

# How to Conceptualize a PPP for Land Administration Services: Understanding the Private Sector and Commercial Feasibility.<sup>1</sup>

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## SUMMARY

It's all the buzz, but where do we start? There is a large train moving that suggests that Land Administration Services can be transformed by adopting a public-private-partnership (PPP) model, but when we get into the details, it's not so clear cut for many jurisdictions. The underlying principles and precepts applicable to best practice for PPPs require a deeper understanding of the land administration context, due to the barriers of implementation in a developing country.

During reviews and design of Analytical and Operational Frameworks (World Bank 2020) under the World Bank commissioned Land PPP project, the team noticed a significant gap between a country's readiness and general interest in exploring a PPP approach, and the available data and preparedness to develop a strong and well conceptualised vision. Overlooking critical steps in PPP design and implementation, as well inadequately understanding private sector partner interests and values, are shortcomings that underpin many of the limited available case studies.

This paper uses the experience from drafting the Costing and Financing Land Administration Systems (CoFLAS) Tool (UN-HABITAT, 2015), drafting and piloting the Operational Toolkit, and the Land PPP consultation process (2018-2019), to provide practical take-aways for governments, development partners and private sector implementers. The experience highlighted how essential the conceptualisation of a Land PPP is to project validation, risk evaluation and likelihood of success.

The paper looks at the challenges in two ways and aims by the end to have you answering the question – is your jurisdiction ready? Firstly, it elaborates the Land PPP Conceptualization Tool, and how it informs country Land PPP preparedness, flagging necessary steps to address data needs and gaps. Developed as part of the *Public-Private Partnerships in Land Administration: Analytical and Operational Frameworks* (World Bank 2020), it was considered an essential Toolkit component, enabling development of a clear Land PPP concept attractive to private investment, and promoting project success through clear metrics and scoping. This

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paper reviews the justification, details and enabling environment for maximum tool effectiveness, through a discussion of the three steps which guide the project concept development process.

Secondly, the paper emphasizes how parties can work to understand both government and private sector motivations, approaches, and attractions at the project conceptualization stage - realizing that an assessment purely from one angle does not allow for informed decisions around project feasibility. Fundamentally, a Land PPP requires both government and private sector willingness and interest to be successful.

# **How to Conceptualize a PPP for Land Administration Services: Understanding the Private Sector and Commercial Feasibility.<sup>2</sup>**

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## **1 INTRODUCTION**

Public-Private Partnerships (PPPs) have emerged across sectors including transport, water, waste, and energy – and more recently, PPPs in the eGovernment sphere have become increasingly common. PPPs in land administration (henceforth, Land PPPs) have emerged successfully and less successfully in both developed and developing contexts, and many of these are examples of e-Government PPPs. Across sectors, successful PPPs share a set of common underlying guiding principles and precepts. These principles and precepts, however, require a deeper understanding when applied to land administration systems. PPPs in land administration are not new but their application in developing countries raises many questions about the barriers to implementation.

Existing efforts have largely sought to improve upon existing land administration systems, but there is a need to further investigate potential models that will address the registration gap, which currently stands at approximately 70% in much of the developing world. During land administration system reviews and design consulting experiences a noticeable and often unanticipated gap is getting to the core of land administration systems and practices, particularly in emerging economies, on matters that are critical to the success of a potential PPP. A strong project conceptualisation and an understanding of what motivates the private sector is essential for governments to successfully design transactions which are attractive to the private sector.

This paper builds on work undertaken to develop the World Bank report *Public-Private Partnerships in Land Administration: Analytical and Operational Frameworks* (World Bank, 2020) to share some practical take-aways from the large body of theoretical explanations, targeting an audience of governments and donors. The paper does this in two ways: firstly, by exploring key land administration and PPP concepts from a land administrators' perspective; and secondly, by examining the attractiveness of PPPs from a private sector lens, looking at the overarching perspectives and underlying motivations of all parties.

