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Property formation process within an institutional context

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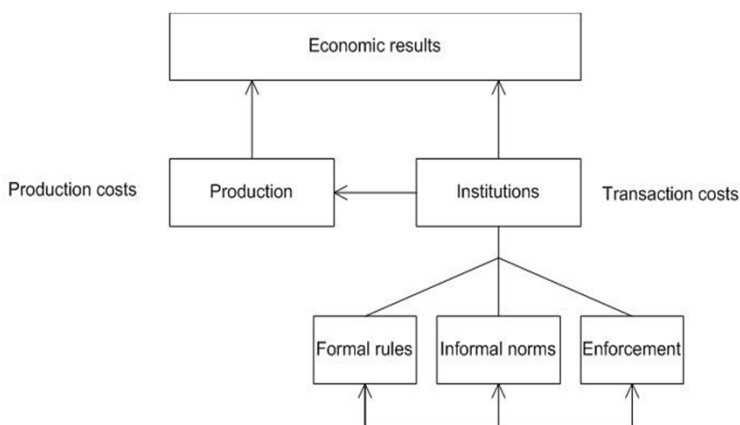
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Economic performance



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Institutions

- Rules of the game in a society (North 1990)
- Non-technologically determined constraints affect social interactions and create incentives for social behaviour (Greif 1998)
- Keep individual behaviour within the permissible limits (Furubotn&Richter 1997)

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Transaction costs

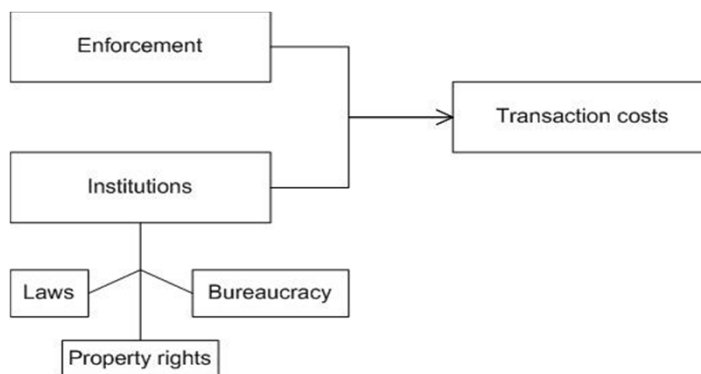
- All costs not directly incurred in production process (Cheng 1998)
- Sum of fixed and variable costs while running an economic or social system (Furubotn&Richter 1997)
- For real property processes – costs of establishment, execution and enforcement of agreements

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Transaction costs depend on



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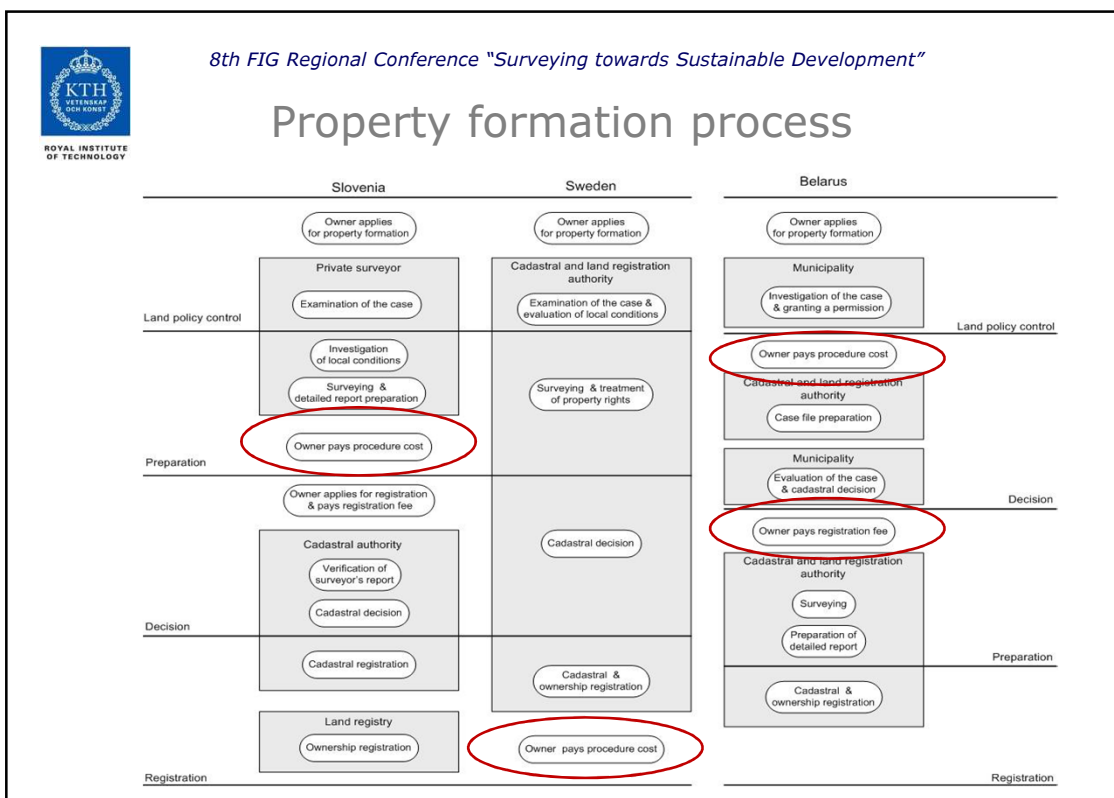
Case study countries

Country	Population (M)	GNI per capita (USD) ¹	Ease of doing business (rank) ¹	Government effectiveness (country's % rank) ²
Slovenia	2.0	23 520	42	75-90
Sweden	9.3	48 930	14	90-100
Belarus	9.7	5 540	68	10-25

1. World Bank Doing Business (2011) www.doingbusiness.org/ [accessed 7th March 2011].

2. World Bank Worldwide Governance Index (2009) http://info.worldbank.org/governance/wgi/sc_country.asp [accessed 7th March 2011].

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Relative transaction costs of property formation

Country	Slovenia	Sweden	Belarus
Role of municipality	consulting/ lower	consulting/ lower	permissive/ higher
Surveying by public or private surveyor	private/ higher	public/lower	both/ higher
Double data control	yes/ higher	no/lower	yes/ higher
Cadastral decision by	registrar/ lower	public surveyor/lower	municipality/ higher
Cadastral decision (before or after surveying)	after/lower	after/lower	before/ higher
Cadastral & ownership registration by	two authorities/ higher	single authority/ lower	single authority/ lower
Payment of fee (before or after transaction)	before/ higher	after/lower	before/ higher

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Thank you for your attention

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