

ANNEX K

Sustainability Issues

Financial Sustainability Issues

The Project's financial sustainability in the following areas is neither satisfactory nor unsatisfactory: (i) policy and reform, (ii) systematic titling, (iii) records management, (iv) one stop shop, and (v) valuation.

There is a recognition that *policy reform* would require sufficient resources to ensure success. While the advocacy for the LAA can be pursued by the lead agencies, its passage in Congress will require more focused effort so that any bottlenecks to its enactment can be addressed. After LAA, it is anticipated that there will be succeeding phases of reforms, which will require similar (if not greater) support. Once established, the LAA may eventually finance the next wave of reforms, depending on what would be the final provisions of the approved Bill. Built into the recommendations and proposed amendments to laws are considerations of cost recovery in services, and increase in revenues by widening the tax base.

The *systematic titling* procedures developed deviate from the current sporadic titling approach of the DENR in that there were additional steps introduced to improve transparency, participation and integrity in the titles issued. Mass titling will involve an infusion of resources in one area at a time, which may prove difficult for DENR to do in light of its regional budget allocation procedures. This methodology has not been adopted at the DENR, and given current funding levels, there is no assurance that these procedures will be carried out. Hence, a project or program intervention is essential. Further, the mass titling approach is superior to sporadic titling, not only because of efficiencies of scale, but the pre-existing sporadic approach has seen literally millions of parcels surveyed at great government expense, but as yet the titles are not issued. This is an expensive infrastructure which remains unused.

The *records management* procedures developed under the Project would necessitate the use of equipment, access and consolidation of records, and the availability of trained staff to perform these activities in the agencies. Without further support from the project, there is the potential for these activities to be not sustained. Some agencies have shown strong interest in specific activities (such as the Survey Plan Inventory System in DENR) so that for the remaining period of the project's implementation, plans for sustaining these can be implemented. Majority of the activities in records management however, would require changes in the internal procedures of the agencies, but without the willingness, availability of budgets in the agencies; and additional time to prepare the agencies, these will not likely to be sustained.

There are indications that at least for the Quezon City *OSS*, the LRA will be providing the services of a Manager, including some key staff. Other agencies have also expressed support in continuing the presence of their staff in the office so that OSS services can continue. However, it is still uncertain whether there will be budget available to cover the operational costs and whether agencies would be willing to assume these. A well defined

co management agreement would need to be in place to ensure the financial obligations of running the OSS would be covered. In PIO1, on the other hand, discussions are under way for the agencies to assume responsibility for the operations and maintenance costs of the OSS. However, continuation of the support systems, such as continuous updating of the CIM and the database would require additional resources not currently budgeted in the participating agencies.

The question of whether the GOP and DoF are able and willing to finance the continuation of *valuation activities* commenced under LAMP1 will depend on the availability of resources in 2005 and the extent of the deficit by that time. However, the valuation component has been included in the design of LAMP2, and DoF has committed to provide the required budget from within its ceiling. Aside from favourable endorsement of DoF higher authorities, the valuation component under LAMP will contribute to the overall development strategy of raising revenues. One issue that may influence the financial sustainability of LAMP's valuation initiatives is the setting up of the NAA. This proposal may have to be reconsidered in view of government's position and its intention to streamline the bureaucracy, rather than create new organizations.

Technical Sustainability Issues

The technical sustainability of the Project in the following areas is generally satisfactory.

The procedures developed in *systematic titling* were made in particular regard to the appropriateness of technology in surveys, records validation, cost effectiveness and stakeholder participation and community acceptability. These were all documented into a Field and Administrative Operations Manual and Training Manual for users of the procedures for the next phase. There is a high degree of confidence in other technology such that these were already incorporated in the revised survey regulations of the DENR. In surveys, while there is low capacity among the private sector to do survey work, the proposed amendments would allow the use of low cost low accuracy technology so that these can be sustained by the industry. In this regard, lower unit costs for surveys is important for cost recovery. There is some resistance from the industry and more advocacy work is required to convince industry of the need to adopt lower cost methods, especially in the low value farm lands. In other areas such as CRS and other social aspects, capacity-building would be required.

Similarly, the *procedures developed in land records management* were made in consideration of the appropriateness of technology in database development which was used in linking and cross referencing of records, and in ensuring the records are validated before these are stored and made part of the system. This highlights spells the difference between LAMP and the LARES-LTCP project, although both are involved in computerization of records. LAMP can claim to have a more robust system due to a deeper understanding of the institutions and their processes, and due to field validation activities. It is true however, that it is only a pilot computer system with limited capacity. It was appropriate for the pilot. Secondly, it was assumed that the QC ROD titles would be available from LARES in computer form, but this did not eventuate and the data conversion was done in the Pilot. Thirdly, the awareness of management of information systems was surprisingly lacking in the staff engaged by the project at both prototypes. Higher qualified IS professionals would need to be hired in LAMP2.

Primary consideration was made with regard to improving public access to records, so that the uninformed and/or uneducated are not unduly disadvantaged in dealing with government agencies on land matters. The procedures have been documented in Operations Manuals and Training manuals are available for use by staff/agencies who may want to adopt them. However, without changes in the internal records management procedures of agencies and commitment to records sharing, the activities introduced will not be sustainable.

