



Policy Paper for Presidential Economic Council (PEC)

‘Unlocking the Economic Potential of Greater
Kampala for Improved Productivity and
Growth’

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1.0 INTRODUCTION

The Greater Kampala Metropolitan Area (GKMA), *which comprises Kampala Capital City Authority (KCCA), Mpigi, Wakiso, and Mukono Districts and Nansana, Kira, Mukono, Makindye-Ssabagabo and Entebbe Municipal Local Governments*, is well positioned to be the engine to drive the positive structural transformation that is aspired by the Uganda Vision 2040. The GKMA is the main urban area in Uganda capable of delivering scale economies in terms of concentrated demand, specialization, diversity and depth of skills and innovation. As the country's main urban area, industrial center and economic engine, with one of the world's fastest growing and youthful populations, as well as its unique cultural diversity and tourism potential, Greater Kampala has the potential to spur growth and drive prosperity.

Further, GKMA is the bedrock of Uganda's economy. It contributes 31.2 per cent of Uganda's Gross Domestic Product (GDP), hosts 46 per cent of all formal employment in the country and represents 10 per cent of the country's population. GKMA is also the heart of Ugandan industry-70 per cent of the country's manufacturing plants are clustered in the GKMA and subsequently produces a third of Uganda's manufacturing GDP, moreover this happens in the face of many challenges including uncoordinated planning. This, therefore, indicates that if we invested more in the GKMA and harnessed its economic potential, we would achieve even a higher contribution to GDP, provide the foundation for the economic growth for the whole country and achieve the middle-income status sooner than later.

However, the potential of the GKMA to propel Uganda's economic transformation is largely untapped. GKMA faces a number of challenges which are hindering its potential. These include: institutional and coordination, legal, technical and financial, among others. The current development trend of the GKMA is characterized by congestion, informal settlements and slums, poor infrastructure and services, uncontrolled sprawl, a costly business environment, and a huge informal sector indicating that urban planning and formal job creation have not kept pace with the rapid population growth.

The Government of Uganda recognized the potential of GKMA and prioritized harnessing this potential through coordinated economic development. In 2010, Government created KCCA as a central government agency to streamline operations and improve service delivery in the city. However, over time, it has become apparent that the development challenges of Kampala cannot be resolved by KCCA alone, neither can the benefits of urbanization be harnessed by investing in KCCA alone, thus in 2012 the GKMA was declared as a Special Planning Area because Government had realized its potential to provide the foundation for economic growth for the whole country. In 2013, Cabinet approved the GKMA Development Framework 2040 that provided the new boundaries and associated maps. The GKMA was subsequently gazetted by Government as a Special Planning Area. In this regard, the Government tasked the Ministry of Lands, Housing and Urban Development (MoLHUD), the National Planning Authority, (NPA), Office of the President (OP), KCCA and the neighboring sub-nationals to spear head the development of an integrated and harmonized legislative framework and policies for the development of GKMA and to support physical investments.

To implement coordinated economic development of GKMA, NPA using a multi-sector inclusive approach has coordinated the development of the GKMA Strategy. NPA under its mandate of ensuring integrated development planning for the Country has coordinated the development of the GKMA Strategy jointly with the GKMA stakeholders through a highly consultative process. This strategy aims to holistically harness GKMA potential to leverage it for Uganda’s socio-economic transformation. Towards this end, the GKMA Strategy is a united effort of all stakeholders and LGs towards job creation, improved livability and sustainable development in the Greater Kampala. If implemented it will unlock the potential of the GKMA for improved productivity and growth by holistically addressing a number of policy challenges/issues hindering GKMA potential to drive Uganda’s economic transformation. It also represents the culmination of efforts to put in place a common framework for coordinated metropolitan development across the GKMA.

This paper therefore defines and proposes policy options of what is required to unlock and harness GKMA socio-economic potential to drive Uganda’s economic transformation. The rest of the paper is structured as follows; section 2 defines interventions that will help unlock GKMA potential, and section 3 provides policy options required to implement the interventions and GKMA strategy.

