

WORLD BANK

**Moldova Land Governance Assessment Framework (LGAF)**

**FINAL REPORT**

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## List of Abbreviations

ALRC	Agency for Land Relation and Cadastre
CP	Construction Permit
DUP	Detailed Urban Plan
EU	European Union
FLEG	Forest Law Enforcement and Governance Program
GAC	General Agricultural Census
GD	Government Decision
GDP	Gross Domestic Product
GNI	Gross National Income
GOE	Government Owned Enterprise
GUP	General Urban Plan
ICT	Information and Communications Technology
IDNO	Personal Identification Number
IPOT	The Institute for Land Management
LGAF	Land Governance Assessment Framework
LGIs	Land Governance Indicators
LPA	Local Public Authorities
LSLA	Large Scale Land Acquisition
MAFI	Ministry of Agriculture and Food Industry
ME	Ministry of Economy
MRDC	Ministry of Regional Development and Constructions
MSTI	Main State Tax Service
NCHM	National Council of Historical Monuments
NSDI	National Spatial Data Infrastructure
PD	Project Documentation
PD WS	Policy Dialog Workshop
PES	Payment for Environmental Services
PPA	Public Property Agency
REC	Reduction Emissions Certificate
TCO	Territorial Cadastral Office
TVW	Technical Validation Workshop
UAA	Used Agricultural Area
UNFCCC	United Nations Framework Convention on Climate Change
UPC	Urban Planning Certificate

Exchange rate (20.08.2013): 1 USD = 12.7877 MDL

## EXECUTIVE SUMMARY

1. The Land Governance Assessment Framework (LGAF<sup>1</sup>) is a diagnostic tool for the evaluation of land governance at the national level. It provides governments with an objective assessment that they can use to identify the areas where improvements are needed. The diagnosis is typically made through the assessment of twenty-one land governance indicators (LGIs) grouped into five main modules: (a) legal and institutional framework; (b) land use planning, management, and taxation; (c) management of public land; (d) public provision of land information; and (e) dispute resolution and conflict management. In Moldova, the LGAF also included two additional modules (f) forestry; and (g) large-scale acquisition of land rights.
2. The LGAF's **main policy recommendations** are:
  - a. Complete cadastre and registration coverage and link land records with public datasets to improve market information and tenure security to promote land and property markets, access to credit, and social inclusion;
  - b. Enhance state and public land management for the protection and more efficient use of public assets and natural resources;
  - c. Foster urban planning, land delivery and management of buildings to increase the liquidity of urban lands and properties for enhanced market activity, access to credit and efficient land management; and
  - d. Improve land valuation system for more equitable and efficient land and property taxation and expropriation.
3. The scoring of the LGAF indicators in Annex 4 is based on the opinions of local experts representing government, the private sector, academia and NGOs at nine panel meetings held in Chisinau. Various government institutions provided primary data which, combined with a review of secondary sources, served as background information for the debate panels.
4. The LGAF results were presented and validated by a group of experts during a Technical Validation Workshop held in Chisinau on December 16, 2013. LGAF key findings and policy recommendations were then presented to government officials and policy makers at a Policy Dialogue Workshop held at the World Bank country office on December 17, 2013.
5. While this Executive Summary presents the key findings and policy recommendations of the LGAF report, interested readers are encouraged to explore in detail the other sections of the report. Section I contains details of the implementation process, including methodology, panel discussions and the expert inputs which greatly enriched the analysis of this report. Section II contains general background information on Moldova, its structure of land ownership, and a brief description of the key

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<sup>1</sup> For details on LGAF, the LGAF manual, and other materials, please visit:  
<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTPROGRAMS/EXTARDR/EXTLGA/0,,contntMDK:22793966~pagePK:64168427~piPK:64168435~theSitePK:7630425,00.html>

institutions that are involved in land legislation, administration, and management. Section III has a detailed discussion and assessment of each of the seven aforementioned thematic areas—five main modules and two additional non-core modules. Section IV concludes with policy recommendations stemming from the analysis and findings of the LGAF. This report also contains several annexes that will be of interest to the reader. The most notable ones are: Annex 1, land tenure typology; Annex 2, institutional map showing mandates of responsible institutions and their overlap with other institutions; Annex 3, list of expert panel participants; Annex 4, Moldova’s LGAF scorecard; and Annex 5, the policy matrix containing proposed actions and suggested monitoring indicators across the seven thematic areas of this LGAF; and Annex 5, the policy matrix containing proposed actions and suggested monitoring indicators across the seven thematic areas of this LGAF.

## BACKGROUND DATA AND INFORMATION

6. Moldova has a surface area of 33,850 square kilometers and is located in the south-eastern Europe, between Ukraine and Romania. Endowed with rich agricultural black soils and a temperate climate, Moldova has relied heavily on agriculture throughout its history. The surface area is roughly divided in 91% rural and 9% urban.<sup>2</sup> Agricultural land use covers about 75% of Moldova’s total land area. It is estimated that 73% of agricultural land is arable, and only 12% of it is under perennial plantations. Forests cover about 12% of total land area.<sup>3</sup>

7. Moldova is divided to thirty-two districts (raioane, singular raion), three municipalities, and two autonomous regions (Gagauzia and Transnistria<sup>4</sup>). The status of Transnistria is disputed and the region is not controlled by the central government. There are 1,681 localities; 982 localities have their own Local Public Authorities (LPAs), five of which have municipality status, 66 have city status, and 916 are villages with commune status. The remaining 699 villages are too small to have an independent administration, and belong to either cities (40) or communes (659). LPAs work on the basis of the autonomy principle and decentralization of local public services. Local autonomy is exercised through elected local councils and mayors. There are also councils and presidents at the district level. The Territorial Office of the State Chancellery is responsible for the administrative control of the LPAs.

8. The country has a population of 3.6 million people and its population is shrinking at 1% annually. The population is 52% rural and 48% urban. Moldova is a multi-ethnic state. There is no updated official data, but the 2004 Population Census estimates that the population is divided in 76% Moldavian, 8% Ukrainian, 6% Russian, 4% Gagauz, 2% Roma and 3% other nationalities. Moldova is classified as a lower middle income country with a Gross National Income (GNI) per capita of US\$1,980 (Atlas method,

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<sup>2</sup> GD No. 468 of 26.07.2012

<sup>3</sup> World Bank, World Development Indicators, 2011

<sup>4</sup> Note that the LGAF in Moldova didn’t include Transnistria, which due to differences in land arrangements and relations is recommended for a separate LGAF process.

current US\$, 2011). About 22% of the population lives below the national poverty line.<sup>5</sup> Moldovan economy suffered losses during the 2008 financial crisis and it is slowly recovering.

9. Since its independence from the Soviet Union in August 1991, Moldova has taken significant steps to strengthen the legal and institutional framework for the recognition and protection of property rights. A Land Code was approved in 1992. The legal framework recognizes land ownership for public property held by the state, public property held by LPAs, and private property. There is an estimated 5.7 million properties in Moldova divided into agricultural (70%), residential (27%), and other uses (3%). About 97% of the total number of properties in the real estate registry is registered after private owners. The surface area covered by these properties is about 55% of Moldova's territory. The Agency for Land Relations and Cadastre (ALRC) is the entity responsible for implementation of state land policy. ALRC hosts several technical institutions and state-owned enterprises (SOE). The SOE "Cadastre" is responsible for the management of the cadastre and registry.

10. Land privatization formally began in 1991, but it was not until the National Land Program ("Pământ") in 1998 that the large scale distribution of land plots and dissolution of collective farms occurred. Land privatization was carried out in two stages. In the first stage, village land commissions assigned land shares to eligible recipients, who received a title issued by the mayor's office. In the second stage, recipients had the right to request separation of individual land plots by dissolving the collective or state farm. Recipients on average got 1.3-1.4 hectares of agricultural land divided into multiple plots for equal access to arable land, orchards, and vineyards. Although this distribution led to a fragmentation of land ownership, in practice land use remained concentrated in the hands of corporate farms which in most cases are leasing land from small holder farmers and individual landowners. Currently, less than 1% of registered corporate farms operate over 61% of agricultural land under production.<sup>6</sup> Hence, Moldova's agricultural sector is characterized by a dual structure with large corporate farms on one side and small farms on the other. Small farms used to be important for household food security but have evolved to become an obstacle to land market development as well as productivity and competitiveness. The level of land ownership fragmentation has not changed significantly since the privatization process that ended in 2000. In practice, however, the land use never became very fragmented.

11. The following summarizes the main findings of the LGAF by thematic area. Policy analysis and recommendations based on the LGAF findings are presented in the subsequent section.

## **LAND GOVERNANCE ASSESSMENT**

### **Legal and Institutional Framework**

12. *The land tenure rights (i.e. rights to land and built property) of Moldovan citizens are equally protected before the law and there are no specific provisions for any particular group. All Moldovan*

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<sup>5</sup> Ibid

<sup>6</sup> General Agricultural Census 2010

citizens enjoy the right to own private property. Women's rights to property and inheritance are formally recognized, and the percentage of properties registered under a woman's name is 41 %. In rural areas, apart from Moldovans there are distinct communities of Ukrainians, Gagauz, Roma and other nationalities. As Moldovan citizens, they are considered to have the same land tenure rights as the rest of the population, and as such the legislation does not vest them with special provisions. There is no specific data on land tenure by ethnic group but it is estimated that 44% of Roma households received ownership rights during the farm privatization process. The LGAF results do not reveal whether part of the remaining 56% possess legitimate informal property rights, but in general the Roma are recognized as a vulnerable group and the Government has an Action Plan (2011-2015) to facilitate their economic and social integration.

13. *Overall, the law recognizes the majority of existing land tenure rights held by the majority of the population and for the most part these rights are enforced in practice.* The legislation makes a clear distinction between public (by the state and the LPAs), private, and joint ownership. About 97% of the population holds land assets in private property. In urban areas, individual property rights have been fully registered. In rural areas, 81% of the properties have been registered. The remaining 680,000 unregistered assets include residential buildings, plots, and gardens in 700 rural residential areas (intravilan<sup>7</sup> areas) that have not yet been covered by systematic registration. Sporadic registration procedures exist, but at a high cost. ALRC is planning to implement a systematic registration campaign in these areas to achieve full coverage of land registration.

14. *In spite of the progress achieved in the recognition and enforcement of land and property rights, full protection and adequate management of joint and communal rights including use rights still needs to be realized.* The agricultural population makes use of public lands for grazing, agriculture or forestry. However, only 12% of state public lands, and 15% of public lands owned by LPAs are registered in the cadastre, and even a smaller percentage of them are demarcated in the field. This causes conflicts between the state and LPAs as well as with the population using these lands or in areas adjacent to them. For example, communities using forests are strongly attached to forests and manage them independently although most forests belong to the state forest authority. In the private property domain, co-ownership arrangements are recognized, but common possession, use, and disposition of land is under-regulated. Common properties are thus often attempted to be registered to belong to a single owner. The law allows for the subdivision and merging of co-ownership, but the parties must ensure compliance with any limitations (e.g. encumbrances or restrictions) placed on the asset. In practice, little information on encumbrances and restrictions per parcel has been systematically recorded to the cadastre. Ownership of common areas in condominiums presents another challenge. The legislation allows for the transfer of common ownership from public property to tenants, but in practice this has occurred only in a few cases. One of the reasons mentioned during the panels is the lack of incentive on the part of the tenants to take over the responsibility for maintaining the common areas. In a broader context, the legislation still allows for the separation of ownership of land and that of the buildings, which hinders condominium creation

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<sup>7</sup> Intravilan refers to a rural residential zone.

and management. LPAs are reluctant to transfer property rights for land under buildings to condominiums. A similar situation exists for businesses; after the collapse of the Soviet system, enterprises were transferred to private ownership without a clarification of land assets that the enterprises possessed.

15. *Institutional mandates concerning the regulation and management of the land and properties are clearly defined, but institutional arrangements and responsibilities are neither clear nor effective.* The ALRC and the Ministry of Agriculture and Food Industry (MAFI) need to better collaborate for the implementation of rural land policy since their mandates overlap. MAFI is responsible for sectoral policies and the ALRC has the mandate to oversee all state land policy. This inter-institutional arrangement can result in a lack of clarity over implementation procedures. This was the case in the Land Consolidation Program, where MAFI drafted and implemented the land consolidation policy, but ALRC had the budget for implementation. In the end, the program achieved limited results. In general, land management is carried out by the Government transferring the task to central agencies which in turn outsource services to SOEs and joint stock companies. The outsourcing of these services is often not done on competitive basis. Functional conflicts of interest seem to exist within the state institutions as well. For example, ALRC covers property valuation and expropriation functions, as well as registration of rights, surveying of property, and demarcation and registration of public assets/property.

### **Land Use Planning, Management, and Taxation**

16. *Land use planning instruments have a marginal effect in regulating growth and promoting citizen participation.* In Moldova, urban plans are prepared at three levels: general plans, zonal plans, and detailed plans. In practice, only a few localities have updated urban plans of any level. Between 1952 and 1991, general urban plans were developed for all 1,674 rural localities. Since 1991, general plans have been updated in only 17 localities. In urban areas, only a few cities have updated plans. The Chisinau General Urban Plan (GUP) was approved in 2007 and the subsequent regulations in 2008. This is the fourth plan developed for the city since 1991. Even with updated plans, the regulations are poorly enforced. For example, minimum plot size regulations are not checked during registration to cadastre. Also, developers are known to circumvent built area restrictions by declaring an area larger than the plot where the construction is located. In general, urban plans have been ineffective for controlling urban growth. As a result, new housing units are being erected without service infrastructure. Also, practices to promote citizen participation such as participatory planning and open access to information have not been fully developed. Public consultations during the past preparation of the regulations for the Chisinau urban plan were the first case of known consultations so far. Furthermore, information on how regulations affect individual plots is not easily available to residents.

17. *Moldova lacks an adequate regulatory and operational framework to manage construction permits and legalize unauthorized constructions.* In general, LPAs have low capacity to enforce land use and building regulations. Land use change is prohibited in certain categories of environmentally sensitive land and restricted for certain categories of agricultural land. These restrictions, however, are often violated by way of the construction of permanent structures on forest land and the use of grazing pastures for other purposes. The process to obtain building permits is regulated and payments are affordable, but in practice the speed and transparency of the process are a problem. Deadlines are generally not met and the use of informal payments is widespread. Inappropriate discretion in the enforcement of regulations is

common. This is influenced by low salary and fee levels preventing land use planning departments to act on a cost-recovery basis. LPAs supervise constructions, but they do not have the authority to regularize infractions. When the LPA declares that a construction is illegal, a fine is imposed and a demolition is ordered. The person can appeal the case to a judicial court. In 73% of cases submitted to the court, the judge ruled in favor of the owner. Hence, the courts are in fact very often regularizing unauthorized construction.

18. *Moldova's real estate taxation system is functional, but it is still evolving towards full modernization and application.* In Moldova, there are separate taxes for land and property. ALRC is responsible for conducting the appraisal for land and property values for taxation, but in practice LPAs often carry out their own appraisals. ALRC assessed the values for some property types between 2004, 2009 and 2011. In principle, the valuation is based on market prices. It is estimated that over 95% of owners liable for land/property tax are listed on the tax roll. However, a recent audit performed by the Court of Accounts revealed that assessed values were two to ten times lower than the market prices and many properties and property types were subject to low tax or escaped taxation. In 2007, the Government had initiated a reform with the aim of modernizing the taxation system, which would phase out the old land and property taxes and introduce a single tax for property regulated by the Fiscal Code by 2012. The reform introduced a mass appraisal system to real property taxation using cadastre data as the base and bringing the values closer to market prices. The reform was delayed and the Government now has until 2020 to complete the mass appraisal to cover all property types and areas. Meanwhile, the taxation system is neither adequately transparent nor efficient. The defects of mass appraisal need to be substituted by local ad hoc appraisal rolls and the parcel-based information for tax purposes is available for free only for a limited number of properties which have been evaluated. The tax code includes many exceptions, some of which are not properly justifiable. Collection rate for land and property taxes was over 96% (of the completed tax roll) in 2012, but the revenue only exceeded the cost of collection by a factor of 1.7.

### **Management of Public Land**

19. *The lack of demarcation and clear assignment of rights and responsibilities hinder the effective and transparent management of public lands.* Public lands account for about 45% of Moldova's surface area. The ownership of public lands is roughly divided between 781,500 hectares under the state ownership and 732,900 hectares under the LPAs. However, only about 12% of state-owned public lands has been assigned to a responsible institution or agency, of which 34% have their boundaries demarcated. For LPA-owned public lands, about 15% are registered, of which 81% have their boundaries demarcated. The lack of demarcation causes conflicts by contributing to insecurity of tenure for the individuals adjacent and inside public lands conducting agricultural, grazing, and forestry activities. There is also a lack of clarity over which entity is responsible for the management of public lands which, for example, hinders the signing and supervision of leases and concessions. Some public lands are leased out to joint-stock companies. However, these companies are not properly supervised and there have been reports of improper management of land assets. On the other hand, information on land concessions is published in the official gazette and available to the public. All public land disposed in the last three years has been through public auctions. There are arrears in the collection of payments from leased plots in public lands. The general rule is to sell or lease public land at market prices, but some exceptions apply in the cases of employees of state institutions, pensioners, and socially vulnerable families.

20. *Expropriation procedures are inefficient and do not take into account un-documented forms of tenure (i.e., informal rights on land and property).* Since 1991, expropriation procedures have been applied for compulsory acquisition of land for six public interest projects. All projects still have disputes over compensation levels pending settlement. Since the legislation allows for the seizure of holdings and conversion of land use while the case is pending settlement, the public interest projects have progressed. The legislation establishes that compensation is defined by the real value of lost buildings and land and/or the value of any harm caused to the owner or legal holder of the registered property rights. Hence, non-registered properties or property rights are excluded from compensation. Although the legislation establishes relatively short deadlines to settle claims, in practice the on-going processes have taken years. In many cases, a case cannot be immediately resolved due to outdated register content (unrecorded inheritances) or absentee owners or lack of owner identification. ALRC is responsible for settling expropriation claims in first instance and their resolutions can be appealed in a judicial court. Also, an Ombudsman affiliated to the Parliamentary Advocates Institution may intervene in the proceedings before delivery of judgment in the first instance and on appeal.

### **Public Provision of Land Information**

21. *The cadastre (as also the legal land registry) in Moldova offers efficient, transparent, and cost-effective services.* ALRC is the entity responsible for drafting, coordinating, and enforcing state policies in the land sector. ALRC carries these functions through subsidiary SOEs: “Cadastre” in the fields of the land registry, cadastre, and valuation; IPOT in the fields of land management and expropriation; and Ingeocad in the fields of geodesy, cartography, and geo-informatics. The “Cadastre” operates a unified cadastre and registry system that covers 88% of real estate in the country. Coverage of these records with graphic information is high: about 97.5% in rural and 98.3% in urban areas. Records can be searched by both the rights’ holder name and the parcel number as the key. Copies of extracts are available to anyone who requests them and can usually be obtained within 1 day. Formal cost of registration is only 1% of the property value, but informal payments have been reported. The schedule of fees is published and widely available. Informal payments are discouraged with anti-corruption measures. The “Cadastre” is self-financing and operates on a cost-recovery basis. The “Cadastre” is adherent to ISO 9001:2008 quality standards and has developed high service standards.

22. *The next stage of spatial data reform is directed toward the consolidation of a multi-purpose cadastre and integration geo-spatial information.* The “Cadastre” has almost complete records of real estate assets in the private domain apart from rural *intravilan* (settlement) areas, which are not covered. The Cadastre does not contain or link to other datasets, which hinders the goal of creating a functional multi-purpose cadastre. As mentioned earlier, the tax roll needs to be updated, and public lands need to be demarcated and registered. Although private encumbrances can be registered, they are not uniformly recorded or registered to the cadastre. Public restrictions on properties are not systematically recorded either. ALRC monitors and compiles statistics on agricultural land use, but this information has not been properly maintained due to the lack of resources reviewing land use. An internet-based geo-portal has been launched, but more data and services need to be added.

### **Dispute Resolution and Conflict Management**

23. *The judicial system is primarily responsible for the resolution of land disputes, and its efficiency could be increased by the introduction of administrative and alternative conflict resolution mechanisms.*

As mentioned earlier, the legalization of unauthorized constructions (i.e., illegal buildings) is primarily carried out by the judicial system and there is no feasible administrative process. There are alternative conflict resolution mechanisms available in Moldova which, however, are rarely used because they are not encouraged by state. Roma communities have their own informal conflict resolution mechanisms, but the judicial system does not recognize their decisions. A new version of the law on mediation is currently being drafted. At the same time, land cases represent less than 1% of total cases in the courts. On average, land cases take about the same time and costs for solving than other types of cases. Land related cases in first instance take between 6-10 months, with an average term for appealing of 3-6 months. More than 80% of cases are decided in less than 12 months. Nonetheless, the low number of land cases in the judicial system could also be related to the high cost of litigation and poor accessibility to courts, particularly for the rural population.

24. *The Land Code is outdated and stipulates unclear and non-transparent procedures for land allocation.* The procedures to allocate land lots for building residential houses are not clearly regulated. The existing provisions are of declarative nature while the criteria and mechanisms of allocation are defined by a local advisory body. Their decisions tend to be discretionary and non-transparent. Likewise, the criteria for allocating land to gardening associations and secondary residencies are unclear. The Supreme Court of Justice rulings offer little guidance on how to ensure a correct and unitary application of land legislation.

### **Forestry**

25. *The institutional and operational framework for forestry and forest land management is weak providing marginal support to the sector's development.* Although Moldova is a party to most international conventions on environment, few have been transposed to national legislation, regulated, and developed into programs. Moldsilva is the state agency under the Ministry of Environment that regulates, coordinates, and enforces policies in the forestry sector. Most forests are located in public lands, and forest management is typically carried out by joint stock companies under contract with Moldsilva. The institutional arrangement is weak in practice: there is a lack of clarity over revenue sharing arrangements and there is no separation between management and regulation. The government does not promote the participation of small and medium sized enterprises in the forestry sector. There is virtually no dialogue between investors and local authorities and communities on investments in forest management. The lack of demarcated boundaries for public lands also undermines the security of investments.

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

26. A large scale acquisition phenomenon is becoming increasingly widespread in Moldova. In recent years, the land market has been steadily increasing which resulted in the growth of farming surface area and increase in the market price. Although, in Moldova there is no legal framework directly dedicated to the large scale acquisition of agricultural land, the investors wishing to invest in agriculture can either lease agricultural land or purchase it based on direct negotiations with the right holders or at public auctions based on market price. Foreign investors (individuals and companies) as well as local companies whose equity includes foreign investments have no right to purchase agricultural land. However, agricultural land is purchased by indirect methods, based on the loopholes in the legal framework and certain interpretations of the existing law.

27. In case of public agricultural and non-agricultural land, investors are guided by the general legal framework with regards to the privatization of public property and/or legislation on public-private partnerships.

28. In the Republic of Moldova, there are no public institutions that deal specifically with the promotion, allocation and land acquisition for purposes of investment. However, ALRC is a public body authorized by the Government to acquire land for investment and infrastructure purposes by means of expropriation. Expropriation of land for agricultural projects hasn't been done up to now.

29. Restrictions on land use (including the demarcation or changes in rural land use or allocation) are not recorded in the register of real estate (Cadastre), but are established in territory development projects and schemes and planning documents.

30. Social safeguard requirements for investors are neither documented nor clearly defined in the current legislation. Mechanisms for sharing the benefits of investment in agriculture exist and generally allow the public to benefit from the investment. Inclusion or non-inclusion measures on community interest in sale and purchase contracts, leases, and loans concluded with investors will depend in many cases on the competencies of responsible officials from LPA or other responsible authorities.

## POLICY ANALYSIS AND RECOMMENDATIONS

### Summary

31. Moldova has a functioning but limited framework for land governance: ownership and security of tenure is guaranteed for most of the population, the land reform (privatization) has been completed, a land and property taxation system is in place, and the state offers reliable and transparent cadastre and registry services that are cost-effective. However, this functioning system needs to be expanded to cover types of tenure that currently do not enjoy the same level of security as most private lands and some of its elements need to become more integrated, efficient, and transparent in order to better contribute to the country's development.

32. Land governance improvements are required under all LGAF themes and rating dimensions. **Systematic registration** should target the remaining 700 rural localities and public lands to achieve completeness of the cadastre records, provide secure tenure to all, reduce conflicts, and increase revenues. The **legal and regulatory framework** needs reforming to facilitate co-ownership arrangements and legalization of buildings. The capacity of LPAs to deal with **land use planning** needs strengthening. The tax reform needs to be completed by finishing the **mass appraisal system** to cover all real estate. Expropriation mechanisms need to become more expedient and to cover also **unregistered properties and rights**. Responsibilities over the **management of public lands** and the forestry sector should be clarified, and mechanisms for enforcement further developed. Land information needs to become more integrated/linked to develop into a multi-functional cadastre. Finally, **citizen participation** in the preparation and monitoring of land policies needs to be further encouraged. More specific guidance for LGAF's policy recommendations follows.

## Policy Analysis and Recommendations by Theme

33. *Completing the systematic registration of land and properties and associated rights is a key policy recommendation that can be implemented in a relatively short period of time and will produce substantial benefits.* Moldova has the legal and regulatory framework as well as the operational capacity to complete the first registration of the remaining 700 rural localities. Public provision of first registration is not only justifiable on the basis of a public good, but is also needed to provide equal treatment to property owners that have not yet benefitted from land registration. Moreover, it will encourage investment and increase revenues. The registration of public lands could also be achieved within a relatively short-term horizon. In this case, the biggest challenge would be for the state and LPAs to reach an agreement over each real estate boundary. An incentive framework could be developed to encourage cooperation such as the promotion of a land management program that would be conditional on registration.

34. *Joint-ownership and communal land tenure arrangements need to be better regulated and enforced to increase security of tenure, reduce transaction costs, and improve management.* It is recommended to complete the transfer of ownership of condominiums from the state and LPAs to the owners' associations. This process could be supported by providing assistance for the creation of associations and establishing a deadline for completing the transfer. The transfer of rights should also include ownership of land applying not only to condominiums but also to all other cases where land rights have not yet been transferred to building owners. Furthermore, joint/common possession, use, and disposition of land would need to be regulated to prevent the appropriation of rights by one owner. This would include drafting new regulations to the subdivision of co-ownership, because the current regulations are not clear. Communal use of public lands, especially forests, would also need to be better organized, which could be done as part of a program to improve land management in these areas.

35. *Urban plans and their enforcement mechanisms need to be strengthened to become more relevant to land use management.* General urban plans need to be updated for rural and urban localities. The development of a streamlined and cost-effective methodology could help to achieve this task. For example, assistance could be provided for the preparation of standard procurement documentation and organizing procurement planning works into bidding lots, which would reduce transaction costs and raise the interest of service providers. In the main cities, more detailed land use planning is required including zonal urban plans and detailed land use plans. Regulations would need to be updated taking into consideration residential parcel sizes and mechanisms for capturing public benefits resulting from land use change. Moreover, land use planning needs to adopt participatory and transparent practises. The public should be provided with sufficient information to participate in consultations where they can voice their concerns and provide suggestions. Proposed urban plans, including the list of land plots that are subject to a land use change, should be made open for consultation in public displays.

36. *The responsibility and administrative capacity of LPAs to manage building permits and legalization needs to be strengthened.* The LPAs need to develop greater capacity to enforce the provisions in the Law on Construction Permits. The application of information technology can help minimize the time required to obtain construction permits. Also, providing a structure of monetary and non-monetary incentives could help improve the efficiency of civil servants, as well as increase their income. Administrative procedures need to be developed for the legalization of buildings in order to reduce the number of cases submitted to the courts. The introduction of administrative procedures would

require changes to the legal framework which has to define responsible institution, procedures, required documents, and deadlines for legalization. In addition, informally occupied properties should be surveyed and recorded in the cadastre to streamline legalization process and involve the property into the state taxation system.

37. *The tax reform must be completed to achieve the full benefits of a modern property tax system.* Moldova is moving towards a unified property tax regulated under the Tax Code. The main task ahead is updating the valuation roll by completing the appraisal of the 5.1 million real assets in the country. This task requires the completion of the mass appraisal of the entire country. The first step would be to develop standardized procedures and adopt them by law. The exemptions to property taxes should be re-examined to ensure a fair and equitable treatment.

38. *Expropriation procedures need to be made more expedient and recognize non-registered, informal rights on land and property.* The existence of pending expropriation cases waiting for disputed compensation level settlements older than three years is not compliant with international best practices. A review of these cases and the process is recommended to identify bottlenecks and prepare an action plan for their solution. Under the current expropriation legislation, individuals holding non-registered or non-documented forms of property rights are particularly vulnerable because they are not entitled to compensation. Addressing this vulnerability would require both provision of aid to property rights registration and stipulation that also informal property owners are eligible for compensation in cases of expropriation. One specific action would be to draft a law to provide for a possession formalization process. Particular attention should be paid to the land rights of the Roma population since the experience in other countries in the region shows that they often lack documentation to prove their rights. One proposed action is to prepare a study to assess the problems faced by this particular population and provide specific recommendations to facilitate their social and economic integration.

39. *The responsibilities, duties and capacity of state and local agencies to manage public lands need to be clarified and strengthened, including the clarification of leasing provisions.* Along with the demarcation and registration of public lands, additional efforts need to be implemented to improve the conditions for the productive capacity and environmental protection of these areas. One of the most critical actions is to review the legislation for the transfer and lease of unused assets. Particularly, it is important to specify the body entitled to auction agricultural land lease rights in public lands. Information about the leased land (tenants, payments, etc.) should be kept either in the land registry or a specialized information system. Another action is to specify the competencies over the administration of land lots in public land adjacent to private lots, and determining the conditions for their transfer into use or lease. Appropriate resources should be allocated to the agencies vested with the management of public lands.

40. *More attention should be given to forestry and forest land management in order for Moldova to head into the direction of greener growth.* Although the forestry sector has a marginal contribution to GDP, this sector is strategic for climate change action. One action is to develop an action plan to transpose ratified international conventions into national legislation and draft the regulations for their enforcement. The functions of the state agencies involved in the forestry sector should be carried out to ensure separation of roles, clarity of mandates, and efficiency of procedures. The legal and regulatory framework should be reviewed in order to include mechanisms to attract new investments in the forestry sector, such as the payment for environmental services (PES). Moldova should also promote a

certification program for timber and other non-timber forest products. Other recommended actions include developing a communication campaign on forest land management to involve the local population and promote small and medium enterprises.

