THE CHALLENGE OF COMMERCIALISING LAND INFORMATION ORGANISATIONS: A ZIMBABWEAN EXPERIENCE

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Key words:

ABSTRACT

In a bid to enhance efficiency and effectiveness, improve cost recovery and improve service delivery by public service institutions, the Government of Zimbabwe instituted a public service wide investigation in 1989. Its findings identified waste of time and resources in operations, duplication of effort, poor planning and misplaced priorities among other things. The investigation also identified windows of opportunity in terms of institutions that if managed properly managed, could not only recover a portion or all of their costs but could be commercialised or even privatised.

In 1995, a policy decision by GoZ was taken to commercialise certain departments, including the Department of the Surveyor-General, the principal surveying and mapping agency in Zimbabwe. This decision was taken primarily to reduce the burden of financing the operations of these departments from the public purse and make these institutions partly or wholly finance their operations. GoZ would then become a key stakeholder and customer, financial and management arrangements would be devolved to boards of directors and the legal framework of the commercialised operations would be drawn up by GoZ and implemented by the management and the boards.

In 1999 DSG drew up terms of reference for consultants to undertake a feasibility study into the commercialisation of the DSG and a contract was entered into with a local consultancy firm with vast experience in such matters in the public sector. The study was concluded in November 2000 and its recommendations are being studied by the Privatisation Agency of Zimbabwe.

It is worth noting that the commercialisation of this national surveying and mapping agency whose products and services have traditionally been viewed as public goods is a first in the region. This transformation also presents a challenge in the balancing of commercial interests of the institution versus the statutory regulatory role expected of it. The institutional arrangements relating to its relationship with its stakeholders and clients within the public and private sectors present a paraphernalia of dilemmas in terms of the future role of DSG in land reform, spatial information management, land markets, pricing policy for DSG products and linkages with other institutions.

The DSG has already made strides in anticipation of the decision to proceed with commercialisation by commencing the migration to databases for all spatial information management, marketing of DSG products, automating production lines and extensive human resource development in management and computer technology. These efforts are by no means cheap as will the required investment in further technology in excess of US$2.5 million over the next four years. Whilst the feasibility study has outlined the critical success factors for the business case, identified sources of sponsorship and defined the expectations of stakeholders and clients, the different phases of this journey require robust policy support and sound management and financial frameworks in order to assure viability and sustainability.

INTRODUCTION

The development and provision of land information for a variety of users in Zimbabwe is, by law, the preserve of public institutions such as the DSG. The critical role played by the DSG in particular in support of economic activities in the private sector such as real estate, conveyancing, infrastructural development, tourism among others has been acknowledged nationally, however the support to its activities continues to be eclipsed by other flamboyant activities dependent on its activities. The demands for DSG services and products continue to increase by the day requiring changes in the way business is conducted at the DSG. Instead of production-driven approach to service provision the DSG has embarked on a demand driven production process that however takes cognisance of national imperatives such as national map series and its part in land title registration.

The advent of commercialisation of public institutions that started with parastatals in the 1990's is a welcome relief to the taxpayer and encourages innovation in the way business is run. Indications show that notable success has been achieved in those institutions that have been hived off, however, by and large this is a complicated process that is dependent on government's willingness to go the whole way in terms of granting the requisite autonomy in the running of these institutions. The case of the commercialisation DSG, whilst not very unique is a very interesting one. As one of the oldest land and land information institutions in the country that has been associated with the usual bureaucracy, there is an understandable hum of skepticism associated with this bold foray into the business world both from the public and private quarters. The delays encountered in getting the feasibility study done gives an insight into the issues at stake such as *inter alia* buy-in, willingness to let go, belief, attitudes, territory, culture in the organisation and its environs. These 'ghosts in the closet' cannot be underestimated. The bitter experiences at other commercialised entities have hardened the resolve of those likely to be affected by any changes.

The land reform programme has also come in as a process where the DSG shall play a role in land information support, however the business spin off is still unclear. The DSG needs that clarity in order that its financial model as a commercialised entity is perfected at the outset. Its relationships with other co-service providers such as the Deeds Registry needs clarification and/or resolution from a financial perspective as a revenue stream. The issue of investment in the appropriate technologies is no small obstacle either given the pressure from financial and other institutions using DSG services. It would appear that commercialisation is going to be no 'walk in the park', however it is an equally potentially viable venture that needs support.

