

# **Chapter 3: Service Delivery and the Local Government Taxation Systems in Africa: Practice, Scope and Options**

HENRY T. GURAJENA, INNOCENT CHIRISA, LIAISON MUKARWI & ABRAHAM MATAMANDA

## **3.1 CHAPTER SUMMARY**

This chapter seeks to systematically discuss service delivery and local government tax systems with a view to assess the practices in African countries and scout whether there is scope for improvement amid an array of emerging options, including taxing the informal sector, participatory budgeting and capitalising on land value capture. It draws lessons from other regions, particularly Asia and Latin America, where these options have been applied and yielded immense success. The chapter comes in the context of paucity of literature in the African region to demonstrate ways to improve service delivery (including road infrastructure development and maintenance, water supply and augmentation, housing and shelter provision and the development of physical markets) by innovative means that harness financial resources through negotiations and developing efficient and equitable constitution systems. The chapter is based on a desktop study that uses literature review,

document review and thematic content analysis. In urban areas, generally, the demographic dividend ought to be the riding factor by local government in making sure that citizens and residents contribute to the development of their areas. Participatory budgeting brings ownership and satisfaction to the raising, management and accountability of financial resources harnessed by local governments. Africa, however, faces several challenges that create unnecessary hiccups to implement some of the processes that work well elsewhere. Among the noted handicaps are corruption, financial mismanagement, residents and protestation by residents, co-optation, and interference by the central government on local government affairs, and the generally apathy by citizens to participate in matters that affect them with respect to revenue collection and, ultimately, service delivery.

### **3.2 INTRODUCTION**

This chapter seeks to systematically discuss service delivery and local government tax systems with a view to assess the practices in Africa and scout whether there is scope for improvement amid an array of emerging options, including taxing the informal sector, participatory budgeting and capitalising on land value capture. The research question guiding this chapter is: What potential does the African

continent hold pertaining to the advancement of initiatives that improves local government taxation and through the multiplier effect service delivery too? The chapter is based on a desktop study that uses literature review, document review and thematic content analysis. The researchers considered many publications with direct relationship to issues of participatory budgeting (PB), taxation and land value capture in Africa. The major reason of adopting such a strategy was to avoid duplication of effort. This yielded the main advantage in which the researchers just obtain published reviewed data and use it to deduct sense that greatly was applied and benefited the study. The document reviews helped in the comparison of data to adopt and use in the study. Reviewing various documents gave the researchers a good base to choose which documents would be found fit to be included in this study. Themes formulated in the literature consulted were adopted and analysed in this study. The chapter is organised as follows: background, context and literature towards service delivery and the local government taxation systems in Africa. Results and discussion follow after this. This section entails issues of informality in Africa, land value capture, common instruments used in land value capture, motivation for taxing households in Africa and PB issues are described at length. Finally, lessons for

Africa, larger implications of the research and the conclusions and recommendations section will then follow.

### **3.3 BACKGROUND, CONTEXT AND LITERATURE**

The chapter comes in the context of paucity of literature in the African region to demonstrate ways of improving service delivery through innovative means that harness financial resources by negotiating and developing efficient and equitable constitution systems (Swedberg, 1991; Fukuyama 2004; Levy and Kpundeh, 2004). The services include road infrastructure development and maintenance, water supply and augmentation, housing and shelter provision and the development of physical markets. With respect to literature review and theoretical underpinnings, the chapter draws lessons from other regions, particularly Asia and Latin America, where these options have had immense success (Baiocchi, 2005; Collins and Chan, 2009). Through support for shared learning and knowledge sharing, Africa is bound to benefit from lessons adopted from other regions since they have proved to be useful in other parts of the world. For example, the participatory budgeting concept formulated and adopted in Brazil in the late 1980s aimed at working towards redistribution of mechanisms that favoured the poor (Baiocchi, 2005).

