

# Mongolia

## The Endless Land of the Landed People

*A Case study*

September 20-21, 2012 Budapest

Marianna Posfai - Yair Baranes  
NIRAS BlomInfo A/S

Location – b/w Russia, Kazakhstan, China

Independence - 1911

Government – Parliamentary Republic (1996)

Population - 2,754,685 - (27% of Hungary)  
50% - Nomads

Area - 1,564,115.75 km<sup>2</sup> - (35% of EU)

GDP - 3,040 USD –  
expected to grow in 5 years 40%



Contradictory environment:

Growing richness by mining, huge government incomes –

still deep poverty: half of the population

Unlimited land in rural territories, no sense for ownership –

corruption, speculation on land in UB

## 1. National Situation

- Government owned land until 2000
- Unique Land Privatization process
  - Hasha plots (800 m<sup>2</sup>)
  - Population - divided
    - 1.4 million urban inhabitants: 50% of it - ger (hasha) areas
    - 1,3 million nomadic life (40 million livestock)
- Issues: contradictory registration of rights, no notion of ownership, no incentive to develop (owners or investors), no national level land valuation

## 2. Institutional and Legal Setup

- State organizations – Not harmonized, ineffective
- Legal System – outdated, contradictory and complicated
- Registration Procedures – Complicated, lengthy (3 gov. levels, 23 steps)
- Registry Records - Only small % - mostly urban areas have rights recorded
  - Current Database – only 300.000 properties (not a functioning system)
- BUT – Government committed for reform, lots of international projects





No value of land

Real nomadic lifestyle – 1.3 million people

Estimated: more than 40 million livestock

Poverty. 1000 year old lifestyle

„Zuud”





Impact of land reform  
New generation changed expectation  
Huge migration wave in the last 10  
years to UB



More than 600ths people moved to ger area in  
the last 10 years  
No infrusculture, no services, no plans







One of the biggest political and urbanization issue:  
**WHAT TO DO with ger-area??**

Complex process

- Possession right
- Usage right
- Ownership right

Hasha

Going through 3 government levels, more than 20 stages. (the international projects so far havent addressed the whole procedures only „inside” in one-one organization)

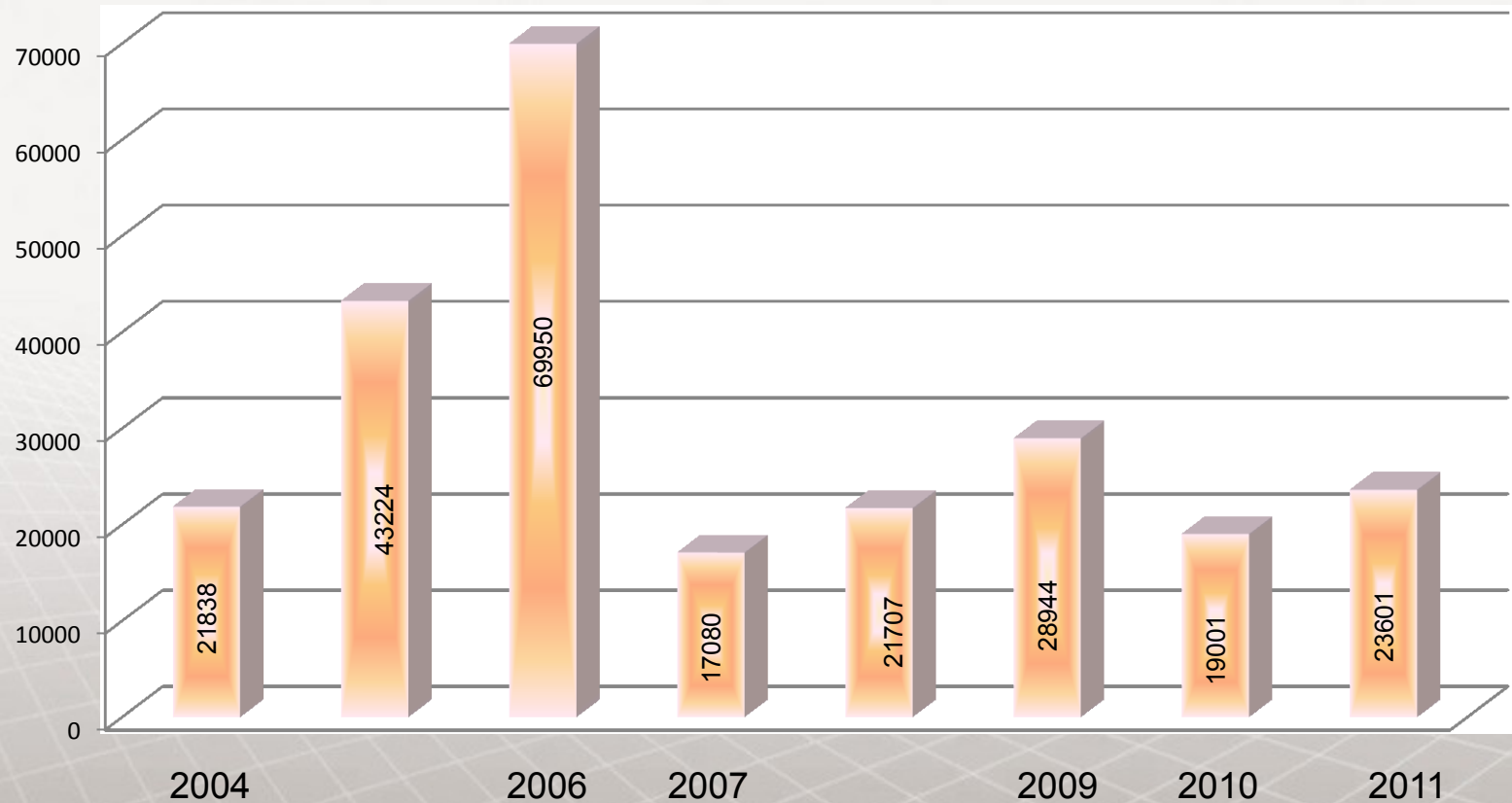
Citizens many times after the 1st level think – enough

