

# **DO WE NEED TO MAKE SOCIETY MORE AWARE OF THE BENEFITS OF THE LAND ADMINISTRATION SYSTEM ?**

**Suggestions for an awareness campaign and  
a business plan of the land administration system.**

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## **Introduction and background**

We are all convinced that a functioning land administration system is an essential part of the legal and institutional framework of all European countries. Its establishment and maintenance is prescribed by the European Human Rights Convention. Economic activities, investments into real property, housing development, agriculture, land use planning, build-out of infrastructure and urban development require an effective land administration system.

The establishment, constant improvement and further maintenance and development of the land administration system requires substantial financing provided through government budgets, user fees and – in the reform countries – project financing through loans and grants.

The question in front of us essentially wants to address the need for continuous investments into the land administration system. It leads to the next questions:

- Do the people responsible for the decisions on the land administration system have knowledge and understanding of the financial needs ?
- Is the maintenance and improvement of the land administration a government priority?
- Does the general public – as the fee payers – understand the benefits and the needs of the land administration system ?

If these questions are being answered in the negative – the land administration system will not obtain the funds needed to maintain and improve the system – with all the negative consequences for the economy.

## **Analysis – the awareness in Western European and in Reform Countries**

In Western European countries we can observe:

- The operations of the land administration system are considered by the public as routine. Not much thought is spent on the operation of the system itself or its financing, unless a problem arises.
- The need for spending more money on further developing the system through government budgets and/or user fees is not fully recognized, although the demand for an extension of uses and services is ever growing.

- Private parties, businesses, intermediaries (as notaries, surveyors, attorneys, banks), but also other public agencies, increasingly need the services of the system, whereas the understanding of financing such needs is rather underdeveloped.

In the reform countries, additional problems exist:

- People are not entirely familiar with the land administration system.
- In some instances, registration is avoided, due to the high costs of using the system.
- In most countries, registration of real property rights is based on application of the parties which makes it easy to skip the use with the negative consequences of losing rights discovered at a later date and ensuing disputes.

The dangers of such conditions are manifold. Necessary investments for the improvement, maintenance, improvement and further development are difficult to finance. As a result, services need to be reduced or – conveniently – further privatization of services is called for which might lead to less accuracy, less timeliness of data availability, or less reliability of data necessary for economic activities and transactions, or – to avoid that – to a substantial increase in the user fees.

### **Personal opinion on privatization of land administration services**

At this point I want to express a personal opinion on the ongoing discussion about privatization of land administration services. This opinion is based on observations made as advisor or project manager in a variety of countries in Central and Eastern Europe and Central Asia.


I recognize that in some countries the Government is reluctant for various reasons (politics, incompetence, lack of funds) to set priorities for the improvement and further modernization of the land administration. “If it is not broke, do not fix it.”

On the other hand, the private sector might be more effective to run a land administration system - or parts thereof – but is much more susceptible to (1) overcharging for services (which would lead to an “under-use” of the system with all the consequences) or (2) corruption. Control mechanism are difficult to establish and to maintain. For all of these reasons, I would plead for a general model which could briefly described as follows:

- The core functions, such as the establishment and maintenance of the basic physical property data, always should remain in the domain of the Government, or a government agency. Incorporation of a government entity is not considered as being privatized. As, nowadays, surveying itself, is outsourced, licensed (and, thus, controlled) surveyors can provide such services.
- At the “point-of-sale”, i.e. the point where legally acquired (and paid for) data are further used and disseminated, private entities can start their commercial endeavors of using data for various purposes as land use planning, construction, agriculture, housing development.
- The distribution of data through technical (electronic) means, such as the internet, can be outsourced with the caveat that the “ownership” of data always remains in the public domain.
- The “ownership of data” by the public domain means that such data can be sold to intermediaries for (1) information to interested parties and (2) for further use and development against compensation. Such revenues will enable the public domain to maintain, develop and improve its database.

The table below describes the scheme discussed above.

**Table 1**

<b>Public domain</b>		<b>Private domain</b>
Registration of rights Basic property data	Information on data	Further use of data

### **Why do land administration institutions need a marketing plan ?**

Land administration systems still – to a large extent – are financed by government budgets. Increasingly, budgets are restricted by austerity measures and determined by – sometimes more glamorous – political priorities. The collection of fees for the use of the system in many instances also is limited for popular political reasons. As a result of the limitation of resources, services might have to be reduced, services privatized and the overall quality and the extent of the services provided by the land administration system might suffer.

In the reform countries, the reconstruction of the land administration system is not completed yet and needs a huge amount of funding through budgets, international programs and loans and fees.

