



Collecting Revenues Locally for Better Public Services

Factsheet

VNG International's approach to
Own Source Revenue
Mobilisation

Own Source Revenue: Strengthening Local Government Financing for Better Services

Reliable and sustainable funding for local governments is essential for providing key public services such as water supply, sanitation, waste VNG management, and local economic development. To secure this funding, local governments need not only stable fiscal transfers from central governments but also a strong foundation of local **Own Source Revenue (OSR)**.

Over the past decade, **VNG International** has developed an **innovative systems approach** that helps local governments boost their capacity to generate funding for public services. Our focus is on strengthening the local tax base and improving the revenue collection process. We also work on optimizing the structure of intergovernmental fiscal transfers and fostering better relationships between central and local governments.

With hands-on experience in more than 15 countries across Sub-Saharan Africa, the Middle East and North Africa, and Southeast Asia, VNG International has demonstrated how a holistic approach can help local governments build stronger, more sustainable revenue systems that improve public service delivery.

About VNG International

VNG International is the International Cooperation Agency of the Association of Netherlands Municipalities (VNG). Rooted in the Netherlands' rich tradition of local governance, we invest in empowering local governments worldwide to build better futures for all. Established in 2001, we focus on practical and innovative solutions that enhance the capacity and resilience of local governments.

VNG International designs and manages large, complex projects across a variety of sectors, collaborating with a diverse range of donors, including the Ministry of Foreign Affairs, European Commission, World Bank, and USAID. We take pride in our ISO-9001 certified quality management system, which underpins our commitment to high standards and client satisfaction. Our success is driven by our ability to combine local expertise with international knowledge, enabling us to implement solutions that are both practical and effective.

Together with local governments and their citizens, we are creating resilient, thriving communities that are equipped to face the future. At VNG International, we are not just building projects—we are building better futures for all.

