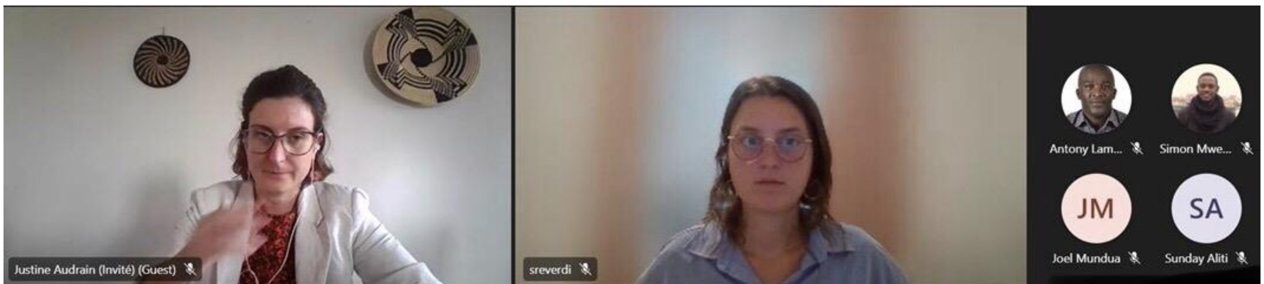
UN-HABITAT AND GLTN LAND-BASED FINANCING LEARNING SERIES 2

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

REPORT ON SESSION 4:

Subject: "FMDV and the PIFUD Project in Uganda – Progress, Challenges, and way Forward"

12 July 2022



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Link to recording of learning session here
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Introduction

On 12 July 2022, the Land, Housing and Shelter Section of the United Nations Human Settlements Programme (UN-Habitat) and the Global Land Tool Network (GLTN) Secretariat, in partnership with the Local Government Revenue Initiative (*LoGRI*) of the International Centre for Tax and Development (ICTD), held the fourth session of the second learning series on the theme "Leveraging Land for Delivery of Services, Building the Social Contract and Promoting Peace and Security". The session, titled "FMDV and the PIFUD Project in Uganda – Progress, Challenges, and way Forward", consisted of three presentations and facilitated discussion, supplemented by sidebar questions and comments, followed by closing observations by the presenters and the discussant. The session registered 38 participants representing 14 institutions/organizations working globally on the thematic area of land and property taxation. (See full list of attendees in Annex 1).

Jean du Plessis, the session's moderator, after introducing the session's programme and panels, presented UN-Habitat and GLTN's longstanding collaboration with FMDV on Land-based Finance:
Developing Capacity for Responsible Municipal Governance, which for the current period is focusing on the Program on Integrated Local Finances for Sustainable Urban Development in the Greater Kampala Metropolitan Area (PIFUD). This session focused the work of FMDV on the PIFUD program.

The moderator then presented the overall learning series details, as well as the Session 4 Programme.

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

Purpose: Bringing 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 on ways of overcoming challenges and building good practice.
4. Proposals for priority actions for improved impact formulated.
5. Areas of potential collaboration identified.

LEARNING SERIES TWO SCHEDULE		
Subject	**Presenters**	**Date and time (EAT)**
1. *The Role of Land in Achieving Adequate and Affordable Housing*	Christophe Lalande, Geoffrey Payne and Daniela Munoz Levy Discussant: Antony Lamba	20 September 2021 15h00-17h00 EAT ***- COMPLETED -***
2. *The role of governance in optimizing local revenue collection for equitable delivery of services and building the social contract*	Paul Smoke (NYU Wagner) Victoria Delbridge (IGC), Antony Lamba (UN-Habitat) Discussant: Peadar Davis (Ulster University)	14 March 2022 15h00-17h00 EAT ***- COMPLETED -*** (The present report)
3. *Points-based assessment for land and property taxation - Solutions, Lessons, and Way Forward*	Wilson Prichard, Colette Nyirakamana, Rosetta Wilson (Local Government Revenue Initiative – LoGRI) Discussant: Peadar Davis (Ulster University)	16 May 2022 15h00-17h00 EAT ***- COMPLETED -***
4. *FMDV and the PIFUD Project in Uganda – Progress, Challenges, and way Forward*	Justine Audrain & Sandra Reverdi (Global Fund for Cities Development - FMDV), Her Worship Hon. Mayor Ms. Regina Bakitte (Nansana Municipal Council) Discussant: Willard Matiashe (Development Action Group)	12 July 2022 15h00-17h00 EAT ***- THIS REPORT -***
5. *Central-local collaboration and successful property taxation – Risks, challenges and lessons learned*	Colette Nyirakamana, Wilson Prichard, Titilola Akindeinde *et al (ICTD, LoGRI)* Discussant: Astrid Haas *tbc*	12 September 2022 15h00-17h00 EAT
6. *A new UN-Habitat tool for own-source revenue self-optimization (ROSRA)*	Lennart Fleck, others tbd Discussant: tbd	14 November 2022 15h00-17h00 EAT
7. *Land-based finance in fragile states project: Lessons, opportunities, and way forward*	Details to follow	5 December 2022 15h00-17h00 EAT

Session 4 Programme

SESSION 4 PROGRAMME "FMDV AND THE PIFUD PROJECT IN UGANDA – PROGRESS, CHALLENGES, AND WAY FORWARD" 12 July 2022, 15h00-17h00 (Nairobi time)		
Moderator: Jean du Plessis, GLTN Secretariat, Land, Housing & Shelter Section, UN-Habitat Session discussant: Willard Matiashe (Development Action Group)		
Time	**Topic / Activity**	**Process, Roles**
15h00 - 15h10	Welcome Agenda and process	- Jean du Plessis (10 min)
15h10 - 15h20	Presentation 1: FMDV and the PIFUD program: methodology, challenges and lessons learned	- Justine Audrain (10 min) *- All: questions and comments in meeting chat during presentation*
15h20 - 15h40	Presentation 2: Introduction of LBF in Uganda	- Sandra Reverdi (20 min) *- All: questions and comments in meeting chat during presentation*
15h40 - 16h10	Presentation 3: Case study by Local Government: Nansana Municipality	Her Worship the Mayor Regina Bakitte Nakkazzi Musoke (30 mins) *- All: questions and comments in meeting chat during presentation*
16h10 - 16h25	Key questions	Willard Matiashe (DAG) as discussant, in dialogue with presenters (15 min)
16h25 - 16h50	Facilitated discussion	Moderator, all (25 min)
16h50 – 16h55	Concluding observations: *Key lessons, priority actions, areas of potential collaboration*	Speakers and discussant (10 min) *- All: final comments in meeting chat during discussion*
16h55 - 17h00	Closing	Moderator

Presentation 1: FMDV and the Program on Integrated local Finances for sustainable Urban Development (PIFUD) program: methodology, challenges and lessons learned (Justine Audrain, FMDV)

Justine Audrain presented the Global Fund for Cities Development (FMDV) as a global alliance of regional and local governments co-chaired by the City of Paris (France) and the district of Abidjan (Ivory Coast), characterized by the specific mandate to develop solutions to finance for a just urban transition through i.e., Own Source Revenues (OSR). FMDV focusses on supporting actors to fund local and regional governments and by doing so FMDV acts as a hub of expertise by bringing experts from various fields, particularly on finance and as an incubator for operational strategies on implementing strategies for local governments. FMDV intervenes through 4 types of activities: advisory support (technical assistance); multi-stakeholder dialogues and partnerships to create enabling conditions; international advocacy for action within international platforms; and production of knowledge through peer-to-peer experiences.

The types of activities that FMDV is involved in the sector of urban development include:

- International level: International Municipal Investment Fund (IMIF) developed with UNCDF, UCLG and Meridiam to develop innovative financing solutions.
- Regional level: Development of programs with regional institutions on urban finance (e.g., West African Economic and Monetary Union (WAEMU), Association of Southeast Asian Nations (ASEAN), and Development Bank of Latin America (CAF).
- National level: Support to national governments to develop policies, instruments, enabling environments & programs to enable local development financing (Morocco, South Africa, Ivory Coast, Togo, Uganda).
- Subnational level: Support to local governments through tailored capacity building, technical assistance, financial engineering, and networking with potential investors.

Overall FMDV has worked with over 1500 local & regional governments in 100 countries across 5 continents, working with more than 500 private companies, and 150 Public Development Banks to unlock financing for local and regional governments. This by supporting ongoing programmes worth 35 million euro, with a total of 1 billion euro already mobilised for a just urban transition.

Looking at the challenges that local governments face to access funding, the presenter mentioned that central governments have been facing funding constraints, capacity constraints, and outdated legal frameworks to implement local revenue mobilisation tools for LBF and OSR implementation. This hinders not only local governments but development finance institutions as well as the private sector to finance local governments since enabling frameworks are not present.

