



VALUATION OF UNREGISTERED LAND

A PRACTICE MANUAL

A world in which everyone enjoys secure tenure rights

VALUATION OF UNREGISTERED LAND – A PRACTICE MANUAL

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ABBREVIATIONS

FIG	International Federation of Surveyors
GLTN	Global Land Tool Network
IVS	International Valuation Standards
IVSC	International Valuation Standards Council
RICS	Royal Institution of Chartered Surveyors
UN-Habitat	United Nations Human Settlements Programme



Informal settlement housing in Medellín, the second largest city and urban economy in Colombia © UN-Habitat/Julius Mwelu.

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The Professional Cluster initiative was initially developed and led by FIG Commission 9, the Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards Council (IVSC). After an initial scoping exercise and an online masterclass/debate, which involved international organizations, government institutions, the private sector, academia, non-governmental organizations and professional institution experts in the fields of valuation, social and economic geography, anthropology, social justice, economics, land management, surveying, taxation and law, an expert editorial team was formed, as follows:

Expert working group

- Mike McDermott (PhD MA FAPI FRSA), international land policy, legal, institutional and valuation consultant (main author)
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GLTN and UN-Habitat thank the five-member expert editorial team for contributing their time, effort and technical expertise to producing the manual and acknowledges the significant effort and technical contribution of Danilo Antonio (UN-Habitat/GLTN) in overseeing the overall development of the manual.

Further thanks go to Robert Lewis-Lettington, Chief of the Land, Housing and Shelter Section of UN-Habitat and Head of the GLTN Secretariat, and Rudolf Staiger, FIG President, for providing strategic guidance and direction in the preparation, finalization and dissemination of the manual. Special recognition goes to Louise Friis-Hansen, FIG Director, for coordinating the partnership on behalf of FIG and for ensuring the smooth implementation of the project that culminates in the finalization of this manual.

Special thanks go to all the institutions and individuals having participated in the online discussions, debates, master classes and consultations during the production of this professional and technical practice manual.

FOREWORD



Prof. Dr. Rudolf Staiger,
FIG President (2019–22)

FIG and the global family of surveyors that it represents are committed to working collaboratively with other bodies, particularly UN-Habitat and GLTN. I am delighted to welcome this very important publication on the valuation of unregistered land, which stems from the GLTN Professional Cluster initiative. Valuation is an integral part of the work of professional sectors and commissions within FIG, and we are very pleased to see the expertise that our colleagues on FIG Commission 9 have brought to the expert editorial team. Valuation is central to the understanding of land economics and is a keystone of functioning and efficient land administration systems. Unregistered land is a particularly complex issue, and I am confident that this manual will help land professionals and valuers gain a deeper understanding of the matter and increase their related professional capacity. I have no hesitation in endorsing this manual and recommending it to all

FIG members. On behalf of FIG, I would like to thank the authors Mike McDermott, Peter Wyatt, Kwabena Obeng Asiama, Ben Elder and James Kavanagh for their expertise and valuable contributions. I also thank FIG Vice-President Diane Dumashie, who has accompanied the whole process with her expertise and her guidance, and Danilo Antonio from UN-Habitat/GLTN for his efforts in overseeing the preparation of this manual. I wish all the readers much inspiration and many new ideas for their future work!



Ben Elder FRICS, Director
Valuation, RICS, Chair of
FIG Commission 9
(2018–22), IVSC

Valuation is undergoing a revolution in understanding and practice. Valuers are being asked to consider and make valuation decisions in relation to all kinds of assets, from natural capital to social value, and to shore up protocols and standards based on traditional concepts of market value. This important manual brings a lot of these processes to fruition as we look at “value” and its attribution to unregistered land. Valuation is critical for enabling processes such as land acquisition, taxation, and transfer. It is also fundamental to land administration systems. Nevertheless, this is a difficult topic, full of risk and complicated, and it can be emotionally and politically fraught. On top of this, there is often limited professional capacity and knowledge and a chronic lack of data and cultural/social understanding. This practice manual comes at a time when it is very much needed and promises to be very influential. Some 70 per cent of the land in the developing world is unregistered and this informality comes with the inherent risk of a perceived lack of tenure security. This can lead to problems such as high lending

rates and skewed banking systems, lack of access to secured lending, a need for continued occupation, increased disputes during acquisition, poor compensation processes, low tax revenue and the maintenance of a power imbalance between local elites and others. I am confident that this manual will help practitioners work within and adhere to global valuation standards, which is in the best interests of the public.

FOREWORD



Robert Lewis-Lettington,
Chief, Land, Housing and
Shelter Section, UN-Habitat
and Head, GLTN Secretariat

Unregistered lands are normally occupied by individuals and communities who face specific challenges, such as poverty, or who are otherwise marginalized in their societies. This is true in both urban and rural settings. Effective land valuation is essential to fair land transactions, including development-related displacement. It is also an important aspect of other processes, such as land registration, the recognition of occupancy, and in achieving a regional and national balance in economic and social development. Land valuation is part of putting people and places on the administrative and market map. Capacity to value unregistered land is therefore, an important aspect of the global commitments embodied in the Sustainable Development Goals and the New Urban Agenda. We are in an age of rapidly increasing and expanding urban and rural development projects. Many developing countries also continue to face the challenges, and opportunities, of population and urban growth, pressure on land, land acquisitions and, as a consequence, a heightened risk of evictions. When people are evicted, and

even when voluntarily relocated, the risks of poor treatment, and even more of poorer outcomes, increase dramatically. Effective and transparent valuation policies, tools and approaches help protect their rights and also serve as a useful reality check for administrative and developer ambition. Following the publication of the Valuation of Unregistered Land – A Policy Guide in 2018 by UN-Habitat, FIG and GLTN, this new publication, which transforms the policy guide into a practice manual, is welcome. Recognizing that valuation is a highly charged political process, it is clear that further work on advocacy, awareness-raising and capacity-building is now required. UN-Habitat and GLTN partners shall continue to contribute in this mission towards a world in which everyone enjoys secure land rights. For now, we would like to thank our partners FIG, RICS and known land and valuation experts, for their contributions, mostly on a voluntary basis. Congratulations and well done!

SCOPE

This manual presents a practical approach for the valuation of unregistered land. It is designed to aid implementation of Valuation of Unregistered Lands: A Policy Guide, prepared by GLTN for UN-Habitat (McDermott, Myers and Augustinas, 2018), in combination with the International Valuation Standards (IVS) of the International Valuation Standards Council (IVSC).

The manual comprises two parts. The first gives an overview of recommendations related to the valuation of unregistered land rights, and the second provides more detail about what to consider when working in this complex environment. Annexes provide a template for valuing unregistered land, case studies and reference material.

The manual is designed to be globally applicable, particularly in developing nations where access to market data may be poor and trained valuers scarce.



Ta Oi village (also known as Muang Tahoi) in Laos sitting on collective lands that are governed jointly by members of communities and ethnic groups following customs and traditions. Majority of collective lands in Laos remain untitled. Photo © Village Focus International.

GLOSSARY OF KEY TERMS

The following are commonly used concepts in the fields of unregistered-land rights, land valuation and land-based financing. The expert group also commends the taxonomy of concepts of LandVoc, available at www.landvoc.org.

Land

The term “land” is used to describe an area of ground used for agriculture to grow food, for construction to create shelter and for resource extraction. Land is unique as a resource as it is immovable, yet extremely versatile in terms of its nature, quality and use. It forms the basis of all development and is the primary source of a plethora of other resources crucial for human survival and growth. In the context of the built environment, land represents both the beginning and the end of the development life cycle.

Land tenure

The term “land tenure” describes the rules and arrangements connected with the ownership of specified interests in the land. It is the relationship, whether legally or customarily defined, among people, as individuals or groups, with respect to land and associated natural resources, such as water, trees, minerals and wildlife. The rules of tenure define how land property rights are to be allocated within societies. Land tenure systems determine who can use what resources, for how long and under what conditions. The term “land use” can also be used to signify an existing land use separate from its formal designation.

Land administration

This is the process of determining, recording and disseminating information about legitimate land rights, the value and use of land and its associated resources. The processes of land administration include the transfer of land rights from one party to another through sale, lease, loan, gift and inheritance; the

regulation of land and property development; the use and conservation of the land; the gathering of revenue from the land through sale, leasing and taxation; and the resolution of conflicts concerning land ownership and use. Land administration functions may be divided into four components: juridical, regulatory, fiscal and information-management. In some countries the terms “land administration”, “land governance” and “land management” are sometimes used interchangeably.

State land

It may be possible to estimate the market value of State-owned land using conventional valuation approaches, but there may be circumstances in which customary or informal use of State land means that sociocultural and environmental values may need to be considered alongside any market value. In such cases, value juries and other broader public consultation protocols could help determine these non-market values.

Communal land

The valuation of communal land may require consideration of non-market value, particularly in relation to identity construction (identifying oneself as a member of a geographically based community, often inclusive of one’s extended family). When real property markets emerge on communal lands, they often do so by means of leases granted by the community. The value of communal land may be determined on the basis of the sustainable income that can be drawn from it or by comparing it to the value of a similar lifestyle and income provided by registered land.

Rangelands (pasture)

The projected net income from rangelands may not adequately reflect their value. Such a purely economic approach can fail to consider other forms of value that may be derived from the land. A sales comparison approach may be more reliable. Furthermore, if the

GLOSSARY OF KEY TERMS

market uses heuristics such as best area valuation, which can include the agro-ecological potential of the land, the valuer can apply those too.

Customary tenure

Individual parcels under customary tenure are held on the basis of the social cohesion and bonds within a community and/or family that owns the land. Although the valuation can be undertaken using traditional methods, given that the individual right is not a complete right to ownership, the customary land rights need further consideration with respect to the balance of the rights between the individual and the community. There are many variations in the way that land is held under group customary rights, including in formal systems. On the whole, there are established protocols for valuations of this kind and there are market precedents relating to the kinds of holdings, such as strata titles.

