

1. Project Data:		Date Posted : 06/28/2007	
PROJ ID : P050738		Appraisal	Actual
<b>Project Name :</b> Land Titling And Related Services	<b>Project Costs (US\$M):</b>	6.78	6.41
<b>Country:</b> Sri Lanka	<b>Loan/Credit (US\$M):</b>	5.00	4.85
<b>Sector Board :</b> RDV	<b>Cofinancing (US\$M):</b>		
<b>Sector(s):</b> Central government administration (96%) Law and justice (4%)			
<b>Theme(s):</b> Land administration and management (50% - P) Law reform (25% - S) Rural markets (25% - S)			
<b>L/C Number:</b> C3496			
	<b>Board Approval Date :</b>		03/22/2001
<b>Partners involved :</b>	<b>Closing Date :</b>	12/31/2004	09/30/2006
<b>Evaluator :</b>	<b>Panel Reviewer :</b>	<b>Group Manager :</b>	<b>Group:</b>
April Connelly	Ridley Nelson	Alain A. Barbu	IEGSG

## 2. Project Objectives and Components:

### a. Objectives:

The objective of this Learning and Innovation Loan (LIL) was to assess and build the methods, framework and capacity for making sustainable and comprehensive improvement in the land administration system . The project aimed to build the foundation for a long -term program to develop a fair, efficient, and sustainable land administration system.

The PDO was not revised, but the key indicators were modified between the No . 10 PSR (June 24, 2004) and the No. 11 PSR (December 21, 2004). The ICR does not note whether this revision was approved by the board .

**Original** key performance indicators of this development objective were :

- (a) well functioning small-scale titling and title registry operations that provide increased tenure security, efficiency in titling and land transactions, land market choices, and fairness;
- (b) confidence and knowledge to expand shared by the voting public, local leaders, implementing partners, and concerned professionals; and,
- (c) a plan for a larger scale project that would be judged ready for appraisal according to the Bank's quality at entry standards or equivalent, and which provide an acceptable basis for commitments to finance this follow -on project.

**Revised** key performance indicators:

- (a) Functioning of titling and title registry operations in a number of Districts with procedures to handle transactions within specified time limits and quality standards;
- (b) Viable institutional framework, including cohesive organizational structure and plan for staffing and human resource development;
- (c) Feedback, lessons and knowledge gathered from the field reflected in improved methods and adoption of new methodology; and,
- (d) Plan for a larger scale Title Registration Program .

## **b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

If yes, did the Board approve the revised objectives /key associated outcome targets?

No

## **c. Components (or Key Conditions in the case of DPLs, as appropriate):**

There were two components. The project components were not revised.

### **Component 1 - (appraisal cost US\$ 4.09m, actual \$ 4.00m)**

#### ***Subcomponent 1a : The Titling Methods (\$3.78 appraisal; \$ 3.78 actual)***

Carrying out activities to test and develop improved titling methods and develop operational capacity in respect of about 22,000 land parcels in various systematic titling technologies, procedures, and implementation arrangements. The methods will include: (a) stakeholder communications; (b) search and compilation of records; (c) cadastral surveying and mapping; (d) adjudication and dispute resolution; and (e) title registration and issuance.

#### ***Subcomponent 1b : Title registry (\$0.12 appraisal; \$ 0.09 actual)***

Establishing title registry offices and capacity in titling registry methods, procedures and operation; and undertaking of analysis, satisfactory to the Association in its scope and quality, of arrangements for title registries with recommendations for a future institutional framework.

#### ***Subcomponent 1c : Land records maintenance (\$0.19 appraisal; \$ 0.13 actual)***

Developing support facilities for land record maintenance, and development of a plan for records preservation in a long-term program. As part of this effort, the Registrar General's Department would undertake a survey of the usage of its deeds archives. The objective would be to aim under the long-term program at prioritizing deeds according to usage, and to applying the rules given in appropriate laws.

### **Component 2- (appraisal cost US\$ 2.69m, actual US\$ 2.41m)**

#### ***Subcomponent 2a: Legal Framework (\$0.03 appraisal; \$ 0.01 actual)***

Improving the legal and regulatory framework including: (a) amendments of title related laws, regulations and operational procedures; (b) legal measures to facilitate private sector involvement, policy reform and other project innovations; (c) designing dispute resolution alternatives to the use of courts; and (d) supporting training and learning in legal aspects of land titling.

