



**SCALING UP LAND-BASED FINANCING FOR SUSTAINABLE AND
EQUITABLE CITIES**

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Abstract

The potential contribution of land based financing to the development of sustainable and equitable cities and properly serviced communities is not often fully realized. The ability of the public sector to benefit from land value is constrained by various factors. Land based financing is a collective name given to a range of instruments by which local governments could expand their revenue base and generate funds that will help them to deliver services and infrastructure development and achieve their maintenance goals. The purpose of this paper is to report on the development and implementation of an innovative and comprehensive new Land-Based Finance (LBF) training tool for scaling land-based finance for sustainable cities. The LBF tool organizes land-based finance instruments into seven modules. The LBF tool includes: a Reader that discusses and reviews the literature for each instrument and includes two annexes on municipal borrowing and land readjustment; 21 case studies drawn from applications of the instruments around the world; and Trainer's Guide. LBF training focuses on the development of action plans by participants who are then expected to pursue their plans after the training, including follow up sessions with other participants.

Key Words: Land-based finance; Land taxes; Property taxes; Developer exactions; Betterment charges; Land sales and leases; Land value capture; Action planning

This paper is based upon the Land-Based Financing training package (reader and trainer's guide) titled, "Leveraging Land: Land-Based Finance for Local Governments" currently being finalized. It has been developed collaboratively by the Global Land Tool Network (GLTN) and the Urban Economy Branch of UN-Habitat with financing being provided by GLTN. The training package was produced with contributions from GLTN/UN-Habitat partners, staff and other stakeholders and has gone through validation and pilot testing in different parts of the world. Financial support for presentation of this paper at the conference is provided by the Romney Institute of Public Management, Brigham Young University.

Introduction

The potential contribution of land-based financing to the development of sustainable and equitable cities and properly serviced communities is not often fully realized. The ability of the public sector to benefit from land value is constrained by various factors. Land-Based Financing (LBF) is a collective name given to a range of instruments by which local governments could expand their revenue base and generate funds that will help them to deliver services and infrastructure development and achieve their maintenance goals.

Figure 1: Value creation and value sharing

Land-based financing methods hold considerable potential for linking the value of urban development with public revenue generation in growing urban areas. Such mechanisms can also be used to direct spatial growth in sustainable patterns, enhance economic development, support affordability, and facilitate social equity.

UN-Habitat and the Global Land Tool Network (GLTN) have developed the Land-Based Finance Training (LBF) Package (UN-Habitat, 2016b) to develop the capacity of local and national leaders to utilize land-based financing as a critical element within municipal finance. While the implementation of such instruments typically occurs at the sub-national level, national support, including legislative and institutional frameworks are fundamental to their successful use. The intent of the training is to both broaden the understanding of participants regarding potential land-based revenue instruments and to help them think critically about what is required to implement or improve each instrument in their own cities and countries.

The purpose of this paper is to report on the development of the LBF package, to describe its structure and content and to report on initial efforts to field test the package. Section two of this paper provides a discussion of how land-based finance relates to the larger agendas for UN-Habitat and GLTN. Section three describes the structure and training approach taken in the LBF package. Section four provides a more detailed description of the content of the training package. Section five reports on expert evaluations of the package and initial field tests in Egypt and the Philippines. The concluding section offers observations on future directions for providing land-based finance training.

Land based finance in the urban and land agendas

The LBF training tool is premised on the fact that urban land is a key factor of production and an important source of financing for urban development, including infrastructure, social housing and basic services. The tool has been developed to address the core need of urban authorities to make available financial resources to support sustainable and equitable urban development, particularly in developing countries. Many of these urban authorities are seriously under-resourced and hence unable to meet the ever-growing demand for adequate basic services and new infrastructure as well as the maintenance of existing infrastructure and services. The extent to which urban local government can deliver effective services to citizens, including land services that improve access to serviced urban land and ensure tenure security, is dependent in part on the resources available to them.

The LBF tool forms part of UN-Habitat's endeavors to promote sustainable and accountable urbanisation through national urban policy formulation; the development of land, legislation and urban governance; and supporting cities to realize their full potential as drivers of economic development. It also forms part of the Global Land Tool Network (GLTN) contribution to securing land and property rights for all through the

recognition of the continuum of land rights approach and development and implementation of pro-poor, gender responsive land tools centered on strategic partnerships. (For more information, see UN-Habitat, 2012)

Land-based Financing aims to foster the availability of more resources for local development by seeking to provide urban decision makers, managers and other community leaders at both the local and national levels with a broader understanding of and skills for implementing the range of land-based financing tools that are available and in use around the world. The tool is in the form of a training package that has two parts. The first part is a reader in which a range of tools are presented and described. The second part is the trainers' guide, which provides methods whereby policy as well as practice knowledge regarding these tools could be communicated with emphasis on the practical dimensions of deploying and making the most out of land-based financing tools.

