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Opposition Politics and Urban Service Delivery in Kampala, Uganda

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Abstract

Uganda, like other African countries, has implemented reforms to decentralize political authority to local governments and reintroduce multiparty elections. This combination creates opportunities for national partisan struggles to emerge in local arenas and influence local service delivery. This study explores how partisan politics affects urban service delivery in Uganda through an examination of service provision by Kampala City Council and recent reforms to recentralize control over Kampala. I find that partisan politics undermines service delivery in Kampala in several ways, including through financing, tax policy, and even direct interference in the policies and decisions made by the city council.

Keywords: decentralization; Africa; service delivery; multiparty elections

JEL classification: D72, H70, N47, O18

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1 Introduction

Uganda's capital city, Kampala, was recently described by one prominent resident and former politician in the Buganda Kingdom, Daniel Muliika, as a 'modern "executive slum" because of the breakdown in most of its social services' (Otage and Ngosa 2011). Uganda's decentralization policy grants local governments responsibility for local service provision in many critical policy areas, including health, water and sanitation, solid waste management, education, and roads. Like Kampala, most urban governments in the country struggle to fulfill these responsibilities. Many factors influence the ability of Kampala's city government and Uganda's other urban local governments to deliver critical services to urban residents. The country's rapid urbanization, estimated at nearly 5 per cent annually, certainly increases the demand for services from urban councils, perpetuating the widely held perception that the country's urban governments are simply not doing enough to meet the needs of urban residents. The municipal government in Kampala, in particular, faces structural constraints given the region's geography and the large portion of the city identified as wetland. One long-time administrator in Kampala City Council (KCC) put it this way: 'Kampala attracts everyone. There is a lot of incoming migration so there's always a mismatch between service delivery and demand' (anonymous with KCC official, Finance and Planning Department, May 2011).

Yet, the combination of decentralization and competitive multiparty elections in many African countries creates opportunities for national partisan struggles to emerge in local arenas. Local governments often become an arena in which national political elites may seek to advance national political interests. Like a growing number of other 'contested cities' (Resnick 2011) on the continent, KCC has historically been controlled by Uganda's political opposition. To what extent do partisan politics explain KCC's reputation for poor performance and current 'executive slum' status? How do partisan politics generally affect urban service delivery in Uganda? Are certain services or populations more likely to be affected by the partisan struggles that accompany situations of 'vertically divided authority' (Garman et al. 2001)? This study explores these questions through an examination of recent trends in Kampala, including recent efforts to centralize control over the city. To better identify the political effects of opposition control, I compare Kampala to Entebbe, a municipality long dominated by the ruling National Resistance Movement (NRM).

Below I argue that politics definitely plays an important role in service delivery in Uganda's urban councils. The effect of politics, however, is less straightforward than might be otherwise expected. Uganda's NRM government regularly employs 'strategies of subversion' (Resnick 2011) to subvert and weaken the authority of local governments. Unlike the situation in Senegal (Resnick 2011) and other African countries, however, the NRM government's actions undermine the work of local governments of all political leanings. Political opposition to the NRM government alone cannot explain KCC's dismal record of service delivery, while the links between the mayor and other political leaders in the Entebbe Municipal Council (EMC) and the ruling party seem equally insufficient to explain the performance of EMC. Yet, Kampala's commercial and political importance in the country, combined with its longstanding and highly visible political opposition to the central government, make it a target of such interference with negative repercussions on service delivery.

As discussed below, central government interference in the work of opposition-headed councils takes many forms. In Kampala, political interference in the work of the city government includes a dramatic manipulation of local political institutions, given that the central government has recently taken control of the city administration, and interference in contracts for local development projects. The recentralization of Kampala's administration exemplifies 'active obstruction' (Resnick 2011) as the NRM government adjusts the responsibilities of urban governments as part of partisan political struggles. The takeover of Kampala serves two key political purposes for the NRM: (1) reinforces the government's ongoing narrative about the inefficiency and corruption that plagues the opposition-led city government and undermines the council's service delivery; and (2) reflects the NRM government's strategy to protect itself from political fallout associated with public dissatisfaction and even anger with poor living conditions in the city. Generally, political interference in Uganda's local governments is associated with worse local government performance (Lambright 2011). It remains to be seen how Kampala's urban poor will fare as a result of the NRM's strategies to weaken Kampala's city government, but prior interference in city affairs by central government representatives has weakened service delivery in a number of ways.

The future of Uganda's decentralization programme is uncertain and the central government takeover of Kampala is part of a larger recentralization trend. Donors have played an important role in supporting the country's decentralization through financial and technical support to the programme. Yet, recent changes in donor strategies for delivering aid to Uganda, motivated by worrisome political trends in the country, including rising corruption and shrinking space for political opposition, have the unintended consequence of contributing to the rollback of decentralization. While donor-funded projects are critical to ongoing efforts to manage rapid urbanization and improve the quality of life for Uganda's urban poor, the effect of recentralization—at the hands of President Museveni or the indirect result of donor strategies—on the lives of the urban poor remains to be seen. Observers of Uganda note a general trend of declining service delivery across the country, arguably fuelled by the current political trends. It is unreasonable to expect that service delivery in Uganda's urban areas would prove to be an exception to the overall downward trend. The increasing linkages between politics and business in the country (Barkan 2011) may instead fuel competition for land and other resources in Kampala with negative consequences for the country's urban poor.

2 Decentralization and partisan politics in Uganda

Decentralization arrived in Uganda well before President Yoweri Museveni's government decided to adopt reforms to reintroduce multiparty politics. In fact, decentralization comprised one of the ten points in the NRM's Ten Point Programme during its guerrilla war against the regime of Milton Obote in the early 1980s. Formal efforts to decentralize political and administrative responsibilities to local governments occurred shortly after Museveni's NRM government took power in 1986. The National Resistance Council and Committees Statute of 1987 formally transformed the resistance councils that had been created to provide governance in areas under Museveni's National Resistance Army (NRA) control during the war into the country's local government system. The resistance council system evolved into the current five-tiered hierarchical system of local councils in 1995 with the adoption of a new constitution.

Decentralization was enshrined in the 1995 constitution, which states that ‘decentralization shall be a principle applying to all levels of local government and in particular, from higher to lower local government units to ensure peoples’ participation and democratic control in decision making’ (Uganda 1995: 117). The 1997 Local Government Act (LG Act) deepened the country’s policy of decentralization, detailing the specific roles and responsibilities of councils at different levels of the local government system and devolving considerable responsibilities and resources to district and sub-county councils and their urban equivalents.¹ The Act granted district councils responsibility for development planning and annual budgeting, as well as service delivery in key sectors, including education, health care, water, and roads. Urban councils are responsible for service delivery in each of these sectors, but bear additional responsibilities to tackle issues unique to urban areas, such as providing and maintaining street lighting and fire brigade services, solid waste collection and management, and regulating and licensing various commercial activities and businesses, such as markets, street hawkers, and new construction.

In addition to devolving considerable powers to local governments, Uganda’s decentralization policy provided considerable opportunities for citizen participation. The local government system includes a large number of elected positions, including directly elected district and sub-county chairpersons responsible for heading the local government administration. Beyond elections, the policy calls for bottom-up planning and participatory budgeting and thus, provides opportunities for Ugandans to influence local budgeting or development planning by attending a budget conference, for example, or attending village council meetings to identify development priorities.

Uganda’s decentralization policy, as laid out in the 1995 Constitution and the 1997 LG Act, placed it among Africa’s most decentralized countries (Ndegwa 2002; Dickovick 2005). Yet, recent institutional and policy changes have recentralized control and stripped local governments of authority, staff, and resources (Lambright 2011: 28–31; Tumushabe et al. 2010: 8). One recent assessment of Uganda’s local governments characterized the shift as moving ‘from devolution to delegation’ (Tumushabe et al. 2010: 39). For example, the elimination of the graduated tax in 2004 stripped local governments of one of their most important own revenue sources and increased their already high dependence on financial transfers from the central government. Even the participatory features are seen as less important today than when the policy was newly adopted. Participatory budgeting today is seen as simply ‘ritual’ rather than an effective influence on policy decisions (Tumushabe et al. 2011: 29).

In sharp contrast to its commitment to decentralize authority to local governments, the NRM government tightly restricted political competition until 2005 when many, albeit not all, restrictions on political party activity were lifted. Prior to 2005, Uganda operated a ‘movement’ political system. Under the movement system, political parties were technically allowed to exist, but their activities were severely restricted, including prohibitions against organizing branch offices, holding public rallies, or ‘sponsoring or offering a platform to or in any way campaigning for or against a candidate in a public election’ (Uganda 1995: 167). Candidates for office ran on individual merit rather than party affiliation, which in practice provided considerable advantage to the ruling NRM.

