Mongolia

MCC Learning from

"MCC – Mongolia 1 Property Rights Project (PRP)-Urban"

Innovations for Poverty Action and Cloudburst

MCC has identified the following programmatic and evaluation lessons based on the MCC – Mongolia 1 Property Rights Project (PRP)-Urban.

PROGRAMMATIC LESSONS

Registry Systems Process Study (RSPS)

- *Establishment and sustainability of a national land information system requires not only a good contractor but also functioning information technology infrastructure, structurally sound buildings to house the system, training and maintaining staff, high level government support, demand for formal land transaction services, and national level rollout.* A key output of the Registry Strengthening (RS) activity was the establishment of the electronic Property Registry System (ePRS). As with many of MCC's early land projects, Mongolia's ePRS was not established until the final year of the compact. This left little time to train officers and test ePRS. The delay was driven by 1) a prior condition precedent that required the Government of Mongolia to provide buildings for the registry offices prior to infrastructure and information technology upgrades and equipment; and 2) the replacement of the land information system contractor. Digitization of records, which complemented PRP activities and facilitated electronic access to land records, became a priority during implementation but was also completed post compact. In addition, the Property Registry faced a change of the government party in power along with a related change in the Ministry overseeing the Property Registry. Yet despite all these challenges, Mongolia's ePRS was successfully sustained and in fact rolled out to additional regions post compact. People continue to use the system not only for first-time registration but also secondary transactions, which allow parcels to remain in the formal system. In comparison, MCC land information systems in Mozambique, Lesotho and Cabo Verde were not as successful.

  The key to Mongolia's ePRS success seems to be a combination of contextual and project factors. Although Mongolia is a large country, its population is small and concentrated in the main cities. As such, the bulk of land transaction demand was covered by the PRP areas, which established ePRS in the capital city and eight regional centers. The original Property Registry also had an existing electronic record keeping system (TRIADA) along with related information technology infrastructure. Although the Property Registry moved from the Ministry of Construction and Urban Development to the Ministry of Justice, the move placed the Property Registry under the well-functioning General Authority of State Registration (GASR), which had recently benefited from global donor support. GASR was supportive of the PRP and the ePRS, including incorporating the digitized data into its electronic kiosks for easy access to land records. All land registry offices also fell under the autonomy of the national registry so there was not the added dimension of individual municipality governance and independence, which can be a constraining factor in larger countries. There was also a complimentary human resource and financial operational review of GASR that assessed and established improved procedures within GASR. In addition, the PRP funded an awareness campaign around the necessity to fully register land, as well as an existing land market which valued a formal land title. Together, these factors led to demand for registration and use of ePRS.

- *MCC's investments can provide the impetus to adopt legal reform; however, legal change takes time. Compacts should consider the use of conditions precedent (CPs) if legal reforms are required for key outcomes.* Mongolia's PRP funded a legal and regulatory commission to review and draft changes to the

law and regulations to improve land governance, but there were no compact requirements to pass legal reforms because reforms were not considered essential to successful implementation of the PRP. Many recommendations were eventually adopted but these legal reforms were passed by parliament five years after the compact ended and beyond the evaluation period. And in Mongolia, a CP requiring registration buildings delayed the project and related implementation by a year which pushed back the timeline to build the electronic property registry. The Mongolia Vocational Education Project required a legal change as a CP, but it led to an eight-month delay in implementation and related risks. In other compacts, MCC has faced similar issues with passage of legal reforms either not occurring or occurring years after the compact has ended like in Benin. Critical legal reforms might require a CP but MCC needs to be willing to assume the risk that the CP requirement may delay compact implementation. Another option is to require legal reform prior to compact signing as was done in Lesotho and Burkina Faso. Moving forward, a realistic timeline around legal reform should be proposed during compact design and ensure that any legal changes, which are absolutely necessary for program success, are built in as CPs or enacted prior to compact signing.

- *In areas where there is existing high demand for registration, new offices and digital records access can quickly improve access to registration services and lower land transaction time for consumers.* The PRP's digitization of records enabled the establishment of kiosks which provided immediate access to land reference letters, verification of property records and status of land transaction requests. The opening of new district offices in the capital and strengthening registry offices in regional centers facilitated access to land services and shortened transaction time. Focus group respondents estimated an average of 2-3 days per transaction versus 14-21 days per transaction prior to the PRP. The decrease in transaction time was driven by less time waiting in lines, travel time and no longer having to go to the Property Registry multiple times to process or verify a request.

