

■■ LAND-BASED FINANCE TRAINER'S GUIDE ■■



LEVERAGING LAND: LAND-BASED FINANCE FOR LOCAL GOVERNMENTS A TRAINER'S GUIDE

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Leveraging Land: Land-based Finance for Local Governments. **A Trainer's Guide**

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LEVERAGING LAND: LAND-BASED FINANCE FOR LOCAL GOVERNMENTS A TRAINER'S GUIDE

This training package is intended as a flexible and frequently updated resource. It is distributed free of charge via www.gltn.net. Kindly use it in electronic format, printing only those pages or sections you need to hand out in hard copy during training. If you know of updated information on any of the cited cases, have a new case you would like to contribute, or if you have any other comments or suggestions for improvement, please contact us by email at gltn@unhabitat.org.

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Region	Country	Module	Case Number
Latin America	Bogotá, Colombia	1	4
		4	12
	Cuenca, Ecuador	2	8
	Medellin, Colombia	2	7
		3	9
São Paulo, Brazil	5	13	
North America	Vancouver, British Columbia, Canada	3	10
East Asia	Hong Kong, China	6	15
	Singapore	1	2
		7	19
Taiwan (ROC)	4	11	
South Asia	Ahmadabad, Gujarat, India	6	18
	Kandahar, Afghanistan	1	5
	Mumbai, India	5	14
	Punjab, Pakistan	1	3
Europe	Albania	1	1
	Helsinki, Finland	6	16
Middle East and North Africa	Egypt	6	17
	Turkey	7	21
Africa	Tanzania	7	20
	Sierra Leone	1	6

ABBREVIATIONS

AFN	=	Afghan afghani (currency)	LGO	=	Local Government Ordinance (Punjab, India)
AUDA	=	Ahmedabad Urban Development Authority (India)	LPR	=	Land pooling and readjustment
BCA	=	Moody's Baseline Credit Assessment	LPT	=	Land and property tax
BID	=	Business Improvement District	LVIT	=	Land value increment tax (Taiwan)
CAC	=	Community amenity contribution (Vancouver, Canada)	MOI	=	Ministry of the Interior (Taiwan)
CDG	=	City District Government (Punjab, India)	NAV	=	Net assessable value (Hong Kong)
CEM	=	Contribución Especial de Mejoras (Special Assessment Ecuador)	NLVI	=	Natural land value increment (Taiwan)
CEPAC	=	Certificate of additional construction potential (Brazil)	NUCA	=	New Urban Communities Authority (Egypt)
CLT	=	Community Land Trust	OECD	=	Organization for Economic Cooperation and Development
COOTAD	=	Organic Code for Territorial Organization, Autonomy and Decentralization (Ecuador)	OIC	=	Cadastral Real Estate Observatory (Colombia)
COP	=	Colombian peso	PILaR	=	Participatory and Inclusive Land Readjustment
DACD	=	Administrative Department for the District Cadastre (Bogotá)	POT	=	Land-use plan (Colombia)
DANE	=	National Administrative Department of Statistics (Colombia)	PP	=	Microsoft PowerPoint
DP	=	Development plan (Ahmedabad, India)	PKR	=	Pakistan rupee
EPM	=	Public utility company (Medellin, Colombia)	PRC	=	People's Republic of China
FAR	=	Floor area ratio	SAR	=	Special administrative region (PRC)
FSI	=	Floor space index, or the ratio to total building floor area to land area	SGD	=	Singapore dollar
GAPV	=	Government-announced present value (Taiwan)	TDR	=	Transferable (or tradable) development rights
GDP	=	Gross domestic product	TMA	=	Tehsil Municipal Administration (Punjab, India)
GLTN	=	Global Land Tool Network	TZS	=	Tanzanian shilling
GLV	=	Gross land value (Hong Kong)	UIPT	=	Urban immovable property tax (Punjab, India)
HK\$	=	Hong Kong dollars	UO	=	Urban operation, or city sector (Brazil)
IGAC	=	National Geographic Institute Agustin (Colombia)	USD	=	United States dollar
IPRO	=	Immovable Properties Registration Office (Albania)	USAID	=	United States Agency for International Development
LBF	=	Land-based finance / Land-based financing	VAT	=	Value added tax
			ZHF	=	Physically homogenous zone (Colombia)
			ZHG	=	Geo-economically homogenous zone (Colombia)

SECTION I:

TRAINING OVERVIEW

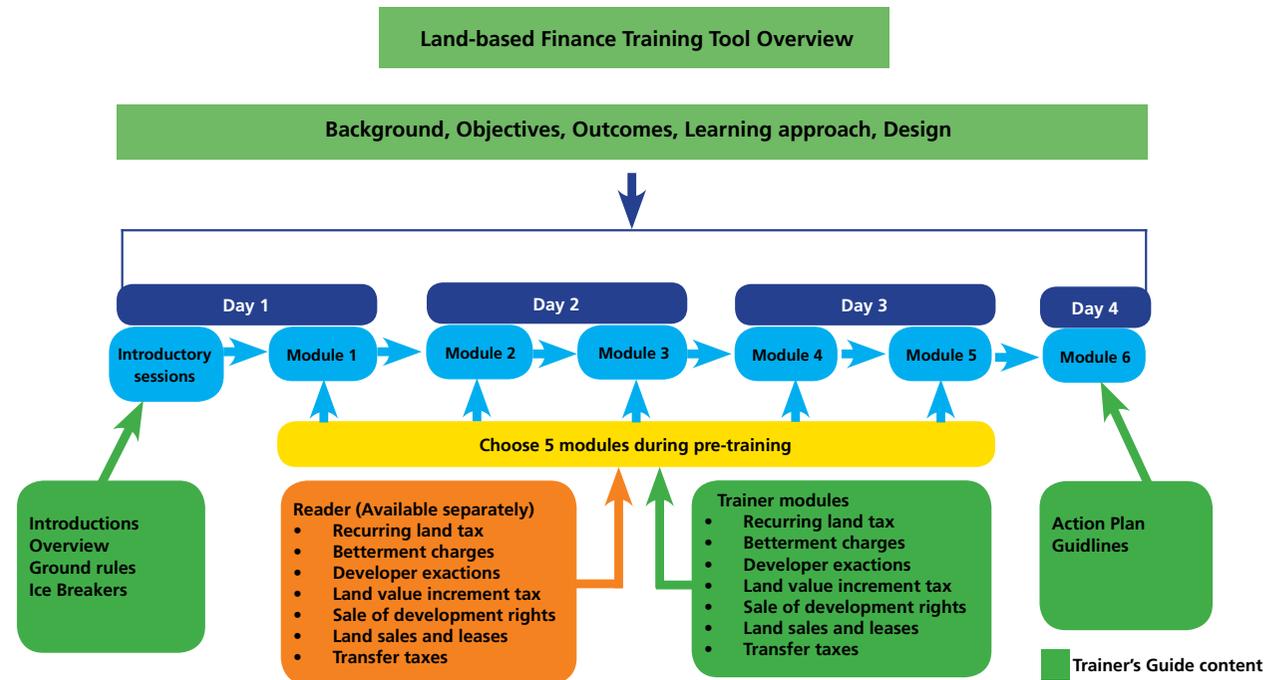
SECTION I: TRAINING OVERVIEW

SECTION I: TRAINING OVERVIEW

This guide is intended for trainers and facilitators in the GLTN and UN-Habitat Land-based Finance (LBF) Training course. LBF is a collective name given to a range of instruments by which local governments expand their revenue base and generate funds that will help them realize their service delivery, infrastructure development and maintenance goals. The broader contexts within which this tool is being developed are local governance and sustainable urbanization. The LBF 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.

Why land-based finance training?

One of the significant challenges facing urban authorities in developing countries is the availability of the financial resources necessary to support and sustain urban development. Many urban authorities are seriously under-resourced and hence are unable to meet the ever-growing demand for 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 on resources available to them. Land-based financing aims to enhance the availability of resources for local development. It seeks to provide urban decision makers, managers and other

community leaders at both the local and national levels with a broader understanding of the range of land-based financing instruments that are available and in use around the world.

The LBF tool is in the form of a training package that has two parts. The first part is the *Reader*, in which

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a range of instruments are presented, described and demonstrated through cases and examples. The instruments included are the annual tax on immovable property, public land leases and sales, developer exactions, classical land value sharing, betterment charges and special assessments, the sale of development rights, and transfer taxes.

The second part of the LBF package is this *Trainer's Guide*, which provides methods whereby knowledge of both policy and practice regarding these instruments can be communicated. The emphasis here is on the practical dimensions of deploying and making the most out of land-based financing instruments. The training is designed 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 domesticate each instrument in their home environment.

The training is delivered in a series of sessions covering a subset of the instruments included in the toolkit. It is possible to adjust the length of the training by picking and choosing those instruments considered suitable to meet local needs. Each session seeks to provide a basic understanding of the instrument covered along

with an awareness of where it has been applied and what the key implementation requirements are. The training package is in a user-friendly format and anchored in real world examples (case studies).

Benefits of land-based financing

Land-based financing is a flexible set of instruments that can be adapted to a variety of institutional and cultural contexts. LBF aims to enhance the availability of resources for local development. Improved local finances and the ability to improve local infrastructure and service provision can have far-reaching social and economic benefits. Additionally, LBF tends to have fewer negative impacts on private investment than other types of revenue tools and can even have positive spatial and social impacts. This combination of potential financial, economic, spatial and social benefits is the reason LBF has become topical internationally in recent years.

The instruments provided through this training package are meant to assist national and local government officials, as well as other opinion leaders in developing urban areas, by enabling them to explore tried and proven options for generating additional financial resources. It is often difficult for

local governments to enforce land laws and policies without financial resources. They also find it challenging to increase the availability of serviced urban land and to prevent the proliferation of slums. Land-based financing is therefore one of the tools needed to achieve secure access to land and realize the goals of sustainable urban development.

One important pattern among highly urbanized countries is that they tend to rely more heavily on land-based taxes. A review of 64 OECD and non-OECD countries shows a strong positive correlation between the urban population percentage and land-based taxes as a percentage of GDP. This pattern suggests that as urbanization intensifies in a country, and especially if income levels increase, land becomes increasingly important in financing sustainable urban development. It is essential therefore for local leaders in developing countries to both understand this relationship and to develop the legal frameworks, administrative capacities and, above all, the political will necessary to effectively implement appropriate land-based financing instruments.

Implementing or strengthening land-based finance presents challenges on three fronts: legal, administrative and political. Overcoming these challenges requires

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strong leadership and commitment at the most senior level. With a strong commitment at the top, remarkable progress can be made in a relatively short time. Without committed leadership, implementation will inevitably falter and any gains achieved are likely to be short lived. For this reason, it is critical that the support of senior political leaders for strengthening land-based finance be obtained prior to or as part of the training.

These materials are designed to be used by practitioners, experts in the field of land-based financing in developing countries and those engaged in developing the capacities of urban professionals (e.g. higher education). Also, civil society and inter-governmental development organizations (e.g. United Cities and Local Governments (UCLG), World Bank and regional development banks) with the competence to provide technical assistance to urban local governments will find the training package an important resource that will add value to the support they provide.

Training Objectives

Target audience

The intended target audience for the training is

land officials, administrators and professionals from developing countries working at the local and national level of governments. This training is intended for functionaries from institutions who are involved in or can benefit from capacity development in land-based financing. The focus will be individuals needing to improve both their understanding of and skills in the effective implementation of the most common land-based financing instruments. The suggested time allocations in this guide assume about 25 participants from about five countries (or jurisdictions within the host country). The training also 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 at least three participants from each country (or jurisdiction) represented. It is also recommended that the participants in the training be willing to do preparatory self-study, have a clear mandate and support from their employers or principals to apply what they have learnt in their work, and are committed to passing 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

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Course objectives

The objective of this training package is to provide urban decision makers, managers and other community leaders at both the local and national level with a broader understanding of the range of land-based financing instruments that are available and in use around the world. Both theory and applications are presented with the intent to expand the horizons of training participants. Each session seeks to provide an understanding of the instrument covered along with an awareness of where it has been applied and what the key implementation requirements are.

Consistent with the GLTN capacity development strategy and good learning practice approach,¹ this training aims 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 will have a sound understanding of the roles and tasks required to implement or improve each instrument in their local environment. They will know where

¹ For more information see The GLTN Capacity Development Strategy (UN-Habitat and GLTN 2014), which can be downloaded at <http://www.glttn.net/index.php/resources/publications/recent-publications/334-the-glttn-capacity-development-strategy>.



Photo: Land based finance training event, Cairo, October 2015

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.

Expected outcome of the training

The ultimate expected outcome from this training is that participants will each have:

- Improved understanding of and skills in the application of land-based financing instruments

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- 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

Course content

This *trainer's guide* is supplemented and accompanied by *Leveraging Land: Land-based Finance for Local Governments - A Reader*.

The Reader includes

- An executive summary with an overview of seven LBF instruments
- An introductory chapter outlining
 - The rationale for using land-based financing for urban infrastructure and services
 - A discussion of the overarching requirements in order to effectively implement land-based finance instruments
 - The criteria that should be used to evaluate land-based financing options
 - Definitions and an approach to classifying land-based finance instruments

- A summary of the minimal requirements to implement each instrument
- Separate chapters providing a description of each instrument with examples and a review of the literature regarding that instrument. The instruments covered in the *Reader* are:
 - Recurring taxes on land
 - Betterment charges and special assessments
 - Developer exactions
 - Land value increment taxes
 - Sale of development rights
 - Land leases and sale of public lands
 - Transfer taxes

In addition, the *Reader* includes two annexes:

- A. Increasing land value through land readjustment
- B. Municipal borrowing

The specific content to be included in the training will draw on the *Reader*, and the needs and preferences of the training participants. Potential participants will be provided a copy of the *Reader* and will be polled in advance regarding their preferred choice of instruments to be covered. Final selection will be made by training organizers, and participants should be notified before finalizing their commitment to attend the training. This approach

allows participants to review the *Reader* (especially the executive summary) with their colleagues, provide input on the instruments they would find most helpful and then prepare for the training through self-study of the relevant *Reader* chapters.

The time required for the training is flexible. The structure discussed in this guide assumes four full days, with four 90-minute sessions each day. With this structure, it is possible to include five of the seven instruments in the training. If it is necessary to shorten the training to three days, the number of instruments included can be reduced to three. If it is possible to extend the training to a fifth day, the two other instruments could be added.