¹ For example, Section 5 of the LG Act (1997: 12) states that ‘a City shall be equivalent to a District, and a City Council shall exercise all functions and powers conferred on a District Council’ and ‘a [municipal] Division shall be equivalent to a Sub-county’.

The 2006 local government elections were the first conducted following the return to multiparty competition. Despite reforms to allow multiparty competition, political opposition in Uganda remains restricted in a number of ways, including extreme incumbent advantage that gives NRM preferential advantage to resources and media. Freedom House classifies the regime as ‘partly free’.

There are many reasons to expect that local governments in Uganda will provide arenas for promoting national political interests with negative effects on the delivery of services. Museveni’s government has regularly used political reform for instrumental purposes. For example, the NRM’s promotion of decentralization and subsequent retreat from decentralization can be linked to the party’s efforts to hold onto power. Decentralization figured prominently in Museveni’s stated goal of fostering a ‘participatory democracy’ under the politically restrictive movement system. Grassroots participation offered a substitute for genuine political competition. The timing of the decision to lift restrictions on party competition coincided with government efforts to remove term limits to enable Museveni to stand for a third, and most recently a fourth, term in office. The decision to liberalize political competition was, thus, interpreted by many observers as a concession to ensure term limits were removed. Recent recentralizing reforms coincided with the loss of political control that accompanied the return to multiparty politics. The increase in the number of administrative districts from 45 in 1997 to over 100 today provides another example. Creating new districts is another way in which Museveni’s government distributes patronage to political supporters (see Krutz 2006) or attempts to buy votes in future elections.

3 Political control of urban centers

Although the situation changed following the 2011 elections, KCC historically is known for political opposition. The city council has been governed by the opposition since local elections were introduced by the NRM government in 1998. The Democratic Party (DP), in particular, has ‘dominated city politics for two decades’.² For example, Hajji Nasser Sebagala, a multipartyist and DP supporter, was elected in 1998, although his term was cut short when he was arrested in 1999 in Boston, Massachusetts on charges of fraud and making false declarations to US customs (see Table 1). Ssebaana Kizito, another multipartyist and DP supporter, was elected mayor in a by-election in 1999. Kizito was re-elected in 2002 by a large margin. Nasser Sebagala returned to the mayoral seat in 2006. At this time, Sebagala was seen as an ardent opposition supporter, despite the fact that he ran as an independent, contested against the candidate put forward by his own Democratic Party, Hasib Takuba,³ and has had a long history of opposition to the leadership within the DP.⁴

² ‘NRM Dominates City Council Seats’, *The Monitor*, 16 March 2011.

³ ‘Democratic Embraces Sebagala’, *New Vision*, 24 April 2006.

⁴ In 2009, Sebagala sued Democratic Party president Ssebaana Kizito because of personal dissatisfaction with the internal party proceedings, although the suit was dropped in early 2010.

Table 1: Political affiliation of mayors: Kampala and Entebbe

| Mayor | Party | Term in office | |
|------------------|--------------------------------|----------------|------|
| Entebbe | | | |
| Stephen Kabuye | NRM | 1998 | 2011 |
| Vincent Kayanja | DP | 2011 | - |
| Kampala | | | |
| Nasser Sebaggala | Multipartyist ^a /DP | 1998 | 1999 |
| Sebaana Kizito | Multipartyist/DP | 1999 | 2006 |
| Nasser Sebaggala | DP ^b /NRM | 2006 | 2011 |
| Erias Lukwago | DP | 2011 | - |

Notes:

- ^a Before 2006, elections in Uganda were conducted under the Movement system and candidates ran on individual merit rather than political party affiliation. Opposition candidates before 2006 were termed 'multipartyists' because of their support for a return to multiparty politics. Despite the ban on political party activity and affiliation, candidates political loyalties were obvious to voters.
- ^b In February 2010, Sebaggala quit the Democratic Party and formed the Liberal Transparent Party (LTP) before subsequently joining the NRM.

Source: Data on the partisan affiliation and terms of KCC mayors collected by author.

Yet, the story is more complicated. In fact, Sebaggala joined the NRM party in September 2010, in advance of the 2011 elections. In explaining his political transformation, Sebaggala supported the claims by many that the city's political opposition to the NRM undermines service delivery in Kampala. He was quoted as saying, 'My people want good service delivery. They need roads without potholes and a garbage-free city. We can achieve more when we ally with the ruling party'.⁵ In addition, the NRM performed better in the 2011 elections in Kampala than it had in previous elections, winning more parliamentary constituencies in Kampala than in previous contests and even winning a majority of seats on the city council. In fact, the NRM won over 60 per cent of seats on KCC in 2011 compared to 35 per cent of seats in 2006.⁶ Museveni's share of the vote in Kampala similarly increased in this election.

Unlike Kampala, Entebbe Municipal Council (EMC) has been governed for 18 years by a mayor, Stephen Kabuye, closely aligned with the ruling NRM government (see Table 1). Like Kampala, Entebbe has also undergone a political transformation in the most recent election. In 2011, DP candidate Vincent Kayanja won the mayoral seat. DP candidates won the majority of positions in the municipality, the district council, and the lower level councils as well.

Kampala and Entebbe certainly differ in many ways, most obviously the size and scope of urban challenges. Nevertheless, these two urban centers face many of the same problems. The obvious political differences create a unique opportunity to compare how political opposition affects service delivery.

⁵ 'Museveni best to lead Uganda-Sebaggala', *New Vision*, 23 September 2010.

⁶ 'NRM Dominates City Council Seats', *The Monitor*, 16 March 2011.

4 Urban service delivery challenges in Kampala and Entebbe

Kampala is Uganda's capital and largest city and the administrative and commercial center of the country. The 2002 census estimated the population of Kampala to be 1.2 million (Uganda 2005a), although the population is estimated to increase to nearly 3 million during the day as commuters, traders, and others flock to the city for work and other business. Entebbe, with an estimated population of 55,000 in 2002 (Uganda 2005b), is dwarfed in comparison. Despite the tremendous differences in size and population these two municipalities face many of the same issues, such as solid waste management, the construction and maintenance of roads, and the provision of adequate housing and water and sanitation services. Yet, the sheer magnitude of the problems confronting administrators in Kampala can be overwhelming.

If political opposition negatively affects service delivery, EMC—one of the few NRM urban strongholds—should perform relatively better than Kampala or other opposition-dominated councils. In many respects, Entebbe conforms to this pattern and appears to be the better performing council. The dominant image of Entebbe is of a relaxed, quiet town with numerous parks and open green spaces. In 2008, Entebbe was even awarded Best Overall Urban Council for its exemplary performance in the annual assessment of local governments that year. The next year the council was named the Best Performing Higher Local Government in Central Region.

By contrast, Kampala is known for traffic jams, exacerbated by thousands of taxis and *boda bodas*—motorcycle taxis—that ply the streets, numerous slums, and piles of uncollected garbage. In addition to being called a 'modern executive slum', (Otage and Ngosa 2011) the city has been described as 'a city of garbage mountains' or 'the dirty city' by residents critical of the city council's efforts to remedy these problems (KCC 2009: 9). These nicknames attest that the apparent service delivery shortcomings in Kampala are well publicized, and such negative characterizations of Kampala are not necessarily unwarranted. In addition, Kampala is seen as one of the most corrupt and inefficient councils in the country.

Yet, it is not clear that KCC actually performs worse than other municipalities, including Entebbe, and, if so, whether KCC's poor performance—or Entebbe's better performance for that matter—can be linked to the party affiliation of its mayor and majority of councillors. In a recent assessment of 20 districts, Kampala scored above average on measures assessing the performance of the council, chairperson, or mayor in the case of Kampala, and the speaker (Tumushabe et al. 2011: 33–34, 40, 43).

As one drives through Entebbe heading toward Kampala, urban problems, such as slums and garbage, do not seem to be issues for Entebbe. Yet, the dominant perception of Entebbe as a well planned, orderly town immune to the problems that accompany rapid urbanization conflicts with the reality of life in the municipality. The fact that Entebbe appears unaffected by most of the typical urban issues, such as informal settlements, was a source of concern for many of the EMC staff I interviewed. EMC staff felt that this perception deterred potential development partners from working in Entebbe. In fact, urban governments in Entebbe and Kampala face many similar issues. For example, UN Habitat estimates that 44 per cent of Kampala's residents (approximately

450,000 people) live in unplanned, informal settlements.⁷ Residents in these settlements lack access to basic services, such as water, sanitation, or proper housing. Entebbe has similar informal settlements, although they are geographically smaller and are home to a much smaller share of the population. Nevertheless nearly 40 per cent of households in Entebbe live in temporary or semi-permanent housing (Uganda 2010a) compared to only 25 per cent of households in Kampala (Uganda 2005a).

