Land Facility
Decision Support Unit

Benefits of a more sustainable approach to land administration transitions

POLICY BRIEF - EFFECTIVE STRATEGIES FOR FINANCIALLY SUSTAINABLE LAND ADMINISTRATION

Summary

Despite decades of investment from governments and development partners, very few developing countries have achieved nationwide, functional land administration systems capable of providing secure tenure, supporting land markets, and generating land-based revenues. The traditional model—heavy upfront donor funding, limited cost recovery, and under-resourced institutions—has repeatedly proven insufficient.

Evidence shows that, by adopting a sustainable finance approach, well-designed land administration systems can pay for themselves and generate broader economic benefits that far exceed their costs. The transition to this approach requires political commitment, strategic planning, and systemic thinking—but the potential gains are transformative. This policy brief sets out the benefits of adopting a sustainable finance approach. It is supported by a separate, in-depth report that provides a framework and tools to help countries begin this transition and build land administration systems that are equitable, efficient, and financially sustainable. The study was commissioned by the Foreign, Commonwealth and Development Office (FCDO)-funded Land Facility Decision Support Unit. It examines evidence from development partner funding and recent experience in Rwanda, Uganda, Tanzania, Ethiopia, Malawi, Burundi, and other countries, and provides practical tools to support adoption and implementation. The study is available as a separate publication.

Adopting a sustainable finance approach offers a realistic pathway for developing countries to:

- Mobilise significant domestic revenue
- Complete land registration
- Operate land systems effectively
- Empower landholders
- Support land markets
- Strengthen economic development.

Adopting the approach requires a shift toward financing models that mobilise domestic revenue, leverage land-based assets, ensure cost-effective operations, and generate tangible benefits for governments and landholders.

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Sustainable financing for land administration is now a reality

Effective land administration is frequently viewed as a technical or sectoral issue—something for land ministries, survey departments and donor programmes to manage. However, from a fiscal and macroeconomic perspective, land administration is one of the most powerful yet underutilised instruments for domestic revenue mobilisation, economic growth and long-term public financial sustainability. Key findings include:

Land Administration is a foundational economic element.

Land administration underpins secure tenure, land markets, investment, tax systems, and economic growth. In advanced economies, land and property sectors underpin up to 25% of GDP, can generate over 3% of total tax revenues, operate with more than 90% operational cost recovery for land agencies, and generate extremely high private-sector economic flows linked to transactions. In developing countries, land markets are weak, informal transactions dominate, and land-based revenues are underperforming—largely due to incomplete registration and underdeveloped systems. A modern land administration system is therefore an economic enabler, not simply a legal or administrative tool. It creates the fundamental conditions for efficient land markets, investment and revenue growth.

Traditional donor-funded models are no longer viable.

Land administration faces significant financial constraints in developing countries, including limited government budgets, declining donor funding, long timelines and high costs for establishing land systems, weak cost recovery, and poor financial planning. Further, systems are often not maintained after donor exit, and countries struggle to scale from pilots to national coverage because no planning for financial sustainability is built in. A new, financially sustainable approach is required—one that reduces reliance on external funding and enables systems to pay for themselves.

Land Administration can finance itself.

Evidence from countries such as Rwanda, Tanzania, and Uganda shows that land administration systems have the potential to generate significant domestic revenues. Even partial improvements can generate returns that fully cover operational costs and, over time, offset initial investments. For example, Rwanda now effectively recovers 80–100% of operating costs through transaction fees and duties, and cumulative revenue since 2011 matches the original investment and rollout of the nationwide land administration system, including the nationwide registration programme. Malawi is proposing a new programme in which nationwide land administration reforms can be financed solely from increased ground rent collection, and Tanzania collects over US$40 million/year in urban land rents—twice the ministry's operating budget. There is significant unrealised revenue potential from land-based revenues, including property taxes, land rents/ground rents, transfer duties, development charges, land administration service fees and value capture from urban growth.

Land-based revenues in developing countries are underperforming sources of domestic finance.

