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Mapping Property Taxes in Africa

Small commercial shops in Kigali, Rwanda, are assessed and taxed.

Riël C.D. Franzsen and Joan M. Youngman

Africa's enormous challenges and equally great potential have led to intense international debate over how best to assist its citizens. According to the United Nations Educational, Scientific and Cultural Organization (2009), the continent contains 33 of the 49 least developed countries in the world. Its population faces pressing needs ranging from basic health care and education to improved governance and strengthened legal systems.

At the same time, some critics charge that direct aid to Africa has undermined indigenous economic and political growth (Moyo 2009). Even supporters concede that in some cases aid to African countries has "propped up corrupt elites, shielded leaders from the consequences of their own incompetence and delayed reforms necessary for the development of working markets" (Gerson 2009).

While this longstanding debate shows no signs of resolution, there is little question that dissemination of basic information on current governmental systems, especially those concerned with revenue, finance, and decentralization, is one form of assistance that can help strengthen public institutions and promote policy improvements without imposing foreign solutions or bypassing indigenous reform.

Research Goals and Challenges

A joint venture between the Lincoln Institute of Land Policy and the African Tax Institute (ATI) of the University of Pretoria in South Africa has begun to research and make available data on land-related taxes in Africa (Franzsen 2007). Property taxes are vastly underutilized in most countries, but they could potentially support a variety of local government services. Understanding their current status is the crucial first step in determining whether, how, and in what form property taxes might contribute to a strengthened revenue system in a particular region, country, or locality.

Property tax information is extremely difficult to obtain in many African nations, yet it could provide a basis for policy debate that has not been possible in the past. This need is particularly acute given the formidable linguistic divisions among countries. Information originating in Arabic-, Portuguese- (Lusophone), French-, or English-speaking countries or regions is rarely translated, and thus is inaccessible to many researchers elsewhere.

The joint venture between ATI and the Lincoln Institute fits the missions of both institutions. ATI seeks to assist in the development of tax policy and tax administration capacity within the African public sector and to publish research on African tax issues. The Lincoln Institute works to inform public decision making through education and research, including the development of databases related to land policy (see announcement of *Significant Features of the Property Tax* in this issue). The primary goal of the joint venture is to gather basic data on property taxation—both as legislated and as practiced—in all of Africa's 53 countries as a catalyst for tax policy improvement.

"Education is the most powerful weapon you can use to change the world."

Nelson Mandela

In the first stage of this project, ATI and the Lincoln Institute recruited research fellows to investigate tax legislation and practice in all linguistic regions. Fellows were required to hold at least an undergraduate degree in such fields as public finance, law, or urban economics; to be fluent in the language of their research zone and proficient in English; and to be a national of or residing in one of their study countries. Since January 2007 twelve research fellows have gathered material from primary and secondary sources, made site visits to their assigned countries, and prepared country reports, data templates, and sometimes regional overviews (table 1 and figure 1).

Field work in Africa can test the patience, stamina, and resourcefulness of even the best-prepared researchers. The sheer size of nations such as Ethiopia or Nigeria presents daunting hurdles, and intra-African air service can be irregular and extremely expensive. Simply gaining entrance to a number of countries was a significant initial step.

Dr. Monkam was unable to obtain a visa for Equatorial Guinea and was strongly advised to

