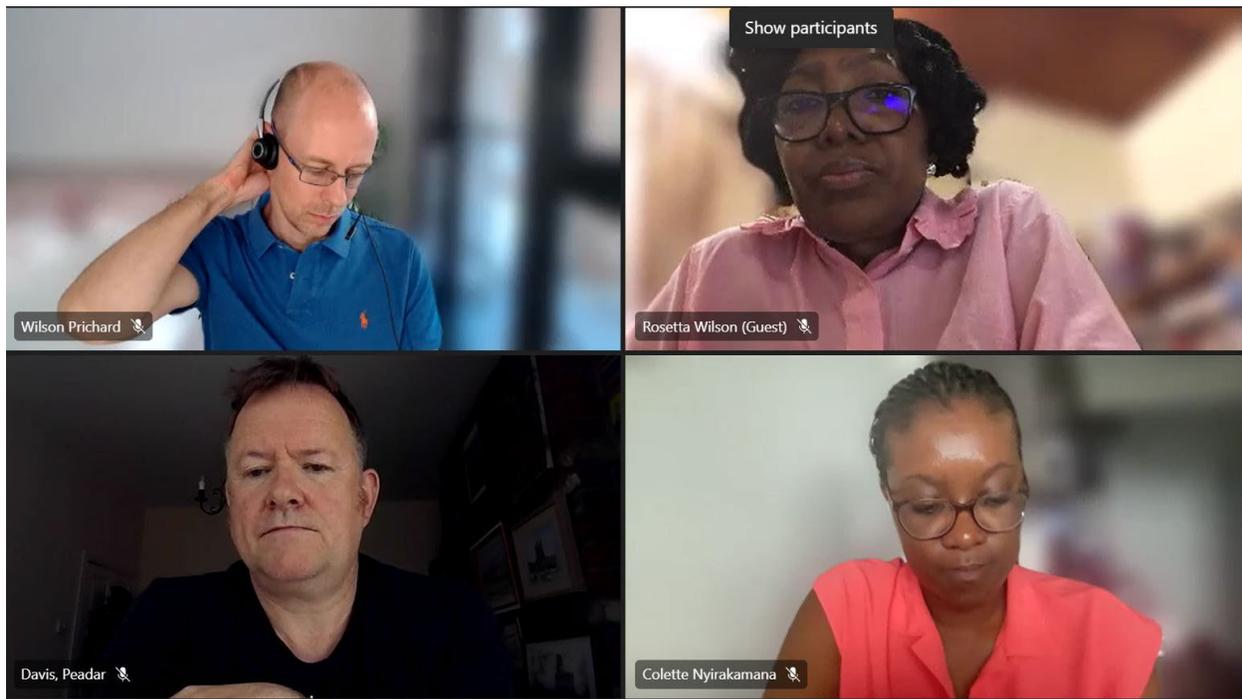# UN-HABITAT AND THE GLOBAL LAND TOOL NETWORK LAND-BASED FINANCE LEARNING SERIES 2

Theme: Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security

REPORT ON SESSION 3

Subject: Points-Based Assessment for Land and Property Taxation - Solutions, Lessons, and Way Forward

16 May 2022

Table of Contents

Introduction and welcoming remarks (Jean du Plessis)

On 16 May 2022, the Land, Housing and Shelter Section of the United Nations Human Settlements Programme (UN-Habitat) and the Global Land Tool Network (GLTN) Secretariat, in partnership with the Local Government Revenue Initiative (*LoGRI*) of the International Centre for Tax and Development (ICTD), presented Session 3 of its Land-based Finance Learning Series 2, on the theme "Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security". The session, titled "Points-based Assessment for Land and Property Taxation - Solutions, Lessons, and Way Forward", consisted of three presentations and a facilitated discussion integrated by sidebar questions and comments, and concluded with closing observations by the discussant. The session registered 36 participants representing 12 institutions (see list of participants in Annex 1).

Jean du Plessis, the session moderator announced that the 2nd learning series had successfully held its first Stream 2 event, on the subject of "*Securing central-government buy-in for reform in Sierra Leone*" in March 2022. He reminded participants that the purpose of this additional learning stream is to offer colleagues and partners a more focussed and practical peer learning and problem-solving facility, designed to support individuals and teams in dealing with challenges faced in specific land and property taxation projects. Broader issues and challenges relevant to taxation and revenue will also be covered. Sessions are closed, and held on demand, with upcoming topics including "*Prospects of leveraging land in Syria*" and "*the potential contribution of land-based finance in addressing the challenge of Net Lending in Palestine*". Jean invited and encouraged the participants to request support in organizing specific sessions under Stream 2.

Jean then introduced the day's proceedings as follows:

Session 3 Programme

SESSION 3 PROGRAMME		
"POINTS-BASED ASSESSMENT FOR LAND AND PROPERTY TAXATION - SOLUTIONS, LESSONS, AND WAY FORWARD"		
16 May 2022, 15h00-17h00 (Nairobi time)		
Moderator: Jean du Plessis, GLTN Secretariat, Land, Housing & Shelter Section, UN-Habitat Session discussant: William McCluskey		
Time	**Topic / Activity**	**Process, Roles**
15h00	Welcome Agenda and process	- Jean du Plessis (10 min)
15h10	Presentation 1: *"Why Points Based Valuation for Property Tax Purposes? An emerging 'Good Enough' Approach to Reform"*	Wilson Prichard, Chair, LoGRI (15 min) - *All: questions and comments in meeting chat during presentation*
15h25	Presentation 2: *"Legal, Political and Institutional Barriers to Points Based Valuation: Lessons from Sierra Leone, Malawi and Ghana"*	Colette Nyirakamana, Research Lead, LoGRI (15 min) - *All: questions and comments in meeting chat during presentation*

15h40	Presentation 3: *"Negotiating Implementation of Points-Based Valuation: Administrative and Political Barriers to Implementation in Freetown, Sierra Leone"*	Rosetta Wilson, Project Lead for Sierra Leone Property Tax Reform, LoGRI (15 min) *- All: questions and comments in meeting chat during presentation*
15h55	Key questions	Peadar Davis as discussant, in dialogue with presenters (15 min)
16h20	Facilitated discussion	Moderator, all (25 min)
16h45	Concluding observations: *Key lessons, priority actions, areas of potential collaboration*	Speakers and discussant (15 min) *- All: final comments in meeting chat during discussion*
17h00	Closing	Moderator

Presentation: "Why Points Based Valuation for Property Tax Purposes? An emerging 'Good Enough' Approach to Reform" (Wilson Prichard)

Wilson Prichard presented by the LoGRI initiative from ICTD, which focusses its work on raising local revenue, particularly through property taxation. The presentation introduced the 'points-based model of property valuation' to support property tax reform in low-income countries. This model can be adopted differently and flexibly in different contexts, despite the different legal, institutional, political, and administrative arrangements across different countries.

