



## LAND-BASED FINANCE TOOLS APPLIED IN FRAGILE STATES

**Giulia Lavagna**  
UN-Habitat Land, Housing and Shelter Section  
Nairobi, Kenya  
[Giulia.Lavagna@un.org](mailto:Giulia.Lavagna@un.org)

**UN HABITAT**  
FOR A BETTER URBAN FUTURE

**GLTN**  
GLOBAL LAND TOOL NETWORK

1

### LAND-BASED FINANCE

**Land-based financing (LBF):** *A collective name given to a range of tools by which local governments could leverage land to expand their revenue base and generate funds that will help them realize their service delivery, infrastructure development and maintenance goals*

**Advantages of land-based finance**

1. Land-based taxes and fees are difficult to avoid
2. Land-based taxes and fees tend to promote transparency and accountability in local government
3. Land-based taxes promote effective, compact and productive land use
4. Land-based taxes and fees are fair
5. Land-based taxes and fees can be pro-poor through improved tenure security and expanded civic engagement

**UN HABITAT**  
FOR A BETTER URBAN FUTURE

**GLTN**  
GLOBAL LAND TOOL NETWORK

2

## THE GLTN APPROACH TO LBF

- Land-based finance can unlock unique opportunities for **inclusion** of all residents within a framework of responsible municipal governance
- Huge segments of populations are often missed due to lack of recognized land rights.
- The more people are provided with security of tenure, the more they can become part of an inclusive urban development process.
- GLTN's land-based finance approach is therefore based on an inclusive concept of land tenure security, backed up by innovative land tools designed to facilitate this.
- It is also based on the assumption that revenues collected should translate into infrastructure and essential services for the inhabitants

3

## ELEVEN LBF INSTRUMENTS COVERED



4

## THE GLTN “LEVERAGING LAND” TOOLS

### *“Leveraging Land: Land-based finance for local governments”*

#### *A Reader*

- Instruments and cases

#### *A Trainer’s Guide*

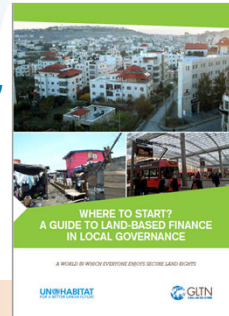
- Training strategy and tools



### *“Where to Start: A Guide to Land-based Finance in Local Governance”*

### *“Land-based Finance Instructional Videos”*

### *“The role of land in achieving adequate and affordable housing”*



## EXPERIENCES

## 1. GLOBAL TRAININGS

**Process:** Intensive, carefully planned learning events

**Target audience:**

- Land officials, administrators and professionals from developing countries working at the local and national level of government

**Tested in various formats in:**

- Nairobi
- Manila
- Cairo
- Montreal
- Kuala Lumpur
- Mashhad



## 1. GLOBAL TRAININGS

**Objective:**

To develop the capacity of local leaders and officials by enhancing their ability to implement land-based financing instruments

**Intended outcomes for each participant:**

- Improved understanding and skills in the application of land-based financing instruments
- An action plan for improving land-based financing in their home environment
- A personal commitment to the successful implementation of that action plan
- Colleagues and peers with the same understanding and commitment

## 1. GLOBAL TRAININGS

### Training participants are encouraged and assisted to:

- Critically compare the instruments discussed in terms of their practical potential for the participant's home setting
- Recognize the most critical tasks and functions in adapting and implementing the most relevant instrument(s)
- Recognize the administrative requirements for successful implementation, including the human and other resources necessary
- Recognize the political, legal and other environmental factors that will affect implementation
- Devise a prioritized list of actions required in order to implement or improve the most relevant instrument(s)
- Develop an action plan for accomplishment of the desired changes



