Leveraging Land Administration for Transparent, Diversified and Predictable Internally Generated Revenue (IGR)

Jill Urban-Karr | Exec. Director, Consulting Svcs & landfolio® Solutions
Overview

- Discussion: Land as a key to IGR
- Supporting examples of land as a viable IGR source
- Concluding remarks
Land as a Key to IGR
Internally Generated Revenue (IGR) from Real Property Assets

Revenue Management

Today, most governments have some IGR from land registry, cadastre, and property taxes, but still rely heavily on other non-real property sources for revenue.

Revenue Generation

All governments are seeking new or expanded IGR from within their own resources – how to leverage what they have for greater fiscal benefit?

Revenue Growth

Only by leveraging their single biggest asset (land) will significant IGR growth be realized and sustained.
Land: A Key IGR Opportunity

- Land or land rights are typically the single biggest asset for both the government and the individual person.
- Land is the foundation for managing sub-assets and rights allocations within a government jurisdiction such as natural resources, transportation corridors, agriculture/food security and many others.
- Land/land rights is the technical, legal, financial and security foundation for the on-going success of the government.
Why an “asset inventory” is Key:

• With a comprehensive “asset inventory” comes better management, improved economic development, and integrated planning
• With a complete asset inventory, internally generated revenues increase through better property valuations/tax collections
• With reliable “title” it is easier for foreign investment to secure financing and local rights holders to leverage their assets
Asset Leverage = Revenue Generation

Citizens  Private Surveyors  Diaspora  Investors  Mortgage Lenders  Real Estate Brokers  Gov’t

Reliable Access, Efficient Service, Predictable Transactions

Technology (GIS, ICT, CORS, RDBMS, etc.)

Data (Surveys, maps, titles, CofOs, property values, etc.)

Science & Tech  Surveys & Mapping  Land Registry  Valuation

Trust & Security

Valuation
Asset Security = Revenue Growth

Government
- Auditability, Accountability
- Business Processes
- Technology
- Data
- Capacity Development
- Public Education
Example the need for diversified IGR

NIGERIA

- Raw and refined petroleum products are 93% of the nation’s total exports in 2015
- Nigeria Federal Inland Revenue showed that in 2011, 67% of the nat’l gov’t revenue came from petroleum
- By 2015, oil tax revenue had dropped to 34% of the total.
- In the 4 year period, overall tax revenues declined by nearly 20%
- Between September 2014 and July 2015, Nigeria’s oil and gas revenues dropped by 67%, according to the Nigerian National Petroleum Corporation (NNPC)
MUNICIPALITY OF KÜÇÜKÇEKMECE, ISTANBUL

- Municipality was collecting 10% of potential property tax revenues
- Increasing tax collection by only 10 percent per year would provide strong positive effects:
  - The city could conservatively realize an internal rate of return of 395% over a ten-year period
Concluding Remarks
Keys to Integrating Land into IGR

- A complete inventory of assets and a reliable, transparent and equitable environment for managing and reporting on the assets
- A comprehensive plan which identifies the priority needs, priority geographic areas and priority market segments
- An expected return on investment (ROI)
- Integrated education and support – most importantly, political will
- “Visible” results are needed to show citizens the impact of their participation
- Identification of financial approach: PPP, concession, direct financing, etc.
Sustainable Results

MODERN LAND ADMINISTRATION DRIVES POSITIVE OUTCOMES

- Land-based IGR provides diversified revenue that is largely insulated from the relatively unpredictable fluctuations of market-dependent sources
- Increased public confidence in the transparency and defendability of the asset: legal validity of the rights, security of the rights, equity of the valuation, etc. = willingness to participate
- Integrated decision-making beyond registry, cadastre, tax = agriculture, environmental protection, physical planning, defense, etc.
Questions and Discussion

- Jill Urban-Karr | Executive Director, Consulting Services & landfolio® Solutions
- Jill_urban-karr@trimble.com | www.trimble.com/land-admin
- +1.210.870.8491 | skype: jurbankarr