As it is known, land is a natural resource and a factor of production and, therefore, should be used conservatively (Peddle, 1994; Gihring, 2009). Land-use should be justified and transactions involving real estate must have monetary payment to make good all the interested parties and stakeholders in the piece of land. A tax on land values produces economic and social consequences different from a tax on improvements (Peddle, 1994). The taxation principle has been widely embraced as a base for compensation to the use of land. Any tax tends to diminish the base upon that it is levied (Gihring, 2009). Hence, what is in the public's interest is desirable and should be taxed less, for example, commerce, job growth and investment, and what is undesirable, should be taxed more, for example, pollution, traffic congestion, land consumption (urban sprawl), and energy resource depletion (*ibid.*). What has not been clarified pertains to the taxes on land, whether they are desirable or undesirable.

Gihring (*ibid.*) has examined the proposition that a land value tax is an effective method to promote transit-oriented development and raise revenue to finance public improvements within urban rail transit station areas. Urban rail transit is just an example of a publicly admired good. Generally, the concept here is that land taxes are supposed to raise revenue to fund

the development of publicly admired goods. Further, the ideology of taxing land within the jurisdiction of a local authority should be borrowed from the past successes realised and applied in developing nations. It can be argued that in recent times, local authorities in developing countries in Africa have been haphazardly introducing taxes on land. At the end of the day, the land taxes will not be systematic, making it difficult for billing and tax collection. This calls for a thorough investigation focusing on the impacts and consequences posed by local governments in the African countries. One important means to harness management resources by local government is employing the PB approach (He, 2011). Participatory budgeting has been described as a form of active civic engagement that, over the years, has enabled and helped citizens to participate in budgetary decision-making processes in their respective countries and communities. He (*ibid.*) has defined PB as a mobilisation strategy of the political left whose mandate is liberation, self-governance and radical democracy. When PB was first introduced in China, the government reshaped its core ideas by projecting it as a programme to curb corruption, improve administrative efficiency and enhance state capacity (Collins and Chan, 2009).

Considering what has been reported by Collins and Chan (*ibid.*), PB is a tool for administrative incorporation, expanding participation and narrowing contestation. Behind China's PB are three distinctive logics entailing administration, political reform and citizen empowerment (He, 2011). In the context of this study, some local authorities in Africa act as if they are 'begging' and are 'undecided' pertaining to the adoption of the PB strategy yet, on its own, PB has proved to be effective in the pioneering countries. Positive results will be enjoyed if the PB strategy is embraced by developing countries in Africa. Benchmarking with what has been previously achieved, much can be learnt from the PB cases, especially considering the results that have been obtained in Brazil. The major players in the urban economies of Asia, Latin America and Africa are the informal sector (Schneider, 2002). It is prudent to consider them as a form of harnessing financial resources, hence the call for taxing the informal sector. Much literature on informality has been created. Researchers view informality differently but of interest are Roy and Al Sayyad's (2004) and Roy's (2005) views that informality is a mode of urbanisation and should be regularised. The debate over the meaning and significance of the informal sector waxes and wanes, the concept appears to have a life of its own (Mead and Morrisson, 1996). Mead and Morrisson, (*ibid.*) further argue that officials in the government,

development analysts, donors and international agencies continue to use the term as if they know what it means but, in actual fact, they do not know. This justifies the need for government, both central and local, to understand informality and its impact.

In Africa, informality is on the back of the international development and urban planning agenda (Roy, 2005). Mead and Morrisson (1996) identified three facets of the concept of informality, these being legality, thus, registration and payment of taxes, amongst other things, enterprise size and level of capital intensity. In countries where the formal economy does not perform well, the informal economy usually does. However, it is generally accepted that it is difficult to prove this claim because the informal economy is difficult to account for and make quantifiable assessments. Therefore, it is important to note that the informal economy is an additional avenue that lies idle with much potential to be lucrative if explored in a systematic way.

