



XXVII FIG CONGRESS

11-15 SEPTEMBER 2022
Warsaw, Poland



*Volunteering
for the future –
Geospatial excellence
for a better living*

Unregistered Land Valuation Manual – TS03D – Mon 12/09/22 16.30 – 18.00

UN GLTN/FIG/IVSC/RICS

- Robert Lewis-Lettington – UN GLTN
- James Kavanagh – RICS
- Dr Mike McDermott – CASLE, IVSC
- Dr Kwabena Asiamah - FIG

ORGANISED BY



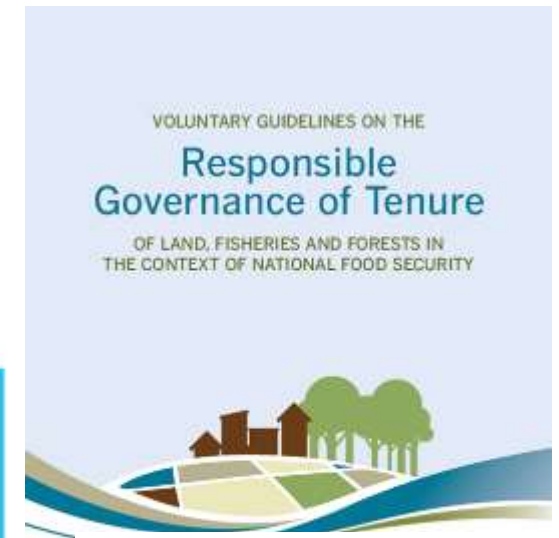
PLATINUM SPONSORS



Sustainable Development Goals (SDGs) 2030



- 1,2,5,11,15,16 are directly related to Land issues
- New Urban Agenda & Rapid Urbanisation



REPORT 4 2021

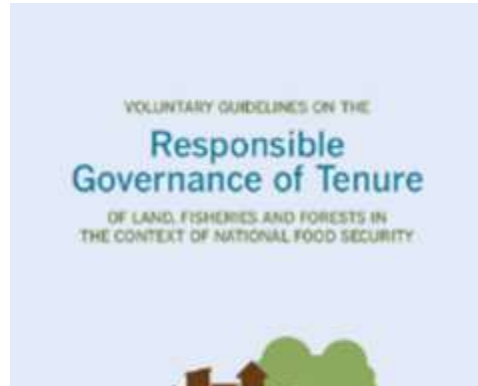


VALUATION OF UNREGISTERED LAND
A PRACTICE MANUAL

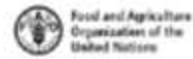
A world in which everyone enjoys secure tenure rights



Valuation of unregistered land - manual



Valuation of Unregistered Lands



Food and Agriculture
Organization of the
United Nations

Due diligence, tenure and agricultural investment

A guide on the dual
of private sector law
on the acquisition of



Food and Agriculture
Organization of the
United Nations

Research



RICS

Valuing

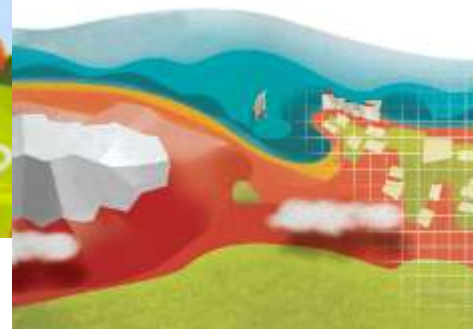
A technical guidance
to assist in the
valuation of land



Food and Agriculture
Organization of the
United Nations

TECHNICAL GUIDANCE
9

Creating a system to record tenure rights and first registration



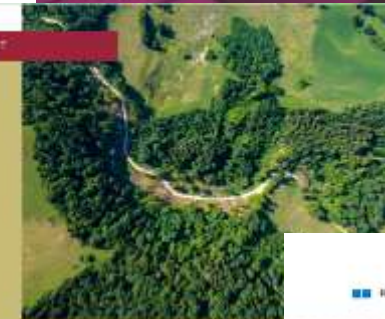
ILMS

International Land Measurement Standard: Due Diligence for Land and Real Property Surveying

International Land Measurement Standard Conditions

11

International Valuation Standards (IVS)



INSIGHT

Real estate registration and cadastre

Report
October 2021



RICS

REPORT 4 (2021)



