

# VALUATION OF UNREGISTERED LAND - A GUIDE

LOUISE FRIIS-HANSEN REPORTS ON A NEW FIG AND UN-HABITAT/GLTN-POLICY GUIDE THAT WAS LAUNCHED AT THIS YEAR'S FIG CONGRESS

Surveyors play an essential role in several of the 17 UN sustainable development goals (SDG). FIG aims to make an active effort towards the goals that involve surveyors and surveying, to assist in achieving the goals and their targets by 2030 and set the world on a path towards sustainable development.

Valuation of unregistered land in developing countries is a critical path to achieving many important global, regional and national development goals such as addressing climate change, sustainable urban development, food security, promoting responsible investments, addressing conflicts often associated with large-scale land investments, and common human rights abuses associated with land. **If left unchecked, all of these problems will affect the poor and women most.**

In many developing countries, only 30% of land rights are registered and valuation has generally so far been focused on this registered land. Valuation is necessary to improve control over land and property in a way that builds equitable access to financial services and mobilises resources for economic growth and poverty reduction. It is critical to upgrade informal settlements, support the resettlement of displaced people and for investment and development projects. **It is vital for improving transparency in opaque land markets, which disadvantage**

the poor who may lose out on getting the right value for their land and would entrench poverty even further in their lives.

The Global Land Tool Network (GLTN) and FIG, together with other GLTN partners such as the UK's Royal Institution of Chartered Surveyors (RICS), joined hands in the initiative to develop a guide for valuation of unregistered lands that adds to the tools and approaches that GLTN offers. This approach to value unregistered land is therefore meant to support developing countries that have unregistered land to be able to value it.

## The work started back in 2010

The development of the tool started with initial research dating back to 2010 on valuation of unregistered lands, done in partnership with RICS. Since then, it has been discussed at several expert group meetings organised by FIG; special sessions at FIG conferences (working weeks and congress); and several review rounds by international valuation profession experts from all over the world.

In that time, valuation principles, frameworks and several methods that can be used to value unregistered lands have been identified. There are however unique challenges in valuing unregistered lands, which makes it complicated to provide a general tool that fits **all**. This guide gives

## Who should use this guide

The policy guide is intended for valuation practitioners, land professionals, policy-makers and stakeholders involved in the valuation of unregistered lands. While the guide will be of immediate interest to those involved in public or private sector land and property valuation in developing countries, there are many other stakeholders who should also benefit. These include: policy-makers in government departments involved in large development projects, local authorities, United Nations agencies, international finance institutions, investors, property developers, banks, INGOs and NGOs, citizens, land owners, local communities and women's groups.

some possible tools and methods and takes into consideration that local differences and ways of working with valuation and with land must be taken into consideration.

The many discussions and experts' feedback have led to the *Valuation of Unregistered Lands: A Policy Guide*. Lead author of the guide is Mike McDermott, with co-authors Matt Myers and Clarissa Augustinus.

The guide was launched at the FIG Congress 2018 in Istanbul, Turkey at a



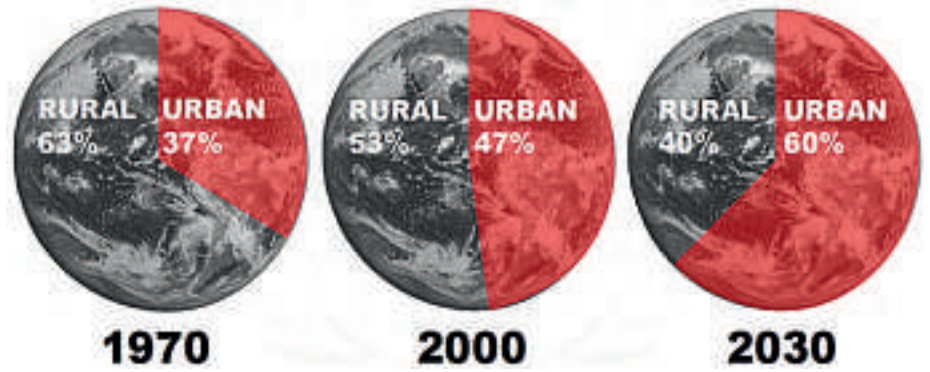
special FIG/GLTN session and it was also presented at the GLTN partners meeting that was held in Nairobi, Kenya, in April.

The GLTN 'continuum of land-rights' approach to tenure security describes a range of land rights – including formal, informal and customary – in which the registered ownership of land is just one of many forms of tenure. This approach in turn needs an accepted method of valuation for the range of unregistered lands. It should conform to professional standards and consider communities' values.

The need to be able to value unregistered lands is intensifying. Population growth and urban growth rates are increasing the pressure on land and the risk of evictions. More urban and rural development projects are coming online that need land acquisition, and fair involuntary relocation and payment packages. Large-scale land-based investments for food and bio-fuels are on the rise and affecting local occupants. Rising sea-level because of climate change is an emerging threat that will involve large-scale relocations of communities. Conflict means the international community is currently managing the largest number of displaced people recorded for many decades, all of whom need land for shelter and/or livelihoods.