Family lands (Caribbean situation)

Subject to the articulation of the appropriate qualifications and assumptions, and with sufficient sales evidence, family lands can be valued using conventional approaches. Nevertheless, there could be risks involved, such as family disputes, which would have to be assessed on a case-by-case basis.

Informal settlements

Normal valuation protocols can address informal settlements. A key concern, however, is affordability; it may be the case that the cost of a formal valuation exceeds the value of the property.

Unregistered easements

Unregistered easements can be valued by conventional approaches, but they are especially risky in domains where the law does not protect them. In many domains all real property transactions are to be evidenced in

writing to be enforceable. The same should apply in this context, even if the written document is unregistered. If there is no such document, or no system of law to enforce such easements, the information costs can quickly exceed the value of the easements.

Cultural and sacred sites

The market value of a heritage site depends on the purposes for which it could be used, subject to the legal restrictions in the relevant domain. Furthermore, there could be sociocultural value attached to the property, which could provide significant economic and other benefits at the societal or even national level. The Taj Mahal, for example, brings large economic benefits at the social scale that are much higher than the value to a potential individual owner, in terms of admission tickets, etc. The most practicable approach to valuing a sacred tree or grove may be to form a value jury selected from among a similar population to those considering the tree to be sacred.

The International Valuation Standards Framework (IVSC, 2019) defines three principal bases of value:

“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.

“Investment value” is the value of the asset to the owner or a prospective owner for individual investment or operational objectives.

“Fair value” is the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

INTRODUCTION

The attribution of value to unregistered and/or informal land and property is important for effective land acquisition, taxation and transfer and is, therefore, a key component of land administration systems. It can be argued that value, whether defined in purely economic terms or in a wider context of social, environmental, and cultural value, is central to the establishment of tenure security and to the identification of legitimate land rights. The valuation of land rights is directly linked to local and regional revenue generation, the relative strength or weakness of the underpinning governance institutions, the existence or lack of functioning formalized land and property markets and the possibility of land-based financing, as underlined in the New Urban Agenda (United Nations, 2017). The competent valuation of unregistered land rights requires a transparent and accountable assessment of all risks relevant to the valuation, as thoroughly as can be expected, by knowledgeable and prudent parties to the relevant transaction. Nevertheless, this is a difficult, risk-laden, complex, and often emotionally and politically fraught process, frequently involving (very) limited professional capacity and knowledge and a chronic lack of data and, in many cases, cultural/social understanding. Several organizations, agencies and non-governmental organizations, such as FIG, the Food and Agriculture Organization of the United Nations (FAO), GLTN, Namati and RICS, have attempted to understand better unregistered land valuation and informal markets through extensive research, policy guides, international guidelines, such as the *Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* (FAO voluntary guidelines) (FAO, 2012), and due diligence standards, such as the International Land Measurement Standard).

For example, with the support of professional organizations and land and valuation experts, FIG and RICS, GLTN

published, for UN-Habitat, *Valuation of Unregistered Lands: A Policy Guide*. Building on that policy guide, the present practice manual provides recommendations related to the valuation of land rights for the purpose of land-based financing, land taxation, secured lending and assessment of fair compensation. It provides key principles and practice-based guidance for appropriately qualified professionals in undertaking valuations of unregistered land rights on the basis of available evidence and data. It is intended to assist with the conduct of professional-level valuations of unregistered lands and enable users of the manual to discern when these have been accomplished. The manual serves to strengthen the continuum of land rights as a key tool for improving security of tenure for all. Governments, policymakers, the valuation industry, practitioners, capacity-development institutions and other interested parties should use this manual to help achieve the Sustainable Development Goals (United Nations General Assembly, 2015) relating to conflict prevention, food security, gender equality, justice and sustainable urban and rural development. It is expected that, over time, regional and national best practice will add to the body of knowledge that will in turn be used to inform future revisions of the manual.

The principles and practices recommended in this manual are designed to be applicable in all contexts of unregistered land, from international land acquisition to the exchange of a house, for example, in a favela in Rio de Janeiro. The manual is global in scope, based on agreed standards of best practice and due diligence protocols and developed through expert collaboration. It explains the key concepts of valuation, land tenure, bases of value, professional capacity-building and valuation frameworks and provides an example template/aid memoire for use in the valuation of unregistered land.

PART A

OVERVIEW OF VALUATION-RELATED RECOMMENDATIONS

PART A: OVERVIEW OF VALUATION-RELATED RECOMMENDATIONS

The recommendations in the manual are designed to apply existing valuation standards and guidance to the valuation of unregistered land and to help create a robust and basic framework that can be applied to bring consistency to the valuation of unregistered land. More in-depth detail and commentary can be found in part B and annex 1, the unregistered land valuation template.

The valuation methodology and process should remain constant, employing the relevant IVS when valuing land in terms of its market value. The added complication of the land being unregistered and/or unacquired means that the valuer will have to consider and include or exclude a range of other issues, such as non-market values (e.g., sociocultural or natural value). Consideration should also be given to the various elements of compulsory acquisition compensation as outlined in section 16 of the FAO voluntary guidelines. Value additional to market value may be negotiable. Further contextual information and detail about the bases of value can be found in part B.

Legitimate holders of unregistered land rights need accessible, affordable, competent, and unbiased valuation advice. In all cases, that should involve presenting the qualities and quantities of the land rights concerned that are relevant to the valuation and evidence of their value; vetting the evidence in terms of its applicability to the relevant definition of value; and guiding the client from that evidence through the relevant considerations to the valuer's conclusions.

GOVERNANCE

- The valuation should be undertaken in accordance with the relevant IVS standards.

VALUATION PROCESS

- Evidence should be vetted to ascertain its relevance not only to the property concerned, but also its applicability in terms of the relevant definition of value. For example, the IVS definition of market value (see Glossary of Key Terms) can be broken down as follows:
 - **“Market value is the estimated amount”** – The valuer should ask: To whom is the property of value? For what reason? Who has estimated its value?
 - **“for which an asset or liability should exchange”**
 - The valuer should always check the relevant laws and institutions that govern that market and social market in question.
 - **“on the valuation date”** – Every valuation should be at a past or present date.
 - **“between a willing buyer and a willing seller”**
 - The valuer must understand and integrate any aspects of compulsion that may affect the transaction.
 - **“in an arm's length transaction”** – The valuer should be assured that the parties are independent of one another.
 - **“after proper marketing”** – The valuer should understand any issues related to the timing of the transaction.
 - **“and where the parties had each acted knowledgeably, prudently and without compulsion”** – The valuer must identify the legitimate parties to the transaction and understand their authority to act.

- A valuation of unregistered land rights must be evidence-based and thus requires research. The valuation report is to demonstrate that the necessary research has been carried out and how it has been applied to the estimation of the value of the property concerned.
- Valuers and suitably qualified land professionals (see part B-3, Competence and objectivity) should use the valuation template in annex 1.
- Valuers should expertly examine the property, the property rights and any circumstances that may affect the value of the property.
- For the purposes of a market valuation, valuers should assume the existence of people, who both possess and exercise the requisite qualities in the definition of value concerned, participating in an exchange at a particular past or present date. This does not involve identifying such parties in reality.
- The valuer should determine whether the unregistered land rights are held under customary forms of tenure. If they are, the valuer should identify the form of customary tenure and its relationship to (and potential conflicts with) registered land laws and associated State laws.
- The valuer should determine whether the land is held individually or communally.
- The valuer should consider and include or exclude a range of other issues, such as non-market value (e.g., sociocultural value and/or natural value).
- It is important for the valuer to refer to potential tenurial difficulties and to state clearly the related assumptions that have been made. For example, a valuer may make a special assumption¹ that the provenance and legitimacy of the land rights were certain at the date of valuation. It is important for the valuer to alert the client to the degree of uncertainty regarding such an assumption. It is not the valuer's direct responsibility to determine the legitimacy of the land rights, but he or she has the responsibility to inform the client if normal professional due diligence would uncover such uncertainty and to alert the client to the risk of any related impact on the estimation of the value.
- The valuer should note and analyse any tenure uncertainty and estimate its effect on the value. Adjustments to the value may be made in relation to the additional costs, including in relation to delays, that prudent willing buyers would be willing to incur.
- Customary land rights that are not registered may invite conflicting claims in terms of ownership and occupation. The valuer would need to understand the impact of such conflicts on the value.
- In informal settlements, there may be adverse occupations, often on Government or State lands. Thus, in law, the official ownership is by Government, whereas, in practice, the market sees the de facto legitimate ownership by those who occupy the land. Valuers should determine whether such rights are transferable and thus whether they are capable of exhibiting a market value.

1 An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date (RICS, 2019b).

VALUATION APPLICATION

- Valuations may be used to determine rating and tax assessments, but rating and tax assessments are never fit for purpose as the basis of compensation for expropriation.