Compared with global benchmarks, developing countries collect only a fraction of the revenue their land sector could generate. In OECD countries, property taxation alone equals 1–3% of GDP. In

developing economies, it is often below 0.3% of GDP, even where land values are rising quickly. This gap represents one of the clearest opportunities for expanded domestic resource mobilisation. A complete and up-to-date land register—linked to valuation, billing and collection systems—allows:

- A broader, more accurate property tax base• Higher compliance and reduced losses
- Predictable and sustainable local revenue streams
- Fairer, more progressive tax structures
- Administrative efficiencies through digital systems

Countries such as Rwanda, Uganda, and Ethiopia demonstrate that once the underlying land information improves, revenues increase rapidly without raising tax rates.

Active land markets strongly drive revenue flows.

A key element in adopting a financially sustainable strategy is understanding the demand side and its role in generating revenue flows for land administration agencies, other government and municipal entities and the private sector. In mature land and property markets, for every US$5 spent on land administration services, more than US$95 is generated in the private sector and more than 200 times generated in other government revenues. As an example, in the UK (England and Wales, Figure 1), the £400 million in financing for the land administration bodies is essentially underpinning very high revenue flows to the private sector (real estate professionals) and other public service bodies generating revenue (tax, planning, development, and ground rents).

A similar analysis can be applied to developing countries, showing actual and potential revenue flows. The supporting study estimates the revenue flows for Malawi and Rwanda (Figure 2). These revenue flows can be determined by land market analysis.

In all cases, the leverage principle applies. The key is building public trust in the systems and evaluating willingness to pay; typically, users are willing to pay if they are incentivised and can see real benefits.

Figure 1: Annual land-based revenues generated through land market and related activities – example from England and Wales

