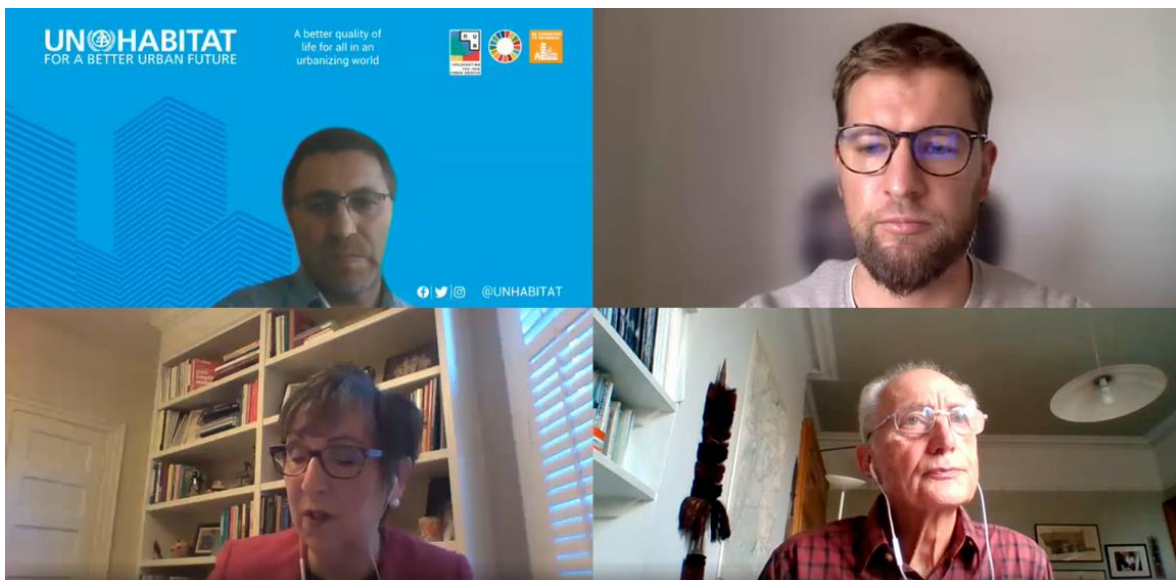


## REPORT ON SESSION 3:

# “Strategies and Tools for Financing Affordable Housing and Participatory Slum Upgrading”.

**9 NOVEMBER 2020**

GLTN AND UN-HABITAT LEARNING SERIES ON LEVERAGING LAND FOR DELIVERY OF SERVICES, BUILDING THE SOCIAL CONTRACT AND PROMOTING PEACE AND SECURITY



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## Context and Background

On 09 November 2020, the Land, Housing and Shelter Section of UN-Habitat and the GLTN Secretariat held the third learning session on the theme of *Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security*. The session entailed presentations, facilitated discussions supplemented by sidebar questions/comments, and closing observations by the presenters and the discussant. The session had a total of 64 participants.

## Agenda and process of the Learning Sessions:

Jean du Plessis, the moderator of the session, presented the origin, theme, purpose and objectives of the series. He observed that the idea of a sequenced virtual series on land-based finance (LBF) is to bring partners together around common problems to find ways to better leverage land for the delivery of public services. He noted that a further objectives of the learning event is to propose and define priority actions for improved impact and collaboration among organisations and stakeholders. For this session, Jean was delighted to welcome colleagues from UN-Habitat to share their work. He said that the session will start with opening remarks from Robert Lewis-Lettington, Chief of the Land, Housing and Shelter section of UN Habitat and then move to the presentations. After the presentations, the discussant, Professor Enid Slack, would engage in a conversation with the presenters on the key points of the presentations and the questions posed on the sidebar chat. Finally, the floor would be opened to the participants with closing remarks to be shared again by the presenters.

The programme of the learning series is as follows:

**Theme:** Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security.

**Purpose:** To bring together partners, experts and implementers to learn about advances, good practice, innovations and challenges, and to create opportunities for collaboration.

**Learning objectives:**

1. Increased knowledge of available land-based finance and land value capture tools, methods and approaches
2. Enhanced understanding of the social, economic and political challenges facing implementers
3. Case-specific information shared on ways of overcoming challenges and building good practices
4. Proposals for priority actions for improved impact formulated
5. Areas of potential collaboration identified.

Subject	Presenters	Date and time
1. <i>Leveraging Land: Why, What, How?</i> <b>COMPLETED</b>	Larry Walters, Utah State Tax Commission, Rajul Awasthi, World Bank, Abigail Friendly, Utrecht University, Adi Kumar, Development Action Group	14 September 2020, 1500Hrs -1700Hrs
2. <i>Leveraging Land Initiatives by GLTN and UN-Habitat Partners: Purpose, Methods, Progress, Lessons</i> <b>COMPLETED</b>	Development Action Group, Lincoln Institute of Land Policy, RICS, Global Fund for Cities Development (FMDV)	12 October 2020, 1500Hrs-1700Hrs

3. <i>Strategies and Tools for Financing Affordable Housing and Participatory Slum Upgrading</i> <b>THIS REPORT</b>	UN-Habitat Land and Shelter Section teams, independent specialist	9 November 2020, 1500Hrs-1700Hrs
4. <i>Leveraging Land for Peace, Security and Building the Social Contract</i> <b>UPCOMING</b>	UN-Habitat Somalia and Afghanistan country programmes, independent specialist	08 February 2021, 1500Hrs-1700Hrs

### Session 3 Programme:

<b>SESSION 3: STRATEGIES AND TOOLS FOR FINANCING AFFORDABLE HOUSING, PARTICIPATORY SLUM UPGRADING AND EQUITABLE DELIVERY OF SERVICES</b> <b>9 November 2020, 1500Hrs-1700Hrs (Nairobi time)</b>		
Moderator: Jean du Plessis, GLTN Secretariat, Land, Housing & Shelter Section, UN-Habitat Session Discussant: Enid Slack, University of Toronto		
Time	Topic / Activity	Process, Roles
15h00	Welcome Agenda and process	- Robert Lewis-Lettington (3 min) - Moderator (7 min) <i>*Note: Participant bios will be available beforehand</i>
15h10	Presentation: <i>Strategies and Tools for Financing Participatory Slum Upgrading</i>	Emrah Engindeniz and Joshua Maviti, UN-Habitat (20 min) - All: questions and comments in meeting chat during presentation
15h30	Presentation: <i>Strategies and Tools for Financing Affordable Housing</i>	Christophe Lalande, UN-Habitat and Geoffrey Payne, independent consultant (20 min) - All: questions and comments in meeting chat during presentation
15h50	Presentation: <i>Strategies and Tools for Optimizing Own-source Revenue (OSR) for Equitable Delivery of Services</i>	Lennart Fleck, UN-Habitat (15 min) - All: questions and comments in meeting chat during presentation
16h05	Key questions	Discussant, in dialogue with presenters (10 min)
16h15	Facilitated discussion	Moderator, all (30 min)
16h45	Concluding observations: <i>Key Lessons, Priority Actions, and Areas of Potential Collaboration</i>	Speakers and discussant - All: final comments in meeting chat during discussion
17h00	Closing	Moderator

## Welcoming Remarks (Robert Lewis-Lettington)

Robert Lewis-Lettington, Chief of the Land, Housing and Shelter Section of UN-Habitat and Secretary of GLTN, opened the session by asserting that the third learning session fits well within the broader learning series. He observed that UN-Habitat went through a restructuring and one of the consequences of that was the creation of the Land, Housing and Shelter Section, with a broad mandate to ensure UN-Habitat can demonstrate thought leadership in the space of land, housing and shelter. He acknowledged that there are many dimensions to the issues of land, housing and shelter (e.g. social, economic, political and environmental). He also observed that one of the foundational elements is how to finance land, housing, and shelter for improved developmental outcomes. Addressing this challenge is complicated since it involves technical, legal, financial, and political will. Moreover, many countries have widely differing points of view on what their obligations are towards their citizens. Therefore, the purpose of UN Habitat is to document and collect all the available points of view, assemble best practices, tools and policies for customized implementation in partnering countries and local governments. He finally mentioned that through the sharing of knowledge with external partners UN-Habitat could start assessing what fits where in the broader discussions of building a community of practice on land-based financing and what needs to be looked at further to start and plan the next phase of action.

