks in Albanian property registration measures to tackle them**

Potential Corrupt Behaviour	By	Possible Measures to Reduce Corruption
Obtaining pre-requisite documents (copies of documents, declaratory certificates) from other agencies to speed up process	Staff of other agencies	<ul style="list-style-type: none"> <li>Officially handover of the legal documents to IPRO offices</li> </ul>
	Officials or politicians with authority to sign declaratory certificates	<ul style="list-style-type: none"> <li>Data Improvement identified computerized systems to help identify historic instances involving komuna heads</li> </ul>
Facilitation payments at IPROs to speed up registration	Counter staff at IPRO	<ul style="list-style-type: none"> <li>Surveillance Cameras</li> <li>Transparency Training</li> <li>Published service standards</li> <li>Re-engineered public counter areas (front office – back office separation)</li> <li>Planned computerized system to monitor progress and report on performance</li> <li>Public Relations office where public can complain , seek advice on services</li> </ul>
	IPRO Registrars	<ul style="list-style-type: none"> <li>Asset Declarations</li> </ul>
	Central IPRO	<ul style="list-style-type: none"> <li>Asset Declarations</li> </ul>
Facilitation payments to overlook deficiencies in supporting documentation for registration (including first registration)	IPRO staff	<ul style="list-style-type: none"> <li>Surveillance Cameras</li> <li>Transparency Training</li> <li>Re-engineered public counter areas (front office – back office separation)</li> <li>Planned computerized system to automate</li> </ul>

Potential Corrupt Behaviour	By	Possible Measures to Reduce Corruption
		<p>many and record all decisions (who, what and when)</p> <ul style="list-style-type: none"> <li>• Revised procedures and guidelines for registration</li> <li>• Completion of First Registration &amp; transition from old Hipoteka system</li> </ul>
	First Registration Contractors	<ul style="list-style-type: none"> <li>• Contract monitoring</li> </ul>
	IPRO Registrars	<ul style="list-style-type: none"> <li>• Revised procedures and guidelines for registration</li> </ul>
Modification or removal of records in IPRO archives	IPRO Staff	<ul style="list-style-type: none"> <li>• Creation of digital archive of scanned IPRO and Hipoteka documents</li> </ul>

## 6 CONCLUSIONS AND RECOMMENDATIONS

To place the task of fighting corruption in property registration into context, the main short-term policy objectives of IPRO should be the following:

- To ensure that the development and integration of the immovable property register is maintained and in particular that an accurate process of first registration continues for the remaining unregistered areas.
- To ensure that the services provided to users are quick and accurate and that they meet the developing needs of the land market and all those who use and depend on it.

The suggested measures in Section 5 should be seen in the context of these objectives. The key recommendations according to the expert are the following:

- IPRO should take the position of main institutional coordinator in the process of property registration role, rather than being just another institution under one of many ministries that deal with property registration issues.<sup>12</sup> A

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<sup>12</sup> Kathrine M. Kelm: Study on Security of Registered Titles in Albania, 23 October 2009 (revisions as of 27 october), Land Administration and Management Project; Component A: Security of Tenure and Registration of Immoveable Property Rights



Steering Committee could be established to discuss policy, practice and the problems that exist.

- All institutions that have issued property titles in the years should submit these titles officially to the IPRO in order to enable the completion of the Register.
- IPRO should as a matter of priority introduce a computerised system of registration in order to improve the way records are held, accessed and updated.
- IPRO has to work to establish a closer relationship with the major “user groups”. These groups include the associations of builders, real estate professionals, valuers, lawyers and notaries, bankers and surveyors. Meetings has to happen with representatives of these groups to find solutions for common problems and to develop new approaches. It should establish a closer relationship with notaries in particular in order to establish the use of standard forms for documents relating to land transactions.
- The legal framework should be revised in order to:
  - reduce the possibility of different interpretations of the law;
  - ensure that the registration process is in line with modern international modern standards;
  - simplify and speed up registration procedures;
  - standardize communication with clients/users.
- IPRO should organize regular training of staff on a local, regional and national basis.
- IPRO should approve and implement a Code of Conduct and Ethics, including a statement by the Chief Registrar on corruption.

## 7 FURTHER READING

J. David Stanfield and Sonila Jazo: The Evolution of Immovable Property Registration in Albania, , Paper prepared for the International Conference On The Real Estate Development In Albania, May 13 & 14, 2008,

Kathrine M. Kelm: Study on Security of Registered Titles in Albania, 23 October 2009 (revisions as of 27 october), Land Administration and Management Project; Component A: Security of Tenure and Registration of Immovable Property Rights. The World Bank Office, Tirana: Status of Land Reform and Real Property Markets in Albania Tirana, 2006

Republika E Shqiperise, Ministria E Drejtesise, Zyra e Regjistrimit te Pasurive te Paluajtshme; Projekti I Administrimit Dhe Menaxhimit Te Tokave Urbane (LAMP),Komponenti “A”Sigurimi i Zoterimit dhe Regjistrimi i te Drejtes se Pasurise se Palujtshme “

Republic of Albania, Central Immovable Property Registration Office, Modernisation Strategy , prepared by Neil Pullar, 08/12/2006

Neil Pullar BSc (Otago), MSurv (Otago), Dip Social Sciences (Massey), RPSurv : The Application Of Technology In Land Administration: Governance And Sustainability Implications

J. Stahl, T. Sikor and S. Dorondel: Transparency in Albanian and Romanian Land Administration

IDRA: Corruption in Albania, Summary of findings, Perception and Experience, Survey 2009

## **8 RECOMMENDED PERSONS TO INTERVIEW**

Arben Qirjako	Chief Registrar of Albanian IPRO (Central Office)
Elidon Laze	Head of the Legal Department, IPRO (Central Office)
Fetah Hasanaj	Registrar of Tirana IPRO
Ivi Kaso	Head of the Department for Internal Administrative Control and Anti-corruption (Council of Ministers)
Ermal Dobi	Deputy Minister of Justice
Edlira Telharaj	Head of the Sector of the Ownership Issues, Ministry of Justice
Artan Reshka	Head of the Economic Crime Sector, General Prosecutor Office
Elvis Cefa	General Director of Property Restitution and Compensation Agency
Stefan Karam	World Bank Office, Tirana
Mimoza Sadushi	Head of the Notary Office
Jack Keefe	OSCE
Endrita Xhaferraj	Head of the Albanian Association of Banks
Avenir Kika	President of the Association of Constructors, branch Tirana

## 9 ANNEX: ACRONYMS AND DEFINITIONS

AKKP	Agency for Property Restitution and Compensation
ALUIZNI	Agency for the Legalization, Urbanization and Integration of Informal Areas/Constructions
CoM	Council of Ministers
EU	European Union
<i>Hipoteke</i>	The former deeds registry for registration of urban documents
I PRO	Immovable Property Registration Office
I PRS	Immovable Property Registration System
LAMP	Land Administration and Management Project (World Bank)
NB	<i>(ndermarrje bujqesore)</i> former agricultural enterprises (former state farms)
OSCE	Organization for Security and Cooperation in Europe
WB	World Bank