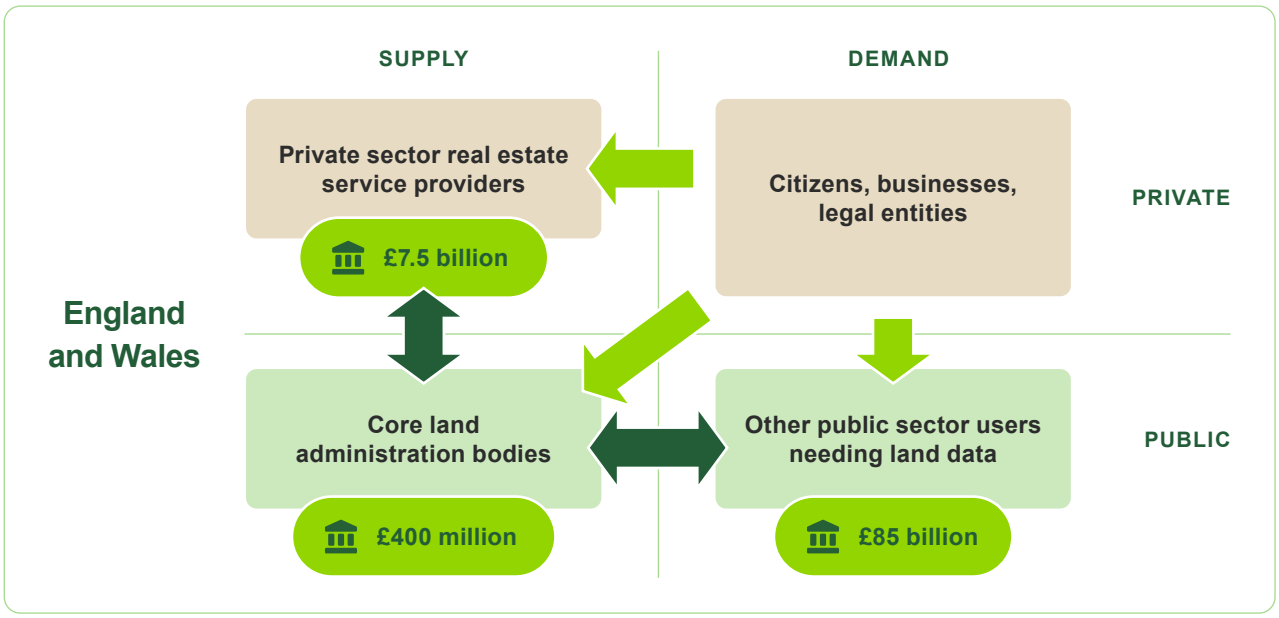
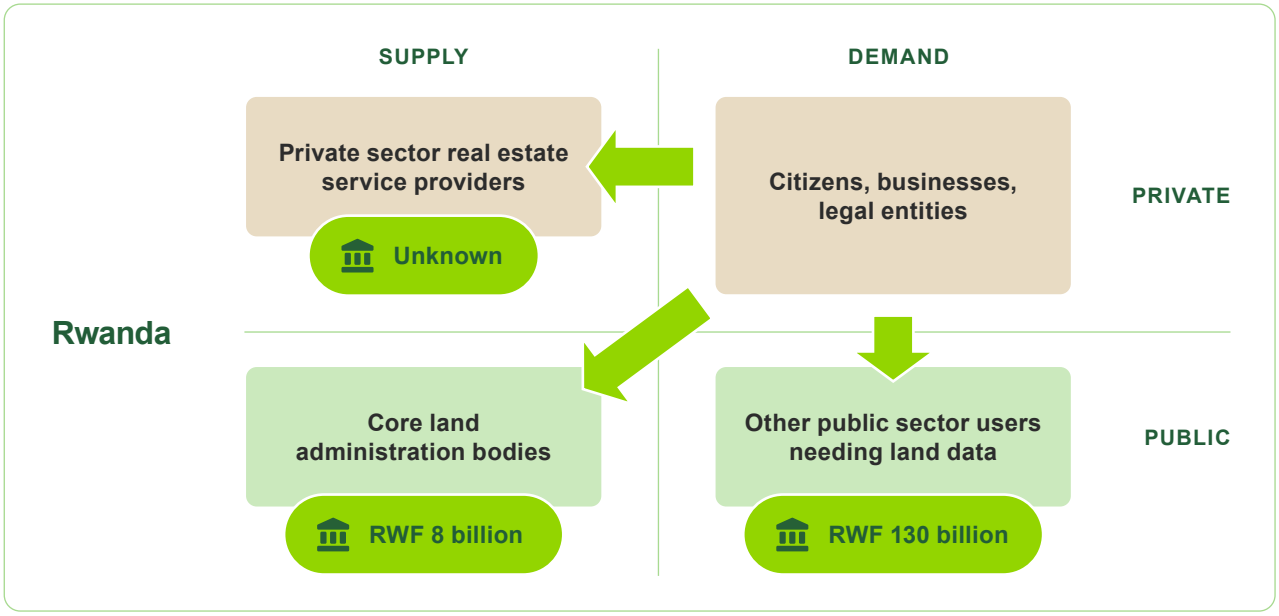


Figure 2: Annual land-based revenues generated through land market and related activities – example from Rwanda



A sustainable finance approach creates direct benefits for landholders.

Landholders gain economic advantages when documentation is improved, including increased land values (10–20%+); access to microfinance and mortgages; stronger participation in rental markets; reduced disputes and improved climate resilience (through greater investment in climate resilience practices). In Ethiopia, the FCDO Land Investment for Transformation programme (LIFT) has registered more than 20 million parcels, realised over US$42 million in loans backed by Second Level Land Certificates, and significantly enhanced land mobility through increased land rental markets, enabling landholders to directly benefit from land administration being in place. In Tanzania, a willingness-to-pay survey showed landholders were willing to pay around US$13 to obtain a certificate of occupancy, which underpinned the rollout of the beneficiary model. In all cases, where the benefits are clear, the public is interested and motivated to engage. Where benefits are not clear, then the public is less interested, has less trust, and is unwilling to contribute to costs.

New approaches can reduce costs and expand coverage.

Large-scale first registration can be conducted affordably using Fit-For-Purpose methodologies, with unit costs as low as US$10 per parcel repeatedly achieved in rural contexts, while significant reductions with modern technology have also been achieved in urban areas. Emerging contributory/self-financing models in Uganda and Tanzania demonstrate that beneficiaries are willing and able to pay modest contributions (US$10–20), significantly reducing public financing needs.