### **3.4 RESULTS AND DISCUSSION**

In urban areas, the demographic dividend generally ought to be the riding factor by local government in making sure that citizens and residents are contributing to the development of

their areas (Schneider, 2002). Participatory budgeting brings ownership and satisfaction to the raising, management and accountability of financial resources harnessed by local governments. Africa generally faces several challenges that create unnecessary hiccups to implement some of the processes that work well elsewhere (Hansen, and Vaa, 2004). Among the noted handicaps are corruption, financial mismanagement, residents and protestation by residents, co-optation and interference by the central government in local government affairs, and the general apathy by citizens to participate in matters that affect them with respect to revenue collection and, ultimately service delivery as noted in many African countries on various media reports. The main results of this study pertaining to the key elements initially considered are explained in following paragraphs.

### **Informality in Africa**

Informality is a constant feature in many African states (Mead and Christian, 1996; Hansen and Vaa, 2004). Informality exists in various forms. Schneider (2002) has noted that crime and other unacceptable activities in the economy, especially informal economic activities, are a fact of everyday life around the world, especially in Africa. It has been observed that most societies attempt to control these activities through various

measures that include punishment, prosecution, economic growth or education (*ibid.*). Gathering statistics about who is engaged in informal activities, the frequencies with which these activities are occurring and the magnitude of them is crucial in making effective and efficient decisions regarding the allocations of a country's resources in the area. Unfortunately, it is very difficult to get accurate information about these underground or as a subset of informal economic activities on the goods and labour market, because all individuals engaged in these activities do not wish to be identified. Hence, the estimation of the informal economy activities can be considered as a scientific passion for knowing the unknown (*ibid.*). The same challenge also has caused researchers to observe and make intelligent guesses to be able to give an educated guess when quantifying levels of informality.

Around the world, it is on record that informality is difficult to quantify, especially its levels in the developing, transitional and developed worlds. As if that was not enough, Schneider (*ibid.*) observed that most scholars face a challenge even defining what they refer to as informality. In general, one can never fully explain a concept that they cannot define. However, a comprehensive study was done by Schneider and Enste (1997) as referenced in Schneider (2002) concentrated on unearthing how much informal economy the contributed to total levels

produced nationally. For that research to be simplified, a working definition for informality was all unregistered activities in an economy that contribute when an official Gross National Product (GDP) is calculated (Schneider and Enste, 1997). Further, three ideas are said to be at the heart of the concept of informality that involve legality, thus, registration and payment of taxes, amongst other things, enterprise size and level of capital intensity (Mead and Morrisson, 1996)

During the period from 1999 to 2000, the size of the informal economy in Africa (in percent of GDP) was 42% (Spiro, 1993). These high levels can be explained only by the fact that, in the middle of recession and difficult economic climates, people normally resort to informal economic activities to make a living (*ibid.*). Although the informal activities can help to sustain the livelihoods of citizens in an economy, the states suffer by being deprived the right to obtain its revenue through taxations. This is because the informal economy is unaccounted for. Table 3.1 shows the countries that went to extremes in their levels of informality. Although the assessment was done more than two decades ago, it can be argued that it is still applicable as some countries have not properly dealt with informality. Generally, these rates of informality simply indicate that much needs to be done when taxing them, so that informal economic activities can help in the advancement of infrastructure in an economy.

**Table 3 1:** Rates of informality in selected African countries from 1999-2000 (Spiro, 1993)

Country	Rate of Informality
<b>Highest Rates of Informality</b>	
<b>Zimbabwe</b>	59.4%
<b>Tanzania</b>	58.3%
<b>Nigeria</b>	57.9%
<b>Middle Field Rates of Informality</b>	
<b>Mozambique</b>	40.3%
<b>Cote d'Ivoire</b>	39.9%
<b>Madagascar</b>	39.6%
<b>Lower End Rates of Informality</b>	
<b>Botswana</b>	33.4%
<b>Cameroon</b>	32.8%
<b>South Africa</b>	28.4%