Roads are a major challenge in both urban areas. Sixty-five per cent of Kampala's paved roads are in 'bad' condition (KCC 2009).⁸ Barely 15 per cent are considered to be in 'good' condition (ibid). While Entebbe does not have nearly as large a road network as Kampala, the condition of the roads is similar. Two-thirds of Entebbe's roads are described as in 'bad' condition (Uganda 2010a).

The management of solid waste is a huge issue for all urban councils in Uganda, KCC and EMC included. By KCC's own estimates, the city 'generates 345,000-400,000 tons of garbage annually' (KCC 2009: 49). Yet, on average, municipal councils in Uganda collect only 35 per cent of garbage generated annually (Uganda 2010b: 10). Estimates for Kampala range from 33 per cent (Uganda 2010b: 10) to 25 per cent,⁹ which means that the KCC fails to collect upwards of 100,000 tons of garbage annually. An administrator working on issues related to waste management in Entebbe estimates that the council collects between 60 and 75 per cent of solid waste in the municipality (anonymous interview with EMC official, Production department, June 2011). Yet, garbage collection can still be a problem in Entebbe, as was the case in November 2011 when all three of the council's garbage trucks broke down at the same time (Ssebunya 2011).

Inadequate financing is the central challenge facing Uganda's urban councils, particularly financing for solid waste management. The Local Government Finance Commission estimates that municipal councils receive less than a third of the revenue actually needed for garbage collection (Uganda 2010b: 10). KCC needs an additional 10 million Ush to adequately manage the solid waste generated annually in the city (Uganda 2010b: 10). Moreover, 80 per cent of solid waste in Ugandan cities is organic matter, such as fruit, matooke, or cassava peels.¹⁰ This creates a structural challenge as efforts to reduce such waste along the lines of encouraging food processing would introduce other types of waste, such as plastic containers for processed fruits or bananas. Current projects in Kampala and Entebbe aim to increase sorting of waste and composting of organic matter.

5 Central-local relations and services for urban poor

To what extent do partisan political struggles shape the quality of service delivery in Kampala or Entebbe? Museveni's government undermines service delivery in Uganda's urban councils, whether dominated by the opposition or ruling party, in a number of

⁷ <http://www.unchcs.org/content.asp?cid=3294&catid=270&typeid=13&subMenuId=0>.

⁸ The road network in Kampala is 1100 kms, of which 340 km is tarmac and 740 is murrum (anonymous interview with KCC official, June 2011).

⁹ 'Multi-billion project to clean up polluted Nakivubo Channel underway', *New Vision*, 21 April 2010.

¹⁰ This figure was repeated in multiple interviews with officials working with KCC, EMC and the Ministry of Local Government.

ways. Most importantly, politics drive most of the decisions and actions of the central government, undermining in many ways the service delivery goals and the effectiveness and efficiency of urban local governments. We see this in the direct political interference into the affairs of urban councils and indirectly in policies that run counter to the interests of Uganda's urban population. The efforts of KCC and EMC are negatively affected by several policies of Uganda's central government, but KCC, more so than EMC, seems to be a victim of political interference by the NRM.

For example, the limits on fiscal decentralization tie the hands of all local politicians in Uganda, NRM or opposition. A Ministry of Local Government (MoLG) official stated this clearly: 'Whether opposition or government [i.e. NRM], they [local councillors] can only apply the government agenda because of the conditional grants. 85 per cent of local government budgets are conditional grants' (interview with Commissioner, Ministry of Local Government, May 2011). As the quote suggests, the dependence on central government transfers significantly limits the policy options of local governments in Uganda. The vast majority of transfers to local governments are conditional grants to fund specific activities, such as school construction. Local revenue constitutes an extremely small percentage of the budgets of most of Uganda's local governments.

Additionally, there have been recent efforts on the part of the NRM government to recentralize power and unravel components of the decentralization policy. Most importantly, the Local Government Amendment Act stripped local councils of the authority to hire or fire Chief Administrative Officers (CAOs), which limited the control elected politicians have over administrators in the local governments. Salaries for local politicians are also now paid by the central government, eroding the fiscal link between elected leaders and local communities.

5.1 Local government financing: central government transfers

Given the dependence on resource transfers from the center, Uganda's central government significantly affects urban service delivery through the allocation of resources to local governments. Conventional wisdom in Uganda holds that political supporters are rewarded in the allocation of resources, while political opponents are punished. A recent Uganda Debt Network (UDN 2006: 28) report summarized this perception well:

Although it is not officially documented that political inclinations have a bearing on resource allocation from the centre, anecdotal evidence seems to suggest that politics plays a big part. For example, areas that politically support the regime in power are likely to realize increase in resource flow from the centre as compared to areas where the political support is weak.

Not surprisingly, a habitual complaint in KCC has been that financing is too low for the council to provide adequate services to the public. A former town clerk of KCC emphatically made this argument: 'The central government wanted to show that the opposition couldn't do anything. So it didn't give Kampala the attention it needed ... The government wouldn't dump the money needed into KCC while the opposition controlled it. So government wouldn't give the opposition credit' (anonymous interview with former KCC official, June 2011).

While financing alone is unlikely to fully account for the numerous problems plaguing service delivery from KCC, there is mixed evidence to support the conventional wisdom that local councils headed by opposition politicians receive fewer resources from Uganda's central government. On the face of it, the amount allocated to each council is determined according to precise formulas based on population or size and as such, there would not *appear* to be much room for politics in the allocation of such grants. One opposition politician was adamant that politics does not affect allocation of such grants, arguing 'The government policy is clear, not political. The allocation formula are clear and it's implemented by civil servants not politicians. The government can't manipulate that' (anonymous interview with elected opposition politician from Entebbe, June 2011). A former town clerk for EMC agreed: 'Let me assure you the Government of Uganda has a transparent system of determining and allocating grants ... I've not seen them departing from the formula to punish anyone' (anonymous interview with former EMC official, June 2011).

In fact, examining releases to 45 district councils in the 1990s, I found that local governments supportive of the regime actually receive significantly *less* in terms of grants from the central government than their less supportive neighbours (Lambright 2011: 153). This pattern likely reflects Museveni's efforts to 'buy future political support' from areas that tend to be opposition strongholds or supporters (Lambright 2011, 93).

Yet, there is also evidence that politics influences the allocation of resources to local governments, including the grants with precise allocation formula—precisely those grants perceived to be immune to political influence—through the influence of cabinet ministers (Lambright 2011: 154). I find that '[t]he number of cabinet ministers [from a district] increases the amount a district receives' (2011, 154). Cabinet ministers' personal access to resources and influence over the allocation of resources is important in ensuring that government projects and resources flow to their home districts.

Analysis of central government transfers to KCC and EMC for conditional and unconditional grants challenges the view that KCC or other opposition-headed councils generally are punished with smaller transfers from the center. In fact, in some cases, the releases to KCC far exceed those to other districts councils. For example, Table 2 presents data on total central government transfers as well as the amounts for various individual grants, including grants for rural roads, Local Government Development Programme (LGDP), graduated tax compensation, and primary health care (PHC) for the 2009/10 financial year to KCC and EMC (see Table 2).¹¹ The top portion of Table 2 shows the releases to KCC in relation to the average

¹¹ The LGDP is a programme to decentralize a portion of the development budget that funds capital expenditures to local governments to enable local governments to plan for a portion of the country's development expenditure.

