MUNICIPAL FINANCE IN DEVELOPING CITIES: REVIEW OF THE LAND-BASED FINANCE TRAINING PACKAGE FOR FINANCING SUSTAINABLE URBAN DEVELOPMENT

Barcelona, 20-21 May 2015
GLOBAL EXPERTS GROUP MEETING

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With the collaboration of: Ajuntament de Barcelona
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1. BACKGROUND

1.2 LAND-BASED FINANCE IN CONTEXT

More than half of the global population now lives in cities, and this number is projected to grow to 5 billion by 2030. Yet, local authorities sometimes lack adequate municipal finance tools to manage growth in ways that support vibrant economies, social inclusion, environmental protection, and sustainable sources of revenue. Particularly in the developing world, cities are growing rapidly, and local governments struggle to keep pace with increasing demand for infrastructure and services. A shortage of municipal finance has the potential to constrain prosperity and economic activity, creating a vicious cycle of budgetary shortfall, stagnating growth, and weakened revenues. Moreover, the means of public revenue generation can have a detrimental impact on households and businesses if they are not applied strategically.

Land-based finance is an emerging best practice within municipal finance for local governments to manage growth and generate revenue. Land-based financing methods hold considerable potential for linking the value of urban development with public revenue generation in growing urban areas. Such mechanisms can also be used to direct spatial growth in sustainable patterns, enhance economic development, support affordability, and facilitate social equity.

The Global Land Tool Network (GLTN), located within UN-Habitat has the mandate to develop, test and disseminate pro-poor and gender-responsive approaches and tools related to land development, innovative residential tenures, affordable land management/administration systems and land related regulatory/legislative frameworks. GLTN focuses on development of tools, knowledge, capacity and partnerships. It provides technical advice to member states and backstopping UN-Habitat’s regional offices on matters related to land.

Land tools provide a unique pathway for enabling action in urban governance. While there has been extensive global discussion around land policies that work for the poor and much progress in developing policies, implementation of the same has lagged far behind. This is due to lack of affordable, equitable, fit-for-purpose and gender-responsive land tools that are accessible to all sections of the population especially in developing countries. GLTN has already started work on developing these tools. Some of these tools are being piloted in the field. Land-based financing is a framework which provides a set of tools that local governments in both urban and rural contexts can use to expand their revenue with a view to providing better infrastructure and services to citizens.

UN-Habitat and GLTN have developed a training package to build the capacity of local and national leaders to utilize land-based financing as a critical element within municipal finance. The intent of the training is to both broaden the understanding of participants regarding potential land-based revenue tools and to help them think critically about what is required to implement or improve each tool in their home environment.

1.3 THEMES

1.3.1 LAND-BASED FINANCE AND THE NEW URBAN AGENDA

The New Urban Agenda represents a new approach to urban development which will be finalized and institutionalized through Habitat III. Habitat III is the United Nations Conference on Housing and Sustainable Urban Development to take place in Quito in October of 2016, where leaders from across the globe will convene to secure renewed political commitment for sustainable urban development.

A key element of the New Urban Agenda is the three-pronged approach to urban development. This is a new framework that integrates urban
planning, urban legislation, and urban finance in order to successfully plan and implement sustainable urban development. Land-based finance comprises a set of tools with implications for all three pillars of the three-pronged approach: (1) land-based finance mechanisms are tied to urban planning as they can both supply the incentives and tools to bring about planned compact and contiguous urban development and can help local governments share the value created through quality urban planning; (2) land-based finance relies upon a strong legislative and regulatory environment but can also provide a self-financing mechanism to improve land administration and regulations tied to land markets, which are critical for sustainable urban development to occur; and (3) land-based finance provides an efficient and sustainable approach to municipal finance which can improve local revenues while avoiding market distortions and without placing undue burdens on tax payers.

Another critical element of the New Urban Agenda is the focus on inclusivity and social equity. Land-based finance provides a means for achieving these goals and has been utilized to improve access to services and affordable housing while mitigating land speculation and price hikes that are harmful to poor households.

The EGM described here has generated information to consolidate and validate existing knowledge about land-based finance, with particular attention to its applicability and implement ability in a variety of developing world contexts. In addition to preparing UN-Habitat for the launch of the Land-Based Finance Training Package, the EGM has generated lessons for the Habitat III Conference in 2016.

1.3.2 LAND-BASED FINANCE TOOLS AND THEIR IMPLEMENTATION IN SPECIFIC DEVELOPING WORLD CONTEXTS

There are a variety of land-based finance tools available for use by governments, all with different benefits and outcomes which are partly dependent on contextual factors. The Land-Based Finance Training Package explores each tool through a training module which can be delivered independently or in any combination. Each training will explore on average 4 or 5 of these modules, based on the interests and desires of training participants as well as factors affecting local applicability.

