Transparency as a Solution for Uncertainty in Land Privatization: A Pilot Study for Mongolia

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Outline

- Theoretical background
  - Uncertainty
  - Transparency is a tool to respond to uncertainty
  - Transparency in land administration
- A pilot study results
- Discussion
- Conclusion
Theoretical background

“Uncertainty”

- Uncertainty as a well known concept in many disciplines (Arun and Hindi 2000; Asselt 2000; Refsgaard, van der Sluijs et al. 2007)

- There is neither a commonly shared terminology nor agreement on a generic typology of uncertainties (Walker, Harremoes et al. 2003; Refsgaard, van der Sluijs et al. 2007);

- An important feature of the nature of uncertainty is the distinction between two extremes (Walker, Harremoes et al. 2003; Cooney and Lang 2007; Refsgaard, van der Sluijs et al. 2007).

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Nature of uncertainty:

- Epistemic uncertainty

- Variability (stochastic) uncertainty
Theoretical background
“Uncertainty”

Figure 1: Dimensions of uncertainty (Rowe 2006)

<table>
<thead>
<tr>
<th>Uncertainty class</th>
<th>Unknown information</th>
<th>Discriminator parameter</th>
<th>Valuation parameter</th>
<th>methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporal</td>
<td>Future</td>
<td>Probability</td>
<td>Luck</td>
<td>Prediction</td>
</tr>
<tr>
<td>Temporal</td>
<td>Past</td>
<td>Historical data</td>
<td>Correctness</td>
<td>Retro diction</td>
</tr>
<tr>
<td>Structural</td>
<td>Complexity</td>
<td>Usefulness</td>
<td>Confidence</td>
<td>Models</td>
</tr>
<tr>
<td>Metrical</td>
<td>Measurement</td>
<td>Precision</td>
<td>Accuracy</td>
<td>Statistics</td>
</tr>
<tr>
<td>Translational</td>
<td>Perspective</td>
<td>Goals/Values</td>
<td>Understanding</td>
<td>Communication</td>
</tr>
</tbody>
</table>

Table 1: Parameters of the classes of Uncertainty (Rowe 2006)
Land privatization is in the line of epistemic and the structural uncertainty because of complexity;

- The degree of uncertainty, as experienced by citizens and officials is high;

- In the situation of land privatization data and process uncertainty can be addressed by developing a new model based on user and data requirements;

- How do we respond to uncertainty in land privatization?

In general, much of the uncertainty exists where transparency is missing (Walker, Harremoes et al. 2003; Hood and Heald 2006);

- Greater transparency reduces uncertainty and as known so far it is universal approach to respond to uncertainty (Cooney and Lang 2007; Refsgaard, van der Sluijs et al. 2007; Schultz 2008);

- The source of uncertainty in land privatization can be non-transparency
Theoretical background
“Transparency in land administration”

- Transparency is a vital issue for the allocation of resources, which is fundamental to implement land privatization policy successfully (Rosset 2001; Deininger 2003; Bellver and Kaufmann 2005; Hood and Heald 2006; Cashin 2006; Lerman and Shagaida 2007);

- A nontransparent system is:
  - reduces the security of tenure
  - creates inequality among citizens
  - increases land disputes
  - produces costly and bureaucratic services

Theoretical background
“Transparency in land administration”

- Key elements to improve transparency in land privatization:
  - Access to information
  - Participation
  - Corruption
A pilot study results, Mongolia
“Methods and study area”

- Qualitative and quantitative data collected from different sources:
  - literature survey
  - secondary sources and archival records
  - interviews and discussions (17 out of 22)
  - questionnaires (395)
  - direct observations
A pilot study results, Mongolia

<table>
<thead>
<tr>
<th>Name of laws</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constitution of Mongolia</td>
<td>1992</td>
</tr>
<tr>
<td>Civil code</td>
<td>2002</td>
</tr>
<tr>
<td>Law of Mongolia on Land</td>
<td>1994, revised 2002</td>
</tr>
<tr>
<td>Law on Land Privatization to Mongolian citizens (Law on allocation of land to Mongolian citizens for ownership)</td>
<td>2002</td>
</tr>
<tr>
<td>Law on State registration rights to immovable property and other rights related to it</td>
<td>1995, revised 2003</td>
</tr>
<tr>
<td>Land fee and payment law</td>
<td>1997</td>
</tr>
<tr>
<td>Law on cadastral survey and land cadastre</td>
<td>1999</td>
</tr>
<tr>
<td>Law on immovable property tax</td>
<td>2000</td>
</tr>
</tbody>
</table>