FMDV's methodology to address this challenge is based through 3 main axes:

1. Enhancing the legal environment and developing enabling conditions to implement OSR and LBF tools through multi-stakeholder dialogue at national and local level.

2. Strengthening institutional capacities on OSR and increase capacity of Local Government to plan their investments.
3. Enhancing low carbon investment through pilot projects to test ideas before scaling-up interventions.

Presentation 2: Introduction of LBF in Uganda (Sandra Reverdi, FMDV)

Sandra Reverdi provided a detailed presentation of the work of FMDV focusing on the PIFUD program in Uganda, which is a 4-year flagship programme, funded by the EU Commission and co-led by the Kampala Capital City Authority (KCCA), which started in November 2019. The main objective of the programme is to enhance access to local finance for local governments to promote urban transition at the Greater Kampala Metropolitan Area (GKMA). Based on the methodology that Justine described the objective of the programme focusses on strengthening the financial performance of local governments to reduce their dependency on transfers from the central government. This through three key outcomes:

1. Regulatory reforms to allow sub national local government to access capital markets.
2. Enhancing OSR through innovation and automation of local revenue management systems.
3. Innovation and smart solutions for low carbon energy adoption to demonstrate the benefit of local Governments to acquire financial independency.

The methodological approach used for the programme is based on a peer-to-peer approach aiming at mobilising partners such as UN-Habitat/GLTN to share experiences and expertise as well as bring together local governments.

The context of urban finance in Uganda is characterized by a population of 46 million people, with a rapid demographic growth, which will reach 100 million by 2050. Uganda also is the 2nd country with the highest urbanization rate at 5.5% which has important consequences on urban development and service delivery. Currently 60% of city dwellers live in slums and informal settlements. This represents an important challenge for local governments to find financing solutions at local level to secure adequate livelihoods for citizens.

The GKMA is the most urbanized area of Uganda having 9 local governments including KCCA. Its annual population growth rate is almost 4% and generates 70% of the national GDP. This gives the GKMA a strategic and important area for Uganda's development and has been approved as a special planning area in 2013. In 2020, cabinet also approved the first GKMA Economic Development Strategy (2020-2030). The PIFUD programme aims at accelerating and supporting the financing and implementation of the strategy to reduce the gap of 20 trillion Ugandan Shillings to finance local service delivery.

Sandra also presented the districts and divisions within the GKMA as the metropolitan area can't be seen as a whole, but rather as a diverse and dynamic metropolitan area. This makes the process more difficult because of the presence of different contexts, capacities, and needs. Nevertheless, the presenter said that local governments within the GKMA face similar challenges of fiscal decentralization. This due to the fact that the legal framework identifies the local government as the responsible entities for service delivery and require them to prepare their own development plans and mobilize revenues locally to facilitate funding for recurrent and development expenditure for service delivery. However, local governments are still dependent on central government transfers as they remain their main source of revenue through conditional or unconditional grants. Locally generated revenue represents only a small percentage of local government revenues. OSR represents only 3% of overall local government budget. For *urban* local government it is at 15% of their budget. Furthermore, there has been a decline of the national budget providing important indication on the need of developing OSR to bridge the gap in local government financing.

Given the above-mentioned challenges, revenues from land and property have been identified as an important source of revenue because it represents a large revenue source for local governments. However, the nominal amount of revenue collected is low. Hence, there are untapped opportunities together with multiple challenges, often related to the weak revenue management system. Nevertheless, the four fiscal tools used are:

- Recurring building value tax
- Lease payments and premiums
- Transfer taxes and stamp duties
- Sale of public land

It is important to note that property taxes in Uganda are the taxes on rental and business income of properties, hence not taxes on the land but on its use for commercial, institutional, and rented residential properties. The above-mentioned tools are included in the legal framework. However, implementation of these tools is limited due to the lack of capacity of local governments on management systems, valuation of property - which is not done regularly (every 5-years), low compliance and lack of enforcement capacities, as well as general confusion on the different taxes being requested and conflicting claims on land ownership. This does not incentivize citizens to comply, and institutional corruption is also not conducive.

Other fiscal tools that are not part of the legal framework are:

- Developer Charges/Exaction
- Sale of development rights
- Inclusionary housing
- Recurring land value tax
- Land readjustment

These taxes have not been applied in Uganda as the government offers tax incentives to developers. Moreover, vacant land, underdeveloped land as well as residential owners of properties are also not taxed. Nevertheless, reforms are being worked on to try to tap into the opportunities to tax such properties and lands.

Sandra explained four key roadblocks to implement LBF in Uganda, these are:

1. **Demand and supply for Urban/Serviced Land:** Due to the fast-paced urbanization and low supply of housing property prices are increasing. Moreover, there is a lack of capacity in land administration management. Both taxpayers and municipal revenue collection teams have voiced the poor motivation in billing, payments, and collection of taxes. This is mostly due to long

distance travelling, complex registration and enumeration systems causing fatigue for officers and confusion to taxpayers. Nevertheless, the roll-out of an automated system of revenue collection could represent an opportunity to improve the performance of LG systems and to move away from manually recorded tax records to an integrated online system.

2. **Legal and regulatory issues:** In the context of Uganda's national urban policy, there is a strong need to harness the value of new forms of LBF tools. Moreover, there's a need to clarify the overlaps in the regulations, as 14% of the existing local tax sources are not being collected by local government due to conflicting regulations. This creates shortfalls, for example, Stamp Duty on land transfers is remitted to central government under the Stamp Duty act, yet it should be the local government to collect those revenues.
3. **Political support:** Exemptions on taxes are too recurrent. Currently commissions and LG associations are working on policy reforms to reduce the exemptions. Moreover, there is a need in Uganda to raise awareness to strengthen tax compliance by informing residents on the different taxes to avoid confusion and showcase the benefit of paying taxes for service delivery and strengthen the trust between communities and local authorities.
4. **Historical and cultural context:** 80% of land is under customary tenure system by the Church and Buganda Kingdom. Hence, collaboration and coordination with the different actors is needed to clarify land and property tenure.

Given the context, PIFUD addressed these challenges through the below mentioned activities.

- **Organization of a high policy dialogue in November 2020**, gathering more than 100 participants. Objective of the policy dialogue was to discuss local governments challenges to access finance. The result of the high policy dialogue was the validation of 10 actionable commitments that were signed in an Aide Memoir by the Ministry of Local Government and the Ministry of Finance. A task force was created through the leadership of the Uganda Local Government Association (ULGA) to transform the commitments into policy reforms to improve local governments to access finance through OSR and access to the borrowing cap. The main conclusions of the high-level policy dialogue focused on campaign sensitization for the communities, continued automation process for tax collection through the Integrated Revenue Administration System (IRAS), partnership collaboration, dedicated team working on revenue mobilization. Advocacy was identified as a challenge due to the fact that is a long-term process. Ongoing sensitization and advocacy are essential to success by creating a framework for discussion and coordination with all stakeholders, while ensuring accountability and proper use of tax collection to demonstrate the benefits of taxes investments.
- **Key activities were highlighted for advisory support on strategies and operation programmes to unlock finance for local governments**. These include developing tools at metropolitan scale to improve the planning and financing process in the GKMA through a capital investment plan to match projects with relevant sources of financing from OSR and LBF. The second activity is led by UNCDF on the Training of the Tax Administration Diagnostic Assessment tool (TADAT). The objective of the tool is to provide a standardized performance

assessment of a system of tax administration to identify gaps and improvement in the tax administration system. More than 100 GKMA staff were trained on the tool by UNCDF.
The third activity mentioned is the automation of revenue collection system to increase OSR through IRAS. Other systems were implemented such as e-cities system, which changed to IRAS being rolled out in GKMA doubling revenue collection from local government in the last two years. The main challenge highlighted is the importance of local governments ownership by developing long term capacity to improve tools and processes.
The last activity is the elaboration and dissemination of knowledge and capacity building on expert knowledge through the elaboration of a policy brief on LBF that was elaborated to support the advocacy process. The policy brief was elaborated in collaboration with UN-Habitat. The objective is to disseminate the knowledge through a guidebook and to share this with local government to sensitize local governments in incorporating the vocabulary and reasoning behind LBF. The other activity relates to strengthening capacity through workshops on LBF with support of UN-Habitat/GLTN.

Finally, the main take aways of the PIFUD programme were presented by Justine Audrain who highlighted the long process of such projects to enhance access to local revenue. She mentioned the importance the role of city networks such as FMDV and ULGA to push for advocacy and reform. Other relevant considerations include the importance of supporting existing practices by strengthening them through capacity building and by using innovative solutions adapted to local context. This ensures that local governments can take ownership of these tools for their own strategies.