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ORGANIZATION OF THE TRAINING

Learning approach

UN-Habitat’s commitment to training for capacity development to enrich organizations matches closely Zuber-Skerritt’s Action Leadership principles (Zuber-Skerritt, 2011). Action Leadership, or the act of influencing others towards the achievement of

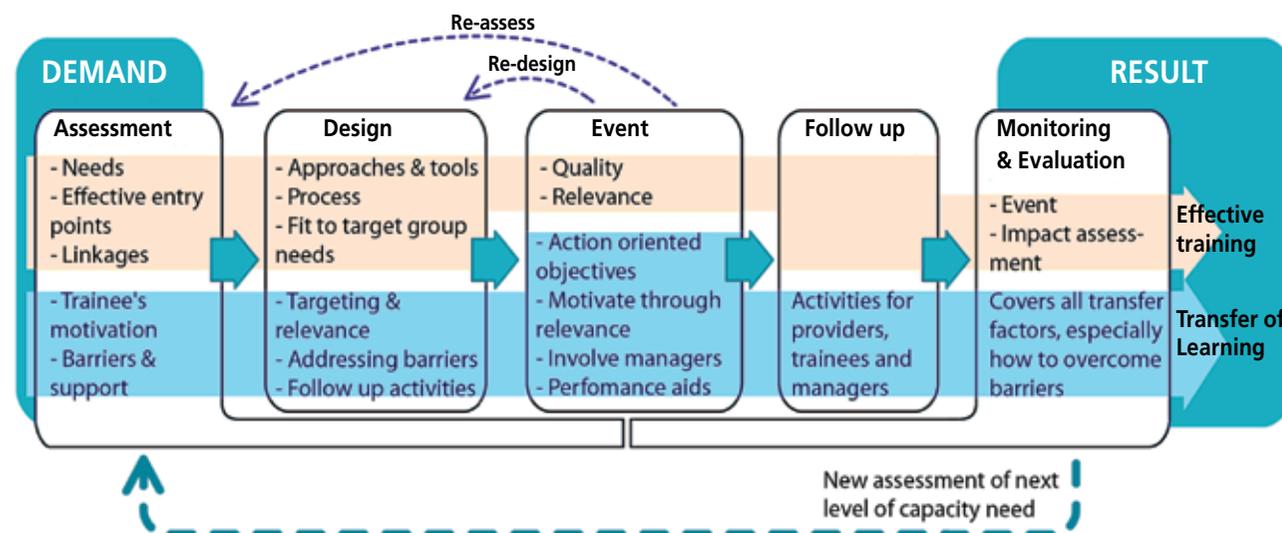
common goals, is dependent on holistic learning and professional development (UN-Habitat, 2012). The overall objective is not simply to disseminate knowledge. The real intent is to facilitate effective action by participants to improve urban practices. Integral to this orientation is to conceptualize training as part of a good practice cycle, as shown in the following figure (source: GLTN AND UN-Habitat, 2014, p. 14):

The approach taken in this training is based on action learning and related methodologies as part of a good practice approach to maximize learning and capacity development.² The presumption is that groups of four or five participants, carefully selected and prepared to ensure optimal capacity development impact, will come from the same country or city. The facilitation process draws on individual and group life experiences combined with existing institutional and specialist knowledge to produce fresh ideas and innovative approaches to urban problems. This learning approach fosters a climate in which participants from a common environment can share knowledge and experiences as they collaborate in the creation of new approaches and action plans for implementing those approaches. Capacity development in GLTN is based on several guiding principles. The following are most relevant for this training:

- *Continuous joint action learning:* The intent is that participants will work together in a collaborative environment to generate learning. The joint learning will involve a recognition of
 - The key tasks required to effectively

² See *Learning for Land Tool Development and Implementation. A Good Practice Guide* (UN-Habitat and GLTN, forthcoming, 2016)

Good practice training cycle



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- implement an LBF instrument
- The skills necessary to carry out those tasks
- Where in the participant's home administrative environment those skills can be found or most readily developed
- How the requisite skills can be administratively organized to efficiently and effectively carry out the required tasks, and
- What political, legal and administrative changes will be required to bring about successful implementation
- *Appreciation of culture, context and existing capacity:* While understanding how LBF instruments have been used around the world is vital, it is not sufficient. Successful local implementations require adaption to local conditions. The design and facilitation approach of the training will incorporate the needs, experience and expertise of participants and their institutions in order to enhance the relevance and positive impact of the process.
- *Appropriate attention to GLTN cross-cutting issues:* Participants should be encouraged to pay particular attention to the impact of LBF instruments on women, youth, climate change and human rights.
- *Demand-driven capacity development:* Capacity development is most effective when it responds

to the stakeholder's recognized needs. Where possible, specific LBF training interventions will therefore be based on capacity assessments conducted in conjunction with the institution/s involved. Selection of participants will be done

- With institutional needs in mind
- On the basis of mandates from their employers or principals, and
- With an understanding that the acquired knowledge and skills will be fed back into the knowledge and practice of the institution/s

In addition, from the initial expression of interest in this training through the formulation of action plans, participants will be actively involved in selecting the instruments included in the training and those that will be pursued afterwards. Action and follow-up plans will be formulated and implementation monitored.

Since much of the learning during the training will take place in small interactive working groups, it is essential that these groups organize quickly and work effectively. To ensure that this happens, each group should include assigned participant roles. These roles should be rotated each session over the four days of training so that each participant has the

opportunity to fill each role. Consequently, it matters little how the roles are initially assigned. The roles and responsibilities for each role are as follows:

- *Facilitator:* Animates and motivates the group; keeps the group on task; makes sure everyone is heard; asks for consensus; provides helpful and supportive feedback
- *Recorder:* Keeps notes of the group's work, either on easel paper or notebook paper
- *Reporter:* Shares the group's work and ideas with the larger group
- *Timekeeper:* Makes sure the group completes the task within the time provided
- *Observer:* Pays special attention to how the group is working together (i.e. Is everyone participating? Is anyone dominating the group?); after the activity, shares her/his observations with the group

Training Programme Design

Pre-training preparation

Land-based finance training initiatives based on this guide should be preceded by a capacity assessment, conducted in collaboration with the affected

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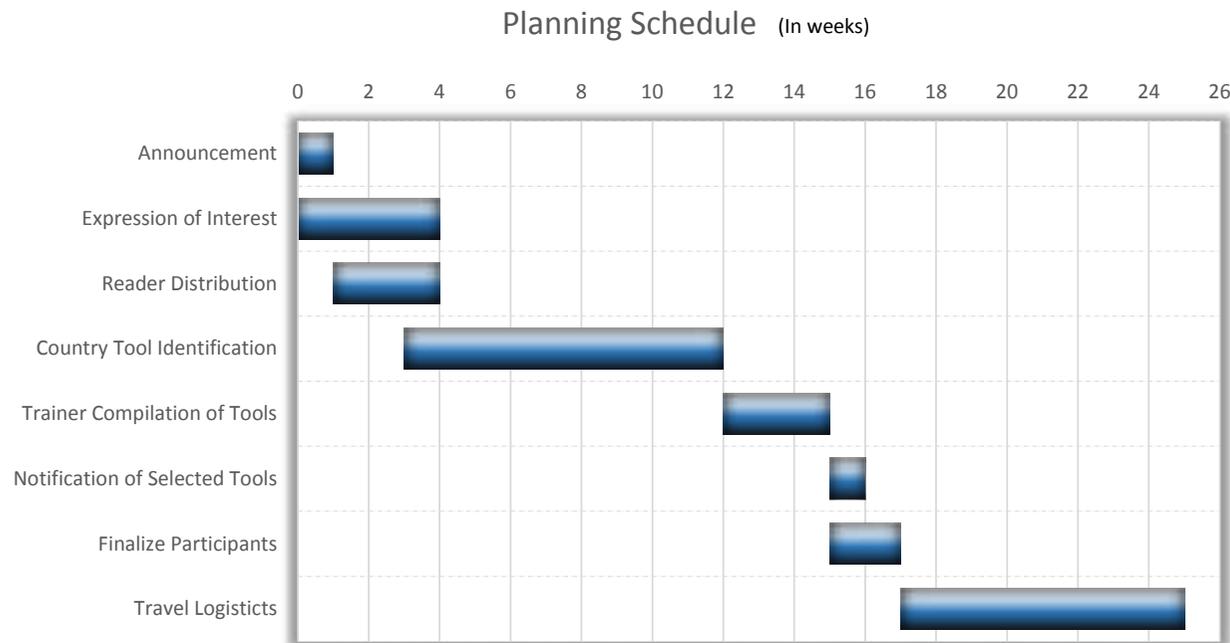
institutions, wherever possible. The information gained from such an assessment will be a valuable resource in the identification of suitable participants and in shaping the design of the specific training. The process can also contribute to obtaining the support of the employers or principals of the participants, and to the integration of the training into a longer-term,

good practice learning approach. These are important ingredients for the development of genuine capacity in the application of LBF instruments towards the goals of more secure access to land, provision of services and sustainable urban development.

In preparation for the actual training sessions, the

Reader will be distributed to all potential participants. They will be encouraged to peruse the *Reader* in as much detail as possible and then 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 analyse the responses, select the list of five instruments and adapt the training design as may be appropriate. Participants will then be tasked to study at least the relevant sections of the *Reader* in detail and assemble and bring with them relevant information regarding their own context and experience. This information will be used during the training.

Approximate times required for pre-training preparation



Introductions, overview and discussion ground rules

The four-day training will begin with introductions and an overview of the five instruments to be covered. The intent of the overview at this stage is to provide participants and any potential visitors with a broad policy overview of the instruments.

Following the initial session, the second session will introduce participants to the ground rules for the sessions. This will include an ice-breaker activity to familiarize participants with other participants and

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the training methods that will be employed. The instrument-specific training modules will begin with the third session.

This four-day training includes a substantial amount of technical material which of necessity will be covered quickly. In addition to technical notes, participants should be encouraged to keep a journal with their thoughts on potential implementation options, concerns and more general thoughts on the training as it progresses. Such a journal will be very helpful in formulating the action plans.

Instrument-specific training

The three-hour training module for each instrument is based on three activities: two case study discussions and an application session. The training design assumes that multiple countries will be represented among participants, with multiple participants from each country. If the training is conducted within a single country, it is assumed that multiple local government units will be represented, again with several participants from each urban entity.

All cases are all included in the *Reader* and will be selected by the facilitator to best meet the needs and interests of participants. The discussion of each

case will be preceded by a brief introduction and an overview of the instrument. The approximate time allocation is as follows:

Discussion of Cases: Two cases from the *Reader* (previously selected by the facilitator and read in advance by participants) will be discussed in small groups (approximately 30 minutes). The groups will focus on identifying key tasks and functions to implement the instrument. They can also discuss the potential impacts of the instrument and compare the cases.

The groups will then come together and report and the large group will produce a consolidated list of tasks and will identify the administrative structure used in the case example (to the extent possible) (approximately 45 minutes).

Application: The session immediately following the case discussions focuses on application. The objective is to apply the learning from the earlier session in the participant's home context. Participants are asked to work in small groups again to apply what they have learned about the key tasks and functions and effective administrative practices to their own context. The small groups will report back to the larger group,

but no effort will be made to synthesize group efforts into a single approach since each country context is likely to be quite different. The small group discussion will take approximately 45 minutes, while the reporting phase of the session will take the remaining 45 minutes.

Following this structure for each of the five instruments will require 2½ days. To cover three instruments will take 1½ days (with the introductory and action planning sessions taking 1½ days).

Action plan development

The morning of the fourth day will be devoted to the development of action plans. For each country, participants will work together to

- Compare what they have learned regarding each of the five instruments
- Prioritize the potential application of the instruments for 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

SECTION I: TRAINING OVERVIEW

Training Schedule Overview

Pre-training		<p>Announcement of training & call for expressions of interest</p> <p>Liaison with relevant institutions, including capacity assessment</p> <p>Reader distributed to institutions and potential participants</p> <p>Where possible, obtain commitment by institutions to support follow-up after training, including through a funding stream</p> <p>Identification of individual participants (via application / nomination / selection)</p> <p>Participants and/or their sponsoring institutions identify five instruments of greatest relevance or interest</p> <p>Sponsors compile preferences, finalize instruments and adapt training design as appropriate</p> <p>Institutions notified of selected instruments</p> <p>Institutions and sponsors finalize participants</p> <p>Travel and other logistics finalized</p>
Day	Session	Topic
1	1	Introductions; Overview of five instruments
	2	Ground rules; Ice-breaker
	3	Module 1, Case 1 Module 1, Case 2
	4	Module 1, Application
2	1	Module 2, Case 1 Module 2, Case 2
	2	Module 2, Application
	3	Module 3, Case 1 Module 3, Case 2
	4	Module 3, Application
3	1	Module 4, Case 1 Module 4, Case 2
	2	Module 4, Application
	3	Module 5, Case 1 Module 5, Case 2
	4	Module 5, Application
4	1	Compare instruments, prioritize and develop revised action plan
	2	
	3	Presentation of action plans; Closing
	4	
Post-training		<ul style="list-style-type: none"> • Training evaluation • Implementation of participant action plans • Ongoing support for LBF instrument implementation where possible

SECTION I: TRAINING OVERVIEW

- Agree on a follow-through strategy including deciding on dates for follow up meetings to update and revise the action plan

During the afternoon of the final day, each group will present their action plan to the large group. Opportunity will be given for both participant and facilitator suggestions and comments. The training will conclude with a closing session under the direction of the facilitator and local sponsors.

The following table provides an overview of the four-day training programme. Each session is expected to be about 90 minutes in length.

Evaluation

Evaluation of the training will focus on a survey of participants. A copy of the evaluation survey instrument is available separately.

How to use this Guide

This Guide provides an overview of the structure and content of the training. Facilitators should review the session descriptions and the related sections of the *Reader* as they prepare for the training sessions. An attempt has been made to identify the necessary materials that will be used in each session, along

with suggested schedules. However, circumstances and conditions will vary from training to training, and facilitators should feel free to adapt these materials as conditions warrant.

Facilitators should have periodic assessments of progress and adapt the programme as necessary to promote effectiveness and impact. While such on-site modifications are inevitable, it is strongly recommended that users of this guide bear in mind the ultimate objective of the training: to help participants understand what is required to implement each LBF instrument and to formulate an action plan targeted on a successful implementation or improvement strategy. The training should focus on building understanding, capacity and commitment in participants and not on demonstrating what the facilitator knows about the subject.

As noted, the structure of the training is based on two 90-minute sessions for each module. Facilitators should be somewhat flexible with the use of this time. It is far more important that the participants achieve the objective of concrete understanding and development of an implementation strategy than it is to adhere to a strict time schedule. Nonetheless, facilitators should also be responsible for keeping the

training moving, assuring that the group has regular opportunities for breaks and that the participants receive the training they expect. If it appears desirable to adjust the schedule and omit one or more instruments, this should only be done with the consent of participants.

