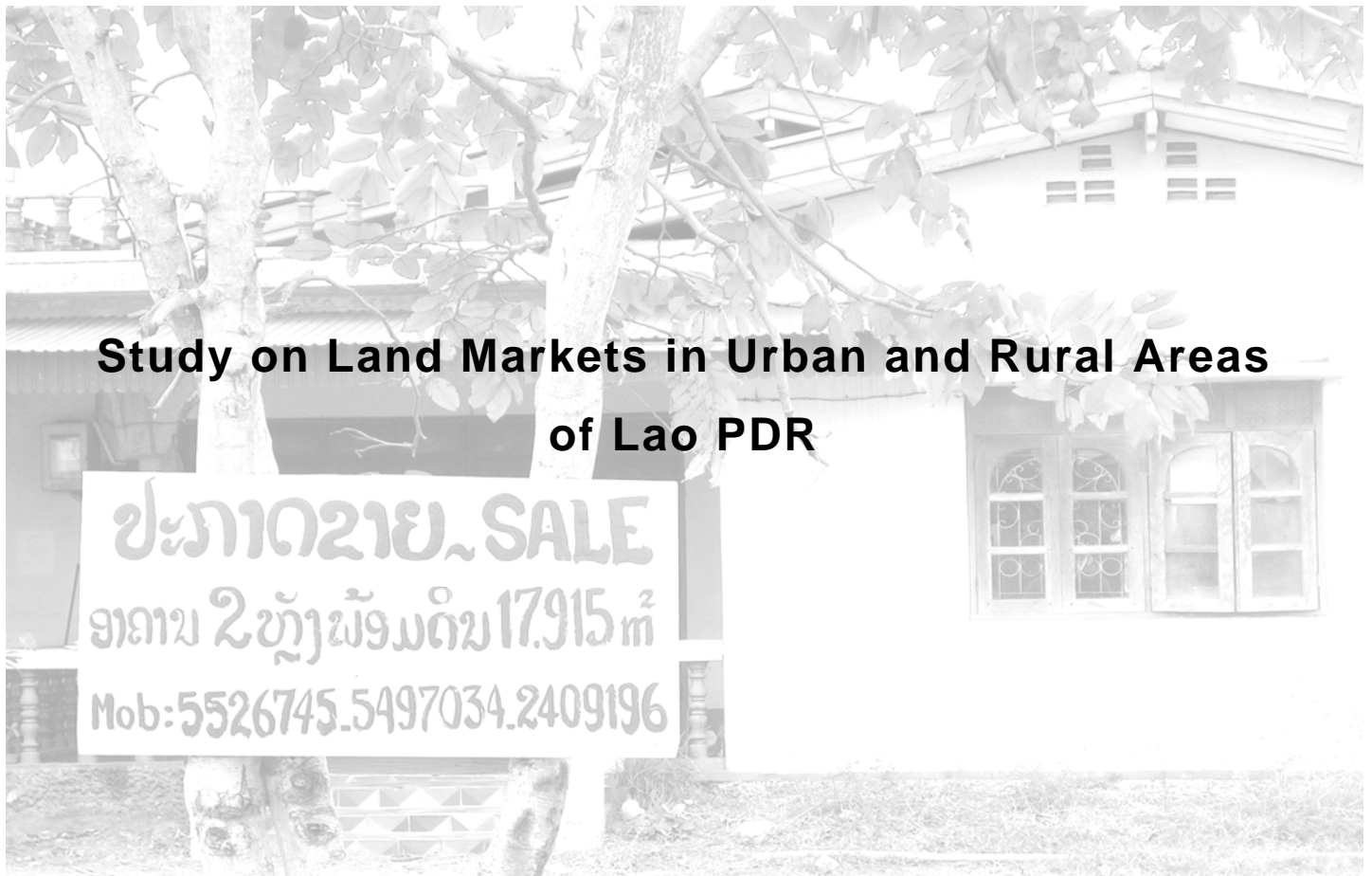




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German Technical Cooperation
Sector Project Land Management



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Entwicklung

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GTZ – German Technical Cooperation
Sector Project Land Management

Study on Land Markets in Urban and Rural Areas of Lao PDR

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Acronyms and Economic Indices

ADB	Asian Development Bank
APB	Agricultural Promotion Bank
AusAID	Australian Agency for International Development Assistance
BCEL.....	Bank pour la Commerce Exterieur du Laos
CRS	Community Relations and Services
DLU.....	District Land Unit
DoF.....	Department of Finance
DoL.....	Department of Lands
DoNLUPaD	Department of National Land Use Planning and Development
EDL	Electricite du Laos
GoL.....	Government of Lao PDR
LA.....	Land Allocation
LAK.....	Lao Kip
LDB	Lao Development Bank
LL	Land Law
LPM.....	Land Parcel Map
LSC.....	Land Survey Certificate
LT	Land Title
LTD	Land Tax Declaration
LTP	Land Titling Project
LTR	Land Tax Receipt
LUC	Land Use Contract
MoF	Ministry of Finance
NLMA	National Land Management Authority
NO	Notary Office
PLO	Provincial Office of Lands
PM	Prime Minister
TA.....	Technical Assistance
THB	Thai Baht
TLUC	Temporary Land Use Certificate

Gini-Index¹37 (2001)

Inflation Rate (Consumer prices)....15.3 % (2003)

Exchange rates:

US\$ to LAK

	US\$	LAK
2005	1	10,300
2000	1	7,800
1995	1	750

Thai Baht to LAK

	THB	LAK
2005	1	266
2000	1	200

¹ see <http://www.cia.gov/cia/publications/factbook/geos/la.html>.

Executive Summary

This study has been conducted by a team of national consultants supported by two international consultants and is based on fieldwork in 4 provinces (Champassak, Luang Prabang, Oudomxai and Sekong) and in Vientiane Municipality. During the preparation phase, interviews were also conducted in headquarters of key line agencies involved in the land issue. In the provinces, a total of 7 districts and 13 villages were visited and key actors and households involved in the local land market were interviewed.

It has to be stressed that the focus of this study was to gather information on the implementation and interpretation of legal procedures and regulations at provincial, district and village level. To that end and due to the limited timeframe, the major part of the fieldwork was dedicated to interviews of official staff at line agencies, banks and locals authorities dealing with land issues.

Especially urban and peri-urban areas of Lao PDR have recently been subject to increasing land market activities. With the amendment of the Land Law in 2003, land sales were officially legalised and an increasing number of Lao households are engaging in land market activities such as buying, selling, leasing or mortgaging of land.

The fee structure for official registration of transactions and the procedures leading to this turned out to vary considerably across the country. One example is the varying role notaries play. By law, they are required to certify all documents and contracts regarding land transactions. In the current situation they are only involved in certifying mortgage contracts and while notary certification significantly raises the costs of official registration, the added value of their services is still unclear.

An informal market of land transactions co-exists with the formal market, especially outside the urban and peri-urban areas. Land transfers are in many cases only certified by the village headman and most lease contracts are not being officially registered. Complex formal mortgage procedures and lacking access to finance institutions in rural areas force many households into informal mortgage market agreements.

General Recommendations

There is an urgent need to discuss the role and functions as well as the transaction and certification fees between the Ministry of Justice and the Department of Notary on the one hand and the Ministry of Finance and Department of Lands on the other. Based on such a meeting, an agreement should be signed on standardized procedures and a transparent structure for registration and certification fees to be applied in all districts and provinces.

The fees charged by the Notary Offices for the certification of loan contracts based on mortgage are considered too high and need to be reviewed. If the current fees were also applied to the certification of land sales contracts, this would effectively double the formal transaction costs.

The area of systematic land titling has gradually expanded within the 9 target provinces of LTP II; an expansion of land titling activities to other provinces is currently discussed, but could be difficult in view of available staff resources and qualifications, logistics and budget constraints. It is therefore suggested to take an intermediate step and enhance district capacities to issue LSC at a much larger scale than before. The cost of issue of a LT has been calculated at 25 US\$. It should be feasible to keep the costs for issuing a LSC at less than a third of this amount. Currently, the landowner pays approximately 4-5 US\$ per LSC, depending on the size of the parcel.

For predominantly rural provinces, the systematic (and not only sporadic) issue of LSC would help to improve tenure security, formalise land transactions and increase the access to mortgage. This would obviously require additional training of existing staff at DLU and PLO and a re-distribution of staff to critical provinces and districts.

Once more district staff is trained to issue LSC documents on a larger scale, all requests for transactions based on TLUC or LTD 01 should be re-surveyed and changed to a LSC for formal registration.

The capacity of systematically registering categorised data on land transactions should be improved, specifically at the DLU.

PLO and DLU staff should be trained and advised in the establishment of a simplified, but standardised valuation system for district towns and provincial capitals; this would require substantial support by DoL staff from Vientiane.

Land Sales Markets

In rural areas, village headmen should be advised to systematically register all land transactions in a Land Transfer Register Book. This book would be periodically checked by DLU staff during visits to the village and the 3-yearly surveying campaigns suggested as a result of the land allocation study.

Additional information needs to be provided to all village headmen that transactions based on LSC and LT must be officially registered at the Offices of Lands. Late registration would be fined according to provisions in Decree 052/PM, but the grace period should be extended to 6 months to take the situation of villagers in more rural areas into consideration.

A revised and simplified structure for preferably low registration and transaction fees needs to be elaborated and agreed between the involved ministries. The guiding principle should be to remain under the 5% threshold for the total of formal transaction costs including fees at village headman, at the NO and the Offices of Lands. Preference is given to generally low fees, but charged without exception e.g. for disadvantaged groups, as this requires the application of additional criteria. These new fees would need to be publicized in every DLU and PLO in the form of a poster or even attached to the back of title deeds.

The responsibility of registering transactions should be fully decentralised to the districts, so that every landowner knows where to go for the registration of any land transaction.

Land Rental Markets

The responsibilities for the allocation of state land leases and concessions at the various administrative levels needs further clarification.

The procedures for the registration of lease contracts would need to be reviewed in order to either increase official registration or abolish the present requirements.

Mortgage of Land Use Rights

Banks need to review and reduce time and documentation requirements needed to prepare loan contracts based on mortgage; only if the bank services become more efficient, the dependency on the informal mortgage market will decrease.

The following measures are proposed to increase the outreach of mortgage activities to rural areas:

- Increase of issue of LSC
- Use of official valuation system
- Shorter application periods
- Elimination of informal fees

All mortgage contracts must be registered at the Offices of Lands and Notary Offices.

1 Introduction

During the Lao-German government consultations in June 2004 it was agreed that the German Government would support a new project for the Development of the Land Policy Framework in Lao PDR starting from middle of 2005. This project will be part of the Land Titling Project (LTP) II (2004-2008), currently funded by World Bank and AusAID. German Technical Assistance (GTZ) will directly support and advise relevant sections of the new National Land Management Authority created by Decree No.67/PM in May 2004 as well as the National Land Policy Committee in view of further land policy development.

In preparation of this new project, the GTZ Sector Project Land Management has agreed to fund at least two studies on relevant land policy issues identified in the project documents of LTP II. The present document reflects the results of the second study dealing with land markets in urban and rural areas of Lao PDR, while a first study on land allocation in rural areas was completed in December 2004 by the same study team, four national consultants from GoL line departments (DoNLUPAD and DoL) with support by two international consultants (GTZ).

Between February 8th and March 11th, research has been conducted in four provinces as well as at the central level in Vientiane, where key actors and experts on land markets were contacted and interviewed. As key representatives of national line agencies dealing with land management issues were part of the study team, some results of this study could eventually feed directly into land policy development in the respective ministries.

It needs to be stressed, however, that due to the sensitivity of the subject and the tight time schedule, there are certain limitations to this study. In many instances, only limited information and incomplete statistics was provided to the study team. Government staff obviously tried to present an official version of the main issues, which turned out not to always be consistent in itself. Furthermore, this study was prepared under a very tight timeframe and the study team sees a need for additional detailed investigations on the subject, examining specifically the situation in rural districts and villages. For example, the team was not given the opportunity to interview household members on land transactions without the presence of district officials.

The terms of reference for this study are presented in Appendix 1.

2 Methodology

This study's purpose was to collect data on land markets in various regions of Lao PDR and to develop policy recommendations for future development of the Lao Land Policy. As the evolution of formal land markets is a fairly new phenomenon in urban and specifically rural areas of Lao PDR, it was intended to provide first insights into the processes and procedures accompanying all aspects of real estate transactions, including the sales, rental and mortgage market. To that end, the study team, comprised of four national and two international consultants, carried out fieldwork between February 14th and March 4th, 2005 in the Provinces of Oudomxai, Luang Prabang, Champassak, Sekong and in Vientiane Municipality.

The selected study areas (see Figure 1) included two provinces in the Northern region of the country and two in the Southern region. In each region one province was part of the land titling target area, while in the other one land titling activities had not yet started. In both regions there was one province showing signs of rapid development, urbanisation and the resulting changes (Luang Prabang and Champassak), while the two other provinces carry more of a rural character. The study team intended to take a broad range of possible land market situations into consideration that would allow to come up with balanced recommendations at national level.