## First Presentation: Strategies and Tools for Financing Participatory Slum Upgrading (Emrah Engindeniz and Joshua Maviti)

Joshua Maviti, from the Participatory Slum Upgrading Programme (PSUP) introduced the presentation by mentioning the work of PSUP, which is part of the Land, Housing and shelter Section of UN-Habitat. PSUP was founded by a tripartite initiative of the Secretariat of the Africa, Caribbean and Pacific Group of States (ACP), the European Commission and UN-Habitat. While UN-Habitat is implementing the programme, ACP made the programme possible through its political support, while the EU Commission is financing the programme. PSUP is currently working in 40 ACP countries. The goal of PSUP is to forge strategic partnerships for slum upgrading, to contribute to the achievement of SDG 11.1. More information about PSUP can be found at: [www.mypsup.org](http://www.mypsup.org).

PSUP advocates for a city-wide participatory approach to informal settlement upgrading by creating partnerships at national, city and community levels. This is to enable a citizen-driven approach to informal settlement upgrading. The city-wide informal settlement upgrading strategy looks at slums/informal settlements through an integrated approach including how slums relate to the wider city. First, the strategy conducts a situational analysis of slums, i.e. where they are located, what their needs are, how they interact with the city and how to better integrate the slums with the wider city. Secondly, stakeholder analysis is assessed and their participation is considered such as private investors, civil society organisations, academia, and government. Notably, understanding land tenure, land value, and land rights are key assessments to be made for upgrading purposes through land-based financing options for financial resource mobilisation. The situational analysis of slums tends to differ from one slum to the other. Hence, one needs to assess the different financing options that exist to better serve the needs of the population and local authorities.

Emrah Engindeniz then showcased the strategic financing framework tool. This tool enables PSUP countries to design strategic programmes with innovative financing solutions to mobilize resources for settlements upgrading at scale. The framework is also a tool to promote policy discussions and facilitate partnership building in addressing the challenges. It is structured into five key pillars:

- a) The baseline - informed by the citywide settlement upgrading strategy and is based on the socio-economic profile of the settlements or nationwide strategy profile of settlements in the country,
- b) The scenario analysis - has 4 interrelated sub-areas i.e., planning, affordability, strategic entry points and subsidy,
- c) Delivery mechanism - multi-stakeholder partnership, multi-governance framework bringing people-private-public partner mechanism,
- d) Policy and regulatory framework and,
- e) Programme development finance.

The tool proposes five complimentary planning approaches to slum upgrading and prevention. It is worth interrogating where, in each of the approaches, LVC and LBF can be integrated to generate revenue that could subsidize internal project costs.

PSUP focusses on settlements improvement/upgrading i.e., infrastructure basics and tenure security to improve settlements. Hence, land should be viewed strategically by local authorities and communities to generate revenues to cross-subsidise various upgrading costs to slums. Hence, the continuum of tenure approach within informal settlements and flexible financing frameworks should be considered. Moreover, decision making on what ought to be improved should be focused on a community-led approach such as through a community managed fund to lead and prioritise development needs by the citizens for the citizens. The strategy focusses on establishing a participatory governance structure (multi-partnership) and institutional arrangement to coordinate efforts through effective local delivery.

The key takeaway from the PSUP presentation:

- Data is critical. Hence, the need for a comprehensive baseline survey.
- Citywide slum upgrading approach has potential to reduce evictions by addressing slums uniformly.
- Upgrading strategy provides opportunities for participation in evaluating options for upgrading and financing sources as not all slums are similar.
- Land-based financing mechanisms for internal cross subsidies (e.g. inclusion of commercial components, differential land use pricing, land sharing etc.)
- LVC for reducing the supply cost and adopting mixed used planning approaches to slum improvement and prevention.
- Promoting the continuum of tenure approach to leverage tenure for upgrading and development.
- Consideration of various collective action partnerships - PPPS.
- Integrated projects across three sectors (supply, demand, finance), livelihood and financial inclusion.
- Integrated institutional and delivery mechanisms, PPPs provide options for blending government, domestic and international resources.

- A two-phase incremental investment approach by using subsidies strategically to create an enabling environment and address basic human rights first.
- An enabling environment (i.e., policy, legal, regulatory, institutional, infrastructure, and socio-cultural).

## Second Presentation: Strategies and Tools for Financing Affordable Housing (Christophe Lalande and Geoffrey Payne)

Christophe Lalande, Housing Specialist in the UN-Habitat Land, Housing and Shelter Section, introduced the presentation briefly before handing over to Geoffrey Payne, independent consultant. He mentioned that the presentation would be based on a publication that has been developed with Geoffrey and others on innovative ways to finance affordable housing solutions through LBF.

Geoffrey Payne started the presentation by acknowledging the long process of finding ways to structure an approach to improving access to affordable, secure and adequate housing. He noted that access to land and housing is a global issue even in the global north. This gives it much political traction for change. The legal, institutional and regulatory frameworks through which land and housing are managed and their financialisation provide a basis for addressing the financing gaps. Land value is directly and indirectly influenced by state action. The key challenge is how to share the costs and benefits more equitably. If governments choose to develop the necessary capability and commitments, they are in a potentially powerful position to create efficient and equitable land and housing sectors.

The 1976 Vancouver Action Plan - the founding document to UN Habitat states that the value of land is created by society and should therefore be captured or shared for public benefit. A wide range of policy options and LBF instruments are available to reflect the diversity of needs thus, choosing an appropriate instrument is vital to achieve progress. The report provides a basis for selecting land-based finance options and aspects of urban land governance, including, as mentioned in the previous presentation, the regulatory frameworks of planning and building standards, regulations and administrative procedures relating to the provision of adequate housing. Getting land for making housing affordable is the first task, helping it remain affordable in the long term for lower income groups is a key element that is not discussed as often as it should. The COVID pandemic illustrates the urgency of addressing these issues.

Looking at the various LBF instruments for housing, their effectiveness is based on the following points:

- They require a political champion and land regulation - in particular property taxes, urban policies and decentralized authorities to implement them.
- They must be embedded in an effective land use management system.
- They require adequate training for different stakeholders, especially policy makers, administrators, and land developers to know how to work more creatively and progressively with the public sector and civil society.
- Accurate and timely land valuation, which is a major issue in many parts of the world especially where land is not registered or clearly demarcated.
- LBF policy instruments are classified into three broad categories: tax-based instruments, fee-based instruments, and development-based instruments. Tax-based instruments are a major

means of generating revenue from land for reallocation for public benefit. However, they do not necessarily lead to improved access to affordable housing.

Fee-based instruments are mainly identified as sale of development rights i.e. payments received in exchange for permission to develop or redevelop land at higher density or changed use. Rights can either be sold at auction or at a fixed price by developers and the rights may be transferable to other locations or resold.

Development-based instruments exist in a variety of options such as:

- Developer charges and impact fees – payment fee (in cash, land or in kind) in return for the right to build and funds are used for public purposes, usually housing construction.
- Land sales and leases - Payment received in exchange for land or its development rights; up-front payment, leasehold charge or annual; land rent payments through the term of lease etc.
- Land pooling/land readjustment (LP/LR) - land owners pool their land and after sub-division and servicing, some plots are sold to recover costs, others may be allocated for housing or other public benefits and the remaining plots are returned.
- Inclusionary Housing - mandatory allocation of affordable housing in residential and commercial developments.
- Requests for Proposals (RFPs) - invitation to suitably qualified developers to submit proposals for a specific site that meet mandatory requirements.
- Land banking - the aggregation of land parcels for future development. It may be carried out by public sector entities for primarily public benefit, including affordable housing, or by private entities primarily for profit.