**A fit-for-purpose approach**

The global agenda in the guide provides the ethical framework to value unregistered land to ensure equity, ethical considerations and fair valuation judgments, inclusivity and sustainability. Challenges encountered while undertaking valuation of unregistered lands form the focus of the suggested framework to value this land. The framework entails using both conventional and innovative approaches with recognition of the social construction of value through social market value. The guide serves to strengthen the implementation



At one of the plenary sessions at the FIG Congress, Keith Bell of the World Bank talked to 1,500 Turkish and international participants talked about the challenge of dealing with the predicted two billion new urban residents and 1.2 million new square kilometres of urban area



From left: Danio Antonio, GLTN; FIG president Chryssy Potsiou; James Kavanagh, RICS; Oumar Sylla, GLTN; Clarissa Augustinus, FIG ambassador and previous GLTN; and John Gitau, GLTN. A synopsis of the guide was presented by Clarissa Augustinus

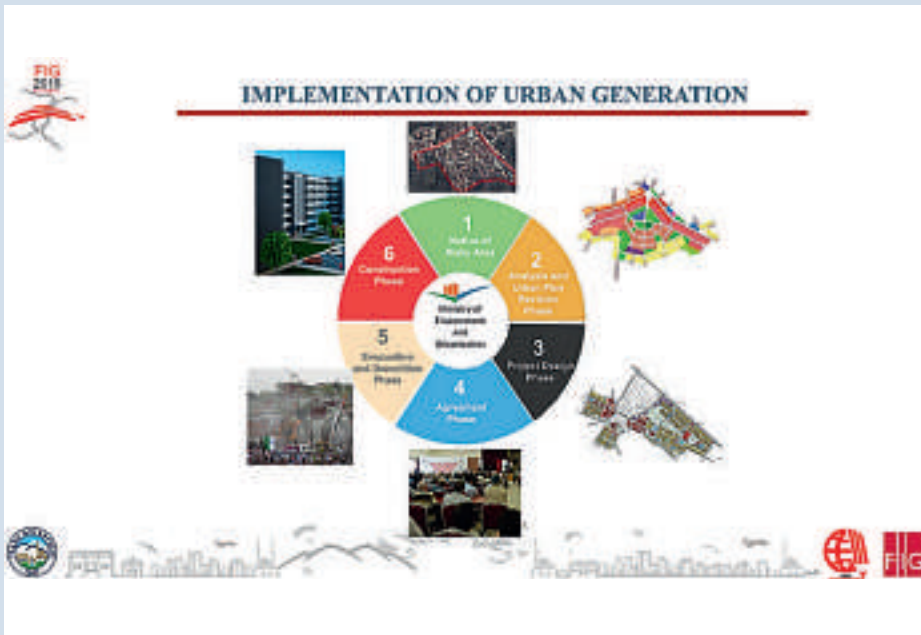
of the continuum of land rights, a key tool to strengthen tenure security for all.

The feasibility of obtaining an accurate valuation of unregistered lands using standard valuation procedures will vary greatly with circumstances. However, it is relevant to describe the standard procedures, as these should be the first recourse of the valuer of unregistered lands. It should provide the framing for any different processes applied. This is especially important for large-scale transactions. Social, cultural, religious, spiritual and environmental aspects of society are

the foundation of valuation. This guide uses the standard definition of market value, including social market value concepts. This links to the socio-cultural, religious, spiritual and environmental aspects because it can be a significant part of unregistered lands' worth. The valuer needs to read the market and how it operates in terms of the market and social market value. They need to examine the methods accepted in that market compared with valuation norms and decide whether or not the sale is acceptable as evidence of market and social market value.







Dr Mustafa Palancioğlu, the mayor of Talas, Turkey, was keynote speaker at the first plenary session of FIG Congress, during which he talked about urban regeneration in Turkey

**The GLTN**

GLTN is a dynamic alliance of more than 75 global land actors and stakeholders, of which FIG has been a partner from the very beginning in 2006. With its partners, GLTN aims to improve security of tenure. The essential function of GLTN is the development and dissemination of an inclusive land tenure approach with practical, innovative implementation tools that will leave no-one behind. The approach and tools are grounded in intensive normative tool development, complemented by testing in a selection of illustrative, catalytic demonstration countries.

FIG has been involved in the development of several of the 18 fully developed and field-tested tools, which are now being used in a growing number of countries, such as Nepal, Philippines, Zambia, Uganda and Kenya.

The guide argues: “The complexity of the valuation and its cost should be related to the value of the land and the purpose of the valuation, and that this needs to be a core fit-for-purpose principle for future-proofing the industry. It also reminds us

emerging demand for transfers, acquisition, compensation and taxation. Valuation is crucial for efficient land markets across the spectrum of values. The industry might need to do some more thinking on how to deliver both fit-for-purpose – which is about flexibility,

governance of tenure of land, fisheries and forests and the continuum of land rights approach. Transparency in valuation decisions, reduced public expenditure, reduced land disputes, land market development and reduced corruption are other positive effects that will accrue from the implementation of the policy guide. Likewise, the policy guide encourages adherence to high ethical and human rights instruments, which will limit human rights abuses associated with large-scale land-based investments, forced evictions and resettlements, and enhances sustainable national economic development and improved livelihoods.

**LIKewise, THE POLICY GUIDE ENCOURAGES ADHERENCE TO HIGH ETHICAL AND HUMAN RIGHTS INSTRUMENTS**

that unregistered lands are connected to many poor people. For these reasons, the affordability of the valuation is raised in the guide. Some ideas are suggested that may help to decrease the cost of valuation, such as standard format reports and the use of new technology. Fit-for-purpose valuation is an

scaling up over time and incremental improvements – and pro-poor valuations.”

**An important guide**

Valuation of unregistered lands will strengthen the implementation of global frameworks such as the SDGs, the new urban agenda, the voluntary guidelines on responsible

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