#### ***Subcomponent 2b: Policy formation and project -wide learning. (\$0.25 appraisal; \$ 0.01 actual)***

Policy formulation, testing, and analysis including proposed policies to reduce restrictions on marketability of land; and Project-wide learning through national-level stakeholder communications, research studies, monitoring and evaluation, and development of a social assessment framework for a long-term program.

#### ***Subcomponent 2c: Organizational development, project management, and program planning. (\$2.41 appraisal; \$2.39 actual)***

Undertaking: (a) organizational development including structural rationalization and staffing arrangements, human resource development, and development of an information management strategy; (b) project management and related capacity development; and (c) planning of long-term program.

## **d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:**

**Cost/Financing.** Actual project costs were \$6.41m, slightly below estimate \$6.78m. Borrower contribution was \$2.0m, slightly above estimate \$1.78m.

**Dates.** The project closed 9/30/2006. Both the PAD and ICR list original closing date as 12/30/2004 but the loan agreement states project is expected to be completed 6/30/2004. This discrepancy is not explained. The closing date was extended twice due to accumulated implementation delays. According to the ICR (pg. 9) "(t)he project was affected by delays in implementation early on resulting from a change in the Minister of Agriculture and an erosion of political support for land titling. The Project Launch Workshop was held nearly one year after effectiveness, and was made possible following a change in Government and appointment of a new Minister with strong commitment to the Project."

## **3. Relevance of Objectives & Design:**

**Project objectives** were consistent with two objectives of the 1998 CAS (in place at appraisal) : (1) to promote sustainable private sector led growth; and (2) to improve fiscal discipline. The project objectives were also in line with the key outcome for growth in the 2003 CAS (current CAS): "legal frameworks established to increase flexibility in the labor and land markets". According to the PAD (pg. 3), as a result of the Bank's agriculture policy dialogue, the government took action to address the lack of functional land markets. This included implementation of a Government initiated land titling pilot project in 1996 and adoption of a Registration of Title Act (RTA) in 1998. The LIL was set up on the basis of the ongoing government program, and was to come up with a viable solution to the weaknesses that had emerged during implementation. According to the ICR, the PDO was a government priority on paper only. In practice government ownership was too weak to support achievement of the project development objectives.

**Design.** Project components were relevant to the objectives but the lending modality proved to be inappropriate. At

design stage, the Bank believed that a LIL would "provide the best opportunity" to resolve outstanding issues in the existing land registration system but this assumption proved to be faulty . The ICR (pg. 20) acknowledges, "(t)he major lesson to be drawn from the Project is that in this case a LIL proved to be an inappropriate vehicle for taking on important and contested legal, policy, and institutional issues, particularly in light of project ownership at sufficiently high levels of Government". The ICR also points out that activities under component 2 "pushed the envelope quite hard in comparison with the demonstrated weaknesses of the existing titling program and operational concerns...(this) placed a great deal of weight on a relatively modest operational vehicle " (pg.8-9).

#### **4. Achievement of Objectives (Efficacy):**

Achievement of project objectives was *negligible*. The ICR clearly states "the PDO has not been achieved . The project was unable to define and put in place the legal, regulatory, and institutional framework consistent with a large-scale land titling program and the efficient operation of a land administration system " (pg. 13). In addition, the project did not fully achieve any of the key project development indicators . The ICR only reports on the progress towards the revised project development indicators but it does not state that the revision was approved by the Board . IEG assesses progress against the original indicators unless the revision has received Board approval . Progress to meeting original key objective indicators is presented here and is pulled from various parts of the ICR .

##### **(a) well functioning small -scale titling and title registry operations that provide increased tenure security, efficiency in titling and land transactions, land market choices, and fairness . Achievement : *Negligible***

6 districts have full procedures for titling and title registry but the quality of registration operation has not been verified. The project only issued titles for parcels with clear land rights and deliberately shied away from problem parcels and from helping people in the field work out their problems . As a result the project failed to improve the adjudication process. The ICR (pg. 14) comments "for a successful titling program, emphasis will need to be placed on full registration of parcels, including resolution of existing uncertainties in rights rather than merely on the number of parcels for which a boundary survey had been completed ". In addition, "only a small percentage of land parcels that were included in a systematic titling area were actually titled . This is inconsistent with good practice and points to failure if attempts were made to roll this out on a broader scale " (ICR, pg. 14).