The implementation of all these is a continuous process of policy adjustment. Other options need to be considered for enabling land to be allocated to low-income groups by maintaining it affordable in the long term. The following options have been identified:

- Community Land Trusts (CLTs) - are locally based, democratically run, non-for-profit-membership organizations that own land and property in trust for the benefit of a defined community.
- Housing Co-operatives - Democratically-run controlled enterprise whose objective is to pool resources to make investments in housing projects for the benefit of members.
- Community Land Ownership - Ownership is vested in the tribe, group or community. Statutory recognition of collective or communal land ownership.

Reviewing the institutional, legal, and spatial frameworks of land and housing and its policies and practices, to reflect the diversity of needs and making housing affordable in the long term need to be considered. The priority is to find out what works, ensure local support and build on it.

To conclude, Geoffrey observed that the increased demand for urban land and housing as well as the adoption of market-driven economics have intensified social and spatial inequality. The characteristics, strengths and limitations of LBF instruments need to be taken into consideration. LBF instruments and related frameworks need special measures to protect communities from market-driven displacement by ensuring long term affordability. Regulatory and spatial planning policies can also improve access to adequate housing and a range of non-market and community-based options is needed to ensure that



urban and peri-urban land facilitates long term access to adequate housing. Many powerful vested interests sustain the status-quo which requires advocates of change.

### Third Presentation: Strategies and Tools for Optimizing Own-source Revenue (OSR) for Equitable Delivery of Services (Lennart Fleck)

Lennart Fleck presented UN-Habitat's Own-Source Revenue (OSR) approach which supports cities in enhancing their financial position. OSR is commonly defined as taxes or fees, which are levied and controlled by local governments. The benefits of OSR are that it increases resources for public service provision, enhance creditworthiness of cities, and enables leveraging of non-revenue advantages as improved local revenue system impact economic growth, income distribution, and can correct other market failures e.g. urban sprawl. OSR also supports governance processes and strengthens the social contract. When cities increasingly rely on OSR to cover their budgetary needs, they need to prove to citizens that they are indeed effectively using the tax resources in order to ensure tax compliance. Consequently, it is not surprise GDP/capita correlates positively with OSR/capita both at the local as well as the national levels.

OSR is not the only financial reform that can be undertaken to enhance the financial position of cities. Other financial reforms such as performance-based grants, PPPs, FDI, privatisation of locally owned assets, and intergovernmental transfers can be instituted alongside OSR reform. Given, the global annual infrastructure gap of 3-\$5 trillion per annum, cities are naturally looking beyond just increasing OSR to close the financing gap. In reality, the actual amount of private investment in cities of the developing world is only a fraction of the overall available private capital. As attractive as these other financial reforms are to cities, OSR is often a necessary stepping stone for cities on their path towards an improved overall financial position and improved levels of public service delivery.

Increasing OSR is however not easy. There are three challenges surrounding OSR enhancement, limited capacity of local governments, insufficient/inappropriate revenue authority, limited political will to use OSR. The fact that political will and incentives are a key problem for optimizing OSR means there is a trade-off between leveraging OSR and providing access to external finance. When we work on reforms to improve the financial position of cities, we are potentially undermining the incentive that local governments face to optimize OSR. Given that OSR is closely related to good governance and institution building, we should thus be more careful about where we support cities in their access to external finance, and where we insist on putting in place OSR foundations first. There is thus a need to contextualize and sequence financial interventions to a larger extent.

UN-Habitat has focused on the capacity constraints for optimizing OSR, but in doing so it also indirectly addresses the other two OSR constraints. National governments argue that they cannot devolve the tax authority to local governments because there is no capacity to use that tax authority effectively. Thus, by building capacity locally, this argument is neutralized. A similar approach applies for limited incentives at local levels. Politicians/decision makers point to the fact that there is limited capacity to carry out OSR reform. When OSR capacity is built, the loopholes within the system are revealed and it becomes more

accountable which in turn increases the pressure on incumbent authorities to seal these loopholes/optimize OSR systems.

Over the last couple of years, UN Habitat has developed a tool called Rapid Own Source Revenue Analysis tool (ROSRA), which is a methodology to diagnose the problems of OSR systems to provide decision makers from subnational governments with strategic recommendations on how to optimize OSR. It takes around 2-4 months, depending on availability of data and the cost varies between \$35,000 to \$75,000 depending on the size of the jurisdiction. The overall goal of ROSRA is to bring about more effective, equitable and efficient OSR systems. UN Habitat is in the process of digitalizing ROSRA to make it a self-diagnostic tool in which local authorities can plug their own data. The ROSRA process works through a set of questions. The data is then tabulated in the database and different analysis and interpretation of the data is provided. Information provided can assess the actual OSR vs the potential OSR. The OSR gap can be broken down into different revenue streams. This helps governments prioritise which revenue streams they should focus on. Moreover, ROSRA facilitates prioritisation of reform efforts by comparing what local governments are doing in terms of their tax efforts and which revenue streams they should focus on more. The tool motivates policy decision makers and provides them with a clear message of how much is being lost in revenue streams.

Currently, the methodology is being tested. It was inspired by UN Habitat's work in Kiambu county, Kenya in 2013-2014 in which OSR doubled in the space of one year. It has been piloted in Kisumu County, Kenya and in 2021, the plan is to finalize its digitalization so that it will be a stand-alone software which has lower costs for global scalability.

In summary, OSR is key to enhancing the financial position of cities and there is need to be sensitive to where OSR is a pre-requisite and not just a stepping-stone. Additionally, ROSRA will help to overcome capacity constraints to optimizing OSR and more work is needed to improve the incentives for optimally using OSR.

### Discussant, in dialogue with presenters, Key Questions (Enid Slack)

The discussant, Enid Slack of the University of Toronto thanked the moderator and the presenters for their informative presentations and highlighted the lively discussions in the chat box. She mentioned that data, leadership/political will, community engagement/citizen participation were three key themes highlighted in the presentations. The first theme on the importance of data and the problems associated with the lack of data was mentioned as critical to assess the potential of OSR, financing slum upgrading, and other LBF tools. The second theme on the importance of leadership or political will, was mentioned as critical to improve government revenue streams for delivery of services. The third theme is community engagement/citizen participation and how to engage with citizens and communities through bottom-up approaches to start the discussion on priorities in affordable housing or slum upgrading. The discussant highlighted the need to build public fiscal trust through communicating and providing citizens and local governments with data and information on what can be achieved, with what, and how.

She posed a question to Geoffrey Payne on the process of local governments recouping unearned land increments created through public investments and how to measure unearned land value, i.e. what data

is needed, the availability of the data and if not available, how to generate/get it. In his response, Geoffrey Payne mentioned that this will not be solved easily, especially not in countries where land is not even registered. A progressive tax regime by using available data is essential for land to be valued fairly.

On political will/lack of incentives, a question was asked to Lennart Fleck on how to create political will and incentives, where the leadership can come from and who the reform-champion may be? On this Lennart Fleck mentioned that by offering different kinds of financial assistance and reforms simultaneously to local governments, OSR incentives are not being strengthened. There is need to be wary of leapfrogging OSR as this is an essential financial instrument to attract other financial resources. Lennart mentioned that intergovernmental transfers can be more significantly hinged upon OSR performance to incentivize municipal governments to optimize OSR. Thirdly, there is more scope for working on these incentives through reporting mechanisms and data systems that are used at the local level. There should be, as part of the reporting requirements of local governments, an emphasis on reporting key OSR metrics. The type of analysis carried out by the ROSRA tool should in a sense be mainstreamed into the processes of revenue departments.