A holistic approach is required, building in sustainable finance at an early stage.

Sustainable financing is not simply putting systems in place and then adjusting fees or taxes. It requires integrating land market analysis, understanding the actual costs of service delivery, revenue modelling, business planning, understanding and building demand-side incentives and navigating the political economy of reform and institutional complexity. A Theory of Change is proposed that embeds sustainable finance considerations from an early stage and tools supplied for identifying priorities (readiness assessment) and quantifying benefits.

Wider benefits become a possibility and strengthen the case for reform

A sustainable finance approach can unlock wider economic benefits.

Strengthening land administration produces second-order economic impacts that improve the national investment climate, including:

- Increased land market activity
- Higher levels of private investment in housing and agriculture
- Greater mortgage issuance and financial sector deepening
- Reduced disputes and more efficient land allocation
- More predictable and inclusive urban growth
- Greater resilience to climate shocks through improved tenure security

These benefits drive economic productivity and reduce pressure on public finances by supporting livelihoods, improving agricultural output, and enabling private sector-led development.

The political and fiscal case for reform is strongest when benefits are quantified.

Ministries of Finance often lack visibility of the full value chain of land-based revenues and the benefits that modern land systems create. A sustainable finance approach addresses this by capturing, quantifying and projecting:

- Current vs. potential land-based revenues
- Cost recovery possibilities
- Fiscal gains from reduced disputes or faster transactions
- Value-added impacts on investment, mortgage uptake and productivity
- The long-term macroeconomic benefits of secure tenure

Tools such as a benefits calculator and a readiness assessment (included in the supporting study) enable ministries to make evidence-based decisions on funding priorities and sequencing of reforms.

A sustainable finance approach to land administration unlocks wider economic benefits, driving investment, productivity, and more efficient land use, while enabling governments to quantify impacts, strengthen the fiscal case for reform, and make evidence-based decisions.

There are clear benefits for policymakers and partners

For policymakers, development partners, and ministries, including the key Ministries of Lands and Finance, the case is clear: adopting a sustainable finance approach to land administration is one of the most cost-effective ways to unlock new revenue streams, strengthen fiscal performance, and accelerate economic development. With modern methodologies, realistic costing, and clear sequencing, land administration systems can be built and sustained at scale—financed increasingly by the revenues they help generate.

Table A. Benefits of adopting a sustainable finance approach: key stakeholders

Policymakers

- Reduces dependency on donor funds
- Allows systems to pay for themselves over time
- Unlocks major domestic revenue sourxces
- Supports economic growth, investment and formal land markets
- Empowers citizens through secure rights and access to finance
- Builds efficient, modern land institutions
- Accelerates national development goals

Development Partners

- Leverages investments and strengthens coordination functions
- Improves value for money
- Strengthens sustainability of investments
- Reduces need for repeated large-scale funding cycles
- Aligns with global agendas on domestic resource mobilisation, urban resilience, and secure tenure
- Enables scalable national solutions, not pilot projects
- Supports country ownership and accountability

Ministry of Finance

- Domestic revenue mobilisation activates underperforming tax bases.
- Fiscal consolidation shifts land administration from a cost centre towards a self-financing system
- Debt sustainability reduces reliance on external funding for land sector reforms
- Economic transformation strengthens property markets, investment and credit systems
- Governance and accountability improve transparency and reduce informal payments
- Enhances efficiency of public spending

Ministry of Lands

- Strategic importance in government due to revenue generation role
- Potential long-term sustainability with systems that pay for themselves
- Potential financial independence from donor funding and budget constraints
- Public legitimacy through demonstrable value delivery
- Operational excellence through better cost management and efficiency
- Performance measurement capability for continuous improvement
- Modernisation through technology and process improvements

For Ministries of Finance, adopting a sustainable finance approach to land administration is a strategic investment that delivers measurable returns to the national economy. For Ministries of Land and development partners, traditional land administration reforms rely on large upfront capital investments, typically funded through external grants or loans. These programmes often fail to reach national scale, and systems deteriorate once donor funding ends. A sustainable finance approach changes this trajectory by:

- Reducing upfront costs through Fit-For-Purpose methodologies
- Spreading costs via contributory models for first registration
- Using land-based revenues to finance operations
- Embedding business planning and activity-based costing
- Ensuring that systems can pay for themselves over time

Adopting a sustainable finance approach means that investments in land administration do not become long-term fiscal liabilities—they evolve into self-sustaining revenue-generating assets.

