



# NPA POLICY BRIEF

Planning for Development



NATIONAL PLANNING AUTHORITY

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## Unlocking the Economic Potential of Greater Kampala for Increased Productivity and Growth

### Abstract

The rapid population growth in Kampala City, amidst widespread underemployment and a dominant informal sector, has caused structural and socio-economic challenges, including: the lack of an integrated transport system; mismanagement of the environment; unplanned settlements; spiraling urban poverty, exacerbated by poor infrastructure for markets, water and health service systems, housing, solid waste management; as well as overcrowding, congestion and pollution. These challenges are contributed to and affect wider areas that surround the city, including; Wakiso, Mukono and Mpigi districts. There is therefore, need for coordinated investments across the GKMA in order to address these challenges. To this end, the National Planning Authority (NPA), working together with the different stakeholders in GKMA, developed a Greater Kampala Development Strategy, which is based on four pillars, namely; job creation, improved livability, sustainable development, and united for all citizens of GKMA. The Strategy is a true example of an integrated planning framework for ensuring efficiency and effectiveness of existing resources and for resource mobilization and creating synergies. This policy brief highlights key priority focus areas identified in the strategy to improve the productivity and competitiveness of GKMA and the prerequisites for holistically unlocking the potential of the Greater Kampala, including: (i) a conducive legal framework, (ii) a coordinated and efficient institutional framework, (iii) coordinated and integrated planning, and; (iv) a financial and resource mobilization framework.

### Introduction

The Uganda Vision 2040 and the Second National Development Plan (NDPII) emphasize the role of urbanization in the development process. Urbanization in Uganda has been growing at a rate of 5.4 percent per annum<sup>1</sup> (one of the highest in the world) especially for the Greater Kampala Metropolitan Area (GKMA), which comprises Kampala City and the neighbouring districts of Mpigi, Wakiso and Mukono, as well as the municipalities of Entebbe, Nansana, Kira, Mukono, and Makindye-Ssabagabo.

*GKMA contributes 65% of Uganda's non-agricultural GDP despite accounting for just over 10% of the population during the day<sup>1</sup>.*

Cities the world over, play a vital role of delivering economies of scale in terms of concentrated demand, specialization, diversity and depth of skills and innovation<sup>2</sup>. Global statistics indicate a positive correlation between urbanization and per capita income. To date, 80 percent of the global Gross Domestic Product (GDP) is generated in cities and metropolises<sup>3</sup>.

Cities provide higher living standards for their residents and reduce urban poverty. In addition, through benefits of economies of scale, public services can be provided in urban areas at a lower fixed unit cost.

It is estimated that GKMA contributes 65 percent of Uganda's non-agricultural Gross Domestic Product (GDP) and 31.4 percent of the national GDP, despite accounting for just over 10 percent of the country's population during the day<sup>1</sup>. The area hosts 46 percent of all formal employment and produces a third of Uganda's manufacturing GDP.

Therefore, targeting investments in GKMA could have high positive multiplier effects on the economy; more opportunities for job creation, poverty reduction, improved wellbeing and growth. However, this potential is largely untapped.

*Uganda's national population grew at 3.1% annually from 2002-2014. The four districts comprising GKMA registered a combined rate of 3.9% over the same period<sup>6</sup>*

Greater Kampala hosted approximately 4 million people during the day and around 2 million people during the night in 2016<sup>4</sup>. This has caused many structural and socio-economic challenges in GKMA with which urban planning has not kept up. Formal job creation has not kept pace with the high population growth. Underemployment is estimated at 23 percent and informality accounts for 57 percent of the city's employment<sup>5</sup>. Other concerns include; congestion, informal settlements and slums, poor infrastructure and services, uncontrolled sprawl, and a costly business environment.

## The GKMA Development Framework

The Government of Uganda (GoU) recognized the need to prioritize and harness the potential of GKMA through coordinated economic development. In 2010, Government created Kampala Capital City Authority (KCCA) as a central government agency to streamline operations and improve service delivery in Kampala City. However, it has become apparent that the development challenges of the City cannot be resolved by KCCA alone, neither can the benefits of urbanization be harnessed by investing solely in KCCA.

As such, in 2012 Government declared the GKMA as a Special Planning Area. In 2013, Cabinet approved the GKMA Development Framework (2040) which provided the new boundaries and associated maps. This necessitated better sub-national government coordination and the development of an integrated and harmonized legislative framework, policies and a plan for the development of the Greater Kampala and guide physical investments.

## The Greater Kampala Development Strategy

To operationalise the GKMA Development Framework, the National Planning Authority (NPA), through a multi-sectoral approach, developed the Greater Kampala Development Strategy. The Strategy is a result of a comprehensive process involving various stakeholders, including: the World Bank, Ministry of Lands, Housing and Urban Development (MLHUD), Ministry of Kampala Capital City Affairs (MKCCA), Ministry of Local Government (MoLG), KCCA, and the Local Governments within the GKMA.

*The GKMA Development strategy acknowledges the specific challenges of GKMA and highlights the common selling points. It does not affect the administrative boundaries and mandates of the respective entities which make up the GKMA. It is designed to enable collaboration of the different authorities on planning and implementation of projects that are inter-jurisdictional and whose nature and significance warrants working together.*

The Strategy is based on four pillars, namely: job creation - to ensure that Greater Kampala is creating more quality jobs; improved livability - ensuring increased access and quality of services essential for citizen wellbeing; sustainable development - protecting Greater Kampala's environmental assets; and United for all citizens - putting emphasis on a united Greater Kampala for all citizens without discrimination.

