

## **THE VIENNA INITIATIVE: REAL PROPERTY RIGHTS IN ECA COUNTRIES**

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Property rights, the fundamental pillar for the development of a democratic society, were abolished or, at least, severely restricted during the Communist period. Property was subjected either to expropriation or collectivization. The registry books have been out of use for many years while the cadastres evolved mainly to support the centrally planned economies. Therefore, in many countries cadastres do not correspond to the requirements of establishing sound property rights. As a consequence, during the transition, the pace of development of a market economy has been slow due to the lack of basic instruments to secure transactions among economic agents.

Among the reasons for the slow pace of the process are (a) the degree of difficulty for implementation of restitution laws, (b) the frequent changes in the laws affecting property rights; and, (c) the sometimes impossible standards expected from those in charge of implementation of cadastres.

The Vienna Initiative (as it is called now after the 1999 Conference on the Development and Maintenance of Property Rights held in Vienna on May, 1999) is an ongoing task that (a) has identified a big problem: the migration of social based property to privately based property systems; (b) searched for solutions in and out of the Vienna Initiative partner organizations and (c) generated a major knowledge and operational management partnership. As an ongoing initiative, the first focus of the Vienna Initiative was on real estate property rights in transition.

New policies should focus on, first, the most rapid completion of the restitution process based on a streamlined and transition-tailor-made legal framework, and a clear differentiation between urban and rural situations. Basic concepts of restitution should be followed by clear implementation strategies in what could be called a "First Registration Kit". Implementation includes migration and capture of data and the achievement of the first registration kit. From this point, all other branches can develop (taxation and mortgage laws, more complex and accurate registry and cadastre, market responsive land administration systems, private distribution of registration services). Among the observed implementation problems are discrepancies between documentation and the real world; non-identity of land- and of building-owners; conflicts between owners and tenants; inefficient legal procedures; inter-institutional conflicts among public institutions; poor use of private sector provision of services in land administration; long waiting periods for registration; institutional capacities and resources problems; inefficiency of current urbanization trends and modern land policies; and inaccuracy of land administration systems.

The specific activities of the Vienna Initiative include providing support for ongoing and future *country* work in the areas related to property rights and real estate administration. Legislators and experts in transition economies should clearly understand how to tackle these specific issues through joint efforts with the technical and financial assistance to be provided by coordinated international and national agencies. Further activities include preparing studies on the two *regional* specific problems identified in the last conference, namely *fragmentation* of agricultural land and the problem of *multi-family dwellings* in the urban areas; and serving as liaison to ongoing discussions in the related thematic groups within the World Bank and the EU.

One major result of the initiative was the establishment of the Vienna Initiative's intellectual leadership in this area to better serve the clients needs. In addition, the Vienna Initiative created the following dynamics among ECA countries decision-makers:

- Move from physical recognition of land to the issue of real property rights
- Move from dominantly rural interventions to urban
- Move from technical to managerial issues
- Brought in other economic concerns like regional, and agriculture development and urban planning

In sum, the Vienna Initiative is becoming a systematic way of thinking shared by the various actors involved in the process of settling property rights.