### Land Value Capture

Land is finite and is a precious resource in African countries and even forms part of the factors of production. Thus, it calls for a conservative approach when using it. . Land must be utilised in an efficiently manner. Basically, administrators and owners of land obtain value from the pieces of land. This process introduces the 'land value capture' concept. Generally, value capture involves harnessing the land-value gains that materialise because of additions of special improvements to benefit a specific area (Gihring, 2009). In other words, 'value

'capture' is used interchangeably with 'betterment levy'. Justification for the term being the fact that *ad valorem* assessments of ordinary property taxes and is similar in conception to development exactions and impact fees (*ibid.*). Land value represents dimensions of real estate although they would be speculative. Land value is different from building value. Thus, value capture is a variation of an unearned increment tax and is based on the premise that property owners benefiting from a government-conferred locational advantage, should pay some portion of the cost of public improvements from which the added value is originally derived (Gihring, 2009).

These taxes basically are levied on citizens. Further, Colombia and Uruguay have built roads using value capture technique (*ibid.*). Also, Mexicali, Mexico, managed to replace its conventional property tax with a land tax that comes as a form of value capture (*ibid.*). Generally, it can be agreed that Africa now needs to stop theorising and move on to practise and implement the value capture techniques to be able to raise funding to install amenities necessary in the respective economies.

Further, it cannot be disputed that taxation is the best to facilitate the integration of state resources to fund state-building endeavours in developing countries (Levi, 1988). Of interest, Levi (*ibid.*) noted that the history of state revenue

production is also the history of the evolution of the state. This, in turn, supports the notion that whenever a state is effective in its taxation and revenue generation points, with proper governance, it would undoubtedly start to develop. Further, it is on record that taxes underwrite the capacity of states to carry out their goals because they form one of the central arenas for the conduct of state-society relations, and they shape the balance between accumulation and redistribution, giving states their social character (*ibid/*).

Braütigam (2008) examines the claim that taxation is the focus when talking about state-building. In the same book, three main questions across two broad themes of 'taxation and representation' and 'taxation and institutions' are inspected. The first element intended to unearth how taxes and any other sources of public financing affect state-society relations in the management of developing countries. The second enquiry pertained to inquire on the question: when revenue imperative will start to yield economic development? The last question intended to uncover the fundamental considerations involved in enabling the governments of African countries to be effective, equitable and sustainable in their taxation strategies (*bid.*).

The results obtained from the enquiry made by. Braütigam (*ibid.*) yield that on the first question, the major axis of debate is whether the taxation relationship either (a) is intrinsically coercive and, therefore, inimical to consensual governance, or

(b) provides an opportunity for the creation of consensual and representative government through ‘revenue bargaining’ between states and organised citizens. On the second enquiry, it was discovered that revenue imperative can produce a variety of institutional outcomes (*ibid.*). In some countries (and in some historical periods) revenue and related institutions are developmentally ‘better’ than in others (*ibid.*). And finally, on the last enquiry, few developing countries have yet succeeded in creating tax systems with high levels of both capacity and consent. Their tax systems are often regressive and distortionary and lack legitimacy. Tax administration is usually weak and characterised by extensive evasion, corruption and coercion (*ibid.*). In many cases, overall tax levels are low, and large sectors of the informal economy escape the tax net entirely (*ibid.*).

### **Common Instruments Used in Land Value Capture**

Various instruments have been documented by scholars. For example, Braütigam (*ibid.*) documented the following instruments: a betterment levy must be introduced, this involves any tax that is charged to the citizens after an authority erects a servitude that increases the value of the land. A betterment tax is issued when authorities simply effect a regulation that positively affects the value of a property, for example, when they change the bulk-factor of a building by reviewing it upwards. Secondly, the sale of development rights by planning authorities powered by various acts, the authorities

can approve and sell the right to change use rural land to urban use, hence create more value from the urban new use, and the right to build at greater densities than normally would be allowed by zoning rules or height restrictions.