## **2 WHAT AND WHY LAND PPPs?**

So, what, if anything, makes Land PPPs different? In contrast to infrastructure or e-governance PPPs, Land PPPs must recognise that land is a fundamental resource that is managed under typically long-established policy and legislative frameworks. This 'stewardship' must address

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broad and diverse political, economic, social and environmental objectives for both the current population and for the benefit of future generations. Land administration systems (LAS) provide an important framework that enables governments to address and understand ‘land’ across these broad objectives. However, whilst there are generic approaches or methodologies adopted in a land administration system, such as the options of deed or title registration, there is great variety in both in how these systems are ultimately implemented in practice, as well in individual country or region requirements from a Land PPP. This variation further complicates a standard Land PPP approach. For example, countries with less well-developed LASs may face the cost of first establishing a LAS with broad geographic cover and the records and procedures to support it (“first registration”), in addition to the direct cost of providing LAS services to those requesting services. Other countries may seek to digitise hardcopy information or undertake a process to convert deeds to title systems. These important contextual factors – and their implications - need to be recognised and addressed in any attempt to develop a Land PPP concept.

## **2.1 Potential advantages and drivers of Land PPPs**

While there are potential complexities of using Land PPPs in land administration, there are a number of potential advantages:

- The ability to bring private sector capital and finance to improvements, technology, modernization, and updates,
- The ability to bring outside knowledge and technical skills to improvements,
- The ability to maximize efficiencies and cost savings through private sector expertise and management practices,
- The improvement of procedures for setting up land registration in countries in transition,
- Increased flexibility of land registration services,
- Promoting the use of geospatial base data for additional (e.g., private sector) customer groups,
- Improved customer orientation of land administration services.

These potential advantages also highlight that technology is rarely the sole driver in determining when to implement a Land PPP. Other, arguably more common drivers include:

- Lack of financial resources for investment in capital expenditure to replace legacy systems,
- Lack of other resources, such as qualified staff, to implement legal or procedural change,
- Identified reduction in future operating costs,
- A reduction of the risk in investment, and
- Introduction of process efficiencies delivered via technology.

With the growth of PPP adoption in other sectors, the perceived attractiveness of PPPs may also be a factor.

## **2.2 What services can Land PPPs cover?**

In developed countries, most projects that have implemented a PPP model for land administration have focused on two factors: technology and efficiency. Land PPPs in developing countries may be less straightforward though, where existing examples have typically required a combination of building the system, extending the coverage, computerizing IT and/or rendering the process more efficient. Extending upon existing examples, there are a range of land administration system services and activities that a PPP structured financing model could apply to:

- First registration
- Data digitization and conversion
- Land transactions (including certified extracts)
- Development/building permits
- Registration of professionals (lawyers, surveyors)
- CORS positioning services (main client: surveyors)
- Provision of land valuation information (main client: financial institutions, real estate brokers, valuers, etc.)
- Land use system, maps, etc.
- Mass appraisal for taxation (main client: central and local government)
- Preparation of tax rolls and/or tax collection (main client: central and local government)
- Land use system, maps etc. (main user: local government)
- Bulk transfer of tax records for government use (main client: central and local governments)

## **3 HOW LAND PPP CONCEPTUALIZATION INFORMS COUNTRY PREPAREDNESS**

Given the range of land administration services and variations compared to the (relatively limited) range of existing Land PPPs, developing a clear concept for a Land PPP remains a defining challenge. The land conceptualization tool was developed as a framework for both developing a concept as well as validating an existing concept. This tool is set out in Section 3 of the Operationalization Toolkit, World Bank (2020). Three key steps for developing a specific concept for a Land PPP are described below.

### **3.1 Defining Land Administration Service Modes**

The first step is defining the land administration services to be potentially provided through a Land PPP, and identifying any necessary changes to the legal, institutional, or operational environments. Land administration services can typically be delivered in several different modes or channels. It is important that these different modes are understood as the current arrangements can impact on a Land PPP concept. Key factors to be considered include:

- i. The services that will be provided through the possible Land PPP and confirmation that these services can be provided by a PPP operator under the existing legal framework.