Learning by doing: lessons from two pilot LBF training workshops

As part of its development, the LBF training package was used to conduct two pilot training workshops in Cairo, Egypt and in Manila, the Philippines, in October, 2015 and December, 2015 respectively. Lessons learned from this piloting are reported in Annex 1.

SECTION I: TRAINING OVERVIEW

Tips for the facilitator: How to run successful training

Running a series of training sessions with a diverse range of participants has many challenges but also rewards. There are a few elements to keep in mind that will enhance your role and control as a facilitator and will ensure that participants get the maximum results from the training. Some of these are:

- Introduce yourself to participants and ask each participant to say something about themselves, including their name, where they are from and their expectations.
- Emphasize the importance of making the most of all the knowledge and experience in the room, which means everyone should be given the chance to contribute and be listened to when contributing.
- Have participants identify the ground rules for the session right at the start. Ask participants to comment and agree so all are clear and then refer back to that agreement if necessary through the course of the training. Some of the 'rules' might include keeping to time, listening and respecting each other, even when opinions differ, encouraging full participation by all, etc.
- Respect everyone and withhold judgment. Always remember to appreciate, praise and thank participants. Encouragement is critical to motivation and engagement.
- Keep well-mannered eye contact with participants and be an active listener.
- Ask open, critical questions and encourage participants to do the same.
- Facilitate fairly, give all participants an equal opportunity to speak, chair sessions, report back from small groups, do an energizer. However, while practicing inclusiveness, do not insist that someone speaks and embarrass them. No means no.
- If one person is speaking more than others, and some are being silenced, suggest that others be given an opportunity to speak before returning to the one who has already spoken. Then give them the floor.
- Ensure there is sufficient time allocated to discussion, questions and comments. Do not rush a discussion when it is obvious most participants need to talk further, but also keep track of time. Your job is to ensure all the sessions in the training are completed and that people feel that they have been active participants.
- Be aware of examples, phrases that might offend. Do not patronize. And do not under any circumstances use sexist, racist or other discriminatory language or examples.
- Keep your speaking time short. The facilitator is there to facilitate learning and interactions and not to occupy the workshop time.
- Keep your presentations brief – remember KISS (keep it short and simple).
- Facilitators do not know everything about the subject they are facilitating. The emphasis is on collaborative learning. Use the group to answer questions. If you do know something, say so. You can take an educated guess, ask someone else in the room if they know and/or you can offer to find the answer and report back to the workshop later.
- Use energizers when you feel the group is tired, or change the pace or method of the session. It would even help just get people to stand up, turn around and sit down again!
- Intervene immediately if you see a problem developing – if an argument is brewing, if someone is talking in an offensive manner etc. It is important to diffuse the situation before it gets worse. You can use the 'house rules' for this. Be polite but firm.
- Practice what you preach. Apply all the ground rule to yourself.
- Arrive early for your sessions. This allows you to deal with unanticipated problems (power not on, projector missing, etc.) Sometimes participants might like to talk with you or raise an issue before others arrive – be there for them. This input could improve the sessions or assist that participant.
- Be well prepared in advance and ensure that you have timed and tested the methods and tools you are going to use. However, also be prepared to adapt your approach when necessary.
- Coordinate closely with a local counterpart who is familiar with the culture of participants if you are not. Consult this person on issues of time, breaks and the best ways to encourage participation.
- Prepare all the handout material, presentations, etc. well in advance of the workshop. Remind any invited speakers of their participation the day before their session. Come prepared with an alternative in case they are late or cannot ultimately make it.

SECTION II:

STRUCTURE OF THE TRAINING SESSIONS

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

INTRODUCTORY SESSIONS

Day 1, Session 1: Introductions; overview of five instruments

Session objectives

- To provide time for UN-Habitat and/or local hosts to introduce themselves and welcome facilitators, support staff and participants (opening ceremony if desired)
- To introduce all participants
- To provide an overview of the land-based financing instruments that will be included in the training for participants and any visitors that may be present

Session plan

Time	Session Activity	Materials	Facilitator
15 minutes	UN-Habitat and/or local host welcome	PP slides with training objectives and agenda	UN-Habitat and hosts
30 minutes	Participant introductions		UN-Habitat and hosts
45 minutes	Overview of land-based financing instruments	PP slides	Primary facilitator

Basic reading

Land-based Financing Instruments for Local Governments: A *Reader*, Executive Summary and Introduction to Land-Based Urban Finance

Session notes

Provide each participant about a minute to give their name, organization, home city and what they hope to take away from the training or what they are most excited about regarding the training

The instrument overview should review the instruments to be included during the training. The content of the review should draw heavily on the *Reader*. The intent is to review the rationale for each instrument and its basic operation. This review will be useful for the participants in that it assures that all have a common foundation to discuss the instruments. It will also be useful for any visitors or host staff who are unable to attend the full training but would benefit from an overview of the content.

It may be useful to have participants identify their ultimate goals for LBF in their jurisdiction.

Day 1, Session 2: Ground rules; ice-breaker

Session objectives

Help participants get to know each other and be comfortable exchanging ideas with other participants
Introduce the format that the training will follow
Develop the ground rules for the training

Session plan

Time	Session Activity	Materials	Facilitator
30 minutes	First ice-breaker	Flip chart and markers	Primary facilitator
15 minutes	Group discussion to establish ground rules for participation and logistics	Flip chart and markers	Primary facilitator
10 minutes	Introduce group learning approach	PP slides	Primary facilitator
15 minutes	Second ice-breaker: small group		Primary facilitator
15 minutes	Second ice breaker: group reporting and consolidation	Flip chart and markers	Primary facilitator
5 minutes	Answer questions and summarize expectations and process	PP slides	Primary facilitator

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

Basic reading

Not applicable

Session notes

First ice-breaker

The objective of the first ice-breaker activity is to help participants get to know each other and be more comfortable talking to each other.

Ground rules

Begin with a brief discussion on why ground rules are important. Encourage participants to come up with the list and record it on a large easel or whiteboard. If need be, set off the brainstorm by adding the first proposed rule (“One rule that I always like is.... Turning your cell phones on vibrate,” etc.). While the ground rules should be developed with the participation of the entire group, the final set of rules should include:

- Stick to the time allocation unless there is agreement to extend the time
- Listen to and respect each other, even when opinions differ
- Step up/step back: If you are someone who is

Ice-Breaker #1: The Reporters

Instructions to participants:

You will need a piece of paper and pen. Please stand up and find someone in the room who you do not know and discuss these questions for 10 minutes. Switch turns sharing halfway through:

1. What is the most inspiring part of your present job OR What did you do for fun last weekend (feel free to change this question to any sort of similar question)
 2. Is your city currently generating revenue from land? If so, what has been the impact?
 3. What are some of the challenges that you foresee implementing (more) LBF instruments in your setting?
- Give participants 10 minutes to talk.
 - Ask for volunteers to share what they said in their pairs. Write answers on flipchart. Keep the questions separate (perhaps on different sheets of paper)

As appropriate, ask the group the following:

- Does anything catch your attention?
- Are there any instruments that your group saw great potential for in their setting that are not reflected on this list?

Thank everyone for their contributions.

usually quiet, make an effort to talk more. If you are someone who usually talks more than average, hold back so others have a chance

- Over time, all participants should have the

opportunity to play all the assigned roles within a group

Second ice-breaker

The objective of the second ice-breaker is to familiarize participants with the type of tasks they will be asked to carry out during the training. The activity should be initiated in small groups.

- Describe the roles (see page 6) that must be carried out within each small group.
- Stress that all roles are important and each group member will have the opportunity to fill each role over the course of the training.
- Also stress that the majority of the learning during the training will take place as group members share knowledge, experiences and ideas as they collaborate with each other.
- Each small group will then report to the full group and the efforts of each group consolidated into a set of master concepts.
- Groups should be encouraged to comment on and add to what other groups report.

Following the small group reporting, discuss with the full group the process just completed to answer any questions and be sure that all participants are clear on how the process will work.

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

Ice-Breaker #2: The Entrepreneur

Your group is considering starting a restaurant in your home city. You have met today to identify and prioritize the tasks that must be carried out in order to start this business venture.

Do not share this list with the group, but the identified tasks should include some version of the following:

1. Prepare a business plan
2. Do the market research
 - Who are the competitors
 - Identify the target audience
 - Prepare a budget projection

Find a location

3. Prepare a list of things you will need to buy
4. Generate enough start-up capital
5. Purchase required fixtures and equipment
6. Develop and test your menu
7. Create a marketing plan
 - Advertising
 - Community events
8. Hire and train essential help
9. Obtain necessary business licences

If possible, help participants begin thinking about crosscutting issues in the large group discussion: What demographic will the restaurant serve (income bracket, women, men, youth, etc.?) How will the location impact who it serves? Did they discuss the business's environmental impacts?



Photo : Land-based finance training event, Manila, December 2015

Conclude by summarizing the key expectations and processes that will be employed throughout the training. Note that for each of the instruments covered, a similar process will be employed.

- The training for each instrument will involve the presentation of cases.
- For each case, small groups will identify the key tasks and functions necessary for implementing the instrument as demonstrated or suggested by the case. The groups will also identify to the extent possible the administrative structures used to organize the functions in the case example.

- The work of the small groups will be consolidated into a common understanding of key tasks, functions and administration.
- Groups will then apply this learning to their own context by adapting the tasks, functions and administrative requirements to their own environment through a preliminary action plan.

On the last day of the training, the various preliminary action plans will be reviewed, evaluated, prioritized and consolidated into the final action plan by the groups.

MODULE SESSIONS

Day 1, Session 3: Instrument exploration

Session objectives

The specific objectives associated with each instrument are listed in the description of the modules which follow.

The overarching objective for these sessions is to have participants recognize and identify

The key tasks and functions associated with the instrument under discussion and

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

The administrative structure used in the country case study

Session plan

Time	Session Activity	Materials	Facilitator
15 minutes	Introduction to the instrument and cases	PP slides	Primary facilitator
30 minutes	Small group discussion of cases	List of questions (slide or handout)	Facilitators
45 minutes	Large group discussion of cases	Flip chart and markers	Primary facilitator

Basic readings

Relevant section from the *Reader*

Session notes

Cases

All cases are included in the *Reader*. Written copies of the case should also be available during the training. A brief oral introduction to the case should also be provided.

- Participants should be divided into small groups based on their home country (or jurisdiction)

- The small groups will discuss the case and attempt to identify key tasks and functions
- The full group will reassemble and each small group will report. The large group should strive to combine and consolidate the small group output into
 - A final list of tasks and functions and
 - The administrative structure and organization of the tasks used in the case example
- The large group discussion should also consider how well the functions were performed, what the impacts were on vulnerable populations, what might have been done to improve their execution and what could be done to improve future performance
- The facilitator should ensure that all key tasks and functions are identified and there is a description of the types of administrative units charged with carrying out the functions

Identifying key tasks and functions

Functions are activities or actions associated with a person or office. For example, one function of a city's finance department may be to manage the city's budget. Functions are carried out by accomplishing a set of tasks. For example, managing the city's budget involves preparing a preliminary budget for review and

approval, monitoring implementation of the adopted budget, reporting on revenues and expenditures, participating in external audits, and so forth. It may be helpful to think of tasks as specific work assignments that can be completed. Functions on the other hand are on-going and are likely to require the repetition of some tasks.

The distinction between a function and a task depends to some extent on the observer's perspective. What appears to be a task from one point of view will often be assigned to one or more individuals who will see the accomplishment of that task as their function. For example, from the perspective of the mayor of a city, generating a tax bill may be viewed as a task. The officials charged with actually producing the tax bills will likely see this activity as a **function** of their office, which is divided into multiple tasks.

In the context of this LBF training, the objective is to help participants understand the steps necessary to actually implement any of the LBF instruments and to consider how those steps should be administratively organized. In the framework used here, these steps are considered to be tasks. In many instances, it makes administrative sense to group tasks together and assign them to a particular agency or office as a function of that agency.

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

While each LBF instrument requires that specific tasks and functions be carried out in order to successfully implement the instrument, there are some tasks that are generic and common to virtually all the instruments. While it may appear unnecessarily repetitious to continually identify these tasks for each instrument, **in this case, repetition is a virtue**. It serves to underscore the importance of these tasks for the success of any reform or change effort. Unless adequate provision is made for these tasks and functions, efforts to bring about change is likely to lead only to frustration and limited progress, or even adverse outcomes.

Cross-cutting key tasks and functions

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. Long-term success requires broad-based public understanding and support. 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. 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.

Attention to core 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 values and resulting expenditures should promote the attainment of flourishing 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

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

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.

The following table summarizes some of the key tasks related to all LBF instruments and presents relevant guiding questions.

Helping small groups identify tasks and functions

Initially groups may struggle to understand their assignment to identify key tasks and functions. To assist them in this process, it may prove helpful to have ready a set of questions that will lead them to recognize important tasks and functions. These questions can be put into a PowerPoint slide or a handout for participants to refer to as guidance.

For example,

- What worked well in these cases? What did you find intriguing or interesting about the cases?
- What did you see as problematic in these cases?
- What could have been improved in their implementation? How could this be done?
- What was likely unique to the situation described in the case?

- What were the tasks that had to be carried out in order to put the financing instrument in place? Are all of these tasks essential?
- What were the tasks that had to be carried out in order to sustainably administer the financing instrument going forward? Are all of these tasks essential?
- What skills did the people administering the

financing instrument need to have? Were these all located in the same agency?

- What was the impact of the instrument from the perspective of the local government, households and businesses?

In addition to these overarching questions, each module identifies for the facilitator a set of key tasks

Key tasks and guiding questions
<p>Obtain political support from senior leadership (government leaders).</p> <ul style="list-style-type: none"> • What level of support will be needed to implement or improve this instrument? • Which key leaders will provide support for this instrument? • What level of government (national, regional, local) will need to give support for the implementation of this instrument?
<p>Assemble the Leadership Team for Change</p> <ul style="list-style-type: none"> • Which individuals have the necessary expertise to design and implement this instrument? • Which individuals can provide day-to-day leadership for implementing this change? • Which individuals can interact effectively with stakeholders? • Which individuals have access to the necessary political leadership?
<p>Identify necessary technical assistance</p> <ul style="list-style-type: none"> • What type of technical assistance will be needed and over what period? • Where can the assistance be obtained?
<p>Determine the impact on important groups.</p> <ul style="list-style-type: none"> • Will use of the instrument have an adverse impact on women? On the poor? On the elderly? • What will be the impact on affordable housing? • Will an increase in land values lead to a decrease in affordable housing? • How can the government leaders incentivize the creation of affordable housing?

