Un-Habitat And The Global Land Tool Network Land-Based Finance Learning Series 3

Report On Session 2: *"Too much analysis too little action? The role of diagnosis in supporting local revenue reform in fragile states" - 19 June 2023*

Drafted by Kevin Kihika.

On June 19, 2023, the UN-Habitat Land, Housing, and Shelter Section, along with GLTN and in collaboration with LoGRI of ICTD, held Session two of its Land-based Finance Learning Series, focusing on leveraging land for services, social contract building, and peace promotion, addressing the role of diagnosis in aiding local revenue reform in fragile states with 37 participants from 12 institutions (see list of participants in Annex 1).

This session focused on the role of diagnostic assessments in land-based finance interventions, aiming to understand their benefits and drawbacks, particularly finding the right approach for such assessments in projects and their application across different contexts.

Subject	Presenters	Date & time (EAT)
1. "Rapid Own Source Revenue Analysis (ROSRA). A new tool for own-source revenue self-optimization"	Lennart Fleck (UN-Habitat, Mujahid Qadir (UN-Habitat consultant), with Macloud Kadam'manja (Malawi), Olinda Chirwa Sikazwe (Zambia), and Ben Omollo (Kenya) Discussant: Enid Slack (Univ. of Toronto)	3 April 2023 16h000-18h00 EAT ***PREVIOUS SESSION***
2. "Too much analysis too little action? The role of diagnosis in supporting local revenue reform in fragile states"	Paterson Gaunter (Independent Consultant) Discussant: Victoria Delbridge (The International Growth Centre)	19 June 2023 16h00-17h00 EAT **THIS SESSION**
3. IT for Property Tax Reform	LoGRI (details to follow)	11 September 2023 16h00-18h00 EAT
4. Linking Property Tax Revenue with Service Provision	LoGRI (details to follow)	6 November 2023 16h00-18h00

Presentation: Too much analysis too little action? The role of diagnostics in supporting local revenue reform in fragile states (Paterson Gauntner)

1. **Importance of Revenue Reform:** Highlighted how revenue reforms play a crucial role in strengthening the relationship between governments and citizens, particularly in fragile states, where this connection is often weakened.
2. **Three Diagnostic Approaches:** Paterson discussed three diagnostic approaches: comprehensive diagnostics, trial and error, and experimental design. Each approach serves different purposes and has its advantages and challenges.
3. **Importance of Baselines and Engagement:** All diagnostic approaches require accurate baselines, citizen engagement, and indicator monitoring to be effective in informing reform efforts.

Key questions and reflection with discussant (Victoria Delbridge)

1. **Value of Methodological Approaches:** Emphasized the importance of methodological approaches for land and property tax diagnostics in understanding ground reality and building relationships, while being cautious of repeating known problems.
2. **Data Visualization and Decision-making:** Data visualization was highlighted as an important factor in influencing decision-makers and contribute to the global knowledge base.
3. **Diagnostics for Immediate Engagement and Global Knowledge:** Diagnostic assessments serve immediate engagement and global knowledge-building, necessitating the right questions and stakeholder engagement.

Open Discussion

1. **Variety of Approaches for Project Analysis:** Different diagnostic approaches can be used at various stages of a project, with the comprehensive approach being crucial at the beginning to understand context.
2. **Real-time Technology for Monitoring:** Using real-time change detection technology for monitoring and regulating on-ground developments, a departure from traditional historical trends and stakeholder engagement.
3. **Matching Questions with Approaches:** Selecting the appropriate diagnostic approach based on the realities of the context and project is vital for effective analysis.

Key Takeaways

1. **Apply Comprehensive Approaches:** Prioritize starting projects with comprehensive diagnostic assessments to establish strong contextual understanding and knowledge bases.
2. **Utilize Existing Knowledge:** Embrace a trial-and-error approach when relevant knowledge and relationships are available to inform reform strategies effectively.
3. **Experiment for Scalability:** Implement experimental design when dealing with known contexts and interventions that can be scaled, focusing on pinpointing causality and scalability.