Table 2: Central government releases to Kampala and Entebbe (in Ush '000), 2009/10 fiscal year

| | Kampala | Kampala release as % of average district | 'Average district' | 'Average district' Central Region | |
|------------------------------|-------------------------|--|--|--|----------------------|
| Total release | 33,886,407 ¹ | 306.9 | 11,043,209 | 10,876,245 | |
| Unconditional grant | 2,567,169 | 250.9 | 1,023,025 | 993,946 | |
| PHC ² development | 136,419 | 42.7 | 319,717 | 114,847 | |
| PHC nonwage | 634,542 | 427.4 | 148,480 | 142,705 | |
| School facilities grant | 97,366 | 22.6 | 431,479 | 220,621 | |
| Rural feeder roads | 7,413,596 | 1424.1 | 520,589 | 349,161 | |
| LGDP ³ | 4,009,249 | 771.3 | 519,791 | 512,306 | |
| PAF monitoring | 35,455 | 177.0 | 20,026 | 19,735 | |
| Graduated tax compensation | 2,617,195 | 784.5 | 333,610 | 354,305 | |
| | Entebbe municipality | Entebbe release as % of Kampala | Entebbe release as % of average for opposition municipalities ⁴ | Average for 6 opposition-headed municipalities | Mbarara municipality |
| Total CG release | 4,188,329 | 12.4 | 87.4 | 4,792,960 | 5,183,611 |
| Unconditional grant | 552,814 | 21.5 | 86.3 | 640,602 | 613,901 |
| PHC development | 80,472 | 59.0 | 53.3 | 151,109 | 37,471 |
| PHC nonwage | 61,241 | 9.7 | 106 | 57,785 | 69,926 |
| School facilities grant | 44,169 | 45.4 | 32.8 | 134,729 | 44,169 |
| Rural feeder roads | 500,000 | 6.7 | 103.8 | 481,926 | 394,465 |
| LGDP | 246,526 | 6.1 | 93.2 | 264,415 | 270,470 |
| PAF monitoring | 9,301 | 26.2 | 105.4 | 8,825 | 8,302 |
| Graduated tax compensation | 274,365 | 10.5 | 99.7 | 275,160 | 270,904 |

Notes:

- 1 Exchange rate: US\$1 = 2296.2 Ush on 30 January 2012.
- 2 PHC is primary health care.
- 3 LGDP is Local Government Development Programme, a programme to decentralize capital development expenditure.
- 4 Average based on releases to six opposition-headed municipalities (after the 2006 elections): Gulu, Kabale, Jinja, Lira, Masaka, Soroti.

Sources: Data from the Local Government Finance Commission and compiled by the author.

amount released to other districts. This evidence suggests that KCC is relatively well funded, receiving on average nearly three times the amount given to other district councils. In terms of some grants, the transfers to KCC far exceed those given to councils in other districts. For example, although critics of KCC's road maintenance efforts describe the city as the 'pothole capital of the world' (Makuma and Asimwe 2010), the council received over 14 times the amount for rural feeder roads than did the average Ugandan district in 2009/10.

Similarly, if we compare the releases to KCC to releases to EMC, there is similarly little to suggest that KCC is punished for its political opposition. For example, the transfers to the NRM-controlled EMC in 2009/10 fall far below the grants to KCC. In fact, for all but a couple of grants, EMC receives less than a third the amount transferred to KCC (see lower portion, Table 2). Moreover, in many cases, central government transfers to EMC fall far short of transfers to other opposition-controlled municipalities.

Several respondents argued that the constraint facing KCC has less to do with insufficient resources, but instead results from the poor utilization of resources. Numerous interview respondents argued that corruption and poor choices about the allocation of resources constitutes a more serious constraint on KCC service delivery than insufficient funds. For example, a former town clerk for KCC described the tendency of KCC politicians to prioritize meetings with their costly allowances and sitting fees for committee members over other expenditures with more direct impacts on service delivery (anonymous interview with former KCC official, June 2011). Another respondent argued that resources are there, but that they are just 'parked', meaning that the resources are just sitting idle, unused by the council (anonymous interview with KCCA official, Communications department, June 2011).

The large transfers to Kampala also make sense in relation to previous research on the allocation of central government releases to Uganda's local councils. More developed areas receive significantly higher releases than less developed counterparts (Lambright 2011: 153). Moreover, the allocation formula for some of these grants is based on population or level of development, while the allocation formula for other grants consider the number of facilities already in place (UDN 2006, 27). Areas with more facilities, thus, receive larger grants from the central government to cover the recurrent costs of maintaining and providing services at these facilities. This would seem to explain KCC's high relative transfers.

To the extent that population is an important criterion in the allocation of these grants, we would expect per capita releases to be relatively similar across diverse districts. An examination of the amount of releases per capita presents a different picture, however, more in line with the view that the NRM financially punishes political opponents. A quick comparison of per capita releases to Kampala and Entebbe reveals that the EMC receives, on average, five times the amount sent to KCC. For example, in terms of the per capita total transfer, central government funding to EMC is over 250 per cent higher than that released to KCC (see Table 3).¹² The per capita transfer for primary health

¹² Population estimates used in the calculation of per capita figures are based on UBOS 2008 estimates in most cases and are as follows: Kampala – 1.42 million persons; average district in central region – 273,976; average district – 219,744; Entebbe municipality – 702000; Gulu municipality – 141,500; Kabale municipality – 43,500; Jinja municipality – 82,800; Lira municipality – 98,300; Masaka

Table 3: Per capita releases to Kampala and Entebbe, 2009/10 fiscal year

| | Kampala | Kampala release as % of average district | 'Average district' | 'Average district' central region | |
|-------------------------------|-------------------------|--|--|--|-------------------------|
| Total CG release | 23,864 ^a | 47.5 | 50,254 | 39,968 | |
| Unconditional grant | 1,808 | 38.8 | 4,656 | 3,627 | |
| PHC development ^b | 96 | 6.6 | 1,455 | 419 | |
| PHC nonwage | 447 | 66.1 | 676 | 521 | |
| School facilities grant | 69 | 3.5 | 1,964 | 805 | |
| Rural feeder roads | 5,221 | 220 | 2,369 | 1,274 | |
| LGDP ^c | 2,823 | 119.4 | 2,365 | 1,870 | |
| PAF monitoring | 25 | 27.5 | 91 | 72 | |
| Graduated tax compensation | 1,843 | 121.4 | 1,518 | 1,283 | |
| | Entebbe municipality | Entebbe release as % of Kampala | Entebbe release as % of average for opposition municipalities ^d | Average for 6 opposition- headed municipalities | Mbarara municipality |
| Total CG release | 59,663 | 250 | 94.6 | 63,053 | 63,215 |
| Unconditional grant | 7,875 | 435.6 | 93.9 | 8,388 | 7,487 |
| PHC development | 1,146 | 1193.8 | 61.6 | 1,859 | 457 |
| PHC nonwage | 872 | 195.1 | 110.1 | 792 | 853 |
| School facilities grant | 629 | 911.6 | 38.6 | 1,629 | 539 |
| Rural feeder roads | 7,123 | 136.4 | 119.8 | 5,944 | 4,811 |
| LGDP | 3,512 | 124.4 | 110.1 | 3,190 | 3,298 |
| PAF monitoring | 132 | 528 | 110.9 | 119 | 101 |
| Graduated tax compensation | 3,908 | 212.1 | 111.8 | 3,496 | 3,304 |

Notes:

- ^a Figures represent per capita release to Kampala and Entebbe in Ugandan shillings. Data on central government releases from Local Government Finance Commission (June 2011). Figures rounded to nearest whole figure.
- ^b PHC is primary health care.
- ^c LGDP is Local Government Development Programme, a programme to decentralize capital development expenditure.
- ^d Average based on releases to six opposition-headed municipalities (after the 2006 elections): Gulu, Kabale, Jinja, Lira, Masaka, Soroti.

Source: Author's calculations based on data from the Local Government Finance Commission.

municipality – 73,300; Mbarara municipality – 82,000 and Soroti municipality – 56,400. Population estimates for Masaka and Mbarara are 2010 estimates from the Ugandan Bureau of Statistics.

care development expenditures for EMC is almost 12 times higher than comparable figure for KCC.

When we look at Entebbe in relation to six opposition-controlled municipalities and KCC in relation to other districts, however, the differences are less stark. For example, per capita transfers to Entebbe are not substantially different from the average per capita release to these six opposition municipalities. In all but two cases per capita transfers to EMC fall below the average for the opposition cities. Comparable 2009/10 figures for Mbarara Municipality, another NRM-headed municipality, are similar to EMC and not consistently higher than figures for opposition-headed municipalities.

However, it is somewhat surprising given the scope of work needed to manage Kampala that per capita releases to Kampala are less than half of what the average district receives for the same central government grants. It makes sense, perhaps given the level of development in Kampala, that the city council receives significantly less than other districts for the PHC-Development Grant or School Facilities Grant (see Table 3). KCC's release for these grants is less than 10 per cent of what the average district receives. Yet, it is not clear why the total release should be half of the amount other districts receive.

The recent introduction of the Kampala Capital City Authority (KCCA) was justified partly by the inadequate financing in the council to fulfill necessary tasks (interview with Commissioner, Ministry of Local Government, May 2011). The reform, which enabled the central government takeover of Kampala, was necessary because, according to several respondents, the central government was unwilling to put the resources actually needed to address Kampala's challenges into an opposition-dominated city council. Their argument is not that Kampala did not receive the resources to which it was *legally* entitled, but rather that the amount of resources transferred to KCC was insufficient to meet the service delivery challenges facing the local government in the country's capital and largest urban area. An official with the Ministry of Local Government explained:

The sources [of financing] to Kampala were like to a district. They were not commensurate with the tasks. The financing was very low. The reform tackled the financing [gap]...we increased the money and the central government is taking over the administration (interview with Commissioner, Ministry of Local Government, May 2011).