1.3.3 LAND-BASED FINANCE CASE STUDIES

The Land-Based Finance Training Package will also include a set of case studies demonstrating use of the land-based finance tools being discussed. These were reviewed by EGM participants. Case studies include a wide selection of land tool examples from both developed and developing countries from all five continents.

1.3.4 TRAINING AND ACTION LEARNING FOR SUCCESSFUL IMPLEMENTATION

A successful adult learning format is interactive, incorporates multiple learning styles, and is action-oriented. Within the Land-Based Finance Training Package, there is a Reader containing information on land-based finance and case studies. There is also a Trainer’s Guide. EGM participants gave feedback on the training format to make it more effective to successfully empower training participants to overcome implementation challenges and take the necessary action to employ land-based finance in their home environments.
2. THE UN-HABITAT EXPERT GROUP MEETING

UN-Habitat, in collaboration with the Barcelona city council, convened a meeting on May 20th and 21st, 2015 that gathered experts and practitioners from different parts of the world to review the Land-Based Finance Training Package and to improve it based on the experience of international experts in municipal finance, governance and capacity development. (see Annex 1 for full list of experts and organisers).

2.1 OBJECTIVE

The objective was to validate the practices defined through the training package and prepare them for dissemination worldwide. Information gleaned from the EGM will be used to assist with implementation by local governments. It will also contribute to documented municipal finance practices for the global community through Habitat III and other international initiatives.

The specific objectives of the EGM were threefold. Firstly, participants were to review, discuss, and validate the information contained in the Land-Based Finance Reader, including case studies, in order to improve its accuracy, completeness, and applicability. Secondly, participants were to review, discuss, and provide input into the training methodology so that eventual dissemination of the training will successfully build the capacity of governments to implement land-based finance tools. Thirdly, the participants were to identify challenges in implementing land-based financing based on their own expertise and experience in order to support the ability of the Training Package to address these issues.

Imbedded in this, there was also the objective of creating a reference group of experts that, through a process of engagement, will be able to monitor the ongoing development and modification of the Training Package and provide a constant linkage to relevant activity. This can contribute to creating institutions that can carry the post-training actions forward and establish a steady practice.

2.2 THE DOCUMENTS

The training package is intended for trainers and facilitators in the GLTN/UN-Habitat Land-Based Finance (LBF) Training course.

The Reader

The Training Package documentation consists of two parts. The first part is a toolkit (the Reader) in which a range of instruments are presented, described and demonstrated through cases and examples. The instruments included are the annual tax on immovable property, public land leases, public land sales, developer exactions, other land value sharing taxes, betterment charges and special assessments, transferable developments rights (TDR), and borrowing from capital markets.

The Trainer’s Guide

The second part of the Training Package is the Trainers’ Guide, which provides methods to disseminate knowledge of both policy and practice regarding these instruments. The emphasis here is on the practical dimensions of deploying and using land-based financing instruments. The training is designed to both broaden the understanding of participants regarding potential land-based revenue instruments and to help them think critically about what is required to implement each instrument in their home environment.

The training is delivered in a series of sessions covering a subset of the instruments included in the toolkit. It is possible to customize and adjust the length of the training by selecting those instruments considered most suitable to meet local needs. Each session seeks to provide a basic understanding of the instrument covered along with an awareness of where it has been applied and what the key implementation requirements are. The training package utilizes a user-friendly format and is anchored in real world examples (case studies).
3. INAUGURATION AND OPENING REMARKS

Urban economy and particularly municipal finance is at the heart of UN-Habitat’s work to create a better urban future. There is a clear and positive correlation between urbanization and development. Good urbanization is a source – not just an outcome – of economic growth. It can be employed to transform productive capacities and income levels of cities and their citizens. However, this requires a shift in mind-set of national leaders and local authorities alike. Rather than viewing urbanization as a challenge, decisions makers at all levels need to begin viewing urbanization as an opportunity. Mobilising and managing adequate resources is essential, particularly in the case land-based financing.

Underlying the diversity of cities around the world, there is a set of three common approaches employed by all well-performing human settlements; these were outlined by Remy Sietchiping, leader of Regional and Metropolitan Planning Unit within UN-Habitat’s Urban Planning & Design Branch in his opening remarks. He reminded EGM participants of the three pillars of the New Urban Agenda: planning and design, legislation, and finance. Mr. Sietchiping emphasized that a concerted effort between all levels of governments will be necessary, with a special emphasis on local government, for the ambitious urban dimension of the Post-2015 Development Agenda and New Urban Agenda to be implemented.

This EGM was a step in a long line of discussions and consultations that together form the production of the seminal Training Package on financing urban development through land-based instruments. Solomon Haile, Land Specialist within UN-Habitat’s Urban Legislation, Land and Governance Branch gave a brief recap: The process started with scoping research on land value sharing, in collaboration with the Earth Rights Institute in 2007 and was followed by several workshops over the past 6-7 years. The term land value sharing was coined in Medellin in 2013 where the research was put into a substantial report.