  MCC continues to analyze and invest in opening of local offices and strengthening existing offices; however, similar time savings have not always realized. One reason for Mongolia's success is there was clear demand for land services and existing offices were already unable to keep up with demand, especially in the capital city. Similarly, in MCC's land administration reform investment in Lesotho, the bulk of land transactions were concentrated around the capital city where landholders faced issues with processing land transactions. An investment in a new land administration agency and office successfully improved customer service and consumers perceived efficiency of land transaction services.

- *Dependency on another donor or country intervention should not be a fatal flaw to project success as there is a risk that the complementing effort will not be completed.* Projects assume a risk when they are built around assumptions about necessary outside interventions that will take place. The PRP depended on another donor to complete their investment in the cadastral office's National Land Information System which could then be linked with ePRS and create a seamless process between the cadaster and registry. In the end there was no link as the other project was not completed. The cadaster remained unlinked to ePRS and related issues around consistency of land records remained. This constrained a complete streamlining of operations and the effectiveness of the land administration system. During project planning, it is important to explicitly discuss project pathways for outcomes with and without these additional interventions, including any potential mitigation measures.

- *To best realize results for women, gender engagement should occur early in compact implementation, including awareness raising around not only the importance of land registration but also the use of land as collateral.* The late addition of gender in the PRP implementation process and related insufficient time for a complete gender assessment meant that the project did not develop as comprehensive of a set of measures or allocate resources and budget as it might have to address gender disparities. This could have limited the benefits of PRP interventions on women. The evaluation found that women were registering land in high numbers in their own names, but they generally registered smaller, less valuable plots, and were less likely to use land as a collateral than their male counterparts. These subjects could have been covered in more depth during the outreach and education sessions, or through other measures, such as incentives.

<u>Special Hashaa Plot Survey (SHPS)</u>

In certain contexts, legal and institutional reforms improving land governance and administration may be sufficient to catalyze demand for formal land rights without the necessity of investments supporting

systematic land titling. In Mongolia, demand for land registration was catalyzed by a combination of legal and institutional reforms. In fact, most people in the program area who had not yet registered when the PRP was being designed, self-registered prior to PRP titling efforts. This was due to a combination of factors, including the complimentary RSPS activity strengthening the Property Registry and related public outreach on the importance of titling, the government's passing of a mortgage subsidy program, and the legislation allowing for a free privatized land parcel per individual (instead of per household). The legal reform entitling each individual, rather than household, to a plot of land also encouraged land registration among females. This left unmet targets for PRP land registration, but it left Mongolia better off in terms of a sustainable working land administration system and related market demand for formal land services. Mongolia is one of the few MCC countries in which, post-compact, most land transfers have taken place through the formal instead of informal land system.

MCC has pursued legal and institutional reforms in other countries without the same effect. For example, in Burkina Faso, the Rural Land Governance Project established commune level land offices and trained land officers, but the demand and related processing of land records was not as successful as Mongolia. This could be partially due to the cost of registration and lack of titles in Burkina prior to the compact. The rural areas where Burkina established offices also did not have the higher land values seen in a dynamic urban land environment, whereas Mongolia's opening of offices was in the dense capital area where there was an existing large demand for formal land privatization and registration services coupled with high land values. In Benin, some people pursued land certificates following the compact's provision of PFRs (village land use plans) while others did not. In Mozambique, widespread provision of DUATs (land use certificates) helped catalyze interest in DUATs, especially by the government who is now rolling out provision of DUATs widely.

Although legal and institutional reforms in Mongolia may have been sufficient to catalyze land registration, it is unclear whether reforms alone would be enough to deliver similar results in other countries. The ability for Mongolia to drive registration via reforms was at a time of rapid growth and urbanization, and most people had a privatization certificate. MCC's compact with Cabo Verde had a similar environment where many land parcels were privatized but not registered. However, even with the Cabo Verdean government's new legislation that registration was required, there was no influx in sporadic registration. Rather, the land project systematically registered land parcels including those which already were privatized. MCC should continue to assess in the due diligence phase when it makes sense to invest solely in legal and institutional reforms to remove constraints to and incentivize registration versus when pilot or large-scale titling initiatives might also be needed to catalyze formal land markets. For each country, the constraints and environment are key to deciding which investment is best and there is not a one size fits all approach.

