



# Responsible Land Governance: Towards an Evidence Based Approach

ANNUAL WORLD BANK CONFERENCE ON LAND AND POVERTY  
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## **LAND MANAGEMENT FOR IMPROVED DISPUTE RESOLUTION AND PROPERTY TAX REVENUE FOR LOCAL GOVERNMENTS: EVIDENCE FROM SOMALIA**

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## Abstract

Land management is tied to a range of economic, social and environmental outcomes, particularly in urbanizing regions. This is the case in Somaliland and Puntland where urban growth is occurring, raising property values, creating opportunities for improved local revenue generation but also leading to land-related conflicts, particularly between pastoralists and urban dwellers, and the grabbing of undeveloped land. UN-Habitat has worked to build the capacity of local governments to improve land management, including assessment of the land dispute resolution system, the implementation of an updated cadastre system, and support for improved property tax collection. Technical assistance related to public financial management and tax collection has also been extended to Mogadishu. Local government capacity building was paired with legislative support through creation of a local governance finance policy and legal analysis of land governance in Somaliland and Puntland.

**Key Words:** Land governance, land dispute resolution mechanisms, municipal finance, tax revenue.



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## Introduction

25 years of civil unrest have resulted in the destruction of infrastructure, a large number of displaced people, a destabilized government with fragile leadership, and unclear governmental structures, all of which hinders development. UN-Habitat, in partnership with four other UN agencies, being the International Labour Organization (ILO), the United Nations Capital Development Fund (UNCDF), the United Nations Development Programme (UNDP), and the United Nations International Children's Emergency Fund (UNICEF), are implementing the United Nations Joint Programme on Local Governance and Decentralized Service Delivery (JPLG) in Somalia. The objectives of JPLG are to ensure that communities have equitable access to basic urban services through local government entities and to promote accountable and transparent local governments.

The first phase of JPLG began in 2008 and ended in 2012. JPLG II (2013–2017) is now being completed in Somaliland and the Puntland State of Somalia, with plans to expand to the emerging Somali states of the Juba Administration, the Galmudug Administration, the South West Administration, and the Hiran-Shabella region. JPLG is being implemented in partnership with the Federal Government of Somalia, the Government of the Puntland State of Somalia, and the Government of Somaliland. JPLG expects to improve the legislative and regulatory framework for decentralized service delivery in the Somali region, provide funding for service delivery through district councils and building the capacity of demand-side governance at the local level.

Within the JPLG, UN-Habitat is responsible for municipal finance, participatory urban land management and planning, land governance, solid and biomedical waste management, and local governance and the capacity building. UN-Habitat continues to work to build the capacity of local governments to improve land management, including assessment of the land dispute resolution system, the implementation of an updated cadastre system, and support for improved property tax collection. Technical assistance related to public financial management and tax collection has also been extended to Mogadishu. In addition, local government capacity building is done in conjunction with legislative support in programme areas such as the creation of a local governance finance policy and legal analysis of land governance in Somaliland and Puntland.



## **I. LAND GOVERNANCE: MANAGEMENT FOR IMPROVED DISPUTE RESOLUTION**

In many countries, land is the primary source of livelihood, a cultural landmark, and the space that provides the resources necessary for life to thrive. Land is also a conflict driver: cycles of conflict over the use and management of natural resources, rapid urbanization, and natural disasters in Somalia have created waves of displacement, loss of property, and lack of secure tenure. Local and state governments have a key role in land management, as land is usually a local government asset in the Somali region and is not necessarily regulated by the central government. Inefficient and inequitable land redistribution has caused grievances, particularly among marginalized groups such as internally displaced people and returnees. The use of formal (secular) and informal (customary and religious) legal systems has also contributed to land disputes and insecurity. Transforming this conflict requires justice mechanisms, especially for the urban poor and other marginalized groups. It is in this context that UN-Habitat/JPLG (in collaboration with Somaliland and Puntland) has developed practical solutions for managing land disputes.

