Key factors for success in land administration projects – Lessons learned from projects in South-East Europe

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Paper prepared for presentation at the
“2015 WORLD BANK CONFERENCE ON LAND AND POVERTY”
Abstract

Foreign donors and lenders have since early 1990ties channeled huge amounts of money to former socialist countries in Europe, helping with the transition to private ownership to land and with building public service needed for the emerging markets in private property. Foreign aid has certainly played a very important role. Also the Government of Norway has provided assistance, largely implemented by the Norwegian Mapping Authority – Statens kartverk. However, through our engagement in land related projects, we have been able to observe big differences in the efficiency and in the effects of foreign aid and involvement. It is demonstrated that local leadership is the most important factor for success. Still this issue has received limited attention. The importance of ensuring that all instruments for continued maintenance of data are in place before any massive data collection starts, has too often been neglected, especially when big amounts of money have to be used in a relatively short time. One could question if projects too often are defined by donors/lenders rather than by the local recipients. Definitely, donors and lenders could be much better in co-ordinating their efforts, in partnership with the local beneficiaries. Development of IT solutions for land registration has faced big problems in several countries, at least partly due to insufficient planning, lack of local involvement and less suitable procurement practices. However, there are also examples demonstrating that “things can go well”- if key factors are well observed.

Key Words:

Land administration projects, experiences, key success factors
Context

On 2 November 2014 people all over the World could celebrate the 25th anniversary for the fall of the Berlin wall. During those 25 years the former socialist countries in Europe have experienced the biggest and most rapid establishment of private properties ever seen anywhere in the World. Privatization has taken different forms in different countries. In west European countries under communist control since the end of World War II, the aim was to return collectivized or confiscated property to previous owners. In Russia and in states, which were under Russian control until the collapse of the Soviet Union, it has largely been a matter of first privatization. However successful, the initial privatization left a number of problems to be resolved, such as bad data quality, inadequate laws, insufficient services to the land market and a huge number of pending court cases. The countries in question are all undertaking projects to improve the situation.

Foreign donors and lenders played a big and indispensable role to the initial privatization. Some of the problems inherited from the initial privatization could have been avoided if the processes had been better planned and better executed. But that is history and cannot be redone today. It also took place in a context of massive demand for private property and need for private management of land. In Albania, for example, rapid privatization of arable land was simply necessary for production of food. Following the initial privatization, donors and lenders continued and still continue to provide financial and technical assistance to improving land administration. This paper mainly relates to experiences with projects executed in this second phase of improving the institutional frameworks for the emerging land markets in privatized property; Projects which have been targeting improvements to the public organizations, to laws and regulations, to technical solutions and to data quality.

For the last 20 years, the Norwegian government has been running a grant program for former socialist countries in Western Balkan and in former Soviet Union republics. Starting with Kosovo in year 2000, projects with land administration has been administered by the Norwegian Mapping Authority – Statens kartverk (SK) in 12 countries; 6 Balkan countries and 6 former Soviet republics. We are still working in 10 of the countries. The authors of this paper are currently employed by SK; Maria and Helge are working at the SK Centre for Property Rights and Development, supervising projects abroad. Sonila is working on site with projects in Kosovo and Albania.

In many countries, the assistance from Norway has been running in parallel with support from other and frequently much bigger donors and lenders, such as the World Bank, the European Union, US AID, GIZ (Germany) and SIDA (Sweden). To simplify the following text of this paper, the foreign donors and lenders are referred to as the “foreign helpers”.

The foreign helpers are implementing their respective projects in different ways when it comes to issues like the size and time length of projects, on-site presence, providing technical assistance with their own employees or by recruiting external consultants, concentrating on training and capacity building, or providing funds for procurement of goods and services.

This paper aims at highlighting some factors that are of key importance for the success in foreign supported projects to improve land administration in transition economies. The paper is not based on research or on measurable data. It reflects observations we have made through our participation with projects. Rather than drawing final conclusions the paper aims at stimulating to a discussion in the community of foreign helpers and between the helpers and the local benefitting partners. We believe there are opportunities for improvements.