Figure 1: Study area

Province/Municipality	District	Village	Ethnic group	Interviewed villagers
Vientiane				
Oudomxai	Xai	Ban Tin	Lao Loum	Nai ban and assistant
	Hun	Ban Hom Xai	Lao Loum	Nai ban and assistant
		Ban Houay Lo	Lue	Village elder
Luang Prabang		Ban Na Piou Nam	Khammu	Deputy nai ban and village elder
		Ban Bosot	Lao Loum	Nai ban and one villager
	Xien Ngeun	Ban Phak Veth	Lao Loum	Deputy nai ban
		Ban Houay Khod	Lao Loum and Khammu	Village elder and LWU representative
		Ban Xien Ngeun	Lao Loum	One household
Champassak	Bashieng	Ban Hua Xe	Lao Loum	Nai ban, deputy nai ban, four households
		Ban Lak Sipsong	Lao Loum	Nai ban, deputy nai ban, two households
Sekong	Lamam	Ban Tiou	Kanay	Deputy nai ban, village elders, LWU representative
		Ban Vat Luang	Lao Loum	Seven households
		Thateng	Ban Thateng Tai	Lao Loum

At provincial level, authorities and institutions interviewed included the Representative of the Provincial Governor, Provincial Lands Offices, Provincial Offices of State Assets Management, Notary Offices, and branches of both Lao Development Bank and Agricultural Promotion Bank (for questionnaires see Appendix 7-10). In Vientiane, the

study team had the opportunity to interview one registered real estate agent and two informal brokers.

At district level the team met with District Authorities, District Land Units, the Office of State Assets Management and representatives of bank branches. At village level, village authorities and selected households were interviewed (only households involved in past land transactions).

On average, only 2.5 working days were spent in every province. In each of the provinces, two districts and at least two villages were selected to conduct interviews with local authorities and households. It was attempted to work in one urban or peri-urban and one rural village in every district (see Appendix 2).

As Government staff and District representatives selected the areas to be visited and regularly accompanied the study team during all interviews, the information provided by villagers on procedures and formal as well as informal fees during land transactions might not be completely accurate. This has to be taken into consideration when interpreting the data collected on household level. In general, the study team encountered difficulties collecting reliable and categorised data from the authorities involved.

On the other hand it should be kept in mind that the main objective of this study was to investigate the current application of formal procedures in the line agencies involved and not to conduct quantitative research work with villagers. The intention was to understand the overall situation governing the land market in Lao PDR and not to investigate the perspectives of households involved in land transactions on the role of the Government agencies.

3 Legal Framework

In 2003, the Land Law (LL) has been revised and the following amendments concerning land transactions have been made compared to the old Land Law of 1997:

- The modified Article 3 on land ownership no longer states that “no person or organisation can take land as a commodity for the purpose of buying and selling.”
- The rights of land users now include the “right to possess land” (Art. 53).
- The old land law limited the right to transfer land to plots that have already been developed and put to use. The new land law does not specify which type of land can be sold and explicitly mentions the options of sale and exchange of land (Art. 57).

Registration

Prime Minister’s Decree 052/PM determines that ownership transfers of real estate including debt transfer, mortgage contracts, and lease contracts need to be registered at the “registration management office” where the land is located. The registration has to be completed one month after the transfer of a land use right. Late registration will be sanctioned by charging an additional 0.5% of the registration value for every month of delay.

According to Art. 13 LL, land lease contracts between Lao citizens must be certified by village authorities and notary offices and registered at district administrative authorities. Fees charged on land transactions are regulated in 052/PM, which distinguishes between standard fees charged for forms and services and fees based on the value of the land transaction, differentiated according to the degree of kinship, the purpose of the transaction and - in the case of leases - their period:

- 4 % for transaction of vacant land between non-relatives,
- 3 % for transaction of land and buildings between non-relatives,
- 2 % for transactions between relatives,
- 1 % for transactions between siblings,
- 0.5 % for inheritance from parents,
- 0.5 % for leases < 20 years between non-relatives,
- 1 % for leases > 20 years between enterprises, collectives and private,
- 0.5 % for leases > 20 years between state and private,
- 1.5 % for leases > 20 years between non-relatives,
- 0.3 % for leases > 20 years between enterprises, collectives and private,
- 0.2 % for leases > 20 years between state and private,
- 0.1% of the value of mortgage and loan contracts.

Changes in the land use category, e.g. from agricultural land to residential land, require prior approval from authorities concerned (Art. 14 LL and Art. 13 Law on Agriculture).

A working group under guidance of the Ministry of Justice has started to draft a new decree on fees and levies for all transactions, investments etc. which will eventually replace Decree 052/PM. Some of the revised fees will be based on the Presidential Decree 02 issued in 2002.

Leases

The Land Law of 2003 sets the framework for holding and transferring use rights to land. According to Art. 65, foreigners are restricted to buy, but are allowed to lease land from Lao citizens or from the state – given the authorisation from public authorities - for the following periods:

- 3 years maximum lease for undeveloped land,
- 20 years maximum lease of developed land from Lao citizens for private purpose,
- 30 years maximum lease from Lao citizens for investors,
- 50 years maximum for leases or concessions granted by the state,
- 75 years maximum lease within “special zones”,
- Lease or concession of more than 10,000 ha requires prior approval from the National Assembly.

Provision of clear, enforceable, and secure long-term land rights, even if they fall short of full ownership rights, is an essential pre-condition for the operation of land rental and sales markets (DEININGER, 2003, 17).

Some lease periods have been amended compared to the old land law, e.g. the period for investors leasing land from Lao citizens, which formerly has been 50 years. All leases and concessions can under certain circumstances be extended, given the prior approval by administrative authorities.

Art. 13 limits the period for Lao citizens leasing state land to 30 years. The LL does not explicitly prohibit the sale of state land.

Compensation

In case of land expropriation, Art. 71 LL foresees the compensation in reserved land, which every administrative entity in Lao PDR is required to hold in the amount of 5% of its land area.

Mortgages

According to the Law on Notary, all contracts on land transactions and others need to be certified at notary offices.

Prime Minister’s Decree 021/PM established the position of notary offices. A notary is authorised to certify all documents, and any document certified by the notary has legal validity and can be enforced. According to Decree 021/PM on the implementation of notaries, notarised certification is required when inheriting, mortgaging² or selling/buying land³. For this service, fees are to be collected according to Appendix 4.

² Defined as a conditional conveyance of property as security for the repayment of a loan (see <http://www.cogsci.princeton.edu/cgi-bin/webwn2.0?stage=1&word=mortgage>).

³ As described in the Notary Law 04/NA (dated 30 December 1991).

4 Key Actors in the Lao Land Market

4.1 Department of Lands

Land administration in Lao PDR is centrally controlled by the Department of Lands under the Ministry of Finance. The issue of Land Titles (LT) and registration of subsequent transactions is the responsibility of the Provincial Land Offices (see Appendix 3).

These offices may also issue Land Survey Certificates (LSC) for non-titled land. In the case of land transactions, the District Land Units (DLU) provide the contracting parties with standard forms and conduct valuations of land parcels to determine the registration fees. In some cases, the DLU also transfer TLUC or LTD to a LSC in the process of a land transaction. Within the LTP area, DoL created and maintains a Valuation Information System (VIS) (see **Text Box 3**).

4.2 Department of State Assets Management

The Department of State Assets Management (DSA) under the Ministry of Finance administrates all state land except land areas falling under the responsibility of other line ministries.

Currently, the DSA is in the process of drafting a new Ministerial Directive on the lease of state land and concessions. Lease is generally understood as the temporary transfer of land use rights for smaller land areas and mostly for developed parcels for a shorter period of time. In contrast to this, state concessions cover larger areas of mostly undeveloped land (e.g. forests or mining areas) for a longer period of time (generally more than 10 years).

According to information gathered at the DSA Headquarters in Vientiane, the lease of state land has increased steadily over the past years. This is mainly due to foreign investment in the country. On the other hand, the number of terminations of lease contracts has been high, but not from the side of the GoL, but rather by the foreign investor. Only in one case, DSA ended the lease contract for reasons of non-payment of lease fees.

4.3 Village Authorities

The village headman (nai ban) is theoretically involved in all transactions of land within the village area. His approval is required for sale, lease and mortgage contracts. About half of the informal transactions (sale contracts, lease contracts, mortgages) that are not registered at district level will include certification by the village head. Interestingly, even informal moneylenders require a certificate of residence from each borrower, which needs to be signed by the village authorities.

4.4 Real Estate Agents, Brokers and Middlemen

According to insiders, it can be assumed that over 100 people are active as “unofficial” brokers or middlemen in the Vientiane land market. Most of these people perform this role of brokering as a part-time activity and usually have a second job. It seems that real estate brokerage can generate a considerable additional income (see Text Box 1:).

A different situation prevails for the property market involving Lao landlords and expatriates. This market, is focussed on a few urban centres of Lao PDR and is almost entirely facilitated by real estate agents. In Vientiane, only three real estate agencies have registered their business with the Ministry of Commerce. These official real estate agents charge a commission of between 5 to 10% of the sale price or one month's rent in the case of lease transactions.

4.5 Notaries

By law, a notary system was established in Lao PDR in 1992, but physically the Department of

Notary at the Ministry of Justice was not created until the year 2000. It took another 3 years until its regular duties were performed at all levels. Small notary offices have been established in all province capitals between 2001 and 2004 except for the Province of Attapeu. No notaries exist at district level until now.

The regulation which requires all sales, lease and mortgage contracts to be certified at the notary was officially created to improve legal security of documents and to increase revenue for GoL. According to regulations, after the contract has been negotiated between the borrower and the bank, the bank should send the client to the notary to check whether the contract is in agreement to legal requirements⁴, whether the respective plot of land is in fact owned by the client or whether a letter of consent by the real owner is provided. Given that all requirements are fulfilled and certified, the mortgage contract is signed and the landowner is required to register the mortgage at the respective Office of Lands.

4.6 Banks

All banks in Lao PDR are state-owned. The Agricultural Promotion Bank (APB) and the Lao Development Bank (LDB) operate the most complete system of branch offices in the provinces and districts across the country. Other banks, such as BCEL and Lao-Viet-Bank are also represented in some of the provinces. All banks provide loans on title deeds provided as collateral. According to the official repartition of tasks between the banks, APB is focusing more on rural areas and the agricultural sector, while LDB is more active in the urban areas. In reality, both institutions are predominantly serving urban and peri-urban areas as far as mortgages are concerned, while APB also offers some group liability loans in the rural areas under a separate budget line.

Text Box 1: Working methods of middlemen

1. Keep track of latest development in local land market (signboards, advertisements in the newspaper)
2. Maintain a wide social network
3. Contact potential sellers
4. Identify potential buyers within social network
5. Arrange a meeting between potential seller and buyer
6. Buyer and seller negotiate who has to pay the fees at DLU/PLO
7. Documentation takes three days if no re-measuring is required
8. If re-measuring is required, middleman pays considerable informal fees to speed up the process (minimum of 200,000 LAK for 2,000 m² to be surveyed, compared to 10,000 LAK formal surveying fee)
9. Title is secured by middleman until the seller has paid the commission, usually 1% of the contract value
10. Buyer may pay voluntary commission to the middleman.

⁴ The forms used for mortgages are standard forms drafted in the bank's headquarters and it can be assumed that their compliance with legal requirements has been sufficiently checked by the bank's legal section.

5 Market for Sale of Land Use Rights

5.1 General Description

According to information collected during this study, the land sales market is on the increase everywhere with a particular focus on urban and peri-urban zones, but also in district towns and to a lesser degree in rural areas. Land sales are more common along main roads, road junctions and in new commercial areas (e.g. around markets) or residential quarters. Peri-urban areas of Vientiane and provincial capitals have experienced a rapid development and expansion in recent years and are marked by ever increasing transformation of parcels formerly used for agriculture (e.g. paddy fields) to commercial, industrial or residential land use. It is in these belts around towns and along the main road corridors that the highest numbers of land sales and rapidly increasing land prices have been recorded.

The following main reasons for people to sell land plots have been registered (in sequence of importance):

- People have surplus land and want to take advantage of high land prices
- Land is sold among relatives (often below market value)
- Some people sell land to purchase consumer goods, such as vehicles (car, motorbike, single-axle tractor)
- Some families are forced to sell land for reasons of illness and old age
- Less privileged families living in towns like Oudomxai, Luang Prabang and Pakxe sell for economic reasons because they cannot compete within their rapidly developing quarters and move to cheaper areas outside towns or hope to get land resources allocated by the state elsewhere.
- Only very few cases of distress sales because of poverty
- Forced sales due to default on informal or formal mortgage contracts

Vacant land is more easily and more commonly sold than built-up property.

The main reasons for the purchase of land were quoted as:

- Acquisition of land for house construction
- Investment in a business to be established on the land
- Investment in the land as a provision for old age and use after retirement
- Acquisition of paddy land in the rural areas (see Text Box 2:)
- Investment in existing plantations, orchards or garden areas by better-off town dwellers
- Transfer of staff to the provinces and provision of housing for students attending secondary school in urban centers

In Vientiane, land is mostly sold to people moving to the city and here in particular to the peri-urban areas. These people come from other parts of the country. Similarly, the proportion of investors and land buyers coming from other provinces is very high in

Oudomxai (80% of land purchases by outsiders) and Luang Prabang. Provincial authorities in Luang Prabang estimate that up to 40,000 people have migrated to the town in the past 3 years. In Sekong, the relatively small urban land market is controlled by investors from Pakxe and staff transferred to this relatively new and remote province.