Presentation 3: “Case study by Local Government: Nansana Municipality” (Presented by Her Worship the Mayor Regina Bakitte Nakkazzi Musoke)

The mayor of Nansana presented the work that Nansana municipality has been doing to increase local revenues with support of development partners and the government of Uganda through the Local Government Finance Commission. The municipality has been undertaking activities for the automation of revenue systems and processes by using the Integrated Revenue Administration System (IRAS) that is instant, secure, reliable, and simple. Previously the municipality lacked revenue sources but once the sensitization on the issue commenced, local revenue has increased through the above-mentioned partnerships and activities.

The IRAS system has the overall goal to improve municipal revenue performance and management in order to reduce dependency on central government transfers. The scope of using the IRAS is to roll out a taxpayer registration system for forecasting and budgeting as well as developing assessments, collecting taxes, through billing, accounting, and developing receipts and reports.

Before the implementation of the system, the municipality was using manual revenue collection systems. The municipality was facing several challenges related to delays in revenue collection, inadequate collections, manual registrations, poor data collection, poor reporting, management, and billing systems. Since the project implementation, there has been significant improvement in the overall revenue performance. Since 2019 with the introduction of IRAS the municipality doubled their revenue collections.

This has also led to tripling the registered taxpayer within the municipality. Technical staff has also grown to increase taxpayer registration. In terms of revenue assessment, the municipality has more than tripled its assessments. This increase was mainly due to the use of agents going to the field and working on sensitization of the population through local councils. Participatory processes and the work with local councils have helped revenue increase through taxpayer sensitization. Bottom-up approaches were mentioned as critical for success.

Regarding the progress of automation, the mayor said that the pilot project started with the development of taxpayer registration, and collection. The rolling of the IRAS was done in 4 Nansana divisions, whereby the municipality received 20 point of sale gadgets, computers, printers, monitoring screens, which were given to the town clerk's office and divisions. Moreover, the municipality organized capacity building workshops, whereby over 50 division staff were trained. Furthermore, taxpayer sensitization was done through all the divisions with over 25,000 taxpayers being sensitized.

The process of IRAS in Nansana comprises six steps:
1. Account creation
2. Revenue source registration
3. Billing and assessment
4. Payment
5. Receipts & Certificate
6. Report

Since implementation of the IRAS over 210% of revenue increase has been reported. Moreover, taxpayer registration has increased to over 30,000. Due to automation of the system, costs to collect taxes have also reduced.

Nevertheless, some challenges were encountered when the new system was introduced. Municipal staff and town clerks did not welcome the new system as they were used to receive cash, which the new system would not allow. Moreover, the divisions were used to the old system and did not have the capacity to use automated systems in addition to the fear of losing their power due to automation. With time they started appreciating the new systems through sensitization. Capacity building for the agents to ease the use of IT knowledge and gadgets. Most of these challenges have been overcome through mass sensitization of staff and taxpayers, through radio, and workshops, as well as training on IRAS for all staff at municipal, division, and ward level. Nevertheless, more needs to be done to strengthen both capacity and equipment.

Hence the attributes needed for a successful change in systems are:
- Mindset change through meetings and sensitization (drive out fears)
- Political will (ownership). Many municipalities are seeing the changes in Nansana as a good case to change the systems of tax collection.
- Motivational facts, by showing increase of revenue
- *Other attributes can be seen in the slides, Annex 3*

Since the increase of municipal revenue through the IRAS system the municipality had the financial resources to procure a grader for upgrading municipal roads, a 20-acre land for waste management, garbage trucks, and a building for municipal staff. The municipality will soon start land banking to improve revenue, redesigning Nansana market, improving playgrounds, procuring motorcycles for revenue mobilization agents, doubling workspace for the mayor and town clerks, conducting feasibility studies for roads and other projects. Nevertheless, there are still funding gaps for: street lighting, computerized property valuation with GIS, physical planning and urban management, road tarmacking, smart permit and parking, and waste management.

In terms of lessons learnt, Nansana needs to better track data to forecast budget, improve transparency to ensure that taxpayers are comfortable with the different payment platforms, and gain a better understanding of where invest the money to enhance the system, as well as strengthen the political will.

Finally, the Mayor thanked the Government of Uganda, including Local Government Finance Commission, Ministry of Finance, Planning and Economic Development, Ministry of Local Government, and Kampala Capital City Authority, Development Partners especially; European Union, the World Bank, FMDV, UNCDF, and UN-Habitat for the invitation and the support.

Key Questions: Discussant (Willard Matiashe, Development Action Group), in dialogue with presenters

Willard Matiashe started this segment by observing that municipal taxes can be categorized in two ways: OSR generated for operating budget and OSR that is generated for purpose of capital budget. The presentations squarely fit with the category of operating budget. This is because operating budget are based on where the revenue is being spent such as infrastructure, waste management, etc. Capital budget instead has its OSR triggered by the Land Use Planning system. According to the presentations, OSR that is generated for capital budget is not being levied due to exemptions. Another important issue is related to the tax rate. The sharp increase of revenue collected thanks to the automated system of revenue collection might not be the only reason for increased revenue. In theory, if you set your tax rate too low people are most likely to comply but when the rate is increased compliance reduces through avoidance or evasion. For this reason, it would be important to shed light on the underlying reasons why revenue is increasing: what are the factors that are considered when you determine the amount of tax that is payable? What other variables are considered such as the size of the property and location? Why is that and what approach is being used to levy taxes on the user rather than the owner of the land?

Sandra Reverdi responded by explaining that in Uganda there is no differentiation between operational and investment budget and the local government rating act determines the rate of the taxes to be collected. The amount of the revenue collected is usually a small amount which cannot cover for infrastructure or capital investment. Hence its used for maintenance or purchase of equipment as presented. Partners also highlighted that the automated system is not the only factor for increased revenue, engagement with citizens through awareness raising has also greatly helped.

Justine highlighted that development revenues fit into the national budget, which fits into the investment management programme at national scale. The challenge for local governments is to manage the other streams of possible revenues that are still low. The purpose of the PIFUD programme is to increase these investment capacities, however once the revenues reach the central government the key challenges are related to how to re-capitalize revenues back to the local level based on their performance and how to align investments with local development strategies. Questions have been raised on how tax rates can be aligned with the realities on the ground, especially looking at land speculation and the increase of land prices. On this matter, USAID is working with intermediary cities across Uganda to revise property tax rates. The discussion on tax exemption on commercial properties/buildings/activities is still unresolved. This remains a big challenge given the nexus of local economic development and providing public services to citizens by local governments to raise taxes. Often, expanding businesses are growing while still benefitting tax exemptions that could benefit public services.

The Mayor of Nansana also intervened by explaining that automation has not only be the reason for increased revenue. The tax rates in Nansana are low as compared to the city of Kampala. Hence, more people find it easy to come to Nansana and have their businesses operating from there. As a result, tax revenues have increased. Moreover, citizens have seen the positive contributions of paying taxes and have been sensitized, therefore revenue also increased as result of their increased motivation to pay the tax.

From the chat box, the discussant brought forth questions from the participants. The first one was to shed light on the tax system tool being used and if it looks at non-tax revenue administration such as user charges and fees. The second was whether there is a reliable understanding and analysis of the peri-urban / urban land markets considering the complex tenure system? Has there been research on what the land value increase rates are, and where those increases go? Who is benefiting from the lack of 'capturing' those value increases? Is this where the exemptions play a role? To add on this last question the discussant wanted the presenters to also elaborate on the exemptions of some lands and if the exemptions are a factor of the value of such lands being more expensive?

Considering the questions presented from the chat box, open discussions saw the following participants answers.

<u>Joel Mundua:</u> Regarding the TADAT tool there is now a dedicated subnational tool that can be used by local governments. In Uganda, the tool focusses on tax revenues in 10 pilot cities which UNCDF assessed.

<u>Simon Mwesigye:</u> complimented the impressive positive changes happening in Nansana and thanked the mayor and FMDV for the insights presented. He asked whether the community is involved in deciding which services are to be provided. Moreover, Simon commented on the issues of exemption and highlighted that the tax base for property rates is narrow because of exemption for owner occupied residential properties, which is politically motivated since 2005. He asked the presenters if there has been engagement through the Association of local governments to engage with the national political leadership to see if such exemptions can be removed. Lastly, he mentioned that the current government policy is to

collect revenue at central level through the Uganda Revenue Authority and asked whether this has any impact on the motivation of local governments to increase their revenue collection.

Justine Audrain: Based on the questions and comments raised on the increase of land value at metropolitan scale, explained that the challenge is to build a capital investment plan and investment capacity at metropolitan scale. The key issues is how to link such revenues on land and property taxation and track the changes in land value alongside the usage of land and property. The importance of sensitizing communities and the administration is essential to implement the necessary systems to create an enabling environment.

Antony Lamba: mentioned that it is interesting to look at registration as it is important for municipalities to have accurate data on eligible properties that need to be taxed. He asked to the presenters what method was used for valuation and whether it is market based? He stressed that it is important that collection methods are simple to make it easier for the taxpayer to reduce transaction costs. Finally, Antony said that more municipalities are moving towards participatory budgeting and reform often require budgets to be designed through participatory processes. Hence, consultation with taxpayers is essential for reform success.