Valuations for expropriation

- The valuer should determine whether the unregistered land rights are to be valued for expropriation purposes.
 - The valuer should remain focused on estimation of the market value of the land rights that are to be expropriated. This can be complicated if there is little or no evidence of a market (and therefore transactions) within which the land rights can be valued.
 - If there are laws governing expropriation of land rights and the compensation that should be paid, these laws must be followed. The laws may include a definition of market value (or some other variation of compensable value) that is different from that which is set out in valuation standards. If this is the case, the law must be followed.
 - In cases where compensation for expropriation of land rights is funded by donor organizations such as the World Bank or the Asian Development Bank, those organizations may require the valuer to apply their definition of value. In all cases, however, the laws of the country take precedence. If there are any differences between those laws and the policies of a funding organization, this should be pointed out in the valuation report.
- The valuer should determine who is entitled to compensation. The valuer should ask, for example, whether there are certain occupiers who are excluded from receiving compensation for expropriated land rights. These may include informal occupiers, temporary or periodic holders of use rights or tenants.
 - Valuers should be competent to advise on the interfaces between the estimate of market value and other forms of compensation that might be available to the affected party. These other forms of compensation might be non-pecuniary in nature, such as the provision of alternative land rights, and their effect on the market value of the expropriated land requires particular attention. For example, if large-scale expropriation of land is under way, the other forms of compensation could influence the value of the potentially affected land. In other words, they may influence the market, and valuers should be aware of this to ensure that the principle of equivalence can be upheld and the compensation paid leaves the affected parties no worse off than they were before.
 - Consideration should also be given to the various elements of compulsory acquisition compensation as outlined in section 16 of the FAO voluntary guidelines.

VALUATION REPORT

- A valuation of unregistered land rights should involve presenting the qualities and quantities of the land rights concerned that are relevant to the valuation and the evidence of their value; vetting the evidence in terms of its applicability to the relevant definition (basis) of value; and guiding the client from that evidence through the relevant considerations to the valuer's conclusions.

- The valuation report should leave the reader, if not with the level of understanding sufficient to be considered a knowledgeable and prudent party to the relevant transaction, then at least in a position to know what more may be required to achieve that level of understanding.



Area Land Committee members and volunteer youth during a data collection exercise, land boundaries determination and recordation of customary lands in Pader, Norther Uganda. Photo © UN-Habitat.

PART B



RECOMMENDED PRACTICE FOR VALUING UNREGISTERED LAND

PART B: RECOMMENDED PRACTICE FOR VALUING UNREGISTERED LAND

PART B-1: CONTEXT

Background

Valuation is the basis of all economic activity (Boykin and Ring, 1986). Markets, and therefore market values, transcend economic systems. Such systems come and go, but market exchanges may take place even when money, laws and other social infrastructure do not exist. This means that they are fundamental to economic systems, not the other way around. Thus, while it is essential that the valuer adhere to national laws, statutes and regulations, regardless of the registered status of the land rights, it is only transactions specified as illegal that are beyond the remit of a valuer in the domain concerned.

That being understood, the professional-level valuation of unregistered rights must be based on the process of valuation of registered land rights. When possible, the same professional standards and codes of practice should apply.

The valuation of unregistered land rights requires both professional-level knowledge of the principles and practices of valuation and an expert-level understanding of the market for the land right in question and the qualities and quantities of whatever that land right bestows. With those in hand, the valuer will be competent to determine the occasions on which it is necessary to deviate from valuation practice as it applies to registered land rights. This may be because information is not available or difficult to obtain, meaning that assumptions and special assumptions are required, or it may be because different methods of valuation are required. Valuation reports in relation to unregistered land will therefore require information

additional to that found in reports on the valuation of registered land.

Purpose of the practice manual

The purpose of the present manual is to recommend ways in which the valuation of unregistered land rights can be undertaken. It does so by building on guidance that has been published by international organizations such as the United Nations and the World Bank and by national donor agencies and professional organizations such as the United States Agency for International Development and RICS. The key documents to which this guidance note refers are (see References for access details):

- a) *Valuation of Unregistered Lands: A Policy Guide*
- b) *Valuing Land Tenure Rights: A Technical Guide on Valuing Land Tenure Rights in Line with the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security* (FAO technical guide) (FAO, 2017)
- c) International Valuation Standards

Furthermore, this manual follows on from the aforementioned policy guide, develops the guidelines set out in the FAO technical guide and utilizes the International Valuation Standards Framework, all in relation to the valuation of unregistered land rights.

Unregistered land rights

The remainder of part B-1 explains what is meant by unregistered land rights with specific reference to their value and the process of valuing them.

The term “land tenure” refers to the relationship, either formal or informal, between members of a society (as individuals or groups) and land (FAO, 2002). Land can be taken to include other natural resources such as water, trees and minerals. Land tenure is a social construct and usually manifests itself as a set of rules that regulate how land rights are allocated among members of society. These rights are myriad, but the main ones relate to the right to use, transfer, alienate the property and to exclude others. The holding of rights to land is often referred to as “real property” or “immoveable property”.

A consequence of land tenure is that one piece of land may have many rights attached to it, and these rights may be held by many different members of society. For example, a State may hold an overriding right to expropriation, a freeholder may hold transfer rights, a lender may hold repossession rights, a leaseholder may hold use rights and society as a whole may have a right of access. Relationships between the rights and those who hold them can be complex and difficult to identify, particularly if the rights are unregistered. It is these unregistered land rights, and the process of valuing them, that are the focus of this practice manual.

“Unregistered” is a broad term that refers to land rights that have not been registered or recorded in any formal sense, regardless of whether they are recognized by the nation State. In terms of legitimate land rights, this means there might not be any deeds of sale or title certificate. In terms of occupancy, there may not be a written contract or lease between owner and occupier. In terms of land use, there may not be an up-to-date record of what the land is being used for and there may not be any regulation of the use. Moreover, land rights may be in communal possession or occupation, or there may be customary land rights.

Land rights may lack formality, and information about land rights may be difficult to obtain, but still valuable.

When land rights are unregistered, it is difficult to identify the owners and occupiers of the land, to determine what rights they have and to understand how transfers of those rights take place. These, however, are the fundamental pieces of information required by valuers, to which they apply consistent and transparent processing and analysis techniques in order to estimate the value of the land rights.

Unregistered land rights include informal occupation, communal land rights and customary land rights. In fact, any land rights, and transfers of those land rights between parties, that are not recognized by the nation State are considered unregistered land rights for the purpose of this manual.

The value of unregistered land rights

Land rights may represent multiple forms of value. For example, land rights may have one value in their existing use and a different value when allocated to an alternative use. These values depend not only on the supply of and demand for the different land uses, but also on the regulation of those uses by the state.

More fundamentally, land rights may have a market value in terms of their economic capital, and a non-market value in terms of their natural and sociocultural capital. It is usually possible to express the market value of economic capital in monetary terms, but it may not be possible to do the same for all the non-market value of natural and sociocultural capital. In such cases, value ceases to be solely a monetary amount, but is also a measure of importance, leading to the concept of “value pluralism”. In other words, several values exist in parallel that are not reducible to a single value (Kelemen and others, 2014).

Some of the recommendations relate specifically to the estimation of market value, others may relate more broadly to the estimation of market and non-market value.

Unregistered land rights also have value, which may be market value or non-market value, or both. In this manual, the focus is on market value. There are reasons why the market value of unregistered land rights is often lower than the value of comparable registered land rights. For example, the possession of unregistered land rights may be less secure; there may be restrictions on or indeed prohibition of transfer or sale to another person on the open market; or it may be more difficult to ascertain precisely what land rights are held. Such characteristics increase uncertainty, and therefore perceived risk, and decrease the marketability of unregistered land rights. Both of these elements can lead to a reduction in market value.

Valuation of unregistered land rights

A valuation is an estimation of the value of land rights. Usually, it is a financial estimate of the transfer price or market value of the land rights. Valuations are often required when land rights are being transferred from one party to another, are being expropriated, are being used as security for a loan or form the basis of assessment for land taxes.

Valuations fill a price information gap. The gap is caused by the decentralized nature of the real-estate market and the infrequency of transactions relating to these large, heterogeneous and high-cost assets.

In many countries, valuation practice has evolved to meet requirements. Yet in many other countries, despite acknowledgement of the importance of

impartial and objective valuations of land rights, valuation professions have yet to be established.

This manual expands upon the essential components of the valuer's job in the context of valuing unregistered land rights. These comprise the ability to assimilate available and relevant land information, interpret the market or markets in relation to land rights and produce robust and defensible valuations of their transfer prices.

A central task of a valuer is to read and interpret market activity. In the case of unregistered land, this task becomes more difficult, expensive, and time-consuming. Valuers face the following challenges when valuing unregistered land rights:

- An inadequate legal and/or administrative framework that does not allow for the efficient functioning of the property market, particularly in relation to the transfer of land rights in an open market.
- Inadequate planning and poor regulation of land use and building standards.
- A paucity of reliable published information. Property records may be poor or non-existent. The collection of data from the government may be difficult, or even impossible. There may be virtually no information on specific transactions (sales, leases, etc.) or on the properties themselves.
- In markets that are not open, arm's length transactions may be rare and non-monetary transactions common. In addition, there may be excessive state involvement in the market for land rights – for example, in the form of rent controls and below-market-value state rents that transfer value from the property owner to the lessee.

- Greater volatility in the property market.
- A lack of adequately trained professional valuers and an absence of national valuation standards.
- External pressures.

Annex 2 presents case studies of different types of unregistered land rights and provides a brief commentary on the issues that may be associated with them.



An urban slum in Hanoi, the capital city of Vietnam and a central growth engine for the nation. Vietnam has the highest urbanization rate in Southeast Asia. Photo ©UN/Kibae Park.

PART B-2: VALUATION-RELATED RECOMMENDATIONS – A DISCUSSION

The aim of this part of the manual is to relate existing valuation standards and guidance to the valuation of unregistered land. The majority of these standards and guidance were written with developed economies and mature real-estate markets in mind. As awareness of the usefulness of valuations grows in developing economies with informal markets for unregistered land rights, there is a perceived need to provide guidance on how the existing standards and guidance might be applied to such markets.

The key message from this part of the manual is that holders of unregistered land rights need accessible, affordable, competent and unbiased valuation advice.

The information herein is structured as follows:

- Valuation standards
- Bases (or definitions) of value
- Valuation of unregistered land rights
- Reasons for valuing unregistered land rights

Valuation standards

It is important to note that this practice manual, and the valuation standards and guidance to which it refers, are subject to national policy, laws, statutes and regulations.

