

# UGANDA

## HOUSING PROFILE



## ACKNOWLEDGMENTS

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## FOREWORD

UN-HABITAT is delighted that the Government of Uganda approached UN-HABITAT to help formulate its new national housing policy. We also welcome the steadfast commitment shown by the Government throughout the process of producing this report.

What we now have in this Uganda Urban Housing Sector Profile is a comprehensive, in-depth analysis of the structure and functioning of Uganda's urban housing sector. It discloses its strengths and weaknesses, and at the same time makes suggestions on directions for policy intervention.

Uganda is one of nine countries around the world where UN-HABITAT is applying the housing sector profile methodology. This involves a participatory research process whereby a team comprised of Ugandan and international experts conducts the research. The approach they take is based on UN-HABITAT's integrated and holistic view of housing. It thus focuses on the performance analysis of its five components: land; basic services; housing finance;

building materials and construction technologies; and labour.

It then gives an assessment of how these components are governed by policy, institutional and legal frameworks, and how they inter-connect with one another and other urban policies.

Through an evaluation of the urban land and housing markets (supply and demand needs), this report identifies the factors that compromise smooth market functioning which leads to the exclusion of certain social groups.

Based on research findings, recommendations are drawn to inform the housing policy formulation process and embark upon the necessary housing reforms in Uganda. It is my hope that this will lead to the design of programmes, including implementation arrangements, for enhancing the performance of the urban housing delivery system.

UN-HABITAT also leads the parallel and complementary Rapid Urban Sector Profiling for Sustainability (RUSPS) in Uganda to help inform urban poverty reduction policies and the urban policies required to guide the rapid process of urbanisation.

Our focus on housing reflects the importance of this sector for the overall economy. A thriving housing sector contributes to economic and social growth through the creation of employment opportunities, and helps contribute to better economic health for the country as a whole.

I am confident that the Uganda Housing Profile will serve as a key tool for all actors in the housing sector in their joint efforts to generate affordable housing opportunities at scale.

I congratulate all those who have contributed to the preparation of this report.

UN-HABITAT welcomes  
the commitment of  
the Government of  
Uganda to facilitating  
the improvement of the  
housing conditions of its  
citizens.

*Joan Clos*



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United Nations Human Settlements Programme  
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## ACRONYMS

<b>ACF-USA</b>	AFRICAN CHRISTIAN FELLOWSHIP USA
<b>ACORD</b>	AGENCY FOR CO-OPERATION AND RESEARCH IN DEVELOPMENT
<b>ADF</b>	AFRICAN DEVELOPMENT FUND
<b>AFDB</b>	AFRICAN DEVELOPMENT BANK
<b>AMREF</b>	AFRICAN MEDICAL RESEARCH FOUNDATION
<b>ARB</b>	ARCHITECTS REGISTRATION BOARD
<b>AVSI</b>	ASSOCIATION OF VOLUNTEERS IN INTERNATIONAL SERVICE
<b>CBO</b>	COMMUNITY BASED ORGANISATION
<b>CC</b>	CONTRACTS COMMITTEE
<b>CG</b>	CENTRAL GOVERNMENT
<b>CPAR</b>	CANADIAN PHYSICIANS FOR AID AND RELIEF
<b>DFCU</b>	DEVELOPMENT FINANCE COMPANY OF UGANDA
<b>DFID</b>	DEPARTMENT FOR INTERNATIONAL DEVELOPMENT
<b>DLG</b>	DISTRICT LOCAL GOVERNMENT
<b>DUCAR</b>	DISTRICT URBAN COMMUNITY ACCESS ROAD
<b>EAC</b>	EAST AFRICAN COMMUNITY
<b>ERB</b>	ENGINEERS REGISTRATION BOARD
<b>FAR</b>	FLOOR AREA RATIO
<b>FUCO</b>	FEDERATION OF UGANDAN CONSULTANTS ORGANISATION
<b>GET</b>	GOOD EARTH TRUST
<b>GUSCO</b>	GULU SUPPORT THE CHILDREN ORGANISATION
<b>HFCU</b>	HOUSING FINANCE COMPANY OF UGANDA
<b>HFHU</b>	HABITAT FOR HUMANITY UGANDA
<b>ICMA</b>	INTERNATIONAL CITY MANAGEMENT ASSOCIATION
<b>IO</b>	INTERNATIONAL ORGANISATION
<b>ISU</b>	INSTITUTION OF SURVEYORS OF UGANDA
<b>KCC</b>	KAMPALA CITY COUNCIL
<b>KIEMP</b>	KAMPALA INTEGRATED ENVIRONMENTAL PLANNING AND MANAGEMENT PROJECT
<b>LSSP</b>	LAND SECTOR STRATEGIC PLAN
<b>MDG</b>	MILLENNIUM DEVELOPMENT GOAL
<b>MDI</b>	MICRO-FINANCE DEPOSIT-TAKING INSTITUTION
<b>MFI</b>	MICRO-FINANCE INSTITUTIONS
<b>MFPED</b>	MINISTRY OF FINANCE PLANNING AND ECONOMIC DEVELOPMENT
<b>MLHUD</b>	MINISTRY OF LANDS, HOUSING & URBAN DEVELOPMENT
<b>MWT</b>	MINISTRY OF WORKS AND TRANSPORT

## ACRONYMS

<b>NEMA</b>	NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY
<b>NGO</b>	NON-GOVERNMENTAL ORGANISATION
<b>NHCC</b>	NATIONAL HOUSING AND CONSTRUCTION COMPANY
<b>NIC</b>	NATIONAL INSURANCE COMPANY
<b>NRC</b>	NORWEGIAN REFUGEE COUNCIL
<b>NWSC</b>	NATIONAL WATER AND SANITATION CORPORATION
<b>OH&amp;S</b>	OCCUPATIONAL HEALTH AND SAFETY
<b>OPR</b>	OUTPUT-TO PURPOSE REVIEW
<b>OVC</b>	ORPHAN AND VULNERABLE CHILDREN
<b>RMC</b>	REGIONAL MEMBER
<b>RSDP</b>	ROAD SECTOR DEVELOPMENT PROGRAMME
<b>SAP</b>	SLUM AID PROJECT
<b>SAWA</b>	SANITATION AND WATER KNOWLEDGE MANAGEMENT AND LEARNING ALLIANCE UGANDA
<b>SCC</b>	SAVINGS AND CREDIT COOPERATIVE
<b>SIDA</b>	SWEDISH INTERNATIONAL DEVELOPMENT AGENCY
<b>TSUPU</b>	TRANSFORMING SETTLEMENTS OF THE URBAN POOR IN UGANDA
<b>UACE</b>	UGANDA ASSOCIATION FOR CONSULTING ENGINEERS
<b>UAAU</b>	URBAN AUTHORITIES ASSOCIATION OF UGANDA
<b>UBOS</b>	UGANDA BUREAU OF STATISTICS
<b>UIPE</b>	UGANDA INSTITUTE OF PROFESSIONAL ENGINEERS
<b>ULA</b>	UGANDA LAND ALLIANCE
<b>ULC</b>	UGANDA LAND COMMISSION
<b>UMIDA</b>	UGANDA METAL INDUSTRIES DEVELOPMENT ASSOCIATION (UMIDA)
<b>UNABEC</b>	UGANDA NATIONAL ASSOCIATION OF BUILDING AND CIVIL ENGINEERING
<b>UNBS</b>	UGANDA NATIONAL BUREAU OF STANDARDS
<b>UNFPA</b>	UNITED NATIONS POPULATION FUND
<b>UNRA</b>	UGANDA NATIONAL ROADS AUTHORITY
<b>USA</b>	UGANDA SOCIETY OF ARCHITECTS
<b>UWLAT</b>	UGANDA WOMEN'S LAND ACCESS TRUST
<b>WFP</b>	WORLD FOOD PROGRAMME

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## EXECUTIVE SUMMARY

Uganda is a land-locked country in central Africa with enormous economic potential. Sustained population growth and the re-mergence of peaceful conditions throughout the country have encouraged the rapid growth of cities, and the capital, Kampala in particular. As urbanization has gained pace, the need for affordable housing has also become acute. While the housing and property market and the construction industry represent significant opportunities for economic growth and wealth creation, coordinated government policy intervention in the housing sector is necessary if Uganda's cities are to be made safe, healthy and productive spaces for the low-income majority.

The housing challenge is being dealt with by a range of national and local government agencies, private sector developers, communities, individuals and international partners, which means that housing policy develops out of a complex interaction of interests. Within the current public-private policy formulation mix, civil society and community groups are emerging as important advocates for the urban poor and community based organisations will play an important role in the implementation of future legal and policy objectives.

A national average household size of 4.7, and steady growth predictions over the next two decades mean that a minimum annual increase of 249,200 dwelling units are required nationally to accommodate the projected increase in national populations, replace part of the existing obsolete stock and reduce over-crowding. 79,200 of these are needed in urban areas, of which 28,400 are required in Kampala. Given the relatively high planning and building standards compared to income and affordability levels of large sections of the population, it is important that a large proportion of new housing is based on comparisons between aspirations and realities. Addressing existing housing needs and the related issues of utilities provision, health and sanitation, and the educational needs of a burgeoning urban economy will test the capacity of local government institutions and all other stakeholders.

The national and local administrative structures currently responsible for housing and land rights are challenged to keep up with rising demand and to manage the majority of urban households who are struggling to enter the land market. Beyond the need for greater institutional capacity building and knowledge sharing between various levels of government and the private sector and civil society, a significant barrier to effective urban land management, and by extension housing, is the lack of clarity on land ownership and adjudication.

This problem is linked with a number of issues:

### (a) Overlapping jurisdictions

At present, competition between various branches of government and a lack of clarity over who is actually

responsible for urban planning, service provision and basic administration limits the capacity of the state to manage development. As property values in Uganda's major cities continue to rise, and as private sector players take a more prominent role in the housing sector, various levels of government must clarify their respective roles within the land and housing system. If the government hopes to play a positive long-term role in supporting the country's urban majority, it will have to be unified in seeking to implement pro-poor policies. Clarity of purpose will require an acceptance of authority, information and governance responsibilities to be shared between various levels of government and between government and other actors.

Jurisdictional problems related to land rights and building approval are linked with central government reluctance to devolve authority over land administration to local government, as stipulated in the 1998 Local Government Act. While the central government authorities have valid concerns over the administrative capacity of municipal authorities, if increasing urbanization and a rapidly rising population are to be effectively managed, greater emphasis must be placed on local policy implementation and capacity building. This will require cooperation from the Ministry of Lands, Housing and Urban Development, and a genuine interest in effective and sustainable housing policy at the local level.

A further jurisdictional barrier to effective housing policy implementation is the range of traditional land administration systems currently practiced at the local level in different parts of the country. While these systems have proven effective as a basis for land rights adjudication in many places, it remains to be seen how growing municipalities will reconcile traditional land rights with rising property prices and the interests of local and foreign developers.

### (b) Competition for limited resources

As local and regional governments struggle to adapt to the demands of a rapidly urbanizing society, combined with a pre-dominant economic ethos supporting reductions in government capacity, they are under constant financial pressure. The central government is not in a position to redistribute significant funds for local housing strategies, and thus institutional finances are another barrier to effective policy implementation. Private developers are frequently able to ignore local planning regulations, and there are currently no effective financial incentives for them to support government housing policy. Efficient land management, either through the introduction of new urban property tax, vacant land taxation, inheritance tax, land transfer fees and public-private partnerships for development are all

options to increase local government financial capacity and long term vitality.

### (c) Lack of integrated land information system

While current legal and policy frameworks on land and housing issues set out a clear path for future development of the sector, lack of detailed information on local land tenure and building registries mitigate against effective implementation. While the land component of the private sector competitiveness project run through the MLHUD aims to create a unified land tenure database for 5 pilot cities, sharing this information with local authorities will be an important step in ensuring successful policy implementation.

As information on land, housing and property values is collated and digitized by various actors (including government, private sector, and NGOs), it will be important to ensure that basic needs of the low-income urban majority are met, and that information on land pricing and purchase are shared between policy makers and the private sector. Increased access to information is key to effective policy implementation, but will also accelerate the expansion of urban property markets, with the possibility of urban land prices becoming even more disproportionate in relation to average incomes.

Currently, a majority of urban residents are unable to afford access to permanent housing and most struggle to maintain steady incomes. Kampala's primacy within the national urban system exacerbates local social and economic development. Approximately 40 per cent of the country's urban residents live in Kampala and this population is projected to increase from 1.6 million in 2008 to 2.4 million in 2020, representing an increase of 800,000 residents. This would represent an average annual increase of 15,100 households through to 2020, suggesting that a similar number of additional housing units would be required annually, excluding the replacement of substandard or obsolete stock, or attempts to address overcrowding in the city centre. Management of urban growth and service provision for Kampala's booming population, and the necessary cooperation between municipal and national government, will be an important testing ground for management of future growth in an estimated 56 designated municipalities in other parts of the country.

Limited access to finance for the urban poor appears to be the major constraint on housing development in Ugandan cities. This is linked with irregular employment in the informal urban economy and an unwillingness of commercial banks to invest in small to medium businesses and the informal housing construction sector. While overlapping land administration systems inhibit investment in permanent housing, the current situation reveals that urban residents prioritize housing and are effective in negotiating a functional tenure arrangement within a rapidly evolving urban system.

A further constraint on housing development is the limited supply of serviced urban land. While this is partly a historical planning problem, it is being exacerbated by unplanned private development of peri-urban land. Unlicensed, high-value, high-density development off the existing road, sewerage and electricity grid strains service providers and distracts policy makers from the pressing needs of the urban poor. In addition, the current urban land administration and allocation systems are too cumbersome and impose very high transaction costs on citizens, further encouraging informal subdivisions and land deals. Informal transactions and transitional tenure forms support urban growth and enable urban poor to create livelihood opportunities, but better regulation of urban land will be necessary to support government financing of basic services such as health, education and climate change mitigation efforts.

In terms of improving access to housing finance, UN-HABITAT's Experimental Reimbursable Seeding Operations (ERSO) in Tororo may present a way to improve MFI and NGO involvement in housing micro-finance, and the success of this program should help to encourage similar initiatives in other urban centers.

While finance options for housing purchase and upgrading should be expanded, small and medium sized firms in the growing construction and buildings materials industry also deserve government and private sector support. The majority of firms currently operating in the industry are informal with only a small formal sector capable of building all types of housing and installing officially approved infrastructure. The large informal sector of single artisans and small firms represent a key growth sector in the urban economy, and should be considered an important source of tax revenue for local governments in the long-term. The informal sector uses labor-intensive, local technologies to produce low-cost local materials, which are affordable to the majority, who rely on local materials for incremental home construction.

Interventions in the rapidly growing urban housing market should:

- Facilitate the gradual integration of an urban land allocation and registration system that provides basic rights that households need to feel secure and which can be affordably converted over time to provide a level of security that allows owners and tenants to borrow money using their land or fixed housing assets as security, or access finance through micro-finance institutions.
- Prioritize forward planning, involving all urban stakeholders, in order to determine how and where development should take place at the municipal level. Forms of inclusive, forward planning are already occurring in a number of community-based pilot projects in Kampala, and should be continued in other parts of the country.

- Demarcate and reserve space for major roads and the provision of essential urban services in a grid form well ahead of development. This would actively discourage development outside the planned grids, and would help to ensure adequate space for infrastructure and other urban services that are vital to sustained economic development. Recent difficulties faced by the Northern Bypass project in Kampala illustrate the economic and political benefits of forward planning for successful and cost-effective development of basic infrastructure and services.
- Allow for development within the grids to proceed with minimal central control and with extensive community engagement in the development process. Upgrading projects and a number of new, planned developments outside the Kampala city centre have much to offer through the provision of planned low cost housing that can be linked with central infrastructure incrementally.
- The demonstrated ability of urban residents to create their own affordable housing using local materials and informal sector labor should be acknowledged and incorporated into the national housing supply system. Government intervention should therefore focus on harnessing the socio-economic potential of the informal sector through targeted skills upgrading and support for cooperative business models.
- Develop infrastructure solutions that do not rely on extensions of existing technologies and networks will be essential in meeting the needs of ordinary people for electricity, clean water, and sewerage. The introduction of basic technologies such as rainwater collection systems, biodigesters, other grey water treatment systems, solar water heating, and, as the costs come down, rooftop photovoltaics. If promoted effectively, affordable alternative technologies can become mainstream in urban areas and have the potential to contribute to domestic industrial development.
- Encourage housing micro-finance through ERSO and other community-based initiatives.
- Improve training in all aspects of housing provision and at all levels from construction and labor practices, through to land management, financing mechanism, and unified forward planning at the local level. Local capacity building will be essential in ensuring the sustainable growth of an emerging network of medium sized cities around the country.
- Encourage growth and regularization of the informal construction sector and the informal building materials production sector through training, front-end financing, and the phased introduction of labor and materials standards.

# INTRODUCTION

## 1.1 INTRODUCTION

The national Housing Profile Study of Uganda is one of a series commissioned by UN-HABITAT to provide a review and assessment of the housing sector as a basis for enabling stakeholders in public, private and civil society organisations to formulate and implement housing policies and programmes to meet existing and future needs.

### Box 1: Uganda Country Profile <sup>1</sup>

**Population:** 32 million  
**Population Growth Rate:** 4.5%  
**Percentage of Population Urban:** 14%  
**Capital:** Kampala  
**Area:** 241 038 sq km (93 072 sq miles)  
**Major languages:** English (official), Swahili, Ganda, various Bantu languages  
**Major religions:** Christianity, Islam  
**Monetary unit:** Ugandan shilling  
**Main exports:** Coffee, fish and fish products, tea; tobacco, corn, cotton, beans, sesame  
**GNI per capita:** US \$470

## 1.2 BRIEF HISTORY

Uganda is located between the eastern and western branches of the Great Rift Valley between the savannah of East Africa and the jungles of Central Africa. Most of the country is more than 1,000 metres above sea level, with mountains in the south-west, some of which are more than 5,000 metres above sea level. The country is fertile and well watered, with almost 25 per cent of the national area covered by water, including part of Lake Victoria.

From the original inhabitants, Uganda has seen many waves of migrants, beginning with Cushitic speakers, who probably entered the area around 1000 B.C. In the first millennium A.D., Bantu-speaking peoples moved into the highland areas of East Africa, and were

followed by Nilotic-speaking peoples from the Sudan region and Luo speakers. These waves of migration contributed to the formation of centralised political systems, with archaeologists tracing the first of these kingdoms, the Bunyoro-Kitara, to well before the 15th century A.D. Among the polities that appeared later, the Buganda kingdom was considered the strongest and most influential. Originally a vassal state of Bunyoro, Buganda grew rapidly in the 18th and 19th centuries. With a complex government structure, Buganda became the seat of power for the region. As a result of the kingdom's political influence, the Bugandan kabaka (king) became heavily involved in the administration of the colonial territory, and was appointed head of state of Uganda at independence.

From the 1860s, European explorers and missionary groups began entering the territory, and in 1888 the United Kingdom placed the area under the charter of the British East Africa Company. A formal administration was established and the territory of Uganda was ruled as a protectorate from 1894. Two years later, with the integration of the Ankole, Toro and Bunyoro chiefdoms together with Buganda, the Uganda Protectorate was created. With the introduction of cotton and other cash crops, the agricultural economy grew rapidly up to the 1950s. Following independence from Britain in 1962, the Uganda People's Congress (UPC) appointed Mutesa II Kabaka (king) of Buganda, as the President and Commander in Chief of the armed forces.

This arrangement did not last and in 1966 Milton Obote overthrew the king and other kingdoms in the country and declared Uganda a Republic. A UPC-dominated Parliament then suspended the constitution, and Obote became president. Obote was twice deposed from office by military coup, by Idi Amin, who seized power in 1971 and established an eight year military rule. Amin's rule cost an estimated 300,000 Ugandan lives, and was responsible for the forced eviction of the country's population of Asian origin. Amin's reign ended following war with Tanzania in 1979 in which Tanzanian forces aided by Ugandan exiles returned Obote to power. Obote was finally deposed in 1985 by General Tito Okello. He died in exile in Zambia in 2007.



Table 1. Estimated national population trends to 2020

	2010	2020	Annual increase
National population	32 million	40 million	800,000
Urban population	4.5 million	7 million	250,000
Kampala	1.7 million	2.4 million	70,000
Gulu	160,000	500,000	34,000

Okello ruled for six months before being deposed by the National Resistance Army led by current President Yoweri K. Museveni.

President Museveni has been in power since 1986. Lauded in the West as part of a new generation of African leaders, his presidency has witnessed Uganda's interventions in civil wars in the Democratic Republic of Congo (DRC) and other conflicts in the Great Lakes Region, as well as the civil war against the Lord's Resistance Army, which have interfered with the country's economic and political development. Now that the LRA has been defeated, the country is recovering and entering into a new era of development.

### 1.3 POPULATION FACTS AND FIGURES

In 2009 the national population was 30.366 million and is projected to reach 40 million by 2020. Based on current population growth rates, the UNFPA projects a national population of 91 million by 2050,<sup>2</sup> though this figure does not consider the effect of socio-economic change and correlated reduction in family sizes which may occur in the interval. The population is predominantly young, with 49.3 per cent less than 15 years of age. Average life expectancy is 50.4 years.

The number of people currently living in urban areas is estimated at 4.5 million, representing an urbanisation level of 14 per cent. Whilst this is low compared with global averages, it represents a threefold increase from less than one million persons in 1980, and poses a major challenge to central and local government policy makers. Kampala is the largest urban centre in the country, with a total night-time population in 2008 of 1.68 million, or 40 per cent of the national urban population. The northern city of Gulu, in contrast, has a population of just 160,000 and has been affected by the movement of internally displaced persons (IDPs) during the course of a twenty year civil war.<sup>3</sup>

At the national level, Figure 2 depicts a trend of sustained urban growth and urbanization in the country with serious implications for housing demand and quality of life. Population projections for town councils in the country indicate high growth in medium urban centers in the western, northern and eastern regions for the period up to 2009.

According to Uganda Bureau of Statistics, national fertility rates will decline gradually from 6.7 to 6.3 per

cent in 2022 and 6.0 per cent in 2037. If reproductive health measures are stepped up and the unmet need for contraceptives is met, Uganda is projected to undergo a fertility transition which would imply population increase from 30 million in 2009, 43 million in 2022 and 62 million in 2037. What these projections indicate is that the population of the country is on course to double every twenty years. This means that over the coming decades both government and business will be challenged to meet growing housing demand.

The urban population is increasing more rapidly than the national average at between 4-5 per cent a year, leading to a projected urban population in 2020 of 7 million, out of an expected total of 40 million. Whilst this represents a relatively modest annual increase in the urban share of population from 14 per cent to 17.5 per cent in 2020, it means an increase of at least 2.5 million people in only 10 years, or approximately 250,000 people each year. This increase in urbanization represents both a challenge and opportunity for policy makers. If properly planned, regulated and monitored, urban housing markets can help to stimulate urban economies, and support the growth of a nascent national construction industry (see Section 9).

### 1.4 CRITICAL ISSUES IN CONTEMPORARY URBAN UGANDA

The scale of the housing challenge facing national and local government agencies, together with international donors interest in Uganda's evolving legal frameworks mean that housing is one of the country's most pressing issues.

Approximately 40 per cent of the country's urban residents live in Kampala and this population is projected to increase from 1.7 million in 2010 to 2.4 million in 2020, representing an increase of 800,000 residents.<sup>4</sup> This would represent an average annual increase of at least 18,000 households through to 2020, suggesting that a similar number of additional housing units would be required annually, excluding the replacement of substandard or obsolete stock, or any attempt to reduce overcrowding.

To ensure an increase of this scale through officially sanctioned processes will require a considerable increase in the provision of land, housing, finance, services, materials and labour which will place considerable



A lack of systematic records on housing means that these data are derived from census surveys and thus tend to give a snapshot of the period at which the census was

carried out; as housing is a rapidly changing sector, up to date data collection and monitoring is important if clear policy responses are to be developed for the sector. Those that require renovation are estimated to be 50,335 in Kampala and 116,884 in other urban areas. It is further estimated by the Ministry of Lands, Housing and Urban Development (MLHUD) that only 56% of Kampala's housing stock and 8% of that in rural areas can be classed as permanent. This means that a great deal of investment in the current housing stock would be required to bring existing homes into conformity



with current national standards. Investment and training at the local level is already being undertaken in Kampala, with projects such as the Kampala Integrated Environmental Planning and Management Project (KIEMP) aimed at enhancing basic social services in informal areas. The project is being carried out through a partnership between the KCC, the Ministry of Local Government, and Belgian Technical Cooperation (BTC), with the participation of community members, community based organisations, NGOs and the private sector.<sup>5</sup>

Given the scale of such investment to conform to current planning and building standards, this suggests that it would be advisable to review official norms to assess which standards and regulations should be revised to facilitate conformity within economic and affordability constraints.

## 1.5 ECONOMY

Uganda has one of the fastest growing economies in Africa, with a GDP growth projected to continue at 6.5% a year.<sup>6</sup> This growth is a result of ongoing expansion in the construction, wholesale and retail sectors and government decisions to liberalise the foreign exchange rate, which has kept the national currency stable.

In the Minister of Finance's 2009 budget speech, it was mentioned that a growing service sector now contributes over 50% of GDP, driven mainly by wholesale and retail trade, transport and communications and real estate activities. The sector as a whole, which is the most significant driver of growth in the national economy, registered a decline in growth from 9.7% to 7.6% in 2007/08 and 2008/09, respectively. Yet urban property markets, and the associated real estate sector, continue to boom.

In spite of this recent downturn, service sector growth continues to increase its contribution to national economic production, although the agricultural sector remains the most important sector of the economy. Service sector growth is mainly in trade, information and communication technology (ICT), tourism, hotels, finance, insurance, education and real estate. Current economic trends are significant in influencing trajectories of urban development since capital flows to real estate are increasing. Data from the surveys in Gulu and Kampala indicate an increase in reliance on remittances from abroad for housing development. International real estate companies have also increased in the country.

Sustained economic growth at the national level is accompanied by real wage increases of between 25–46% in different sectors in the period from 2002 to 2009, with particular improvements seen in the manufacturing and service sectors. In contrast, real wages in the construction sector improved by only 2.2%

from 2008 - 2009 and currently make up 12.3% of GDP. These recent improvements in real wages across all sectors of the economy have implications for housing as increasing incomes mean that demand for both formal and informal housing will increase, yet surplus labor and exploitative employment practices mean that wages in the construction sector are likely to increase slowly.

## 1.6 POVERTY ISSUES

The contribution of urban areas and the housing sector in particular to economic development and poverty reduction goals in Uganda is aptly illustrated by a recent World Bank report which states that between 1992 and 2000 “urban areas experienced strong growth and poverty reduction. The depth and severity of poverty also declined. Non-income welfare measures has improved including the ownership of assets and the quality of housing.”<sup>7</sup>

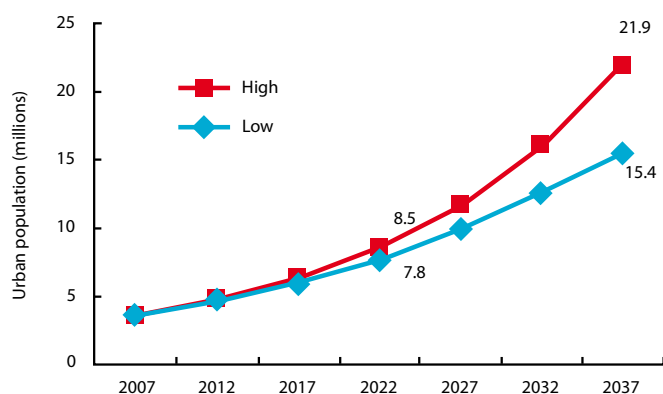
These achievements are considered to be largely an outcome of the application of structural adjustment programmes under the tutelage of the World Bank, since 1987. Annual average GDP increased by 7.5 per cent between 2002 and 2007 and external debt was reduced by 67 per cent from US\$4,465 million in 2006 to US\$1,468 million in 2007, largely due to debt forgiveness.<sup>8</sup> However, the majority of Ugandans remain poor, with 31 per cent living below the official poverty line of less than US\$1 a day in 2006-2007.<sup>9</sup>

Despite a sustained GDP growth rate of 7.8 per cent, low inflation, and stable exchange rates, absolute numbers of poor people have not significantly decreased. In fact, in the suburbs of Kampala, poverty has increased.<sup>10</sup> According to recent figures, 38.9 per cent of the residents in Kampala live in absolute poverty and 5.7 per cent in abject poverty.<sup>11</sup> While it is difficult to establish benchmarks for the estimated increase, parish data on poverty in Kampala provide an indication of local residents' ability to afford access to land, housing and services. Survey findings suggest that a significant proportion of both Kampala and Gulu residents are unable to afford key inputs for the construction of officially recognised homes.

In urban areas, poverty is manifested in the following ways, among others:

- Unemployment, under-employment and informal sector predominance
- Slums and informal settlements
- Homelessness including street children and families
- Tenants occupying sub-standard ‘*mizigo*’
- High food prices leading to increased incidence of malnutrition
- Inability to access basic services
- Crime, violence and insecurity
- Over-crowding

Figure 2. National urban population projections to 2037



Source: Uganda Bureau of Statistics (UBOS) 2009 Statistical Abstract

- High levels of prostitution and HIV prevalence and
- High levels of vulnerability (when temporary employment is lost, one automatically returns to poverty, or when it rains the whole day, one may not be able to earn the money needed to meet basic needs).

The urban poor are far more vulnerable to abuse from officials and market shocks than their rural counterparts as livelihoods in urban areas are based on the cash economy. Ironically, the Poverty Eradication Action Plan (PEAP, 2000) is silent about this reality and therefore the urban poor are effectively excluded from Poverty Reduction Strategies (PRSs). This makes it difficult to identify the nature and extent of urban poverty and detracts from the significant efforts required to reduce it.

The 2005 PRS approved by Government of Uganda also states that “Government will focus on improving the land registry in the short run and strengthening the land rights of the poor through systematic demarcation in the long run. Urban land reform should also help the market for urban housing to work better. While the provision of housing is mainly a private sector responsibility, Government will regulate to ensure minimum standards and avoid overcrowding”. Despite this, a report on the performance of the Uganda economy during 2006/7 by the Ministry of Finance, Planning and Economic Development (2007) makes no reference to urban and housing sectors.