Enid Slack also enquired from Joshua Maviti and Emrah Engindeniz how to foster meaningful community engagement. Emrah Engindeniz mentioned that it is critical to use existing community mechanisms and strengthen these to make participation meaningful. Moreover, in the PSUP approach, the community managed fund creates a mechanism for the community to access and manage the fund to address pressing needs. Hence, participation becomes meaningful because citizens do have the means through the community managed fund to realise interventions at local level.

## Open discussion

Jean du Plessis opened the discussion session, where participants made observations and remarks as summarised below:

**Observations:** The active participation of citizens in the design and implementation of slum upgrading projects for its sustainability is vital. Land valuation is critical to control the vast amount of capital that is being made to recover the unearned land increments created through public investments. Hence, community led development in terms of planning and participation is vital.

**Discussions:** Land tax liability assessment is very much linked to politics. There is a significant difference between taxation value and market transactional value, as market value is volatile while taxation value is more stable. Banding systems of property and land taxation might be a solution as they bring stability in OSR data and the development of such systems are vital to capture land value. Moreover, planning and building regulations is critical to capture land value. One needs to create a more stable regulatory system of land value taxation rather than systems based on volatile market-led drivers.

**Margin comments:** During the discussion, additional margin observations and comments were made by the participants. Most of the comments acknowledged that land is an extremely important asset which should be used to generate revenue but perhaps more importantly to equitably distribute the costs and benefits of urbanization to promote affordable and adequate housing. The participants acknowledged the

importance of recognizing all forms of legitimate tenure to leverage land for public services and subsidizing costs. This is possible by considering the continuum of land rights approach and the continuum of finance from rental to mortgage level financing. There is a close relationship between land values and rentals, this might be the first step towards leveraging land for the delivery of public services. Data collection is the first step in this endeavor to which rental values is more readily available in developing countries. The challenges are in terms of lending regulations dictated by lending institutions, by which more formal structures of tenure and finance is preferred. Finally, the tax system should incorporate ICT based OSR administration systems to improve performance.

## Concluding observations: Key Lessons, Priority Actions, and Areas of Potential Collaboration

Emrah Engindeniz: The key take away is to look at financing through a citywide approach by building partnerships and citizen participation to assess priorities to maintain long-term affordability in housing and other public services. It is vital to look at land strategically to generate revenues to cross-subsidise various informal settlement upgrading projects. Another critical point is looking at the continuum of land approach and combining this with the finance continuum to recognise all forms of tenure and establish flexible and fit-for-purpose financial instruments to help mobilise resources for the most vulnerable.

Geoffrey Payne: There are 2 ways to pay taxes i.e., either paying them or not paying them, where the latter option means risking having dysfunctional cities. Hence, taxes need to be considered as important and progressively rated through re-distributional mechanisms. Data is available but difficult to collect , yet it is needed to create a policy and legal environment that fits the social and economic status of citizens. Hence, policy makers and land professionals should look towards the social value of land by promoting non-market options to improve access for affordability and adequate housing for those in need on a long-term basis.

Lennart Fleck: On the issue of public participation, it is critical to enhance overall accountability of local governments. This could be in terms of publishing budget documents, working on the readability and user friendliness of these budgets, or how they are communicating this through participatory processes. ICT can play a big role in informing citizens on tax obligations and why they should be paying them and what services they get in return. UN-Habitat's, OSR approach is a work in progress and we are very much eager to learn from this community on how we can improve it further.

- Enid Slack: Land-based finance is not being used to its full potential around the world. Lack of data is a serious problem. Before we can improve OSR, we need to know how much municipalities are collecting and how much more they could collect if they raised tax rates, improved billing, collection, and enforcement etc. Before we can undertake slum upgrading, we need data to understand the extent of the problem we are trying to solve, and where we need to go. How to collect and access data is critical. Secondly political will and how to overcome resistance to paying taxes both by taxpayers and politicians is needed to increase own-source revenues. We need to strengthen the incentives of local governments to optimize OSR and find ways to get things done in the face of political and taxpayer resistance. Lastly, to increase OSR, it is important to bring the

community on side. They need to understand what it costs to deliver the services they are asking for and have to agree to pay for them. To engage the community, we need to build public fiscal trust by providing good information, communicating effectively, ensuring real engagement and building credibility.




Annexes

1. Attendance list:



	<b>Name</b>	<b>Organization</b>	<b>Email Address</b>
1.	Lawrence Walters	Utah State Tax Commission	<a href="mailto:larrycwalters@gmail.com">larrycwalters@gmail.com</a>
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2. Presenters

<b>SESSION 3: PRESENTERS AND FACILITATORS</b>		
<b>Name and Institution*</b>	<b>Role and Topic</b>	<b>Brief Bio</b>
<p>Emrah Engindeniz, UN-Habitat</p> 	<p>Presenters: <i>Strategies and tools for financing participatory slum upgrading</i></p>	<p>Emrah is currently working as a regional programme advisor at the Participatory Slum Upgrading Programme (PSUP) of UN-Habitat at HQ. He is managing the PSUP's portfolio in Caribbean and the Pacific regions and leading the thematic areas of financing for slum upgrading and climate adaptation. Prior to joining PSUP Emrah worked as a programme manager for six years at 5-agency UN-Joint Programme on local governance in Somalia and led the development of several policy frameworks for local governance and decentralization including local government finance policies and procedures for Somaliland and Puntland, urban regulatory framework, and land and property based taxation system as well as solid waste management policies and service delivery models. Before joining UN-Habitat, Emrah worked in Libya with private consulting firms and Turkey with Istanbul Metropolitan Municipality providing consultancies on regional and metropolitan development. Emrah holds a master's degree in urban engineering from the University of Tokyo and a BSc in urban and regional planning from Istanbul Technical University.</p>
<p>Joshua Maviti, UN-Habitat</p> 		<p>Joshua is Africa Regional Programme Advisor for Participatory Slum Upgrading Programme (PSUP), UN-Habitat, Nairobi. He has more than 19 years of working in humanitarian and development sectors in Africa. He has been instrumental in developing innovative Community Managed Funds (CMF), urban profiling and neighbourhood enumeration tools. He has advised in the integration of citywide slum upgrading approach with different urban domains and currently supporting the Government of Kenya to formulate the Kenya National Slum Upgrading Draft Bill. He applied spatial Multi-criteria Decision Analysis (MCDA) to guide Regional Spatial Planning Strategy of Darfur. Before joining UN-Habitat, he held different capacities providing professional services on environmental management, mapping and capacity building for the uptake of geospatial information and analysis into decision-making. Joshua graduated with MSc in Geographic Information Systems (GIS) application in epidemiology analysis from Manchester Metropolitan University, UK, and a bachelor's in Environmental Science, from Kenyatta University, Kenya.</p>
<p>Christophe Lalande, UN-Habitat</p> 	<p>Presenters: <i>Strategies and tools for financing affordable housing</i></p>	<p>Christophe Lalande is the lead housing specialist at UN-Habitat. He coordinates the implementation of global programmes on housing policy development and housing rights, including the production of housing policy guidelines, methodologies, and tools to guide national and local governments' efforts in the provision of affordable housing solutions.</p> <p>He leads global advocacy efforts to promote the realisation of the right to adequate housing, such as the UN-Habitat's Housing For All Campaign to promote people's health, dignity, safety, inclusion and well-being, through access to affordable and adequate housing.</p> <p>Christophe has over fifteen years of professional experience in housing policy and urban development. He is graduated from the Institut d'Etudes Politiques</p>