41. *Moldova's evolution into a multi-functional cadastre should be considered within the goal of National Spatial Data Infrastructure (NSDI) development.* The international best practice is to build NSDI by linking and sharing data between original data producers. This approach reduces the cost of data collection, maintains clear responsibilities of data maintenance, and enhances the use of data. The establishment of NSDI will require the wide adoption of definition of policies and data models by public, private and non-profit data producers. The ALRC should play a central role in coordinating the establishment of NSDI and providing base data for various users and data producers/owners. For example, MAFI and ALRC should share and interlink parcel-based information on agricultural land use.

42. *Land and property dispute resolution methods should include alternative resolution mechanisms and the Land Code should be reviewed for clarity on dispute resolution mechanisms.* Institutionalizing and promoting alternative conflict resolution mechanisms - such as the use of mediation, arbitration, and conciliation - in rural areas should be encouraged. Equally important is to review the Land Code to identify areas that need to be clarified in legislation and establish a more effective mechanism for judicial review.

43. *Citizen participation should be encouraged through the provision of information, entry points for interaction, and mechanisms to monitor the implementation of land policies.* Access to information is vital for strengthening governance and encouraging citizen engagement. One action includes the development of a public communication campaign to ensure ample media coverage of land policies and programs. Furthermore, the Government could develop procedures for public reporting on the implementation of land policies. Public opinion on land policy could be monitored on an ongoing basis using different methods, such as surveys, interviews, and public consultations.

## I. LGAF Implementation Process

### General description of the process

1. The Land Governance Assessment Framework (LGAF) is a diagnostic tool for assessing land governance at the country level through a participatory process that uses a combination of: (a) investigations conducted by independent investigator experts in certain fields, (b) expert committees and consensus evaluation of dimensions and (c) dissemination of the results and feedback of all stakeholders.
2. A general diagnosis is performed through the evaluation of 21 land governance indicators (LGIs) grouped into seven areas:
  - legal and institutional framework,
  - land use planning, management and taxation,
  - public land management,
  - providing public information about the land
  - dispute resolution and conflict management
  - large-scale acquisition of land, and
  - forestry.
3. The (LGAF) was implemented in Moldova between February 14 and June 28, 2013 with support and coordination of the National Agency for Rural Development (ACSA).
4. Obtaining official information from governmental institutions and agencies was a critical aspect of conducting a successful and reliable assessment. As stipulated in the LGAF manual, briefing letters were signed and sent by the World Bank Country office to contact the relevant institutions and request the necessary data. This early contact facilitated a high level of positive and timely responses.
5. In addition to official letters of request, the expert investigators also used other means of information gathering, such as interviews with relevant stakeholders, laws, regulations, decrees, reports, NGO reports, articles, etc.
6. Signed letters of invitation were used to invite proposed individuals and representatives of public institutions as potential panel participants.
7. The work resulted in preparation of the draft final report, which was distributed widely in Moldova to inform the interested parties and stakeholders, capture feedback representing different perspectives, and provide inputs to defining policy recommendations.
8. The LGAF results were validated at the Technical Workshop to confirm the findings and complete the policy recommendations. The LGAF conclusions and policy recommendations were presented to policy makers from relevant institutions at the Policy Dialogue Workshop.

## Expert work

9. To achieve project objectives, ACSA mobilized a team of experts with knowledge and experience in land-related issues. The detailed profiles of the proposed candidates and the information that best illustrates staff capability to handle the proposed tasks were presented in the Inception Report.

**Table 1: LGAF Moldova team composition**

Expert investigators	Name of Staff
Land Tenure Expert	Dumitru Sevcenco
Land Use/Policy	Eugeniu Prodan
Public Land Management	Dumitru Sevcenco
Land Administration	Sergiu Nohailic
Forestry Expert	Galupa Dumitru
Large-scale Acquisition of Land	Maxim Gorgan
Project Coordinator	Maxim Gorgan

10. During the first stage of the LGAF, the indicators and manual were carefully reviewed in order to get a better understanding of the indicators and their relevance in the local context. This was done jointly by the Project Coordinator, Land Tenure Expert and WB Consultant David Egiashvili.

11. A proposed allocation of LGAF themes and rating dimensions by the expert investigators was presented in the Inception Report. The distribution of LGIs to different experts generally follows the pattern in the LGAF manual, although a couple of dimensions were reshuffled among the experts, depending on their background and experience.

12. Next, after appropriate adjustments and translation of Annex 5 of the LGAF Manual into Romanian, the Manual was handed over to the expert investigators, who were asked to provide comments on the indicators and dimensions allocated to them, specify the main sources of information to be used to prepare background reports, and propose a preliminary list of potential experts for the panel sessions.

13. The Country Coordinator and Land Tenure Experts jointly prepared an institutional map of land institutions and a land tenure typology, which created the foundation for further analysis and was used by most panels and other expert investigators. The land tenure typology of formal and informal rights sets out the land rights context upon which the analysis is built. The land tenure typology is shown in Annex 1.

14. There are several institutions that deal with the various aspects of land legislation, administration, and management. The public sector institutions are: Parliament, Government, Agency for Land Relations and Cadastre (ALRC), Ministry of Regional Development and Constructions, Ministry of Agriculture and Food Industry, Forest Agency Moldsilva and Apele Moldovei (both under the Ministry of Environment), Ministry of Transport and Road Infrastructure, Ministry of Justice, Ministry of Culture, *raion* and municipal councils, village (communes) and city councils, courts, and arbiters. The private sector actors are: surveyors and cadastral engineers, planners, property valuers, architects, private arbiters and mediators, and notaries. An Institutional Map was established as a support document for discussion

regarding clarity of mandates and practices, existing overlaps as well as to facilitate the identification of sources of information and agencies participating in the study. The Institutional Map, which includes public and private stakeholders, is shown in Annex 2.

### Panels of experts

15. Within the project, seven basic and two additional panel sessions were organized. The Panel sessions were moderated by the LGAF Country Coordinator and assisted by the responsible expert investigators. Two non-core modules on large-scale acquisition of land and forestry were also included in the study.

**Table 2: Schedule of panel sessions**

Title	Date
Panel 1 – Land tenure	March 25, 2013
Panel 2 – Urban land planning and development	March 27, 2013
Panel 3 – Rural land planning and development	April 3, 2013
Panel 4 – Land valuation and taxation	April 24, 2013
Panel 5 – Public land management	May 3, 2013
Panel 6 – Provision of public information on land	May 22, 2013
Panel 7 – Dispute resolution	April 26, 2013
Panel 8 – Large-scale acquisition of land (non-core theme)	June 22, 2013
Panel 9 – Forestry (non-core theme)	May 20, 2013

16. For the expert panels on the key areas of the LGAF framework, groups of 3–5 subject matter experts with different qualifications and technical expertise were formed. The group comprised representatives of non-governmental organizations in the field, academic representatives and researchers, representatives of line ministries and agencies, and private sector stakeholders.

17. The balanced panel composition contributed to the unbiased nature of the discussions and objective evaluation of various dimensions of the LGAF. Panel meetings were attended by 37 specialists, 18 of which came from the public sector, including representatives of MAFI, Moldsilva, SOE Cadastre, the Agency for Public Property, the Tax Inspectorate, and representatives of local and municipal public authorities. The participation of these public officials was critical, due to both the significance of their roles in land governance and the relevance of the panel discussions to their jobs. Preference was given to officials at the technical level rather than to higher authorities. However, invitation letters going to public institutions and agencies had to be addressed to managers requesting them to appoint the experts identified by us beforehand. For example, experts from the Agency for Land Relations and Cadastre (ALRC) and SOE Cadastre accepted the invitation only if their superiors delegated to them.

18. The other 19 participants were representatives of NGOs, State Agricultural University and State Technical University of Moldova, qualified private companies, and advocates.

19. The complete list of panel participants can be found in Annex 3, as well as in the minutes of the meetings.

### **Methodology**

20. The core LGAF approach consists of a combination of investigations and analyses carried out by expert investigators, panel sessions on thematic areas with the participation of experts from different sectors, and group assessment of the proposed dimensions and indicators. The final scoring of indicators is based on the consensus reached by the experts.

21. In the course of preparing the background reports, the expert investigators carried out a comprehensive analysis of the entire spectrum of issues. Various government institutions provided primary data, which was crucial for an accurate assessment. Interviews with stakeholders, a review and analysis of the legal framework, and an analysis of reports, articles, and NGO findings were used to prepare for the panel sessions.

22. The meetings of experts can be divided into two parts. In the first part, the country coordinator, who also moderated the meeting, presented the agenda, work procedures, and LGAF evaluation, and explained the objective of the meeting to the participants. The dimensions and assessment procedures were also explained. In addition, evaluation tables that were filled in by the committee members beforehand were collected. The others were given time to fill out the tables. Individual evaluation scores were recorded by the country coordinator in the summary table.

23. The second part of the meeting was dedicated to discussions/debates and reaching consensus on the assessment of each dimension. Before starting the dimension assessment, the committee members were informed about the results of individual evaluations. In order to set an active discussion, each dimension with the four possible evaluations was presented on the screen. During the last part of the meeting, the experts formulated the findings and recommendations of the subject that had been documented in the previous minutes. A summary country scorecard can be found in Annex 4.

### **The local context of some indicators**

24. There were some indicators that were partially or completely irrelevant to the situation in Moldova. Indicators that did not fit the situation were not evaluated. For example, the indicator on recognition of urban groups' rights in informal zones (1-iv) was not assessed by the experts' meeting on land tenure issues. The experts agreed that this dimension should not be assessed, as there are no distinct groups of informal property occupants (households) in Moldovan urban zones, such as informal organized settlements of immigrants or communities exercising customary tenure, for example.

25. Some indicators were evaluated even if they were not fully relevant. For example, the indicator on rural groups' rights recognition (1-iii) was assessed, even though there are no rural, nomadic or pastoral groups in the Republic of Moldova. While there are localities occupied by one particular ethnic group (for example, Ukrainians), or a mix of ethnic groups (for example, Ukrainians and Gagausian people), their tenure rights do not differ from those of the rest of population.

26. Another example is LSLA 4 (public institutions for land acquisition that operate in a clear and consistent manner). This indicator was also assessed even though there are no public institutions in Moldova that deal exclusively with the promotion, improvement and acquisition of land for the purpose of investment. The ALRC is the public agency authorized by the Government to process documents when investors acquire land for investment or infrastructure purposes. ALRC accounts are audited by the Court of Accounts, but not on a regular basis. Land is not being expropriated for agricultural projects. Expropriations can only be done for a defined public interest.

### **Technical Validation and Policy Dialogue Workshops**

27. The Technical Validation Workshop was held on December 16, 2013 in Chisinau. A total of 21 participants representing a number of different sectors (public, private, academia and NGO) attended the workshop. The results of the LGAF were presented and discussed in detail with the experts during a one-day workshop, thus ensuring consistency and integration through expert interaction over the different LGAF themes and dimensions. During the workshop, participants commented on the analyses, revised proposed policy recommendations, set priority areas for policy reform, and proposed next steps to provide sustainability to the LGAF process.

28. Policy recommendations on content areas were presented to key policy-makers in a Policy Dialogue Workshop held on December 17, 2013 at the World Bank Country Office in Chisinau. Twenty-two participants attended the workshop including representatives from the Parliamentary Commission on Agriculture, the Agency for Land Relations and Cadastre, SOE “Cadastre”, the Ministry of Agriculture and Food Industry, the Ministry of Regional Development and Constructions, the Ministry of Environment, the State Tax Inspectorate, and Chisinau Municipality.

29. The Policy Dialogue workshop resulted in the confirmation of LGAF’s main findings, formulation of concluding policy recommendations, and definition of key reform directions. Institutions were advised to adopt LGAF-associated indicators on specific policy actions, include them in its monitoring framework to monitor progress, and regularly report on those indicators.

30. Finally, participants supported the decision to create an inter-institutional consultative body to maintain the dialogue and coordinate implementation of priority recommendations arising from the LGAF study.

## II. Background Data and Information

### Background

31. Moldova has a population of 3.6 million people and it is shrinking at the rate of 1% annually. The population is 52% rural and 48% urban. Moldova is a multi-ethnic state. There is no up-to-date official data, but the 2004 Population Census estimates that the population is 76% Moldavian, 8% Ukrainian, 6% Russian, 4% Gagauz, 2% Roma, and 3% other nationalities. Moldova is classified as a lower-middle-income country with a per capita Gross National Income (GNI) of US\$1,980 (Atlas method, current US\$, 2011). About 22% of the population lives below the national poverty line.<sup>8</sup> The Moldovan economy suffered losses during the 2008 financial crisis and it is slowly recovering.

32. Moldova has a surface area of 33,850 square kilometers and is located in South Eastern Europe, between Ukraine and Romania. Endowed with rich agricultural black soils and a temperate climate, Moldova has relied heavily on agriculture throughout its history. The surface area is roughly divided in 91% rural and 9% urban.<sup>9</sup> Agricultural land use covers about 75% of Moldova's total land area. It is estimated that 73% of agricultural land is arable, but only 12% of it is under permanent cultivation. Forests cover about 12% of total land area.<sup>10</sup> Moldova is divided into thirty-two districts (*raioane*, singular *raion*), three municipalities (Chisinau, Balti, and Bender), and two autonomous regions (Gagauzia and Transnistria). The status of Transnistria is disputed and the region is not controlled by the central government. There are 1,681 localities: 982 localities have their own Local Public Authorities (LPAs), five of which have municipality status, 66 have city status, and 916 are villages with commune status. The other 699 villages are too small to have an independent administration, and belong to either cities (40) or communes (659). LPAs work on the basis of the autonomy principle and decentralization of local public services. Local autonomy is exercised through elected local councils and mayors. There are also councils and presidents at the district level. The Territorial Office of the State Chancellery is responsible for administrative control of the LPAs.

Country Basic Facts (2010) <sup>11</sup>	
Population, total (millions)*	3,559,000
Population growth (annual %)	-1.0%
Surface area (sq. km)	33,850
Life expectancy at birth, total (years)	69
Literacy rate, youth female (% of females ages 15-24)	99.66 in 2009
Prevalence of HIV, total (% of population ages 15-49)	0.4
GDP (current US\$)	7,001,285,081

<sup>8</sup> Ibid

<sup>9</sup> GD No. 468 of 26.07.2012

<sup>10</sup> World Bank, World Development Indicators, 2011

<sup>11</sup> World Development Indicators.

GNI (current US\$)	5,813,013,917
GNI per capita, Atlas method (current US\$)	1,820
Foreign direct investment, net inflows (% of GDP)	3.5
Time required to start a business (days)	10

\*-The figure doesn't include Transnistrian region

33. Since its independence from the Soviet Union in August 1991, Moldova has made significant steps to strengthen the legal and institutional framework for the recognition and protection of property rights. A Land Code was approved in 1992. The legal framework recognizes land ownership for public property held by the state, public property held by LPAs, and private property. There is an estimated 5.7 million properties in Moldova, 70% of which are used in agriculture, 27% for residential purposes, and the remaining 3% for other uses. About 97% of the total number of registered properties is privately owned. The surface area covered by these properties is about 55% of Moldova's territory. The Agency for Land Relations and Cadastre (ALRC) is the entity responsible for state land policy. ALRC hosts several technical institutions and state-owned enterprises (SOE). The SOE "Cadastre" is responsible for the management of the cadastre and registry.

### Agricultural structure and land fund

34. The land tenure typology has three main classes of ownership<sup>12</sup>: state property (22%), property of LPAs (20%), and private property (58%). As to the registration of rights, 85% of private properties is registered, whereas only 15% of state and public property is registered.

35. It is important to mention that the category of urban land includes built up areas not only of cities and towns, but also of villages. The category of rural land includes all agricultural lands outside the locality build-up area (the so called "intravilan" (i.e., settlement areas) and "extravilan"<sup>13</sup> (i.e., fields)).

36. Thus **urban lands** (i.e., the built-up areas) include state, public and private property; public and private domains of urban state lands; and private land (informal) as well as private joint properties in the form of registered condominiums. In the **rural areas** (outside the built-up area) the following tenure types are distinguished: state lands for agricultural use (e.g., arable, perennial plantations, pastures, hay land), and private lands and public property of the administrative-territorial units.

37. **Land plots meant for nature protection and state-protected natural areas** include: natural areas protected by the state, state green spaces, lands under the forestry and water funds of the state, and private and public property of the administrative-territorial units.

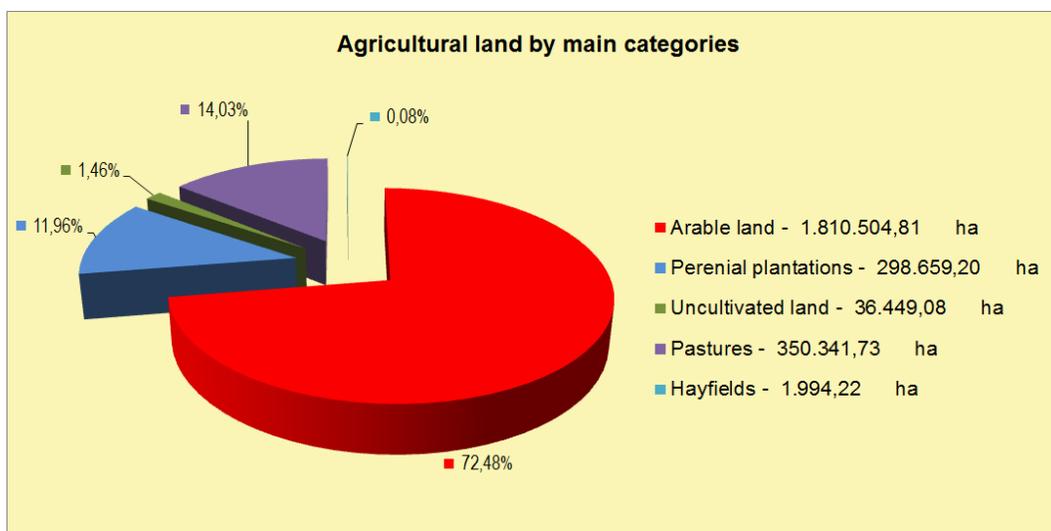
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12 Note that land tenure typology refers to all lands—both registered and non-registered. Annex 1 provides details on tenure typology along two different approaches: public vs. private property, and land possession by urban, rural, and nature-protected areas.

<sup>13</sup> Extravilan refers to agricultural zones surrounding rural residential zones or intravilans.

38. According to Land Cadastre data as of January 1, 2012, the land fund<sup>14</sup> was about 3.4 million ha, of which about 2.5 million hectares or 73% is agricultural land.

39. At present, about 94% of the total agricultural land in Moldova is privately owned.



**Figure 1: Distribution of agricultural land by main categories**

40. Land privatization formally began in 1991, but it was not until the National Land Program in 1998 that large-scale distribution of land plots and dissolution of collective farms occurred. Land privatization was carried out in a two-stage process. In the first stage, village land commissions assigned land shares to eligible recipients, who received a title issued by the mayor’s office. In the second stage, recipients had the right to request separation of individual land plots by dissolving the collective or state farm. Recipients received on average 1.3-1.4 hectares of agricultural land divided into multiple plots for equal access to arable land, orchards, and vineyards.

41. The main achievements of the National Land Program (which ended in 2001) were: the establishment of an institutional framework of cadastral units, establishment of a cadastral information system, and last but not the least, the privatization of 98% of the agricultural lands that were subject to privatization.

42. Land reform created a polarized agricultural structure with large consolidated corporate farms on one side and small fragmented ones on the other. The latter were important from the point of view of household food security but have since become an obstacle to land market development as well as the productivity and competitiveness of landholders. The level of land fragmentation has not changed significantly since the privatization process that ended in 2000. While the level itself varies from village

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<sup>14</sup> In Moldova the land fund is the public reserve of land being held for future rural development.

to village (some owners received only 3 parcels whereas others received up to 12), the preliminary data from the General Agricultural Census (GAC) shows that an agricultural holding is on average divided into 3 parcels.<sup>15</sup>

43. Although this distribution led to the fragmentation of land ownership, in practice, land use remained consolidated by active farmers and new corporate farms leasing land from the new smallholder farmers, many of whom had never practiced farming before. Currently, less than 1% of registered corporate farms operate over 61% of agricultural land under production.<sup>16</sup>

#### **GAC findings in relation to land and land use**

According to the final results of the GAC 2011, the Republic of Moldova has 902,214 agricultural farms, 99.6% of which is farms owned by farmers, and 0.4% of which are farms owned by a legal entity, i.e., agricultural enterprise. Of the total number of farms, 848,637 are active farms (using agricultural land and/or raising livestock and/or poultry), and 53,577 are registered as being temporary inactive farms (i.e., they own land but do not use it and do not raise livestock and/or poultry).

Farms cover a total of 2,243,540.02 hectares, of which the used agricultural area (UAA) is 1,940,135.56 hectares, spread over a total of 846,981 farms. The UAA average per farm is 2.29 hectares.

Most of the agricultural land is used by farms owned by a legal person (61.4%), with an average UAA per farm of 391.27 hectares.

Approximately 57% of the total area is used under full land ownership on 97.2% of the land holdings, approximately 25% of the total area is fully leased and operated by 0.3% of farms, and 15% of the surface is used by 1.4% of total holdings in combined land ownership (land owned and leased). The remaining 3% of the total area is used by 1.1% of farms in other types of ownership of the land.

#### **Land use:**

The country's total UAA, which amounts to 1,940,135.56 hectares, represents 86.5% of total holdings (2,243,540.02 ha). The remaining 13.5% of the total area is distributed among **unutilized agricultural area** (11%) and **other areas** (2.5%), including *forest land* (0.3%), *land for construction, yards and roads* (1.8%) and *other land* (0.4%).

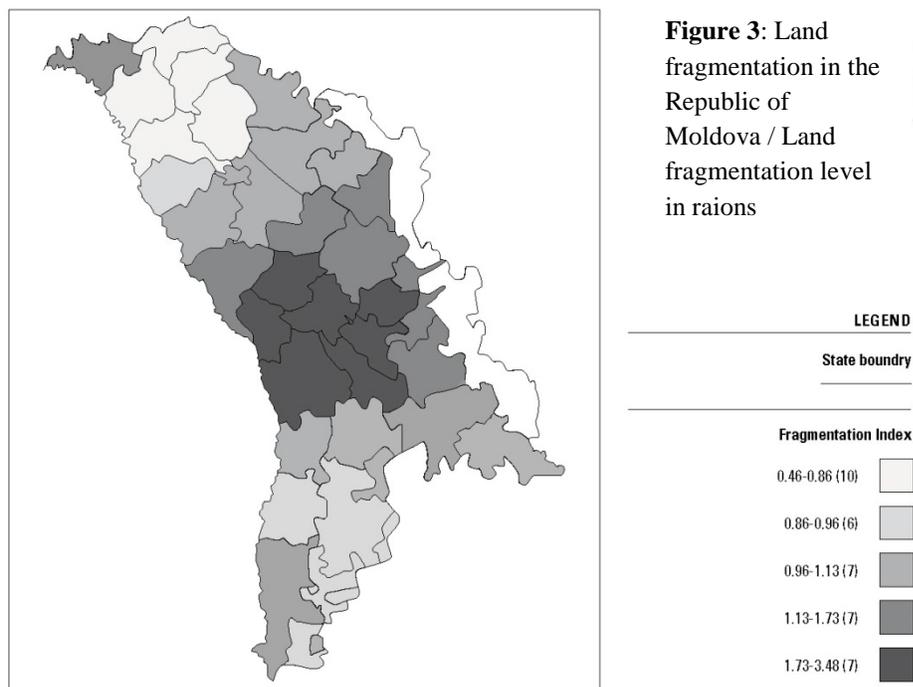
According to the main categories of use of UAA, at the country level, Moldova has the following structure:

- (i) **Arable land** covers most of the UAA (73%);
- (ii) **Natural pastures and hayfield** cover 17% of UAA;
- (iii) **Permanent crops** cover 10% of the UAA.

<sup>15</sup> The GAC methodology defines land parcel as a separate piece of land, surrounded by other lands, water, roads, etc. and not forming common body with other lands of the agricultural holding (In other words, not as a number of real estates registered in the registry).

<sup>16</sup> General Agricultural Census 2010

44. The average plot size is about 0.8 ha. The average number of parcels per agricultural holding (farm), as separate properties registered in the cadastre, equals 4.4 parcels<sup>17</sup>. Figure 3 shows the level of land fragmentation for the different *raions*. For each *raion*, a land fragmentation index, i.e., number of parcels per hectare, is calculated by dividing the total number of agricultural parcels-including arable land, orchards and vineyards-by the total area of agricultural land. The level of fragmentation is highest in the central part of Moldova<sup>18</sup>.



<sup>17</sup> Calculated as total number of registered land plots in the land registry (3,972,730) by the total number of farms in the country (903,000). Figure of the total number of land plots is based on official ALRC data while the total number of farms is based on results of General Agricultural Census (2010).

<sup>18</sup> Experiences with land reform and land consolidation in Moldova, Morten Hartvigsen, Maxim Gorgan and David Palmer, FAO Land Tenure Journal, 2012

### III. Land Governance Assessment

#### Legal and institutional framework

##### *Social land rights of individuals or groups*

45. *Legitimate social land rights of individuals or groups (including secondary rights) have legal recognition and enforcement (LGI 1 - LGI 4).*

46. **Recognition and enforcement of rights (LGI 1 - LGI 3).** The State recognizes and guarantees the right to own and inherit private property, and protects the property of Moldovan citizens, foreigners, stateless persons, and international organizations. The Constitution provides that property acquired legally cannot be confiscated, the legality of ownership being presumed. The Land Code of the Republic of Moldova stipulates that landowners, regardless of ownership type, are protected by the State. However, foreigners cannot buy agricultural land plots, but can only inherit them and must sell them subsequently.

47. Ownership is guaranteed. The only exception to the principle of inviolability of ownership right<sup>19</sup> is expropriation for public purposes, established in accordance with the law and after a fair and prior compensation for the execution of some works of general interest.

48. The owner has the rights to possess, use and dispose his/her assets and exercise these rights exclusively in his/her own name and interest, without the intervention of others. Joint ownership<sup>20</sup> of assets can apply together and simultaneously to several owners (co-owners), who possess, use and dispose property jointly.

49. The common/joint property of the condominium is recognized and provisions in the legislation<sup>21</sup> establish procedures for the management and maintenance of condominiums. Thus, for the management of common property, co-owner associations are established for maintaining, using, and repairing individual units as well as the common property in condominiums, and for providing association members with utilities and other services for the representation and protection of their interests. However, few co-owner associations have been created because the owners do not want to assume responsibility for the maintenance of common property. Most apartment buildings were built during 1960-1980. These properties have aged and have often been poorly maintained, which discourages homeowners from taking responsibility for the maintenance of the property. According to official data presented by the State Chamber for Registration, at present, about 500 associations of co-owners in condominiums have been registered in Moldova.<sup>22</sup> LPAs transfer common property of residential buildings to owners of

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<sup>19</sup> Art. 46 of the Constitution of the Republic of Moldova

<sup>20</sup> Art. 344 (1) of the Civil Code

<sup>21</sup> Chapter IV of the Law on condominium in housing sector, No. 913-XIV of 30.03.2000

<sup>22</sup> Official Letter from State Chamber for Registration

condominium associations, but are reluctant to transfer the property rights for land. Given the issues with maintenance and management of residential buildings, there is a need for growth measures.

50. Land ownership, including common property ownership can be assigned to Moldovan citizens, including vulnerable people such as orphans, widows, elderly people, children, and women. Foreign investors are also welcome, except in the case of agricultural land and forests, which belong to the state or individuals citizens of the Republic of Moldova, and legal entities whose share capital does not include foreign investment.<sup>23</sup> If foreign citizens or stateless persons become owners of agricultural or forest land by legal or testamentary inheritance, they are required to dispose of them by legal documents *inter vivos* and only to the citizens of the Republic of Moldova.<sup>24</sup>

51. Although there are restrictions on foreigners regarding the purchase of agricultural plots, agricultural lands can be acquired by indirect methods. For example, the registration of procured land in the names of token local owners, who buy lands with funds of a foreign investor. Thus, with some notable exceptions, foreign investors enjoy leasing rights equal to citizens, including the right to lease agricultural land for a period of up to 30 years. Moreover, foreign investors have the opportunity to control and make investments in local companies, and are protected by international agreements for protecting and securing their investments. -

52. Ownership of a new property can be acquired under the lawthrough: long-term uncontested occupation (usucaption), legal act, inheritance, accession, as well as by a court ruling or an administrative action in cases provided by law.

53. The following rights are recognized: the right of possession, use and disposition, ownership, right of usufruct, right of use, right of habitation, right of easement/servitude, right of fixtures, and right of pledge.

54. The state guarantees the right to private property without discrimination regardless of sex, race, color, language, religion, national or social origin, or association with a national minority, and property held collectively or in a group can be fully or partially individualized by the owners, subject to certain prescribed conditions, whose fulfillment is compulsory at first registration.

55. However, there are specific or mixed localities inhabited by Roma people. Roma participated in the privatization of collective farms as regular citizens and 44% of Roma households received ownership of agricultural land.

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<sup>23</sup> Art. 6(2) of the Law on normative price and procedure of land sale and purchase, No. 1308 of 25.07.1997

<sup>24</sup> Art. 6(3) of the Law on normative price and procedure of land sale and purchase, No. 1308 of 25.07.1997

56. The state addresses the situation of Roma communities by facilitating the socio-economic integration of Roma in order to eliminate discriminatory practices. There is an approved Action Plan for 2011-2015<sup>25</sup> on supporting the Roma population in the Republic of Moldova.

57. **Enforcement.** The total land area of Moldova as of 1 January 2012,<sup>26</sup> was 3,384,600 ha, 9% of which was urban (built-up area) and 91% of which was rural(outside of built-up area) -. The estimated number of real estate objects is 5.7 million including: 4 million agricultural, 1.5 million housing, 0.1 million commercial and industrial and 0.07 million other real estate.