- ii. The number and location of offices that currently provide land administration services.
- iii. Whether land administration services are provided by isolated offices that include both front and back offices or the offices supplying services operate as front-offices with some central office or offices providing back-office support.
- iv. The proposed scope of the Land PPP (whole jurisdiction or part jurisdiction).
- v. The projected number of transactions and revenue generated based on decisions made on the services to be provided and the scope of the proposed Land PPP.
- vi. The number of staff currently providing land administration services (employment status, qualifications).
- vii. The status of the ICT system supporting the provision of land administration services.
- viii. The institutional arrangements and mandates for the provision of land administration services (including consideration of current arrangements for key services such as ICT, collection and allocation of land-related fees and charges and the provision of professional services by notaries, private surveyors and others).
- ix. Forecast of requirements for investment in first registration, ICT and other necessary equipment and facilities; and
- x. A summary of the key rationale for considering a Land PPP (lack of capital, lack of resources, difficulties with institutional roles and mandates, etc.).

The Land PPP Conceptualisation Tool (World Bank, 2020) provides an overview of guiding questions and information necessary to collect to answer these questions. Entities requiring further support and structure, to e.g., project revenue and forecast requirements, should refer to the CoFLAS tool (UN-Habitat, 2015) and supporting Framework for Costing and Financing Land Administration Services (UN-Habitat, 2018) for additional guidance and more preliminary tools. As mentioned below (see Section 4.3 Financing and Payment Approaches to Improve Private Sector Appetite), there is scope for national (or sub-national) governments to seek support from development partners to assist with project conceptualisation (and feasibility assessment, see Section 4).

A key outcome from this analysis should be the identification of any changes in institutional roles and mandates and in staff employment arrangements that might be necessary to arrive at a viable Land PPP concept.

### **3.2 Defining the Appropriate Structure for a Land PPP**

A second step to developing a Land PPP concept is the consideration as to which PPP model and structure is most suitable, given the identified services to be provided and context in which the Land PPP will be situated. Some of the structures most likely to be applicable to Land PPPs include joint ventures or concessions. Joint venture structures see public and private sector partners share revenue, costs and risks, and for Land PPPs this would likely involve government taking an equity stake (“shares”) in a project company. In this instance, government has both a role as a regulator and shareholder in the project company. Joint ventures could be applicable

across the suite of land administration services, including software development, IT hardware and software operations, surveying and back office and customer service responsibilities. Concessions, on the other hand, are a more traditional model of PPP, typically used in the toll or availability payment context, whereby a private operator is remunerated on the basis of user payments or performance measures. Government still maintains a regulatory role and may need to provide other guarantee or risk measures. A concession model may be most applicable to contexts of comprehensive technology upgrading, and/or full commercial operation of land registries or related functions.

Much has been written on the many PPP structures (and sub-structures) in practice, and their principal characteristics – more than can be encompassed in this short paper. Further information to assist in deciding between and ultimately designing these can be gathered by referring to commercial contracting information. Broader information is available from the World Bank PPP Legal Resource Center (e.g. <https://ppp.worldbank.org/public-private-partnership/agreements/joint-ventures-empresas-mixtas>, World Bank 2020) or documents available from the World Bank PPP Library (e.g. HM Treasury, 2010; PPIRC, 2008; World Bank 1998; EBRD 2008). Given the relative youth of Land PPPs, governments and practitioners will likely need to refer to information from related sectors, including ICT and e-governance.