## Program Areas for Unlocking the Economic Potential of Greater Kampala

The sub-national Governments in GKMA have jointly planned and prioritized five (5) objectives and a number of strategic projects and program areas aimed at unlocking the economic potential of GKMA. These are:

- 1. Competitive Economic Infrastructure Development:**
  - (i) Strategic Roads Program;
  - (ii) Public Transportation Program;
  - (iii) Affordable Housing and Land management
  - (iv) Markets and vending locations.
- 2. Conservation and protection of environmental assets:**
  - (i) Comprehensive Solid Waste Management Program;
  - (ii) Lakes, Wetlands & Waterways Conservation Program; and
  - (iii) Development of public open spaces and green belts within the GKMA.

3. **Business support to transform the informal sector, the youth and economic growth clusters:**
    - (i) Micro, Small and Medium Enterprise workspace, innovation and skilling program;
    - (ii) Business engagement and youth entrepreneurship development program;
    - (iii) Cluster Competitiveness Program;
    - (iv) Certification, apprenticeship and accreditation;
    - (v) Micro-enterprises and Cottage Industries.
  4. **Making GKMA a unique center for tourism:**
    - (i) Tourism Development Program in respect to Tourism sites, such as: Namugon-Kasubi Tombs, Munyonyo, Kabaka's Lake, Makerere University, Uganda Museum, Fort Lugard at Old Kampala, among others.
  5. **Effective city and local government service delivery:**
    - (i) A strong institutional and legal arrangement and governance for effective service delivery;
    - (ii) Strengthening institutions to deliver services, e.g. Local Economic Development (LED).
2. **Establish an institutional framework for coordination of GKMA developments.**
    - (i) In the long term, it is strongly recommended that government rethinks the governance and management of cities. This might involve enacting one legislation (other than the KCCA Act) that encompasses all cities (as highlighted in the Uganda Vision 2040) and metropolises in Uganda. Within this arrangement, a city is at the governance level of a district, therefore, under the jurisdiction of the Ministry of Local Government. When a city and other local governments work together in a metropolitan arrangement, such as GKMA, they come under the jurisdiction of the Ministry of Kampala and Metropolitan Affairs.
      - (ii) In the medium term, the overall policy direction should be provided by a Steering Committee chaired, in the interim period, by MLHUD, comprising of: NPA, MLHUD, KCCA, Ministry of Kampala, MoLG, UNRA, MoWT, MoTWA, two representatives of Mayors and one District Chairperson of LGs;
      - (iii) The Steering Committee should be supported by a purposely-established Programme Implementation Unit (PIU) with competent technical staff from the respective entities under the GKMA;
      - (iv) Implementing agencies such as: UNRA, MLHUD, KCCA, Ministry of Kampala, MoLG, MoTWA and respective LGs should directly implement the different projects with the overall guidance of the Steering Committee;
      - (v) Integrated coordination and planning should be provided by NPA.
  3. **Adopt a collective approach to resource mobilization by all the entities in GKMA.** The current practice where planning and resource mobilization is done in silos without communicating with other sub-nationals is untenable. The resources needed for investing in the GKMA are massive and all entities in

## Policy Recommendations

To holistically unlock the economic potential of the GKMA, it is critical to:

1. **Streamline the legal framework to avoid duplication of mandates, enhance coordination and improve GKMA planning for greater economic benefits.**
  - (i) The Local Government Act, under which the Local Governments (LGs) operate, does not provide for inter-entity planning. Each entity tends to plan for areas under their jurisdiction and administrative authority. As such, there is no interlinkage between their respective development plans;
  - (ii) The KCCA Act, 2010 provides for the establishment of a Metropolitan Physical Planning Authority, which is a duplication of the mandates of NPA and MLHUD.

the GKMA should jointly pool the necessary resources instead of mobilizing individually

## Conclusion

The GKMA is well placed to be the engine for the structural transformation that is aspired for in the Uganda Vision 2040. However, its potential has been undermined by a number of challenges, which are institutional, legal, technical and financial, among others, that have led to planning and implementation of projects and programmes in silos. In this brief, a coordinated and collaborative institutional framework for planning and decision-making approach is defined.

The implementation of the proposed interventions will be critical in addressing the key challenges facing Greater Kampala and enhance urban and infrastructure planning and investment as well as maximize impact on efficiency and competitiveness of Greater Kampala. However, it is important that all stakeholders, particularly the political leaders in the respective entities in the GKMA, embrace the strategy and support the effective and efficient implementation of the GKMA strategy.

## References & Useful links

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**Drafting Team** Eng. Georg Bwanga,  
Eng. Dr. Muwanguzi  
J.B. Abraham,  
Ms. Justine Arineitwe,  
Mr. Kasule Samuel,  
Ms. Lilianne Cotter Nassango  
Mr. Sebulime Simon Peter

**Editorial Team** Mrs. Edith Kateme-Kasajja,  
Dr. Patrick Birungi,  
Dr. Asumani Guloba,  
Dr. Matte Rogers,  
Ms. Emily Chelangat  
and Mr. Andrew Ssali

**Approved by** NPA Executive Authority and  
Expanded Board

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### NATIONAL PLANNING AUTHORITY

Planning House , Clement Hill Road Plot 17B,  
P.O. Box 21434.Kampala - Uganda  
Tel: +256 414 250 229 / 0312 310 730