James Kavanagh outlines challenges for land transactions around the world and how International Land Measurement Standards can help respond to them.

Setting global standards for land

According to the World Bank, 70% of land and property in the developing world is unregistered and sits outside formal markets, while in Africa 90% of residential and commercial property is without title and land and property transactions are listed high on the global corruption index. Responsible governance of land is also at the core of resource management and the sustainable extractive industries. These and many other challenges – from land grabbing and tenure vulnerability to ineffective land administration and a lack of professional capacity – are well known to land professionals, and have started making global headlines. They are increasing the need for transparent, consensus-driven international standards to help economic development and enable the equitable transfer of land and related rights.

Land transfer and related tenure security issues have arisen during fragmented, rapid urbanisation and the large-scale acquisition of land for infrastructure development, although land grabbing for agricultural investment is still important. There is an urgent need for standards as nations develop, incomes improve, pressure on scarce resources increases and competition for foreign direct investment becomes fierce.

Fair exchange

The UN–Habitat New Urban Agenda, adopted in Quito, Ecuador last year, has highlighted fair land transfer and compensation for legal acquisition as a significant way of ensuring a sustainable and equitable urban future for the world. If there is no clear and equitable means for transferring land that protects the rights of both the seller and the investor, then costs will increase, conflict and legal challenges will escalate and projects will either overrun or not happen at all. Surveyors are at the heart of this process, dealing with both buyers and investors, organising case files and technical reports, protecting rights, controlling costs and adding value.

An analysis of 289 cases, making up 40% of major land conflicts in India, found that they affected 3.1m people and amounted to more than $178bn in investment. The millions of cases currently stuck in Indian courts highlight how land is central to economic development in this and other expanding economies, such as Brazil, Indonesia and China, while also being a significant source of unrest and civil disruption.

The Thomson Reuters Foundation initiative entitled “Place” offers a resource for those dealing with land issues and has helped bring back into focus the thoughts of Hernando De Soto, author of the seminal title The Mystery of Capital, who stated in a recent interview: “There is no such thing as an investment without property rights that are negotiable and transferable.”

These last two terms, “negotiable and transferable” are at the core of international land standards.

Unlocking assets

Statistics from De Soto suggest that providing the world’s poor with titles for their land, homes and unregistered businesses would unlock $9.3tr in assets, by letting them use these as security to borrow money and start new businesses. The Land Portal has been investigating large-scale land acquisition and investment and recently hosted an expert meeting in Cape Town, South Africa, on fair compensation during these processes. The portal is also helping to highlight the growing importance of global land investments and the necessity for consistency in land transfer protocols and standards.
The top five countries for land acquisition deals are Indonesia, Ukraine, Russia, Papua New Guinea and Brazil, while Africa remains the most targeted region both in terms of number and area of the land deals.

**Setting standards**

Since 2013, RICS has been working with more than 100 other professional and standards-setting organisations to develop high-level international standards; such standards are then implemented by each through its own professional guidelines.

International standards coalitions are all essentially trying to do the same thing – remove risks in the transfer and investment information processes for land, property and construction – by agreeing and implementing high-level, principled standards.

Land is no different, except that it is more political and the potential for conflict can be high: land is central to human geography, identity, history and nationality, with all of the complex issues that these can entail.

After numerous debates, the global land profession has come together to create a coalition that will develop the International Land Measurement Standards (ILMS). The ILMS Coalition, which as of January has 30 members, was launched at the UN Food and Agriculture Organization (FAO)’s Rome headquarters last June, and has now set up an ILMS Standards Setting Committee (SSC) of nominated land experts.

It is envisaged that the SSC will produce a draft standard for consultation during late 2017, with major presentations in the mean time at the World Bank Land conference in March and the FIG (International Federation of Surveyors) meeting in Helsinki in June.

The SSC intends the ILMS to serve as the minimum requirements for securing legal rights to land and enabling efficient, secure transfer and transaction of land and property rights. The coalition has agreed that ILMS will offer strong, principled standards in the public interest, focusing on key land information to make the process of transaction easier and less risky while strengthening land rights, tenure security, investment, government revenue and economic development.