Importance of local leadership

Foreign technical and financial assistance have been crucial to the development of services to the emerging markets in private property. However, it has been demonstrated to us, that local leadership in the beneficiary organization is the most critical factor for success. We believe all foreign helpers share this opinion. Still, it is our opinion that this factor has received remarkably little attention by the foreign helpers when it comes to remedies to deal with the
issue. There are of course limits to how much the foreign helpers can influence the selection and continuity of local leaders. Top managers in all countries we have been working have been politically appointed, more or less openly, but in any case exposed to substitution after elections or change of ministers. After local elections in Kosovo in 2014, almost all managers of the local land registration offices were changed. The same happened in Albania after the last general election; Not only top managers were shifted, but a large number of experts and support staff as well. It cannot be understated how damaging this is to projects. We train people who are gone tomorrow. It is not easy to see a solution, but foreign helpers, especially the big ones could be stronger in making continuity a conditionality for help. In any case, the issue of good and continuous leadership as well as measures to compensate for top managers who are substituted during project implementation should be addressed at project planning. Training, mentor programs and on site management assistance could be considered.

Armenia

However with a top manager being politically appointed, Armenia is a particularly good example of what can be achieved with good leadership. Well servicing the initial privatization of land, it became increasingly evident that the Armenian cadaster organization could not satisfactory support the emerging land market, with timely, secure and transparent services, underlined by an increasing public discontent with the services. Early 2011 the Chairman of the State Committee of the Real Property Cadaster decided to improve the overall cadastral system in Armenia. It was decided to reform the system to be in place from the beginning of 2012, well ahead of the general election scheduled for May 2012. In the spring of 2011 it was formed a group of experts to investigate the matter and propose improvements, including looking at best practices internationally. Netherlands, Lithuania and Georgia were visited. The group proposed to radically reform legislation, the organization, procedures and technology. The proposals were thereafter quickly approved by the Government and bravely set in motion for realization during the remaining six months of 2011.

At the outset, the cadaster organization in Armenia consisted of a central headquarters in Yerevan and 50 local offices servicing the public with registration of rights in land and with giving out information. Since the transition to market economy, Armenia had completed the privatization of land and implemented an organization for integrated registration of technical and legal information. The local offices used a range of stand-alone software tools with not well integrated solutions for textual information, for graphical information and for documents. Data were regularly copied to CD’s and brought to the headquarters to constitute national datasets and back up. Paper books and paper maps were maintained in parallel to the electronic resources at the local offices. Local archives were often in a terrible condition.

The organizational set up allowed clients to interact directly with the staff making data entries, with an embedded risk for corruption. A notary had to be employed for all transactions. A cadaster field survey was requested not only for new properties, but as well for transactions with existing properties. Only the cadaster organization was authorized to undertake field surveys. The above cadaster system had been in place more or less unchanged since the land privatization took place in the year following the dismantling of the Soviet Union in 1989. Generally, the services to clients were slow, bureaucratic and not transparent.

The main objectives of the reform set in motion in 2011, were formulated as follows:

1. Improving the quality of the services to the public and legal entities
2. Simplifying procedures for real property rights registration and related provision of information to clients
3. Reducing corruption risks
4. Abolition of unnecessary bureaucratic procedures
5. Improving access to uniform nationwide real estate information
6. Increasing the use of information technology
7. Creation of mechanisms for exchange of information between the Cadastre and other governmental bodies.

First of all it was decided to radically change the organization; To separate the dealing with clients from the approval and recording of data, with the objective to streamline the entire procedure, to make registration more efficient and with enhanced quality, and not least to reduce the risk for corruption. 47 front offices were been maintained for servicing clients locally, whilst approval and recording of transactions were centralized to 11 registration offices. Applications and supporting documents received at the front offices were scanned for subsequent transmission to the centralized registration offices. Applications could be handed in at any local office in the country regardless the location of the property in question. This was made possible by using modern technology.