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- One of the key priority activities of the Government;
- Change in rights/ownership;
- Privatize land only for:
  - Family needs
  - Cropland
A pilot study results, Mongolia

- Statistical data on land privatization collected at different administrative levels

- Estimated number of families to privatize land (558065)

- Size to be allocated to citizens for ownership:
  - In city - up to 0.07 ha
  - In aimag – up to 0.35 ha
  - In soum – up to 0.50 ha

*Figure 2: Progress report on land privatization (ALAGaC 2007)*

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Much complicated, bureaucratic land administration system exists in Ulaanbaatar city.
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Do you satisfied with the land administration service?

<table>
<thead>
<tr>
<th>Level of observation</th>
<th>National</th>
<th>Provincial</th>
<th>Municipal</th>
</tr>
</thead>
<tbody>
<tr>
<td>great extend</td>
<td>4</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>moderate extend</td>
<td>29</td>
<td>14</td>
<td>84</td>
</tr>
<tr>
<td>not satisfied at all</td>
<td>84</td>
<td>78</td>
<td>81</td>
</tr>
<tr>
<td>Subtotal</td>
<td>117</td>
<td>106</td>
<td>172</td>
</tr>
<tr>
<td>Total</td>
<td>395</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A pilot study results, Mongolia

Swindlers take of your dirty hand from our school!
A pilot study results, Mongolia

General observations:

- Level of uncertainty high in terms of legal & institutional issues;
- Current system is complicated, that creates data and process uncertainty;
- Weak coordination between land organizations and stakeholders, related stakeholders are defined and detailed stakeholders analysis are needed;
- Lack of access to information and participation in the implementation of the new law;
- No specific guidelines or strategy to implement LP law effectively.
A general research proposition is:

“More transparent processes, more efficient and effective implementation of land privatization law”

**Figure 4: Research model**
Conclusion

- The level of uncertainty is high, in terms of legal and institutional matters and at the operational level the processes are non-transparent;

- Many landowners and possessors (62%) are generally less confident “not satisfied at all” with the current services;

- Transparency is the way to deal with situations of uncertainty, and that it is an innovative approach to respond to uncertainty in land privatization;

- There is demand to test and validate research proposition.

Thank you for your attention!
Motivation of the Study

Land management paradigm (Enemark, 2005)

Theoretical background

“Uncertainty”

- In complex, interdependent decision-making environments, such as land administration, there is always considerable uncertainty (Walker, Harremoes et al. 2003);

- Uncertainties might increase in terms of complex decision-making on institutional arrangements, legal and technical issues relation to land rights;

- Land management is implemented in an uncertain, changing situation (Barry, 2000)
Access to Information

- Publicity: dissemination of basic information “how, where, how much”
- Access to personal information
- Available tools
- Data sharing between stakeholders

Figure 2. The Six Dimensions of the Intensity of Participation

Note: from Rasche et al., 2006

Participation

Figure 2. The Six Dimensions of the Intensity of Participation

Note: from Rasche et al., 2006
Corruption

- Time delay
- Extra cost
- Security of certificate

Organizational set-up
Result and discussion

- Transparency considered as a concept that all institutions and land/parcel information is directly accessible to the general public regulated by laws and a strong coordination between land organizations to provide better services to citizens.

- Efficiency: procedures to claim and register land, and property transactions should be short and simple. The fewer steps there are and the less opportunity for informal payments.

- Effectiveness: efficient and effective land management and administration system produces benefits, many of which cannot in practice be quantified in cash terms such as a guarantee of ownership, provide equity, security for credit, develop and monitor land markets, protect state land, reduce land disputes and facilitate land reform.
Taxonomy of Uncertainty

State of knowledge about "reality" (uncertainty concept)

Certainty (outcome known)
Bounded uncertainty (all possible outcomes known)
Unbounded uncertainty (not all outcomes known)

All probabilities known
Some outcomes and probabilities
No outcomes, "Do not know"

Some outcomes, no probabilities

Some probabilities known (rare)
No probabilities known

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Taxonomy of imperfect knowledge resulting in different uncertainty situations (Brown 2004)
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