Haile continued to emphasize the importance of the development and creation of the Training Package by reminding EGM participants that for example in Africa more than 70 % of the land is outside any official record. Evaluation is difficult due to lack of ways and means and the frequent exchange of hands. Hence, unregistered land is subject to different tax regimes without accompanied valuation practice and thus being put to use without generating public value.

“Good urbanization is a source – not just an outcome- of economic growth. It can be employed to transform productive capacities and income levels of cities and its citizens”

Remy Sietchiping
4. THEMATIC SESSIONS

The following topics were discussed at length in the EGM. The general consensus of the group is reflected here and will be used to finalize the Training Package design.

4.1 THE TRAINING PACKAGE – AN OVERVIEW

Lawrence Walters, the lead author of the training package, introduced the general outline of the documents, presenting the outline of what a training looks like, who participates and how a training session is carried out. During the presentation, various aspects of the training methodology were brought up for discussion among Walters and the participants in the EGM.

WHAT?

In short, the expected benefits of the training package are to enable local and national leaders to explore new options for generating additional financial resources; to enhance participant understanding of the legal and administrative requirements for successful implementation or reform of land-based finance instruments; and to provide a resource for national, local and civil society leaders in supplying technical assistance to urban local governments.

The outcome of the training will be an action plan for improving land-based financing in the local environment and a personal commitment on the part of trainees to the successful implementation of the action plan. The training will foster a group of colleagues who share that commitment and with whom participants can work closely in the future.

WHO?

The intended audience includes professionals from developing countries working at the local and national levels of government, as well as those who seek practical training in applying the instruments. A training will gather approximately 25 participants from 3 to 4 countries. From each country there should be at least 3 participants with local experience and representing different areas of expertise. The participants from each country should be selected to reflect multiple key stakeholders’ perspectives including municipal leaders in various fields and national agencies with a local government or land focus. Furthermore, it is of the upmost importance that the participants aware of the problems and challenges existing at the local level.

Choosing a combination of professionals that can contribute to an effective training session can be a challenge. It is important to include different levels of government in order to ensure support for implementation. Civil society organizations were also recommended, due to their engagement with the community, as well as traditional controllers of land where applicable. Including the private sector should be explored, as this is of direct interest to property owners, developers and businesses and will determine the feasibility of the end-project. Moreover it is vital to ensure a good balance of age and gender.

An alternative to multi-country trainings is to focus on a single country with a focus on training people within different departments of local and national government. This is bought up as a specific example, highlighting that people of different trades, who need to cooperate, often have their difficulty understanding each other’s professions.

Turning to the issue of the number of participants from each country and the number of participating countries: the changes between countries are extensive – too big a mix can act as a distraction rather than benefit the session. The key is to group countries with differences in order to ensure contrast and learning, but to also secure a certain level of similar characteristics and shared experiences, in order to reach a constructive combination and a sufficiently broad view. A single-country training can also be productive on concept-
specific issues and should be taken into consideration as a different alternative.

“In order to secure a well-balanced group it is essential to identify a strategy for recruitment of the best participants within each country. This must be grounded in relationship building and networks, and must fit in with the UN-Habitat strategy”

Carlos Morales Schechinger

Finally, in order to secure a well-balanced group it is essential to identify a strategy for recruitment of the best participants within each country. This must be grounded in relationship building and networks (colleagues, countries, etc.), and must fit in with the broader UN-Habitat strategy.

HOW?

Action learning. A training session will take an average of 4 days of in-person sessions. The organization of the training should be continuous joint action learning with participants collaborating to generate applied learning. This involves recognizing:

key tasks required to effectively implement land-based finance instruments, and the skills necessary to carry out those tasks where the skills can be found or most readily developed how the skills can be administratively organized to efficiently and effectively carry out the tasks what political, legal and administrative changes will be required to achieve success

There is a need to adapt the instruments to the local context with an appreciation of culture, context and existing capacity. The action plan that is formed must be dynamic and revisited and updated on a regular basis in order to keep paces with contextual changes.

The training should also differ according to the audience – the length and contextual focus could vary according to the profession and nationality of the group members. This is especially the case depending on whether the training is for one country or multiple. A general concern is that different specialists and stakeholders respond to different arguments and methods of presentation (ex: mayor vs. manager). The same goes for how the facilitator will gain the trust of different professionals. For example; technicians will be nervous unless there is pre-training support at a high level. It was suggested that UN-Habitat could do in-depth training with a close advisor to the decision maker in order to secure this high-level support.