The Mayor of Nansana: provided her responses to some of the questions and said that a budget process is in place whereby the community is involved and has a say on the budget. Moreover, she said that there is no tax exemption in Nansana. This because property taxes are only levied on commercial buildings and not residentials. Moreover, the issue of local revenue moving to the central government is an important issue to consider for decentralization to be strengthened.

Concluding Observations – Facilitated by the Moderator

Sandra Reverdi: Concluded the session by thanking the organizers and the mayor. She stressed that political support and having champions on the ground to continue advocacy work are essential to implement LBF and OSR reform.

Justine Audrain: thanked the organizers and the mayor. To conclude she highlighted that there are 11 laws being worked on LBF to improve access to finance mechanisms for local governments. She highlighted that an evaluation was done for the programme whereby 2.2 trillion UGX was realized out of the 5.5 trillion UGX. Hence, it is a challenge for local governments to use LBF tools in an efficient manner and aligning this with a strategy that they can develop with communities and other stakeholders on the ground.

The Mayor of Nansana: Thanked the organizers for the opportunity to present the work of Nansana municipality and highlighted the importance of OSR as the only way to finance cities to attain the SDGs.

Willard Matiashe: said that it is encouraging to see innovation taking place in Uganda and the potential opportunity to increase OSR. Nevertheless, he stressed the importance of getting the basics right, such as developing systems, sensitization, and upgrading these systems to increase revenue. He mentioned that the low tax rate might be beneficial for local governments at first. However, in future one needs to consider a shared approach between local governments to increase rates since municipalities are currently competing.

Additional Comments and Questions

During the discussion, additional chat box comments and questions were posed by the participants. These are summarized as follows:

Comments:

- Within PIFUD the objective is to develop a Capital Investment plan at metropolitan scale. The challenge remains to integrate multi-scale/level strategies at a metropolitan level
- The property tax focus on the 'user' and comes from the British system of rating. The Rating Act allows for 'mass valuation' which is often interpreted as mass appraisal to market value, but could also underpin a more simplified approach, such as points-based system, or banding, which would be ideal in this context. Lots of 'informal' commercial activity that is substantial, permanent should probably be taxed more! roadside furniture shops, garden suppliers etc.
- KCCA have made great improvements in OSR using street addressing for example, but valuation for property tax remains a challenge!
- Property tax act guided KCCA valuation process, residential owner occupied are exempted as per the law, except rented and commercial properties are taxed

Questions:

- Is the IRAS the same system as KCCA eCITIE?
  - IRAS and E-Cities are both electronic tax collection systems linked to URA system. They are different systems although IRAS system is a locally developed solution and for revenue performance, reconciliation, and reporting. The IRAS is accessible through the web and mobile application and provides a 360-degree view of the taxpayer profile and the revenue functions. It provides capacity to local governments to transform their tax and revenue collections into a fully integrated customer centric service. Given the tested ability of IRAS it has been recommended by government of Uganda to be rolled out in all the districts and municipalities and by December 2023 it will have covered 80% of the local governments in Uganda. Whereas e-Citie is only being used in Kampala for revenue collection without upscaling it to any other local governments. Therefore, IRAS is not the same as E-Citie system
- According to the internet, the IRAS system was developed as part of the City Credit Worthiness initiative. Does Nansana (and other local governments) pay for an annual amount to the URA for maintaining/supporting the system? If so, how much is the annual license (charge), for example as a percent of the revenues being collected?
  - The IRAS system is a government of Uganda Owned system which was developed through the credit worthiness project led by the World Bank. All system modifications and improvements or change requests are submitted to the LGFC and shared with consultants

for implementation. In regard to the above, local governments like Nansana do not pay any subscription or annual fees to use the system but can hire a consultant to undertake property valuation or mass taxpayer registration and update which in turn is uploaded on the IRAS system for assessment, billing and payment by clients. All revenues are collected through the National revenue system - called E-Tax system - which is owned by the Uganda Revenue Authority (URA) mandated to collect revenue on behalf of the government of Uganda. After two days upon the receipt of the revenues in the URA accounts, those are remitted to central bank then subsequently sent back to the respective local governments. The revenues are collected and reconciled every month and quarter. An agreed percentage documented in the Local Government Act and the Revenue Act (3% for peri-urban and local governments and 11% for urban municipalities) is reimbursed to for the local governments to support their recurrent and development concerns. This adds on the quarterly conditional and non-conditional releases sent directly from the central government to support the local governments works. In conclusion, the Uganda Revenue Authority (URA) takes no fee for that and do not play any significant role. The entire cycle from assessment to collection is undertaken by the local governments.

- Is the registration of properties voluntary or systematic (do the local governments know what % of eligible properties are captured in the register)?
    - The property registration exercise is systematic and is done following the local government Property Rating Act and the related regulations for property. Successful implementation of a property valuation exercise is done by having spatial data form a cadaster system which attaches references to specific plots so that properties can be easily located for valuation purposes and for effective administration of a valuation roll by the local government administrators. This happens having defined the property boundaries, legal rights of ownership, clearly identified streets/roads, plots and buildings, and comprehensive data on land holdings of the municipality. However, for the local government of Nansana where such a cadaster system is not in place, the alternative is to develop a basic street addressing model to generate street and building addresses using a system of maps and charts. This is done using a combined methodology for developing a basic street addressing model, alongside the property valuation exercise and it involves the following:
        - Subdividing the respective local government urban area into address zones; where the respective local government urban area is subdivided into villages and neighborhoods as this allows for linking the numbering of street to areas that are familiar to the local people.
        - Street numbering and naming. In this activity, the Streets/Roads that are named are identified and captured. For unnamed streets, the numbering system do take the form of initial letters of the village or neighborhood, followed by a number. For example, streets in Katabwe Ward can be named as KATA.1, KATA.2 etc. In each neighbourhood, the numbering of the streets begins by first setting a point

of reference which includes a major road or trading center. This allows to extract the existing cadaster layer maps using Geographical Information System (GIS) and populate them with the gathered information to create base maps that clearly show the (i) boundaries of the LG administrative units, (ii) the street layout in the LG urban area, (iii) notable buildings and landmarks in the LG urban area, and (iv) the toponymy of local neighborhoods and updating the base map with the street numbering (earlier decided upon).

"Mass appraisal" as adopted from Section 12 of the Local Government (Rating) Act, 2005, as amended, is a method of appraisal whereby a large number of properties is valued at the same time based on the general features of properties in the whole or part of the local government's jurisdiction. Collection of primary data on all the properties is done in accordance with the minimum requirements of the Local Government (Rating) Act, 2005, while also ensuring that it is comprehensive enough to facilitate rigorous computer modeling and facilitate updating of the address directory. The attributes on which data are gathered during the property identification exercise include the following: Property ownership and their contacts, Tax Identification Number (where possible), Property description/ main and sub current use, Category of building (Apartments/Storied /Estate / Bungalow /Commercial, Physical property characteristics for both land and buildings, Property details for Commercial (Single/Double) and Number of rooms, monthly Rentals, Location details (zoning):- Ward/Cell/Road name, Site data (access and utilities), Market data, Tax map reference, Identification Document type and Number, Photos – In front/Sides/Behind (soft copies), Capture coordinates and measurements. (GPS Location), Details of the Contact person / Caretaker (where possible).

Once property data has been collected, the next step is assessing the values of all the properties surveyed for the ascertainment of their gross values. The Ascertainment of Rateable Values will culminate into generation of the Gross rate or property tax base. To attest that the draft valuation list has been appraised impartially and thoroughly checked, the LG issue a "Certificate of Valuer" using the appropriate Form prescribed under the Third Schedule of the Local Government (Rating) Act, 2005. This Certificate shall accompany the draft valuation list copies submitted to the respective LG administration. The consultants of the Integrated Revenue Management System have done the valuation in more than 20 local governments in Uganda leading to the total estimated ratable value of UGX 500bn.