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

and related guiding questions for the cases. No attempt should be made to fully discuss all of the guiding questions. There are too many. Rather, the facilitator should selectively draw on the questions to be sure that the tasks are identified by the participants.

Day 1, Session 4: Instrument application

Session objectives

Identify the necessary key functions and best supporting administrative structure in each participant's home context

Basic reading

Appropriate section from the *Reader*

Session notes

Participants are asked to apply what they have learned about the key tasks and functions, and the necessary supporting administrative structures to their own context. Each small group will identify

- The key required tasks and functions to implement or improve the instrument in their own context
- The current status of each of those functions (e.g.

Session plan

Time	Session Activity	Materials	Facilitator
5 minutes	Session introduction and listing of key questions	PP slides	Primary facilitator
40 minutes	Small group discussions	List of questions (slide or handout)	Facilitators
45 minutes	Large group discussion	Flip chart and markers	Primary facilitator

- 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

Note that the intent of this session is not to develop an action plan at this stage. The intent is not even to

reach a decision on the relevance of the instrument for any given country or city. Rather, it is to facilitate a careful and thoughtful analysis comparing the current state of affairs with the conditions necessary to effectively implement the instrument. From that perspective, participants should attempt to answer the following questions during the session:

- **If our jurisdiction wanted to implement this instrument** (or improve its current use),
 - What tasks and functions would need to be carried out?
 - How many of those tasks and functions are we currently doing and how well?
 - What skill sets and other resources would we need to improve, expand or acquire?
- What would be the best administrative organization to support effective accomplishment of the required tasks?
- How does our current administrative organization differ from this design?
- What legal and administrative changes would be required, and what additional skills and resources would be needed, for us to implement this instrument?
- This set of questions should be provided via handout or on the screen for participants to refer to.

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

The session should begin by listing these questions. Here again, the questions included with each case may prove useful since many of those questions are forward looking and are focused on implementation in their phrasing. Small groups organized by country (or jurisdiction) should discuss and agree on answers to the above questions. Participants should be encouraged to be as detailed and specific as they can at this stage. Their efforts and work product from this session will be extremely important on the morning of the last day of training.

Following the small group discussions, the full group should reassemble and each small group should report on their efforts. The full group should feel free to ask questions and help each small group elaborate on their assessment as fully as possible.

Days 2 and 3

The training on days 2 and 3 will follow a pattern similar to sessions 3 and 4 on the first day. Each day will consist of four sessions, divided between two of the modules. The first session devoted to each module will consider the cases, explore the LBF instrument and identify the key tasks and functions associated with that instrument. The second session devoted to

each module will focus on developing an application strategy for the LBF instrument in the participant's home environment. The following figure summarizes the organization of the training for all four days.

Developing the Action Plan

Day 4, Sessions 1 and 2: Compare instruments, prioritize and develop revised action plan

Session objectives

- To encourage participants to critically evaluate the

practical potential of each instrument for their own environment

- To select the most relevant instrument(s) for implementation
- To assist participants in the development of an overall action plan with specific sequencing of tasks, preliminary timelines and specific individual assignments
- To develop a strategy and plan for continued follow up and further action learning to adapt and carry out the action plan

Training day	Daily Session			
	1	2	3	4
1	Introductory material Exploration		1st Module Appilication	
	2nd Module Exploration		3rd Module Application	
2	4th Module Exploration		5th Module Application	
	Develop action plans		Present action plans; Closing	

Basic reading

The Annex on developing an action plan (given as Annex 2 below)

Session notes

These two sessions are intended to be informal. The

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

Session plan

Time	Session Activity	Materials	Facilitator
15 minutes	Review the requirements of a good action plan	PP slides	Primary facilitator
75 minutes	Small group work		
	Break		
90 minutes	Small group work		

groups from each country (or jurisdiction) will work to together as they compare notes and journal entries along with their personal knowledge and experiences from their home context. After carefully considering each of the instruments discussed, participants will recognize that some instruments are more relevant or more readily implemented than others in their own context. They should also realize that it is unlikely that the implementation strategy from another country can be followed in their own setting without modification and adaptation. These two sessions are designed to encourage and assist participants as they

- Critically compare the instruments discussed

in terms of their practical potential for the participant's home setting

- Recognize which tasks and functions are most critical in adapting and implementing the most relevant instrument(s)
- Recognize the administrative requirements for successful implementation, including both the human and other resources necessary
- Recognize the political, legal and other environmental factors that will affect implementation
- Devise a prioritized list of actions required in order to implement or improve the most relevant instrument(s)
- Develop an action plan for accomplishment of the desired changes

The product of these two sessions should be an action plan agreed to by all members of the same country (or jurisdiction). These plans should be SMART:

Specific: Plan objectives need to be clear and detailed.

The plan should also

- Accurately embody the essential tasks and functions needed to effectively implement the instruments selected

- Specify the human and other resources required to carry out the plan
- Carefully assess the administrative, legal and political realities of how resources are now organized and how that organization needs to change to realize the objectives
- Make specific assignments regarding who is responsible for carrying out each step of the plan

Measurable: Intended results should be measurable. The outcomes sought should produce tangible and identifiable results.

Agreement: The group should be in agreement and there should be a reasonable likelihood that key actors in the home environment will be supportive.

Realistic: The group needs to believe that the planned changes are possible. Success will depend on the resources the group has access to and is prepared to commit to the effort. It will also depend on the confidence the group has in themselves.

Time-specific: Milestones and timelines for achieving each stage should be set. Because not all aspects of implementation are under the control of training participants, the timelines will likely have timeframes rather than specific deadlines (e.g. "within six months,

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

we will ...”). What should be much more specific is the schedule for follow up meetings of the group and other key actors that will be brought into the process.

Helping, supportive relationships are essential for maintaining momentum, for continued action learning and for building coalitions. The action plan should specify when the group will meet again and how communication between meetings will be fostered.

Day 4, Sessions 3 and 4: Presentation of action plans; Closing

Session objectives

- To foster cross-team collaboration, learning and feedback
- To bring appropriate closure to the training

Session plan

Time	Session Activity	Materials	Facilitator
5 minutes	Discuss ground rules for presentations		Primary facilitator
60 minutes	Presentation of 3 action plans		
	Break		
[TBD] minutes	Presentation of remaining action plans		
10 minutes	Wrap up and closing comments		Primary facilitator
	Closing comments and ceremony		UN-Habitat and hosts

Basic reading

Not applicable

Session notes

These two sessions are intended to provide each small group with an opportunity to present their action plan

to the entire group and receive feedback on their plan. The small groups should feel comfortable asking for input from the larger group on any points they are struggling with. The feedback from the larger group should be of two types:

Encouragement and support. Being a change agent is challenging and threatening, so a certain amount of cheerleading is encouraged.

- The larger group should not feel pressured into supporting a plan they see as ineffective or unrealistic. But honest expressions of support and reinforcement should be welcomed.
- Such expressions from the facilitator are also encouraged.

Specific suggestions on how the plan might be strengthened.

- These will most productively come in the form of questions such as “Have you considered ...?” or “What will you do if ...?”
- They may also take the form “In my city, we addressed that issue by ...”

SECTION II: STRUCTURE OF THE TRAINING SESSIONS

- It should be recognized by all that after spending many hours thinking about and refining an action plan, the team is heavily invested in their product, however effective or ineffective it is likely to be. Suggested improvements should diffuse any potential defensiveness on the part of the team by helping them broaden their perspectives rather than by posing direct criticism of the product.
- If time permits, teams should be encouraged to update their plans based on the feedback received.

Allow at least 20 minutes for the presentation and discussion of each plan. The time should be divided fairly equally between presentation and discussion.

It is possible that higher-level functionaries will want to attend this last session. In that case, it should be seen more as a reporting and pitching session than a feedback and discussion session.

SECTION III:

LAND-BASED FINANCING MODULES

SECTION III: LAND-BASED FINANCING MODULES

The facilitator will work with the two to five modules selected prior to the training to further develop the curriculum. Although an overview of each topic is provided here, more detailed information can be found in the *Reader*.

MODULE 1: RECURRING TAXES ON LAND (DOUBLE MODULE)

Special note: Given the amount and complexity of the material in this module (and the related chapter in the *Reader*), if this module is selected for inclusion in the training, it should be counted as two instrument modules (i.e. it requires two session blocks). The material can be divided either by focusing on policy issues in the first three-hour block and then administrative issues in the second block. Or the material can be grouped based on the revenue equation, covering base definition, rate setting and cadastre management in one block, and valuation, billing, collection and public outreach in the second. Other options for dividing the material may be feasible, but the point is that there is too much material and too many issues around the annual tax to be manageable in one three-hour block.

Session objectives

- To familiarize participants with the key issues and principles that should be considered in designing, reforming or administering policies that govern the annual tax on immovable property
- To help participants understand and articulate the key tasks that must be performed in order to design or reform an annual tax on immovable property that is likely to be fair, efficient and productive
- To familiarize participants with the importance of administrative practices as they impact the revenue productivity of the annual tax on immovable property
- To help participants understand and articulate the key tasks that must be performed in order to design or reform the administration of an annual tax on immovable property

Much of the material contained in this session is presented in richer detail in the UN-Habitat publication *Land and Property Tax: A Policy Guide* (UN-Habitat and GLTN, 2011).

Basic reading

Leveraging Land: Land-based Finance for Local Government — A Reader, Recurring taxes on land and buildings chapter

Session notes

The recurring tax on property is most commonly an annual tax levied on land, improvements such as buildings or both. The purpose of the tax is three-fold:

- To establish an on-going revenue stream for local needs
- To provide a mechanism for charging residents and businesses for services that are not subject to user charges
- To provide communities with one mechanism for sharing in the increased private land values that result from public decisions and city growth over time

Four **overarching principles** should be kept in mind regarding recurring taxes on property.

1. The property tax system should reflect and be sensitive to the local institutions and traditions related to land and property rights
2. Implementing the property tax requires a fiscal

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cadastre and the land tax system must reflect the realities of the current formal and informal land right registration systems

3. Since different design options exist depending on the extent and maturity of real estate markets, it is critical that careful attention is paid to market conditions in different locations and for different types of property
4. The administrative capacity of government entities must be carefully considered in designing the property tax and the administrative processes for its implementation

The key components of the **enabling property tax law** include

- Define what is taxable
- Define what is meant by taxable value
- Identify who is responsible for paying the tax
- Determine the process for setting the property tax rate(s)
- Assign the required administrative functions to appropriate agencies

- Assign the tax revenue

The **revenue collected** from the annual property tax is a function of five elements. Two are policy determinations:

- The value of property tax base as legally defined (Base)
- The property tax rate as set by law and policy (Rate)

And three are administrative factors:

- The proportion of all land that should legally appear on the tax rolls that actually is included in the fiscal cadastre (Coverage)
- The proportion of taxable value that is identified by the valuation process (Valuation)
- The proportion of the tax levied that is actually collected (Collection)

Good policies guiding how the tax base is defined include:

- Defining the base should follow the fundamental principle of good tax policy: broaden the tax base and lower the rates
- Defining the incidence — the tax should be collected from property owners if they can be

readily identified. Otherwise the tax should be collected from the occupants

- Exemptions should be kept to a minimum, should be thoughtfully justified, and should be reviewed regularly to assure that their public purpose is still valid
- Valuation of property can be based on capital market value, annual rental value, physical property characteristics or a hybrid approach, based on the maturity of real estate markets, and the administrative capacity of implementing tax agencies

Good policies governing rate setting include:

- The number of property classes should be kept to a minimum
- Unless there is a compelling reason, there should only be one tax rate for all property classes
- The range of acceptable rates can be set at the central level, but local officials should have the authority to determine the final rate within the approved range

It is often the case that revenue from a recurring tax on property can be significantly increased if the administration of the tax is improved. Quality administration includes:

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- Improving coverage or the proportion of legally taxable property included on the tax rolls
- Improving the accuracy and timeliness of property valuation
- Improving billing and collection procedures, including taxpayer services for processing taxpayer inquiries and appeals

Strong administration of the recurring tax on property requires trained personnel and an adequate budget to fund all aspects of the administration.

- The required expertise need not, and most likely does not, reside in a single agency. It is often most effective to share the responsibility for administration between agency with specialized personnel
- Central governments play an important role in providing training, administrative support in complex situations and in oversight to assure efficiency, effectiveness and fairness

The likely impact of an effective recurring property tax should be viewed from several perspectives, including:

- The economic incidence of the tax
- The revenue potential from the tax
- The incentives created for private investment

within the local jurisdiction

- The social impacts of the tax
- The spatial and planning implications of the tax

Cases

Special note: The materials for this double module include six cases. Only two should be selected for each training session.

*This module can be split into **policy** and **administrative** parts. It is recommended that the Albania and Singapore cases be used for the **policy** session block and that two of the others (Punjab, Bogotá, Kandahar or Sierra Leone) be used for the **administrative** session block.*

Case #1: Reforming the current land and property tax in Albania

This is a prospective case in that Albania has yet to fully implement a reform. They have started the process but as of this writing are very early in the process. The case focuses on the policy issues that must be addressed.

Case #2: Progressive property taxes in Singapore

The Singapore case represents an example of an

annual tax based on rental value and with an explicit attempt to be very progressive in structure. The case raises policy questions regarding progressiveness in property tax.

Case #3: Property tax reform in Punjab, Pakistan

Here again the case focuses on the current problems and what should be done to improve the administration of the tax. Since the reforms have not been fully implemented, the effectiveness of the reform remains to be seen.

Case #4: Administrative reforms in Bogotá, Colombia

The Bogotá case presents an example where administrative reforms were successful in increasing revenue.

Case #5: Creating a property tax register in Kandahar, Afghanistan

The Kandahar case presents an example of a city emerging from conflict and building a functioning annual tax from little, if any, foundation.

Case #6: Property tax reform in Sierra Leone

Sierra Leone is another case of post-conflict cities

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initiating property tax reform on a very limited budget. This is a good case to illustrate the importance of political leadership and commitment to the success of the reform effort.

Key tasks

Generate stakeholder support from the public and other stakeholders.

- What groups will be most impacted by an annual tax on land and property?
- What groups might oppose an annual tax on land and property?
- What groups might benefit from an annual tax on land and property?
- How can information be distributed to all stakeholders?

Adopt, revise or update the enabling law, which should

- Define what is taxable
- Define the standard that will be used to determine taxable value
- Identify who is responsible for paying the tax
- Determine the process for setting the land and property tax rate(s)
- Assign the required administrative functions to appropriate agencies
- Define which government entities will receive the tax revenue
- Who will take the lead in drafting needed legal changes?
- Will drafting the needed changes require external technical assistance?