##### **(b) Confidence and knowledge to expand shared by the voting public, local leaders, implementing partners, and concerned professionals . Achievement : *Negligible***

There is no evidence to indicate that any of these actors are on board with expanding the land titling program . According to the ICR, there was insufficient commitment to changing the critical institutional framework for land titling on the part of the government and counterpart agencies . The ICR reports that there was improved communication with some stakeholder groups (lawyers and the Bar Association) at the local level but communication with national level stakeholders was weak. According to the PAD (pg. 7), various stakeholders were skeptical of the land titling program; in particular: (1) the Sri Lanka Bar association was suspicious of the RTA; and (2) some NGO's, academics and government officials expressed mistrust of market-oriented policy reform (especially that supported by the World Bank) and its potential impact on the poorest. The ICR does not report on the perception of either of these stakeholders.

##### **(c) A plan for a larger scale project that would be judged ready for appraisal according to the Bank's quality at entry standards or equivalent, and which provide an acceptable basis for commitments to finance this follow -on project. Achievement : *Negligible***

The ICR (pg. iv) notes that a basic plan for a national program was prepared but it focuses primarily on field survey work and does not address the key bottlenecks identified during the LIL .

#### **5. Efficiency (not applicable to DPLs):**

There is insufficient information to assess overall project efficiency . Actual project costs (\$6.41m) were slightly less than anticipated (\$6.78m) but the ICR does not explain why this is so. An economic rate of return was not calculated in the PAD or ICR and the ICR does not provide any other measure of economic returns . According to the PAD (pg. 13) though there would not be a cost/benefit analysis of the initial project, the project itself was to include analyses that will provide the basis for cost benefit analysis for the next phase and for the long -term investment program. The ICR, however, implies that this analysis was not done, " (t)he M&E program was not able to provide what was needed for designing a national roll-out program (cost-benefit analysis, establishment of baselines, etc .)" (pg. 24). The PAD (pg. 8) also states that the project would " cover the impact monitoring and evaluation of its own expected achievements" and would include indicators of cost-effectiveness, efficiency, allocation of public and private sector roles and sustainability but there is no mention of these indicators in the ICR . Efficiency of the project's survey activities is questionable as the project only issued titles for parcels that had clear land rights . According to the ICR "(t)he value added of titling these parcels is limited and does not support the investment expense required to undertake a program of systematic title registration " (pg. 14). In addition, "the objective expressed at appraisal of combining the survey and adjudication teams, which is a standard international good practice, was never attempted, which left possible efficiency gains in field work " (ICR, pg.14).

##### **a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

	Rate Available?	Point Value	Coverage/Scope*
Appraisal		%	%
ICR estimate		%	%

\* Refers to percent of total project cost for which ERR/FRR was calculated.

#### 6. Outcome:

Outcome is rated *unsatisfactory* based on the failure to achieve project objectives, the high risk to development outcome, efficiency concerns, and shortcomings in M&E, which carry a higher weight in learning operations such as LIL's. The ICR rates outcome *moderately unsatisfactory*, arguing that "the LIL resulted in some learning and innovation, though not enough to allow for successful scaling up of the titling program without further developments on both the legislative and institutional fronts" (ICR, pg. 14). However, information in other parts of the ICR indicates that the learning outcome of the project was less than anticipated. As noted in the M&E section (below), the impact and social assessments that were meant to contribute to learning from the project were scaled back during implementation. The survey activities implemented by the project focused on land parcels with clear title rights thus "critical testing of problematic cases never took place" (ICR, pg. 24) and the project "missed out on an opportunity to learn about solving problems" (ICR, pg. 18).

**a. Outcome Rating :** Unsatisfactory

#### 7. Rationale for Risk to Development Outcome Rating:

IEG concurs with the ICR rating of *high*. The legislative and institutional framework required for a functioning titling system was not in place by project close. There was some progress drafting amendments to the RTA, which was meant to improve the legislative framework, but the drafting process was not complete by project close and the ICR (pg. 24) notes "there is not telling if and when these amendments will be adopted, or what detrimental changes may be introduced." The existing "complicated and counterproductive" institutional arrangements for land titling were not revised by the project due to opposition from vested interests. High levels of government demonstrated little commitment to the project and, in particular, avoided addressing issues that involved making controversial decisions in opposition to vested interests. In addition, institutional capacity to move forward with project objectives is questionable as the training program that was meant to improve institutional capacity of relevant ministries was neglected during implementation. Moreover, the ICR acknowledges, "(t)he assumption at the time of appraisal was that a large scale land titling program could be designed, which would make economic sense for Sri Lanka in that the costs and necessary steps to implement and maintain such a system could be justified by the economic benefits accruing. What the Project has shown is that given the socio-cultural, policy and institutional framework, this assumption may not be justified. There is a risk that consideration of this question will be allowed to lapse ." (ICR, pg. 16).