In the case of Vientiane and some of the rapidly developing provincial towns such as Pakxe, Luang Prabang and Oudomxai, speculative land purchases have been reported. Government staff possessing insider knowledge on new road development projects or the location of new industrial zones based on urban planning either purchase land themselves or provide the information to potential investors in order to take advantage of booming land prices in these zones. Land speculation is particularly rife in Pakxe town. None of these speculative transactions have been funded by loans, but from the savings and existing budgets of the buyer. Even in the remote town of Sekong it was reported that some parcels in prime locations were sold several times by investors in recent years.

According to information by the Municipal Office of Lands in Vientiane there are presently more people wanting to sell land or property than potential buyers. The same situation seems to be true for many rural areas such as the District of Hun visited in Oudomxai Province. On the other hand, a higher number of potential buyers compared to sellers was reported in Oudomxai town, Luang Prabang and Sekong. In Pakxe, a balance between the demand and the sales offers for land has been observed.

Land titling can provide opportunities for land grabbing by those better informed, more familiar with bureaucracy and able to finance it, such as government officials.
(LOHMANN, 2002, 3)

In the center of Vientiane city there is virtually no vacant land left for construction. Land transactions for new residential land are therefore particularly frequent in a belt of 5 to 10 km from the city center. Real estate agents estimate that the value of land within this 10 km radius will tenfold in the next 5 to 10 years.

Despite legal provisions limiting the transfer of agricultural land (Art. 13 Law on Agriculture and Art. 14 LL), the high demand for new construction land, and the insufficient availability of other vacant land have led to a rapid transformation of land use around the capital city and major provincial towns, such as Luang Prabang and Pakxe. Local authorities and staff in the Offices of Lands confirmed the lack of control on the change in land use (e.g. from paddy to construction land), but specified that land tax collection would change. The District Agriculture and Forestry Offices and the District Authorities are in theory responsible for the control of such changes in land use, which would require their prior consent. The Offices of Lands have underlined that their role is to refer to the title deeds and the sales contract only.

In villages with resettlement of mountain dwellers or in merged villages, sales of agricultural land are more common than elsewhere. Migrant settlers try to buy land in these areas from old residents. These transactions mostly concern paddy fields, but also garden land and upland plots. The funds for such transactions come from livestock sales or other savings. Yet, there have also been reports of appropriation of land by new

settlers and land conflicts are much more prominent in such areas. The resettlement has created competition and conflict over lowland areas and forest resources alike and increased the social pressure. Land for housing is hardly ever sold in rural villages, but rather allocated by the village headman (nai ban).

In terms of title deeds or other documents proofing the land use rights of the seller, it was found that land parcels are sold on the basis of a variety of land documents. Parcels in the area covered by systematic adjudication are sold with Land Titles, while Land Survey Certificates, Land Tax Declarations (No.01) or even Temporary Land Use Certificates are used in other areas. In rural areas, land is also transacted without any title deeds at all.

Outside Vientiane no media, notice boards or real estate agents are used to advertise land sales. It is mouth-to-mouth information, which usually brings the seller and the buyer together. This information on parcels for sale is spread through neighbours, relatives and the village headman (nai ban). In Vientiane and some of the larger towns additional signs are put up on the parcel informing about the intention to sell.

In the vast majority of land sales, it is the seller and buyers themselves who get in touch and negotiate the conditions of the transaction among themselves. Land and property prices are negotiated in an occasionally prolonged negotiation process. Some landowners have consulted the Offices of Lands for advice on pricing their parcels. When the final agreement on the conditions of the sale have been found, nai ban acts as a witness to the contract. Alternatively, this role can be given to neighbours and relatives.

Only few sales contracts are negotiated by informal land brokers. In this case, the seller and the buyer never meet, but the broker negotiates the sale price first, then tries to sell the parcel to an investor with a mark-up of up to 100%. In this case, all the informal and formal transaction costs have to be paid by the broker.

A second system is used by informal middlemen in Vientiane and other major towns. Their method of work is to search for signs and advertisements put up by sellers. They will offer their services to the seller for a fee of 1-4% of the transaction value. The middlemen will then try to locate interested buyers and bring them to the seller for negotiation. After agreement is found on the contract conditions and the price, the buyer pays all transaction costs and gives a voluntary commission to the middleman for his services.

Text Box 2: Group purchase of agricultural land

In the village of Ban Namai (Bokeo), only 11 of the 33 resident families have sufficient agricultural land resources to achieve rice self-sufficiency. As the total village area is relatively small (740 ha), there are no possibilities to extend the agricultural use area. 29 of the families received a total of 40 plots during LUP/LA with a TLUC in 1999. Many of these areas were either very small or turned out to be unsuitable for cultivation. Therefore in 2002 14 families got together and bought 32 rai (5,12 ha) in the neighboring village area of Phouxaisavang, about 10 km from Namai. They jointly started to develop the land for paddy and soybean cultivation. Currently they hold no title deeds for the new area and the sales contract was only agreed verbally in the presence of the two nai ban. Even within Namai there are numerous land sales among villagers without TLUC.

There is no public sale or auctioning of state land. Yet, government staff, soldiers and other merited citizens have received state land parcels under Decree 194/PM and other arrangements. In other cases, people occupying state land for very long periods have finally received land certificates and titles. In Pakxe and Sekong numerous cases of land transactions of such former state land were reported and identified during household interviews.

5.2 Land Valuation

The focus of the Valuation Component of the land titling project (see Text Box 3:) has been on the development of a valuation capacity within DoL primarily designed for the Land and Buildings Transaction Registration Tax.

The VIS initially commenced operation in 100 urban villages in Vientiane Prefecture in March 2000. The ongoing success of the system saw a desire from the land office of the Municipality to extend coverage to the full urban and peri-urban area of Vientiane and plans were developed to extend the VIS coverage from 100 to 187 villages. The VIS for Vientiane is considered very useful by DoL and the municipality of Vientiane.

Meanwhile, the VIS has among others been extended to Luang Prabang (55 villages out of a total of 120 in the Luang Prabang District) and Pakxe (65 villages in Pakxe District).

According to feedback provided by the Provincial Office of Lands, the value

of land according to VIS is over-estimated for the peri-urban areas of Pakxe. In some cases people have therefore tried to avoid registration, as registration fees in these areas are based on the VIS. In cases a sales price lower than the theoretical value has been agreed between the seller and the buyer, they negotiate with PLO to accept the registration at the lower rate.

The VIS can be operated either manually or through a computer based system which has been specifically developed for the project. With the number of transactions the need for a computer based system over the manual system increases (BRITS et al., 2002, 15).

In Oudomxai, a proposal for a simple land valuation approach was elaborated by PLO and submitted to the Provincial Government for endorsement, but there has not been any response until now. In Sekong, a similar proposal has been agreed by the authorities and is now used for land valuation purposes. In any of these cases, road access and infrastructure development (e.g in the market area) are the single most important factors for determination of land prices. It was denied by all interview partners in every district or province visited during this study that the type of title deed documenting the use rights (e.g. LT, LSC or LTD 01) had any influence on the value of the land.

Text Box 3: Valuation Information System

The development of the valuation function and computerisation of the Valuation Information System (VIS) commenced in October 1997. There were three distinct phases to the development: (i) technical development; (ii) institutional development, test and adjustment; and (iii) initial operations in Vientiane Prefecture. Phase 1 was completed in June 1998, phase 2 in December 1998 and phase 3 commenced operations in February 1999. The Valuation Information System VIS serves for the calculation of land values, which are the basis to determine land registration fees, property taxes, capital levies, and land tax. Currently, a VIS is established and maintained on 12,000 parcels in the 9 project areas of the LTP (Vientiane Municipality, Vientiane Province, Champassak, Luang Prabang, Savannakhet, Bolikhamxai, Khammouan, Salavan, and Xaiyabouli). The valuation is based on the size of the land, the type and age of the building, and its access to infrastructure, most importantly roads. In the future, DoL plans to strengthen land valuation capacity at central, province and district level.

Asymmetric access to information, capital, and legal means of enforcement that is often typical of transition economies, led to land-reconcentration with undesirable social and economic consequences.
(CSAKI in DEININGER, 2003, 17)

There is very little dissemination of information on land values by the Offices of Lands. With one exception, all the banks visited in the provinces ignored the current valuation system officially applied. Only within the Municipality of Vientiane did the responsible Offices of Lands claim to have distributed written information on the VIS and the current margins for land values according to the zones to the nai bans of urban and peri-urban areas.

5.3 Registration of Transactions

To a large degree, the land market of Lao PDR continues to operate in an informal system. People wishing to transact land refer their transaction to the nai ban for witnessing, provision of suitable documentation and recording in the village books. Yet, in cases of land sales among relatives or in remote locations sellers or buyers do not even inform the nai ban. For example, in a village located only 2 km from the district center (and the DLU) of Thateng in Sekong Province, interviews showed that only about 50% of the transactions among villagers were certified by nai ban and that none had been registered at the district. Similar observations were made in a village close to the district town of Xieng Ngeun in Luang Prabang. For the rural areas of Champassak Province, the percentage of registered transactions is estimated at only 10% by staff at the PLO. This also highlights the high degree of trust placed in the nai ban as many people consider village chief approval as being entirely sufficient.

The situation changes fundamentally when looking at areas where there has been systematic adjudication and land titling. In these urban and peri-urban areas, no direct cause – effect relationship between titling and the increase in land transactions could be established. Yet, there is a significant increase in systematic registration of land transactions in the case of parcels issued with land titles. Responsible staff estimated that for the city of Vientiane and the town of Luang Prabang meanwhile close to 100% of the transactions are officially registered. It is assumed by PLO staff in Pakxe town that only 70% of the transactions are registered. In Oudomxai, only 20-30% of the transactions are officially registered and this only within a 5 km radius around town. For Sekong, a figure of 25% of registered transactions has been advanced.

It is quite clear that some people still stick to the informal system of land transactions, partly out of ignorance, but more generally to avoid having to pay government fees. Taking all the above estimations into consideration, it is reasonable to assume that countrywide only between 15% and 20% of the land sales are registered at the Offices of Lands (see Appendix 6). As a general rule, it is noticeable that transactions based on the transfer of LT or LSC will be more readily registered than transactions based on other documents. Furthermore, the official procedure is more commonly applied in case of

sales of large parcels and sales to “outsiders” (people coming from other districts or provinces). Business investors are particularly keen to follow the official registration procedures to gain additional tenure security.

The relatively low percentage of registrations in land sales can be explained by a number of factors, such as:

- Ignorance of official procedures,
- fear of high transaction fees and additional informal costs,
- complex documentation,
- distance from the next Office of Lands,
- prevalence of relatively high tenure security in rural areas according to customary rights and social control,
- and no obvious disadvantages or punishments in case of non-registration.

A Land Titling Project report in 1998 noted that, on a sample of 179 parcels in 6 villages that were subject to systematic first registration in 1997/early 1998, some 85 per cent of parcels had previous unregistered transactions and that there was an average of 2 unregistered transactions per parcel. The same report noted that a survey of 228 households in 10 villages in Sisattanak and Xaysettha Districts listed the following reasons for not registering transactions: unclear procedures (145 responses); registration tax too high (131 cases); documents from the nai ban/district office were sufficient (121 cases); procedure too complex or too far to travel (60 cases) (BRITS et al., 2002, 16)

Figure 2: Registration of Land Transactions at the Offices of Lands

PROVINCE/ PREFECTURE	REGISTERED CASES OF LAND SALES	FEES COLLECTED (Million LAK)	TITLE DEEDS USED	LAND DIVISIONS IN %
Vientiane	2003/04 – 6046 2002/03 – 4725	3.462	LT and Land Ownership Certificate	40% (60% sale of entire plot)
Oudomxai, Xai District		1.029 from land as a whole	LSC and LTD 01	No information
Oudomxai, Hun District	2003/04 – 22	32	LSC and LTD 01	No information
Luang Prabang (town only)	2003/04 – 107	115	LT and LSC	No information
Pakxe (town only)	2003/04 – 215 2004/05 – 125	254 119	LT and LSC	27%
Champassak Bachieng District	2003/04 – 15	15.9	LTD 01	75%
Sekong Lamam District	2003/04 – 35	1.9	LSC, and LTD01, TLUC changed to LSC	No information
Sekong Thateng District	2003/04 – 100	25	LTD01	No information

In the rural district of Hun in Oudomxay Province 206 LSC have been issued since 2002. Out of these, 22 have been officially transacted since. This would mean that approximately 5% of the parcels have been the object of a transaction per year.

Official Procedures

Once the partners in a land transaction have agreed on the conditions, the official procedures start with the information of nai ban. In many areas, the Offices of Lands have provided contract forms for land sales to nai bans. The nai ban then checks the available title deeds or other documentation proving the land use rights, certifies the transaction, signs the contract as a witness and sends at least the buyer for official registration of the transaction to the DLU or the PLO, whichever is responsible. According to the principles of decentralisation laid down in the Prime Minister's Decree 01, registration procedures should only go up to the district, but in some districts close to provincial towns, the DLU only certifies the transaction and sends the buyer on to the PLO for the full registration as the land documents are kept in these offices.

The DLU currently has no possibility to follow up on land sales certified by nai ban and only few nai bans were found to systematically document the sales they had witnessed.

The following procedures apply for the registration of land transactions at the Offices of Lands of Vientiane Municipality:

1. Fill an application form for registration
2. Prepare a document on transaction or inheritance or other contract
3. Produce a land title or a land certificate (e.g. a Land Survey Certificate including the Land Parcel Map)
4. Provide a copy of the family record book, personal identification or a legal mandate
5. Produce a copy of the Land Tax Receipt (LTD01)
6. CV of seller and buyer
7. Other documents as required

In areas outside systematic titling, the Offices of Lands use 10 form sheets to register a land transaction. The buyer is responsible for presenting the documents for registration and for paying the relevant fees.