The LBF training package represents a milestone in the efforts of UN-Habitat and GLTN to build this local capacity. Earlier milestones included:

- The development and publication by GLTN and UN-Habitat of a collection of papers on land and property taxation. (Sietchiping, 2011)
- The publication of a policy guide on land and property taxation. (Walters, 2011)

Subsequent to the release of these two publications, GLTN and UN-Habitat received requests for more direction and in-person guidance on implementation of land-based finance instruments beyond simply policy development. These requests led to the development of the first version of the LBF training tool, and development of training packages and modules on municipal finance. (UN-Habitat, 2016a)

Structure of the LBF training package

The intended *target audience* for the LBF training is land officials, administrators and professionals from developing countries working at the local and national level of governments. The training is intended for functionaries from institutions who are involved in or can benefit from capacity development in land based financing. The focus is on individuals needing to improve both their understanding of and skills in the effective implementation of the most common land based financing instruments. The training also aims to equip participants with the requisite knowledge that can be used to strengthen the use and implementation of various LBF instruments already in use in their national or local governments. The suggested time allocation assumes about 25 participants from about five countries [or jurisdictions within the host country].

The structure of the training provides for the formulation of practical, achievable action plans by the participants. In order to facilitate and encourage implementation of the action plans developed, it is strongly suggested that there be several participants from each country [or jurisdiction] represented. It is also recommended that the participants joining the training do so with a willingness to do preparatory self-study, a clear mandate and support from their employers or principals to apply what they have learned in their work, and a commitment to pass this on to others. The criteria and process of nomination and selection of participants should be structured with this in mind.

In selecting the participants from a given country [or jurisdiction] care should be taken to assure that representatives from key stakeholder groups are included. Representatives from agencies and institutions that either have key information, that will play a key role in designing and implementing any land-based finance changes, or that are likely to be essential partners in a coalition of stakeholders should certainly be considered. Such agencies might include:

- The Ministry of Finance, especially if it now plays a role in collecting, managing or disbursing local government revenues
- Any ministry concerned with land administration or land management, and their local government counterparts
- Any ministry with oversight responsibilities for local governments
- Urban planning agencies
- Vice-mayors, deputy mayors or department heads with responsibility for local government finances
- Other agencies that will play a role in land administration, urban planning, infrastructure investment planning or the administration of urban finances
- Agencies or staff with knowledge of existing laws and regulations related to the application of land-based finance instruments

Consistent with the GLTN capacity development strategy and good practice learning cycle (GLTN, 2015), the ***LBF training objectives*** seek to develop the capacity of local leaders and officials by enhancing their understanding of and ability to implement land-based financing instruments. By the close of the training event, participants should have a sound understanding of the roles and tasks required to implement or improve each instrument in their local environment. They will know where to turn to access resources to further enhance their understanding. They will also have developed an action plan that prioritizes those tasks, establishes milestones and preliminary timelines, makes specific assignments and provides for regular follow through with other participants following the training.

The LBF training materials organize land-based finance instruments into eight modules including a double module on the annually recurring tax on land and property. Because of the amount of material and the action learning approach taken in the training, it is expected that a typical face-to-face training will not be able to cover all eight modules. As conceptualized, the training sessions will be spread over four days and cover five modules. Figure 2 presents a schematic view of the training structure.

As indicated in the figure, the training materials include both a Reader and a Trainer's Guide. In preparation for the actual training sessions, the intent is to distribute the *Reader* to all potential participants. They are then encouraged to peruse the *Reader* in as much detail as possible, and identify five of the seven instruments on which they would like the four-day training to focus, with motivations and reasons for their selection. The training sponsor(s) will analyze the responses, select the list of five instruments and adapt the training design as may be appropriate. (Note that selecting the annual land and property tax requires two modules in the schedule.) Participants will then be tasked to study at least the relevant sections of the *Reader* in detail and then assemble and bring with them relevant information regarding their own context and experience.

Figure 2: Training Organization

Each training module is divided into two 90-minute sessions. During the first session, the LBF instrument is briefly introduced by the facilitator and any questions participants have from their reading are answered. The facilitator also introduces two cases that illustrate the instrument under discussion. Participants are then divided into small groups to discuss the cases.