58. Eighty-one percent of rural individual real estate is estimated to be officially registered in the cadastre, and all of the individually owned land in urban areas is registered.

59. Urban communal lands include lands occupied by markets, streets, passages, parks, public gardens, squares, cemeteries, and land used for other communal household needs. They are part of the public domain of the LPAs and cannot be alienated. Furthermore, communal lands include pastures and hayfields, which are part of the private domain of the LPAs and can be sold by local authorities at auctions.

60. The demarcation of land under public property of the state and land under public property of LPAs has not been finalized. At present, of the total estimated 732,900 ha, only 12% of the communal land in rural areas and 1% in urban areas have been registered.

61. The program for the demarcation and registration of public lands of state and LPA properties, which has been planned, aims at full coverage by 2018. Registration of individual land plots in rural areas is done under an on-going program to complete the Cadastre.<sup>27</sup>

62. Women's rights to property are recognized in the Republic of Moldova, both in urban and rural areas. The National Programme for gender equality for the years 2010-2015,<sup>28</sup> provides for a comprehensive approach to issues related to implementation of the principle of equality between women and men, and contains provisions designed to ensure implementation of the commitments assumed by the Republic of Moldova by ratifying several international instruments in the field of equal opportunities, including the Convention on the Elimination of All Forms of Discrimination against Women. This is reflected in official data, which notes that the number of land plots in the registry under female ownership constitutes 41%, consisting of 2% of urban lands and 39% of rural lands. Ownership of assets purchased

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<sup>25</sup> GD No. 494 of 08.07.2011

<sup>26</sup> GD No. 468 of 26.06.2012

<sup>27</sup> GD No. 1030 of October 12, 2008

<sup>28</sup> Adopted by the GDN. 933 of 31.12.2009.

or constructed by spouses during the marriage is also recognized even under the conditions when the data about the other<sup>29</sup> spouse are not entered in the register of real estate.

63. For public recognition of ownership and other real rights (right of usufruct, right of use, right of habitation, easement right, right of fixtures and right of pledge) over real estate, real estate and real rights over them are subject to mandatory registration in the cadastre.<sup>30</sup>

64. The legal framework expressly stipulates the registration of land, depending on the owner and designation, by separation, division, merger or combination of land entered in the immovable property register, as well as registration of newly created real estate units.

65. The law provides opportunities for those who own lands individually, in groups, or collectively in order to alienate the land fully or partly. Thus, the registration of land based on private right, including the partition of land held in common ownership,<sup>31</sup> can be done for any purposes that are not in contradiction to the law and by respecting the main conditions whose fulfillment is compulsory during training.<sup>32</sup>

66. Violated rights of landowners are to be restored, and damages caused by the right violation shall be fully repaired.<sup>33</sup> Damage caused by withdrawal or the temporary occupation of land—as well as by limiting the right holders or by worsening the land quality due to the activity of enterprises, institutions, organizations and citizens—must be fully compensated (including the missed benefit) to landowners who have suffered as a result of those damages.<sup>34</sup>

67. The right of ownership in the case of disputed land tenure is recognized<sup>35</sup> under the following conditions: the one who possesses the land shall be of good faith; shall possess the land for 15 years, and the land shall not be registered in the cadastre. To recognize the property/ownership right acquired through usucaption, the interested person is required to submit an application to the appropriate court to appeal the possession and to recognize the ownership acquired. Registration of land ownership in the real estate register for land acquired by real estate usucaption shall be tabulated based on the irrevocable court decision.<sup>36</sup>

68. Constructions built without an urban planning certificate for design, project documentation, and building permit shall be considered unauthorized, i.e., illegal buildings. The execution of construction<sup>37</sup> of any category—modification works, refurbishment, consolidation and renovation of buildings and

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<sup>29</sup> Art. 39 of the Law on Immovable Property Cadastre, No. 1543-XIII of February 25, 1998.

<sup>30</sup> Law on Immovable Property Cadastre, No. 1543-XIII of February 25, 1998.

<sup>31</sup> Regulation on the establishment of real estate, GD No. 61 of 29.01.1999.

<sup>32</sup> ALRC statement on the registration of immovable property and rights over them, No. 112 of 22.06.2005.

<sup>33</sup> art. 30 of the Land Code.

<sup>34</sup> art. 97 of the Land Code.

<sup>35</sup> art. 332 of the Civil Code.

<sup>36</sup> Art. 40<sup>1</sup> of the Law No. 1543 of 25.02.1998.

<sup>37</sup> Art. 179 of the Contravention Code of the Republic of Moldova, No. 218 of 24.10.2008.

structures—regardless of the type of property without a building permit is sanctioned with a fine of up to MDL 3,000 for individuals and MDL 9,000 for legal entities.

69. The problem of illegal construction, which has become chronic in recent years, is attributed to bureaucracy and corruption in the authorization system. Ordinary people cannot feasibly handle the multitude of documents and requirements imposed on a construction.

70. In 2011, 861 unauthorized constructions were built in Moldova, and about 50 percent of them (471 objects) were built in the capital city. For comparison, in 2012, 689 unauthorized constructions were detected, 390 of which were in capital city.

71. Most illegalities include unauthorized intervention on existing buildings such as garages and annexes, but there were also cases of unauthorized construction of houses and social infrastructure. The total amount of fines for illegal construction in 2011 was MDL 1.033 million; only 7 illegal constructions were demolished.

72. Ambiguous legislation and limited administrative procedures allow legalization of buildings by both courts and local public administrations.

73. Unauthorized construction can be legalized by local public administrations, by decisions of local councils, or by authentication procedures that define the use and functionalities of the building, etc. in a legal process similar to construction permitting for a new building. . The LPAs, however, do not have clear proceedings for legalization, which is why they prefer to legalize buildings on a post-factum basis. The LPAs are responsible for 90% of construction authorizing that can be considered ‘incorrect’. Consequently, LPAs have revoked authorizations, thus leaving the conflict resolution to courts, which is how most building legalization happens. According to the State Construction Inspectorate, 73% of illegal construction court cases are won by companies or individuals. Since independence, 11,000 illegal constructions have been legalized by the courts. The approximately 15,000 cases that have gone to court represent more than 50% of the total number of illegal constructions.

74. **Restrictions of rights (LGI 4).** Under current legislation,<sup>38</sup> urban planning stipulations on objectives, actions, priorities, planning regulations, permissions, and restrictions on land use and construction are well established. Site certificates and construction permits are issued according to laws based on the principles of town planning and territorial development.

75. Urban development is guided by urban plans including general urban plans, urban zoning plans, and detailed urban plans, all of which contain rights and restrictions. In addition to the regulations

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<sup>38</sup> Law on foundations of town-planning and development of territory, No. 835 of 17.05.1996

imposed by urban planning documentation, there are other conditions, such as in the fields of architecture,<sup>39</sup> monuments protection,<sup>40</sup> etc., that apply.

76. However, at the time of writing this report, most general urban plans are critically outdated. Ninety-nine percent of all the country's general urban plans were developed during the period 1952-1991 and have not been updated since that time. Thus, in the absence of up-to-date urban planning documentation, restrictions on rural land use depend exclusively on the decisions of local public administrations.

77. According to current data provided by local authorities, only 19 of the country's 57 towns (29% of all urban areas) have developed urban plans.

78. Of the 1,614 rural localities, only 17 have prepared and adopted urban plans, constituting 1% of all rural areas.

79. By law, land owners are required to guarantee:

- rational use of land, prevention of ungrounded withdrawal of land from agricultural use, protection<sup>41</sup> of land against harmful anthropogenic effects, as well as regeneration and improvement of soil fertility, and productivity of land for agriculture and forestry;
- protection against degradation of the soil's fertile topsoil<sup>42</sup>, and against non-selective removal and use of the fertile topsoil contrary to the intended designation;
- protection against unauthorized deviation from territory development plans, and against use of land contrary to the purpose for which it was assigned;
- the use of land brought into a state according to its purpose;
- cultivation of land, undertaking mandatory measures for its improvement, protection of the soil against erosion caused by wind and water, and prevention of other processes that deteriorate the condition of the soil.

80. Furthermore, foreign citizens and legal entities whose share capital includes foreign investments<sup>43</sup> cannot own agricultural and forest lands. If foreign citizens or stateless persons become owners of agricultural or forest lands by legal or testamentary inheritance, they have to dispose of their lands to citizens of the Republic of Moldova.<sup>44</sup>

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<sup>39</sup> Law on architectural activity, No.1350 of 02.11.2000

<sup>40</sup> Law on the protection of monuments, No. 1530 of 22.06.1993

<sup>41</sup> Art. 78 of the Land Code

<sup>42</sup> Art. 115-118 of the Contravention Code of the Republic of Moldova, No. 218 of 24.10.2008

<sup>43</sup> Art. 6(2) of the Law on normative price and procedure of sale and purchase of land, No.1308 of 25.07.1997

<sup>44</sup> Art. 6(3) of the Law on normative price and procedure of sale and purchase of land, No.1308 of 25.07.1997

### *Legitimacy of land institutions*

81. *Land institutions have clear mandates, policies are non-discriminatory and reflect social preferences (LGI 5 - LGI 6).*

82. **Clarity of institutional mandates (LGI 5).** The institutional mandates of authorities regarding land and property regulation and management are clearly defined, but institutional responsibilities and arrangements are not always clear or effective. Annex 2 provides an institutional map, detailing the responsibilities and mandates of Moldova’s institutions, separation of policies and functions, and overlaps that may occur with other institutions.

83. Public sector functions related to land use are normally carried out by different institutions. According to the competencies established by law, the institutions of the Republic of Moldova involved in the public property management process, including public lands, are:

- Parliament of the Republic of Moldova;
- Government of the Republic of Moldova;
- Central public authorities;
- Local public authorities.

84. The competencies of institutions involved in land administration and their responsibilities are set out in laws and regulations designed to ensure the realization of the constitutional prerogatives to develop and promote state policies in the field.

85. Among the problems identified in land management is the overlapping of horizontal functions of ALRC and MAFI—overlapping related to policy promotion with a view to the development of land relations in agriculture and expertise in agricultural land consolidation.

86. Furthermore, there are overlaps between MAFI, which is responsible for promoting the expansion of irrigated agricultural lands and modernization of irrigation systems infrastructure, and the Agency “Apele Moldovei,” which is the administrative authority responsible for implementation of state policy in the field of water resources management, hydrological amelioration, water supply and sanitation, which is under the Ministry of Environment.

87. There are also some vertical administrative overlaps in responsibilities for land management. The Government transferred these tasks to the central public authorities as specialized bodies that ensure the development and promotion of state policy in the assigned areas, which in turn act as the owner in the management of state enterprises and companies whose capital is fully or partly public. Hence, there are functional conflicts of interest in the public property administration process between public authorities and the executive bodies of those enterprises and companies.

88. It is important to mention that by law the Agency for Land Relations and Cadastre and its subordinated companies are exclusively entitled to carry out works for delimitation of public and state properties, and valuation and revaluation for taxation purposes. The Agency lacks the capacity and funding to finalize the aforementioned works in a reasonably short time.

89. Overlapping or unclear mandates and functions can create opportunities for discretion that undermine good governance and can push users into informality. They can also create parallel structures that threaten the integrity and reliability of the documents and information provided by the institutions, making policy implementation difficult.

90. **Participation and equity in land policies (LGI 6).** The legal framework related to land policy is non-discriminatory, land policy is accessible, the interests of all stakeholders, in most cases, are taken into account, and implementation ensures the observance of property rights.

91. Even though Moldova's land policy is incomplete, it can be deduced from the existing legislation that there are some equity objectives that are not regularly monitored and evaluated in terms of costs, and that are implemented with serious deficiencies related to budget, resources or institutional capacity.

92. In some cases, land policy decisions that affect certain communities are taken without consulting those affected. In addition, reporting on land policy implementation is sporadic and does not allow for significant progress monitoring in certain areas; where it does, the results are sometimes not publicly available.

93. The main laws and regulations that establish land policy in Moldova are: the Constitution of the Republic of Moldova; the Land Code, adopted on 25 December 1991; the Law on state land structure, state land cadastre and land monitoring, No. 1247 of 22 December 1992; the Law on immovable property cadastre, No. 1543-XIII of 25 February 1998; the Law on normative price of land and procedure of land purchase and sale, No. 1308-XIII of 25 July 1997; the Law on real estate formation, No. 354-XV of 28 October 2004; the Law on leases in agriculture, No. 198 of 15 May 2003; the Law on administration of public property and its privatization, No. 121-XVI of 04 May 2007; and the Law on forestation of degraded land, No. 1041-XIV of 15 June 2000.

94. In addition, the following operational and strategic documents can be mentioned: the State Program for the creation of immovable property cadastre; the program of measures on the implementation of the new evaluation system of real estate for taxation purposes; the conservation and improvement of soil fertility strategy; the national strategy for sustainable development of the agro-industrial complex; and the concept of land resources management in Chisinau.

95. Analysis of policies on land consolidation shows that the existing legal framework is fragmented and obsolete, with significant gaps. General provisions on land consolidation are contained in the current Land Code. The Draft Enforcement Strategy developed with FAO support has been suspended because the Government insists on including land policies on agricultural land consolidation in the Strategy for Agriculture and Rural Development for 2014-2020, which is currently under development. The Strategy is seen as the main document for improving the strategic planning system and the legal framework for policy in the agriculture sector.

96. Observation of the transparency provisions in the law regarding the normative acts of the Government and other central and local public authorities<sup>45</sup> requires that the development of policy documents includes public consultations, including with civil society. Moreover, the Parliament has adopted the concept of cooperation between Parliament and civil society,<sup>46</sup> which requires that civil society be provided with draft legislation, including by posting to the Parliament's official web site.

97. Moldovan legislation does not contain restrictions on rights and opportunities for foreigners who stay legally in the country and gives them rights equal (barring political voting rights) to those of Moldovan citizens. It also provides for assistance for the integration of foreigners in the economic, social, and cultural life of Moldovan society; this is done through integration programs involving all relevant state authorities.<sup>47</sup>

98. The National Strategy on Migration and Asylum (2011-2020)<sup>48</sup> provides for comprehensive regulations on management of migration and asylum processes; on harmonization of the national legal framework with the provisions of international law and EU legislation; and regulating the movement of citizens. The strategy will serve as input for social and economic development, national security, and achievement of European integration objectives.

99. The Action Plan for 2011-2015 on implementation of the National Strategy on Migration and Asylum (2011-2020),<sup>49</sup> ensures strategy implementation and provides for the necessary financial resources from the state budget. The Ministry of Internal Affairs submits an annual evaluation report on achievement of the previous year's Action Plan..

100. The implementation of land policy has not been fully assessed in terms of costs, and there are serious shortcomings in at least one area of the budget. Till now, the creation of a real estate cadastre and a real estate valuation system for tax purposes hasn't been completed. The National Strategy for Sustainable Development of the Agro-Industrial Complex was adopted by the Government with a gap in financial sources of about 50%. The Agricultural Land Consolidation Program and the Sustainable Development Strategy of the national forestry sector also lack sufficient financial resources.

101. The decision approving the land policy document contains the terms for its implementation as well as the reporting procedure. In addition, each contributing institution presents an annual activity report to the Government on the public authority in the respective sub-sector for the previous year as well as a plan of activities for the coming year. All these documents can be found on the official website of the respective authority. Official land institutions report on the implementation of land policy in a regular and significant manner, but the reports are not made public.

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<sup>45</sup> art. 38 of the Law No. 317 of 18.07.2003 and paragraph 30 of the GD No. 33 of 11.01.2007

<sup>46</sup> Parliament Decision No. 373-XVI of 29.12.2005

<sup>47</sup> Article 5 of the Law No. 200 of July 16, 2010, article 15 of the Law 270-XVI of 18.12.2008 and Law No. 274 of 27.12.2011

<sup>48</sup> GD No. 655 of 08.09.2011

<sup>49</sup> Approved by GD No.1009 of 26.12.2011

## Land use planning, management and taxation

102. Limitations on property rights *Limitations on the ability to exercise property rights over land (including planning restrictions) are justified and determined in a transparent and efficient way, while exemptions are granted promptly and transparently (LGI 7 - LGI 8).*

103. **Transparency of land use restrictions (based on LGI-7).** Documentation for urban planning and territory development includes territory development plans, urban planning, and related regulations.

104. Local plans for territory development concern the administrative territory of a village, city, municipality (excluding Chisinau municipality) or LPAs of several villages (communes) or neighboring cities.

105. Urban plans include:

- A general urban plan (GUP), which is drawn up for the whole territory of the locality, and which includes all the territories necessary for its operation and development.
- A zonal urban plan (ZUP), which is drawn up for part of the territory of a locality or for a territory destined for the operation and development of the village.
- A detailed urban plan (DUP) which sets out conditions for the placement and performance in a specific field of one or more special purpose constructions. This documentation shall be prepared based on only the approved general urban plan.

106. The many complaints that appear with the emergence of new constructions show that public consultations are sporadic and conducted in general terms, with outcomes that are not implemented in the planning documentation.

107. The Law on the principles of urban planning and territory development <sup>50</sup> stipulates that:

- Consultation of the population shall take place prior to the approval of all categories of urban planning and landscaping plans, except the national territory development plan and detailed urban plans that do not affect the public domain.
- Making draft plans and documentation available to the public for consultation and public debate, including displaying notifications in the local public administration office, is mandatory.
- Public consultation is conducted in a differentiated manner, depending on the amount and importance of documentation, in accordance with the regulations developed by the central government authority for territory planning and development and approved by the Government. The urban planning law sets out the procedure for amending the plans and documentation in accordance with the results of the public debates. The responsibility for public consultation belongs to the local public administration authorities.

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<sup>50</sup> Law No. 835 of 17.05.1996 on the principles of urban planning and territory development art. 27-29

108. At the same time, the organization of public consultations, urban sociology studies, and the methods and specific techniques used in the sociology studies are described in the Government Decision on the Approval of the Regulation for public consultation in the development and approval process of the territory planning and development documentation (No. 951 of 14 October 1997).

109. In reality, internet sources show that only one report on the consultation of citizens is publicly available—the report on developing the local Regulation of Urban Planning of Chisinau and Urban Zoning Plan “Gara Nord.” The latter contains a description of the methodology for organizing and conducting public consultations, results of the participants’ survey and their proposals to improve the documents discussed, as well as the conclusions and recommendations of the organizers. This report notes the results of public consultations as being close to GUP provisions.<sup>51</sup>

110. However, the most recent example of public discussions on urban development were related to the register of historic monuments and protection of immovable cultural heritage and to the zonal urban planning of the historic center of Chisinau, prepared and presented by the Municipal Planning Institute “Chişinăuproiect.” The discussions were fruitless and irrelevant and did not enter into the essence of these works. As a result, approval of the plan was postponed. This is yet another example of the ineffectiveness of public consultations.

111. Even the program of the Ministry of Regional Development and Construction (MRDC) on the provision of localities with urban planning documentation does not foresee any public consultations and contributions.<sup>52</sup>

112. Urban planning documentation has been developed (or is being developed) and adapted to the new social and economic conditions for only 17 LPAs, which constitutes 1% of all rural areas. Thus, about 99% of rural areas are not provided with general urban plans. The urban documentation development process for rural areas is in the incipient phase, so discussions on public contributions from these localities are premature.

113. Currently there is no single objective valuation system for real estate, which leads to artificially low real estate values for public use. Land taxes are determined by multiplying the tax rate by the soil quality measure (in soil-points per hectare) and by the surface area of land belonging to legal entities or individuals. Thus, there is no differentiation for the added value of certain land plots compared to the others. Real estate taxes are determined by multiplying the taxable value of real estate by the specific tax rate.

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<sup>51</sup> Report regarding consultation of citizens in developing the local Regulation of urban planning of Chisinau and urban zoning plan “Gara Nord” (Held between: May 27 – June 27, 2008)

<sup>52</sup> Draft Government Decision on approval of the médium-term Program for developing urban planning at local level, for the years 2013-2016

## *Chisinau*

114. The concept of land resource management involving municipal land was recently developed for Chisinau and is under consideration in the specialized committees. However, the document only describes the financial impact on the local budget from increased taxation of unregistered land and constructions.

115. So there is no mechanism that allows the public to capture a significant share of the gains achieved in land value resulting from a land use plan generated land use change. The only exception is related to the calculation of the sale price for associated land based on a coefficient that varies depending on the location and the development and proximity of utilities.

116. One example is related to parking places in the capital set up on the sidewalks for pedestrians. To develop these spaces, city hall has incurred expenditures related to changing pavements and border stones, developing access dips, painting, etc. Yet, city hall does not charge taxes that could later be used by the city. In this way, currently only populist measures are implemented, without a view to the long-term benefits for the public.

117. Based on the GUP of Chisinau (approved in 2007), the Regulation on local urban planning was drafted and approved in 2008. However, it introduced some changes and adjustments that contravene the provisions of the GUP:

- The Regulation changed the land use of many urban land areas, for example, from S (special area) or R3 to R6 (residential area). According to the methodology used in drafting the regulation, changes in urban function are performed by using the “Re” code (revitalization) for constructed land where the function is to be amended in accordance with the GUP, or D (development) provisions for free land. Codes Re and D enable the urban function for a particular field to be determined at a later stage in the development of the ZUP (Zonal Urban Plan) or the DUP (Detailed Urban Plan), which in turn are developed based on programs and projects under the GUP for a particular city or region.
- In the draft Regulation proposed for the historical center of Chisinau, there are regulations contradictory to GUP provisions. For example, Objective 6—Determination of forms of valorification, protection and promotion of the cultural heritage of Chisinau constructed in the European cultural landscape—provides programs and projects for the revitalization and promotion of the historic city center. However, the given Regulation gives priority to the development of collective housing, coded as R6 (residential buildings up to 10 floors).
- In the draft Regulation, the “Valea Morilor” and “Valea Trandafirilor” parks changed their land use, contrary to the methodology and legislation on green spaces, from code S (special area) to code C6 (shopping areas in recreational areas).
- General conditions for urban area codes are not complete. Residential functions lack the floor mark (min-max), the number of dwellings, and brief descriptions of the area and neighboring areas. The other urban area codes lack short descriptions as well.
- Another case of groundless change of the urban function is the circus. According to the methodology, the circus as a designation is placed in the functional area under code S (public buildings for recreation and cultural purpose), but the new Regulation proposes to change the functional area to C3 (independent construction trade area).

118. There are also other unnecessary changes. Once such changes occur, it is often discovered that there are real beneficiaries with an interest in promoting these illegalities without taking public interests into account.

119. It is clear that changes in zoning or other land use restrictions can have a major impact on the value of land. Planning documents may contain contradictory changes and restrictions, and once officially approved, they create grounds for conflicts of interest.

120. The situation regarding the development project of Cantemir Boulevard remains unclear. The corridor provided in the plans for the project, marked by the code Re (revitalization), does not take into account the resources needed to implement such an investment. This is one example of poor local public administration governance that does not account for certain realities when planning the implementation of its goals.

121. **Efficiency in the land use planning process (based on LGI-8).** The Chisinau GUP that was approved in 2007 and the local urban planning Regulation that was approved in 2008 are the main urban documents that regulate the objectives and measures in the field of urban planning and territory development in the capital. The law also stipulates a period of four years to develop the general plan.<sup>53</sup> Therefore, since six years have elapsed since approval, the city needs an updated GUP.

122. At the same time, land use planning does not effectively control urban expansion. Spatial expansion often occurs in an ad-hoc manner, with infrastructure usually provided after the urbanization, and often at the expense of property owners (e.g., engineering networks, roads). Local budgets are insufficient, and monopoly companies providing domestic services extend the infrastructure networks based on private investment.

123. As in Chisinau, urban planning and territory development documentation for other cities includes plans for territory development, urban planning and related regulations.

124. Providing the four largest cities in the country with GUPs is critical, as current plans do not respond to social and economic realities on the ground.<sup>54</sup>

125. The information on the planning documentation for the four largest cities in the country is as follows:

- Balti, date of GUP preparation/updating – 2006;
- Cahul, date of GUP preparation/updating – 1984 and ZUP of the resort area – 2005;
- Ungheni, date of GUP preparation/updating – 1996;

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<sup>53</sup> LAW Nr. 835 of 17.05.1996 on the principles of urban planning and territory development

<sup>54</sup> Providing the localities with general urban plans (The list developed based on information submitted by the Local Public Authorities)

- Soroca, date of GUP preparation/updating – 1981.

126. The GUP document consists of four chapters: (1) Audit, (2) Forecasts and development scenarios, (3) Development strategy, and (4) Monitoring and evaluation, described in Chapter (2). In terms of possible development scenarios, the optimistic scenario is usually taken as the basis.

127. The optimistic scenario is based on a moderate pace of economic development for both the country and the city in consideration. According to the forecast, the municipal population will increase by 9,600 people including a moderate increase in the urban population (about 7,500 people). Therefore, by 2025, the population of Chisinau is likely to increase by about 1.4%.

128. The optimistic scenario of social and economic development was based on the following assumptions: a favorable macroeconomic and legislative framework; effective policies to support the real sector of the economy; SME development; an attractive investment climate; minimization of the informal economy; investment in human capital and research, and maximum harnessing of “social capital.” According to this scenario, the Gross Regional Product of Chisinau will grow by about four times compared to the figure in 2005.

129. The GUP of Chisinau territorial development as a prerequisite for sustainable and harmonious development deems the following actions necessary and urgent:

- achieving a polycentric structure, and bringing public and social services closer to the consumers;
- promoting employment, in some cases by setting up a network of shopping centers, and providing services, business incubators, and institutions equipped with advanced and ecological technologies;
- promoting housing construction, especially social housing on new land in order to lower public investment expenditures;
- implementing reconstruction programs in central areas or in those areas where there are constructions with an advanced degree of wear and tear, including areas necessary for the establishment of protected historical and cultural heritage objects;
- executing road belts, particularly the exterior one for taking over the flows of the cross-border corridor 9;
- dividing freight and passenger train flows by drawing new railroad lines and relocating respective operating services in the suburbs, thereby releasing central core territories for launching environmental protection measures for river Bic;
- redeploing industrial enterprises from central areas and urban residential neighborhoods;
- using liberated territories for residential buildings or for recreational purposes;
- greening the city’s adjacent territories to achieve European standards for green spaces, and modern development of existing recreational areas.

130. Despite the goals that have been set, the city’s existing problems, which are getting worse, do not allow for the allocation of resources for purposes other than the most urgent ones, such as worn-out infrastructure. Even in these conditions most new municipal infrastructure is developed close to existing infrastructure. This growth was also regulated by the GUP in 2007 and by its accompanying regulations in 2008. In addition, for the central area, a ZUP was developed two years ago. The Plan should serve as a benchmark for this area, but it hasn’t been approved as of the time of writing. As a result, implementation

of the urban plan in this area is possible only with the approval of the National Council on Historical Monuments (NCHM) under the Ministry of Culture as well as the municipal permits for excavations. In this situation, NCHM has assumed additional powers overriding the land use plan and the legal framework impacting the size and position of the proposed buildings.

131. In 2009, the total area of the land resources of Chisinau municipality (including suburbs) amounted to 57,000 ha, and 12,300 ha for Chisinau town. The territory (municipality) is characterized by its large share of land for housing, social housing and buildings for other public uses (37% or 4,600 ha), followed by land occupied by green spaces (23% or 2,800 ha), and land for industry, transportation and telecommunications (23% or 2,800 ha). Insignificant shares belong to agriculture and the water fund (6.6% or 785 ha). The statistics from 2011 show that urban housing in Chisinau constituted 15.3 million m<sup>2</sup> which, divided by the total number of inhabitants (667,000) resulted in an average of 23.2 m<sup>2</sup> per capita.

132. It is worth mentioning that Urban Functional Regulation contains regulations on the minimal size of land plots in residential areas (R). This information shall be used by cadastre registrars when forming immovable property. However, in reality, this remains at the discretion of registrars.

133. At the same time, according to Article 11 of the Land Code, newly formed families shall be assigned land equaling 0.04-0.07 acres from the built-up area reserve until its depletion for the construction of houses, household annexes and gardens in cities. The exact dimensions of the land sectors shall be established by the local authorities.

134. To minimize the costs, investors tend to build up as much as possible, often contrary to the provisions of planning documents, which often leave room for interpretation. Often the owners of separate parcels invoke use coefficients for the entire neighborhood, for example, building multi-storey buildings around individual dwellings, that affect the rights of other landowners.

135. When concerning specific categories of rural lands (forests, grasslands, etc.), as a general rule land use plans prohibit activities that are contrary to their initial designation. Thus, we can define the following categories of rural land:

- *Land for nature protection.* On nature protection lands, any activity contrary to the particular designation is prohibited. These are withdrawn from use if the designation does not match the system of protection established for these lands.
- *Health protection lands.* These lands are assigned for use by spa resorts and medical institutions, and are to be protected in a special way; all spa resorts have zones of sanitary protection.
- *Land for recreational activities.* These are lands provided and used for rest and tourism. On these lands, any activity that prevents their use according to their special designation is prohibited. The procedures for use of these lands are established by the local public administration authorities and nature protection bodies.
- *Land of cultural and historical value.* On these lands, any activity contrary to their particular designation is limited.
- *Land of suburban areas and green areas.* These lands are used according to specifications defined by the projects that organize such areas. These are protected by the state.

136. For these categories of rural land, constructions and development incompatible with their designations are prohibited.

137. When the following categories include land in suburban or green areas, the rights of landowners are retained.

- *Forest lands.* These are lands covered with forests, as well as those not covered with forests but reserved for afforestation. Forest land is used by enterprises, institutions and organizations of the Forest Service and by other forestry enterprises as intended. State forest land can be used for other purposes if such use is consistent with the interests of the Forest Service.
- *Water fund land.* The use of land from the water fund is established by special legislation.
- *Reserve fund land.* Land from the reserve fund shall be administered by the local public administration authorities and is intended to be disposed through sales, leases, and use rights, and use of citizens, enterprises, institutions and organizations for agricultural purposes, as well as for other needs of the state and society.

138. Changes in the designations of high quality forestry land or land occupied by national parks, reservations, monuments, or by archaeological or historical assets are prohibited.

139. There are also restrictions on the use of specific categories of rural land. For example, for grassland there are regulations on grazing and mowing.