ANNEXES

Annex 1 Attendance List

Name	Organization	Email Address
Adama Sarr	Ingénieur Géomètre Topographe	adasarr@gmail.com
Enid Slack	University of Toronto	Enid.slack@utoronto.ca
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Prof. Riel Franszen	University of Pretoria	riel.franzsen@up.ac.za
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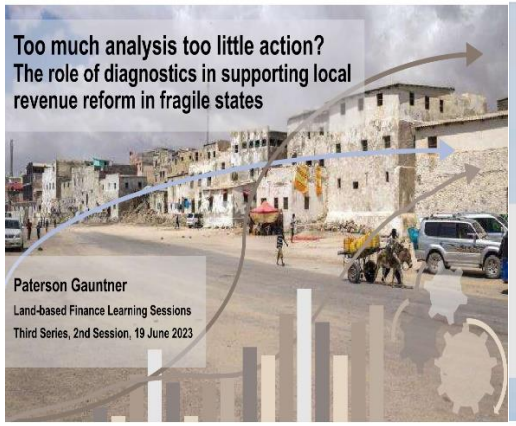
Myriam Azar, Sharon Ogoti, Winston Njuguna, Wendy Oketch, Ferlanda Luna, Zhaoxi Zhang, Regina Gitau, Everlyne Odhiambo, Joshua Kakai Munyoki, Anna Kavashuk, El Habib Benmokhtar, Katharine Cotty, Remy Sietchiping, Jon Helfers, Salma Elshafie, Daniela Diaz Banitez, Jong Hee Paik, Hansol Yoo, Boniface Michuki, Rina Ito, Jean-Paul Alexander Hitipeuw	UN-Habitat	miryam.azar@un.org; sharon.ogoti@un.org; winston.njuguna@un.org; wendy.oketch@un.org; ferlanda.luna@un.org; zhaoxi.zhang@un.org; regina.gitau@un.org; everlyne.odhiambo@un.org; joshua.munyoki1@un.org; anna.kvashuk@un.org; habib.benmokhtar@gmail.com; katharine.cotty@un.org; remy.sietchiping@un.org; jon.helfers@un.org; salma.elshafie@un.org; daniela.diazbenitez@un.org; jonghee.paik@un.org; hansol.yoo@un.org; boniface.muchendu@un.org; rina.ito@un.org; jean-paul.hitipeuw@un.org;

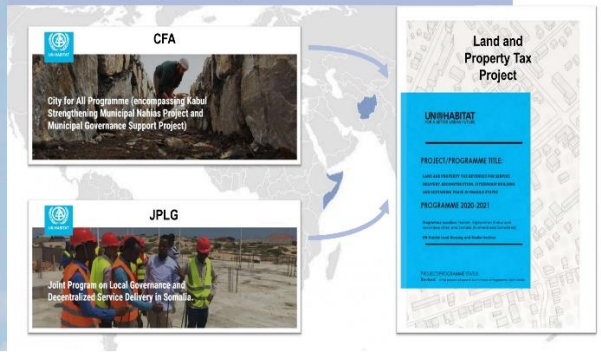
Annex 3 Presentation: Too much analysis too little action? The role of diagnostics in supporting local revenue reform in fragile states (Paterson Gauntner, Independent Consultant)



Part 1: A story

Diagnostics in the "Land and Property Tax Revenues for Service Delivery, Reconstruction, Citizenship Building and Sustaining Peace in Fragile States" Project

A property tax and service delivery project building on existing programming

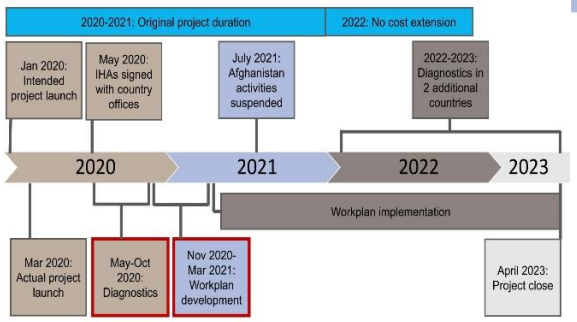


Diagnostic assessment to inform project design

Diagnostic structure:

- Conditions before prior programmes (CFA & JPLG) including
  - Political and macroeconomic context
  - Local governance, local gov't structure, citizen perceptions
  - Fiscal decentralization: revenue authority and expenditure functions
  - Local economy
  - Public expenditure, local revenues & financing options
  - Land and property taxes, including baseline statistics
- Summaries of activities and impacts under CFA and JPLG
- Challenges and lessons learned from the prior programmes.