Several EGM-participants brought forward the need for high-level support, political will being a key factor for success. Training should be paired with a complementary strategy for getting buy-in from the mayors and from those at the national level who would champion the necessary legislative changes. A three-step approach of first politically engaging with decisions makers, then conducting the training and lastly implementation, is a possible recipe for action. It was argued that making an action plan without involving the decision-makers would be a wasted effort.

4.2 TRAINING METHODOLOGY

4.2.1 PRE-TRAINING PREPARATIONS

UN-Habitat will do pre-training engagement with key stakeholders. The Reader and in particular, the ‘Executive Summary’ will assist with identification of 4-5 Training Package modules they would like included in the training. This will be communicated to the participants. Participants will then be asked to read the relevant sections of the Reader, based on which modules have been selected, before arriving, as well as
assemble and bring with them relevant information regarding their own context.

A critical issue is the need to alert people of the need to take time to read the document. Several EGM participants voiced this. It is generally difficult to get officials to invest in preparation before training, and this can easily result in a panel of low-level officials or many missed sessions. An option is to provide a TOR for what potential participants are expected to know about their own country and the necessary time for pre-training preparation.

The participants/countries must be willing to pay for the training as well as devoting time. This in turn is an indicator of true buy-in.

“There exists a danger in that people will select instruments solely based on their own criteria and thus not developed new possibilities...and vice versa, the risk of countries being inspired to try something that makes no sense for their context. Should there be some control with respect to this?”

Elizabeth Angela Stair

4.2.2 INSTRUMENTS/ MODULES

The instruments included in the training can be classified into two categories: (1) those based on a specific event, such as implementation of new infrastructure or a change in zoning, and (2) general opportunities for local governments to regularly collect fees for land-related improvements or funding ongoing public service and maintenance. The instruments are the following:

- Developer exactions
- Betterment charges
- Sale of development rights
- Land leases
- Sale of public lands
- Recurring tax on land: Policy issues
- Recurring tax on land: Administrative issues
- Value sharing taxes
- Municipal borrowing

4.2.3 SELECTION OF MODULES

The different instruments apply to different countries based on needs and capacities. In order to save time and make a more straightforward approach providing a pre-selected sample could be helpful.

There exists a danger in that decision makers will select instruments solely based on their own criteria instead of the best fit for their goals. Therefore, EGM participants suggested adding a decision support matrix including goals for each instrument and minimum administrative requirements.

“The term “best practices” should be removed and replaced with a new term appropriate for the context”

Matthew D. Glasser

4.2.4 EXAMPLE SCHEDULE

The proposed length of a training session is 4 days, going through 5 pre-selected modules, with 2 case studies within each module.

Day 1: Begins with a short introduction and gives an overview of the 5 instruments chosen. Further, the ground rules and format of the training are established and the session is started off with some ice-breakers in order to secure that the participants are comfortable and can exchange ideas freely. For group discussions, group participants are given different roles, which they will rotate through during the training: facilitator, recorder, reporter, time-keeper and observer. The second part of day one starts with the first module and explores two different case studies, with two different outcomes connected to this instrument. The day ends with instrument application, identifying the necessary key functions and best supporting administrative structure in each participant’s local context.

Day 2 and 3: Are run the same way as the second part of day one, by assessing 2 instruments each day and discussing 2 case studies related to each instrument. Thus, by the end of day 3, all 5 pre-chosen modules will have been discussed and evaluated.
4.2.5 FACILITATORS

The facilitator is one of the most important roles in the group training. He/she is responsible for animating and motivating the group, keeping the group on task, making sure everyone is heard, asking for consensus and providing helpful and supportive feedback.

The quality of this role is extremely important and a question is whether the facilitators should be subject- or training-experts. A possible solution is to have one of each. This poses a further question of whether there should only be registered facilitators. The particular need for direction this role implies, suggest that materials should come with a pre-made sample presentations.

“Building a case study could be a requirement for a training course…”

Roy Kelly

4.2.6 TRAINING TOOLS/METHODS

The training methods should be selected based on the purpose of the training. A suggestion made by several EGM participants is using technology as a tool to help access different audiences and inform participants in real time, for example through a mobile phone app. This allows for instant feedback,
but also potentially poses a problem for technology-poor contexts.
The training needs to be interactive and engaging. Small blocks, addition of video, audio or role-play during session can ensure this. It is also important to accommodate different learning styles. In order to ensure a balanced discussion and exploration of as many views and outcomes as possible, a group member can have the assigned task of playing devil’s advocate.

4.2.7 CASE STUDIES

Participants should have read the case in advance and be divided into small groups based on their home country (or jurisdiction). In the group they are to discuss the case and attempt to identify key tasks and functions, followed by the full group reassembling and each small group giving a report. The facilitator should strive to combine and consolidate the small group output into a final list of tasks and functions and the administrative structure and organization of the tasks used in the case example.