## 1.7 DESCRIPTION OF STUDY AREAS

### 1.7.1 Kampala

In Kampala, five settlement areas were selected for primary research. These were: Nsambya, Kyanja, Kigowa, Mulago III, and Luzirwa. Each of the neighbourhoods represents distinct elements within Uganda’s evolving matrix of urban property and housing markets.

Nsambya is 3 kilometres from the city centre. The Catholic mission owns all the land in the area which

is densely populated with both middle class and low-income residents. Roads are not surfaced and are generally poorly maintained and dusty. In general, the area is not well-planned and street directions are not readily obtainable. Local business is dominated by roadside kiosks.

Kyanja is 10 kilometres from the city center. Most of the houses are new and the area is sparsely populated, with a large number of new construction projects currently underway. Roads are well maintained, and it is a distinctly middleclass neighbourhood. The area is generally well planned and the environment is well maintained.

Kigowa is 6 kilometres from the city centre and a kilometer from Ntinda town. It is generally an affluent neighbourhood, especially newly built areas on top the local hill. There are also densely packed, low-income households who have been in the area for a long time (and in many cases are the area’s original land owners).

Mulago III is 2 kilometers from the city center. It is on the lower side of Mulago hill, and is separated from Mulago II by Mawanda Road. The road is the dividing line between a middle class neighbourhood and a rapidly expanding informal settlement of Mulago III. The roads are in poor condition as they are damaged by regular rainwater flooding from the top of the hill. This is a densely populated area whose boundary with adjacent neighbourhood is increasingly difficult to define. The neighbourhood extends down the hillside into a swamp.

Luzira is 12 kilometers from the city center, and includes a broader range of income levels than the other survey areas. The town has commercial buildings along the central road and is densely populated and active throughout the day. Behind the roadside commercial buildings, there are informal settlements with many of the houses being made of mud and wattle. Hilly areas at the edge of the neighbourhood are marked as zones of affluence.



Figure 3. IDP Housing in Gulu.  
© Vincent Ahimbisibwe

Figure 4. Map showing survey areas and administrative boundaries of Kampala.



Source: KCC GIS Unit (2009)

### 1.7.2 Gulu

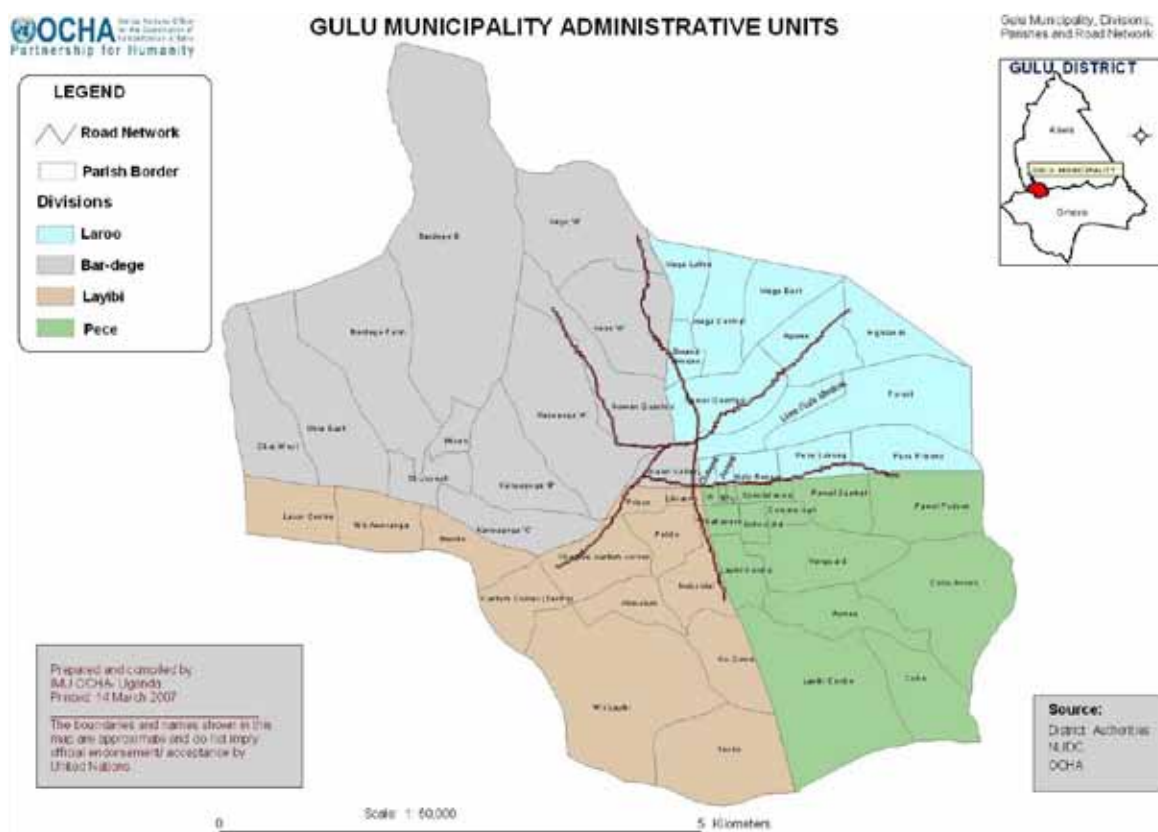
In Gulu, two neighbourhoods were selected for surveys in consultation with municipal officials. The chosen neighbourhoods were Tegwena in Laibi division which is on the city's southern edges. This neighbourhood represents a mix of formal housing on surveyed plots and informal housing on surveyed and unsurveyed land. In terms of income levels, the neighbourhood is characterized by low to middle income households, but this classification disguises the lower than average

incomes in Gulu when compared with neighbourhood classifications in Kampala.

Te-gwen has been partially surveyed by the municipality and access roads have been opened. There are also vibrant informal housing developments to the south of the neighbourhood, alongside commercial buildings.

The second Gulu neighbourhood selected was Agwe in Peche division which is to the north of the municipality. This neighbourhood houses the offices of local and

Figure 5. Map of Gulu



Source: UNOCHA and Gulu Municipal Council

district government and a number of international and domestic NGOs. Alongside high-income households there are clusters of municipal camps for internally displaced persons (IDPs). The land is a mixture of formally surveyed plots and land held in customary tenure, some of which is being transformed to freehold through adjudication.

The larger, formally demarcated plots in the area have houses with three or more bedrooms. A unique feature of this neighbourhood is the gradual transformation

of clusters of traditional homes which currently house IDPs into more formal tenure types. This transition has required ongoing experiments with informal and formal land delivery systems and effective management of the process is a challenge for local administrators.

## ENDNOTES

1. World Bank (2008)
2. UNFPA (2009), 90
3. Several areas of Uganda have experienced armed conflict of varied magnitude including: the Luwero Triangle in the 1980s; districts in western Uganda in the 1990s; the north eastern districts during the 1990s; a brief period in West Nile in the late 1980s, and the more than 20-year armed conflict in northern Uganda since 1986. Affected districts in the north include Gulu, Apac, Amuru, Gulu, Kitgum, Lira and Pader.
4. Walaga et al (2009), 14
5. The project, which has been running since 2006 and will be completed in 2011, is taking place in the three Kampala parishes of Katwe I (Makindye Division), Kisenyi II (Central Division) and Bwaise III (Kawempe Division).
6. Suruma (2007), 29
7. World Bank (2008), 4
8. Walaga et al (2009), 17
9. Walaga et al (2009)
10. Rugadya (2007), 11
11. UBoS (2004)



# POLICY AND LEGAL FRAMEWORKS

## 2.1 POLICY AND INSTITUTIONAL CONTEXT

Urban management in Uganda is structured along the governance lines established by colonial administrators which vests power for urban development in the local urban authorities as mandated by the 1964 Urban Control Act and consolidated by the Local Government Act 1997.<sup>1</sup> The Act empowers local urban authorities to control urban development and provide services including:

- Solid waste management
- Building and maintenance of roads
- Development of primary education services
- Public health management

The current institutional structure for urban housing management is overseen by the Ministry of Lands, Housing and Urban Development, which was created in 2006 by amalgamating the core functions of a number of other government departments. Further review is called for in the organisation of the country's urban housing management sector. They note that the Directorate of Physical Planning and Urban Development constituted by the Departments of Physical Planning, Urban Development and Land Use Regulations are related to the Housing Directorate.<sup>2</sup>

The incomplete separation of powers at all levels of government creates bureaucratic delays in the approval, implementation and re-development of projects in urban areas. Conflicts of interests between politicians and bureaucrats in urban authorities also make the efficient running of urban affairs difficult. There are also conflicts between the District Land Boards and the Urban Local Governments especially regarding allocation of land for development in areas zoned for other uses. It is generally accepted that the 1994 Kampala Structure Plan has remained on the shelf, suggesting that although policies may be in place, implementation remains a major challenge.<sup>3</sup>

The government has attempted to create numerous state-sponsored or state-controlled organisations, including

Women's Councils, Youth Councils, and the Uganda National Students Association, in lieu of independent ones, and has heavily influenced others, like the Uganda Public Employees Union, Uganda Medical Workers Union, and Uganda Civil Servants Union.<sup>4</sup> The government has systematically undermined the strength of the co-operatives and trade unions. By 1986, at least 80 per cent of the labour force was unionized; today, only about 20 percent remain unionized.<sup>5</sup> Reductions in unionized labour are believed to be responsible for slowing down the growth of cooperative financing and saving alternatives to commercial bank financing, effectively curtailing the development of small-scale housing finance.

Similarly, co-operative housing societies, which in the past had about 500,000 members, have virtually disappeared in the entire country. In spite of this, donors have been pleased with Uganda's successes in restructuring the civil service. Uganda's decentralization policies have gone further than most African countries, winning further donor approval.<sup>6</sup>

At present, following more than two decades of structural economic reforms, Uganda has a total of 9,249 registered co-operative societies, of which housing related co-operatives are less than 10 per cent. In the past, housing co-operatives in Uganda were heavily subsidised internationally and exhibited a high degree of dependency as a result. The organised groups collapsed when external funding was withdrawn following structural adjustment programs in the 1980s.

### 2.1.1 Local governance

Commitment to local level empowerment in land decision-making is quite frequently truncated by government's unwillingness in practice to surrender the extent of authority initially promised. While this is not unique to Uganda, the importance of establishing a universal system of land and housing rules is important given the country's history of civil conflict. Disputes over land continue to be a source of conflict.<sup>7</sup>



A network of 4,500 local Land Committees/tribunals has been established, though some studies claim that none are in existence.<sup>8</sup> This discrepancy relates to researchers' short term engagement of external land tenure research projects and regional differences within Uganda. Some Tribunals at district level are operational (e.g. Mubende in central Uganda), but not in northern parts of the country where the just ended civil unrest had disrupted most government operations.<sup>9</sup>

The cost of establishing the tribunals and land committees have proved so high that government has been slow in their implementation, and this has provided a point of contention between civil activists concerned with land matters. The current lack of clarity on the existence of local tribunals highlights a need for better information sharing in all areas of land administration, planning and management.

The number, status, activities and effectiveness of these tribunals is yet to be evaluated and their areas of jurisdiction is not well defined (urban, rural and customary land tenure areas). In Kampala, a district land board is in place but this is linked to the Uganda Land Commission and deals mainly with public land allocations. Further research is needed into the functioning of land administration systems in the country.

## Box 2: Land tribunals

*Uganda has established a system of land tribunals where cases can be adjudicated fairly quickly, i.e. within a matter of months. However, cases decided by the land tribunals can be appealed to the regular Court of Appeals system and beyond to the High Court and this process, given the backlog in the court system, can take considerably longer.*

*In Gulu District in 2007, for example, there were more than 6000 land cases, mostly dealing with land disputes over municipal lands, and the court system was unable to deal with the volume of cases.<sup>10</sup>*

*Conflicts over land are likely to increase as government seeks to replace traditional ownership structures with legalised tenure regimes. National non-governmental organisations, such as Land Equity Movement of Uganda (LEMU) argue that privileging purely legal approaches to land tenure, which require an educated grasp of English and a familiarity with the concept of European statutory law, helps only those interested in large-scale commercial land development, while effectively disenfranchising millions of poor people in urban and rural areas.*

## 2.1.2 Civil society

Civil society advocacy on land issues is well developed in Uganda, and the Uganda Land Alliance has been particularly effective in promoting pro-poor land policies.<sup>11</sup> By bringing together many civil society groups under a single umbrella, it has effectively empowered the poor and other vulnerable groups and acted as an intermediary between local communities and their political representatives. The Uganda Land Alliance developed from a group of international NGOs into a strong local organisation which has sought to maximise its influence through written presentations, workshops, live radio debates, open letters to ministers, press releases and meetings with members of parliament and other policy makers. Through their engagement of a cross-section of key stakeholders, the Alliance is supporting genuine progress on land issues across the country.

Civil society groups in Uganda successfully influenced the draft legislation of what was to become the Land Act of 1998, and persuaded the government to widen the consultation process which preceded it.<sup>12</sup> Similarly, the renewed engagement of civil society groups in the urban planning and land titling policy debate in Uganda mean that the process of finalizing a national housing strategy is taking longer than originally expected. The challenge in Kampala, Gulu and Uganda's other growing cities will be to manage the integration of informal tenants and home-owners into the formal urban economy.<sup>13</sup>

The Ministry of Lands, Housing and Urban Development is in the process of producing a new, holistic national housing policy. The process for formulating this began in 2005 and has since been stalled due to a number of challenges and inadequate resources. In addition, there are major data gaps in terms of completeness on the national housing sector, including detailed studies of Uganda's urban sector which are seen as necessary before moving forward with new legislation.

The 2009 Housing Situational Assessment Report provides necessary insight into the policy formulation process.<sup>14</sup> The mandate of the Ministry is to formulate policies, regulations and laws for the management and development of the housing sector. The main function of the Government is to create an enabling environment that facilitates the provision of housing by the individual households, NGOs, CBOs and the private sector generally. Current laws and policies are split between departments and therefore need coordination through a new law that would bring alignment for unified policy. Stakeholder interviews confirm that there are serious issues regarding policy definition for government mandates on implementation, a symptom of which is the slow passage of new legislation on urban land and housing issues.

Lack of coordination between units in the Ministry and local municipal governments such as the Kampala

City Council (KCC) is a barrier to the implementation of national-level policy. The ability of MLHUD to implement its policy objectives is limited as a result of this jurisdictional competition for resources. The issue of how the implementing agencies in Table 2 will relate with the Ministry under any new national legislation remains to be determined. There are overlapping jurisdictions within government and housing is shared between MLHUD, the Office of the Prime Minister, the Ministry of Works, and Ministry of Education, while over 8,000 NGOs across the country play a role in meeting needs beyond the capacity or scope of government services. As a result, NGOs must be engaged in the process of land and housing development under new legislation.

Another key issue is capacity within the Ministry, as there are currently only 30 members of staff responsible for housing for the whole country. The most pressing housing issues are considered by the Ministry to be unregulated real estate development, including independent plot surveying; a weak knowledge base on housing finance mechanisms; limited implementation strategies and policy structures in local government; and a lack of coordination between public and private sector actors. All of these knowledge areas and relationships need to be strengthened if a constructive national policy is to be developed and implemented successfully.

## 2.2 LEGAL FRAMEWORK

### Under Ugandan law:

“A person who is in possession of land is assumed to have title to it and this title holds against everyone, except a person with a better claim. Even if someone is squatting on land without permission, he or she has the right to defend this occupancy against interference by a third party and could, for example, bring an action of trespass against this party. While someone remains in possession of land, he or she is free to enjoy the full rights of title, including the right to sell, lease or otherwise transfer it. Should the original owner wish to recover his or her land, he or she will first have to convince a court of the merit of his or her claim to title.”<sup>15</sup>

In theory, this legislation gives considerable legal protection to residents in informal settlements. Although legal protection is provided, it is not guaranteed in practice as individuals or institutions with titles or better claims have often evicted residents, whilst on other occasions, legal recourse has allowed them to secure their full rights. The 1998 Land Act provides for Certificates of Occupancy, but to date none have reportedly been issued. This reduces security and increases the risk of eviction.

It is claimed that relevant pieces of legislation are obsolete and may not conform to the provisions of other laws that have been enacted in the recent past.<sup>16</sup> These include the following, among others:

- The Physical Planning Act 2010
- The Physical Planning Bill 2008
- The Public Health Act
- The Physical Planning Regulations, Standards and Guidelines
- The Building Regulations

The current legal framework is inflexible and unable to guide urban development in the country. Legislative frameworks of the urban planning instruments are contextually irrelevant to current socio-economic realities. A key element in these socio-economic realities is that only a small minority of land in Uganda has ever been registered.<sup>17</sup> Land registration, though important, has not been widespread in urban areas. Reasons for this include complicated registration procedures, the need for mutual agreement and understanding between land rights claimants, affordability and inefficient land records management. Thus many people, especially the urban poor, are unable to complete land registration.

The Land Act 1998 specifically renders void any provision of customary rule or practice that denies women, children or disabled persons access to ownership or use of land. The Act also provides for the formation of Communal Land Associations (CLAs) for the purposes of ownership and management of land under customary law or other law. CLAs have yet to be formally established in most parts of the country.

It is important to note that many of the above provisions have never been fully implemented. One reason for this is that the Land Act sought to demystify land administration by providing for the involvement of people who are not technically qualified in land matters. As a result, there have been attempts by technical staff in the Directorate of Lands to impede the implementation of the Land Act in its present form in various ways.<sup>18</sup> To them, land management is considered their personal preserve and any involvement by ‘unqualified’ people is an affront to their professional expertise and authority.

Another reason for the non-implementation of the Land Act is a tendency in Uganda to rush into legislation on land before a clear policy has been prepared. The Land Act was developed in isolation from the technical specialists needed to implement it, resulting in an unrealistic and financially unimplementable law. Policy actors are often so focused on the process of debating and passing laws and policies that they fail to anticipate the problems that may arise from implementing them.

To what extent has the Land Act generated unintended consequences? Empirical evidence demonstrates that a combination of a lack of foresight and consultation when drafting the Act and logical responses to it locally, have combined to cause a number of unintended consequences in urban areas.<sup>19</sup> Under the Act, customary

Table 2. Agencies and programs focused on urban housing policy

Agency	Operation level	Services provided	Programs
Directorate for Housing	National	Policy guidelines and supervision	Housing policy, slum upgrading strategy, national shelter profiling
Directorate for Physical Planning	National	Policy guidance and planning	National land use plan, Physical planning standards
Town and Country Planning Board	National	Approval of urban plans	Receiving and approval of municipal, town councils and city plans
National Housing and Construction Corporation	National	Construction and sale of houses	Construction and sale of low-cost to medium housing units
Uganda Land Commission	National	Receiving and allocation of public land	Management of public land
Bureau of Standards	National	Communicate standards for surveying and plot demarcation	Promulgation of national building standards, and education
Ministry of Works	National	Planning guidance for national infrastructure	Inspection and training of local administrative systems, national coordination
Directorate of Lands and Environment	National	Spatial data and information systems for growth	Unifying land management system, digitizing national records

occupants of urban land who are forced to move in order to comply with zoning regulations and/or are required to release land for infrastructure development can claim ownership rights and, hence, compensation for the value of their land as well as for developments on it.

This new protection of occupants' rights has had unanticipated adverse implications for urban authority budgets. In rural areas too, land must be acquired for infrastructure development. Recognition of customary ownership throughout the country means that all local authorities must henceforward negotiate, and pay compensation for, land acquisitions for public use. These provisions raise administration costs, but also reduce revenues, making effective policy implementation difficult.

Another unintended consequence of the Land Act relates to provisions for formal bank lending for housing. Legal advisers to Uganda's banks concluded that the provisions to secure loans as provided for in the Act were unworkable and that banks should cease lending on the security of residential land.

While this advice was not fully accepted, banks did consequently increase the collateral demanded for a loan, making access for first time buyers more difficult. The passage of the Land Act has led to:

- a propensity to see land as a single-sector issue primarily affecting agriculture, with insufficient

attention given to potential urban impacts of national land legislation;

- a failure to recognise the full range of constraints on commercial bank lending to agriculture;
- a failure to recognise, and take cognisance of, the fact that any redefinition of rights in land generates 'winners' and 'losers', and to recognise that this applies whether the objective is to transfer rights within the public sector, to privatise land and/or to strengthen the rights of the underprivileged;
- a failure to recognise third-party interests which may be affected by land rights redefinition, including those of credit institutions;
- a failure to recognise, and confront, the potential for conflict between diverse;
- objectives (as between enhanced equity and enhanced credit supply);
- a failure to recognise the scale of direct implementation costs which were entailed by the Act; and
- a failure to foresee a broader role for the chairperson of the Parish Land Committee in the mediation of local land disputes.<sup>20</sup>

Reflecting the difficulties posed by the Land Act, in 2007-2008, the Ministry of Lands, Housing and Urban Development processed and issued only 12,500 land titles. Relative to demand, this was clearly inadequate. No proper assessment and estimation of demand for

land titles has been conducted, but given the land tenure system and widespread claims for ownership on land, the demand is high, though it remains unquantified. Figure 6 below, shows the data needed to inform successful land law formulation and the projected outcomes of a successful program of land policy and legal reform.

A statement by the State Minister for Housing on 25 June 2008, confirmed that the government was reviewing the 1994 National Housing Policy. A Situational Assessment Housing Report has been generated in the process of reviewing the housing policy. The expectation of the Ministry is that the Housing Sector Profile will provide useful information to feed into the housing policy.

The current situation regarding slum upgrading is not encouraging for slum dwellers or the urban population at large. The current legal framework is insufficient to support upgrading as the most pertinent laws are outdated and in many cases inapplicable. The concept of slum upgrading is new and the current legislative and institutional framework is rigid and largely non-responsive to particular needs in different Ugandan cities, and in Kampala in particular.

Settlement upgrading is difficult in practice as a result of the land tenure system and perceived owners' rights to determine land use. Several upgrading initiatives have failed due to suspicion by residents that government and unscrupulous individuals would grab their land. This comes in the wake of rampant dubious urban land allocations to 'investors' by government sometimes through presidential directives. This high-level 'informalisation' of land allocation and land use allocation has thrown regulations and their implementation into complete confusion, with government officials not clear about which procedures to follow. This has serious implications for housing and urban development in Uganda.

### 2.2.1 Institutional change and the 1998 Land Act

The extensive influence of the military in settling political conflicts raised the profile of the army and made it difficult to accept a subservient role to civilian authority. Whilst the present government has accomplished much in terms economic growth, one of the most pressing challenges continues to be the restoration of state legitimacy through the creation of institutions that transcend the old cleavages of religion and ethnicity. Unfortunately, fresh structures have been created without eliminating those they should replace, leading to conflicting mandates, competition for resources and contradictory obligations to stakeholders and the public in the housing sector.

Demonstrating that it is not only politicians who are adept at protecting vested interests, the 1998 Act also

sought to demystify land administration by providing for the involvement of people who are not technically qualified in land matters. This is a major reason why technical staff in the Directorate of Lands have impeded the implementation of the Land Act in its present form in various ways.

The Land Act, 1998 was enacted without an implementation strategy. Provisions for wide ranging reforms and creation of a huge land administration bureaucracy were made with little forethought regarding their financial and human resource implications. It was after the enactment of the Act that policy makers concluded that the benefits of implementing the Act were not sufficient to justify the costs and that such benefits were in any case likely to accrue to the wealthy minority.

It is reported that Uganda faces issues related to its land governance structure,<sup>22</sup> and process related to allocation of land; approvals of building plans that do not comply to standards; approvals of construction on road reserves are sometimes facing a lack of transparency, in particular at the local level. The actions have resulted in scepticism about programme implementation and the need for new mechanisms to measure, control and ultimately reduce the effects of corruption.

The Land Act Implementation Project funded by DFID, for example, was caught up in a power struggle between those at the centre who wished to retain control over land allocation and those within government and the donor community who wished to devolve allocatory authority to new institutions (as prescribed by the Land Act). Success ultimately went to the bureaucratic incumbents, who prevented the project from progressing. Whilst this is the stuff of institutional politics in any country, it has had a detrimental effect on improvements to the housing sector for the urban poor, and the authority of the legal and institutional framework.

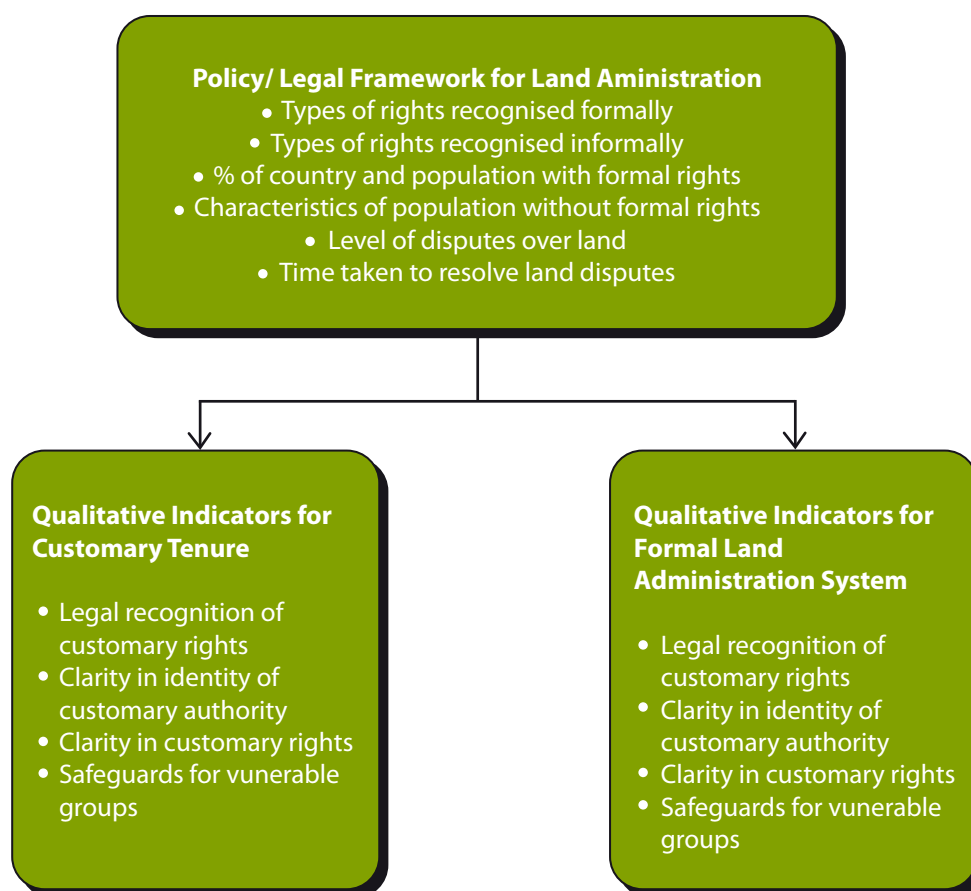
On the issue of land disputes and mechanisms for their resolution, it is reported that the average dispute lasts for about 3.5 years, with family conflicts estimated to last about 2.5 years on average. Disputes involving the government can take up to 5 years to resolve.<sup>23</sup> This is considered to be partly due to a lack of clarity in the land tenure situation and the limited efficiency of public land administrations.

## 2.3 PLANNING REGULATION

### 2.3.1 Planning and building standards

Assuming an inexhaustible supply of land available and suitable for development, options for housing provision will be influenced by the efficiency with which available land is developed. The regulatory framework of planning regulations and standards will directly influence this, though the creative skill of planners and



Figure 6. Information required for effective land policy formulation <sup>21</sup>

designers will also be important. The efficiency of future land developments will be influenced by the following official standards:

- The proportion of land available for private use (residential, commercial or industrial);
- The proportion of land allocated for communal facilities, such as schools, clinics and places of worship;
- Minimum and average plot sizes;
- The widths of roads, rights of way, etc., especially in residential areas;
- Accessibility costs of design materials;
- Utilities;
- Landscaping; and
- Ancillary uses.

Planning regulations in Uganda date back to the revised Town and Country Planning Act 1964 CAP 269, together with the Public Health Act and the Building Regulations Act. Planning regulation and development control have been based on the scattered standards in these Acts, which are all under review. A Physical Planning Act 2010 has been enacted the Public Health bill and the Building Regulations bill are under review

and formulation, and have not been made public.

Uganda has relied on a wide range of physical planning guidelines and standards, though these have contributed to the growth of disorderly and uncoordinated physical development in many parts of the country, particularly in urban areas.<sup>24</sup> The MLHUD recognises that regulatory confusion is costly to the national economy and therefore unsustainable. Current issues are characterized by conflicts over land use arising from incompatible land uses or incompatible activities (such as a church and a bar; a maize mill and a school, or a fuel station set among residential houses) located in close proximity.

Over the years, several reforms have emerged which have impacted on the efficacy of planning regulations and law. For example, while the Town and Country Planning Act was enacted in order to centralize governance, the Local Government Act of 1997 decentralized physical planning to local governments. Subsequently, physical planning has suffered from a lack of capacity at the local level to deliver it effectively, resulting in unplanned developments virtually all over the country. The transfer of land ownership into the hands of the citizens has further complicated the implementation of the few existing plans, especially in cases where there are limited

resources to acquire land for public use.

Meanwhile, the MLHUD found it necessary to consolidate existing planning standards into one document to streamline physical planning processes. The draft physical planning standards envisage that new planning standards contained in the Physical Planning Act and the draft Building Control Bill will reflect current realities. For example, while it was fashionable, acceptable and practical to design huge residential plots of more than one acre (approx. 0.4 hectares) in the high income residential neighbourhoods of old towns, today this is considered uneconomical, unrealistic and unsustainable. Such large plots are only feasible in neighbourhoods outside town boundaries, where the use of high value land needs to be carefully considered.<sup>25</sup> While current planning provisions allow for minimum plot sizes of 200-300m<sup>2</sup>, in practice, officials recognize the need to refer to lower minimum sizes of around 150m<sup>2</sup> when working in high-density informal areas. National level legislation is responding gradually to the realities of increasing dense and lower-cost urban development as the dominant model of urban development across the country.