The timeframe of the overall procedure for registration of land transactions ranges from 1-2 days for the registration of a land sale based on a LT in Vientiane, which presents no complications and up to 2-3 days in other towns. In rural districts, the average time period required was estimated at one week, while in one case in Pakxe the average period for rural areas was reported to be 1-2 months. These timeframes for registration were generally confirmed during household interviews.

In Sekong, the most frequently used document to prove previous land use rights by the seller is the LTD 01. This is also the most commonly used document for a transaction. In this case the new name of the buyer is noted directly on the documents. In case the land user wants to sell a parcel based on a TLUC, the Offices of Lands require these

documents to be changed to a LSC. Consequently, there is a huge backlog of requests to survey parcels and the limited staff available and trained to undertake this work cannot keep up. The population was encouraged to request the issue of LSC documents during campaigns conducted by DLU using the CRS system adopted from LTP II to inform villagers about land certificates and the possible change to a higher category of land certificate.

Only in Luang Prabang, the staff at the Offices of Lands were found to apply the fines stipulated in the Decree 052/PM for late registration. In most cases they came across the unregistered transactions of LT or LSC documents when the new owner requested for a bank mortgage.

5.4 Transaction Costs

Total transaction costs (see Figure 3:) are composed of:

- Stamp and certification fees at nai ban
- Cost for documents
- Land transaction fees at DLU or PLO
- Land registration fees as stipulated in Decree 052/PM (see chapter 3)
- Land survey costs (in the case of land division)

According to the information collected by the study team, the following fees are charged by the village authorities (nai ban):

- Stamp fee: 3000 or 5000 LAK
- Cost per form set: 5000 LAK
- Certification fee: 10,000 – 50,000 LAK

(Some households have reported payments of 100,000 to 300,000 LAK (see Appendix 11), which obviously included informal costs; in most cases interviewees claimed to have given this amount of money according to “Lao custom” and not based on a request by nai ban)

Beyond that, the team found that Offices of Lands in Pakxe and Thateng/Sekong charged additional transaction taxes of 0.5% and 5% respectively. Officially, transaction taxes of 15% charged previously were cancelled in the year 2003 in view of reducing overall transaction costs and encouraging official registration. This change of procedures seems not to have reached all districts.

Basically, there are two ways of establishing the transaction fees in Lao PDR, one for the area covered by the VIS and one for the rest. Within the VIS zones, such as in Vientiane Capital City, in Luang Prabang or in Pakxe, only 35%, 30% and 45% respectively of the theoretical land value according to VIS are taken as the assessment value. The assessment value provides the basis for the calculation of fees and taxes. This measure taken to decrease the overall transaction costs and to eliminate understatement of contract values has certainly helped to increase the percentage of official registration of transactions.

In all the areas outside the VIS, the contract value is taken as the basis. According to information collected with informal land brokers, contract values in areas without valuation are frequently underdeclared to save on transaction costs.

Transaction fees outside the VIS area in Vientiane have been fixed at 12,000 LAK, while 20,000 LAK are charged within the VIS zones. Registration fees are calculated in % of the contract or the assessment value and are fixed by Decree 052/PM.

In case the seller only wants to transact part of his land or in case a change in title deeds is required before transaction (e.g. from TLUC to LSC), the DLU or PLO charge a survey fee of 5,000 LAK as a one time payment, plus 5 LAK/m² for the surveying work. This has been increased in Pakxe to 50 LAK/m². The LSC document fee, which needs to be paid in addition is currently 30,000 LAK. All this adds up to approximately 4-5 US \$ paid by a customer for a LSC.

Average formal transaction costs at the Offices of Lands (according to Figure 2:)

Figure 3: Average formal transaction costs

PROVINCE or DISTRICT	AVERAGE TRANSACTION COSTS in LAK
Vientiane Municipality	572,610
Oudomxai, Hun District	1,454,545
Luang Prabang (town)	1,074,744
Pakxe (town)	1,181,395
Champassak, Bachieng District	1,060,000
Sekong, Lamam District	54,285
Sekong, Thateng District	250,000

International experience has shown that if transfer costs including all taxes and fees are higher than 5%, people will not register the transfer or underdeclare property prices. The table above, which is based on the official statistics, reflects very high variations in the average transaction costs. It can be assumed that at least in the case of Pakxe and parts of Sekong where additional taxes are charged, the total transaction costs for vacant land sales will surmount the 5% bracket.

5.5 Different Sales Markets

5.5.1 Urban Sales Market

Land and houses for sale in Vientiane are advertised in the newspapers (e.g. Vientiane Times) and by putting up signs on the plot or the gates. Other potential sellers prefer to inform the village headman or the neighbours of their intentions to sell property.

Examples for current land prices (see Figure 4:):

In Vientiane there is obviously a wide range for land prices. Vacant land in a peri-urban location is currently sold for about 25 to 50 US\$/m².

In Oudomxai town the current land prices range from 40,000 to 50,000 LAK/m² in a peri-urban situation to 80,000 LAK/m² along the main road. In general, prices decrease

rapidly with the distance from the main roads. During interviews with the nai ban of Ban Tin, which covers one of the central residential areas of Oudomxai town, only 3 transactions with involvement of nai ban were recorded for 2004. The nai ban estimated that up to 50 families out of some 150 resident families have sold land in the past 3 years.

Figure 4: Price developments in the past 5-10 years

PROVINCE	PRICE/ m ² IN 1995 (LAK)	PRICE/m ² IN 2000 (LAK)	PRICE/m ² IN 2005 (LAK)	AVG. ANNUAL PRICE INCREASE IN LAK	AVG. ANNUAL PRICE INCREASE IN US\$ (%)
Oudomxai (new market area)		30,000	200,000 (highest price ever registered)	133 %	100%
Oudomxai (residential area)	100		50,000	5,000%	373%
Luang Phrabang (residential area)		100,000	400,000	80%	61%
Luang Phrabang (Center)		50,000	300,000	120%	91%
Luang Phrabang (peri-urban)		20,000	130,000	130%	99%
Pakxe (market area)		600,000	1,300,000	43%	33%
Pakxe (peri-urban)		12,000	50,000	83%	63%
Sekong (urban)		15,000	40,000	53%	40%

In 1995: 1 US\$ = 750 LAK In 2000: 1 US\$ = 7,800 LAK In 2005: 1 US\$ = 10,300 LAK

In Luang Prabang prices for land have meanwhile reached similar levels as in the capital Vientiane. Best locations along the Mekong River banks reach up to 100 US\$/m² for land and property, while houses along the main street will cost 50 US\$/m². Land along the Phou Vao Road (hotel area) is valued at 40 US\$/m² and decreases along the minor side roads (soi) to about 7.5 US\$/m². In one of the urban areas visited by the study team (Ban Bosot), the nai ban had witnessed 3 land sales with houses during the past year. According to his own accounts he had prevented one other person, a widow living in poverty with her three children, from selling her property as her future would have been extremely uncertain. Instead the community decided to give her a small loan from the village funds in order to start her own small business.

It is noteworthy that land prices in urban and peri-urban areas as well as prices for larger plots in rural areas are always quoted and mostly also paid in US\$ or THB.

5.5.2 Peri-Urban Sales Market

On the outskirts of Pakxe town in Ban Hua Xe (km 8) the prices of recent land sales are in the range of 50,000-100,000 LAK/m². Land prices along the newly built ring road reach 200,000 LAK/m².

In Ban Hua Xe about 4-5 parcels were sold in 2004, of which 70% had a LT. In previous years at least 10 parcels were sold every year. Nai ban explained the decreasing land sales by the fact that all better locations along the main road had meanwhile been sold and used

for the construction of houses and commercial properties. He estimated that about 30% of the investors in this booming area had bought land only for land speculation and did not “develop” the land. There are 2 local middlemen negotiating the sales contracts between the villagers and the investors coming mostly from Pakxe town. Some of the former residents sold their land and moved to rural areas where they could find land at much lower prices.

5.5.3 Rural Sales Market

In rural district towns, the quoted land prices were in the range of 20,000 - 60,000 LAK/m² for Hun District in Oudomxai or 40,000-50,000 LAK/m² for Xieng Ngeun District in Luang Prabang. The highest prices recorded in the market area of Xieng Ngeun were 100,000 LAK/m².

Agricultural land, such as paddy fields or fruit gardens, is sold at about 2,000 LAK/m² in Hun District and in other rural areas.

Economic function is but one of many vital functions of land. To make use of land fully dependent on market mechanism would be to subordinate the substance of society itself to the laws of the market. (LOHMANN, 2002, 1)

The district of Xieng Ngeun is located at a distance of 28 km from Luang Prabang and there are many smallholder teak plantations in this area. In Xieng Ngeun, the land prices started to climb significantly only two years ago. In these last two years, town people from Luang Prabang have increasingly purchased well-established teak gardens. About 10 of these gardens were sold in 2004, most of them based on a TLUC or a LTD 01. Furthermore, people from Luang Prabang also start to invest in fruit orchards and countryside residences.

Average prices for teak plantations (land and trees) are in the range of 30-40 Million LAK for a plot of 1,000 trees (approximately 0.8 ha). Some cases of resale of the plantations by the investors have also been recorded.

6 Land Rental Market

6.1 Land Rental Procedures

According to the Prime Minister's Decree 052/PM, private lease contracts need to be registered at the Offices of Land or at the District Offices. Between 0,1% and 0,5% of the lease value are collected as a fee by the Offices of Lands, while the Tax Offices collect 30% of the lease value as income tax. As a general observation it seems that lease contracts involving foreigners are more often registered than lease agreements with Lao nationals. Many Lao citizens try to rent property based on a verbal agreement to avoid official registration.

Some interview partners have stated that formal land leases are not economical due to the 30% tax levy. Often real estate agents and brokers in Vientiane serving specifically the Lao citizens advise their clients to buy property instead of leasing it.

6.2 Private Rental Market

6.2.1 Urban Rental Market of Vientiane

Although data on property sales and leasing in Vientiane is not readily available it has been noted that rent has reduced significantly since 1998 as there is an oversupply of rental accommodation in Vientiane. This is attributed to a noticeable increase in the number of houses and apartment blocks being built during recent years. The drop in rental prices is reported to have been so pronounced that agents previously involved in the rental market considered it more worthwhile to turn to property sales (deemed more profitable, notwithstanding slow sales). For example, an office located on a major road in Vientiane which by the end of 2001 could be rented out for 300 US\$ per month (about US\$ 1.45 per m²) would have gone for approximately 450 US\$ (about 2.16 per m²) per month in 1997 (BRITS et al., 2002, 13f).

This situation seems to have prevailed until 2001/2002. According to official real estate agents and informal land brokers interviewed during this study, the general picture has started to change again during the past 2 years. All the agents agree on the fact that rents are increasing again in Vientiane, while land and property sales are stagnating. This is in line with information collected at the Offices of Lands in the Municipality of Vientiane.

Overall, the rental market in Vientiane is dominated by house rental for private purposes (80%), while rental of commercial property only accounts for 20% of the rental agreements. Another new development is the pre-dominance of Chinese investors and some Vietnamese in the Vientiane land rental market. According to information provided by an informal broker, Chinese business families account for approximately 60% of his clients. These families search to rent cheap houses and shops for less than 150 US\$/month and consequently the lower-end rental market is booming. Lao citizens coming from other provinces and students at university occupy the cheapest accommodations available which go for monthly rates of 10 US\$ for a simple room, up to a maximum of 100 US\$ for a small house.

In the current situation in Vientiane, it is only the fairly run-down and old houses in the price range of 150 – 250 US\$/month that are extremely difficult to lease out and some new luxury houses with a rental price tag of over 1,000 US\$/month.

Price ranges for houses in Vientiane:

- 250-300 US\$ for a normal house in town
- 450-1,000 US\$ for good houses rented by expatriates
- 1,000-3,000 US\$ for diplomatic residences, embassies and headquarters of international organisations

In Vientiane, the majority of landlords would prefer to sell their property, but the majority of clients only wants to rent. As the rental market is dominated by foreigners who cannot legally buy property in Lao PDR and as land purchases by Lao citizens have to be financed from their existing budgets and savings (not from bank loans) there seems to be a temporary slump in land sales in Vientiane.

6.2.2 Rental Market in Province and Major District Towns

Immigration by Chinese traders, workers and business people has increased dramatically in the past years. Vietnamese people are also present, but in smaller numbers. In every province and in every district visited by the study team, a new community of Chinese and Vietnamese citizens could be observed mostly concentrated around the market area. These new immigrants, who sometimes only stay for a couple of months, but sometimes plan to stay for at least several years, have established themselves and play an important role in the rental market. Every major town in Lao PDR meanwhile has a Chinese market, often located on the outskirts of the town.

The Chinese and some Vietnamese rent buildings (houses and shops) from individuals and sign annual lease contracts. In towns like Oudomxai or Luang Prabang these foreigners are the driving force in the local rental market and everywhere the rental fees have increased around Chinese market areas. All interview partners in the four study provinces visited agreed on the fact that the rental market had increased substantially over the past 2-3 years.

Usually, Lao citizens only rent property if they are transferred or have found temporary employment in one of the province or district towns. High school students coming from remote areas or neighbouring provinces to continue their studies in towns are important clients at the lower end of the rental market. They usually rent very simple houses or occupy private dormitories.