The objective in discussing the cases is for each group to identify the key tasks and functions that had to be carried out in order to implement the instrument in the context presented. These are the steps necessary to actually implement the instrument in the case country. Some of these steps will be common to all instruments and across cultures, including at least the following:

- *Political will*—Changes in policies and practices affecting land are nearly always contentious and politically difficult. This is particularly true if the change requires land holders or developers to pay fees or forego private profits for public purposes. Such changes virtually always require a champion at a senior level in government. Even if there is broad public support for a policy change, change is unlikely unless senior officials support the change. One **essential task** therefore is to identify who the champion will be. The **essential functions** of that champion are to voice support for change in the highest councils of government, to build and sustain the political will for change, and to lead the effort to explain both what the changes will be and why they are necessary.
- *Leadership for change*—Senior government officials are busy people and they usually have multiple responsibilities. For these reasons, it is unlikely that the champion will also have the time or perhaps the expertise to actually provide the day-to-day leadership necessary to bring about change. An **essential task** therefore is, with the advice and consent of the champion, to assemble the change leadership team. This can be a relatively small team, but it should include leaders who are committed to bringing about change. They should be people who can communicate with and speak for key stakeholders. The team should also consist of leaders who have the vision and expertise required to design the needed changes. The **essential function** this team will carry out is the design of the implementation action plan, the assembly and organization of the required resources (both human and other), and the supervision of the changes as they are rolled out. This is the team that will confront the internal political and logistical challenges that will inevitably emerge.
- *Public engagement*—Again, changes that affect land, access to land, land-based wealth or land-based income are contentious. Land represents power and wealth and thus requires managing both the power and politics associated with land in order to build long-term and broad-based public understanding and support for any proposed changes. It is essential that the public be informed and consulted throughout the change process. This involves more than the occasional public announcement or news report. The **essential task** is to design a meaningful public engagement process to inform the public on the need for and nature of the changes, and to build public support for change. How this should be done will depend on the level of trust the public has for government and other public authorities. It will also depend on technology and logistics. But the ongoing **essential function** is to build public trust through open, honest and attentive communication with all of the public.
- *Adaptation of instrument to core social values*—The purpose for enhancing local government revenues is to promote human flourishing within urban areas. It is not sufficient to adopt policies simply because they increase revenue. Revenue policies should be consistent with core social values and resulting expenditures should promote the attainment of wellbeing as envisioned in those values. The **essential task** is to articulate the values that should guide policy and practice. The **essential function** is to administer LBF instruments in a manner consistent with those values. GLTN recommends land policies and practices that are pro-poor, equitable, sustainable, affordable, scalable and gender-sensitive, all in the pursuit of good governance and subsidiarity, and while recognizing a continuum of land rights.

Two cases are used to illustrate each instrument to highlight the fact that the same land-based finance instrument can operate quite differently in different contexts. One implication of this observation is that implementing a given instrument in a participant's context will likely require adapting the instrument to the unique local history, culture and legal environment. Focusing more specifically on these adaptations is the subject of the second half of the module.

In the second 90-minute session, the focus is on local application. Participants are asked to apply what they have learned about the tasks and functions needed to use the instrument, and the necessary supporting administrative structures to their own context. Each small group is asked to identify

- The key tasks and functions required to implement or improve the instrument in their own context
- The current status of each of those functions (e.g., exists and works well; exists but does not work well)
- The skill sets and actions required to carry out each function efficiently and effectively
- The supporting administrative structures and assignments that will best carry out the required functions
- Any changes in the administrative structure and assignments that will be necessary to carry out the functions
- Any legal changes that will be required in order to implement the structure and functions

The intent of this session is neither to develop an action plan at this stage nor to reach a decision on the relevance of the instrument for any given country or city. Rather the intent is to facilitate a careful and thoughtful analysis comparing the current state of affairs with the conditions necessary to effectively implement the instrument.

The final day of the training focuses on the development of individualized action plans, which are a key element in the LBF training. After having studied the material in the Reader and discussed the relevant cases, participants will work together to

- Compare what they have learned regarding each of the five instruments
- Prioritize the instruments for potential application in their own context based on ease of implementation, likely political support, legal and other impediments, etc.
- Develop an overall plan of action with specific sequencing, timelines and assignments
- Agree on a follow-through strategy including calendaring follow up meetings to update and revise the action plan.

An action plan is different from, but linked to, a strategy:

- A strategy provides an agreed set of principles and a policy framework which guide all actors and stakeholders, whereas action plans translate this broad guidance into concrete commitments for action.
- While issues are the reference points for strategy, actors (stakeholders) are the reference points for action plans.
- Strategies cut across actors and interests, while action plans operationalize strategies in relation to each actor.
- Although action plans should be coordinated across actors, implementation of action plan rests upon the competence and authority of the various actors in the public, private and community sectors.
- Strategies provide medium and long-term guidance, while action plans concentrate on activities in the immediate and short-term future.

Action plans can thus be characterized as being:

- *purpose-specific*: there is a problem of common concern to be addressed;
- *actor-specific*: commitments and responsibilities of implementation are clearly spelled out;

- *area specific*: there is a clearly-defined geographic territory to deal with;
- *time-specific*: actions are not open ended but are tightly programmed to be delivered in a fixed time frame;
- *resource-specific*: an action plan is fully costed and based on commitment of existing resources - it does not hinge on resources yet to be mobilized; and
- *measurable*: progress in implementation, increments of change, and impacts can be clearly tracked and monitored.

