

ICTD Annual Meeting 2015-16
Property Tax Roundtable Meeting
February 12, 2016

Overview

Recent years have witnessed rapidly mounting interest in local government property taxation in Africa. This has been motivated by a conviction that property taxes may be the most viable, efficient and progressive means of raising local government revenue, and a belief that property taxes could be an entry point to state-building and strengthening state-society accountability. However, despite widespread enthusiasm progress in strengthening property tax collection has been challenging, and difficult to sustain. As importantly, academic research has remained comparatively limited, with many experiences limited to practitioners and policy makers.

Against this background, the goal of this one-day meeting is to convene a roundtable discussion of a series of broad, and critical, topics related to property taxation in Africa. The goal is to share experiences and insights, which will become the foundation for an ICTD summary paper on the topic. Each of four topic sessions will be introduced by a brief presentation (max 10 minutes), and planned remarks by a discussant (max 7 minutes), after which the floor will be opened to a roundtable discussion.

Agenda

9.00-9.15 Welcome and Introduction

Session 1 9:20 – 10:30

Approaches to Property Valuation in Limited Capacity Environments

Among the most longstanding debates about property taxation has surrounded appropriate property identification and valuation strategies in low capacity environments. Four related questions have figured centrally. First, what is the right balance between simplicity and precision – and how might this balance vary in different contexts? Second, and closely related, how can valuation systems be set up not only to be effective in the short term, but so that they are successfully updated over the longer-term? Third, where existing national valuation systems are excessively complex or bureaucratic, what options are available to reformers? These questions span the technical and political, with recent experiences suggesting that there are significant challenges in reforming existing valuation systems to become more effective.

10.30-11.00 Break

Session 2 11:00 – 12:10

Approaches to Information Technology for Property Tax Collection

Mirroring the challenge of putting in place appropriate valuation systems has been the challenge of implementing effective and appropriate IT systems. The question of IT systems for local government taxation has been little studied, and approaches have been highly varied, including sourcing of 'off-the-shelf' international systems, donor led development of context specific local systems and partnership with private local firms, operating according to varied financial models. These varied experiences have been little studied, but anecdotal evidence suggests significant challenges with all models, and corresponding value in documenting experiences and lessons learned.

12.10 – 13.10 Lunch

Session 3 13:10 – 14:20

Confronting Political Barriers to Effective Property Taxation

While strengthening property taxation implies significant technical and capacity challenges, it is increasingly argued that the largest barriers to reform are political. This reflects a simple reality: Property taxation can be highly progressive, and thus disproportionately affects economically and political powerful local actors. However, while the nature of political resistance is widely understood, less clear are the options available to reformers in attempting to overcome this resistance. There is thus significant potential value in sharing experiences and strategies for overcoming political resistance to reform – either by disarming resistance, or building popular support. More broadly, the importance of political resistance raises the question of how reformers may better target reform efforts, or link them to broader reform initiatives, in order to maximize the prospects for success.

14.40-14.50 Break

Session 4 14:50 – 16:00

Collaboration Between Central and Local Governments

Confronted with significant technical and political barriers to local government tax reform, there has been a growing trend toward the centralization of property tax collection; that is, granting central revenue authorities responsibility for collecting property taxes in larger cities, and then remitting revenue (minus fees) to local governments. This has been intended to overcome technical and political barriers to collection by local governments. However, it also poses new risks, including introducing new political barriers and risks, the absence of

detailed local knowledge or weakening connections between local governments and local citizens. Ultimately, however, there is little systematic information about the impacts of these initiatives across countries, or alternative approaches to central-local collaboration, warranting greater experience sharing and discussion.

Session 5 16:15 – 17:00

Linking Land Titling and Property Taxation

One of the somewhat surprising features of the reform landscape in much of Africa is that land titling programs have often occurred in parallel to, but separate from, efforts to strengthen property taxes. This seems to pose problems for both: (a) Land titling may be more likely to be pursued aggressively, and sustainably, by governments if linked to the collection of tax revenue, while (b) effective property taxation can be built on the foundation provided by land titling and registration. There is thus value in exploring potential synergies, as well as understanding why these two reform areas have so often operated in isolation.

Closing 17:00 – 17:30