		<p>– Lille and holds an MSc in Public Policy and Political Sociology from Sciences Po Ecole Doctorale.</p>
<p>Geoffrey Payne, Independent Consultant</p> 		<p>Geoffrey Payne is a housing and urban development consultant with five decades of international experience. He founded Geoffrey Payne and Associates in 1995 after many years as an academic and has since undertaken research, consultancy and capacity building assignments on urban land management, land tenure and property rights and housing policy in all regions of the world for a wide range of international development agencies, governments and academic institutions including the World Bank, UN-Habitat and the UK government. He has published widely, including a forthcoming report on The Role of Land in Adequate Housing. He has contributed to numerous international conferences and is currently a member of the RTPI International committee and adviser to the President of the UK Built Environment Advisory Group.</p>
<p>Lennart Fleck, UN-Habitat</p> 	<p>Presenter: <i>Own-source revenue tools for equitable delivery of services</i></p>	<p>Lennart works as a Municipal Finance and Local Economic Development Expert at the United Nations Human Settlements Programme (UN-Habitat) Headquarters in Nairobi. Since joining UN-Habitat, Lennart has advised local governments on issues of Municipal Finance and has led the development of a self-diagnosis tool for own source revenue (OSR) optimization. Lennart has delivered trainings on OSR, Land-Based Finance, and local economic development. He also developed a rental subsidy model for internally displaced persons in conflict regions and a model for assessing the financial viability of large social housing programmes. Prior to joining UN-Habitat, he worked as a management consultant in the financial sector in Switzerland, advising private firms on their financial strategy and operational efficiency. Lennart has also worked on financial system development for GIZ in Mozambique and evaluated private investments into Sub-Saharan Africa at Frontier Advisory Deloitte. He holds an MSc with Distinction in Public Financial Management from SOAS University of London, an MSc in Development Management from the London School of Economics and Political Science and an MA in International Relations from the University of St Andrews.</p>
<p>Enid Slack, University of Toronto</p>	<p>Discussant</p>	<p>Enid Slack is the Director of the Institute on Municipal Finance and Governance (IMFG) at the Munk School of Global Affairs and Public Policy at the University of Toronto. IMFG focuses exclusively on the fiscal health and governance challenges faced by large cities and city-regions in Canada and around the world. Enid has written extensively on property taxes, municipal fiscal health, intergovernmental transfers, development charges, financing municipal infrastructure, and metropolitan governance. She consults on municipal finance and governance issues with governments and international agencies such as the World Bank, IMF, UN Habitat, Asian Development Bank, Inter-American Development Bank, and the International Growth Centre. She has worked in Brazil, Chile, China, Colombia, India, Jordan, Mexico, Mongolia, the Philippines, South Africa, Tanzania, and Uganda. Enid is on the Advisory Board</p>

		<p>of the International Property Tax Institute (IPTI). In 2012, she was awarded the Queen’s Diamond Jubilee Medal for her work on cities.</p>
<p>Robert Lewis-Lettington, UN-Habitat</p> 	<p>Welcoming words</p>	<p>Robert Lewis-Lettington is Chief of the Land, Housing and Shelter Section at UN-Habitat. Robert has more than twenty years professional experience, primarily working in programme management, multilateral processes and in providing technical assistance in policy formulation and legislative processes to a variety of partners. With field experience in more than seventy countries, Robert’s specialist areas include land management, human rights and rule of law, urban development, legislative drafting, intellectual property rights and information management, digital governance, environment and natural resources and international trade. Robert holds a Juris Doctor degree in law from the College of William and Mary (USA), an MA (Hons) degree specialising in Architectural History from the University of St. Andrews (Scotland) and an MLitt (Dist.) degree in History specialising in land and population displacement from the University of the Highlands and Islands (Scotland).</p>
<p>Jean Du Plessis, UN- Habitat</p> 	<p>Moderator</p>	<p>Jean du Plessis is a land specialist based in the Land, Housing and Shelter Section of UN-Habitat, Nairobi. He draws on more than 25 years of experience in the areas of land, housing, human rights, forced evictions and development. He has previously held positions in local, national and international NGOs, the South African government’s land restitution programme, and the UN Land and Property Unit in Timor-Leste. He has country experience in South Africa, Namibia, Zambia, Zimbabwe, Botswana, Rwanda, Ghana, Uganda, Kenya, Tanzania, Egypt, Palestine, Timor-Leste, Cambodia, Thailand, Indonesia, Haiti, Nepal and Iran; and has produced a variety of reports and publications on land-related issues. Jean has been with UN-Habitat since 2011, leading on the continuum of land rights, land-based finance, land readjustment and capacity development. Jean holds an MA with Distinction in Political Philosophy from the University of Stellenbosch.</p>

Presentation slides:

First presentation: “Strategies and tools for financing participatory slum upgrading” (Emrah Engindeniz and Joshua Maviti, UN-Habitat)

**LAND-BASED FINANCE LEARNING SERIES**  
Session 3: “Strategies and Tools”  
Monday, 9 November 2020

**STRATEGIC FINANCING FRAMEWORK FOR SLUMS/INFORMAL SETTLEMENTS UPGRADING**

Joshua Maviti, Emrah Engindeniz  
UN-Habitat, Land Housing and Shelter Section,  
Participatory Slum Upgrading Programme  
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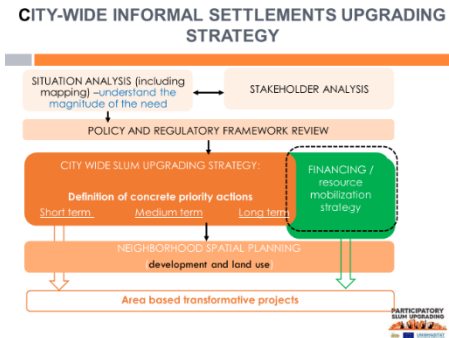
**PARTICIPATORY SLUM UPGRADING**

UN HABITAT

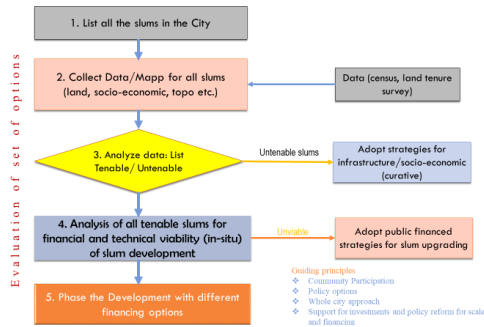
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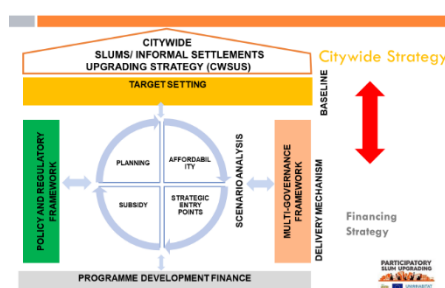
Visit us @: [www.mypsupsup.org](http://www.mypsupsup.org)



**CITY-WIDE INFORMAL SETTLEMENTS UPGRADING STRATEGY**



**STRATEGIC FINANCING FRAMEWORK**



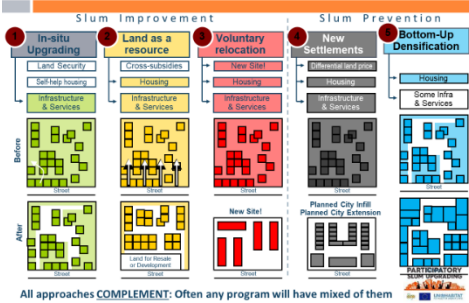
**SCENARIO ANALYSIS:**

1. PLANNING : : Leveraging Land by differential land pricing



**SCENARIO ANALYSIS:**

**1. PLANNING:** Approach to slum improvement & prevention

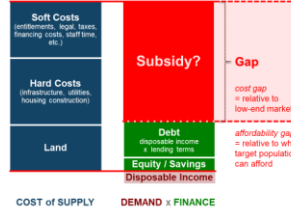


**SCENARIO ANALYSIS:**

**2. AFFORDABILITY:** Balancing public interventions to improve affordability

Please mind the gap...