The *desired outcome* from LBF training is that participants will each have

- Improved understanding of and skills in the application of land-based financing instruments
- An action plan for improving land-based financing in their home environment
- A personal commitment to the successful implementation of that action plan
- A set of colleagues and peers who share that understanding and commitment and with whom they can work closely in the course of application of the LBF instruments

Training content

The content for the LBF training is presented in the *Leveraging Land* reader. The reader consists of a short Executive Summary intended to be helpful especially during the pre-training phase as potential participants discuss potential topics of interest with their peers.

The first substantive chapter of the reader provides an introduction to land-based urban finance. While key points from this chapter are summarized in the first training session, it is assumed that participants will have read the chapter before attending the training. The chapter discusses the role of land in financing urban services and the challenges in using land-based finance instruments. The overarching requirements in order to make effective use of land-based finance instruments are discussed. These requirements include:

- A strong legal foundation
- Adaptation to the local culture and context
- A sound understanding of local urban land markets and land values
- The administrative capacity necessary to effectively and efficiently administer whichever instruments are adopted

The importance of this last point is highlighted in Figure 3 which identifies the key legal and administrative tasks associated with the assessment and collection of a land-based financing instrument.

Figure 3: The land-based finance assessment and collection process

The chapter continues with a discussion of the criteria for evaluating a land-based tax or fee.

Instruments

The introductory chapter concludes with a set of summary definitions for each instrument included in later chapters. These are important because the same term can be used in different countries to describe very different instruments, and the same instrument operating in two countries may be labeled very differently. For this reason, Table 1 is extracted from the Reader and presented here to clarify for the reader the instruments included in the LBF training.

Table 1: Land-based finance instruments included in the LBF training

The land-based finance options are next presented, organized into seven “instrument” chapters. All of the instruments represent some form of land value sharing (or land value capture) in that some share of the monetary value of land is made available to government entities for public purposes. The instruments are grouped for training purposes based on similarity in the combination of purpose and incidence. Nonetheless, there remains a substantial amount of judgment regarding how the instruments are clustered and different experts would undoubtedly produce somewhat different clusters of instruments. Part of the purpose for the Expert Group Meeting and the pilot tests for the LBF package was to obtain feedback on precisely this organizational question.

The structure of each instrument chapter is similar. First, the instrument is defined as clearly as possible to distinguish it from other instruments however they may be known. Second, the general purpose of the instrument is outlined. Next, the minimum legal, administrative and economic requirements are discussed. This discussion is followed by a description of how the instrument works in practice with examples from multiple countries. The implications of the instrument are described in terms of the revenue potential, incentive effects for private investment, social impacts and spatial and planning implications. Following a summary of key points from the chapter, two or more cases are suggested for consideration. Throughout each discussion, multiple references are provided to both cite sources and provide guidance for further reading.

Cases

The reader includes 21 case studies drawn from 18 different countries. The countries included, along with the instrument illustrated, are listed in Table 2. The cases are generally fairly short (six pages or less), and again follow a similar structure. Each case begins with a general description of the country (or city) context and a brief description of the specific urban development challenge that was faced. The case then describes how the land-based finance instrument was implemented in an effort to address the challenge. A concluding section outlines the outcomes of the implementation as of the most recent available date.

The facilitator is provided with a set of guiding questions to help participants structure their discussion of each case. The cases are not intended to provide participants with all the information needed to completely answer the questions. The cases are intended to provide insights and promote discussion among the participants with the expectation that they will draw on their own experience and knowledge to adapt the instrument under consideration to their own context.

Users of the LBF tool are encouraged and where possible actively assisted to develop additional, locally appropriate case studies, to promote local relevance and more effective learning during the training process.

Table 2: Case studies included in the LBF training materials

Trainer’s Guide

The final component of the LBF training materials is a Trainer’s Guide. This guide provides a detailed discussion of:

- The structure and logic of the training

- The structure of each training session including ice breaker exercises, session objectives, a session plan, basic background reading and session-specific notes
- Instrument- and case-specific guiding questions
- Action plans, including a separate appendix on how to develop an action plan

One of the challenges facing facilitators with regard to LBF training is that they must be competent with regard to the subject matter, good practice training delivery, and in leading disparate groups in the creation of meaningful action plans.

Review and piloting of the training package

In order to validate and further improve the LBF package, an Expert Group Meeting (EGM) was held in Barcelona in May, 2015, to review the LBF package. Twenty-four of the field's top experts outside of UN-Habitat conducted an in-depth review of the materials and submitted extensive feedback and suggested edits, both in person and through written comments. This feedback was compiled and organized and major revisions were made to the LBF package.

