

FYR Macedonia: Reforming the Land Market



REFORMING THE LAND MARKET

Modernization of Real Estate Cadastre and Property Registration System

Overview

Drawing upon International Bank for Reconstruction and Development (IBRD) funding and expertise, the former Yugoslav Republic of Macedonia (FYR Macedonia) can now provide modern and efficient cadastre services and faster property registration, making it possible for citizens to secure their real estate assets and access financing.

Challenge

In 2005, the real estate cadastre covered less than 43% of the country, and uncertain property rights and weak land registration services created significant constraints to foreign investment. Confidence in the registration and cadastre records was low since the records were out of date, and 60-70% of apartments were not registered at all.

The lack of confidence and difficulty caused by incomplete records had negative effects on private sector investment and development of the economy overall: many land transactions were not registered, and cadastre and other records (courts, notaries) were incomplete and out of date, leading to uncertainty and a lack of trust in the property markets. Another direct consequence of unclear property rights was the constraint on collateral and mortgage financing, making it difficult for citizens to mortgage and transact property. Property ownership was not registered consistently in any central place and the lack of secure titling made mortgage financing difficult or impossible for most citizens.

Approach

Through the project's capacity building and assistance, the Agency for Real Estate Cadastre was re-oriented from a technical organization, focused on surveying, to a service organization focused on customers. One of the main

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121%

The percent of the annual number of registered transactions that increased — from 42,116 registered transactions in 2005 to 93,240 in 2009.

5 days

The time to register a sale transaction was cut down from 60 days in 2004 to 5 days or less thanks to the project.

objectives of the project was improving the Agency's management and monitoring, which consequently led to a more efficient and client-oriented way of working. At the same time, the policy work under the project contributed to the new Law on Land Survey, Cadastre, and Registration of Real Estate Right, which allowed for the development of private sector surveyors. The project supported these new entrepreneurs with training and small contracts.

Results

- Since the project launch in 2005:
- Real estate cadastre coverage of the country grew from 43 % to 99% of the territory.
- The annual number of registered transactions increased by 121 % - from 42,116 registered transactions in 2005 to 93,240 in 2009.
- Annual mortgages registered in the land administration system doubled from 3,000 in 2005 to more than 6,000 in 2009, demonstrating a substantial increase in using ownership rights as collateral. Since the project began, over 30,000 mortgages were registered.
- In 90% of offices in the country, the project reduced the time to register a sale transaction to 5 days or less - down from 60 days in 2004.
- At the end of 2009, there were 248 accredited private surveyors and 100 registered companies providing services directly to citizens - up from 14 private surveyors and no registered companies at project commencement.

Voices

“As any other citizen, I have had dealings with the cadastre agency, both privately and as a private entrepreneur for a long time. The difference is obvious, and it can be seen from the shorter time and processes for property registration to the attitude and professionalism of the employees. I am now able to turn my real estate quickly into a capital asset to finance my business, which greatly helps in a dynamic market that we work in..”

—*Maja Dimitrievska, Businesswoman, Skopje*

Toward the Future

Project achievements are being scaled up through additional IBRD financing that will support the country in developing its national spatial data infrastructure in line with European Union (EU) requirements. This support will include digitization of cadastre maps, facilitating data sharing among public, private, and government institutions, and upgrading the national geodetic reference infrastructure. The project will also build capacity within the Authority of Legal and Property Affairs, which oversees property and legal issues involving public authorities and agencies.

MORE INFORMATION

- » Results in ECA: FYR Macedonia Real Estate Cadastre and Registration Project
- » Agency for Real Estate Cadastre
- » World Bank FYR Macedonia web site

MORE VIDEOS

- » Victoria Stanley, Team Task Leader
- » Ljupco Georgievski, Director, Agency for Real Estate Cadastre, FYR Macedonia