At the World Bank’s land conferences in 2015 and 2016, speakers outlined how the increasingly unacceptable risk in basic land transfer information undermines socio-political cohesion, economic development and investor confidence. The bank stressed how environmental, social and governmental...
Land is an emotive and highly political issue that needs strong governance

Indicators are being used by governments, international agencies, multinational corporations and investors. A good example of an existing set of standards are those produced by the Global Reporting Initiative, which focus on economic, social and environmental issues (http://bit.ly/2ejiF04u). The indicator that is missing – or at least is not highlighted with sufficient importance – is land. A high-level international measurement/reporting standard could enable the development of a specific environmental, social and government indicator on land reporting.

Indicative identifiers

Land issues are now enshrined in the UN–Habitat III New Urban Agenda as well as the Sustainable Development Goals (see article on pp.10–12 of this issue), so the time is right for a standard. The FAO’s Voluntary Guidelines on the Responsible Governance of Tenure (VGGT) continue to be embedded in global, regional and national legislation.

Without pre-empting the SSC, the ILMS could potentially take the form of a checklist of key reporting identifiers for land information, such as:

- governance tenure security
- legal registration
- ownership, including gender issues
- basic land administrative data
- land use
- land classification
- spatial planning
- spatial identification (mapping/measurement)
- valuation
- taxation/rating
- environment/ecosystem.

Most high-income nations will already be ILMS-compliant, with many countries including geometric, legal, physical, economic and environmental characteristics of a land parcel, but the major land transfer issues are in low- and middle-income nations.

The ILMS are designed to engage all stakeholders in the land ownership, registration, measurement and transaction process. They will also help forge direct links between land professionals, legal advisors and financial reporting by removing transaction risks for all parties and implementing an agreed land information framework.

It is envisaged that future iterations of ILMS will be targeted at specific issues such as mapping and measurement, development land, the extractive industries and agricultural investment.

ILMS and other initiatives

There is a void between high-level, soft law such as the VGGT and the hard technical implementation of systems, such as the software toolkit Land Administration Domain Model (LADM). The development of the ILMS can help to fill this void.

LADM and other data transfer initiatives such as the Social Tenure Domain Model have really opened up land transfer technologies to many low- and middle-income countries and helped bring forward the concepts of fit-for-purpose land administration (see Land Journal May–June 2016, p.20). This is designed to help nations realise the inherent economic value of their land and property resources by implementing technical and policy processes that use appropriate and sustainable levels of technology, professional capacity and governance.

ILMS can be linked directly to LADM by the addition of a data format module for valuation and taxation; the standards can cover the financial and legal aspects of the land transfer process while LADM will record it in a format compatible with the International Standards Organisation’s ISO 19152: 2012.

Fit-for-purpose administration will also help professional capacity-building and training, in the light of the ever-growing need for technical surveyors and valuers. Such professionals are needed to build the appropriate formal land transfer and taxation systems that are required by low- and middle-income countries.

The ILMS Coalition has also engaged with other important land initiatives such as the Open Geospatial Consortium working group on land administration, the UN–Habitat Global Land Tool Network initiative on the valuation of informal land and settlements, the USAID–Thomson Reuters “Land Matters” initiative and the UK Department for International Development’s project Land: Enhancing Governance for Economic Development.

The ILMS are linked, too, to the Property Rights Index, which measures the three main components of a sound property rights system: the legal and political environment, physical property rights and intellectual property rights (see internationalpropertyrightsin dex.org/).

The ILMS are concerned with physical property rights, which can be subdivided into the protection of physical property rights, registration of property and the ease of access to loans.

Combating corruption

Land and property transfer and governance is ripe for abuse and corruption, as Transparency International (www.transparency.org) has highlighted. In Kenya, a 2010 raid uncovered thousands of land files locked in the filing cabinets of public officials who hoped to collect bribes, and six in 10 land transfers were viewed as corrupt. A study in India also estimates that US$700m of bribes are paid annually by users of the country’s land administration services.

Lack of transparency can also mean increased difficulty in releasing the value of the land as an asset and a lack of awareness of land policies and legal frameworks, which both undermine land tenure security and stoke conflict and social unrest.