With the implementation of the reforms to create the KCCA, the central government takes over responsibility for a variety of tasks that were previously the responsibility of KCC, such as road construction and maintenance, a concession that local financing was inadequate to achieve these tasks. Last year KCC received 15 billion Ush for road construction and maintenance. In the proposed budget for KCCA for 2011-12, the city was projected to receive nearly three times that amount, 43 billion Ush, for roads repairs and construction.

5.2 Local government financing: budget performance

Another common perception is that opposition-headed councils do not receive funds from the central government as scheduled either in terms of the amount promised or the

timing of releases. The tendency for the Ugandan government to deviate from the established budget undermines planning and service provision in all local governments, whether controlled by the NRM or the opposition. This includes the practice of off-budget expenditures and the creation of supplementary budgets. The Uganda Debt Network notes that supplementary budgets are most often used to fund State House expenditures or to increase in the number of diplomatic missions abroad (UDN 2006: 34–35). Such supplementary budget expenditures are funded through cutting the budgets of less powerful ministries, such as service ministries, or through reducing discretionary spending (2006: 34–35). Moreover, there is little to suggest that supplementary expenditures are used to fund service provision. In fact, in the 2002-03 financial year, nearly 36 per cent of the supplementary budget went to the security sector (UDN 2006: 35).¹³

A quick look at budget performance since 2000 does not suggest KCC has been punished in terms of the delivery of budgeted releases. For example, between 2000 and 2009, EMC received on average only 90 per cent of the amount budgeted to it, while KCC averaged 93.5 per cent over the same period.¹⁴ Anecdotal evidence even suggests that releases to EMC are routinely delayed and often reduced. Several interview respondents mentioned delayed releases as a key challenge the council faces in service delivery. An official in EMC's planning department complained not only of delays in releases, but also reductions in releases: 'We expect 254 million Ush, but only realized 209 million. That was all that was disbursed' (anonymous interview with EMC official, Finance and Planning Department, June 2011).

Moreover, the Ugandan government does not seem to be any quicker in payment of property taxes owed to the EMC dominated by the ruling party than it has been to pay such taxes to KCC. One respondent noted that collecting taxes owed to EMC by the central government is difficult:

Central government property rates have always been a big problem. Most of Entebbe is residential and now exempt [from property tax]. What remains after that are the properties of the central government. These generate about 150 to 200 million Ush per year, but getting it has been a task. You have to write letters, send reminders, and go and lobby ... There's a lot of unwillingness. The people responsible are uncooperative. (anonymous interview with former EMC official, June 2011).

The evidence discussed above provides some, albeit limited, evidence to support claims that Kampala is starved of resources. Analysis of conditional and unconditional grants, budget performance, and even central government payment of debts to these two councils does not reveal a clear pattern of fiscal bias against KCC. Yet, this is only part of the story. This analysis refers only to stated and budgeted transfers. Other resources are transferred informally and on an ad hoc basis and therefore may not be included in the annual budget transfers to local governments. Lambright (2011) finds considerable evidence that such informal transfers, i.e. patronage resources, are associated with poor

¹³ Similarly, Barkan attributes the passage of a supplemental budget only halfway through the 2010-2011 fiscal year to high costs of the 2011 NRM political campaigns, including large cash payouts to voters (2011, 12).

¹⁴ Data on budget performance of central government releases obtained from Local Government Finance Commission and cover financial years 2000-01 through 2008-09, excluding financial year 2003-04.

local government performance because patronage facilitates interference in council affairs. There is also the issue of whether Kampala as the capital city required significantly more resources from the centre than currently allocated to the city under the various formulas used to determine the amount of central government transfers to local governments. The politics of this is discussed further below.

5.3 Local government financing: tax policy

The politicization of tax policy, specifically the elimination of, or restrictions on, the use of certain taxes has significantly reduced the revenue options of local governments. Politically advantageous decisions made by the president have dire fiscal consequences for local governments, especially urban councils. For example, during the 2001 presidential campaigns, President Museveni first promised to lower the graduated tax (g-tax) to 3,000 Ush and then to eliminate it altogether in an effort to attract voter support. In fulfillment of his promise, the tax was eliminated in 2004, but between 2001 and 2004 councils faced serious difficulty in collecting the tax since the president politicized the tax in his re-election campaign.

The elimination of the g-tax negatively affected the financing of all local councils, but had particularly negative consequences for urban councils. For example, urban councils do not receive funding from the center to cover solid waste management. These councils depend on local revenue for garbage collection and the disposal of solid waste, and local revenue falls far short of what is needed to finance these activities in most urban areas. The elimination of the g-tax, a critically important source of local revenue, exacerbates this problem.

The amendment to the law governing property rates (property taxes) was similarly politically motivated and negatively affected the financing of local governments, while also disproportionately affecting urban councils. While campaigning for the 2006 presidential elections, President Museveni criticized the property rates in the country and pledged to exempt owner-occupied residences from property taxes. The president's pledge seemed intended to win him votes among middle and lower class voters in Kampala and other urban areas. He reportedly stated that the tax should 'target only rich landlords with apartments and offices they let out.'¹⁵ The local councils could continue to collect property tax for rental and commercial properties, but in many areas, owner-occupied properties comprise the bulk of the properties. This change seriously eroded a critical base of local revenue for urban councils. A former administrator in KCC stated clearly, 'It was for politicking that the property tax for owner-occupied [properties] was abolished. Yet, in most cases, it is from property tax that urban councils get money for service delivery' (anonymous interview with former KCC official, June 2011).

KCC and EMC have both been adversely affected by the NRM's tax policies. For example, according to the KCC spokesman, Museveni's promise to eliminate the tax on owner-occupied residences resulted in significant reduction in payment of property taxes to KCC even before the changes were enacted into law.¹⁶ The elimination of the graduated tax also had serious consequences for KCC, one of the few councils in the country in which local revenue comprised over 25 per cent of its annual budget. Before

¹⁵ 'Museveni Endorsed Property Tax-Ssebaana', *New Vision*, 29 December 2005.

¹⁶ 'KCC Revenue Drops over Dues', *New Vision*, 16 March 2006.

its elimination, graduated tax earned KCC 4 billion Ush annually, equivalent to 16 per cent of its annual budget (KCC 2009: 36). While the central government provided compensation for the lost revenue and introduced new taxes, including the local hotel and local services taxes, rarely do these revenues truly compensate for the revenue lost with the elimination of the g-tax. In 2004-05, the compensation Kampala received was only 500 million Ush (UDN 2006: 30), just under a tenth of the revenue it previously brought in with the g-tax annually. While statistics are not readily available, the reduction in local revenue in Kampala surely had negative consequences for solid waste management, which is a daunting challenge for the city even before the g-tax was abolished. A representative from an NGO working in Kawempe division noted that many of the city's services ended or were severely reduced in 2001 with the end of the graduated tax, including KCC efforts to desilt channels, collect garbage, and fumigate (anonymous interview with NGO representative, May 2011).

But EMC was similarly affected. An official in EMC's planning department explained: 'without local revenue we can't do much. Some activities are not carried out' (anonymous interview with EMC official, Finance and Planning Department, June 2011). According to the administrator, the elimination of the g-tax forced the council to eliminate planning meetings below the division level and is unable to carry out regular monitoring. EMC was also significantly affected by the elimination of the property tax. Entebbe is approximately 80 per cent residential with a limited number of commercial properties. The changes to property tax rates pushed by President Museveni led to a sharp reduction in EMC revenue (anonymous interview with former EMC official, June 2011).

5.4 Political interference

Manipulation of financing provides only one possible strategy Ugandan national elites can employ in their relations with urban governments. Another strategy is direct interference in the affairs of local governments. In fact, political interference is a critical way in which Museveni's government undermines the performance of local governments (Lambright 2011). Few councils are immune to such interference. National level politicians or NRM officials regularly get involved in struggles for/against the creation of a new district or municipal council or interfere directly in the primary and general elections for local offices. Yet, the areas that are most vulnerable are those which receive large amounts of patronage from the center but offer relatively low levels of political support (Lambright 2011). This imbalance creates a politically precarious situation and increases the opportunities for central government officials to influence local government decision making.