The best way to source relevant case studies for training sessions is still a question. A possible solution is to have the case studies brought to the training by the participants themselves, having developed their own case studies in their home countries. Furthermore, building a case study could be a requirement for a training course and these could then be combined with related ones in the training. This could provide for a short and specific connection and could be a way of building a strong database of cases. Asking practitioners to write case studies would also be an inexpensive solution and provide insight on context. However, sourcing a case study from government reports can provide a biased picture and there must be a guarantee of a balance provided through academic evaluation. With respect to this, a possible solution could be that participants or case sources are asked to write on organizations they are willing to critique.

It is important that the structure of the case studies reflects reality and shows the transitions and key stake holders involved, providing the details of what was done by whom and why the case succeeded or failed. This could be done by including institutional background and behind-the-scenes stories about the government process. It could also be very useful to standardize the way case studies are presented. Contextual information on how land-based finance fits into the broader finance system and what political/historical moment allowed for the given kind of implementation should be included if possible.

Another structure could be to present the cases without specific context and then provide the ground-level discussion in the participants’ own circumstance. This way the cases can be structured in parallel to desired discussions. In any case, the case studies should have inspiring narrative, told in a critical way.

Finally, there must be a clear line between what was proposed in the case study and what actually happened. By carefully outlining how much change has been achieved, it is much easier to compare cases against each other.

The change process will seldom follow the linear sequence outlined in the materials. It would be more important to understand who benefits and the reasons and actors behind laws. A possible solution could be to have participants think through the how, who benefits, and why of implementation in their action planning process.

4.2.8 ACTION PLAN

The action plan is a key element at the end of the training. The participants will critically evaluate the practical potential of each chosen instrument for their own environment and through this develop an overall action plan with a specific sequencing of tasks, preliminary timelines and specific individual assignments. The action plan should operationalize the strategies in relation to each actor and
concentrate on activities in the immediate and short-term future. There should also be an effort to develop a strategy and plan for continued follow up and further action learning to adapt and actually carry out the action plan.

It is important that the participants determine who will be in favour of the plan and who will oppose, as well as strategize how to address winners and losers in order to secure political support. It is also important to discuss the possible collaboration between agencies and to foresee the risks an action plan might pose. For additional assurance of the quality of the plan, the smaller groups should reconvene, after the group feedback, to see how they can adapt and improve the plans.

Adapting the training to specific contexts could be very useful, for instance in relation to Islamic Law. In the case of Arab countries it is generally very important to adopt a special approach which takes into account that the majority of land is centrally controlled (including military control). It is also important to adapt to the customary sector, seeing that this can be very large in some countries.

“Establishing a network is essential for ensuring further development of the training. Networks, training and research together form a capacity building triangle where people act as intermediaries, researchers, teachers and advocates for the method.”

Enrique Silva

The context will have to be considered where centrally owned land is used to raise funds for political purposes, for example commercial ownership as a case or long term lease. In any case the materials should highlight the importance of understanding the underlying system. The versions of the action plans will be customized for each country involved in the training. Contextual considerations need to be spelled out so facilitators are aware when going in.

4.2.9 POST-TRAINING

Close observation of the action taken post-training is necessary for the implementation and assurance of real impact, although it requires significant resources. The action plan will most likely need monitoring due to the challenges of implementation in any country, and will most certainly need further discussion with the local government in order to get more stakeholders involved. The training should be test-driven and more independent evaluations should be made including feedback and updates from participants and trainers. UN-Habitat will also need evaluation feedback in order to keep the Training Package updated and to support implementation of future action plans.

Establishing a network is essential for ensuring further development of the training. Networks, training and research together form a capacity building triangle where people act as intermediaries, researchers, teachers and advocates for the method. By partnering with local delivery- and support-institutions in each country, the materials can be adapted appropriately and support can be provided for participants after training is over.
4.3 CONTENT

In order to shed some light on the content specific material of the documents the participants of the EGM were put into groups of four to discuss specific chapters on the basis of their area of expertise and which they had already had the chance to review. Each group had a facilitator who guided the group through a set of questions aimed at generating feedback about the content of the chapter including their specific case studies.

4.3.1 DEFINING AND EXPLAINING LAND-BASED FINANCE

As previously touched upon during the thematic session, a key point was to have a clear definition of what land-based finance entails. Several EGM participants pointed out that this should be stated clearly in the beginning of the document. Furthermore, the benefits of land-based finance should be clearly and compellingly stated. It should be clear that the implementation of LBF does not just only mean more money, but also a better provision of services.

It is important to keep in mind that the selling points may differ from developed vs. developing countries, with the former more concerned with recovery of expenditure and the latter with redistribution and cross subsidization. This should be stressed further in the introduction of the course.

Moreover, the instruments should be illustrated in a way that shows them in a broad system. This includes showing how they are linked to borrowing through improved creditworthiness. A cycle diagram can easily explain this. Additionally, it is important to clarify the legal rational for each instrument.