Wilson Prichard described the broad model, its approach, as well as the flexibility of its technical design that allows to adapt the model across countries. His colleague Colette Nyirakamana focused on how the model interacts with different legal and institutional settings across different countries in Africa and other low-income countries. Finally, Rosetta Wilson reflected on the political and administrative challenges related to the implementation of the model in Free Town, Sierra Leone.

Overall, the 'points-based model of property valuation' aims to strengthen property tax and property valuation for tax purposes. The model has a great potential in low-income countries from different contexts, although understanding how to effectively implement the model by adapting it to different context to drive successful reform is still challenging.

Wilson explained the term "good enough governance", which was coined about 20 years ago by Marilee Grindle. Moving away from idealized models of governance which were often inherited from the West or from colonial rule, towards models of public sector reform, which were much more firmly rooted in the challenges, context, resources and needs of lower income countries was needed to support successful public sector reform, particularly in lower income countries. This often required a certain amount of innovation and experimentation to identify new models of reform.

To this end, "Points based valuation" is a hybrid model of valuation that seeks to address the needs and challenges of low-income countries. Like any approach of "good enough governance" it has a conceptual

core with flexible margins in its technical design, whereby it can be more suitable in some institutional settings than others and which demands reform strategies that explicitly consider the specific administration and political context that the model creates.

The points-based approach is appropriate in low-income countries because most systems in such contexts rely on what is broadly referred to as 'expert market valuation of properties', which is based on subjective estimates of property values by trained expert valuers. While this might seem a good model in principle, and it is adopted in different forms since the history of property valuation, there is enough evidence today to shows that market valuation is difficult and fraught with risks in lower-income contexts. This is due to the lack of market data, which makes estimating "market value" difficult, as even the concept of market value tend to be elusive in low-income contexts. This due to the fact that markets are not only opaque, but are also imperfect, prone to errors, non-transparent and difficult for taxpayers to understand. This is further complicated by the fact that expert market valuation is labor and skills intensive in contexts of limited resources which tend to result in valuations that are incomplete, not regularly updated, and subject to bad oversight, ultimately undermining the effectiveness of the expert market valuation model. These challenges exacerbate political resistance for improvement, increase interference, and compromise public support – being very subjective and complex concepts to explain. Due to weak valuation models, it has been difficult to promote reforms, and property taxes remain the least effective tax in low-income countries.

In responding to this challenge, reformers can undertake different approaches. On possible way is to increase capacity building to strengthen the existing model relying on the assumption that with greater capacity it is possible to achieve more effective outcomes. However, evidence shows that this approach doesn't address the underlying problems inherent to expert market valuation in context of limited market data.

Another approach would require extreme forms of simplification, adopting area based with flat rate systems (everybody pays the same amount, or the same amount per square foot). However, despite this approach being easier to administer, it introduces enormous inequities and significantly undermines revenue potential turning into an economic problem. This might also create political problems because it is usually difficult to get political buy in into these systems.

The third approach would rely on technology through satellite imagery, GIS mapping to create complex urban models of property values modeled on the systems that are being increasingly used in developed countries. However, experience suggests that the complex urban environment of many low-income countries coupled with limited local capacity and the lack of available data, hamper the opportunity to build sophisticated models as they might encounter serious challenges of accuracy and capacity.

The last option would then require to seek local innovation to develop systems that balance these tradeoffs and build approaches that are tailored to the local capacities, as points-based valuation does.

Points-based valuation approach is an increasingly discussed hybrid alternative that establishes a base value per property (generally based on size and location of a property) and adjusts it based on specific

and visible property characteristics. Although calibrated to market values, the reference to "points" is designed to emphasize that market-based valuation is an elusive goal in lower-income countries because of the absence of data. Hence, a points-based approach is needed whereby market values are being mimicked, but perfect estimates of market values are not promised. Nevertheless, the points-based approach is promising and is a consistent way to establishing the relative values of properties, which are critical for property taxation. The model's implementation continues to grow in Africa. It was first used in Sierra Leone, followed by pilot initiatives in Malawi, Senegal, Uganda, and Zambia. Suggestions of similarly motivated local innovations have occurred elsewhere such as the Indonesia "bobot" ("points") system in 1980s.

The key advantages of the points-based valuation model are:

1. Reduced capacity needs by simplifying data gathering and reducing reliance on expert valuers
2. Reduced need for extensive data
3. Reduced need for technical complexity and cost
4. Increased transparency and objectivity
5. Reduced inter-governmental risks
6. Increased equity and political acceptability

Case in point: Freetown, Sierra Leone.
The first step consists in using satellite imagery to map and geolocate every property in the city and to measure those properties from their rooftops. The objective is to build a comprehensive tax register, even where there may not be a comprehensive formal cadaster in place. Enumeration teams then gather data on each property in person. Given the limitations of satellite technology, the data collected by the enumeration team serves to confirm the GPS location and size of property, to take pictures of the property for easy identification, and lastly to collect 20 or 30 easily identifiable and observable external characteristics of properties to be used in the model. These characteristics are then agreed and negotiated with local governments based on the parameters they think are important to establish property values. These are used to calibrate the model and to translate the collected information into estimates for market value in points.

In Freetown, a sample of 1-2% of properties was used, and multiple expert valuers were asked to estimate the market value. Multiple valuers were used to ensure the accuracy of those estimates and reduce any risk of collusion. The sample of estimated market values was merged with the larger database of property characteristics to develop a simple model to generate estimated values. This model allows for transparent and clear communication with taxpayers to build political support for reform.

It is important to stress that the points-based valuation model is not a unique model, but rather, a conceptual approach, but which may look different in different places. For this reason, it is necessary to reflect on how the model can be tailored to different technical needs, different legal and institutional environments and different political and administrative contexts. In that regard, there are 5 dimensions on which variations might be seen:

1. **The degree of automation**. The balance between satellite imagery and algorithms designed to identify properties from satellite imagery and manual data gathering in order to create a map of all properties should vary depending on the context and local technical capacity. This might also vary over time as the technology itself evolves.

2. **Critical factors in shaping property values**. In order to identify which factor specifically should be included in that valuation model and what features of properties are believed to be most critical to shaping property values in a particular context as well as the geographic divisions should be used in assigning different values to different locations requires local knowledge and expertise. This process should also to be owned by local administrations so that they feel ownership and control over the systems.

3. **Balancing simplicity and complexity**. There's always a tendency to build complicated models for valuation for greater precision. The problem is that greater complexity makes the model harder to understand for taxpayers and harder for administrators to understand and sustain over time. Thus, finding that right balance between simplicity and complexity is likely to vary across different contexts. One of the advantages of points-based valuation is that a property can be valued without knowing the actual owner, both formally and legally.

4. **Transparency**. Overall, transparency about the approach can be a powerful asset as it builds popular trust in a system that is fair, equitable and transparent. However, the degree of transparency might vary across contexts, however getting this right becomes critical to reform success.

