

The image features a scenic landscape with a large body of water in the foreground, a dark, rocky shoreline, and rolling green hills in the distance under a clear blue sky. Overlaid on this background is the text for the World Bank Land Conference. The text is white and consists of three lines: 'WORLD BANK' in a clean, sans-serif font; 'LAND' in a large, bold, stylized font where the letters are interconnected; and 'CONFERENCE' in a clean, sans-serif font, matching the first line.

WORLD BANK
LAND
CONFERENCE

WB Land Conference Presentation

2024-05-10 09:17 UTC

Recorded by

Simon Mwesigye

Organized by

Jonathan Yakutiel
(Affiliate)



Local Government Revenue Initiative

An initiative of the ICTD, based at the Munk School of Global Affairs & Public Policy

Building Comprehensive Property Tax Systems in Lower-Income Countries: 'Cadaster-First' versus 'Property Tax-First' Approaches

Dr. Wilson Prichard, Associate Professor,
University of Toronto & Chair, LoGRI

PARTNERS

munk school
OF GLOBAL AFFAIRS & PUBLIC POLICY



Direction générale
du Trésor

BILL & MELINDA
GATES foundation



Central Question

- Building a comprehensive map of all properties is the foundation for effective and equitable property taxation.
- Yet, most lower-income countries have highly incomplete lists of taxable properties and unreliable addressing systems, which pose enormous barriers to equitable property tax systems.
- Key Question: *What might be more appropriate strategies for registering properties for property taxation in the context of lower-income countries? How can such strategies be designed to also contribute toward broader improvements in land administration and titling?*

'Cadaster-First' Approaches to Land and Property Tax

- Conventional approaches to property taxation – “**cadaster first**” or “**titling first**” – require legal registration of the property, normally at the national level, before its eligibility for property taxation
- Yet, in most lower-income countries, national cadasters are highly incomplete and often out of date reflecting long timelines, high costs and capacity demands and disputed land claims
- This comes with two major costs:
 - major barrier to effective property taxation, undermining revenue potential and creating major inequities
 - Fails to leverage property taxation as a potential driver – and funder– for efforts to strengthen land administration

The Need for Locally Appropriate Alternatives

How can systems better deliver comprehensive property tax registers and support improved land management?

1. Invest in strengthening “fit for purpose” cadaster first approaches to registration
2. Explore “good enough” or “second best” approaches to comprehensive property tax mapping, and leverage those to strengthen land administration.

“Property Tax First” Approaches

A Pragmatic Approach To Property Tax Registration

- Map, address and measure properties using GIS and satellite imagery
- Ground truthing to identify key building types and characteristics
- Address bills to “the owner”, with penalties levied on the property

Potential to Dramatically Improve Outcomes

- Rapid identification of properties and complete property registers
- Expands revenue raising, and decision making, autonomy of LGs
- For example, in Freetown, Sierra Leone GIS mapping and valuation for ~150,000 properties in less than six months at cost of ~\$5 per property.
- Catalyze land titling and land management by creating positive incentives for registration and motivating local property data collection

Key Tradeoffs in Fit-For-Purpose Approach

First for purpose approaches reduce cost, increase speed, while gathering ownership information and ensuring a single national database. However:

- **Time and Costs:** Still entails longer timelines and higher costs than simpler mapping exercises. Are resources available? Can property tax system afford to wait?
- **Incentives and corruption:** Where property taxation depends on registration that can also be a disincentive for registration, and open spaces for corruption and politicization.
- **Local control and updating:** Often nationally controlled systems, leaving local government little control over property tax registers and reducing responsiveness in identifying changes and updating registers

Key Tradeoffs for Property Tax First Approaches

Lack of ownership information: Ownership information may be valuable in strengthening compliance, managing exemptions and can support other areas of revenue raising – rental income tax, identifying wealthy individuals

Strengthening long-term land administration: Risk of undermining efforts to build comprehensive national cadasters if they re-direct energy or create parallel systems. Require coordination to:

- Strengthen incentives for land registration for taxpayers and governments
- Leverage property tax registers to improve cadasters/land management – including updating – through data sharing and local collaboration.

Conclusion

- There is now general understanding of the need for “fit for purposes” approaches to land titling to reduce costs and timelines
- However, the timelines, costs, incentives and administrative control still pose potential challenges for property tax systems
- Property tax first approaches, pursued as part of a broader strategy for land administration can **both** strengthen property tax systems **and** benefit land administration efforts by shifting incentives, improving data collection and strengthening updating
- **Forms part of broader strategies and efforts to build “fit for purpose” property tax systems**



Local Government Revenue Initiative

Dr. Wilson Prichard

Dr. Colette Nyirakamana

PARTNERS

munk school
OF GLOBAL AFFAIRS & PUBLIC POLICY



Direction générale
du Trésor

BILL & MELINDA
GATES *foundation*