It was suggested that the document should start with property tax. This is the most productive and by far the most flexible land-based financing instrument. The two chapters on property tax should be linked, perhaps by requiring participants do both modules together.

In general the document could benefit by more pictures and graphics to easier explain the tools. A good example of a diagram that already exists is the chart that divides tools between one-time and recurring collections.

EGM participants suggested that better organization of the instruments/chapters would promote clearer understanding. For instance, some of the tools are not single methods, but a collection of several techniques. And in some cases, the techniques that are grouped together do not seem to belong together. The chapters could be reorganized based on a clear conceptual framework.

Finally it was mentioned that the non-financial aspect of the instruments should be addressed as well, not just a way to help generate value from land. In addition to generating funds; these instruments affect the distribution of both costs and benefits differentially within the city as well as spatial outcomes of urban development.

"It is important to be clear about the legal rational for every instrument"
Arthur Berrisford

4.3.2 ORGANIZING INSTRUMENTS

In general it is of great importance that each instrument is clearly defined in the Reader, especially related to role they each play to contribute to municipal finance. Information on the needed technical and management capacity of an instrument (as given for land readjustment) is crucial and should be clearly stated for all instruments.

4.3.3 TERMINOLOGY

There was an overall consensus between the participants that some of the terminology was unclear. The document needs non-jargon translatable terms, and labels categorized by purpose. A suggestion was that the document can provide 2-3 pages at the beginning of the training material to describe the terms.
Suggested tools for the document that can be helpful instruments of explaining concepts are among others a multi-lingual glossary and a decision-support matrix with costs, benefits, legal preconditions and management and technical capacity needs. In addition, participants provided suggestions as to the grouping of techniques so that they do not rely on jargon and might be readily understood by experts and the general public.

4.3.4 DISCUSSION OF IMPACT

There was general agreement that there should be more attention to the comparative impacts of each land-based finance instrument, including the pros and cons. A way to do this is to accompany each tool with a rationale. This would explain that, in addition to raising revenue, what each tool accomplished in terms of incentives, disincentives and other impacts. It was pointed out several areas where more information is needed regarding the consequences of the tools in certain specific areas. Some of these are the following: housing affordability, job creation and land use consequences, inclusiveness or displacement along with potential mitigating measures, environmental and pollution consequences, administrative effort (already discussed in the Reader) and administrative efficiency. Several suggestions were made with regards to applying tables as to cross-reference the instruments and their potential effect. A matrix showing social, environmental and economic impact could be useful. Additionally, the impact of sprawl and density should be considered for every tool.

4.3.5 IMPLEMENTATION CONTEXT REQUIREMENTS

Project management (including technical capacity and power to negotiate) is a crosscutting issue and can be included in the basic list of tasks and functions. The necessary conditions for implementation of each instrument could be specified in the first chapter and then again within each chapter. Each case study should say what conditions are necessary to make use of the instruments possible. A decision-support matrix could be a possible solution. This would show the criteria for use of the tools and which tools are most appropriate based on the context or situation. Several EGM participants voiced that the book in general would benefit from more decision-aids.

4.3.6 OTHER COMMENTS

The case study selection could be adjusted depending on the learning objectives of each training. For example, cases such as Sierra Leone could be used for an emerging post-conflict case of the recurring property tax; Indonesia could be used as a recent case of a devolved property transfer tax and recurring property tax; and Quezon City Philippines could be used as an example of a “collection-led” property tax reform strategy. The Namibia case is a case of land reform; although it is interesting, it is not a revenue instrument, which is the focus of this document. Furthermore, all cases
should be put in the reader so participants have them for reference, both within the session and after the training. The case studies are good in pedagogical terms, but they could be too much at once. The training package needs to lay a foundation first. It could be better to start with building blocks, explaining for example how valuation works, then how tax levies are set, then how people are billed, then how the bills are paid, and finally how the revenues are channeled. This method makes the information as a whole easier to digest.

In addition to the above comments on the general content of the Training Package, the EGM participants offered many constructive content-specific comments on the different chapters. Some of these came in writing immediately after the EGM.

5. CLOSING AND FINAL REMARKS

Lawrence Walters concluded the EGM sessions by thanking the participants for the constructive feedback. Walters will in the next few months work intensely with the document, updating it and making adjustments in accordance with the outcomes of the EGM. Walters, along with several EGM participants, emphasized the importance of the document being a “living document” and stated that it should be updated and revised continuously. It was also suggested that a feedback plan should be made in order to ensure a constant flow of ideas to feed updates.

Sietchiping closed the EGM by citing important ongoing projects related to this EGM, on financing, learning and governance, inviting EGM participants to take part in these initiatives. The project to develop this Training Package has been going on for a long time and it is good to see that things are developing and moving forward, he concluded. It is important to keep in mind that there are always new stakeholders, again emphasizing the importance of not closing the chapter, but treating the material at hand as a living document.