- What is the periodicity of valuation required by the law for land-based taxation? Is the valuation method linked to the land market? Does the municipality have the capacity to conduct valuation per the law?
    - The local government has a mandate to conduct property valuation every 5 years. In accordance with Section 11 of the Local Government (Rating) Act, 2005, which

determines the ratable values of the respective properties, after generating assessment for all the properties in the valuation module of the property rates system, the extract copies of the draft valuation list of all the properties is submitted to the respective LG administration. At minimum, the Draft Valuation List shall contain the following particulars in respect of any property on the list as prescribed in Section 10 of the Local Government (Rating) Act, 2005: Serial Number; Detailed description of property including plot number, street or road, name of property and other relevant information; Owner's name and address; Village and parish local council; Category of property use; Gross value of property; Ratable value of property. In conclusion, the property valuation is done and linked to the land market of a given community or location

- How much of Nansana's annual budget is financed by OSR? Has Nansana municipality analyzed how much it costs the municipality to collect land-based tax vs how much it collects?
    - The Municipal council has been using IRAS since 2019 and they have doubled their previous collections with the introduction of IRAS from UGX 2 billion in 2017/18 before introduction of IRAS to UGX 5.4 billion 2021. In terms of assessments, it has more than tripled its assessments from UGX 3,842,447,420 in 2018 to UGX 22, 106,519,885 by 21st May 2022. Nansana MC has also increased its taxpayer register from 12,812 in 2018 to a total of 79,130 by 21st May 2022. The municipality currently incurs less than 10% of every quarterly collection as collection administration expenditure hence making the system more efficient and cost saving. For example, to collect UGX 5.4 billion, the Municipality spent less than UGX 0.3 billion in mobilization, sensitization and enforcement.
- Is the owner-occupied exemption general, or just for Kampala?
    - Section 6(1) of the Local Government (Rating) Act provides "that the person liable for payment of the rate shall be the owner of the property in respect of which the assessment is made." Therefore, anyone who owns a building which is used for commercial purposes (including residential rented properties) is eligible to pay whereas those who stay in their houses and thy own them. All residents require and benefit from certain services from the municipal, such as road construction and maintenance, street lighting, anti-malarial drugs, garbage, collection, environmental conservation among others which may not appear directly beneficial to us as individuals but are vital to the community as a whole. There is, therefore, a need to contribute to their provision through statutory contributions such as Property rates. Therefore, owner occupied houses are charged zero or less compared to commercial properties across the country.

ANNEXES

Annex 1. Attendance list

Name	Organization	Email Address
Abdirizak Ali	UN-Habitat	abdirizak.ali@un.org
Abdishakour Said	UN-Habitat	abdishakour.said@un.org
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Francesco Palmia	UN-Habitat	francesco.palmia@un.org;
Geoffrey Payne	Independent expert	gkpayne@gpa.org.uk; gkpayne@hotmail.com
Giulia Lavagna	UN-Habitat	giulia.lavagna@un.org
Jimmy Gaudin	IFAD	j.gaudin@ifad.org
Willard Matiashe, Claudia Hitzeroth, Mkholisi Sompeta	Development Action Group (DAG)	willard@dag.org.za; mkholisi@dag.org.za; claudia@dag.org.za
Jane Katz	Independent expert	janedokatz@gmail.com
Joel Mundua	UNCDF	joel.mundua@uncdf.org
Sandra Reverdi, Juliana Chia, Flora Geley, Justine Audrain, Antoinette de Rochebouet,	Global Fund for Cities Development (FMDV)	sreverdi@fmdv.net; florageley@gmail.com; jaudrain@fmdv.net; aderochebouet@fmdv.net; jchia@fmdv.net
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Peadar Davis	Ulster University	peddavis1@googlemail.com
Raed Sharabati	UNRWA	
Hon. Regina Bakitte Nakkazzi Musoke	Mayor of Nansana Municipality, Uganda	nreginaka@gmail.com
Roy Kelly	Duke Center for International Development (DCID)	roykelly@duke.edu
Sibongile Mazibuko	National Treasury City, South Africa	Sibongile.Mazibuko@Treasury.gov.za
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Stella Nalumansi Maiso	Nansana Municipality, Uganda	stenamrs@gmail.com
Sunday Aliti	UNCDF	sunday.aliti@uncdf.org
Titilola Akindeinde,	Local Government Revenue Initiative (LoGRI), ICTD	titilola.akindeinde@utoronto.ca
Clinton Omusula, Jean du Plessis, Jonathan Yakutiel	UN-Habitat (Learning Series Team)	clinton.omusula@un.org; jean.duplessis@un.org; jonathan.yakutiel@un.org

Annex 2. Presenters

SESSION 2: PRESENTERS AND FACILITATORS		
Name and Institution	**Role and Topic**	**Brief Bio**
Justine Audrain, FMDV 	Deputy Director of Programme, based in Kampala	**Justine Audrain** has 10 years experiences working with cities, at different level of governance ranging from local, national and international, as project manager and consultant in France and abroad (South America and the Caribbean, North America, Africa). She's in charge of the coordination and management of FMDV's programs in Uganda and more specifically supervises the PIFUD program. As Deputy Director of Programs at FMDV - the Global Fund for Cities Development she handles aspects regarding sustainable urban development and access to climate finance by municipalities. She has a background in Political Sciences, specialized in Urban Governance, Climate change and Development.
Sandra Reverdi, FMDV 	Programme manager	**Sandra Reverdi** is as program manager on climate finance at FMDV since March 2021 and is based in Paris. More specifically, she is mainly managing two EU-funded programs implemented (i) in Kampala (Uganda) on enhancing local finances for urban development and (ii) in Nouakchott (Mauritania) on urban mobility and street lighting. She has a background in urban development and international cooperation and experiences working with multilateral and bilateral development partners in developing countries, as she worked with the French Development Agency (AFD) from 2018 to 2021 based first in Kampala, and then in Tunisia.
Hon. Regina Bakitte Nakkazzi Musoke 	Mayor of Nansana Municipality	**HW. Regina Bakitte (AMICAALL Uganda Chairperson and Nansana Municipal Council/Mayor**). Since 2016 and Vice President Network of Mayors in the GKMA. As mayor observer, she sits on Regional Mayors' Forum under the Covenant of Mayors in Sub Saharan Africa (Com SSA). She is a passionate people-person, with over 15 years of experience in political and managerial leadership in Uganda. Is extremely committed to improving the lives and well-being of all individuals, resilient, visionary and focused. A strong advocate for sustainable health development especially among the vulnerable populations. She is a holder of Masters of Public Health – Population and Reproductive Health, and two Bachelor's degrees: Bachelor in Environment Science and in Environment Science and Bachelor of Human resource management.
Willard Matiashe 	Discussant	Willard Matiashe is an urban development specialist with over 10 years of experience in land-based financing, informal settlement upgrading, and urban land use planning and management. He works at DAG as a Senior Researcher and he is currently the project leader of a National program on Land Value Capture, initiated by a tripartite partnership between DAG, the Lincoln Institute of Land Policy (LILP), and the National Treasury's Cities Support Programme (CSP). The program seeks to enhance South African local governments (particularly metros) capability to efficiently and effectively implement innovative Land Value Capture tools and strategies to advance spatial transformation. His work includes a variety of policy submissions, design, and implementation of capacity building training sessions for built

		environment practitioners, and development of LVC related practice notes for practitioners. Willard holds a Master's in Spatial Planning from University of Aberdeen (UK), and he is also pursuing PhD studies with the School of Economics and Management Sciences at the University of Pretoria.
Jean Du Plessis, UN-Habitat 	Welcoming Words and Moderator	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.

