

Registering Property

Using information to curb corruption

Transparency is a key element of the quality of land administration systems. Transparency eliminates asymmetrical information between users and officials with respect to services provided by the land administration, thereby increasing the efficiency of the real estate market. Transparent systems also strengthen public confidence in governments and facilitate substantial reductions in the cost of doing business.

In 2013 Transparency International reported that one in five users of land services globally claimed to have paid a bribe for services such as registering a land title or obtaining updated property ownership information. The prevalence of bribery in the land sector creates a substantial informal cost for those trying to register or transfer land. For those unable to afford illegal payments, it can also reduce access to land administration services, hindering property registration and increasing land tenure informality. In addition to bribes, corruption can take the form of land record fraud or alteration, land document forgery and multiple allocations of the same plot of land. Officials may also leverage their position to benefit from parties with an interest in acquiring, disposing of and developing land.¹

Integral components of a transparent and efficient land administration system include easy access to clear and credible information on property ownership, open public access to information on procedures and fees for public services as well as active public dissemination of regulations affecting land rights. These measures can reduce corruption and increase accountability of land administration authorities.²

As a component of its registering property indicator set, *Doing Business* has measured the transparency of land administration systems for the past four years.³ This research has focused on whether information concerning the ownership and physical location of a property is public, whether essential information on the property transfer process is made accessible, if there is an independent and specific complaint mechanism to respond to issues raised by land registry users and whether statistics on property transfers in the largest business city of an economy are published.⁴

Since 2013, 25 economies have improved transparency by launching websites, publishing fee schedules, setting time limits and implementing specific complaint mechanisms. Senegal introduced a comprehensive website for its land administration system, which includes a list of procedures, required documents, service standards and official fees to complete any property transaction.⁵ Similarly, Qatar and Guyana have increased transparency in their land administration systems by expanding web-based land administration portals to include dedicated and comprehensive sections on the services provided.^{6,7}



- Transparency of information provided by land administration systems can reduce transaction costs and facilitate investment in immovable property.
- In economies where information on fee schedules and documentary requirements is easily available, the process of completing property transfers tends to be more efficient.
- Since 2013, 25 economies have become more transparent by launching websites, publishing fee schedules, setting time limits and implementing specific complaint mechanisms.
- In 51 economies, the only way to obtain information about documentary requirements for property registration is by having an in-person interaction with a public official.
- Property-specific and independent complaint mechanisms are not common around the globe, indicating an area for improvement to increase transparency.
- A transparent land administration system reduces opportunities for corruption.

ACCESS TO INFORMATION DURING DUE DILIGENCE

Information on the property, the parties and the transfer process is fundamental for a property transaction to occur. Buyers and sellers will only be able to make informed decisions when this information is widely available, either at a low cost or free of charge. The parties should know the costs, required documents and the expected duration of the transfer process before the transaction takes place. Although these conditions are necessary for a sound land administration, whether an agency can deliver its services with efficiency and accountability depends on other variables such as the capacity and reliability of its infrastructure.

Around the world, 158 economies publish fee schedules for services offered at the land registry. If a fee schedule is public, it is also likely to be available online. In 131 economies, this information can be accessed through a dedicated website. Although the use of online platforms is common in high-income economies—where 80% publish fees on websites—only a third of low-income economies have such portals. One example is Zimbabwe. In 2016, the economy launched an official website that includes a list of documents and fees required to complete a land transaction, as well as a specific time frame for delivering legally-binding documents proving property ownership.

The documentary requirements for land registration should also be made available to the public. Parties involved in a property transaction can streamline their interactions with the agency in charge of property registration if they know beforehand what documents they will be required to submit. This greatly reduces the risk of unforeseen delays or obstacles to submitting a property transfer—including the incidence of informal payments. When the list of required documents is public and complete, for example, the likelihood that the parties would be requested to come back with additional documents is reduced, expediting the registration process.