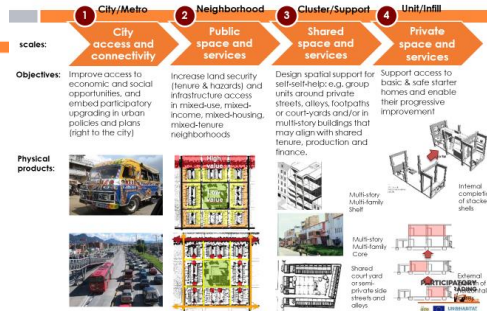
...and there is ALWAYS a gap between what the market will produce in whole home solutions and what lowest-income families can afford



How to respond to the cost/affordability gap?

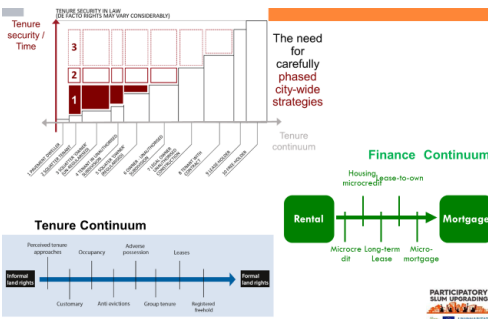
**SCENARIO ANALYSIS:**

**3. STRATEGIC ENTRY POINTS:** Identify Strategic Interventions



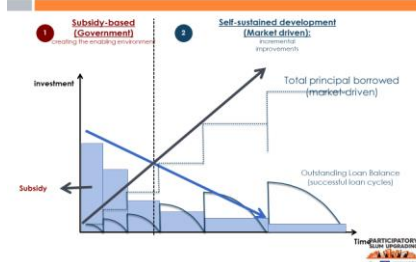
**SCENARIO ANALYSIS:**

**3. STRATEGIC ENTRY POINTS:** as leverage

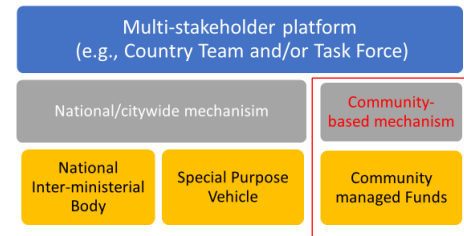


**SCENARIO ANALYSIS:**

**4. SUBSIDY:** Design subsidy/incentives - Leveraging (Tenure, Housing, Planning, Infra, Finance)



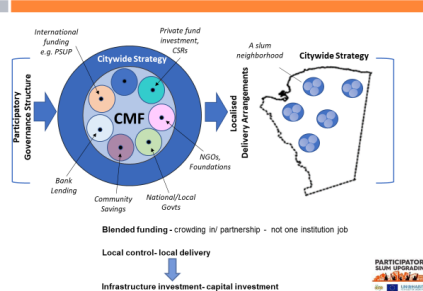
**DELIVERY MECHANISM / GOVERNANCE**



Establish a participatory governance structure (multi-partnership) and institutional arrangement to coordinate efforts and effective local delivery

**DELIVERY MECHANISM / GOVERNANCE**

**Community based mechanism**



**Key takeaway**

- Data is critical, a comprehensive baseline survey
- Citywide Slum upgrading approach has potential to reduce evictions by addressing slums uniformly
- Upgrading strategy provides opportunities for participation in evaluating options for upgrading and financing sources. Not all slums are similar
- Land-based financing mechanisms for internal cross subsidies (e.g. inclusion of commercial components, differential land use pricing, land sharing etc)
- LVC for reducing the supply cost and adopting mixed used planning approaches to slum improvement and prevention
- Promoting continuum of tenure approach as oppose to title deed to leverage tenure for upgrading and development.
- Consideration of various collective action partnerships - PPPs
- Integrated projects across three sectors (supply, demand, finance), livelihood and financial inclusion
- Integrated institutional and delivery mechanisms. PPPPs, provide options for blending government, other domestic and international resources.
- A two-phase incremental investment approach use subsidy strategically to create an enabling environment and address basic human rights first, health starting.
- An enabling environment (i.e. policy, legal, regulatory, institutional, infrastructure, and socio-cultural)

Second presentation: “Strategies and tools for financing affordable housing” (Geoffrey Payne, Independent Consultant)

**LAND-BASED FINANCE LEARNING SERIES**  
**Session 3: “Strategies and Tools”**  
Monday, 9 November 2020

**THE ROLE OF LAND IN ADEQUATE HOUSING**

**Geoffrey Payne**  
Geoffrey Payne and Associates  
London, UK.  
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**KEY ISSUES**

- Access to land and housing on affordable and appropriate terms is a *global* issue – for even middle-income households in the Global North, not just the poor in the Global South. This gives it political traction for change.
- The legal, institutional and regulatory frameworks by which land is managed are a key means of achieving change.
- The financialisation of land and housing provides both part of the problem and a basis for addressing it. This is because land values are directly and indirectly influenced by state action.
- The key issue is how to share the costs and benefits more equitably than at present.
- If governments choose to develop the necessary capability and commitment, they are in a potentially powerful position to create efficient and equitable land and housing sectors.
- This presentation summarises a report on this issue prepared by myself and Daniela Muñoz Levy which is about to be published by UN-Habitat.

**A BASIS FOR ACTION**

- The 1976 Vancouver Action Plan — the founding document for UN-Habitat — states:
- “The unearned increment resulting from the rise in land values resulting from change in use of land, from public investment or decision, or due to the general growth of the community must be subject to appropriate recapture by public bodies (the community)”.
- The underlying idea is that the value of land is created by society and should therefore be captured or shared for public benefit.
- This principle has a long history in the literature, but less on the ground.

**A MENU OF POLICY OPTIONS**

- A wide range of policy instruments are available to reflect the diversity of needs.
- No single policy is applicable in all cases as each has strengths and limitations. Choosing the one appropriate to specific contexts is vital to achieving progress.
- Our review summarises the characteristics of as many as we discovered from our experience and a desk review. We listed examples where appropriate and summarised their strengths and weaknesses in meeting the needs of all sections of demand, particularly vulnerable groups
- The report provides a basis for selecting land-based finance options and also aspects of urban land governance, including the regulatory framework of planning and building standards, regulations and administrative procedures relating to the provision of adequate housing.
- Since land-based finance instruments invariably involve some form of direct or indirect subsidy, the review also identifies options for protecting areas of adequate housing for long term availability.
- The covid pandemic illustrates the urgency of addressing these issues.

**LAND-BASED FINANCE FOR HOUSING**

- Our review builds on the existing literature already discussed. These documents largely agree on the following points regarding the effectiveness of LBF systems:
  - They require a political champion, land regulation - in particular property taxes, urban policies and decentralized authorities to implement them.
  - They must be embedded in an effective land use management system.
  - They require adequate training for different stakeholders: policy makers, administrators and land developers.
  - Accurate and timely land valuation.

**We classify LBF policy instruments into three categories:**

- Tax-based instruments
- Fee-based instruments
- Development based instruments

**TAX AND FEE-BASED OPTIONS**

**Tax-based instruments:**

**Land value increment tax:**

Tax assessed as a percentage of the increase in land value due to public actions or general market trends

**Fee-based instruments:**

**Sale of development rights:**

Payments received in exchange for permission to develop or redevelop land at higher density or changed use  
Rights can either be sold at auction or at a fixed price by developers  
Rights may be transferable to other locations or resold

## DEVELOPMENT-BASED OPTIONS

### Development-based instruments:

#### Developer charges and impact fees

- Payment fee (in cash, land or in-kind forms) in return for the right to build.
- Funds are used for public purposes, usually housing construction

#### Land sales or leases

- Payment received in exchange for land or its development rights.
- Up-front payment, leasehold charge or annual
- land rent payments through the term of the lease.
- Terms may vary from 2 to 99 years

#### Land pooling/land readjustment (LP/LR)

Landowners pool their land and after subdivision and servicing, some plots are sold to recover costs, others may be allocated for housing or other public benefits and the remaining plots are returned.