## 2. LEARNING EVENT FOR UN-HABITAT STAFF 2017

**Process:** five-day learning workshop organized by Land and GLTN unit in collaboration with the Urban Economy branch

### Target audience:

- UN-Habitat's programme management and operational staff

### Participating country offices:

- Mozambique
- Sudan
- Afghanistan
- Somalia
- Palestine





## 2. LEARNING EVENT FOR UN-HABITAT STAFF 2017

### **Objective:**

bring together UN-Habitat program managers of country level operations to better understand the potential contribution of Land Based Financing and Participatory and Inclusive Land Readjustment (PILaR)

### **Intended outcomes for each participant:**

- Increased awareness of the policy, legal and institutional context of land based financing and land readjustment, their impact on the building of sustainable and equitable cities;
- Clear understanding of a range of land based financing instruments and the potential of each tool in their own local context;
- Practical knowledge of the roles and tasks required to implement or improve the most common land based finance instruments
- Draft plans of action spelling out the next steps for the application of land-based finance and/or participatory and inclusive land readjustment implementation in their country contexts;

## 2. LEARNING EVENT FOR UN-HABITAT STAFF 2017

### **EXAMPLE: PALESTINE ACTION PLAN (2017-2019)**

**Focus area:** occupied palestinian territory, west bank, area C

**LBF goal:** increase the local economic conditions for palestinian communities to sustain livelihoods and spearhead spatial development and implementation of strong infrastructural lines.

#### **Major action steps:**

1. Sound technical understanding of the LBF instruments: introduce and discuss the panoply of options available related to LBF instruments to be tapped in within the palestinian context.
2. Gaining political support: build partnerships with the key stakeholders.
3. Enabled administrative arrangements: provide the needed administrative requirements for implementing or upgrading the adopted lbf instruments.
4. Awareness and publicity: raise awareness and ensure public outreach of the width and breadth of the lbf implementation tools.
5. Pilot case: pilot a representative sample of cases to refine the inherited processes before the roll-out.

### 3. LBF IN FRAGILE STATES: COUNTRY WORK

UN-Habitat and its partners have over the past decade made significant strides in designing and implementing basic recurring land taxation programmes for the delivery of essential services and building of the social contract in fragile contexts.

UN-Habitat have developed and piloted **urban land tax systems for local authorities in Somaliland, Puntland and Afghanistan.**

Using a range of innovative support tools, we assisted local authorities to identify the relevant land parcels, raise revenues from occupants and maintain a basic land records system.



The **approach was also used in Goma in the Democratic Republic of Congo**, where the land mediation and the establishment of basic land information systems allowed for rudimentary land and property taxation.



### 3. LBF IN FRAGILE STATES: AFGHANISTAN

#### ACHIEVEMENTS

- Support to 12 municipalities in Afghanistan to survey and register all properties within municipal boundaries through use of innovative land tools
- Community-based approach to implement incremental tenure security process.
- In just two years, 670,000 properties were surveyed in 8 municipalities and 2,000 occupancy certificates issued to households in informal settlements.
- Municipalities have collected USD 8 million in safayi fees from 150,000 properties in 2 years.
- A safayi certificate is also issued by the municipality once the property occupant pays the annual safayi.

#### LESSONS LEARNT

- Good governance (incl. civic engagement, fair and transparent reforms and improvements in admin/tech capacities) enhances confidence in government institutions
- Increased revenues do not necessarily translate to increased development expenditure
- The political/economic elite (high value property owners) tended to be the bigger defaulters.
- Political stability is critical for LBF. As state authority diminished, municipal staff abandoned posts, residents focused on survival