VALUATION OF UNREGISTERED LAND A PRACTICE MANUAL

A world in which everyone enjoys secure tenure rights



rics.org/research

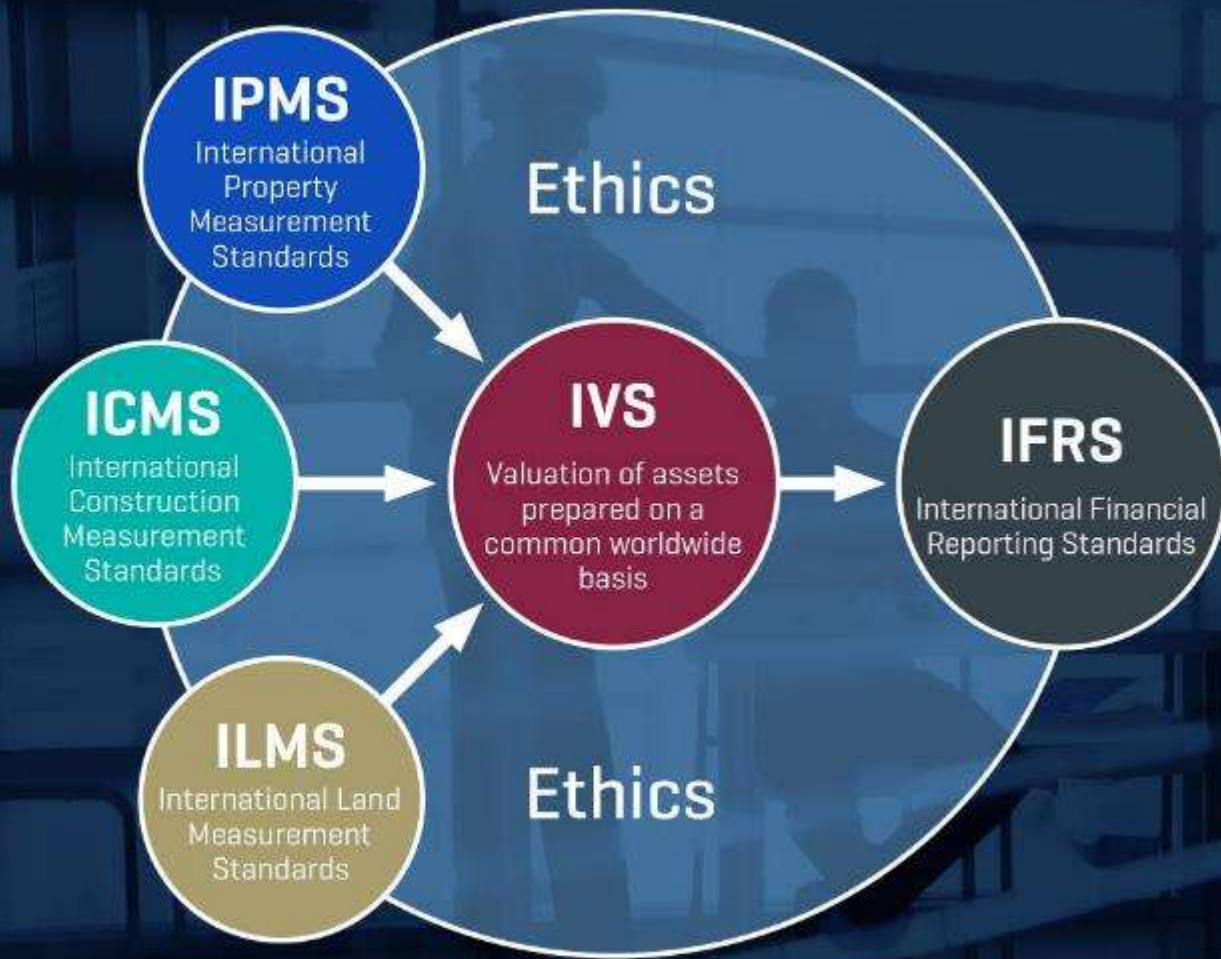


Valuing Unregistered Land

rics.org/research



International standards – working together



Connection with IVS's critical

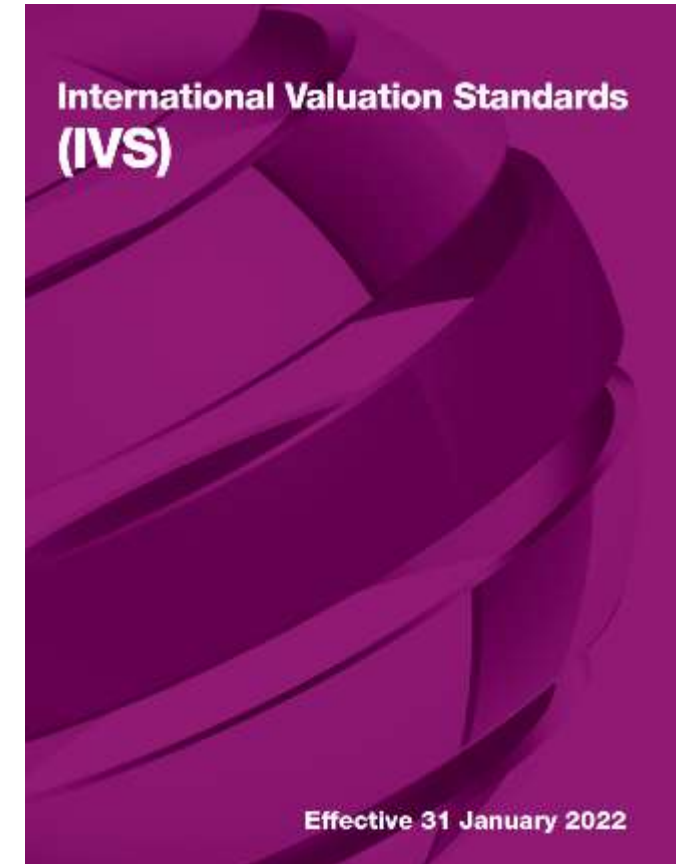
Changes to IVS's Jan 2022:

- ✓ Core Principles of Valuation Standard Setting
- ✓ Change perceived focus from Urban to all be inclusive
- ✓ Recognition that value may be held in informal tenure

Applying IVS's in the Manual: -

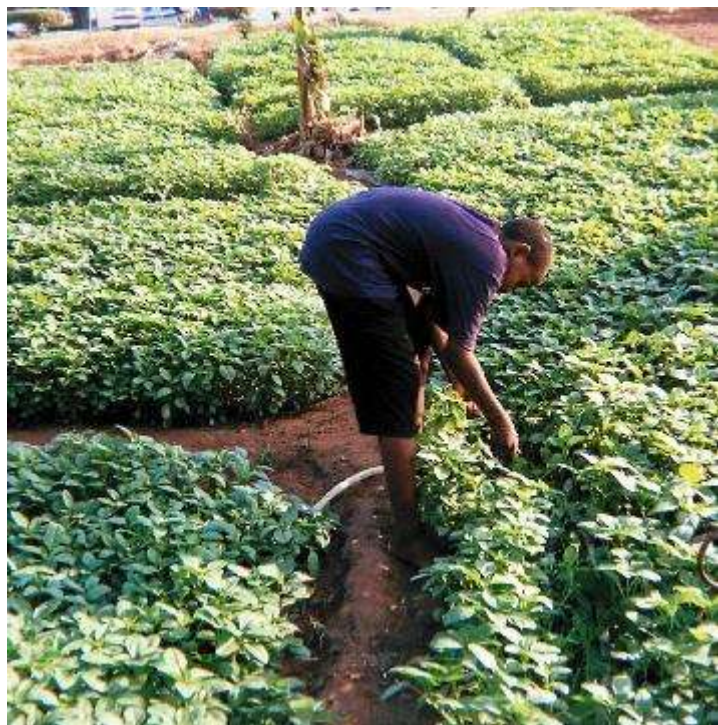
- ✓ Legitimacy within legal & regulatory frameworks
- ✓ Consistency in approach by adopting the framework