Many of the stakeholders who require valuations want independent estimates of value that are regulated by recognized standards. Practice varies from country to country, but the regulation of valuations might be performed by the national or local government and through self-regulation by professional bodies. Ideally, it will be a combination of the two.

Valuation standards contribute to the quality, integrity and consistency of the valuation process. They promote good practice and provide a defence against claims of negligence. They also mean that valuations are reported in a consistent way.

Adherence to professional valuation standards can mitigate against a regulatory environment that does not provide adequate protection to the owners of land rights.

There are international valuations standards and many countries also have national valuation standards. The latter often evolve as markets for real estate emerge and mature.

Valuation standards can be categorized as procedural, definitional and ethical.

Procedural valuation standards

Procedural valuation standards require valuers to explain what is to be done and what has been done. This is helpful because it protects the users of valuations by helping them understand what they are getting. It also protects valuers because the reputation of all valuers would suffer if users had legitimate concerns about one of them.

The IVS that relate to procedure are:

- IVS 101: Scope of work
- IVS 102: Investigations and compliance
- IVS 103: Reporting

Definitional valuation standards

Definitional valuation standards present a formal codification of the principles and objectives of a valuation. They provide common terminology with which to communicate valuation concepts and provide consistency.

The IVS that relate to definitions are:

- IVS 104: Bases of value
- IVS 105: Valuation approaches and methods

Ethical valuation standards

The key components of ethical valuation standards are transparency and enforceability.

The IVS elements that relate to ethics are:

- *IVS Framework*
- *IVSC Code of Ethical Principles for Professional Valuers (IVSC, 2011)*

These standards have been developed on the basis of a wealth of experience. In the interests of both valuer and client, all people attempting to value unregistered land are strongly advised to familiarize themselves with these standards and always to work within them.

Bases of value

The fundamental component of any valuation is the basis (or definition) of value that the valuer uses. The basis of value that is adopted depends on the purpose of the valuation.

Market value

By far the most widely adopted basis of value is market value, but other bases have been defined by the IVSC.

Market value is an estimate of the exchange price between a willing buyer and a willing seller. Its primary application is, therefore, the estimation of exchange prices in open markets. For land rights that are traded for economic advantage, such as agricultural, commercial and industrial land use rights, it is often possible to value them by capitalizing an estimate of future economic return. For land rights that are traded for socioeconomic reasons, such as residential land use rights, it is possible to value them by comparing transaction prices. For land rights that are rarely, if ever, traded, but recognized as having economic potential or a value in use, the cost of replacing them would be taken as a proxy for market value. A reservoir would be a good example of this.

Even in the clearest and most transparent land markets, there are occasions where there is not enough evidence available to provide definitive answers concerning a property's market value, let alone to determine adequate compensation for complex issues relating to social disruption, natural capital value and the like. When these matters arise in such markets, traditional dispute-resolution procedures often involve valuers representing the conflicting parties. In any such cases, all the valuers concerned must first state whether they are acting as experts or as advocates.

When such cases arise, in the words of Justice Bernard Sugerman, common law advises that "the valuer in arriving at his opinion in these difficult matters may have to draw upon his general knowledge and experience, including perhaps experience in other situations which, although lacking in complete comparability, may yet provide an experienced valuer with guidance and suggestions as to the general approach which may be made and as to considerations which may become relevant" (*Bingham v. Cumberland County Council*, 1954). Another common-law judge, Justice Rae Else-

Mitchell, has advised that “it is the function of judicial power to weigh the opinions of those who possess this art when expressed in the form of admissible evidence. It is by a combination of these qualities in the valuer and the judge respectively that the solutions have been found, generally of a satisfactory nature, to the many diverse and complex problems of valuation and assessment of compensation, which over the years have arisen in this developing community” (Else-Mitchell, 1963).

For unregistered land rights, there are additional complexities. It may not be so easy to identify the precise land rights that need to be valued. They may not be traded for economic purposes very often, if at all, if their occupation is for subsistence or sociocultural reasons. As a consequence, transactions may be far less frequent, which makes the valuation task more challenging.

With fewer transactions (and therefore less valuation activity), and with valuations sometimes required for expropriation purposes, for example, valuations of unregistered land can be particularly difficult and often controversial. Disputes can arise over estimates of value, and a basis for the market value may be found to be lacking in such circumstances.

While the advice of judges, as quoted above, has global relevance to valuation practice, it should be remembered that not only judges provide verdicts in cases; juries do as well – juries of one’s peers. A “value jury” comprising those best able to form an opinion about the market value of the land right in the relevant market, and other similar innovative approaches, may be more fit for purpose in the valuation of unregistered land (such as in cases of large-scale expropriation) than formal IVSC-recommended processes. While the latter are to be preferred insofar as they are practicable, in many situations that the valuer of unregistered land rights may encounter such processes may have little

or no prospect of providing timely and satisfactory resolutions. In such cases, and in certain circumstances prior or supplementary to judicial resolution, innovative valuation processes, such as, but not exclusively, the aforementioned value juries, may be tried to determine whether they are professionally informative in the relevant market context. Innovative processes may also help to increase transparency. For example, a sample valuation survey of a number of properties may help to establish a basic “value and price database” that could be verified and used as a benchmark for further valuation decisions by the value jury.

In accordance with the observation by Justice Oliver W. Holmes, that “the character of every act depends upon the circumstances in which it is done” (Schenck v. United States, 1919), so does the character of a valuation of unregistered land. Box 1 in *Valuation of Unregistered Lands: A Policy Guide* provides a series of questions aimed at achieving an understanding of the potential evidence that could inform a valuer’s estimate. With regard to what would make the imagined buyers and sellers willing, it poses the question: “Did social, cultural, religious, spiritual and environmental values play a role?”.

That is because, consistent with recent findings in behavioural economics and neuroscience, section 18.2 of the FAO voluntary guidelines recognizes that a range of valuation criteria wider than those that fall within economically reductionist assumptions may fall within the ambit of the IVSC definition of market value. Accordingly, section 18.2 states that “policies and laws related to valuations should strive to ensure that valuation systems take into account social, cultural, religious, spiritual and environmental values”. In the FAO technical guide, it is added that there are some sociocultural values that people will trade and others that they will not.

The valuer is therefore to determine which values are tradable in that particular market, which are not, and what weight they hold if they are relevant. There are values that are extremely important to some people that cannot be traded and, in accordance with the IVS, such motivations cannot influence market values unless, and until, they can be expressed through the relevant market in monetary value.

It is to be emphasized that market valuers have only the information provided by those with the financial wherewithal to express values in the relevant market on which to base their estimates. This is a very useful thing to know, but it is not the only point to be aware of when coming to understand a market.

It does not mean that values that have not been expressed through market processes should be dismissed. It means that those holding those values are not those able to express them through the market, owing to a lack of means to do so. In the laws of many countries, compensation for the loss of such values by expropriation may be granted, but, although a valuer may identify such issues, the market valuation cannot take them into account unless the market itself does.

Questions such as those in box 1, *Valuation of Unregistered Lands: A Policy Guide*, should be posed by the valuer to determine which value judgements of the nature described in section 18.2 of the FAO voluntary guidelines enter into decision-making processes in the market in question and to what degree they are admissible as knowledgeable and relevant in that market.

A stark, albeit rare, example would be a site associated with a highly valued person of a particular belief system. Just as with works of art, if the association can be proven the site could have one value, and if the association is disproven, it could have another. There is nothing irrational about this if the purchaser is likely to be able to resell the property right for an equal or larger sum.

Another example is the destruction of an Australian Aboriginal sacred site at Western Australia¹ that has caused the loss of millions to the mining company concerned due to divestment by investment funds due to ethical considerations and ongoing court cases, without even taking into account the effect on the company of the loss of goodwill. Due diligence investigation will neither automatically exclude nor include such sociocultural issues. If a valuer had valued the land simply on the basis of the net returns that a mine there would bring, entirely ignoring the requirements of section 18.2 of the FAO voluntary guidelines, the valuer could well be sued for negligence.

Other bases of value

The IVSC recognizes the limitations of the “value-in-exchange” concept of market value and has defined other bases of value. These include equitable value and investment value.

¹ <https://www.business-humanrights.org/en/latest-news/australia-rio-tinto-mining-blast-destroys-ancient-aboriginal-sacred-site/>



Artisanal gold mining in Butuzi, South Kivu in the Democratic Republic of the Congo. Photo © UN Environment.

“Equitable value” is designed to reflect the interests of the specific parties rather than referring only to wider market interests. Taking a leasehold as an example, the lessor may be prepared to pay more than the market value for the lessee’s interest because the merger of the two interests creates an unencumbered freehold interest.

“Investment value” is the value to particular owners or potential purchasers in terms of their own specific investment or operational objectives. Investment value refers to value in use and is regarded by the IVSC as distinct from value in exchange or market value.

There is, therefore, recognition by the IVSC of pluralistic forms of value. These other bases of value expand the idea of non-market value, namely value considered as important by specific parties but not (at least in terms of exchange value) by the market as a whole. For market value, valuers consider the notion of “highest and best use” (or optimum use) of the land and envisage a process of competitive bidding among willing and informed market participants. With non-market value, there is likely to be more heterogeneity in value in relation to land rights. For example, local occupiers and owners may place a higher (non-market) value on the natural and sociocultural advantages (or capital) arising from the land rights than non-locals would.

Once again, the situation becomes more complex in the case of customary land, where more than two parties might be involved. An occupier may place a great deal of non-market value on the land rights to reflect social ties, cultural traditions, ancestral links, friendship bonds and so on. A community leader may recognize some of these elements, but value them differently from the occupier. The potential purchaser may not recognize them at all and therefore place no value on them. Each party assigns a different value to the land rights and they are therefore unable to agree on a single value.