In considering a basis for housing standards in Uganda, planners invoke UN-HABITAT norms of a maximum of 2 persons per room, though they acknowledge that in Uganda an average room occupancy rate of 2.6 persons exists with rates up to 3.8.<sup>26</sup> Since the concept of 'over-crowding' commonly features in assessments of housing needs, this needs to be at least considered when assessing policy implications. On this basis, it is estimated that 69.7 per cent of the urban population is living in over-crowded conditions and that 48.8 per cent of urban dwellings are over-crowded. Interestingly, the estimates suggest that over-crowding is less in urban than rural areas.

The standards adopted, such as plot sizes, plot coverage, plot setback, access width, are largely unaffordable for the vast majority of residents in urban areas. The costs involved in the adjudication, demarcation and registration of land through formal channels are prohibitive, besides being barely comprehensible to the largely illiterate residents of informal settlements in urban areas.

The draft Building Control Bill aims to consolidate all rules and regulations relating to materials in one place, provide a framework for national standards testing labs (with the goal of raising the profile of under-used materials, and for developing affordable alternatives to high-priced concrete and other manufactures). It is intended that under this new system, a national review board will set standards, with district authorities promoting and enforcing them at local level. In all aspects of planning and standards, enforcement capacity remains a key issue for at the local government level.

### 2.3.2 Planning and land use

According to recent research, detailed land use plans are prepared for "planning areas" and there are no rules to govern the placement of houses.<sup>27</sup> Developers are supposed to follow the plans when constructing housing in all the urban areas in the country, as for example in some parts of Kampala as well as urban centres like Mbale, Mbarara and Gulu, there is evidence of adherence to the rules for housing construction determined by the detailed layouts. But the plot size standards and housing standards have raised costs for the majority of urban population who resort to informal development characterizing most urban areas in Uganda.

In Gulu, for example, surveyed plots have an average size of 200m<sup>2</sup> while in Kampala subdivisions on mailo land can be as low as 60m<sup>2</sup>. These two scenarios demonstrate the wide range of circumstances of urban land issues across the country. Yet the proposed and existing standards do not address this reality. In the case of Kampala, a possible solution would be land consolidation, but at present very few land owners would agree to such a program.

Although there is no reported assessment of actual costs for housing in different zones of the different towns, stakeholder interviews from Gulu and Kampala indicate that developers face many challenges, most importantly the costs associated with plan processing and construction. These issues are discussed in detail below.

The use of urban residential land for urban agriculture is often a key component of household subsistence strategies. According to the Uganda Population Report 2007, urban agriculture emerged as a survival strategy to fill the gap that was created by the shortcomings of the formal economy in the 1970s and early 1980s. However, it has now evolved into a livelihood strategy for many residents, including those in the middle income bracket, as the urban economy grows and food prices rise.

Studies have even indicated that half of all households in Kampala are engaged in urban agriculture.<sup>28</sup> While urban activities are governed by legislative provisions and each urban authority is expected to prepare its own by-laws in line with specific legislative provisions, until the 1990s, urban agriculture was excluded from the urban land uses in Uganda due to the colonial and successive independent governments' influence on urban planning practice in the region. Urban agriculture has recently been recognized at the local level, including by the KCC, as an acceptable form of mixed land use in the urban landscape. The sector is supervised through the KCC's Department of Production, Marketing and Environment. The sector is administered in relation to five sub- sectors:



Table 3. Population density and urban agriculture in Kampala

	Urban	Peri-urban to urban transition	Peri-urban
Average population density (persons/km <sup>2</sup> )	49	11	8
Prevalence of crop production	Low	Medium	High
Prevalence of local livestock	Low	Low	High
Prevalence of improved livestock	High	High	Low
Land availability	Limited	Moderate	Very good

1. Crop production.
2. Animal husbandry.
3. Fisheries and aquaculture.
4. Commercial services, trade and cooperatives.
5. Environment and natural resources.

While the economic benefits of urban agriculture are clearly understood, it also places pressure on what are often limited land resources in rapidly growing cities.<sup>29</sup> In spite of these apparent contradictions, urban agriculture can be found on vacant plots, in open spaces, on road strips, along railways, below power lines, on verges, in containers, on balconies, in school gardens, in old fish ponds and on communal lands as community based gardens. In recognition of the important role of urban agriculture as a survival strategy for the most vulnerable segments of urban society, the draft Gulu master plan preserves green zones for agriculture within the proposed municipal boundaries.

In an assessment of urban agriculture in six districts of Uganda, it was observed that the practice caters to different needs ranging from income generation, a safety net for domestic food requirements, and planned commercial development. In Mbarara town, urban agriculture was found to be a key livelihood strategies for the middle to high-income groups due to their family linkages with the surrounding agricultural hinterland.<sup>30</sup>

Although urban development and management policy is theoretically unified under a system of national laws, some urban areas, such as Kampala, have developed their own by-laws (2005) to guide urban agriculture, while in Mbale and Mbarara, despite acknowledging the importance of urban agriculture, local by-laws have yet to be developed. There is widespread use of vacant municipal land for agriculture.

In Kampala, it is estimated that over 50 per cent of the land within the municipal boundaries is used for agriculture.<sup>31</sup> However, this includes areas that cannot be described as “urban”, with population densities as low as six people per hectare, though these lower density areas are rapidly filling in as with newly arrived urban residents.

Nevertheless, all areas within municipal boundaries are subject to the same bylaws, which until 2005 did not permit agriculture as a recognized category of land use. An estimate of urban farmers among Kampala's households put it at 36 per cent within a 5 kilometres radius of the city centre.<sup>32</sup> An estimated 25 per cent of low-income households engage in farming and Save the Children Fund estimates this at 28 per cent.<sup>33</sup> The Kampala Poverty Eradication Plan (KPEP 2000), which is the major framework for urban planning and development in the city, describes the importance of urban agriculture and gives detailed contribution of crops cultivated and animals reared in the total food basket in Kampala.

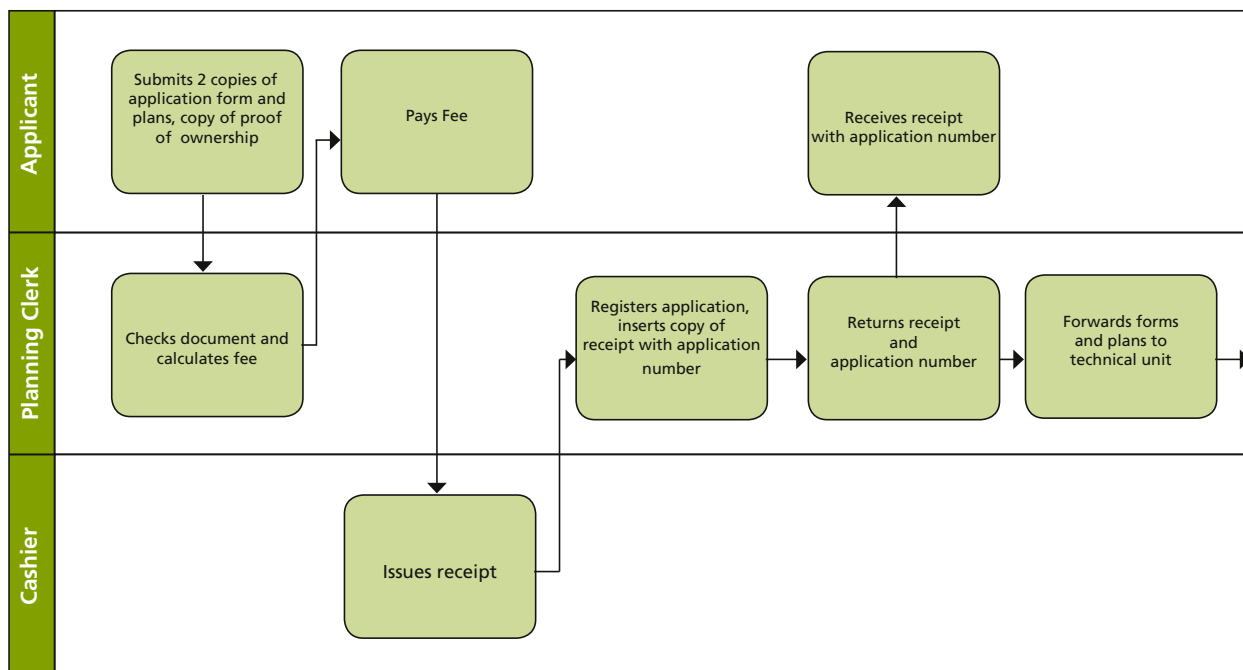
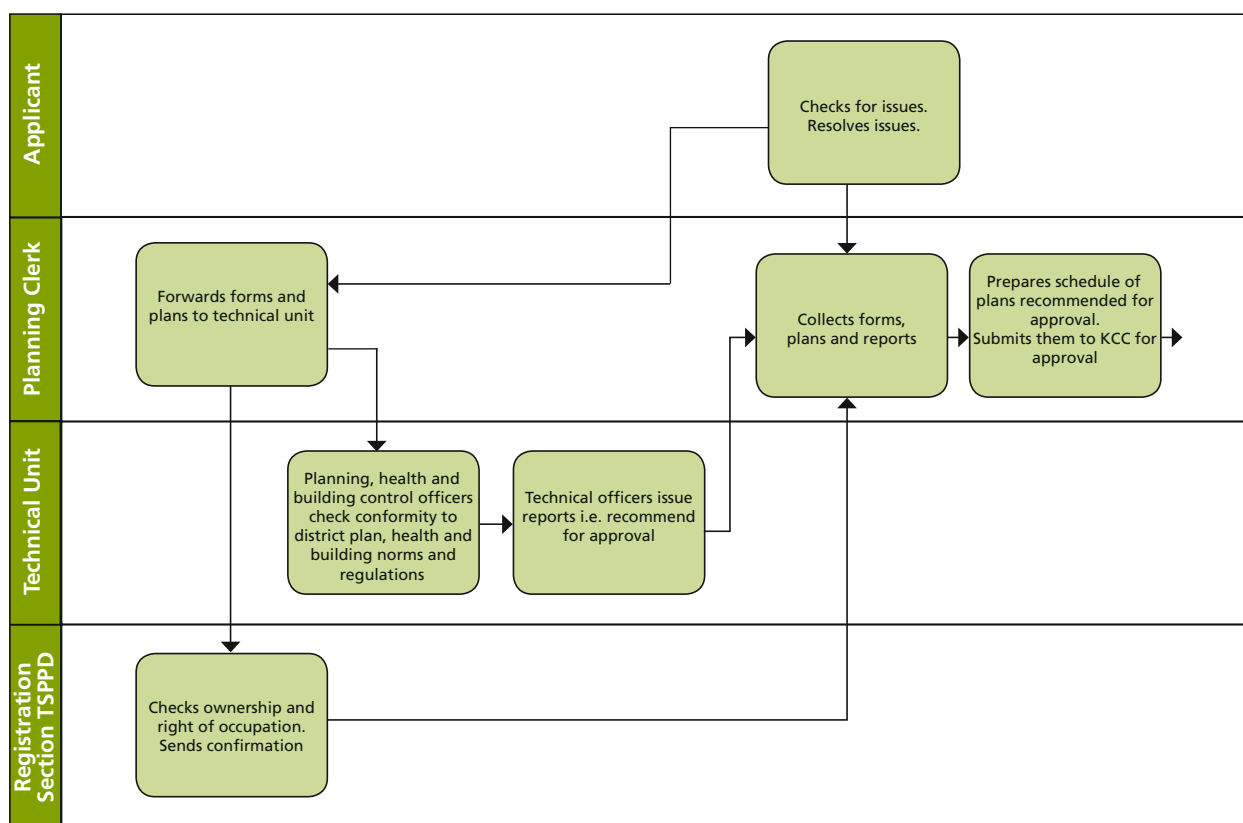
There is a growing realization by urban planners that urban agriculture represents an important contribution to the general food basket of urban residents which ensures food security, proper nutrition, employment and extra income to otherwise vulnerable sectors of society. Thus, it is now an accepted category of urban land use, if only on a transitory basis, with high density housing and commercial property development set to use a larger portion of available land in coming years.

### 2.3.3 Administrative procedures

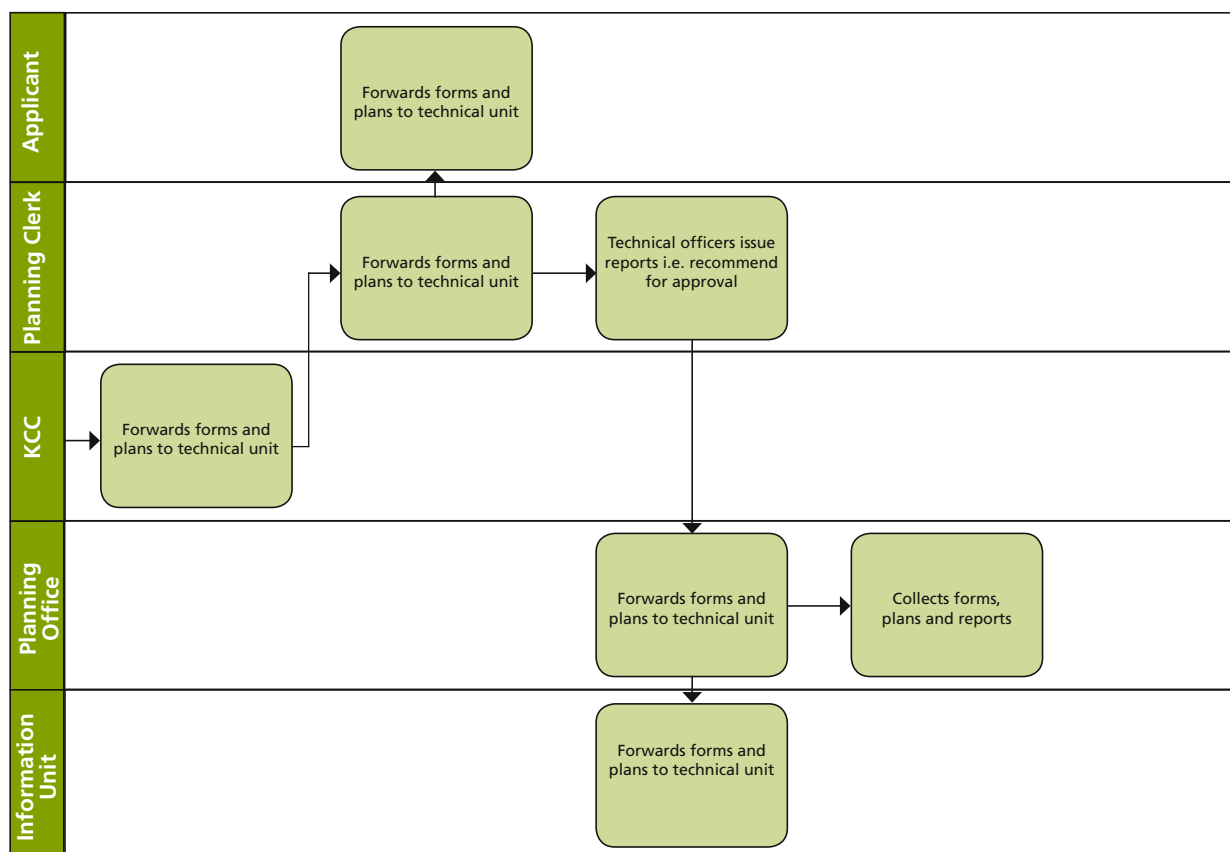
As confirmed by field research, all applications for development in Kampala must be submitted to the City Council and be accompanied by a copy of the land title to the plot in question. Applicants are expected to employ a registered architect and plans need to be independently submitted to the Planning Department, Health Inspector and Building Inspector for scrutiny. Applications are then inspected by a Technical Officers Forum, comprised of the Chief Town Planner, Chief Building Surveyor and Principal Staff Surveyor, who all make further comments on the plans before making recommendations to the Works and Physical Planning committee, a select committee of Kampala City Council which meets once every three months. Final decisions are then taken in the plenary of Kampala City Council, meaning that even simple planning applications take between 3 and 6 months to process.

Administrative procedures for processing land ownership or transfers, and development permissions in Kampala and Gulu are time-consuming, excessively

Figure 7. Workflow in Kampala City Council: building license processing

**Building License Workflow - Submission of Plans****Building License Workflow - Technical Analysis**

### Building License Workflow - Technical Analysis



complex and expensive, forcing a large proportion of the population to opt for de-facto informal or illegal construction methods to meet basic needs for land, housing and services.

In Kampala, the system of approving plans so slow that it becomes an opportunity for persons within key institutions to engage in rent-seeking, which explains their vested interest in preserving the current, overly-complex system.<sup>34</sup> KCC approval committees meet once every three months with meetings often being irregular due to resource constraints in terms of allowances to pay the council, yet most private developers cannot afford to wait indefinitely for approval. This has forced some people to start development before inspection, hence the need to bribe inspectors so that they continue with developments unabated.

Figure 7 summarizes the complex process of steps for building licensing in Kampala.<sup>35</sup> This can take up to several months, despite the committee's schedule of monthly meetings. Depending on the track taken by the developer, the costs can be high, but are largely unreported as payments are unofficial. The steps for processing a building license in Kampala and Gulu are cumbersome, lengthy and involve many actors which create opportunities for corruption (see Figure 6).

## 2.4 URBAN LAND USE LEGISLATION

Urban land use planning in Uganda is guided by the Local Government Act 1997 and the Physical Planning Act (2009), which has now been gazetted. It includes about 65 per cent of material from the Town and Country Planning Act, with revisions in key areas that will modernize the land planning and urban administrative structures in the country. The Local Government Act 1997 provides the legal framework that mandates town councils to prepare planning schemes and to take responsibility for services provision, including local housing needs. This Act also outlines the services councils are mandated to deliver to the population, including road provision and maintenance, street lighting, and other services.

The Act also forms the basis for urban areas to be designated as planning areas and prepare structured plans which form the basis for the provision of services. On the other hand, the Physical Planning Act 2010 is the legal basis for preparing planning schemes referred to as structured and detailed plans. The Physical Planning Act has had the effect of declaring the entire country a planning area.

The law requires an outline scheme to be prepared for any declared planning area. Most of the legal basis

for preparation and implementation of an approved planning scheme is provided for in the Town and Country Planning Act, notwithstanding other legal instruments, including the draft Building Control Bill and the Condominium Property Act. In addition to these three pieces of legislation, urban land use regulations related to housing come under the Public Health Act CAP 269 which specifies the rules and regulations regarding public health issues. These public health issues cover infectious diseases, vector control, building types and uses, as well as drainage and sanitation, and are a legacy of colonial planning approaches to health and housing for local residents. The Act specifies details of the building standards under section 269-13 which apply in municipalities and towns, trading centres, factories, public buildings, stores and schools. The Physical Planning Act (2010) revises these standards and updates them to reflect current issues in housing and urban land management and planning.

The law requires all developers to erect buildings in compliance with both national and municipal building rules. It also specifies the fees payable for obtaining building permissions under Section 7 (8) and therefore provides the legal basis for enforcing building

regulations in any town or city in the country. In spite of the national coverage of the Public Health Act it is important to note that jurisdictional conflict over urban land use regulation makes implementation complex, and leads to knowledge gaps that inhibit proper urban land use control and management. In Gulu, for example, information gaps on land values, and a lack of awareness of municipal planning standards and goals by private developers contributes to conflicts over land-use and development.

## 2.5 BUILDING REGULATIONS

Legal and regulatory oversight of the building construction sector is the domain of the central government, and in this they are assisted by local authorities and professional bodies. Unfortunately, the current legal and regulatory framework is weak, fragmented and does not provide adequate support to the building construction sector in Uganda. The building and construction sector is regulated through three key areas: building approval, building regulations and building standards.

## ENDNOTES

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10. USAID (2007), 9
11. Uganda Land Alliance
12. Negrão (1999)
13. Nkurunziza (2007), 154
14. Walaga et al (2009)
15. UN-HABITAT (2007), 25
16. UN-HABITAT (2007), 27
17. UN-HABITAT (2007), 24
18. Nkurunziza (2004), 14
19. Hunt (2004)
20. Hunt (2004), 188
21. Burns (2007), 34
22. Rugadya (2007), 60
23. Land Equity (2006), 162
24. MLHUD (2009)
25. MLHUD (2009). See also Appendix 14.2.
26. Walaga et al (2009), 15
27. Walaga et al (2009), 75-76
28. CIP (2000-2003)
29. Maxwell (1992), 186; Ssemwanga & McCans (2006)
30. Ssemwanga, M. A. & McCans, S. (2006), 9
31. GTZ/ DPP (1992)
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33. Riley (1987); UNICEF/KCC (1981)
34. Rugadya (2007), 60
35. Pareto (2004)

# KEY PLAYERS IN THE HOUSING SECTOR

## 3.1 CENTRAL GOVERNMENT

### 3.1.1 Ministry of Lands, Housing and Urban Development

The Ministry of Lands, Housing and Urban Development (MHLUD) is responsible for providing policy direction, national standards and coordination on all matters concerning land, housing and urban development. The role and functions of the Ministry are carried out through four directorates: Lands, Physical Planning, Urban and Human Settlements, and Housing.

The Ministry plans to establish a national cost database for building materials and to supply 25 districts with equipment and specialised materials. While this may be a step in the right direction, it is yet to be realised. The Ministry is faced with a number of challenges that constrain its activities in serving these districts. In an attempt to address some of the current shortcomings in urban land administration and title processing, a World Bank-sponsored project will create a land tenure database within the Ministry will help to address the information gaps necessary to formalise urban land markets in six pilot districts.<sup>1</sup>

For example, the Ministry requires UGX 30 billion (USD 13,953,500) in the medium term to implement the land fund, yet only UGX 19.97 billion (USD 9,300,000) is provided in financial year 2009/10 for the budget. In financial year 2008/09, the Ministry planned to supply the same items to 15 districts but none of them received the items partly owing to limited funding. It is therefore debatable whether these targets will be met. With no clear policy, guidelines, or mandate for the Ministry, the housing sector is likely to continue to experience challenges in implementing the enabling strategy.

### 3.1.2 Ministry of Works and Transport

The Ministry of Works and Transport (MWT) is responsible for promoting standards in the construction

industry and is charged with the responsibility to plan, develop and maintain efficient and effective transport infrastructure. The Ministry is also responsible for testing materials and development of the long awaited Building Control Bill, which is meant to regulate the building construction activities and ensure safety standards are met. The Central Materials Laboratory in Kireka is the only laboratory that serves the whole country, making access to required materials testing difficult and costly for property developers, and thus further encourages informality in the urban construction sector.

## 3.2 LOCAL AUTHORITIES <sup>2</sup>

The Local Government Act (1997), decentralised powers and decision making from the central government to local government levels. Since its establishment in 1994, The Uganda Local Government Association (ULGA) has grown to include now has over 50 districts registered as members with many urban and other authorities and some affiliates, demonstrating an expanding institutional structure for local government. As a resourced local authorities are now fully engaged in the complicated process of land use management, and physical planning for developments in their areas, thus affecting the way housing is supplied within their respective areas of jurisdiction. Lack of information on existing ownership patterns and land values remain major barriers to effective local planning. While planning and standard-setting powers have been devolved to local government, they lack the financial and technical capacity to build up information systems on land, and until these needs are met, planning standards at the local level are unlikely to be fully or effectively implemented.

### 3.2.1 Kampala City Council (KCC)

In Kampala, the Kampala City Council (KCC) is not a direct provider of housing to the public except for housing which historically is owned by Kampala City Council and is utilized as housing for senior staff. Some of the existing housing stock have been divested under the Divestiture of Public Properties and Assets



Act (1988) and these units were sold to the sitting tenants, most of whom were Kampala City Council staff. The few housing estates that remained under ownership of Kampala City Council, including large areas of Naylia district have been gradually sold off to private individuals. The decision to divest itself from public housing was made partly as a result of the high costs of housing maintenance which were considered to be unaffordable for the national government or local authorities. Government divestiture from the public housing sector raises serious concerns over the provision of affordable housing as Kampala and other cities continue to attract large numbers of rural migrants with limited incomes.

The present role of Kampala City Council in housing is therefore indirect and this stems from their planning responsibilities, including implementation through development control. Their influence over the construction of new housing now hinges on tax breaks and service provision contracts with private developers. No longer mandated to provide public housing, the KCC has focused its energies on attracting investment in the private housing stock.

### 3.2.2 Gulu Municipal Council (GMC)

Among the many provincial urban centres, Gulu provides an example of a rapidly expanding and developing town which is now recovering from years of insurgency conducted by the Lord's Resistance Army. Now that they have been defeated, people are returning and building both their lives and the town. As a result of the current peace, and the city's strategic location on the highway to Juba, it is now experiencing rapid growth and is thus a good case study on housing issues in the national context of Uganda's rapid urbanisation.

The Gulu Municipal Council faces the challenging task of surveying, planning and managing the growth of Gulu, following almost two decades of civil strife in the

region. At the technical level, planning processes follow the same structures as with the Kampala City Council, yet the Gulu Municipal Council's human resources are relatively limited given the extent of their responsibilities, and the acute shortage of data on land ownership and land values in the municipality. Administrative Departments within the Gulu Municipal Council include the office of the Town Clerk, who functions as chief executive below the Mayor; the Engineering Department; the Finance and Internal Audit Department; and the Service Department which includes Education and Sports, Health and Environment, and Technical Services and Works. The scope of the Gulu Municipal Council's mandate means that it is unable to devote resources to address housing needs, and is currently focused on planning basic services and expanding the tax base of Gulu's commercial areas.

The administrative organisation of GMC is based on the well-established Local Council, (LC) Government model, introduced with the Local Government Act (1997). The municipality is divided into four divisions: Bardege, Laroo, Layibi and Pece. The divisions are in turn divided into Parishes and Sub-wards, and a major challenge in enforcing standards and implementing housing and shelter policies has been coordinating activity at different levels of local government. If national level regulations and policy objectives are to be met at the local level in Gulu, there is a need for clearer delineation of responsibility between the local government actors, and information sharing between national and local level actors in the housing sector.

## 3.3 NON-GOVERNMENTAL ORGANISATIONS

There are approximately 8000 non-governmental organisations (NGOs) active in Uganda and most of these are engaged in some form of community development and slum upgrading activities. In Kampala, a number of church organisations and related institutions are involved in supporting slum



Figure 8. Housing typologies in Naalya, Kampala.

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upgrading programmes in areas such as Kiwunya, Kifumbira and others. In the Acholi sub-region, and in Gulu in particular, a significant number of such non-governmental organisations are operational, especially in Internally Displaced Persons (IDP) camps.

The non-governmental organisations and international organisations (IOs) with most activities in the camps, in order of the scale of their engagement, are the World Food Programme, followed by the African Christian Fellowship (ACF-USA), the Red Cross, the African Medical Research Foundation (AMREF), Canadian Physicians for Aid and Relief (CPAR), and World Vision. Other groups include the Norwegian Refugee Council (NRC), the Association of Volunteers in International Service (AVSI), Gulu Support the Children Organisation (GUSCO), CARE International, and the Agency for Co-operation and Research in Development (ACORD) all of whom are active in Gulu municipality and in internally displaced persons (IDPs) camps in the surrounding areas.

Four of the camps identified a reduction in non-governmental organisations' activities, yet international non-governmental organisations still play a key role in inflating Gulu's rental market. Distortions in rental pricing and associated land values created by the influx of non-governmental organisations and their employees further highlight the need for publicly accessible land information systems at the local level. Currently, land values are generally determined on an ad-hoc basis, with non-governmental organisations taking priority over housing, public service provision other long-term local needs. The activities that identified NGOs/IOs are involved in are water and sanitation programmes (36 per cent), aid distribution (23 per cent), nutrition (9 per cent), school construction (9 per cent), psycho-social support (9 per cent), health (5 per cent), land-mine awareness (5 per cent), and food security (5 per cent).

### 3.3.1 Community and traditional actors in urban land delivery

In Uganda, community authorities are bound together with local administration, and local councils include both lower and higher level officials from local government. This structure starts at the grassroots level with Local Councils at village level and proceeds upwards through parishes to sub-counties and districts. Administrative and financial responsibilities are defined in the Local Government Act 1997 for local governments and several clauses allocate responsibilities to plan for service delivery. Whilst land and housing responsibilities have been devolved to local government, management of local authorities, such as the Buganda Land Board in Kampala, still requires the cooperative engagement of district and national-level government.

Lower-level local government levels include village, parish and sub-county councils where decisions on investment priorities are made. Problems arise as sub-county administrations are not accountable institutions yet they often control the dispersion of funds through budgeting, without the necessary feedbacks from local community members.

Community engagement occurs in the form of budget conferences that are held at the village and district levels to discuss pressing needs and prioritize investments, yet action on citizens' input is often weak. Although housing is not explicit in the list of services to be provided by local governments, utilities and others services are discussed as possible targets for investment. Discussions over water supply, drainage, road construction and maintenance, street lighting and solid waste collection all relate to and support the comprehensive development of local housing by the private sector and individual residents.

As infrastructure investment decisions are based on administrative units at the village and parish level, this system can help to create a strong sense of community participation and encourages collective action in the housing sector. The importance of linking service lobbying and local community development is observed in the increasing activity of civil society actors in the planning and development process in Kampala and other urban centers.

Non-governmental organs, and a number of religious and Community Based Organizations (CBOs), have played significant roles in various aspects of housing, including improved water supply, drainage systems, roads and housing micro-finance for households. A number of these civil society organisations are indicated in Table 4 (National-level civil society organisations active in housing sector).

Traditional institutions have not been significant in the housing sector, mainly due to their constitutional limitations. Central government, and in particular the Ministry of Lands, Housing and Urban Development is mandated to plan and implement housing development strategies, though this is limited to policy guidelines and strategy formulation. The long term enabling strategy for housing in the country emphasizes owner-occupier and private sector housing development.

Traditional institutions, such as the Buganda Government, play a role in the land sub-sector, though it is not recognized legally. Part of the extensive Buganda Government includes a Buganda Land Board, which is responsible for all lands owned by the Kabaka. The Board registers and collects tenant fees from individual and institutions which have been developed on lands belonging to the Kabaka, which include significant portions of land within Kampala's municipal boundaries.

Table 4. National-level civil society organisations active in housing sector.