In order to overcome these deficiencies, the land administration system needs to turn to the decision maker in a professional manner to create understanding of the underlying problems and to influence the decisions by arguments. A business / marketing plan is the professional tool for such a campaign.

### **Suggestions for a business / marketing plan**

A business plan of a land administration system is a joint effort of all institutions, public and private, involved. The first step, therefore, is to create a community of joint interests between the government agencies (cadastre and real property registration agency) and the private sector intermediaries, as notaries, surveyors, attorneys, realtors and banks. Such a concerted effort also would make the funding of any campaign easier.

A business plan of a land administration system has to determine (1) the target group to whom the efforts are directed, (2) the products and services provided, (3) the tools and instruments used for the operation and (4) the desired results of the business.

### **Target groups**

Obviously, a land administration system in its effort to win understanding has to address several different groups: (1) the parliament and governmental institutions which decide on its budget, (2) the general public which has to understand that the operations and the development of the land administration system has to be financed increasingly by user fees, and (3) special partners, as the notaries, attorneys, surveyors, realtors, banks as their business is closely related – and dependent upon – the functioning of the land administration system.

### ***Products and services***

The products and services offered by the land administration system – in part as through outsourcing of the original services, or through public/private partnership constructs – and the benefits to the target groups constitute the arguments used in a business plan and marketing campaign. Such a campaign has to explain – on a cost/benefit basis – how important and beneficial the products and services provided are for the overall economy and for special interests of the target group.

### ***Desired results***

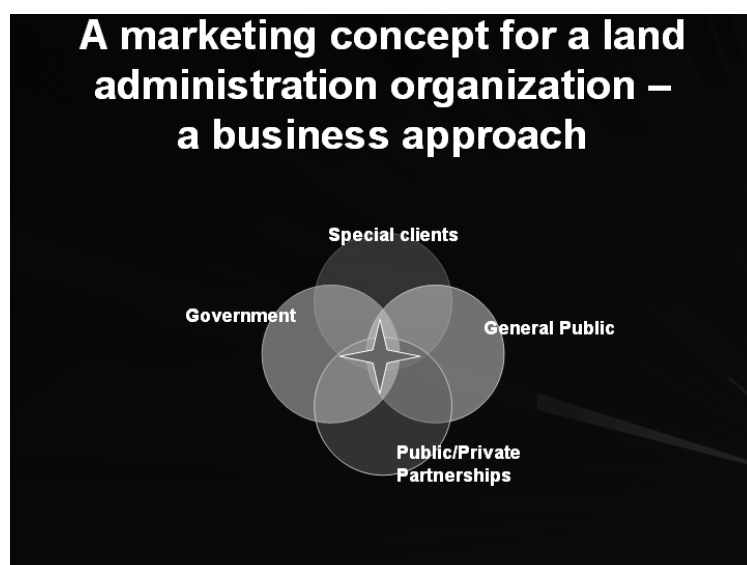
Such a campaign should achieve the following results:

- Increased budget for maintenance of and further investments into the land administration system.
- Better understanding of the general public – the clients of the land administration system – for the financial needs of the system.
- Increase of investments into the land administration system will lead to technical improvement and, thus, can serve better the clients' demands.
- Increase and improvement of services of the land administration system.

### **A marketing concept for a land administration system – a business approach**

In order to conduct an effective marketing (awareness) campaign as described above, the land administration system should develop a business plan similar to any commercial entity. It starts with the identification of its position in its specific market as schematically shown on the table below.

***Table 2***



The land administration system which is historically determined by government structures and methods of operation has to assume the character of a business in terms of management, clients (not applicants), products and services (tailored to the needs of the clients), pricing of products and services based on costs (cost recovery) or values perceived, on revenues to obtain for the lifelong existence of the system.

### ***Consumer market vs. producer market***

Historically, a land administration system produced products according to a legal command. It was a distribution of a product, not a service provided upon the demand of clients. In a modern, democratic society citizens have become clients. And, thus, also a land administration system has to ask for what its clients want and need. People expect from the land administration system immediate execution of the application (for registration), or prompt availability of information which has to be accurate and cheap. At the same time, though, clients do not recognize easily any more the value (and the related costs) of preparing and maintaining the core functions and data of the cadastre and the real property rights registration institutions, because they use the privatized services of intermediaries (notaries, surveyors, attorneys, realtors, banks).

### ***Analysis of needs***

An analysis of the needs of the land administration system clients probably (it should be ascertained by a professional marketing survey) would yield the following results:

- Security of real property rights and real property data.
- Confidence into the land administration system with regard to completeness and reliability of data.
- Full information on and transparency of data of transactions and registration status.
- Accuracy of data and timeliness of data availability.
- Affordability of using the land administration system.