140. However, there are cases when these lands are not used as initially intended. For example, permanent structures<sup>55</sup> have been built on leased lands in the forests. There are also irregularities in the pasture lands, which have been leased for purposes other than those originally intended and are mistakenly identified as reserve fund land that is intended to be put into ownership, possession or use for purposes other than the initial ones.

141. **Speed and transparency of limited land use application (based on LGI-9).** According to the law,<sup>56</sup> the authorization of construction works is performed in three phases:

- Phase 1 - Obtaining the Urban Planning Certificate for design (UPC)
- Phase 2 - Developing project documentation (PD)
- Phase 3 - Obtaining the Construction Permit (CP)

142. In order to obtain the UPC, the applicant must submit an application to the local city hall. In addition, the applicant must submit the original and a copy of the following documents:

- the extract from the register of immovable property, issued by the territorial cadastral office, accompanied by the cadastral plan and/or building plan;
- identity card (for individuals) or registration certificate (for legal entities);

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<sup>55</sup> The law says that only easily disassembled constructions can be built on leased lands in the forests.

<sup>56</sup> Law on authorising construction works, No. 163 of 09.07.2010

- technical expertise report, in case of reconstruction, restoration, modification or consolidation of the existing building, developed by certified technical experts;
- notary certified consent of co-owners of property/land whose interests may be affected directly during the execution of construction and during operation of the constructed object;
- project design approved by the chief-architect, in case of deploying the building in a special area established by urban planning and territory development documentation.

143. According to the law, all activities and responsibilities (requesting and obtaining various approvals, coordination, etc.) to develop UPCs rest entirely with the city hall, whether the urban planning and territory development documentation exists or not. When these regulations are not observed, the necessary mechanisms are not implemented, and the request is returned to the applicant.

144. The deadline for issuing the UPC is 20 to a maximum of 30 working days where there is no valid urban plan in place. The maximum fee is MDL 50. However, in reality these deadlines are often not met, and informal payments are often used to speed up the process.

145. To prepare the PD, the applicant must obtain the following endorsements and studies from the UPC:

- Notifications of connection to urban utilities, issued for free within 20 days from the date of request. In reality, these are paid for.
- Plan for setting up the utilities, which is issued for free to the applicant by the local authority of architecture and urbanism within 10 working days of the date of request.
- Topographical survey and geotechnical surveying, which are developed at the request of the applicant by institutions licensed in the field.

146. After executing the PD, it is necessary to obtain:

- Endorsement by the chief architect of the following sections: general plan (situation plan, plotting plan), facades, chromatic solutions, project for the execution of construction work organization, exterior urban networks;
- Verification by certified project verifiers or institutions authorized to verify projects, performed under contract.

147. To obtain the CP, the applicant must submit an application to the local city hall, by attaching the following documents:

- extract from the register of immovable property issued by the territorial cadastral office, the cadastral plan and/or building plan;
- urban design certificate;
- extract from project documentation including: explanatory memorandum, general plan (situation plan, plotting plan), facades, chromatic solutions, project for construction works organization, approved by the chief architect;
- project documentation verification notes (sections: general plan, architecture, strength) or the single verification report of project documentation;
- identity card (for individuals) or the registration certificate (for legal entities);
- agreement on the supervision by the author, signed by the applicant and designer.

148. Ultimately, the city hall shall issue to the applicant the CP within 10 working days from the date of application registration for a maximum fee of MDL 100. Additional information on authorizing construction and receipt of the documents can be obtained in Moldovan city halls.

149. The law on authorizing the execution of construction works<sup>57</sup> can be found in the Official Gazette of the Republic of Moldova, No. 155-158 of September 3, 2010, and also in the State Register of Legal Acts of the Republic of Moldova by visiting the website [www.lex.justice.md](http://www.lex.justice.md). Thus, the law was found to be accessible, but not fully observed.

**Table 3: Three phases of obtaining construction documentation**

Phase	Agency	Justification	Efficiency and transparency of the process	Estimated time (days)	Comments
1. Obtaining UPC	Local administration	1	2	30	<b>Law of 2010 has significantly simplified the execution of construction works, but necessary mechanisms for its implementation have not been developed.</b>
2. Development of PD	Company licensed in the field	-	-	-	
3. Obtaining CP	Local administration	1	2	10	
<i>Codes:</i>		<i>1 = Clearly justified; 2 = Somewhat justified; 3 = Not justified</i>	<i>1 = Efficient &amp; transparent; 2 = Some discretion in implementation; 3 = Significant discretion</i>		

150. The reasons for delays in drafting the documentation necessary for the execution of construction works are administrative and economic. The drafters of these documents are public officials (with insufficient salaries and only rare increases) accept informal payments to supervise and approve documents. Moreover, the absence of these informal payments can lead to errors in the documentation and violations of the terms. And while the law prohibits such payments, applicants are willing to pay them if it means getting integral, quality services that they would not otherwise receive.

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<sup>57</sup> Law authorizing the execution of construction works, No. 163 of 09.07.2010

### *Taxes on land and property*

151. *Taxes on land and property are transparently determined and efficiently collected (LGI 10 - LGI 11).* Taxes on land and real estate are the primary means of obtaining the financial resources necessary to cover the public expenditures of local governments.

152. While the taxation system in the Republic of Moldova is a functional one, it has significant deficiencies for taxpayers. It is still evolving and needs to be updated and completed, in particular by merging the land tax and the real estate tax.

153. As part of the overall taxation system reform that began on January 01, 2007, the land and real estate taxes should be merged into a single property tax, which should be calculated based on the market value.

154. The real estate tax, which is compulsory, is defined by applying the specific tax rate to the (taxable) real estate value. The minimum and maximum real estate tax rates are set by law and the specific tax rate is defined by the representative bodies of the local public administration and adapted to the administrative and territorial unit budgets for the respective year.

155. Taxation of real estate is based on the market or the carrying value of real estate. Thus, people who have the estimated value of the real estate confirmed by territorial cadastral offices calculate the annual real estate tax based on the market value appraised for tax purposes, and for non-valued real estate according to the carrying value of the real estate or the cost of building. For non-valued land, the tax is calculated at predefined tax rates.<sup>58</sup>

156. Currently, taxation of immovable property is based on market value as calculated for tax purposes, including:

- for housing in cities and towns, garages and the land on which these are located, and the lots of joint fruit tree farming (tax rates vary from 0.05% to 0.3% of the taxable real estate);
- for agricultural land with buildings located on them (tax rates range from 0.1% to 0.3%);
- real estate with designations other than residential or agricultural (0.1% tax rate).<sup>59</sup>

157. For other immovable property,<sup>60</sup> real estate taxes are determined through the evaluation and/or reevaluation of those assets based on accounting documents for legal entities, and based on documents kept in the archives of the public land registry or based on the results of field inspection for individuals.

158. For land plots located inside and outside built-up areas, the land tax is determined by multiplying the specified tax rate by the number of degree-hectares, hectares or land area.<sup>61</sup> For land plots that have an

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<sup>58</sup> Annex 1 to the Law on implementation of Title VI of the Tax Code, No. 1056-XIV of 16.06.2000

<sup>59</sup> Art. 280 of the Tax Code

<sup>60</sup> paragraph (4)-(11) of art. 4 of the Law No. 1056-XIV of June 16, 2000

<sup>61</sup> Law on implementation of Title VI of the Tax Code, No. 1056-XIV of 16.06.2000

estimated value of real estate confirmed by the territorial cadastral offices, the land tax is calculated based on market value.

159. By February 1 of each year, the ALRC<sup>62</sup> submits information on the objects and subjects of taxation of real estates to the Main State Tax Service (MSTI), including the assessed value of properties.

160. The revaluation of real estate should be carried out by territorial cadastral authorities every three years as required by the Government;<sup>63</sup> however, because of the lack of a legal framework, the revaluation of properties for tax purposes has never been performed. At the time of writing, a Government Decision on the approval of the Regulation on revaluation of real estate for taxation purposes is drafted, and it aims to establish a mechanism for recalculating the estimated real estate for taxation purposes.

161. The Court of Accounts<sup>64</sup> found that real estate valuation for taxation purposes, generated with the help of software, is not developed based on the types of property and the existing method of valuation of properties for taxation purposes, and it does not adjust the assessed value of real estate to the market price. Hence, the auditors found that the assessed value of real estate in Chisinau for taxation purposes is less than the market value by between 2 to 10 times.

162. Evidence on tax payers for the execution of tax obligations for general state taxes and duties, including land and real estate taxes, is kept by the Tax Authority<sup>65</sup> in the State Tax Register<sup>66</sup> (Fiscal Cadastre)<sup>67</sup> established and administered by the tax authority.<sup>68</sup>

163. Bodies exercising tax administration functions for real estate taxes are: the tax bodies, and tax and local duties collection services within city halls.<sup>69</sup> The tax body administers the land tax and the real estate tax. Businesses with the right of legal entities and individuals performing business activities independently calculate the annual amount of real estate tax, and are required to submit their property tax calculation to the territorial state tax inspectorate by July 1 (inclusive) of the fiscal period in question.

164. For individuals who are not registered as entrepreneurs, as well as for farms, local tax and duty collection services in city halls annually calculate the land tax as well as the real estate tax for each object of taxation. For this purpose, local tax and duty collection services keep track of land and real estate taxes for these categories of taxpayers in part in the Register of taxpayer evidence, and advise taxpayers on the amount of real estate taxes through payment notices.

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<sup>62</sup> Art. 285 of the Tax Code

<sup>63</sup> Art. 279 para. 5 of the Tax Code

<sup>64</sup> Decision of the Court of Accounts No. 8 of 09.02.2011 with regard to the Report on the audit of the state programme on the creation of the immovable property cadastre implementation in 2008-2009

<sup>65</sup> Art. 161 of the Tax Code

<sup>66</sup> art. 164 of the Tax Code

<sup>67</sup> Art. 287 of the Tax Code

<sup>68</sup> GD no. 486 of 04.05.1998 on the State Tax Register

<sup>69</sup> GD no. 998 of 20.08.2003 on the activity of the tax and local duties collection service from the city hall

165. Information on the market value of land and the structures on the land, when used for taxation purposes, may be obtained for free by accessing the real estate register ([www.cadastru.md](http://www.cadastru.md)) (for Chisinau by accessing <http://map.chisinau.md>). Information on the location of land can be accessed for free on [www.geoport.md](http://www.geoport.md) portal.

166. People who pay land and real estate taxes<sup>70</sup> can obtain information from the local tax and duty collection service in city halls and from the notifications to taxpayers.

167. A large number of people benefit from real estate tax exemptions.<sup>71</sup>

168. Some categories of persons<sup>72</sup> are exempted from paying taxes on real estate for the land on which their residence is located, for lots near their place of residence, for real estate with values less than MDL 30,000, and for residences in towns and cities, except for villages that are not in Chisinau and Balti. The exemption from real estate taxes for these categories of persons should be granted within the limits of real estate/home values, according to the Annex to the Fiscal Code, Title VI.

169. Deliberative and representative authorities of local public administrations also have the right, in particular cases, to give individuals and enterprises exemptions or postponements to the payment of real estate taxes for the respective fiscal year.<sup>73</sup>

170. The list of documents that grant benefits on the payment of land and real estate taxes is determined by MSTI.<sup>74</sup>

171. The system for establishing exemptions from paying real estate taxes is not clearly defined for non-profit organizations. In addition, basing the real estate tax system on the market value and on the balance sheet value/cost of real estate for tax purposes<sup>75</sup> is a major concern for taxpayers.

172. According to the Ministry of Finance, as of April 2013, there were 1,336,428 landowners/real estate taxpayers recorded, including 6,311 businesses, 485,330 farmer households, and 844,787 individuals-citizens in the State Tax Register. The Court of Accounts<sup>76</sup> found discrepancies between the data from the State Tax Register and the data from the local authorities responsible for registering taxpayers. Therefore, it can be concluded that not all property owners liable for property taxes are listed on the tax rolls.

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<sup>70</sup> According to para. (4) - (11) of Art. 4 of the Law No. 1056-XIV of 16 June 2000

<sup>71</sup> Art. 283 of the Tax Code

<sup>72</sup> Art. 283 paragraph (1) h)-l) of the Tax Code

<sup>73</sup> Art. 284 of the Tax Code

<sup>74</sup> IFPS Instruction No. 11 of 04.09.2001 relating to the calculation and payment to the budget of land and real estate taxes

<sup>75</sup> According to the provisions of the Tax Code and the balance sheet value / cost of real estate under par. (4) - (11) of Art. 4 of Law no. 1056- XIV of 16 June 2000

<sup>76</sup> Decisions of the Court of Accounts No. 41 of 09.08.2012

173. According to information from the Ministry of Finance<sup>77</sup> on national budget execution:

(a) Property taxes in the year:

- 2012 provided receipts in the amount of MDL 310.4 million, with a collection of MDL 300.5 million, or 96.8% of estimated taxes;
- 2011 provided receipts of MDL 299.5 million, with a collection of MDL 280.7 million, or 93.7% of estimated taxes; and
- 2010 provided receipts of MDL 289.2 million, with a collection of MDL 281 million, or 97.2% of estimated taxes.

(b) Land taxes in the year:

- 2012 provided receipts in the amount of MDL 186.2 million, with a collection of MDL 179.4 million, or 96% of estimated taxes;
- 2011 provided receipts of MDL 189.6 million, with a collection of MDL 181.3 million, or 96% of estimated taxes; and
- 2010 provided receipts of MDL 194.9 million, with a collection of MDL 180.5 million, or 93% of estimated taxes.

174. However, there are deficiencies in collecting property taxes. Receipts from land and real estate taxes in the 2010 and 2011 Chisinau budgets<sup>78</sup> were estimated at around MDL 45.9 million for 2010, and MDL 73.5 million for 2011–, were approved in the budget for the amounts of MDL 49.2 million, and MDL 79.2 million respectively, , and were collected in the amounts of MDL 70.9 million (96.7%) and MDL 67.2 million (84.8%) respectively. Lower than expected revenues resulted from lack of taxation valuation of commercial and industrial properties. The forecast was reduced by MDL 21.5 million for the second half of 2010. However, issued tax exemptions in 2011 amounted to MDL 12.0 million and these were exempted based on irrelevant-to-taxation receipts.

175. The SOE “Cadastru” also lacks comprehensive information that would allow a proper assessment of the taxable base for the real estate tax for each ATU.<sup>79</sup>

176. Among the many weaknesses of the existing tax system are incorrect tax assessments and forecasts, and unfounded underestimation of property tax revenues. Further, the absence of an updated and unified system of evaluating soil quality leaves room for discretionary estimations of land taxes.

177. There are also weaknesses in the taxation of pastures and hayfields, leading some Local Councils to allocate only a part of the areas designated for hayfields and pastures for grazing purposes, thus reducing the total area subject to taxation.

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<sup>77</sup> <http://www.mf.gov.md/ro/>

<sup>78</sup> HCC No. 37 of 31.07.2012

<sup>79</sup> HCC No. 37 of 31.07.2012

178. Real estate taxes are paid by the taxpayer in equal shares no later than August 15 and October 15 of the current year. Taxpayers, who pay the full amount of tax for the current fiscal year before June 30 benefit from a 15% reduction in the amount of tax to be paid.

179. The collectors from the collection services of local taxes and fees are hired on the basis of material liability contracts and are employed by the mayors of the respective localities in accordance with existing laws.

180. In order to increase the collection of local taxes and fees and reduce the level of arrears, the heads of local authorities have the right to set monthly increases in tax collectors' salaries,<sup>80</sup> reflecting the actual monthly revenue percentage compared to the target budget.

181. Thus, in order to provide incentives to , the heads of central and local public administration authorities were granted the authority to offer monthly awards to collectors as incentives and give them material aid. Incentives are funded using resources from the salary fund (up to 20% of the fund), and are calculated in relation to the basic wages stipulated in the staffing plan of the public authority staff working on technical maintenance. For the provision of material aid, a monthly average wage fund per year is used, and for the work done, the technical maintenance personnel receive an annual premium equal to their monthly salary, calculated in proportion to the actual time worked.

182. Moreover, in order to increase the collection of local taxes and reduce the level of arrears, the heads of local public authorities can issue tax collectors performance based salary increases reflecting the amount of revenues collected..<sup>81</sup>

183. According to the MOF, the total cost of property tax administration is not known separately because property tax is administered by the MSTI jointly with the collection services of local tax authorities . However, it is estimated that about 2,000 people with an average monthly salary of MDL 2,500 (including all related taxes) are employed in property tax collection services, which means a total annual cost of about MDL 60 million. The estimated cost of informing tax payers of their taxation real estate values and tax is MDL 6.5 million ((MDL 4.5 x 1,336,428) + MDL 0.5 million notification prints).

184. .

185. Hence, the total administration costs in the local tax collection services amounts to MDL 66.5 million; with proceeds from property taxes amounting to MDL 154.4 million in 2012, administration costs constituted 43% of collected property taxes.

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<sup>80</sup> GD No. 710 of 26.09.2012

<sup>81</sup> art. 9 of the GD No. 998 of 20.08.2003

## Public land management

### *State land ownership*

186. *State land ownership does not remove ownership or management by individuals or communities unless it is justified by the avoidance of externalities or the provision of public goods and services (LGI 12).* Public land is owned by the state and territorial administrative units. There is no complete inventory of public lands. Public land management is the responsibility of several different authorities and agencies, which can cause conflicts in the management of these assets. Moreover, in most cases, resources are inadequate for managing these public lands.

187. The state and territorial and administrative units own both public and private property—two categories of goods with different taxation regimes.<sup>82</sup> Private property owned by the State or the territorial and administrative units can be disposed by various legal acts.

188. For land to be designated as public, the law must specify which types of land are considered public, and for what public uses or public interests. Public lands are inalienable, non-divideable and imprescriptible.

189. Thus, the categories of public property are:

- land for nature protection: reservation land, national parks, arboretum and zoological parks, botanical gardens, forest reservations, natural monuments, areas of protection and sanitary zones;<sup>83</sup>
- land needed for defense and border protection (border protection line);<sup>84</sup>
- public land listed in the Law on Land Ownership and its Delimitation;<sup>85</sup>
- wealth from underground, airspace, waters and forests used for the public interest, the natural resources of the economic zone and the continental shelf, means of communication, and other goods provided by law;<sup>86</sup>
- assets that are by their nature for public use or the public interest, such as natural parks, streets, squares, etc.
- assets that are specifically reserved for public use and the interests of all members of society, such as museums, theaters, schools, etc.<sup>87</sup>

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<sup>82</sup> Paragraph 1 art. 296 of the Civil Code

<sup>83</sup> art. 56 of the Fiscal Code, No. 828 of 25.12.1991

<sup>84</sup> art. 55 of the Fiscal Code, No. 828 of 25.12.1991

<sup>85</sup> Law No. 91 of 05.04.2007

<sup>86</sup> Paragraph 3 art. 296 of the Civil Code

<sup>87</sup> Law No. 523 of 16.07.1999

190. As regards of to municipalit owned public lands, if the land does not meet the requirements of providing public goods, it will be sold or leased by public auction according to law. This excludes land related to private objects, which is sold at normative prices to the owners of the private objects.<sup>88</sup>

191. The total land area of Moldova is 3,384,600 ha, including state-owned land (781,500 ha), and land of the territorial and administrative units (732,900 ha). The area of *registered* state-owned land is 95,108.7 ha, or 34% of the land clearly identified on the ground or on paper. The area of public land owned by the territorial and administrative units and recorded in the real estate registry amounts to 106,976.49 ha, or 81% of the area clearly identified on the ground or on paper.

192. According to the competencies established by law,<sup>89</sup> the management of public property, including public lands, is conducted by the Government through central specialized bodies and other administrative authorities, as well as by the public authorities of the administrative and territorial units.

193. The Ministry of Economy (MOE) promotes state policy in the field of public property administration. The body authorized for state public property administration under the MOE is the Public Property Agency (PPA).<sup>90</sup>

194. **Public land management** is provided by institutions financed from government budgets at all levels, by state enterprises established and equipped by the Government, or by the empowered state government body and municipal enterprises established and equipped as self-financing bodies, whose capital belongs to them entirely. Furthermore, some commercial companies use public land associated with real estate.

195. The management of institutions financed by government budgets at all levels or by state and municipal enterprises is performed through boards of directors and chief administrators.

196. Responsibility for the management of public lands is ambiguously attributed. The legal provisions related to management of public property<sup>91</sup> contain discrepancies related to the mandated public body that will sign the contract on lease/tenancy of state land and public property. Concessions, renting and leasing of public lands are made, where appropriate, by Government decisions or decisions of the first or second level of local public administration councils,<sup>92</sup> and according to Article 10, Paragraph 1 of Law No. 121-XVI of 4 Mary 2007; the civil circulation of such goods is prohibited. Moreover, the powers relating to management of private property owned by the state and their disposal (use and lease) is ambiguously defined..

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<sup>88</sup> Law No. 1308-XIII of July 25, 1997

<sup>89</sup> art. 5 of the Law No. 121-XVI of 04.05.2007

<sup>90</sup> art. 7 of the Law No. 121-XVI of 04.05.2007

<sup>91</sup> Law No. 121-XVI of May 4, 2007

<sup>92</sup> art. 2 paragraph 6 of the Law No. 91-XVI of 05.04.2007

197. Financial resources for the management of public property are allocated to each public authority and to territorial and administrative units within the limits of the budget item related to **administration and evidence of public property**.

198. Public property records are kept by the Public Property Agency (PPA). According to the agency information as of September 30, 2012, the PPA keeps records of 274 state enterprises with share capital amounting to MDL 6,201.4 million, and 154 companies with share capital amounting to MDL 5,830.7 million, 64% (MDL 3.729.4 million) of which is state property. This MDL 3.729.4 million in state property represents the state's legal interests in a company with a state participation share, as well as state public assets that are insured by a representative of the state,<sup>93</sup> who is appointed under an administrative act issued by the head of that authority. The individuals representing the state in companies receive monthly allowances and annual bonuses, the amounts of which are set by the General Assembly. The size of annual bonuses may not exceed 5 percent of the amount of annual net profit achieved by the company. Moreover, members of the management of state enterprises and joint stock companies are provided monthly allowances from the accounts of the respective entities of up to three times the minimum wage.<sup>94</sup>

199. The number and composition of the board of directors of state enterprises is established by the founder,<sup>95</sup> and will be an odd number not less than 3 people. Board members participate in board work concurrently with their basic functions. The numerical composition of the company board is established in the Charter of the company,<sup>96</sup> in the board's regulations, or in the decision of the general meeting of shareholders/associates.

200. A civil servant may simultaneously be a member in 5 councils of companies<sup>97</sup> and can simultaneously be a member of the Board of not more than 3 other state enterprises.<sup>98</sup>

201. Public property management is not efficient because the civil servants on the Board are financially dependent on the company and his/her duties as a state representative or member of the board are quite demanding, and require not only professional training, but also enough time for doing the work.

202. A critical situation in the management of state enterprises and companies is found in the areas of health, culture, and agriculture, etc., where the administration is in considerable debt to the State, and where assets have been privatized under disadvantageous terms and company contracts have been prematurely terminated, resulting in massive seizure of assets.

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<sup>93</sup> Regulation on state representation in companies, GD No. 1053 of 11.11.2010

<sup>94</sup> Minimum wage in the country is 600 MDL per month, approved by GD No. 15 of 19.01.2009

<sup>95</sup> The Law on state enterprises No. 146 of 16.06.1994

<sup>96</sup> Law on joint stock companies, No. 1134 of 02.04.1997

<sup>97</sup> art. 66 of the Law on joint stock companies, No. 1134 of 02.04.1997

<sup>98</sup> art. 7 (4) of the Law on the state enterprise, No. 146 of 16.06.1994

203. Some of most important deficiencies related to public land management and reported by the PPA<sup>99</sup> are: the illegal alienation of state land belongin to the state companies; the seizure of state real estate by tax authorities and their alienation in lieu of paying off debts, and cases where state land is used by companies undergoing bankruptcy to pay debts to creditors.

204. The Center for Investigative Journalism<sup>100</sup> notes that the involvement of a person in representing the state's interests in several companies simultaneously reduces business efficiency and very often involves a risk to the interests of the state. The Center recommends reforming the state representative institution and the Board membership selection process, and publishing Board members' remuneration, which would eliminate the influence peddling and corruption. Similarly, some analysts suggest improving the companies' state representation and Board membership by creating a specialized agency for managing state representation in companies and joint stock companies with the State as owner or co-owner. In order to execute the Law on public property lands and their demarcation, ALRC<sup>101</sup> in 2012 carried out a pilot project on the demarcation of land that is public property of the state or the local administrative and territorial units in 16 out of 900 mayoralties.

205. Currently, ALRC is preparing a Program for 2013-2018 for registering state land and land of the administrative and territorial units, including both the public and private domains of the State. The Program is expected to be approved soon.

### *Land expropriation*

206. *Land expropriation is justified by the general public interest, provides fair compensation to all those who lose their rights, and follows clear and transparent procedures (LGI 13 - LGI 14).* Misuse of land expropriation procedures can pose serious challenges to good governance. Although expropriation is justified for work done in the public interest, expropriation procedures, in some cases, are not clear or transparent, and fair compensation in kind or in cash at market value is not readily available.

207. The rights of certain user groups are not considered and informal property rights are not compensated. In cases of expropriation, considered rights need to be extended beyond legal ownership and registered properties. Affected people should be identified and recorded.

208. In some cases, compensation mechanisms do not provide reasonable solutions in a reasonable amount of time.

209. Objects of expropriation for the public interest<sup>102</sup> can be:

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<sup>99</sup> [www.app.gov.md/file/RAPORT2011.doc](http://www.app.gov.md/file/RAPORT2011.doc)

<sup>100</sup> <http://www.investigatii.md/index.php?art=355>

<sup>101</sup> Law No. 91 of 05.04.2007

<sup>102</sup> Law on expropriation for publicly useful purposes, No. 488-XIV of July 8, 1999

- land, subsoil, water basins, forests, buildings, constructions and other objects related to the earth, whose exploitation is impossible or causes them irreparable harm, so that they cannot be used according to the designation;
- the right to use immovable property for a period of up to 5 years, unless the parties agree on another deadline.

210. Expropriation for the public interest cause can be made only after a preliminary investigation,<sup>103</sup> and only where all conditions for expropriation are met, based on a documented justification of the public importance, and only after fair and prior compensation.

211. Moldovan legislation provides that “compensation” consists of the real value of the buildings or property rights subject to expropriation, and of the damage caused to the owner or holders of other real rights.<sup>104</sup> Thus, compensation is due only to legal owners and tenants through the land-for-land option (usually the primary option) or through monetary compensation for losses, including value differences caused by exchange and replacing. When calculating the amount of compensation, comparable sales prices in the location, damages suffered by the owner or by holders of other real rights, should all be taken into account.

212. In the case of expropriation of housing or land, the owner will be offered another house or another plot of land. If the cost of the proposed dwelling or proposed land is lower than that of the expropriated home or expropriated land, the expropriator will pay the difference between the cost of expropriated housing or expropriated land, and that of the proposed land or dwelling. In the case of expropriation of land, the amount of compensation shall not be less than the normative price of land, which is established based on tariffs provided for by law.<sup>105</sup>

213. According to the current legislation,<sup>106</sup> the category of affiliated persons covers only the rights of land owners, land users (legal tenants), and companies that have a legal right to land and other property. According to international best practices, a much broader category of people is entitled to receive compensation:

- persons who use land or other real rights under an unregistered informal agreement;
- persons who process leased land without a written contract;
- persons who process unregistered land;
- persons entitled to seek registration of their ownership due to long periods of actual possession of the property that has never been recorded;
- owners who occupy land transferred through an informal agreement from another owner;

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<sup>103</sup> GD No. 660 of June 15, 2006

<sup>104</sup> Law on expropriation for publicly useful purposes, No. 488-XIV of July 8, 1999

<sup>105</sup> Law No. 1308-XIII of July 25, 1997

<sup>106</sup> art. 3 of the Law on expropriation for publicly useful purposes, No. 488-XIV of July 8, 1999

- owners who did not register an ownership change after the death in the family, a divorce or other similar situation;
- people who use community resources for which they do not have official rights.

214. In the Republic of Moldova, public works have been initiated at the central level related to: construction of the International Free Port Giurgiulesti and the railway line Cahul-Giurgiulesti; rehabilitation and expansion of certain national roads (M2, M3, and R1); construction of the interconnection pipeline between the Romanian national gas transportation system and the gas transportation system of Moldova, including expropriation of privately owned land and buildings.

215. Public works have also been initiated at the local level for the relocation of Cotul Morii village and construction of houses for flood victims in Nemteni, Obileni, and Sarateni.

216. *According to the information provided by the ALRC, not one of these public works projects has been completed due to claims of unjustified damages, the lack of people in the village, and the inability of public agencies to propose effective solutions related to land exchanges.*

217. Table 4 summarizes cases of expropriation for public works and their performance.

**Table 4: A summary of the expropriation cases for public interest purposes**

Name of public works	Start date of public works	No. of involved lots /owners	Unresolved	%
Free International Port Giurgiulesti – national interest	2008	546 owners	30 owners	5% of owners
Railway line Cahul-Giurgiulesti – national interest	2008	61,7860 ha	54 plots with an area of 32,9843 ha, owned by 44 individuals	53% of land surface
Relocation of Cotul Morii and Sarateni villages – national interest	2010	568 lots*	231 plots	41%
Construction of houses for flood victims from Nemteni village – national interest	2010	115 lots	Unavailable data	
Construction of houses for flood victims from Obileni village – national interest	2010	28 lots	Unavailable data	
Works for rehabilitation and expansion of national roads M2 - national interest	2012	102 purchase contracts	8	8% of the plots

218. Under the current legislation,<sup>107</sup> the expropriation process is based mainly on the interactions of state representative/local public administrations, the expropriator, and an expropriation committee designated to protect the interests of affected owners.