### **3.3 A Framework for Developing the Land PPP Concept**

Finally, the third step entails elaborating the Land PPP Concept. This can be developed by considering the following topics and critical questioning:

- *Project Objective*: What issue does the project address? What does the project aim to achieve? Improved access to services? Reductions in times taken for processing?
- *Targeted Services and/or Functions*: What services and/or functions does the project aim to provide?
- *Stakeholders*: What stakeholders are involved? Consider the public sector, the private sector, financiers, operators, and users. What are their roles and responsibilities in the project?
- *Project Demand*: Is there a demand for the services or functions offered by the project? Is the demand sufficient to justify the project?
- *Economic Benefits*: What are the tangible economic benefits of this project? Who benefits? Are the potential economic issues posed by the project implementation?
- *Legal and Regulatory Regime*: What legal and regulatory regime would govern the project? Does it adhere to these requirements?
- *Capital Investment Costs*: What are the estimated capital investment costs of the project?
- *Operating Costs*: What are the estimated annual operating costs for the project? This would include the running of facilities, staff, and other such costs.
- *Revenue Estimates*: What is the estimated annual revenue of the project?
- *Environmental and Social Impact*: What is the environmental and social impact of the project?

- *Project Risks*: What are the risks involved in the project?
- *Proposed PPP Model*: What PPP model would be used for this project?

Following conceptualisation, the next step is to assess the viability of undertaking a land administration project as a PPP. Further detail on Concept Viability Assessment is available in the Operational Framework component of the *Public-Private Partnerships in Land Administration: Analytical and Operational Frameworks* (World Bank, 2020). It is in this step that the availability and quality of data to provide a sound viability basis becomes evident – reemphasising the need for gathering this data at the Land PPP Concept stage. The absence of data, too, provides information in itself – what data is missing and why, what processes are necessary to start collecting/collating this information (as a preparator step to a Land PPP), and is there political will to make such information publicly and/or commercially available. There are tools available to assist governments and staff to collect this data, including CoFLAS (UN-HABITAT, 2015) and the World Bank’s Land Governance Assessment Framework (Deininger, Selod and Burns, 2011)

A key component of assessing concept viability (the next step) is determining the commercial feasibility and appetite for involvement. While a Land PPP project concept may make sense from a government perspective, and may demonstrate technical validity, it is critical for a concept to also demonstrate a degree of commercial feasibility as the project is developed. This will be explored in the following section.

#### **4 PRIVATE SECTOR APPETITE FOR PPPS**

For a PPP transaction to be attractive to potential private sector operators and investors, the project should demonstrate commercial feasibility. To do so, estimated project inflows should cover projected project outflows. Essentially, the revenues and funding for the project should be able to cover all capital expenses (CAPEX), operational expenses (OPEX), financial obligations (interest, debt service, and equity paybacks), and taxes. In this context, CAPEX includes (but may not be limited to) the following: development of IT solutions; investment in first registration and/or digitization of land records; purchase of equipment, vehicles, and furniture; the costs of fitting out offices and facilities; and the purchase of buildings. OPEX, on the other hand, refers to operational and maintenance costs. This could include staff salaries, trainings, office rent, consumables (such as field supplies and office supplies), and the maintenance of IT systems.

##### **4.1 Financial Modelling for Pre-Feasibility**

A pre-feasibility or feasibility study should be undertaken to accurately determine these calculations. Project preparation must include financial modelling for various scenarios to calculate the total inflows and outflows over the life of the project. The accuracy of this analysis is dependent on the validity and availability of data to inform model assumptions (such as those informing the calculation of revenue amounts and costs over the life of the project). The payment mechanism proposed under the project structure will require different forms of analysis – primarily either a user-pays or a government-pays payment mechanism. The *PPP Reference Guide 3.0* (World Bank et al, 2017) defines these two models as follows:



- **User-pays payment mechanisms** are where *“the private party provides a service to users and generates revenue by charging users for that service. These fees (or tariffs, or tolls) can be supplemented by government payments—for instance, complementary payments for services provided to low-income users when the tariff is capped, or subsidies to investment at the completion of construction or specific construction milestones. The payments may be conditional on the availability of the service at a defined quality level.”*
- **Government-pays payment mechanisms** are where *“the government is the sole source of revenue for the private party. Government payments can depend on the asset or service being available at a contractually-defined quality (availability payments)—for example, a free highway on which the government makes periodic availability payments. They can also be volume-based payments for services delivered to users—for example, payment from hospital care effectively delivered.”*

*(World Bank et al., 2017)*

Such mechanisms may be augmented via bonuses, penalties or fines due as specified outputs or associated standards are – or are not – met.