Wilson Prichard concluded his presentation by introducing the next presentations which focused on the legal and institutional hurdles of implementing points-based valuation and on the administrative challenges in implementing points-based valuation for the case of Freetown. Overall, he stressed that points-based valuation can offer a good enough approach to valuation for property taxation that can be adapted to a wide range of legal and institutional contexts in low-income countries.

Presentation: "Legal, Political and Institutional Barriers to Points Based Valuation: Lessons from Sierra Leone, Malawi and Ghana" (Colette Nyirakamana)

Colette Nyirakamana's presentation focused on how legal and institutional arrangements in low-income countries and specifically in Africa could enable the adoption of a points-based methodology.

Property tax systems tend to be characterized by major legal and institutional diversity across countries, with differences between Anglophone and Francophone systems. Anglophone countries tend to have more decentralised systems in which local governments have greater responsibilities on identification, valuation, and the setting up of legal and administrative processes. On the other hand, Francophone countries tend to have a more centralised systems in which local governments have limited power in property tax administration. Despite this dichotomy, there are also differences in the laws and institutions within these broad categories, highlighted in two dimensions as follows: first in the degree of flexibility

that local governments enjoy in designing administrative processes for valuation. In some countries, local governments enjoy greater flexibility, while in others these flexibilities very limited; secondly in the degree of decentralization of administration itself. In some countries, local governments have significant autonomy in administering the valuation process, while in other countries valuation is highly centralized.

These differences shape the possibilities available to reformers and the way in which the points-based method could be implemented. The extent to which legislation is formulated determines the ability of the legal framework to enable reform. Legislation may specify as little as the tax base (e.g., market value or rental value) or it may specify the specific methodology to be used (e.g., expert assessment by registered valuers). Usually, the legislation specifies who should conduct the valuation, whether it should be an expert-based valuation conducted by registered valuers or whether it should be conducted by specific central government agencies. Therefore, it is important to reflect on how legislation allows space for points valuation when designing reform. In fact, in context where there is more prescriptive restrictive limitation, space, and possibilities adopting the points-based method may be limited.

The degree of prescriptiveness or rigidity of the legislation will influence the extent to which local governments have the authority to control and conduct valuation. In cases where the legislation indicate explicitly that the tax base is market value based on the assessment of an expert valuer, there may be difficulties on whether the points-based valuation is possible under such legislation and this will even raise even more important questions about the possibility of a reform. By contrast, if the legislation indicate that local governments can decide the tax base and the method of assessment, then the adoption of the points-based model is possible.

Unlike the degree of specificity of the legislation - which sets out the rules and procedures that must be followed by specific actors - the degree of decentralization is distinctive because it entails the extent to which local governments have decentralized authority to guide the administration of the valuation process or whether this is mainly controlled by the central government. While the point-based valuation would be easier to implement, central government may have strong control over the choice of methodology and even exercise direct control over valuation through either a government valuation agency or by vesting exclusive authority in the Private Values Association.

Hence, there are four legal and institutional scenarios that may exist in different countries:

1. Flexible legislation with a decentralized administration that provides flexibility for local experimentation and reform.
2. Flexible legislation with a centralized administration, whereby negotiations with central valuation agencies would be needed, or to seek greater decentralization.
3. Prescriptive legislation with a decentralized administration, whereby reform strategies need to establish whether a method is compliant with legislation, or seek legislative reform/relief
4. Prescriptive legislation with centralized administration reform, whereby discussions need to be initiated at central government level.

Two case studies in Malawi and Sierra Leone were presented to show different legislative and institutional environments, which have guided different approaches to reform. In Sierra Leone, the legislation is

UN@HABITAT
FOR A BETTER URBAN FUTURE

GLTN
GLOBAL LAND TOOL NETWORK

ICTD
International Centre for Tax and Development
Centre International pour la Fiscalité et le Développement

relatively flexible. While it requires estimate of market values, it is broadly flexible about how such estimates should be calculated, and the administration of property tax is decentralized to a certain extent. Councils can employ their own valuers to implement valuation according to their own process. However, senior staff are appointed via the Ministry of Local Government thus limiting local autonomy. The reform approach in Sierra Leone was introduced locally, using locally recruited valuers alongside Council valuation staff. The National government convened a workshop to review the methodology that shall be used and confirmed its was acceptable.

Malawi presents a different scenario, whereby the legislation is relatively prescriptive. It dictates use of rental value (previously market value) by formally registered valuers. The administration is also relatively centralized: the oversight of valuation sits within the Ministry of Lands, while all valuers need to be registered with the Surveyor Institute of Malawi (SIM). The reform approach in such a context allowed the City Council of Mzuzu to implement a pilot program of points-based valuation. The program was implemented successfully but - due to conflicts in the process – it was not formally approved by a registered valuer, thus blocking the possibility of considering its adoption in legislation.

The example of Malawi shows that any reform effort needs to be negotiated with the central government and that close collaboration with the central government is necessary for alternative methodologies to be adopted through legislative amendments.

Negotiation and tailoring of the points-based approach to local rules is critical. It is important to understand the prevailing legislative and institutional environments and realities in which to operate before proposing and adopting points-based valuation approach to reform. While reformers may push for broad legislative and institutional reform toward flexibility and decentralization, it is important to consider desirability as much as feasibility. In some contexts, investing in closely calibrated points-based valuation to market values and demonstrating alignment with registered values/valuation staff might be necessary to achieve institutional alignment. Overall, distinctive legislative and institutional rules create distinct opportunities and constraints for points-based valuation. Any reform strategy needs to begin from an understanding of rules and constraints, and then tailor the overall reform strategy and strategize how points-based valuation may be pursued to specific contexts.

Presentation: "Negotiating Implementation of Points-Based Valuation: Administrative and Political Barriers to Implementation in Freetown, Sierra Leone" (Rosetta Wilson)

The presentation addressed the negotiating factors in implementing points-based valuation in Freetown, Sierra Leone, looking at the importance of navigating local politics and administration to get a successful adoption of the reform model. In fact, the success of a reform is not only dependent of the correspondence of the right model with the legal and institutional environment, but also and especially on the buy-in of the local administration in owning the reform and, generally, the ability to build broader political support.

The reform process Freetown did not encounter legal and institutional constraints given the flexibility of the legislative and institutional environment. Nevertheless, the project encountered three constraints specific to the valuation approach: (a) complying with central government guidelines, (b) engaging the Council Valuation Department, and (c) building popular support for the new system. Addressing those challenges has been critical to advancing reform and build political buy-in.

Given that the project had to comply with government guidelines regarding valuation and no guidelines were available as initially thought, the central government requested a recess of the process to organize a national consultation on this. During the consultation it was necessary to present evidence that the method approximated market values with acceptable accuracy, while justifying key design choices (e.g., choices of characteristics, method of property measurement, etc.). This showcases that even though legislation can be flexible to introduce new approaches to property valuation, central government buy-in is critically important to move forward.