As they stand, the IVSC bases of value fail to accommodate these more complex relationships, but this situation is likely to change. In the meantime, valuers should try to consider which non-market values are important to the relevant parties and to what extent. These may include social and cultural value, religious and spiritual value and environmental value. If the value is significant, then valuers should reflect that in their valuations.

Market value and non-market value

As addressed above, unregistered land use rights are capable of having market and non-market value, namely the market value of economic capital and the sometimes market, and at other times non-market, value of sociocultural and natural capital. Often there will be blurred boundaries between them, and this makes it challenging for a valuer to allocate quanta of value to each of them.

Land rights, both registered and unregistered, provide economic capital in the form of financial security and revenue-generating potential. Land rights afford financial security by providing an ability to subsist, a place to reside and to conduct business and a store of potential wealth. Land rights offer revenue-generating potential in the form of rent or income from crops, businesses, forest products, fishing, grazing and so on.

Rao (2018) identifies sociocultural capital as:

- Security, including livelihood security; security of physical space and protection from eviction or relocation
- Self-identity through possessions; in terms of social status; through personalization of property, place and occupancy; as part of territorial identity. This

might include traditional use rights, including access to communal pasture, forest land, fishing places, medicine, natural resources, religious sites, infrastructure and services, such as transport routes, schools, health centres and community centres

- Social capital, including relationships and ownership as sociocultural status
- Social equity and empowerment (political, gender and social)
- Psychological well-being, personal comfort and convenience

Natural capital takes the form of ecosystem services.

Socioeconomic capital and natural capital are rarely, if ever, traded in a market. Their value is more intrinsic, difficult to identify and often impossible to value in monetary terms. For example, there may be certain services that an ecosystem provides, such as drinking water, the economic value of which could be estimated in financial terms, but most sociocultural and natural capital is not dealt with so easily.

The valuation of sociocultural and natural capital is a rapidly evolving area of research, and the techniques that have been employed in fields such as ecological economics are not yet an established discipline for the real property valuer. Valuers' focus has been on the estimation of the market value, in other words, the economic concept of value in exchange, even in circumstances where land rights are compulsorily acquired and compensation over and above market value is warranted. In such cases, the estimation of loss in terms of non-market value and of disturbance compensation are not usually within the remit of the valuer.

It is likely that this specific focus on economic value will change as the non-economic – that is, sociocultural and natural capital – value of land rights begin to be reflected in value in exchange. In the United Kingdom of Great Britain and Northern Ireland, for example, the Environment Bill 2020 contains a provision relating to “biodiversity net gain” whereby developers must ensure no loss in biodiversity as a result of their development schemes. This can be done on or off site, and the latter may involve the purchasing of rights over rural land to ensure that it remains undeveloped and unfarmed. In such case, the market value of that land should reflect its natural capital value, meaning its non-productive and non-economic value.

Owing to the emerging nature of this area of real property valuation, this first edition of the manual does not give recommendations regarding practice in this regard; the focus is, rather, on the estimation of the market value of unregistered land rights. This is likely to change in future editions.

Valuation processes

Unregistered land

Valuers face particular challenges when valuing unregistered land. The nature of some of these challenges can be seen in the case studies in annex 2.

A good deal of comparable market evidence is needed to achieve precision in market valuation, and such evidence may be scarce or even missing entirely in many valuations of unregistered land.

Landowners, tenants and occupiers, particularly of rural land, may lack knowledge and information about their land and property rights and the value of those rights. It is important, therefore, that valuers are able to explain

the nature and value of their rights in a way that is understandable, impartial, objective and independent of the party that may have commissioned and/or paid for the valuation.

Paragraph 20.1 of IVS 400: Real Property Interests states that “property interests are normally defined by State or the law of individual jurisdictions and are often regulated by national or local legislation. Before undertaking a valuation of a real property interest, a valuer must understand the relevant legal framework that affects the interest being valued”. Paragraph 20.2 defines a real property interest as “a right of ownership, control, use or occupation of land and buildings”.

Currently, the IVSC is silent on the issue of unregistered real property interests, including land rights. A particular problem encountered in valuing unregistered land rights is determining who owns the land rights. It may be the case that there is no legal framework that governs the interest being valued. If that is the case, the valuer should say so and state what has been done to be able to proceed with the valuation. This may be an adjustment to the value to take account of the increased risk or it may take the form of an assumption or special assumption that assumes legal recognition of the unregistered land rights.

Unregistered land rights may be owned customarily, communally, or informally. Land rights may be held by a representative of a community for the benefit of that community. Land rights held communally means that the same physical land parcel can have numerous owners. Such land rights can be transferred, but this is usually done within the community, in favour of community members. Transfer to strangers may be possible, but it is usually highly discouraged as it is akin to selling a birth right. In other words, there are significant restrictions on the ability to alienate customary and communally held land rights.

The economic potential of land may be realized by the granting of leasehold tenure rights. If, however, the use of the land is influenced by customary rights and practices, it may not be possible for the holder of the customary land rights to pursue the highest and best use of the land. Thus, suboptimum use of the land, together with restrictions on the transfer of customary land rights, and the consequent inability to borrow against these lands, may lower their value.

Expropriation

Land and property rights are valued for the reasons outlined above – for purchase/sale/rental, investment and occupation decisions, financial statements, lending decisions and taxation purposes. Perhaps the most challenging area of valuation of unregistered land rights, however, is for the compulsory acquisition or expropriation of those rights. This is because the “seller” in these cases is not a willing seller, whereas the “market” basis of value defines regards the seller as a willing participant to the transaction.

To resolve this issue, sellers may be compensated over and above the market value of their land rights. The estimation of this compensation is not within the remit of the valuer; loss payments are usually statutorily set and the calculation of disturbance is an accounting process. It is up to the courts (or other relevant bodies) to address heads of compensation beyond the market value. The valuer’s role goes no further than assessing the influence, if any, of these compensation amounts within the relevant information analysed as evidence.

In Western societies, loss payments and disturbance compensation sums may be relatively small compared with the market value of the expropriated land rights. When the affected parties are on unregistered land, however, the consequences of societal disruption may greatly exceed the market value of the land rights themselves.



Aerial view of the fertile land in Sudan's Abyei region and a natural reservoir that supplies water to the local communities.
Photo © UN/Tim McKulka.

PART B-3: COMPETENCE AND OBJECTIVITY

It is important, particularly when valuing unregistered land rights, that both the valuer and others who rely on valuations understand what is expected in terms of the competence and objectivity of a professional valuer.

Competence

Assurance of competence can be provided by a minimum level of education and qualifications related to the discipline of valuation. In many countries, education and qualification standards are set by professional bodies, meaning that there is a high degree of self-regulation of the profession. In other countries, these standards may be set by the state. In the latter case, it is important for the state to ensure that the standards remain current.

The advantage of a professional body or association is that it can take on the role not only of ensuring education and qualification standards, but also of helping to maintain valuers' expertise by organizing professional development, publishing news, conducting research and so on.

Similarly, professional behaviour might be self-regulated – for example, by a professional association. Alternatively, the role and extent of the work undertaken by valuers may be set by statute – for example, via licensing.

It is important to note that valuation is not a purely technical discipline. Although a valuation follows a set process, the central role of a valuer is to form a judgment about the value of land rights on the basis of an assimilation of facts and, in the absence of facts, a set of assumptions. A valuer uses knowledge and experience to form this judgment. Thus, a formal and transparent recognition of a valuer's education, qualifications and experience is essential to reassure

those who might rely on the valuations as to the competence of the valuer.

In many countries, there may be no established a process for recognizing a valuer's knowledge and experience, owing perhaps to a lack of capacity, an unwillingness to pay for valuations or a lack of client awareness.

Whether the land is registered or unregistered, there are certain real estate tasks that may not require the services of a qualified valuer or formal valuation. These might include the provision of brokerage advice in the course of market transactions; the provision of valuation advice to a client for internal purposes only; or the performance of statutory functions, such as a property tax assessment, where the process is prescribed by law. For all other valuations, the degree of formality will depend on the purpose of the valuation and its likely disclosure to third parties. Valuations for lending purposes and for company financial disclosure, for example, will usually be undertaken by valuers who have had training and are insured and professionally qualified. This is important as it reassures clients that the advice is regulated, consistent and objective.

In section 18.1 of the voluntary guidelines, the FAO recommends that “States should ensure that appropriate systems are used for the fair and timely valuation of tenure rights for specific purposes, such as operation of markets, security for loans, transactions in tenure rights as a result of investments, expropriation and taxation”. Furthermore, in section 5.1 of chapter 5 of the FAO technical guide expands on this recommendation. It states that “there are three key components of effective valuation systems: first, access to information on the nature and extent of the land and property to be valued, together with comparable evidence and information on the wider market; second,

a sufficiently qualified and adequately resourced valuation profession; and third, robust governance of that profession". The chapter's recommendations can be summarized as follows:

- Tenure registration systems and other land and property information systems should be developed, maintained and adequately resourced. These systems should record details of legitimate land rights, use and value in relation to individual and communal tenure rights. It is likely that coordination will be necessary when different systems are developed in separate government departments. Common referencing and unique identifiers are essential in such circumstances.
- It is important to record information on customary and informal tenure rights as well as on formal rights. Valuation systems and processes should be capable of managing complex structures of formal and informal tenure rights.
- Transaction details relating to State-owned and private land, to formal and informal tenure rights and to capital and rental transactions should be publicly accessible, with appropriate safeguards on personal information. Transaction taxes should be kept low.
- Valuations should be transparent, coherent and consistent and be undertaken by honest, impartial and competent valuers.
- A sufficient number of valuers are required, with the requisite education, qualifications, skills and experience. A valuers' association should oversee education and skill development, regulate the conduct of valuers and provide an affordable and accessible means of dispute resolution.
- Valuer regulation should centre on the creation and adoption of professional codes of conduct and ethics. Governments should support such activity and encourage openness and transparency in the valuation process.
- Successful valuation practice requires well-drafted standards that are effectively enforced. International standards should govern valuer responsibilities and ethics, and national standards should govern approach and method. All valuation standards should be monitored continuously and revised on a regular basis.