## **4.2 Commercial Feasibility Assessment**

The results of financial modelling analysis will inform the commercial feasibility assessment, which will reflect the overall attractiveness of the project to the private sector. The commercial feasibility assessment considers two perspectives – debt providers and equity providers.

### 4.2.1 Debt provider perspective

Debt, or lenders, scrutinize the bankability of the project, which measures the ability of the project to service and repay debt in line with set terms. In assessing bankability, the level of revenues and total amounts required to service debt, available collateral security, and stability of revenue are considered. Specifically, appraisal studies look at the Debt Service Coverage Ratio (DSCR), which examines if the project can generate profits capable of servicing debt each year over the duration of the project. The Loan Life Coverage Ratio (LLCR) and Project Life Coverage Ratio (PLCR) are also analysed, which examine the Net Present Value (NPV) of cash flows and the outstanding debt over the project duration (with LLCR considering ratio over the duration of the loan and PLCR considering ration over overall project life). (ADB et al., 2016)

### 4.2.2 Equity provider perspective

Equity providers, on the other hand, are investors. Investors consider not only the bankability of the project, but also the estimated returns of the project. From this lens, the Net Present Value (NPV) of the project must be calculated with consideration of the Internal Rate of Return (IRR) and discounted cash flow. The results of this analysis should meet the minimum rate of return expected by equity investors – the so-called “hurdle rate”. Project risks will impact these calculations, with higher risks incurred by the investor resulting in the desire for higher returns

or additional guarantees from the public sector partner or other implementing partners, such as bilateral and multilateral donors.

### 4.3 Financing and Payment Approaches to Improve Private Sector Appetite

If the Land PPP concept is not commercially sustainable (e.g., due to low demonstrated revenue) but there are clear reasons to adopt a PPP approach (e.g. to implement process efficiencies, bring in technical skills) then governments may wish to consider mechanisms to improve commercial appeal. Consideration and design of these steps would be informed by the results of the pre-feasibility and/or feasibility studies, in particular the level and degree of government funding inputs required to make the project commercially viable. Support to improve private sector appetite would typically only be expected when a project is expected to have a significant economic, environmental, or social impact, but financial returns are relatively low. It should also be noted that fiscal regulations may also limit the extent to which direct funding mechanisms by public authorities can be used.

Examples of government and hybrid (government and user) payment mechanisms include viability gap funding, sovereign guarantees, service payments, availability payments, grants, and subsidies. An overview of these mechanisms is included below:

- **Availability payments** are based on ongoing service provision or transactions. For example, a private partner might deliver and administer infrastructure for a public authority and be compensated via regular, performance based (i.e.: level and quality of service, depending on agreed terms) payments. Such payments might also include gender and pro-poor key performance indicators. Alternatively, and mirroring approaches adopted for other infrastructure and service PPPs, compensation could take the form of an availability payment per transaction, with the intent to ultimately cover total project cost – including financing and investor returns.
- A system of **guarantees** for transactions in land administration systems can be established in a manner that bounds responsibility and provides certainty to private sector operators. Guarantees can be provided based on professional liability insurance, gap financing through development partners and/or existing or newly developed public guarantee systems (eventually financed through user fees).
- **Viability gap financing** (i.e.: where user or government-pays and/or hybridised models of these prove insufficient) might come in the form of a capital **grants** or **subsidies**, payments for preliminary necessary services or other mechanisms that address commercial appetite, reduce the initial financier/private party investment and/or enable lower costs to be passed along to users. Viability gap financing is a particular area for development partners to play a role in Land PPPs, and financing can be tied to contractual or structural elements that support equitable or other aims. For example, governments needing to undertake first registration or digitization work with the private operator prior to establishing and/or upgrading the land administration system, may seek support to fund the commercial viability gap from a development partner. Viability gap financing is also relevant where private partners need additional confidence in

overcoming key project risks – for example, where a culture of formal land registration has not been established, and revenue generation from land administration service fees is considered a significant uncertainty by the private sector. Viability gap financing through development partners could particularly play a role in supporting the development of pre-feasibility and feasibility assessment studies.