Transparency of documentary requirements may also simplify a transaction by potentially reducing the need to resort to third-party professionals to prepare a property transfer application (figure 6.1). In 51 economies, the only way to obtain information about documentary requirements for property registration is by having an in-person interaction with a public official. In Zambia, for example, where the list of required documents is not publicly available, a lawyer is hired to complete most of the property transfer steps for a commercial warehouse, costing an entrepreneur an additional 2.5% of the property value.

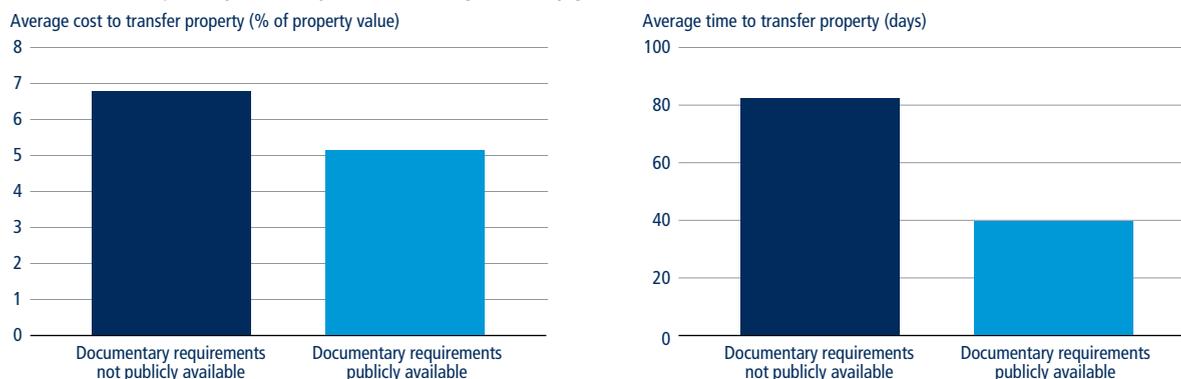
To promote full transparency, in addition to document and fee schedules, all services provided by land registries—such as title search, ownership certificate or

transfer of ownership—should be clearly specified, including the timeframes for their completion. This allows the public to know beforehand what level of service they can expect to receive, how much it will cost and how long it will take. Moreover, by providing clear public guidelines, governments set the standard for accountability of services offered by their land administration systems. Land registry services that lack established timeframes for completion can foster corruption in the form of bribes. An official might purposely delay registration, for example, to encourage clients to make facilitation payments to accelerate the process. Furthermore, in the absence of enforced time limits, land registry users are unable to monitor the status of their transactions.

Service standards at land registries are rare. Land registry users are not aware of any specific time limits promulgated by law in 122 economies covered by *Doing Business*. In addition, economies that do not establish service standards, such as specific time limits, tend to complete property transfers less efficiently (figure 6.2).

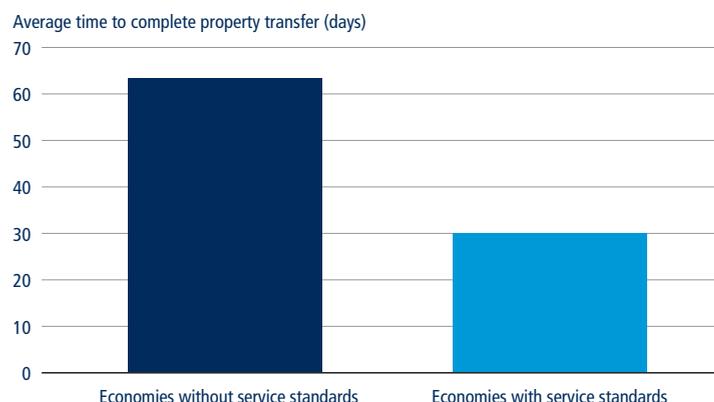
The Land Revenues Office charter, published in June 2013 by Nepal's Department of Land Reform and Management, provides a good example of how to set effective time limits. The charter contains a comprehensive list of services provided by the Land Revenue Office, the list of documents needed to

FIGURE 6.1 Transparency in land systems can bring efficiency gains



Source: *Doing Business* database.