2.0 UNLOCKING THE ECONOMIC POTENTIAL OF THE GKMA

2.1 Interventions (Projects and Programs)

The GKMA Strategy articulates a clear vision, identifies key long-term objectives and sets out a series of strategic priority projects and programs to deliver these. The Strategy focuses on service delivery to the people through (i) Individual local authority level interventions; and (ii) key strategic Greater Kampala level issues that cut across the different jurisdictions. The Strategy has prioritized five (5) objectives and program areas summarized in **Table 1** below:

Table 1: GKMA Strategic Programs and Flagship Projects

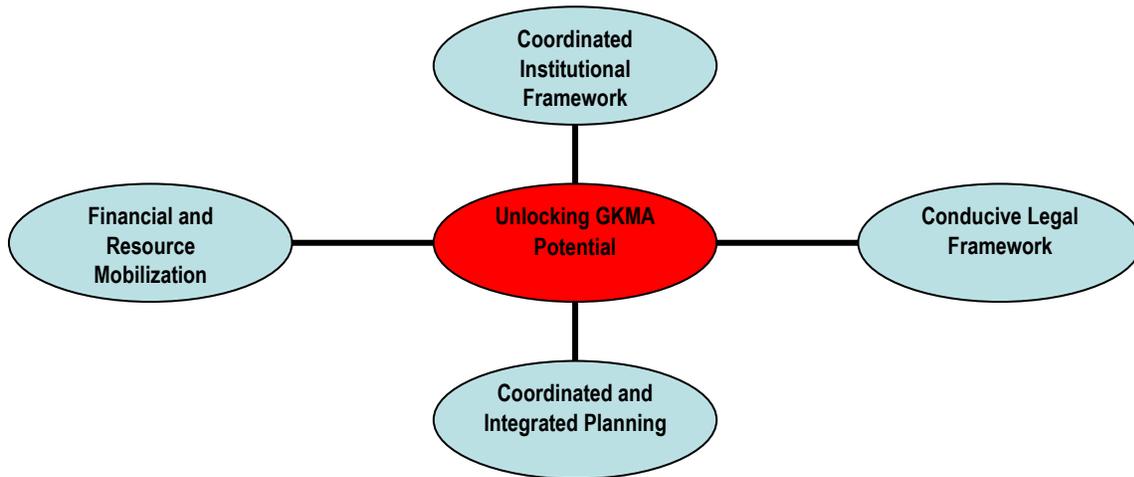
Strategic Objective	Major Programs	Flagship Projects
Competitive Economic Infrastructure	Strategic Roads Program	Upgrade existing roads Strategic new roads investment
	Public Transportation Program	Pilot BRT key corridors Light rail network Non-motorized transport pilot
	Affordable Housing and Land Management Program	High density affordable housing pilot Land zoning and land banking
Conserve and protect environmental assets	Comprehensive Solid Waste Management Program	Modern waste management facilities

Strategic Objective	Major Programs	Flagship Projects
		Community sensitization campaigns
	Lakes, Wetlands, Waterways Conservation Program	Lake Victoria and wetland environmental conservation
Business support to informal sector, the youth and economic clusters	Micro-enterprise workspace program	Development of Artisan parks Workspaces and markets for street vendors
	Business engagement and youth entrepreneurship development program	Business engagement centers Business incubation and job centers for youth.
	Cluster Competitiveness Program	Strengthening existing clusters and attracting further enterprise investment
A unique center for tourism	Tourism development Program	Kampala tourism circuit MICE Tourism Cultural and Religious Tourism Lake and Eco-tourism
Effective city and local government service delivery	Sub national Government Skills and Efficiency Program	E-governance roll-out, including ICT infrastructure and training Capacity-building for local government officials.

2.2 Prerequisites for Unlocking the Economic Potential of GKMA

The GKMA Strategy is geared towards unlocking GKMA potential to improve productivity and growth through jobs creation, improved livability and sustainable development in the Greater Kampala. However, to fully and holistically unlock the potential of GKMA 4 prerequisites are critical. These are: a coordinated and efficient institutional framework; Conducive Legal Framework; Coordinated and Integrated Planning and Financial and Resource Mobilization framework (figure 1). A situational assessment of each of these prerequisites is discussed below.

Figure 1. Prerequisites to Unlocking GKMA Potential



Source. NPA computations

2.2.1 Conducive Legal Framework

The existing legal framework does not provide for a coordinated and integrated development framework that is required to unlock the potential of GKMA. Currently, KCCA and the neighboring districts and their respective urban authorities are governed under different Laws. KCCA is governed by the KCC Act while the neighboring sub-nationals are governed by the Local Government Act. The decentralization policy framework has limitations since each entity (Local Government or Urban Authority) tends to plan for the area under their jurisdiction with no inter-entity planning. As such, the development plan of KCCA is not linked to the Local Government Development Plans of Mukono, Wakiso and Mpigi districts and their Municipalities.