The second challenge encountered was related to the engagement with the valuation department, which is decentralised to local governments. The valuation department of the council was already in place before the reform process was launched and had its own existing practice. The points-based valuation model represented a major change for the existing valuers in their role, which changed from individually valuing properties to designing and overseeing data collection and calibrating a valuation model. Such a change may cause resistance due to the valuers' belief in their existing methodology and expertise as well as a fear of loss of status and control due to expanded transparency and the use of technology. Hence, it was important to frame such a method as an opportunity rather than a threat, by mentioning higher quality work, continued leadership, access to training, and perhaps higher salaries which could even be linked to performance based on a successful implementation, although that is yet to happen for the FCC reform.

The third challenge was related to building public support and sufficiently broad popular acceptance, as such reforms will generally demand an increase in taxes. Points-based valuation can be an advantage, when approached strategically – as it is easy to explain, and it is transparent and fair. Ensuring public understanding depends on active public outreach and designing tax bills to share key and accurate information. Overall, these strategies appear to have been quite successful: with surveys showing about 70% of respondents expressed support for the reform.

To conclude, the key lesson learned in Freetown is that implementing points-based valuation requires central government acceptance, engaging government valuers and building public support, even where legislation and institutions are flexible and supportive of the process. It is important to note that:

- Securing central government is critical, but the clarity of the method is essential in securing it.
- Securing buy-in from local administrators is particularly challenging; this should be done earlier to anticipate and address possible concerns.
- Securing public support is successful, even amidst COVID-19, especially where the reform can demonstrate fairness, objectivity and transparency.

Key Questions: Discussant (Peadar Davis)

After thanking the presenters, Peadar Davis appreciated the broad scope of the presentations, which highlighted both the technical issues as well as the legal and political challenges in implementing the points-based approach. The presentations showcased the challenges in rolling out the approach as well as the importance of mobilizing local government revenues and achieving revenue led reform as opposed to valuation led reform.

Peadar further stressed that in any such approach - whether established or a simplified valuation approach - the challenges are often related to the details. The points-based valuation approach is a form of mass appraisal, which has similar concepts and challenges both in legislation and administration as mentioned by the presenters.

The discussant requested the presenters to shed light on how the points were deduced from the sample values and how much transparency the model should have, to allow taxpayers to understand the values allocated to each property. He also raised the issue of the adjustment factors and the possibility to simplify this further toy facilitating self-assessment, as seen in some cases in India. He suggested the possibility that these calibrated points could be used to develop a more simplified banding system, where you would end up with perhaps 11 different tax bills to send out, which would be much easier to administer. This would also ensure that the lowest bills are economically worth collecting while the higher bills are not too expensive, which could create bad publicity and mobilise opposition to the tax.

There is also much to be said in regards of making the system fairer, by lowering taxes on low value properties and raising taxes on the high value properties. However, this might lead to unintended consequences whereby much of the low value properties might be exempted or ignored, particularly if the value is too low. This because the cost of taxing low value properties is higher than the actual revenue raised for these properties.

Finally, Peadar Davis stressed the need to focus strongly on the organisational process-change, by working with the administrators to encourage 'buy-in' to this new approach, by recognizing the value of it and the positive impact it can have on themselves, their careers, the local community, and the country overall.

Open Discussion, Facilitated by the Moderator

The discussant summarized some of the questions and comments that arose in the chat by the following participants:

Mike McDermont intended to present a paper at the 2020 World Bank Conference which would proposes replacing the terminology "appraisal" with "valuation" in the USA to be consistent with the 'IVSC' terminology. He would have also proposed replacement of the term "computer assisted mass appraisals" with "assessment" because these do not bear the professional responsibility that a formal valuation does. Mike also made a point regarding the appeal process, which is applied out of a necessity for traditional evaluation approaches involving both valuers, common law, and legal precedence. There are many challenges in this regard as most values operate on a hyperbolic rate rather than the ultimate size of

buildings among others and there is the risk to incur in significant differences depending on the availability of values. The valuation of unregistered land and dwellings are difficult to assess but there are analytical ways of solving such assessments. Lastly, Mike was positive about this process in terms of its general applicability and the need for such approaches to complement the *Valuation of Unregistered Land* tool of GLTN.

Larry Walter liked the approach presented and was struck by its similarity with what was done in Hargeisa, Somaliland where physical characteristics of the properties were recorded. While it is encouraging to see a similar approach being implemented in other contexts, he agrees with the fact that approaches that requires institutional reform often encounters the obstacles presented. Larry also asked the following questions:

a) Is such an approach permanent, or can it move to a more traditional approach once more data and capacity is improved?
b) Regarding how one values land, what are the attributes calculated for how land gets valued? is it location?
c) Regarding long-term buoyancy of the revenue system, how can this be maintained in the long-term once the local economy changes and different neighborhoods are valued differently in response to changing market conditions? Is this a matter of changing the value that you assign to points or is there some other way that the system can be responsive to economic changes in the community?

Reflecting on the broader questions raised, Larry mentioned that GLTN's "where to start" guide to land-based financing focused narrowly on the question of land-based finance. However, the issues raised in this session are broader. Meaningful and lasting change begins with someone perceiving a need for change or the conversation would never arise. The place to start is not with governance, revenue, or expenditures. It is with the people who see a need for change. From the perspective of that "someone", what needs to change?

• Does the community need improved public services generally? Why?
• Does the SNG need additional revenue to meet growing or changing needs?
• Does the SNG need to provide better accountability for resources received and expended? To whom?
• Does there need to be more broad-based participation in local governance? Why?
• Does the community need to respond more effectively to the needs of vulnerable populations?
• Has something changed in the institutional environment that requires change at the local level?

The perceived need for change likely focuses attention on a desired outcome. Even if the answer to the question of "what needs to change" is "all of the above", it should be possible to prioritize and identify connections. Improving service levels may require first improving revenues. Improving governance may first require improving accountability processes and systems. Furthermore, Walter said that the key is to start with a handful of people who investigate the need for change. From that individual or small group, collaborations and coalitions can be built to support initial incremental changes in the most pressing (from their perspective) domains. Those initial efforts may be within existing governmental institutions, but it is

more likely that changes in governance systems are more often the result of external change movements rather than any internal source of change. This has certainly been the case with social movements in the US and elsewhere.

Often, the impetus for change comes as an extension of the activities of churches or other non-profit social organizations. On this, he shared two examples from US history.

1) Public education was initiated in response to a perceived need for both education and moral direction. Middle class families saw it as a way to advance but also instil Protestant values. It was also seen to save immigrant children from bad influences and "bad parenting". Government institutions responded to external groups calling for change. That pattern has continued in various education reform efforts since. These "reforms" were eventually picked up and championed by policy makers within government, but they all started from outside groups.
2) Civil service reforms came largely from external discontent with the spoils systems in place. Change was advocated over several years by local opinion leaders outside of government.