In the peri-urban area of Ban Hua Xe, 8 km from Pakxe town, the nai ban estimated that approximately 10% of the local population leased out land and property to people from Pakxe. In these cases, they pay between 50,000 and 100,000 LAK to nai ban for registration of the contracts. This fee is based on the contract value, but village authorities were not in a position to explain the percentage applied.

As a recent phenomenon, Chinese citizens have also started to rent land for agricultural and livestock activities, mostly in peri-urban areas. Production from these parcels is used to supply vegetables to the local fresh produce market. Examples of this were found in the northern Province of Oudomxai.

In a more alarming development, Chinese and Vietnamese people have tried to buy land by using Lao middlemen. Isolated cases were reported by some informed officials in Oudomxai and Luang Prabang.

6.2.3 Rental Market in Rural Districts and Villages

Even in the rural and remote district of Hun in Oudomxai (80 km from Oudomxai town) some 7 Chinese and Vietnamese families have rented houses and shops. Several Lao people also lease land and property among them, but do not involve nai ban. Local authorities and the police in charge of foreigners have given clear instructions to the population and nai ban in these areas to register any lease contracts involving foreign citizens. This seems to be enforced. In some cases, a collection of a 5% tax on lease agreements was reported in rural districts.

Houses with shops to the road are rented for between 1 Million LAK (Xieng Ngeun district) and 2.4 Million LAK (Thateng district) annual rent.

In rural areas, lease of agricultural land for one year with annual payment is quite common near district centres. These parcels are leased mostly to Lao citizens, but also to some Chinese. In rural villages, lease agreements for land are very rare. Villagers generally prefer sharecropping agreements, mostly of two types:

- a) the landowner provides the land and assures soil preparation, while the tenant provides the labour and all agricultural inputs; in this case the harvest is split in equal parts.
- b) the landowner provides only the land, while the tenant is responsible for all the rest; in this case the landowner receives one third and the tenant keeps two thirds of the harvest.

Sharecropping agreements are generally valid for one cropping season only, but can be extended. The vast majority are based on verbal agreement, with or without witnesses. Most sharecropping schemes concern paddy fields. In one special case in Xieng Ngeun District/Luang Prabang, members of the Khammu (Lao Theung) community reported a lease agreement over 50,000 LAK/season for a swidden agriculture plot.

6.3 State Land Leases/Concessions

6.3.1 Lease Agreements

The main examples of state land lease agreements in the provinces visited during the study are market areas, shopping centres, hotels, resorts or shops in airport buildings built on state land. Lease periods usually vary between 5 to 50 years, but market areas are generally leased on an annual basis.

Typical examples of state land leases are:

- a) the new shopping centre in Oudomxai (inaugurated in 2005) leased to a Chinese investment company for a period of 15 years at 0,2 US\$/m²/year; after 15 years the contract could be renewed or the land and the buildings are returned under state management;
- b) the Fu Chan Hotel in Oudomxai which is under a lease contract for 15 years, which will expire in 3 years;
- c) the shops and facilities of the Luang Prabang Airport leased to a Lao company for 35,000 US\$ per year for a period of 3 years;
- d) the Champa Palace Hotel in Pakxe leased for a period of 20 years to an investment company at 20,000 US\$ per year
- e) the new Shopping Center in Pakxe leased for 40 years at 10,000 US\$ per year;
- f) the fresh produce market areas in the center of Sekong and of the district Thateng are leased for one year periods at 350 LAK/m²/year

In some cases these lease contracts are allocated directly to a selected investment company, while in others the lease is tendered.

In addition, state enterprises such as Lao Telecom or EDL lease state land at 400 LAK/m²/year. Smaller plots of state land in Oudomxai are leased to private investors, including Chinese and Lao nationals from other provinces at 1500 LAK/m² in urban areas, 1200 LAK/m² in peri-urban areas and 1000 LAK/m² in rural areas.

The Department of State Assets under the Ministry of Finance reported the annual income from leases in 2004 as 66 billion LAK and 5 billion LAK for concessions.

6.3.2 Concessions

In contrast to the lease agreements, which typically cover smaller and often built-up areas, local authorities and the Department of State Assets in cooperation with the Ministry of Agriculture and Forestry can allocate state land areas as concessions (Art. 64ff LL). Typical concessions include mining areas, rubber or coffee plantations and livestock farms.

The study team found a concentration of concession areas in Champassak Province and here mostly in Pakxong District. In total, 69 concession areas have been officially endorsed in the Province (43 coffee plantations, 15 cattle farms, 3 industrial areas, 1 maize plantation and 7 unspecified). 2 concession agreements for rubber plantations are under preparation, covering 10,000 ha and 3,500 ha respectively. In Pakxong, the standard concession fee is set at 2 US\$/ha/year. Yet, it was reported to the team that only 14 of the 69 concessionaires have paid their concession fees in 2004.

For the new rubber plantations, the fees will increase with time, from 8 US\$ in the first 8 years to a final rate of 12 US\$/ha during full production. The total concession period covers 30 years for the rubber plantations, while the coffee and livestock areas fall under a contract period of 15 years, which is renewable.

6.3.3 Compensation of Private Land Users

During discussions with Province and District Authorities several cases were identified where local authorities wanted to attract investment e.g. in new industrial zones, new market areas etc. or gave direct support to specific investors by providing them with state land for development purposes. In several instances, the state land available for the project was insufficient and had to be complemented by the expropriation and compensation of private parcels within or adjacent to the area in question. In most cases this turned out to be a complex matter (see Text Box 4:).

In several provinces “Committees on the Mediation of Land Issues”, including members of the Provincial Governors Office, District Authorities, Offices of Lands, State Assets and DoNLUPAD) have been created to investigate cases requiring compensation. These committees will conduct negotiations with private landowners. In the case of the new market building in Oudomxai one landowner requested 100 million LAK for his 3,000 m² parcel (33,000 LAK/m²). According to information by staff from the Offices of Lands the value of land is estimated at 50,000 to 80,000 LAK/m² in this area. After prolonged negotiations with the committee, the compensation was fixed at 16 million LAK (5.300 LAK/m²). In Oudomxai there is a general lack of state land suitable for compensation in land and therefore compensation is mostly paid in money.

In all provinces, state land parcels have been allocated to individuals in the past. Currently some of this land is adjudicated. Sometimes, the resulting situation is that the land remains state property, while the buildings are owned by the private owner. In these cases, the parcel and the property cannot be mortgaged.

Text Box 4: New resettlement area near Pakxe

At a distance of approximately 6 km from the town centre, Provincial Authorities have designated an area of more than 5000 ha of state land as an area for peri-urban development, land compensation, resettlement and land allocation to government staff. The area includes 1998 ha for the new university, various schools and a market area. It comprises a total of over 3000 parcels and is shared between 2 districts (Bachieng and Pakxe). Starting from 1996 some 220 people affected by urban construction projects (bridge, road construction on the river bank) were resettled to this area. Their compensation consisted of receiving a plot of 20m x 40m for every ha they lost. The authorities helped with transport to the new settlement area. In total 732 parcels were used for compensation and they now have a LT. 1526 parcels were allocated and sold to families, most of them government staff. These families are in the process of receiving a LT. Yet, when part of the study team visited the area, it seemed fairly empty, with only about 10-20 % of the parcels carrying houses. Considerable delays in infrastructure development can be noticed as the area is still only accessible on dirt roads, has no water supply, and only some parts are connected to the electricity supply grid. Insiders estimate that 10-20% of the new land owners have already sold their plots. In another case of planned resettlement, the intention of the authorities is to relocate more than 500 households from an island in the Mekong river to make space for a tourism project on the island. In this case the state will sell the land for the new residence to them at a price of 1000-2000 LAK/m². Once again, local authorities have promised to undertake the necessary infrastructure developments in the area.

7 Mortgage of Land Use Certificates/Titles

Access to loans using land title deeds as collateral can be distinguished in formal mortgages with finance institutions and informal mortgages. Informal mortgages can again be differentiated into loans operating under the close social network (relatives, close friends) or the services of private moneylenders. Land title deeds accepted in the formal market include LT, LSC, and the LTD 01.

7.1 Procedures

In general, the following procedures are applied for mortgages in the formal market⁵:

1. Borrower sends request to bank
2. Meeting between client and bank officials
3. Bank provides form to client
4. Client completes the form and sends it to bank
5. Bank staff valuates land foreseen for mortgage
6. If approval, credit committee meets and comes to a decision on loan size
7. If client approves, contract is completed and signed
8. Signed contract is certified by village head
9. Signed contract is registered at Lands Office
10. Signed contract is certified by Notary⁶
11. Client presents mortgage contract, certified by notary office and registered at the Lands Office to bank
12. Copies of mortgage contract are distributed to village head (1), DLU (1), bank (2) and client (1)
13. Borrower receives loan in return for being handed the mortgaged title deed.

On average, 60% of loan applications are finally accepted by the bank's credit sections. Cases have been reported where informal fees have been charged by bank staff to "facilitate" a decision in favour of the client (see Text Box 5):

Text Box 5: Informal Fees in the Mortgage Market

The negative effects of informal fees charged in the process of a bank mortgage are illustrated by one case found in Pakxe. A veterinary doctor intended to finance his business of pig farming by mortgaging a piece of land worth approximately 40 Million LAK. The bank, however, was only willing to grant a loan of 10 million LAK and to "facilitate and speed up" the process bank staff asked for 10% kick-back of the loan in informal fees. Consequently, the mortgage contract did not come into effect as the client was not willing to pay the sum of 1 million LAK. Loans from informal moneylenders were not an option for the veterinarian as livestock farming does not generate enough profit to repay the high interest rates charged by moneylenders. Until today, he was not able to realize his business plans.

The loan size granted by the bank depends on the market value of the land as appraised by bank staff; for vacant land it is 50%, for land with buildings it is 60%. The market price is determined by collecting land prices from the immediate neighbourhood through bank staff. Even in areas where the VIS exists, bank representatives claimed the valuation to be too high and reported

⁵ Example taken from Agricultural Promotion Bank Pakxe Branch.

⁶ Step 9 and 10 can also be applied vice versa.

that the system is not taken into consideration when evaluating a plot of land.

Sometimes, more than one plot of land is mortgaged, e.g. in the case of the LDB main branch in Vientiane that holds 3,000 mortgage contracts on about 4,000 plots of land.

According to 052/PM, 0.1% of the value of the mortgage contract has to be paid for registration at the DLU. When calculating the average fee paid per mortgage at the DLU in the study areas (see Appendix 5), it is interesting to note that these figures vary between 42,000 LAK in Oudomxai and some 142,000 LAK in Champassak. This might reflect to some extent the different sizes of loans raised in these provinces, but it also leads to the assumption that fee collection regulations are interpreted significantly different across provinces and districts.

Notaries not considered necessary

Most banks considered the regulation to have mortgage contracts certified by notary offices unnecessary and it seems that this requirement is not enforced by bank staff. One bank branch in Pakxe even advises clients not to go through the notary office at all. The added value of notary certification for mortgages is not evident and one notary staff openly admitted that the main purpose of the regulation is to generate more revenue for the state.

Considering that notary certification is usually completed within an hour, the notary fees appear to be unduly high. According to officials, people mortgaging land often mistake the certification procedure at the notary to be the official registration and forego to inform the Office of Lands or vice versa.

In general, it is believed that the introduction of notaries in the land transaction procedure has resulted in people increasingly completing land transactions informally. The mandatory requirement of having all land transactions officially certified by notaries could – if someday more rigidly enforced – pose a serious obstacle to a functioning land market, especially if the fact that NO only exist in the province capitals is taken into consideration.

Limited access to formal credit in rural areas

Land being accepted as mortgage is predominantly urban construction land. There seems to be a reluctance to accept land in greater distances from urban centers. APB and to an even greater extent LDB limit land considered apt for mortgaging to areas where a formal land market exists. At some district branches of APB and LDB even the LTD 01 is accepted as a mortgage document, if additional certification is provided by nai ban. Yet, the general tendency is that banks prefer documents providing higher security, such as the LSC or the LT. In line with legal prescriptions, the TLUC was not accepted as collateral in any of the district in the study area. Altogether, these findings suggest a strong correlation between certified tenure security and access to formal credit.

The interest rates charged depend on the type of activity planned and the credibility of the client and normally range between 16-28%. Most loans are borrowed for commercial or trading activities, followed by investments in agriculture.

The loan periods based on mortgage generally range from six months to one year. Minimum loans start from 5 million LAK to maximum loan amounts of 190 million LAK. In the provinces and districts the maximum loan amount is mostly fixed at 50 million LAK.

Borrower default

Cases of borrower default were reported in the range of 1-5 per cent of the total number of mortgages. The usual procedure to recover the loan includes three steps:

- Negotiations between the bank and the client to identify why the default has occurred and which other options exist for repayment of the loan including interest
- Pressuring the client to sell the land, sometimes by involving the village head in the negotiations
- If all mediation attempts fail, the court is notified and carries out foreclosure and eventually auctions the land.

In most cases, defaulting borrowers agree to sell their land and pay off their debt at the bank. Some cases were reported of banks taking possession of the land, auctioning it and returning the surplus of the sales price to the client. In case the bank is unable to recover the debt from the property sale, either other assets are confiscated or the interest payment is foregone.

On average only about 2 cases of borrower default per province (see Appendix 5) cannot be resolved during the phase of negotiation and are actually sent to the courts. It is obvious that banks as well as clients hesitate to undergo the time-consuming and risky process of legal foreclosure on the land, which can take up to three years.