The *technical sustainability of the OSS* would hinge strongly on the commitment of agencies to the vision of the OSS, a belief in the value of providing improved services to clients, agreement to introduce streamlining in their own internal processes, and in the continued use and updating of the CIM and cross index which are vital to ensuring the integrity of records issued and kept at the OSS. The institutional issues far outweigh the others in terms of importance. The prognosis is better in Quezon City where there is stronger cooperation of the agencies. The CIM and the records databases, however were developed with adequate consideration of their appropriateness to the current capacity and technology available in the country. Alternative methodologies have been developed to allow for flexibility, should there be provision for equipment, trained staff as well.

On valuation, the valuation standards have been developed during 2004 but not yet fully tested to warrant an objective judgement about its technical sustainability. Experience from implementation will provide information on further work that may be required to refine the standards. However, the prognosis for technical sustainability is good as the issues are seen as not too complex. These can be more addressed once the policy and institutional issues are addressed. The valuation standard on valuation for taxation purposes was properly documented and subjected to extensive consultation with stakeholders. However, other valuation applications and the operational manuals and guidelines will still be required in the future, and additional work will be required after LAMP. Training has been provided to the staff of NTRC and BLGF involved in the technical valuation procedures in the future and implement the valuation reforms. However, more training will be needed to improve the present valuation system.

Institutional Sustainability Issues

In general, the institutional sustainability of the Project's activities in the following areas is neither satisfactory nor unsatisfactory: (i) policy reform, (ii) systematic titling, (iii) records management, (iv) one stop shop, and (v) valuation.

The *policy and reform activities* are institutionally sustainable whilst there is ownership amongst key stakeholders and government agencies. However, other human, social and institutional structures are not sufficient to promote and sustain the policy reform agenda. Hence, the LARA Bill is of paramount importance to provide a reform vehicle for long term change. At the end of LAMP, there still remain turf protection issues among some of the affected agencies which can derail the consensus building process. What is essential is not to lose momentum and to support the efforts of stakeholders who have demonstrated strong commitment to pursue the reform agenda. Until the LAA Bill is passed, the reform momentum should be continued by project personnel working to support the DENR, the Task Force, and civil society.

On systematic titling, most of the agencies are willing and able to adopt the procedures introduced by the Project. Some mechanisms have already been established to address the sustainability of the recommended systematic titling process. However, more needs to be done to ensure these changes are mainstreamed in the agencies. A draft survey regulation is in development and a regulation on mass titling by FP is beginning to be drafted, to form a framework for the detailed procedures already fully documented. Further, there needs to be institutional agreements with the ROD and DENR in relation to the processing of titles, registration of patents, and review and approval of survey plans.

On records management, some agencies have expressed interest in adopting the methodologies introduced by the project. However, others have expressed reservations based on the view that some of these methods would require legal basis or mandates to be used (e.g., use of CIM). The mainstreaming of most of the procedures would likewise require drastic modifications in the records management practices of the agencies, something which the agencies are not prepared to do at the moment. Moreover, these would require additional investments in equipment, records inventory, and training of staff so that these can be continued after the project. It is planned that the QC PIO2 operations would transfer to the City LGU ahead of LAMP2. There is yet to be confirmed a commitment from the Mayor, and discussions are ongoing.

The OSS was envisaged as an ad hoc institutional mechanism to provide more efficient delivery of land administration services to the public. While OSS can operate without the legislation to merge the agencies, the bureaucratic culture that vary greatly and the absence of a common vision and leadership to introduce changes and command compliance all contribute to the low likelihood of institutional sustainability. The continuation of OSS operations will therefore depend greatly on the goodwill and commitment of the agencies after LAMP.

On valuation activities, there is a strong DOF family backing the initiatives. While NTRC is leading the valuation activities during extension phase, BLGF sits as an active member in the TWG and participates in the conduct of activities. There is also strong support for LAMP2 within DoF. Within the agency, available human, social and institutional resources are sufficient to promote and sustain the valuation activities and reforms, through the participation of the NTRC and the BLGF. However, a bigger core group has to be organized to sustain its momentum and expand the reforms. In terms of ownership among relevant stakeholders, the consultation processes already conducted provide evidence that stakeholders are generally supportive of the valuation recommendations. On a more long term perspective, the proposed NAA Bill is envisioned to clearly define the institutional responsibility for sustaining the valuation activities and implement further reforms, including the creation of a regulatory function, removed from day to day operations.

The project created awareness, interest and commitment from civil society, which was never there before; the sector was shrouded in technical complexities. The challenge of maintaining this participation is important for the reform, otherwise the Government agencies will dictate service levels on their own. With exceptions, government agencies generally find civil society participation in land administration unnecessary. Institutional structures and performance measurement programs are needed to ensure the customers are not “locked out” of the sector. Until the LAA is created, with its stakeholder policy

advisory committee and other measures, the LAMP2 will be needed to sustain this vital input.

The changes planned for the LAM Program over the next 15-20 years will require significant human resource development. The skills and knowledge, the education and professional development courses are significantly insufficient. It is clear that capacity building will be required to go hand in hand with the application of new technologies, structures, relationships and work methods.