Since land dispute resolution is a precursor to effective land management and land-based public revenue generation, an assessment of land dispute resolutions in policy and in practice in Somaliland and Puntland was conducted under the JPLG Land Governance Portfolio in order to develop a relevant and practical solution. The intended outcomes of the JPLG work on land governance issues was to reduce land disputes, build peace and improve service delivery and the land governance thematic area focused on developing regulations for Land Dispute Tribunals/Committees (LDT/C) in Somaliland and Puntland. In addition, there was an extensive capacity development in land management related areas.

### **Land Dispute Resolution Mechanisms in Somaliland**

Through the JPLG, UN-Habitat supported local and central governments in Somaliland by establishing and strengthening a land dispute mechanism anchored in the local government system. To this end, Land Dispute Tribunals (LDT) were set up. An LDT is an administrative tribunal with quasi-judicial powers, consisting of appointees from local and state government line ministries and hosted by the local government, operating in jurisdiction is over urban land only. The LDT is designed to be a hybrid institution that harmonizes formal and customary legal procedures to provide a trusted, efficient, and rights-respecting dispute resolution forum. Somaliland's first Land Dispute Tribunal (LDT) was established in 2010 in Hargeisa, in cooperation with the Ministry of Interior, and this LDT has proved to



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be successful in addressing urban land conflicts. To date, the Hargeisa LDT has solved 468 cases out of 575 received cases. Cases are systematically referred by courts to this body, and decisions are rarely challenged through the constitutional court. The success of the Hargeisa LDT has led to the expansion of the system, with the establishment of the Berbera LDT and the Boroma LDT in 2015.

## **Land Dispute Resolution Mechanisms in Puntland**

In Puntland, customary Land Dispute Committees (LDCs) are the main dispute resolution mechanism. The Land Dispute Committees (LDCs) established in nine districts are working as ad hoc administrative bodies that hear disputes over undeveloped land, both rural and urban. UN-Habitat and the Puntland Ministry of Interior are in the process of regularizing Land Dispute Committees by developing regulations and providing on-the-job training for committee members on statutory legal analysis, case hearing, and reporting. The process has started with the establishment of the Garowe Land Dispute Committee (the first of its kind in Puntland) as a regular administrative court dealing with land dispute cases.

## **Analysis of the efficiency of the Land Dispute Resolution Mechanisms**

An observation of the operation of Land Dispute Tribunals and Land Dispute Committees has shown that both dispute resolution mechanisms are of assistance. For starters, Land Dispute Committees used in Puntland have some advantages over the more formal legal Tribunals used in Somaliland as it takes less time to resolve disputes in LDCs than LDTs - LDCs take on average three months to resolve a land dispute, while LDTs require on average one year. This is primarily because LDCs rely on elders and religious leaders who follow a simplified procedure. LDCs are also less costly than LDTs. On the other hand, as LDTs apply rules-based procedures, they provide a broader legal protection for vulnerable groups and command legal recognition on findings and acceptance of findings by the wider community.

Research was undertaken on these land dispute resolution mechanisms, and particularly to examine how plural legal systems on land can be harmonized and incorporated into LDT/LDC regulations in order to strengthen them as well as accommodate both formal and informal justice systems. The results of the research provided insight and guidance on how to harmonize plural legal systems for efficient and sustainable land dispute resolution. For instance, the research showed that the hybrid nature of LDTs contradicts the provision in Somaliland's urban management law that provides the basis for their establishment. As a result, UN-Habitat, in cooperation with the Ministry of Interior, is planning to revise the current regulations and support the amendment of urban management law in Somaliland. Similarly, in



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Puntland the development of urban management law and the revision of Land Dispute Committee regulations are planned.

## **Capacity building for the Land Dispute Resolution Mechanisms in Somalia**

JPLG undertook capacity building for the LDTs and LDCs, on which key technical local government and line ministries staff were trained on various land governance issues including regulation, legal reasoning, statutory analysis and case management. This capacity building was conducted in all target districts comprising of Hargeisa, Boroma, and Berbera LDTs, and to LDCs in Mogadishu, Qardo, Garowe, and Bossaso. Further, UN-habitat worked in collaboration with the University of Hargeisa and Puntland State University to enhance the capacity of academic institutions to act as land governance training centres for civil servants. Land law curricula and master courses on land governance were developed and adopted as part of their teaching programmes. The capacity building efforts are also targeted at improving gender balance in the LDTs and LDCs. To this end, UN-Habitat will continue to support training for female civil servants so that they are qualified to be recruited as panel members of the Land Dispute Tribunals and Committees. There are also efforts to raise public awareness in order to make access to courts inclusive, particularly for lower income community members and women.