Additionally, two pilot training workshops were conducted in Cairo, Egypt and in Manila, Philippines in October, 2015 and December, 2015 respectively. The two workshops provided an opportunity to pilot the training package in addition to providing an opportunity for participants to draw upon their experience and knowledge of the Land-Based Financing Instruments. At the end of the training, the participants provided helpful feedback regarding the structure and content of the training.

Egypt

The training in Cairo was attended by 33 Egyptian officials from both national ministries and nine different governorates. The training venue was hotel in Cairo. The training was conducted in both English with simultaneous translation and in Arabic (most of the plenary discussions and group reports). In a prior mission conducted in early September, three LBF instruments were selected for presentation during this training session (Betterment levies, developer exactions and sale of development rights). Originally, the intent was to conduct the training over a four-day period and include the annual property tax. Due to a scheduling conflict (national holiday), the training was shortened to three days. The relevant chapters from the Reader were translated into Arabic along with all of the PowerPoint slides used.

Because the instruments were not identified until about a month before the training and the chapters and cases had to be translated, the participants did not receive any of the materials before the training. This put the facilitators at a disadvantage because it meant that more time had to be taken to explain the instruments than the schedule includes. The participants did receive the written cases and chapters at the beginning of the training.

One of the first tasks was to split up people from the same organization. The large group was divided into six teams and teams were asked to sit with their group. Groups were constructed so that no two individuals from the same organization were in the same group. The small groups were then given a hypothetical planning assignment that required them to work as a team to develop a list of steps necessary to complete the task. The combination of the initial ice breaker and the hypothetical planning exercise seemed to break down any communication walls that may have existed, and the small groups worked well together throughout the training.

The selected cases worked well. They both introduced new approaches and stimulated discussions. They also helped participants identify areas where their understanding of the concepts was weak or needed clarification. There was some concern from the organizers that the cases were too long to read in the time

allotted since the cases were not available to participants in advance. In subsequent sessions, half of the teams were assigned one case and the other half discussed the second case. The guiding questions were simplified to focus on legal, administrative and political issues raised by the cases.

One of the important changes made in the schedule was to invite five senior managers from key ministries to attend the last afternoon and hear the action plan. This created several challenges. First, it meant that some of the introductory material presented the first day had to be repeated so the visitors had some foundation for the participant presentation.

The second challenge was that the morning of the last day became a focus on arriving at enough of a consensus in the group that a single presentation could be delivered to the visiting leadership. This meant that the action plans developed by the small groups were not as well developed as they might have been. Most did not get down to the level of making specific assignments to group members, designing a follow-up strategy, etc. They identified tasks that were needed, but when the task was not under their direct control, they really did not have a plan for reaching out to key actors and gaining their support. The final presentation that was well received by the visitors, but the participants did not accomplish all that was hoped for with regard to the action plans.

In the future, organizers should avoid making this kind of modification to the schedule for the last day. It may be desirable to have senior leaders come and here the action plans. But if this is the desire of local organizers, it should happen after the last full day of action plan development. This training involves two types of learning that are very likely both new to the participants. First, there is the technical material to master which will likely require learning new vocabulary, new concepts and new ways of thinking about land. Second, few if any of the participants have experience developing action plans. Based on the Cairo experience, the full day of interaction and feedback is needed for participants to get a working product.

Philippines

The LBF pilot in the Philippines also took place with relatively little lead time and was conducted over a 3-day period. The instruments covered in the training included Betterment Charges and Special Assessments, Developer Exactions and Sale of Development Rights. In addition, participants received in-depth action-based training and guidance on the development of action plans.

Twenty-two participants were selected from local and national Philippine government agencies and included one participant from Myanmar. Selection was based on the individual's professional standing, job function, interest in the topic and potential ability to influence implementation of the instruments. An effort was also made to balance participation based on gender.

Participants and their agencies reviewed a summary of the seven instruments and expressed any preferences for which instruments would be included. Preferences were tabulated by the organizers who also made the final selection of instruments. Participants were provided with materials to review prior to the actual training in order to become familiar with the relevant chapters and case studies, and over 86 percent of participants indicated they had read the material in advance.

At the conclusion of the training, systematic feedback was solicited from all participants. The training materials presented were judged by 82 percent of participants to be useful and applicable in their local context. Participants felt the training organization, structure and content were effective, engaging and relevant. The need for additional technical assistance in order to implement the instruments was recognized. Likewise, the need for a public information campaign to overcome resistance from landowners was acknowledged, as was the need for political leadership and political will. But participants also developed a set of strategies to address these and other practical challenges.

