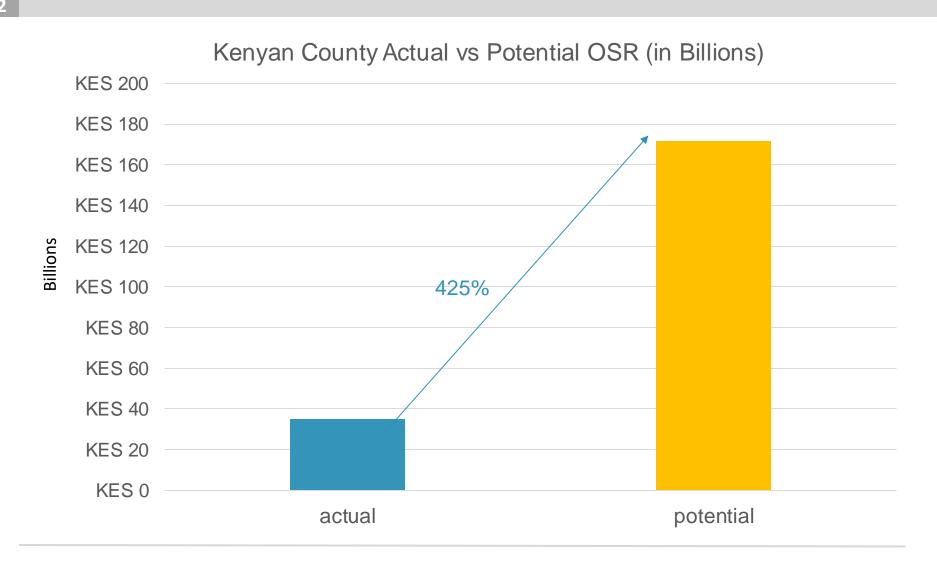
Results Based Financing





A lot of local governments are not effectively raising local revenues



We have done a lottt of capacity building on local revenue











Damascus

Erbil

Ramallah

Kampala

Mzuzi









Beni

Bangkok



Bamako

Mashhad



Lusaka

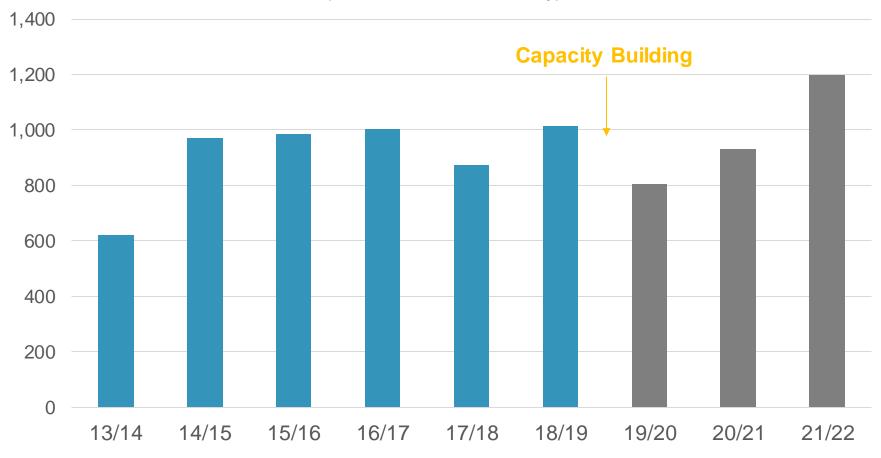
Marakesh

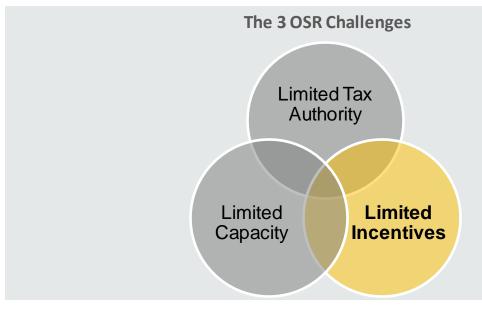


Kisumu

Dodoma







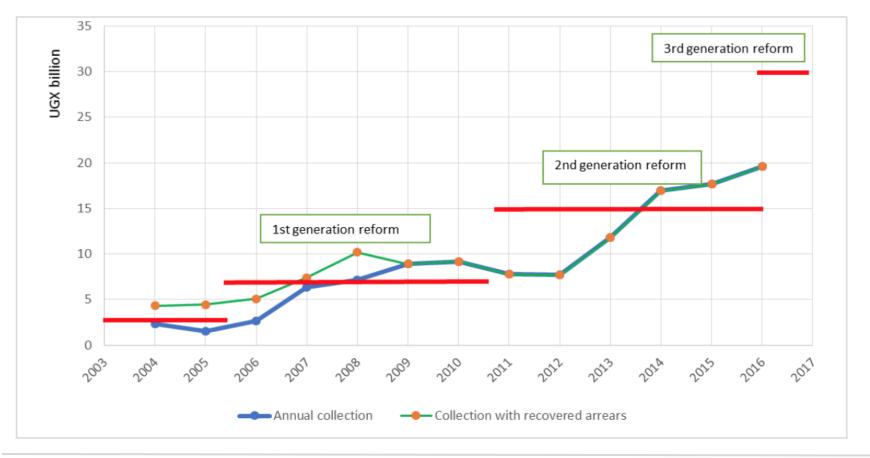
- Limited tax authority: insufficient/inappropriate revenue streams have been devolved to local government
- Limited capacity: there is insufficient capacity of local governments to effectively and equitably use the tax authority devolved to them to generate revenues in an equitable fashion
- Limited incentives: there are insufficient incentives in place for local governments to effectively use the OSR authority that has been devolved to them

We build capacity but often times it is the incentives which are lacking

- **Tax payers:** not one likes taxes
- Elected Officials / Incumbent elites: they want to remain in power and prefer attaining external finance
- 3. **Tax collectors:** often benefit from existing loopholes in the system

The Kampala OSR Success Story

 Analysis suggests that part of the success of 1st generation reform was a 20% bonus provided to City Council members, who became eager to implement OSR reform





How it works... OSR OPTIMIZATION PHASE 1 **OSR OPTIMIZATION** SUSTAINABILITY PHASE 2 APPLICATION \$500,000 GRANT APPLICATION \$1 MILLION GRANT LONG-TERM The initial selection criteria To optimize a stream of Proposal must build off the Gain to revenue must be Completing both phases of will include the following: revenue, 70% of the increased improvements realized in earmarked for service GIF partner's will doubled 1) demonstrated commitment revenue will need to be Phase 1 but will optimizes the OSR, Optimized OSR will provision; however, with to improving OSR 2) allocated to either a) health revenue stream with greatest caveats for expenditure on provide sustainable completing the ROSRA 3) a services, b) education, c) potential identified by ROSRA capital investments outlined in discretionary revenue which proposal optimize an OSR profitability analysis partner local governments or green economic initiatives, or can be used to service debt stream 4) and earmarking cities existing development d) women & children and demonstrate the local revenue gains to service empowerment. The remaining plans. government or cities 30% percent discretion of provision creditworthiness to private partner local government or financing including capital city decision makers markets.

- Admission conditional on prior results
- Graduation to Phase 2 (additional funding) conditional on results

Thank You





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