- *During project design, it is important to gain government agreement on which parcels will be registered, including those in the informal sphere. Once the compact is signed, it is difficult to get further government commitments.* In many compacts, MCC has not been able to register large groups of parcels. Often these parcels were in areas viewed as off limits by the government, including informal settlements, areas in flood zones or rights of way, parcels with differing owners and boundaries from official records due to informal transactions, or parcels in other types of conflict. Some of this can be alleviated by systematically registering parcels, including previously registered parcels, but the government is not always willing to do this. In Mongolia's case, about 25% of parcels could not be registered for these reasons. Similarly, in Cabo Verde, the government ended up not moving forward with work in certain informal settlement areas. In Mozambique's case, many parcels were left *indeferido* (unauthorized status) awaiting government approvals. Alternatively, in Lesotho, parcels were able to be recognized as agreement was made with the Government of Lesotho to allow for registration using revised standards around issues such as rights of way. If MCC is aiming to get these parcels formally registered, engagement with the government during compact development, including any necessary discussions around urban planning, will be necessary.

- *There is a clear relationship between land titles and decreased land conflict, improved perceptions of tenure security and credit.* In Mongolia, the SHPS evaluation could not measure the impacts of PRP's urban titling activity since many people self-registered in both the control and program areas. However, obtaining a title, whether through self-registration or through project support, was correlated with lower conflict, improved perceived tenure security, and obtaining formal bank loans. In addition, respondents that perceived their parcel had a title also reported higher land values compared to households with

untitled parcels. Surprisingly though there were no similar differences in land investments. Thus, although the titling activity did not have a measurable effect, the data collected by the SHPS evaluation confirmed the theory of change that obtaining a title improves tenure, particularly with regard to decreasing the likelihood of conflict and improving perception of tenure security, while facilitating access to credit in the urban context.

- *In a dynamic urban environment with an accessible banking sector, land titles are associated with improved access to credit*. In Mongolia's case, access to the government's mortgage subsidy program, combined with the ability to efficiently register land parcels, catalyzed mortgages. SHPS data shows that those households with title were driving the increase in mortgages. Context is key as in more rural contexts, such as Benin, credit effects were not seen. It is key to note that a title is often a requirement for a loan but not the only constraint. Often there are other factors around the bankability of an applicant. When a title is the key constraint and there is demand for loans without other constraints to loan like lack of income or poor liquidity, then an effective land administration can help facilitate loans.

EVALUATION LESSONS

RSPS

Evaluations, and the logic and ERR models on which they are based, need to be realistic about when results can be expected. Evaluations should not measure results at the end of implementation but should measure shorter- and longer-term results in line with the land evidence on necessary exposure periods. In 2013, for Mongolia and other older compacts, MCC revised project logic models and related evaluation timeframes which were set for the end of the compact without consideration of when key outcomes were likely to materialize. A longer-time horizon is necessary to look at land governance reform effects and related sustainability.

For legal and regulatory reforms, evaluations also need to consider the time necessary for the legal reform to pass Parliament, establishment of and training on implementing regulations, and behavioral change to take place. The pace of legal reform is unpredictable and often takes longer than expected. The political dynamics are beyond the control of the project. MCC should consider program logics that account for both the desired/ideal reform path, as well as the more likely situation that reforms will take longer than expected. RSPS was able to measure sustainability and longer-term effects of the establishment of ePRS and decentralization of offices but not of the legal reforms as Parliament passed land reforms after the evaluation had already collected the final round of data. While conducting a follow-up evaluation over five years post-project poses challenges in terms of attribution, it does increase confidence that sufficient time has been allowed for expected outcomes to accrue while also facilitating exploration of the post-project sustainability of improvements.