Objectivity

Those who rely on valuations should be reassured that the valuer, in addition to being competent, has behaved objectively, independently and with integrity when conducting the valuation. This is a vital component of valuation regulation. If the users of valuations do not believe them to be a fair reflection of the value of the land rights, then the credibility of valuations is undermined. Stakeholders may have different views of what the "fair" value of the land rights is, which is fundamental to the debate about value, as discussed in more detail below. It is therefore crucial, regardless of the basis or definition of value being used, that the valuer is objective in conducting the valuation.

The key requirements of a valuation are, therefore, credibility and cogency. Credibility depends on the trust that users place in the valuations. An important means of assuring credibility is adherence to a code of ethics, such as the IVSC Code of Ethical Principles for Professional Valuers. The cogency of a valuation depends on sound communication, both written and oral. Valuation standards in many countries emphasize the importance of setting out very clearly for the valuer and end user at the start of the valuation process the scope of the work that the valuation is to entail. Many standards also set out the key elements that a valuation report must cover by the end of the process.

Valuation ethics

The ways in which valuers can assure their competence and objectivity might be set out in a code of ethics. *The IVSC Code of Ethical Principles for Professional Valuers*, mentioned above, provides a useful framework at the international level.

Two areas of valuation practice where ethical behaviour faces its sternest test are conflicts of interest and client influence. Valuation regulation should include specific measures related to these matters because, often, valuation services are provided by firms that also offer brokerage or agency services.

A conflict of interest arises where a valuer's independence is compromised or is perceived to be at risk of being compromised. Some conflicts of interest are obvious, such as undertaking a loan valuation for a bank where the borrower is a family member. Others are not so obvious, such as undertaking a loan valuation for a bank on a property that the valuer's firm valued the previous year for an investment sale. A relatively common example of conflict of interest is where a firm conducts agency work as well as valuation work. Revenue from the agency work takes the form of a percentage commission on sales. Valuations that help facilitate these sales not only generate income in terms of fees, but also lead to commission on successful sales.

Even if a valuer adheres unwaveringly to ethical principles, an undeclared conflict of interest can undermine the perceived credibility of the valuation.

A useful reference document relating to conflicts of interest is the RICS professional statement on conflicts of interest (RICS, 2017a). It explains how conflicts of interest that may arise in valuation work can be managed.

In a case where there is a conflict of interest, the risk of client influence can arise. To develop the example above, in which a firm conducts agency work as well as valuation work, the client who has instructed the firm to broker the sale might be a very large development company that provides the firm with a great deal of agency business. The fees for the valuation work generate, comparatively speaking, much less revenue. This imbalance might influence the firm to accommodate the wishes of the developer and thus compromise the independence of its valuations.

This example is one form of client influence, taking the form of reward and coercive power, but there are other ways in which clients can influence valuers. For example, a valuer might be asked to value an oil depot or a tourist resort. The valuer is reliant on the client to a large extent for access to detailed information about the technical aspects of the depot and about the occupancy and financial information of the resort. If the client withholds or falsifies this information, then the client is influencing the valuation by exercising expert power and information power.

The primary factors determining the ability of a client to influence valuation practice are the type of client, the characteristics of the valuer or valuation firm, the purpose of the valuation and the information endowments of client and valuer. These are all matters that should be identified in a code of ethics and that should be addressed in the scope of work prior to the conduct of the valuation.

The problems that these issues create are exacerbated when land rights are unregistered and land markets are opaque. The reasons for this are myriad. A common problem is that the parties involved in the transaction for which a valuation is required may not be of equal standing in terms of coercive power and, in particular,

reward power. When a valuation of customary land rights is required, there may be more than two parties involved – an occupier, a community leader and the purchaser, for example – and the potentially misaligned incentives of each party can add to the complexity of possible conflicts of interest and client influence.

In order to safeguard the competence and objectivity of valuations, it is therefore important to examine the circumstances of each valuation instruction to ensure that it complies with a published a code of valuation ethics.

Professional qualifications and capacity

The IVSC has published the guide *Establishing and Developing a Valuation Professional Organisation* (IVSC, 2013). It provides good practice guidance on the role of the valuation profession and the role and responsibilities of valuation professional organizations. The guidance addresses a range of situations, including where there is no such profession in a country.

The guidance is presented in four parts:

- Establishing a valuation professional organization
- Role and responsibilities of a valuation professional organization
- Education and examinations
- Mentoring arrangements and setting priorities
- Related IVSC publications include:
 - *Code of Ethical Principles for Professional Valuers*
 - *A Competency Framework for Professional Valuers* (IVSC, 2012)

The IVSC guidance focuses primarily on establishment of the structure and operation of a valuation professional organization. The context or environment within which such an organization might be established

is not covered. In countries where land rights remain unregistered, this context is key. In countries with registered land rights, it is possible for a valuation professional organization to align itself with similar professional bodies within the legal profession, the planning profession, the construction industry and so on. This alignment is more challenging when the land rights are unregistered. Valuers may find themselves facing more gaps in information and knowledge in relation to the real estate that they are attempting to value because it is not recorded.

In such cases, the knowledge, experience and skill set of valuers is critical, but if a valuation profession is not well established these qualities may be spread more thinly across the jurisdiction. Partnering and shadowing become important means of building a knowledge base in these circumstances. Best practice might involve the identification of valuers with experience and knowledge relevant to the specific nature of the valuation task in question and the specific nature of the unregistered land rights.

The gathering of information about market transactions is challenging because they are not registered. There will be a greater reliance on market brokers and agents, which can lead to conflicts of interest (see *Valuation ethics*, above) that require careful consideration.

Often valuers rely on the informal exchange of market information, and this is likely to be more important in jurisdictions where unregistered land is more prevalent. These networks can evolve naturally at first but can then form the basis for the establishment of a professional organization. They rely on transparency, ethics and professionalism. Professional organizations have disciplinary proceedings for unprofessional behaviour and activities. Informal groups, in their early days, can effectively self-regulate on these matters.

Firms record their own market information, but it is ultimately the sharing of this information that adds value and creates a solid foundation for professional advice. In other words, the interpretation of information, rather than the access to it, is where the value is added. Nevertheless, access to reliable and relevant information is still required to be able that interpretation. Unregistered land valuation information systems should therefore be facilitated, on all relevant scales, and international valuation-related institutions may have

important roles to play in introducing and developing such systems. This may include, but is not limited to, the facilitation of support networks; mentoring; continued professional development to maintain up-to-date knowledge of laws and regulations; and the sharing of experience through the creation of repositories of legal precedents. This should be coupled with the more formal education and training requirements of a valuation professional organization.



Local grassroots surveyors drawing boundaries of spatial units on top of satellite images in Nepal under the 'Support for Land Reform in Nepal and Land Tenure Initiative' Project. Photo © Kadaster International/ Paula Dijkstra.



ANNEX

ANNEX 1

ANNEX 1: TEMPLATE FOR THE VALUATION OF UNREGISTERED LAND RIGHTS

Indicative aide-memoire (to be adjusted by the valuer, as needed, to optimally address the local situation).

1. EXECUTIVE SUMMARY

1.1 Client and client's instructions

State the purpose of the valuation and that it has been performed according to the International Valuation Standards.

Limit the use of the report to the client in question and to other specifically nominated intended users. These limits should also be applied to the circulation of the report.

While it is reasonable to make certain assumptions in valuations, the strengths of those assumptions vary in different contexts. If there have been any particular assumptions, conditionalities, limitations on liability or non-compliance with International Valuation Standards, they should be agreed between the valuer and client and stated in this section of the valuation report. They may also be further discussed in the relevant section of the report. In the absence of mention of such exceptions in the report, it is usually assumed that standard practices have been applied.

1.2 Summary of the land rights being valued

1.3 Definition of the market value, including any distinctions between market value and the value(s) being assessed under the instructions

1.4 Date of the inspection and valuation

2. DETAILS OF THE LAND RIGHTS

2.1 Definition of the land

2.2 Description of the land rights in the area

2.3 Description of the land rights being valued

2.4 Real property description

2.5 Possessor(s) of the land rights being valued

2.6 Benefits of, and encumbrances to, those rights

2.7 Previous transfers

3. DESCRIPTION OF THE RELEVANT GOVERNANCE

3.1 Local, regional and national authorities

3.2 Value-relevant policies and laws at each level of governance



ANNEX 1

4. LAND AND LOCALITY DESCRIPTION

- 4.1 Land area, locality and description
- 4.2 Situation and identification
- 4.3 General locality and surrounding development
- 4.4 Services and amenities
- 4.5 Social and environmental statement

5. EXISTING IMPROVEMENTS AND USE

- 5.1 Introduction
- 5.2 General construction and fixtures
- 5.3 Condition of improvements and utility

6. LEASE SUMMARY/OCCUPANCY DETAILS

If there are written agreements, they should be annexed to the report.

- 6.1 Regardless of whether written statements exist, the following information or its applicable equivalent should be included in this section:

- Lessor
- Lessee
- Commencement date
- Expiry date
- Option period
- Initial rental
- Rent reviews
- Current rental
- Outgoings and who pays them

- 6.2 Strengths, weaknesses, opportunities and threats related to the relevant land rights

7. COMPARATIVE MARKET INFORMATION

This section is to inform the reader of the extent of the valuer's investigations. It includes a description of the evidence relied upon, why and the extent to which it is reliable. It should mention any limitations or restrictions encountered by the valuer in providing the desired information.