## **II. MUNICIPAL FINANCE: LAND MANAGEMENT TO SUPPORT/ IMPROVE REVENUE GENERATION FROM PROPERTY TAXES**

Municipal finance is a cornerstone of public financial management and a central component of JPLG efforts to implement decentralized services and enhance local governance in Somalia. It is also central to UN-Habitat's three-pronged approach to urbanization which focuses on the intersection of urban planning, legal and regulatory frameworks, and municipal finance. Under this approach, urban planners, economists, and policy experts work together to provide comprehensive guidance for municipal authorities.

The Municipal Finance Portfolio of the JPLG is focused on local government finance policy and procedures, including capacity development on various financial areas such as automated accounting billing systems, property taxation system and service delivery in order to ensure better financial and accounting management and resource planning, as well as promote revenue generation from property taxation for improved basic services. In particular, UN-Habitat has supported local and state governments



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in the Somali region, particularly Somaliland and Puntland, in policy development, revenue generation, financial system development, and capacity building to strengthen local government systems.

## **Improving Finance Policy**

A legal foundation for the decentralization of financial responsibilities and functions to local government authorities in Somaliland and Puntland was established through the adoption of the Decentralization Policy in 2013. The policy provides a framework for decentralization via devolution and de-concentration of financial functions to local governments. Afterward the adoption of the policy, UN-Habitat supported the Somaliland and Puntland governments to develop Local Government Finance Policies (LGFPs) that were aimed at providing a framework for the devolution of financial functions to local governments. The local government finance policies provide a guiding framework on key municipal functions such as revenue generation, budgeting, financial management, procurement, internal control mechanisms, asset management, debt and credit management, and monitoring and evaluation mechanisms.

The objective of LGFP is to provide a clear guide for the delivery of financially sustainable public services that will strengthen district finance and align it with the goals of sustainable financing, greater accountability, trust in local government administration and good governance. These local government finance policies were developed in a participatory manner and in compliance with the World Bank-led public financial management reform agenda in Somalia. To date, the LGFPs have been adopted by the inter-ministerial committees in Somaliland and Puntland, and await approval by the cabinets to provide a solid basis for fiscal decentralization.

## **Improving Revenue Generation and Financial Systems**

To support local governments' revenue generation and to decentralization, UN-Habitat identified three key areas of support within the framework of JPLG that would be extended to local governments in Somaliland and Puntland. These three key areas are: (1) to design an enforceable legal framework with delegation of authority for tax collection within the established legal framework; (2) to establish an automated accounting and billing system to improve accountability, transparency, and efficiency (3) to develop an up-to-date database for taxation; which are briefly described below.



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## i. Legal framework

At the outset of the establishing the Local Government Finance Policy (LGFP) for Somaliland and Puntland, the focus was on creating legislation that would provide the mandate and the support for a decentralization policy, and the revision and/or harmonization of local governments' financial laws and regulations as necessary. For instance, building and property tax collection rates differ from one district to another. Therefore, it was crucial to create an overarching framework for a property tax regime that would offer fair and balanced tax collection across the Somali region.

UN-Habitat has worked work with local and state authorities in Somaliland, Puntland, and Mogadishu to establish a property tax regime for urban areas. The regime will provide a framework for ensuring a fair taxable rate for different properties, improving accountability and enforcement, and establishing conditions for exemptions for the urban poor. To this end, UN-Habitat is currently providing technical assistance aimed at harmonizing taxable rates for urban land and properties across Somaliland, Puntland and Mogadishu. The tax regime will also provide guidance to ensure that tax rates are fair for properties at different values, improve accountability and enforcement while making sure that urban poor are exempt from taxation.