### ***Analysis of products and services***

The principal products and services the land administration services can offer are:

- Cadastre: establishment and maintenance of data (inventory).
- Real property rights registration institution: establishment of rights.
- Access to data through modern information technology (internet).
- Further use of data for market information, land use planning and control.

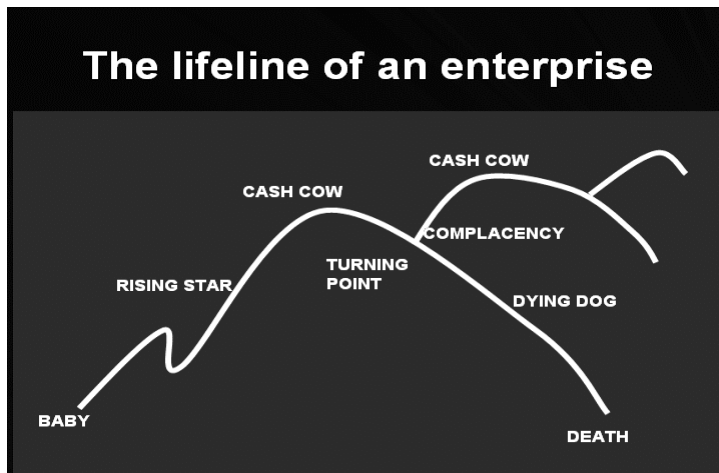
### ***Analysis of competitors***

Although the core of the land administration system is in the public domain, and, thus, constitutes a monopoly, certain, privatized peripheral functions might develop faster than the core basis which is being neglected or underdeveloped due to lack of funds. To remedy the situation, the relationship between the public domain core function and the privatized peripheral services has to be monitored and a balanced development has to be secured. The land administration system has to be kept competitive by innovation through new investments into technology and the customer orientation of services. A business plan as the instrument to meet these challenges has to be developed.

### *The lifeline of an enterprise*

In the business world we are used to cyclical development of a business. From a modest start-up a business is being developed to the peak of its existence. It is there where complacency sets in and competitors start to attack the market position. If the warning signs are not seen early enough, a business will slide down the path to death. The critical (turning) point in this development is at the peak where new products and services, new clients or other new innovative means have to be developed to stay alive. These rules also are valid for a land administration system, although the process of development might differ in terms of time and absoluteness of sequences, but the pattern itself should be a warning to consider always new ways, products and services and approaches to stay in business for the clients.

**Table 3**



This schematic graph illustrates the above.

In the core of a business plan are the goals of an entity. The following is an attempt to describe potential goals – in a traditional hierarchy of goals – of a land administration system.

### **Mission, goals and strategies**

**Table 4**



### ***Mission of a land administration system***

The mission of a land administration system is:

- Administration of all functions related to land (real property, i.e. the physical space needed for food and shelter, the protection of nature, the cultural roots of a society).
- Implementation of (otherwise) abstract rights of subjects on (physically) defined real property objects.
- Application of economic measurements to objects through a valuation process needed to facilitate transactions, to develop a land market and to enable property based taxation.

### ***Goals of a land administration system***

The goals of a land administration system can be determined along the TOR of the UNECE WPLA Guidelines in essence as follows:

- To guarantee (private) real property ownership, security of tenure and other rights (such as mortgages) on real property.
- To facilitate real property transactions through simple and efficient, transparent and affordable procedures.
- To improve land use planning and control and infrastructure development.
- To promote maintenance and improvement of buildings, particularly of housing.
- To protect the environment.

### ***Sample strategies for a land administration system***

Strategies have to be developed on how to achieve these goals. Highlights of such sample strategies are:

- Land reform: privatization, consolidation, agricultural land.
- Land policies: spatial planning, land use and urban planning.
- Cadastre modernization.
- Real property rights registration system.
- Land market promotion.

### ***Marketing instruments***

We have several instruments for the marketing of the land administration services at our disposal:

- First, we clearly have to define what products and services the land administration system can provide to whom at what price.
- The organizational set-up and the institutional arrangements, including privatization of services, partnerships and outsourcing of services, will determine costs, effectiveness and client orientation of the land administration system.
- The pricing policy of the land administration system can be based on either (1) cost recovery or on (2) the perceived value of the products and services provided.
- Investments into the system have to be evaluated with classical methods as return on investment and cost recovery calculations.

- Information of clients and the relationship with target groups are essential marketing instruments for identifying, acquiring and keeping clients.

### **Summary conclusions**

From the above, clear conclusions can be drawn:

We need to make aware the government (as the provider of budget funds), the general public (as the users and fee payers) and the special partners of the benefits of the land administration system in order to secure ongoing – and potentially increasing – funding for further improvement of the land administration system by emphasizing the benefits for the economic and social development of the country and its society.