If the above holds, he said, they would put UN-Habitat and GLTN in an awkward position – as they cannot work in a country without the invitation and support of local authorities, yet the constituency for change in needs of training and support is likely to be outside of the government. He, therefore, posed the question of whether broad-based programs to support and train citizens in participatory processes can bridge the gap?

Antony Lamba commented that the approach presented resonates quite well with the experiences of Somalia and Afghanistan. In both countries, the idea behind the reform that UN-Habitat supported was to avoid incumbrances that are inherent in making sure that taxes can only be obtained by legal owners of properties. This was conducted by developing the Fit-For-Purpose approach that interrogates the minimum that an authority needs to levy taxes in a transparent and affordable manner.

Willard Matiashe recognized the relevance of the points-based evaluation method in South Africa. In South Africa, the property tax system is advanced and works well, however, this is only the case in affluent neighborhoods, where this process is formalized. The challenge remains in townships where there is little attention to collect property taxes due to political reasons and due to the lack of adequate property tax system to value such areas. Nevertheless, there is growing interest to consider imposing a property tax in the townships sectors. While this approach is positive, concerns remain on how to value properties in such areas as the mainstream valuation method would not fit. Hence, the relevance of the points-based approach to be applied in the context of South Africa as an alternative method for the township sector can be considered.

Simon Mwesigye observed that the approach presented is relevant for Uganda, particularly in the case of property rights administration, which lies in the jurisdiction of local government. In Uganda professional valuers are contracted and manually move from one property to the other taking measurement and doing assessment based on traditional market valuation methods. This is very costly for local governments and constrains the updating of property values every 5 years, which largely impacts revenue growth. A challenge in adopting such an approach in the context of Uganda is that currently revenue generation is

being centralized and regulated through a central body, which, could complicate the implementation of the points-based approach. He raised questions on how the points-based approach would address objections on the property rates by taxpayers and if objections are less when compared to the previous system. He also sought clarification regarding the change process and how that is being managed as it is critical for implementation. Additional to his remarks, Simon asked the following questions:

a) whether the approach increased participation of communities and if so, how this was done throughout the whole process in terms of data collection, etc?
b) When are declaring outcomes shared to the public and does this allow for more acceptance by the community?
c) As regards the cost analysis aspect, how was the pilot project initially funded?

Charles Mukandirwa: Asked about the institutional environment and what to do when three levels of power collect taxes. In such a situation how would the project engage with the multiple stakeholders and what happens if/when the political buyer leaves office?

Responses from Presenters

Wilson Prichard responded to the comments and questions from the discussant and participants by stressing that points-based methodology is a mix between something new and a variation of methods that were used in other contexts.

With regard to taxing of land and unregistered land in particular, the methodology still needs to address issues regarding land valuation. A simple approach would be to value location and size of land by using the value of the location already in the system measured by the basic model. However, through experience, measuring land can be more complicated as the boundaries of land might become legally fraught. If land size is not being measured precisely, the land will not be taxed effectively. In Sierra Leone when valuers collected data, the project asked whether there is available additional space to build a property. If there is more space, they pay a bit more tax. Although this is not a precise approach, which could definitely be improved, it does help considering different dimensions when measuring land values.

On the taxing of low-income properties, the project presented considered the possibility of excluding them as the cost of measuring them would be higher than the returns. However, those properties need recognition, thus, they were all valued and registered.

Wilson Prichard recognized that a possible way to improve the points-based approach is by making it simpler, with less characteristics. The model is built using a basic regression model, analysing available transaction data. A simple regression is run to weight each characteristic. The model is data driven thus, useful for defending against objections on an evidence-based basis. The most complex issue relates to the square root of floor value because it presents two problems when done from a basic regression. On one hand, the fors problem is related to the constant term in the regression and what to do with it. On the other hand, floor values do not go up linearly with floor area and once a square root is introduced, it becomes even more complicated. Much more can be done to simplify this system but the simpler it gets,

the less precise the model becomes. However, simplification is desirable and there's yet a good balance to be found.

Further, Wilson added that the points-based system could become a steppingstone to another more traditional value-based approach. The system could probably change once market values are well defined. Currently low-income countries do not have enough data so the current points-based model would be a good model while markets take time to transition. Regarding buoyance of revenue, in principle, this could be done every 5 years.

After Wilson's responses Colette shed light on what was done in Hargeisa, which opted for a simplified area-based method that was deemed simpler to administer and implement given the low local capacity. Such evaluation considers the area and size of the land or building as the basic characteristic to determine the value of an asset. The model is regressive as it does not factor in other variables that could also increase land and property assets value such as quality of building, the presence of commercial or residential building, or the quality of infrastructure within the neighborhood. Discussions with the mayor of Hargeisa are ongoing to move towards a methodology that is closer to market value estimates.

Rosetta recognized that Simon raised a good question on how to manage the change processes. This is not easy as it needs constant engagement with local administration and other stakeholders. Involving taxpayers is critical to the process through townhall meetings while data is collected. Taxpayers can contact a commission as most of them tend to be new taxpayers and usually require more information.

Additional margin comments and questions

During the discussion session, additional responses to the questions were provided via the chat. These are summarized as below.

- About levels of government, a key question is whether to engage most with central, provincial, or local government. Wilson Prichard does not think there is a single answer, as it really depends on legal and institutional arrangements in each country - though one lesson is that keeping all levels engaged is critical, as otherwise any level can "block" reform.
- Another question which was not addressed is the adjustment factor that was used in Freetown. The project used Likert scales - normally 3 "levels", though sometimes 2 or 4. There is a training guide to try to "define" each level clearly enough. While this creates discontinuities at the margins, for most properties it is relatively objective and uncontroversial.
- Have you used the model where the basis of value is different from market value for instance in the case of market rent?
  - Answer: The logic is the same using rental value - it calls for getting the expert valuer, in fact, Sierra Leone's example is based on rental values, but for the presentation "market value" has been used to capture both sales and rental value systems, for simplicity
- Wilson mentioned that changes in government are the most dangerous time for many reform programs. It would be beneficial if reforms are launched right after elections, in hopes of trying to get reform institutionalized before the next round of elections.

Concluding Observations by the Discussant

The session discussed an important topic, demonstrating how appropriate assessment approaches are designed, tested, and championed. New alternatives can be presented as viable solutions through evidence-based results so that policy makers in countries can take informed decisions about what might work in their context by considering at a wider range of option. Lastly, Peadar Davis congratulated LoGRI for developing a simplified market calibrated approach by using appropriate levels of technologies which fit the purpose and can evolve once market conditions and capacity allows. The revenue gained might facilitate and motivate ongoing development in this area.