Institution	Area of focus	Geographic focus
Shelter and Settlements Alternatives	Waste disposal, alternative building materials	Kampala poor neighbourhoods of Kamwokya
Plan International	Waste disposal, living environment for children	Selected neighbourhoods in Kampala
Living Earth	Urban environment, alternative energy and livelihoods	Selected neighbourhoods in Kampala
Actogether	Low cost housing, livelihoods	Selected neighbourhoods in Kampala and Jinja
Habitat for Humanity	Low cost housing, housing finance	Started urban program
Uganda Land Alliance	Land rights, education, civic participation in legal process	National

Since re-instatement of the Kabaka in 1993, there have been numerous problems related to settlement and land titling on Kabaka land. As the Kabaka did not have direct influence over land administration. Following his forced exile by Milton Obote in 1966, people were encouraged to settle and build on land falling within Kabaka's territory. Since the return of the Kabaka, and his establishment of a formal, but not legally recognised, government structure, housing in urban areas of the central region has since been developed with the direct or indirect support of the Buganda administration. In spite of their deep engagement with urban issues, the Buganda Land Board is not directly involved in the legislative process, either at the local or national level.

Current negotiations over land rights in the Kampala region continue to be affected by the Kabaka's lobbying for return of 9000 km<sup>2</sup> of land allegedly confiscated by the government, and the overlapping rule regimes of the Government of Uganda, municipal level structures and the Kabaka make resolution of current jurisdictional problems unlikely in the near future.

### 3.4 FINANCE: PRIVATE SECTOR

For many of Uganda's urban households, financing home construction is a complex process that can often take a number of years. Formal sources of finance are gradually expanding, but at the national level, housing finance structures remain weak. The country lacks a unified housing mortgage system that is accessible to the majority of citizens, especially those in the low-income category.

This relates again to the shortage of information on land values, and housing statistics at the national level; where banks have difficulty calculating projected demand for housing, and in understanding the evolution of regional and local land values, they are reluctant to risk lending funds for housing. As a result, many households acquire

funds for construction of their dwellings through a number of informal ways. Common sources of funding for housing are through pooled household savings, extended family networks, short-term employers' loans, funds raised through informal pooling of friends' assets, individual money lenders, and the sale of property and administrative favours.<sup>3</sup>

These sources are not mutually exclusive and are often used in combination in order to achieve the sums necessary to complete building projects. In all of Uganda's urban centres, informal sources of finance currently outnumber those available to the majority of urban residents in the formal financial sector. Finance is a fluid element within the national housing matrix and is responding to demand for increased options in formal housing finance. Currently, key formal finance institutions in the country include the following:

#### 3.4.1 Housing Finance Bank of Uganda

The Housing Finance Bank of Uganda is the leading mortgage financing bank in the country. In order to be eligible to submit a mortgage application with the Housing Finance Bank of Uganda, one must have an active account and a guaranteed cash flow for a period of at least six months, including proof of formal employment. Once these conditions are met, the Bank offers two types of mortgage financing.

Depending on clients' needs, the Bank either assists in buying a finished house or lends the funds necessary for home completion. Further prerequisites for mortgage lending include certified copies of land titles and photographs of the planned house. As discussed at length elsewhere,<sup>4</sup> the difficulty in providing formal proof of tenure, and, to a lesser extent, the photographic requirement, further complicates the mortgage application process for lower-middle income urban residents. Approved mortgages are then offered on up

to 20 year servicing terms with rate of interest ranging from 16 to 18 per cent, depending on the details of the arrangement.

The Housing Finance Bank has also recently introduced a “Growing House” loan for the Kampala market. This new service is designed to support incremental building projects. The maximum loan values under this scheme are for UGX 30,000,000 and are offered for five years at 17 per cent.

As is the case with the National Housing and Construction Corporation (NHCC), the Housing Finance Bank's lending is concentrated in central Uganda, and in Kampala in particular. This is logical, as most capital entering Uganda flows to Kampala and it is also there that the housing need, and ability to repay formal loans, are greatest. Currently, 90 per cent of the Housing Finance Bank mortgages are for properties in Kampala. While there are currently Housing Finance Bank branches in Mbale, Mbarara and Arua, the bank plans to open branches in 35 other municipalities in order to properly serve the nation's growing mortgage needs.

Regional income differentials help to explain the skewed capital inflows into the Kampala region and the focus of housing finance institutions in Kampala. In addition to financial reasons, it is also useful for financial institutions to be in close to physical proximity to policymakers and government, as they seek to influence the policy process.

### 3.5 INSTITUTIONAL HOUSING FINANCE

Housing and other finance providers in Uganda have limited capital to serve the increasing demand for housing development in urban areas. This has forced both the Housing Finance Bank and Development Finance Company of Uganda to lend conservatively and only with strong backing through government treasury bills from the central bank. Alongside related sources of government financing, this is necessary in order for the two organisations to remain solvent and to be able to compete favourably with commercial banks.

Both the Housing Finance Bank and the Development Finance Company of Uganda are city centre-based and do not provide specialised services for housing development targeted towards slum dwellers who are in rural areas or at the urban fringes. Accessing their services requires that one possess formal land titles or other collateral needed to guarantee loans or credit services, both of which the majority of households in Kampala and Gulu lack. Furthermore, the building must be deemed to have full services, be constructed of permanent materials and have local authority approval.<sup>5</sup>

In Gulu, the situation is complicated by the long time insecurity that has forced households to migrate from their indigenous land to internally displaced persons

camps based near the city, frustrating their efforts to compete for housing loans using land as collateral.

Survey findings on selected financial institutions in Kampala explored what is required in order to successfully obtain finance for housing. In addition to the Housing Finance Bank and the Development Finance Company of Uganda, other emerging options include Crane Bank, Stanbic Bank and Barclays Bank.

The business of lending for purchase or construction of residential or commercial properties is profitable, but also represents a distinctive risk for lenders in Uganda's volatile land market. Loans are usually long term and the borrower contracts to pay the principal amount plus the interest over an agreed term. Loan periods range from five to twenty years. Details of the key formal financing institutions are listed below.<sup>6</sup>

#### Development Finance Company of Uganda (DFCU) Bank

To obtain a mortgage loan from Development Finance Company of Uganda, applicants need to have an account for a minimum period of six months and the account cash flow must prove the client's ability to pay the mortgage loan. According to Development Finance Company's Uganda's Marketing Manager, there are two types of mortgage financing available. One product is designed to meet the finance needs of clients wanting to buy a finished house and the other is meant to be used when you want to complete a house. According to DFCU Bank, mortgage loans are given for a period of 15 to 20 years and at the time of writing the interest is 16 per cent.

#### Stanbic Bank

Potential borrowers need to have an account with Stanbic Bank for a period of six months prior to being eligible to apply for a mortgage. They give two types of mortgage financing; one for buying a finished house and the other for completing a house. The cash flow through the bank account must be sufficient to convince the bank that one has the capacity to pay back the loan. Salary receipts from an employer are necessary to be offered 15 per cent interest, with loans normally serviced for 15 to 20 years. A certified copy of land title is required in order to obtain mortgage financing from Stanbic Bank.

#### Crane Bank

Crane Bank also offers two types of mortgage financing, either for home purchase or completing the construction of a house. They only provide corporate mortgage loans. Applicants must be working in a specific company, and their monthly salary must meet the conditions for servicing the loan. Interest rates vary but at time of the interview, the rate offered was a 16 per cent annual rate. Land titles, photographs of the property and evaluation



**Figure 9. Formal property development drives commercial materials manufacturing sectors, while informal producers are excluded from higher end markets. Pictured are materials available from commercial building materials retailer in Kampala.**  
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reports on additional levels of financing required in the case of housing completion or/renovation are also required.

### 3.6 PRIVATE SECTOR: PROPERTY DEVELOPERS

With the liberalisation of the housing sector in Uganda, private housing initiatives have taken the lead in providing housing for the urban population. The Condominium Property Act of 2001 has provided a foundation for these changes and has acted as a driving force behind liberalization, enabling sitting tenants to purchase condominiums from previously government-owned housing complexes. At this stage, only 10 per cent of the units available for purchase have been sold, and there is thus some way to go to develop the financing necessary for a robust real estate sector.

The housing market that has been fostered by the 2001 law demonstrated a different business model for housing provision than what had hitherto been employed by national and municipal governments. As a consequence, many private companies and individuals have invested in housing, heating up the land market and contributing to urban sprawl as agricultural land at the peripheries of towns and cities is being transformed into housing estates. Real estate developers are active in meeting the needs of middle and high-income households, though there is a lack of data on the proportion of the total housing stock which they contribute. Major players in the housing sector include the following:

A number of private real estate developers operate in most urban centres, though most are concentrated in Kampala where demand is greatest and offers the greatest opportunities and rewards. One example, located 18 kilometres along the Kampala-Entebbe Road provides 2,500 housing units on 2.5 square kilometres of land.

The development has a range of facilities, including a golf course, commercial park, office park, amusement park, hotels, schools, shopping malls, hospital, and casino, among others. Such developments are considered by developers as models for the private and public sectors, arguing that housing has the potential to transform the country through wealth creation. Yet their scale and cost mean that they cater only for a small minority of the urban population. Currently, property development companies focus on a relatively limited customer base, and thus if the industry is to expand lower cost options must be made available.

Other, smaller, private sector players in the housing sector, all claim to do their best in spite of significant financial handicaps. Lack of transparency over property pricing and local planning in Kampala, for example, is cited as a barrier to creating growing a sustainable housing construction business. Established developers argue that the current housing construction boom has encouraged many inexperienced real estate developers to commit huge financial resources to the sector. All of the developers interviewed expressed concerns over how the housing construction sector will maintain current rates of growth. Insofar as the currently active developers are committing funds in the sector, they have only generated housing for the middle and high income groups and excluded poor communities, all of whom are in dire need of housing, and represent of the majority of the market.

One of the disadvantages of private real estate development is that companies are often competing for land directly with the urban poor. Real estate developers, especially individuals, are partly responsible for forced evictions that displace communities and destroy livelihoods.

A further disadvantage of privately planned estates is that they are often outside the administrative boundaries of urban areas where land is cheaper. As such, they are exempt from municipal property taxes and other charges that would otherwise ensure that more affluent groups contribute to the costs of urban management and the provision and maintenance of essential infrastructure. The spatial withdrawal of middle and upper income groups from the urban community enables them to enjoy the benefits of urban life without contributing to the costs, as a result of which urban areas decline and further withdrawal is accelerated. Such processes present a challenge to both local administrative systems and national infrastructure providers.

Utilities providers such as the National Water and Sewerage Corporation are increasingly frustrated by the private development of unsurveyed lands on the urban periphery, as these compounds are expensive to service and cannot be included in long-term planning



Table 5. Major providers of formal financial services

**Local Banking Institutions**

Centenary Bank	Housing Finance Bank
Crane Bank	National Bank of Commerce
Diamond Trust Bank Uganda Ltd.	Orient Bank
Tropical Africa Bank Ltd.	DFCU Bank

**Foreign Banking Institutions**

Bank of Africa	Bank of Baroda Ltd.
Barclays Bank Ltd.	Cairo International Bank
Citibank Ltd.	Kenya Commercial Bank
Stanbic Bank	Baroda Bank

Source: Bank of Uganda, stakeholder surveys

calculations. The recent growth of private estates on the fringes of Kampala exacerbates existing water shortage while straining other basic infrastructure services such as roads and the electrical grid.

Real estate developers do not forcefully evict communities, but instead buy the land from landowners willing to sell off their land. However, some of the land sold may have sitting tenants or Bibanja<sup>7</sup> owners who are displaced after the landowners sell land on which the Bibanja are located. This has led to a number of conflicts around Kampala, and the surveying, licensing and servicing of privately developed land remains a costly and contentious issue for local government. The growth in private property development for high-income urban residents along the urban fringe, and the expansion of informal, low-cost housing in the same areas means that local governments face a challenge in managing sustainable and peaceful urban expansion, beyond the current municipal boundaries.

Amidst these rapid changes, existing residents are legally protected by the Constitution which states that any person, who has stayed on land for a period of more than 12 years, becomes a bonafide occupant. While protection is granted in theory, in practice, the law often fails to adequately protect such residents, and arbitration or retroactive compensation is often required to move ahead with private development in the most attractive areas.

### 3.7 INTERNATIONAL ORGANISATIONS

A number of international organisations (IOs) and donor agencies are involved at different levels of development in the housing development process. Those that are grounded in different areas of housing in Uganda, include; UN-HABITAT, USAID, the UK Department for International Development (DFID) and others.

#### 3.7.1 UN-HABITAT

Through the Cities Alliance, in May of 2010, UN-HABITAT helped initiate the Transforming Settlements of the Urban Poor in Uganda (TSUPU) program. This partnership focuses upon the urban management needs of local governments to achieve the specific objectives identified in the TSUPU program. Through this partnership, Urban Authorities Association of Uganda (UAAU) will increase its organisational capacity as a national municipal association, and the Urban Authorities Association of Uganda and the International City Management Association (ICMA) partnership will assist in providing urban management technical assistance and training to the five pilot municipalities.

#### 3.7.2 USAID

USAID is one of the many donors that have actively participated in housing development and social reconstruction in Uganda, especially in the Northern region that has for long suffered from insecurity and turmoil at the hands of the Lords Resistance Army. This has forced many households out of their homes and into camps for internally displaced persons. USAID's Office of Transition Initiatives (OTI) launched the Northern Uganda Transition Initiative in June 2008. The Initiative supports the voluntary return of internally displaced persons to their homes by increasing their confidence in the ability of the Government of Uganda to deliver strategic services and strive to improve their welfare.

To assist in these efforts, the Office of Transition Initiatives focuses on three objectives: (1) increasing access to information on peace, recovery, and development programs through media and strategic communications; (2) increasing the visibility of, and confidence in, the Government of Uganda through the delivery of strategic interventions; and (3) supporting

truth and reconciliation initiatives. A range of housing-related activities have been provided through the Office of Transition Initiatives based in the Acholi region of northern Uganda. The projects run in the districts of Gulu, Amuru, Kitgum, and Pader.

A sample of activities include the Office of Transition Initiatives “Peace and Love at Home” concerts, a series of 20 hip-hop concerts at the sub-county level, where the rates of return have been the highest and which were intended to increase citizen confidence in the current peace and stability program.

Secondly, the Office of Transition Initiatives supported the District Health Office to provide the Langol Health Center II Staff Housing scheme to increase GoU’s visibility. The centre is in an area with high rates of returnees, and the on-site housing allows the nurses and technical staff to live at the health center and provide health care to returnees. Prior to the initiative, many staff members lived in Gulu and often had difficulty adhering to work schedules because of travel issues.

According to the Action Against Hunger-USA Food Security Assessment Report on internally displaced persons camps in Gulu, Uganda’s transition to peace, recovery, and development is progressing well. Displaced Ugandans continue to return to their villages, and camp housing continues to be demolished. Progress and stability is increasing confidence.

In addition, a number of large initiatives for reconstruction in northern Uganda will be coming on line soon. The Office of Transition Initiatives programming is filling a critical strategic window as these large reconstruction initiatives gear up. From program inception through the end of June 2009, Office of Transition Initiatives cleared 99 activities for a total of USD 4,691,662. During the April-June quarter, the program cleared 39 grants totaling USD 1,894,461, initiating projects at an average rate of 13 per month. Since inception, the Northern Uganda Transition Initiative has worked directly with more than 130,000 people and has facilitated dozens of infrastructure projects.

### 3.7.3 United Nations Development Programme (UNDP)

UNDP is involved in the housing sector and urbanisation issues in line with the MDGs and their targets that aim at eradicating poverty, realising environmental sustainability, achieving universal primary education, empowering women, and improving the living conditions of slum dwellers.

In this regard, a start has been made in implementing key activities and the Ministry of Lands, Housing and Urban Development has concluded regional consultative meetings in Masaka, Busia, and Gulu, in

which household surveys were conducted in selected settlements including: Kiibe Zone in Kawempe Kampala City, Katwe-Nyendo for Masaka Town, Arubaine Settlement for Busia Town and Kony Paco and Limu settlements for Gulu Town. As a result, a Final Slum Upgrading Strategy and Action Plan has been presented.<sup>9</sup>

### 3.7.4 UK Department for International Development (DFID)

The UK Department for International Development has been engaged at different levels of development in Uganda, including housing. This support is extended in the form of training, direct funding and partnerships. In Uganda, the Department for International Development’s practical relevance in the area of shelter and housing development can be cited in the funding and support rendered to local financial institutions and organisations. Among those that have received considerable support is the Development Finance Company of Uganda Group (DFCU). The Department for International Development commenced support to the Development Finance Company of Uganda bank in February 1997 with technical cooperation funds to provide expatriate management and train over three years. The objectives of the funding were to develop local capacity and enable the sustainable provision of scarce medium and long-term finance to medium scale enterprises.

The Department for International Development project funding ended in 2000. With this support, DFCU group made remarkable progress during 2001, the most important example of which was the expansion of its portfolio to USD 25 million, particularly in the leasing and banking sectors. Secondly, the company expanded with the acquisition of several complementary banking businesses, which led to the formation of the Development Finance Company of Uganda (DFCU Group comprising three associated companies - DFCU Ltd, DFCU leasing Co Ltd and DFCU Bank Ltd). It has opened offices in Lira, Mbarara and Mbale Districts which enable rural communities to access funds and loan facilities for housing.<sup>10</sup>

### 3.7.5 Swedish International Development Agency (SIDA)

The Swedish International Development Agency has channeled funding through a number of joint donor funds for capacity development and reforms, such as decentralization to district levels. Swedish financial and logistical support has contributed to increased access to clean water from 48 per cent in 2000 to 63 per cent in rural areas and 56 per cent in urban areas by 2006, while access to sanitation in rural areas has risen from 51 per cent in 2001 to 57 per cent in 2006. The Swedish International Development Agency has attempted



to play a leading role in this sector by pursuing anti-corruption and gender equality issues and encouraging more equitable distribution of financial resources and better coordination among the often self-interested donor community.

Since 2000, the Swedish International Development Agency has been cooperating with, and providing support for, Makerere University, with the aim of having a better research environment on housing and other socio-economic issues. Co-operation is taking place between Swedish universities and Makerere University. Ugandan students have been able to take degrees at Swedish universities and regional exchanges between universities have grown. Better analytical capacity within research in Uganda is an important part of the country's development.

### 3.7.6 Habitat for Humanity Uganda

Habitat for Humanity Uganda is an international faith-based organisation which runs a revolving housing fund. Although its focus has largely been on rural housing, it has started on an urban program in the last two years. The revolving fund, a technical department comprising of architects and engineers, provides prototype housing designs for its affiliates that are modest in cost terms, but simple and give hope and opportunities to families.

### 3.7.7 Good Earth Trust (GET)

Good Earth Trust has been working in Uganda since 2007, and has been involved with experiments in environmentally sustainable and socially responsive building construction projects for housing in Uganda. The Trust has worked with UN-HABITAT and many community based associations/organisation. Much of the activities related to housing have been in Northern Uganda, including Gulu, Pader and Lira. In partnership with UN-HABITAT, Good Earth Trust helped train contractors and community members in block making and construction for teachers' housing projects. The

result was the construction of 64 teachers' houses at 16 different primary schools throughout Northern Uganda.

Secondly, Good Earth Trust worked in conjunction with UN-HABITAT to produce a promotional document that highlights the technology and its application in Uganda. For instance, GET worked alongside the Namuwongo Community Development Organisation (NACODO, a community-based organisation that works in one of the slums in Kampala) to improve sanitation by constructing latrines and adjacent water tanks for hand washing. Due to a lack of funding, the Good Earth Trust office closed in 2010.

## 3.8 PROGRAMMES & POLICY TIMELINE

As shown in Figure 11 below (Land policies and laws in a timeline, 1962-2009) policy and strategies on housing are embodied in different sectoral laws, regulations and policies. There is a clear gap in terms of policy formulation between 1971 and 1980 due to the nature of governments during that period. However, the laws and regulations passed after 1980 indicate renewed interest on the part of government to respond to the potential role of the housing sector in social and economic development. One of the critical issues is the need to formulate an overarching housing policy that is based on current and projected needs and the resources available to public, private and community based sectors within a redefined coordination framework.

Any new policy will have to build on the 1992 housing strategy and the Draft Housing Policy of 2005 in order to address the issues of decentralized implementation mandates. Although there has not been an evaluation of the enabling strategy, the overall evaluation emerging from the sector profile indicates that the strategy to promote home ownership has largely failed to guide proper housing development and promote equitable access to housing by all social groups, particularly the urban poor.

Figure 10. Land policies and laws in a timeline 1962-2009

	< 1962	1962-1966	1966-1970	1971 – 1979	1980 – 1985	1986 – 1990	1991 – 1995	1996 – 2000	2001 – 2005	2006 – 2009
Cooperative Act										
National Housing and Construction Act										
Town and country Planning Act										
Public Health Act										
National Shelter Strategy										
Housing Policy										
Slum Upgrading Strategy										
Physical Planning Bill 2008										
Registration of Titles Act CAP 230										
The Constitution of Uganda										
The Land Act										
The Local Government Act										
Land Use Policy										
National Water and Sewerage Corporation (NWSC) Decree NO. 34 of 1972										
Water Act Cap, 152 1999										
Architect Registration Act 1996 (Ch 269)										
Engineers Registration Act 1969 (Ch271)										
Building Regulations and Control Bill										

## ENDNOTES

1. Currently, the land tenure mapping project focuses on the cities where 65 per cent of registered land transactions take place in six urban in and around Kampala. These are: Jinja, Masaka, Mbarara, Kiso, Mukono, and Kampala.
2. The role of local authorities in service provision has expanded rapidly since 1993 reforms. As a result of this rapid devolution of power, local authorities are still struggling to meet their responsibilities. For a detailed analysis of local authorities duties versus capacities see Nyirinkindi, L. (2007) Economic and social rights, service delivery and local government in Uganda. HURIPPEC Working Paper No. 13, pp.14-18.
3. Mukiibi (2008)
4. On problems with proving tenure and securing formal rights for mortgage lending see Hunt, (2004).
5. Okwir (2002), 95.
6. All five commercial banks in the housing finance sector offer the following mortgage products: (i) house construction, (ii) house completion, (iii) home improvement, (iv) purchasing of houses, (v) equity release and (vi) refinancing mortgage. Their interest rates range from between 16 and 19 per cent. The Housing Finance Bank and DFCU Bank are the largest players in the market and they partly source their long-term funds from the National Social Security Fund. See Kalema & Kayiira (2008), 3
7. Bibanja is the plural of kibanja. Kibanja was a plot of land granted by a chief to a follower. The term is now used more generally to refer to land where an occupant has usufruct rights.
8. Government of Uganda (2003)
9. UNDP Uganda Newsletter June-September 2008, UNDP Test Publication. January 2009. Online: [/http/www.undp.or.ug/projects/23](http://www.undp.or.ug/projects/23).
10. DFID 'OPRS Summary Report/Score Card,' (December 2000).

# HOUSING NEEDS AND DEMANDS

## 4.1 POPULATION GROWTH AND DISTRIBUTION

At 3.2 per cent a year, Uganda's population growth rate is among the highest in the world and is growing faster than the rate of housing supply. It is estimated that the national population will increase from 28.6 million in 2007 and 32 million in 2010 to 40 million by 2020. If population growth rates are sustained at a higher rate of 3.5 per cent, the population is projected to increase more rapidly from 30.2 million in 2007, 32.9 million in 2010, 35 million by 2015, 43.4 million in 2017<sup>1</sup> and 46 million by 2020. This indicates a total increase of between 8 and 13.1 million over the coming ten years, or between 800,000 and 1.31 million a year<sup>2</sup>. Assuming the current national average household size of 4.7 persons<sup>3</sup> remains constant, this indicates an average national increase of between 170,000 and 278,700 households each year.

Estimates of the total urban population in 2010 also vary from 3.2 -7.5 million<sup>4</sup> with the generally accepted figure of 4.5 million in 2010 rising to 7 million by 2020. This indicates an annual increase in the urban population of 250,000, representing an additional 53,200 households. Of this, Kampala is expected to remain the largest urban centre with a population increasing from 1.2 million in 2008, increasing to 1.7 million in 2010 and to 2.4 million by 2015, an annual average increase of 70,000 people. Assuming the current average household size in Kampala remains at 3.8, this suggests an annual increase of 18,400 in the number of households between 2010 and 2020.

## 4.2 HOUSEHOLD CHARACTERISTICS

Nationally, it is estimated that there are 5.28 million housing units for the 2008 total population of 29.6 million people.<sup>5</sup> Approximately 23 per cent of households are thought to be female headed, though this is higher at 28 per cent in urban areas. The national fertility rate is high at 6.7.<sup>6</sup> The country's growth rate places it among the top five fertility rates in the world coming after the failed states of Somalia, Afghanistan, and East Timor. High birth rates and rapid rural-urban

migration are putting considerable pressure on the provision of housing and basic services in centres like Kampala and Gulu. Fear caused by the Lord's Resistance Army (LRA) in the northern region caused many people to drift to urban centres such as Gulu for refuge and protection and large camps for those displaced have had to be constructed to provide temporary accommodation.

### Estimating Housing Needs

According to the 2006 National Housing Survey, access to adequate housing is a basic human right, though there is still a gap which needs to be bridged if the majority of the poor are to fully realise this right.

Assessments of housing needs involve estimating the number and types of housing required to meet the diverse and changing needs of the population groups seeking housing. As such, they involve estimating the extent and nature of housing needs. Assessments of housing demand, on the other hand, involve estimating the ability of different groups to be able to afford the costs of preferred or available housing and therefore require a comparison between what a given household or population group can afford and what their preferred housing costs to obtain and maintain. This section discusses the context of urban housing needs and demand in Uganda.

Assessments of housing needs require estimates of:

- Projections of new household formation over a specified period, and the associated annual average;
- An allowance for replacing existing substandard or obsolete housing units; and
- An estimate of the number of units required to relieve overcrowding.

The starting point for assessing housing needs is the existing housing stock. This is estimated as constituting a total of 5.28 million units nationally, of which 0.78 million are in urban areas and 4.035 million are in rural areas.

The implications of the total population increases for projections of housing needs and household

Table 6. Average household size by tenure type

Town	Purchase	Rent	Inherit	Constructed	Other
Kampala	5	4	6	7	2
Gulu	5	5	7	8	0

sizes depend upon assumptions concerning the size of household when seeking housing. One way is to assume the average household size, in this case 4.7 persons nationally and 3.8 in Kampala. On this basis, a minimum of 170,000 dwelling units will be required nationally to accommodate new household formation annually. Similarly, a minimum of 53,000 additional units will be required annually in urban areas to accommodate new households, assuming average household size remains at 4.7 person.<sup>7</sup> Given that the average household size in Kampala is 3.8 persons, this suggests that a minimum of 18,400 additional dwelling units out of the total urban housing needs are required annually to accommodate additional households of the increased 70,000 population.

With regard to the replacement of existing substandard or obsolete housing units, the 2006 National Housing Survey estimated that Uganda has a housing deficit of 550,000 units. Whereas 160,000 of these are stated to be in urban areas, it claims that Kampala alone has a housing deficit of 100,000 units. Given the high number, it may more properly be regarded as a reflection of inappropriate or unrealistic official norms of what constitutes acceptable housing. For this reason, such statistics need to be treated with extreme caution. An alternative approach is to estimate the number of units to replace substandard or obsolete dwelling units. It estimated by the Ministry of Lands, Housing and Urban Development that only 56 per cent of Kampala's housing stock and 8 per cent of that in rural areas can be classed as permanent. However, this data also needs to be considered in context as it is unrealistic to expect that 92 per cent of all rural dwellings, or 44 per cent of all dwellings in Kampala, could be replaced within the next decade. A further alternative is therefore to estimate an annual replacement of the existing housing stock based on assumptions regarding the average lifespan of a typical dwelling unit. If this is assessed at 50 years, it would indicate an average replacement rate of 2 per cent of the entire housing stock annually. If the lifespan is estimated at 75 years on average, it would indicate a replacement rate of 1.5 per cent annually. On a conservative basis, the replacement of 1.5 per cent of Uganda's total housing stock would therefore require an additional provision of 79,200 dwelling units annually, of which 15,300 would be required in urban areas, of which at least 6,000 would be needed in Kampala.

With regard to projected housing needs to relieve overcrowding, The Shelter Sector Situation Analysis

report defines density in terms of people per room, rather than people per hectare.<sup>8</sup> It cites UN-HABITAT recommendations of a maximum of two persons per room of 12 feet x 12 feet (3.5m x 3.5m). According to this definition, 69.7 per cent of all urban households in Uganda live in over-crowded housing, with an average household size of 4.2 persons living in dwellings with an average unit size (rooms) of 1.6, yielding an occupancy density of 2.6. As shown in Table 6 (Average household size by tenure type), there is a link between household size and tenure type, with self-constructed homes having the largest households, enabling them to share the costs of both housing and services, as well as to obtain housing in which they have had a direct role in terms of design and construction.

### 4.3 HOUSING COSTS AND AFFORDABILITY

As stated in the introduction to Section 4, housing demand involves estimating the ability of different groups to be able to afford the costs of their housing needs and therefore requires a comparison between what a given household or population group can afford and the capital and maintenance costs of their preferred types of housing.<sup>9</sup>

Approximately 31 per cent of the national population is classified as living below the official Poverty Line, defined as a per capita income of USD1 a day.<sup>10</sup> Although this has reduced considerably from 56 per cent in 1992, the rate of improvement has been marginal since 2002, suggesting that issues of affordability for any form of housing, especially one that conforms to official standards and regulations, represents a massive challenge for the foreseeable future. Comprehensive and reliable data on household incomes and expenditure on housing and related costs (eg. land, services, maintenance, municipal charges and credit) are extremely limited, so that discussions on measures to balance costs and the ability of different sections of the population to meet them cannot proceed in any detail.

It is clear therefore that Uganda's urban housing problem involves far more than a shortage of housing units. More than half of city dwellers live on less than UGX 1600 (USD 0.74) a day and the minimum wage in the formal sector is about UGX 107,500 (USD 50) a month. Of course, a significant, but unspecified, proportion of the population are not covered by the official minimum wage as they are self-employed or working in the informal sector.