FIGURE 6.2 Economies that publish effective time limits tend to be more efficient in completing property transfers



Source: *Doing Business* database.

complete each service, the applicable fees and the effective deadline within which the agency commits to deliver specific services. Similarly, the government of Thailand established a one-day service standard to register property transactions. To comply with this commitment, the number of staff is determined based on the average number of transactions, preventing delays.⁸

ACCESS TO INFORMATION DURING A PROPERTY TRANSACTION

Land administration is defined by the United Nations Economic Commission for Europe (UNECE) as “the processes of determining, recording and disseminating information about the ownership, value and use of land when implementing land management policies.”⁹ One of the major roles of a land registry is to make land transactions public. By doing so, it safeguards the interests of all parties involved in sales or leases.

When parties engage in a property transaction, it is essential that they obtain legally reliable information regarding the actual property involved in the transaction. The availability of information on the property—as well as

its owners or creditors—helps to eliminate uncertainty over property rights or obligations that may encumber the property. In the absence of any public records or any related rights to a property, the transaction costs can become overwhelming, risking that ownership becomes untraceable.

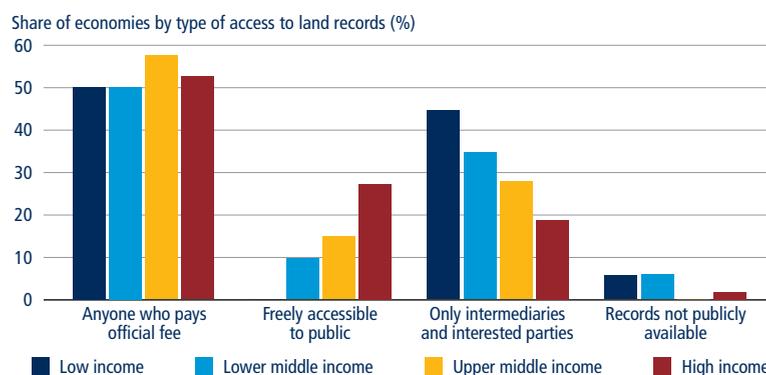
In 127 of the 190 economies covered by *Doing Business*, the information recorded by the land registry is openly available to the public. In the remaining economies, mainly because of privacy concerns, only owners or third parties who prove legitimate interest can access the information

kept in the land registry. In those economies, parties must hire an authorized professional to obtain ownership information, making the process more burdensome. In both cases, the agency in charge of registering immovable property can reject applications to access and retrieve ownership information on a discretionary basis. Public access should be embedded in land administration systems.

Among the economies covered by *Doing Business*, more than 70% of upper-middle-income and high-income economies make information on property ownership available to the public, whether for a nominal fee or free of charge. By contrast, only 50% of low-income economies open their records on land ownership to the public. Globally, information about land ownership is restricted to intermediaries and interested parties in 31% of economies. In 27 out of 190 economies—including Chile, Poland and the United States—this information is freely available (figure 6.3).

Because cadastral maps do not usually contain any personal information about the property owner, privacy concerns do not typically impact mapping agencies. However, the number of economies offering open access to maps is similar to the ones with open ownership information.¹⁰ Overall, among the economies covered by *Doing Business*, 33% do not

FIGURE 6.3 Citizens in low-income economies have limited access to land ownership information



Source: *Doing Business* database.

make information on land boundaries publicly available. Sweden, on the other hand, has an online system allowing anyone to freely access property ownership information and maps dating back 400 years.¹¹

ACCESS TO INFORMATION AFTER COMPLETION OF A PROPERTY TRANSACTION

After property transactions are completed, it is important to provide citizens with a safe environment where they can register complaints. Unlike courts, an informal structure allows users to be more forthcoming about possible abuses, relieving the courts of additional cases. In addition to allowing citizens to contribute to a better business environment, an independent and specific mechanism for filing complaints would also help governments to track issues and respond accordingly.¹²

Such complaint mechanisms promote three desired outcomes. First, the rights of citizens are safeguarded against any sub-standard service—whether by mistake or fault—provided by the land registry. Consequently, citizens can expect the land registry to provide services in accordance with the applicable rules and service guidelines. Second, citizens can have more confidence in a land tenure governance system where information is transparent and the officials providing land transfer services are held accountable for their actions. Third, candid feedback can help improve the administrative tasks performed by the land registry, resulting in a higher quality of service.