ANNEXES

Annex 1 Attendance list

NAMES	ORGANIZATION	EMAIL ADDRESS
1. Ahmad Elatrash	UN-HABITAT	ahmad.el-atrash@un.org
2. Alicia Regodon (Affiliate)	UN-HABITAT	alicia.regodonpuyalto@un.org
3. Ann Perry	UNIVERSITY OF TORNONTO	ann.perry@utoronto.ca
4. Anna Kvashuk (Affiliate)	UN-HABITAT	anna.kvashuk@un.org
5. Anne Amin	UN-HABITAT	anne.klen@un.org
6. Anthony Lloyd-Jones	UNHCR	lloydjon@unhcr.org
7. Antony Lamba	UN-HABITAT	antony.lamba@un.org
8. Balqesa Abdi Sheikh	UN-HABITAT	balqesa.sheikh@un.org
9. Charles Mukandirwa	UN-HABITAT	charlesmukandirwa@gmail.com
10. Claudia Hitzeroth	DEVELOPMENT ACTION GROUP	claudia@dag.org.za
11. Clinton Omusula	UN-HABITAT	clinton.omusula@un.org
12. Colette Nyirakamana	ICTD/LOGRI	c.nyirakamana@utoronto.ca
13. Daniela Muñoz	INDEPENDENT CONSULTANT	daniela.munozlevy@gmail.com
14. Das, Aparna GIZ IN	GIZ	aparna.das@giz.de
15. Davis, Peadar	CONSULTANT	pt.davis@ulster.ac.uk
16. Flora Geley	FMDV	florageley@gmail.com
17. Francesco Palmia (Intern)	UN-HABITAT	francesco.palmia@un.org
18. Giulia Lavagna	UN-HABITAT	giulia.lavagna@un.org
19. Jean Du Plessis	UN-HABITAT	jean.duplessis@un.org
20. Jonathan Yakutiel (Affiliate)	UN-HABITAT	jonathan.yakutiel@un.org
21. Kurth, Marie-Alexandra GIZ GT	GIZ	marie-alexandra.kurth@giz.de
22. Larry Walters (Guest)	INDEPENDENT CONSULTANT	larrycwalters@gmail.com

23. Lennart Fleck	UN-HABITAT	lennart.fleck@un.org
24. Martim Smolka	LINCOLN INSTITUTE	msmolka@lincolninst.edu
25. Mike McDermott (Guest)	INDEPENDENT CONSULTANT	mikemackd@hotmail.com
26. Myklebust, Margaret Berit	NORAD	Margaret.Berit.Myklebust@norad.no
27. Prof Chigbu, Eugene	NUST	echigbu@nust.na
28. Richard Baldwin	I-LAND	r.baldwin@iland.consulting
29. Rosetta Wilson	ICTD/LOGRI	rosetta.wilson@btinternet.com
30. Samar Adel Mohamed Zaghloul Abdelkhalek	WORLD BANK	sabdelkhalek@worldbank.org
31. Samuel Gachohi Njuguna	UN-HABITAT	samuel.njuguna@un.org
32. Simon Mwesigye	UN-HABITAT	simon.mwesigye@un.org
33. Tehmina Akhtar	UN-HABITAT	tehmina.akhtar@undp.org
34. Titilola Akindeinde	ICTD/LOGRI	titilola.akindeinde@utoronto.ca
35. Willard Matiashe	DAG	willard@dag.org.za
36. Wilson Prichard	ICTD/LOGRI	wilson.prichard@utoronto.ca

SESSION 2: PRESENTERS AND FACILITATORS		
Name and Institution	**Role and Topic**	**Brief Bio**
Wilson Prichard	Presenter: "Why Points Based Valuation for Property Tax Purposes? An emerging 'Good Enough' Approach to Reform"	**Dr Wilson Prichard** is an Associate Professor at the University of Toronto's Munk School of Global Affairs and Public Policy and Department of Political Science, a Research Fellow at the Institute of Development Studies, Executive Director of the ICTD and Chair of the LoGRI program. His research focuses on the political economy of tax reform in lower-income countries and the relationship between taxation and citizen demands for improved governance in Sub-Saharan Africa, with a particular focus on sub-Saharan Africa.
Colette Nyirakamana	Presenter: "Legal, Political and Institutional Barriers to Points Based Valuation: Lessons from Sierra Leone, Malawi and Ghana"	**Dr Colette Nyirakamana** is Research Lead for the LoGRI program, and Senior Research Associate at the Munk School of Global Affairs and Public Policy at the University of Toronto. Her research focuses on local finances, in particular the building of fiscal autonomy in Sub-Saharan African (SSA) subnational governments. She studies the reasons why, despite the significant potential of financial resources, SSA cities fail to raise enough revenue. Colette's research draws on institutional and political economy theories to show how institutional rules and incentives and local political dynamics create favourable and unfavourable conditions for effective revenue mobilisation. Her research highlights how weak fiscal autonomy limits the capacity of cities to finance public services valued by citizens. She completed her doctoral degree in Comparative Public Policy at McMaster University in Canada.
Rosetta Wilson	Presenter: "Negotiating Implementation of Points-Based Valuation: Administrative and Political Barriers to Implementation in Freetown, Sierra Leone"	**Rosetta Wilson** is a freelance consultant currently working as the Project Lead for the Sierra Leone Property Tax Reform Program, LoGRI, ICTD, and also a senior financial management adviser to the Mayor of Freetown, where she is the sector lead within the Mayor's Delivery Unit (MDU) for revenue mobilisation. She serves as an executive board member for finance and risk management for the Women on Boards Network Sierra Leone (WOBNSL) and a non-executive board member for the Electricity Generation and Transmission Company (EGTC) in Sierra Leone.

Discussant: Peadar Davis (Ulster University)	Discussant	Peadar Davis is a Chartered Surveyor and real estate academic at Ulster University. He specialises in research, consultancy and training solutions for property valuation and taxation in developing and transitional jurisdictions. He is currently acting as Own Source Revenue Specialist for UNIDO in India and for UN-Habitat examining Fragile States, and as a Valuation Expert for the World Bank in Uzbekistan. He has previously worked for donors and Government clients in the property taxation and valuation area in the UK, India, Uganda, Kenya, Tanzania, Ethiopia, Dubai, Egypt, China, and Kosovo. He is also involved in research concerning built environment sustainability, infrastructure financing, urban resilience, disaster recovery and critical infrastructure protection. Peadar is the Managing Editor for the Journal of Financial Management of Property and Construction and Director of Global Research at the Centre for Appraisal Research & Technology.
Jean Du Plessis, UN-Habitat	Welcoming Words and Moderator	Jean du Plessis is a land specialist based in the Land, Housing and Shelter Section of UN-Habitat, Nairobi. He draws on more than 25 years of experience in the areas of land, housing, human rights, forced evictions and development. He has previously held positions in local, national, and international NGOs, the South African government's land restitution programme, and the UN Land and Property Unit in Timor-Leste. He has country experience in South Africa, Namibia, Zambia, Zimbabwe, Botswana, Rwanda, Ghana, Uganda, Kenya, Tanzania, Egypt, Palestine, Timor-Leste, Cambodia, Thailand, Indonesia, Haiti, Nepal and Iran; and has produced a variety of reports and publications on land-related issues. Jean has been with UN-Habitat since 2011, leading on the continuum of land rights, land-based finance, land readjustment and capacity development. Jean holds an MA with Distinction in Political Philosophy from the University of Stellenbosch.