Valuers are not policy makers



Manual for the Valuation of Unregistered Land

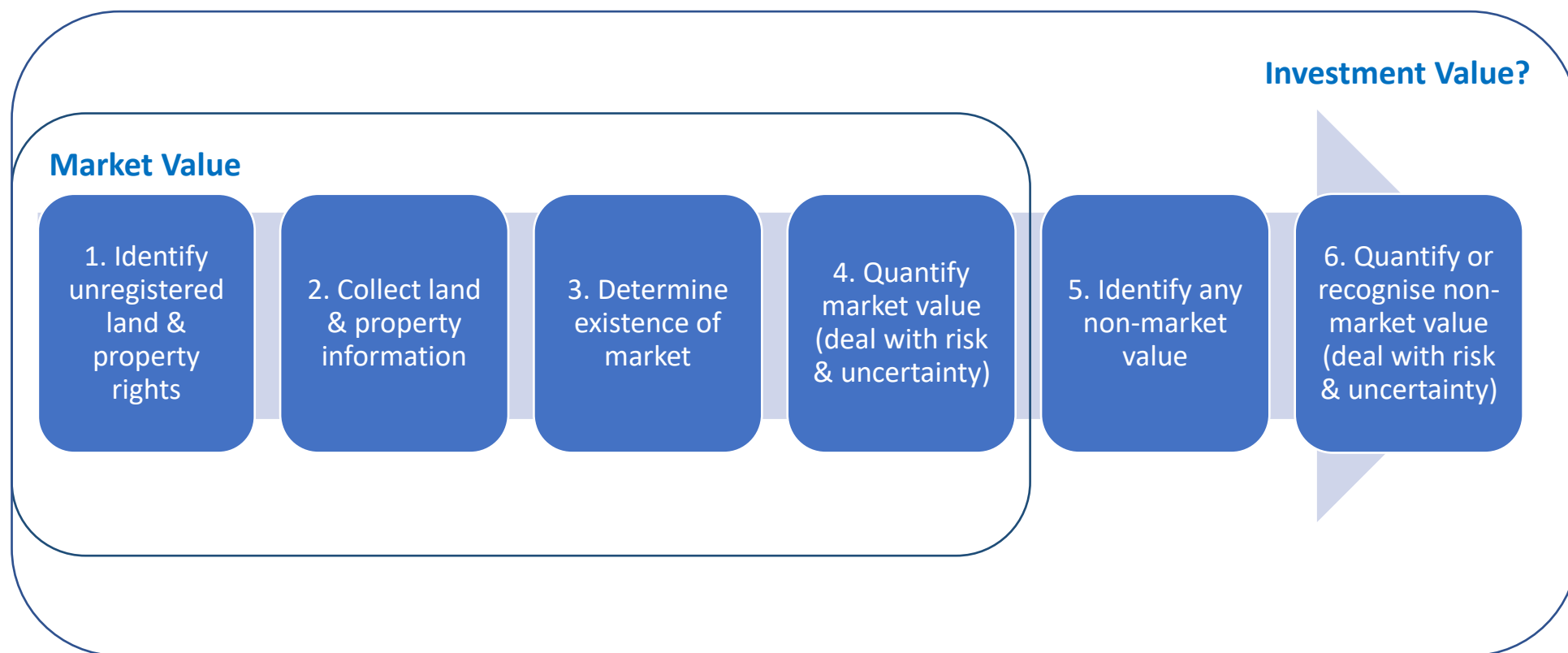
“Market Value is the estimated amount for which an asset or liability should **exchange on the valuation date between **a willing buyer and a willing seller** in an **arm’s length transaction**, after **proper marketing** and where the parties had each acted **knowledgeably, prudently and without compulsion**”**
(IVS 2021)



- A community obtains benefits from legitimate individual and communal rights over their land, including the right to fish, raise livestock, grow and harvest crops, collect wild foods, fuel wood, timber and thatching grass.
- These rights allow collection of products needed for subsistence and livelihood, and often generate additional income by selling surplus to the market.
- Rights that generate sales can be valued using the *comparison approach* and rights that generate income can be valued using the *income approach*.
- It may also be possible to estimate the market value of some products that are consumed ‘internally’ within the community.
- The value of some benefits, though, cannot be estimated using market value approaches. For example, some produce, herbs for example, may be medicinal and not traded in a market, so there is no price evidence.

Manual for the Valuation of Unregistered Land

What issues arise when valuers seek to provide accessible, affordable, competent, objective, defensible valuations of unregistered land?



Valuation: Standards, Skills, Capacity, Information and IT...

Manual for the Valuation of Unregistered Land

1. Identify what rights exist and who is entitled to them

- a) Nature, extent, provenance and legitimacy of property rights to be valued.
- b) These rights may be individually or collectively owned.

2. Collect information on these rights, together with information on the units of land and property to which these rights relate

- a) Challenging if the legal and administrative framework is inadequate.
- b) Can make assumptions if information unavailable (e.g. exclusivity of occupation, ability to transfer rights) and special assumptions where the basis of value differs from reality (e.g. uncertainty over validity of rights).
- c) But the preferred solution is better information.