**a. Risk to Development Outcome Rating :** High

#### 8. Assessment of Bank Performance:

**Quality at Entry** is rated *moderately unsatisfactory*. The Bank was active in project preparation and carried out several assessments to inform project design (land markets study, analysis of the institutional framework and a review of the Registration of Title Act). The Bank team also collaborated with the heads of the five implementing agencies on project design but there was limited interaction between the Bank team and higher levels of Government. According to the ICR (pg. 9) "the inability to engage at high levels of Government, combined with the minimal up-front requirements to resolve the legal and institutional issues, meant that the Project went forward with little demonstrated commitment from the Government". The ICR also acknowledges that in light of the difficulty engaging high levels of government, the task team could have improved quality at entry by engaging non government stakeholders on the controversial land reform measures included in the project package, or by scaling back the range of project activities but Bank management was in favor of moving forward with the full package. There were also shortcoming in the overall risk assessment. The ICR (pg. 17) notes that the Bank team identified key risks in the PAD but rated overall risk assessment moderate when, in fact, it was substantial to high. The PAD (pg. 6, 15) noted that collaboration between the various land related agencies was problematic and would require close attention during project implementation but the ICR (pg. 9) reported that the team failed to appreciate the importance of this risk to overall risk to the project.

**Supervision** is rated *moderately unsatisfactory*. The ICR states that Bank supervision teams assessed project issues well, provided detailed supervision reports and managed fiduciary aspects well. However, there were significant flaws in the candor and quality of performance ratings. For example, "the Bank should also have been

more frank concerning the Project ratings, which were too often 'satisfactory', when in fact both the IP and DO were moderately or fully unsatisfactory" (ICR, pg. 19). In addition, "critical impediments to achievement of the development objectives were not faced directly enough in dialogue with the government " and "the Bank did not make full use of opportunities to provide honest criticism of the implementing agency in its dialogue with the government" (ICR, pg. 17).

**Overall Bank Performance** is rated *moderately unsatisfactory*. In additions to the issues noted above the ICR points out that the Bank pushed too hard on the social and policy reform elements, was unrealistic about the time required to draft and approve the amendments to the RTA and to reach an agreement with "the counterpart on following through that would then have been a key focal point for supervision " (ICR, pg. 18). Shortcoming in M&E also factor into Bank performance. In particular, "project indicators were vague and difficult to gauge until the end of the project", contributing to overoptimistic IP and DO ratings.

**a. Ensuring Quality -at-Entry:** Moderately Satisfactory

**b. Quality of Supervision :** Moderately Unsatisfactory

**c. Overall Bank Performance :** Moderately Unsatisfactory

#### 9. Assessment of Borrower Performance:

**Government performance** . IEG concurs with the ICR rating of *unsatisfactory*. Weak government ownership adversely affected implementation and played a large role in the failure to achieve project objectives . The project launch workshop was delayed until a year after effectiveness due to changes in the Ministry of Agriculture and eroded political support and "although the government agreed to go ahead with the project, it was not viewed as being sufficiently high priority to devote sufficient time or attention to resolve problems in performance " (ICR, pg. 19). Most matters of importance were left to the project steering committee to deal with alone and higher levels of government failed to step in as needed to deal with occasional voids in leadership that resulted from "constant ministerial shuffling". There were no champions in the high level political and policy making arenas to address critical policy issues. In addition, problems were not addressed when they required making controversial decisions or opposing vested interests .

**Implementing Agency performance** . IEG concurs with the ICR rating of *moderately unsatisfactory*. Sri Lanka has a complex organizational arrangement for land administration, which involves five agencies from three ministries . A project steering committee, comprising representatives from all five agencies, provided overall project guidance and a project coordination unit was established in the Ministry of Agriculture . This arrangement fostered a "lack of institutional accountability", which was cited as a central factor in the failure to achieve project objectives . Many problems did not get resolved because the large number of members on the project steering committee made it difficult to reach consensus . The project steering committee was ineffective in carrying out its responsibility for setting project priorities and responding to information identified by M&E . In contrast, the project coordination unit attempted to address some issues identified through M&E but had "limited authority to deal with these by itself" (ICR, pg.12). In addition, the implementing agencies never worked as one team to achieve project implementation targets or to complete actions agreed on from supervision missions . According to the ICR (pg. 20) the implementing agencies' technical staff was responsible for the "only demonstration of project ownership" but this was limited to surveying activities while there was less appreciation for the need to generate economic returns from the survey work, the importance of resolving land ownership disputes, and the need for systematic feedback from project beneficiaries.