Table 7. Summary of total annual housing needed between 2010 - 2020

Housing units required annually	National	Urban	Kampala
To accommodate new households	170,000	53,000	18,400
To replace obsolete or substandard units	79,000	15,300	6,000
To relieve overcrowding	-	10,900	4,000
Totals	249,000	79,200	28,400

In assessing the implications of income data for housing affordability, it is also necessary to use household, not individual incomes, since more than one member may be economically active. Nonetheless, it is clear that it is impossible for many people, especially on low incomes, to afford officially acceptable housing. As the price of such housing units restricts access to the affluent, many people in Kampala are forced to live in shacks or unauthorised settlements.

Survey findings for household incomes and house affordability in selected neighbourhoods in Kampala and Gulu reveal contrasting results. In Kampala, the survey neighbourhoods of Luzira, Kyanja, Kigowa and Luzira parishes are predominantly low-income areas. Findings show that the weekly income earnings for households is UGX 138,612 (USD 64) and monthly incomes are UGX 554,450 (USD 258) while average annual incomes are UGX 6,650,422 (USD 3,090).

The analysis in Gulu indicates that the average weekly household income is UGX 66,025 (USD 30) which, when translated into average monthly incomes, indicates that such households earn UGX 264,100 (USD 122) and a projected annual income of UGX 3,169,200 (USD 1,474).

Applying these income data to estimates of effective housing demand, e.g. what households can afford to pay for housing, indicates that for the 31 per cent of households with incomes at or below the official Poverty Level of USD 1 a day, spending 20 per cent of net annual incomes on housing and on interest rates of 18 per cent repayable over 20 years can only support a capital budget of USD 390. For surveyed households in Kampala earning an average of USD 3,090 a year, the total capital available for housing on the same terms would provide a total budget of USD 3,308 and for surveyed Gulu households earning USD 1474 a year, a capital budget of USD 1,580. By definition, levels of affordability for those below the average income are even lower.

These sums are not enough to meet the costs of formal housing. For instance, the household surveys revealed that the average cost of building a house in Gulu is reported as UGX 3,990,000 (USD 1855) which would require an annual income of USD 1,732 to service and would not necessarily resolve poor housing conditions.<sup>11</sup>

Given that purchasing or even building a completed house conforming to official standards is beyond the means of many households, one option is to permit incremental development in new housing. Another key element in housing supply for existing and future urban populations is private rental. Most of this will continue to be in the private sector and for the poorest households it will be in the informal settlements. This provides an important form of housing provision in all countries, irrespective of their level of economic development and invariably offers the cheapest form of housing. As such, private rental is a vital component of any responsive housing market and a vital entry point for rural-urban migrants, newly formed households or indigenous urban households on extremely low incomes. As Table 8 (Rent rates in Kampala and Gulu) indicates, rent levels are reported in the survey to range widely from UGX8000 (USD 3.75) in informal areas of Kampala and Gulu to up to UGX1,500,000 (USD 700) in wealthy neighbourhoods of Kampala.

These figures demonstrate the importance of the private rental sector in both providing affordable housing for the poorest households and also supplementing incomes for those slightly better off who can use this increase to invest in further home improvements, reinforcing the process of incremental development observed in many other countries. However, such benefits are more likely to accrue in cases where the private rental sector is dominated by a large number of small landlords, than in cases where it is dominated by a commercially based set of powerful developers, or absentee landlords, as in Nairobi.

The average cost of completing a house in these neighbourhoods is UGX 16,168,333 (USD 7,520), which is the equivalent of total net household income for 29 months. Therefore, the house price to income ratio would in this case be 1:2.4. While this is below the conventional norm of 1:3 or 1:4 commonly used by banks and other mortgage providers when assessing affordability, household incomes in Kampala are not constant and thus the extrapolation of weekly incomes into a fixed annual income disguises variations in income levels and housing affordability. This also fails to address the problems faced by households with total incomes below the average.



Table 8. Rent rates in Kampala and Gulu

Location	Rent in UGX (in millions)					
	8-15	15-50	50-100	100-200	200-300	300-1500
<b>Kampala (%)</b>	4	18	30	22	14	12
<b>Gulu (%)</b>	73	14	11	2	0	0

#### 4.4 BRIEF CONCLUSION

The most comprehensive and recent document on shelter issues in Uganda is the Situation Analysis Report.<sup>12</sup> The authors note that UN-HABITAT has been actively supporting housing policy formulation in Uganda and was closely involved in the preparation of the National Shelter Strategy of 1992. However, as of 2008, less than 25 per cent of the strategies had been implemented. This suggests that a major assessment is required to explain the gap between principles, policies and their implementation.

Possible reasons for the gap include:

The principles of the enabling shelter strategy were not sufficiently understood locally, but interpreted as justifying a withdrawal from direct intervention in the housing sector, not just from direct provision. Donor agencies failed to follow through from policies to practice on the assumption that political commitment and professional capability were already in place. Decentralisation of responsibilities for housing and urban management preceded the allocation of sufficient resources to local authorities, making it impossible for them to fulfil their new responsibilities. Planning and/or building standards, regulations or administrative procedures are inappropriate for the housing market which they seek to regulate, or finance systems are inappropriate for the groups that are in need of credit.

As a result of the gap between principles, policies and practice, it is clear that the current housing situation in urban areas has contributed to a large and increasing number of people being forced into various types of insecure, unsanitary and substandard housing.

It is equally clear that official norms, in the form of planning and building standards and regulations, need to be revised in order to reflect more accurately the needs and resources available both to households and to housing providers. Such a regulatory review is already under way and will need to be updated regularly to reduce the gap between housing needs and supply.

##### 4.4.1 Kampala and the primate city problem

A key consideration in assessing national housing needs, especially in urban areas, is that the urban population is heavily concentrated in Kampala, making it a typical primate city. However, the national urbanisation level remains very low at 14 per cent, and it is common for primacy to characterise the initial stages of urbanisation as economic development accelerates. Secondary urban centres then become more attractive for inward investment and migration as their links to markets and lower costs give them an advantage over the primate city. If Uganda follows this well-worn path, the key challenge is to improve living conditions for the low-income majority in Kampala whilst putting in place measures in secondary urban centres to accommodate future growth and prevent the development of informal settlements and the creation of slums in and around Kampala.

##### 4.4.2 Gulu: affordable finance solutions and security in a secondary city

In Gulu, and other secondary cities, the primary problem is tenure security for the majority of tenants who must rely on rental property. Given the relatively weak government presence in Gulu, tenancy is not secure and residents surveyed are still concerned about the renewal of hostilities in the north of the country.

Until greater political stability can be guaranteed, residents in all survey areas of Gulu are reluctant to invest heavily in property development and improvement. Disincentives to invest as a result of weak tenure status have been exacerbated by rising materials prices in recent years. The rising cost of building materials is also linked with conflicts in Uganda, Southern Sudan and the Congo, with key stakeholders describing more profitable materials markets in neighbouring countries leading to higher prices for local residents in Gulu and Kampala.

## ENDNOTES

1. UBoS (2007)
2. Elsewhere, Walaga et al (2009) indicate that the increase in total population will be 17 million between 2008-2020, giving an annual increase of 1.42 million.
3. If economic development goals are realised, it may be expected that household sizes would reduce over time, indicating that a higher number of households, and therefore an increased number of dwelling units, would apply.
4. Walaga et al (2009:98) give a total urban population in 2010 of 4.5 million, whereas Nyakaana, J.B, Sengendo, H. & Lwasa, S. (2007), Citing National Population Census Reports 1969 – 2002 and Projections estimate the urban total in 2010 to be 7.5 million.. Based on their estimates, Kampala's share of the national urban population will increase only slightly from 24.2% to 24.5%, reflecting new growth in secondary cities like Entebbe, Gulu and Mbarara.
5. Walaga et al (2009), 20
6. Walaga et al (2009), 13
7. Since new households start with an average number of people lower than the average, this is a conservative estimate and needs to be met or exceeded if current housing needs are not to worsen.
8. William, et al (2009), 16
9. Should the assumptions change, the outcomes can be estimated easily.
10. The concept of 'affordability' as the basis for analysing housing problems and as a definition of housing need is open to debate, especially in rapidly developing housing markets like Kampala. See Hulchanski, D. (1995) "The concept of housing affordability: Six contemporary uses of the housing expenditure-to-income ratio," in Housing Studies, Vol.10 (4), pp. 471 – 491.
11. According to Walaga et al (2009), 18.
12. UN-HABITAT (2003) 'Rental housing: an essential option for the urban poor in developing countries.' Nairobi: UN-HABITAT Information Services Section.
13. Walaga et al (2009)

## CURRENT HOUSING STOCK

There is currently no reliable data on several aspects of the urban housing stock in Uganda. According to the Ministry of Lands, Housing and Urban Development, an average of between 2500 and 3000 housing units are constructed throughout the country every day, though this includes rural as well as urban areas. The ability of public sector agencies to monitor current and projected needs and the response of the supply system is restricted by limited financial and human resources at central and local government levels. The challenges faced in monitoring and managing the housing sector are further exacerbated by the high proportion of private and informal sector provision, much of which is, by definition, outside the official records. As various government and private sector actors deepen available data on the housing sector, meeting the needs of the majority of urban residents will become more achievable.

In discussing the national housing stock, it is important to distinguish between housing typologies within the informal sector, as this category includes both structures that are built according to national standards, but have not obtained formal planning permission, as well as semi-permanent structures that do not meet official standards and are most frequently built by the poor themselves, or by landowners for economic gain through rental. This broad definition of the informal sector means that the majority of the national housing stock fits within the informal category.

### 5.1 HOUSING CONDITIONS

Assessments of housing conditions need to include the availability or lack of access to facilities for bathing and



**Figure 11. Incremental building with mixed materials and limited fixed infrastructure in Kampala's informal areas.**

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cooking, plus indoor and outdoor spaces, and services, including water, sanitation and power. There is limited indoor space available to households in high density low-income areas. For example, in Tegwena and Agwe in Gulu, residents expressed interest in extending the size of usable dwelling space, but cited prohibitive material costs as a major barrier to their plans. A similar proportion of Kampala residents expressed an interest in expanding dwelling size in order to support naturally increasing household sizes, for income generation through rental, yet fewer respondents mentioned the cost of materials as the most significant barrier to these ambitions. Rather, the relatively high cost of land and basic services were cited as barriers to improving and expanding existing dwellings.

**Table 9. Household distribution by dwelling status & location**

Dwelling Unit Status	Urban (%)	Rural (%)	National (%)
Temporary	26	79	71
Semi-Permanent	14	10	11
Permanent	60	11	18

Source: UBOS 2007

Table 10. Mixed use options for local housing stock in Kampala and Gulu

Town	Improve structure or finishes	Extend the building	Place of work	Sublet	Keep animals for food	Grow vegetables for food	N/A -
Kampala	28.4%	19.8%	2.5%	18.8%	13.7%	4.6%	12.2%
Gulu	0%	5.4%	10.8%	51.4%	16.2%	2.7%	13.5%

Outdoor space between houses in high density areas is heavily restricted and in more than 70 per cent of high density areas the space between dwellings was between 4-8 feet (1.1-2.2 meters). Surveys revealed that 62 per cent of residents attributed the limited open space to landlords who prefer putting up more rental units rather than leaving land to those who may be willing to build independently owned homes. Another 13 per cent attributed it to the more pressing need to put all available undeveloped space to economically productive use, especially for housing, but also for small-scale commercial activity.

## 5.2 HOUSING TYPOLOGY

Urban housing types in Uganda are a mix of tenements (mizigo), traditional bungalows, or flats. Tenements are the most common type of housing in high density areas, followed by the traditional bungalows. In lower density areas of Kampala, flats and bungalows are only used by 10 per cent of households, with the majority living in one-storey informal housing. Mixed tenement units are mainly for renting purposes and are privately owned by landlords who earn more money in rental housing than selling their land. The high demand for housing by those who cannot afford to build their own houses explains the high percentage of rental housing in high density, low income areas.



Figure 12. Housing needs in Gulu and Kampala encourage informal construction.  
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At the national level, approximately 47 per cent of all urban households live in rented tenements, 31 per cent in detached dwellings, 18 per cent in semi-detached units and 4 per cent in other, unspecified types of housing. Linked with mixed housing stock, housing is used for a range of economic activities.

Real estate developers are active in meeting the needs of middle- and high-income households and have contributed directly or indirectly to national economic development and poverty reduction, as well as generating considerable revenues for government. Most real estate developers are active just outside Kampala City boundaries where land available for development is relatively abundant and less expensive. A substantial proportion of new formal urban housing provision consists of tenant purchase, rental, build/sell schemes, sites and services, slum upgrading or condominium projects, though it is not clear in what proportion each type is represented in the total national stock. As professional bodies governing real estate brokerage and property valuation become institutionalized, data on housing and commercial property values, and their relative position within urban real estate will be more clearly defined.

Nationally, 71 per cent of the housing stock is constructed of temporary materials, 11 per cent of semi-permanent materials and only 18 per cent of permanent materials. The 2002 National Census indicated that about 59 per cent of urban dwelling units were constructed using permanent materials compared to 10 per cent in rural areas. The discrepancy between materials used in urban and rural areas reflects different needs, local standards and varied access to materials in different parts of the country. At the national level, the most common type of materials used for construction of the dwelling units are mud and poles for the wall (50 per cent), iron sheets (54 per cent) or thatch (44 per cent) for the roof and rammed earth (77 per cent) for the floor.

In Kampala, 91 per cent of respondents used bricks for wall construction while in Gulu this figure was only 9 per cent. Most Gulu residents use unfired mud bricks or wattle in a reflection of the city's relative economic underdevelopment following decades of civil strife, and the nascent local building materials manufacturing industry. Residents expressed interest in transitioning





**Figure 13. Tin-roofed home on formally registered plot in Kampala.**

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to more durable materials in the future, depending on income levels and changing materials costs.

Unsurprisingly, studies suggest that few dwellings in informal urban settlements follow official building standards and most are constructed using self-help construction with some paid assistance for specialist tasks. The most common housing type in high density areas are single-room units. Many of these are officially classified as substandard according to formal building regulations, even though they accommodate over 60 per cent of households in high density areas and over 50 per cent in medium density, middle income areas of Kampala. In Gulu, single room mud and wattle huts provide housing for the majority of low-income residents.

Surveys in Gulu and Kampala revealed significant differences in materials used for house construction. In Gulu, 64.1 per cent of dwellings are roofed with grass and 30.5 per cent with corrugated iron sheets. Of the remainder, a further 2.4 per cent, representing high-income residents and transient NGO rental dwellings, are roofed with clay tiles. For wall materials, 66 per cent of the households used poles, 32 per cent use a mixture of burnt and unburnt bricks and 2 per cent of residents use other materials. For floors, 56 per cent used mud and wattle and another 38.9 per cent cement. Most of the houses in Gulu are of basic and predominantly rural character with largely temporary materials. This is consistent with data from the 2002 census, which show that only 6 per cent of the buildings in Gulu Town to be built of permanent materials and the remaining 94 per cent of either temporary or semi-permanent materials.

The corresponding data for Kampala indicate that 76 per cent of the buildings are built of permanent materials and 24 per cent temporary. About 68 per cent of dwellings are constructed using bricks and cement blocks for wall construction and 9 per cent with other



**Figure 14. Mixed materials in shared dwelling in Kampala.**

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materials, while 83 per cent used screed cement and 15 per cent tiles for floor materials. For roofing, 18 per cent of Kampala households use tiles for roofing material as compared with 2.5 per cent in Gulu. Although Kampala therefore compares favourably with Gulu in terms of the durability of dwellings constructed, the extensive scale of informal settlements in the capital poses a major challenge to government, donors and residents themselves.

### 5.3 HOUSING PRODUCTION AND THE INFORMAL SECTOR

The major benefit of the informal housing supply system is that it provides both suppliers and consumers with the greatest amount of control over the design and use of housing with minimum cost and official interference. It is therefore likely to remain the most widespread method of meeting housing needs for the foreseeable future. Whilst informal land and housing supply systems operate outside official norms and regulations, and are therefore to some extent outside the law, they have made a massive contribution to meeting the needs of the majority of Kampala's expanding population, particularly those on low incomes and this contribution deserves to be officially acknowledged. An implication of the major role played by informal housing mechanisms is that future public policy should identify the characteristics in terms of standards, processes and land development norms applicable that drive the informal housing sector and identify what changes may be appropriate to the official regulatory framework applicable to urban planning and building in order to make it easier for lower income groups to conform to these norms.

### 5.4 OCCUPANCY AND TENURE FORMS

Surveys in Kampala and Gulu revealed that modes of acquisition for dwelling units include rental, purchase,



Table 11. Tenure type

Town	Tenure Type (%)				
	Mailo	Freehold	Kibanja	Leasehold	NA
Kampala (%)	47.9	17.5	12.4	17.1	5.1
Gulu (%)	6.1	75.8	0	0	18.2

inheritance or, if self-constructed, through ownership of the dwelling, but not the land. The average household size in both Kampala and Gulu is five people. Housing units tend to be constructed to accommodate projected family growth, either through natural increase or the urban migration of rural members of an extended family. Household sizes in rental housing were smaller, reflecting a tendency for individuals or young couples to rent.

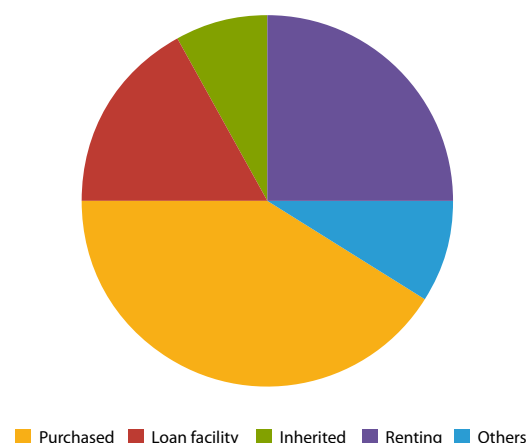
Case studies indicate that interest rates are generally too high for many households and are becoming unbearable. Other households raise funds through personal savings or from incomes that they acquire through daily earnings from both formal and informal activities. A major challenge is the high and increasing cost of land. As one respondent noted “I could not afford to purchase, so I had to wait for the time to inherit, which finally came”.

This and other similar cases indicate that 8.5 per cent of households have settled on inherited land. Whereas other households either inherited or could afford to purchase land to build a house of their own, 25 per cent of surveyed households are renting, commonly referred to as *mzigos*. For instance, in Nsambya and Mulago III areas of Kampala, the households occupied between 1 and 3 rooms where facilities such as a latrine, bathroom and water supply were shared by neighbouring households and in some cases are lacking completely.



Figure 15. Mixed material use based on needs, affordability and ease of access in Gulu.  
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Figure 16. Access to housing in Kampala



### Box 3: Case Study 1: Self-employed landowner in Luzira, Kampala

*Mr. Kamweze is a landlord in Luzira and was born there thirty six years ago. He lives with his wife and three children. All of the children are in primary school and he is a professional carpenter who owns a carpentry workshop. His wife is a shopkeeper at the family shop.*

*His father bought the family's current piece of land in the early 1970s, while working at Luzira Maximum Prison. At that time, Luzira was only a stop-over for people coming and going from Port Bell and was the size of a small village. His father had bought over one acre of land, but when he died in 1995, it was divided into three equal parts to be split between Mr. Kamweze and his two brothers. His sisters did not receive any land.*

*After going through formal registration procedures, each of the brothers received a land deed. Complications arose as Mr. Kamweze's father had allowed people to settle on the family land and to develop it; he had even sold them plots, but formal land titles were never provided to the buyers.*

*On his section of land, Mr. Kamweze has seven squatters who were told that if they wanted a*

*formal land title they would have to buy it, with the price determined by the current cost of formally surveyed land around the site. The current assessed value of the land is relatively high, with the current tenants being too poor to be able to afford the purchase of a deed.*

*Mr. Kamweze's plan is to wait until a rich enough buyer shows interest in the land and then to evict the long-term squatters. One of his brothers had sold half of his land to a rich man some years back and then used the extra money to build a multi-storied building on the remaining land. Two of his sisters also have plots on his land but they cannot sell rights of access or buy a land title from him. He has held two 50 by 70 square foot plots of land in reserve for his family, and has no plans to sell them.*

*He is unaware of any government finance programs for low-income citizens in Luwira and is upset by his neighbours' struggle to acquire their own houses or land.*

Surveys in Kampala indicate a strong preference among residents for full land titles as a means of confirming ownership. As shown in Table 12 (Minimum change to property rights required for resident investment), Gulu residents were more concerned with basic service provision as an indicator of tenure security, reflecting acute under-investment in municipal infrastructure. While households in both Gulu and Kampala were interested in enhancing their property rights, it was less clear for which reasons households sought titles, for example to access formal credit, remove perceived social stigmas, or increase property values for potential sales.

## 5.5 BRIEF CONCLUSION

There are a number of densely occupied low-income areas with housing in all urban areas of Uganda and many of these lack basic facilities such as a kitchen, bathing place, or toilet. A high priority for residents is

to provide such basic services and thus improve living conditions. Given the occupancy rate, the housing sector needs to be improved to increase the supply of affordable housing to accommodate the increasing population.

Approximately 31 per cent of the national population are classified as living below the Poverty Line, defined as a per capita income of USD 1 a day. Although this proportion has reduced considerably from 56 per cent in 1992, the rate of improvement has been marginal since 2002, suggesting that issues of affordability for any form of housing, especially one that conforms to official standards and regulations, represents a massive challenge for the foreseeable future. Affordability is even a problem for those with average household incomes in the surveyed areas.

Comprehensive and reliable data on household incomes and expenditure on housing and related costs (eg land, services, maintenance, municipal charges and credit) are extremely limited, so that discussions on measures to balance costs and the ability of different sections of the population to meet them cannot proceed in any detail. Nonetheless, it is evident that the physical planning and development of residential areas, especially low income neighbourhoods, need to be related to the economic realities of households.

Although a large proportion of the total urban stock is provided by various informal processes, it should not be assumed that all informal housing is inadequate, structurally unsound or otherwise unacceptable to its occupants. A large proportion of dwellings reflect the social and economic realities and priorities of their occupants. Conversely, formal definitions of acceptability often reflect the norms and assumptions of professionals, most of whom do not have to face the realities of poverty to the same extents as those for whom they are legislating or planning. These aspects need to be borne in mind when formulating policy options for upgrading or replacing existing housing.

Table 12. Minimum change to property rights required for resident investment

Town	Statement by government not to evict (%)	3 year occupation licence (%)	Basic service provision (%)	Certificate of occupancy (%)	Full title (%)
Kampala	8.8	0.9	10.2	5.1	74.9
Gulu	23.8	0.0	66.7	4.8	4.8

## URBAN LAND SUPPLY

Land management is a vital component of efficient and equitable urban development, since it determines the extent to which the supply of buildable land compares to diverse and changing needs. Levels of urbanization in Uganda remain low, but is increasing rapidly in the capital and a few other centres, with evidence of increasing densities within core urban areas as well as rapid developments in peri-urban areas. The growth of towns throughout the country is putting land delivery systems under increasing pressure and this is making access for those with lower incomes or influence increasingly difficult.

To manage the growth of a town or city requires an assessment of how much land will need to be urbanised over a specified period. Of course, there are many external factors which will influence the area of land required. These include national and regional economic investment and development patterns, demographic dynamics, human or environmental hazards within the hinterland which could lead to mass migration, the regional alternative centres and the availability of land suitable for urban development.

Whilst these external factors will be significant and are difficult to predict, uncertainty can be reduced considerably by estimating demand for land based on those factors which are easier to predict.

Existing and officially sanctioned planning regulations and standards will influence the area of land required for future urban development. The most important considerations are:

- Density levels for specified types of housing (based on existing or minimum official plot sizes, occupancy levels, plus road widths.
- Projected demand for commercial and industrial land, and land for new housing development.
- Requirements for communal facilities such as schools, clinics, religious sites, public open spaces, etc, at central and neighbourhood levels.
- Topography and ground conditions (e.g.

steep slopes, load-bearing capacity, vulnerability to flooding, etc).

- Accessibility of available land.
- Competition for land in commercially attractive locations – and therefore its cost.

Based on patterns of household formation and increasing density per hectare coupled with current trends in Kampala's spatial development, vertical development is one important option for increasing density, whilst another is to ensure that available land is developed in the most efficient way possible. Parts of Kampala are quickly gentrifying, with divisions of Central and Kawempe unable to meet the land requirements for housing as population growth continues at the 1980-1991 growth rate.

The long-term trend in urban growth and increasing demand for land for housing is observed across Uganda's main cities. For example, the city of Mbarara in the southwest of the country registered the highest urban growth rate in the country between 1991 and 2002 followed by Masaka. Both Mbarara and Masaka are medium-sized cities experiencing fast population and spatial growth through a combination of densification of urban centres and sprawl on the informal urban fringes.

In northern and eastern parts of the country, urban growth trends have been impacted by civil strife and environmental risks, both of which have encouraged urban migration. The long-running civil war in Southern Sudan continues to impact on urban growth and economic development in the northeast of the country. It is to be hoped that the planned referendum in Uganda in 2011,<sup>1</sup> will resolve this issue for the benefit of communities in both Southern Sudan and northern Uganda.

Within the general growth trend, urban land supply systems differ locally, though there are many similarities. Traditional, formal and informal systems of land supply exist and continue to show signs of congruence, differing only in procedures and actors involved. The



Figure 17. Pressures on urban land supply come from formal and informal housing.

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next section explains in detail the existing urban land supply and delivery systems examining the pros and cons of the systems while pointing out the strengths that can be leveraged to enhance urban land supply for housing development.

#### Box 4: Summary of stakeholder interviews on urban land supply

Urban land supply in Kampala and Gulu involves multiple actors and a variety of processes, and local land brokers are often more in tune with the realities of land supply than legislators. In Kampala suburbs, much of the land is held by individuals who have obtained either ownership rights to the land or some form of user rights. Land is alienated by buyers who sell it to developers or other speculators. One lawyer interviewed suggested that 80 per cent of his professional time was spent on land related transactions and disputes.

Land is formally released into the private market by traditional owners through surveying or is simply subdivided into plots for sale. Another new source of land for sale comes from institutions that own large tracts of land, such as the church and former government corporations. These two actors serve as major suppliers of new land, and in some suburbs, they are the largest player in the new land market.

According to Gulu Municipal officials, the enactment of the 1998 Constitution created a system of 'freehold' landholding in an area where traditional systems prevailed but which have been replaced by the new law. Many landlords in Gulu, for example, have leased small plots to internally displaced persons some of whom have since resettled back having left relatives in the houses within the municipality.

*Land administration offices receive considerable requests on searches, for surveys and other land administration needs such as titles. What emerges out of these case studies is a picture that urban land supply systems are mixed, varied and involve multiple actors. The strength is that the availability of land is eased, though confusion about how the system operates has reduced affordability. The system needs to be streamlined and enhanced to enable the expanding urban population, particularly the poor, to access land or affordable rental housing.*

### 6.1 URBAN LAND DELIVERY SYSTEMS

According to studies conducted in various towns in Uganda,<sup>2</sup> there are two prevalent systems for urban land supply. These can be broadly described as formal and informal systems though in practice the processes, actors, strengths and challenges fuse into each other. Formal land delivery systems in Uganda's urban areas have for a long time focused on public land which is leasable and to some degree mailo as well as freehold. Entry of the latter depends on a willingness by owners to bring land into the urban land market when planned to gain greater economic benefits.

However, much of the land in Kampala is privately owned and this includes customary ownership. For most other towns in Uganda, land is communally owned or managed through traditional systems, but with the introduction of the Land Act 1998, usufructory rights and communally owned land is slowly being transformed into freehold. Formal land delivery systems still exist in most towns of Uganda.

These systems include the conveyance of urban land through a process that includes several steps before acquisition can be registered. The actors in the formal



Table 13. Modes of Land Acquisition in Kampala and Gulu

Town	Inherited (%)	Purchased (%)	Exchanged (%)	Other (%)
Kampala	19.5	78	1	1.5
Gulu	81	16	3	0

land delivery systems include; municipalities, city authorities, the Uganda Land Commission, Surveys Department, district land boards, land valuers, land registrars, lawyers and developers. The formal conveyance process involves surveys, plot demarcation, infrastructure alignment and introduction to urban land markets. At any given time, there are different actors at different stages in the process of land conveyance and registration.

Formal land agents are still relatively few and the existing law governing their establishment and operation is still generic since the bedrock of land delivery has been through allocation and management by public authorities'. Recently, there has been a proliferation of land and property agencies in Kampala contributing to increased availability of exchangeable land in and around the city. This has generated speculation which has contributed to escalated land values.<sup>3</sup> Other towns in Uganda, such as Gulu, have not been spared as land speculation is also increasing in secondary urban centres.

The proportion of home owners who purchased plots for housing is predictably higher in Kampala than in Gulu. Gulu municipal land has changed from communal, to public land and now freehold after the Constitution of Uganda 1995 and the 1998 Land Act.

According to Gulu Municipality officials, most land in the city is held under leasehold, with customary and freehold tenure coming second and third respectively. Most of the land that is currently freehold has been converted from customary tenure. The key people in land delivery are the customary landowners, who decide when to sell plots on a private arrangement.

However, informal private brokers can also act as mediators between the buyers and sellers to direct those who want to buy or sell land. The government through leasehold and sub-lease basis is also a key player in the municipality since a substantial amount of land is still public land while other institutions, including the Church, also participate actively in land conveyance with the entry point being individuals settling land for a specified period, depending on what they are doing for the institution.

Although privately owned land could explain the high proportion of home owners acquiring land through purchase, recent developments have brought into play actors such as religious institutions, public and privatized institutions such as Uganda Railways. Inheritance is still

an important factor, though it remains rooted in cultural practices and is still dominant among the Ganda culture in the city. This explains the high average plot sizes in Kampala acquired through inheritance. Analyzed data shows a high average of above ½ a hectare acquired through inheritance in Kampala compared to ¼ hectare in Gulu.

The Gulu municipal surveyor attributed this to historical land management and delivery methods in the municipality, which for a long time have been based on public land delivery systems. This public delivery system tended to standardize the plot sizes as defined by the spatial plans. It is, however, acknowledged that in the last decade the urban land market has intensified in Gulu, a view that the municipal surveyor acknowledges when he points out the increasing role of brokers and speculation in Gulu.