3. Determine whether a market in unregistered land rights exists and, if so, its nature and extent

- a) Collection of market transaction information, notwithstanding point no. 2
- b) Systematic risks: state involvement, macroeconomic volatility, capital controls, political change, war and civil unrest, regulatory change, poorly defined or enforced legal rights, lax accountancy controls, coercion and corruption.
- c) Specific risks associated with owning or occupying unregistered land: effect of tenure uncertainty, transferability, transaction delay, risk of loss, cost of indemnification, cost of conflicting claims and dispute resolution.

4. Estimate market value

- a) Established revealed preference methods such as comparison, income capitalisation. Emerging techniques too, e.g. hedonic pricing.
- b) Handling of systematic risks and specific risks in a valuation

Manual for the Valuation of Unregistered Land

5. Identify any non-market value

- a) Some (non-transferable) land rights don't transact so they have no market value, but they may have non-market value (e.g. social, cultural, religious and environmental values).
- b) Some land rights have values that are either difficult or impossible to measure in market prices. Indeed some may regard them as priceless (i.e. a discount rate of zero).
- c) Identification of these non-market rights. This might entail:
 - i. A **pluralistic** approach: economists recognise option values, existence values, bequest values (but these individual non-market values don't capture collective choices (Gowdy, 1997)
 - ii. Non-monetary value based on **social** rather than individual decisions

6. Quantify (monetarily) or recognise (non-monetarily) non-market value

- a) Methods for **estimating in financial terms** the non-market value of these rights, e.g. rental value (life interests), replacement cost (existing use), alternative use value, synergistic value, contingent valuation methods such as WTP and WTA
- b) Methods for **recognising** non-market value, e.g. area based valuations, points based valuations, composite index based valuations

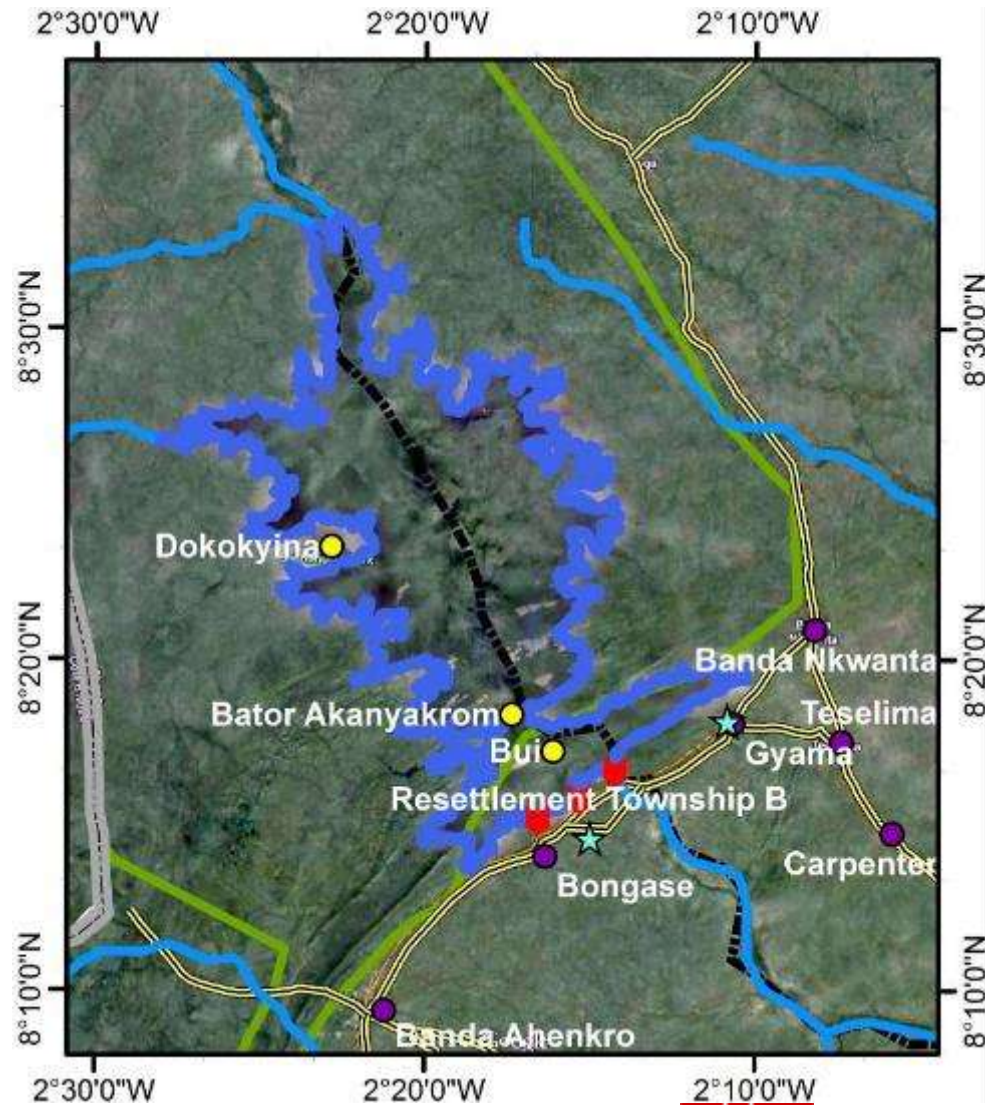
Manual for the Valuation of Unregistered Land