6. POST-EGM ACTIONS AND WAY FORWARD

The information gleaned from the EGM will be used to improve the Land-Based Finance Training Package and prepare it for pilot dissemination. Detailed comments from the EGM and written submissions from EGM participants will be gathered, organized and utilized for revision of the Training Package. Pilot trainings will then be held, with evaluation feeding further updates. Likely initial pilot locations will be Egypt and Southeast Asia.

The ultimate outcomes will be improved capacity and fiscal performance as a result of training dissemination worldwide, and expertly reviewed documentation of land-based finance in the form of the Reader, which can inform local, national and global initiatives on land-based finance, including components of Habitat III and the Sustainable Development Agenda.
“The Guide and Reader are “living documents” and shall be updated regularly and constantly”. Lawrence Walters
7. ANNEXES

7.1 ANNEX 1: COMMUNIQUÉ

UN-HABITAT CELEBRATES IN BARCELONA AN EXPERT GROUP MEETING TO CONSOLIDATE AND VALIDATE EXISTING KNOWLEDGE ABOUT LAND-BASED FINANCE.

30 international experts assist the Expert Group Meeting “MUNICIPAL FINANCING IN DEVELOPING CITIES: REVIEW OF LAND-BASED FINANCE TRAINING PACKAGE FOR FINANCING SUSTAINABLE URBAN DEVELOPMENT”, which takes place at the Barcelona Museum of Contemporary Art and has been organized by UN-Habitat in collaboration with the Barcelona City Council.

Barcelona, May 20-21, 2015. – UN-Habitat and the Land and Global Land Tool Network (GLTN) Unit -which provides technical advice to member states and backstops UN-Habitat’s regional offices on matters related to land-, have developed a training package to build the capacity of local and national leaders to utilize land-based financing as a critical element within municipal finance.

Land-based finance is an emerging best practice within municipal finance for local governments to manage growth and generate revenues. Land-based financing methods hold considerable potential for linking the value of urban development with public revenue generation in growing urban areas. Such mechanisms can also be used to direct spatial growth in sustainable patterns, enhance economic development, support affordability, and facilitate social equity.

In sum, land-based financing is a framework that provides a set of tools that local governments in both urban and rural contexts can use to expand their revenue with a view to providing better infrastructure and services to citizens.

In this context, UN-Habitat in collaboration with Barcelona City Council, is organizing the Expert Group Meeting (EGM) “Municipal financing in developing cities: review of land-based finance training package for financing sustainable urban development” to review the Land-Based Finance Training Package and to improve it based on the experience of international experts in municipal finance, governance and capacity development.

This will set the stage for implementation by local governments while producing valuable information on municipal finance best practices for the global community through HABITAT III and other international initiatives. Regarding the participants, the intent of the training is to both broaden their understanding vis-à-vis potential land-based revenue tools and to help them think critically about what is required to implement or improve each tool in their home environment.

Overall, the main aim of the EGM is to validate the best practices defined throughout the Training Package and further prepare them for global dissemination. It will consolidate and authenticate the existing knowledge about land-based finance, with particular consideration to is applicability and implementation capacity in a variety of contexts within the developing world. Moreover, and in addition to preparing UN-Habitat for the launch of the Land-Based Finance Training Package, the EGM will generate lessons for the HABITAT III Conference in 2016.
7.2 ANNEX 2: EGM PROGRAMME