7.2 Informal Mortgage Market

The informal mortgage market still plays a significant role in providing access to credit. Complex procedures required by the banks, insufficient land documents or the sheer distance from the next branch of a bank often make it the only option available for households. The procedures of the informal mortgage market proved to be difficult to examine by the study team and it can be assumed that there are some variations. Nevertheless, one private moneylender provided information on her working methods in Vientiane.

Procedures for private mortgage as found in this case in Vientiane were as follows:

- moneylender requires certificate of residence signed by the village head, a copy of the personal ID and the family book
- land title deed is secured by moneylender⁷
- interest rates are fixed at 5-7% per month, due every month
- period is up to borrower

Land title deeds are commonly accepted as collateral for informal mortgages with the loan sum amounting to roughly 50% of the land value. Upon signature of the loan

⁷ In Vientiane Municipality only the LT is accepted, in the rest of the country and especially in the rural areas, it is assumed that all kinds of official and unofficial certificates are in use for informal mortgages.

contract, the title deed is physically handed over to the moneylender until the amount owed has been fully repaid. Interest rates charged vary considerably, ranging from 5% to 20% per month.

Two households interviewed during the study reported that they were forced to sell their informally mortgaged land in order to repay their debt to informal moneylenders. No cases were found where people have registered their informal mortgage at the DLU. However, the notary office in Pakxe has certified 10 informal mortgage contracts and secured the title deeds, charging the regular fees for mortgage certification.

8 Conclusions

8.1 General

Information and statistics are generally not categorised and recorded in a consistent and/or compatible way by different village authorities and District Land Units. Therefore reliable data on land transactions is difficult to come by.

In districts located near provincial capitals the responsibilities for the registration of transactions are not always clear between the PLO and the DLU, as land register books and title deeds are kept in a central location. This adds to the time requirements for the registration or in some cases even leads to more informal transactions.

The instructions issued by the Ministry of Justice with regard to the systematic certification of contracts by notaries in all provinces have led to some misunderstandings between the Offices of Lands and the Notary Offices. Currently, Notary Offices only exist in the provincial towns and with regard to land issues they only certify mortgage contracts. Not all bank branches send their mortgage customers to the Notary Offices and there is general agreement between staff at the Offices of Lands and the banks that the notary fees charged are too high. If existing regulations on the certification of land sales contracts by Notary Offices were enforced, this would increase the formal transaction costs tremendously.

The fee structure for land transactions in the Decree 052/PM (see chapter 3) is quite complex. According to information by the Department of Notary under the Ministry of Justice, a new Decree on fees and levies based on the Presidential Decree 02 is under preparation. In several Offices of Lands in the provinces and districts the team found different fees and procedures. In some cases even special transaction taxes were charged.

The inexistence of civil society organisations or national NGOs in Lao PDR leads to a lack of representation of people's interests in negotiations concerning land issues. One example would be the involvement of civil society in the negotiations on land expropriation and compensation issues.

8.2 Land Sales Markets

Official registration of land sales contracts is still the exception. The proportion of officially registered contracts is highest in towns and peri-urban areas covered by systematic adjudication and issue of land titles. The more secure the title deed, the more people involve in formal transactions. In rural areas hardly any land sales are officially registered, not even at the office of the village headman (nai ban). This is even the case in villages close to district towns. This fact can be partly explained by the high tenure security felt by the land users within the villages due to persisting customary rights, but also by a hesitance to interact with government offices for fear of high transaction costs.

Contracts on land sales or rentals can be verbal agreements. Some people write their own contracts, while others make use of the contract forms provided by Offices of Lands.

Some cases of disputes after informal sales have been reported by nai bans, mostly due to the lack of clear boundary demarcations or renewed claims by the original land user.

Land sales and land values increase every year and everywhere, in some areas even dramatically. Land titles provide the highest tenure security, confidence and reduce land conflicts. Many people wait for systematic titling to reach their area. Overall, the interest in land issues in the Lao society has increased substantially. But astoundingly, land titling in itself does not increase the land prices.

At least in the rural areas the Lao society is still quite egalitarian and marked by strong social controls. Landlessness is rare, but land insufficiency is common in the Northern Provinces. The social cohesion quickly breaks up in resettlement areas and in booming peri-urban areas. Some cases of distress sales were reported among poor town dwellers. These families have moved out of the towns in search of cheaper land or in the hope to get state land allocated for free. Illness of family members is also a factor leading to land sales.

Investors often have inside information on future land development and road construction projects and try to buy land in strategic locations. In dynamic towns like Luang Prabang and Pakxe, land is mainly purchased by outsiders, sometimes with funds coming from overseas (Lao who fled the country). Land speculation has been reported as an increasing phenomenon in Vientiane and in all rapidly developing towns. In Luang Prabang town people also buy teak plantations, fruit gardens and land for secondary homes in rural areas.

People often underdeclare property prices outside the land valuation area to reduce transaction costs. Outside the VIS area, the Offices of Lands refer to the contract values and have little control over prices. In provinces without VIS, there is a need for simplified valuation procedures, and local authorities e.g. in Sekong have already officially endorsed such a proposal by PLO.

A rapid increase in Chinese and Vietnamese citizens has been observed. These people come to engage in business activities in Lao PDR. In a few cases foreigners in Oudomxai and Luang Prabang have tried to buy land by using Lao middlemen.

8.3 Land Rental Markets

Private

The land rental market is driven by foreigners, mainly Chinese and Vietnamese. This increased demand for rental of property has in many areas pushed up the rental fees, mainly in commercial areas around the central markets, but also in residential zones.

Many private lease contracts are not officially registered. Only when foreigners are involved in the lease agreement, there is a higher percentage of registration at nai ban and the Offices of Lands. It is mainly the 30% income tax charged on lease contracts by the tax department, which encourages landlords to involve in informal agreements.

State land

In Pakxe there have been reports of excessive state land leases and concessions authorized by District authorities. The unclear legal basis and imprecise contracts have among other lead to relatively low payment of lease or concession fees on state land.

Official state land lease contracts issued by the Department of Finance and State Assets at the provincial level take a long time and in several cases land development has commenced before the final signature of the contracts.

The Department of State Assets in Vientiane is in the process of drafting a new Ministerial Directive of the Ministry of Finance on State Land and Housing Leases.

8.4 Mortgage of Land Use Rights

The introduction of compulsory certification of mortgage and transaction contracts by notary offices has substantially increased the overall costs for mortgages. If the entire regulation were applied this would also increase the transaction costs for land sales and potentially reduce formal registration of transactions. Currently the notary offices are only involved in certifying land mortgage contracts with banks. Yet, in some provinces mortgage customers did not go through the NO and in others not through the Offices of Lands for registration.

The banks currently only serve a very small percentage of the overall potential mortgage clients. Their outreach is limited to urban and peri-urban areas (radius of 5-8 km). Villagers in rural areas have to rely on group loan arrangements with the Agricultural Promotion Bank or village banks and revolving village funds wherever these are available. There is hardly any competition among the banks, as these are all state banks. People signing formal mortgage contracts usually have several plots of land and therefore belong to the wealthier parts of society.

The procedure of obtaining a loan is slow and cumbersome. The process involves too much bureaucracy, and many borrowers are unable to produce all the requested documentation.

The loan amounts are relatively small and are limited to 50-60% of the market value of the property. Some bank offices reported that the average loan per customer has decreased in recent years, but at the same time the recovery rate has improved.

The banking sector does not make use of the VIS where it is available.

The court system is reported to be very slow and the land users and the banks make every effort to settle their disputes over defaulted loans outside the courts. It is therefore doubtful to what degree the certification by NO adds to the security of the mortgage activity.

Mortgages are given mainly for trading activities, construction and small industry. Yet, many customers apparently change the purpose of the loan, which is difficult for the banks to control. Bank loans cannot be used for the purchase of land or property.

Informal payments to bank staff and credit committees have been reported to speed up loan allocation and to soften mortgage conditions.

Despite of very high interest rates of 5-10 % per month, informal mortgage seems to thrive on the restrictive, slow and potentially expensive services by banks. Some informal moneylenders have undertaken steps to improve their loan security by involving nai ban in certification, keeping the title deeds in their houses or lodge the deeds with the notary.

9 Recommendations

9.1 General

There is an urgent need to discuss the role and functions as well as the transaction and certification fees between the Ministry of Justice and the Department of Notary on the one hand and the Ministry of Finance and Department of Lands on the other. Based on such a meeting, an agreement should be signed determining standardized procedures and a transparent structure for registration and certification fees to be applied in all districts and provinces.

The fees charged by the Notary Offices for the certification of loan contracts based on mortgage are considered too high and need to be reviewed. If the current fees were also applied to the certification of land sales contracts, this would effectively double the formal transaction costs.

The area of systematic land titling has gradually expanded within the 9 target provinces of LTP II; an expansion of land titling activities to other provinces is currently discussed, but could be difficult in view of available staff resources and qualifications, logistics and budget constraints. It is therefore suggested to take an intermediate step and enhance district capacities to issue LSC at a much larger scale than before. The cost of issue of a LT has been calculated at 25 US\$. It should be feasible to keep the costs for issuing a LSC at less than a third of this amount. Currently, the landowner pays approximately 4-5 US\$ per LSC, depending on the size of the parcel.

For predominantly rural provinces, the systematic (and not only sporadic) issue of LSC would help to improve tenure security, formalise land transactions and increase the access to mortgage. This would obviously require additional training of existing staff at DLU and PLO and a re-distribution of staff to critical provinces and districts.

Once more district staff is trained to issue LSC documents on a larger scale, all requests for transactions based on TLUC or LTD 01 should be re-surveyed and changed to a LSC for formal registration.

It should be further investigated whether private companies should be permitted to survey land in view of increasing the issue of LSC documents.

The capacity of systematically registering categorised data on land transactions should be improved, specifically at the DLU.

PLO and DLU staff should be trained and advised in the establishment of a simplified, but standardised valuation system for district towns and provincial capitals; this would require substantial support by DoL staff from Vientiane.

9.2 Land Sales Markets

In rural areas, nai bans should be advised to systematically register all land transactions in a Land Transfer Register Book. This book would be periodically checked by DLU staff during visits to the village and the 3-yearly surveying campaigns suggested as a result of the land allocation study.

Additional information needs to be provided to all nai bans that transactions based on LSC and LT must be officially registered at the Offices of Lands. Late registration would be fined according to provisions in Decree 052/PM, but the grace period should be extended to 6 months to take the situation of villagers in more rural areas into consideration. It can be assumed that an increase in the number of official registrations would contribute to the reduction of informal costs per individual transaction.

The GoL and all involved parties need to continue their control of illegal land purchases by foreigners.

A revised and simplified structure for preferably low registration and transaction fees needs to be elaborated and agreed between the involved ministries. The guiding principle should be to remain under the 5% threshold for the total of formal transaction costs including fees at nai ban, at the NO and the Offices of Lands. Preference is given to generally low fees, but charged without exception e.g. for disadvantaged groups, as this requires the application of additional criteria. These new fees would need to be publicized in every DLU and PLO in the form of a poster or even attached to the back of title deeds.

The responsibility of registering transactions should be fully decentralised to the districts, so that every landowner knows where to go for the registration of any land transaction.

In order to limit land speculation, time limits for the resale of purchased land could be considered in the implementation guidelines of the Land Law.

Cases of state land allocation and sometimes sales in the new resettlement area of Pakxe and in other locations should be studied further.

9.3 Land Rental Markets

The responsibilities for the allocation of state land leases and concessions at the various administrative levels needs further clarification.

The procedures for the registration of lease contracts would need to be reviewed in order to either increase official registration or abolish the present requirements.

9.4 Mortgage of Land Use Rights

Banks need to review and reduce time and documentation requirements needed to prepare loan contracts based on mortgage; only if the bank services become more efficient, the dependency on the informal mortgage market will decrease.

The following measures are proposed to increase the outreach of mortgage activities to rural areas:

- Increase of issue of LSC
- Use of official valuation system
- Shorter application periods
- Elimination of informal fees

All mortgage contracts must be registered at the Offices of Lands and Notary Offices.

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- Prime Minister's Decree 52/PM (dated 3/13/1993)
- Prime Minister's Decree 150/PM
- Prime Minister's Decree 194/PM
- Implementation Decree on the Land Law (draft version, 2005)

1 Terms of reference

Study on Land Markets in Urban and Rural Areas of Lao PDR

Background:

Growing evidence indicates an active market in agricultural land and residential properties in the rural and urban areas of Laos. Purchases and sales of land between community members appear to be quite commonplace. Land sales are either based on verbal or on written contracts and sometimes include the handing over of temporary land use certificates. In other cases the village chiefs act as witnesses and provide written statements. Sales to outsiders also occur, but have implications for population movements and can impact upon community cohesiveness. In view of the high mobility, in particular of minority populations and with a high number of internal, planned and spontaneous relocations by villagers, the issue of land leases and sales by resettling households needs to be further investigated.

Based on adverse experience in peri-urban and rural areas of neighboring Thailand, the GOL is also cautious about such rapidly developing land markets in rural areas to the point where financially unsophisticated rural communities may trade their land for unproductive assets or debt repayment, and thus contribute ultimately to irreversible rural migration to urban areas, with its accompanying social welfare problems. Concerns have also been raised about issues of land speculation which are associated with a free land market. The existing land law addresses the question of the commoditization of land and land speculation. These articles have been interpreted as a restriction on the buying and selling of land in general.