Further, the KCCA Law wrongly establishes the Metropolitan Physical Planning Authority (MPPA) to operationalize the GKMA Development framework. The establishment of MPPA under KCCA law is wrong because of three reasons:

- I. **The proposed establishment of the MPPA is a duplication of the mandate of NPA.** NPA is mandated to develop comprehensive and integrated development plans for the Country. Therefore, establishing MPPA to provide integrated planning for the Greater Kampala will be a duplication of the already existing NPA mandate. It also contradicts the Presidential directive on stopping mushrooming Agencies.
- II. **It was wrong to create the MPPA under the Kampala Capital City Act, 2010 because MPPA is bigger than the KCCA Law that creates it.** MPPA is wider than KCCA- it includes the new upcoming Cities and Metropolitan areas, such as Gulu, Mbale, Hoima, etc as envisioned in the Uganda Vision 2040. These new upcoming Cities and Metropolises cannot be managed by the

Ministry for Kampala. We propose that the MPPA creation be removed from the KCCA Amendment Bill altogether.

- III. **Currently, there is sufficient institutional capacity to address the Metropolitan issues of the Greater Kampala Metropolitan Area.** The function of NPA is augmented by the Ministry of Lands, Housing and Urban Development which has a dedicated mandate of Urban Development. NPA will be strengthened with a dedicated department to handle integrated planning for Urban and Metropolitan Affairs.

Misunderstandings around the KCCA Amendment Bill is hindering the GKMA development particularly implementation of the Strategy. The GKMA strategy is geared towards unlocking GKMA potential to improve productivity and growth through jobs creation, improved livability and sustainable development within existing geographical boundaries. This has been confused with the KCCA Amendment Bill which is currently before Parliament. The political misunderstandings around the Bill are affecting the acceptability of the GKMA strategy. As such, government stands to lose the benefits and financing around GKMA Strategy if this is not resolved expeditiously. In particular, government will lose out on solving of the GKMA youth unemployment challenge which is becoming a security risk.

The existing legal framework in the short term is adequate to unlock the GKMA potential, if the coordination framework proposed in this paper is used. Despite the different laws governing GKMA that have created coordination challenges, these can be resolved within the existing legal framework. The coordination framework to deliver this is provided for in the paper.

2.2.2 Coordinated Institutional Framework

The Institutional Framework governing GKMA is complicated and a challenge that hinders its potential. Currently, GKMA comprises KCCA, Mpigi, Wakiso, and Mukono District Local Governments including their respective urban authorities of Nansana, Kira, Mukono, Makindye-Ssabagabo and Entebbe Municipal Local Governments. These various LGs are independent of each other as they self-govern and make independent decisions. The challenge is while they self-govern the problems they face are cross cutting in nature within the GKMA. For instance, traffic jam in Kampala city emanates from the other GKMA LGs and vice versa. This also applies to flooding and drainage challenges among others.

Therefore, without sorting this challenge, the GKMA strategy cannot be delivered. Within the GKMA Strategy, there are projects that shall be implemented within the individual administrative boundaries of KCCA, Mukono, Mpigi and Wakiso districts. However, there are also projects that cut across the different jurisdictions. These projects shall require an appropriate delivery mechanism for their implementation.

Ministry of Lands, Housing and Urban Development (MLHUD) is the best placed institution to lead and coordinate the GKMA economic development strategy. The analysis in Table 2 provides different options, including their advantages and disadvantages that have been proposed. Four Institutions; Ministry of Kampala and Metropolitan Affairs (MKMA), Ministry of Lands, Housing and Urban Development (MLHUD), Ministry of Local Government (MLG) and Kampala Capital City Authority (KCCA), could coordinate the Strategy. However, MKMA lacks a dedicated vote and its structure is not yet implemented. KCCA’s mandate is limited to only Kampala, and the decentralisation policy framework under which MLG operates has limitations on inter-agency planning and management of such programmes as the GKMA strategy. For MLHUD, while its mandate is quite limited with regard to Kampala, this could be addressed under its Urban Development mandate. As such, MLHUD is the best option for coordinating the implementation of the GKMA Strategy.