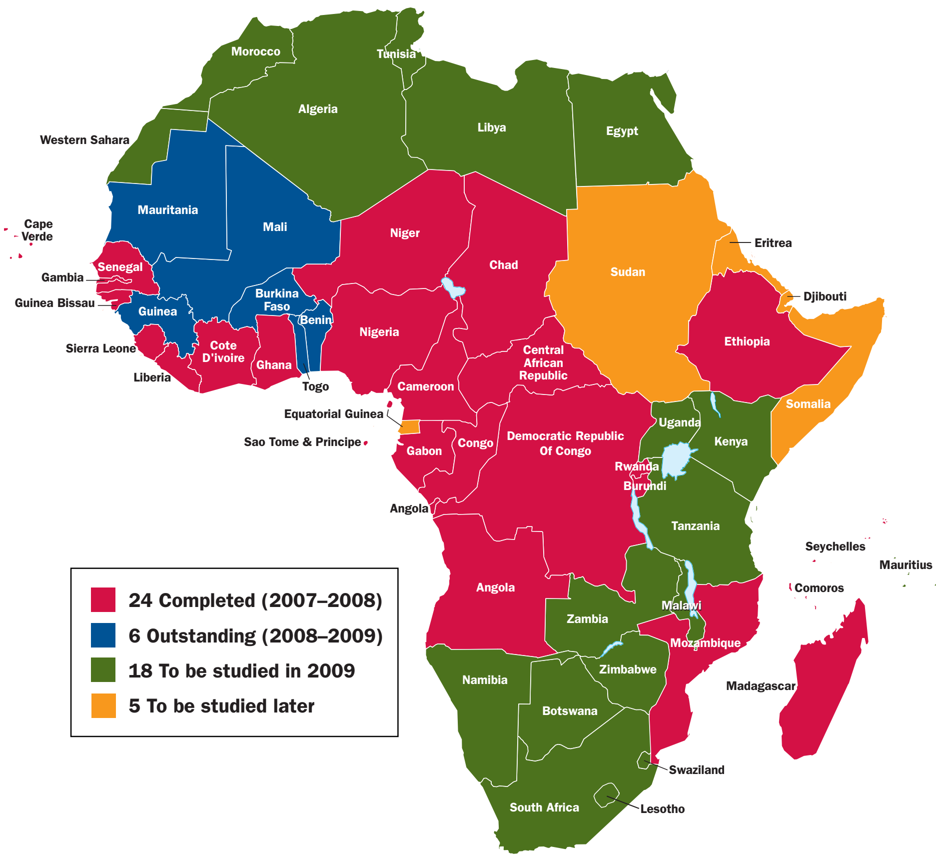
TABLE 1
Research Fellows and Their Study Countries, 2007–2009

Research Fellows	Home Country	Countries Commissioned to Study
Samuel Jibao	Sierra Leone	**Gambia**, **Ghana**, Lesotho, **Liberia**, Namibia, Nigeria, **Sierra Leone**, South Africa, Swaziland
Dr. Washington Olima	Kenya	Kenya, Mauritius, Seychelles, Tanzania, Uganda
Mundia Kabinga	Zambia	Botswana, Malawi, Zambia, Zimbabwe
Dr. Vasco Nhabinde	Mozambique	Angola, **Cape Verde**, Guinea-Bissau, **Mozambique**, **São Tomé & Príncipe**
Jean Jacques Nzewanga	Democratic Republic of the Congo	**Burundi**, **Comoros**, Congo (Brazzaville), **Democratic Republic of the Congo**, **Madagascar**, **Rwanda**
Dr. Dobingar Allassembaye	Chad	Burkina Faso, Chad, Mali, Mauritania
Dr. Boubacar Hassane	Niger	Benin, Guinea, **Niger**, Togo
Dr. Nara Monkam	Cameroon	Equatorial Guinea, **Gabon**, **Senegal**
Bernard Tayoh	Cameroon	**Cameroon**, **Central African Republic**, **Côte d'Ivoire**
Alemayehu Negash Soressa & Bekalu Tilahun Gebreslus	Ethiopia	Eritrea, **Ethiopia**
Dr. Khaled Amin	Egypt	Algeria, Egypt, Libya, Morocco, Tunisia

Language
- Anglophone
- Lusophone (Portuguese)
- Francophone
- Amharic
- Arabic

Note: Reports on the countries in bold are documented in working papers available on the Lincoln Institute Web site (*www.lincolninst.edu*). Reports on other countries will be posted in the future.

FIGURE 1
Status of Property Tax Research by Country



He filed his first report from a refugee camp in northern Cameroon. Mr. Tayoh faced roadblocks, machine guns, military checkpoints, and hostile security forces as he traveled by bus to Bangui, the capital of the Central African Republic.

Personal visits, however arduous, are indispensable in ascertaining tax practice and occasionally even in obtaining copies of legislation. In the case of the Lusophone nations, archival material in Lisbon was sometimes the only source of data on original enactments. Determining the actual application of the tax in practice requires both site visits and establishment of a relationship of trust with the officials being interviewed. Public servants are often understandably uncomfortable with or suspicious of requests for data or information, whether on law, policy, or administrative procedures.