Only 24 economies measured by *Doing Business* have established complaint mechanisms that improve the overall quality of land registries; half of these (12) are OECD high-income economies or East Asia and the Pacific economies. Such complaint mechanisms are not in place in any of the economies of South Asia or the Middle East and North Africa

(figure 6.4). Globally, 22 economies offer complaint mechanisms in their cadastre or mapping agency. *Doing Business* data suggest that this is one of the areas with the most room for improvement worldwide.

An independent and specific complaint mechanism is important in the fight against corruption. A study by Transparency International conducted in Burundi, Kenya, Rwanda, Tanzania and Uganda found that about 90% of respondents that encountered a bribery incident did not report it or make a complaint to any authority or official; the reasons differed from economy to economy. In Kenya, most of the respondents indicated that they did not know where to report the incident, while in Tanzania most felt that no action would be taken to resolve their complaint.¹³ As of June 2017 it was possible to file a complaint online in only 19 economies covered by *Doing Business*. The Singapore Land Authority recently introduced a web portal to file complaints about any issues related to their services. The Swedish Land and Cadastral Authority introduced a new mechanism for filing complaints regarding errors identified on maps of land plots.¹⁴ Similarly, Guatemala and Vanuatu have successfully implemented alternative offline solutions. In Guatemala, an agency within the public ministry investigates claims related to the land registry. In 2014 Vanuatu appointed the first Land's

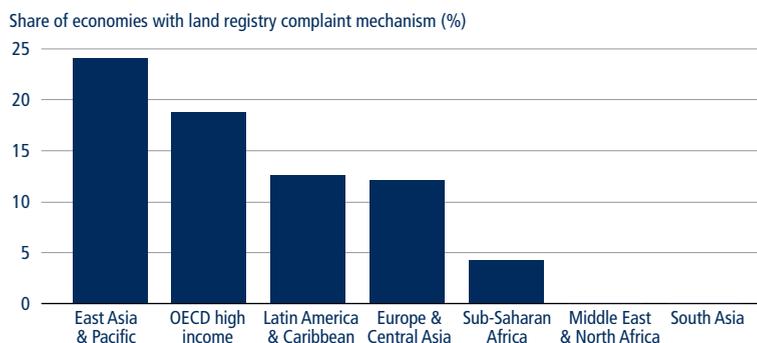
Ombudsman, an official responsible for following up on all complaints, whose duty is to report to the lands ministry as well as the client within 30 days.

Governments can keep their stakeholders engaged by collecting and publishing statistics on land transactions. Transaction statistics benefit regulators as well as the real estate sector, serving as a data analysis tool for policy makers to monitor the real estate market. Currently, 122 economies covered by *Doing Business* publish statistics on land transactions. In Japan, for example, data on land transactions are published monthly at the municipal level. In the United Arab Emirates, numbers on land transactions in Dubai are compiled daily and published on the land registry's web portal.

REDUCING OPPORTUNITIES FOR CORRUPTION THROUGH TRANSPARENCY

Transparency in a land administration system provides a defense against bribes intended to expedite the process of registering property, changing a title, acquiring information on land or processing cadastral surveys. Corruption in land administration can result in fraudulent land transfers, undermine public confidence in existing land rights while reducing investment and formal land

FIGURE 6.4 Most economies do not provide an independent and specific complaint mechanism for land registry issues



Source: *Doing Business* database.

registration.¹⁵ Such corrupt behaviors spur inefficient land ownership, with land being owned by those most able to participate in corrupt activities.¹⁶