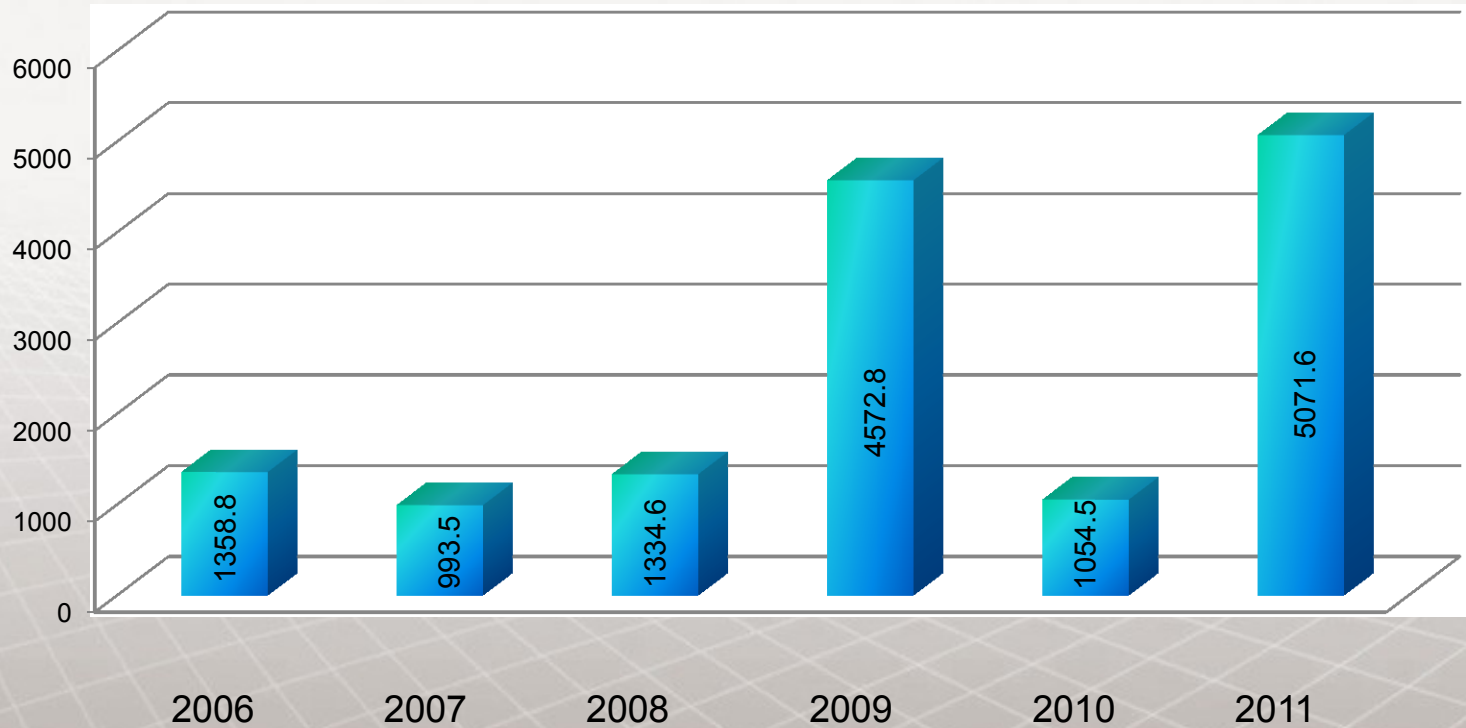
Gaining ownership rights – estimated 20%

