



WORKSHOP ON POLICY & PRACTICE

EVALUATION REPORT

December 9-11, 2015

MANILA, PHILIPPINES

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1. PART ONE: INTRODUCTION

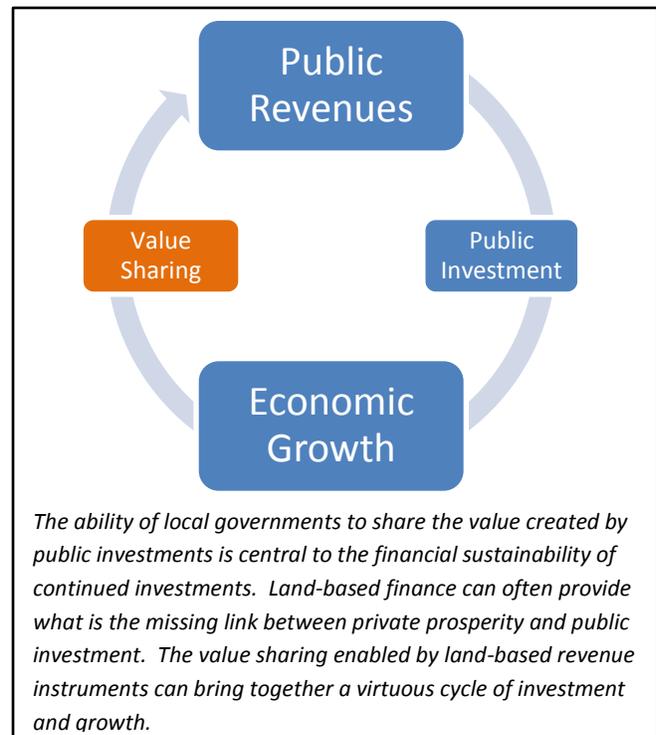
1.1 Background

The potential contribution of land based financing to the development of sustainable and equitable cities and properly serviced communities is not often fully realized particularly in many developing countries. Use of land based financing tools is premised on the fact that land is a key factor of production and an important source of financing for urban development, including infrastructure, social housing and basic services. It is also immovable and visible and hence taxes and fees tied to land cannot be avoided by relocating to another place.

Land based financing (LBF) is a collective name given to a range of instruments by which local governments could expand their revenue base and generate funds that will help them to deliver services and infrastructure development and achieve their maintenance goals. It is thus a collective name given to a range of instruments by which local governments expand their revenue base and generate funds that will help them realize their service delivery, infrastructure development and maintenance goals and hence contribute to sustainable urbanization.

More than half of the global population now lives in cities, and this number is projected to grow to five billion by 2030. Yet, local authorities lack the municipal finance instruments 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. The lack of access to adequate sources of public revenue has the potential to constrain prosperity and economic activity, creating a vicious cycle of budgetary shortfall, shortage of investment, stagnating economic growth, and further weakened revenues. Moreover, the means of municipal finance can have a detrimental impact on households and businesses they are not applied strategically.

Figure 1



Land-based finance is an emerging good 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.

1.2 Overview of the Land Based Financing Training Workshop for Asia

The Land Based Finance Training for Asia was consequently held in Manila, Philippines on 9th – 11th December, 2015. The workshop was initially meant to be regional training for the Asia region but due to a number of last minute administrative challenges in getting more regional participation onboard, the event was mainly attended by participants from the Philippines. Only one participant was from outside the Philippines (i.e. Myanmar). The training was an opportunity for to further pilot test the robustness of the training package that has been developed collaboratively by GLTN and the Urban Economy Branch of UN-Habitat. The training package aims at building the capacity of local and national leaders to utilize land-based financing as a critical element within municipal finance. Prior to the training, participants the training package was availed to all the participants to enable them familiarize themselves with the various LBF tools that include:

- Recurring Taxes on Land and Buildings (This is two sessions: Policy and Administration)
- Betterment Charges and Special Assessments
- Developer Exactions
- Land Value Increment Taxes
- Sale of Development Rights
- Land Leases and Sale of Public Lands
- Transfer Taxes and Stamp Duties

The training occurred over three days period and covered three land-based finance instruments (Betterment Charges and Special Assessments, Developer Exactions and Sale of Development Rights). In addition to getting an introduction to land-based finance in general, participants received in-depth action-based training that would guide development of action plans.