COMMERCIALISATION SCOPE AND OBJECTIVES

A clear understanding of commercialisation had to be achieved by the principal, GoZ and the various stakeholders in order to remove grey areas. Commercialisation involves transforming the DSG into a proactive business entity that seeks to maximise opportunities, earnings and shareholder value. As such the DSG would be under pressure from client and market pressures to change the way it delivers services. The key attributes of this transformation are:

- A proactive approach to managing clients/customer relationship and a significant and deliberate investment in customer relationship and care

- Increased autonomy from civil service structures and adopting a different legal and institutional framework

- Achievement of positive cash flow by the DSG

- A commitment by DSG to do more with less; i.e. substantially improve productivity

- A change in the accounting and financial management and reporting systems including the introduction of cost centres, accrual accounting and the preparation of profit and loss accounts, cash flow statements and balance sheets

- Providing statutory services more efficiently but with commitment by GoZ to meet the full cost of these services including the interest and depreciation charges

- The introduction of performance targets, performance measures and performance-based reward systems

In order to foster viability and sustainability in the achievement of the foregoing, there would be need for:

- Improved revenue generation, commercial pricing of products and services and improved cost control

- Identification of new product lines, elimination of redundant and unprofitable product lines

- Reviewing existing processes and re-engineering them in order to reduce overall business costs and improve service delivery performance

- Investment in appropriate technology in order to meet changing needs and growing demand

- Re-investing in people

ROAD MAP TO COMMERCIALISATION

A six-step approach was adopted in coming up with the commercialisation proposal. These were:

Situation Analysis

This is a qualitative and quantitative analysis of the existing status of the DSG as a wholly-owned publicly funded GoZ department.

Swot Analysis

This outlines the operating environment of the DSG including the legal status, limited human resource capacity, diminishing physical and financial, pricing policy GoZ commitment to re-invent public institutions, the increasingly important role of DSG in land information management undermined by the absence of a national land information policy to enhance institutional co-operation, insufficient financial autonomy for a supposedly dynamic institution and the undermining of the asset base through inappropriate franchising arrangements threaten DSG viability.

Objective Setting

The benefits of commercialisation were spelt out, including perceived and known requirements of the Government in terms of core business, legislative changes and ownership of future DSG operations. The role played by current projects and programmes in contributing to the launch of the commercial entity was explained.

Development of a Framework for a Strategic Plan

The transformation of the DSG into commercially viable entity requires revenue enhancement measures to be achieved through product development and appropriate marketing strategies.

These foregoing tasks were executed in-house and were critical to the development of the last two steps that were outsourced, i.e.

Development of a Business Plan

A plan the detailed activities that the DSG should be viably undertaking, the preferred option of an operating structure to perform the core business of providing mapping and surveying products, the business linkages and service level agreements the DSG has to enter with other key service providers particularly the Chief Registrar of Deeds, marketing issues, the effect of the low-performance economy among others.

Implementation Plan

A plan detailing the timetable for various institutional activities such as the approval of the study's recommendations, drafting the operating legal framework and resource mobilisation.

CHALLENGES ENCOUNTERED IN THE ROAD MAP AND BEYOND

Sponsorship

The funding requirements for such a massive undertaking poses a phenomenal dilemma. The public-private partnership required to foster synergies in statutory control and efficiency gains is eroded by lack of confidence in the overall economy. It is quite poignant that invaluable donor support is being withheld or has been stopped altogether. The DSG had a long relationship with the Swedish International Development Agency and through it Swedesurvey was able to provide expertise to the DSG to build up management capacity and cadastral and prototype topographical databases. These are critical inputs to service provision.

It now remains on GoZ to go it alone. Given the time it will take for the commercial entity to start operating profitably i.e. 5 years, the stage may not be set to get the private sector to co-fund this venture. This financial squeeze may stall progress.

Commitment

The DSG has targeted the development and exploitation of three prime areas in its commercialisation drive namely the digital cadastral database, the topographical database and special projects emanating therefrom. Naturally the interface between the land inventory database owned by the Deeds Registry and the property register in the DSG has to be established. Indeed proposals have been mooted for merging the two but then they report to different ministries and the issue of turf has not been resolved. There is definite need for a helicopter view and policy intervention to take care of client requirements that need a one-stop shop for land titles information or at least to share information.