20th May 2015

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
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<tbody>
<tr>
<td>8:30-8:45</td>
<td>Registration</td>
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<tr>
<td>9:15-10:30</td>
<td><strong>Introduction and welcoming remarks</strong></td>
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<td><em>Solomon Haile.</em> “EGM overview, objective and expectations”. Human Settlement Officer, Urban Legislation, Land and Governance Branch, UN-Habitat Participants’ introduction round</td>
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<tr>
<td>10:35-11:15</td>
<td><strong>SESSION 1: Training package content overview and discussion</strong></td>
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<tr>
<td></td>
<td><em>Lawrence C. Walters.</em> Professor, Brigham Young University, USA.</td>
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<td>This session will provide an overview of the land-based finance training package including the rationale and purpose of the package and the anticipated users and beneficiaries. The session will also give an overview of the content including the land-based finance tools covered and the case studies included in the training package. This overview will be followed by an interactive discussion to get feedback from EGM participants. The goal of this discussion will be to confirm and improve the scope and coverage of the training package and case studies.</td>
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<tr>
<td></td>
<td><em>Discussants</em> Plenary</td>
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<tr>
<td>11:15-11:30</td>
<td>Coffee Break</td>
</tr>
<tr>
<td>11:30-13:00</td>
<td><strong>SESSION 2: Example training</strong></td>
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<tr>
<td></td>
<td><em>Lawrence C. Walters.</em> Professor, Brigham Young University, USA.</td>
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<td>In order to give EGM participants a better understanding of the training format, they will be led through an example training module. Each 90-minute module in the training package covers one land-based finance tool (for example, developer exactions). EGM participants will experience a typical training module (topic TBC) so that they can comment on the format of the training.</td>
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<tr>
<td>13:00-15:00</td>
<td>Lunch Break (Venue: Restaurant C3 Bar CCCB)</td>
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<td>15:00-16:15</td>
<td><strong>SESSION 3: Training methodology</strong></td>
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<td></td>
<td><em>Moderator</em>: <em>Lawrence C. Walters.</em> Professor, Brigham Young University, USA.</td>
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<td></td>
<td><em>Discussants</em>: Participants with experience in Action Learning and adult education will assess the training methodology described in the Trainer’s Guide.</td>
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<td></td>
<td><em>Discussion</em>: Plenary</td>
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<tr>
<td>15:30-16:30</td>
<td><strong>SESSION 4: Overview and discussion of training design</strong></td>
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<tr>
<td></td>
<td><em>Moderator</em>: <em>Lawrence C. Walters.</em> Professor, Brigham Young University, USA.</td>
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<tr>
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<td>After having experienced a typical training module for the land-based</td>
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</table>
finance training (previous EGM session), EGM participants will reflect on their experience in the context of the goals of the training package. The goal of this session will be to gather feedback and improve the training methods.

Discussants: Plenary


16:30-17:00 Recap of Day 1

18:00-19:00 Walking touristic tour of Barcelona (optional)

21st May 2015

9:00 – 9:15 Overview of day’s activities, goals and working group guidance
Gulalat Kebede. Coordinator, Urban Economy Branch, UN-Habitat.

Organization of Working Groups

9:15 – 10:45 SESSION 5: Content-specific working groups
EGM participants will break into assigned groups of 4 (approximately). Each group will discuss a specific chapter that has been assigned to them in advance of the EGM on the basis of their area of expertise and which they have already had a chance to review. Each group will have a facilitator who guides the group through a set of questions aimed at generating feedback about the content of the chapters including their specific case studies.

10:45-11:00 Coffee Break

11.00-12.00 Conclusions and discussions from the working groups

Moderator: Remy Sietchiping. Leader, Regional and Metropolitan Planning Unit, UPDB. UN-Habitat.

Reporters from each small group (previous EGM session) will summarize key points if discussion for the plenary. Discussion in plenary will follow.


12.00-13.30 SESSION 6: Content-specific working groups
EGM participants will break into assigned groups of 4 (approximately). Each group will discuss a specific chapter that has been assigned to them in advance of the EGM on the basis of their area of expertise and which they have already had a chance to review. Each group will have a facilitator who guides the group through a set of questions aimed at generating feedback about the content of the chapters including their specific case studies.

Group Assignments are as follows:

<table>
<thead>
<tr>
<th>CHAPTER</th>
<th>GROUP</th>
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<tbody>
<tr>
<td>2. Betterment and Spec. Assessments</td>
<td>Silva, Slack, Tudzi, and Morales-Scheching</td>
</tr>
<tr>
<td>4. Land Leases</td>
<td>Kumar, Kebede, Sait, and Pandin</td>
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<tr>
<td>6. Land Tax Policy</td>
<td>Amin, Kelly, Chiduwa, and Rybeck</td>
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<tr>
<td>9. Municipal Debt</td>
<td>Kamiya, Lafitte, Glasser, and Berrisford</td>
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<tr>
<td>8. Transfer Taxes</td>
<td>Mathur, Lukalo, Stair, Alterman, and Boisard</td>
</tr>
<tr>
<td>Time</td>
<td>Session</td>
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<tr>
<td>13:00-14:30</td>
<td>Lunch (Restaurant C3 Bar CCCB)</td>
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<tr>
<td>14:30-16:00</td>
<td>Conclusions and discussions from the working groups</td>
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<td><strong>Moderator:</strong> Marco Kamiya  Leader, Urban Economy and Finance Unit,</td>
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<td>Urban Economy Branch, UN-Habitat.</td>
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<td>Reporters from each small group (previous EGM session) will summarize</td>
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<td>key points if discussion for the plenary. Discussion in plenary will</td>
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<td>follow.</td>
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<td><strong>Session Rapporteur:</strong> Liz Paterson. Consultant, Spatial Economics and</td>
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<td>Urban Planning, Urban Economy Branch, UN-Habitat</td>
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<tr>
<td>16:00-16:30</td>
<td>Summary of conclusions and way forward</td>
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<td><strong>Solomon Haile.</strong> Human Settlement Officer, Urban Legislation, Land and</td>
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<td>Governance Branch, UN-Habitat.</td>
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