Bigger/more than hasha – buying on auction (houshold usage)

Any other purpose: no possibility for ownership, only usage/possession (issue only for foreigners...) - auctions

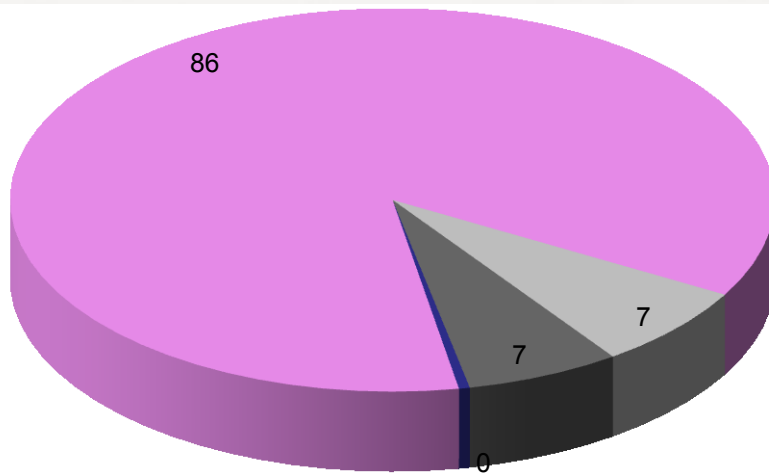






24157.9 ha of land in total have been auctioned





87% of land was bought for households (majority in Ger area)  
6% business entities  
7% for agricultural use

The price for the land (based on some random samples) with commercial services is much higher than the households land.

- The household land without services - average 23.7 mln tgr
- Max selling price was in 2010 85.6 mill tgr, min 2.2 mill tgr
- The average price for the serviced land plot in UB - 213.5 mill tgr, max price is 675 mill tgr, min is 12 mln tgr
- The price for land in serviced areas has increased compared to previous year by 8%

Mostly random values (except GTZ project: in pilot areas land valuation, fiscal cadastre – government continue..? )

Other places: no valuation

80% - land exchange: out of legal procedures – to avoid taxation and „unnecessary” complications

In case going through registration: still in contract do not include real price (maybe 10-20% of it)