Overall, participants reported increased knowledge and skills in several areas:

- a) Greater understanding by participants of the way in which each of the LBF instruments discussed may affect land use
- b) Greater comprehension of the potential negative social impacts of the LBF instruments discussed and the necessary measures to minimize these impacts
- c) Recognition by participants that Land-based Financing can succeed in their city/country
- d) Knowledge of the major barriers for LBF (e.g. regulatory system, informality, political buy-in, land registration system, etc.)
- e) Awareness of the legal, regulatory and administrative conditions that need to be put in place (e.g. what powers, what checks and balances, etc.) in order to ensure accountability and better service delivery

The majority also came away wanting additional training in some of the other instruments.

Concluding observations and future directions

The vast majority of the feedback received from the Barcelona Expert Group Meeting was incorporated into the revised LBF package prior to piloting in Egypt and the Philippines. However, due to time and budget constraints, not all concerns could be adequately addressed. In addition, the two pilots provided valuable insights into how this type of training might be improved. A number of potential improvements should be considered.

Additional and updated case studies—A number of case studies suggested by participants in the Barcelona EGM were subsequently added to the LBF package. A few others cases and examples were discussed as possibilities for the next revision:

- Property tax administrative reforms in Indonesia
- Municipal bonds in Dakar (as a failed case)
- The transfer tax in Indonesia
- The transfer tax in Mexico (particularly related to underreporting)

Subsequent reviews of the training materials, particularly by GLTN staff, have revealed the need for more information on social impacts within the cases. Currently, social impacts are not described in most of the cases.

EGM participants pointed out the need to update the information in many cases in order to see how land-based finance efforts have fared over time. They also discussed the need to incorporate new cases as they arise and suggested that GLTN and UN-Habitat interview government officials using GLTN networks or collect cases from training participants.

High level engagement—A key theme of discussions during the Barcelona EGM as well as the debrief following the pilot training in Manila was the need for different lengths and types of engagement for different levels of government staff. One problem that arose during the pilot in Egypt was the attendance of high-level officials during the second half of the action planning day to hear participant presentations. This cut into critical action planning time and placed undue pressure on participants' outputs. Within the current LBF framework, it is best for high-level officials to attend the first day during the overview of land-based finance.

While first-day attendance is one option for high-level engagement, participants in the Barcelona EGM recommended pre-training engagement with department heads and government decision makers in order to

secure a mandate for instrument use prior to the training. This could provide confidence to those attending the training and avoid the concern that the instruments being discussed might not be fully supported.

Pre-training engagement already includes instrument module selection. Development of materials and methods to better market and concisely explain land-based finance instruments could serve multiple functions: high-level engagement, pre-training commitment to implementation including staffing and funding requirements, and informed module selection.

Legal and technical information—The Training Package currently focusses on instrument design but stops short of guidance on technical implementation. In addition to the technical aspects of instrument use, adaptation and drafting of legal frameworks are a fundamental element of instrument implementation.

These components need more in-depth and detailed support than is currently within the purview of the LBF Package. However, such work would be an appropriate follow up to the action planning that happens within and as a direct result of the training. Follow-up workshops could be designed for technical and/or legal staff to bridge the gap between instrument design and successful implementation. Alternatively, part of a legal module could precede the training in order to assess the current legal code and opportunities to utilize or revise it for land-based finance. In either a legal or a technical workshop, time would need to be spent to adapt the content to the country-specific legal and historical environment.

Post-training follow up—In addition to the possibility of technical and legal in-depth implementation modules, there are a wide array of options for continued support from UN-Habitat during the post-training period, particularly as participants pursue their action plans. A clear recommendation from the Barcelona EGM was to have a UN-Habitat support network that could provide avenues for continued technical advising, knowledge sharing, and ongoing research.

Contextualization—Obviously every country and local context is different when it comes to the application of land-based finance instruments. However, two more unique contextualization issues arose during the Barcelona EGM that have yet to be addressed in the LBF Package. One is the adaptation of the package to Islamic law for affected countries such as Saudi Arabia, and the other is adaptation to land management systems where customary land holdings comprise a significant proportion of developable land, such as in Ghana or Papua New Guinea.

A third area for contextualization that has come up since the EGM is application of land-based finance in cities with significant informal areas, specifically related to the instruments' adaptation, application and impacts for these areas. While the Reader addresses the issue of informality briefly, more information and cases covering informality, poverty and tenure security would be very useful for the type of partners with whom GLTN regularly engages.

Format of the tool—The nature of this tool necessitates further thinking on the format in which it is presented. Having the tool available for free download is essential, yet ways should be considered to present it as a more flexible, living document which can be amended for specific uses. This would include the addition of locally pertinent information and materials, and possibly the incorporation of the tool into already existing capacity development and implementation processes on land, municipal financing and / or local governance.