1.3 Training Objectives

The training was intended to increase the capacity of local and national leaders and officials by enhancing their understanding of and ability to implement land based financing instruments, and assisting them to formulate a follow-up action plan. It was designed and conducted to help participants gain a sound understanding of the tasks required to implement or improve each instrument in their local environment. The major immediate training objectives were;

- To achieve a greater awareness, understanding and implementation of the benefits and risks of land-based finance.
- To help participants in defining the best land-based instrument suited for their country/city and how should it be adapted to the context to successfully generate revenue
- To facilitate the understanding of the next steps necessary for implementation of the selected land-based finance instrument

1.4 Summary of Participants

Participants were selected from local and national government agencies. This was based on their professional standing and day to day job function, interest in the topic, ability to influence implementation of the instruments including legislative revisions to facilitate land-based financing. In selecting participants, gender balance considerations were observed.

Participants and their agencies were provided with a chance to review a summary of the seven instruments in order to pre-select those they were most interested in exploring during the upcoming training. They were also given materials to review prior to the actual training in order to familiarize with relevant chapters and case studies.

The total number of participants who attended the training workshop was 22. These were drawn from two countries namely, Philippines (21) and Myanmar (1) from the Asian region. Out of these, the percentage of the male who attended the workshop was 63.6% while female was 36.4%.

1.5 Training Assessment Methodology

A questionnaire to gather information and feedback was developed by the GLTN and Urban Economy Branch staff to help in the evaluation of the delivery of the training in addition to finding out participant perceptions of key components of this workshop (see Annex). This evaluation was conducted by GLTN staff who was not directly involved in training development or delivery. The results of the evaluation will be used to improve the training package and other training activities planned going forward. The evaluation mainly covered the following three main areas:

- i. Programme Design and Resource Materials
- ii. Course Delivery
- iii. Land-based financing instruments

The evaluation form was distributed to all the 22 participants who completed the questions then returned the forms. After getting the feedback and responses from the participants, a data analysis was conducted at two levels first quantitative data analysis was done based on excel spreadsheet. Secondly, qualitative data was compiled and critically analyzed to draw information by making comparisons and linkages between varied aspects and context across participants. An overall interpretation was made leading to the result and findings that are included in this workshop evaluation report.

2. PART TWO: WORKSHOP EVALUATION FINDINGS

2.1 Results of the Training Evaluation

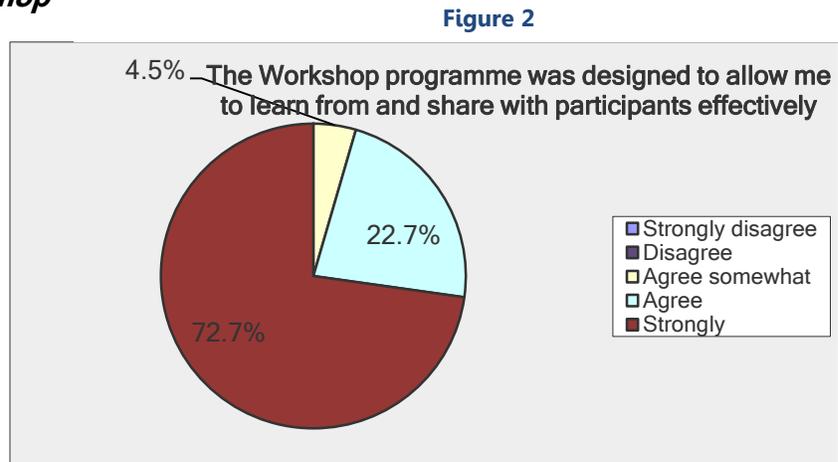
i. Programme Design and Resource Materials

a. Knowledge of the content of session materials.

Most of the participants in the training indicated their knowledge of the training materials as they had gone through the chapters and case studies which was provided beforehand. Out of the total number of participants in attendance, a higher percentage of 86.4% had read the materials while only 13.4 had not.

b. Relevance of the Workshop programme

In terms of the relevance of the program, 72.7% strongly agreed that it was designed to allow them learn, gain understanding of the instruments and ultimately share with the participants. Those who agreed were 22.7% while there was a 4.5% of those who agree somewhat.



c. Appropriateness of the Training Materials

On the appropriateness of the training materials, that is, chapters and case studies, 59.1% of the participants agreed that they were useful and would be applicable to their country and local context. 22.7% strongly agreed on that while 13.6% agreed to a small extent.

d. Manner in which the Training was conducted

54.5% of all participants did report to have felt the process to be consistently stimulating and relevant to them. When the environment is conducive and having better mechanisms to pass the information, it helps in getting them to understand the instruments and their applications in varied context. A good number of them (40.9%) agreed and diminutive 4.5% indicated that they agreed somewhat. There was no one who expressed their disapproval.

e. Presentation and Group Work Sessions.