UN-HABITAT FOR A BETTER URBAN FUTURE

GLTN GLOBAL LAND TOOL NETWORK

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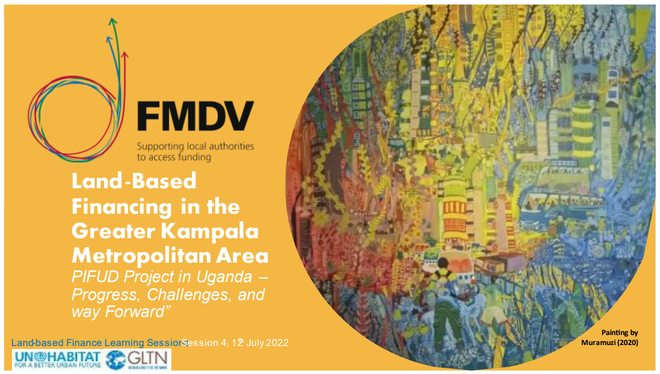
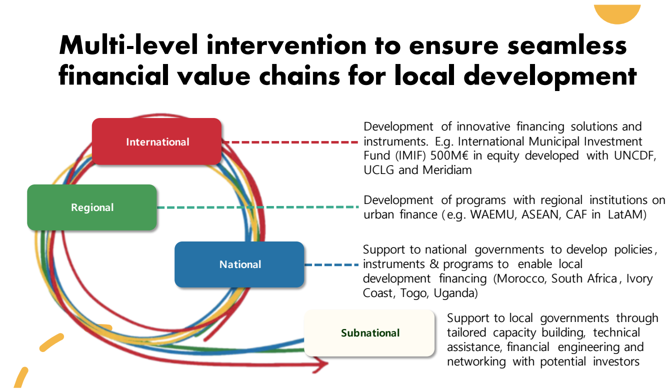
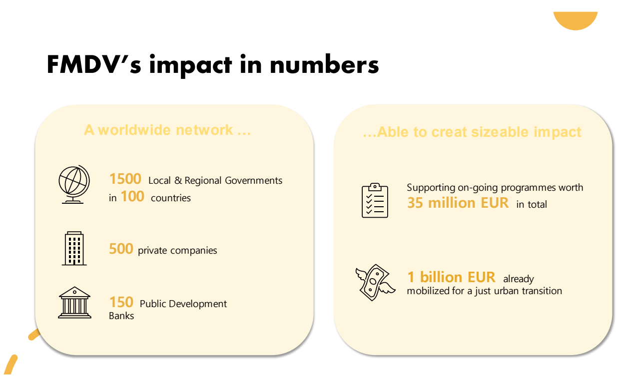
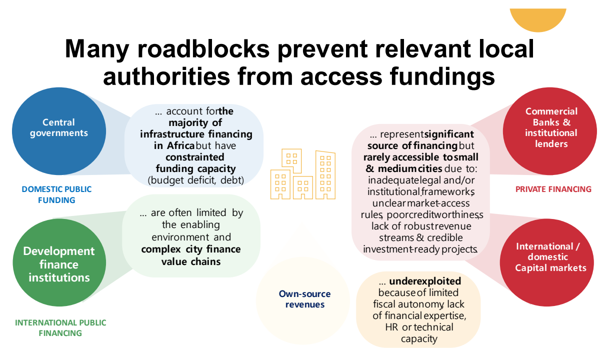
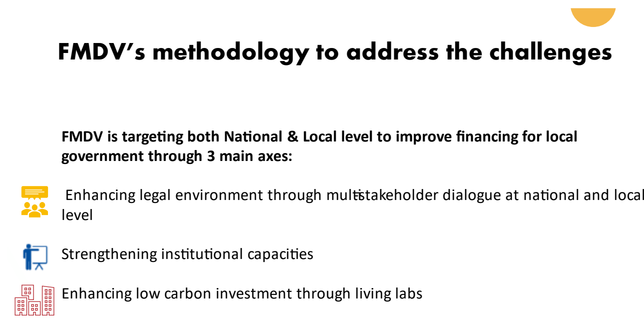
ANNEX PRESENTATIONS











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PROGRAM ON INTEGRATED LOCAL FINANCES FOR SUSTAINABLE URBAN DEVELOPMENT IN THE GREATER KAMPALA

pifud Finance4GKMA

- 4-years programme, funded by the EU Commission
- The program started in November 2019, with the signature of the MoU between KCCA and the EU
- The program is co-led between KCCA and FMDV with co -financing partners: UNCDF and Cities Alliance

The programme focuses on 3 key outcomes

THE PROGRAM FOCUSES ON 3 KEY OUTCOMES

1. Regulatory reforms to allow sub nationals in the GKMA to access Capital markets to finance the much needed infrastructure.
2. Enhancing own source revenues through innovation and automation of local revenue management systems.
3. Innovation and smart solutions for low carbon energy adoption.

Context of Urban Finance in Uganda

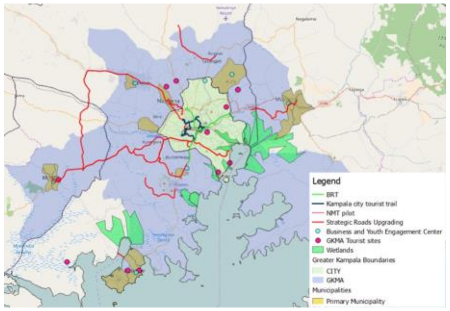
Fast demographic growth and urbanization.

- **As of 2020 Uganda's population is 45.7 million, projected +3% per year to reach 100 million people by 2050, with 69% under the age of 25**
- **As per 2020, (WB estimates), 11,141 thousand urban dwellers (+27% total population)**
  Urban 'unemployment' from 14.4 to 9.4 % (sourceMin. Finance2021, NDPIII)
  Reduce the acute housing deficit of 2.2 m;
  'Slum and informal settlement' dwellers 60%;

Between 2015 and 2020, urban pop growth annual rate is above 5,5%

The Greater Kampala Metropolitan Area

- **Annual population growth rate of over 3.9%.**
- **70% of the national GDP**
- **In 2013, was approved as a " special planning area"**
- **In 2020, Cabinetalso approved the first GKMA Economic Development Strategy (2020-2030)**
- **Roughly UGX 20 trillion (approx. 5 billions EUR) must be mobilized by local government of the metropolitan area by 2025.**
- **LGs seem to gradually losing the capacities to direct and own service delivery**



Zoom in the Greater Kampala Metropolitan Area

District/City	Division	Average pop growth 2002 to 2014
Kampala	Central	-1.31 %
	Kawempe	2.16 %
	Makindye	2.19 %
	Nakawa	2.32 %
	Rubaga	2.20 %
Wakiso district	Kira municipality	**8.14 %**
	Entebbe municipality	2.04 %
	Makindye Ssabagabo municipali	**6.28 %**
	Nansana municipality	**6.50 %**
Mukono District	Mukono Municipality	4.91 %
Mpigi District		2.43 %

Challenges of Local governments

Where as, the legal framework allows fiscal decentralization and the legal provision place the LGs as the responsible parties for service deliveries,

- Article 191 of the Constitution empowers Local Governments to levy, charge, collect fees and taxes in accordance with any law enacted by Parliament.
- Article 195 also empowers Local Governments to accept grants and also borrow money, with the approval of Parliament.
- Revenue Regulations empower Local Governments to borrow revenue, not exceeding 25% of its locally generated revenue from previous financial year, for purposes of investment, with the approval of the Minister for Local Government (exceeding 10%).

LG's 3 main sources of revenue:

- Central governement transfers
- External funds
- Locally generated revenue: most common taxes collected are the; property taxes, Local Service Tax, (LST) and Hotel Tax (HT)

OSR = 3% (on average) of LG budget and 15% for urban LG

In reality, local governments are still very dependant on Central Government

What is Land Based Financing in the Greater Kampala ?

LG's Mandate to tap into LBF options is included in Strategy 117 of the National Land Policy

	Entebbe Municipal Council	*Kira Municipal Council*	*Nansana Municipal Council*	*Makindye Ssabagabo Municipal Council*	*Mukono Municipal Council*	*Mukono District*	*Mpigi District*	*Wakiso District*
What is the main source of local revenue in your LG in FY 19-20?	*Land Premium (53%) other property related duty fees (14%)*	*Property related duties fees (53%)*	*Property related duties approx. (30%)*	*Property related duties fees (33%)*	*Land Premium (30%) Property related duties (11%)*	*Property related duty fees (53%)*	*Local Service Tax (43%)*	*Business licences (41%) Property related duty fees (13,5%)*

Collection efficiency is at less than 50%.

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What is Land Based Financing in the Greater Kampala ?

Fiscal tool	In use ?	Means of verification	Legal framework	Ease of access
Recuring building value tax	✓	Municipal council IRAS	LGs Rating Act 2005, the Rating Regulation, 2006, Condominium Properties Act 2001	• All LGs make efforts to keep property valuation yet highly reliant on lack of dedicated unit. • Current transformation from manual to e -systems (IRAS) • Low taxpayer literacy and morale, general confusions (example between property rates and ground rent).
Lease payments and premiums	✓	Municipal council IRAS	Land Act Cap 227, Registration of title Act Cap 230, Land Regulation 2004. it includes: - Land premium - Processing Application Fees - Consent to Transfer Fees - Valuation fee - Building Plan approval - Building Inspection Fee - Survey Fee - Land Inspection Fees	• There are conflicting claims on land ownership (ie. Uganda.Land Commission and District Land Boards (LG)). • LGs own little land that they can lease and the revenues raised are low. • LGs in GKMA cannot collect ground rent on the area that are claimed by Uganda Land Commission. • This is manly a problem in Kampala and Entebbe substantial land is public land
Transfer taxes and stamp duties	✓	Municipal council IRAS		• There are issues of corruption linked to the building permits, as reported by the Local Government planners • There are many tax exemptions being issued by URA
Sale of public land	✓	Municipal council IRAS		• Risks: one time revenue can lead to corruption or loss of economic value for the municipality • Government must have land (first) and this land must be considered best used by private development.
Betterment levies/ Special Assessments	✗		Removed from Town and Country Planning Act Chapter 246, revised in 2000. It is not captured in the 2010 Physical Planning Act.	

What is Land Based Financing in the Greater Kampala ?