Implementing the Valuation of Unregistered Land

Along with others involved with land administration, we valuers must respect the findings of researchers (including, I consider, Weaver, Evers, other researchers into behavioural economists, chthonic law ...) “of the last decade:

- ◆ *Ownership is not a single concept. Its content varies greatly among successful democracies, especially according to their civil law and common law origins, and each nation can afford to invest its operative concept of ownership in the unique texture of a national land administration system*
- ◆ *Land is not just something that people walk on. In land administration theory, the fundamental aspect of land is the way people think about it, especially the construction of abstract rights and interests. No mere registration program, or LAP, can change the way people think about their land or the intrinsic value it has for them as members of social groups*
- ◆ *People value land for spiritual, social, and economic reasons. Therefore, not all land rights relate to the economic institution of property. Many express other values. Attachments, however formed, remain even after people are forcibly removed and survive in later generations. Dispossession breeds disputation."*

(Williamson et al 2012, , p. 150)



CASE STUDY: ASAHAN 3 - BACKGROUND

- A development project of 174 MW hydroelectric power plant located in Asahan District and Toba Samosir District, North Sumatra Province with a budget of \pm USD 349 Million
- The Asahan 3 Project is part of 35.000 MW national programs, (ground breaking: 28th January, 2011)
- The project located at forest area, PLN – State Electricity Company gets Borrowed To Use permit from the Minister of Forestry
- Subject area is 284,1 Hectares, \pm 196 Hectares occupied by local community and used for residential and plantation
- Local community asks for compensation because they were living there hereditary
- The State Electricity Company cannot give compensation because the land located in the forest area (state land)

Conclusions & next steps

- ▶ Unregistered (communal and individual) land is important and needs to be recorded appropriately
- ▶ Be holistic in land reporting
- ▶ It's much more than boundary demarcation and mapping – that's the wallpaper for a lot more
- ▶ Relearn the traditional skillsets of a surveyor – geospatial is great but only part of the broader more holistic profession
- ▶ Surveyors are people people, develop empathy and mediation skills
- ▶ Collect as much information as you can, you will be surprised how useful it might be in the future
- ▶ Non-market values are an evolving (rapidly) space
- ▶ Capacity and professional training are a critical issue for all land professionals, surveyors and valuers
- ▶ Next steps – unregistered land and valuation MOOC 2022, expansion of ILMS 'sustainability' component, existing UN GLTN online training [Geospatial technology and participatory methods for securing tenure rights \(ifad.org\)](#)

- ▶ Key resources
- ▶ [Creating a system to record tenure rights and first registration \(fao.org\)](#)
- ▶ [Voluntary Guidelines on Tenure | Governance of Tenure | Food and Agriculture Organization of the United Nations \(fao.org\)](#)
- ▶ [International Land Measurement Standard – International standards for a global land industry \(ilmsc.org\)](#)
- ▶ [Valuation of Unregistered Land–A Practice Manual – Global Land Tool Network \(gltn.net\)](#)
- ▶ [Real estate registration and cadastre insight \(rics.org\)](#)
- ▶ [Ten facts about land systems for sustainability | PNAS](#)
- ▶ [Environmental and Social Framework \(ESF\) \(worldbank.org\)](#)

Manual for the Valuation of Unregistered Land

Thank You for listening

Core expert group –

Ben Elder, Kwabena Asiamah, Peter Wyatt, Mike McDermott, James Kavanagh

Download the manual:

[Valuation of Unregistered Land –](#)

[A Practice Manual –](#)

[Global Land Tool Network \(gltm.net\)](http://gltm.net)

