

# Property Rights and Poverty Alleviation in Central and Eastern Europe

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## **Growing inequity in the former Soviet block**

Countries in Central and Eastern Europe and the Commonwealth of Independent States (CIS) are aiming to achieve a fairer distribution of the economic benefits from transition to market economies among their population. In many countries, however, there is widespread evidence of increasing poverty and inequality.

## **Development of land markets**

One of the ways of addressing this problem is to increase the access of the population to a well-organised land and property rights system. Under the auspices of the Real Estate Advisory Group (REAG), the United Nations Economic Commission for Europe (UNECE) launched the *Land for Development Programme* (LFDP) last year. This programme underlines the need for holistic approaches to the development of land markets and the need to have in place a number of important elements including an effective land management system, a transparent land market, and a legal and institutional mechanism for protecting property rights. Such a system is the basis for sustainable development and poverty alleviation.

## **Consensus on the role of extended land and property rights**

Supported by Tecnoborsa, an NGO of the Rome Chamber of Commerce, the *First European Real Estate Summit* held in September 2002 declared its support for the role that extended land and property rights can play in sustainable development and poverty alleviation in the UNECE region. A consensus was reached that the LFDP and its network of stakeholders, including governments, private sector partners, international organisations, development banks and real estate professionals, should

be the vehicle for identifying and removing bottlenecks that are an obstacle to social and economic development.

The *Second Land for Development Programme Forum* took place in Rome on 30 to 31 October 2003 and focused on the implementation of the declaration. The key points considered at the Forum were developing an integrated land policy, resolving disputes over land, building human capital and expertise for land and property rights systems, accessing financing, and security in land management and property rights.

### **ADAS's experiences in land reform**

Co-chairing the Summit Session on resolving disputes over land, ADAS International presented its experience from over 10 years of working on behalf of the UK Department for International Development (DFID) in the rural sector of Russia and the countries of the former Soviet Union, on the issues of land ownership and land reform.

Experience has shown that the legal provision of land rights is not sufficient in themselves. Access to information and advice for protection of ownership rights and dispute resolution mechanisms to allow people to exercise their rights are extremely important to safeguard success of pro-poor land reform.

### **Use of Third Party Arbitration Courts (TPACs)**

To put a dispute through the existing court system was bureaucratic, time consuming, daunting and costly, particularly for the poor in the rural communities. There was need for a fair, transparent, timely, affordable and socially acceptable mechanism for resolving disputes. Third Party Arbitration Courts or TPACs as they are referred to, have proved to be a very effective mechanism in resolving civil and legal disputes; as demonstrated by the DFID supported programmes in Russia, Moldova, Ukraine, Kyrgyzstan and Georgia.

### **How TPACs work?**

TPACs are designed to mediate between parties and reach workable compromises acceptable to both sides. They operate outside the formal legal system but their decisions are recognised by the court system. The parties involved in the dispute must voluntarily agree to submit their disputes to the TPAC. To resolve the dispute, the parties themselves will appoint a judge (or judges), who are not necessarily lawyers or legal experts, but are often respected specialists in their particular field. TPAC dispute resolution procedures are kept as simple as possible and the hearings take place in private.

### **Need for a range of other support measures**

Another key lesson learnt from involvement with these issues across the region is that provision of rights to land on its own does not improve socio-economic situations. Poor people need a range of supporting measures to allow them to turn rights of access into livelihood benefits, including access to advisory services, availability of support services, input suppliers and markets, access to finance and credit, and functioning social sphere infrastructure.

## **Preparation of a policy toolkit to promote property rights for the poor**

The Summit, which included representatives from 23 countries, developed a shared vision, which proposed the establishment of a high level panel on property rights for the poor under the chairmanship of Hernando De Soto, President of the Institute of Liberty and Democracy, who participated in the Summit by video link from Lima, Peru. The panel would be charged with preparing a toolkit for policy makers to promote property rights for the poor.

### **Further Information**

Contact ADAS International at <http://www.adasinternational.com>