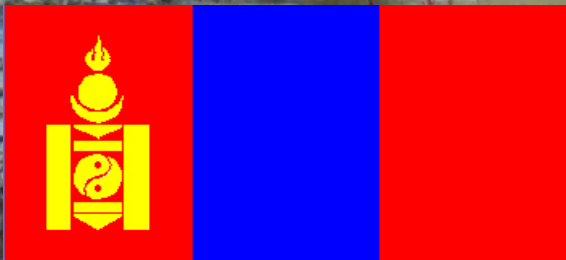


„Land Management – Fiscal Cadastre in Mongolia“





Content

- Some facts about Mongolia
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- Partner organization
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 - Introduction of modern valuation methods
 - Land management and land use planning
 - Development of a mortgage market
 - Amendments to the legal framework
 - Updating the (multifunctional) cadastral database
 - Information und education (capacity building)
- Land titling procedures
- Future challenges





Some facts about Mongolia

Land

- **Size:** 1,565 Mill. sqkm. (= 4,3 x Germany - 0,357Mill sqkm)
landlocked, borders to China 4,677 km, to Russia 3,543 km
- **Terrain:** Altai mountains in west southwest, Khangai central and Khenti east;
grassy steppe; vast semi desert and desert plains, Gobi Desert in south-
central
- **Natural resources:** coal, copper, molybdenum, tungsten, phosphates, tin, nickel,
zinc, fluorspar, gold, silver, iron
- **Land use:** arable land: 0.76% other: 99.24% (2005)