It is worthy to note that no one disagreed that there was balance between the presentation and group work session. It only differs with the level of acceptance whereby there was a 31.8% of participants who strongly agree that there was a balance between these two modes of training while a 59.1% agreed and only 9.1 agreed to some degree.

ii. Course Delivery

a. Presentation and Discussion

59.1% of the participants strongly agreed that the presentation stimulated their thinking and the discussion deepened their knowledge of the Land Based Financing (LBF). 36.4% agreed while there was a 4.5% who felt that they somewhat agreed with that deduction.

b. Understanding of the Land-Based Financing (LBF) Instrument

Majority of the participants at the training workshop were able to see clear links between the various LBF instruments as depicted in the table below but their views differs only with the level of agreement. 40.9% strongly agree that there is distinct connectedness between the instruments, and also, 50% are in agreement that there are links while 9.1% agree slightly.

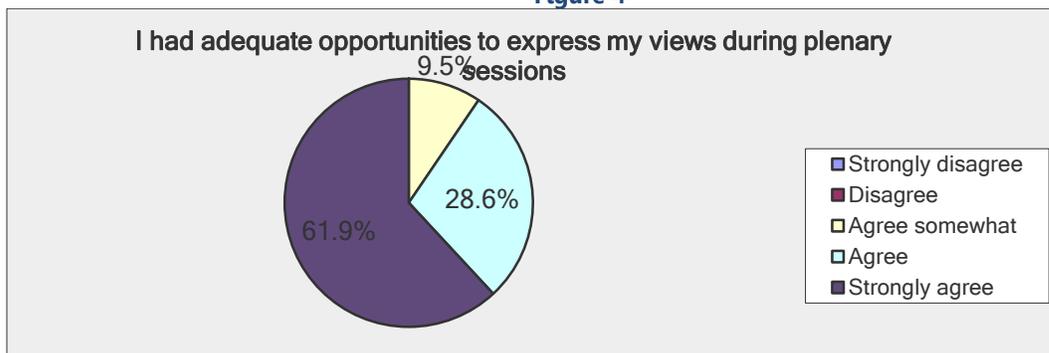
Figure 3

I was able to see clear links between the various LBF instruments		
Answer Options	Response Percent	Response Count
Strongly disagree	0.0%	0
Disagree	0.0%	0
Agree somewhat	9.1%	2
Agree	50.0%	11
Strongly agree	40.9%	9
<i>answered question</i>		22
<i>skipped question</i>		0

c. Opportunities to Participants

All of the participants are in agreement that there were opportunities to express themselves and air their views during the plenary sessions with regard to Land-Based Financing (LBF). Their degree of concert ranges from those that fairly agree to those who are strongly in favour of the opinion. A good number of participants, 61.9%, felt strongly that they were accorded fair opportunities to give their views while only 9.5% reported to have been moderately considered. During the group work sessions, 63.6% agreed strongly that they were afforded opportunities to express their views while 9.5 believed that they were somewhat given the opportunities.

Figure 4



d. Conducive Atmosphere and Satisfaction

From the findings, it noted also that all the participants agreed that the atmosphere during the training conducive for learning as 63.6% indicated they were absolutely in agreement that the ambience promoted openness and sharing amongst all participants was easy. 36.4% were also in agreement with that statement. In terms of satisfaction of their expectations, the same 63.6 % of participants strongly claimed that they were satisfied with the event. There was no one who objected as the rest 36.4% agreed to that.

iii. Land-Based Finance Instruments

a. Existing Instruments

The table below summarises the instruments already in according to the responses by the participants in the workshop. From it, we can clearly see that recurring taxes on land and buildings is widely used at 72.7% while Land Value Increment Taxes has not been applied in their countries. This might be attributed to lack of knowledge and skills for those tools which are rarely applied or not at all.

