



**Fourth Draft v.1 (12.09.2018)**

## **Concept Note:**

# **Joint Training Programme on Land-based Finance for Responsible Municipal Governance Mashhad, Iran 27-30 November 2018**

### **BACKGROUND**

Over half the world's population currently lives in urban areas, and by 2050 this share is expected to increase to two-thirds with consequent pressures on demand for land, housing, infrastructure and services. Urbanization extends far beyond the world's 28 mega-cities; about half of the world's urban dwellers live in urban areas of fewer than 500,000 inhabitants. As a result of this rapid urbanization, there is need for new infrastructure, and the capacity to provide adequate services to all: new roads, sewage systems, solid water removal systems, power stations, water-supply networks, telecommunication networks, etc. Without such infrastructure and equitable services, it will not be possible to create sustainable cities – cities that are considerate of their social, economic, and environmental impacts, cities that offer an adequate habitat to their populations without undermining the ability of future generations to experience the same. The relevance of the challenge of financing urban infrastructure and services is also underscored by the New Urban Agenda (NUA) which calls for *“supporting effective, innovative, and sustainable financing frameworks and instruments, enabling strengthened municipal finance and local fiscal systems to create, sustain, and share the value generated by sustainable urban development in an inclusive manner”* (para.15(c)(4)).

As many of the investment needs in urban areas relate to the provision of public goods, it has proven difficult to attract private sector investment in much needed urban infrastructure. While the majority of countries have split the responsibility of service provision in urban areas between national and local governments in lengthy and complex processes of decentralization, the latter are often not equipped with the financial means to deliver on their functional responsibilities. Local governments tend to lack the legal mandate, the technical capacity and the access to sufficient and timely inter-governmental transfers necessary to provide needed local infrastructure and services. As local governments, especially in developing countries, also tend to have minimal access to credit markets, they are often forced to explore other ways of increasing their revenue to provide the services their citizens need.

Of all the existing means to increase revenue at the local level, land-based financial tools have garnered particular interest over the past years. Land-based finance instruments refer to a broad category of financing mechanisms that include land value capture as well as contributions made by property owners or property developers, regardless of whether land values are increasing. They are generally viewed as untapped, efficient, socially equitable and financially powerful means to create a healthy investment environment, efficient usage of inner-city land (decreased urban sprawl) and as a means to increase municipal revenue. The importance of land-based finance is also captured in the New Urban Agenda which specifically highlights the commitment to: *“best practices to capture and share the increase in land and property value generated as a result of urban development processes, infrastructure projects, and public investments”* (para.137). While land-based finance instruments are not always easy to implement and frequently require improvements in the realm of land and property rights before being implementable at the local level, the potential they bear for improving the financing of urban service provision constitute a significant argument in favour of sensitization and capacity building for land-based finance.

# Land-based Finance for Responsible Municipal Governance

November 27 - 30  
MASHHAD, IRAN



International Scientific Cooperation Office  
Municipality of Mashhad



## THE TRAINING

In order to enhance understanding of such challenges, and to assist governments and stakeholders to find ways of meeting those challenges by unlocking potential land-based finance resources, UN-Habitat and the Global Land Tool Network (GLTN) have developed a dedicated, two-volume training package called **Leveraging Land: Land-based Finance for Local Governments**. The package, which consists of a [Reader](#) and a [Trainers' Guide](#), aims at developing the capacity of local and national leaders to utilize land-based financing as a critical component of municipal finance.

This four-day training event will be jointly presented by UN-Habitat (Land & GLTN Unit in collaboration with Urban Economy Branch), the Global Fund for Cities Development (FMDV) and the Metropolis International Training Institute (MITI) West Asia office in Mashhad, Iran. It will bring together municipal managers from within Iran and elsewhere in Asia, Eurasia and Africa, to better understand the mechanics and potential contribution of land-based financing in achieving Responsible Municipal Governance – governance which fully, equitably and efficiently leverages the assets of the community to the greater benefit of all citizens. Reference will also be made to a series of relevant international case-studies as well as complementary land value capture tools, in particular *Participatory and Inclusive Land Readjustment (PILaR)*.

## LEARNING OBJECTIVES

By the end of the learning event, participants will be expected to have gained:

1. Increased awareness of the policy, legal and institutional context of land-based financing and how its application could leverage resources for responsible local governance;
2. A clear understanding of the working of a selection of land-based financing instruments and the potential of each tool in their own local context;
3. Practical knowledge of the steps, roles and tasks required to use land-based finance instruments in their environment, with specific reference to the and the context of Iran;
4. Drafted plans of action spelling out the next steps
5. Motivation, energy and commitment to implement their action plans.

## TRAINING CONTENT

Before diving into the central subject of this training, namely Land Based Finance (LBF), this workshop intends to contextualize the usage of LBF in the greater debate around improving municipal revenue as well as the situation in Iran more specifically. Prior to engaging in more depth with LBF it should be clear to all participants what the specific relevance, role and potential of LBF can be.

The main resource for the Land Based Financing training sessions will be the abovementioned UN-Habitat and GLTN training package on land-based finance for local governments.

This training package aims at developing the capacity of local and national leaders to utilize land-based financing as a critical element within municipal finance. While the implementation of such instruments typically occurs at the sub-national level, national support, including legislative and institutional frameworks are also fundamental to their successful use. The intent of the training is to broaden the understanding of participants regarding potential land-based revenue instruments and to help them think critically about what is required to implement or improve each instrument in their own cities and countries. In addition to getting an introduction to land-based finance, training recipients will receive in-depth, action-based training on a selection of relevant instruments, to be selected from the following seven categories: Recurring taxes on land and buildings; Betterment levies & Special assessments; Developer exactions; Land value increment taxes; Sale of Development Rights; Land Leases and Sale of Public Lands;



Transfer taxes & stamp duties. The level of detail and complexity with which these individual topics are explored will be customized to fit the specific interest and active contribution/feedback of the participants.

The programme will also cover a selection of illustrated case studies from a range of cities, related to the instruments focussed on. We shall also reference more locally relevant information on cases or scenarios with the assistance of both partners and participants.

Reference will also be made to other, complementary value capture instruments, in particular the UN-Habitat and GLTN source book *Remaking the Urban Mosaic: Participatory and Inclusive Land Readjustment*.

## **PARTICIPATION**

Participation will be limited to a maximum of 40 urban managers (predominantly from Iran but also from Asia, Eurasia and Africa). Participants in the event will receive certificates of attendance.

## **PREPARATION**

Participants will be requested to submit information on the nature and extent of their interest and experience in land-based finance, which will be used to inform the design of the training. They will also receive essential reading material beforehand and will be invited to prepare presentations. Details regarding format and content of presentations will be shared in due course. Key information sources, which the participants will be encouraged to study prior to the event, will include:

- *Leveraging Land: Land-based Finance for Local Governments - A Reader*  
<https://gltn.net/download/leveraging-land-land-based-finance-for-local-governments-a-reader/?wpdmdl=9157>
- *Leveraging Land: Land-based Finance for Local Governments. A Trainer's Guide*  
<https://gltn.net/download/leveraging-land-land-based-finance-for-local-governments-a-trainers-guide/?wpdmdl=9161>
- *Remaking the urban mosaic – Participatory and inclusive land readjustment (PILaR)*  
<https://gltn.net/download/remaking-the-urban-mosaic-participatory-and-inclusive-land-readjustment/?wpdmdl=7527>
- *Handling land. Innovative tools for land governance and secure tenure*  
<https://gltn.net/download/handling-land-innovative-tools-for-land-governance-and-secure-tenure-eng-2012/?wpdmdl=8183>