## ii. Automated accounting and billing systems

An Accounting Information Management System (AIMS) and a Billing Information Management System (BIMS) were introduced to Somaliland and Puntland local governments at the start of the JPLG in 2008, in order to improve transparency, accountability and efficiency. AIMS and BIMS have been used in local governments' daily operations for all financial transactions and reporting and for improving tax collection.

The use of automated accounting and billing systems have improved accountability, transparency and financial reporting to the relevant stakeholders such as Ministry of Interior, Ministry of Finance, Accountant General and Auditor General. With the automated systems, municipal records can now be easily retreated. Moreover, municipal staff is now familiar with the modern accounting software applications and this has increased their efficiency. More importantly, as the service delivery capacity in target districts has improved the trust between local people and elected/nominated local councils has improved.

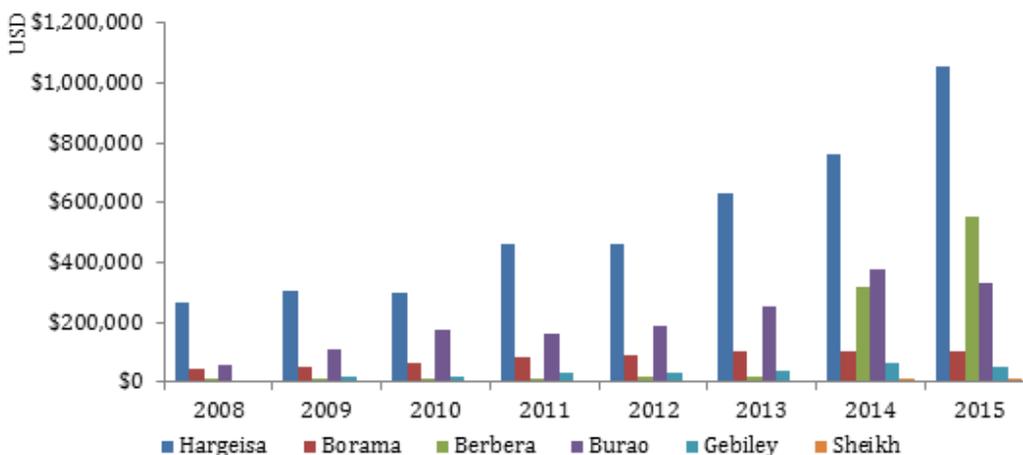


iii. Property database

A geographic information system (GIS) based property database was established by UN-Habitat in conjunction with local government authorities. The database serves to collect, catalogue and store data on properties and urban parcels. This database includes property characteristics such as the location, quality, as well as land use, infrastructure, ownership, number of occupants etc., in order to define the tax rate for each property and notify occupants of their tax obligation to the municipality. This data is then connected to the local government finance system to generate bills and to account for tax collection.

Using a Geographical Information Management System, all properties in major cities were mapped. The surveyed properties were incorporated into the aforementioned database, which is linked to an automated accounting information management system and a computerized billing information management system. Employees in local governments were subsequently provided with technical assistance to generate bills to potential customers. As a result, revenue collection, particularly, property taxation has significantly improved in most of the local governments where the system has been installed. For example, Hargeisa local government in Somaliland increased its revenue from USD100,000 in 2008 to over USD1 million in 2015, an average increase of 38 per cent per annum. Similarly, in Burao, property tax collection increased from USD58,000 in 2008 to USD400,000 in 2014. In 2004, one municipality’s database had only 15,850 taxable properties as compared to 2011 where the taxable properties increased to 60,000 as a result of the GIS survey, consequently increasing the property tax revenue. See figures 1 and 2 below.