The market-based land delivery system is intensifying in both Kampala and Gulu. In Kampala, private, market-based transactions now dominate land delivery. These delivery mechanisms are, however, largely informal and are also common in Gulu. According to the surveyor in Laibi Division, the high costs for surveying and permits, which require applicants to apply and wait for Instructions of Survey (IS) from Entebbe, constrain land supply.

Surveying is too expensive for most local people. Processing a single land title can cost UGX 1 million (USD 470), which means it is unaffordable for the majority of urban residents.

### Actors in Land Delivery

There are two categories of actors who are important in land transactions; the local brokers and land agents. Local brokers are usually individuals with information on exchangeable land rights, owners and prices. The land agents are the semi-legal agents and the legally established land agents. Semi-legal land agents are usually neighbourhood based land brokers, though they now transcend their neighbourhoods. Land brokers have emerged as a result of lack of a regulatory framework for formal land agents and are now widespread in different settlements dealing in not only land, but also housing and property related transactions. These actors are very influential in urban land delivery and in determining land values, information flow and general influence of the urban housing sector.



**Box 5: Case Study: Kampala land dealer**

*Mr. Wakeni, a local land dealer from Kampala considers each form of land ownership to have distinct advantages but considers Mailo land ownership to be the most secure and the most preferred form of tenure for those interested in purchasing land.*

*He does not consider the Kabaka's lands as secure in the future as their legal status remains uncertain. Lease-holding is not popular amongst individuals, as people prefer to own land on a permanent basis so they can pass it on to another generation. That being said, lease-holding is common with business people who know that by the time their respective leases expire, they will have had enough time to make healthy profits.*

*Regarding the future path of real estate development in Kampala, Mr Wakeni suggested that investment by real estate companies in rural areas has increased the pace of development, and if this continues by 2020 a number of new towns will have been created.*

*As result, more people are going to be employed in this sector, with engineers, masons, lawyers, surveyors all being in higher demand. Whilst the arrival of professional real estate dealers will mean few forgeries of land titles, Mr. Wakeni observes that as the supply of readily available land dwindles, there will be increasingly intense struggles over and between traditional owners and agents seeking to manipulate land values in rural and peri-urban areas.*

Local Council leaders are strategically positioned to participate in the process of urban land conveyance. Local Councils are vital during subdivision, locating of the land and at the time of sealing the transfer of the land rights. Their role on the covenant puts them in a strategic position in the process of land delivery. Local Councils charge a fee which is a standardized percentage varying from 10 to 20 per cent of the final land price, similar to the stamp duty in the formal land exchange regulations.

This charge creates an impediment for the urban poor which helps to explain why they opt to use other actors in the conveyance covenants. The fee creates a barrier in delivering urban land and as a result some buyers would rather occupy the plot immediately, fence it off, or employ a caretaker. The prohibitive costs of the formal land market in terms of transaction costs is the very factor created by the Local Council actors that constrains access to urban land by the poor. Local Council chairpersons and other secretaries on local councils play key roles in verification of land, writing

covenants and sometimes signing authorization letters for the developer to use the land, subject to Kampala City Council approval.

**6.2 LAND ADMINISTRATION**

Formal processes of land alienation can be distinguished on the basis of three main types; freehold, mailo and leasehold land. For each type, the process of acquiring land involves alienation (subdivision and determining defined rights) and is somewhat different, but all are legally controlled by the Registrar of Titles Act. In summary, under the Registration of Titles Act (2000), several legally and therefore formally recognized steps in land transfers exist. The process of land titling, including transfers, is currently cumbersome, tedious and lengthy.

It is important to note that the process involves many stages and this creates loopholes for mistakes, deliberate alterations, or other problems. Greenwood (1990) outlines the steps involved in titling land held under customary and under administration of the Uganda Land Commission. Although these are for customary tenure, several of the steps also apply to mailo and freehold land. For mailo, the difference is that ownership is already determined, though sometimes rights have to be separated where multiple interests exist.

Freehold and mailo land alienation involves lengthy and resource demanding steps. Within the legally recognized procedure, informal processes have been introduced, given both the overwhelming work for the staff involved and for selfish benefits. File numbers and sometimes the files containing the documents are often mixed up with paper records making document retrieval difficult.<sup>4</sup>

Thus, staff deliberately create reasons for demanding unofficial payments from applicants to either find necessary files or to follow up the process. The informal processes in formal land administration have led to the emergence of a network of independent agents who have close relations with the local land office, and who must be engaged if one hopes to successfully follow up on files. The numbers and roles of such agents have increased dramatically alongside speculation in urban land markets, with several recent incidents leading to public outcry for improvements and general overhauling of the local land administration. In spite of pressure from the public, it can still be extremely difficult for actual owners to process their titles and transfers due to the combined vested interest of officials and unofficial officials operating in local land offices.

Informal processes also affect public land, some of which is allocated to friends or close allies who then put it on the open market at an exponentially higher price. While speculation on urban land has affected the administration of land in Kampala in particular, it is present across the country in urban centers and their expanding suburbs.

Public land alienation occurs mainly through the process of allocation to a successful applicant who may then subdivide the land into plots of legal minimum 250 square metres, although official minimums are rarely respected and size varies depending on the intended use. Public land is dominant in Uganda's urban areas with the exception of Kampala where mailo constitutes 75 per cent of the total land area, much of it rented from the Buganda Land Board. However, under the 1998 Land Act, public land that has been previously settled has been converted into freehold titles, although the implementation of these conversions is ongoing. In terms of records on land transactions, the Land Administration Section in Kampala City Council's land management unit stores information on public government land and processes applications for land leases (fresh leases or renewals) on government land, while the Directorate of Urban Development within the Ministry of Lands, Housing and Urban Development also keeps records on urban land titling and land conversions.

New leases are initially granted for short periods (most often five years) during which the leaseholder is free to develop the land. After an evaluation of the level of investment in the land by the landlord, the leaseholder can then apply for a long term extension of the lease on new terms. The lease applicant must pay a premium (assessed by the district land valuer) and annual ground rent, which is also supposed to be reviewed every five years. Public land available for lease in Kampala and other cities is very limited, with most land transactions occurring in the private sector.

Private developers in Kampala occasionally seek to acquire public land because most Kampala City Council land is located in high-value areas of the city, and lease costs are generally below prevailing market rates. An important feature in Kampala City Council is that land records are kept manually in register books and searches are therefore very difficult. There are no maps showing which Kampala City Council plots are leased or available. The lack of a proper data management system prevents the identification of plots available for lease and the controlling of ground rent payments by existing tenants. The lack of a central data system also encumbers the release of remaining idle land onto the market and slows development towards an open process of public land lease auctions. The introduction of an open process, based on centrally administered data would be a more financially transparent and cost-effective process for Kampala City Council than the existing system. The maintenance of current formal and informal processes makes Kampala City Council vulnerable to accusations of bias in its decisions to grant leases and encourages the irregular occupation of Kampala City Council land.

### Box 6: Formal land processing

*The process of requesting a formal land grant from the government is often compromised by the lack of information on the current land occupation situation. Although records are supposed to indicate land that is free and that which is already held under lease, and annual payments and the renewal/expiration of leases, it is virtually impossible to make a general search of existing records (although individual searches can be done for specified plots) at the local level. Data management limitations within the Kampala City Council lead to lost revenue from uncollected ground rents, maximises the value of premiums (by necessitating public lease auctions) and reduces the remaining vacant land available to the public.*

*Shortcomings in data management capacity also prevent proper regulation of the land sector. The expiration of short leases (initial lease) and the verification of whether development (regular or irregular) has occurred, and whether annual ground rents are being paid regularly are rarely recorded. The general problems related to information gaps and the absence of land information systems at the local level are similar to problems with land records management at the Ministry of Lands, Housing and Urban Development, where information gaps remain at the national level.*

*The Ministry of Lands, Housing and Urban Development is seeking to address these macro problems with a pilot land title mapping initiative in six municipalities: Jinja, Masaka, Mbarara, Kiso, Mukono, and Kampala. The current pilot project should provide a model for comprehensive digital data management of land records at the national level, and it is hoped that the Ministry of Lands, Housing and Urban Development's experience with information systems will be shared with local authorities with the goals of establishing an integrated system for sharing data between local and central government on this key national issue.*

When the Land Act (1998) allowed customary tenure on mailo land and other, formerly unplanned areas, there were many occupations of land which included not only those areas but also planned neighbourhoods and government land. No detailed monitoring of these occupations was not possible due to lack of resources and the limitations of the information system in use at the time. Currently, there are few applicants for tenure regularisation or other forms of adjudication due to the difficulty in identifying available land, partly as a result of the post-1998 occupations. Legal land conversion is a

relatively dormant element within urban land markets – in the first quarter of 2004 only 4 new land grants were issued by the Kampala City Council.

In spite of regulatory confusion and public scepticism of bureaucratic processes, the land administration system has not changed in terms of land records management, centrality of functions at the Kampala and Entebbe offices and the regulatory framework which determines the procedures for land alienation.<sup>4</sup> The implication of the current slow and frequently inefficient land administration is the perpetuation of high costs both for service users and government providers that are prohibitive for all socio-economic groups, particularly the urban poor. While wealthier citizens are more able to afford the cost of land adjudication and re-zoning, the poor are frequently excluded from accessing land and securing the rights necessary for the development of decent housing over the medium to long term.

### 6.3 KEY PLAYERS IN THE LAND SECTOR

In the field of formal land delivery, the different actors are involved in transferring land often have conflicting agendas. Because of unclear and regularly ignored procedures in land management, different actors have emerged with different roles. In Uganda, a number of agencies are involved in land management and although the actors operate country-wide, there is a substantial focus on urban areas. The Uganda Land Commission, Kampala City Council, Buganda Land Board and the Ministry of Lands, Housing and Urban Development, all have mandates over land as defined by national level policies and regulations<sup>5</sup> or by virtue of historical claims on land by individuals and other traditional authorities. Within Kampala, KCC and the Uganda Land Commission are responsible for public land, while the Gulu Municipal Council and other municipal authorities are responsible for land management in urban areas across the country.

These two agencies manage and administer land through allocation, leasing to developers on planned land. Because of limited state-owned, much of the allocation by these agencies focuses on industrial land, although recent developments have tended to intensify land allocation activities on rezoned residential areas and the conversion of old neighbourhoods into commercial real estate projects. Although their roles are clearly defined under national and local legislation, there are discrepancies between what their mandate states and what is being done. The formal process has been blended with informal procedures due to the numerous actors including speculators and semi-legal land agents who have modified institutional rules in urban land delivery.

Processes for this modification include manipulation of information flows in the market, fee-based bidding, pricing systems and final allocation of land to successful

developers. Under current conditions, the situation is leading to the ‘informalisation’ of the formal land administration system. Ironically, increasing demand and limited institutional capacity has led to the increasing formalisation of the informal land market.

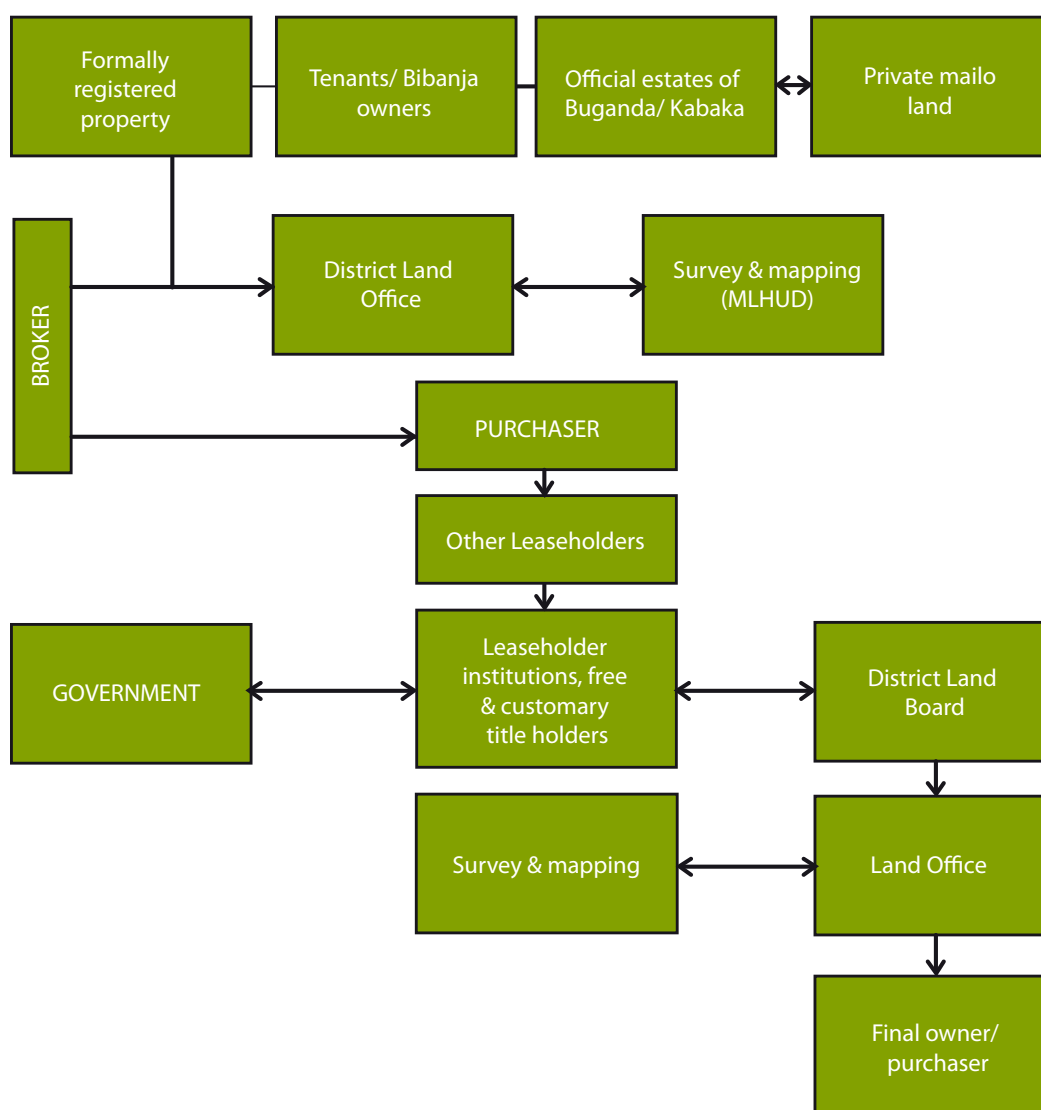
In addition to covenants, a number of other conveyance methods are used to transfer land rights within the structure of the informal land system. These include the use of landmarks indicated by *Draceana fragrans* (known locally as *Luwanyi*), immediate occupation, fencing off land on completion of the property rights transfer. On occasion, some buyers will immediately deliver building materials to newly acquired plots in order to verify if there are other claimants to their parcel of land. Alternatively, a caretaker is engaged and given powers to look after a land parcel before the buyer chooses to either develop it or sell it. In general, fear created by ambiguity over informal land transactions increases costs in both the formal and informal real estate sectors by lowering the volume of transactions.

All of these measures can be applied sequentially during and through the transaction process within informal land delivery systems. There is often some degree of doubt over the trustworthiness of the seller, and no formal contractual arrangements, in spite of preliminary stages of introduction of potential buyers by the agent to the seller. A further concern is that there is currently very limited professional organisation of real estate agents nor self-policing within the industry.<sup>6</sup>

As a rule, before formal land transactions are finalized or completed, they must be sanctioned by Local Council officials, sometimes through the preparation of a separate covenant to which members of the committee are signatories. Alternatively, they may simply endorse the covenant prepared by the seller and the buyer. Transaction records and plot sketches are frequently, but not always, kept by Council officials. Associated with Local Council officials are the local agents or brokers with knowledge of plots currently on the market, together with relevant property boundaries and information on conditions of sale. In these types of transactions, private and public sector actors advocate the importance of security over rights in order to mitigate conflicts and speculation over land, yet each side of the negotiation has different goals; government is technically interested in efficient and equitable land use in accordance with national and local planning goals, while the private sector seeks security to ensure future profits. The challenge of policy makers is to reconcile these goals in rapidly expanding urban land and housing markets which threatens to exclude the majority of residents.

Unexpectedly, the mix of actors involved in formal land delivery, and their respective networks with government and the private sector, often leads to highly efficient, if exclusionary, allocation of urban land for development.

Figure 18. Key actors and relationships in mailo land delivery



Source: Stakeholder interviews and government planning documents

While informal land at the high end of the property sector bypasses much bureaucracy, it compounds many of the problems facing low-income residents and undermines confidence in government at all levels. Commodification of land is the resultant effect of the institutions involved and this has a significant bearing on the processes of land exchange and of housing development.

#### Box 7: Mailo and Kibanja land

As a result of the 1900 Buganda Agreement, the land tenure system in the Buganda was formally transformed from a customary system based on the King's domain over land and community members' rights to agricultural land, to a system approaching freehold tenure whose operations

were set within legislative norm. The colonial government conferred to chiefs and other notable personages' individual ownership rights to large extensions of land called mailo estates. Land not held under mailo or established customary tenure became Crown (public) land. Approximately half of Buganda (more than 8,000 square miles) became formally privatized.

These mailo estates were already settled by smallholders under customary tenure; however, their usufructory rights were not legally recognized. Mailo owners permitted these peasants to retain possession of the land (called kibanja land) they were occupying. Mailo tenure in effect converted them from customary usufructory holders into tenants on private property. Other persons who wanted to settle on mailo land had to approach



*the mailo owner and get permission to occupy a specific piece of land. Initially, most tenants paid little or no rent and labor services, particularly on large estates. Mailo owners were considered lords of their area and their tenants were their servants.*

*Competing traditional claims to legal jurisdiction over land mean that the government must negotiate in order to establish unified administrative structures across the country. Legal uncertainties over land as a result of traditional land claims mean that foreign investors remain reluctant to invest heavily in many parts of the country where land rights remain unclear or disputed.*

*Source: Rugadya (2009)*

#### 6.4 LEGAL AND REGULATORY FRAMEWORKS FOR LAND SUPPLY

Issues on land, especially those related to ownership, transfer and administration, are largely driven by policy and legal instruments, with urban land delivery operations occurring within regulatory or non-regulatory frameworks. There are several policy and legal instruments guiding land management, planning and the development in Uganda. The legal instruments include the Constitution of Uganda 1995, the Land Act 1998 and the Registration of Titles Act, all of which are concerned with administration and management of land in Uganda; other legal instruments include the Town and Country Planning Act 1964, the Local Government Act and the Public health Act, which guides planning, while the 1994 Kampala Structure Plan is the instrument for guiding development in the city.

The fundamental legal basis for land management and land issues is provided by the 1995 Constitution. According to Article 237 clause (1), all land in Uganda belongs to the citizens and is vested in them in accordance with the land tenure systems provided for in the Constitution. The Constitution also recognizes that national or local government may, subject to Article 26 of the Constitution, acquire land in the public interest; and the conditions governing such acquisition shall be as prescribed by Parliament. The Government of Uganda or a local administration, depending on the relevant legal structures, holds land in trust for the people and protect natural lakes, rivers, wetlands, forest reserves, game reserves, national parks and any land to be reserved for ecological and touristic purposes for the common good of all citizens. In clause 3 of Article 237, land in Uganda is owned in accordance with the customary, freehold, mailo and leasehold land tenure systems. The inclusive and often overlapping legal frameworks governing land in the country create significant challenges for policy makers seeking to implement projects at the local level.

#### Land and Constitutional Provisions Relating to Land Supply

The Constitution recognizes the transformation of land under customary tenure to freehold land ownership by registration, which was intended to improve security over land, but also created the conditions necessary for accelerated commodification of urban land. The relationship between bonafide<sup>7</sup> and lawful occupants on land was also highlighted in the Constitution with a provision that gave Parliament powers to enact an appropriate law under clause (9) of article 237 that would offer the lawful and/or bonafide occupants of mailo land, freehold or leasehold land security of occupancy on the land through regulating the relationship between the lawful or bonafide occupants of land referred to in clause (8) of Article 237 and the registered owners of that land, as well as providing for the acquisition of registrable interest in the land by the occupant.

The Registrar of Titles Act spells out the procedures for land alienation, exchange and transfer.<sup>8</sup> As indicated by the long list of steps, the process is cumbersome in several respects; first, documents have to be physically moved from office to office, some of which are in distant locations. For example, there is forward and backward movement of applications or files between offices in Entebbe and Kampala which are 42 km apart. In the case of applications from Gulu, the distance is approximately 600 kilometres. The physical movement of applications back and forth between government agencies means that applications are frequently lost, with associated delays and sometimes deliberate delays created by officials involved. Costs associated with transfer of rights can quickly rise beyond the means of the individual initially interested in the transfer. Transaction costs associated with the 45 steps also tend to be prohibitive and discouraging, compelling actors to seek alternative means of transferring land rights. Second, the files and applications' movements between offices have implications on the time taken to effect transactions. The time taken to complete a transaction can range from six months to two years depending on the status of the individual involved, and the particular title to be transferred.<sup>9</sup>

Legal instruments for planning include the Town and Country Planning Act (1964), the Public Health Act (1964) and the Local Governments Act (1997). These have a direct influence on the amount of land available for housing development. Land availability is further influenced through zoning, housing standards and urban infrastructure standards. The Local Government Act gives powers to local councils, especially town councils to prepare schemes and implement plans. It also provides for the establishment and decentralization of physical planning activity. The Town and Country Planning Act meanwhile, caters for the receiving, review and approval of plans by the responsible minister supported by the Town and Country Planning Board. This Act



Table 14. Steps for obtaining formal land title from Kampala City Council

Procedure	Time to complete:	Cost to complete:
Request a search and obtain Consent form to transfer at the Registry of Titles	1 day	no cost
Pay search and consent fee at Commercial Bank	1 - 2 days	UGX 25,000 (UGX 10,000 search fee + 2,500 bank fee, UGX 10,000 Consent fee + 2,500 bank fee)
Contract surveyors to measure the property's boundaries	3 days	UGX 500,000 on average
Conduct a search at the Registry of Titles	1 day	(already paid at the bank)
Lawyer drafts sale agreement	1 day	1% - 2% property value (to conduct entire transaction)
Valuation of property for transfer purposes by Chief Government Valuer's Office	1 month	no cost
Obtain Assessment form for payment of stamp duty from Uganda Revenue Authority	1 day	no cost
Payment of stamp duty at the designated commercial bank	7 days	1% of property price (of the governments valuation)
The sale contract is embossed by the Ministry of Finance	1 day	no cost
Obtain consent to transfer from Land Office	5 - 10 days	(paid in procedure 12)
Present documents to the Kampala City Council	1 day	no cost
Payment of registration fee at a commercial bank	1 day	UGX 22,500 (UShs 20,000 in fees + 2,500 bank fee) + UGX 20,000 (registration of companies' resolutions)
The sale contract is lodged at the Land Office	21 days	(already paid at the bank)

lays down the procedures for preparation of planning schemes, deposition for public review and final approval for implementation, and has been updated in new and pending legislation and regulatory changes in the land and housing sector.

While the 1964 Public Health Act details planning standards and requirements for the protection of public health in the development process, Chapter 269, articles 13 – 15 specify the building codes and standards to be followed in development, and these have been substantially revised in the Building Control Build and recently formulated regulations under the Ministry of Works. The Act also elaborates on the standards concerning plot sizes, house designs, drainage, ventilation and basic engineering requirements. All the above legal instruments notwithstanding, other legal instruments that affect land supply include the National Environment Statute 1995 which established the National Environmental Management Authority with mandates of environmental planning, regulation and enforcement of environmental protection. The integration of recently adopted legislation and regulatory

changes within existing structures is ongoing and should have a significant impact on urban form in the coming decades.

#### 6.4.1 National land policy

A National Land Policy was completed in 2010, based on extensive consultations across the country. The process started in 2005 and has been on-going in conjunction with and parallel to other policy developments. This section examines the policy context, statements and strategies about the land sector that are relevant to the urban housing sector in Uganda.

The essential policy elements related to the urban housing sector include:

- the role of land in the national development framework,
- the constitutional framework governing land in Uganda,
- the land tenure framework,
- the land use and management framework,



**Figure 19. Urban land management decisions should engage local residents.**

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- the land rights administration framework,
- the regional and international context of land policy development, and
- the policy implementation framework.

### Problems and Constraints in Land Management

The Land Policy (2010) includes a complex legal profile that has evolved around land and development in Uganda. The present legal profile dates back to the declaration of protectorate status by the imperial British government in 1894 followed by enactment of a series of property laws that were intended to supersede existing indigenous land rights systems. The 1962 (Independence) Constitution established a National Land Commission to hold and manage land formerly held by the imperial government (henceforth renamed “public land”), and of land boards within federal units to perform similar functions in those areas. Land which had been allocated to, and vested in, traditional rulers was not, however, affected by the Independence Constitution.

The 1995 Constitution repealed the decree and restored the various systems of land tenure that existed at independence. As described above, the Constitution also made new and radical changes to state relationships with land in Uganda by declaring that land would henceforth belong to the citizens and be vested in them in accordance with specific enumerated land tenure systems.

A new system of land administration, consisting of land boards in every district was also established. Although the Uganda Land Commission was re-established, and given broad powers for regulatory oversight, the Constitution made it clear that District Land Boards were to operate independently, and would not be subject to the direction or control of any person or authority in central government.

In addition to the system of property law, a regulatory framework has also evolved establishing standards

designed to ensure that land resources are sustainably managed. That framework establishes the scope of the state’s enforcement powers with respect to land management, and the utilization of land for specific use contexts. Because of their sub-sectoral foci and the fact that they have been enacted in response to isolated policy demands, however, the laws constituting that framework remain ambiguous on many sector-level issues. In addition, the modalities prescribe for the solution of problems identified in each sub-sector quite often overlap, thus leading to serious administrative conflicts and bureaucratic competition on the ground.

### 6.4.2 Land use planning policy

In 2008, the Government of Uganda formally launched a National Land Use Policy (2007) which was an output of an extensive process of consultations and expert reviews motivated by the need for coordinated land use development and management in the country. The overall goal of the policy is “to achieve sustainable and equitable socio-economic development through optimal land management and utilization in Uganda” with specific goals that include;

1. To adopt improved agriculture and other land use systems that will provide lasting benefits for Uganda;
2. To reverse and alleviate adverse environmental effects at local, national, regional and global levels;
3. To promote land use activities that ensure sustainable utilization and management of environmental, natural and cultural resources for national socio-economic development;
4. To ensure planned, environmentally friendly, affordable and well-distributed human settlements for both rural and urban areas;
5. To update and harmonize all land use related policies and laws, and strengthen institutional capacity at all levels of Government;

The principles that govern national land use policy reflect the fact that sustainable, equitable and integrated natural resource utilization and distribution are essential for national social and economic development. Urbanization and sustainable urban development are both implicit features of this policy, yet effective implementation will be difficult under current conditions, with local governments lacking the technical and financial capacity to operationalize new legislation. The policy recognizes that land is a fixed resource which has become costly in many areas of the country, and thus low-cost housing is a difficult policy to encourage. Coupled with the changing human needs and a growing population, demand for land has increased, resulting in conflicts of interest over land use policy which demands more systematic land use planning at the local level.

### National Land Use Issues

Government policy highlights a number of issues associated with land use in Uganda. They mainly relate to the following key areas:

- Lack of adequate information on land use.
- Inadequate land use planning structures and capacity at all levels in the country.
- Lack of harmonization of laws and policies related to land use.
- Insufficient and uncoordinated land evaluation for suitable land allocation.
- Poor implementation of existing policy and legal instruments related to land use.
- Inadequate financial resources for institutions responsible for land management.

These issues relate to institutional capacity, but also to the long-term nature of policy development and implementation. The impact of recently updated legal and regulatory frameworks are not likely to be felt for a number of years, as time is needed for effective local action on central government policy guidance. A number of corresponding specific policy statements are made on how the policy goals will be achieved. The key land use areas whose issues are addressed by the policy statements are:

- Land use/Land cover stratification (Land use information).
- Agriculture.
- Natural resources.
- Human settlements and urbanization.
- Land management and administration.
- Institutional capacity.
- Regional and international obligations.

The need for an integrated approach towards land use planning is also highlighted. This includes harmonization of existing policies and laws where they contradict each other or formulation of new ones where the necessary

ones are non-existent. Government recognition of human settlements and urbanization as platforms for achieving national development goals will be necessary if current problems are to be resolved. Finally, the coordination of activities of all stakeholders in land use planning is emphasized in new policy documents, and achieving this will require local capacity building. In particular, the involvement of land owners, community groups, women, youth and the poor in making land use related decisions that affect them is regarded as being critical to successful policy implementation.

In 2005, a National Housing Policy was drafted on principles laid out in the National Shelter Strategy. The goal of the draft National Housing policy is “well integrated sustainable human settlements, where all have adequate shelter with secure tenure, enjoy a healthy and safe environment with basic infrastructure services”. It responded to a number of challenges relevant to settlement upgrading as outlined in Cities Alliance “Cities Without Slums” program such as: recognition that in urban areas, over 60 per cent of residents live in informal settlements, characterized by poor sanitation and relatively high incidence of disease; the private nature of housing; the enforcement of minimum standards and prevention of negative externalities associated with overcrowding and poor sanitation and; and a recognition that improvement of living conditions of the urban poor.<sup>10</sup> All of these issues represent potential inputs into local and national development goals. Improvements in the national housing stock have the potential to drive social and economic development in line with the National Development Plan (2010-15), and should be prioritized.

Clause 5.1.2 of the National Housing Policy commits the government to a number of extremely progressive and specific proposals, namely:

- Providing legal security of tenure and equal access to land for all people.
- Providing effective protection from forced evictions that are contrary to the law.
- Promoting and regulating equitable and efficient land market system.
- Land re-adjustment, pooling or consolidation mechanisms will be used for facilitating the orderly development and servicing of fringe urban land that is currently held by many owners/occupiers of small parcels.
- Taxing vacant serviced land and using the tax as a penalty to bring about the development of sites held off the market, usually for speculative purposes. This strategy will increase market supply and bring about changes in the use of land that is already serviced.
- Ensuring that equal rights of women and men related to land and real property are protected and enforced under the law.



- Eradicating social barriers to the equal and equitable access to land. In particular, customary land tenure practices that discriminate against women to inherit or own land (in practice not in law) are to be discouraged.
- Granting recognition for various forms of tenure. The main criteria for tenure recognition should be that it guarantees physical, social and economic security.