Policy tasks

In addition to the key tasks and guiding questions that apply to all instruments, the following are relevant for recurring taxes on land and property.

Key tasks and guiding questions

*Special note: These questions assume the module will be split into a session block on **policy** and a session*

Policy case guiding questions

Guiding questions

How are the policy issues around the annual property tax in Albania and Singapore similar?

- In both cases, raising revenue was not the only policy objective
- In both cases, pursuing social objectives through the annual tax on land is difficult and very imprecise

How are the policy issues around the annual property tax in Albania and Singapore different?

- Albania is trying to rethink the foundations of their approach to land taxes; Singapore is trying to pursue income redistribution through a graduated tax system
- Albania seeks to set values based on current capital market conditions; Singapore is basing taxable value on annual rental value

What do the similarities and differences in the two cases suggest about the essential tasks in setting the policies for the recurring tax on land?

- Local history is extremely important
- Build on existing policies and administrative capacities
- The ability to adopt meaningful land tax policies is not independent of other governance capacities, such as the judicial system, the mail delivery system and functioning land markets
- Only add policies that increase administrative complexity when the system is working reasonably well and the capacity exists to effectively implement the new policies

*block on **administration**. The policy sessions can use the Albania and Singapore cases; the administration sessions can use two of the other cases. If the trainer decides to split the module differently, some customization of case sets and questions will be needed.*

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Administrative tasks

Key tasks

Generate stakeholder support from the public and other stakeholders

- What groups will be most impacted by an annual tax on land and property?
- What groups might oppose improved administration of the annual tax on land and property?
- What groups might benefit from improved administration of the annual tax on land and property?
- How can information be distributed to all stakeholders?

Adopt, revise or update the enabling law

- Does the current law adequately define the valuation standard?
- Does the current law empower the appropriate agencies to identify and record current land use and occupancy?
- Does the current law assign administrative responsibilities for the annual tax to appropriate agencies?
- Does the current law adequately define the appeals process available to taxpayers?
- Does the current law provide adequate enforcement provisions if the tax is not paid in a timely manner?

Regularly update land and property values

- The taxable value of properties should be updated at least every three to five years
- What agency, at which level of government, will be responsible for valuing new properties and updating existing land and property values?
- What objective data will be used to estimate current values and how will this data be obtained?
- What expertise and training should the personnel conducting the valuations have?
- What agency will provide training and oversight for the staff conducting valuations?
- Specialized land uses require specialized expertise in order to obtain a defensible valuation. Where will this expertise reside within government agencies?

Systematically review land use to identify changes in use or density

- Which agencies will have primary responsibility for reviewing, verifying and updating the fiscal cadastre?
- How will coordination with other agencies and other levels of government be institutionalized?
- What authority and enforcement powers do cadastre management staff have?

Reliably generate and deliver tax notices to landholders

- Which agency has the responsibility to generate individual tax notices based on current valuation and cadastral information?
- How will the tax notices be reliably delivered within the designated time frame?

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Respond appropriately to inquiries and appeals from taxpayers

- Mistakes will happen in estimating values and in calculating tax obligations. Even if there are no errors, taxpayers will have questions
- Which agency has the responsibility to receive taxpayer inquiries and respond to them promptly?
- Which agency will receive taxpayer appeals and follow through using the approved appeals process?
- Will it be necessary to pursue judicial reform, in addition to effective administrative courts, in order to assure that taxpayer appeals are heard and resolved promptly?

Consistently collect the tax

- Which agency or entity will receive the tax payments and remit them to the appropriate authority?

Vigorously pursue tax avoiders

- Which agency has the responsibility to enforce the tax laws and pursue tax avoiders?
- What administrative tools are available to assist in the collection of the tax? (e.g. national taxpayer identification number, publicizing the names of delinquent taxpayers, etc.)
- What legal remedies are available and usable in the event that the tax is not paid in a reasonable period of time?

Allocate and spend the tax revenue in ways that are publicly visible and meaningful

- Public support and compliance depend on the public's perception that the taxes they pay are being spent on services they value
- How will the public be informed about how the taxes collected are allocated and spent?
- What influence does the public have over how their tax payments are spent?

Administrative case guiding questions

Guiding questions

How are the issues around administration of the annual property tax in (Punjab, Bogotá, Kandahar and/or Sierra Leone)¹ similar?

- In all cases, raising revenue was heavily dependent on improved administration
- In all cases, property registration and improving the fiscal cadastre was a critical step

How are the administrative issues around the annual property tax in Punjab, Bogotá, Kandahar and Sierra Leone different?

- The level and type of technology used in the cases is different and is adapted to the capacities of the local administration
- The tax rate structures employed differ with some using market value as the base, while others use property attributes, location and land use
- The maturity of real estate markets differs substantially between the three settings

What do the similarities and differences in the three cases suggest about the essential tasks in administering the recurring tax on land?

- Adapt to local conditions, based on how property rights are viewed and recorded, the maturity of real estate markets and the administrative capacity of the relevant agencies (both the number of people and the level of expertise)
- Significant reform often requires outside assistance to jumpstart the process, but sustained success requires local investment in capacity and ongoing effort
- Sustained political leadership and commitment is essential for sustained success

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MODULE 2: BETTERMENT CHARGES AND SPECIAL ASSESSMENTS

Session objectives

- To recognize that betterment charges and special assessments are an important source of infrastructure funding in many parts of the world
- To be able to articulate the key tasks that must be performed in order to effectively administer either betterment charges or special assessments
- To recognize the relative advantages and disadvantages of betterment charges versus special assessments as an instrument for funding infrastructure improvements

Basic reading

Leveraging Land: Land-based Finance for Local Government - A Reader, Betterment charges chapter

Session notes

The key points regarding betterment charges and special assessments can be summarized as follows:

- Betterment levies for cost-recovery are generally one-time charges assessed in connection with a land-related event involving specific infrastructure improvements.

- To employ the instrument, cities must identify the specific improvements to be made, the land area that will benefit from the improvements, and the level of benefit in terms of increased land value that will be received by each land parcel.
- The cost of the improvements is then assigned to each land parcel based on the share of benefits received.
- Securing landowner cooperation and agreement in advance greatly enhances the likelihood of political support for betterment charges.
- Special assessments are also charges assessed in connection with specific infrastructure or service improvements.
- Special assessments differ from betterment charges in that they are generally not one-time charges, but are assessed annually over a fixed period.
- Special assessments provide a mechanism for collecting betterment charges over a period of years and can make the burden on taxpayers much easier to bear.
- Special assessments generally require the prior approval of a majority of property owners (either by number, in property value or both).
- The assessments can be made either as a set fee

based on property attributes or as an increment in the annual property tax rate.

- Betterment charges can be effective at encouraging private investment, but their social costs should be weighed carefully.
- Betterment charges and special assessments are important instruments for planners and local managers.

Cases

Case number 7: Betterment levies (Contribución de valorización) in Medellín, Colombia

- Case number 7 is an example of a city that has used betterment charges very successfully in the past. In this particular city, they have been less relevant in the past decade because of public resistance to some projects and the availability of politically more acceptable alternatives (transfers from the electric utility).

Case 8: Special Assessments in Cuenca, Ecuador

- Case number 8 is an example of the use of special assessments to collect the betterment charges over a period of time by adding the annual charge to the landowner's annual property tax bill.

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Key tasks and guiding questions

In addition to the key tasks and guiding questions that apply to all instruments, the following are relevant for betterment charges and special assessment districts.

Case 7 tasks and guiding questions

Key tasks
Generate stakeholder support – from developers and the public. <ul style="list-style-type: none">• Which groups will be most impacted by betterment levies?• Which groups might oppose betterment levies?• Which groups might benefit from the betterment levies?
Obtain the legal authority to collect betterment levies. <ul style="list-style-type: none">• Which level(s) of government will need the authority to implement the betterment charges?• What changes, if any, need to be made in enabling national (or provincial) laws?• What changes, if any, need to be made in local ordinances and regulations?
Identify what land benefits from each public improvement project. <ul style="list-style-type: none">• What guidelines are needed in order to identify which land is benefited?
Assess the relative benefit to each land parcel. <ul style="list-style-type: none">• What guidelines are needed in order to quantify the amount of benefit received by each land holder?
Assign a cost/fee to each land parcel. <ul style="list-style-type: none">• The fee should be proportional to the benefit received.• Are the properties most impacted by the development assessed a greater amount?• The total fees should not exceed the cost of the project.• What is the total cost of the project? What is the total benefit to the properties?
Determine the process for collecting fees. <ul style="list-style-type: none">• Should the fee be collected as a one-time fee?• Should the fee be collected over a period of years?• Will the fee be collected separately or with other fees?• What enforcement alternatives will be available for non-payment?
Determine the impact on important groups. <ul style="list-style-type: none">• Will the development and betterment charges have an adverse impact on women and youth?• What will be the impact on affordable housing? Will an increase in land values lead to a decrease in affordable housing?

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Case 8 tasks and guiding questions

Key tasks
<p>Generate stakeholder support – from developers, property owners and local residents.</p> <ul style="list-style-type: none">• Create a district Pro Forma (plan for the budget and services of the district)• Distribute information to the public.• What developers will be impacted by the district?• What residents will be impacted by the district?• What property owners will be impacted by the district?• What local services (police, etc.) will need to be involved with the district?
<p>Obtain the legal authority to create a business improvement or special assessment district.</p> <ul style="list-style-type: none">• Do local laws allow for the creation of special districts?• Are there any local, state or national laws prohibiting the formation of special districts?• What is the best government level for introduction of new laws supporting the legal creation of a district?• How long will the district exist? Can it be renewed? What is the process for renewal?
<p>Determine the specific area of the district.</p> <ul style="list-style-type: none">• What is an appropriate size for a district? How large an area can be managed?• What area shares common goals and needs?• Can residents or property owners opt out of the district?
<p>Determine what services or infrastructure the district will provide.</p> <ul style="list-style-type: none">• What services or infrastructure will be provided by the district?• How will the services be selected? By whom?
<p>Determine the fee for members of the district.</p> <ul style="list-style-type: none">• Will it be based on property categories?• Will there be separate fees for services and infrastructure?
<p>Determine the process for collecting fees.</p> <ul style="list-style-type: none">• Will the fees be collected as part of the property tax? Separately?• Who will collect the district fees?• How will the fees be divided between the district management and the government?• What enforcement alternatives will be available for non-payment?
<p>Determine the impact on important groups.</p> <ul style="list-style-type: none">• Will the development and betterment charges have an adverse impact on women? On the poor? On the elderly?• What will be the impact on affordable housing?• How will any impact of increased land values on the supply of affordable housing be mitigated?

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MODULE 3: DEVELOPER EXACTIONS

Session objectives

- To recognize that developer exactions have been an important source of infrastructure funding in many parts of the world
- To be able to articulate the key tasks that must be performed in order to effectively administer developer exactions
- To recognize the relative advantages and disadvantages of formulas and negotiation in arriving at the amount of the exaction

Basic reading

Leveraging Land: Land-based Finance for Local Government — A Reader, Developer exactions chapter

Session notes

The key points regarding developer exactions may be summarized as follows:

- These are one-time charges assessed as part of the approval process for additional development or the issuance of building permissions.
- The tax base for developer exactions can be either the estimated market value or the size of the development.

- Exactions are generally intended to mitigate the impact of such new development on existing city infrastructure, or to provide new infrastructure that is required in order to meet the needs of the citizens that will inhabit or use the new development.
- Developer exactions generally take one of three forms, each of which is described more fully below:
 1. Required on-site improvements such as roads, public pavements, water distribution and wastewater collection lines, and public spaces that must be constructed within the boundaries of the development project and then transferred to the local government.
 2. Payments required to offset the impact of the new project on off-site city infrastructure and services. Such payments may be in either land or money and are intended to provide the local government with the resources needed to expand public infrastructure and services to accommodate increased service demands induced by the new development. These payments are generally assessed in an amount estimated to recover the actual costs of the expanded infrastructure or services.
 3. Payments required as the development's contribution to social improvements within the city but not tied directly to the development project. Such requirements are a form of value sharing.³ An example of such improvements is payments in land or money earmarked for social housing.
- Fees can also be assessed to recover the cost of reviews and safety inspections by the city during the planning and construction of the development. Again, these are nearly always the direct costs the city incurs to provide the oversight and inspection service.
- In most instances, the exactions are set at a level that has a documented relationship to the actual costs incurred or are likely to be incurred by the city.
 - If the explicit intent of the exaction is cost recovery, then it may prove necessary to document what the costs are. This may require engineering studies to establish both the overall cost of new infrastructure and the share of those costs that should be borne by the proposed development.
 - If the exaction level or purpose is not directly tied to actual infrastructure costs, it will probably still have to be earmarked for a specific social purpose and justified in terms of the cost of fulfilling that purpose.

³ Land value sharing is discussed more fully in the chapter on land value increment taxation.

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Cases

Case 9: Developer exactions (Obligaciones urbanísticas) in Medellín, Colombia

- This case is an example of a city that has successfully used exactions by formula to make significant improvements in their infrastructure.

Case 10: Community amenity contributions in Vancouver, British Columbia, Canada

- This case is an example of a city that has successfully used exactions by negotiation to fund urban improvements. Vancouver also uses exactions by formula as described in the background section of the case.

Key tasks and guiding questions

In addition to the key tasks and guiding questions that apply to all instruments, the following are relevant for developer exactions.

Case 9 Tasks and guiding questions

Key tasks
<p>Generate stakeholder support – from developers and the public.</p> <ul style="list-style-type: none"> • What groups will be most impacted by the developer exactions? • What groups might oppose the exactions? • What groups might benefit from the exactions? • How can information be distributed to all stakeholders?
<p>Obtain legal authority to collect developer exactions.</p> <ul style="list-style-type: none"> • What laws are in place or need to be created to allow for zoning and land-use restrictions? • What laws are in place or need to be created to allow for transfer of land-use obligations? • Which agency will be responsible for administering the exaction programme? • What level of government will need the authority to implement the developer exactions?
<p>Develop a land-use plan or create goals for urban spaces where the developer exactions will be implemented.</p> <ul style="list-style-type: none"> • Understand the current capacity of infrastructure and housing and how much more density each area can support. • Identify ideal density level for different areas and different land uses. • Prioritize projects and needs of the city that the development exactions will be used for (parks, infrastructure, etc.). • What should the collected fees be used towards first? Second?
<p>Create a formula, or other calculation method, for identifying the amount of the exaction for a development</p> <ul style="list-style-type: none"> • Consider whether the transfer can be cash or in kind (land, building space). • What scenarios can support cash or in-kind transfers? • Consider what zones should be identified and if exaction amounts will differ for each zone or property category. • Are certain zones exempt?
<p>Identify the method for collecting the exactions</p> <ul style="list-style-type: none"> • When should the fees be collected (before development, during, after?) • How will the fees be collected? • Who will be responsible for collecting the fees? • How and when will in-kind exactions be collected? • How will information regarding transfers and payments be kept transparent and accountable?
<p>Determine the process for using the exacted land or cash to provide amenities and services for the city</p> <ul style="list-style-type: none"> • The developments need to be equitable and transparent. • Will there be restrictions on what projects cash transfers can be used for? Geographic restrictions? • Who will be in charge of managing the services and projects funded by the exactions?