Fundamentally, mechanisms such as the above may form part of a multitude of blended finance solutions that increase the viability of Land PPP projects and enable inclusive targets that have been historically atypical in commercial projects.

#### **4.4 Coming to a Common Understanding for Land PPP investment**

The greater the commercial returns, the more investor interest will be generated. Strong market interest will enable a competitive procurement process among a pool of qualified bidders, which is essential to increasing the likelihood of receiving technically sound and cost-competitive proposals.

Accurately assessing the commercial feasibility of transactions is a common challenge for public entities considering a PPP, especially within the land sector. It is not enough for a project to just breakeven over the duration of the project. Investors and private partners need to obtain a reasonable return when considering the opportunity cost of failing to invest in other more lucrative ventures. Unless a clear business case underpinning the commercial viability of a given project is established before procurement, it is likely that market interest will remain limited at best.

Conflating the economic value and the commercial value of projects is common among land agencies, leading to misunderstandings of the investment appetite of the private sector for certain projects. A project of high economic value does not necessarily also have a high commercial value. This understanding of the commercial case for a project is critical for governments considering PPPs in land administration and should be used as a lens when considering potential partnerships with the private sector. The fundamental motivation of an investor is not to optimize the economic impact of a project – it will be to generate profit. Consequently, careful project appraisal and structuring are imperative to properly understanding the financial footprint of any given investment. Moreover, clear and comprehensive obligations and standards of service are critical to contractually addressing concerns over rights and responsibilities and risk allocation (such as the coverage of low turn-over rural areas, for example). Contractual incentives and penalties can be tied to the private partner meeting certain milestones or key performance indicators (KPIs). Drafting a contract with these stipulations and assignments of roles and responsibilities is fundamentally dependent on rigorous project appraisal and structuring.

## **5 UNDERSTANDING THE RISKS AND ALTERNATIVES TO LAND PPPs**

*The following section draws upon the Land Administration Information and Transaction Systems: State of Practice and Decision Tools for Future Investment, prepared for the Millennium Challenge Corporation (Land Equity International, 2020).*

### 5.1 Understanding stakeholder risks to Land PPPs

Whilst only briefly mentioned above, risk is a key component of private sector appetite that needs to be understood when considering investments in land administration systems. Risks may include those typically associated with investments in information technology – for example, issues arising from unclear and changing scope, schedule, resources and technology. They may also be associated with the typical timeline of development partner projects (if involved) or related to general institutional risks, including legislative gaps, incomplete/poorly maintained existing systems, limited technical and other resourcing capacity, etc. A State of Practice publication developed for the Millennium Challenge Corporation (LEI, 2020) briefly summarises the major risks to stakeholders of investing in land administration system projects. Table 1 recognises the different perspectives on the risks of investing in land administration systems (noting the emphasis in the document on technology projects). These risks should be considered upfront during identification, feasibility and design stages of a project, though many associated with the Provider may ultimately be addressed through project implementation. For example, national governments will wish to consider the extent of coherence with existing policies and will likely have decision-making impacted by election timeframes. Similarly, development partners will also be restricted by typical project timeframes and will further wish to ensure initiatives that demonstrate sustainability and compliance with safeguards. Providers, on the other hand, will want to see demonstrated certainty around payment measures, government commitments and handover measures (as appropriate). The list of risks in Table 1 is not intended to be comprehensive, instead it provides an overview of the different risks, and perspectives on risk, that need to be taken into consideration within a PPP, and, furthermore, within a PPP that seeks additional development partner support.

Table 1: Example risks by stakeholder perspective.