Initial Insights on Tax Status

The hard work by the first group of research fellows has yielded a wealth of data that offers some surprising insights into the current status of land-related taxes in many African countries. Perhaps the most significant is the level of continued interest in and support for the concept of property taxation in the face of decades of administrative neglect and meager collections. This greatly underutilized fiscal tool has been the subject of reform legislation in numerous countries over the past fifteen years, suggesting that further reform might be achievable if these nations chose to mobilize the property tax as a significant revenue source in the future (table 2).

The initial reports also demonstrate the strong links among countries within specific language groups, largely reflecting colonial influence. It can be surprising to outside observers that, after a half-century of independence and many intervening legislative reforms, this heritage shapes so many African governmental structures. Language is far

avoid the country because of political unrest there. Tensions between Eritrea and Ethiopia left Mr. Soressa and Mr. Gebreslus, both Ethiopian nationals, unable to obtain visas for Eritrea. Thus, studies of Equatorial Guinea and Eritrea, as well as Djibouti, Somalia, and Sudan, will be deferred to a later stage of the project.

Dr. Allasembaye, from Chad, had just begun his research in the capital, N'Djamena, when an armed insurrection led to evacuation of the city.

TABLE 2
Property Tax Reform in Selected African Countries since 1996

Burundi	2006	Madagascar	2007	Rwanda	2002
Cameroon	2006	Malawi	1998	Senegal	1996, 2004
Congo	2007	Mauritius	2003, 2009	Sierra Leone	2004
Egypt	2009	Mozambique	2000	South Africa	2004
Lesotho	1997	Niger	2008	Uganda	2005
Liberia	2000	Nigeria (Lagos)	2001	Zambia	1997, 1999

Language

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A rural farm in the Hessequa Municipality, South Africa, is valued and taxed in terms of new property tax legislation.

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more significant than geographic location in the understanding of property tax systems.

The British tradition of a strong civil service and a local value-based tax can be contrasted with the French approach of centralization and area-based taxes. In Anglophone countries the property tax is generally administered locally, and its revenue supports local government. Liberia, facing the special problem of recovery from a brutal civil war, is the only Anglophone nation in which the tax is a central government levy.

Most Francophone countries have a central government property tax, as in Burundi, Democratic Republic of the Congo, Gabon, and Niger. Some instances of revenue sharing between central and local governments are found in Cameroon, Chad, and Guinea, and the property tax is a local tax in Madagascar, Rwanda, and Senegal. The experience among Lusophone nations is also mixed. The property tax is still a national tax in Angola, Guinea-Bissau, and São Tomé and Príncipe, but a local tax in Cape Verde and Mozambique.

Colonial influence among language groups also strongly affects national approaches to legislative drafting and administration. Francophone countries generally have extremely detailed and highly codified tax systems with immensely complex administrative structures. In the absence of a tradition of a strong civil service, these systems are almost impossible to maintain and have contributed to the decline of ancillary revenue sources such as the property tax.

Tax Bases and Administration

Perhaps the most surprising finding is the persistence of a value-based approach to property taxation despite a paucity of trained assessment professionals and the absence of market data of the type familiar in developed countries. Property value is the most common base for property taxation, used in almost all Anglophone countries and in some Francophone and Lusophone nations as well.

In countries such as Angola and Guinea-Bissau this is a vestige of colonial practice, but in others a value base has been retained, introduced, or reintroduced at a time of tax reform, as in Malawi, Mozambique, Rwanda, Sierra Leone, and Uganda. Recent changes in tax systems include revaluations in Uganda and Ghana, a move to a capital value tax base in Niger, and a shift from an area base to a value base in Cameroon.

Value-based systems are divided between taxes on annual (rental) value and those on capital value (table 3). Anglophone countries are fairly evenly split between the two approaches, with annual value used more widely in West Africa and capital value in Southern and East Africa. The size, wealth, and importance of South Africa means its use of a market value base has influenced some other countries, especially since that nation encompasses a range of land uses, including commercial farms, rural tribal areas, and highly developed urban markets (Bell and Bowman 2002; 2006).

Lusophone countries often use a system of self-declaration of taxable values, which in practice approximates an area base, while a number of Francophone nations utilize an area base that may be modified by locational factors and other adjustments that introduce some degree of market influence into the tax.