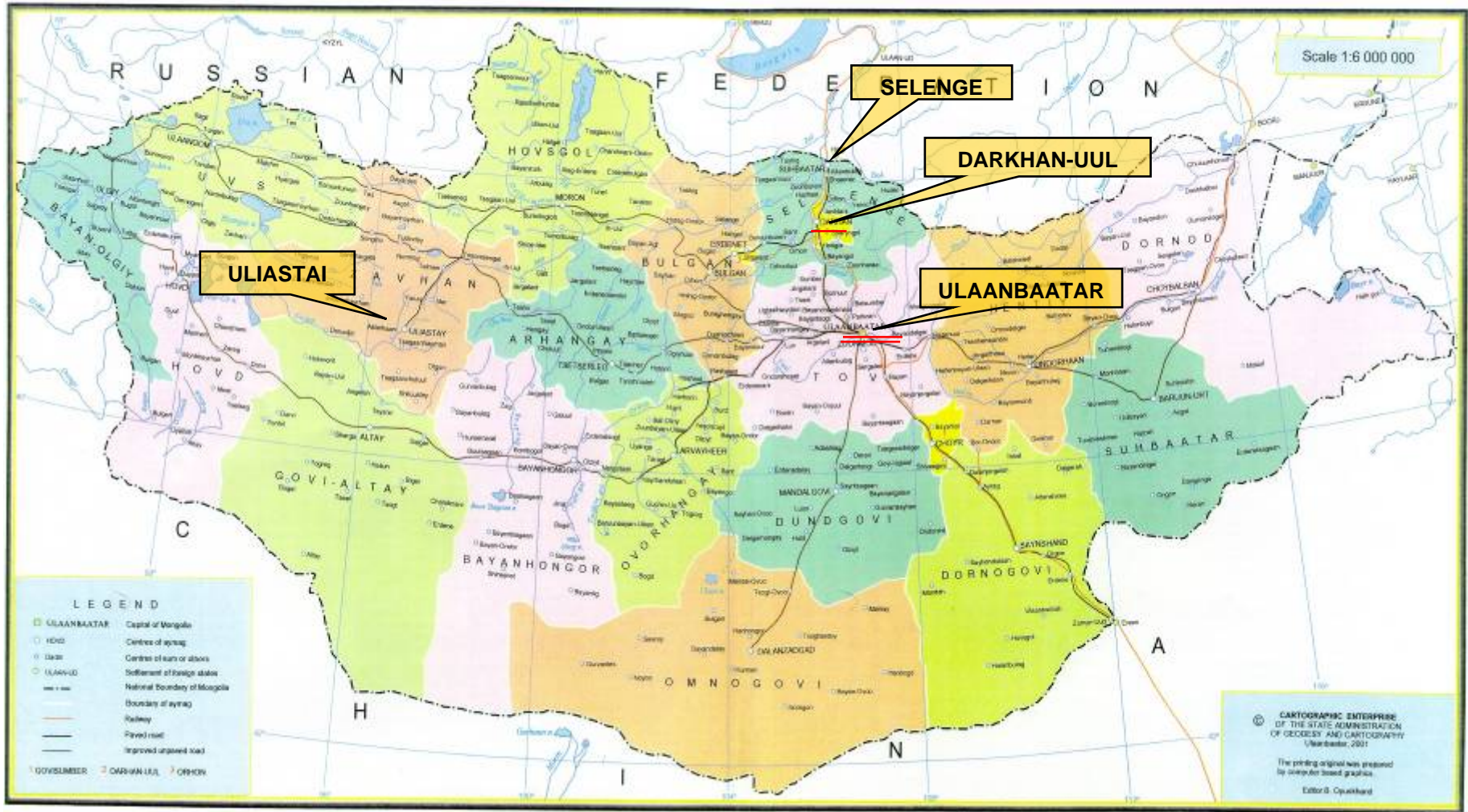


and people

- **Population:** 2,950,000 (2007 est.)
- **Capital city:** Ulaanbaatar 1,? Mill. Inhabitants
- **Labor force by occupation:** agriculture: 38%; industry: 31%; services: 29%
- **Population below poverty line:** 36% (2004)
- **GDP:** US-Dollar 1,856 Bill. per cap.: US-Dollar 730,- (2006)
- **Administrative divisions:** 21 provinces (Aimags) and 1 municipality,



Pilot Regions



Pilot Office resp. Region

==== Main Project Office



Main problems

Migration from rural areas to the urban centers i.e. Ulaanbaatar already since the seventies but accelerated because of:

- Breakdown of communal services supply chains and economic circles in connection with End of USSR: cut-off from economic support, technical assistance and subsidies
- Continued extreme cold and long winters.
- Growing population

Resulting in:

- Initial high unemployment (i.e. in the cities)
- Individual economic activities concentrate on pasture
problems: overgrazing, water supply
- Arable land partly unused, lack of investment in farming
- Lack of funds for local communities.





Project objectives and mode of operation

Main objective (GTZ-tender):

the general conditions for an active real estate market and for a communal land management in Pilot regions (2 districts in Ulaanbaatar, Darkhan-Uul (Selenge-Aimag), Uliastai (Zavkhan-Aimag) are improved.

Main elements of the methods applied :

- impartial, market orientated and publicly disseminated valuation of real estate
- Fair and und constant imposition of land fees and -taxes
- Development of a mortgage market

Impact:

duration: 1. Phase: Jan.2005 – Dec.2007,
1 int. Long term expert 36 Mon
Pool int. Short term experts 17,5 Mon
2. Phase: April 2008 –March 2007

Budget: 2.000.000 €
3-4 local long term experts 121 Mon
lok. Short term experts 15 Mon



**(ALAGaC)
Organisation new**

Ministry of Construction and Urban Development



Chairman of ALAGaC

Deputy Director of ALAGaC

Administration Division

Monitoring and Evaluation Division

Finance and Services Division

Land Management Division

Geodetic and Cartographic Division

Cadastral survey Division

Land Information Division

Capital City 1 (UB) Land Office and
9 District Land Offices and

21 provincial (Aimag) ALAGaC Offices
338 Land Manager in Sums



Professional approach

6 Priorities :

1. Implementation of modern and transparent **valuation methods** for real estate in compliance with international standards
2. User orientated and efficient **Land management of communal and state land**
3. Supporting the development of a **mortgage market**
4. Advice for amendments to the **legal framework** for land management
5. Updating of the (multifunctional) **cadastral database**, which is used by different target groups; timely data exchange between institutions
6. Comprehensive and effective **Information** of main users, professionals and public, active demand of target groups for the projects training and capacity development programs; Qualification of target groups to become market participants



Implementation of modern valuation methods

Initial position:

- Valuation according to fixed parameters, regulated by state law
- Prices in transfer documents not reliable
- No systematic documentation and allocation of prices to transfer objects

Project approach

- Information und agreement about standardized procedures with partner organization and professional bodies (valuer institutions, audit companies , banks, real estate agents, lectures of local universities)
- Recommendations for adjustment of existing legal framework
- Organization of market price collection
- Capacity building for real-estate valuers
- Base price documentation and mass appraisal

+

- High interest from professionals
- Existing private market reports
- Dynamic market for apartments