A big number of laws and regulations were changed. Mandatory use of notaries as well as the mandatory survey for transactions with existing properties were abolished. Registration time was brought down to a few days. Offices throughout the country were refurbished presenting themselves with modern and attractive facilities to visiting clients. The importance of good looking facilities to the image of the cadaster organization and to the cadaster staff, should not be underestimated. Arriving to the front office, clients will retrieve a queue number from an electronic dispenser, which subsequently is displayed publically on screens to all waiting to be serviced, thus randomly selecting the officer to deal with the client to reduce the risk for corruption. Clients can pay the fees using an ATM at the cadaster office, if not paid beforehand in a bank. It is no handling of cash. The front offices offered free legal aid to substitute the mandatory use of private notaries.

The entire reform was accomplished in less than a year. Unthinkable without a leader who wanted rapid results and had the power to implement the reform.

The small Norwegian contribution was the IT solution facilitating communication between local front offices and the centralized registration offices.

Fig. 1 Refurbished Yerevan cadaster office opened in January 2012
Local ownership

It is important that project topics and activities are according to local priorities to ensure full local ownership to projects and the results. We believe that is not always the case. Foreign helpers are coming with their own priorities, Norway included. Foreign helpers need of course a steady stream of projects with enough incomes to continue their activities. Not all type of projects produce the same amount of incomes to the foreign helper, which could influence the selection of project topics and activities.

It is not wrong that foreign helpers to land administration projects are considering their own business as well. It has to be so. But it is important that the issue is recognized, and that the needs of the helpers are well balanced with the needs of the recipient organizations. Both helpers and beneficiaries should be aware of the issue and ensure an open and mutually trustful dialogue for best definition and priority setting of projects.

Ensuring sustainability

Leaders achieve little without staff with necessary capacity and skills. Risk analyzes made in our own projects have repeatedly pointed at this as a very critical issue. Foreign helpers tend to compensate for this by hiring temporary staff for the project period and to pay higher salaries than offered to regular staff. Projects involving major investments in data collection and new IT systems, data and systems which have to be maintained after project completion, should not be started unless sustainability is ensured. The practice of hiring temporary staff with higher salaries should as well be debated, because such staff tend to look for better paid jobs once the project is terminated.

We believe that building sustainable organizations, which can maintain the results of the projects, should receive more attention. The issue should be addressed already in the planning phase, but our experience is that it raised only towards the end of projects. Focusing on sustainability would require much longer involvement than foreign helpers normally are allowed by their respective home organizations. The Norwegian funded projects should be completed in no more than three years, and even if one project often has been followed by a new one, it would have been better if projects could have a much longer time span. Similar time restrictions apply to all foreign helpers.

A “soft” approach with focus on long term capacity building does not often match with the policies of most foreign helpers. Foreign helpers tend to want rapid and measurable results. It should be said that the local leadership as well tend to prioritize activities with rapid and measurable results, such as massive data collection and building of IT systems. Furthermore, project results are measured immediately after project completion. Longer term effects are seldom measured. Investigating the longer term effects of land administration projects is a good candidate for independent research.

Massive data collection versus building solutions for sporadic registration

Many land administration projects have included massive collection of field data, such as parcels boundaries and names of owners. Many projects have started before solutions for maintenance are in place. Focus on rapid disbursement of funds leaves too little time for establishing the solutions for continued maintenance. A time span of six years for big World Bank projects is clearly too short. It is little point to invest a lot of money in data collection unless data are properly maintained. In fact, it should always be required and demonstrated that all instruments for registration of single and user initiated cases are implemented and work satisfactory before any investments are done in massive collection of data about existing properties. That implies to bring in place laws, procedures, organization, staff and IT-systems. This fundamental rule has not always been applied, with resulting effects to rapid weathering of the quality of the registered data.
Development of IT systems

Development of IT systems for cadaster and land registration has demonstrated significant problems in many countries in South East Europe. Such systems are complex and call for special measures to achieve satisfactory results. It looks that best results have been achieved when development is done in house, but that is not always possible due to restrictions to the use of loans and grants. If competitive tender for the system development is required, significant time and money should be used to prepare user requirements and technical specifications - and this work has to be done on site with the staff of the beneficiary to ensure input of local knowledge and local ownership to the result. System development should also largely take place at the premises of the beneficiary institution and in close interaction with its staff. In most cases the beneficiary institution will need an independent controller to assist with control and approval of the deliveries of the service provider. In the case of Armenia, 1/3 of the total costs of the IT project were allocated to preparing specifications and to funding a controller.