Developing the approach – the Sustainable Land Administration Theory of Change

In most developing countries, land administration systems are only partially established and implemented. Every country has its own unique state of development, and rather than invoking a linear development model focused purely on the legal, institutional and technical aspects of building land administration systems, the Theory of Change allows for a more flexible approach, recognising key interventions that must take place to create pathways to sustainability.

The Sustainable Land Administration (SLA) Theory of Change (Figure 3 below) explicitly includes consideration of **demand** factors; developing land administration infrastructure, registration, service delivery, and **supply** factors; providing incentives and benefits for land holders while also including rigorous analysis of existing sector costs; land-based revenues; identification of land market trends and linkage to wider domestic revenue generation potentials.

The overall aim is to have positive outcomes that:

- Strengthen land administration institutions and service delivery, complete registration, and provide cost-effective and secure land services and support stronger domestic revenue mobilisation.
- Support more transparent and well-developed land and property markets that are able to meet the needs of citizens in a secure and equitable manner.
- Ensure public engagement and trust in the land institutions, a better understanding of the benefits of registration, and access to finance and land mobility.

The approach involves applying business analysis principles to understand the costs of service delivery and land-based revenues (in the widest sense) that can be generated. This places a spotlight on the financial aspects at an early stage and helps develop arguments that can increase political support by increasing domestic revenue generation and delivering both direct and indirect financial benefits for governments, citizens and enterprises.

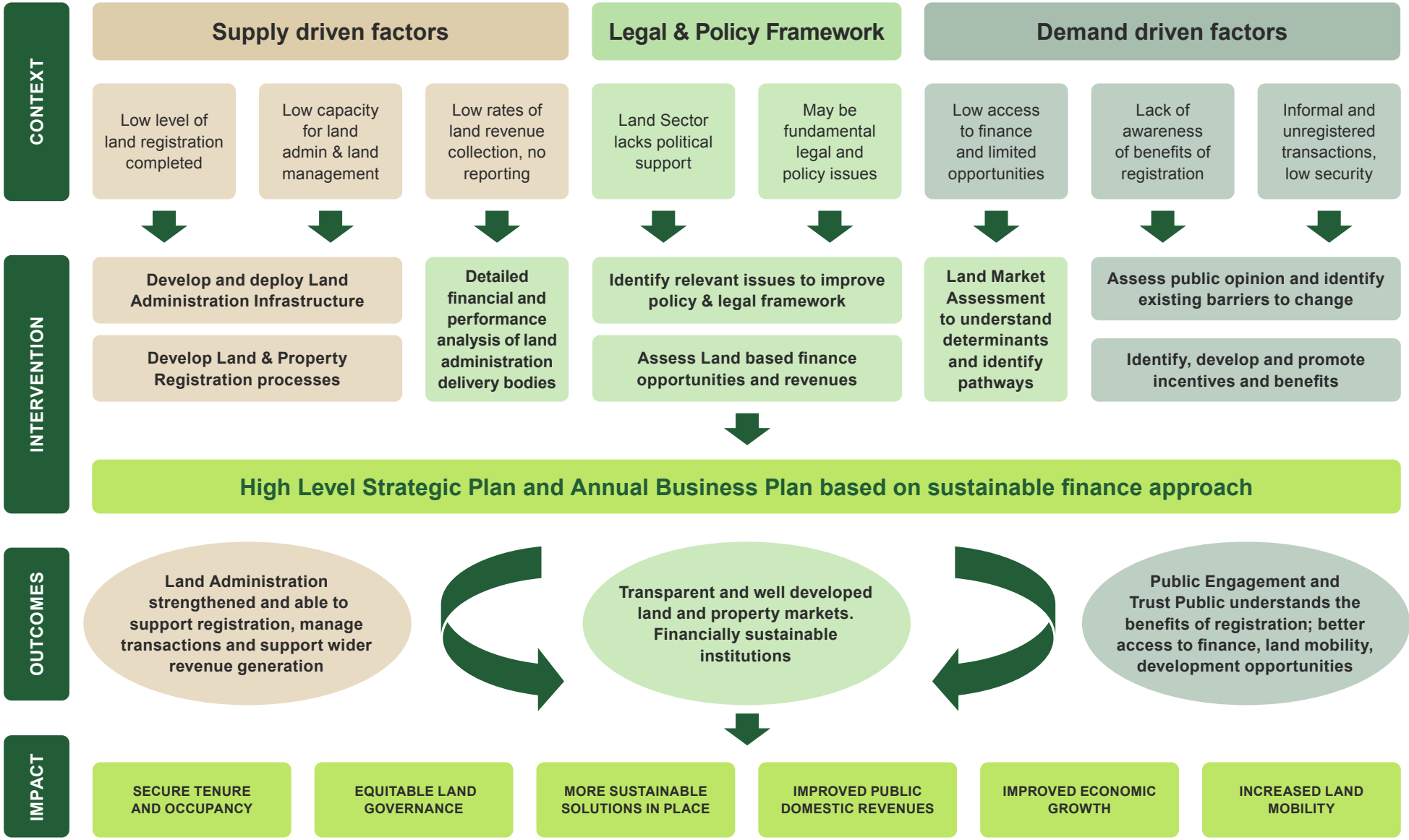
The Theory of Change proposes a series of interventions to address contextual issues, which may include a lack of political support, inadequate or ineffective land registration and administration, weak land markets, lack of access to finance and poor capitalisation on the benefits of registration by individuals. The key constraint of lack of finance for reform is directly addressed by looking at actual establishment and delivery costs, and the potential revenues that can be generated.