-

- Market price collection difficult
- Prices for land transfers limited
- „market disturbance“ due to free of charge privatization of state land for housing
- Allocation of prices difficult due to missing cadastral database
- Spatial and land use planning insufficient



Land management of communal and state land

Initial position:

- Spatial planning (if existing) not connected to land use planning and land management
- Only selected coverage of cadastral objects (parcels) i.e. for registration
- Non systematic appropriation of assets

Project approach

- Documentation of existing spatial planning and GIS presentation in pilot area Darkhan
- Proposals for a complete partition of settlement areas
- Proposals for the privatization of arable land
- Technical support to the Land Office Darkhan for compilation of the land management plan

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➤ Existing basic planning structure

-

- Insufficient „planning and communication culture“ in spatial planning
- Existing regulations for appropriation of assets diffuse
- No clear delineation of real estate
- Limited influence for local authorities
- Lack of enforcement



Development of a mortgage market

Initial position:

- Mortgage law framework under discussion, orientation towards US-mortgage market
- Present situation more demand- than investment orientated
- High administrative and risk costs cause high interest rates, including long term loans

Project approach:

- Capacity development for bank personnel focusing on real estate valuation and use of cadastral data
- Cooperation for the collection of market prices for real estate (GIS against price information)
- Information about mortgage and covered bonds market in Germany in cooperation with GTZ-project for development of the banking sector

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- Business banks very interested
- Building-boom needs mortgage backed long term financing
- Investment capital potentially available

-

- Construction and development mainly in the capital city
- Mortgage securitization not well known
- Trust in public ownership documentation limited



Recommendations for the legal framework

Initial situation:

- Free of charge distribution of land for housing, ongoing discussion over free land distribution
- Existing laws for real estate valuation use static methods with fixed parameters for assessment
- Centralized administrative decisions

Project approach

- Investigation of the existing land laws
- Initiation for amendments to the land laws focusing on a legal environment for a market oriented real estate valuation and the necessary infrastructure
- Support in drafting land related laws and regulations (i.e. cadastre, valuation)

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- Existing awareness for necessary changes in the legal framework
- Cooperation with other stakeholders has developed positively

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- Existing fragmentation in law making
- Extremely limited time frame for law drafting



Updating of the (multi functional) cadastre

Initial situation:

- Several specialized cadastral systems but no multi functionality
- Development of a **National Land Information Systems** has been delayed
- Isolated parcels in newly surveyed areas

Project approach

- Set up of a basic cadastral database to connect the valuation data with the cadastral information (considering the planned NLIS structure)
- Quality check and improvement of the existing survey data
- Development of applications for a GIS supported collection of land tax and land fees
- Capacity development and raising of awareness for updating regulations, involvement of the private sector

+

- Active participation of local ALAGaC branches
- Existing private survey-sector

-

- Delay in NLIS development leads to
- Need for own GIS- (interim) solution
- Partly parallel development of GIS application between GTZ and ADB project



Capacity development and Information

Initial situation:

- Universities offer education for land managers with different and inhomogeneous curricula
- Limited number of real estate valuers with partly out dated and insufficient knowledge
- First private market reports for real estate in Mongolia

Project approach

- Draft of a (70%) standardized curricula for land managers
- Basic and advanced training for lecturers and professionals (Summer School)
- Translation of technical literature and supply of teaching material in Mongolian language
- Future information about market situation using market reports and base price maps

+

- Growing number of participants in the trainings
- Readiness for Cooperation has grown

-

- Technical knowledge very inhomogeneous and partly outdated



Land privatisation

3 Types of land rights

- Ownership – Mongolian Citizens only
- Possession rights – up to 60 years, extension possible, Mongolian citizen, joint ventures
- use rights – foreigners included, up to 5 years, extension possible

Free Privatization of land for „family needs“ (for mongolian citizens only)

- since 2003 it is possible for Mongolian citizens it, to own land (after the period of privatization of appartments, 1993-2001)
- In Ulaanbaatar up to 0,07 ha
- In Aimag centre up to 035 ha
- In Sum centre up to 0,5 ha

Assigned by



Consultants



Lead partner: project management + teamleader



Dr. Schindler Geoconsult Leipzig GmbH & Co. KG
(experts: cadastre, land management, GIS)



BVVG

Bodenverwertungs- und -verwaltungs GmbH
(experts. Land privatisation, real estate valuation)



(local partner: surveying)