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<sup>107</sup> Law on expropriation for public interest purposes, No. 488-XIV of July 8, 1999

219. Under the expropriation procedures, the following actions are performed:
- declaration of work for public interest by the competent public authority, publicity by posting at the local council head office under whose jurisdiction the expropriation is applicable, and by publication in the Official Gazette of the Republic of Moldova;
  - submission of the proposal for expropriation within 10 days of the publication of the act declaring the public works, including notification addressed to individuals and legal holders of real rights over the object of expropriation, a compensation offer, a method transferring property goods and rights, and where appropriate, the procedure for disposing of the property rights;
  - registration of objections against the proposal for expropriation and documentation of the proposed compensation and other claims of the owner or the holders of other real rights over the object of expropriation, to be submitted within 45 days of receiving notification.
220. Objections against the proposal for expropriation shall be resolved within 30 days by a committee chosen by decision of the concerned public authorities.
221. If the compensation proposal is accepted by the affected person, the parties will sign an agreement to be notarized that includes the related expenditures incurred by the expropriator.
222. In situations where public representatives and the affected owner cannot reach agreement on the expropriation as provided by law, the expropriation will be decided by a court decision, with fair and prior compensation.
223. In case of dispute over the amount of compensation, the court will establish a committee of experts, including a representative of the expropriator and a representative of the expropriated person. When calculating the amount of compensation, the committee and the court will take into account the sales prices in the location at the date of expropriation, as well as damage to the owner or, if applicable, holders of other real estate, taking into account the evidence presented by them. The experts will determine damages owed to the owner and other right holders.
224. In the case of expropriation of land, the amount of compensation shall not be less than the normative price established based on tariffs provided for by law.
225. State fees and expenses incurred in case of expropriation shall be borne by the expropriator in accordance with the legislation.
226. However, the expropriated person may refer to the Parliamentary Advocates Institution/ Ombudsmen, to ensure observance of constitutional human rights and freedoms by the central and local public authorities, institutions, organizations and businesses, regardless of the type of ownership, public

associations and officials of all levels. The Ombudsman<sup>108</sup> may intervene in the proceedings before the delivery of the judgment in the first instance and on appeal, to submit conclusions, according to function, to protect the rights, freedoms and the legitimate interests of others, and the interests of the state and society.

227. Thus, the processing of complaints related to expropriation is long, since measures preceding expropriation provide that the expropriator shall execute actions to submit the expropriation proposal within 10 days of the publication of the act of declaring the target of expropriation as a means of serving the public interest. Since many people are absent from the locality as a result of leaving to work abroad, many cases of non-documented land heritage as well as many people not having identity cards, the prescribed period<sup>109</sup> is not respected and is to be repeated in order to start the expropriation procedure.

228. Decisions rendered by courts of first instance by judges related to expropriation for public interest may be appealed in the common law Courts of Appeal. The term for the appeal is 30 days from the date the decision was declared, and the appeal shall be examined in a reasonable time.

### *Transfers of ownership or land use rights owned by the state*

229. *Transfers of ownership and land use rights owned by the state follow a clear process, with collected income while the process is being monitored and accounted for (LGI 15).* Trading public lands is done by public auction. However, an analysis of the land and property values from land auctions conducted on June 8, 2012 by the Chisinau City Hall and the market values for similar objects exposed to the market, found that the average auctioned price is lower than the market price for similar types of objects.

230. State lands can be allocated only for public administration or by concession, leasing, or leasing by public auction. The exceptions are direct contracts with the owners of the premises legally located on the land in question. Furthermore, state lands can be designated for use by non-profit legal persons who carry out charity or public interest activities.

231. Public property of the administrative and territorial units can be transferred for management to municipal enterprises and institutions, licensed, or leased pursuant to the decision of the local council or district. Alienation, lease or rent of immovable property which belongs to the administrative and territorial units is carried out by public auction organized according to the law.<sup>110</sup>

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<sup>108</sup> Art. 74 of the Civil Procedure Code of the RM and the Law on ombudsmen, No. 1349 of 17.10.1997

<sup>109</sup> Law on expropriation for public interest purposes, No. 488-XIV of July 8, 1999

<sup>110</sup> art. 77 of the Law No. 436-XVI of 28.12.2006

232. Publicly owned land shall be given on lease by the Government or by the local authorities through public auction or otherwise as provided by law. The annual payment for agricultural land lease from public property is at least 2%, but not more than 10% of the normative price of land.<sup>111</sup>

233. Sales and purchases of land related to privatized objectives, land undergoing privatization, land related to private companies, and land associated with unfinished constructions are carried out at the normative land price, calculated according to the average soil fertility established for the locality/country, depending on land use.

234. Land from the reserve fund is used for agricultural purposes until its use as intended can be given on lease as a priority to social workers and pensioners, as well as to socially disadvantaged families. For these categories of people, the specified land lease payment equals the land tax for the land plots next to the house, as set for the current year.

235. For publicly owned land related to the objectives of privatization or land being privatized, private enterprises and unfinished constructions, the annual lease payment is determined as a percentage of the normative price calculated for land associated with the designation, as follows: 2% for the municipality Chisinau, including places that are part of it; 1.5% for Balti, Bender, Tiraspol; 1% for other cities and the towns Anenii-Noi, Criuleni, Ialoveni, Straseni; 0.5% for other towns; and 0.2% for villages (communities).

236. Exposure to the sale of state public assets for privatization is carried out by the Public Property Agency under the Ministry of Economy and Trade. The decision on exposure to auction for land is taken by competent bodies (the Public Property Agency, government authorities of the administrative and territorial units), which publish information about the auction in the mass-media. The auction price is determined using the market value based on the evaluation report.<sup>112</sup> In the auction, the following can participate: individuals and legal entities from the Republic of Moldova, individuals and legal entities that are fully private, and stateless persons<sup>113</sup>.

237. It should be noted that state-owned enterprises to which public land is transferred for administration do not pay rent. They only transfer the net profit to the public budget based on the results of the trading activity, and a decision on the net profit distribution is adopted by the Board at the request of the administrator.<sup>114</sup>

238. As of 1 January 2012, the Register of public assets managed by PPA included 274 state enterprises with registered capital amounting to MDL 6.201 billion and a net asset value of MDL 12.93 billion.

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<sup>111</sup> art. 22 of the Law No. 198 of 15.05.2003

<sup>112</sup> p. 12 from the Regulation approved by GD No. 136 of 10.02.2009

<sup>113</sup> Category of people registered to reside legally in Moldova, who do not have Moldovan citizenship.

<sup>114</sup> art. 13 Law No.146 of 16.06.1994

239. According to data from the State Treasury, in the first half of 2012 the state budget collected revenues in the form of breakdowns from the net profit of state enterprises worth MDL 59.5 million, which also constituted 0.96 % of the share capital size or 0.00046% of the net assets' value.

240. It should be mentioned that according to the Decision of the Court of Accounts,<sup>115</sup> some irregularities related to economic and financial management have been found. These include the lack of sufficient measures to collect debts created from leasing greenfield land and non-used land, totaling MDL 3,551.8 million and MDL 364,800 respectively (of which MDL 705,600, accumulated in previous years).

241. Moreover, the current legislation provides for the collection of payments for use of public property land related to privatized objects or private enterprises and objectives, established unilaterally only by the local councils.<sup>116</sup> The rent should be no less than the annual lease payment calculated in accordance with the legislation in force and the respective designation. Thus, the annual rent payment is not collected for the land related to privatized objects that represent public property of the state.

## **Provision of public information about land**

### *Land registries*

242. *Land registries provide reliable (textual and geographic) information about (private and public) land rights to the public (LGI 16 - LGI 17).* With regard to the cadastre and its completion (including legal and graphical information), the Republic of Moldova is at an advanced level compared to other countries in the region. The cadastral (and registration) system is unified and in electronic form (geographically distributed database). Of the total estimated 5,700,000 real estate assets (including individual houses, house land lots, and gardens), 680,000 real estate assets out remain unregistered. Thus, the Cadastral Registry is 88% complete, covering 97.5% of private property records (with graphics) for land lots in the rural area, and 98.3% of records for land in urban areas.

243. A number of secondary rights (renting, mortgage, superficies, usufruct, use, habitation, servitude, concession, condominium of future or unfinished real estate, lease, temporary registration of a future construction, investment in construction contracts, fiduciary administration right, guardianship or trusteeship)<sup>117</sup> may also be recorded in the cadastre. However, the registration of some of this additional data is not done in a coherent and reliable manner. For example, registration of the lease right for three years is not mandatory and is usually not practiced, which may eventually create problems, first of all for the tenants.

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<sup>115</sup> HCC No. 59 of 28.12.2009

<sup>116</sup> art. 10<sup>1</sup> of the Law No. 1308 of July 25, 1997

<sup>117</sup> Law on Real Estate Cadastre, No. 1543-XIII of 25 February 1998

244. The land registry allows for the registration of restrictions (servitudes) or relevant official public fees.

245. Entries in the registry can be searched either by name of the holder or by parcel. For public access, the search cannot be carried out by name.

246. By law, the Cadastre in Moldova is public. The authority performing registration is obligated to issue register extracts within seven calendar days (or other timeframe set by law) to any physical entity who shows an ID card and files a request in writing, and to any legal entities that officially inform the authority of the requested information for all registered rights over any real estate. No extracts are issued in reference to real estate that has the status of state secret.

247. The information about registered rights over real estate shall be provided against payment, except for central public administration authorities and subordinated institutions, LPAs, the courts, bailiffs, law enforcement agencies of the Department of Enforcement, Prosecution, and Tax Authorities, and to other public institutions that hold specialized cadastres. Data about the transaction conditions constituting grounds for registration of rights over real estate shall be issued only to the participants in such transaction, as well as to court institutions, prosecutor's offices, criminal investigation bodies, and bodies with control duties.

248. The information on registered rights over a real estate asset shall be provided to physical and legal entities upon request, by providing access to the central database of the real estate cadastre through local computing and telecommunications networks and the internet.

249. Upon the request of the right holder, the Cadastre and its branch offices shall submit in writing information about persons who have received data on real estate assets over which the latter has certain rights.

250. The Law on Cadastre stipulates that extracts from the real estate registry shall be issued within three working days to physical entities who show their ID cards and file a request in writing, or to legal entities that officially inform the territorial cadastral body. The timeframe for considering the request for right registration shall not exceed seven working days following the date of filing the request. Upon the request of the rights holder, the registration can be done on an urgent basis, within three working days, or one working day. In such cases, the fee shall be calculated by applying the urgency coefficient.

251. The timeframe for considering the request can be extended upon the decision of the registrar, but not by more than 40 days, in cases where it is necessary to substitute the documents or to receive some additional documents from the applicant, public authorities, and other persons.

252. In generally, the services provided by the Cadastre body are client-oriented. In 2011, the SOE "Cadastre" joined the quality standards ISO 9001:2008, and has since adopted a client-oriented policy, which means a commitment to providing quality services in an efficient and transparent manner. The enterprise carries out certified registration activities and cadastral works, and provides information to clients. In its activity, the Cadastre provides guidance through its quality assurance policy, which is also

oriented toward providing quality services and meeting clients' needs. The document is available to the broad public on the enterprise's webpage.

253. The enterprise updates over 90% of the ownership-related information because the databases in the cadastral system are updated/synchronized on a daily basis.

### *Land administration services*

254. Land administration services are provided in a way that is easily accessible to users, cost-effective, and sustainable (LGI 18 - LGI 19).

255. There are two categories of fees levied for carrying out a property transfer: cadastral fees and notary fees. If the price of an asset or a right declared by an applicant in the notarial (transaction) deed proves to be lower than their estimated value, the transaction value is determined on the basis of the value indicated in the real estate registry.

256. The share of notary fees in the transaction value becomes smaller with increases in the transaction value. The registration cost of a property transfer is less than 1% of the property value for the whole country.

257. Access to the registration system guaranteed at the registration offices through automated enlisting at the counter and field visits to the mayor's offices, based on a schedule that coordinated with the local public administration authorities. Some services can be also accessed on-line using an electronic request.

258. SOE "Cadastre" and its branch offices operate on a self-sustaining principle, and charge fees for services provided to applicants. Fees are calculated by observing the principle of full cost coverage. The fees for registration of real estate assets and rights over those assets are variable (depending on the estimated value of the real estate asset subject to registration), while the fees for providing information from the real estate registry (extracts, certificates) are set at a fixed value. The methodology for calculating tariffs for services provided by the SOE "Cadastre" and its branch offices provides for a tariff quantum calculation based on accounting data on real costs reported by the SOE "Cadastre" for the previous financial year.

259. The fees charged by the SOE "Cadastre" for the registration of real estate assets and rights over these, as well as the fees for information allow for coverage of the operational costs of the registration system. In previous years, as a result of improvements to the enterprise activity, these fees enabled the accumulation of some reserve funds that will be invested in the development of new services (digital services) and information systems.

260. The work on mass primary registration of real estate assets and rights is financed from the state budget and carried out by private companies (for real estate property identification and measurement work) and by territorial cadastral offices (for real estate registration works as well as for registration of rights over these assets). The government allocates MDL 5-6 million annually for these purposes, which means that at such a pace, the cadastral documentation and real estate registration will be finalized in 15-20 years.

261. The lack of demarcation for land that is public property remains a major problem, creating impediments to the efficient and transparent administration of land owned by local public administrations, to development of a land market in the majority of localities of the country, and to increased revenues from real estate taxation.

262. According to estimates prepared by the ALRC, key investments for insuring the medium and long-term sustainability of the system are needed for:

- finalizing the mass primary registration of real estate in approximately 700 localities (approximately 780 thousand real estate assets) and the mass valuation for the purpose of real estate taxation in rural areas (estimated at MDL 150 million);
- designing a specialized information system for land cadastre that would allow the designation of land lots to be recorded, regardless of their form of ownership;
- finalizing the demarcation of public property according to the government program, which sets the deadline for carrying out respective works by 2018 (estimated at MDL 250 million).

263. There have been significant capital investments in the system for the registration of land rights, that allow the system to be sustainable. A number of international technical assistance projects have been implemented, providing the SOE “Cadastre” with the necessary equipment (measuring equipment, GPS, hardware, etc.).

264. Clients are provided services by the SOE “Cadastre” and its branch offices (Territorial Cadastral Offices (TCO)) located in district centers, municipalities, and in Ceadâr-Lunga and Vulcănești towns. Fees for services provided by the SOE “Cadastre” and its branch offices, including registration of real estate assets and of rights over these, were approved through Government Resolution No. 770 of 02 July 2007. The fees for services provided are posted inside the TCO buildings are communicated to applicants at the counter, and are posted on the webpage of SOE “Cadastre” ([www.cadastru.md](http://www.cadastru.md)).

265. Bills and fiscal invoices are issued for all the transactions carried out (registration, issuance of extracts, etc.).

266. Unofficial fees are generally discouraged within the SOE “Cadastre” and TCOs.

267. The ALRC prepares quarterly reports on the implementation of actions for combating crime, in compliance with Government Decree No. 12 of 17 February 2012 on Approval of the Action Plan for 2012-2013 for the implementation of the National Anticorruption Strategy for 2011-2015.

268. Among the activities included in the Action Plan are:

- creation of one-stop shops, and
- implementation of anti-corruption actions in the processes of staff recruitment, selection, employment, and promotions in public functions.

269. There are procedures being introduced for communicating cases of corruption through a hotline. The hotline number and other public information (for example, tariffs) are visibly posted on the premises

of cadastral offices. All the customer service counters are subject to video surveillance. The system is being gradually implemented in all the branch offices of SOE “Cadastru.”

270. The publication of thematic leaflets can serve as an additional measure for preventing informal payments, by raising awareness of the general public, which is not familiar with the Cadastre’s policies and procedures on registration of real estate assets and of rights over such assets.

## **Dispute resolution and conflict management**

### *Institutions for managing land related conflicts*

271. *Accessible institutions are available to manage land related conflicts fairly and expeditiously, preventing accumulation of grievance and escalation of conflicts (LGI 20).*

272. The court authority in the Republic of Moldova is independent, separate from the legislative and executive powers, and has its own duties, exercised through court institutions in compliance with the principles and provisions laid down in the Constitution,<sup>118</sup> such as Law on Courts<sup>119</sup>, the Law on Statute of Judges, the Law on the Supreme Court of Justice,<sup>120</sup> Civil Procedure Code of the RM,<sup>121</sup> the Law on Disciplinary Collegiums and Disciplinary Accountability of Judges,<sup>122</sup> and other laws. Thus, awareness of the fact that justice constitutes the exclusive duty of government was insured through the legislative process, and hence, no other authority can administer justice in the country.<sup>123</sup> The constitutional court system is permanent and binding, while justice is carried out based on the law.

273. Court institutions administer justice for the purpose of insuring the fundamental rights and freedoms of the citizens and their associations, enterprises, institutions, and organizations, and hear all cases related to civil relations, administrative misdemeanors, contraventions, and crimes, as well as other cases for which the law does not assign a different responsibility.

274. In the Republic of Moldova, justice is ensured through the following court institutions: the Supreme Court of Justice; Courts of Appeal, and Courts of First Instance<sup>124</sup>. Specialized courts may operate for certain categories of cases.<sup>125</sup>

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<sup>118</sup> Chapter IX of the Constitution of the Republic of Moldova of 29.07.1994

<sup>119</sup> Law No. 514 of 06.07.1995

<sup>120</sup> Law No. 789-XIII of 26.03.1996

<sup>121</sup> Civil Procedure Code of the Republic of Moldova, No. 225 of 30.05.2003

<sup>122</sup> Law No. 950 of 19.07.1996

<sup>123</sup> Article 114 of the Constitution of the Republic of Moldova

<sup>124</sup> Article 15 of the Law No. 514 of 06.07.1995

<sup>125</sup> Article 25 of the Law No. 514 of 06.07.1995

275. In addition to state institutions settling disputes and cases by applying the power of constraints against the will of a given party, there is a wide range of other mechanisms for settling disputes, among which are arbitration,<sup>126</sup> mediation,<sup>127</sup> and conciliation.<sup>128</sup>

276. In general, the courts examine all civil cases<sup>129</sup> within their jurisdiction. Thus, as institutions of first instance, the courts examine all actions filed that fall under the jurisdiction of common law court institutions (except for those that fall under the jurisdiction of other institutions by law), namely, civil cases regarding infringed or contested rights involving physical and legal entities or public authorities, criminal cases within the jurisdiction of the court, and cases on administrative misdemeanors. The courts have their offices in district centers or municipalities.

277. The District Commercial Court<sup>130</sup> examines, as a court of first instance, all cases and requests falling under its jurisdiction by law, namely, civil cases legally contesting decisions of the arbitration court, issuance of titles for forced execution of arbitration decisions, reorganization or dissolution of economic entities, protection of professional reputation in entrepreneurial or other economic activities.

278. Actions regarding the right of ownership over land, subsoil, forestry belts, perennial plantations, isolated water resources, houses, premises, constructions, other objects fixed on land, as well as actions for removing seized goods are filed in the court in the jurisdiction where such goods are located. If the goods in question are located in the jurisdictions of several court institutions, the case shall be filed in any court in the jurisdiction where a part of goods are located.

279. If interlinked claims are examined by several court institutions at the same time, these are to be joined and examined by the first informed court. The courts (court), as informed afterwards, will displace the claims to the first informed court by a resolution that can be appealed.<sup>131</sup>

280. Conflicts of jurisdictional responsibility<sup>132</sup> are settled as follows:

- a court institution faced with a conflict of jurisdictional responsibility suspends the proceedings and forwards the file to the court which has the right to settle the competence related conflict;
- when two or more court institutions within the district of a common appellate court declare themselves competent to judge the same case, or when these court institutions declare by irrevocable conclusions their incompetence for judging the same case, the competence-related conflict is judged by the common appeals court;
- competence-related conflicts between two or more court institutions that do not belong under the same Court of Appeals or between a court and an appellate court, or between appellate courts are

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<sup>126</sup> Law on Arbitration No. 23 of 22.02.2008

<sup>127</sup> Law on Mediation No. 134 of 14.06.2007

<sup>128</sup> Article 212 of CPC No. 225 of 30.05.2003

<sup>129</sup> Article 33<sup>1</sup> of CPC No. 225 of 30.05.2003

<sup>130</sup> Article 35 of CPC No. 225 of 30.05.2003

<sup>131</sup> Article 37 of CPC No. 225 of 30.05.2003

<sup>132</sup> Article 44 of CPC No. 225 of 30.05.2003

judged by the Civil, Commercial, and Administrative Misdemeanor Collegiums of the Supreme Court of Justice.

- competence-related conflicts between the District Commercial Court and another court institution are examined by the Chisinau Court of Appeal.
- competence-related conflicts between the District Commercial Court and a common law appellate court are examined by the Civil, Commercial, and Administrative Misdemeanor Collegiums of the Supreme Court of Justice.

281. A system for contesting court decisions related to land conflicts is fully constituted and functional.<sup>133</sup> Thus, decisions pronounced by courts of first instance can be contested in the Court of Appeals.

282. Decisions pronounced in the courts of first instance can be contested in the common law appellate courts, while decisions pronounced in the first instance by the District Commercial Court can be contested in the Chisinau Appeals Court. The term for declaring the appeal is 30 days from the date of the judgment ruling,<sup>134</sup> if the law does not provide otherwise, while the appeal is examined within a reasonable time frame.

283. The conclusion given in the court of first instance can be appealed separately from the decision<sup>135</sup> by the parties and other participants in the proceedings in cases provided for by the Civil Procedure Code and other laws, as well as in cases when the conclusion makes it impossible to pursue the case any further, the conclusion is examined in the Court of Appeals in compliance with the rules set by the Civil Procedure Code.

284. Statistical data regarding the contestation of court decisions related to conflicts, including land related conflicts, are not reflected in the official statistics of the country, while the statistical data on civil and criminal cases are partially reflected by the Ministry of Justice on their webpage ([www.justice.gov.md](http://www.justice.gov.md)) and presented by the Court Administration Department.<sup>136</sup>

285. Thus, based on data from the Ministry of Justice, 12,224 civil cases were appealed in 2012, approximately 28% of the total number of decisions adopted. The MOJ has no data on the average examination term. According to estimations carried out on the basis of discussions held with attorneys, the average examination term is 3-4 months.

286. The state fee for court decision appeal requests is 50% of the fee calculated for the summons<sup>137</sup> (for the summons referring to property related disputes, the state fee is 3% of the case value or of the

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<sup>133</sup> Title III - Ways for appealing court decisions, CPC, No. 225 of 30.05.2003

<sup>134</sup> Article 362 of CPC No. 225 of 30.05.2003

<sup>135</sup> Article 423 of CPC No. 225 of 30.05.2003

<sup>136</sup> Letter No. 01/314 of 02.04.13

<sup>137</sup> Law on State Fee, No. 1216 of 03.12.1992

collected amount, but a minimum of MDL 150 and a maximum of MDL 25,000 from physical persons, and a minimum of MDL 270 and a maximum of MDL 50,000 from legal entities. The fee for non-property-related court decision appeal requests is MDL 100.

287. The attorney fees for legal assistance provided, as recommended by the Council of Attorneys Union of the Republic of Moldova,<sup>138</sup> consists of hourly rates of approximately MDL 400 and 800 per hour, or a fixed rate (no less than MDL 5,000 if the case is terminated as a result of the reconciliation of parties), reimbursement of the attorney's expenses for travelling to another locality, and a success fee constituting 17% of the proceedings value on average.

288. Vulnerable persons can benefit from legal assistance guaranteed by the state,<sup>139</sup> which is provided to persons whose monthly income is lower than the per capita minimum subsistence level in the country,<sup>140</sup> determined on the basis of calculations made by the National Statistics Bureau.

289. In some cases, there are also case trial expenses covered by the participants. These expenses include amounts paid to witnesses, experts and specialists; transportation and lodging expenses covered by the parties and other trial participants in connection with their appearance in court; compensation for employment time lost; expert costs; and legal assistance expenses.

### *Unresolved conflict/disputes*

290. *The level of unresolved conflict/disputes is low enough to not affect the productivity of land use or threaten social stability (LGI 21).*

291. Statistical data on civil cases, including land-related ones, submitted by the Court Administration Department show that the average term for *settling* land-related conflicts in the court of first instance is 6-10 months, while the average term for *appealing* court decisions on land-related conflicts is 3-6 months.

292. The costs incurred in settling a land-related dispute before the issuance of an irrevocable decision are at least MDL 5,614 for non-property-related cases, and MDL 5,670 for property-related cases. These costs are comprised of: the state fee for summons, estimated at a minimum of MDL 114 (MDL 100 + (MDL 50\*27.6%)) for non-property-related cases, and MDL 170 (MDL 150 + (MDL 75 \* 27.6%)) for property-related cases; attorney's expenses at a minimum of MDL 5,500 (MDL 5,000 fixed tariff, and MDL 500 in travel expenses); and a success fee of 17% of the trial value on average.

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<sup>138</sup> Resolution of the Council of Attorneys Union of the Republic of Moldova No. 2 of 30.03.2012

<sup>139</sup> Law No. 198 – XVI of 26.07.2007

<sup>140</sup> Regulation on the procedure for calculating the minimum subsistence level, approved through GD No. 902 of 28.08.2000

**Table 5: Information on civil cases settled in 2011-2012 (Ministry of Justice Letter No.01/314 of 02.04.13)**

Year	Examination term < 12 months		Examination term < 24 months		Examination term < 36 months		Examination term > 36 months	
	Decisions approved	%	Decisions approved	%	Decisions approved	%	Decisions approved	%
<b>2012</b>	44263	83.94%	2299	12.2%	472	2.5%	251	1.3%
<b>2011</b>	44024	86.57%	1412	9.38%	400	2.7%	209	1.4%

293. In 2012, the share of land-related conflicts in the official judicial system was less than 1% of total cases examined. In the case of land disputes, the key stakeholders involved in the court proceedings are the SOE “Cadastru”, TCOs, cadastral engineers from mayors’ offices, and physical and legal entities.

294. The reasons for the emergence of such situations could be the relatively low market prices for land, the high costs associated with applying to a court institution, long distances to court institutions, and low incomes among agricultural landowners, etc.

## Forestry

### *National and international context*

295. *National and international context supporting the conservation of forests and mitigation of climate change impacts.* The forestry-related policy processes are developed and promoted through a number of agreements and forums at the global level.<sup>141</sup> The forestry-related political dialogue has intensified due to efforts made by each separate state, including by the Republic of Moldova.

296. Moldova’s participation in implementing the sustainable development concept provides new opportunities for finding solutions to its own problems. As a young state situated in an unstable region between the poles of influence of EU member states, those aspiring to join the EU, and those from the post-totalitarian world, Moldova must identify its own development priorities, and environmental and social-economic strategic policies. Sustainable development is one of the big challenges in this sense. The Republic of Moldova is party to 26 international environmental conventions, seven of which are also related to other human activity areas (agricultural, industrial, military, etc.).<sup>142</sup>

<sup>141</sup> These include the United Nations Conference on Environment and Development (UNCED), Intergovernmental Panel for Forestry (IPF), Intergovernmental Forum on Forestry (IFF), the Food and Agriculture Organization of United Nations (FAO), and International Tropical Timber Organization (ITTO).

<sup>142</sup> The documents associated with these Conventions include: Protocols – 6, Amendments – 11, Agreements – 2; - International

297. The forestry sector in Moldova is in need of deep reforms and many international organizations are working with the Government to strengthen the sector and its institutions.<sup>143</sup> However, due to strong opposition from various sides, there is no guarantee that these reforms will be approved soon. Until then, the main documents that help govern this sector are the National Program for Environmental Security for 2007-2015, as well as the Strategy for Sustainable Forestry Development, approved by Parliament in 2001.

298. The main policy directions for forestry sector development are stipulated in the Strategy for Sustainable Forestry Development (2001) and include: increasing the eco-protective and bio-productive potential of natural forests, conservation of forests' biological diversity, extension of areas covered by forest, increasing the effectiveness of security and forest protection, increasing the contribution of the forestry sector in solving socio-economic problems, and conservation of national countryside.

299. To organize and monitor the implementation of international conventions and agreements, special units or offices have been established for areas such as biodiversity, ozone, climate change, reduction of carbon emissions, and chemical management. The Republic of Moldova became party to 18 bilateral and multilateral agreements for which focal points have been designated. The "Moldsilva" Agency signed four bilateral agreements on collaboration with different institutions and authorities from Romania, Russia, and Ukraine.

300. The activities of "Moldsilva" Agency aimed at extending the forestry vegetation land areas are focused on and directed towards maintaining and producing forestry crops planted within international projects related to Moldova's commitments under the UN Convention on Climate Change and the Kyoto Protocol. A Project Implementation Unit was established within ICAS (Forest Research and Management Institute), and a focal point was created for implementation of the FLEG program at Moldsilva Agency.

301. The following projects have been implemented:

(a) *"Soil Conservation in Moldova" Project*

302. At the beginning of 2002, Moldsilva Agency started implementing the "Soil Conservation in Moldova" Project. The project was launched on 1 October 2002. The overall objective has been

Agreement on Environment to which the Republic of Moldova is a party – 2. Other national acts have also been developed: Laws – 109; Parliament Resolutions – 26; By-laws (Government Resolutions) – 142; Strategies – 10; Environmental Concepts – 8; Environmental Programs – 9; Environmental Plans – 6; Acts of the Central Authority in the Field of Environment – 24. Many other acts have also been developed over the past years with reference to international conventions on environment and development.

<sup>143</sup> For instance, the World Bank provides support to build institutions through its Forest Law Enforcement and Governance (FLEG) Program. With the support of the UNDP in 2011, the Government started to develop a National Strategy on Environment for 2012-2022, which would be the second policy document on environment and sustainable development.

contributing to the rehabilitation and conservation of soil through forestation of 20,300 hectares of degraded land. The Soil Conservation in Moldova Project is implemented and funded by Moldsilva Agency, with an investment of approximately US\$19 million for the first 20 years. The holders of land areas planned for forestation include 383 mayors' offices and 23 forestry companies from all the territorial and administrative areas of the country (except for Transnistria).

303. In addition to cultivating forestry products, CO<sub>2</sub> emissions will be reduced by 3.6 million tons in net volume in the first 20-year period; of the 3.6 million tons target, 1.9 million tons have already been contracted with World Bank Funds.<sup>144</sup>

304. The total volume of transactions was US\$7.05 million. This amount will cover approximately 37% of the total investment costs required for project implementation, with the remaining amount covered by Moldsilva Agency.