Project timeline

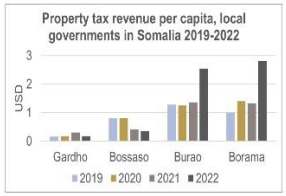


Unforeseen challenges

Performance indicators

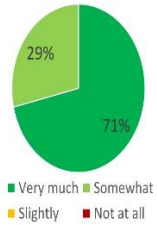
What was the project's impact on…?

- Security of tenure
- Transparency of revenue administration
- Participatory governance
- Service delivery
- Trust in government



Project learnings documented and disseminated

Staff Survey:
Did this project increase the knowledge and capacity of local government?



Participant Survey:

Part 2: Three methodological lessons

For diagnostics supporting revenue reform in fragile states

1. Choose the right approach

A. Comprehensive diagnostics & planning
B. Trial and error / learning by doing
C. Experimental design

Comprehensive diagnostics and planning

PROS

- Generate understanding of complex contexts & political realities
- Opportunity to build relationships and ownership
- Opportunity measure quality baselines before intervention
- Contributions to the global knowledge base

CONS

- Time and cost required
- Wasted efforts where situations change rapidly and unexpectedly
- List of problems may already be known

Best for: Situations where the context is largely unknown and relationships have yet to be built

Trial and error / learning by doing

PROS

- Building on existing knowledge and approaches
- Action is often the best source of learning
- Addressing needs and producing results more quickly than prolonged diagnostics

CONS

- Errors can be costly
- Changing a project's direction can be challenging
- Starting points may not be apparent

Best for: Situations where there is existing knowledge and relationships, good practices exist, project teams are nimble and monitoring is taken seriously

Experimental design

PROS

- Can better pinpoint causality of interventions
- Sets the stage for scaling up if interventions work
- Strong contributions to the global evidence base

CONS

- Less room for adjustment until results are documented
- Requires a degree of certainty about context and intervention
- Sample size may need to be large to achieve statistically meaningful results
- Impossible to fully separate control and experimental conditions in the real world
- Time required to achieve, measure and analyze results

Best for: Situations where there is strong knowledge about context and interventions, interventions are easily scalable, and a large number of sites is available.

2. Ask the right questions

- "It may seem that the needs are painfully clear. However, … we fail more often because we ask the wrong question than because we get the wrong answer" (Walters, 2020, *Where to start? A guide to land-based finance in local governance*, p. 18)
- When asking "where to start", land-based revenues should not be the only possible entry point. Instead, a broader question should be asked: what needs to change, and according to who? *(Larry Walters' reflections on Learning Series 2 Session 2)*
- Social contract entry points:

Revenues	Expenditures	Community engagement & trust in government

3. Measure the right baselines

Revenue administration

- Tax record completeness
- Invoices issued; Collection rate
- Transparency
- Perceptions of fairness
- Revenues received (disaggregated by taxpayer demographics)

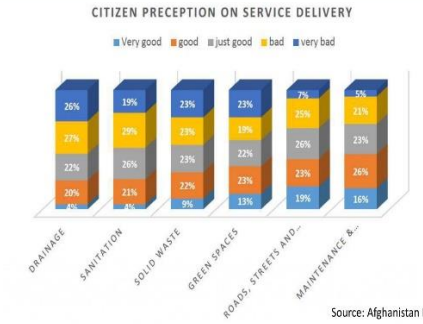
Public service delivery

- Budget expenditures by category/type
- Service quality, coverage
- Capital projects started, completed
- Transparency
- Perceptions of service delivery

Community engagement, trust in government

- Participatory processes
- Perceptions

3. Measure the right baselines

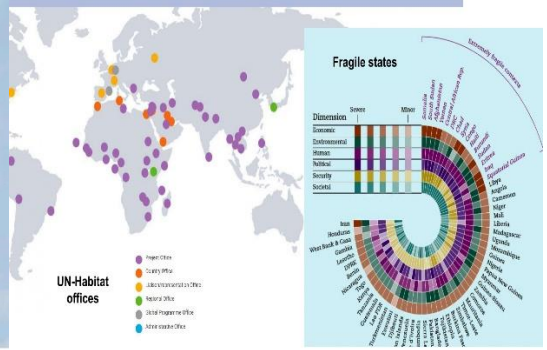


Source: Afghanistan Diagnostic Assessment

Part 3: The way forward

For diagnostics supporting revenue reform in fragile states

New project opportunities



Thank you!
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