ANNEX 1

7.1 Category A1 evidence

Individual pieces of evidence may be set out as follows, adjusted as considered optimal for the valuation concerned (with accompanying thumbnail photos):

Legitimate land rights transfers

Signed, sealed and delivered market value transactions or evidence of an equivalent.

Location	Date	Price	Building (m ²)	Site (m ²)
Description				
Comments (including about comparability)				

Land occupancy rights transfers

Location	From	Term	Gross or net rent per annum	Leased areas (m ²)	Rent per m ²
Description					
Comments (including about comparability)					

ANNEX 1

7.2 Category A2 evidence

In relation to legitimate land rights, asking prices, etc.

Location	Date	Price	Building (m ²)	Site (m ²)
Description				
Comments (including about comparability)				

In relation to land occupancy rights, asking rental prices, etc.

Location	From	Term	Gross or net rent per annum	Leased areas (m ²)	Rent per m ²
Description					
Comments (including about comparability)					

7.3 Market overview and comments

General evidence is to be included here, in particular matters that parties of the nature of those envisaged in the IVS definition of market value would consider relevant. This includes the relevant unregistered land rights that are equivalent to the RICS categories B and C in the hierarchy of evidence in formal property markets (RICS, 2019a).

8. BASIS OF THE VALUATION

This is the place for comments on the overall strengths, weaknesses, opportunities and threats of the information above of relevance to the reliability of the valuation in relation to its stated purpose.

8.1 Highest and best sociolegal use

8.2 Valuation methodology and calculations

8.3 Insurance assessment

ANNEX 1

9. VALUATION

9.1 Estimate of value

Example: "Subject to the assumptions and qualifications contained within the body of this report, we have assessed the market value of the subject property as at the date herein at: X units of the relevant currency, in words (number in brackets)".

9.2 Valuer's signature and full name and the professional qualifications that give the valuer the right to be considered an expert in the valuation concerned

9.3 Disclaimers: these are to be presented in accordance with the relevant legal advice in the domain concerned

Examples:

"Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear."

"This valuation report does not purport to be a site or structural survey of the land or improvements thereon, nor was any such survey undertaken."

"The reader should be aware that the valuer will not be liable for losses relating to fluctuations in the property market or changes in Government legislation."

"This valuation is exclusive of applicable taxes and realization expenses. This valuation is also subject to the improvements being made in compliance with the relevant building codes and regulations."

"The valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (as a result of general market movements and/or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability in situations where this valuation is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you, the client, become aware of any factors that have any effect on the valuation."

All key materials, including the fee agreement, inspection notes, market and other relevant research, records of any particular assumptions, conditionalities, limitations on liability or non-compliance with IVS and agreed omissions are to be recorded, filed and retained in the long term by the valuer.

EXAMPLES OF ANNEXES

1. Photographs
2. Locality map
3. Letter of instruction
4. Copy of tenure search materials
5. Copy of occupancy search material.
6. Extracts of relevant sociolegal frameworks.

ANNEX 2

ANNEX 2: CASE STUDIES

CASE STUDY 1: CHALLENGES RELATING TO THE VALUATION OF UNREGISTERED COMMUNAL OR CUSTOMARY LAND IN ZIMBABWE

In Zimbabwe, while communal area landowners have secure user rights, a huge challenge is encountered when it comes to valuation of those rights. Land tenure in communal areas is a form of what is generally known as “customary land ownership” or “customary land rights” in Africa. Traditional leadership (chiefs, headmen or their appointed representatives) are the custodians of communal area land on behalf of the community. Individual households in the local community enjoy secure user rights as long as they remain members of those communities.

The user rights that they enjoy include the right to grow food and annual crops, to grow perennial or permanent crops, including tree plantations, to graze livestock, to harvest indigenous fruits, to fetch firewood, to cut trees for building poles, to bury the dead, to exclude outsiders and non-family members, to bequeath their rights within the family lineage, and to fence.

By law, communal area land cannot be sold. Nevertheless, despite this legal and policy position, owing to demand pressures caused by population increase, informal and illegal land sales often take place.

Except in cases where compulsory acquisition has taken place, the valuation of land in communal areas is non-existent. Where such valuation is required, there exist a number of challenges, such as the absence of a recognized land market and comparable sales data. Furthermore, the fact that communal area land is unregistered and not surveyed is accompanied by a perception that there is a lack of security of tenure associated with it.

Legally, communal land is State land, as its legal ownership is bestowed by the State president. In the event of compulsory acquisition, therefore, landowners can be compensated for the improvements that they have made. In most cases, the improvements to communal area land are too basic and minimal; typically, they are the addition of pole and mud houses, grass-thatched, and as such their value will be very low. The real value of this land to people in the community, however, is huge, as most of the value is social value and related to community social-network safety nets. The land in real terms is worth a lot more than the result of the valuation exercise.

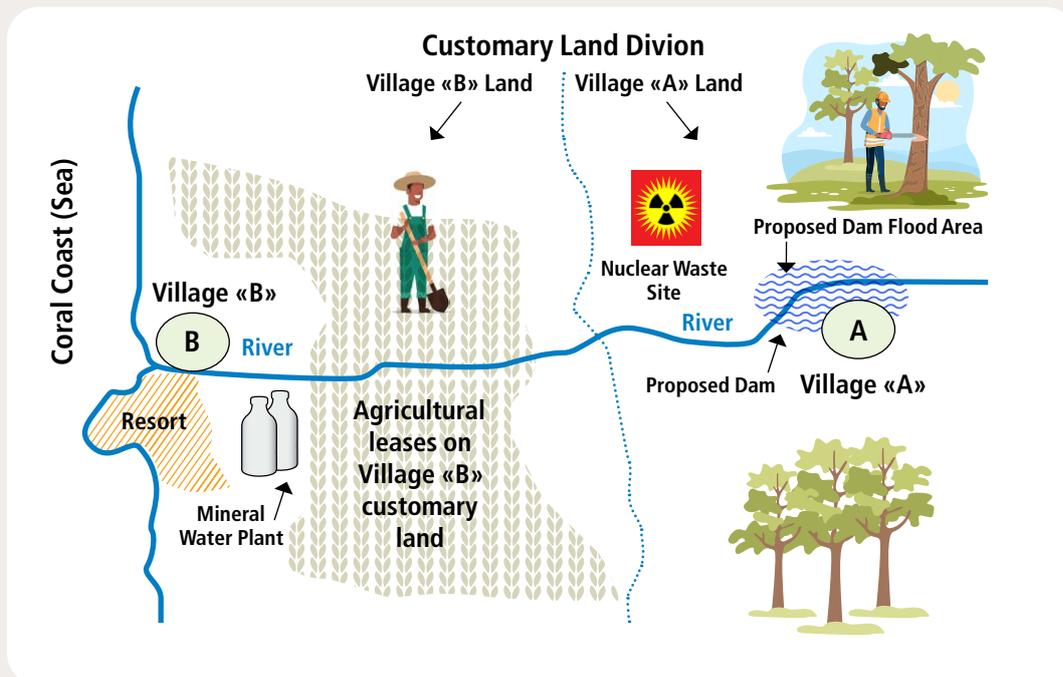
Source: Mutema, 2003.

ANNEX 2

CASE STUDY 2: DEMYSTIFYING THE VALUATION OF CUSTOMARY LAND

This case study is based on a scenario of two villages in a hypothetical Pacific island nation that is confronted with many of the sustainable development challenges affecting Pacific small island developing States, as shown in the schematic plan below.

Schematic plan of the scenario



One approach to the scenario is to undertake a stakeholder analysis of relevant issues from the perspective of the three pillars of sustainability (economic, social and environmental). This can be presented in the form of a simple table, with the stakeholders identified in the left column and the related stakes in terms of economic, social and environmental sustainability presented in three columns to the right. This can then be followed by a similar table that analyses stakeholder (landlord and tenant) property rights and interests, in terms of the associated valuation approaches.

ANNEX 2

CASE STUDY 2 ... continued

In his case study, Boydell concludes:

...despite the apparent complexity of the hybrid scenario, there are no particularly complicated aspects associated with undertaking a valuation of the multiple overlapping property rights associated with the customary land. All of the valuation tools required are currently available. Once they have been identified and clarified, having a clear understanding of the property rights of respective parties makes the valuation process relatively straightforward. The skill of the valuer is required where judgements about risk and uncertainty have to be made, especially where, for example, there is political risk or climate risk associated with the property rights. It has to be remembered that when a valuer is commissioned to ascribe economic worth to the property rights of a particular rights holder, what is being paid for is a collection of professional judgements upon which a client, or clients, can then act, be it in sale, purchase, leasing, investment, development or compensation in the examples provided in the current scenario.

Where development initiatives impact on multiple parties, such as the dam and associated irrigation scheme, there is scope to value the respective interests of the parties synergistically. ... A differentiation has to be made between the determination of "market value" ... and a synergistic valuation as the basis of negotiation between customary landowners, the state and a mining company. Likewise, in the current scenario, the entrepreneur who wants to dam the gorge, produce hydropower and irrigate farmland has a range of investment decisions running in parallel that will require feasibility studies, investment analysis and synergistic valuations that run far beyond the limitation of mere "market value".

[With regard to] Special Indigenous Value and solatium ... the intangible dimensions of customary land have to be compensated where customary property rights are being extinguished, in the loss associated with the dam and associated flooding of Village A – or the acquisition of land for a nuclear waste facility – and this can (or should) result in a value for customary land that is higher than commoditized freehold land. In this setting, there has been a landmark case in Australia decoupling solatium from market value in an indigenous context. More @ <https://customarylandssolutions.com/2019/03/26/the-timber-creek-case-property-rights-insights-boydell-sheehan-20-march-2019/>

Source: Boydell, 2015.