The opaque nature of land administration and decision-making mechanisms exacerbates corruption, from the petty, as citizens try to undertake transactions, to the illegal sale or lease of state land by public officials. Finally, without information on the status and transfer of state-owned lands, intermediaries and communities have no way to seek protection of land rights or fight for unrecognised official rights.

But data remains closed. New technologies such as Blockchain (see pp.20–1 of this issue) can help, but land is an emotive and highly political issue that needs strong governance and an enforceable legal framework to enable public and investor confidence. The ILMS are just one part of a global picture, but are key to helping the transparent, fair and secure transfer of land.

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Related competencies include
Access and rights over land, Cadastre and land management, Legal/regulatory compliance
First among equals

Alexander Aronsohn explains why international standards are so important

Many are confused by the term “international standards”, often seeing it as relating to anywhere other than where they are. But it means professionalism: standards are the unique selling point of RICS, compared with other service providers. It is why clients choose RICS members rather than other professionals doing a similar job. Alternative service providers may not adhere to the same standards of professionalism that are expected of every RICS member.

Professionalism and RICS
The importance of professionalism is seen in the following two key questions that RICS is exploring.

● What are the expectations of a professional today, and how do these differ from those of the past?
● What constitutes a high standard of service, and how do we manage and meet clients’ expectations in a world where so much information is freely available?

These and other questions need answering to ensure that RICS and its members remain relevant. People have a more global outlook today, and even when they are working nationally or regionally they can be affected by international factors.

Avoidable scandals
The Financial Times reports that VW has had to set aside €6.5bn to deal with its recent emissions scandal (http://on.ft.com/2gXNu50) – a figure that does not cover share or brand damage. If VW had been a member of the International Ethical Standards (IES) Coalition (www.ies-coalition.org), though, the scandal may not have happened, as all its suppliers and contractors would also have to have been members and abide by its 10 ethical principles, including accountability, financial responsibility, integrity, standard of service and transparency. However, Enron had a code of ethics, but it was not implemented or enforced, which is what led to the firm’s eventual collapse.

Good business sense
Chartered surveyors are highly qualified service providers, but service providers nonetheless. There are a number of other providers operating in our markets, such as brokers – who may have significant experience but limited qualifications – as well as architects and engineers providing property valuations, but who often incorrectly equate price with value. International standards are what distinguish RICS professionals from the competition.

We are involved in the following international standards:

● International Land Measurement Standards (ILMS; see pp.6–8 of this issue)
● International Construction Measurement Standards (ICMS; see www.icms-coalition.org)
● International Property Measurement Standards (IPMS; www.ipmsc.org)
● International Valuation Standards (IVS; www.ivsc.org)

International measurement standards

ILMS
International Land Measurement Standards are discussed by James Kavanagh in this issue’s previous article.

ICMS
Construction costs can vary enormously between countries and firms, each of which may use their own basis for calculation and may include planning and professional fees. The ICMS provide an internationally agreed system for comparison giving firms and non-governmental organisations greater confidence in developments’ overall costs.

IPMS
New premises must be measured for transactions such as lettings or sales. Many transactions are made according to national measurement standards and many occupiers and investors operate on a local basis so external developers may not be aware of the national standard. Office measurements can vary by up to 24%, residential apartments by up to 15% and houses by up to 58% across world regions. In local markets, there can be a 27% variance in the measurement of residential apartments and 10% for houses (www.rics.org/loggiaslodgings).

The IPMS coalition comprises more than 80 organisations and 300 partners. The global adoption of IPMS will make transactions much easier for international investors and tenants.

IVS
RICS is a member of the IVS Council, which includes academic, corporate and institutional members. IVS offer agreed terms, and in some cases a methodology, for the valuation of businesses, intangible assets such as intellectual property, tangible assets such as personal property, plant and machinery, and real estate.

International financial reporting standards, which are adopted by more than 120 countries, work with the council encouraging business and stimulating trade, and giving investors and lenders the confidence that reported valuation figures are accurate.

IES
As an IES Coalition member, RICS incorporates the standards into its own five ethical principles and regulates its members under them. RICS’ code of conduct will also be incorporated.

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Visit the international standards section of the RICS website
www.rics.org/int standards

Related competencies include
Conduct rules, ethics and professional practice, Measurement

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