Figure 5

LBF Instruments already in use in my city/country		
Answer Options	Response Percent	Response Count
Recurring Taxes on Land and Buildings	72.7%	16
Betterment Charges & Special Assessments	40.9%	9
Developer Exaactions	22.7%	5
Land Value Increment Taxes	0.0%	0
Sale of Development Rights	4.5%	1
Lease and Sale of Public Lands	50.0%	11
Transfer Taxes and Stamp Duties	54.5%	12
Other (please specify)	0.0%	0
	<i>answered question</i>	22
	<i>skipped question</i>	0

b. Challenges

During the training workshop, there were challenges, issues and technical problems which participants have at one point or another encountered when they have been using these instruments. These have hindered the implementation of these tools in varied context in achieving sustainable development. These challenges are;

- ✓ Lack of information for stakeholders
- ✓ Lack of experience
- ✓ Resistance of land owners
- ✓ Lack of capacity and awareness of major players

- ✓ Political take-on will be a major challenge, strong resistance from land owners/developers Approval of updated schedule of base unit market values, tax rates still within the influence of politics
- ✓ No (Implementing Rules and Regulations) IRR and Policies, no land ordinance
- ✓ Payment delinquency
- ✓ Weak governance for implementation
- ✓ Out of date legal frameworks
- ✓ Low tax base on real property tax due to not updated schedule of market values. Less technical knowledge on actual application of appraisal of properties. Low collection in rural areas since political leaders sometimes ask consideration, especially voters of incumbent
- ✓ Weak compliance
- ✓ Some legal loopholes; overlapping laws
- ✓ Poor land management system & lack of GIS database

c. Proposed Solutions

The participants proposed the following actions to address these challenges and issues as well as technical problems highlighted above.

- Legislation of the laws, frameworks and guidelines, and ensure that they are strictly adhered to by all stakeholders during the implementation of these instruments.
- Seek for public support/political support
- To provide capacity support to institutions and individuals involved in the decision making processes and implementation of these tools. Capacitating the local task force and awareness of the legal varieties in each case of default on action and also trainings for the members of the task force
- Continuous dissemination of information to stakeholders
- To organize and conduct educative awareness campaign
- Training and Licensing of the assessors and regulators in property valuation making sure that they are well-trained to process and explain
- Ensuring that there is independency in terms of conducting duties and functions of the assessor. Participants proposes that local assessors be under department of finance so that they will not be controlled too much by the local officials in the assessment of properties
- To standardize/centralize database of tax assessment/land value
- Follow up discussions and actions
- Accountability and transparency in budgeting and application of funds, auditing, evaluation by specific intra assessment agency
- Develop effective land management system and tools
- Provision on laws that no diversion of fund collected be diverted, for other purpose
- Conduct an impact study and research
- Ensure that there is strict prioritization of lined up projects
- Institute proper adjudication mechanisms
- Ensure objectives are clear and made transparent (well disseminated)
- Stakeholders and members of task force to ensure that systems are tested and understood

iv. Additional Land-Based Financing Support Areas/Needs

The following are the areas that participants generally felt to be needing support and which would enhance the capacity of both the local and the national leaders to implement land0-based financing instruments;

Figure 6

I would have liked to have more training/more information on...(select several options if appropriately)		
Answer Options	Response Percent	Response Count/21
Recurring Taxes on Land and Buildings	27.3%	6
Betterment Charges & Special Assessments	36.4%	8
Developer Exaactions	54.5%	12
Land Value Increment Taxes	63.6%	14
Sale of Development Rights	45.5%	10
Lease and Sale of Public Lands	45.5%	10
Transfer Taxes and Stamp Duties	22.7%	5
Other (please specify)	22.7%	5
<i>answered question</i>		22
<i>skipped question</i>		0

Additionally, there following are other areas that some participants felt needed follow on in-depth training and provision of related information through more extensive dissemination:

- Usufruct scheme
- land scrapping
- Fees on land transaction
- Fess on approvals land department
- Land readjustments
- Tax impact on LBF instruments
- Actual computation of taxation / exaction levies
- Net present value computation of special assessments (over period of years)

2.2 Summary of Knowledge, Skills and Information acquired during the Training Workshop

During the analysis of the data from the questionnaire, it was evidently clear that there was a positive feedback or report on the course delivery as the objectives of this training workshop were realized. This event just like the previous one held in Egypt provided a basis for defining and addressing issues that might creep up during succeeding training workshops. Therefore, necessary information was shared by the trainers and exchange of different experiences among participants for enlightening purposes helped them understand how these tools can be applied and benefit them. In this case, the following presents the summary of knowledge, skills and information that was acquired by the participants;