ANNEX 2

CASE STUDY 3: VALUATION OF INFORMAL URBAN SETTLEMENTS – MARKET REALITIES

Case studies 1 and 2 highlight nests of unregistered property rights in rural contexts, but similar situations may be encountered in peri-urban and urban contexts and formal land rights domains. Processes similar to those recommended in rural contexts may therefore apply.

A high proportion of the world's children are being born and raised in informal peri-urban areas in Africa, Asia and Latin America. These areas contain real homes and communities that trade. When there is a shortage of space, communities use the market or violence, or a combination thereof, to address those shortages. Trust in market processes, however, and among participants, is what makes markets work, with State or other violence becoming necessary only when those processes are abused.

An experienced valuer, well-informed about the principles and practices of valuation, will be aware of what needs to be considered by an expert in such a market. Such knowledge will be the result not only of guides and manuals such as this one and the other resources referred to herein, but also of professional experience in formal markets. Thus equipped, the valuer will know what comprises due diligence.

Imagine yourself to be such a valuer. You are leaving a market environment that uses technology that provides generally trustworthy information in seconds and entering an environment in which you will have to establish it for yourself. You must therefore find trustworthy sources and, if you manage to do that, you must prove yourself worthy of their trust.

ANNEX 2

CASE STUDY 3 ... continued

It will not be easy, but it may well be necessary. That said, if you find parties to a market transaction that is of interest to you as evidence, you will often find that, once you have established enough trust, they will be only too willing to unburden themselves by answering your questions (such as those in annex 1), thereby enabling you to assess the transaction against the IVS definition of market value. This is because a land transaction is usually the largest transaction that people make in their lifetimes, and they are often as anxious to learn what should have been done as you are to know what was done.

Some people may attempt to deceive you, but most will be honest. One transaction does not make a market, however, and you will need to repeat the process several times in order to get a feel for the market. Most likely, once you have compiled a sufficient body of evidence, the liars will fall among the market outliers, along with sales in which one party or another did not conform to the definition of market value.

Record all your information and enter into information-sharing relationships with trusted colleagues. Valuers know that their professional credibility depends not only on their own behaviour, but on that of all their fellow valuers. Any betrayal of trust must end the career of that valuer. A clear distinction must be drawn, however, between the sharing of evidence, which is permissible, and collusion in an estimate, which can ruin your reputation or send you to jail. You will survive in valuation only if clients can trust you to report to them without fear or favour, in relation to them and anyone else. Any political consequences of your information is their concern, not yours. Yours is tough enough: deciding what makes the market the way it is and what amounts to sufficient compliance with the definition of market value to be considered evidence within that particular market.

Source: RICS (2018). Valuation of unregistered land, RICS Research <https://www.rics.org/uk/news-insight/research/research-reports/valuing-unregistered-land/>

ANNEX 2

CASE STUDIES: LESSONS LEARNED

To gain an understanding of the relevant land rights in a particular market, it is important first to identify and tabulate them, as recommended by Mutema and Boydell in their case studies above, and then to reflect upon their interrelation, their marketability and the consequences of both. In addition to the template in annex 1, the questions posed by Namati in annex 3, or adaptations thereof for the particular market, may be relevant in assessing whether a sufficient level of knowledge and prudence has been reached by the parties. Similarly, there needs to be sufficient knowledge and prudence in relation to the highest and best legal use of the land for it to meet the definition of market value.

Written evidence, albeit unregistered, is desirable, but is not necessarily a prerequisite for a land right to have value in unregistered market domains. For example, there may be an exchange of produce between a farmer in a highland with a coastal fisherman, or a right to the produce of a fruit tree or even an orchard belonging to one party on the land of another. A household in a peri-urban area may have unwritten rights to the produce of land in the area from which they originate, with or without any current or future reciprocal obligations. When one party can no longer fulfil its part of the agreement, the other party may have to find that service elsewhere and enters a market to do so. The market value of that lost service can then become more apparent. For your valuation, however, written text along the lines of the template in annex 1 is essential.

To become an expert in scoping the market, you must understand the big picture, not just unrelated pieces of evidence. Who and what are the market's main influencers? Does the local market have any realistic idea of the worth of the land? Is its highest and best user non-local? What constitutes "proper marketing" in the context? How have the other elements of the definition of market value been met? In many markets, you will discover that the internet plays a large role. Are there any real estate agents online? Do they have home pages, and where else do they advertise, and why? On local shop notice boards, in local newspapers? You cannot profess to be a market expert if you cannot act in the way that sufficiently knowledgeable and prudent parties do.

You will need to compare the specific market's methodologies and approaches with those you consider most appropriate in order to arrive at an assessment of the economic worth of any particular property rights and interests. While traditional, formal, valuation methodologies are the most tried and true in formal markets, that does not mean that they will work in unregistered market domains. What methodologies does the market accept, and how likely are they to result in market value transactions?

Your processes must always work from evidence to estimate and not the other way around.

ANNEX 3

ANNEX 3: NAMATI DUE DILIGENCE QUESTIONNAIRE FOR CUSTOMARY LANDHOLDERS

Extract from *Valuation of Unregistered Land: A Policy Guide*, chapter 5, part 5.4.1.

DETERMINING THE VALUE TO OWNERS OF RURAL COMMUNAL LAND WITH NATURAL RESOURCES (NAMATI)

An international non-government organization, Namati, has documented a valuation-related exercise to assist a customary community to be more knowledgeable about the value of their land to them (Knight, Brinkhurst and Vogelsang, 2016). The Knight et al. (2016) case study, described below in terms of steps, can be adapted for most rural communal land with resources.

The exercise should be done as part of public meetings so that customary owners can gain an understanding of the monetary value of their land to them and make more informed decisions about potential sales. With respect to the valuer, if the amount estimated by the community exceeds, or is very different from, the amount estimated by the valuer, the valuer should consider his/her assumptions made concerning highest and best use and what 'prudent' means under these conditions. The difference in the amount might also be because of the additional values linked to the social market values.

With regard to the Namati experience, Knight et al. (2016) state that this list is only meant as a simple indicative guide, a preliminary step to negotiations with potential purchasers. To a professional valuer it may also be a step towards a capitalization of net income approach, common in land and location-related business valuations. However, additional aspects need to be considered in the valuation and compensation, such as the highest and best use of the land and matters that may be compensable under national law.

Some useful lessons for valuers working with local organizations and para-valuers can also be drawn from the Namati experience:

- Capacity development of customary parties is likely to be essential.
- There are a wide range of market and social market value assets.
- Valuation can be done of unregistered customary land, but it may need innovative valuation methods.
- Special attention is needed to maintain IVS standards for market and social markets with regard to all aspects of the market value definition.
- Human rights international standards should form part of the ethical framework of the valuer, given the potential for human rights abuses.

ANNEX 3

This example is merely an illustration for this guide of what could be involved in the valuation of unregistered land. Much more work needs to be done to produce manuals detailing how the different types of unregistered land in developing countries could be valued, drawing from the experience of valuers working in the field.

STEPS FOR CUSTOMARY LANDOWNERS TO DETERMINE THE VALUE OF THEIR LAND (NAMATI)

Step 1: Generate a list of resources that community members get from the common land. Get community members to brainstorm all the main activities or uses and all the natural resources that can be found on the land. Select the 7 to 10 most used resources that every household gathers daily or weekly.

Step 2: Determine the unit of measurement for each resource. To agree on a common unit of measurement (e.g., a kilo or a bundle), ask people how the resource is usually sold or bought in the market. Determine how many units are used annually by a typical family.

Step 3: Estimate the total cost per year for the whole community by finding out from the community how many families/households live in the community and use the common areas. This number is an estimate of the total cost for the entire community to replace the resources it currently gets from its common land. It should be a surprisingly large number – and it is likely still a low estimate because there are other resources and uses that are not included.

Step 4: Reflect. After completing these calculations, ask community members to envision what their lives would be like if they no longer had access to their community land; for example, where they would get firewood, wild fruit and other resources, how they would earn money to buy items from the market, and whether, after knowing the value of what they get from the community land, they would consider selling or renting it, and at what price.

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ABOUT THIS PUBLICATION

Value, and its attribution to unregistered land, is important information for effective land acquisition, taxation and transfer processes and a key component of land administration systems.

This manual presents a practical approach to the valuation of unregistered land. It is designed to aid implementation of *Valuation of Unregistered Lands: A Policy Guide*, prepared by the Global Land Tool Network for the United Nations Human Settlements Programme (UN-Habitat), in combination with the international valuation standards of the International Valuation Standards Council. The manual comprises two parts. The first gives an overview of recommendations related to the valuation of unregistered land rights, and the second provides more detail about what to consider when working in this complex environment.

The competent valuation of unregistered land rights requires transparent and accountable assessment of all relevant risks. This is a difficult, risk-laden, complex, and often emotionally and politically fraught process, with limited professional capacity and knowledge and a chronic lack of data and cultural/social understanding. It can be argued that “value”, whether defined in purely economic terms or in a wider context of social, environmental, and cultural value, is central to the establishment of tenure security and the identification of legitimate land rights. The manual is designed to be applicable globally, particularly in developing nations. It is based on agreed standards of best practice, due diligence protocols and expert collaboration. It explains the key concepts of valuation, land tenure, bases of value, professional capacity-building and valuation frameworks and provides an example template/ aide-memoire for unregistered land valuation that can be used by valuers.

Governments, policymakers, land professionals, valuation practitioners, capacity development institutions and other interested parties should use this manual to help achieve the Sustainable Development Goals related to conflict prevention, food security, gender equity, justice, and sustainable urban and rural development.

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