

Land-Based Revenues to Support Improved Services and Increased Land Productivity

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SUMMARY

MCC has a long history of investing in land administration, land governance, and land tenure security around the world. Today, MCC is placing increased focus on the importance of adequate revenues and financial resources within partner countries to sustain land administration and tenure security improvements. A guarantee of sufficient financial resources is essential to optimally sustain the results of projects and initiatives improving the performance of land administration services.

For some land systems and jurisdictions, land-based revenues such as ground rents and property taxes can serve as a central source of funding for land administration and other services. Well-functioning land-based revenue systems can also incentivize more productive use of land and yield more active and efficient land markets. Optimal performance of land-based revenue systems equally depends on up-to-date property rights information and records, yielding an important revenue and financing incentive for records to be up to date. However, challenges associated with rates, valuation, collection and engagement of payers – such as with ground rent in state leasehold systems and property taxation in local jurisdictions where it exists – create a missed opportunity for governments to expand their revenues, improve the quality of services, and benefit financially from resulting rising land values.

The Government of Malawi's new MCC-funded \$44.1m land project addresses the land-based revenue opportunity. The objective of the project is to improve land services by investing in increased land-based revenues at national and city levels. This is expected to expand funds available to support delivery of land services and to incentivize more productive use of land. At the national level, the project includes focus on revenue related reforms in the areas of retention and rate-setting, and implementation of measures to strengthen and ease collection and payment of the annual rents associated with Malawi's leasehold rights system. Within Malawi's four largest cities, the project

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will support modernization of city property tax systems through a focus on expanding coverage, valuation approaches, collection, budget and expenditure management, and increased social engagement and acceptability.

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