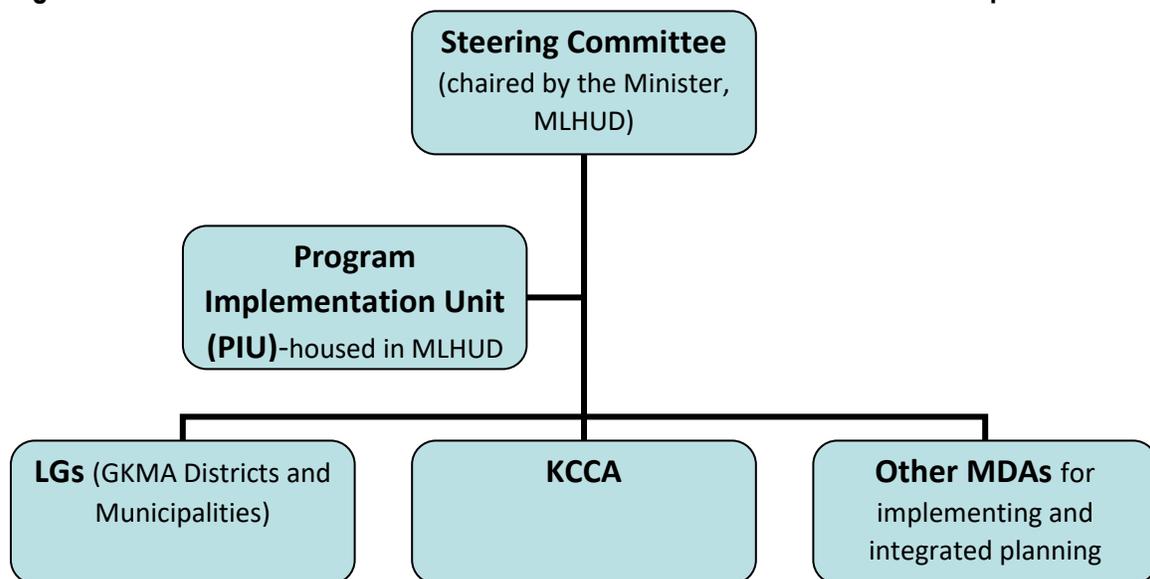
Table 2. Institutional Analysis of GKMA

No.	Agency	Advantages	Disadvantages
1.	Ministry of Kampala and Metropolitan Affairs	<ul style="list-style-type: none"> • This Ministry would be the rightful home for the GKMA strategy given its name and mandate. • Long term gains and consolidation of the GKMA. 	<ul style="list-style-type: none"> • Lack of a Vote from MFPED. The Ministry is under the Ministry of the President and Kampala which creates unnecessary beaurecracies. Development Partners cannot deal directly with the Ministry. • Although the Ministry has an approved Structure, it is currently not implemented hence limited capacity to spearhead such an initiative. • Lack of experience in implementing development initiatives. In addition, development partners, such as the World Bank prefer to work with people with experience.
2.	Ministry of local Government	<ul style="list-style-type: none"> • Has the mandate to oversee the local Governments 	<ul style="list-style-type: none"> • KCCA is considered to be under Central Government and outside the jurisdiction of Ministry of Local Government. • The decentralisation policy framework under which the Ministry operates has limitations on inter-agency planning and management of such programmes as the GKMA strategy.
3.	Ministry of Lands, Housing and Urban Development	<ul style="list-style-type: none"> • Has registered success in implementing initiatives of a similar nature, such as USMID and would have the capacity to coordinate implementation of the GKMA projects. • Has the dedicated mandate of Urban Development in the 	<ul style="list-style-type: none"> • The Ministry’s mandate is limited with regard to KCCA.

No.	Agency	Advantages	Disadvantages
		Country <ul style="list-style-type: none"> • Consultations revealed that Local Governments in GKMA are comfortable being coordinated by the Ministry. 	
4.	Kampala Capital City Authority	<ul style="list-style-type: none"> • Has experience in implementing World Bank initiatives, such as the KIIDP. • Has available capacity to implement the Strategy. 	<ul style="list-style-type: none"> • KCCA's mandate is limited to only Kampala. • Consultations revealed objection by other Local Governments in the GKMA to work under KCCA.

Against this backdrop, in the short term it is proposed that the overall coordination of GKMA development be coordinated under the leadership of MLHUD. In particular, the institutional arrangement is provided in Figure 2. The overall policy direction will be provided by a steering committee that is chaired by Ministry of MLHUD comprising of: NPA, MLHUD, KCCA, MKMA, MoLG, UNRA, MOWT, MOTA, two representatives of mayors and one district Chairperson of LGs. The steering committee will be supported by a secretariat, a purposely established Programme Implementation Unit (PIU). The PIU will be housed in the MLHUD and it will be resourced with competent staff that are representative of the GKMA. Implementing agencies such as UNRA, MLHUD, KCCA, MKMA, MoLG, UNRA, MOWT, MOTA and respective LGs will directly implement through the overall guidance of the steering committee. Integrated coordination and planning will be provided under the mandate of NPA.