305. In 2012, a verification procedure was carried out by the German TUV firm for the Soil Conservation in Moldova Project, which confirmed the results of forestation activities and CO<sub>2</sub> greenhouse gas sequestration. The verification report was approved, and a certificate for the reduced quantity was issued.<sup>145</sup>

(b) *“Communal Forestry Sector Development in Moldova Project”*

306. The goal of the project launched on 1 November 2006 was to create new communal forests on an area of 8,468.84 ha through forestation of non-productive land lots by applying agro-forestry practices. The project was developed by Moldsilva Agency in collaboration with the World Bank BioCarbon Fund. The project involved 278 mayors' offices and 21 forestry companies.

307. The Project is co-financed and implemented by Moldsilva Agency. The total investment will amount to US\$28.2 million for a 30 year crediting period. The revenues collected from the sale of temporary reduction emissions certificates (RECTs) will partially cover the Moldsilva Agency budget allocated for the project. The net CO<sub>2</sub> sequester within the project boundaries throughout the crediting period is estimated at 3.8 million tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). Moldsilva Agency signed an agreement

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<sup>144</sup> These are agreements with (a) Carbon Prototype Fund (procurement of 1.3 million tons; signed on 23 January 2004, for the period 2004-2017; total amount –US\$ 4.55 million); and (b) BioCarbon Fund (procurement of 0.6 million tons; signed on 16 May 2006; for the period 2006-2015; total amount –US\$ 2.48 million).

<sup>145</sup> The World Bank issued a press release on this occasion, stating the following: “On 25 October 2012, the United Nations Framework Convention on Climate Change (UNFCCC) announced the issuance of the first carbon credits generated by the Soil Conservation in Moldova Project and purchased by the World Bank BioCarbon Fund. The issuance is for 851,911 temporary reduction emissions certificates (RECT), which is the largest issuance of carbon credits in a forestation project from the European and Central Asian countries in transition. This was just the second land use and modification of land use project registered with the UNFCCC, and the first project issuing carbon credits in Moldova. It is an excellent example of the way in which the cooperation between different forestry actors from within a large scale project can change the situation, involving actors, such as the Forestry Agency of Moldova “Moldsilva”, Forestry Research and Development Institute, private partners from the forestry sector, local communities, and the World Bank.”

with the World Bank BioCarbon Fund on 26 May 2009 that provides for commercialization of approximately 550 thousand tCO<sub>2</sub>e. The transaction amount constitutes US\$2.6 million for the period 2009-2014. Currently, the project has reached the final validation stage, which will be followed by registration of the project at the Clean Development Mechanism (CDM) Executive Council.

(c) *“Supporting the Communities in the Sustainable Integrated Management of Forests and Carbon Sequester through Forestation Program”*

308. To encourage the communities participating in the “Communal Forestry Sector Development in Moldova” Project, the Japanese Government provided a Grant of US\$975,900 to the Republic of Moldova. The project implementation period was 2009-2013. The overall objective of the project was to ensure the sustainability of communal forestry sector development in Moldova.

309. During 2010-2011, 19 beneficiaries joined the PSC, and the total budget for the 19 projects was approximately MDL 4 million, MDL 3.4 million of which (approximately US\$293,000) came from funds requested from the PSC, while MDL 683,000 (15%) came from local contributions. The works carried out within those 19 projects will have a positive influence on the forests and pastures of the respective communities, contributing substantially to the improvement of their general condition and their management, and to the appreciable environmental and economic benefits to the project areas.

(d) *Moldsilva Agency also participates in the implementation of regional programs, such as ENPI FLEG.<sup>146</sup>*

310. In 2008, a participatory process was launched in Moldova with World Bank support for drafting the National Action Plan for the Forest Law Enforcement and Governance Program (FLEG) in Moldova. The ENPI-FLEG Program for Moldova contributed to development of a new version of the Forestry Code, analytical studies on timber consumption and illegal logging, training and capacity building sessions, land management works on 2,520 ha of communal forests held by 13 pilot mayors’ offices from five administrative districts.

(e) *“Support for the Restoration of Forestry Protection Belts”*

311. The Republic of Moldova is benefitting from the Project “Agriculture Competitiveness Enhancement in Moldova”. With reference to the forestry sector, this project includes a sub-component entitled “Support for the Restoration of Forestry Protection Belts,” which provides funding for the establishment of two mechanized mobile teams equipped with machinery and other equipment necessary for carrying out forest reconstruction works. In addition, this sub-component includes rehabilitation of the forestry protection belt in the southern part of the country, where the soil is degraded by an alarming

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<sup>146</sup> The full name of the program is the European Neighborhood and Partnership Instrument East Countries Forest Law Enforcement and Governance Program.

degree. According to preliminary estimates, the rehabilitation works will cover approximately 2,000 ha in forestry protection belts.

- (f) *Moldsilva Agency is a beneficiary of the “Information and Communication Technologies for Improving Forestry Legislation and Governance” Project.*

312. The Project was funded by the Korean Trust Fund for Information and Communication Technologies Development, and was implemented by the Bloom Company (Moldova) during the period June 2012–February 2013.

313. There is good international integration in the environmental and forestry sectors, through which Moldova has assumed a number of commitments and shown interest in participating in their implementation. There is a need for developing and implementing a mechanism for incorporating the environment-related requirements in the sector policies and programs, and for setting focal points in respective areas and coordinating their actions, particularly the inter-sectoral ones.

314. The Action Plan for Implementation of the National Strategy for Sustainable Development of the forestry sector for the period 2004-2020 included plans to establish around 128,000 ha of forests. In the period 2004-2010, about 60,000 ha were planted, while another 68,000 remain to be planted over the remaining period.

315. A recently developed action plan provides for the expansion of forestry vegetation by 12,000 ha during 2013-2017. The National Strategy and Action Plan for Biodiversity Conservation (2001) established a set of priority actions for the forestry sector. Some of these are:

- (a) structural and functional restoration of degraded ecosystems;
- (b) creation of a national environmental network as the basis for stabilization of landscapes, ecosystems, and biodiversity conservation;
- (c) reduction of the negative impact of human activity on ecosystems and biodiversity;
- (d) improvement of the legal and institutional framework for biodiversity conservation management;
- (e) environment related information and education for the general public that encourage people to make to make better decisions on biodiversity conservation and rational use of natural resources.

316. The current condition of forests and other types of forestry vegetation in Moldova requires management that is oriented toward preventing soil degradation, improving environmental conditions, and increasing carbon storage capacities.

317. The overall potential for expanding agro-forestry and forest-pasture practices in Moldova is about 80,000 ha of degraded lands and approximately 300,000 ha of badlands<sup>147</sup>.

318. The UN Reduction of Emissions from Deforestation and Degrading of Forests (REDD) represents an opportunity for the Republic of Moldova. A recent study shows that the total annual volume of timber from non-identified sources (mostly from illegal forestry operations and trade) is approximately 400,000 m<sup>3</sup>. The study proposes a number of biodiversity conservation actions, including creation of databases, improvement of the institutional framework, and ongoing training of specialists involved in the forestry sector.

319. There are also opportunities for creditable nationally appropriate mitigation actions (NAMA) for certain activities under the REDD umbrella. However, the current price level for the reduction of emissions and their status (VER) does not offer a substantial economic benefit from such projects.

### *Aspects related to forests*

320. *Aspects related to forests—public goods, recognized by law and protected.* Pursuant to Article 14 of the Forestry Code, the forests of the Republic of Moldova are included in Functional Group I, having exclusive environmental protection functions.

321. Based on the Government Resolution on Classification of Forests into Functional Groups and Categories,<sup>148</sup> and depending on the economic importance, location, and functions assigned, forests from the Forest Fund of Moldova are classified into functional categories. The sub-groups of functional categories of forests in Moldova are:

- (a) Forests with water protection functions;
- (b) Forests with land and soil protection functions;
- (c) Forests with protection functions against climate factors and harmful industrial factors;
- (d) Forests with recreation functions; and
- (e) Forests of scientific importance, and for forestry genetic fund and ecosystem conservation.

322. It should be mentioned that the surface of state protected areas located within the limits of the Forest Fund was considerably extended through the Law on State Protected Areas.<sup>149</sup>

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<sup>147</sup> According to Land Cadastre data (2012)

<sup>148</sup> No.1008 of 30 October 1997

<sup>149</sup> No.1538-XIII of 25 February 1998

**Table 6: Distribution by categories of state-protected areas located within the limits of the Forest Fund, managed by the state forestry authorities**

No.	Categories of protected areas	Number of objects	Surface area, ha
1.	Scientific reservations	4	18,542.0
2.	Monuments of nature	32	785.2
	a) geologic and paleontological	20	660.3
	b) botanical	12	124.9
3.	Natural reservations	60	7791
	a) forests	51	5001
	b) herbs	8	2740
	c) mixed	1	50
4.	Landscape reservations	40	32,804.4
5.	Resource reservations	4	478
6.	Wetlands of international importance	3	13,727.0
<b>Total</b>		<b>143</b>	<b>74,127.6</b>

323. The current Forestry Code sets and firmly promotes sustainability and provides for protection of a broad range of public goods and services (functional sub-groups I-V). Government Resolution No. 618 of 04 June 2007 approved the list of indicators for each of the criteria for sustainable management of forests.

324. The criteria for sustainable management of forests are:

- maintenance, conservation, and improvement of the biological diversity in forests;
- maintenance of the health and vitality of forests;
- maintenance and intensification of the protection function of forests;
- maintenance and strengthening of the productive capacity of forestry resources, and their contribution in the world carbon cycles;
- maintenance and stimulation of the productive functions of forests (timber and non-timber products);
- maintenance of other social and economic functions and conditions of forests.

325. There are considerable reserves in improving the management efficiency of all the land areas of forestry vegetation under the subordination of local public administration authorities. The forests managed by other holders fall in the category of land and soil protection forests, as well as in the category of forests for protection against climate factors and harmful industrial factors. These forests have been planted as a priority over the past 50 years on land areas unfit for agricultural uses, and are represented by smaller dispersed forest vegetation areas located outside the limits of rural and urban areas, with acacia being the main species. In these forests, the forestry regime is practically not observed. Forests were not arranged properly, care and management actions are not universally applied, and they are seriously affected by grazing, illicit logging, pollution by wastes, etc. Currently, only 186 of 978 mayoralities (in 1679 localities) and 9944 ha or 18% of the total surface area of forestry vegetation is managed by the local public administration authorities.

### *Forest certification and chain of custody systems*

326. *Forest certification and chain of custody systems to promote sustainable harvesting of timber and non-timber forestry products.* Forest certification is an action by which the nationally and internationally recognized organizations issue certificates confirming the administration of forests of a particular territory based on internationally recognized standards in the sustainable development of forests and forestry vegetation lands outside the forestry estate.

327. Forest certification allows the producer to publicize his/her forest administration practices, and the consumer is assured that the products purchased do not contribute to the destruction or degradation of forests. Chain of custody systems (for forests in the forestry estate (fund) and forestry vegetation areas outside the forestry areas) as well as the forestry products harvested are eligible for forest certification. Forest certification is an activity gaining magnitude throughout the world that will inevitably be promoted in the Republic of Moldova in the context of European integration and adherence to international environmental and living standards.

328. Currently, a draft Regulation on Forest Certification is being completed by Moldsilva Agency, and it will be submitted to the Moldovan Government for approval.

329. *Promotion, competition, income generation and productive rural employment.* The share of small and medium enterprises in the forestry sector is very small. In 2011, there were only 5 micro and 17 medium sized enterprises involved in forestry, forestry exploitation, and related services.

**Table 7: Distribution of enterprises in the forestry sector by size**

Total by activities	2011				
	Total	Large	Medium	Small	Micro
	48,541	1,204	1,502	9,194	36,641
<b>A. Agriculture, hunting and forestry</b>	2,464	64	234	852	1,314
<b>A. 01 Agriculture, hunting and auxiliary services</b>	2,438	60	217	852	1,309
<b>A.02 Forestry, forestry exploitation and related services</b>	<b>26</b>	<b>4</b>	<b>17</b>	<b>0</b>	<b>5</b>

### *Benefits and income from public forests*

330. *Sharing benefits or income from public forests with local communities by law.* There is no legislation in Moldova that provides for the sharing of benefits or income from public forests with local communities.

331. Taxes and fees to be paid to the central and local budgets are set through the State Budget Law, which is approved every year. Fiscal authorities implement and monitor the payment of taxes and fees at the central and local levels. The amounts collected from the management of forestry resources are insignificant, and the local authorities and communities are not interested in increasing those amounts or improving the administration of forests.

332. Forests can be rented per Article 26 of the current Forestry Code. The tenants pay to local budgets taxes and fees indicated in the Fiscal Code and State Budget. There is no social dialogue among investors, local authorities and communities, and no interest by business communities. Some contradictions and conflicts occur between the population and investors.

333. There is a need to review the national forestry legislation on involving communities and LPAs in the development of national and local forestry management plans.

334. It is also necessary to develop and implement national communication programs in the forestry sector to raise awareness about forestry-related problems at national and local levels. Public administration authorities and local communities will be involved in scientific and technical discussions on forestry sector development areas. Training for forest land holders and owners will be organized to promote forestry education.

335. According to Land Cadastre (2012) data, the area of private forests is around 3,500 ha or 0.9 % of the total land surface of Moldova. Private forests have developed in recent years and the trend is toward further expansion. There is increased interest among private persons and legal entities in planting forestry vegetation on private lands. In order to provide the necessary legal and financial support, the latest edition of the Forestry Code should include provisions concerning the development of private and communal forests.

#### *Forest estate boundaries and classification*

336. *The definition and demarcation of forest estate boundaries and their classification into various uses and ownership categories.* The forestry estate areas owned as public property by the state and managed by Moldsilva Agency are defined and reflected in the annual land records, as well as in the records covering 10-year forestry land use projects, which record disputes and uses. Every year, these areas are subject to substantive inspections on the status of protection against forestry-related crimes (illicit logging, poaching, illicit change of holders, owners and the designation of land lots). Based on these inspections, actions are initiated in court institutions. Unfortunately, the demarcation of the forest estate boundaries has not yet been carried out. This has been due to the lack of funds and imperfect legislation, which says that such activities shall be carried out only by the institutions of the ALRC. The absence of boundary demarcations confirmed by ownership titles allows for boundary infringements by neighboring owners.

337. The areas of forest estate that are the property of local public administration authorities are not defined, and no inspection or monitoring of the status of protection against forestry contraventions and crimes is carried out. Local governments do not have specialized forestry staff to manage such areas. Forest management plans and specialized forestry records are missing. Various forestry contraventions and crimes are being committed.

338. Article 29 of the current Forestry Code lays out the rights and obligations of forest managers. The managers of forestry estate land areas are obligated to:

- (a) ensure the regeneration, guarding, and protection of forests, improvement of the sanitary condition of forests, care of forests and improvement of their productivity, conservation

- of forest biological diversity, organization of forest use, record keeping, and fulfillment of other obligations for forestry estate administration purposes;
- (b) rationally use forest products;
- (c) carry out works according to methods that preserve the protective function of forests, as well as ensure optimal conditions for the regeneration of arboreta, and the growth of herb, food and technical plants.

339. Forest boundaries are to a large extent inspected and clearly delimited in the majority of forest categories, while the ownership rights are contested due to the lack of demarcation of boundaries and registration.

340. The majority of local public administration authorities do not have forest land use plans. The current legislation of the Republic of Moldova does not provide for public input in their development. Public input is not requested in the process of drafting and amending forest land use plans.

### *Forest-related contraventions, crimes, and corruption*

341. *Controlling forest-related contraventions and crimes, and combating corruption.* The Government monitors the magnitude and types of forest-related crimes only partially, and makes unsystematic efforts to control them.

342. There is a need for: promoting institutional reform of the forestry sector in Moldova; separating the administration functions from the forest land guarding functions; coordinating actions for fighting forest-related contraventions and crimes among forestry authorities, environmental authorities, and local public administration authorities; involving the local communities in activities aimed at fighting forest-related contraventions and crimes; establishing a branch structure for combatting internal crimes, eliminating conflicts of interest, and fighting corruption and crimes in the forestry sector; and promoting transparency in the sector's activity and decision making process.

343. Every four to five years, the specialized central authority in the forestry sector, i.e., Moldsilva Agency, develops action plans for combating forestry-related contraventions and crimes in collaboration with the authorities of the Ministry of Interior, local public administration authorities, and local communities. Joint actions and exchanges of information are undertaken under the respective authority's action plans.

344. The justice authorities periodically examine the observance of forestry legislation through the quality of materials prepared by the forestry and environmental authorities, as well as through the actions undertaken in the sector.

345. To implement activities for strengthening the sector's governance and legislation, a FLEG Plan has been developed and approved through the order of the General Director of Moldsilva Agency and the current Consultative Council for the implementation of the FLEG Project.<sup>150</sup>

346. Every forestry entity also develops an action plan in collaboration with the local public administration level II and III authorities (district and mayoral office levels), to systematically examine their implementation and the status of forest land guarding.

347. Data on the status of forest land guarding is published on the Moldsilva Agency's webpage (<http://www.moldsilva.gov.md>), and is covered in the mass media.

348. The availability of considerable quantities of timber of unknown origin on the domestic market implies that there are problems with the transparency and effectiveness of forest management.

349. Officers within and outside the Forestry Agency work together to combat forest-related crimes and the government collaborates with civil society organizations and representatives of local communities. Judges and prosecutors are generally aware of the effects of forest-related crimes.

350. The administration and protection of forestry vegetation lands held by the LPAs could be strengthened by combining the efforts of central and local government authorities to establish a dialogue with local communities on the establishment and observance of the forestry regime.

### *Large scale acquisition of property rights*

351. In the Republic of Moldova, there is no legal framework directly dedicated to the large-scale acquisition of property rights over agricultural land. Investors seeking to invest in agriculture may lease agricultural land or enter into sale-and-purchase transactions at market prices, based on direct negotiations with rights holders. However, for public as well as private land, investors are guided by the general legal framework on the privatization of public property and/or legislation on public-private partnerships. Investors are not interested in public agricultural lands owned by LPAs because the area of the reserve fund is very small. MAFI manages approximately 15,000 ha of state agricultural land, educational and scientific institutions, experimental farms, etc.

352. The Government of Moldova created an adequate legal basis, including favorable tax treatment for investors. By law, foreign companies enjoy the same treatment as local companies (national treatment principle). A notable exception to foreign investors (individuals, companies and companies with foreign capital) is the prohibition against the purchase plots of agricultural land. However, agricultural land can be rented for long terms.

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<sup>150</sup> Order of Moldsilva Agency No.11-P of 30.01.2009 on Approval of the National Action Plan for Combating Illicit Logging and Other Forestry Related Contraventions and Crimes.

353. Restrictions on land use (including delimitation or changing the designation of the rural land use) are not recorded in the real estate register, but should be carried out under territory development projects and schemes and existing urban planning documents. Thus, to determine the existing restrictions on land use, the general urban plan and other official plans approved by the City Council should be consulted.

354. There are also restrictions for protecting agricultural lands that prohibit their use for purposes other than agriculture. The construction of agriculturally irrelevant objects on such lands is also prohibited. However, landowners have the right to change the use of agricultural land, but only with the consent of the local authorities, as required by the Government. Withdrawal of high quality agricultural land from the agricultural circuit is prohibited, except for state and public purposes and only in exceptional cases by Government Decision.

355. In Moldova, there are no public institutions that deal directly with the promotion, delivery or acquisition of land for purposes of investment interest. However, the ALRC is authorized by the Government to acquire land for investment and infrastructure purposes by means of expropriation. ALRC accounts are audited by the Court of Accounts, but not on a regular basis. Land has never been expropriated for agricultural projects in Moldova.

356. Moldova has a number of written measures to encourage and stimulate investments in the country's economy. Among these are VAT refunds, incentives offered by free economic zones and industrial parks, agreements on avoidance of double taxation, and bilateral agreements with other governments regarding investment protection.

357. Mechanisms for sharing the benefits from investment in agriculture do exist and generally the public does benefit from agricultural investment. Inclusion or non-inclusion of measures on community interest in sale and purchase, lease, loan agreements/contracts concluded with the investors will depend in many cases on the competencies of responsible officials from LPA. Freedom of contract is protected by law and contract clauses are freely negotiated and agreed, are authenticated by a notary. Whatever the embodiment of public-private partnership, the partnership is based on a balance between the rights, obligations and benefits of public-private partnerships provided by law based on the capabilities of each partner to distribute the corresponding resources, risks and rewards.

358. According to the law, investors are required to provide comprehensive information on the company, including basic data and financial/technical analysis, in order to assess the viability and benefits of the project. Investors are required to provide meaningful information, although this is not always sufficient to assess the appropriateness of the project. Investors only provide all the required information under certain conditions, such as contractual forms of partnership (for example, the concession contracts<sup>151</sup>) or establishment of a public-private partnership,<sup>152</sup> and this information is publicly available only if the contracts provide for such disclosure.

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<sup>151</sup> Law on concessions, No. 534 din 13.07.1995

359. Social safeguard requirements for investors are not documented or clearly defined in the legislation in force. However, the legislation in force provides for the monitoring and evaluation of public-private partnerships, although an implementation mechanism has not been developed.

360. The contractual provisions relating to community and public land acquisition expressly provide for the benefits and risks of sharing methods.

361. To attract private investment for projects of public interest (and thereby improve the quality of services, public works and other activities of public interest and strengthen efforts in organizing effective public-private partnerships, the Government created the National Council for public-private partnerships.<sup>153</sup> The basic function of the Council is to assess state policy and define priorities and strategies for implementing public-private partnerships in Moldova.

362. State ecological expertise is mandatory for project documentation and planning on economic objects and activities intended to influence or that might influence the state of the environment and/or allow use of natural resources, regardless of purpose, location, type of ownership subordination of these objects, the volume of capital investments, the source of funding, or the manner of execution of the construction works.<sup>154</sup>

363. The guarantee for respecting the investor's rights is assured by the legislation in force, and in case an investor's right is damaged by a public authority, the investor is entitled to request the removal of the infringement and compensation for damages. Investors are obliged to carry out investment activities in accordance with the legislation in force and with international agreements to which Moldova is party. Thus, the Government of Moldova, and local and central public administration authorities can give orders to enterprises only within the limits of their powers established by law, and in case of violation of laws or contractual obligations, investors are liable under Moldovan law.

364. Statistics on civil cases, including land, provided by the Ministry of Justice show that the number of land conflicts is about 1% of the total number of civil conflicts examined by the courts. Experts have noted that land conflicts are resolved with difficulty and may last for up to five years. Of the total number of civil cases appealed, only 1.3% last for more than 36 months.

365. Resolution of land disputes can be performed in courts according to the provisions of the Code of Civil Procedure<sup>155</sup> or by alternative dispute resolution, such as mediation, arbitration, and conciliation. Administrative decisions can be challenged in court under the Administrative Litigation Law.<sup>156</sup>

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<sup>152</sup> Law on the public and private partnership, No. 179-XVI of July 10, 2008

<sup>153</sup> GD No. 245 of 19.04.2012 on the National Council for public and private partnership

<sup>154</sup> Art 6 of the Law on Ecological Expertise and Environmental Impact Assessment, No. 851 of 29.05.1996

<sup>155</sup> Law on the Code of Civil Procedure No. 225-XV of 30/05/2003 ""

<sup>156</sup> Law on administrative litigation, No. 793-XIV of 10/02/2000

366. The international institutions specialized in business environment assessment rank Moldova above the regional average in terms of the effectiveness of contractual terms, .<sup>157</sup> Therefore, Moldova can legitimately claim that its conflict resolution regime for commercial law disputes is conducive to a good investment climate. In reality, however, things are a little different and are not implemented consistently.

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<sup>157</sup> See benchmarking business conditions developed under the project of the International Finance Corporation (member of the World Bank Group) “Doing Business Indicators” (<http://rru.worldbank.org/DoingBusiness>)

#### IV. Policy Analysis, Recommendations, and Conclusions

367. LGAF was proven a useful tool for assessing land governance (policies, administration, use and management) at the national level and identifying courses of action for improvement.

368. In Moldova, the LGAF's situation analysis shows that land governance reforms are incomplete, legislation is constraint by several flaws and there are no mechanisms for implementation. Therefore, further reforms are required to finish the real estate privatization, transfer joint parts of condominiums to the ownerhips of apartment owners as well as to the improve the investment climate with efficient and transparent government agencies and minimized bureaucracy and corruption.

369. To better understand land governance realities, one needs to test processes, for example, construction permitting and related approvals, and for defining their real lengths instead of relying in the norm times defined by law. This approach together with close collaboration with local government and line authorities is the key to successful land governance evaluation.

370. Information obtained from government institutions tend to be numerical with no analysis or reality checks. Given that policy implementation reporting is scarce, newspapers are important source of understanding the realities faced by the society everyday. Thus, news story analysis improves land governance rating and evaluation.

371. The government can be motivated to implement LGAF recommendations by provision of positive examples and benefits from other countries.

372. The following presents the main policy recommendations of this LGAF.

##### *Legal and institutional framework*

373. The main strength of the legal framework in Moldova is that it recognizes land and property rights and includes state protection of those rights and equality between men and women in enforcing their rights.

Land Code in force, adopted in 1991, laid the foundation for the land policy in Moldova and initiated the land reform and privatization. The land code established public and private rights on land, the competence of public institutions on land and the rights and obligations of land owners. It also regulated land use, procedures for the transfer and privatization of land rights, land use categorization and changing the categories and rights.

374. Many parts of the Land Code are overly detailed and do not correspond with best socio-economic practices of modern land reform, and other parts are very restrictive. The Land Code needs to be revised according to European standards and land policies that promote investments in agriculture.

375. The current policy on land does not allow evocation of an agricultural land use right in cases of caused degradation or land abandonment. This policy is too restrictive for changing agricultural and forest land use and prohibitive for individuals or foreign companies to purchase agricultural land.

376. Ownership rights on agricultural and forest land are unclear in cases of “legal owners whose share capital does not include foreign investments”. New company category revision is needed for improving the existing legal framework.

377. Land fragmentation has not changed significantly since the privatization process ended in 2000. Land use fragmentation problem is partially solved by corporate farms through short-term leasing (less than 3 years), but this solution is not sustainable in the long run and the landownership remains fragmented.

378. Although land legislation contains provisions related to agricultural land consolidation, these are scattered and need to be revised. At the moment the Government has no annual programs for land consolidation. Experiences in the field show that excessive land fragmentation cannot be solved in a reasonable time frame only through market activity. Farmers need, primarily, organizational assistance and framework to develop voluntary and participatory re-allotment schemes to optimize the use of their existing land holdings.

379. Land consolidation needs to be seen in a broader rural development and environmental context. It can serve as a tool not only for improvement of agricultural structures, but also for implementation of rural development and environmental initiatives contributing to better management and administration of land and natural resources, environmental protection and restoration, nature and degraded land conservation, and afforestation.

380. Possession and use rights and joint ownership of land are not regulated, which can result to violation of rights. The legal provisions for individuals’ wanting to privatize their share of common property are not clear leading to difficulties in implementation.

381. The legislative framework on condominiums need to be revised to establish a body or commission to control penthouse construction in apartment blocks.

382. The state does not effectively manage public lands due to incomplete public land demarcation, mapping and registration to the cadastre. This may cause conflicts between central and local governments as well as with adjacent landowners. Incomplete registration of private land can also cause conflicts between neighbors.

383. Lack of resources limit the institutional capacities, which would be needed to meet the objectives of public land management. Thus, as a first step, institutional powers related to public land management and disposal should be specified. A key is to improve the capacities of the Public Property Agency to management lands effectively. Also, the institutional arrangements and responsibilities on public lands should be clarified between the Ministry of Agriculture, ALRC, PPA, and other institutions. Issues of conflicts of interest need addressing, for example in a case where ALRC assesses, expropriates, surveys, records rights to a property and at the same time alienates the state property in question for expropriation.

384. Also, a specialized information system is needed for recording quantitative and qualitative spatial data on soil erosion, landslides and other natural and artificial factors as well as crop rotation on agricultural lands. Systematic monitoring of these parameters is needed to prevent and halt soil

degradation, increase productivity, and for proper use of agricultural land, crop rotation and high performance phyto-technologies.

385. Although current policies allow compensation (outside the formal process of expropriation) against losses occurring due to change of land use, there is no clear policy of full compensation (in economic and social terms) in place. Thus, new compensation policy on the loss of land use outside the formal expropriation process will need to be regulated including also expanded eligibility (for compensation).

386. The implementation of land policies needs to be transparent with publicly accessible and standardized monitoring procedures and progress reports.

387. Acceptable evidence to support land ownership claims need to be expanded to include also non-documented forms of evidence and the possession right registration process needs to be regulated.

388. Agricultural land leasing mechanisms need revision for correct and adequate application of Law on Leasing in Agriculture; in particular with regard to lease contract signing. It is also recommended to review and improve civil and land legislation in terms of improving agricultural landowners powers to manage private lands.

389. With regards to common property, legal framework regulating joint possession, use and disposal of land is needed. The process of transferring the common property of apartment blocks, which is still in the public ownership, into the property of condominium associations should be finalized (transfer of ownership rights to members of condominium associations according to individual shares held). It is, furthermore, recommended to regulate establishment of dwelling/non-dwelling condominium 'fund' to end the practice of registration of common property by individual owners.

390. With regards to illegal or unauthorized constructions, it is recommended to develop laws and by-laws for the legalization of unauthorized constructions and put in place adequate control to prevent further illegal construction. Suggested measures include tougher sanctions and taxation for illegal constructions.

391. Preparation of urban development plans should be tendered for all urban localities using public procurement procedures.

392. Other recommendations: Ensure a clear delimitation of powers for Regulatory Councils to impose additional architectural<sup>158</sup> and monument protection<sup>159</sup> conditions etc. minimizing bureaucracy; facilitate the creation of urban service development market and mechanism for implementing the urban development plans; issue tenders open to all interested parties for preparation of urban plans (with

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<sup>158</sup> Law on architectural activity, No. 1350 of 02.11.2000

<sup>159</sup> Law on the protection of monuments, No. 1530 of 22.06.1993

reduced content; scheme plans, etc.) to all rural localities; and inform the public about urban development restrictions and plans.