### 3. LBF IN FRAGILE STATES: SOMALIA

#### ACHIEVEMENTS

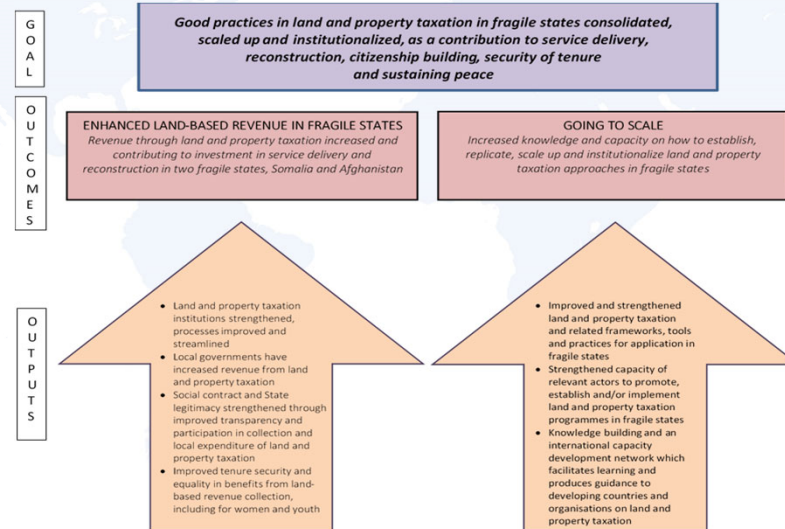
- 12 local technical staff trained and embedded in Gardho and Bosaso
- 30,321 properties registered, cleaned and update
- 11,900 uploaded into FMIS and currently tax collected using the system In Bosaso, Budget revenues from properties 2021 was \$49,189.5 and 2022 anticipate budget upon 60% compliance is \$360,000
- 40,000 property plate numbers procured and installed

#### LESSONS LEARNT

- Agreements to implement the project made directly with the respective municipalities
- Engaging the taxpayers directly to create awareness on their tax responsibility and service delivery
- Working with the municipality to strategize on ways of tapping into revenues from vacant and unused lands
- Project continuity to assess long-term impact

### 4. CURRENT PROJECT: LBF IN FRAGILE STATES

#### UN-Habitat Land and Property Tax Revenues Project 2020-22





## 4. CURRENT PROJECT: LBF IN FRAGILE STATES

### UN-Habitat Land and Property Tax Revenues Project 2020-22

**Outcome 1:** Enhanced land-based revenue in fragile states: Revenue through land and property taxation increased and contributing to investment in local service delivery and reconstruction in two fragile states, Somalia and Afghanistan

**Outcome 2:** Going to scale: Increased knowledge and capacity on how to establish, replicate, scale up and institutionalize land and property taxation approaches in fragile states

- 5 Working Papers on lessons learnt
- ROSRA - scalable self-diagnosis tool for local governments to optimize their OSR
- Learning workshops conducted in Puntland (Garowe, Bosaso) and Somaliland (Borama, Burao) in January/February of 2022 – 10 officials per city trained
- Land-based Finance Learning Sessions, Second serie

**Outcome 2b:** Going to scale: Increase in revenues collected and allocated in new selected fragile countries – **Palestine and Democratic Republic of Congo** [preparatory country work for replication]

## 4. CURRENT PROJECT: LBF IN FRAGILE STATES

### KEY LESSONS FROM THE PROJECT

- LBF process improvements can greatly increase overall revenue
- Revenue increases can but don't automatically lead to improved service delivery
- Not yet clear whether improved tenure security can be an immediate outcome of practical LBF reform
- Two implementation modalities tested in Afghanistan (embedded + technical support) and Somalia (Agreement of Cooperation), each with own pros and cons (an assessment is being planned)
- Significant knowledge products approaching completion
- Two additional countries being onboarded to test existing lessons (Palestine and DRC), and prepare the ground for possible future interventions
- Land and property taxation remains a very male-dominated space, both locally and internationally – a more concerted plan and effort needed to change this
- Further work (and time) needed to understand how to incentivize revenue reform and strengthen the connection between increased revenues, improved service delivery and citizenship building

FACILITATED BY:  
**UN HABITAT**  
FOR A BETTER URBAN FUTURE  
[www.unhabitat.org](http://www.unhabitat.org)

THANK YOU!

 **GLTN**  
GLOBAL LAND TOOL NETWORK  
[www.gltm.net](http://www.gltm.net)