**Overall government performance** is rated *unsatisfactory*. Weak government commitment, frequent staff turnover and poor inter-agency collaboration contributed to the failure to meet project objectives .

**a. Government Performance :** Unsatisfactory

**b. Implementing Agency Performance :** Moderately Unsatisfactory

**c. Overall Borrower Performance :** Unsatisfactory

#### 10. M&E Design, Implementation, & Utilization:

A results framework was in place at the PAD stage and M&E activities were carried out during the project but there were shortcomings in the design, implementation and use of M&E that limited the learning aspect of the LIL the ability to track incremental progress of project activities .

**Design.** According to the ICR, M&E "was designed in a way that made it difficult to track incremental progress on achieving the PDO during project implementation" (ICR, pg. 11). The ICR (pg. 11) states that the project was designed with too many output indicators . During implementation these were reduced from 17 to 10 intermediate

outcome indicators. None the less the ICR attributes lengthy and unfocused supervision reports, in part, to too many indicators. The ICR (pg. 11) also notes that "PDO indicators were qualitative and sufficiently general that gauging their attainment or lack of attainment could not be done until the Project was drawing to a close . This contributed to a situation where the PDO rating remained 'satisfactory' until very late in the process ".

**Implementation** was mixed. According to the ICR (pg. 24), quarterly monitoring reports were maintained throughout project implementation but M&E focused on tracking inputs and processes rather than impact and participatory assessments and there was little progress carrying out underlying studies to inform the policy making process . The ICR implies that quality of information generated through M&E was problematic . "Quality of the information was impacted by a number of factors ...those responsible for providing data from the field were under the authority of the various line ministries. The PCU has limited control over the quality of their work...Qualitative assessments of progress were from time to time excessively optimistic or open to misinterpretation ..." (ICR, pg. 12). A number of social and economic assessments (including baseline and follow up studies) were detailed in the Borrower's project implementation plan and were to contribute to the learning element of the LIL but this work was scaled back during implementation. The ICR reports that "some of the initial impact study and socio economic studies were done, but were not of high quality and added little value to project M&E and implementation ." (ICR, pg. 12).

**Utilization .**

According to the PAD (pg. 8) "as an integral part of this monitoring system, the project would include measures to facilitate understanding and use of monitoring and evaluation findings by policy makers and operational managers " but there is no evidence in the ICR to indicate that this occurred . The ICR (pg. 24) also notes that "the M&E program was not able to provide what was needed for designing a national roll -out program (cost-benefit analysis, establishment of baselines, etc.)".

**a. M&E Quality Rating :** Negligible

**11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):**

The project did not trigger any Bank safeguards at PAD stage . The ICR does not report on any safeguard issues .

<b>12. Ratings :</b>	<b>ICR</b>	<b>IEG Review</b>	<b>Reason for Disagreement / Comments</b>
<b>Outcome:</b>	Moderately Unsatisfactory	Unsatisfactory	The Project did not achieve its PDO, efficiency is questionable and M&E negligible, limiting the learning aspects of this LIL.
<b>Risk to Development Outcome:</b>	High	High	
<b>Bank Performance :</b>	Moderately Satisfactory	Moderately Unsatisfactory	There were a number of shortcomings in quality at entry and supervision (see section 8)
<b>Borrower Performance :</b>	Unsatisfactory	Unsatisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

**13. Lessons:**

The key lessons from the ICR are :

1. If there are serious issues precluding movement to a full land titling and registration project, a LIL can not get around the lack of Government ownership.
2. It is important to provide full coverage of land parcels in a given territorial area where systematic titling is being carried out, including those with uncertain land rights . Strengthening the adjudication process to work out land right disputes is particularly important.
3. Regular and reliable feedback from intended beneficiaries and other stakeholders should be ensured to verify that objectives are in fact being achieved .

4. Titling exercises need a substantial program of prior national consultation . This can help to draw out the opposition and better understand the protagonists . Political mapping can also help .

**14. Assessment Recommended?**  Yes  No

**15. Comments on Quality of ICR:**

The ICR is satisfactory. It could be have been strengthened by clearly stating whether revision of key objective indicators was approved by the Board and a more in -depth discussion of project efficiency .

**a.Quality of ICR Rating :** Satisfactory