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Additional tasks and guiding questions for case 10

Key tasks

Generate stakeholder support – from developers and the public.

- What groups will be most impacted by the developer exactions?
- What groups might oppose the exactions?
- What groups might benefit from the exactions?
- How can information be distributed to all stakeholders?

Obtain the legal authority to collect developer exactions.

- What level of government will need the authority to negotiate the developer exactions?
- What legal changes will be required to enable developer exactions?
- Can the exactions be mandatory? Do they need to be voluntary?
- Identify any exempt properties/areas.

Know the current capacity levels of services and amenities.

- Know growth projections from rezoning and their impact on current capacity of services and amenities.
- How much more density can current infrastructure support?
- Know the vision and goals of the community and how growth and development will affect people.
- What do residents need in their communities?
- Prioritize amenities and services that will be funded from revenues.
- What infrastructure will need to be updated first after development?

Determine the negotiation process for setting developer exaction amounts.

- Determine standard and/or non-standard fees.
- When should a standard fee apply? When should fees be negotiated?
- Set collection targets needed to fund amenities and services.
- Which agency will represent the city in conducting negotiations?
- Ensure transparency and documentation of the negotiation process.
- How do we make the process easy to understand and make sure everyone understands the benefits?

Identify a process for collecting fees.

- Will the collections be accepted as cash or in kind?
- When should they be collected?
- How should they be collected?
- Determine any reporting requirements for collections.
- Ensure transparency and documentation of the collection process.

Identify a process for allocating funds to amenities and services.

- Set guidelines for fund distributions – will the funds be used to support amenities within a defined area? Will they be set aside for specific uses?
- Prioritize projects – what amenities are at capacity and need to be updated first?
- Ensure public involvement – who needs to know? Who needs to be able to give input?
- Ensure transparency and documentation of the allocation process.

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MODULE 4: LAND VALUE INCREMENT TAXES

Session objectives

To familiarize participants with options for land value sharing beyond cost recovery for infrastructure investments.

To help participants understand and articulate the key tasks that must be performed in order to implement an effective land value increment tax

Basic reading

Leveraging Land: Land-based Finance for Local Government - A Reader, Land value increment taxes chapter

Session notes

Value sharing or value capture taxes are intended to allow the community to capture part of the increased value that often results when public infrastructure is improved or permission is granted to change land use.

They differ from developer exactions or betterment charges in that they go beyond recovering the cost of specific infrastructure or service improvements.

They differ from annual taxes on immovable property in that they are very often one-time assessments and generally apply only to the increment in value resulting from the public investment or the change in land use.

Value sharing is often motivated by the argument that all land value increases that are not a direct result of private investment on the land are a result of

social processes. Examples of such processes include approval by a public body to change land use or increase development density, or simply changing demographics and market demand. The claim is that since such incremental value is socially created, it should be available to fund public purposes.

Land value increment taxes generally have a rocky history. See the *Reader* for a more complete discussion of several efforts that have proved to be less than successful around the world.

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Cases

Case 11: Land value sharing in Taiwan

Case 12: Land value increment taxation in Bogotá, Colombia

The cases presented here include one success story (Taiwan) and one instance where the outcome is still uncertain (Bogotá).

Key tasks and guiding questions

Tasks

Key tasks
Generate stakeholder support from the public and other stakeholders. <ul style="list-style-type: none">• What groups will be most impacted by land value sharing?• What groups might oppose land value sharing?• What groups might benefit from land value sharing?• How can information be distributed to all stakeholders?
Adopt, revise or update the enabling law <ul style="list-style-type: none">• Does the current law adequately define land value sharing and the instruments that can be used by governments to implement it?• Does the current law empower local governments to share in the unearned increment in land values?• Does land value sharing require local governments to act by ordinance or regulation to implement land value sharing within their jurisdiction?• Does the law allow land and buildings to be taxed at different rates?• Does the law mandate collection of the land value sharing tax in one payment or does it allow for collection over time?
Identify which agency will be responsible for administering the land value increment tax <ul style="list-style-type: none">• Will implementation of the tax be tied to land-use planning and project approval, property registration changes, or changes in market conditions (valuation)?
Identify which agency is responsible for calculating the unearned increment in land value <ul style="list-style-type: none">• This will normally be carried out by the valuation agency
Define what is meant by unearned increment, or its equivalent, and how it will be calculated <ul style="list-style-type: none">• Will the base (“before” value) for calculating the unearned increment be the original acquisition cost, current value (before any development approvals) or some other concept?• Will the new value (“after” value) be estimated as of some future date or tied to more immediate market data?• What adjustments will be allowed for land-related expenses, inflation, etc.?

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Set the final land value increment tax rate

- Which government body must give final approval to the land value sharing tax rate?
- Will there be only one rate or different rates depending on land use and how long the land has been owned?

Determine when the land value increment tax is to be calculated and when it is payable

- Will calculation of the tax be tied to land-use planning and project approval, property registration changes or changes in market conditions (valuation)?
- Will it be payable in one instalment or over time?

Identify the agency responsible for receiving and responding to taxpayer inquiries

Taxpayers will have questions and concerns. Which agency will receive and respond?

Identify the agency responsible for monitoring and detecting tax avoiders

- Land value sharing taxes, especially if payment is required in a single instalment, may encourage landholders to seek ways to avoid the tax.
- Which agency or agencies will be responsible for developing and implementing monitoring procedures to detect avoiders and fraud?

Identify the agency responsible for collecting the land value increment tax

Assign the tax revenue to the appropriate level of government

- Will the same government that receives the tax retain all of the revenue?
- If not, what proportion will be retained by the collecting agency?

Guiding questions

Guiding questions

How are the issues around land increment taxation in Taiwan and Bogotá similar?

- In both cases, national laws (or the constitution) identify the unearned increment in land value as a public asset and assert that it should be available to fund public purposes.
- In both cases, the burden is placed on local governments to administer the land value increment tax

How are the land value sharing issues in Taiwan and Bogotá different?

- In Colombia, cities are required to collect a land value increment tax of 30 to 50 per cent of the unearned increment
- In Taiwan, because of inaccurate valuation, the effective tax rate is closer to 10 per cent
- Bogotá attempts to collect their tax as a single instalment when a project is approved, which requires that the “after” value be estimated before the project is completed
- In Taiwan, the tax is collected when the land title is transferred from one party to another.
- In Colombia, the tax applies only to new development or changes in land use
- In Taiwan, the tax applies to all privately owned land

- What do the similarities and differences in the two cases suggest about the essential tasks in implementing a land value increment tax?
- Calculating the amount of the unearned increment requires good property records and some expertise
- The higher the effective tax rate, the greater the amount of public resistance, especially if the tax is collected in one instalment

SECTION III: LAND-BASED FINANCING MODULES

MODULE 5: SALE OF DEVELOPMENT RIGHTS

Session objectives

- To recognize that the sale of development rights is an important source of infrastructure funding in some parts of the world
- To be able to articulate the key tasks that must be performed in order to effectively administer a system for selling development rights

Basic reading

Leveraging Land: Land-based Finance for Local Government - A Reader, Sale of development rights chapter

Session notes

Key principles relating to the sale of development rights

- Applying this instrument means that cities
 - Separate land ownership from the right to further develop that land
 - Sell the right to further development within a given area

- The requirements for employing the sale of development rights include:
 - The combination of culture, law and administrative strength must be such that development rights are excludable.
 - There must be sufficient market demand for additional development in the location where the rights will be assigned.
 - The law must include provisions that allow cities to create and sell additional development rights.
 - The city must have an up-to-date comprehensive plan for growth and infrastructure management.
 - The city must have an adequate administrative infrastructure.
- The sale of development rights can be structured in a variety of ways ranging from simple density standards to complex auctions. The best approach in a given environment will depend on the capacity and resources of the issuing municipality.
- The sale of development rights can be used to manage and limit growth as well as to encourage it.
- The sale of development rights through open auctions may prevent low and moderate-income households from acquiring those rights and thereby limits their ability to invest in their land.

Cases

Case 13: Selling development rights in São Paulo, Brazil

This case presents probably the best-known example of selling development rights through an open auction. São Paulo also sells rights without an auction.

Case 14: Mumbai development rights

This case represents a straightforward example of selling additional development rights in the form of a density increase. In some instances, Mumbai encouraged the transfer of the increased density to another location as a means of regulating growth.

Key tasks and guiding questions

In addition to the key tasks and guiding questions appropriate for all instruments, the following are relevant for the sale of development rights.

SECTION III:LAND-BASED FINANCING MODULES

Case 13 Key tasks and guiding questions

Key tasks

Generate stakeholder support – from developers and the public.

- What groups will be most impacted by the sale of development rights?
- What groups might oppose the sale of additional development rights?
- What groups might benefit from the sale of additional development rights?
- How can information be distributed to all stakeholders?

Obtain the legal and regulatory authority to offer the development certificates.

- Do current laws allow for the creation and sale of development certificates?
- What legal or regulatory changes are needed to allow for the sale of additional development rights?
- What is the current level of development allowed? What is the process for increasing this?
- What level of government will need the authority to issue development rights through auctions?

Know the current capacity levels of services and amenities.

- Know the growth projections from rezoning and their impact on current capacity of services and amenities.
- How much more density can current infrastructure support?
- Know the vision and goals of the community and how growth will affect people.
- What do residents need in their communities?
- Prioritize amenities and services that will need to be upgraded or provided as development increases.
- What infrastructure will need to be updated first as part of or after development?

Determine the development certificate pricing process

- Will the certificates all be offered at a standard price, with differing levels of development? Or, will the prices vary, with standard development levels?
- Determine which areas of the community are more valuable for development.
- How will auctions reflect these differences in value?
- Set collection targets for the amenities and services that will be funded by the revenues from certificate issues.
- What revenue amounts are needed from auctions to fund the most important infrastructure projects?
- Ensure transparency and documentation of the pricing and auction processes.
- How will information regarding the collection and use of these funds be communicated to the stakeholders?

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SECTION III:LAND-BASED FINANCING MODULES

Case 13 Key tasks and guiding questions (Continued)

Determine the process for issuing/auctioning the certificates.

- Will the auctions be public or private?
- What institution will manage the sale process?
- How will the institution that manages the sale coordinate their actions with the city?
- Ensure transparency and documentation of the pricing and auction processes.
- How will stakeholders and potential buyers be made aware of the auctions?

Identify a process for collecting fees

- What agency or level of government will collect the funds from the sale of the development rights?
- What will be the reporting requirements for collections?
- Ensure transparency and documentation of the collection process.

Determine how the certificate rights will be recognized and distributed to the buyers.

- What is the process for redeeming the certificates (development rights)?
- Are there any restrictions for the use of the development rights?
- What process will be used to monitor and record sales of development rights after their initial sale?
- How will fraud in the use of certificates be detected and prevented?

SECTION III:LAND-BASED FINANCING MODULES

Case 14 tasks and guiding questions

Key tasks

Generate stakeholder support – from developers and the public.

- What groups will be most impacted by the sale of development rights?
- What groups might oppose the sale of additional development rights?
- What groups might benefit from the sale of additional development rights?
- How can information be distributed to all stakeholders?

Obtain the legal and regulatory authority to offer the development certificates.

- Do current laws allow for the creation and sale of development certificates?
- What legal or regulatory changes are needed to allow for the sale of additional development rights?
- What is the current level of development allowed? What is the process for increasing this?
- What level of government will need the authority to issue development rights through auctions?

Set the Floor Space Index, or similar concept, for different categories of property and land (residential, commercial, downtown) in each area of the city.

- What space/structures count towards FSI (i.e. parking lots, lobbies, etc.)?
- Who will be responsible for verifying FSI during construction? After?
- How will the approved FSI be recorded?

Determine rules regarding the transfer of development rights from one parcel to another.

- Determine if an overall cap on FSI for parcels is needed. What will it be?
- Determine if specific projects and uses allow all FSI to transfer to different parcels (e.g. Mumbai's rules for hospitals, affordable housing)

Determine the process for issuing additional development rights

- Will there be a set amount of additional development available or will every parcel be able to purchase additional amounts?
- What will be the process for determining when new development rights will be issued?
- Will the additional rights be auctioned or sold at a predetermined fixed price?
- How will the revenues from the sale of development rights be collected?

Determine the process for developers to use or redeem development rights

- Will additional rights be redeemed at the time building permits and licences are purchased?
- Can the building rights be transferred between projects or between areas in the city?
- Are there any restrictions on the use of development rights?
- How will fraud in the use of additional development rights be detected and prevented?

SECTION III: LAND-BASED FINANCING MODULES

MODULE 6: LAND LEASES AND LAND SALES

Session objectives

- To recognize that leasing public lands is an important source of funding in some parts of the world
- To be able to articulate the key tasks that must be performed in order to effectively administer a system for leasing public lands
- To recognize that leasing public land does not preclude applying other LBF instruments to the same land
- To recognize that selling public lands has been an important source of one-time funding in some parts of the world
- To be able to articulate the key tasks that must be performed in order to effectively administer a system for selling public lands

Basic reading

Leveraging Land: Land-based Finance for Local Government - A Reader, Land leases and sale of public lands chapter

Session notes

It may be desirable to adapt this session to the needs of participants. If participants come from contexts in which the government owns all land in trust for the people, the cases and materials on public land sales may not be relevant. On the other hand, some countries that have historically owned all land are moving to a freehold system and in such a case, the entire module may be useful.

Key principles

The minimum requirements for the sale of public land differ somewhat from the requirements for a leasing programme. The requirements can be summarized as follows:

- The government must have land that it has determined should be developed privately. This is an important judgment with very long-term consequences. Caution in reaching such a judgment is required.
- There must be an appropriate legal framework that authorizes governments to sell public lands and sets out the procedures that should be followed.
- There must be a market for the land.