Thirdly, other avenues include public land leasing in which a planning authority in a country should lease out its land to other stakeholders and allow them to carry on uses that generate revenue. As they would be getting rentals, it will be an avenue of making good returns from the land they own. Leasing will also present them with the opportunity to cancel the lease and use the land the moment the local authority decides to use the piece of land for a specific function (*ibid.*). Fourthly, it may be necessary for a planning authority to allow the public sector engage in land acquisition and resale. This function is a method to capture the full value of the gains on land since usually in many parts of Africa, a certain tax accumulates (transfer duty/stamp duty) to the government each time real estate exchanges hands amongst citizens and households of the nation (*ibid.*).

More instruments, like land sales, enable the private sector to develop previously owned public lands and eventually, through the multiplier effect, benefit the whole nation and value of land will be captured as well (*ibid.*). Moreover, developer exactions have proved to be effective in other regions and these are requirements a local government places on a developer to

dedicate land, construct, or pay for all or a portion of the costs of capital improvements needed for public facilities as a condition for development approval (*ibid.*). Furthermore, impact fees are also used to capture land value. These fees are passed to cover the costs required when a new property development needs to take place (*ibid.*). When a new development takes place, existing infrastructure, like sewer pipes and water pipes, are strained. Therefore, it was noted that there will be need to match the service delivery even after a new development is constructed, thus, justifying the creation of impacts fees that aim to match service provision after new developments have been affected. Lastly, another simple technique involves negotiations and voluntary contributions in which parties agree that before the infrastructure development occurs, a rate would be paid by property owners in the area and this rate causally relates to the level of the improvement to be effected. The above techniques and instruments have proved to be effective in some regions and are only waiting for the African continent to adopt and learn from the cases. These have worked in capturing land values and, therefore, should be adopted by developing Africa countries. It can be argued that good results can be achieved, and these could improve revenue.

### **Motivation for Taxing Households in Africa**

With assessments done so far, it can be generally agreed that Africa is calling for intense focus to be directed towards tax systems, especially on the land values. This is because land is

one of the biggest assets and it constitutes a great percentage of the revenue-making bases for many African states. Basically, Africa is way behind in terms of infrastructure development (UN-Habitat, 2014). UN-Habitat (*ibid.*) reported that the infrastructure deficit in Sub-Saharan African cities is well understood since it has been unearthed that in recent times, there have been more than 200 million people. However, 62% of the region's urban population is living in slums. Furthermore, the rate of urbanisation in Sub-Saharan Africa is resulting in continued growth of poorly serviced areas. In essence, these rates on their own can interpret that somewhere somehow, authorities are not properly executing their functions. The new informal dwellers should be taxed so as to fund provision of basic services and pay for the land they would be informally occupying. On the other hand, it can be drawn out that Sub-Saharan African countries are making progress with infrastructure provision the progress is not enough to deal sufficiently with backlogs in accessing basic services (*ibid.*).

## **Participatory Budgeting**

Since the introduction of participatory budgeting (PB) in Brazil, one can guess that this topic has evolved around the world with many nations trying to incorporate the initiative, some obtaining good results with others experiencing challenges. It was reported that PB was one of the most successful initiatives that is collective and encompassing in nature that has worked for over 15 years (Sintomer, Herzberg and Röcke, 2008). Further,

it is asserted that since PB came to reality in Porto Alegre in Brazil, it has been adopted in other regions, like Latin America, where it is estimated that more than 6.25% of the municipalities in the region had introduced it by 2006 (Cabannes, 2006, as referenced in Sintomer, Herzberg and Röcke, 2008). It is also further attested that from the period 2006, PB spread to the entire globe (Sintomer, Herzberg and Röcke, 2008). Benchmarking from practises that have been widely embraced in many countries in different continents and further, making good results, one can note that the technique seems beneficial, if adopted. Further, as referenced in Sintomer, Herzberg and Röcke (*ibid.*), Habermas (1996) has insisted, for example, on the conditions for a good participatory deliberation. Others, in a post-Marxist tradition, have focused on the importance of participatory devices in and for social struggles.