Figure 2. Short Term Institutional Framework for Coordination of GKMA Development



Source. NPA

In the medium to long term, the mandate of Metropolitan Affairs should be combined with that of Urban development under the ministry in charge of Urban Development. This will be necessary not only for solving the GKMA institutional challenges but will also take care of the institutional arrangement for other upcoming metropolitan areas in Uganda, such as Mbale, Gulu, Mbarara, Fortportal, etc. as highlighted in the Uganda Vision 2040.

2.2.3 Coordinated and Integrated Planning

As a result of gaps in the Legal and Institutional framework GKMA LGs plan in silos to the detriment of unlocking GKMA potential. KCCA, Wakiso, Mukono and Mpigi including their respective urban authorities all play a vital role in the Greater Kampala Metropolitan's future development yet they all do their own planning and implementation of development plans without coordination. This has led to implementation of independent projects that have not yielded the desired impact to the holistic benefit of GKMA. For instance, implementation of Kampala Institutional and Infrastructure Development Project (KIIDP) and Uganda Support to Municipal Infrastructure Development (USMID2) could have yielded the better results if they had been planned and executed in a coordinated and integrated GKMA framework. This will be required in successor projects to KIIDP3 and USMID2. Indeed, the delay to decide on this GKMA Strategy is a delay on KIIDP3 and USMID2.

Going forward, NPA should strengthen its mandate of integrated and coordinated planning to deliver coordinated efforts in metropolises in the country and GKMA in particular.

2.2.4 Financial and Resource Mobilization

As a result of planning in silos, resource mobilization is carried in silos and this cannot mobilize the required resources to unlock GKMA potential. The resources needed for investing in the GKMA are massive and only a collective approach of all the Local Governments in the GKMA instead of the individual approach can pool these resources. However, currently there is no coordinated approach in pooling resources for the GKMA.

Moreover, doing business as usual in silos will lead to loss of currently identified resources to implement the GKMA Strategy. Development partners had identified financing parts of GKMA development strategy as a more conducive successor to KIIDP and USMID. As such, failure to address the coordination issues within a holistic GKMA framework will lead to loss of this financing and thus development. In particular, the Municipalities of Kira and Mukono which were left out of USMID2 because they were anticipated to be part of GKMA developments stand to lose financing and developments if GKMA development strategy is not implemented. These two Municipalities are the fastest growing with high risk of youth unemployment that poses a security risk.

3.0 POLICY RECOMMENDATIONS

3.1 Conducive Legal Framework

1. **The existing legal framework in the short term is adequate to unlock the GKMA potential, if the coordination framework proposed in this paper is used.** Despite the different laws governing GKMA that have created coordination challenges, these can be resolved within the existing legal framework. The coordination framework to deliver this is provided for in the paper.

2. **The establishment of MPPA be removed from the KCCA Law.**

3. **Government should expeditious resolve the misunderstanding between GKMA Development Strategy and KCCA Amendment Bill (2015) so as not to lose the benefits and financing around GKMA Strategy.** In particular, government stands to lose out on solving of the GKMA youth unemployment challenge which is becoming a security risk among others.

3.2 Coordinated Institutional Framework

4. **In the short term it is proposed that the overall coordination of GKMA development be coordinated under the leadership of MLHUD.** The overall policy direction will be provided by a steering that is chaired by Ministry of MLHUD comprising of: NPA MLHUD, KCCA, MoKMA, MoLG, UNRA, MOWT, MOTA, two representatives of mayors and one district Chairperson of LGs. The steering committee will be supported by a secretariat, a purposely established Programme Implementation Unit (PIU). The PIU will be housed in the MLHUD and it will be resourced with competent staff that are representative of the GKMA respective LGs. Implementing agencies such as UNRA, MLHUD, KCCA, MoKMA, MoLG, UNRA, MOWT, MOTA and respective LGs will directly implement through the overall guidance of the steering committee. Integrated coordination and planning will be provided under the mandate of NPA.

5. **In the medium to long term, the mandate of Metropolitan Affairs should be combined with that of Urban development under the ministry in charge of Urban Development.** This will be necessary not only for solving the GKMA institutional challenges but will also take care of the institutional arrangement for other upcoming metropolitan areas in Uganda, such as Mbale, Gulu, Mbarara, Fortportal, etc. as highlighted in the Uganda Vision 2040.

3.3 Coordinated and Integrated Planning

6. NPA should strengthen its mandate of integrated and coordinated planning to deliver coordinated efforts in metropolises in the country and GKMA in particular.

3.4 Financial and Resource Mobilization

7. Expedite the issues identified above that are hindering the implementation of the Strategy in order to leverage the required Finance and Resource mobilization for unlocking GKMA Potential.