It is not clear how much KCC or EMC benefit from informal patronage transfers. Interestingly, most interview respondents in Entebbe did not believe that the municipal council benefits financially from Mayor Kabuye's unwavering allegiance to the NRM. As already noted, interview respondents in Entebbe were in nearly universal agreement that central government transfers to EMC are determined by the specified formula and not larger as a reward for the public's or Mayor Kabuye's political support. Moreover, the high political support for the NRM among voters and local politicians in Entebbe over the last 18 years suggests that EMC is less vulnerable to such political interference. Even with State House on the hill overlooking EMC headquarters, interview respondents rarely complained of political interference in the municipality's affairs by

the President or other NRM officials. It is certainly possible that the NRM does not have to interfere in council affairs in Entebbe or similarly supportive councils because the decisions of local officials are already in line with NRM interests. Scandals, such as corruption or land grabbing, mentioned in interviews with officials or observers of the EMC, however, typically involved allegations against local officials, not national level politicians, such as the President or cabinet ministers.

Rather than bringing in money directly from the central government, Kabuye's NRM connections likely helped the council connect with potential funders to fund various projects, such as Sida's long term support for the Lake Victoria Region Local Authorities Cooperation (LVRLAC). An administrator noted that 'The benefit of [Kabuye] being part of the ruling party is this benefit of lobbying for extra support...his position helped us to strengthen those relations with external partners' (anonymous interview with EMC official, Community and Development Services department, June 2011).

As discussed below, this was not the case in Kampala. Patronage seems to open the door to political interference by central government officials. Kampala would thus seem to be less vulnerable to political interference if one only considers its historic political opposition to the NRM and the low levels of patronage likely flowing to KCC and its elected officials during this period. Yet, the commercial and strategic importance of Kampala induces a variety of actors to get involved. For example, the value of real estate and commercial opportunities in the city partially explains the various land grabbing scandals, discussed below, in which a number of central government political officials are implicated.

Unlike EMC, my research revealed a number of instances in which NRM officials intervened directly in the council's affairs. For example, in June 2004, President Museveni stopped KCC from levying a 10,000 Ush a month tax on *boda bodas*. To many political observers the president's claim that the tax was illegal was a thinly veiled justification for a politically expedient decision. *Boda boda* drivers campaigned for Museveni in the 1996 and 2001 elections and Museveni would reportedly 'abandon his convoy' to ride a *boda boda* on occasion (Biryabarema 2004). In another case, the Resident District Commissioner (RDC) for Kampala, a presidential appointee, reportedly blocked a pilot project intended to promote food security, claiming that KCC officials 'left out Movement supporters and targeted opposition supporters' (anonymous interview with KCC official, Finance and Planning Department, May 2011).

Political interference: land

Central government officials have also influenced land use in Kampala on a number of occasions, often in ways that work against the interests of urban residents. For example, the National Water and Sewage Corporation's decision to construct a sewage plant in one of the city's wetlands completely undermined KCC's efforts to control illegal construction in the area (anonymous interview with representative of NGO addressing water and sanitation in Kampala, May 2011). According to the NGO representative, after the construction of the plant, 'thousands invaded the wetland. They saw NWSC's construction as opening a door'.

Similarly, President Museveni reportedly ordered KCC to sell to a private company the land on which its mechanical workshop sat (anonymous interview with former KCC official, May 2011). Consequently, the council was forced to relocate the mechanical workshop from the city center to the suburbs. Council vehicles in need of service now travel to the northwestern suburb of Kawempe, approximately 5 miles from the city center, a trip that takes well over an hour in traffic.

Central government officials have also been directly or indirectly linked to the sale of other council properties, including the controversial sale of the official residences of the mayor and town clerk. For example, President Museveni has been linked to the sale of the town clerk's residence to Sebaggala, while former minister of local government, Maj. Gen. Kahinda Otafire, reportedly ordered KCC to give the mayor's residence to Gen. David Tinyefuza, the co-ordinator for Uganda's intelligence services.¹⁷ In fighting his eviction in June 2011, Sebaggala claimed President Museveni personally approved his possession of the house.¹⁸ The loss of these properties and the council's subsequent efforts to recover them has wasted scarce resources that could have been used to deliver services. For example, KCC reportedly continued to pay Mayor Sebaggala a sizeable allowance to cover the cost of his housing even after he occupied the council-owned property intended for the town clerk. Similarly, the council has been forced to expend considerable manhours and resources to legally and physically recover these properties. The current city administrator, Jennifer Musisi, had to send council security agents, accompanied by 80 police officers, to personally evict Sebaggala from the residence following a three day stand-off.¹⁹

Sebaggala's interest in the town clerk's residence was motivated, at least in part, by the fact that he had previously given the city's official mayor's residence to the national intelligence services. Sebaggala reportedly offered the mayor's residence to Gen. Tinyefuza and later opposed the council's efforts to force him to give up the property.²⁰ Some critics of Sebaggala claim that his political support for Museveni and the NRM government ensured that the interests of politically powerful individuals were protected to the detriment of KCC policy preferences and the interests of Kampala's residents. Sebaggala's nomination for minister without portfolio in Museveni's most recent cabinet is seen by many as a reward for his efforts on behalf of the NRM while in office. Sebaggala stated as much after the nomination was announced in early June 2011 (Talemwa and Lumu 2011).

NRM officials, including the minister of local government and President Museveni, have also intervened and reversed council decisions about development projects and the management of local markets in Kampala. The precise impact of these actions on Kampala's urban poor is unclear, but they have not been without costs and often seem motivated by politics rather than improved service delivery, although improved services is a common justification for such actions. The ongoing controversy surrounding the terminated contracts KCC signed with local business tycoon and prominent NRM supporter, Hassan Basajjabalaba, to develop and manage several of Kampala's largest

¹⁷ 'KCC to Evict Tinyefuza from Mayor's Residence', *New Vision*, 18 October 2009.

¹⁸ 'Sebaggala Evicted from TC Residence', *New Vision*, 24 June 2011.

¹⁹ 'Sebaggala Evicted', <http://oneuganda.com/?p=1348>.

²⁰ Ibid. See also 'Sebaggala Offers House to Tinyefuza', *New Vision*, 18 June 2008.

markets and develop Constitution Square, an open space in the city targeted for commercial development, provides an important example.

Specifically, Basajjabalaba contracted with KCC in 2000 to develop Constitution Square into a shopping mall. According to Basajjabalaba, almost immediately the development stalled due to government interference and the deal was ultimately terminated by the minister of local government and President Museveni in 2004 (Lumu 2011). Basajjabalaba also signed contracts with KCC to lease and manage several prominent markets in the city, including Owino, Nakasero, and Shauriyako markets, but these contracts were also later withdrawn or terminated early. For example, in 2007 KCC awarded Basajjabalaba a five-year lease to redevelop Nakasero Market, a decision opposed by the market vendors. President Museveni later ordered that the market should be given to the vendors for redevelopment (Musoke and Osike 2007).

It is hard to discern the motivations of central government leaders to intervene into land deals in the city. At times central government officials appear to be acting to further their own interests or those of close political allies, while at other times central government politicians' intervention in Kampala's affairs could reflect genuine efforts to protect interests of urban poor. For example, there have been numerous allegations of corruption in many of KCC's real estate transactions, including allegations that KCC sold real estate it was barred from selling and revenue from some sales was never recovered. NRM officials justified their termination of these transactions as a way to reduce corruption and look out for the interests of city residents.

On the other hand, central government interference has not eliminated waste. In fact, Basajjabalaba's connections to top brass of the NRM, including with fellow Bushenyi district native and Minister of Local Government at the time, Kahinda Otafiire, prompt speculation that he was able to get the contracts through political channels. Yet, the central government's interference in these land deals could end up costing the government considerable sums of money. Basajjabalaba demanded compensation for the revenue lost as a result of the breach of these various contracts and received somewhere between 142 and 169 billion Ush (between US\$61 and US\$73.5 million) in compensation.²¹ The payment to Basajjabalaba is currently under investigation by Uganda's Parliamentary Public Accounts Committee (PAC). Numerous witnesses, including former Minister of Finance, Syda Bbumba, have testified that President Museveni instructed them to push through the compensation for Basajjabalaba. President Museveni admits instructing government officials to compensate the businessman, but strongly denies approving such a large sum.²²

Thus, Basajjabalaba's property development plans may not have had the best interests of Kampala's urban poor in mind and concerns about his acquisition of the various contracts prompted the investigation into his compensation. For example, his redevelopment plans for Nakasero market included evicting large numbers of market vendors, which prompted the vendors to appeal to President Museveni to stop the plans. Yet, the central government's interference in Kampala's affairs has not eliminated such problems and instead may result in the loss of millions of dollars.