Objective:

The objective of this study and reform proposal is to assess the development of the market in land, its relative efficiency, and to identify constraints to its operation. Informal land sales and land lease agreements prevalent in rural areas are further analyzed. Information gathered from the study will aid in the development of policies and procedures to increase market efficiency and access to all members of the community. The study will also support legal reform if appropriate and the development of methodologies for recording information related to land market transactions.

Methodology.

This study would gather information on the following and compare this information to other baseline surveys:

- a) types and classifications of properties being transferred such as building sites and vacant land, houses, commercial properties in district towns and in particular agricultural land and houses in the villages
- b) break downs will be made on land categories such as rural vs. urban, titled vs. untitled, developed vs. undeveloped land, etc.
- c) the values of properties being purchased and sold
- d) the types of transactions (verbal – written), within the village and with outsiders, lease agreements, witness system etc.
- e) the characteristics of the people buying and selling land.

The study will also look at efficiency aspects of the market, addressing issues of:

- a) formal and informal costs of transactions,
- b) procedures for recording transactions,
- c) degree of transparency in the market,
- d) access to market information,
- e) access to the property market by different members of the community, and
- f) the impact of titling on the land market.

Expected Outputs:

There will be a number of outputs from this study and policy reform proposal including:

- a) a body of land market data,
- b) recommendations for procedural and regulatory/legislative reforms to improve the efficiency of the market,
- c) recommendations for developing a system to record future land market transactions in rural areas, and
- d) proposals for the dissemination of land market information.

Timing Period:

4 weeks of field surveys in 5 provinces, followed by 1 week of data analysis and interpretation of other studies and joint writing of study/policy reform proposal

Terms of Reference for National Consultants to work on the study on “Land Markets in Urban and Rural Areas of Lao PDR”

1. Land Policy Specialist (team leader of national consultants)

Duration: 8 weeks

Main tasks:

- Compile and analyse main policy documents with regard to land sales and land transactions
- Prepare and conduct interviews and investigations in the two provinces of Bokeo and Luang Namtha, Savannakhet: land allocation and land markets
- Distribute overall tasks among team members and supervise data collection
- Represent the team in meetings with Provincial and District Authorities
- Coordinate report writing activities among team members
- Edit the 2 final studies in collaboration with the international consultant

2. Specialist on Land Use Planning/Land Allocation Program in Rural Areas

Duration: 6 to 8 weeks

Main tasks:

- Compile all relevant reports and data on land use planning and land allocation in rural areas
- Compile all relevant baseline studies and national statistics on and use planning and land allocation activities in rural areas
- Assess available impact assessment studies on LUP/LA
- Conduct detailed interviews with relevant district and provincial staff (DAFO/PAFO and LM staff and Finance Office) on land allocation procedures applied
- Check documentation on land allocation at district and village levels
- Prepare report on current land allocation practices and draw conclusions for further policy development

3. Specialist on Land Sales and Transactions

Duration: 6 to 8 weeks

Main tasks:

- Compile all relevant reports and data on land sales and transactions in rural areas
- Assess legal framework for land markets in Lao PDR
- Conduct detailed surveys on land sales and land transactions at provincial, district and village level
- Check documentation on land sales and transactions at district offices of Land Management (Finance)
- Prepare report on current land practices on land sales and transactions in rural areas and draw conclusions for further policy development

Profile of International Consultants

Duration of mission in Lao PDR: 3-4 weeks

Main qualifications/experiences required:

- Experience in land management issues and land policy development in Lao PDR
- Familiar with the on-going Land Titling Project and the Dept. of Housing and Land Management
- Recent (2002 to 2003) working experiences in Lao PDR on land policy issues
- Familiar with the institutional landscape in Lao PDR and respective responsibilities of Ministries on national level and their line agencies on Province and the District: PAFO, DAFO, Office of land management in the Dt Finance Office
- Familiar with other donor-funded project and program activities in land management, land use planning and land allocation in Lao PDR: ADB Huapanh, SIDA Luang Prabang, Oudomxai, CCL Phongsaly, EU Phongsaly,
- Able to understand Lao language

2 List of persons contacted

- Mr. Amphone, Head of International Projects Division, Agricultural Promotion Bank, Vientiane
- Mr. Aounkham Thoungxay, Governor, Lamam District
- Mr. Bouakham Champadeng, Head of Agricultural Promotion Bank, Champassak Province
- Mr. Boualy, Deputy Chief of Governor's Office, Champasak Province
- Mr. Bouaphan, Head of Governor's Office, Luang Prabang Province
- Mr. Boudsily, Head of State Land, Housing, and Natural Resources Department, Ministry of Finance
- Mr. Bounaom, Deputy Head of APB, Oudomxai Province
- Mr. Bounheung Buliyapon, Head of Land Use Planning and Development Office, Luang Prabang Province
- Mr. Bounlai Xayyavong, Head of Finance Office, Lamam District
- Mr. Bounleay Nunthavong, Head of Land Use Planning and Development Office, Sekong Province
- Mr. Bounmy, Head of Governor's Office, Bashieng District
- Mr. Bounsy, Head of Lao Development Bank, Luang Prabang Province
- Mr. Bounzu, Governor, Bashieng District
- Mr. Chanda Mahavong, Head of Governor's Office, Lamam District
- Mr. Chris Lunnay, Team Leader, Technical Assistance, Lao PDR Land Titling Project
- Mr. Kantha, Head of Notary Office, Oudomxai Province
- Mr. Khambai, Head of Land Management Office, Champassak Province
- Mr. Khamkone, Deputy Head of Finance Office, Bashieng District
- Mr. Khamla, Governor, Houn District
- Mr. Khampeng Chitthavong, Chief of Governor's Office, Oudomxai Province
- Mr. Khamphan, Head of Valuation and Registration Unit, Vientiane Capital City
- Mr. Khamphone, Head of Credit Section of APB, Champassak Province
- Mr. Khamsing, Notary Office, Champassak Province
- Mr. Khamsouam, LTP, TA
- Mr. Khamsy, Head of New Resettlement Project (Km 7), Pakxe District
- Mr. Kongkham, Head of Notary Office, Luang Prabang Province
- Mr. Laiphone, Deputy Head of Finance Office, Hun District
- Mr. Lorvanking, Deputy Head of State Asset Management Office, Luang Prabang Province
- Mr. Nisone, Head of Finance Office, Thatheng Tai District
- Mr. Nokham, Head of Land Use Planning and Development Office, Champasak Province
- Mr. Nouseng, Deputy Head of Agricultural Promotion Bank, Champassak Province
- Mr. Phetsavong, Deputy Head of Governor's Office, Xien Ngeun District
- Mr. Phonphet Killavong, Vice Governor, Sekong Province
- Mr. Phouvonen Sysulat, Head of LDB, Sekong Province
- Mr. Sayaphet, Deputy Director, Agricultural Promotion Bank, Vientiane

- Mr. Sengchan, Deputy Head of Land Use Planning and Development Office, Oudomxai Province
- Mr. Sengsoulivanh, Head of Land Management Office, Sekong Province
- Mr. Sivy, Head of Lands Office, Vientiane Capital City
- Mr. Somchan, Head of Land Use Planning and Development Office, Oudomxai Province
- Mr. Somchit, Head of Agricultural Promotion Bank, Sekong Province
- Mr. Somly Keounhean, Head of Finance Division, Sekong Province
- Mr. Somsack, Deputy Chief of Governor's Office, Luang Prabang Province
- Mr. Souvan, Deputy Head of Land Management Office, Luang Prabang Province
- Mr. Sulit, Head of State Asset Management Office, Champassak Province
- Mr. Sumany, Deputy Head of Governor's Office, Bashieng District
- Mr. Sumly, Head of Finance Office, Pakxe District
- Mr. Sysook, Head of Land Management Office, Oudomxai Province
- Mr. Sytha, Head of Finance Office, Xien Ngeun District
- Mr. Sytone, Head of LDB, Oudomxai Province
- Mr. Sytone, Deputy Head of Land Use Planning and Development Office, Luang Prabang Province
- Mr. Thavisack, Office Chief, Department of Notary, Ministry of Justice
- Mr. Thongdy, Vice Governor, Bashieng District
- Mr. Thongsing, Head Land Management Unit, Lamam District
- Mr. Thongsook, Head of Justice Division, Champassak Province
- Mr. Tine, Head of Agricultural Promotion Bank, Luang Prabang Province
- Mr. Vanhnasy, Head of Credit Section of LDB, Oudomxai Province
- Mr. Vongprachan Phengsy, Deputy Head of State Asset Management Office, Sekong Province
- Mr. Vongsay, Director, Investment Promotion Division, Foreign Investor Management Committee, Department for Promotion and Management of Domestic and Foreign Investment
- Mrs. Phothisane, Deputy of Director General, Department of Notary, Ministry of Justice
- Two Real Estate Agents, Vientiane
- Village heads of Ban Tin, Ban Hom Xai, Ban Houay Lo, Ban Na Piou, Nam, Ban Bosot, Ban Phak Veth, Ban Houay Khod, Ban Xien Ngeun, Hua Xe, Ban Tiou, Ban Thateng Tai

3 Certificates in use in the Lao land market in order of legal tenure security

Name of Certificate	Signed by	Issuing Procedure	Legal Use of Certificate	Remarks
Temporary Land Use Certificate (TLUC) ↓	District Administration Office	LUP/LA	Provides temporary use rights for agricultural land. <ul style="list-style-type: none"> • inheritable • not for sale • not accepted as collateral 	Weakest evidence of person's right to land. Transactions take place with the TLUC, but were not found to be registered at any DLU of the sample districts
Land Tax Declaration (LTD) (No. 01) ↓	DLU	Land Tax Collection	Land tax calculation <ul style="list-style-type: none"> • not inheritable • not for sale • not accepted as collateral 	
Land Survey Certificate (LSC) ↓	PPLO	Land Survey	Issued for high value land: housing area, permanent paddy and commercial land <ul style="list-style-type: none"> • inheritable • for sale • accepted as collateral only outside LTP 	For land covered by LSC, no TLUC will be issued during LUP/LA. LSC is only issued outside LTP. Banks outside LTP area accept LSC equivalent to title.
Land Title (LT)	PLO	Sporadic or Systematic Land Titling	Permanent land use right, issued inside LTP (mostly urban) area: <ul style="list-style-type: none"> • inheritable • for sale • accepted as collateral everywhere 	Strongest evidence of person's right to land. Banks inside LTP area accept only the PLT as collateral

4 Notary fees for land transaction

Fees for notary services as regulated in the Official Letter on Notary Fees to Head of Cabinet of Ministry of Finance (dated 11/9/2000):

Certification of contracts:

Contract value (LAK)	Fee (LAK)	Service fee per page (LAK)
under 1,000,000	10,000	500
1,000,000 to 10,000,000	15,000	500
10,000,000 to 20,000,000	30,000	500
20,000,000 to 40,000,000	50,000	500
40,000,000 to 70,000,000	100,000	500
70,000,000 to 100,000,000	200,000	500
100,000,000 to 200,000,000	300,000	500
200,000,000 to 500,000,000	500,000	500
500,000,000 to 1,000,000,000	1,000,000	500
over 1,000,000,000	1,500,000	500

5 Statistic on mortgages

PROVINCE	BANK	NUMBER OF CONTRACTS	FAILED CONTRACTS	INTEREST RATE/YEAR	VALUE	TITLE
Vientiane Capital City	APB	1800	4-5 cases per year	16-24%	72 Billion LAK	LT (65% nationwide)
	LDB	3000	20 cases per year	16-24%	120 Billion LAK	LT and LSC (together 95%) rest LTD 01 (in the provinces)
Oudomxai Xai District	LDB	210	2-3 cases per year auctioned	19-25%	8-9 Billion LAK	LSC with LPM
	APB	342	2 per year	18-22%		70% LPM, 30% LTD 01
Oudomxai Hun District	APB + LDB	301				
Luang Phrabang	LDB	285	10 cases per year	22-28%		LT, LSC
Luang Phrabang	APB	81	1%; but no auctioning	22%		LSC (24) LTD01 (9) LT (48)
Champassak	APB	> 300	4-5% 1 case went to court	16-22%		40%LT 50%LSC 10% LTD01
Sekong	APB	100	2-3 cases go to court; in 2 cases land sold by customer	18-22%		60% LTD01, 40% LSC
Sekong	LDB	70	2004: 4 cases of forced property sale; 2003: 2 cases Before 2000 some cases went to court	18-24%	2,43 Billion LAK	LSC, LTD01

Mortgages registered at PLO (2003/2004)

Province	Number of mortgages	Total fees collected	Ø Fee per mortgage contract
Oudomxai	368	15.8 Million LAK	42,000 LAK
Luang Prabang	425	34.8 Million LAK	80,000 LAK
Champassak	287	40.8 Million LAK	142,000 LAK
Sekong	198	21.8 Million LAK	110,000 LAK

6 Land Registrations Fiscal Year 2003-2004

	Province	Titled Lands	Untitled Lands*	Total Transactions	Transfer	Mortgage	Inheritance	Lease**	Consolidation	Sub-division	Others	Fees collected (LAK)
1	Vientiane CC	5,333	649	5,982	2,887	1,065	126	1	88	1,162	653	3,530,132,238
2	Xayabouly	205	980	1,185	501	112	11	2	0	0	559	191,241,288
3	Luang Prabang	1,826	430	2,256	125	666	10	17	5	73	1,360	207,359,000
4	Vientiane Prov	275	402	677	229	289	33	2	4	23	97	171,587,000
5	Bolikhamxay	283	1,386	1,669	329	404	17	0	0	3	916	74,868,060
6	Khamouane	241	156	397	101	185	3	0	4	40	64	187,995,110
7	Savannakhet	3,760	171	3,931	561	404	11	0	16	169	2,770	593,180,774
8	Champassak	1,462	3	1,465	79	170	1	647	2	42	524	223,772,000
9	Saravan	107	65	172	31	61	0	2	1	13	64	11,812,000
	Total	13,492	4,242	17,734	4,843	3,356	212	671	120	1,525	7,007	5,191,947,470

Source: Land Titling Project

7 Questionnaire Department of Lands and State Assets

1. Land Transactions

- 1.1. How many land transactions are there in your area per year and what was their value?
- 1.2. Are more people willing to sell or to buy land in your area (buying or selling market)?
- 1.3. Is the amount of land sales increasing or decreasing over the past 5 to 10 years?
- 1.4 What type of land was sold in the last 10 years?