Fiscal tool	Reason for roadblock	Enabling Legal framework	Stakeholders
Developer Charges/ Exaction	In all cases, the current reasoning in Uganda is to offer tax incentives to developers (Industrial, Hospital and Tourism) rather than having developers pay for the right to develop a particular land.	See URA 5th edition of the Guide on Incentives available for investors	Large residential developers such as • National Housing and Construction Company • Comfort Homes, • Universal Multipurpose Enterprises and • Waves Limited
Sale of development rights			
Inclusionary Housing			
Recurring land value tax	The 2013 National Land Policy also prevents any taxes on land until Uganda is a middle -income country.	The Physical Planning Act (2010) enables LGs to collect 'other' land-based charges' in consultation with the Ministry of Land Housing and Urban Development	
Land Readjustment	non-existent	Cities Alliance has presented 'Community Upgrading Fund' financing scheme in the 'feasibility study for slum upgrading of Kasokoso' The operationalization of the scheme relies on land tools and governance principles that are similar to 'land readjustment	See KJE 'No one worse off' initiative supported by the EU

Property taxes in Uganda = are taxes on the rental or business income of property, applied to commercial, institutional, and rented residential properties.

KCCA

The untapped opportunity of taxing Vacant land or undeveloped land

In Kampala (where data was collected by IGC) it represents

- a loss of between UGX 245 million and UGX 1.8 billion per year (64 K EUR – 500 K EUR)
- 8-10% of the land in the capital 'cannot' be taxed.

Main roadblocks identified specifically on Land Based Financing in Uganda

1 Demand and Supply for Urban / Serviced Land

Fast-paced urbanization rates and low supply of housing have led to a high Residential Property Price Index that is only growing in GKMA (2019: 9.4% RPPI).

Market centered property valuation system where rates are payable are determined using the annual rental value.

LGs must have the technical, financial and technological capacities to conduct regular land/ property valuation;

2 Legal and Regulatory issues

Uganda sees the transformation of towns into municipalities and municipalities into cities :

pre-emptive policy reforms are necessary to harness the value of this statutory transformation while regulating speculation on rural/urban land

Overlaps in regulation

3 4 Political Support

Large landowners have vested interests in expanding tax exemptions . and elected politicians might see the short term advantage to vote disruptive tax exemptions . Disruptive political announcements on tax exemptions are the main cause of concern from the technical officers

'Urban Development Forum' or Budget Conferences are being used as an opportunity to present to the communities and the resident private sector the annual development projects to secure buy-in and eventually support .

Local council decrees on collection of local revenue are crucial. According to MoLG, 26 percent of the local tax sources are being collected 'unlawfully' as they were lack a 'municipal council decision' .

Low tax compliance goes beyond 'enforcement ' there are core governance issues to be addressed

5 Historical / Cultural context

- Complexe land tenure system

How PIFUD intended to address municipal finance and 'Land Based Financing'

Advocacy for action

Multi-stakeholder dialogues and partnerships

Advisory-support on strategies & operational programs

Production & sharing of expert knowledge

1 Regulatory reforms to allow sub nationals in the GKMA to access Capital markets to finance the much needed infrastructure.

2 Enhancing own source revenues through innovation and automation of local revenue management systems.

3 Innovation and smart solutions for low carbon energy adoption.

Policy Paper
Actionable Commitments
Feasibility Studies

iRAS

Workshops
Technical support

Discussion on financial strategies linked to project profiling

Results and challenges when addressing 'Land Based Financing'

Multi-stakeholder dialogues and partnerships

Advocacy for action

Advisory-support on strategies & operational programs

Production & sharing of expert knowledge

Activities:

- Organisation of one high policy dialogue November 2020
- A 2nd high policy dialogue is planned to be organized in November 2022

Results:

- 10 actionable commitments signed in an Aide-Mémoire
- A task force created with the leadership of Uganda Local Government Association (ULGA)

Conclusions from the High-Level Policy Dialogue

Sensitization campaigns

Automation process

Partnerships

Dedicated team working on revenue mobilization

Challenges:

- Advocacy is a long term process requiring engagement of authorities and partners
- Unclear mandate and institutional interlocutor (shifting political scenery)
- Need to demonstrate particularly for citizen's accountability

Next steps:

- On going sensitization campaign through the IRAS implementation
- FMDV to support cities network – particularly ULGA

UN-HABITAT FOR A BETTER URBAN FUTURE — GLTN GLOBAL LAND TOOL NETWORK — ICTD International Centre for Tax and Development / Centre International pour la Fiscalité et le Développement

FMDV's challenges when addressing 'Land Based Financing'

Advisory-support on strategies & operational programs

Multi-stakeholder dialogues and partnerships

Advocacy for action

Production & sharing of expert knowledge

Activities:

- Developing tools at metropolitan to improve the planning and financing process in the GKMA
- Increasing LG's performance through a Tax Administration Diagnostic Assessment Tool (TADAT) assessment
- Automation of revenue collection system to increase OSR (including IRAS) - case study from Nansana will follow)

Results:

- support to match project with relevant sources of fundings (including LBF)
- TADAT assessment (UNCDF)
- Improved tax collection in 3 municipalities through the IRAS

Challenges

- Political ownership at local and national level
- Long term capacities to pursue the dialogue and the efforts beyond external support

FMDV's challenges when addressing 'Land Based Financing'

Production & sharing of expert knowledge

Advisory-support on strategies & operational programs

Multi-stakeholder dialogues and partnerships

Advocacy for action

Activities :

- Support the advocacy process on LBF through the elaboration of a policy brief on Land based finance
- Strenghten capacities of LGs through trainging workshops and partnerships with other partners mainly GLTN/UN Habitat

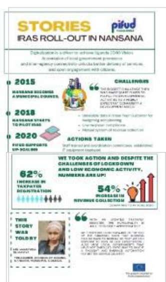
Next steps :

- Dissemination of knowledge for LG through publication of a guidebook on Land Based Financing in Uganda, in partnership with GLTN
- Continued advocacy support to sisters organisation

Main take aways (Justine?)

- Enhancing access to municipal finance is long term process, and PIFUD has the objective to plant the seeds through promotion of political dialogues, capacity building and demonstration.
- This should be addressed throught […] :
  (i) Collective continuous advocacy process
  (ii) Increasing LG's capacities (human resources and technical resources) on project preparation, fundings, planning..
  (iii) Demonstrate through pilot projects
- […] In order to increase dialogue between the national and local level, increase citizen's accountability, increase the sustainability of the processes on a long run.
- Cities' network (FMDV/ULGA) can play an important role
- It requires to identify champions to continue process but also technical and financial support from international process

Stories from implementation



iRAS

With the support of

LGFC

and

KCCA

OWN SOURCE REVENUE MOBILIZATION STRATEGIES FOR LOCAL GOVERNMENT

"A Case for Nansana MC"

PRESENTED TO:

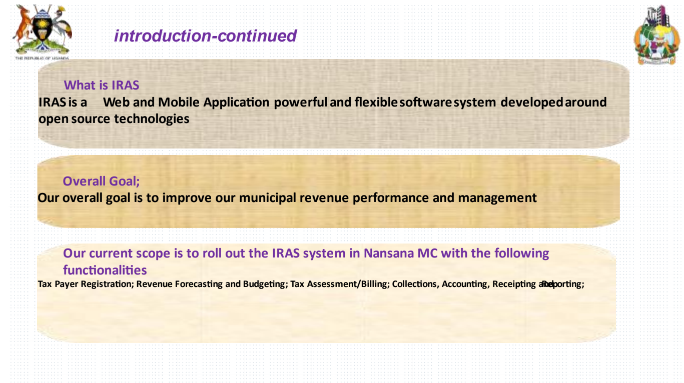
UN HABITAT FORUM

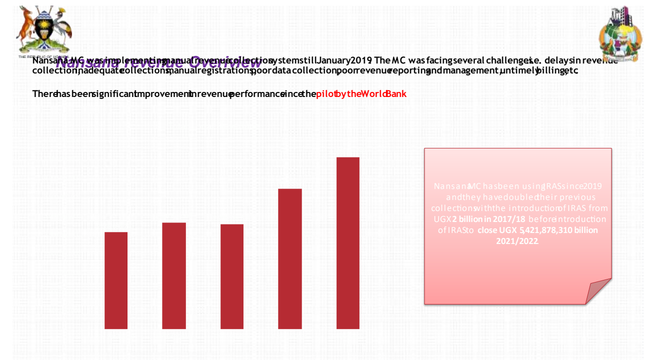
- *By*
- *HER WORSHIP THE MAYOR, NANSANA MC*
- *TUESDAY 12TH July, 2022*

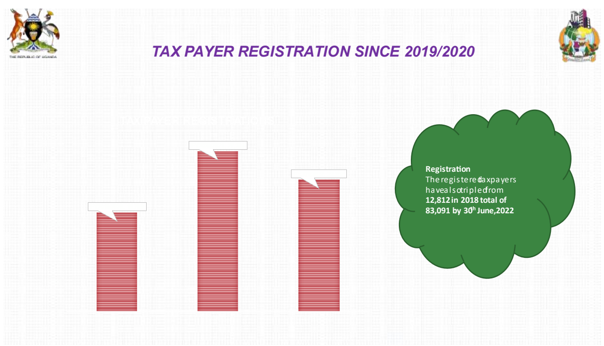
PRESENTATION OUTLINE

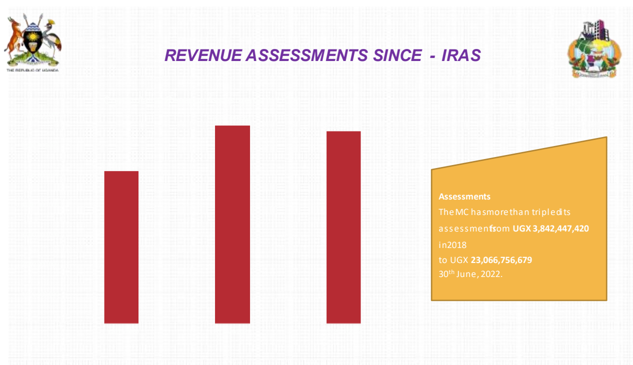
1. Overview of Nansana MC
2. Revenue Overview
3. Revenue Automation-IRAS Achievements to date
4. IRAS Benefits, Usage and adoption
5. Challenges before and how we overcome the challenges
6. Lessons learnt/ Achievements
7.