²¹ Museveni recently stated that Basajjabalaba received 169 billion Ush, not 142 billion, as reported in a recent parliamentary report (Muhambe, Giles. 'M7 Orders Tycoon Bassaja Arrest Over Shs169bn Plunder', 21 December 2011. www.chimpreports.com.)

²² Ibid.

Political interference: KCCA

The central government's ability to intervene into the affairs of Kampala's municipal government has been enhanced following a recent institutional transformation of the city's governance structures. In 2009, Parliament passed the Kampala City Act, which eliminates the city council and instead creates a corporate authority, the Kampala Capital City Authority (KCCA), to govern the city. The act sought to 'moderate' the powers of locally elected politicians and in essence it strips them of the authority they previously held. The new mayor, termed Lord Mayor, is ceremonial rather than the executive head of the city administration, while the law eliminates the executive committee. Executive power is now vested in an Executive Director (ED) directly appointed by and accountable to the president. The Executive Director serves as the head of the public service, head of the administration, and the accounting officer for the authority (Uganda 2011: 18–19). The ED also bears responsibility for the management of public funds and the implementation of all policies (Uganda 2011: 19). The act also created a new ministerial position, Minister of Kampala, with the authority to veto or rescind decisions and actions of the new KCCA, as well as give directives to the authority that it must follow (Uganda 2011: 52–53). Kampala's first Executive Director, Jennifer Musisi, took office in April 2011.

On the face of it the reform is intended to improve service delivery in Kampala. Yet, the motivation for the reform and the timing of its passage can certainly be linked to partisan struggles.²³ For example, there is certainly concern within government that poor service delivery contributes to discontent among urban residents and in turn growing support for the political opposition (interview with Commissioner, Ministry of Local Government, May 2011). The high levels of public discontent and the opposition's ability to capitalize on this sentiment are apparent in the public support for the 'Walk to Work' campaign organized shortly after the 2011 elections by the opposition to protest high fuel and commodity costs. Thus, the restructuring and recentralization of Kampala were intended to improve service delivery and hopefully reduce public support for the opposition.

Comments made by some observers of the institutional change suggest that the central government was motivated less by concerns about the quality of the delivery of social services and more by a desire to have direct influence over council decisions. For example, one KCC official argued that:

The NRM thought 'If we don't take the political leadership then we need to reduce the powers of the political leadership so we can do what we feel like.' People in this institution [KCC] were not complying with instructions from the top [i.e. the central government]...Now they [the central government] can push it in the direction they want it to go

²³ For example, the Kampala Capital City bill proposed to extend the boundaries of Kampala. The Buganda Kingdom strongly opposed the extension of Kampala's boundaries further into the kingdom and the attendant expansion of the control and influence of the central government over kingdom territories. Since the issue was expected to reduce votes for Museveni and other NRM candidates in Buganda Kingdom, the bill was passed quickly without the proposed boundary changes prior to the election.

(anonymous interview with KCC official, Finance and Planning Department, May 2011).

Given the reported involvement of prominent NRM officials in real estate development projects in Kampala and the extensive 'interconnection of business and politics' in Uganda today (Barkan 2011, 10), the city council's authority over policies that govern land use, real estate development, and other lucrative economic activities, such as markets and taxi parks, in Kampala could be an important factor that motivated the NRM government to take control over the governance of the city.

As noted above, a related argument is that service delivery in Kampala, such as improvement of roads in the city, was impossible without a massive infusion of cash, which the central government was unwilling to provide to an opposition-headed city council. One respondent argued:

Just like all local governments, they are inadequately funded. But when it comes to Kampala, the capital city, it needed a special grant, but it wasn't forthcoming. [Why?] Because if it does, it [the NRM government] would be giving credit to the opposition. So to do it, it had to create a new act when it has the upper hand. Now it will bring the money (anonymous interview with former KCC official, June 2011).

As noted earlier, in the 2011-12 proposed budget, the central government actually allocated 43 billion Ush to construction and maintenance of Kampala's roads, a figure three times what KCC has been allocated even after it negotiated for higher resources for roads. One KCC official suggested that the 'government should provide more money [to Kampala] because it will be KCCA' (interview with KCC official, Communications department, June 2011).

Many observers of Kampala politics remain skeptical about what KCCA can achieve in terms of service delivery. For example, one KCC administrator expressed skepticism that the reforms will actually bring real change to the functioning of KCC. The administrator argued that:

The reforms are not being built on a new foundation, but being built on the existing foundation. It's not like a vehicle where you can put in an entirely new engine and the vehicle runs. That's not the situation here...Will the people you are bringing in be different? It's not a fundamental change (anonymous interview with KCC official, Finance and Planning Department, May 2011).

The administrator was not optimistic that the culture of the institution, including the tendency toward corruption, would be altered following the institutional restructuring. What seems more likely given the structure of the reform is that KCCA facilitates central government influence over city affairs, which as discussed above, does not often serve the interests of the city's urban poor.

Nevertheless, the ED Musisi has gotten credit for a number of accomplishments in the first few months since she took office. Upon taking office, Musisi promised results and prioritized service improvements in solid waste management, road repairs, security, and

planning. For example, KCCA established a six month time frame to eradicate silt in the Nakivubo Channel (interview with KCCA official, Communications department, June 2011), necessary to reduce flooding in Kampala's low-lying areas, including many of the city's slums. Another priority upon taking the office was to build and adequately staff the new institution, which entailed getting rid of KCC employees who were not adequately qualified. At least two KCCA officials were quickly arrested on charges of corruption.²⁴ An anti-littering crackdown resulted in the arrest of 28 people during the first two weeks of the campaign (Mwanje and Ndagire 2012). KCCA has also reportedly increased garbage collection by 76 per cent, demolished 15 'major structures' and hundreds of other illegal structures and kiosks, and redeveloped or constructed new markets and city toilets.²⁵ The crackdown on illegal kiosks was part of a larger effort to restore trade in the city. Shortly after taking office in June 2011, the KCCA issued a directive for hawkers and illegal street vendors to leave the city. The traders had three months to leave the city or relocate to one of 8000 spaces identified in 69 markets across the city (Bwambale and Waiswa 2011). KCCA also received funding from donors to construct 6 new markets in city suburbs that could house some of the relocated vendors (Bwambale and Waiswa 2011).

As already discussed, ED Musisi has also reclaimed high profile properties, challenging important political insiders in the process. On 27 June 2011, Musisi evicted former Mayor Sebagala from the town clerk's house. She also successfully reclaimed the mayor's official residence from the intelligence services, despite receiving personal threats from the Co-ordinator for Intelligence Services, General David Tinyefuza, should she try to evict him.²⁶

The impact of these activities on Kampala's urban poor are likely mixed. Eradicating corruption and targeting more of the city's resources to service delivery could benefit city residents, rich and poor alike. As some of the KCC officials feared, however, it is not clear that replacing KCC with the KCCA will eliminate corruption and rationalize municipal expenditures. Allegations of corruption within KCCA have surfaced and concerns about the large salaries to the ED and other KCCA staff offers evidence to the contrary. Efforts to improve solid waste management and clean the various channels, including Nakivubo channel, that carry water runoff and sewage will certainly have a direct and positive impact on life in Kampala's slums through reduced flooding and related risks to public health. The prohibitions against and crackdowns on illegal street vendors, hawkers, and *boda bodas* will also directly affect the urban poor who depend on these activities for their livelihoods. Peter Kasujja, spokesman for KCCA, reported in March 2012 that only half of the city's estimated 8500 illegal vendors took the city up on its offer to relocate.²⁷ Vendors that choose to try their luck on the streets complain that many of the spaces offered by the KCCA are in markets far from the city center where their customers are located, while some of the vendors who faced eviction at the hands of KCCA staff claim that they faced extortion from the KCCA officials during their eviction in September 2011.²⁸ Moreover, given that street vendors, hawkers, and *boda bodas* comprised Lukwago's 'core constituency' in the mayoral race

24 'Jennifer Musisi's First 5 Months in Office'. *New Vision*. 25 September 2011.

25 'Ms Musisi Takes the Impala by the Horn!' *East African Business Week*, 9 October 2011.

26 'Jennifer Musisi's First 5 Months in Office'. *New Vision*. 25 September 2011.

27 Kyambadde, Savio. 'Paying the Price of Sanity'. *Kampala Dispatch: Uganda's News Monthly*, 19 March 2012. Available online: <http://dispatch.ug/paying-the-price-of-sanity/3763/>

28 *Ibid.*

held in February and March 2011 (Warner 2011), the KCCA's crackdown on these groups could be seen as an example of the ways in which partisanship shapes service delivery in a situation of vertically divided authority.