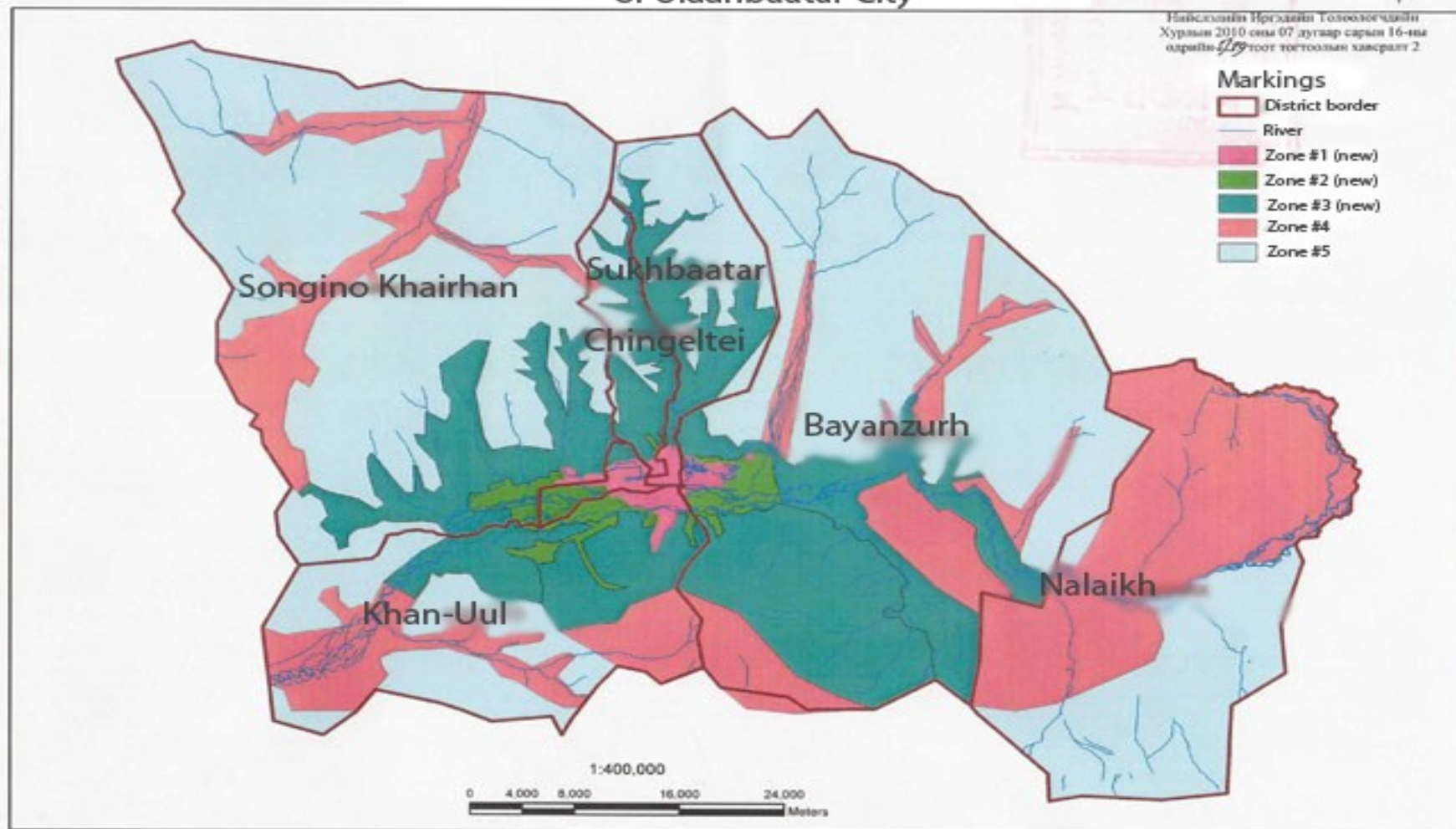
Estimation:

Price 2 to 100 thousands USD – for a hasha size

- UB „high value” zones: no difference between „serviced” or not serviced land
- Outskirts: service land can be 10 times higher price



## Zones for land fee evaluation of Ulaanbaatar City



- Mongolians understand the “power of land rights”
- More and more seek “Certificates of Ownership”
- State – tuned and embark on reform
- State + International Community – join forces – still challenged...
- Legal and Institutional Reform is of the essence
- Reform is Clear – 3 Buts:
  - Policy is not formed yet
  - International assistance misses targets
  - IT initiatives MUST be reviewed (as important as legal reform)

Initiatives deal with UB land – dont even pay attantion to anywhere else.. Yet

Attempt for land adminsitration harmonization

Some legistlative improvments

Attempt for LA IT systems (too many..) – GTZ, Korea, ADB, MCC

SO far: only small land market focused project



## **Planning Phase – State and International Community**

- New IT system design and reform of business processing were accepted
- Process for reform planned
  - Central database, web service
- Massive digitization, digital archive plan development
- New registry set up and HR approach agreed upon
  
- Legal Reform – agreed upon - mend legislation to support new process

## **Implementation – International Community**

- No institutional harmonization
- No Customer oriented approach – web services
- Convoluted future process of digitization
- Of-the-shelf systems – not flexible
- No plan to open full information for public or involve private sector

STILL LONG WAY TO GO – but not much international funding for it..

Will the state finish reforms... ??

Last year: concept design – end result: MoU (ADB – MNG)

Current phase: PPTA: plan the 10 year investment program:

3 tranches – 180million USD loan

3 pillars:

- Urban Planning / land management / organization reform
- Reforming utility services – full / partial privatization..?
- Technical investment: engineering (water, wastewater, heating)

Under pillar 1 – government approved our recommendation:

Establish land banking / land fund

Land market intervention

Support voluntary land consolidation – in order to „make space”  
for urban services + ensure payable customer base for services



### Short term

- Collaborating institutes
- Linked centralized databases
- Simplified processes
- Customer oriented services – state serves its citizens
- Developed land management toolsets
- Supporting instruments for Land market - to be more organized and transparent

### Long Term

- Develop secure source of collateral
- Development (consumer, business – credit, mortgages)
- Significantly improved Land market
- Effective Land Administration = urban planning
- Increased services in poor areas countrywide
- Attract Modern investment

**NIRAS**

**Thank You!**  
**Baayeetla!**