Initiatives can take place and contribute to the overall sustainability outcome; for example, a specific initiative focused on a better understanding of the land market dynamics, or a programme focused on cofinancing for customary land registration. By ensuring these initiatives are captured in the overall strategic and annual business plans, they will contribute to the overall sustainability objective.

A key element in the SLA Theory of Change is adopting an approach at an early stage based on a **high-level strategic plan and an annual business plan** that includes financial and operational aspects, providing a continuous focus on developing a financially sustainable solution. This strategic plan and business plan are informed by detailed costing and revenue analysis across the wider land sector and land market trends, as well as the more traditional land administration functions and costs.

The Theory of Change can be used as a guide for implementing a sustainable finance approach, and more detailed notes are contained in the supporting study, along with tools, including a readiness assessment tool and a benefits calculator, to determine transition pathways to a more sustainable future.

Figure 3. The Sustainable Land Administration Theory of Change



Key recommendations for action

1 Develop a clear understanding of the current situation

Countries should begin with a diagnostic that identifies the existing legal, policy and institutional framework; gaps in land information, coverage and system functionality; current revenue flows (fees, taxes, duties, rents, etc.); operational costs across national, district and local levels; condition and capacity of existing land agencies and local authorities; and state of land markets (urban, rural, agricultural). This forms the baseline for planning and identifies political economy constraints that may influence reform. In many cases, much of this information will already be available.

2 Adopt a sustainable finance strategy early

Countries should embed financial considerations in programme design from the outset, including cost-recovery modelling, realistic revenue projections, business planning, and long-term operational budgeting. This ensures that reforms move beyond donor dependency at the outset and sustainability is 'baked in' to the transition process. The **Theory of Change**, **Benefits Calculator** and **Readiness Assessment** will assist with identifying actions and what must be done.

3 Involve Ministries of Finance, revenue authorities and development partners early

Sustainable finance requires whole-of-government commitment. Collaboration ensures alignment with national fiscal policy; improved coordination between land and tax agencies; access to domestic financing options; integration with decentralisation and urban planning reforms; and support for credible long-term investment planning. Early involvement strengthens both financial and institutional sustainability and fosters political support.