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

393. Taxes on land and real estate represent a key source of revenue for local public administration. Property taxes are levied by local governments on properties held by individuals and by the territorial tax inspectorate on properties held by legal persons. At the moment, the tax system is functional but has major deficiencies. Taxation of property is based on the market or carrying value of the property.

394. Also, for the lands with estimated value is determined by territorial cadastral offices, property taxes are based on the market value for tax purposes, and for other land the land tax is determined by multiplying the tax rate index with the land area. National standards for property tax value assessment need to be developed.

395. Due to the existing complexity in calculating property tax as well due to the incomplete cadastre, the tax revenue is probably below the expectations. Therefore, cadastre registration is needed as a prerequisite for the property appraisal.

396. Moreover, for better administration of the property tax, the taxpayer data in the state tax register needs updating and also national standards for property assessment and tax collection monitoring are needed. The taxation values need to be connected with inflation indices and impacted by realized improvements to the property.

397. There are many categories of exemptions to real estate tax that should be critically reviewed and optimized.

398. The property tax revenue is far from the expected potential although property tax collection is greater than the collection costs.

399. Given that the property tax is a tax that is completely administered by local governments, efforts are needed to strengthen the capacities of local authorities and improve their efficiency in managing property taxes.

400. Land use planning instruments have a marginal effect in regulating growth and they are poor in promoting citizen participation. In Moldova, the urban plans are prepared at three levels: general plans, zonal plans, and detailed plans. In practice, only a few localities have updated urban plans at any level. Between 1952 and 1991, GUPs were developed for all 1,674 rural localities. Since 1991, general plans have only been updated in 17 localities. The general recommendation is to build capacity and consolidate responsibilities of local governments in development and enforcement of planning documentation, including implementation of regulations and management of building permits.

401. For most important towns and town zones, it is recommended to develop and approve ZUPs. For rural localities, simplified urban development documentation should be prepared. Urban planning services should be further developed and de-monopolized by wider involvement of private companies.

Further recommendation would be to develop and introduce a Master Plan concept to urban planning, which is a volumetric city plan for the most important zones of a city.

402. Even for the updated plans, the regulations are poorly enforced and mechanisms for monitoring the implementation of urban plans are needed. For example, the minimum plot size regulations are not checked during registration to cadastre. It is recommended to develop a regulation on residential parcel sizes in urban areas.

403. Also, developers are known to circumvent construction area restrictions by declaring an area larger than the real plot where the construction is located. In general, urban plans have been ineffective for controlling urban growth. As a result, new housing units are being erected without proper service infrastructure.

404. Activities for developing and implementing planning documentation and territory organization measures should be based on participatory and transparent practices. Practices to promote citizen participation such as participatory planning and open access to information have not been fully developed and need to be improved. Public consultations during the past preparation of the regulations for the Chisinau urban plan were the first case of its kind so far. Furthermore, information on how regulations affect individual plots is not easily available to residents. Posting the list of land plots subject to changes in their use, and monitoring the implementation would be recommended to improve the situation.

405. The recommendations related to public contribution and participation include:

- Ensure public access to preliminary and integral information on changes in urban land use and associated consultations.
- Monitor public opinion by various methods of analysis, surveys, interviews, etc.
- Develop a public communication strategy. Ensure information media coverage through all the communication platforms possible, including through mass media, TV, internet, etc.
- Ensure public access to preliminary and integral information of the population about the organization of public debates on eventual changes in the rural land use.
- Implement mechanisms that allow sharing of public benefits (such as increase of property values) resulting from changes in land use due to updated land use plans.

406. Moldova lacks an adequate regulatory and operational framework to manage construction permits and legalize unauthorized constructions. The general recommendation is to implement mechanisms that are required for application of the Law on Construction Works Permitting.

407. In general, LPAs have low capacity to enforce land use and building regulations. Land use change is prohibited in certain categories of environmentally sensitive lands and restricted for certain categories of agricultural land. These restrictions, however, are often violated by construction of permanent structures on forest lands and the use of grazing pastures for other purposes. The process to obtain building permits is regulated and payments are affordable, but in practice speed and predictability are a problem. Norm deadlines are generally not met and the use of informal payments to speed up the process is widespread. In order to combat the problem and discourage informal payments, it is recommended to increase civil servant salaries of those who are engaged in the building permitting processes and apply

penalties for failure in meeting the deadlines. The bureaucracy and time required for obtaining construction permits can be minimized by applying ICT (information and Communication Technology) solutions. The regulatory framework and optimization (automation) of the process of issuing building permits are required. Inappropriate discretion in the enforcement of regulations is common. This is influenced by low salary and fee levels that prevent land use planning departments to act on a cost-recovery basis. LPAs supervise constructions, but they do not have the authority to regularize infractions. When the LPA declares that a construction is illegal, a fine is imposed and demolition is ordered. In practice though very seldom illegal constructions are demolished, and most often they are legalized by local courts. The recommendation is to develop unambiguous and streamlined regulatory norms for unauthorized constructions including retroactive mechanisms to apply in the absence of building permits. The demolition provisions need to be reviewed. In parallel, it is important to impose progressive and continuous taxation on unauthorized constructions.

### **Public land management**

408. Management of public lands is characterized by the lack of transparency and efficiency. The responsibilities are not clearly assigned resulting in institutional overlaps.

409. The overarching recommendation with regards to public land management is to finalize demarcation of boundaries and registration of all land owned by the state and LPAs to the cadastre. The lack of demarcation causes conflicts by contributing to insecurity of tenure for the individuals adjacent (and those inside) public lands conducting agricultural, grazing, and forestry activities.

410. There is also a lack of clarity over entities responsible for the management of the public lands. This, for example, hinders the signing and supervision of leases and concessions. Some public lands are leased out to joint-stock companies and other legal entities. However, these companies are not properly supervised and there have been reports of improper management of land assets and illegal alienation of land through different schemes.

411. It is recommended to revise the institutional framework and to clarify the mandate of the Public Property Agency in relation to public lands. It is proposed to amend the current legislation with the aim to assign a clear and exclusive responsibility to auction agricultural land lease rights of state public lands.

412. Furthermore, there are arrears in the collection of payments from public land leases. It is recommended to make registration of lease contracts for LPA and State public lands compulsory regardless of the lease period. Also, data should include rent values, payment collection, etc. Public access to such information will increase transparency, allow rent maximizing, enhanced planning, and the wider sharing of benefits.

413. LPAs' public lands of private domain that are not needed for the provision of public goods should be disposed to land market in order to improve public land management and generate additional local revenues from public properties. The disposal means can include sales, leases and renting. Public lands can also be designated as reserves to a land bank (or fund). ; Expropriation procedures are inefficient and do not take into account non-documented forms of tenure (i.e. informal rights on land and property).

Since 1991, expropriation procedures have been applied for the compulsory acquisitions of land for six public interest projects. All projects still have disputes over compensation levels pending settlement.

414. In addition to direct compensation for loss of expropriated land, compensation related to changes of land use that result to indirect losses should be provided for and be sufficient to maintain the economic life level that was confirmed before the expropriation.

415. Since the legislation allows for the expropriation of holdings and conversion of land use while the compensation case is pending settlement, the public interest projects have progressed. Also, the law excludes non-registered properties and informal property rights from compensation, which is a deviation from the international best practice. It is recommended to adjust the legal framework to the Law on Expropriation for Public Interest in order to extend the categories of affected persons eligible to compensation, and also to prohibit expropriation of property before the case is settled. Furthermore, it is recommended to use independent third parties for negotiating with landowners and agree on fair market compensations; minimize the number of claims and disputed cases developing; and implement public awareness campaigns for each public interest case; and begin preparations for expropriation well in advance (and not in parallel to public works). The general recommendation would be to increase the overall transparency of the process.

416. Although the legislation establishes relatively short norm time for settling claims, in practice the ongoing processes have taken years. In many cases, a compensation case cannot be immediately resolved due to the outdated cadastre content with unrecorded inheritances and absentee or unidentified ownership.

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

417. Moldova has a modern, unified and updated cadastre and registry system built upon international practices. The next stage of reform should be the development of a multi-purpose cadastre within the context of National Spatial Data Infrastructure (NSDI) enabling interoperability with other geo-spatial informational resources such as public infrastructure and networks (e.g. water supply networks, irrigation systems, roads, etc.). NSDI policies and data models need to be developed in compliance with the EU INSPIRE directive.

418. In spite of overall positive appreciation of the cadastral system, a number of deficiencies will have to be eliminated. Institutional responsibilities between ARLC and MAFI in relation to land policy elaboration and implementation have to be clearly delineated as they are currently overlapping.

419. Valuation methodologies for taxation purposes have to be revised in order to allow private sector involvement in establishing taxation values to land and buildings in a fast and coherent manner. This refers also to public and state lands registration and delimitation.

420. As a prerequisite for mass valuation for fiscal purposes, registration and mapping of the remaining unregistered properties have to be finalized, which is estimated to include 12 % of the total number of real estates. It is also necessary to map utility networks and urban public infrastructure objects. Incomplete records hinder the valuation of properties for taxation purposes. The tax roll needs to be updated as well. Quality of data in the registry has to be improved by correcting names of property right holders and other

personal data such as date of birth and personal identification numbers (IDNO). To have IDNO for each record is especially important since it is a primary key for the fiscal purposes and it is used for the tax roll.

421. Furthermore, cadastral maps have to be improved to reduce errors and inconsistencies between maps and parcel boundaries in the field. Although private encumbrances can be registered, they are not uniformly recorded or registered to the cadastre. Public restrictions on properties are not systematically recorded either. ALRC monitors and compiles statistics on agricultural land use but this information has not been properly maintained due to the lack of resources for monitoring land use. The recommendation would be to design and implement parcel-based information system on agricultural land use and assure interoperability with MAFI, which should be the party responsible for land use data collection.

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

422. There are deficiencies in solving land disputes and conflicts. tSmall number of land related appeals to the courts is explained by the lack of financial resources, the distance from settlements to the courts as well as the large number of appeals that are pending administrative resolution that precede court proceedings. The Government should review the land dispute resolution mechanisms on the representation of landowners in the courts, which currently is done through lawyers and/or trainee lawyers whose fees are established by the Bar Council and which are exaggerated.

423. The Government must also provide efficient ways for settlement of land conflicts and promote the implementation of alternative land dispute resolution mechanisms (e.g. mediation, arbitration, conciliation), creating small scale legal services specialized in land issues or land courts with specialized judges. The LPAs should have increased roles in land dispute resolution.

### **Forestry**

424. More attention should be paid to the forestry and forest land management in order for Moldova to head into the direction of greener growth. Although the forestry sector has a marginal contribution to the Gross Domestic Product (GDP), this sector is strategic for climate change action.

425. An overarching recommendation is to carry out the delimitation and registration of state and public forests. It is necessary to amend the land legislation in order to allow private sector participation to forest land boundary demarcation and registration with quality control vested to the institutions of the ALRC. Moldsilva Agency should also pay greater attention to demarcation of forest land boundaries.

426. General recommendations include: promote transparency in the forest sector's activities and decision making process; amend land legislation to open forest land demarcation and registration to private sector; and prepare and ensure Moldsilva Agency's focus to forest land demarcation .

427. Forest and forest vegetation land management should be improved by improved legal and normative framework that allows forest land management on an entire area regardless of the land ownership and management arrangements. Standardized forest management, forest vegetation and watershed management units are needed..

428. The responsibilities of the state agencies involved in the forestry sector should be reviewed to ensure separation of roles, clarity of mandates, and efficiency of procedures. Developing and promoting the institutional reform of the forestry sector is of paramount importance.

429. It is necessary to promote the institutional reform in Moldova's forestry sector. For the implementation of reforms on decentralization of forestry management completeness, it will be necessary to revise the Forestry Code for competencies and benefits/income sharing between local communities and authorities, which is not regulated anywhere. An equally essential step would be to split the administration functions on forest land monitoring.

430. The legal and regulatory framework on forestry needs revision to include mechanisms to attract new investments in the forestry sector, such as promoting green economy, and payments for ecosystem services. There is a need for reviewing the national legislation for the purpose of creating a domestic market of products and services in the forestry sector, facilitating access to forestry and capital resources, and creating competitive local entities for managing the forestry resources. It is also necessary to promote involvement of private entities in certain activities of the forestry sector (privatization) as well as to develop a national program for supporting small and medium scale businesses.

431. It is necessary to review the national forestry legislation regarding the involvement of communities and LPAs in the development of national and local forest management plans.

432. One needed action is to develop an action plan to transpose ratified international conventions into national legislation and draft regulations for their enforcement. International Conventions ratified by the Republic of Moldova need to be:

- (a) transposed in the current legislation and normative acts in various reference areas by making additions and amendments to corresponding articles and provisions;
- (b) made known and taken into consideration upon development and implementation of national and local programs and plans; and
- (c) promoted through organization of seminars for the staff of specialized central and local authorities as well as for local communities.

433. Moldova should also promote a certification program for timber and other non-timber forest products. There is a need for developing a regulation on certification of forests and forestry products as well as on incentives for the participation of forest land holders and owners in the forest management certificate systems.

434. Other actions should include: developing a communication campaign to involve the local population and promote small and medium scale enterprises; developing and implementing national communication programs in the forestry area; and raising awareness about forestry related problems at national and local level. The involvement of LPAs and local communities in scientific and technical discussions on the forestry sector development should be improved.

435. There is a need for developing and implementing an institutional reform in the forestry sector, an action plan for combating the forestry related contraventions and crimes.

436. Other recommendations include: establishing a decentralized structure for fighting internal crimes, removing conflicts of interest, and combating corruption and crimes in the forestry sector; involving local communities in activities for fighting the forestry related contraventions and crimes; and coordinating actions for fighting forestry related contraventions and crimes between the forestry authorities, environmental authorities, and local public administration authorities.

### **Large scale acquisition of land rights**

437. In recent years the land market in the Republic of Moldova has been steadily growing focusing to agricultural lands and increasing the farm land areas. The market trends have resulted to significant increase in agricultural land values. Land acquisitions take place both for investment and speculative purposes.

438. A significant restriction on agricultural land is that foreign investors (individuals and companies) as well as local companies whose equity includes foreign ownership do not have the right to purchase agricultural land. However, agricultural land is purchased by indirect methods based on the loopholes of the legal framework and some interpretations of the existing law. It is recommended to review the legal framework for unequivocal determination of the categories of legal persons. It is also recommended to consider imposing a land ownership ceiling size to prevent land speculation and excessive concentration of land.

439. Although there is no special legislation for land acquisition for investment purposes in agriculture, in case of public farming and non-farm land investments, investors are guided by the general legal framework for privatization of public property and/or public-private partnerships.

440. Restrictions on land use are often not registered in the cadastre but are (including delimitation or changing the designation of the rural land use) under territorial development projects and schemes and urban plans. Social and environmental safeguards should be defined in law to protect the interest of local population and environment.

441. Inclusion or non-inclusion of community interests in the sale and purchase, lease and loan contracts concluded with investors will depend on the competencies of officials from LPAs or other authorities.

### **Land governance monitoring after LGAF**

442. One of the LGAF's main advantages is that it produces a written record on the ratings, which can serve as benchmarks for measuring improvements (or setbacks) in land governance.

443. During the Policy Dialogue workshop as well as at the Validation Workshop, policy makers and government officials were encouraged to adopt relevant indicators into their monitoring frameworks as well as report results and trends to the Government and society. Materializing this will require follow up for identifying suitable contexts and institutions to implement continuous monitoring on a sustainable basis.

## Summary of Conclusions

444. The LGAF revealed important findings in relation to land governance, defined priority areas recommendations for policy reform. In spite of the good progress in some land related sectors, others require significant improvements.

445. The following are the concluding policy recommendations and areas of action of the LGAF in Moldova:

- a. Complete cadastre and registration coverage and link land records with public datasets to improve market information and tenure security to promote land and property markets, access to credit and social inclusion by:
  - Completing the survey and registration of approximately 685 thousand rural assets (360 thousand houses, and 325 thousand garden lands);
  - Developing National Spatial Data Infrastructure (NSDI) policies and datamodels for spatial data sharing, linking, integration and dissemination in compliance with the EU INSPIRE Directive.
- b. Enhance State and Public Land Management for the protection and more efficient use of public assets and natural resources by:
  - Enhancing legal framework for clear designation of custodians of public properties and their duties and responsibilities;
  - Expediting delineation, demarcation, and registration of state and municipal lands and properties including forest land.
- c. Foster Urban Planning, Land Delivery and Management of Buildings to increase the liquidity of urban lands and properties for enhanced market activity, access to credit and efficient land management by:
  - Enhancing the legal framework to transfer the ownership of land under multi-storey apartment buildings from municipalities to apartment owners, and improving the definition of common areas through demarcation, survey and registration of such lands; and supporting the development of condominiums;
  - Promoting legalization of unauthorized constructions – revising the legal and regulatory framework; carrying out survey and registration of such properties;
  - Streamlining procedures for obtaining construction permits - reviewing regulatory and operational framework; developing information technologies; strengthening accountability and administrative capacity of local governments;
  - Improving the spatial planning system - reviewing existing regulations; preparing development plans for urban and rural areas; establishing mechanisms to enforce the implementation and monitoring of these plans.
- d. Improve land valuation system for more equitable and efficient land and property taxation and expropriation by:
  - Streamlining legal and regulatory framework and standards for land and property valuation, compensation and taxation and increasing transparency of tax exemptions;
  - Completing and rolling out mass appraisal system countrywide.

## References:

### Regulatory and legislative acts comprising land regulations

1. Constitution of the Republic of Moldova No.1 of 29.07.1994
2. Civil Code of the Republic of Moldova No. 1107 of 06.06.2002
3. Civil Procedure Code No. 225-XV of 30.05.2003
4. Land Code No. 828-XII of December 25, 1991
5. Contravention Code of the Republic of Moldova , No. 218 of 24.10.2008
6. Law on Immovable Property Cadastre, No. 1543-XIII of February 25, 1998
7. Law on real estate formation, No. 354-XV of 28.10.2004
8. Law on condominium in housing sector, No. 913 -XIV of 30.03.2000
9. Law on the real estate monitoring, No. 267 of November 29, 2012
10. Law on lease in agriculture, No. 198-XV of May 15, 2003
11. Law on Local Public Administration, No. 436-XVI of December 28, 2006
12. Law on public property of administrative and territorial units, No. 523-XIV of 16.07.1999
13. Law on judicial organization, No. 514 of 06.07.1995
14. Law on administrative decentralization, No. 435-XVI of 28.12.2006
15. Law on the implementation of Title VI of the Tax Code, No. 1056-XIV of 16.06.2000
16. Law on management and privatization of public property, No. 121-XVI of 04.05.2007
17. Law on Public Property Lands and their Delimitation, No. 91-XVI of 05.04.2007
18. Law on the Administrative-Territorial Division of the Republic of Moldova, No. 764 of 27.12.2001
19. Law on the evaluation activity, No. 989-XV of April 18, 2002
20. Law on legislative acts, No. 780 of 27.12.2001
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## List of annexes:

### Annex 1: Land Tenure Typology

Possession	Area, ('000 ha) & population th	Legal recognition and characteristics	Overlap with other possession forms & potential problems
<b>Categories of ownership</b>			
Public property of the state	Area: 781,5 ha <sup>160</sup> Population: 4 064 <sup>161</sup>	<b>Legal recognition:</b> The ownership right is recognized according to the Law No. 91 dated 05.04.2007 <b>Registration:</b> 13.45% <b>Transferability:</b> Yes	Identification and development of Cadastre plans for land with an agricultural designation and ownership is being implemented. Some potential problems with neighbors might appear, if there is no clear delimitation of the borders.
Public property of the administrative-territorial units	Area: 732,9 ha <sup>145</sup> Population: 79 954 <sup>146</sup>	<b>Legal recognition:</b> The ownership right is recognized according to the Law No. 91 dated 05.04.2007 <b>Registration:</b> 14.82% <b>Transferability:</b> Yes	The process of identification and development of Cadastre plans and registration is being implemented. It might overlap with state's public property land or private land in case when there are no clear limits or in cases of informal use.
Private property	Area: 1 870,2 ha <sup>145</sup> Population: 2 366 099 <sup>146</sup>	<b>Legal recognition:</b> The ownership rights are recognized <b>Registration:</b> 85% <b>Transferability:</b> Yes	Private property may overlap with public property under the state or administrative-territorial units, if there is no clear delimitation of borders. Private property is protected by constitution and may be taken over only based on the court decision
<b>Urban land plots (localities' built-up areas)</b>			

<sup>160</sup> Information submitted by the Land Relations and Cadastre Agency

<sup>161</sup> Government Decision regarding the approval of the Land Cadastre according to the situation as of January 01, 2012, No. 468 dated 26.06.2012

Land in state's public property	<b>Area:</b> 50,87 ha <sup>146</sup> <b>Population:</b> 1,007	<b>Legal recognition:</b> The tenure rights for land in state's public property are recognized <b>Registration:</b> 58.14% <sup>162</sup> <b>Transferability:</b> Yes	The process of registration of state's public land in the Real Estate Register is ongoing. Overlaps might exist with other land in case there are no clear limits or cases of informal use. When the land in state's public property is neighboring land in public property of the administrative-territorial units, and parties do not agree on the borders, the litigation is examined in the court.
Land in public property of administrative-territorial units	<b>Area:</b> 81,06 ha <sup>2</sup> <b>Population:</b> 23,111	<b>Legal recognition:</b> The tenure rights for land in state's public property are recognized <b>Registration:</b> <sup>3</sup> 15.12% <b>Transferability:</b> Yes	The process of inventory, mapping, and registration is being implemented. Overlaps might exist with land in state's public property or private land in case there are no clear limits or cases of informal use
Land in private property	<b>Area:</b> 180,28 ha <sup>2</sup> <b>Population:</b> 1016,8	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> <sup>3</sup> 23.75% <b>Transferability:</b> Yes	<b>Potential problems:</b> Transfers of private land meant for extending localities. Private property is protected by Constitution and may be taken over only based on court decision
Communal use of urban land	<b>Area:</b> 732,9 ha <sup>2</sup> <b>Population:</b> 950,0	<b>Legal recognition:</b> It is recognized without contract <b>Registration:</b> <sup>3</sup> 13% <b>Transferability:</b> No	The local public administration bodies establish the pasturing land on the land plots from the land fund which is public property of the administrative-territorial units, which sometimes overlap with adjacent private property. Use of pastures is regulated by the Government Regulation on pasturing and mowing, No. 667 of 23.07.2010

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<sup>162</sup> Information submitted by the Land Relations and Cadastre Agency

Private use of communal land and private land (informal)	Unavailable data	<b>Legal recognition:</b> Not recognized <b>Registration:</b> Not registered <b>Transferability:</b> No	Use may include cultivation as pastures of the free land plots from the reserve fund or non-registered private land plots, especially of the ex-perennial plantations not yet cut.
Private property of groups in the form of registered condominium	Unavailable data	<b>Legal recognition:</b> The right to use the land in condominium is subject to registration <b>Registration:</b> Yes <b>Transferability:</b> Yes	<b>Potential problems:</b> the border of the territory in condominium established by the local public administration authority might not correspond to the area of the territory afferent to the residential block, set in the construction general plan.
Land with agricultural purpose (pasture, arable land, hay land, etc.)	<b>Area:</b> 5,1059 ha <sup>2</sup> <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes	Private property may overlap with the public property land of the state and administrative-territorial units, if there is no clear delimitation of the borders.
<b>Rural sector (outside the built-up area)</b>			
Land with agricultural purpose in state's public property	<b>Area:</b> 270.10 ha <sup>146</sup> <b>Population:</b> -	<b>Legal recognition:</b> The property rights of the land in state's public property are recognized <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes	Delimitation works for public lands in the property of the state and in the property of the administrative-territorial units are currently being performed.
Land with agricultural purpose in public property of the administrative-territorial units	<b>Area:</b> 43.62 ha <b>Population:</b> -	<b>Legal recognition:</b> The property rights of the land in state's public property are recognized <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes	The process of inventory, mapping, and registration is being implemented. Overlaps might exist with land in state's public property or private land in case there are no clear limits or cases of informal use.
Land with agricultural purpose – public property	<b>Area:</b> 2094.18 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes	<b>Potential problems:</b> Transfers of private land meant for extending localities. Private property is protected by Constitution and may be taken over only based on court decision

<b>Land plots meant for nature protection and of the state protected natural areas fund</b>			
State's land the areas of which are protected by the state	<b>Area:</b> 30.33 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the state's green spaces	<b>Area:</b> 0.046 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the forestry fund – state's property	<b>Area:</b> 444.36 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the forestry fund – public property of the administrative-territorial units	<b>Area:</b> 83.56 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the forestry fund, private property	<b>Area:</b> 2.60 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the water fund – state's property	<b>Area:</b> 48.07 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.
Land of the water fund – public property of the administrative-territorial units	<b>Area:</b> 37.77 ha <b>Population:</b> -	<b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> No	<b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.

<p>Land of the water fund – private property</p>	<p><b>Area:</b> 0.74 ha <b>Population:</b> -</p>	<p><b>Legal recognition:</b> The object is subject to registration in the Real Estate Cadastre <b>Registration:</b> Unavailable data <b>Transferability:</b> Yes</p>	<p><b>Potential problems:</b> in the process of delimitation disputes may arise because of overlaps and errors committed during privatization; an overlap may occur as well with other forms of property.</p>
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## Annex 2: Institutional Map

	Institutions	Type of Land/ Resources	Responsibility/ Mandate	Separation of policies and functions	Overlap occurs with which other institution?
<b>Public sector:</b>					
1	<b>Parliament</b>	All types of land	<ul style="list-style-type: none"> <li>• Adopting the legal framework related to land relations and ensuring its implementation;</li> <li>• Establishing, approving and modifying land areas with a special legal regime;</li> <li>• Establishing, approving and modifying the boundaries of the administrative-territorial units;</li> <li>• Establishing tariffs for the calculation of the normative price of land and establishing ceilings for the real estate tax;</li> <li>• Declaring public interest as part of expropriation process for national-level projects;</li> <li>• Approving list of assets (including land) to be privatized;</li> <li>• Organizing control over compliance with land legislation.</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	<p>As part of expropriation process:</p> <ul style="list-style-type: none"> <li>• Parliament declares public interest for national projects,</li> <li>• <i>Raional</i> authorities declare public interest for regional projects and projects which cover several villages; and</li> <li>• Local Municipalities declare public interest for local projects.</li> </ul> <p>With regard to land legislation and land use:</p> <ul style="list-style-type: none"> <li>• Parliament organizes control over compliance with land legislation;</li> <li>• Government organizes control over land use and soil protection;</li> <li>• Local, Raional and Municipal authorities directly control land use and protection.*</li> </ul>
2	<b>Government</b>	All state lands (urban & rural)	<ul style="list-style-type: none"> <li>• Approving boundaries of urban localities;</li> <li>• Holding and annually approving statistical data on land cadastre for all localities in Moldova;</li> <li>• Organizing control over land legislation compliance including land use and protection;</li> <li>• Developing programs, schemes, projects and regulations pertinent to land tenure regimes and ensuring its implementation;</li> <li>• Developing and implementing soil protection and improvement measures;</li> <li>• Transferring publicly owned land from public ownership of the state into public ownership of administrative units for purposes other than agriculture;</li> <li>• Declaring public interest in case of projects covering several districts and/or</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	<p>As part of the expropriation process:</p> <ul style="list-style-type: none"> <li>• Parliament declares public interest for national projects;</li> <li>• <i>Raional</i> authorities declare public interest for regional projects and projects which cover several villages; and</li> <li>• Local Municipalities declare public interest for local projects.</li> </ul> <p>With regard to land legislation and land use:</p> <ul style="list-style-type: none"> <li>• Parliament organizes control over</li> </ul>

			<p>municipalities and implementing expropriation of land for public interest;</p> <ul style="list-style-type: none"> <li>• Establishing and changing the designated category of land on the request of local and <i>raional</i> public authorities based on private owners solicitation;</li> <li>• Changing category of land with special designations;</li> <li>• Preparing an inventory list of institutions whose lands remain in the state property to be approved by Parliament as well as a list of assets to be privatized.</li> </ul>		<p>compliance with land legislation;</p> <ul style="list-style-type: none"> <li>• Government organizes control over land use and soil protection;</li> <li>• Local, <i>Raional</i> and Municipal authorities directly control land use and protection.</li> </ul>
3	<p><b>Agency for Land Relations and Cadastre</b> and its subsidiaries: Cadastru, IPOT, Ingeocad, Soil Protection and Land Reclamation.</p>	All types of land	<ul style="list-style-type: none"> <li>• Developing, coordinating and enforcing state policy in the field of land relations, recovery and improvement of degraded lands, territory organization, and evaluation of real estate (including for tax purposes), land registry, geodesy, cartography and geo-informatics;</li> <li>• Administering the process of settlement of land ownership regime and territorial planning;</li> <li>• Developing valuation methodology and establishing normative price for land;</li> <li>• Monitoring and contributing to the development of the real estate markets, including land markets, price dynamics; representing Government interest in land related issues;</li> <li>• Examining cadastral dossiers, and putting forward to the Government proposals for land allocation, changes in designation, and exchange of lands that belong to the Government;</li> <li>• Establishing together with the central authority for environmental protection borders of areas with special schemes for nature conservation, those to be improved through afforestation and other methods, as well as establishing borders of state protected areas, areas to be regenerated, and boundaries of natural reservations; developing projects for establishment of administrative boundaries between settlements as well as inside delimitation;</li> <li>• Providing methodological and technical assistance in mapping and demarcation of the state border and border demarcation works;</li> <li>• Developing delimitation projects for lands to be transmitted into private property, possession and use; authenticating the public property rights for land and issues property certificates as appropriate;</li> <li>• Examining and coordinating preparation of territory organizational plans and related documents;</li> <li>• Developing regulatory projects for land ownership regime and private land owners with recommendations on rational land</li> </ul>	<p>Separation of policies generally exists, in spite of slight overlaps</p>	<p>Services such as immovable property valuation, topographic surveys, cadastral works, and degraded land improvement measures are performed by private sector certified specialists as well</p> <p>ALRC has among other responsibilities Land Consolidation and on the annual basis receives allocations from State Budget.</p> <p>However, Ministry of Agriculture is true institution responsible for Land Consolidation, and it promotes and integrates LC activities into agricultural policies.</p> <p>ALRC has a monopoly to carry out delimitation of public lands, administrative boundaries, and valuation for taxation purposes.</p>