Why Points Based Valuation for Property Tax Purposes?
An emerging "good enough" approach to reform

Wilson Prichard

May 16, 2022

International Centre for Tax and Development
www.ictd.ac

"Points Based Valuation"

▶ Grindle (2004) coined "good enough governance" to argue for a move away from idealized, often Western drive and/or colonial inherited, models of reform in favor of strategies that better fit local contexts, capacity and resources

▶ "Points based valuation" is a hybrid model of valuation that seeks to reflects the particular needs and challenges of low-income countries

▶ Like any approach to "good enough governance" it:
  · Has a conceptual core with flexible margins
  · Is more suitable in some institutional settings than others
  · Demands reform strategies that explicitly consider the specific administration and political challenges that it creates.

International Centre for Tax and Development
www.ictd.ac

The Challenge of Property Valuation

▶ Most systems in low-income countries call for the expert market valuation of individual properties – a legacy largely inherited from colonial rule and outside experts

▶ However, market valuation is extraordinarily difficult and fraught in lower-income contexts
  · Limited market data make estimating "market value" hugely difficult – in fact, imperfect markets make "market value" itself an elusive concept
  · Difficulty of estimation makes market valuation not only prone to errors but (a) prone to informality and abuse, and (b) very untransparent and difficult to understand
  · Very labor and skills intensive in contexts of limited resources – esp. where valuation depends on information about hard to observe property characteristics
  · Those complexities also make systems vulnerable to political resistance – vulnerable to interference, hard to build public support, local gov'ts dependent on external valuers

International Centre for Tax and Development
www.ictd.ac

The Benefits of Points-Based Valuation

1. Reduced Capacity Needs ✔
2. Limited Data Needs ✔
3. Limited technical complexity and cost ✔
4. Increased transparency and objectivity ✔
5. Reduce inter-governmental risks ✔
6. Equity and political acceptability ✔

International Centre for Tax and Development
www.ictd.ac

Implementing a "points based" alternative

1. Use satellite imagery to map and measure properties in a jurisdiction – creating a tax register, rather than relying on a formal cadaster

2. For every property use lower-skilled enumeration teams to collect:
  · Confirmation of GPS location and size; Picture; ~20-30 easily observable *external* characteristics (e.g. building materials, state of repair, access to services)

3. For ~1-2% of properties construct a database of market value estimates

4. Use the latter to build a simple model translating observable characteristics into estimated taxable values

5. Tax the owner of property, *even where their name is not known*, with a transparent bill – and use that process to drive identification of property owners/construction of cadasters

International Centre for Tax and Development
www.ictd.ac

Mapping Freetown

International Centre for Tax and Development
www.ictd.ac

Building a Model

**10'573.64 sq feet
in Ward 441 (West)**

Rental Value Estimate
145,000,000

Calculated Rateable Value
137'660'290

Features	Result	Reviewed Weight
Surface Area (in sq ft)	39222.5	198,047
Original Use	Domestic	+ 0%
Domestic Ensued Use	Yes	+ 0%
Street Quality	Average	+ 0%
Street Lighting	No	+ 0%
Number of Lanes	None	- 6%
Street Access	Easy	+ 0%
Drainage	Yes	+ 10%
Features: Beach	No	+ 0%
Features: Environmental Hazard	No	+ 0%
Features: Main Road with High Visibility	No	+ 0%
Features: Informal Settlement	No	+ 0%
Features: Commercial Corridor	No	+ 0%
Features: High-valued Area	No	+ 0%
Potential to Build	Yes	+ 10%
Water	Yes	+ 3%
Grade of Design	Traditional	+ 0%
Wall Material	High-value material	+ 0%
Wall Quality	Good	+ 21%
Wall Finish	Painted or Whitewashed	+ 0%
Fence Material	High-value material	+ 21%
Fence Condition	Good	+ 0%
Roof Material	Low-value material	- 17%
Roof Condition	Good	+ 13%
Windows	Medium-value material	+ 0%
Air Condition	No	+ 0%
Security	Yes	+ 15%
Garage	No	+ 0%
Outbuilding	No	+ 0%
Pool	No	+ 0%
Veranda	Yes	+ 12%
Location	Ward 444	+ 37%
Constant (Base Value)	211232.99	211232.99

Improved fairness

Propid: 1b924a2c	No finish		Propid: 91f93009	
Domestic property	No Fence		Domestic property	
Ward: 430			Ward: 430	
Street paved			Street paved	
Like New Condition	Roof: Zinc / Metal Sheeting		Like New Condition	Roof: Zinc / Metal Sheeting
No Street Light	Roof Condition: Bad		No Street Light	
Minor Road	Windows: Wood		Minor Road	
Easy Access	Veranda: None		Easy Access	
Open Drainage	No Security		Open Drainage	
No Special Features	Air Conditioning: No		No Special Features	Air Conditioning: No
Potential to Build: Medium	Garage: None		Potential to Build:	Garage: None
Water: None	No Outbuilding			No Outbuilding
Traditional Design	No Pool		Traditional Design	No Pool
Wall Material: Zinc	516 sq. feet			530 sq. feet
Wall Condition: Bad	FCC Tax: 125'000			FCC Tax: 125'000
No finish	New Tax: 57'570			New Tax: 1'013'827

Increases in progressivity and revenue potential

▶ Five-fold increase in revenue potential and a tripling of revenue collection driven by large increases in assessment for previously undervalued high - value properties

	Existing System	New System	Average increase
Average Rates Payable			
1st Quintile	138,948	41,846	-70%
2nd Quintile	153,700	91,917	-40%
3rd Quintile	156,184	168,780	8%
4th Quintile	226,748	358,198	58%
5th Quintile	403,853	1,379,520	242%

Transparency for Taxpayers

Validating the Model

▶ High quality of fit, and objectivity, of the core model vs evidence of the *imprecision* of traditional methods

▶ Improvements outcomes visible in micro comparisons and macro data

▶ Evidence that taxpayers can better *understand* the new approach, and trust it

Tailoring the Method

▶ How much automation?

▶ What factors count in valuation?

▶ Balancing simplicity and complexity in developing a model

▶ How far to engage tenants in the compliance process?

▶ How much to stress transparency, and how?

Implementing Points Based Valuation

- **Legal and institutional hurdles** : Effort to simplify valuation can be at odds with existing legal rules and institutional arrangements, requiring reform in the face of vested interests.

- **Administrative challenges** : Implementing points -based valuation implies significant changes in administrative processes and roles, and is likely to confront significant administrative resistance

International Centre for Tax and Development
www.ictd.ac

Conclusions

- "Good enough" approaches to taxation are conceptually attractive, but hard to design, learn from and spread

- Experience with property tax reform suggests an emerging "good enough" alternative for valuation

- This is not a one-size-fits-all solution: specific formulas and approaches can and should vary, while reform needs to be tailored to distinct legal, institutional and political contexts.