Future MCC evaluation frameworks are considering longer-time horizons, as well as what outcomes can feasibly be measured based on the expected timeframe for project outputs and government adopted reforms. Some evaluations are also looking at ensuring interim effects are reached prior to measuring longer-term changes. For example, in Indonesia the evaluation of the Participatory Land Use Planning Activity under the Green Prosperity Project in Indonesia is first looking at operationality and sustainability of the district level investments and use of that spatial data in land licensing decisions prior to reviewing land use change.

- *Evaluations tracking land transaction time risk failure without a detailed understanding of which land transactions will be tracked, what part of the transaction process at which institutions will be captured, whether tracking administrative or consumer time and the start/stop dates at each step along the process.* The RSPS evaluation in Mongolia experienced two failed evaluation designs, which led to a baseline established only in the final year of the compact. The initial evaluation designs failed to 1) distinguish the type of transaction time collected (consumer, administrative or publicized time) and clarify the points in time being measured, which provided useless noncomparable data with wide variation in responses; and 2) incorrectly assumed people would go back to GASR as soon as the transaction processed. In fact, people were automatically told to come back at the publicized transaction processing time by law (regardless of when the registration was processed), and for key transactions like mortgages, the person did not actually need to return to GASR. After understanding the complete context, the third and successful RSPS evaluation design and data capture relied on surveys of those accessing banking loans pre-post, key informant interviews, and data capture of historic and recent administrative data from GASR and the newly established ePRS.

To avoid these failed evaluation efforts in the future, new compacts should obtain, early on, a complete understanding of the land transaction process for each of the key land transactions tracked and establish effective evaluation designs and related baseline data capture at the start of the compact. It is important to understand which type of transaction time is a key constraint (administrative or consumer) and to include those nuances within the logic and related evaluation design. In Mongolia, the processing of records was largely already done within the official publicized transaction time; however, the issue was consumer time getting requests into the formal system and obtaining related documents rather than the administrative time to process those transactions. For the baseline, review of paper records is usually required as the paper forms often contain the application dates and approvals (or stamped dates) which are used to measure processing time. There are cases when there is an existing digital system with scanned in records or digitally captured records, which can provide some historic transaction data like in Mongolia's case. The steps, institutions, and type of records likely will differ pre/post project as MCC land interventions often streamline procedures and establish new systems and institutions.

- *Use of land administrative data is key to understanding the outcomes from land tenure and governance interventions. However, gaining access to land administrative data, especially amid new data privacy concerns, has proved to be a complex process. It is important during the compact development process to gain agreements on data access and related publication of anonymized data.* Administrative data can provide trends in all land transactions over time rather than a stagnant point in time for a small sample of parcels. For example, administrative data can be used to analyze tenure status, share of land titled in the name of women or jointly held, demand for and approvals of formal land transactions, land transaction times and volume of mortgages and loans that use land/property as collateral. In its land evaluations, MCC has moved towards collection of land administrative data as a way of tracking project impacts on land markets and land transaction times.

  In the RSPS evaluation, the administrative data was used to understand land transaction times and changes in the land market. The SHPS evaluation also used land administrative data to verify land tenure status reported in household surveys, as well as to understand trends in the demand for land registration. However, it takes significant time to review the multiple paper and digital record keeping systems across offices to understand the variables available, the details behind what data is captured, and the data's accuracy. In addition, obtaining access to land administrative data has proven complex as governments, including Mongolia, increasingly incorporate protections for data privacy. A new data privacy law in Mongolia went into effect post compact. Gaining access to the data hence required a series of meetings and official letters with the Ministry of Justice, where GASR sits, to access the registry data and then additional approvals were necessary to publish the anonymized data sets. Similar issues have been faced by evaluators across MCC land projects, including Cabo Verde and Mozambique.

  Although land administrative data is often provided as part of the MCC monitoring framework reporting, MCC should engage governments early on to understand the flow of key land transactions through the system, what data is available and in what form, and ensure data sharing arrangements are established with MCC's independent evaluators. This would apply to all sectors which are using administrative datasets. Similar pre-arranged agreements on publishing the anonymized administrative datasets could also be helpful as more evaluations increasingly use non-household datasets.