Type of Land	Area	Value (LAK)	Remarks
Agricultural Lands			
Commercial Area			
Vacant Residential Land			
Built Up Residential Land (including a house)			
Industrial Land			
Others			

- 1.5 What are the main factors influencing land sales?
- 1.6 Does the value of land change after land titling?
- 1.7 Why are people selling land?
- 1.8 Who is buying the land? Insiders or outsiders? Users or investors?
- 1.9 What is the land bought for?
- 1.10 How do they buy or sell the land? What is the procedure? How do they get in touch?
- 1.11 Land transaction with or without contracts? With or without witnesses? With or without a land certificate or a land title?

- 1.12 To what degree are the land sales certified or registered at village or district level?

2. Registration of Land Transactions

- 2.1 What is the general procedure and which forms need to be filled out?
- 2.2 Which government offices/institutions need to be visited?
- 2.3 What are the fees charged for registration of land transactions? To whom are they paid?
- 2.4 What are the taxes charged for registration of land transactions? To whom are they paid?
- 2.5 How long does the process take?
- 2.6 Are there any notary fees to be paid?
- 2.7 How can the price and the land transactions be controlled by DLU and SA? Are the prices declared to you the real prices paid for the transaction?

3. Land Development in Commercial or Industrial Zones

- 3.1 Do you have a land use zoning of this town or the peri-urban areas?
- 3.2 Who is involved in this land use zoning?
- 3.3 How is land development in commercial or industrial zones promoted?
- 3.4 What happens to private land or reserved land located in these zones?
- 3.5 Can paddy area be transformed to construction area?

4. Private Sector and Real Estate Agents

- 4.1 Are there any middlemen or private real estate agents in your area?
- 4.2 Is there any kind of land speculation (for example from undeveloped to developed land)?

5. Land Mortgage

- 5.1 Is DLU or SA somehow involved in land mortgage? If yes, how?

6. Land Valuation/Price Information

- 6.1 Do you have any zoning for land valuation?
6.2 How is information on land prices disseminated or publicized?
6.3 How do people fix the price for the land they want to sell?
6.4 How do sellers and buyers of land get in touch and find to each other?
6.5 Is there any auctioning of land by banks or by the Government?
6.6 What would be the price for a plot of land along the main road? What would have been the price five years ago?

7. Land Rental Market

- 7.1 Does DLU collect fees for lease contracts for houses or commercial property?
7.2 How are the prices estimated for rental?
7.3 Who rents land and property?
7.4 What type of land or buildings is rented?
7.5 For how long?
7.6 Is the rental market in your area increasing or decreasing?

8. Role of Foreigners

- 8.1 What is the role of foreigners in the land transactions or rental market?

8 Questionnaire Local Authorities

1. Land Development in Province/District

- What are focal points of land markets in your province/district (e.g. Special Development Zones)?
- Is cooperation with private investors taking place in your province/district?

2. Land Transactions in Province/District

- 2.1. How many transactions take place?
2.2. On what type of land?
2.3. Who sells?
2.4. For what reason is land being sold?
2.5. Who purchases (villagers or outsiders)?
2.6. For what reason is land being purchased
2.7. Are more people willing to buy or sell land (selling or buying market)?
2.8. How can information on the land market be obtained, how is it advertised?
2.9. How is the price fixed?
2.10. Are middlemen/real estate agents involved?

3. Registration of land sales

Registration:

- 3.1. Who registers land sales?
3.2. How is it done?
3.3. How are illegal transactions identified?

Sales:

- 3.4. Is land sold with or without documents?
3.5. What types of documents are being used?
3.6. What are the rules/regulations for transactions?

4. Conflicts due to land transactions

9 Questionnaire Banks

1. Land and Housing Mortgage

- 1.1 On how many mortgages do you borrow money?
- 1.2 What is the overall volume of mortgages?
- 1.3 Have you carried out a feasibility study?
- 1.4 What type of mortgage contracts do you offer and for what period?

Type	Periode	Interest rate

Mortgaging procedure

- 1.5 Please describe the procedure of mortgaging a piece of real estate:
- 1.6 How long does the process take?
- 1.7 What is the procedure in case a mortgage debtor does not fulfill the contract?
- 1.8 How often does this happen?

2. Use of land titles/certificates as collateral

Certificate	Accepted?	How many?	Amount?	Procedure?
Land Title				
TLUC				
Land Parcel Map				
Land Survey Certificate				
else...				

2.2. Land from what area would you not accept as collateral?

2.2. For what reasons:

-
-

3. Cooperation with DLU/State Asset

- In what aspect of real estate mortgaging do you cooperate with government authorities?

4. Land Valuation

- 4.1. How do you value land used as collateral?
- 4.2. What are current land prices in your area?

5. Land development by investors

- 5.1. Does land speculation take place?
If yes, by your bank or by private investors?
- 5.2. What role do foreigners play in the local land market?

10 Village Authorities

1. Land Transactions

1. General Data

- 1.1 How many land sales have there been in your village last year?
- 1.2 And in the year before?
- 1.3 What was the total amount of these transactions in 2004? And in 2003?
- 1.4 How many families have sold or bought land in total (number of villagers,)?
- 1.5 Have there been people migrating to your village and have they bought or leased land?
- 1.6 Is the number of land sales generally increasing or decreasing over the past 10 years? Did land allocation or land titling have an influence on this?
- 1.7 What type of land was sold in the last 10 years?

Type of Land	Area	Value (LAK)	Remarks
Agricultural Lands			
Commercial Area			
Vacant Residential Land			
Built Up Residential Land (including a house)			
Industrial Land			
Others			

2. Land Transaction Procedures

- 2.1 Have there been people buying land outside the village area?
- 2.2 Have there been outsiders buying land inside the village area?
- 2.3 How is the price fixed?
- 2.4 Why do people sell land? What are the main reasons?
- 2.5 When people sell land, what do they use the money for?
- 2.6 Is the land developed or cultivated or used after it is sold?
- 2.7 Do you charge any fees to certify the land sale as a Nai Ban?
- 2.8 Is there any mortgaging among villagers? With or without contracts?
- 2.9 Are there people in the village who want to sell land and who have been unable to find buyers?
- 2.10 What is the reason for that?
- 2.11 Are there people in the village who want to buy land and who are unable to find sellers?
- 2.12 What is the reason for that?

3. Land Rental

- 3.1. Is leasing of land or sharecropping taking place in your village?
- 3.2. What are the arrangements?
- 3.3. Who leases? Insider or outsider?
- 3.4. Who rents out land?
- 3.5. What types of land?
- 3.6. For how long?
- 3.7. What are the prices paid as lease (per month or per year)?
- 3.8. Is the leasing of land increasing or decreasing in the past 10 years?

11 Household Interviews

Buyers/Renters:

Location	Type of land bought	From whom was it bought (occupation)?	Size	Price	When was it bought?	Why was it bought?	What did you do with the land?	Procedure of buying/renting	Fees paid	Certificate/Title	How did you get in touch with the seller?	Obstacles experienced during transaction
suburb Pakxe	vacant land	villagers → moved to their former garden	1000 m ²	1 Million Baht, sale price	1994	to open business	construct a house	Approval of transfer by nai ban → together with record of land registration at district	doesn't remember	LTD 01	contact owner directly	no difficulties, transaction took one month
suburb Pakxe	residential area	villagers	1000 m ²	500,000 Baht, sale price	1994	originally to build a warehouse	build apartments for family members		200,000 LAK	LTD 01	contact owner directly	no difficulties
Sekong, main street	vacant land	state allocated land to relatives	128 m ²	80,000 Baht, sale price	1993	to build residence and open shop	construct a house	doesn't remember	doesn't remember	LTD 01	contact owner directly	no difficulties
Sekong, main street	vacant land	land allocated to villager	80 m ²	140,000 Baht, sale price	1998	to build residence and open shop	construct a house	doesn't know	doesn't remember	LTD 01	contact owner directly	
Km 12, outside Pakxe	vacant land (only hut)	former owner from village, moved to another of his plots	168 m ²	7 Million K	2004			Certification of contract by nai ban, contract was attached to LTD in former owner's name	30,000 K	LSC (still in former owner's name), LTD (still in former owner's name,	came from Vientiane and asked in neighborhood	
Ban Xieng Ngeun	garden	farmer from village	252 m ²	2 Million LAK (in gold)	1992	for children	first cultivate, then construct house in 2000	seller drafted document	500 LAK to nai ban	now LT, but after transaction only sale contract certified by nai ban	within family	no obstacles
Sekong, residential area			?	300,000 K/month rent				just talk, no registration at village authorities or district				

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Location	Type of land bought	From whom was it bought (occupation)?	Size	Price	Year	Why was it bought?	What did you do with the land?	Procedure of buying/renting	Fees paid	Certificate/Title	How did you get in touch with the seller?	Obstacles experienced during transaction
Mune Luang	garden close to main road	-	6000 m ²	15,000 US\$	2002	for construction of factory (not completed)	leave vacant	Contract certified by village and registered at district	Seller paid for fee	LTD 01	contacted villagers	no obstacles
Ban Vat Luang	residential land (state land)	-	160 m ²	10 Million K	1995	land suitable for opening shop	opened drugstore	Contract certified by nai ban	2,000 K	during transaction LTD 01, now LSC (still state land)	knew each other	for transferring LTD 01 → LSC they paid 150,000 K
Ban Lak Sipsong	vacant land	seller had accident in family	900 m ²	400,000 K	1997			Contract certified by nai ban	10,000 K			

Sellers:

Location	Type of land sold	To whom was it sold (occupation)?	Size	Price	When was it sold?	Why was it sold?	What happened with the land?	What did you use the money for?	Procedure of selling	Fees paid	Certificate/Title	How did you get in touch with the buyer?	Obstacles experienced during transaction
Ban Thateng	paddy	DAFO staff → cultivates land himself	4900 m ²	6 Million K	2004	lack of labor to cultivate and illness in the family	remained paddy	pay for medical treatment, money has all been spent	Nai ban certified sale contract and attached it to LTD → no registration at district	300,000 K	LTD 01 → still in his name)	Buyer asked nai ban	Buyer advised about procedure of transaction
Ban Hua Xe	residential land	-	900 m ²	500,000 THB	1997	subdivide for housing	left it vacant → now it is under construction	1. build a house on remaining land 2. give money to son in law for starting business	Contract certified by nai ban with witnesses → register at Lands Office at district and province	300,000 K	LSC	contacted buyer	no obstacles
Ban Vat Luang	residential land, subdivided from own land	-	105 m ²	10 Million K	2004	needed money for investment	buyer leases out	for trading	registration at province	no fee	LSC	within family	no obstacles

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Location	Type of land sold	To whom was it sold (occupation)?	Size	Price	When was it sold?	Why was it sold?	What happened with the land?	What did you use the money for?	Procedure of selling	Fees paid	Certificate/Title	How did you get in touch with the buyer?	Obstacles experienced during transaction
Ban Vat Luang	residential land	-	60 m ²	80 Million K	2005	illness in the family	they opened a shop	medical treatment for husband	registration at province	200,000 LAK (buyer paid)	LSC	knew each other	no obstacles
Ban Thateng Tai	paddy	-	0.8 ha	5 Million K	2001	not enough labor and needed money for equipment	remained paddy	buy tractor	Contract certified by nai ban and attached to LTD (which is still in former owner's name)	40,000 K	LTD 01	knew each other	no obstacles
Ban Hua Xe	residential land	-	380 m ²	25 Million K	2004	inherited land, needed money to distribute to family	nothing yet (buyer announced to open a business)	opened a small shop	Contract certified by nai ban and registered at district	1% of sale contract to village fund → 250,00K	LT	buyer from the neighborhood	claimed to have paid 2% to village fund, but was corrected by nai ban
Ban Thateng Tai	coffee garden	-	1125 m ²	7 Million K	2003	needed money to repay private loan (borrowed 2,5 Million K)	build a house	repaid loan and bought another plot	Sold land to moneylender, transfer only certified by nai ban	buyer paid the fees	LTD 01	owed him money	no obstacles
Ban Thateng Tai	garden	-	280 m ²	500,000 K	2004	owed 500,000 LAK to private moneylender (bought motorbike with the loan)	buyer built a house	repay debt	Contract certified by nai ban	15,000 K	LTD 01	owed him money	no obstacles, nai ban did the transfer