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Land-Based Revenues :  
Supporting Improved Land Services and Increased Land Productivity

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## Limits to sustainability of land administration strengthening investments

- Absence of government resources
- Early MCC tactics, but not always enough
  - Partner government commitments to expanded future budget allocations/transfers to land institutions
  - Follow-on funding from other donors
  - Assumptions of induced demand for fee-incurring land services
- Land administration + registration projects don't address tax/rents dimensions
  - Insufficient time
  - Hesitations, even where legal systems/tenure instruments require it or permit it



## Shift in MCC approach, vision

- Increasingly evident that land value based revenues are a key funding source to sustain land administration and tenure security improvements
- Favorable incentives for success-
  - Increases resources for agency, workplace priorities
  - Visible link between up-to-date registry/cadastre records and revenue performance
- Well-functioning revenue systems can also underpin more productive use of land, stronger land use controls, and more efficient land markets

# Drivers of the missed revenue opportunity

- Limitations in political/institutional championing, policy directives
- Properties missing from tax roll
- Property valuations outdated, updating valuations costly
- Properties under-valued
- Rates outdated
- Payer information out of date, leaseholds expired
- Non-payment
- Limited incentives for payment, enforcement for non-payment
- Limited institutional incentives to collect, especially when collections can't be retained



# Testing new directions: Malawi

- MCC-funded \$44.1m land project addresses the land-based revenue imperative – signed 2022, starts 2024
- Shifting the typical land administration investment sequence –
  - Start with revenue investments as the foundation for future land administration improvements, in place of land administration investments as the foundation for future revenue expansion
- Why? Accelerates visibility, championing of links between increased revenues and stronger land services provision

# Theory of Change: Malawi Land Productivity Project

**MEDIUM TO  
LONG TERM  
OUTCOMES**

**Better functioning land markets**

**Improved Land Services**

**Increased investment in land**

**SHORT-  
TERM  
OUTCOMES**

**More adequately funded land services**

**Increased land-based revenue for national institutions**

**Increased land-based revenue for City Councils**

**EXPECTED  
OUTPUTS  
(YEARS 1-5)**

**Reforms  
adopted**

**Improved land-  
based revenue  
and expenditure  
systems in place**

**New land  
institutions  
created, if  
reforms adopted**

**Reforms  
adopted**

**Improved  
land-based  
revenue &  
expenditure  
systems in  
place**

**Property  
tax rolls  
expanded**

**Properties  
mapped**

**Property  
valuations  
completed**

**ACTIVITIES**

**Land Administration Resourcing and  
Institutions Activity**

**City Council Land-Based Revenues  
Modernization Activity**

# Foundational revenue reform central to outcomes

- **National level** – leasehold/ground rent system
- **Revenue retention** and ground rent **rate rationalization** reform required to unlock additional program funding
- Once reforms achieved, program measures to implement program priorities advance -
  - Improve collection and payment systems for ground rent revenues
  - Address management of increased revenues
  - Implement selected additional institutional reforms & strengthening, linked to revenue potential

# Foundational revenue reform central to outcomes

- City level - Malawi's four largest cities - city rate/property tax
  - **Publicity:** Formally announce the property tax modernization initiative
  - **Accountability:** Establish a City Council property tax committee including representatives from civil society
  - **Transparency:** Publicly display/publish results of revenue proceeds collected against targets
  - **Responsibility:** Establish a public services fund and allocate a percentage of revenue collected to maintain the property tax system, support other city-level land management functions, and improve broader public services
- Then implement -
  - Modernization of city property tax systems, expanding coverage, update valuation approaches, collection, budget and expenditure management, increased social engagement and acceptability



# Looking ahead, ex post learning

- Test assumptions that better-functioning property tax and ground rent systems...
  - Yield better-funded land services
  - Yield higher transaction volume, better functioning land markets
  - Increase investment in land

## Looking ahead, ex post learning

- Apply revenue program lessons to design of future projects
  - Political support
  - Property owner/leaseholder acceptance
  - Social behavior change – political, managerial, taxpayers, civil society
  - Proactive billing and collection
  - Enforcement
  - Budget and expenditure management
  - Use of new revenue for land services, public services

Thank you!