Possible Next Steps

Additions to the LBF Package might also address the need for different components to fit different audiences, as has been discussed in the case of legal, technical, and high-level engagement. A three-tiered approach to the training might be considered with the following structure:

Tier 1: A policy overview discussion of the rationale for land-based finance options intended to introduce senior officials to the potential of such instruments. This could be a standardized presentation delivered at regional meetings attended by senior decision makers. It could eventually become a video that could be made available on-line and on-demand.

Tier 2: The current (or improved) LBF training package for departmental managers and other mid-level government staff

Tier 3: Technical assistance provided upon request and consisting of two parts:

- A two-week scoping mission to the country in question to assess political will, gauge administrative, institutional and financial capacity and refine the action plan. The revised action plan should be produced before the end of the mission and presented to senior officials for review and endorsement.
- Targeted technical advice consistent with and supporting the action plan.

The LBF package effectiveness for training will be highly strengthened if applied based on local context and as much as possible integrated with parallel efforts being done with other partners, e.g. bilateral/multilateral institutions if already operating in the target cities. As the training package is further piloted and/or implemented in different contexts, it will be subjected to periodic reviews, updating and improvement based on new lessons, challenges and opportunities.

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Table 1: Land-based finance instruments included in the LBF training

Instrument	Description	Timing
Recurring land value tax	<ul style="list-style-type: none"> Recurring tax based on an estimate of the value of land or on land attributes 	<ul style="list-style-type: none"> Assessed annually Can be collected in installments
Recurring building value tax	<ul style="list-style-type: none"> Recurring tax based on the value of immovable improvements or on the attributes of the improvements 	<ul style="list-style-type: none"> Assessed annually Can be collected in installments
Betterment levies	<ul style="list-style-type: none"> Charges assessed in connection with specific infrastructure improvements Limited to recovery of actual costs incurred 	<ul style="list-style-type: none"> Assessed and collected as a one-time charge
Special assessments	<ul style="list-style-type: none"> Charges assessed in connection with specific infrastructure improvements Limited to recovery of actual costs incurred 	<ul style="list-style-type: none"> Assessed once Collected over a period of time, often as a temporary addition to the recurring property tax
Developer exactions	<ul style="list-style-type: none"> Charges assessed in connection with development approval Can be paid in cash, in land or in kind 	<ul style="list-style-type: none"> Assessed once Collected as project is approved and completed
Land value increment tax	<ul style="list-style-type: none"> Tax assessed as a percentage of the increase in land value due to public actions or general market trends 	<ul style="list-style-type: none"> Can be assessed when land title transfers or when specific public actions result in increased land values Collected when land title transfers or by special billing
Sale of development rights	<ul style="list-style-type: none"> Payments received in exchange for permission to develop or redevelop land at higher density or changed land use Rights can either be sold at auction or at fixed price Rights may be transferable to other locations or resold 	<ul style="list-style-type: none"> Collected once
Sale of public land	<ul style="list-style-type: none"> Payment received in exchange for freehold title to public land 	<ul style="list-style-type: none"> Collected once
Lease premiums	<ul style="list-style-type: none"> Payment received in exchange for right to occupy and benefit from public land Permitted land use is specified Terms vary from 2 to 99 years 	<ul style="list-style-type: none"> Assessed and collected once
Recurring lease payments	<ul style="list-style-type: none"> Payment received in exchange for right to occupy and benefit from public land Permitted land use is specified Terms vary from 2 to 99 years 	<ul style="list-style-type: none"> Recurring payments Payment amount reviewed and updated periodically
Transfer taxes and stamp duties	<ul style="list-style-type: none"> Charge assessed for recording the transfer of a land title from one private party to another Can be either a fixed fee or a percentage of the value of the property being transferred 	<ul style="list-style-type: none"> Assessed and collected once

Table 2: Case studies included in the LBF training materials

Region	Country	Module
Latin America	Bogotá, Colombia	Recurring taxes on land and property Land value increment taxes
	Cuenca, Ecuador	Betterment charges and special assessments
	Medellín, Colombia	Betterment charges and special assessments
		Developer exactions
	São Paulo, Brazil	Sale of development rights
North America	Vancouver, British Columbia, Canada	Developer exactions
East Asia	Hong Kong, PRC	Land leases and land sales
	Singapore	Recurring taxes on land and property Transfer taxes
		Taiwan (ROC)
South Asia	Ahmadabad, Gujarat, India	Land leases and land sales
	Kandahar, Afghanistan	Recurring taxes on land and property
	Mumbai, India	Sale of development rights
	Punjab, Pakistan	Recurring taxes on land and property
Europe	Albania	Recurring taxes on land and property
	Helsinki, Finland	Land leases and land sales
Middle East and North Africa	Egypt	Land leases and land sales
	Turkey	Transfer taxes
Africa	Tanzania	Transfer taxes
	Sierra Leone	Recurring taxes on land and property