Despite expectations to the contrary, the restructuring has also not created a windfall of new resources for the city. The central government actually reduced the budget for KCCA from 226 billion Ush to only 101 billion Ush for financial year 2011-12, resulting in a funding gap of 61 billion Ush.²⁹ Moreover, the transition to the KCCA has been anything but smooth. Almost immediately a power struggle emerged between the new mayor, Erias Lukwago, and the ED, with negative impacts on service delivery. In September 2011, Lukwago took Musisi to court, claiming that she had usurped his powers. Mediation failed in early January 2012. Individuals on both sides of the struggle have defended their positions, expending time and resources that could most certainly be more productively spent. This includes resources to make their cases in court as well as time spent squabbling. Mediation efforts failed in early January 2012 and the city, along with the major players, are waiting to hear the court's ruling on 20 January. Most recently, Musisi cancelled a meeting called by Mayor Lukwago because the announcement of the meeting was less than the 14 days in advance of the scheduled meeting date as required by law.³⁰ The meeting was intended to probe allegations made by Lukwago of misuse of 20bn Ush by the KCCA.³¹

6 Donor reactions and implications for decentralizations

A key question is how donors will react to such partisan struggles within Kampala. Kampala city government benefits from donor support in a number of ways. First, donor budget support facilitates central government transfers to local governments in Uganda, including Kampala. Kampala also benefits from a number of donor funded projects targeted to the city to address particular issues related to urbanization. For example, the World Bank funds the Kampala Institutional and Infrastructural Development Project (KIIDP), which began in 2007 with the goal of improving the institutional efficiency of the KCC. The project provides US\$33.6 million to KCC in order to 'restructure its administration and management, liberalize service delivery, institute financial and fiscal reform, and improve the organization's image and public relations'.³² There is no indication that the World Bank plans to end the project early in response to the recentralization and the shift from KCC to the KCCA. In fact, project documents reveal that the closing date of the project was extended after the restructuring occurred from the original 31 December 2010 closing date until the end of 2012 and that only US\$9.6 million has been disbursed so far with over US\$24 million remaining.³³ The most recent implementation status report, dated July 2011, further suggests that the focus of the project has not changed with the restructuring rather in many areas previous targets have been reached and new targets have been set.

²⁹ 'KCCA Officials Sigh as Govt. Okays Salaries, Pays Arrears'. *The Monitor*, 23 September 2011.

³⁰ 'Musisi, Lukwago Lock Horns Again over Meet', *The Monitor*, 17 January 2012.

³¹ 'Shs 20 Billion KCCA Funds Abused, Says Lukwago'. *The Monitor*, 9 January 2012.

³² <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:21538958~menuPK:51351221~pagePK:41367~piPK:279616~theSitePK:40941,00.html>

³³ Ibid.

It is not surprising that donors with an interest in improving the quality of life for Uganda's urban poor would continue to pursue their projects with KCCA. The challenges of urbanization and urban poverty persist despite restructuring. The Kampala Integrated Environmental Management Project, co-funded by the Belgian Technical Co-operation and KCC, was similarly extended after the transition to the KCCA was underway.³⁴ More recently, WaterAid's 2011-16 strategy highlights the goal of working with KCCA to improve water and sanitation for urban poor in the city.³⁵

The centralization of control over Kampala is part of a larger trend away from decentralization in Uganda. Donors are concerned about the ongoing recentralization in the country. A report of a workshop organized in 2009 by the donors working on local government and decentralization in Uganda states that:

The DPs [development partners] in Uganda view the current decentralization reform as unpredictable and challenging to support. They argue that GoU [Government of Uganda] does not seem to put priority on decentralization as evidenced by a number of recent reforms which are reversal, recentralizing and self negating in nature. They refer to the number of districts that is increasing, whereas service delivery performance is weakening, the 'centralization' of the appointment of local authorities at the national level and the local revenue reform (Klaver and Tibamwenda 2009: 10).

Barkan put it bluntly, stating that the 'lovefest between the donors and Museveni is largely over' (2011, 11). He attributes the declining donor enthusiasm for Uganda to rising corruption, 'inflationary patronage', and resulting declines in social service provision (Barkan 2011, 12).

Nevertheless, donors have limited influence to reverse or stop government policies that erode decentralization and undermine service delivery. For example, donors have long been concerned about the negative effects of the government's ongoing creation of districts (Namutebi 2007; Green 2010; US/USAID 2001, cited in Green 2010; World Bank 2010), but have been unable to stop the process. Donors have also expressed concern about the service delivery effects of the NRM's other centralizing trends, such as the erosion of the local revenue base and the shift to appointing local administrators at the national level (World Bank 2010).

It is not yet clear what donor reactions to the recentralization will be. Despite efforts to increase domestic revenue mobilization, Uganda remains aid dependent. In 2009, aid financed 26 per cent of Uganda's budget, making the country the 6th largest recipient of aid in Africa (Nyanzi 2011). Donors have willingly cut aid to the country in response to other government actions, however. For example, in 2010, a group of eleven donors to Uganda jointly agreed to reduce or reprogramme their budget support to Uganda as a result of the government's 'failure to take action against several high-level corruption cases' (Juuko 2010). In 2011, the Dutch government cut its 14 million Euros budget support for Uganda's education sector, in place since the Universal Primary Education

³⁴ KIEMP focused on improving the capacity of the city government and local communities for environmental management and also improving quality of life in three parishes in the city through better environmental planning and management (interview, May 2011).

³⁵ http://www.wateraid.org/documents/plugin_documents/uganda_1.pdf

(UPE) programme began in 1997, 'citing concerns about persistent corruption, poor public financial management, and poor standards' (Ahimbisibwe 2011). Recently, Kampala's Executive Director Musisi reportedly warned councillors that some donors were threatening to stop funding KCCA projects as a result of mismanagement (Mwanje 2011). Cuts in aid will certainly impact service delivery across Uganda.

Nevertheless, any response of donors is unlikely to be co-ordinated. Donor co-ordination constitutes a key challenge with foreign aid across the continent (van de Walle 2001; Easterly 2008) and in support of Uganda's decentralization reforms specifically (Klaver and Tibamwenda 2009). Yet, recently donors have shifted away from funding the Local Government Sector Investment Plan (LGSIP): previously five donors contributed funding to the programme, but donor funding of the programme stopped in 2010 and the MoLG saw its funding shrink as well (Klaver and Tibamwenda 2009: 2; anonymous interview with Local Government Finance Commission official, January 2012). Various reasons were cited for the reduced donor funding for the programme. Officially donors reported that they were asked to focus on other sectors by the central government (Klaver and Tibamwenda 2009: 10). Unofficially, donor funding of the programme ended because donors were unsure about the government's commitment to decentralization given recent rollbacks and dissatisfied with the results of the LGSIP (Klaver and Tibamwenda 2009; anonymous interview with Local Government Finance Commission official, January 2012). What seems clear, however, is that donor actions could reinforce trends within the GOU away from decentralization. There are concerns that, beyond the obvious recentralizing reforms discussed above, the current focus on sector budget support and sector wide approaches by the government and donor efforts to work within this new strategy will further centralize service delivery and development efforts in the country, pushing Uganda further away from decentralization.

7 Conclusion

In the sections above, I document the various ways in which political struggles undermine service delivery in local councils throughout Uganda. I also documented a number of ways in which politics negatively affects the delivery of services in Kampala. While political opposition does not fully explain the poor performance of the KCC, opposition control of the city council likely motivated the NRM government's recent takeover of the city with the creation of the KCCA. The central government's decision to eliminate the KCC and exert its authority over governance in the capital can be linked to politics in a number of ways, including a stated desire on the part of the NRM to strengthen its electoral support among voters in Kampala through visible improvements in service delivery. The takeover could also reflect NRM efforts to exert greater control over important decisions in the city that affect the business dealings of prominent NRM politicians.

The outcome of the reform, as of yet, is unclear. There are reasons for both optimism and pessimism in assessing how this reform will impact Kampala's urban poor. Above I noted concerns about the general decline in the quality of service delivery and stalled poverty reduction in Uganda. Given the political factors that contribute to these trends, it will prove difficult to reverse these trends and improve service delivery without political reforms. Yet, the costs of improved governance may be quite high relative to the expected benefits from the numerous opportunities to make money in real estate and

other activities provided by Kampala's rapid urban growth. The political costs of improved governance are likely to be even greater in the current political climate in Uganda in which politics and business are increasingly intertwined. The institutional reform that established the KCCA is part of a larger recentralizing trend, moving the country further away from decentralization. Central government actions in Kampala to date have not consistently benefited the city's poorer residents. Yet, electoral calculations seem to increase the political importance of the urban population for both the ruling and opposition parties, which could shape service delivery in positive ways going forward.

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