Needless to say, local practice may diverge widely from the provisions of enacted legislation. It is common for taxes to be collected only from higher value properties, even though lower value parcels are not technically exempt. Taxes in specific cities and regions may operate differently from

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- Anglophone
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- Arabic

TABLE 3
Property Tax Bases in Selected Study Countries

Country	Government Level	Tax Base	Country	Government Level	Tax Base
Angola	National	Annual value	Gambia	Local	Annual value (buildings only)
Burundi	National	Area	Ghana	Local	Annual value (buildings only)
Cameroon	National[1]	Capital value; Area	Guinea-Bissau	National	Annual value
Cape Verde	Local	Capital value	Liberia	National	Land and buildings (separately)
Central African Republic	National	Annual value	Madagascar	Local	Annual value
Chad	National	Annual value	Mozambique	Local	Capital value (buildings only); Area
Comoros	Local	Area	Niger	National	Annual value
Congo	National	Area (land); Annual value (buildings)	Nigeria	State	Capital value; Annual value
Côte d'Ivoire	National	Capital value (undeveloped urban land); Annual value (developed urban property)	Rwanda	Local	Area (with limited locational adjustment)
Democratic Republic of the Congo	National	Area (with some locational factors)	São Tomé & Príncipe	National	Capital value
Ethiopia	Local	Area	Senegal	Local	Annual value (improved property); capital value (unimproved property)
Gabon[2]	National	Annual value	Sierra Leone[3]	Local	Annual value (buildings only)

Notes: 1. Local authorities in Cameroon are entitled to levy a surcharge on the central government property tax. Until 2006 the surcharge was 25 percent, but presently it is 10 percent. 2. In practice local authorities in Gabon still use an area-based system. 3. In practice local authorities in Sierra Leone still use an area-based system.

those in the rest of the same country. For example, a sheer lack of administrative capacity has led to the retention of an area-based system in the capital city of Freetown, although Sierra Leone adopted an annual value system in 2004.

Nigeria is unique in formally delegating authority for property tax legislation to its 36 states. This presents a challenge in reporting on the tax in this extremely important country, the most populous in Africa. For example, the state of Lagos uses a capital value "land use charge," and the states of Ogun and Oyo use an annual (rental) value base.

The distinction between land and buildings as objects of taxation arises in a number of forms. Kenya's land value tax is now unique on the continent, since South Africa has chosen a uniform, capital value tax and eliminated the local option for a land value tax or split-rate system. A number of countries, such as Tanzania, Ghana, Mozambique, and Sierra Leone, consider land to be a national asset, and include only buildings in the property tax base while charging a rental or usage fee for land access. These payments are often extremely low and primarily benefit the national government.

The fellows have also encountered many surprising individual situations that may or may not have larger implications for property taxation in Africa. For example, Cameroon has undertaken a detailed mapping project for its capital, Yaoundé, and its largest city, Douala. It is not clear how this may affect land registration or the current shift from an area-based tax to one based on capital value. Senegal is also planning to institute a computerized land mapping system, which may form part of an ambitious program of decentralization there.

Preliminary Results

The ultimate goal of this project is to assist in improving tax policy and to lay the groundwork for exchange and collaboration among those concerned with property taxation in Africa. The development of knowledge and expertise among the research fellows themselves is one step on this path, for they will help form the nucleus of a professional community committed to understanding the problems and potential of land and building taxes in Africa.

Toward this end, the joint venture has supported the development of courses on local taxation as part of the ATI curriculum for African tax officials, and an annual workshop for the fellows in which they present and discuss their findings and research experiences. In 2009 some research fellows gave presentations of their work at a professional international symposium on mass appraisal and property taxation held in Pretoria.

The data presented in the country reports raise questions that may encourage new approaches to studying African property tax systems. For example, the persistence of value-based taxation in many countries challenges outside expert opinion that would dismiss its feasibility in the context of undeveloped property markets, limited valuation expertise, and a lack of administrative resources.

Understanding the legal, political, and cultural role of value-based levies can help identify the reforms that might enable them to succeed if future governments make a commitment to mobilize this revenue source. Local markets and expertise may take forms unfamiliar to developed nations, such as commonly owned rural lands, but they still could support market-based fiscal instruments (Bell and Bowman 2006).

The research reports are designed to draw responses from other analysts and officials, both in Africa and overseas, who are able to contribute to this dialogue. Understanding the successes and failures of the property tax in other similarly situated countries may provide valuable lessons for countries contemplating the introduction or reform of the property tax.

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A typical restaurant enterprise fills the sidewalk in Kinshasa, Democratic Republic of the Congo.

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