#### Inclusionary housing

Mandatory allocation of affordable housing in residential and commercial developments.

#### Requests for proposals (RFPs)

Invitation to suitably qualified developers to submit proposals for a specific site that meet mandatory requirements.

#### Land banking

The aggregation of land parcels for future development. Land banking may be carried out by public sector entities for primarily public benefit, including affordable housing, or by private entities primarily for profit.

## COMMUNITY-LED OPTIONS

### How to make affordable and adequate housing available long term?

#### Community Land trusts (CLTs)

Locally based, democratically run, not-for-profit membership organisations that own land and property in trust for the benefit of a defined community.

#### Housing co-operatives

Democratically-run controlled enterprise whose objective is to pool resources to make investments in housing projects for the benefit of members.

#### Community land ownership

Ownership is vested in the tribe, group or community. Statutory recognition of collective or communal land ownership.

## SUMMARIES OF EACH INSTRUMENT

- What is it?
- Where and how has it been implemented?
- Advantages?
- Disadvantages?

SECURING LAND AND PROPERTY RIGHTS FOR ALL

## LAND GOVERNANCE AND HOUSING

### Importance of the regulatory framework:

- Planning and building standards
- Planning and building regulations
- Administrative procedures relating to land and housing

### Spatial and land use planning

- The need to put land to socially as well as economically efficient use

### The institutional framework

- Increasing transparency to minimise corruption
- The need to maximise public support

### Land tenure policies and practices

- A wide range of tenure options is needed to reflect diversity of demand
- The priority is to find out what works and commands local support and build on it.

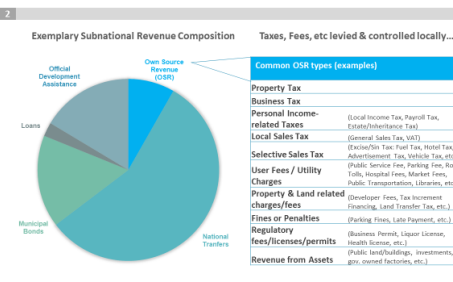
## CONCLUSIONS AND KEY TAKE-AWAYS

- Increased demand for urban land and housing and adoption of market-driven economics has intensified social and spatial inequality
- The review has provided a large menu of progressive policy options from which central and local governments can select to share the increases in land values more equitably and improve access to affordable & adequate housing
- The characteristics, strengths and limitations of each are summarised with examples
- LBF instruments for providing affordable and adequate housing need special measures to protect them from market-driven displacement and ensure long term availability
- Regulatory and spatial planning policies can also improve access to adequate housing
- A range of non-market and community-based options is needed to ensure that urban and peri-urban land facilitates long term access to adequate housing
- Many powerful vested interests constrain change. This requires advocates of change to understand land markets and ways of maximising leverage in diverse contexts
- The international community can contribute through support for innovative policies and institutional capacity building.

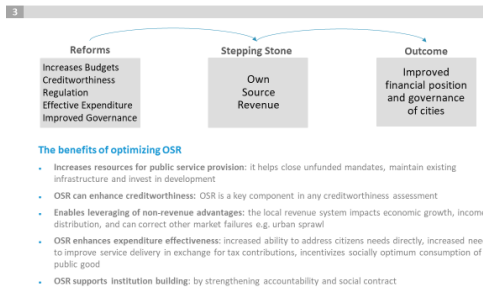
Third presentation: “Own-source revenue tools for equitable delivery of services” (Lennart Fleck, UN-Habitat)



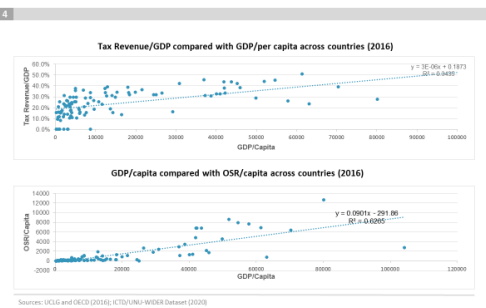
What is OSR?



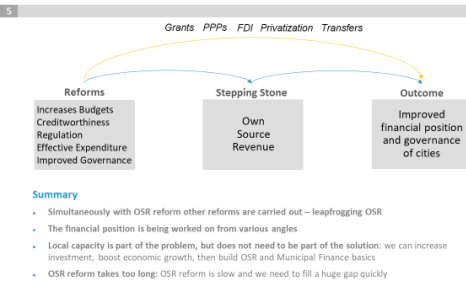
Why is OSR important?



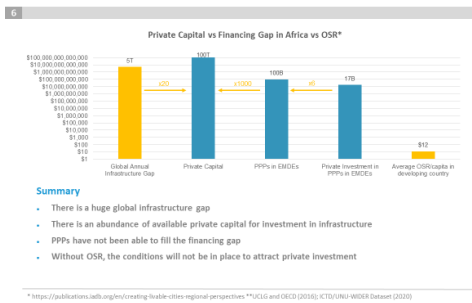
There is a strong positive correlation between tax capacity and GDP



OSR is not the only way to enhance the financial position of cities



The numbers seem to support trying to leapfrog OSR but not really



There is a trade-off between different reform approaches to enhancing the financial position of cities

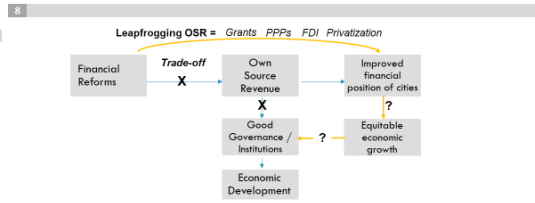
Why is OSR often not optimally leveraged?



**OSR incentives are key**

- Limited OSR incentives do not cultivate political will to reform OSR systems: what makes OSR reform unique is often the political leadership which pushed through OSR reform \*\*
- Political will to reform OSR is often missing:
  - Bureaucrats, politicians, and economic elites often resist changes in an attempt to protect their influence of the local tax system, avoid business and property taxes
  - Tax collection, like policing, often is a major channel for state-licensed rent-seeking

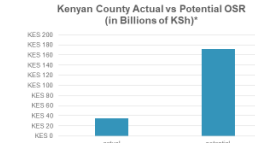
Source: UNCLG and OECD (2016), ICTD/UNU-WIDER Dataset (2013)



**When should we see OSR as a prerequisite?**

- Building tax capacity has been key in building Institutional capacity at the national level
- Low OSR is an indicator of other governance challenges: What makes us sure that larger budgets will be effectively invested and that private development will help more than just the economic elites?
- We need to more carefully consider this trade-off and when it is worth the risk and when OSR should be seen as a precondition for other financial support

How can we enhance OSR?



**Why focus on limited OSR capacity**

- OSR capacity is a major bottleneck
- Improving capacity will incentivize more tax authority: as national governments have less reason to limit tax authority on the basis that local governments cannot effectively use that authority
- Improving capacity will improve OSR incentives: as local governments ability to 'explain' OSR gaps with limited tax capacity decreases and as pressure increases to improve the usage of their tax authority
- There are few tools which help build OSR capacity, and certainly not at scale

\* <http://documents1.worldbank.org/curated/en/280021518887032031/pdf/Own-Source-Revenue-Potential-and-Tax-Gap-Study-of-Kenya-Country-Governments-Final-Report.pdf>

How does the ROSRA process work?