- The land should be sold through a transparent process, such as an auction, in order to ensure that full market value is obtained.
- If it is desirable for policy reasons to discount the land below full market value, the discounting should be transparent and fair.
- Care should be taken that all proceeds from the sale are appropriately accounted for.
- This is a straightforward technique to generate one-time revenue for high-priority, long-term projects, but it should be used with great caution and only with full transparency and public consultation.

Leasing public lands has different requirements, particularly with regard to ongoing administration. In order to **lease** publicly-owned land,

- There must be an appropriate legal framework that
 - Authorizes governments to lease public lands for private use and development
 - Sets out basic terms and conditions which must be included in any lease agreement
 - Identifies the agency or agencies responsible for managing the leasing system
 - Specifies how the revenue generated will be assigned and managed
- The government entity must have available land

SECTION III: LAND-BASED FINANCING MODULES

- and it must have the administrative capacity to administer and regulate a leasehold system
- To develop a leasehold system from the ground up, a government must
 - Identify public land appropriate for leasing and unlocking value
 - Develop a specialized institution to manage a leasehold system
 - Earmark revenues for specific purposes, and
 - Develop a compensation policy for current tenants of public land
 - Governments without a strong administrative ability to manage such a system have not been successful in generating meaningful revenue. Additionally, the more control the government relinquishes in leasehold agreements typically results in the prospect of more revenue. The most successful systems, in terms of revenue generation, are those that are modelled closely after freehold systems.

The experiences of Hong Kong and Finland are attractive because of their success in generating land-based revenues. As participants consider the potential for implementing one or more of the policies illustrated in these cases, they should be encouraged to recognize the prerequisites and requirements for successful implementation. These include:

- Legal framework
 - It is essential that the legal framework be updated to adequately support and empower the changes contemplated.
- A well-run, centralized leasing administration function is essential to successful lease revenue.
- The property registration function must be efficient, effective and timely to assure that proper valuations can be carried out. It is essential to have current information on ownership, occupancy, land use and property attributes.
- Land and property valuations must be updated regularly. This is essential in order to properly price leases, and to avoid political backlash and inequity in tax burdens.

Cases

Case 15: Land leases in Hong Kong

Case 16: Land leases in Finland

Case 17: Land sales in Egypt

Case 18: Land sales in Ahmadabad, Gujarat, India

Special note: The discussion should focus on only two of these cases which have been preselected to read. Cases 15 and 16 are about land leases, whereas cases

17 and 18 are about land sales. If training participants come from countries where public land cannot be sold, cases 15 and 16 should be selected. Alternatively, if participants will be focusing on both leasing and sales, a case study from each set should be selected.

SECTION III:LAND-BASED FINANCING MODULES

Key tasks and guiding questions

Leasing tasks

Key tasks
Generate stakeholder support from the public and other stakeholders. <ul style="list-style-type: none">• What groups will be most impacted by public land leasing?• What groups might oppose the better administration of land leases?• What groups might benefit from better administration of land leases?• How can information be distributed to all stakeholders?
Obtain the legal and regulatory authority to effectively administer public land leases. <ul style="list-style-type: none">• Is land already publicly owned?• What agency is legally responsible for managing public lands?• Will the same agency also administer land leases?• What terms and conditions should apply to leases? Should they be the same for all land or vary by type of land use?
Identify the agency or office that will administer the land leasing process <ul style="list-style-type: none">• What will be the relationship between central government agencies responsible for land administration and local governments responsible for local planning and service delivery?
Identify land available to be leased <ul style="list-style-type: none">• What agency will determine which land should be leased and when?• How will the public be able to influence the decision on which land should be leased and when?• Once land is identified for leasing, which agency will be responsible for preparing that land (surveys, maps, special conditions, etc.)?
Define the process for setting lease premiums <ul style="list-style-type: none">• What agency or office will be responsible for determining lease premiums?• What process and data will be used to set the value of lease premiums?• Should premiums be set by auction, by administrative decisions or by some other process?• Should these premiums be the same for all land or should they vary by type of land use?• How often should lease premiums be updated?• When applications are made to change the terms of an existing lease, what premium should be charged, if any?• Which level of government should receive the revenue from lease premiums?

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Leasing tasks (Continued)

Define the process for setting annual lease payments (land rent)

- What process and data will be used to set the value of annual lease payments (land rent)?
- Should annual payments vary by type of land use, with some uses paying little or no rent?
- Should annual payments be adjusted for other costs such as the annual land tax?
- How often should the annual lease payment (land rent) be updated?
- Will the updates apply to existing leases or only to new leases?
- Which level of government should receive the revenue from annual lease payments?

Define the process and standards for advertising the availability of land to be leased

- How will the public be notified when new land is made available for lease?
- How much notice will be provided?

Define the process for negotiating the specific terms and conditions of a lease

- Which agency will be responsible for negotiating the specific terms of new leases?
- How much discretion will be granted to negotiators in finalizing new leases?
- What reviews of lease terms will be required before a lease is finalized?

Officially record leases and leasehold interests

- How will leases and leasehold interests be recorded?
- Which agency or office will be responsible for recording leases?
- What recording requirements will there be if a lease is sold or sub-leased to another party?
- Will official records also record occupants as well as leaseholders?

Collect lease premiums and annual land rent

- Which office or agency will be responsible for monitoring and collecting lease premiums?
- Which office or agency will be responsible for monitoring and collecting annual lease payments (land rent)?
- If either the premium or the annual payment is collected by one level of government but forwarded on to another, what proportion of the revenue collected should be retained by the collecting agency?

Leasing guiding questions

Guiding questions

How is leasing in Finland similar to leasing in Hong Kong?

- Leasing has a long tradition in both countries

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SECTION III:LAND-BASED FINANCING MODULES

Leasing guiding questions (Continued)

How does leasing in Finland differ from leasing in Hong Kong?

- Local governments have the option of either freehold, leasehold or a combination
- Public lands were originally donated by the sovereign
- Municipalities have the right (since 1962) to sell public lands within their planning areas
- Acquiring additional public land now requires compliance with law and must include compensation to landowner
- Payment of lease premiums is very rare
- Annual land rents are negotiated between the city and the lessee
- Annual land rent is adjusted by a Cost of Living Index if the lease is for more than 10 years
- Since the mid-1990s, other indexes can also be used to adjust the rent, including a land price index if available
- Since the mid-1990s, many Finnish cities collect an internal ground rent. Public agencies pay internal land rent to the government in order to encourage efficient land use by the public sector and to make more land available for private uses.

Land sales tasks

Key tasks

Generate stakeholder support from the public and other stakeholders.

- What groups will be most impacted by the sale of public lands?
- What groups might oppose the sale of public land?
- What groups might benefit from public land sales?
- How can information be distributed to all stakeholders?

Obtain the legal and regulatory authority to effectively administer public land sales.

- Is land already publicly owned?
- What agency is legally responsible for managing public lands?
- Will the same agency also administer land sales?
- What terms and conditions should apply to sales? Should they be the same for all land or vary by type of land use?

Identify the agency or office that will administer the land sales process

- Should all sales of public lands be administered by the same agency or should the sale of different types of land be administered by different agencies?
- Should local governments control the sale of public lands within their boundaries?
- To whom will the agency responsible for administering public land sales report and be accountable?

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SECTION III:LAND-BASED FINANCING MODULES

Land sales tasks (Continued)

Identify land available to be sold

- How will the public be able to influence the process for selecting which lands are to be sold and when?
- What criteria will be used to select lands that are to be sold?
- How will the rights and needs of current land occupants be respected and accommodated?
- If existing land uses, environmental conditions or other factors require remediation prior to sale, which agency will manage the remediation process and how will it be funded?

Define the process for setting the sales price

- Public lands should, in most cases, be sold at full market value in a fair and transparent process.
- What process will be used to assure the best possible price for public land that is sold?
- What criteria will be used to determine whether a below-market price for land should be accepted?
- If there are public objections to the price obtained for the land, how will such objections be dealt with?

Define the process and standards for advertising the availability of land to be sold

- How will the public be notified that a plot of land is available for sale?
- How far in advance will the notification be made?

Define the process for negotiating the specific terms and conditions of sale

- Which agency or individuals will give final approval for the sales contract?
- How much latitude should be granted to administrators in determining any special terms or conditions related to the sale of a plot of public land?

Officially record all sales

- Which agency will be responsible for recording all land sales?
- How will any subsequent re-sales of the land be monitored and recorded?

Collect land-sales revenue

- Which level of government will receive the revenue from the sale of public lands?
- Given the one-time nature of the revenue from the sale of public land, how will the use of these revenues be monitored and accounted for?
- Who will determine how revenues from land sales should be allocated and spent, and what criteria should they use?

SECTION III:LAND-BASED FINANCING MODULES

Land sales guiding questions

Guiding questions

How were land sales in India similar to land sales in Egypt?

- **In both cases, public agencies sold public land to private developers**
- **In both cases, land for public space and public use was reserved**

How did land sales in India and Egypt differ?

- In India, the government did not initially own the land but had to acquire it through land readjustment or expropriation
- In Egypt, land sales were managed by a specially created national agency. In India, sales were managed by a local development agency.
- In Egypt, the national agency invested billions in infrastructure and sold land on a very large scale. In India, the large project was divided into 47 smaller projects, which were then developed sequentially.
- In Egypt, new cities were planned and created on unused land. In India, land-use plans had to be negotiated and adopted since the land was already occupied.
- What do these similarities and differences suggest about the essential tasks and functions related to the sale of public lands as a land value sharing instrument?

SECTION III: LAND-BASED FINANCING MODULES

MODULE 7: TRANSFER TAXES

Session objectives

- To recognize that the primary role for transfer taxes is to fund the property registration and land administration system
- To be able to articulate the key tasks that must be performed in order to effectively administer a transfer tax or stamp duty applied to land and property
- To understand how transfer taxes have been used in certain settings as a tool for restraining the rate of increase in land prices

Basic reading

Leveraging Land: Land-based Finance for Local Government— A Reader, Transfer tax chapter

Session notes

Key principles

- Transfer taxes are assessed when the statutory title to land is transferred to another party.
- Most commonly, the transfer tax is expressed as a percentage of the value of the real property being transferred.

- The transfer tax is a tax applied to the total value of a land transaction and must be paid in order to complete the transfer of title to another party. It is often charged even if the transfer is not the result of a sale.
- Many jurisdictions use transfer taxes to fund the land registration system.
- Some also employ the tax as an additional revenue source.
- In some instances, governments have used the transfer tax to restrain overheated real estate markets by charging rates that approach 20 per cent of market value.
- Because the transfer tax is levied at the time the registered title to real property is transferred from one party to another, the minimum requirements for implementing a transfer tax are tied to the land registration system.
 - There must be an up-to-date formal land registration system that covers all land parcels and is accepted by the society. Land law must require registration of all land title transfers and set out the process for such transfers.
- High transfer taxes tend to reduce the number of real estate transactions and can have a distortionary effect on housing markets.
- High transfer taxes can also encourage

misrepresentation of transaction prices and may even discourage registration of transfers.

- High transfer taxes should be used with great caution as they may undermine other aspects of land registration and land-based finance.

Cases

Select only two of the following cases:

Case 19: Singapore's stamp duties

Case 20: Stamp taxes in Tanzania

Case 21: Transfer taxes in Turkey

SECTION III:LAND-BASED FINANCING MODULES

Key tasks and guiding questions

The law must require that all property transfers must be registered with the appropriate government

agency in order to be legally final, and the property registration system should include all properties and must function reasonably well.

In addition, implementing a transfer tax or stamp duty on property transfers involves several key tasks

Tasks

Key tasks
<p>The law must</p> <ul style="list-style-type: none"> Identify which agency will be charged with determining the taxable value of the transfer Set the tax rate, the range of allowable rates or the formula for calculating the tax obligation Specify which types of property transfers will be subject to the tax Specify which property or entity types may be exempt, if any Assign the revenue collected to the desired government entities
Establish guidelines for determining taxable value, consistent with the enabling law
Specify the documentation required in order to finalize a property transfer
Prepare any necessary forms that parties will need to complete
Receive the application for property transfer
<p>Determine if the parties to the transfer are legally authorized to enter into the transaction</p> <ul style="list-style-type: none"> Does the party transferring the property have a legal right to sell or otherwise transfer the property? Have all other prior legal claims on the property been satisfied in advance of the transfer, or are the prior claims acknowledged as binding on the buyer or party receiving the transfer?
<p>Determine the taxable value of the transfer and calculate the tax obligation</p> <ul style="list-style-type: none"> If the tax is based on market value, does the declared value by the parties fall within the acceptable range of the estimated market value? What steps are available to tax administrators to verify the accuracy of the declared taxable value?
<p>Determine if any other tax obligation is due at the same time</p> <ul style="list-style-type: none"> Is there a capital gains tax due? Have all outstanding property taxes been paid?
Determine if all other legal requirements have been satisfied
Notify the parties of their respective tax obligations
Collect the tax
Register the finalized transfer
Provide documentation to both parties that the transfer has been completed
Account for and process the taxes received according to established procedures

ANNEX 1:

LEARNING BY DOING: FUTURE ITERATIONS
OF THE LBF TRAINING PACKAGE

ANNEX 1: LEARNING BY DOING: FUTURE ITERATIONS OF THE LBF TRAINING PACKAGE

This LBF training package has been developed over a number of years and the process has involved numerous UN-Habitat and GLTN partners and other experts, as recognized in the Acknowledgments. This has included research, an expert consultation meeting held in Barcelona in May 2015, and testing in two pilot training events. It is a flexible document made available electronically, with the intention to further improve and fine-tune to incorporate ideas and suggestions received, both during the consultations and as the tool is used.

Two pilot training workshops were conducted in Cairo, Egypt, and in Manila, the Philippines, in October, 2015 and December, 2015 respectively. The two workshops provided an opportunity to pilot the training package and for participants to draw on 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 was conducted in

English with simultaneous translation and in Arabic (most of the plenary discussions and group reports). During a prior mission conducted in early September, three LBF instruments had been selected for presentation during this training session (betterment levies, developer exactions and sale of development rights). Originally, the intention was to conduct the training over a four-day period and include the annual property tax, but due to a scheduling conflict (national holiday), the training had to be 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. A lesson from this experience was the importance of starting preparations well in advance of the actual training event.

In order to promote cross-pollination of ideas and experiences, one of the first steps 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. The working 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 barriers 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 to 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 had not been 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

ANNEX 1: LEARNING BY DOING: FUTURE ITERATIONS OF THE LBF TRAINING PACKAGE

political issues raised by the cases. This demonstrated the need for a flexible response by the facilitators when they become aware of such challenges.