Figure 1: Value creation and value sharing

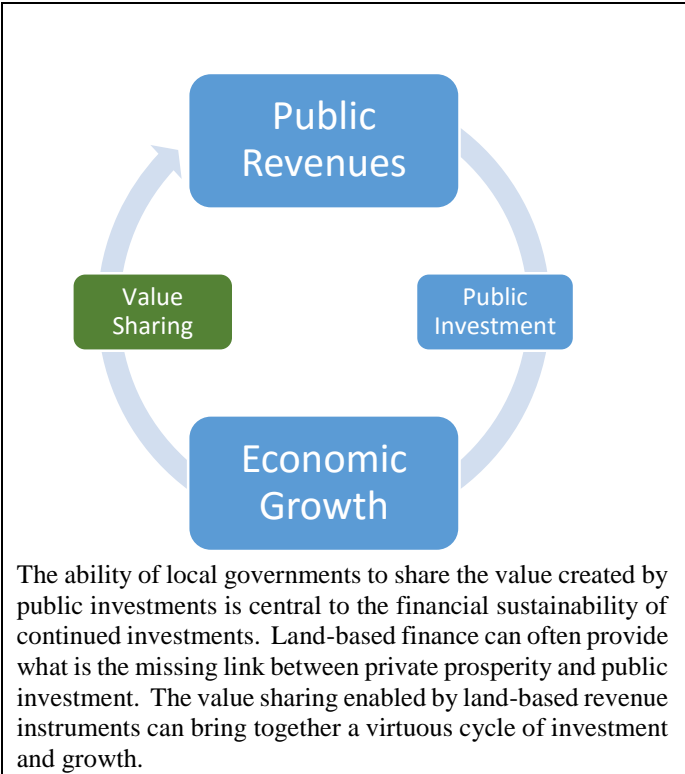


Figure 2: Training Organization

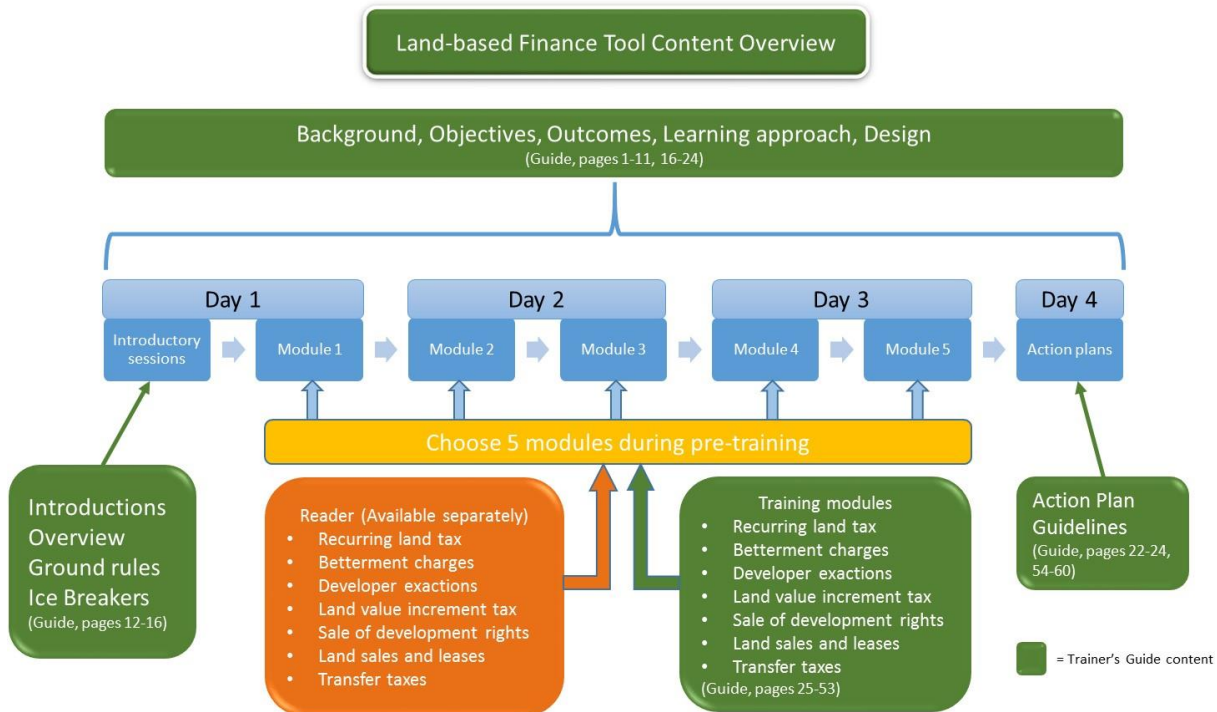


Figure 3: The land-based finance assessment and collection process