- *Ongoing external initiatives, legal reforms, or rapid economic growth can affect the ability of the evaluation to attribute results.* Mongolia experienced rapid economic growth from its mining sector along with related property development across its capital city. Moreover, the government rolled out a mortgage subsidy program and extended the ability of individuals to obtain free privatized land. Together these factors made it difficult to quantify how much the project contributed to expected outcomes. In the end, the evaluators were able to partly attribute the development of Mongolia's land markets to the RSPS activity combined with the institutional and legal reforms. Qualitative data combined with looking at administrative data trends can help clarify the context around household survey findings.

- *Project documentation detailing start and stop dates for key activities and decisions in each location helps inform when to collect data and can improve data analysis.* At times there can be a lack of clarity around when key outputs occurred and differences in when outputs occurred across program areas. Detailed

timelines of implementation rollout are needed to ensure the evaluation allows for sufficient exposure periods. Implementers should track and document when key activities and outputs occur in each location to enable more detailed analysis of outcomes around the key outputs. When there are multiple activities occurring at different times, gaining access to multiple years of data can help inform which activities may have contributed to key results. In the RSPS evaluation, the detailed timing of when various offices opened, records were digitized, and the ePRS became operational helped provide a more nuanced understanding of results in Choibalsan that could not be seen from the broader level analysis. Later compacts have started documenting key activities and decisions via Project Description documents such as in Burkina Faso. Incorporating this sort of documentation into future compacts could aid in bringing evaluators up to speed and ensure the best evaluation design.

SHPS

- *Capturing tenure status requires triangulation of data between administrative, survey, and project data. Due to outdated official records and lack of awareness by households on differences in land rights documentation, these different data sets often provide conflicting information on a parcel's tenure status.* Tenure status drives key outcomes like perceptions of tenure security and conflict. When administrative data and survey data do not show the same tenure status, land program implementation data can also provide missing tenure information, including what may be driving the inaccuracies between statutory and perceived tenure status in program areas. An early review of land office databases, along with sharing of project documentation from collections of land records in the field for program areas, can help clarify tenure status and which tenure status is best to use in the analysis. Perception of tenure status drives tenure security and related outcomes while land administration data provides official figures and can provide key information on land transactions rates over time.

  The administrative data and self-reported tenure status often do not match due to gaps in administrative data/outdated or non-matching records combined with misunderstanding of tenure documentation by households. These differences in tenure status can lead to variances in interpretation of findings. In Mongolia SHPS, the evaluator used GASR official tenure status as the main data source and noted the large discrepancies between perceived tenure status and official tenure status. GASR administrative records and self-reporting of registration only matched with 73% of Mongolia survey respondents. This could have been due to respondents confusing the certificate of governor's decision with a registered title or outdated GASR files due to someone previously holding a title and transferring it informally to a new owner. Those who perceived they had title had higher land values. By comparison, in Ghana the evaluator used the survey data to determine tenure status. Later MCC evaluations try to triangulate tenure data where possible to understand outcomes. In future evaluations, it will be key to coordinate with the land project implementation team to obtain and use both land administrative data and land implementation data in addition to survey data.

- *If there is a lack of certainty on the exposure period necessary for key outcomes to develop, a small tracking survey is a low-cost alternative ahead of a full follow-up survey to understand effect levels and flag key factors to inform the household survey instrument.* As land literature is in its infancy, it is not always clear when key effects will be realized, especially amid a rapidly changing environment—in Mongolia's case rapid urban economic growth. Conducting a small, focused survey on a subset of the sample, or engaging in qualitative data collection ahead of a larger household survey, can help inform the best time for data collection and identify key issues. However, in the future, clear guidance should be given on how this tracking data should be analyzed, documented, and distributed. In the SHPS case, the tracking data and related analysis was treated as interim data and an interim results report, respectively.

- *Significant decreases in output targets should be flagged as soon as possible to the evaluator as it could lead to the cancellation or revised design of the evaluation.* The SHPS evaluation was cancelled because too few plots were registered by the PRP. This was because people self-registered before the systematic registration program started. Self-registration also took place in control areas, compounding the issue. Since evaluation sample size requirements and the ability to maintain statistical power are often directly linked to output targets and expected results, when program output targets cannot be met program staff and evaluators must assess the extent to which evaluations can or should course correct.