International Centre for Tax and Development
www.ictd.ac

Presentation: "Legal, Political and Institutional Barriers to Points Based Valuation: Lessons from Sierra Leone, Malawi and Ghana" (Colette Nyirakamana)

Legal, Political and Institutional Barriers to Points Based Valuation:

Lessons from Sierra Leone and Malawi

Colette Nyirakamana
May 16, 2022

International Centre for Tax and Development
www.ictd.ac

Background

- Property tax systems are characterized by major legal and institutional diversity across countries

- Much of that diversity relates to the (often overlapping) degree of *flexibility* in designing administrative processes, and the degree of *decentralization* of those processes

- Different legal and institutional contexts imply different reform possibilities and challenges, including for points based valuation

International Centre for Tax and Development
www.ictd.ac

Legal Flexibility

- Countries vary in the extent to which legislation prescribes a specific valuation methodology

- Legislation may specify very little, may specify the tax base (e.g. *market value*) or may specify the specific methodology (e.g. *expert assessment by registered valuers*)

- Does legislation allow space for points -based valuation? The answer may be ambiguous – e.g. *is points-based valuation to be considered an acceptable estimate of market value, or not?*

International Centre for Tax and Development
www.ictd.ac

Designing Reform Strategies

	Flexible Legislation	Prescriptive Legislation
Decentralized administration	Flexible space for local experimentation and reform	Need to establish whether method is compliant with legislation, or else seek legislative reform/relief
Centralized administration	Need to negotiate with central valuation agencies, or seek greater decentralization	Initiate broader reform efforts at central government level

Sierra Leone: Flexible and Decentralized

Legislation is relatively *flexible*: dictates estimate of market values, but is broadly flexible about how such estimates are arrived at

Administration is *somewhat decentralized*: Councils are able to employ their own valuers to implement valuation according to their own process, though senior staff are appointed via the Ministry of Local Government thus limiting local autonomy somewhat

Reform approach: Points based valuation was introduced locally, using locally recruited valuers alongside Council valuation staff. Mid-reform national government convened a workshop to review the methodology, but eventually confirmed it was acceptable.

Malawi: Prescriptive and centralized

Legislation is relatively *prescriptive*: dictates use of rental value (previously market value) by formally registered valuers

Administration is *relatively centralized*: oversight of valuation sits within the Ministry of Lands, while all valuers need to be registered with Surveyor Institute of Malawil (SIM)

Reform approach: From 2012-14 the City Council of Mzuzu was given space to implement a pilot program of points-based valuation. The program was implemented successfully, but due to conflicts in the process, it was not formally approved by a registered valuer, thus blocking the possibility of considering its adoption in the legislation

Planning Reform

▶ For those interested in points-based valuation, how to approach reform?

▶ *Decentralization reform*: Reformers may push for broad legislative and institutional reform toward flexibility and decentralization
  ➢ Questions of feasibility, but also desirability given risks of local mismanagement

▶ *Abandon points–based reform*: Reformers may conclude that the legislative and institutional environment is too restrictive, and unlikely to change, and thus prioritize other strategies

▶ *Negotiation and tailoring*: Tailor the points-based approach to local rules
  ➢ Invest in closely calibrating points-based valuation to market values – and demonstrating alignment
  ➢ Work with registered values/valuation staff to lead points-based valuation to achieve institutional alignment

Conclusions

▶ Distinctive legislative and institutional rules created distinct opportunities and constraints for points-based valuation

▶ Any reform strategy needs to begin from an understanding of those rules and constraints, and then tailor the overall reform strategy – and specifics of how points-based valuation may be pursued – to specific contexts

UN@HABITAT — FOR A BETTER URBAN FUTURE   GLTN GLOBAL LAND TOOL NETWORK   ICTD International Centre for Tax and Development / Centre International pour la Fiscalité et le Développement

ICTD

Negotiating Implementation of Points-Based Valuation:
Administrative and political barriers to implementation in Freetown, Sierra Leone

Rosetta Wilson
May 16, 2022

ICTD

Background

- After the election of a new Mayor in Freetown in 2018 a comprehensive property tax reform was introduced, underpinned by a new points-based valuation of all properties

- The legislative and institutional environment was relatively flexible, reform was launched locally, and has now been fully implemented as described earlier.

- Implementation encountered three constraints specific to the valuation approach: (a) complying with central government guidelines, (b) engaging the Council Valuation Department, and (c) building popular support for the new system

- Navigating those challenges has been critical to advancing reform

---

ICTD

Complying with Government Guidelines

- Legislation in Sierra Leone provides significant locally autonomy in designing and implementing valuation, based on assessment of market values.

- However, legislation specifies that practices should be consistent with guidelines that may be produced by the Ministry of Local Government and Rural Development

- When reform was launched there were no guidelines, but during reform central government requested a pause in order to organize a national consultation

- It was necessary to present an argument, and evidence, that the method approximated market values with acceptable accuracy, while also justifying key design choices (e.g. choices of characteristics, method of property measurement)

- Method was ultimately accepted. Reflective of advantage of points-based valuation in being easy to explain and justify, and importance of a robust methodology for calibrating the model in order to respond to any resistance

---

Presentation: "Negotiating Implementation of Points-Based Valuation: Administrative and Political Barriers to Implementation in Freetown, Sierra Leone" (Rosetta Wilson)

ICTD

Engaging the Valuation Department

- Within the decentralized system there was an existing FCC Valuation Department engage in property-by-property expert valuation

- For existing valuers points-based valuation represents a major change in their role
  - individually valuing properties designing and overseeing data collection and calibrating a valuation model

- This may face resistance:
  - Belief in existing methodology and professional expertise
  - Fear of loss of status and control, expanded transparency

- Need for strategies to frame as an opportunity rather than threat:
  - Higher quality work, continued leadership, access to training, perhaps higher salaries

---

ICTD

Building Public Support

- Any reform program will encounter resistance, and depends on building sufficiently broad popular acceptance

- Points based valuation *can be* an advantage, if approached strategically: Easy to explain, objective, transparent and fair

- Ensuring public understanding depends in particular on (a) active public outreach, (b) designing tax bills to share key information

- Overall these strategies appear to have been quite successful: in surveys about 70% of respondents expressed support for the reform

---

ICTD

Lessons Learned

- Even where legislation and institutions are supportive, implementing points-based valuation has required ensuring central government acceptance, engaging government valuers and building public support

- Relative to our initial expectations we found that:
  - Securing central government was critical, but the clarity of the method was an effective tool in securing it
  - Securing buy-in from local administrators was particularly challenging; we should have done more earlier to anticipate and address possible concerns
  - Securing public support was very successful, even amidst covid-19, suggesting significant support for reform that can demonstrate fairness, objectivity and transparency