One of the first people who observed the PB technique in Porto Alegre noted that the technique materialised because of a 'window of opportunity' directly attributed to the electoral success of the Labour Party (Abers, 2000). Scholars generally agree that the PB technique emerged in Brazil in the 1980s. Various scholars bring forth interesting discoveries pertaining to the management of local governments, for example, O'Donnell (1994) noted that the 1980s PB was felt in a context that was greatly different when compared with Western Europe countries, this being that Brazil is one of the countries in the world that has a system in which people earn incomes of

different margins and because of its 'delegative democracy'. O'Donnell (*ibid.*) further noted that the constitutionally guaranteed democratic institutions do not operate as intended, since politics and the administration are characterised by factors like corruption. Generally, PB has achieved results and, if implemented systematically, can also yield good results for the African continent.

### **Lessons for Africa**

The purpose of this study is considering documents and literature on measures that could be adopted and benefit the African continent. Primarily, the African region is on the verge of benefiting from some of the recommendations discussed in this study the moment authorities change their thinking and perspectives towards developmental issues. Using international examples, case studies and policy propositions in other countries, the literature involved in the study can likely yield positive results for Africa if implemented accordingly and in similar circumstances. The most important points that should be reckoned will be placed mainly on the need to develop a well-functioning land market and taxation system and these arrangements may must include all or some of the explained components below:

It is now high time that African leaders become effective in the execution of their duties. If leaders are effective and efficient in executing their duties, they normally support all functions of the

state in shunning corruption. When a country overcomes corruption, it may possibly mean that when selecting officials to run the local government boards, there will be zero nepotism and favouritism in the appointment of these officials. Generally, at first this would be a milestone in ensuring government is effective when executing functions. There will be a sound institutional framework that yields a clear national policy, hence initiating a very strong local government and perpetuate the formation of well-established private developers, who will, in turn, be able to invest their finance and achieve high infrastructure development levels within a nation.

African countries should allocate a greater portion of their budget to the appointment of trained and qualified planners who should be able to clearly demarcate land-uses in their respective jurisdictions. Since planning is an art that involves determining land-uses after considering the technical and political influences in decision-making, it can be argued that all African countries should heavily review planning laws and put more resources in ensuring that their respective regions are well planned. To be able to effectively levy taxes on land, land-use should be clearly declared, and this makes it easy for stakeholders to even conservatively plan ahead and. Each planning authority should be tasked with having updated local development plans, master plans and regional plans for the regions they serve. Local governments in the respective African countries should also work towards achieving systems that

make it easy for the government to manage the property development process.

For local authorities to be effective in controlling service provisions in their respective countries, they must own and control significant land resources. This will give them the absolute rights in determining what development could be done on a piece of land. Historically, many parts of Africa were colonised by settlers especially, from the European regions. However, quite a significant number of these African countries managed to regain back their independence. Most of them now have full rights to their land disposal. On their own, local authorities should now practise their rights on the pieces of land without any external interference. These rights vary across countries. In Zimbabwe, the Regional Town And Country Planning (RTCP) Act (Chapter 29.12) allows local planning authorities to compulsorily acquire any land as long as the use will be in the public interest. Therefore, this act gives local authorities the control over its land since it can apply its rights any time it so wishes.

Further, the strategy of local planning authorities inviting other stakeholders and players in the advancement and installation of infrastructure has proved to be fruitful in other parts of the region (Braütigam, 2008). It is important to note that many financiers can release resources only when they identify a lucrative secure investment opportunity. It is only when the

local authorities restructure their organisations and invite established private and community-based developers to help in the financing of projects. In many countries, Public-Private Partnerships (PPPs) have proved to be helpful in improving levels of infrastructure development (*ibid.*).