The same is true for the topographical database that is dependent on data from other organisations that are not forthcoming in providing it for a national cause. In order to bridge this gap, DSG has entered into agreements with some organisations, however the divide is still wide and such institutions and cost recovery imperatives of their own and the confluence of common interests is not always obvious.

The integration of interests is a prerequisite of any concerted effort. The number of GIS databases in various organisations is as alarming as their variety and a national land information policy crafted at the highest level of government is necessary to assign responsibility and avoid duplication.

Technical Issues

A hallmark of GIS systems in the country has been the procurement of hardware and software with little regard to the medium to long-term interests of most public institutions including the DSG. The perils associated with these procurements are beginning to surface when audits into the possible integration of systems become necessary. It is then realised that more emphasis may have been placed not on what the computerised systems should do but on other specifications. It will be necessary in some cases to burn the platform and start afresh with serious implication on the budgets.

Marketing

Old, new and enhanced products will need a lot of publicity in order to catch the public eye. This is an area that has been largely ignored in nearly all public sector service providers. As a precursor to cost recovery the DSG entered into reseller agreements with private companies yielding exponential results during 1999. Further, joint ventures with other companies in the production of maps and mapping products have also been a success.

The product gaps have encouraged the growth of other players in mapping products with a consequential revising of the copyright acts. This legislation is meant to tighten control in the use of DSG material for a royalty fee as well as encouraging use of such material. The policing of unauthorised use is replete with problems of capacity hence the need to put up incentives.

E-Business

The property development, conveyancing and financial communities are major sources of DSG business through inquiries and property transfer transactions whose volumes now necessitate conducting business from their premises. A recent meeting with these stakeholders revealed a willingness by these sectors to co-fund the DSG in creating an inquiry facility in the DSG accessible to them. Admittedly these inquiries and transactions need an atmosphere of confidentiality and security to avoid unwelcome pilferage of information.

The DSG is now in the process of setting up a web page to promote its products.

Decentralisation

The current location of DSG in the two main cities is out of reach of prospective clients for cadastral and mapping products. The streamlining of operations is a necessity in order to establish presence in the country. This can only be achieved through the creation of the abovementioned databases. The cost of conducting any title registration or inquiry is high and can be curtailed through decentralising certain activities to provincial levels. In this case the co-operation of local planning authorities and other institutions needs to be roped in order to create more value in the databases. This will also ensure that local issues are handled locally.

Culture and Attitudes

One of the most vexing subjects in the commercialisation process is change management as a tool for positive development. This is a topic many a civil servant has been awoken to but that seems to be difficult to implement mainly as a result of well-ingrained attitudes and cultures in the public sector. The concept of performance management has been actively resisted for the past six years because of its affiliation to financial rewards. There is a fear of the loss of jobs occasioned by this development as one of the recommendations is to retain the services of chosen personnel for the commercial entity for one-year contracts after which performance assessment will determine their suitability for confirmation. These pessimistic tendencies unfortunately have to be addressed as genuine concerns as they could scuttle progress.

Political Will

This is probably the single most important factor that could make or break the commercialisation initiative. Consistency in terms of policy is a prerequisite for success as any perceived failures or loss of control may serve to handcuff progress in the run-up to commercialisation. The land reform programme has been used to stall the commencement of the feasibility study. Commercialisation in this respect has been confused with privatisation with tragic results. Either way the DSG role of land information support to any reform programme is uncontestable. Consequentially the preferred option for a structure has been one of a statutory authority with a commercial wing. This will also involves granting sufficient management autonomy to take the best decisions in the interest of the commercial entity.

CONCLUSION

The foregoing may not constitute the full cocktail of issues to be dealt with, however it is interesting to note that similarities do exist in the developed world. The transformation is a process that has to be appreciated by the various role players from sponsors, implementing agents to beneficiaries. A clear business case and impact assessment has to be advanced to the relevant authorities and stakeholders in order to achieve buy-in.

Equally important are issues of institutional arrangements that will best deliver on commercialisation objectives. A consistent investment support programme has to be established and should not be derailed or be capable of being derailed for short-term gains. The whole programme should have a national outlook and address and articulate long-term goals.

Whilst the expectations of all affected parties have been canvassed, the bottom line is that the appropriate infrastructure is timely availed and the requisite human resources and their development plans put in place.

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