How do we seek to build OSR capacity? – With the ROSRA

**10**

**What is the ROSRA?**

- The ROSRA (Rapid Own Source Revenue Analysis) is a methodology which is used to diagnose the problems of OSR systems in developing countries and provides decision makers from subnational governments with strategic recommendations on how to optimize OSR

**How long does it take?**

- 2 - 4 months, depending on availability of data

**What does it cost?**

- Local jurisdiction of under 2 million inhabitants – \$35,000
- Local jurisdiction of 2 - 10 million inhabitants – \$50,000
- Local jurisdiction of over 10 million inhabitants – \$75,000

**What does the ROSRA offer include?**

- Training on how to use the ROSRA methodology
- Analytical support, backstopping and development of recommendations
- Support for the implementation of recommendations

**What is an optimized OSR system?**

- Effective**  
It ensures that adequate resources are raised from the local population
- Equitable**  
It ensures a fair tax incidence and improves the accountability/ transparency of the tax system such that taxpayers understand what they are paying for
- Efficient**  
It ensures that resources are raised in an efficient and non-distortive manner with an inexpensive tax administration and low taxpayer compliance costs

**11**

**1) Governments input data with support of UNH**

Please enter your current total OSR for 2019

Please enter your current GDP/capita

Please enter % of economy that is agriculture-based

Next

**2) Data enters a large UNH database**

Locality	Year	Own-source revenue (US\$)	GDP	Population
Accra	2014	16,806,292		1,881,258
Ahmedabad	2013	310,240,076		6,300,000
Alvarez	2016	N/A		1,184,788
Algiers		657,443,066		3,154,792
Antwerpem	2015	1,576,442,843		512,847.00
Arusha	2012	2,744,166		416,442
ETC.				

**3) Data is analyzed and visualized in graphs**

**4) Interpretations and conclusions are derived**

**Actual OSR vs OSR Potential**

Actual OSR: \$10,127,415

Tax Gap: \$47,895,811

The ROSRA assesses the overall revenue gap

**12**

**Actual OSR vs OSR Potential**

Actual OSR: \$10,127,415

Tax Gap: \$47,895,811

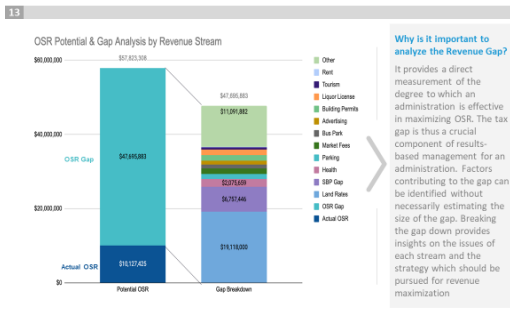
25% 50% 75%

**Why is it important to analyze the Revenue Gap?**

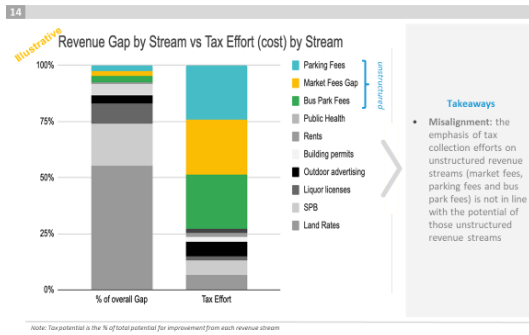
It provides a direct measurement of the degree to which an administration is effective in maximizing OSR. The tax gap is thus a crucial component of results-based management for an administration. Factors contributing to the gap can be identified without necessarily estimating the size of the gap. Breaking the gap down provides insights on the issues of each stream and the strategy which should be pursued for revenue maximization



The ROSRA decomposes the revenue gap by revenue stream



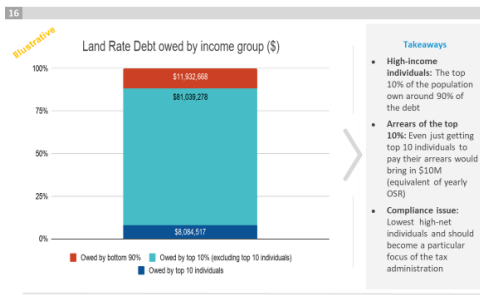
We align the tax effort with overall potential of revenue streams



Individual revenue stream gaps are further broken down into functional gaps to determine reform entry points



Addressing the compliance gap will require finding a way to increase compliance of high-net individuals



The ROSRA diagnosis common OSR problems and links these to best practices in coming up with recommendations based on minimal data

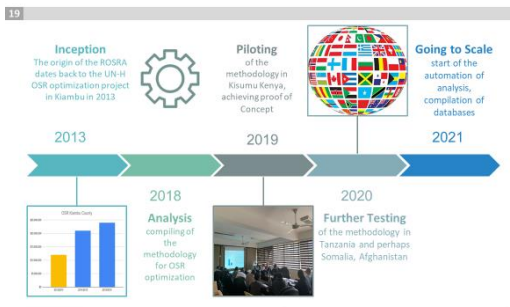
Objective	Functions	Potential Problems	Diagnosis	Recommendations
Finding OSR Leakages	Stream Choice	Not using the right local revenue streams	✓	Best Practice X,Y,Z
	Using too many local revenue streams	✗	Best Practice X,Y,Z	
	Rates & Exemptions	Not optimizing rates according to legal limits	✓	Best Practice X,Y,Z
	Tax bases are too narrow, exemptions too many	✓	Best Practice X,Y,Z	
	Assessment	Not all properties & owners in jurisdiction are registered	✓	Best Practice X,Y,Z
	Valuation Roll is outdated	✗	Best Practice X,Y,Z	
Collection	Upper-income groups not complying w/ property tax	✗	Best Practice X,Y,Z	
Tax collectors are not focused on high volume streams	✓	Best Practice X,Y,Z		
Accounting	Lack of control systems to ensure proper accounting	✗	Best Practice X,Y,Z	
Spending at source	✓	Best Practice X,Y,Z		

**Data Requirements:** Budget documents at the local government level for the past 5 years, budget documents of the respective Revenue Department for the past 5 years; Analysis or audit reports carried out of the OSR system; Legal documents relating to the OSR system, i.e. Finance Acts, contracts with existing third-party service providers; Other revenue data from individual revenue streams, e.g. property tax database, land cadaster.

What is the unique selling point of the ROSRA?

- Streamlined Process:** The ROSRA provides a uniquely direct and rapid methodology for analysing OSR systems. It only uses the data that is most critical for analytical purposes, thereby minimizing time and resource needs, providing data confidentiality throughout.
- Analytical Insights:** The ROSRA builds on the global experience and municipal finance data of UNH and its network of experts. It gathers all relevant data in databases and uses that data to carry out comparisons, analyze weaknesses and provide accurate and comprehensive insights.
- Funds Mobilization:** The ROSRA is linked to a network of other donors and successful implementation of the ROSRA functions as an indicator for the readiness of the local government to carry out other reforms or receive further funding. It is a stepping stone to broader Municipal Finance and governance reform.
- Political Weight:** The ROSRA recommendations carry the weight and legitimacy of a UN agency. Given the expertise in carrying out the assessments, the UNH teams then also prove useful in the actual implementation of the recommendations, lending political capital to local government reform initiatives.

The journey of the ROSRA so far...



Main Takeaways

**The 3 OSR Challenges:** Limited Tax Authority, Limited Capacity, Limited Incentives.

**More Work Needed...:** Financial Sequencing, Transfers with OSR variables, Reporting Requirements.

**Summary:** OSR is key to enhancing the financial position of cities. We need to be more sensitive to where OSR is a pre-requisite not just a stepping-stone. ROSRA will help to overcome capacity constraints to optimizing OSR. More work is needed to improve the incentives for optimally using OSR.

**Key Question:** How can we strengthen the incentives of local governments to optimize OSR?

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