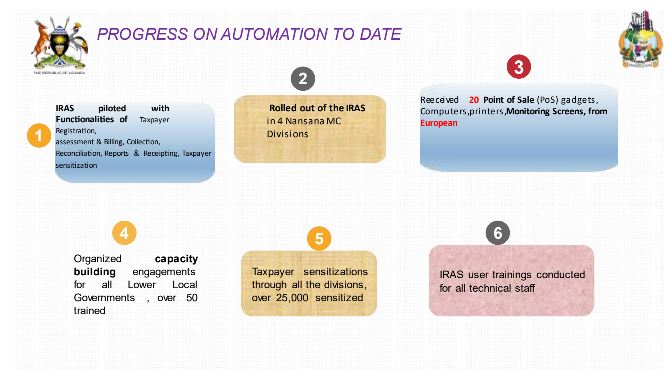

Introduction
The program With Support from Development Partners and Government of Uganda through the LGFC, Nansana MC has been undertaking the automation of Revenue systems and processes
The Automation is done using the Itegrated revenue Administration ystem (IRAS) that is instant, secure,relaiableand simple


introduction-continued
What is IRAS
IRAS is a Web and Mobile Application powerful and flexible software system developed around open source technologies
Overall Goal;
Our overall goal is to improve our municipal revenue performance and management
Our current scope is to roll out the IRAS system in Nansana MC with the following functionalities
Tax Payer Registration; Revenue Forecasting and Budgeting; Tax Assessment/Billing; Collections, Accounting, Receipting and Reporting;


Nansana revenue Overview
Nansana MC was implementing manual revenue collection systems till January 2019. The MC was facing several challenges i.e. delays in revenue collection, inadequate collections, manual registrations, poor data collection, poor revenue reporting and management, untimely billing, etc
There has been significant improvement in revenue performance since the pilot by the World Bank
Nansana MC has been using IRAS since 2019 and they have doubled their previous collections with the introduction of IRAS from UGX 2 billion in 2017/18 before introduction of IRAS to close UGX 5,421,878,310 billion 2021/2022


TAX PAYER REGISTRATION SINCE 2019/2020
Registration
The registered taxpayers have also tripled from 12,812 in 2018 total of 83,091 by 30th June,2022

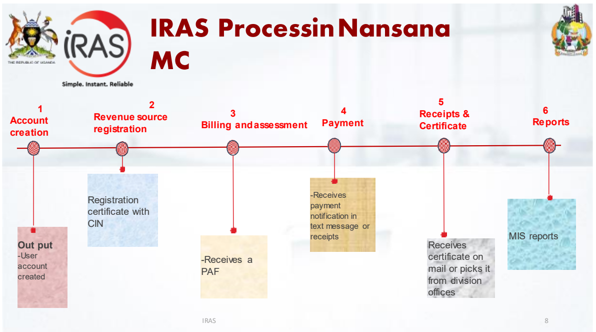

REVENUE ASSESSMENTS SINCE - IRAS
Assessments
The MC has more than tripled its assessments from UGX 3,842,447,420 in 2018
to UGX 23,066,756,679
30th June, 2022.

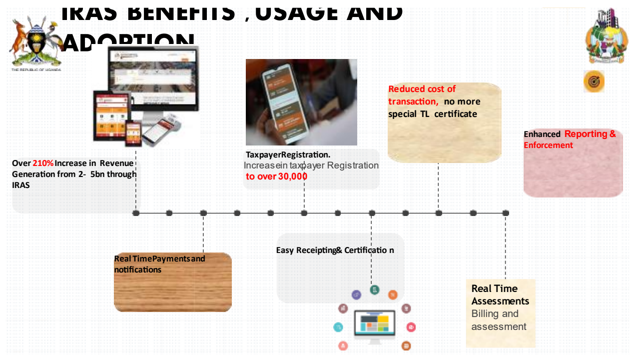

PROGRESS ON AUTOMATION TO DATE
1
IRAS piloted with Functionalities of Taxpayer Registration, assessment & Billing, Collection, Reconciliation, Reports & Receipting, Taxpayer sensitization
2
Rolled out of the IRAS in 4 Nansana MC Divisions
3
Reeceived 20 Point of Sale (PoS) gadgets, Computers,printers,Monitoring Screens, from European
4
Organized capacity building engagements for all Lower Local Governments , over 50 trained
5
Taxpayer sensitizations through all the divisions, over 25,000 sensitized
6
IRAS user trainings conducted for all technical staff

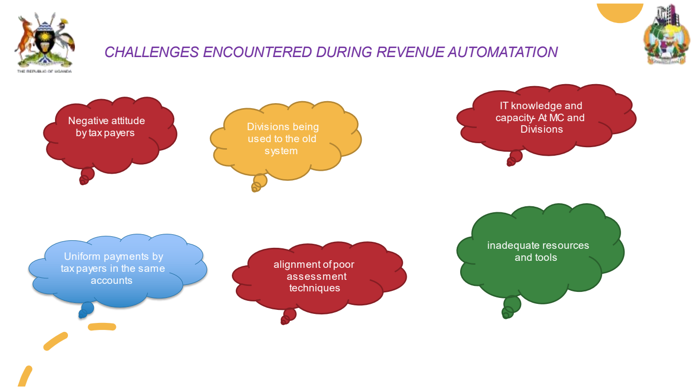
UN-HABITAT FOR A BETTER URBAN FUTURE

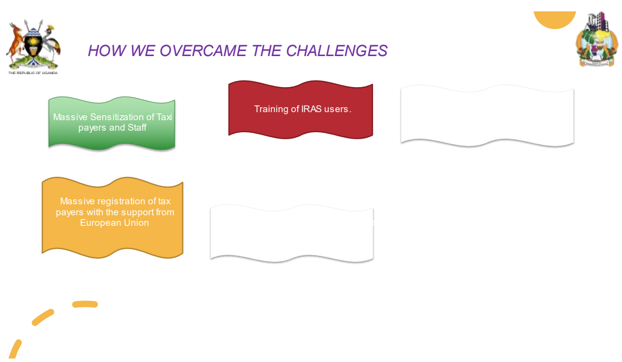
GLTN GLOBAL LAND TOOL NETWORK

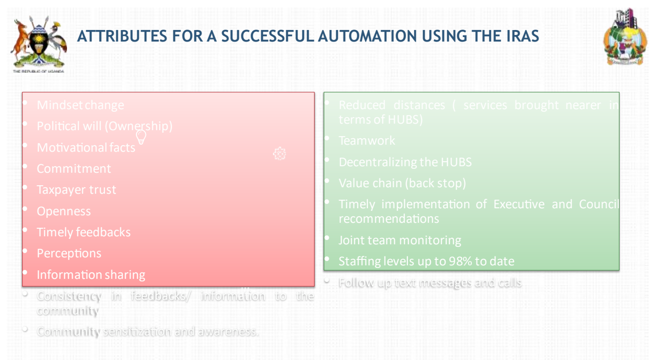
ICTD International Centre for Tax and Development
Centre International pour la Fiscalité et le Développement

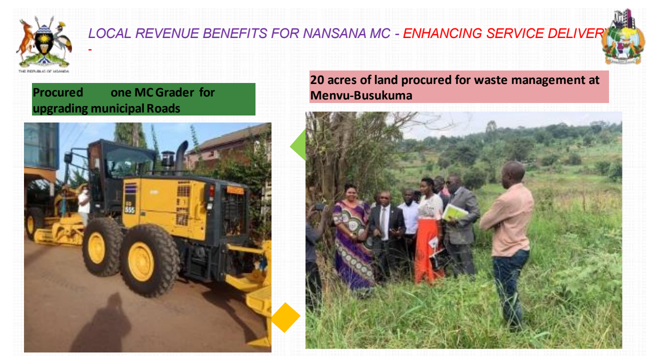












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