Happily, it has arrived methods and technologies making it possible to develop land registration systems with much less risk and at lower costs. Solutions based on service oriented architecture makes it possible to break down the systems in independent modules, which are developed, tested and implemented piece by piece. It is even possible to put the system into practical use module by module. This was done successfully in Armenia. Modules to guide the workflow, for registering textual information and for management of documents were developed and implemented throughout the country before the graphical module was made and implemented. The same approach has been applied in Kosovo, leaving as well time for step by step training of staff. In Kosovo, the modules were as well tendered to different companies. Procurement rules applied by foreign helpers could possibly make it difficult to implement a step by step approach to system development. It is also important that procurement rules allow to appreciate the qualifications of the bidding companies, not only the price.

However, we are increasingly been aware that the major risks in IT-projects are not with technical issues, but with the human capacity of the local organization. Firstly, the local organizations often lack capacity to participate actively in defining requirements to the system and thereafter to involve in the continued dialogue with the developer. Secondly, local organizations often lack the human and financial resources needed to ensure maintenance of the software. The amount of money required for software maintenance cost are frequently overlooked. Bidders for system development should always be asked to present the costs for maintenance for a period of minimum 5 years and commit to provide system maintenance at that price if ordered by the client. Finally, one should be realistic about the time needed to specify, develop and implement complex IT systems needed for land administration. Again, this could be in conflict with the time allowed for a foreign helper to execute a particular project.

We believe foreign helpers and local beneficiaries could benefit from sharing experiences from IT system developments and from developing guidelines for better execution of IT-projects.

Coordination

Land administration is increasingly receiving attention from national and international institutional helpers and from Non-Governmental Organizations. Support to land administration in less developed countries has become a market where helpers are competing for a share.

Project coordination should receive more attention. In the ten countries where SK is currently working, only in Kosovo and in Bosnia Herzegovina this is put into some system, however far from satisfactory. The result is overlapping activities and lack of sharing of opinions and experiences. Probably also resulting in gaps, which are not filled by any party. Only for Kosovo it was recently reported that up to 15-16 different international organizations are engaged in land administration issues, not all equally important, but certainly not known by all parties. It looks largely imbedded into the working practices of foreign helpers not to coordinate with others.
Different organizations providing assistance do business in different ways. As an example, Swedish Lantmäteriet has a long tradition of providing training with their own staff, whilst Norwegian SK largely has funded mapping, equipment and IT systems, procured from private sector companies. Sweden and Norway thus possess comparative advantages, which both parties could benefit from. So far this has been utilized in one country only; Namely for the development of digital archives for property documents at the two cadaster authorities in Bosnia Herzegovina. Here we have agreed that SK will procure the SW solution and equipment, whilst Lantmäteriet will provide all training and supervision of pilot production.

Furthermore, the Nordic mapping authorities have recently agreed to formalize cooperation in foreign aid, to benefit from their respective advantages in execution of projects, and to learn from their experiences in working with projects abroad. It exists an international network of the major donors and lenders to land administration, but this should be extended to include more parties.

Coordination costs efforts and sometime compromises. Systematic sharing of information between all parties could help a lot. Solutions are at hand for setting up common project places, accessible for all through Internet, but it is not yet applied to any scale.

Coordination is easier if representatives of the foreign helpers are present in the countries. As the biggest foreign helper to land administration project in South-East Europe it would certainly help if an expert of the World Bank was more continuously present on site.

**Evaluation**

Foreign help has been very important for the transition to private ownership to land after the collapse of socialist systems in South East Europe 25 years ago, as well as to the building of services needed for the emerging markets in privatized properties. In reality, the situation we can observe today could not be achieved without foreign help. At the same time there are reasons to believe that projects supported by foreign donors and lenders could have been more efficient, leaving even better and more sustainable results.

We believe it is time to evaluate the way foreign helpers and he local partners have executed projects.