An unanticipated change to the schedule was the invitation of 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 on 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 was focused on arriving at enough of a consensus in the group so that a single presentation could be delivered to the visiting leadership. Unfortunately, this meant that the action plans developed by the small groups were not as well developed as they might have been. Most of the groups 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 was well received by the visitors, but the participants did not accomplish all that was hoped for with regard to the action plans.

In future, organizers should avoid making this kind of modification to the schedule on the last day. It may be desirable to have senior leaders come and hear 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 to be new to the participants. First, there is the technical material to master, which will probably require learning new vocabulary, new concepts and new ways of thinking about land. Second, few if any of the participants have experience in developing action plans. Based on the Cairo experience, a full day of interaction and feedback is needed for participants to get a working product. In addition, it would be important to ensure, during the selection of participants, that they have support from their principals to bring back action proposals to their work place after the training. These measures would be in line with the good practice learning approach referred to in the *Trainer's Guide*.

PHILIPPINES

The LBF pilot in the Philippines also took place with relatively little lead time and was conducted over a three-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 their 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 their preferences for which to include. 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 per cent of participants indicated they had read the materials in advance.

At the conclusion of the training, systematic feedback was solicited from all participants. The training materials presented were judged by 82 per cent of participants to be useful and applicable in their local

ANNEX 1: LEARNING BY DOING: FUTURE ITERATIONS OF THE LBF TRAINING PACKAGE

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. 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 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 such 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 would 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.

OTHER

The majority of the feedback received from the Barcelona Expert Group Meeting and other consultations 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 will be considered during future iterations of the package. These include the following.

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. This can be followed up in later editions of the *Reader*.

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 put 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.

ANNEX 1: LEARNING BY DOING: FUTURE ITERATIONS OF THE LBF TRAINING PACKAGE

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 give 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 focuses 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 use 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 is a wide array of options for continued support from UN-Habitat or relevant GLTN partners during the post-training period, particularly as participants pursue their action plans. A clear recommendation from the Barcelona EGM was to have a 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 would need to be addressed in future iterations of 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 the 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 as a 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.

ANNEX 2:

GUIDELINES FOR DEVELOPING LBF ACTION PLANS

ANNEX 2: GUIDELINES FOR DEVELOPING LBF ACTION PLANS

The guidelines for developing action plans presented in this Annex are adapted from UN-Habitat's *Sustainable Cities Programme (SCP) Source Book Series, Volume 4: Formulating Issue Specific Strategies and Action Plans*.

THE DISTINCTION BETWEEN STRATEGY AND ACTION PLAN

What is a strategy?

Strategy is about two things: where you want to go and how to get there. It is a long-term vision concerning broad goals and general directions. With regard to land-based financing for urban development, strategy begins with a vision of the future city. This is “where you want to go”. LBF is an essential part of “how to get there”. The decision to focus on implementing or improving a particular set of LBF instruments is consequently a key strategic decision.

The purpose of a strategy is therefore to provide general guidance, with a long-term perspective in mind. It provides a framework within which the actions and interests of different stakeholders can be brought together. What is achieved through formulation of strategies is not a dramatic turn of

events, but a common vision and orientation that makes increments of action by various stakeholders consistent and compatible with the desired long-term objectives of sustainable development.

What is an action plan?

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



Photo : Land-based finance training event, Manila, December 2015

ANNEX 2: GUIDELINES FOR DEVELOPING LBF ACTION PLANS

- 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

Resources for implementing action plans are limited and implementing changes affecting land and LBF require substantial political support from senior leaders. As a result, effective LBF action plans will centre around a limited set of strategic goals that allow the team to focus attention and resources.

SELECTING “HOW-TO” STRATEGIES

Strategy is about two things: where you want to go and how to reach the desired objectives. To effectively deal with urban growth and development issues, which are generally complex and transcend immediate geographic and administrative boundaries and time frames, well-designed long-term strategies are needed. The process of formulating strategies

should not, however, be perceived as linear and rigidly sequential; the process is, rather, an iterative one with back and forth movements, feedback and adjustments. It is also a process that should be based on broad-based community participation and engagement.

Determining a vision for the city of the future is beyond the scope of this LBF training. Assistance with community visioning and building a consensus around a single strategic vision is available from other GLTN and UN-Habitat resources. LBF training is intended to jump-start the process of identifying “how-to” strategies and focuses on developing an initial action plan for achieving the goals selected. The materials presented here assume that a “where you want to go” vision already exists. The first question considered here is therefore,

Which LBF instruments will be most effective in helping the community achieve its strategic vision for the future?

Answering this question can be facilitated by a criteria-instruments matrix. The selected LBF modules provide the alternative instruments and suggest potential criteria for choosing between the

ANNEX 2: GUIDELINES FOR DEVELOPING LBF ACTION PLANS

The Criteria-Instruments Matrix Template for LBF Strategy Selection

Instruments →					
Criteria ↓					
Likely support from senior political leaders					
Likely public acceptance					
Administrative requirements					
Required technical assistance					

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alternatives. Participants should identify which criteria are most relevant for their context and then critically consider how well each LBF instrument satisfies each criterion. Figure 1 provides a template for the matrix. The rows are the criteria to be used in evaluating the potential of each instrument (the columns). Four criteria that will probably be relevant in virtually all contexts are already filled in:

- The likelihood of gaining support from senior political leaders
- The likelihood of the instrument being accepted by the public
- The ability of the city to meet the administrative requirements for implementing or upgrading the instrument

The type and amount of technical assistance that will be required from outside agencies to appropriately implement the instrument

Other criteria might include:

- The impact on the supply of affordable housing
- The impact on vulnerable populations
- The revenue potential of the instrument
- The compatibility of the instrument with the

current legal structure

- The impact on private investment and economic development

All these criteria serve only as examples and suggestions. The final choice of relevant criteria should be made by the training participants from a given jurisdiction, adding rows to the matrix as needed. The matrix should then be completed by the same group of participants. Their joint effort will not be based on extensive analysis, but on a joint agreement based on the best available collective knowledge at that point in time. If additional analysis is deemed necessary, developing that analysis can be incorporated into the action plan.

Each cell of the matrix should be completed by evaluating each instrument using the selected criteria. The entries in each row could consist of an agreed-to ranking of each instrument on that criterion, or the entries could be a short, qualitative description on a scale such as: very good, good, neutral, poor, very poor. Or some other scale could be used that communicates the relative merits of each alternative instrument on the criterion in question.

An understanding of the requirements for

implementing each instrument should emerge from the case studies and related group discussions. With a clear understanding of what will be required, training participants should be able to assess the potential of each instrument for their own context. The objective of this exercise is to allow participants to strategically compare the five instruments covered in the training and to develop an overall ranking of the instruments based on the criteria selected.

ACTION PLANNING

While strategy planning is about what **can** be done, action planning is about what **will** be done. Action plans are issue-focused, results-oriented, actor-specific and time-bound. In action planning, costs, resource commitments, actors and time frame are definitive and detailed. Strategic goals and objectives can generally be attained only through a long process of incremental changes, and those increments are mediated through realistic action plans.

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Action planning for LBF involves the following steps:

Elaborate more fully the intended courses of action — Even though strategic objectives and LBF instruments will have been defined at the strategy formulation stage, further elaboration and consideration of options is usually necessary. This is because the options articulated thus far – being broad and at policy level - will normally not be detailed or concrete enough for implementation. Thus, the chosen option(s) will have to be further elaborated and analysed. For example, from the description of the tasks and functions necessary to implement a given instrument, this step in the action plan will involve assessing

- a. the current status of each of the tasks and functions in the participant's home context,
- b. the legal requirements and the need for any legal changes at either the central or local level, or both,
- c. the human resource requirements associated with the instrument, including the level of expertise required for each task, where that expertise currently resides and identification of any gaps or shortages in essential personnel skills and capacities, and

- d. the current organizational structure to determine what changes, if any, are required to efficiently and effectively implement the proposed instruments.

Determine the tasks required to move the implementation forward – The next important step is to determine the specific tasks involved in realizing the chosen course of action: what needs to be done and by whom. Any course of action is made up of various tasks which may be carried out by different actors (stakeholders), and each task has its own requirements for resources and competence. Disaggregating each course of action into its constituent tasks is therefore important, because it makes it possible to determine what has to be done and with what resources. An inventory of relevant potential actors can then be taken to see who might offer what, individually and collectively, towards implementation of the action plan.

The following questions might help when collecting information about potential actors:

- a. Who are the potential actors, looking at local as well as regional and national levels and looking across the public, the private and the community sectors?

- b. What implementation instruments (legislative, educational, regulatory, economic, financial, technical, etc.) and resources (finance, information, legal authority, human resources, etc.) does each of them have or control?
- c. Who among them are the “lead” actors in regard to this issue - i.e. which have a major stake or mandate, or control the resources, or possess the most effective implementation instruments, or have most influence on political and social attitudes and decisions?
- d. How interested or supportive will they be in the implementation of the initiative(s) under consideration?

Determine the required resources — However brilliant a strategy may be, without the financial and other resources required for its implementation it is pointless. To have any realistic chance of bringing about a desired change, action plans must be integrated with the determination and commitment of resources. Of particular importance regarding LBF instruments is the political support of senior government officials. This “resource” is essential if laws and policies are to change and changes are to be effectively implemented. Senior support will also be critical in organizing and mobilizing the other financial and human resources that will be required.

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Identify possible gaps and weak links — The work of the preceding stages should help identify possible gaps and weak links, such as

- a. tasks for which no clear “lead” actor is identified,
- b. financial costs for which funding cannot be identified,
- c. other resource requirements which cannot be mobilized,
- d. capacity limitations (institutional, organizational), and
- e. difficulty in obtaining serious commitment from particular actors.

The process of action planning requires time and resources and therefore it cannot, realistically, be continued too long or carried out in too great detail. To keep the process within reasonable bounds (of time and cost), it is useful to move quickly through the initial stages and then to focus particularly on the gaps and weak points identified. Special effort will be needed to analyse, discuss and negotiate possible ways around or responses to the gaps and weak points; creative energy should be focused on this and negotiations should be concentrated here. A resolution of these bottlenecks is required so that a decision may be made about proceeding with the

proposed course of action. If the gaps and weakness cannot be adequately resolved, it will be necessary to go back and reconsider, to come up with an alternative course of action.

Agree on coordination mechanisms – An integral part of the action plan should be an agreed mechanism for coordinating the separate actions of the various parties in the plan. Especially when there are several different stakeholders involved in the implementation, it is crucial to have a mechanism in place which will provide the necessary coordination. For instance, if for whatever reasons one actor is delayed in implementing a critical part of the action plan, then consequent adjustments will have to be made by others, to avoid the danger of the whole thing collapsing in confusion. There are many ways this might be done, for instance by agreeing that the LBF training group will maintain the coordinating role, with a commitment to certain regular meetings for this purpose. Whatever is decided, it must be clear and explicit.

Agree on indicators and monitoring mechanisms – An impressive looking action plan can easily go wrong during the course of implementation; there are always uncertainties and unpredictable factors,

and even “good faith” commitments can sometimes fail to materialize. Equally, the activities undertaken may turn out to have different consequences from those originally foreseen. For these and other reasons, it is essential to have the action plan backed up by a proper monitoring mechanism. The key ingredient to be agreed on at the outset is a set of indicators - things which can be measured and kept track of as implementation proceeds. Although the monitoring system needs to be intelligently designed, it need not be complicated or difficult. On the contrary, the most effective monitoring systems are often those which are simple and easy to operate, with indicators that are easy to collect and analyse. Indicators should look at both inputs (what the partners of the action plan are doing) but also outputs or results, to measure the impact or consequences of what is being done. The purpose of monitoring is to provide information for managing the whole process, so the monitoring system must be closely integrated with the agreed coordination mechanism (see above). This will allow the stakeholders in the action plan to react promptly and sensibly to difficulties and unforeseen problems.

A template for developing an action plan based on these six steps follows.

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Action Plan Template

Purpose: To create a “script” for your LBF implementation effort.

- Directions:**
1. Using this form as a template, develop an action plan for each strategic LBF goal identified. Modify the form as needed to fit your unique context.
 2. Distribute copies of the action plan to the members of the collaborating team.
 3. Keep copies handy to bring to meetings to review and update regularly. You may decide to develop new work plans for new phases of your reform effort.

LBF Goal:.....

Action Steps What Will Be Done?	Responsibilities Who Will Do It?	Timeline By When? (Date)	Resources Resources Available Resources Needed (financial, human, political & other)	Potential gaps & weak links Who or what? How to overcome or work around?	Coordination Plan Who is involved? What methods? How often?
Step 1:			A. B.	A. B.	
Step 2:			A. B.	A. B.	
Step 3:			A. B.	A. B.	
Step 4:			A. B.	A. B.	
Step 5:			A. B.	A. B.	

Evidence Of Success (How will you know that you are making progress? What are your benchmarks?).....

Monitoring and Continuous Improvement Plans (Action plan review and update).....

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UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (UN-Habitat)

UN-Habitat helps the urban poor by transforming cities into safer, healthier, greener places with better opportunities where everyone can live in dignity. UN-Habitat works with organizations at every level, including all spheres of government, civil society and the private sector to help build, manage, plan and finance sustainable urban development. Our vision is cities without slums that are livable places for all, which do not pollute the environment or deplete natural resources. See www.unhabitat.org.

THE GLOBAL LAND TOOL NETWORK (GLTN)

GLTN aims to contribute to poverty alleviation and the Millennium Development Goals through land reform, improved land management and security of tenure. The Network has developed a global land partnership. Its members include international civil society organizations, international finance institutions, international research and training institutions, donors and professional bodies. It aims to take a more holistic approach to land issues and improve global land coordination in various ways. For further information and registration visit the GLTN web site at www.gltn.net.

About this Publication:

The potential contribution of land based financing to the development of sustainable and equitable cities and properly serviced communities is often underestimated. 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. These instruments can be used to improve public finance; equitably link public investments, private benefits and public revenues; and promote more sustainable patterns of urban development.

This publication comprises a two volume training package on land-based finance, including a *Reader* and a *Trainer's Guide*. Land-based finance instruments are organized into seven modules: recurring taxes on land and buildings, betterment charges and special assessments, developer exactions, land value increment taxes, sale of development rights, lease and sale of public lands, and transfer taxes. The *Reader* defines, discusses and reviews the literature for each module, referencing 21 case studies from around the world. It also includes two annexes on municipal borrowing and land readjustment. The *Trainer's Guide* provides the format for a hands-on, interactive and action-focused training workshop. The goal of this training package is to support local and national leaders who seek to tailor, adopt, implement and improve land-based finance in their own cities.

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