### 6.4.3 Formal land supply

State-led approaches to development favored in the 1960s and 1970s were associated with large-scale public intervention in urban land delivery systems. However, the cost of implementation and compliance has been too high for low-income countries to sustain. Government engagement with housing in the immediate post-World War period was underpinned by the belief that land and property markets are inherently ineffective and exploitative. As a result, administered land supply has very rarely met demand and attempts to regulate and register all transactions in land and property have been mostly unsuccessful.

As a result, most land for urban development has been supplied through alternative channels, and following the introduction of Structural Adjustment Programs (SAPs) beginning in 1981, government policies on land and housing have changed considerably. While the initial round of World Bank sponsored SAPs failed to take hold, they were re-introduced in 1987 under the present National Resistance Movement Government, with implementation taking effect from 1992 up to the present. Structural Adjustment Programmes have valorized private land markets and have encouraged the deregulation of the public housing and real estate sectors.

There is some doubt about whether recent attempts to improve land management will be any more successful than previous approaches. In part, pessimism about the prospects for efficient and equitable urban land management arises from the continued lack of resources and capacity in government, but it also stems from doubts about the appropriateness of the principles and concepts on which recent urban land policies have been based.<sup>11</sup> It remains to be seen if the land policy published in 2010 provides grounds for optimism, yet recent economic growth trends and investment in all sectors of the urban economy mean that the financial constraints formerly cited as the major barrier to government investment in housing, are no longer valid.

### 6.4.4 Land registration and the cadastre

Regarding urban land rights adjudication, the Land Registration & Valuation Authority, until recently under the Ministry of Water, Lands and Environment, has been transferred back to Kampala City Council's jurisdiction.

New installations at the Kampala City Council building are currently ready to receive the records and to house all of the physical documentation on land titling in the municipality.

The land registration section registers land transactions, maintains property records and updates certificates of property. The section is also responsible to register new land titles issued by Kampala City Council when formal land subdivisions (the vast majority of subdivisions informal) are made, and conducts searches to verify ownership, a procedure that necessarily precedes the land transactions and is required in the building application process. The registration section is also responsible for registering new land titles issued by the Kampala City Council, and other municipalities when land subdivisions are made.

#### Box 8: Land administration constraints

*Applications to register transactions and update deed records are sorted and registered on an instrument book identifying the transaction agents and property. The documentation is verified by the registrar and the property deed updated by deleting the name of the former owner and adding the name of the new owner. Transactions are then registered in a memorial book. There are two copies for each deed, identifying thus all the previous owners and transfers of ownership - a copy is retained by the landowner while the other remains archived at the section.*

*Source: (Pareto 2004)*

All transaction and property records are kept in secure archives and legal provisions require that specific safety precautions are taken to archive, maintain and protect the documents. The section's records are currently being computerized with support from international partners, in order to facilitate searches, document retrieval, and to avoid excessive handling.

In addition to Kampala, the section still focuses on the registration of transactions in the Wakiso, Mipigi and Mukono districts, with plans to expand the coverage to other municipalities as available resources increase. The unit receives about 100 transactions a day to register, yet current resources do not allow for processing this large a number, and there is a growing backlog of about 50 transactions per day. The support staff was reduced from 36 persons in the 1980's to 11 at present, and from 7 registrars to a single one. Despite this, the average annual number of transactions increased from 3–4,000 in the 1980s to 26,500 today. With only one registrar able to endorse land transactions and issue property certificates,

the system is extremely vulnerable to delays when the registrar is not available, as well as creating information asymmetries that allow for rent-seeking.

#### 6.4.5 Security of tenure

After independence, colonial tenure practices continued alongside indigenous systems, and until 1974, customary tenure enjoyed comprehensive statutory protection under Ugandan laws and it was lawful for a person to occupy by customary tenure land not alienated in leasehold or freehold. However, after the 1975 land reform decree, all free land-holders became tenants of government. The immediate implications were that all freehold individuals lost their rights over the land and became tenants of government. This issue became politically sensitive, so that not even an inch of the land reform decree was never fully implemented. During this period, individual owners of mailo land continued with their de facto land rights.

The Land Act (1997) significantly reformed land tenure administration, resulting in improved access to land and security of tenure for most citizens. However, the Act recognises four tenure categories including mailo, customary, freehold and leasehold that taken together are not conducive for orderly urban development, as well as raising the cost of providing public utilities and services. Whilst the Act provides security of tenure for mailo title owners and bonafide tenants of more than 12 years residence, it leaves tenants of less than 12 years occupation vulnerable to eviction unless they can identify the titleholders and reach a settlement. Meanwhile, such tenants are considered to be squatters liable to eviction at the will of the titleholder.<sup>12</sup>

Tenure studies in urban areas indicate that at the national level, 30 per cent of urban households live in owner-occupied housing, with 57 per cent renting and 13 per cent living in other forms of tenure. It is likely, however, that this masks a wide range of tenure sub-categories which serve important sections of the urban housing market. It is also possible that this varies between urban areas, and particularly between Kampala and smaller, rapidly growing urban centres.

Survey results in Kampala and Gulu reveal that the majority of low-income tenants in both places rent their housing. Survey results were corroborated by stakeholder interviews describing persistent poverty and an inability to save the amounts necessary to obtain formal or informal loans.

#### Syncretic approaches to urban tenure

The current situation in Kampala is one in which mailo land (private mailo and kabakaship land) covers approximately 72 per cent of the entire city and this is where most of the customary practices take place.<sup>13</sup>

Much of the privately owned land and kabakaship land is occupied by kibanja holders.<sup>14</sup> Among other tenure categories, some observers have noted that only five housing co-operatives have been registered since 1995.<sup>15</sup>

The existence of multiple tenure categories with highly variable property rights affects access to land by potential developers and local households. Besides, speculative purchasing and holding of vacant land by local and foreign buyers creates artificial shortages which are reflected in the spiralling prices for land in Kampala. These market distortions make effective policy and planning virtually impossible at the municipal level. If government hopes to manage balanced urban growth and housing, steps must be taken to ensure that the current situation in Kampala is not repeated in growing cities in other parts of the country.

Although Kampala has not had a history of evictions, government threats against those occupying land illegally, such as those who have occupied wetlands, persist. The core problem experienced by residents of informal settlements is insecurity of land tenure. Most residents in informal settlements have not obtained authorization to occupy the land they inhabit, meaning that they can be evicted by the legal landowner or the authorities at any time. The constant threat of eviction is a major factor in the reluctance of residents of informal settlements to invest in the improvement of their dwelling and community development programs.

#### Box 9: Forced eviction and negotiation in Kampala

*According to the International Covenant on Economic, Social and Cultural Rights (ICESCR), "the State is required to refrain from carrying out forced evictions and to ensure that the law is enforced against its agents or third parties who do carry them out".*

*In spite of this legislation, The Ministry of Local Government has tried to evict residents from their land and has met resistance from local residents.*

*In the Nakawa and Naguru housing estate in Kampala East, the government has successfully given land to a developer to redevelop the estate. In this case, no compensation was paid by the government or the developers as the existing housing stock and land belonged to the government. Instead, the government offered existing tenants the opportunity to be part of the new development.*

*The National Housing and Construction Company has also tried to evict tenants from Buganda Road flats by offering them the opportunity to buy flats constructed at Namumgona which is eight kilometres away from the town centre.*



*This, however, goes against the Condominium Act which obliges developers to offer all sitting tenants the opportunity to be considered first when National Housing and Construction Company units are being sold.*

*The state's involvement in forced evictions raises questions about a series of legally determined evictions that have happened in the last five years. In urban areas, there are no cases where the state has been directly involved other than in places with large infrastructure projects, such as hydropower dams and large-scale agricultural projects. In such cases, the state has been involved in evictions which start off as voluntary; it has only been when occupiers and/or owners refuse to move from their land that the state uses the law for eviction.*

Urban land delivery systems are evaluated for their effectiveness according to whether rights are protected and the extent to which different socio-economic groups are able to access land. Their effectiveness can also be evaluated on the basis of whether or not decent housing is accessible to all social groups. The role of governments in protecting rights over land and accessing housing cannot be over emphasized here but the status of land acquisition and housing indicates how secure or not home dwellers are in practice. Surveys results from Gulu and Kampala show that owner-occupier households are predominant in Kampala, while in Gulu the majority of tenants rely on formal and informal rental housing. This implies that insecurity over tenure will be a significant political issue as Gulu develops and the urban structure is reorganized in accordance with the draft Structural Plan (2010).

Differences in land and housing tenure in Gulu and Kampala are explained by a number of factors, including the housing enabling strategy, land tenure and the system of land delivery which varies within municipalities. In Kampala, 37.7 per cent of the households have a certificate of occupation while 7 per cent rely on building permits as proof to their rights to land. In Gulu, the statistics demonstrate that the intensification of rental housing that occurred during the civil war has continued to dominate the housing market. Thus, there are distinctive differences in land delivery in the two municipalities surveyed reflect the diversity of local land use patterns in urban areas across the country.

The challenges reported by residents in case studies on Gulu and Kampala indicate that security of tenant housing is rarely guaranteed. In Mulago III, one of the study neighbourhoods in Kampala, most respondents were tenants and one key issue for them is the ever increasing low-income rental housing demand which creates scarcity and increases in rent values. For example, according to one tenant in Kampala, the minimum

rent for a 2 roomed house is UGX 50,000 (USD 23) per month, yet the average reported monthly income in the neighborhood is UGX 400,000 (USD 186) which implies an expenditure of about 35 per cent of household income on housing.<sup>16</sup> In poor neighbourhoods such as Mulago III, this is an even higher percentage of income and yet the rental housing structures are poor with inadequate housing conditions.

It is important not to compare rent levels in Kampala and Gulu, not only because demand levels are different, but also because the quality of housing available in the two places differs widely. In Gulu, there is a general sense of security regarding land tenure while in Kampala, there is a pervasive fear of eviction. This is demonstrated by the recent forced evictions from land in poor neighbourhoods around the city centre that have become rampant, causing fear, loss of property and anxiety among the urban poor who are mostly settled on freehold and mailo land with no title or document protecting their rights.

Security against eviction was also analyzed in relation to modes of acquisition in order to provide insights into the latter's contribution to security. This demonstrated that perceived security of inherited land is higher compared to purchased and/or exchanged land. This general trend is applicable to both towns surveyed and is explained by several factors including multiple sales for the same plots, speculation for higher values and sale without consent of the occupiers and inadequate land information, which encourages price manipulation and unexpected changes to purchase conditions by unscrupulous individuals, especially property brokers. Under the current system brokers are, in practice, unregulated and are thus de-facto operating in the informal sector.

The implication of findings on security are far-reaching in respect to urban land delivery. They demonstrate that responsive delivery systems must be able to protect all legally defined and other, less well-documented, land rights in urban areas. Where irresolvable conflicts exist, functional dispute resolution systems must be put in place to speed up the process of adjudication and settlement of the many land disputes that characterize urban land delivery systems.

This was confirmed by a local lawyer who noted that 80 per cent of disputes in courts of law are related to land rights, conveyance and fraudulent transactions or claims over ownership. The Kampala district land registration office also receives a large number of search requests related to individual or institutional investigation of rightful owners than transfers. This implies that the urban land supply system is clogged with disputes linked to inadequate land information management, a situation that constrains the capacity of local governments to deliver land for housing. What is clear is that most land transactions are occurring informally, and thus it is difficult to guarantee security of tenure or to measure real land needs at the local level.

#### 6.4.6 Cost of formal plots

Evidence of the costs of different dwelling types is difficult to obtain from the available literature, though it is essential for an assessment of the shelter sector and for policy formulation and implementation. Part of the reason for the paucity of data in this area is that household respondents are hesitant to discuss personal finances due to either the sensitivity of the subject when dealing with outsiders, or simply because they live on a day-to-day basis and are not able to conceive of budgetary amounts on a medium term, regular basis. Furthermore, tenants and owners are frequently concerned about tax assessment by the Uganda Revenue Authority, which insists are being involved in any land titling exercise, whether initiated by government or private sector bodies.

Based on study interviews, costs of dwelling units widely differ between acquisition types and also based on a growing gap in property values between Kampala and other towns. As shown in Table 15 (Household perceived values of dwelling units), dwelling units constructed by occupants were valued highly compared to purchased or inherited houses, probably due to the personal commitment involved and the fact that houses reflect personal needs compared to houses purchased on the market. Inevitably, perceived prices in Kampala are also significantly higher for all categories than in provincial urban centres such as Gulu..

Although holistic property valuation normally considers historic social and heritage value, these values are not necessarily reflected in the land rents in Uganda.<sup>17</sup> Thus, the price for which a piece of land is exchanged only reflects the informally-assessed market economic value. Assessment even of this value is difficult by the absence of coherent urban plans in Kampala, Gulu, and other towns. While a draft Structure Plan for Gulu exists, the majority of residents are unaware of it, and in Kampala there is currently no master plan for the city's development; the absence of clear planning makes it extremely difficult for residents and formal property values to predict possible trends in neighbourhood land and housing values. Assessment was done on an open market value for both mailo and leasehold land. Leasehold premiums and rents can be much lower than the open market value which has accelerated and intensified the land market.

The survey uncovered wide variations in land value by neighbourhood in Kampala and Gulu, with the average cost of land being significantly higher in central Kampala than in all other areas. The peri-urban neighbourhood values are lower compared to parishes close to the economic and political centre of both municipalities surveyed. As discussed below, real estate developers have acquired land at the periphery of the city and this has quickly pushed the values higher. In Kulambiro, for example, a 500 square metre plot can cost anywhere from UGX 30 million (USD 13,950) to UGX 80 million (USD 37,200). This is the neighbourhood

with the highest proportions of homes built by former diaspora Ugandans and foreign professional workers, but the area retains a dynamic mixture of social and income groups. Recently constructed condominium apartments in Naalya, a township in Kira Municipality, about 12 km from Kampala city centre, were sold for between UGX 100-130 million (USD 46,500 – 60,500). These prices are prohibitively expensive for the majority of residents,<sup>18</sup> and the private sale of lands formerly designated for government housing to high-end private property developers in the district is indicative of trends throughout the municipality.

#### Box 10: Case Study: The uses and abuses of community finance in Luzira

*Mrs. Namwuka, a 55 year-old widow and mother of seven lives in Luzira parish and has been living in the area since the early 1980s. The family's first house was built from mud and thatch so the only significant financial outlay was for polythene roofing paper.*

*The family stayed in the mud house until 1992 when a friend advised Mrs. Namwuka to join her small business at the same time as joining a women's group that lent money to members.*

*After joining this business and the seeing the financial potential of membership in a women group, she decided to look for the necessary funds that would enable her to expand both the plot size and the house.*

*By 1994 Mrs. Namwuk a member of both the Foundation for International Community Assistance and Pride Uganda, a housing-focused community-based organisation, and had accumulated close to UGX 1,000,000 (USD 465) in savings and in that year she chose to take a risk by lying to both organisations with the assistance of her group coordinator in order to take a large loan from each of them.*

*The total loan amount was UGX 3,000,000 (USD 1,395) and the money was added to her savings, enabling her to expand beyond the family's initial plot at a total cost of UGX 3,700,000 (USD 1,720).*

*She did not start any construction until 2005 because the large loans almost collapsed her small business and she had already lost the trust of people around her. Since successfully managing both loans, she has tried to slowly rebuild her reputation and continues expanding the buildings on her newly acquired property.*

### 6.4.7 Informal systems of land access

Land transactions in an informal setting can take various forms and stages, depending on the characteristics of the different actors in the market. Although the transactions are not legally protected, the informal land market has devised its own quasi-legal procedures to authenticate ownership, transfer and sale of urban land. Such informal regulatory measures have reduced the incidence of fraudulent transactions to manageable proportions. Although the steps are discussed as a sequence of activities that seem to follow one another, in practical terms there are a series of loops and feedbacks depending on the locality, the actors involved and the general characteristics surrounding the transaction. However, the following steps are widely applicable:

- a) A landlord with intentions to sell part or all of his land expresses their interest in introducing the land on to the open market. This is done by notifying friends, relatives and local agents. The use of a network of friends, relatives or agents is usually intended to limit the number of interested buyers whose collective involvement in the valuation process could lead to reductions in the assessed land value.
- b) Prospective buyers are informed of the land for sale by friends, relatives or local agents who may or not have been informed by the intended seller. This phenomenon is characterized by a network of relations between the informants and the interest buyers. Sometimes, the intending buyers would have notified the agents, friends and relatives of their desire to acquire land and given their specifications in terms of desired location, characteristics and value range.
- c) If the specifications and value range are acceptable to the intending buyer, arrangements for a verification visit are made. Depending on the informant and the relationship between the informant and the intending buyer, costs associated with a verification visit would be borne by the intending buyer, either in the form of a service fee for identifying the land or as a token gift in case it is a relative or friend.
- d) During the verification visit, contact may or not be made between the intending buyer and seller. The seller here must be identified because verification is intended for purposes including ensuring that the plot is on sale and there is a rightful owner, the actual price given by the owner or his representative and mode of ownership with supporting documentation. At this stage, preliminary negotiations may be initiated and if need be an appointment between the intending buyer and the seller is arranged for further negotiations.
- e) Once the appointment is arranged and agreed upon, the intending buyer usually initiates a second level verification by way of investigating the particulars of the land. This is done by engaging the local council leaders, local elders and individuals to verify the ownership and encumbrances, if any, on the land. This information is not always known by individuals in a settlement and it may take a while before complete information is ascertained. Where it involves an agent who may have ulterior motives, the agent launches a campaign barring the intending buyer to ascertain information about the land from the local council leadership and or the individuals in the settlement.
- f) Assuming that the information concerning ownership and encumbrances is ascertained and the intending buyer has concretized his interests in buying the land, the buyer would now arrange to meet the seller to seal the transaction. This stage is crucial because it involves negotiations on price and terms of payment. Both parties of the seller and buyer usually arrange to attend the meeting with their own confidants whose role is to negotiate the prices and payment terms. The confidant of the buyer will try to negotiate the price downwards while the aim of the seller is to maximise the price or at least maintain the status quo.
- g) At this stage, some other important aspects regarding the land are also agreed upon. The location of the plot of land, its size, neighbouring plots and important land marks are identified. This is normally done by visiting the plot of land again and making actual measurements with the involvement of the buyer and the seller themselves. Just as in the formal land markets, the area of land and its actual boundaries are crucial in the informal land markets. Sketches similar to those of surveyed plots are drawn and clear neighbouring plots with ownership indicated. This is meant to ensure that the location mentioned in the sales agreement corresponds with the location on the ground.
- h) Once the price negotiations are done and measurements and sketches finished, a sales agreement is prepared upon a down payment according to agreed terms. The confidants become the witnesses to the agreement or covenant and a few more may be mobilized for the purpose. Usually these witnesses either charge a fee (as for an agent) or are given a token of appreciation since that would mean binding themselves to testify in the future in case of any problems.
- i) At this stage, the buyer will have secured his financial rights on the land and such rights would be defined by the covenant signed by the two parties. In some cases, the buyer would still have some serious doubts about the full rights that may have been

acquired. Therefore, as a matter of fully securing these rights, some contingent measures include fencing off the plot of land to check whether there are no other claimants over the same land and/or ferrying of materials to the site which may or not be used immediately for construction. In some cases, the seller would have to compel the buyer to construct or show intentions to develop the land, since a fraudulent seller may put it on market again.

- j) To avoid future problems, such as double sales, claims and boundaries of plots, the final stage of the transaction (for plots of land that do not have title deeds) may involve securing the Local Council's authority over the land. This is, however, not an institutionalized authority but a measure for future diffusion of problems over the same piece of land. A final sales agreement that includes signatures of the Local Council and an official stamp is prepared with a copy remaining at the LC office and the other two copies to the buyer and the seller. This agreement also signifies the registration of the transaction by the LC and by any means a way of introducing a new land owner to the local leadership.
- k) Depending on the tenure and rights acquired, the buyer would then think of formalizing the rights by either securing a lease or a title deed for the land. This however can take several years not only to be started but also to be realized. Formalizing land rights is another lengthy procedure which is described under the discourse of the formal land market processes.

The steps listed above describe the process through which rights under the informal land market are acquired. This list represents a simplified process conveniently divided into discrete stages in a process which is rarely direct. Negotiations over prices and terms of payment, for example, often continue even after the first instalment of the initially agreed upon payment has been made.

On the other hand, defining plot boundaries can also change with time as payments are done with reduction or increment of the plot of land depending on the relations that ensue after contact between the buyer and the seller. While for some buyers even if the land exchanged does not have a title deed, they may opt to use conventional survey methods to obtain a lease either during or immediately following the transaction. Thus, rather than taking the steps as a series of sequential stages with one following the other, the process involves a network of relations between the different market actors, which are operating within a nested series of formal and informal regulatory processes.

## 6.5 BRIEF CONCLUSION

From the analysis of data in Kampala and Gulu, it emerges that urban land market transactions in Uganda have intensified and increased as a proportion of overall economic activity. This intensification is reflected in an increase in the number of land transactions linked to housing demand.

Most notable in the intensification of the land market in Kampala is the continuous interaction between formal and informal land markets. For all practical purposes, it is increasingly difficult to distinguish between the two forms of land transaction.

The critical part of the modes of supply involves the means through which land is introduced on to the market for exchange, the roles for the different actors, including agents, landlords, buyers and the administrative machinery (including both the local and city administrators) concerned with the transfer of land rights. The major output of this mode of supply is reflected in the variations of plot sizes as well as the ranges in costs of land exchange. The key policy issue is the need to consider these modes of land supply, not only as existential, but also as important and relevant to long-term trends in urban development. Integration and formalisation of current grey areas within the urban land administration system should follow in order to curb rampant speculation with limits the supply of land for housing and other economically productive activities.



## ENDNOTES

1. UN (2010) <http://www.un.org/apps/news/story.asp?NewsID=33655&Cr=sudan&Cr1=cpa>
2. Nkurunziza (2008); Lwasa (2006); Kaggwa (1994); and Trout (1994)
3. Lwasa (2006)
4. Local consultant interviews
5. Constitution of Uganda (1995); The Land Act (1998)
6. With their establishment in 1998, the Uganda Association of Real Estate Agents (AREA) is currently in the process of certifying a code of conduct and establishing formal training and certification processes for real estate agents, steps which should help to formalise and increase transparency in the sector in coming years.
7. A bonafide land owner is one who had stayed on land for over a period of ten years in retrospect from the time of promulgation of the Constitution of Uganda in 1995
8. See Appendix for a detailed description of the steps involved.
9. Greenwood (1990)
10. Draft National Housing Policy (2005), Government of Uganda
11. Nkurunziza (2004), 1
12. Nkurunziza (2004), 14
13. There are generally accepted to be three categories of chiefs in Buganda. The bakungu were territorial administrative chiefs appointed by the Kabaka. The bataka were heads of ancestral clans and were custodians of butaka land belonging to the clan. The batongole were the king's officials in the countryside, charged with maintaining internal security, supervising royal estates and military duties. For a detailed discussion see Jorgensen, J. (1981), 51 and Nsamba-Gayiiya (2005) 11-12.
14. Kibanja is literally translated simply as a plot or piece of ground. Bibanja is the plural. It is a plot of land granted in a long-term rental of use-rights to a tenant either by a private land owner or by a chief or official or the Kabaka's Government.
15. Byruhanga (2008), Annex III
16. This discrepancy relates to the dominance of informal, unregistered economic activity in Ugandan cities, and to the contribution of unreported remittances as a source of housing finance. These observations were confirmed in stakeholder interviews.
17. Araby (2003)
18. Average annual urban incomes are estimated at US \$300 or UGX 645,000. See Sida (2008), 12: <http://www.oecd.org/dataoecd/21/9/42187921.pdf>



# HOUSING FINANCE

This section provides a broad analysis of functions and trends in national housing financing activities, with detailed analysis of the current situation in Kampala and Gulu.

Housing finance institutions in Uganda are modelled on the British housing finance system.<sup>1</sup> What used to be known as building societies were modelled along the lines of regulatory frameworks established in the UK and as a result, the types of homes considered suitable for mortgage loans are often too expensive for a majority of the population. At the time, the initial deposit requirement is often prohibitive, even for those in the upper income segment. Currently a number of formal financial institutions, require a deposit (owner contribution) of up to 30 per cent. Government funded projects range between 8 to 10 per cent of the total cost of the building. This is quite excessive for small savers, and even today, most citizens are unable to access formal mortgage services.<sup>2</sup>

The primary purpose of housing finance mechanisms conceived in high-income Western European and North American markets is to channel public savings into the housing market and thereby support macro-economic growth and citizens' housing needs. Members of the middle-classes in these countries would be equivalent to high-income groups in Uganda who constitute only a fraction of the total demand for urban housing. For this reason, new models for housing finance are needed in order to meet the needs of lower-income citizens in rapidly developing, economically vibrant urban centres.

As a result of this discrepancy between official financing sources and urban residents' needs, sources of private housing finance in Uganda vary considerably, with two sources standing out. These are personal current incomes - often supplemented with family contributions, both domestic and via overseas remittances - and institutional sources which are less readily available to the majority of the population.

## 7.1 PERSONAL FINANCING

Personal finance of housing includes four components:

- (i) Self-financing from personal savings;
- (ii) Contributions from family and remittances;
- (iii) Finance extended from social security sources (i.e. pensions, gratuity, medical benefits); and
- (iv) Contributions from saving groups/SACCOs

Self-financing through personal savings forms a key element in housing finance in Uganda as institutional frameworks for lending are not fully developed. Survey results in Kampala and Gulu demonstrate similar approaches for land and housing finance: lower-income residents seek to buy a piece of land or a kibanja (tenement), and then use current incomes to pay for incremental procurement of building materials and construction. This process is faced with many pitfalls for it takes a long time as savings may not be available for housing but used to meet other pressing needs such as medical and school fees. Because of this undetermined time materials that are bought may waste away or be



**Figure 20. House in Kampala with shop providing local services and increased incomes.**

© Martin Kaggwa

stolen or construction could be abandoned representing large losses. A number of households frequently sublet rooms and run small businesses out of their homes, meeting both domestic financing needs and providing for longer-term economic expansion.<sup>3</sup>

Prospective home builders buy materials in stages and will deposit sand, for example, on the site and months later will buy the cement required for making building blocks or purchase ready-made blocks and stocks them in the backyard until they have saved enough money to hire labourers. This can take months or years to happen, and in unfortunate cases, materials are never used as a result of personal financial problems or intervention and seizure of land. These well-established practices indicate a strong desire on the part of all urban citizens to save for home building, either in the form of materials or cash savings.

Contributions from family members are most often in the form of cash or building materials and sometimes home completion may be financed by joint contributions from extended family, as indicated in survey data from both Gulu and Kampala. Contributions by senior family members to younger generations indicate confidence in the strength of the real estate market and general confidence in the current tenure structure and avenues for dispute resolution. In addition the frequent involvement of family financing of home construction indicates the cultural preference for individual home and land ownership which is helping to drive to the current urban property boom.

Remittances also appear to play a significant role in housing finance for middle- and low-income families. The impact of remittances has been hampered by diversions to other uses once in the country to the annoyance of the sender leading to a reduced role of remittances. Tendency is now to purchase completed units with a few others preferring to carry out their construction whenever they come home for holidays.

Kampala the capital city and the central region generally appear to be the greatest beneficiaries of external remittances. The study carried out in Gulu, revealed very limited remittances to the area and this could be a result of the just ended period of instability in the region. Where steady remittances constitute regular income for low and middle income households, they are considered to play a major role in determining access to quality housing and informal finance. Where residents are able to prove a reliable source of remittances, informal financial services are generally readily available. Unfortunately, as demonstrated in the recent financial crisis, remittances are not a reliable source of supplementary income and cannot help residents to access formal finance.

Financing through social security payments is usually small. Social security is in form of pensions, gratuities,

or provident funding, and tends to benefit upper and middle income groups who have been in long-term regular employment and therefore qualify for pension and provident funds. The vast majority of urban residents are not a part of the social security system, although this is gradually changing as the government seeks to extend its involvement in society in order to constructively engage with the low-income majority.

#### Box 11: Case Study - Self-financing in Nsabya Gogonya Village

*Mr. Nsigebe owns a stationary shop and is married with five children. His family spends around US\$10,000 (US \$4.65) per day on basic necessities and they have been living in Nsambya since 1987. He was first renting in Katwe then moved to Nsambya where he was eventually able to purchase a plot of land. In 1991, he paid UGX 900,000 (US \$418) on the spot after signing a formal agreement with another squatter on the land, whose to the land rights were already well-established, although Mr. Nsigebe never mentioned a land title changing hands.*

*The land is in fact owned by the Church, with most of Mr. Nsigebe's neighbours being tenants. Although he originally purchased his plot from a tenant, in 1998 he formalized his occupancy after being offered the option of either outright purchase or leasing from the Church. He was able to get a fixed lease on the land. The Church has now stopped the selling and leasing land and re-located the land office following a series of fraudulent sales of Church-owned land.*

*When his lease expires, he says that the Church has to give him the first option in case he wants to buy the property, but he is unsure of the exact legal precedents governing his situation.*

*All the money to build the family home was accumulated through personal savings. Mr. Nsigebe has been dealing in office stationary for over twenty years and did not have to sell any existing assets (of which he had none), in order to purchase the property. His wife was also working but she was earning so little that her money could only cater for household needs and sometimes rent.*

*After a number of years of building the main house, he has now constructed a number of smaller dwellings on the compound that provide a significant source of rental income. He emphasised that he has no interest in commercial loans as they often include deceptive details and force you to pay back borrowed money in a hurry and at unrealistically high rates of interest.*

According to local practitioners, the national housing finance market remains narrow, shallow and generally underdeveloped, with increasing opportunities for risk friendly lenders to service the low-income market. At present, the only easily accessible formal finance is for the production and purchase of building materials and components. As a result of concerns over weaknesses in the housing finance market, the Government and the IFC cooperated to produce a report on housing finance in Uganda, which reviewed the existing mortgage market and assessed options for expansion.<sup>4</sup> The report focused on the formal housing sector and found that the mortgage market is very small, with an estimated 1,500 mortgages outstanding nationally, valued at only US\$50 million. The authors identified two leading mortgage companies, (the HFCU, which was transformed into a commercial bank, the HFB, in 2006 and the DFCU). Since the publication of this report, other commercial banks such as Barclays Bank, Standard Chartered and Stanbic Bank have developed long term mortgage packages for their clients.