Government (Policymaker)	Government (land agency)	Development Partner (financier)	Provider (contractor)
<ul style="list-style-type: none"> <li>• Policy coherence (land policy, e-Governance, etc.)</li> <li>• Effecting necessary changes in policy and legislation</li> <li>• Financial commitments</li> <li>• Short-term results (before next election)</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on statutory responsibilities and reporting requirements</li> <li>• Feasibility of successfully completing project</li> <li>• Change management and behaviour change related to new systems and procedures within the agency</li> <li>• Assurance of ongoing financial support</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability</li> <li>• Reputation</li> <li>• Compliance with procedures and safeguards</li> <li>• Coordination with other DPs</li> <li>• Ability to complete project in set timeframe</li> </ul>	<ul style="list-style-type: none"> <li>• Getting paid</li> <li>• Stability of government</li> <li>• Exchange rate fluctuations</li> <li>• Use of government infrastructure</li> <li>• Government commitments (staff, office, funds, etc.)</li> <li>• Clear hand-over of the Land IT System to the agency.</li> </ul>

### 5.2 Understanding Land PPP Alternatives to Finance Land Administration Services

The financing of land administration services, and mechanisms to prepare to do so, is covered extensively in the *Costing and Financing of Land Administration Services* Land Tool (UN-

Habitat, 2015) and discussed in Section 5.3 of the State of Practice Paper (Land Equity International, 2020). Based on international experience, an efficient land administration agency that provides affordable and valued services can generate significant revenue from user fees and charges – and typically much more than the expenditure necessary to maintain the systems and provide services to government and users. It is hence entirely possible for land administration agencies to become self-financing, and achievement of this can be realised through restructuring of the agency to become semi-autonomous (with a degree of freedom from standard civil service procedures and flexibility to adopt new practices in line with self-sufficiency) or state-owned enterprises (with possible external support or subsidy for services deemed to have a public good, and recognising the need for a supervisory board, or similar to set and approve user fees and charges, and set annual business plans and budgets). The success of self-financing agencies has been seen in World Bank-funded land sector projects in the European and Central Asia (ECA) region.

## **6 CONCLUSIONS - IS YOUR JURISDICTION READY?**

The breadth of land administration services, combined with the complexities of land administration in developing countries and existing practice, demonstrates how important a clear Land PPP concept is to ensure the right commercial partner and promoting future success. Even more important, is ensuring that there is adequate information available to formulate the concept, recognising the need to be commercially attractive. Cognisant of the knowledge gap that exists around Lands, this paper targets the conceptualisation of Land PPPs to provide a clear picture to national and sub-national governments on the steps required for a Land PPP proposal and the preliminary information needed prior to further PPP life-cycle design steps.

To successfully operationalize PPPs in land administration, it is critical to examine and assess the commercial feasibility of each proposed transaction inclusion. By considering the perspectives of debt and equity providers, governments can understand the underlying market interest for the proposed project and consider potential structuring options to optimize the chances of a competitive and successful bidding process.

To do so, governments must conduct investment due diligence and market sounding during project structuring and appraisal. Pre-feasibility and feasibility studies can provide the required datasets to inform critical decisions regarding the project payment mechanisms and risk allocation. These analyses rely on the accuracy and availability of data to inform key assumptions underlying the financial modelling. When local capacity is lacking to prepare the necessary indicators and reports, external advisors (including through development partners) can be engaged to provide technical advisory support. However, access to agency data remains essential. This preparation will also lay the basis for the formulation of the PPP contract encompassing the allocation of responsibilities and obligations and standards of service, which will guide implementation throughout the project duration.

So, is your jurisdiction ready? The answer depends on the outcomes of your preliminary analytical assessment. National or sub-national governments considering a Land PPP should commence first with a Readiness Assessment (see World Bank, 2020, p.75) before proceeding

to the Conceptualisation that this paper discusses. Once the Land PPP concept is developed, still further work is necessary to ensure concept viability. This preparatory work, getting into the detail now – and ensuring the quality and availability of underlying data – will provide the foundations for successful partnerships in the future. Underlying all PPPs is consideration of both governments and the private sector perspectives, and importantly, understanding the investment motivations to optimally structure PPP transactions within the land administration sector.

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