### **The Larger Implications of the Research**

This chapter makes a practical contribution in expanding the existing literature on the Land Value Capture technique in raising revenue for local authorities. It also shows the importance of implementing the widely embraced useful technique of PB that has yielded documented results since its inception in Brazil. The study can be a great instrument to conscientise local authorities on the benefits that can accrue to them and the nation at large after resolving strategies to tax the informal sector. It can be summed up that local authorities in Africa are begging for refocusing of attention to be aimed at addressing the three main results that can come after land value capture is implemented together with PB and tax impacts, especially on the informal sector.

Further, African local governments need to capture land values. Since value capture is a public financing technique which, if used systematically, can manage to capture an increase in values of land directly attributed to a new public investment or from the exercise of public decision-making power, for example, the change of use, bulk-factor alteration or even the approval of

a land-use. Smolka (2013) has argued that land value capture has not been greatly applied in Sub-Saharan Africa but, has been applied elsewhere in the Global South. It was also noted that this approach to financing urban infrastructure has been employed in many countries.

Above all, the land value capture principle does not only benefit the local planning authority, but also a private landowner, if the general land in which one's piece of land is situated appreciates in value because of the activities directly undertaken by the authorities. Further, after benefiting from the increased land value, a landowner should be willing to share a portion of the land with the relevant public authority, especially in cases where money was directly provided by an authority to fund the development of the land or to develop existing infrastructure.

The UN-Habitat (2014) reports that in the developing world, the concept of land value capture is less straight forward compared to developed world. Of particular interest, the Sub-Saharan Africa context is basically ineffective because of weak land-use planning systems, dysfunctional land markets. As a result, the cities in the African region are now experiencing rapid transitions when it comes to demographic changes as people are migrating to urban areas, economic policies, technological progresses, and the political environment, that can pose significant challenges for real estate markets (UNHABITAT, 2014).

Further, it can also be noted that in Latin America, cities are urbanising quickly and, as this happens, the pressure for supply of serviced land is increasing (Smolka, 2013). Brazil and Colombia are notable implementers of land value capture policies within their cities (Paulais, 2012; Smolka, 2013), with more experience being adopted from Mexico. As referenced in Phase (2015), Peterson (2009) noted that Colombian cities are well known and comfortable with the way they use land value capture to fund their urban projects. Some countries in North Africa and the Middle East have large areas of land that are publicly owned. This puts them in a strong position to apply land value capture instruments with some reported success. Further, an example was given in Cairo (Egypt) in which a large real estate development named 'Madinaty', encompassed a public-private relationship between the state and the Alexandria Company for Urban Development (Phase, 2015).

So, generally, it can be noted that private developers may be gunning for opportunities that will come from the rapid growth of an African middle-class and the consequent demand for residential property. However, in recent times, the development market in Sub-Saharan Africa generally has had few active formal developers due to the constraints mentioned throughout the entire study. Regarding access to finance, there is a positive trend, but of a low base, and access to finance for property development in most Sub-Saharan Africa countries remains difficult.

### **3.5 CONCLUSIONS AND RECOMMENDATIONS**

The study makes practical contribution to planning authorities throughout Africa, especially in those countries that are still lagging in sustainable infrastructure development. It equips the authorities with ideas that can help them make full use of resources they own, for example, land to increase service delivery and to achieve sustainable infrastructure development levels. The base of the study advocated planning authorities to be effective in taxing both formal and informal activities in the nation they service. The study conscientises various stakeholders on alternative uses of land that can result in effective taxation mechanisms. Further, policies and procedures pertaining to ways of dealing with informality in Africa were described greatly and decision-makers could benefit intellectually on methods emphasised. Other practises worldwide, for example, the participatory budgeting technique, have been discussed at great length and these would help to educate public policy-makers on alternatives available when adopting strategies in Africa that could yield positive results and help in building nations.