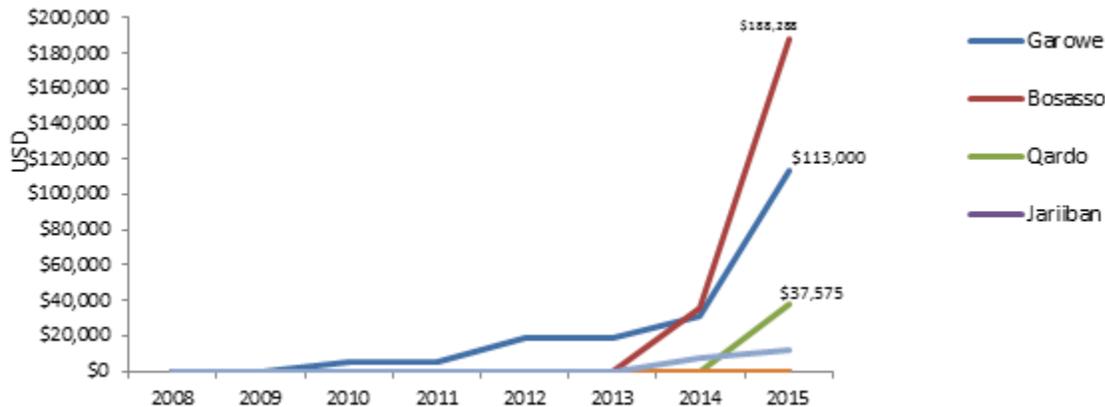
Figure 1: Municipal revenue from property taxation in JPLG-supported districts in Somaliland (2008–2015)



Source: UN-Habitat (2016)



Figure 2: Municipal revenue from property taxation in JPLG-supported districts in Puntland (2008–2015)



Source: UN-Habitat (2016)

These substantial increases in tax revenue collection are directly attributed to the introduction of the GIS-based property database as well as the automation of accounting and billing systems.

The use of a GIS-based database has not only expanded the taxation net, but has also identified a hierarchy of spatial units and a corresponding cadastral coding system (districts, sub-districts, neighbourhoods, sub-neighbourhoods, and properties), has been useful to urban planning and infrastructure development by way of creating an up-to-date cadastre of urban parcels and properties.

### **Capacity building to improve municipal finance for local government**

In order to assist local governments' budget to meet national and local priorities, promote the stewardship of public money, adhere to legal requirements and a sustainable revenue generation/financial system, UN-Habitat and the JPLG carry out targeted capacity development programmes. These include continuous on-the-job training on use of AIMS/BIMS, establishment of a GIS unit in municipalities and regular updates for property database, preparation of procedural manuals covering key areas of LGFP as a guide for the policy's implementation, training local governments on LGFP areas of financial management, internal audits, and district audit committees, as well as public sensitization on tax obligations.



## CONCLUSION

UN-Habitat has been active in Somalia for more than 30 years and currently is implementing a portfolio of interventions worth over USD 40 million with communities, local authorities, state governments, and the Federal Government of Somalia across all Somali regions. The activities have evolved from targeting immediate local needs to more systematic attempts to address sustainable urban development through integrated human settlement programmes. Currently UN-Habitat has a wide range of projects in the areas of local governance, capacity building, waste management, land management, municipal finance, infrastructure development, livelihood and shelter development for vulnerable urban populations, water and sanitation infrastructure, youth, and public service delivery.

UN-Habitat worked in collaboration with ILO, UNCDF, UNDP, and UNICEF during the implementation of the United Nations Joint Programme on Local Governance and Decentralized Service Delivery (JPLG) in Somalia to deliver significant benefits to Somalia. With the aim to strengthen local governance and enhance decentralized services in all the regions of Somalia, the JPLG operates under portfolios of municipal finance, urban planning and development, land governance, urban environmental management and capacity building for local governments. All the portfolio areas of JPLG have produced great benefits to Somalia; however, this paper only presented those related to land governance and municipal finance.

The target outputs for the municipal finance portfolio was to introduce and mainstream enhanced financial management, resource planning, revenue generation from property taxation; whereas the target outputs of the land governance portfolio was to introduce methods of reducing and resolving land disputes and peace building.

The successful collaboration between the JPLG and implementing partners is a positive sign that JPLG will continue to deliver programmes effectively in target districts. The success of JPLG is due, in large part, to the continued support of the program's multi-partner trust fund contributors, which include the UK's Department for International Development (DFID), the Swedish International Development Agency (SIDA), the Danish International Development Agency (DANIDA), the Swiss Agency for Development Corporation (SDC), the Government of Norway, and the European Commission (EC).



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