			<ul style="list-style-type: none"> <li>use;</li> <li>• Preparing and submitting it to the Government annual plans and periodic progress reports for recovery and improvement of degraded lands;</li> <li>• Preparing detailed projects for anti-erosion, restoration of degraded land, re-cultivation, planting and protection forest belts reconstruction, planting and clearing of perennial plantations; manages real estate cadastre; land registration; carrying out cadastral works;</li> <li>• Preparing and submitting cadastre documentation to the local public authorities; coordinating at all administrative levels preparation of annual cadastre data;</li> <li>• Providing methodological support related to cadastral works, preparation and update of cadastral and geometrical plans and how to make the register of real estate documents; keeping state register of administrative units and address database of Moldova, register objects of engineering infrastructure and so on;</li> <li>• Attesting real estate valuation specialists and issuing respective certificates;</li> <li>• Attesting specialists in geodesy, cartography and geo-informatics and issuing respective certificates, managing the database of certified specialists (certificate holders); issuing permits for geodetic, cartographic and geo-informatics works for sectors over 5 ha;</li> <li>• Supervising works and ensuring compliance with state regulations and standards in the field of geodesy, cartography and geo-informatics.</li> </ul>		
4	<b>Ministry of Regional Development and Construction</b> : Inspection in Constructions ; S.E. State Service for Verification and Expertise of Construction projects		<ul style="list-style-type: none"> <li>• Developing and promoting policy in the field of spatial planning and territory organization, architecture, design, urban planning, construction, building materials industry, housing and regional development;</li> <li>• Ensuring development, maintenance, monitoring, compliance and subsequent changes to the National Spatial Plan based on the synthesis of regional and local policies and plans, supporting achievement of its provisions;</li> <li>• Approving general urban and regional plans, supporting and supervising the implementation of urban and territorial planning;</li> <li>• Coordinating and monitoring reconstruction, rehabilitation and restoration of monuments of architecture, history and culture, forming the look of urban historical areas within districts, cities, towns, villages and communes and</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	There are three regulatory bodies in Moldova with overlapping competencies in the field of architecture, urbanism and territory organization: <ul style="list-style-type: none"> <li>• National Council for Architecture and Urbanism and Territory Organization under the Ministry of Regional Development and Constructions;</li> <li>• Chişinău Municipal Council on Urbanism; and</li> <li>• National Council on Historic Monuments</li> </ul>

			<p>architectural complexes;</p> <ul style="list-style-type: none"> <li>• Coordinating and monitoring design process, audit and technical approval of technical drawings/projects, carrying out expertise of existing facilities;</li> <li>• Providing methodological support of architecture bodies of the local public authorities, participating in the selection commission of head architectural bodies from the territory;</li> <li>• Monitoring inspection services performed by monitoring the development of project-estimate documentation, quality planning documents, construction materials, volumes of works and construction works as well as reconstruction, modernization, renovation, building, repair and restoration;</li> <li>• Providing conditions for a competitive environment in development planning; issuing technical certification of professionals in the field of construction and spatial planning.</li> </ul>		<p>under the Ministry of Culture (MC).</p> <p>Delimitation of mandates is not clear (i.e. imposed restrictions are often contradictory, and the opinion of the Municipal Council of Urbanism, for example, does not guarantee approval of National Council on Historic Monuments under the MC.</p>
5	<b>Ministry of Agriculture and Food Industry</b>	All agricultural lands and agricultural lands in state property	<p>Contributing to promotion and development of land relations in agriculture by:</p> <ul style="list-style-type: none"> <li>- promoting extension of irrigated agricultural lands</li> <li>- developing and implement land consolidation policies</li> <li>- developing and promoting policy on land fund and land improvements</li> <li>- supervising, managing, and ensuring rational use of agricultural lands in public property of the Ministry</li> <li>- developing agricultural land market as part of farm size optimization</li> <li>- coordinating development and implementation of projects for territory organization and planning, including land consolidation projects</li> <li>- ensuring compliance with restrictions in agriculture and agribusiness, including through land reclamation works and monitoring rational exploitation of land resources of the country.</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	<p>There is an overlap related to land consolidation with Agency for Land Relations and Cadastre.</p> <p>Ministry of Agriculture is the true institution responsible for Land Consolidation, and it promotes and integrates LC activities into agricultural policies.</p> <p>ALRC has among other responsibilities Land Consolidation and on the annual basis receives allocations from State Budget.</p>
6	<b>Forestry Agency Moldsilva (under the Ministry of Environment )</b>	Public and private forests (planted on private lands)	<ul style="list-style-type: none"> <li>• Regulating, coordinating and exercising control over the administration and management of forests;</li> <li>• Regulating the use of forests and forestry funds lands;</li> <li>• Developing, enforcing and monitoring forest regime representing a system of technical, economic, legal and forest regulations concerning the use, regeneration and forest protection;</li> <li>• Approving materials related to the transfer of land from one forestry category to another;</li> </ul>	Separation of policies exists	No overlap

			<ul style="list-style-type: none"> <li>• Allocating forest land for state and public needs (for various purposes related to the national economy);</li> <li>• Allocating forest land into private use (lease out);</li> <li>• Planting and maintaining forests and forest belts on a contractual basis with the land owners and land users</li> </ul>		
	<b>Apele Moldovei (under the Ministry of Environment)</b>	Management of water Resources and of Centralized Irrigation Systems	<ul style="list-style-type: none"> <li>• Managing water resources, lands under waters and adjacent lands;</li> <li>• Flooding protection measures (dykes, drainage, etc.);</li> <li>• Managing Centralized Irrigation Systems</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	There is an overlap of responsibilities with Ministry of Agriculture since it is responsible for policy in the field of irrigation, whereas agency Apele Moldovei which possesses and manages Centralized Irrigation Systems is administratively under the Ministry of Environment and has nothing to do with agriculture.
<b>7</b>	<b>Ministry of Transport and Road Infrastructure</b>	Land adjacent to national roads	<ul style="list-style-type: none"> <li>• Managing national roads including lands adjacent to national roads</li> </ul>	Separation of policies exists	No overlap
<b>8</b>	<b>Ministry of Justice</b>	All lands	<ul style="list-style-type: none"> <li>• Developing policies in the field of land and protection of rights;</li> <li>• Revising regulatory and policy documents developed by different state institutions;</li> <li>• Carrying out legal expertise of normative documents which touch citizens' rights and registers departmental regulations and bylaws;</li> <li>• Supervising legal control of notaries, lawyers mediators, court executors.</li> </ul>	Separation of policies exists	No overlap
<b>9</b>	<b>Ministry of Culture</b>	Lands within established zones of historical and cultural value	<ul style="list-style-type: none"> <li>• Holding registry of cultural heritage facilities;</li> <li>• Approving building permits in accordance with functional zones established by General Urban Plan.</li> </ul>	There are overlaps	There are three regulatory bodies in Moldova with overlapping competencies in the field of architecture, urbanism and territory organization: National Council for Architecture and Urbanism and Territory Organization under the Ministry of Regional Development and Constructions; Chişinău Municipal Council on Urbanism; and National Council on Historic Monuments under the Ministry of

					<p>Culture (MC).                  Delimitation of mandates is not clear (i.e. imposed restrictions are often contradictory, and the opinion of the Municipal Council of Urbanism, for example, does not guarantee approval of National Council on Historic Monuments under the MC.</p>
10	<b>Raional and municipal councils</b>	All lands within the limits of rayon and/or municipality	<ul style="list-style-type: none"> <li>• Exercising control over the compliance with the land legislation in force on land use and soil protection;</li> <li>• Approving the annual <i>raional</i> data on land use;</li> <li>• Declaring public interest and initiating expropriation process for <i>raional</i> and municipal level projects;</li> <li>• Establishing and approving the boundaries of different land use categories within the limits of localities, based on general urban development plans approved by the local councils;</li> <li>• Distributing land into private property and issuing property certificates (authenticate property rights),</li> <li>• depriving ownership rights according to the law;</li> <li>• Approving lands adjacent to public property facilities;</li> <li>• Developing and putting forward proposals for modification of boundaries of administrative-territorial units;</li> <li>• Changing the land use category of the land within competencies (agricultural to forest designation if above 40 soil points in soil fertility); and</li> <li>• Authenticating property rights.</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	<p>Secretaries of Municipal Councils have overlapping responsibilities with notaries to authenticate transactions with land and real estate.</p> <p>As part of expropriation process, <i>raional</i> and municipal authorities declare public interest for regional projects and projects which cover several villages, as well as municipalities.</p> <p>Parliament organizes control over compliance with land legislation; Government organizes control over land use and soil protection; Local, <i>Raional</i> and Municipal authorities directly control land use and protection*.</p>
11	<b>Village (communes) and city councils</b>	All lands within the administrative limits of villages and cities	<ul style="list-style-type: none"> <li>• Declaring public interest and initiating expropriation process for projects of local importance;</li> <li>• Coordinating and providing legal support to land consolidation projects;</li> <li>• Establishing within the limit prescribed by law land tax rates and ensuring collection of taxes;</li> <li>• Approving annual data on land use;</li> <li>• Establishing and approving the boundaries of different functional areas according to land use categories within the limits of localities (buildings, green areas, etc);</li> <li>• Developing and putting forward proposals for modification of boundaries of administrative-territorial units;</li> <li>• Approving public ownership land of the</li> </ul>	Separation of policies generally exists, in spite of slight overlaps	<p>As part of expropriation process Local Municipalities declare public interest for projects and works of local importance.</p> <p>Local, Rayonal and Municipal authorities directly control land use and protection.</p>

			<p>administrative unit used by public and private sectors;</p> <ul style="list-style-type: none"> <li>• Allocating for free or for a fee public lands to citizens for social housing construction purposes;</li> <li>• Transferring lands adjacent to houses to private property;</li> <li>• Disposing of public land into private property (authenticating property rights);</li> <li>• Depriving ownership rights according to the law (expropriation);</li> <li>• Taking decisions on agricultural land conservation; and</li> <li>• Making proposals for change in the designated category of agricultural land on the landowners' request.</li> </ul>		
12	<b>Courts/Arbiters</b>	all lands	Dispute resolution	Separation of policies exists	No overlap

<b>Private sector:</b>					
<b>1</b>	<b>Surveyors/cadastral engineers</b>	All lands except in public property including forests	Cadastral works, mapping	Separation of policies generally exists, in spite of slight overlaps	Overlap with Agency for Land Relations and Cadastre.
<b>2</b>	<b>Planners</b>	All lands	Spatial planning and territory organization	Separation of policies generally exists, in spite of slight overlaps	Overlap with Agency for Land Relations and Cadastre.
<b>3</b>	<b>Property Valuers</b>	All lands except in public property for valuation purposes	Valuation of real estates	Separation of policies generally exists, in spite of slight overlaps	Overlap with Agency for Land Relations and Cadastre. Valuation for fiscal purposes is a monopoly of ALRC.
<b>4</b>	<b>Architects</b>	All lands	Architectural design/assist with construction permits	Separation of policies generally exists, in spite of slight overlaps	Overlap with state/municipal design institutes.
<b>5</b>	<b>Private arbiters/mediators</b>	All lands	Mediate disputes related to property	Separation of policies exists	Overlap with courts.
<b>6</b>	<b>Notaries</b>	All lands	Authentication of property rights, transactions with land and real estates	Separation of policies exists	Overlap with secretaries of Municipal Councils which are empowered to authenticate transactions with land.

### Annex 3: List of participants by panel sessions.

<b>Pannel 1 – Land tenure</b>		
Alexandru Slusari	Vice-president	NGO “UniAgroProtect”
Oleg Utica	Lawyer	“Irrigation Sector Reform Activity Project”
Diana Nanu	Consultant	SOE “Cadastru”
Oleg Horjan	Dean of Law and Cadastre Faculty	State Agrarian University of Moldova
<b>Pannel 2 – Urban land planning and development</b>		
Turcanu Victor	Architect/Designer	“Gorgona” LLC
Anatolie Spasov	Senior Consultant /Architect Department of Architecture, Design, Urbanism and Planning,	Ministry of Regional Development and Constructions
Nicolae Crăciun	Head of Section, Department of Architecture, Urbanism and Land Relations	Chisinau Municipal Council
Valeriu Lupașcu	Head of Department of Architecture, Faculty of Urbanism and Architecture	Technical University of Moldova
<b>Pannel 3 – Rural land planning and development</b>		
Angela Dogotari	Head of Land Fund and Land Improvements Department	Ministry of Agriculture and Food Industry
Ion Botnarenco	Head of Section of Cadastre and Geodesy	State Agrarian University of Moldova
Ion Voica	Cadastral Engineer/Land Surveyor	Jora de Jos village Mayoralty
Arcadie Murahovschi	Consultant/Land Surveyor	ONG ProRuralInvest
<b>Pannel 4 – Land valuation and taxation</b>		
Maria Andreeva	Head of the Section Summary Revenue, General Division of Finance	Chisinau Municipal Council
Ala Sandu	Head of Evaluation Division	SOE “Cadastru”
Olga Buzu	Certified Valuator, Associate Professor	Technical University of Moldova
Capsîzu Valeriu	Administrator	State enterprise Center for Expertise and Evaluation
Vladimir Tudose	Inspector principal	Main State Tax Inspectorate
<b>Pannel 5 – Public land management</b>		
Svirina Ludmila	Head of Legal and Methodological Assistance Department	SOE Cadastru
Horjan Oleg	Dean of the Department of Cadastre and Geodesy	State Agrarian University of Moldova
Nemțanu Vasile	Senior Consultant at Land Improvements and Land Fund Department	Ministry of Agriculture and Food Industry
<b>Pannel 6 – Provision of public information on land</b>		

Ciobanu Marina	Consultant, Land Fund and Land Improvements Department	Ministry of Agriculture and Food Industry
Cucorean Serghei	Director	Global MapInfo SRL
Ion Botnarenco	Head of Section of Cadastre and Geodesy	State Agrarian University of Moldova
Duda Alexandru	Director	Institute of Agricultural Development NGO
<b>Pannel 7 – Dispute resolution</b>		
Marcel Burlacu	Lawyer	Individual Law Office “Marcel Burlacu”
Zinaida Guțu	Lawyer	Individual Law Office “Zinaida Guțu”
Garbuz Valeriu	Consultant, Legal Department	Ministry of Agriculture and Food Industry
Berzoi Ruslan	Lawyer	Individual Law Office Ruslav Berzoi
<b>Pannel 8 – Large-scale acquisition of land (non-core)</b>		
Oleg Zabica	Head of Land Section	“AMG-Agro Management Group” LLC
Mihai Doruc	Head of Department	Agency for Public Property
Liudmila Svirina	Head of Department	SOE “Cadastre”
Felicia Pricop	Agricultural Specialist	the World Bank Moldova
<b>Pannel 9 – Forestry (non-core)</b>		
Rotaru Petru	Head of Department, Forestry Fund, Protected Areas, Security and Protection	State Forests Agency “Moldsilva”
Balan Valeriu	Lead Consultant, Department for protected areas, biodiversity and bio-security	Ministry of Environment
Stingaci Vadim	Deputy-director	State Ecologic Inspectorate
Gumeniuc Iachim	Lecturer, Head of Studies,	State Agrarian University of Moldova
Andreev Alexei	President	NGO “Biotica”

## Annex 4: Country Scorecard for Moldova – Core Set of Indicators

The Land Governance Assessment Framework (LGAF) consists of 21 core land governance indicators, which are then further broken down into a total of 80 dimensions. These dimensions are scored by selecting an appropriate answer among a list of pre-coded statements that draw on global experience. "A" stands for good practice, "D" stands for weak practice. See here for the scores of the Moldova LGAF.

			Score			
LLGI-Dim		Topic	A	B	C	D
<b>Recognition of Rights</b>						
1	i	Land tenure rights recognition (rural)				
1	ii	Land tenure rights recognition (urban)				
1	iii	Rural group rights recognition				
1	iv	Urban group rights recognition in informal areas				
1	v	Opportunities for tenure individualization				
<b>Enforcement of Rights</b>						
2	i	Surveying/mapping and registration of claims on communal or indigenous land				
2	ii	Registration of individually held properties in rural areas				
2	iii	Registration of individually held properties in urban areas				
2	iv	Women's rights are recognized in practice by the formal system (urban/rural)				
2	v	Condominium regime that provides for appropriate management of common property				
2	vi	Compensation due to land use changes				
<b>Mechanisms for Recognition</b>						
3	i	Use of non-documentary forms of evidence to recognize rights				
3	ii	Formal recognition of long-term, unchallenged possession				
3	iii	First-time registration on demand is not restricted by inability to pay formal fees				
3	iv	First-time registration does not entail significant informal fees				
3	v	Formalization of residential housing is feasible and affordable				
3	vi	Efficient and transparent process to formally recognize long-term unchallenged possession				
<b>Restrictions on Rights</b>						
4	i	Restrictions regarding urban land use, ownership and transferability				
4	ii	Restrictions regarding rural land use, ownership and transferability				
<b>Clarity of Mandates</b>						
5	i	Separation of institutional roles				
5	ii	Institutional overlap				
5	iii	Administrative overlap				
5	iv	Information sharing				
<b>Equity and Non-Discrimination</b>						
6	i	Clear land policy developed in a participatory manner				
6	ii	Meaningful incorporation of equity goals				
6	iii	Policy for implementation is costed, matched with the benefits and is adequately resourced				
6	iv	Regular and public reports indicating progress in policy implementation				
<b>Transparency of Land Use</b>						

7	i	In urban areas, land use plans and changes to these are based on public input				
7	ii	In rural areas, land use plans and changes to these are based on public input				
7	iii	Public capture of benefits arising from changes in permitted land use				
7	iv	Speed of land use change				
<b>Efficiency of Land Use Planning</b>						
8	i	Process for planned urban development in the largest city				
8	ii	Process for planned urban development in the 4 largest cities (exc. largest)				
8	iii	Ability of urban planning to cope with urban growth				
8	iv	Plot size adherence				
8	v	Use plans for specific land classes (forest, pastures etc) are in line with use				
<b>Speed and Predictability</b>						
9	i	Applications for building permits for residential dwellings are affordable and processed in a non-discretionary manner.				
9	ii	Time required to obtain a building permit for a residential dwelling				
<b>Transparency of Valuation</b>						
10	i	Clear process of property valuation				
10	ii	Public availability of valuation rolls				
<b>Tax Collection Efficiency</b>						
11	i	Exemptions from property taxes are justified				
11	ii	Property holders liable to pay property tax are listed on the tax roll				
11	iii	Assessed property taxes are collected				
11	iv	Property taxes correspondence to costs of collection				
<b>Identification of Public Land</b>						
12	i	Public land ownership is justified and implemented at the appropriate level of government				
12	ii	Complete recording of publicly held land				
12	iii	Assignment of management responsibility for public land				
12	iv	Resources available to comply with responsibilities				
12	v	Inventory of public land is accessible to the public				
12	vi	Key information on land concessions is accessible to the public.				
<b>Incidence of Expropriation</b>						
13	i	Transfer of expropriated land to private interests				
13	ii	Speed of use of expropriated land				
<b>Transparency of Procedures</b>						
14	i	Compensation for expropriation of ownership				
14	ii	Compensation for expropriation of all rights				
14	iii	Promptness of compensation				
14	iv	Independent and accessible avenues for appeal against expropriation				
14	v	Appealing expropriation is time-bounded				
<b>Transparent Processes</b>						
15	i	Openness of public land transactions				
15	ii	Collection of payments for public leases				
15	iii	Modalities of lease or sale of public land				
<b>Completeness of Registry</b>						
16	i	Mapping of registry records				
16	ii	Economically relevant private encumbrances				

16	iii	Economically relevant public restrictions or charges					
16	iv	Searchability of the registry (or organization with information on land rights)					
16	v	Accessibility of records in the registry (or organization with information on land rights)					
16	vi	Timely response to a request for access to records in the registry (or organization with information on land rights)					
<b>Reliability of Records</b>							
17	i	Focus on customer satisfaction in the registry					
17	ii	Registry/ cadastre information is up-to-date					
<b>Cost Effective and Sustainable</b>							
18	i	Cost of registering a property transfer					
18	ii	Financial sustainability of the registry					
18	iii	Capital investment					
<b>Transparency</b>							
19	i	Schedule of fees is available publicly					
19	ii	Informal payments discouraged					
<b>Assignment of Responsibility</b>							
20	i	Accessibility of conflict resolution mechanisms					
20	ii	Informal or community based dispute resolution					
20	iii	Forum shopping					
20	iv	Possibility of appeals					
<b>Low Level of Pending Conflicts</b>							
21	i	Conflict resolution in the formal legal system					
21	ii	Speed of conflict resolution in the formal system					
21	iii	Long-standing conflicts (unresolved cases older than 5 year)					
<b>Large Scale Acquisition of Land rights</b>							
PLI	1	Most forest land is mapped and rights are registered					
PLI	2	Conflicts generated by land acquisition and how these are addressed					
PLI	3	Land use restrictions on rural land parcels can generally be identified					
PLI	4	Public institutions in land acquisition operate in a clear and consistent manner					
PLI	5	Incentives for investors are clear, transparent and consistent					
PLI	6	Benefit sharing mechanisms for investments in agriculture					
PLI	7	There are direct and transparent negotiations between right holders and investors					
PLI	8	Information required from investors to assess projects on public/community land					
PLI	9	Information provided for cases of land acquisition on public/community land					
PLI	10	Contractual provisions on benefits and risks sharing regarding acquisition of land					
PLI	11	Duration of procedure to obtain approval for a project					
PLI	12	Social requirements for large scale investments in agriculture					
PLI	13	Environmental requirements for large scale investments in agriculture					
PLI	14	Procedures for economically, environmentally, and socially beneficial investments					
PLI	15	Compliance with safeguards related to investment in agriculture					
PLI	16	Procedures to complain if agricultural investors do not comply with requirements					

Forestry						
1	i	Country signature and ratification of international conventions				
1	ii	Implementation of incentives to promote climate change mitigation through forestry				
2	i	Public good aspects of forests recognized by law and protected				
2	ii	Forest management plans and budgets address the main drivers of deforestation and degradation				
3	i	Country's commitment to forest certification and chain-of-custody systems to promote sustainable harvesting of timber and non-timber forest products				
3	ii	Country's commitment to SMEs as a way to promote competition, income generation and productive rural employment				
4	i	Recognition of traditional and indigenous rights to forest resources by law				
4	ii	Sharing of benefits or income from public forests with local communities by law and implemented				
5	i	Boundaries of the countries forest estate and the classification into various uses and ownership are clearly defined and demarcated				
5	ii	In rural areas, forest land use plans and changes in these plans are based on public input				
6	i	Country's approach to controlling forest crimes, including illegal logging and corruption				
6	ii	Inter and intra agency efforts and multi-stakeholder collaboration to combat forest crimes, and awareness of judges and prosecutors				

## Annex 5: Policy Matrix

No	Policy issues	Proposed action	Monitoring indicator
<b>Thematic Area 1 - Legal and Institutional Framework</b>			
1	Improvement of the legislative and normative framework in the respective area	Development of the Land Code in a new edition	Developed act
		Development of the specialized information system for land cadastre, which would allow the record keeping the land designation regardless of the ownership forms	Developed act
		Development of the Agricultural Land Consolidation Program	Developed act
		Development of the legal framework to regulate the possession, use, and joint disposal of land plots	Developed act
		Completing the legal framework with permissible individualized norms for land individualization	Developed act
		Completing the legal framework with norms which would provide for compensations afferent to land use outside the expropriation process	Developed act
		Development of an action plan for supporting Roma people in land relations area	Developed act
		Improvement of the legislative framework on condominium in housing fund so as to empower a body or an independent commission with duties to control the process related to the mansards in residential blocks	Developed act
		Revision and improvement of civil and land legislation in the context of creating gainful conditions for the agricultural land owners for reliable management of land plots under private property	Developed act
2	Improvement of land Cadastre	Registration and mapping of communal and public lands Delimiting the land of state's public property and land in public property of the administrative-territorial units	No. of registered, mapped, and assessed assets
3	Land policies	Development of public reporting procedures for the implementation and monitoring of land policies	Developed procedures
4	Improvement of institutional framework	Concretizing the competencies related to the administration of land in state's public property afferent to private real estate assets, including transfer into use/lease	Developed legal framework
<b>Thematic Area 2 – Land Use Planning, Management and Taxation</b>			
5	Improvement of land use planning and management	Implementation of mechanisms necessary for the enforcement of the law on authorizing construction works	Developed mechanisms
		Revision of regulatory and operational framework to manage construction permits and legalization of unauthorized constructions	Regulatory and operational framework revised
		Development of a regulation on size of residential plots in urban areas	Developed act
		Development of a regulation on prior information of the population regarding the public debates related to the possible modification in rural and urban land use	Developed act
6	Creation of the land Cadastre	Finalization of Cadastre works and real estate	No. of registered

		registration works	assets
		To finalize evaluation of real estate assets for fiscal purposes	No. of assessed assets
7	Creation of the methodological normative framework for valuation and reevaluation of real estate assets for fiscal purposes	Development of national standards for valuation of real estate assets	Developed and approved standards
		Development of legal framework for reevaluation of real estate assets for fiscal purposes	Developed act
		Develop revaluation procedure for tax purposes including for revaluation of previously evaluated properties	Developed legal and operational framework
		Develop standard procedures for real estate monitoring	Procedures developed
		Revise legal framework to allow private contractors carry out evaluation of properties for fiscal properties	Amended legal framework
		Improve legal framework to stimulate conclusion of transparent transactions based on market value	Amended legal framework
8	Optimization of beneficiaries regarding the exemption of tax payment for real estate assets	Development of modifications and completions to the Fiscal Code related to exemptions of tax payment for real estate assets	Developed legal framework
<b>Thematic Area 3 - Management of Public Land</b>			
9	Management of public land	Adjustment of legal framework related to: concretizing the body empowered to tender the lease right for agricultural land; collecting the payments for using the land which is the state's public property and is afferent to privatized objects	Developed legal framework
		Completing the register of public patrimony with data about the management of public land plots: lease payment, data on collecting lease payments, price for alienating public land, etc.	Developed legal framework
		Development of the program for delimiting the land plots which are part of public and private domains of the state and LPAs	Developed legal framework
		Reforming the institution of state representatives related to public land management	Developed legal framework
		Adjustment of the legal framework for extending the categories of affected persons who are entitled to compensations based on the Law on expropriation for public interest	Developed legal framework
<b>Thematic Area 4 - Public Provision of Land Information</b>			
10	Issuance of documents from the Real Estate Registry in digital format	Modification of the legal framework in the area	Adopted legal framework
11	Development of standards for spatial data	Development of standards	Developed and approved standards
12	Creation of the National Infrastructure of Spatial Data and integration in the European infrastructure of spatial data	Creation of necessary legal and operational frameworks	Number of databases created for national Infrastructure of

			Spatial Data;  Number of databases registered in the European infrastructure of spatial data
13	Development of the legislative and normative frameworks in the area of geodesy, mapping, and geoinformatics	Development of laws, regulations and bylaws.	Number of developed/modified draft legislative and normative acts
<b>Thematic Area 5 - Dispute Resolution and Conflict Management</b>			
14	Conflict management and land dispute resolution mechanisms	Institutionalization and promotion of the extra-judiciary methods in rural communities (mediation, arbitration, conciliation)	Developed legal framework
15		Review the land dispute resolution mechanisms by removing barriers related to the representation of landowners in the courts	Amended legal framework
16		Creation of commissions for solving land litigations under the LPAs	Developed legal framework
17		Making more active the role of LPAs in solving land conflicts	Developed legal framework
<b>Thematic Area 6 - Large scale acquisition of land</b>			
18	Social safeguards requirements	Define clearly in the existing legislation the social safeguard requirements for indigenous population in case of large scale acquisition of land	Amended legal framework
19	Environmental safeguards requirements	Define clearly in the existing legislation the environmental safeguard requirements in case of large scale acquisition of land	Amended legal framework
20	Rights to buy land	Review the legal framework for unequivocal determination of the categories of legal persons which have the right to buy agricultural land	Amended legal framework
<b>Thematic Area 7 – Forestry</b>			
21	Institutional framework	Develop and promote institutional reform in the forestry sector (separation of roles, clarity of mandates and efficiency of procedures)	Institutional, regulatory and operational frameworks revised
22	Legal framework	Development of the Forestry Code in a new edition	Developed act
23	Demarcation and registration of forests	Liberalize the market of forestry estate boundaries demarcation and registration services	Amended legal framework
24	Implementation of international conventions	Develop an action plan to transpose ratified international conventions into national legislation and draft the regulations for their enforcement	Developed action plan, regulations drafted and adopted
25	Certification of forest and nonforest products	Develop regulation on certification of forests and forestry products as well as on incentives for drawing the interest of forest land holders and owners in the certification and implementation of forest management	Developed regulations

		certificate systems	
26	Community involvement and consultations	Review the national forestry legislation regarding the involvement of communities and LPA in the development of national and local forestry management plans	Amended legal framework

## Annex 6: Background reports

- a) Background Report for Commission 1 – Land ownership
- b) Background Report for Commission 2 – Urban territory planning and development
- c) Background Report for Commission 3 – Rural territory planning and development
- d) Background Report for Commission 4 – Land evaluation and taxation
- e) Background Report for Commission 5 – Public land management
- f) Background Report for Commission 6 – Provision of public information about land
- g) Background Report for Commission 7 – Dispute resolution
- h) Background Report for Commission 8 – Large scale procurement of land (non-core)
- i) Background Report for Commission 9 – Forestry (non-core)

## Annex 7: Aide Memoires

- a) Aide Memoire of Commission 1 – Land ownership
- b) Aide Memoire of Commission 2 – Urban territory planning and development
- c) Aide Memoire of Commission 3 – Rural territory planning and development
- d) Aide Memoire of Commission 4 – Land evaluation and taxation
- e) Aide Memoire of Commission 5 – Public land management
- f) Aide Memoire of Commission 6 – Provision of public information about land
- g) Aide Memoire of Commission 7 – Dispute resolution
- h) Aide Memoire of Commission 8 – Large scale procurement of land (non-core)
- i) Aide Memoire of Commission 9 – Forestry (non-core)

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