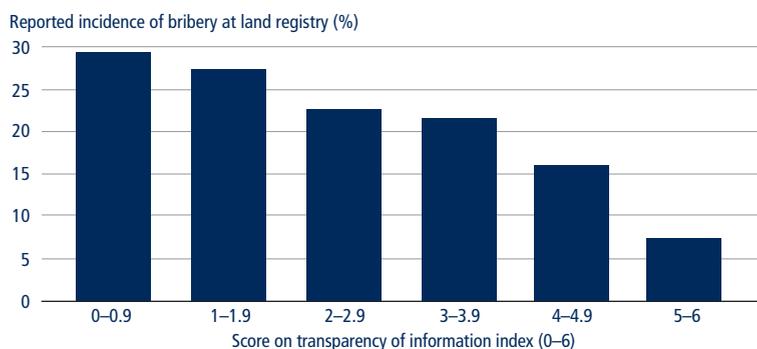
Furthermore, corruption and abuse of power can hinder the development of the real estate market. It can have adverse consequences on the business climate and economic activities by increasing the costs of doing business, thus undermining private sector confidence. High costs, together with inefficient procedures discourage people from registering land transactions, steering them instead into the informal land market. Corruption in land management can have a direct negative impact on business operations.

To be successfully deployed, full-fledged land reforms are time-consuming, costly, demanding an immense effort from governments and stakeholders. But a transparent land administration system—one in which all land-related information is publicly available, all procedures regarding property transactions are clearly documented and information on fees for public services is easy to access—minimizes the opportunities for informal payments and abuses of the system. Indeed, cross-country data show that the greater the quality and transparency of a land administration system, the lower the incidence of bribery at the land registry (figure 6.5).

CONCLUSION

Transparency is one of the most important tools for combating corruption—it is the basic pillar of enhancing the quality of land administration.¹⁷ Moreover, rather than serving as a complementary tool, transparency should be considered as a key component when designing land policies. It is crucial that citizens have complete access to official land information, regulations and applicable fees. By establishing mechanisms that shield citizens from informal payments or other abuses, governments not only strengthen institutions but also increase the public's

FIGURE 6.5 A more transparent land administration system is associated with a lower incidence of bribery at the land registry



Sources: *Doing Business* database; Transparency International data (<https://www.transparency.org/gcb2013>).

Note: The analysis is based on data collected for the 95 economies covered in 2013/14 by both *Doing Business* and Transparency International's Global Corruption Barometer 2013. The relationship is significant at the 1% level after controlling for income per capita.

confidence in them. Having well-defined rules and standards—in addition to a safe environment to censure wrongdoing—is essential to ensure quality and efficiency in the administration of land tenure rights.

NOTES

This case study was written by Yuriy Valentinovich Avramov, Albert Nogués i Comas, Laura Diniz, Brendan Meighan, Esperanza Pastor Nunes and Geyi Zheng.

1. Kakai 2012; Obala and Mattingly 2014.
2. Zakout, Wehrmann and Törhönen 2006.
3. For more information on the transparency of information index, see the data notes available at <http://www.doingbusiness.org>.
4. In 11 economies with a population of more than 100 million as of 2013, *Doing Business* also collects data for the second largest business city.
5. For more on Senegal's land administration system, see <http://www.impotsetdomaines.gouv.sn/fr/demarches-affaires-domaniales-cadastrales>.
6. For more on Qatar's web portal, see <https://sak.gov.qa/>.
7. For more on Guyana's efforts to increase transparency in land administration, see <http://minbusiness.gov.gy/doing-business/3-how-to-get-property/>.
8. Zakout, Wehrmann and Törhönen 2006.
9. UNECE 1996.
10. According to *Doing Business* data, 129 economies provide for open access to maps recorded at the agency in charge of surveying privately held land plots, while 127 economies provide for open access to ownership information recorded at the land registry.
11. For more information on Sweden's mapping, cadastral and land registration authority, see <http://www.lantmateriet.se>.

12. The registering property indicator set only considers dispute resolution mechanisms that (i) have been designed specifically to cover the services provided by the agency in charge of land registration and (ii) are managed by a body that is independent from the agency in charge. These requirements are essential in constituting an efficient, fair and legitimate governance system over land tenure rights.
13. Transparency International 2014.
14. For more on Sweden's mechanism for filing complaints regarding errors identified on maps of land plots, see <http://www.sla.gov.sg/>.
15. Transparency International 2013.
16. Søreide and Williams 2014.
17. Peisakhin 2012; Rose-Ackerman 2004.