4 Strengthen domestic revenue mobilisation through land-based revenues

Governments should prioritise improved property tax systems, updating of valuation rolls, integrating land information with tax authorities, reforming ground rents and leasehold payments, and introducing progressive transfer duties and fees. These are powerful, underutilised revenue streams and create compelling arguments for reform.

5 Undertake a detailed land market assessment

Governments need to understand land market dynamics and trends, as these will inform revenue intentions and help identify targeted interventions to stimulate land markets, incentives, and benefits, and improve service delivery. The land market study will include assessment of transaction volumes and types; formal vs. informal markets; valuation patterns; market bottlenecks and distortions; and investor incentives.

6 Develop a national strategic plan and annual business plan

This is the key overarching mechanism to structure, guide and track the overall transition of land administration bodies to a more financially sustainable basis. This plan evolves over time, according to the state of overall development of the land sector ecosystem. There is no single solution; the particular combination of priorities and actions is likely to differ for each country and will also evolve over time. The Strategic Plan (three to five years) sets out the vision for sustainable financing and identifies transition pathways that align investments with revenue opportunities, integrate institutional, legal, and financial reforms, and coordinate national and local responsibilities. The Annual Business Plan then operationalises this by specifying output targets, tracking costs, monitoring revenue and agreed financial and operational performance indicators.

7 Build institutional capacity for cost-effective service delivery

Land agencies should implement a stronger 'business management' approach, including the use of activity-based costing, service delivery and revenue allocation as set out in annual business plans with financial and operational performance indicators that provide both operational and financial reporting. This strengthens management and transparency and improves efficiency, while focusing on cost and service delivery.

8 Foster demand-side incentives for citizens

Public acceptance and engagement increase when the public sees clear benefits. Governments should promote access to finance (mortgages, microfinance); clear communication on benefits; stronger rental markets; improved dispute resolution; and a focus on standardisation of processes and service standards.

9 Establish or strengthen the land administration infrastructure

This includes ensuring that the necessary legal frameworks are in place; organisational structures and institutional mandates are established; and national or local digital land information systems exist or are under development with defined service delivery points (national, district, municipal). It also implies that standard operating procedures exist and there are reliable data models and quality standards. Infrastructure need not be built all at once. Countries may start with local registers, lightweight systems or phased deployment, as long as data can later migrate to national platforms.

10 Identify and quantify benefits for landholders and the economy

It is necessary to determine the direct and indirect benefits arising from land administration reforms, including potential increases in land values; the number and value of loans issued using documented land; productivity gains in agriculture; reductions in disputes and improvements in land market activity. Also required is determining the flow of funds to and from the private sector through additional land services such as valuation, legal, financial, notary, brokerage, and surveying purposes. This directly quantifies the benefits, strengthens political support and makes the economic case for support.

Conclusion

A sustainable finance approach offers a transformative pathway for developing countries to complete land registration, operate systems effectively, mobilise significant domestic revenue, and unlock broader economic development. The evidence clearly shows that well-designed systems can pay for themselves while generating economic benefits far exceeding their costs. Practical tools provided in the full study—including a Theory of Change, Benefits Calculator, and Readiness Assessment—give countries the means to begin this transition toward land administration systems that are equitable, efficient, and financially sustainable.

Land Facility
Decision Support Unit

The Land Facility is a global programme funded by the UK Foreign, Commonwealth and Development Office (FCDO) that partners with governments to strengthen land governance. The programme aims to advance effective and sustainable national land governance reforms and land administration systems. The Land Facility's learning partner, the Land Facility Decision Support Unit (LF-DSU), facilitates knowledge production and exchange within and beyond the programme to support adaptive decision-making.

This Policy Brief summarises findings from a comprehensive study that draws on experience across multiple African countries, providing practical frameworks for adoption and implementation. The study is available as a separate publication.

The Brief was written by Dr Richard Baldwin (iLand Consulting). It was produced by the Land Facility Decision Support Unit with funding from the UK Foreign, Commonwealth & Development Office.

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For more information and to access the full research on which this Brief is based, please contact Dr Richard Baldwin (r.baldwin@iland.consulting) or Dr Robin Bloch (Robin.Bloch@abtglobal.com)

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