- a) Greater understanding by participants of the way in which each of the LBF instructions discussed may affect land use
- b) Greater comprehension of the negative social impacts on different segments of the population in implementing the discussed LBF instruments discussed and the necessary measures to minimize these.
- c) Acknowledgements of participants that Land-based Financing can succeed in their city/country
- d) Knowledge of the major barriers for LBF (e.g. regulatory system, informality, political buy-in, land registration system, etc.)
- e) Awareness of the regulatory pre-conditions that need to be put in place (e.g. what powers, what checks and balances, etc.) in order to ensure accountability and better service delivery

2.3 Suggestions to Improve Future Trainings

Participants recommended that there are action that needs to be taken to improve future trainings and making them relevant to the existing situations. It was documented that it would be imperative for key stakeholders to embrace them as this will lead to the realization of the set objectives. The following are the recommendations proposed;

- ❖ Conduct trainings that is more or less realistic in the Philippines for us to have a deeper understanding if we opt to implement this tool
- ❖ Invite representatives from developers group
- ❖ Perhaps, an advance questionnaire be given to the participants for them to have extra research based on their setting (city/country) Seminar like this is too intensive.
- ❖ Coordinate with other agencies who are working for the same course.
- ❖ Inclusion of country/local case studies in to make it easy for locals to understand, that is, not to involve too much foreign information and experiences
- ❖ More time could have been given to allow thorough reading of materials prior to training
- ❖ Extend time to discuss all topics
- ❖ After the elections, congressional judiciary representatives should be included
- ❖ Announcement of the dates of the seminar should have been made earlier so that we could have planned our schedule

3. CONCLUSION

Based on the workshop evaluation findings, the training workshop provided an opportunity for participants to draw on, and build on, their extensive experience and knowledge of the Land-Based Financing Instruments. It was quite evident that the right people were in the room with the right background and thanks to the support provided by the UN-Habitat Country team and in selecting the participants. Despite the original idea being conducting a regional training, the presence of key local government and central government participants in the training provided an opportunity to address deeply some of the key local concerns linked to LBF in the Philippines context. Sharing of knowledge enabled also enabled participants to better understand the LBF concept, benefits and risks of land based finance. The broad mix of participants encouraged an atmosphere in which differences were openly aired.

Of importance to note is the fact that there is already a legal foundation for implementing betterment levies which unfortunately has not been implemented yet. Also Developer exactions are used but only for social housing (20% of the housing project value). As a result of the training, the participants unanimously agreed to the need to strengthen these two instruments for the Philippines context and implement them so that the real benefits of the tools can be realized.

Lack of political will and public support were identified as the core challenges during implementation of the land based financing tools. Impediments included lack of will from the elected representatives to take early action, weak governance, and lack of understanding of Land-Based Financing. Strong resistance from land owners/developers, lack of land ordinance, payment delinquency, out of date legal frameworks, low tax base on real property tax due to failure in updating market value schedule, poor land management system and lack of GIS database were all acknowledged as critical issues.

Despite all these, the participants provided helpful feedback regarding the manner in which training sessions were conducted. In general, they indicated that they found the workshop insightful and useful in their duty of delivering services and infrastructure development and achieve their maintenance goals. Some participants have suggested that more time be allocated to some of the sessions in order to allow for more in-depth discussion. Others proposed that in future events, more participants from local government units should be invited. Participants noted that although there was much content delivered during the trainings, the facilitation approaches used enabled all to engage. Specifically the rotating roles, and the manner of discussions which were interesting gave everybody a sense of responsibility to the group. Also there is need to get the local terminology used for each LBF instrument before conducting such a training in future at country level.

Broadly speaking, the evaluation concludes that the training was informative, helpful and enabling. It is also acknowledged that the training information gained will be applicable to varied contexts at country level. It is concluded that the land-based financing will spur growth if local governments play a bigger role hence the need for more attendees from local governments and other land stakeholders in future trainings. And most importantly, the success of the training show-cased the positive impact of UN-Habitat inter-branch and country level collaboration in delivering solutions geared towards of better and more sustainable urban areas.