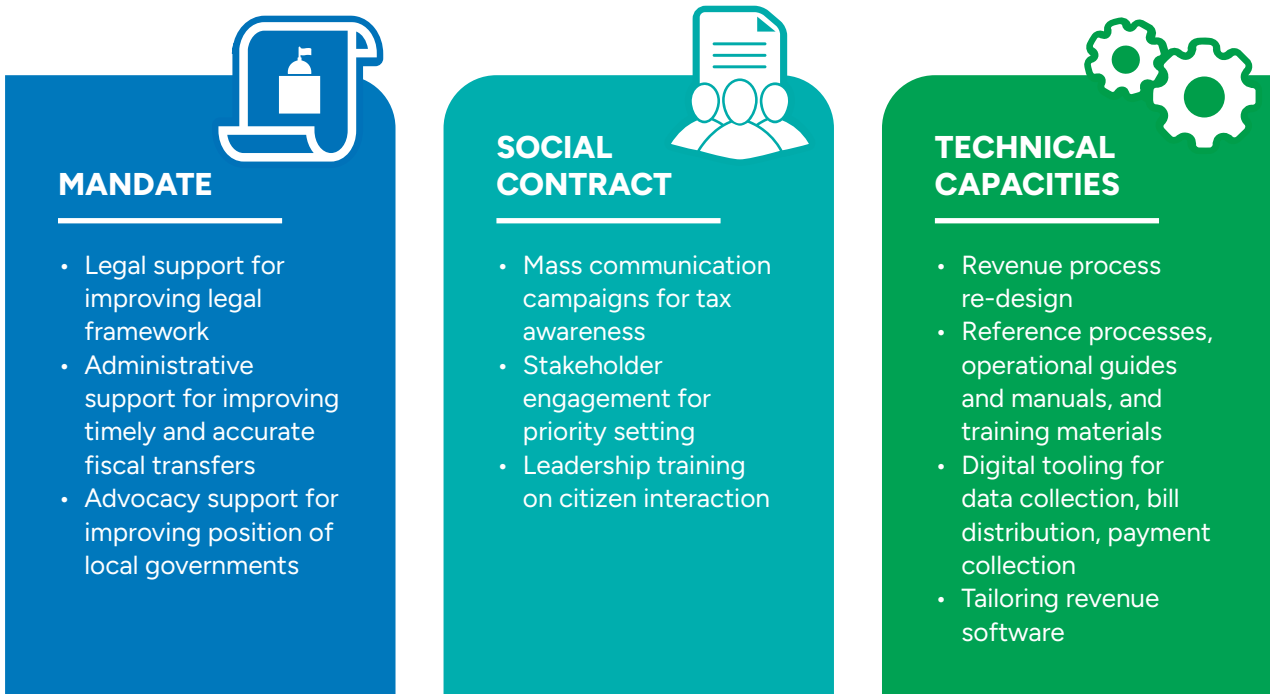


Our approach to Own Source Revenue Mobilisation

VNG International’s approach to enhancing Own Source Revenue for local governments is based on a **comprehensive systems perspective**, focusing on three core areas:

1. **Mandate and Legal Framework**
2. **Social Contract Between Local Governments and Citizens**
3. **Technical Capacities of Local Governments**

For each project, we develop a **tailor-made support plan** based on a detailed analysis of these three areas. This allows us to design interventions that boost transparency, efficiency, and citizen engagement, enabling local governments to better meet the needs of their populations. The visual below illustrates some of the activities we undertake within each of these areas.



VNG International’s Support to the Revenue Process

Examples of projects

Tax for Development

Where
Ghana
When
2018-2023

In Ghana, we implemented a five-year project across 33 local governments to redesign and improve the property tax process. The project focused on strengthening the social contract by offering leadership training and launching mass communication campaigns to raise tax awareness among citizens. On the technical side, new systems for property data collection, valuation, billing, and payment collection were implemented, supported by IT tools and revenue management software. The result: a 190% increase in billable properties and a 6% reduction in the tax gap across all participating local governments.

IT Assessment of the Municipal Property Tax System

Where
Sierra Leone
When
2024

In Sierra Leone, a 12-month project is developing and testing a Municipal Property Tax System (MPTS) in collaboration with the University of Toronto. The aim is to establish a centralized system to improve the central government’s oversight role in property tax administration. This approach promotes uniformity and transparency in tax assessment and collection processes, enhancing accountability. The pilot project in Kenema City will pave the way for broader improvements, with funding from the World Bank.

Financing Sustainable Urban Development

Where
Uzbekistan
When
2022-2023

Uzbekistan's highly centralized governance system presents challenges for cities that want to invest in urban development. This project sparked discussions on fiscal decentralization by conducting research on municipal finance in the cities of Khiva, Djizzak, and Havast. The research findings were used to develop a training program for both central and local government officials, resulting in a knowledge product published by the Asian Development Bank in 2023.



Uniting Local Governments

Where
Ethiopia
When
2020-2024

In Ethiopia, a project funded by the European Union and implemented in partnership with the Ethiopian Cities Association focuses on improving local governments' capacity in Public Finance Management, including Own Source Revenue generation. A pilot project in Yirgalem successfully modernized property taxation through systematic property registration. This led to a 345% increase in property tax revenue, which was reinvested into road rehabilitation and the construction of a community center.

Sustainable Development through Improved Local Governance

Where
Uganda
Ethiopia
Mozambique
Occupied
Palestinian
Territory
When
2022-2026

The SDLG program, a partnership between VNG International and the Dutch Ministry of Foreign Affairs, supports local governments in improving their Own Source Revenue. Under the OSR component, we enhance mandates, strengthen the social contract, and build the technical capacity of local governments. In Uganda, for example, cities are automating their local revenue administration, and in Mozambique, aerial photo technology has been used to register properties in two cities, while communication campaigns are educating citizens about their tax responsibilities.

A sample of VNG International's key products on own source revenue:

- CityRev Software Solution
- Digital tooling for data collection (i.e. property), bill distribution and e-billing
- Mass Communication Strategy on tax awareness
- Municipal Revenue Enhancement Plans



**Vereniging van
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