Further more, it is believed that the mortgage market will continue to grow, with several other hither to commercial banks now taking on mortgage financing. While most new entrants in the national banking sector from Kenya, South Africa and elsewhere are unwilling to assume the risks of offering mortgages in a new market, it is currently estimated that demand for formal sector mortgages exceeds supply, indicating a potential for expansion in the near future.

The limited number of formal mortgage providers is related to the turbulent history of the country which made long term financing very risky, a combination of high interest rates (16-19 per cent) and low average household incomes (only 10 per cent of the population earns more than US\$100 a month) which are significant barriers to implementing a standardised set of OECD housing finance tools. If more competitive mortgage products were introduced – with lower interest rates and longer maturity periods – the market for mortgage products would grow more quickly. In June 2008 the Minister of Lands, Housing and Urban Development stated that the Mortgage Bill<sup>5</sup> when finally enacted will provide a conducive legal framework for the mortgage industry, and will encourage more players to experiment with financial products aimed at the large, under-served low income sector.

As discussed in Section 7.2, the mortgage finance market in Uganda is currently dominated by five institutions. However, their terms of engagement require interest rates of 16-23 per cent on loans, and demand that up to 30 per cent of all costs be pre-financed, restricting formal credit to a select, high-income segment of households.

In response to this relative lack of financing options, a number of building societies were founded in the late 1980s and early 1990s, including the Continental Building Society, the Equator Building Society and the Premier Building Society. All these societies collapsed and their collapse was attributed to the absence of a legal framework and a regulator, limited start-up capital and a weak understanding of local financial needs. In addition, building societies were prone to abuse by members and institutional politics hampered their effectiveness in an unstable political and economic environment. As the real estate and construction sectors continue to mature, there will be need to revive the building societies in the near future.

When government divested itself of the responsibility to house its civil servants, many institutions both public and private adopted the same practice and now pay their staff a housing allowance. A number of them are even extending housing related short term loans such as to purchase land or help out with those aspects that require bulk outlays such as roofing and shutters.

A number of urban residents are accessing finance for their housing through short term housing loans from micro-finance institutions, commercial banks or money lenders. The source is in most cases determined by the ease of accessibility by the individual in terms of what security is required, the process and its duration, the interest rate and flexibility of the loan in question.

A key dilemma within the national housing finance system remains justifying the dominance of institutional lenders with limited ability or interest in catering to low-income borrowers and the struggling alternative financiers who are unable to rely on government support for survival during periods of economic uncertainty.

According to Government officials from the MLHUD, there is currently a Building Regulation and Control Bill under formulation that will help to ameliorate both financial and physical components of the housing finance and construction sectors. At the time of writing, this bill has yet to be gazetted.

The 1998 Land Act requires financial institutions to accept Certificates of Bibanja ownership as proof of title, which would theoretically enable holders to obtain credit on security of their land and use the title as collateral when borrowing money to invest.<sup>6</sup> The Government is yet to commence issuing certificates to tenants (Bibanja holders). According to key commercial lenders, banks accept titled land and leasehold land titles as collateral, but do not accept traditional Bibanja titles. Formal lenders' willingness to recognize certificates of Bibanja holders is expected to improve as political stability improves across the country, and as tenure and land registration information systems are digitized and made publicly accessible.



Micro-finance institutions do not generally target the urban poor in Uganda, because the lending system is designed to work for the rural poor and salaried middle class workers who access services using regular salary payments or existing assets as collateral. In addition, the protracted bureaucratic procedures required by most finance institutions often present insuperable obstacles to the urban poor. In this way, the urban poor, who often have the greatest need for financing alternatives, are not able to access funds.

### Innovative Approaches to Housing Finance

As a result of these obstacles, several innovative methods for savings and credit have emerged such as family networks, rotating credit societies and savings clubs – these initiatives have seen significant success in slum areas. This is due to the fact that they are based on social ties and social capital, and can hence bridge the gap between borrowers' incomes while requiring little or no paperwork. Their central role is to lend money according to a revolving fund mechanism, which can be used to boost small scale businesses, and in some instances enable people to build houses, pay school fees and meet other basic needs.

Further more the Government has recently realised the need to revive housing cooperatives as a means of helping the middle-and low-income earners in urban areas to mobilise resources for housing. Of recent the Government signed a memorandum of understanding with the Swedish Cooperative Center in Nairobi for the revitalisation of housing cooperatives.

Many private firms engaged in housing provision acknowledge the limited financing available for important projects. These problems are experienced at the same time as finance is technically available through formal banking institutions. The discrepancy between local experience in the construction sector and the reality of formal finance requires adjustments to the current system.

According to Dr. Maggie Kigozi, the Executive Director of the Uganda Investment Authority, loan application methods and criteria need to be streamlined, in order to ensure that they begin meeting an acute need for cost-effective housing. Besides limitations in the formal mortgage finance sector, there are many bottlenecks in the housing construction industry, mainly stemming from the lack of proper legislation to direct and regulate construction in key urban areas. The country lacks a comprehensive housing and urbanisation policy, which is necessary in order to regulate and accelerate the creation of new housing stock. In addition to limitations in national level legislation, which are currently being addressed through a number of new regulations from MLHUD and MWT,<sup>7</sup> local level laws and administrative procedures are another challenge in ensuring low cost housing needs are met at the national level.

### Box 12: Case Study: informal finance in Kampala

*Mrs. Makaayi lives in the East Nsooba Zone of Mulago III parish, is 67 years old and is married to a retired civil servant who has two families. She is his second wife and depends on remittances from her son as a supplement to other sources of income.*

*While she has never engaged with any micro-finance organisations, she works with the Slum Dwellers Federations of Uganda (SDFU) as a volunteer coordinator. The SDFU teaches people how to save and be able to develop their homes incrementally.*

*She claims that the SDFU is quite different from micro-finance institutions in that it is not driven by the profit motive of a national or regional head office. The SDFU only requires people to organise themselves into a group at the parish level and then be registered collectively a Community Based Organization (CBO). The CBO members elect their own leaders, decide on their constitution, and then open and operate their own bank account and make fundraising rounds for internal borrowing and lending within their organisation.*

*It is the various CBOs across the country that constitute the SDFU. Mrs. Makaayi originally became involved as a member of a local organisation and after successfully accessing finance for her own personal projects, decided she wanted to continue her involvement with the SDFU in a voluntary capacity. In addition to helping friends and colleagues to access finance, her membership in the SDFU helps her to keep abreast of what is happening locally and to maintain links with other community groups.*

## 7.2 FORMAL FINANCIAL SECTOR

Uganda has a limited number of formal housing finance institutions. The most significant companies directly involved in this process are the Housing Finance Company of Uganda (HFCU), which in 2006 was converted into a commercial bank and renamed the Housing Finance Bank (HFB) and the Development Finance Company of Uganda (DFCU). Both organisations extend credit for the construction of new homes or for the purchase of housing units located in gazetted urban areas.

At present, out of 5.2 million households in the country, only 0.68 per cent can access mortgage loans through commercial banks, 19.95 per cent can access housing micro-finance loans through Micro-finance Deposit taking Institutions (MDIs), 7.2 per cent access loans from Micro Finance Institutions (MFIs) and Savings

and Credit Cooperatives (SCCs), 10.3 per cent can only access loans through SCCs and the majority, 62.3 per cent, have no access to financial services.<sup>8</sup>

### Box 13: Experimental Reimbursable Seeding Operations (ERSO) in Tororo

*The Development Finance Company of Uganda and UN-HABITAT have recently initiated a financing partnership in Tororo, the capital of Tororo District, and one of the largest cities in eastern Uganda. The program offers a number of USD 500,000 loans for up to 15 years to support home construction for communities in the Kasoli area of Tororo Municipality, and to provide partial portfolio finance for long-term lending to purchasers of 125 affordable houses in phase one of the project and another 125 houses in phase two. Borrowers are all qualified members of Kasoli Housing Association. Uganda government will provide Small and Medium Enterprise lending programme for new homeowners (income stabilization programme) and provide technical assistance in development of housing designs. Local and regional government will work with the Development Finance Company of Uganda and community-based organisations to form steering committees that will supervise home construction. The municipality will contribute directly to infrastructure, including roads, electricity, and negotiate with national water company for providing water access. The loan agreement was signed in March of 2010 and implementation is already underway. Success in Tororo will bode well for the expansion of loan programs to other cities, and is an important first step in encouraging growth outside of Kampala.*

## 7.3 INSTITUTIONAL, LEGAL AND REGULATORY FRAMEWORKS

A sound legal and regulatory framework is necessary for the development of a healthy and sustainable housing finance system. Key areas covered under these frameworks include compliance, monitoring and enforcement of the relevant laws and regulations governing the national financial system.

The Bank of Uganda is responsible for supervising, regulating, controlling and disciplining all financial institutions operating in the country (Section 4 (2) (j) Bank of Uganda Act, Cap. 51 Laws of Uganda). The bank is directly responsible for supervising financial institutions through the formulation and enforcement of statutory and prudential regulations and guidelines. A key priority is to ensure depositors' funds are safe and that the system contributes to sustainable economic

growth. Beyond the work of the Bank of Uganda, the Financial Institutions Act (FIA) 2004 governs the regulation and supervision of financial institutions (banks and credit institutions) whilst the Micro-Finance Deposit-Taking Institutions Act (MDI) 2003 governs the regulation of micro-finance institutions. Foreign exchange transactions of authorised dealers and the public are conducted in line with the Foreign Exchange Act 2004.

Other relevant Acts include the Investment Code (Cap 92) laws of Uganda 2000, which govern both domestic and foreign investments, the Companies Act (Cap 110) laws of Uganda 2000, which governs registration and operation of companies, the Income Tax Act (Cap 340) laws of Uganda 2000, governing taxation at all levels, Uganda Citizenship and Immigration Control Act (Cap 66), governing citizenship, and laws included in the Uganda Immigration Act, and The Land Act 1998, both of which pertain to ownership rights related to land. Finally, the Registration of Titles Act (Cap 230) Laws of Uganda 2000, deal with registration of land and other forms of property.

A key mechanism through which the central bank regulates the financial services sector is the Financial Institutions Act (FIA) 2004. This Act is based on modern banking legislation and addresses shortcomings in previous legislation related to political interference in key lending and fiscal policy decisions. Enactment of the FIA also enabled mortgage lending by allowing commercial banks to issue long-term loans. The process of national legislative change in Uganda demonstrates an important shift in support of pro-poor financing initiatives, and if the country's housing needs are to be met, this process must be continued at the local level.

The above laws and their respective regulations affect housing development in a variety of ways, including impacting on interest rates and chosen modes of supply. Regarding capital flows related to housing development, the Uganda Investment Authority is the supervisory and regulatory institution responsible for implementing the Investment Code. In addition, the Ministry of Justice and Constitutional Affairs and the Department of the Registrar General are responsible for ensuring that all companies and other businesses, including those in the real estate sector, are properly registered and that they carry out their business in accordance with the Companies Act.

The Income Tax Act is administered and enforced by the Uganda Revenue Authority. The Ministry of Internal Affairs within the Department of Immigration is responsible for administering the Uganda Citizenship and Immigration Control Act. Immigration and citizenship are important related issues in the housing process given the large number of IDPs in Uganda and the extent of human movement between Uganda,



Congo, Southern Sudan, and other neighbouring jurisdictions. The Ministry of Lands, Housing and Urban Development is responsible for administering the Land Act 1998 and Registration of Titles Act, respectively. Streamlining the layers of administration and bureaucracy that must be negotiated in order to reform and grow the housing finance system is a key challenge for the future.

### 7.3.1 Compliance, monitoring and enforcement

The Bank of Uganda (BoU) is responsible for this function and when scrutinising commercial financing operations with insufficient information which could be an indication that risks may be emerging, a range of additional information gathering and enforcement powers are available for its use. These include requirements for provision of additional information, auditing by external auditors, and review of specific aspects of a bank's operations. For Micro Finance Institutions (MFIs), the existing regulatory framework is intended to address credit risks, liquidity risks and operational risks.

The credit risk among micro finance institutions is high due to use of collateral substitutes, heavy sectoral and geographical loan concentration and the constant threat of default. The regulatory framework addresses these risks by setting requirements for provisioning for loan losses, lending limits in terms of loan size concentration and controlling insider lending.

Owing to the voluntary nature of deposit taking, there is an inherent liquidity risk. Moreover, due to the lack of access to Bank of Uganda resources as the lender of last resort, the regulatory framework imposes lending ratios and liquidity ratios, which should be observed by the respective institutions in order to support economic stability and growth.

With regards to operational risks, there are a number of requirements related to the selection of competent management, regular audits of both internal and external reporting, alongside reviews of capital adequacy. Through these clearly defined mechanisms, the Bank of Uganda seeks to maintain transparency in the financial sector and to foster the development of a range of financial tools to support growth in the housing sector.

## 7.4 FINANCE FOR DEVELOPERS

If housing needs in Uganda's rapidly growing cities are to be met, it will be necessary for more external financing to be made available. Currently, there is a range of financing options for developers, yet they do not provide adequate options for pro-poor housing finance, and are not evenly distributed across the country.

### 7.4.1 World Bank

Despite the World Bank being active in the urban sector and with a significant presence in Uganda, there is little funding dedicated specifically to the housing sector. The World Bank has, however, directly or indirectly engaged in housing development through its development partners, agencies, government ministries and various NGOs and CBOs.

Project funding realized through the World Bank includes infrastructure development (the Gulu-Nimule Road project), institutional reform within the KCC and support for other urban authorities in the country. The World Bank has also partnered with a number of government ministries including physical planning exercises in 2007 and 2008 that were implemented through the second Local Government Development Program (LGDP II). This exercise saw 78 urban councils and municipalities in Uganda prepare detailed plans for the future development and growth at the local level. These plans are being implemented in cooperation with the MoLG under supervision from the MLHUD. It is anticipated that this exercise will guide future urban and housing development in such areas and help to promote balanced and sustainable development in the country's evolving urban system.

### 7.4.2 African Development Bank

The African Development Bank (AfDB), views the provision of adequate housing as an integral part of its sustainable development goals. In Uganda, it seeks to engage with local stakeholders to minimize the costs of housing provision through the promotion of labour-intensive technologies. This approach enables growing numbers of the urban poor to manufacture more affordable building materials that can be sourced locally. Local-level innovation also helps to eliminate legal and regulatory bottlenecks in the construction industry and to bridge the gap between private construction companies and finance institutions on the one hand, and low-income groups that lack the requisite purchasing power to procure housing, on the other.<sup>9</sup>

The AfDB plays a catalytic role in this process by financing housing studies, providing technical assistance to Regional Member Countries (RMCs) to develop legal and regulatory frameworks that are conducive to the development of a free, reliable and dynamic real estate market. To this end, it also supported the establishment of Shelter-Afrique<sup>10</sup> as a regional institution to promote and directly engage in housing finance and development in Africa.

Currently the AfDB operates through two windows, the AfDB window, which provides non-concessionary funding, including publicly guaranteed operations and

Table 15. Housing loan affordability (UGX, in millions)

<b>Gross Monthly Income</b>	<b>0.8</b>	<b>1.2</b>	<b>1.6</b>	<b>2.82</b>	<b>4.97</b>
Maximum Loan Value	20	30	40	70	125
Monthly Installments	0.278	0.417	0.556	0.988	1.74
Percent of the population able to afford rate	25-30%	0.5%	0.4%	0.13%	0.03%

Source: Kalema & Kayiira (2008), 31

non-sovereign guaranteed lending; and the African Development Fund (ADF) window, which provides concessionary funding. The Bank is currently in the process of revising its existing Urban Development Policy, which will in future focus on slum restructuring and housing finance.<sup>11</sup>

### 7.4.3 Urban Development Fund

In the late 1960s, the Government set up three institutions to deal with the increasing demand for housing caused by rapid urbanization. These institutions have continued to grow up to the present and represent an important pillar in the national housing finance matrix:

1. The National Housing and Construction Company (NHCC) is charged with managing and building public housing in response to demand;
2. The Housing Finance Company of Uganda (HFCU) [now the Housing Finance Bank (HFB)] is charged with providing mortgage finance;
3. The National Insurance Corporation (NIC) that is charged with providing insurance services across all sectors.<sup>12</sup>

In addition to regulatory reform, the last ten years have seen also an expansion of the micro-finance industry with more links established between micro finance institutions and major commercial banks. With the exception of Uganda Microfinance Limited, which offers direct loans for home improvement, other micro finance institutions have been engaging in other forms of consumer lending which often goes toward home improvements. This has enabled a considerable number of low-income earners to finance their housing improvement needs, but providing access to finance for all remains a challenge in the sector.

### 7.4.4 Mortgage and credit providers

Uganda's housing finance sector has grown from a single government-owned institute to four commercial banks and one micro-finance deposit taking institution. The expanded sector remains small in relation to the housing needs of the country and it principally serves the middle and higher income earners. The average mortgage loan size issued by commercial banks is between UGX60 and

UGX80 million (US \$27,900 – \$37,200), amounts that are far too high for low-income earners.<sup>13</sup>

Current commercial bank terms, which require an individual to earn at least US\$1 million (US\$ 465) per month in order to eligible for a mortgage, are not easily accessible. Average monthly incomes of the surveyed populations in Gulu and Kampala ranged from UGX 2400 – UGX2,400,000 (US \$1.15 - \$1115) in Gulu and from UGX20,000 – UGX7,500,000 (US\$9.30 - \$14,000), in Kampala. Table 16 above shows different gross monthly incomes that would be necessary suit maximum loan values payable in a period of 20 years at a maximum debt ratio of 35 per cent and an interest rate of 16 per cent.

As noted earlier, there are only five mortgage providers in Uganda and all of their lending conditions favor salaried residents, which leaves out self-employed and other categories of individuals in the country, especially low- and lower-income groups.

Other international loan providers include:

### 7.4.5 Habitat for Humanity International (HFH)

Habitat for Humanity International has been engaged in housing finance for the poor since its inception in 1976. Through mortgage lending to families, housing finance is central to the complementary roles HFH seeks to play in community development, volunteer mobilization and advocacy. In its first quarter-century of existence, it promoted a specific and well-defined program model, resulting in rapid expansion, but this initial system showed limited capacity for adaptability to local conditions and long-term sustainability.

In recent years, HFH has sought to manage its loans more efficiently and find ways to leverage its mortgage portfolio of over \$1.4 billion (\$107 million outside the USA). Where appropriate in developing world economies, it applies best practices to its housing finance products through new methodologies. The Save and Build program, for example, is one in which group savings are matched by HFH funds to build houses for group members. Building in Stages is also a new program-houses are built progressively with small loans that must be paid before the next stage of the house is

built. These new methods are effective and often more suitable for low-income families. They are designed through partnerships with microfinance institutions.

In 2009, Habitat for Humanity Uganda (HFHU) began implementing a home improvement loan approach to housing intervention at its two branches in Luwero (central) and Masindi (north-western Uganda). This new approach provides a flexible a housing product that can be adopted by individual families to meet their distinctive housing needs. Since beginning operations in Uganda, the organisation has helped to create housing options for 5,156 families over the last 25 years in 19 districts across the country.

#### 7.4.6 Stromme Foundation

The Stromme Foundation is a wholesale lending institution with plans to introduce a tripartite arrangement in which it will select one MFI from the 19 it finances to start issuing housing micro-finance products. A third party, the National Housing and Construction Company (NHCC), will provide planned sites in which low cost houses will be built from the loans issued by the MFI. Loans will range from UGX 6 to UGX 8 million (US \$3,500 to \$4,600), and will be repayable within a period of 2–3 years. The Foundation is also considering setting up a housing micro insurance scheme to cater for vulnerable residents. The project is expected to begin in 2–5 years time.

### 7.5 RESOURCE MOBILIZATION AND SAVINGS SYSTEMS

Micro-finance institutions have had a limited impact on the urban poor in Uganda, as lending policy is designed to work for the salaried middle class workers in urban areas whose access to finance is based on their salary payments or land assets as co-lateral. In addition, the protracted bureaucratic procedures of most established financial institutions present technical obstacles to the urban poor.

Partly as a result of their limited access to microfinance, several innovative saving and credit methods have emerged in urban informal areas such as family organisations, rotating credit societies, housing cooperatives and savings clubs. This is due to the fact that they are based on social ties and social capital, and are hence able to bridge the gap between incomes, whilst requiring little or no paperwork.

Their primary role is to lend money on a revolving fund mechanism, mainly in support of small-scale businesses, and in some instances enable people purchase land, build houses, pay school fees and meet other basic needs. In the Kinawataka slum in Kampala, for example, group savings and credit are offered by women's NGO Kinawataka Women's Initiative and other CBO's such as Tugezeko Women's Group have actively engaged in these credit services.

These organisations have a very limited resource base and capacity to raise money beyond their already poor members they are thus only able to lend their members limited sums of money (UGX 50,000-UGX 150,000 or US\$29-US\$86) to start income generating projects, to meet medical or burial expenses and to pay school fees for their children on revolving fund basis.

Other NGOs offering credit services include for example, the Uganda Women's Finance Trust, FINCA, FAULU Uganda, Pride Uganda, and the Diocese of Namirembe. The services offered by these organisations are not necessarily tailored to slum residents and thus are not always open to lending to slum residents. For example, repayments are on a weekly basis, and in order to qualify for credit one must have evidence of personal savings amounting to UGX150,000 (US\$80) in a formal savings account.

In addition, loans are repayable within very short periods of four months to two years determined by the Central Bank. It is therefore not surprising that the neediest among the urban poor, with no jobs, no security and no collateral, are organizing ways of providing themselves with credit, by taking on responsibility for making loans and settling repayments and interest rates themselves, rather than depending on credit services from external formal lenders.

#### 7.5.1 Non-conventional housing finance

Through rotating credit societies, saving clubs and SACCOs, which are under the Government's program of "Prosperity for All",<sup>14</sup> the poor (who are unable to access the formal housing finance tools discussed above), have been able to finance small scale businesses and in some cases housing construction. In Uganda, SACCOs have a relatively wide institutional outreach into the rural areas. They have great potential as rural financial intermediaries though most of them have weak financial positions and their inability to operate strictly on commercial principles further minimizes their chances of becoming sustainable.

Since many poor individuals cannot provide conventional collateral to ensure compliance with loan repayment responsibilities, SACCOs present the best options as their lending is based on membership criteria. Group arrangements are only used by non-deposit lending micro-credit financial institutions.

#### 7.5.2 Masese women's self-help project

The Masese Project was set up to build 400 housing units with the goal of improving housing conditions for women groups in Jinja, Masese. The Project includes the following actors:

- Jinja Municipal Council which provided the land;
- Women's associations;
- The Ministry of Works, Housing and

Communication that provided government support, and;

- DANIDA, which funded the purchase of construction materials, training and the creation of a formal association of beneficiaries.

The project first trained women beneficiaries on how to profitably engage in income generating activities in addition to equipping them with skills in construction and infrastructure development and maintenance. Plots of land were then transferred to each beneficiary on the basis of legal agreements with the Association outlining how loans would be paid back.

The project was premised on beneficiaries refunding the cost of construction materials to create a rotating fund that would be used to create similar projects elsewhere. The rotating loans ranged between UGX 1.7 million and UGX 5.3 million depending on the size of the housing unit, with an interest rate of 4 per cent per annum, repayable over 10 years. With 400 houses built so far, the Masese Project faces a number of challenges:

- A significant number of beneficiaries were unable to repay back the loans as they did have a sustainable source of income;
- A number of beneficiaries did not see the value of the project (private home ownership), and as a result they sold off their plots or rented their acquired properties and have instead established themselves in a nearby slum area.

Lessons learnt from this project have been used to support the implementation of the Maluku project in Mbale (550 housing units), the Oli housing project (125 houses) and currently the Tororo housing project (250 housing units).

Also, the Mpumudde Housing Development Programme is based on a similar approach and allows maximum funding of up to US\$2,200 per household, approximately US\$1,900 of which provides materials and labour for housing construction. The remaining amount is used as a loan to support income generating small business.

#### Box 14: Case Study: financing, services and affordability in Mulago III

*Mr. Bakka moved to Mulago III in 1982, and managed to buy the private mailo title to his land in 1985. He feels that he was able to get a good deal on the land as people did not have a clear understanding of real estate back in the early 1980s. With three married children and two still studying at university, Mr. Bakka retired in 1998 after 35 years working as an administrator in the Ministry of Works. His wife is a business woman in Mulago market.*

*When he started building his house, he had to rely on money from part time jobs and his wife was effectively supporting the entire family with income from her market stall. When his eldest son started working in 2000 he helped finish work on the initial structure as well as building three smaller units currently being rented out to generate income.*

*With the help from his son, it took Mr. Bakka a total of seven months to complete his family's five roomed house, during which time they rented shared accommodation in Kamwokya. He used to buy sand and bricks from a village on Gayaza Road which were expensive.*

*He has never heard of any government funding programs for housing and suggested that the only way to realise a home was to finance it yourself. He is aware of building fund SACCO, but claims that he would not waste his time joining those people. He thinks that the government is using the SACCOs to win back its voters, rather than expressing a genuine interest in seeing the public benefit. Mr. Bakka believes that the SACCOs should be banned before it turns into a situation reminiscent of the Entandikwa Fund scandal in 1996.*

*His land is held as private mailo land and he once had dispute with neighbours over the property boundaries. They had to go to the Ministry of Lands in order to verify things and everything was settled amicably. Since then, he and his neighbours have planted trees along the boundary and Mr. Bakka has made sure to show his children the boundaries.*

*He was shocked in 1995 when UMEME (the private electrical utility) confiscated a portion of his land as part of four-phase power line project. "We were told not to use any land that fell within twenty meters of the lines. They fixed the lines and then claimed that they would come back to compensate the owners of the confiscated land but they never returned."*

*Since then, he has not been using the land for any economically productive activity and it is not possible to sell the plot. Before the power lines went in, he had had a banana plantation but it was destroyed when they were installing the wires. Since UMEME confiscated his land without paying any compensation, he no longer feels like his tenure is secure, and no one will consider purchasing his land as a result.*

*Even before the new power lines went in, they had electricity at home, but it is expensive and they only use it for lighting three bulbs; one security light outside and two in the house. The tenants pay their own electricity bills and jerry cans of water are bought daily for US\$100. If he is trying to save money, the family will get water from the swamp. However, the well at the swamp is contaminated by things that flow down from Mulago hospital, and Mr. Bakka recognises the risk he is taking in drinking potentially contaminated water.*



### 7.5.3 Savings groups and schemes

Generally, the level of personal saving in Uganda is low. Savings as a percentage of GDP have not seen significant growth in recent years at around 11 per cent (UNECA 2003). Low public savings rate are not adequate for the required investment in slum upgrading considering other competing alternatives. As a result of low savings rates, individual income remains the dominant method for slum improvements over the long duration.

The Kampala household survey explored income levels in order to establish the extent to which local residents can afford to pay for housing and other available social services. Findings on monthly household incomes indicate that a majority of residents cannot afford to construct their own homes. Indeed, based on average material costs it would take all of their income for approximately 2 years for low-income households in Kampala and Gulu, and urban areas in Uganda, to fully finish a home.

These findings indicate that a majority of people either do not work on a regular basis or earn regular income that is far below the level necessary to meet their housing requirements. On the whole, there are few employment opportunities for residents in the communities surveyed in Gulu and Kampala. Those who do get the opportunity to work and earn, often do so by dealing in petty trade such as car washing, food vending, selling second hand clothing, street hawking in Kampala and brewing waragi, (locally-produced spirits), in Gulu.

The field survey findings in Luzira, Mulago and Nsambya revealed that households mainly engage in informal economic activities including driving bodaboda (motorcycle taxis), fruit vending, fish packing, tailoring, and water vending and alcohol brewing. Others work as casual labourers on construction sites where they are paid less than UGX 1500 (US \$0.70). In an indication of the underdevelopment of formal financing tools in these areas, *nigiina* (gifting circles) were common methods of resource mobilisation in the parishes in Kampala. In such schemes, groups of men and women gift each other on a revolving basis based on social relations developed in the group. Each member of the group decides on the amount of money or the value of the gift to be given to a particular individual on a revolving basis.

In such systems, all gifts from members are openly displayed, while an opportunity is also offered for family members, friends and in-laws to contribute to the gifting process. *Nigiina* is conducted at a party organised for the purpose of gifting and socializing. This method is currently very popular within the communities as a way of mobilising savings, although there is no guarantee that one will receive as much as he or she offered to others in gifts. According to one resident in Mulago

III in Kampala, there have been instances where such groups have collapsed before every member is gifted, leading to significant lost opportunities. Such events have discouraged other households from joining existing or forming new gifting circles.

### 7.5.4 Micro-finance institutions

MFIs are very small institutions that include multipurpose NGOs and cooperative. The establishment of community-based MFIs follows government announcements of a development fund in 2006 that would apply to regions of the country in support of low-income individuals starting small business. This has led to formation of the now well-established SACCOs. Some of the operational SACCOs provide housing finance, yet most of the funds promised by government have not yet been disbursed which has led to much frustration from low-income communities.

In an effort to move forward to project of micro-financing for the urban poor, there have been debates in Parliament and unofficial statements by the Government aimed at channeling micro-finance funds through established banks as opposed to SACCOs. The Ministry of Finance Planning and Economic Development (MFPED) is in the process of strengthening these initiatives by providing capacity building in the areas of book keeping, financial and business management, and other technical skills.

#### Micro-finance deposit taking institutions (MDIs)

Through the Microfinance Deposit-Taking Institutions (MDI), Act 2003, the BoU has for the last 5 years supervised the operations of MDIs. The Act enables MFIs to become licensed to take intermediate savings. However, it only sanctions those MFIs who are able to meet the prudential financial requirements necessary to mobilize deposits for on-lending and currently only four of the largest MFIs are licensed to be MDIs.

#### The Cash Loans Approach

Uganda Microfinance Limited (UML) was the only MDI in the country directly offering loans to the housing industry before it was taken over by Equity Bank in 2009. They have been in the housing micro-finance sector for the last 5 years, issuing home improvement loans only until 2006 when they introduced the home building loans. All their loans were secured and they did not exceed UGX 50 million (US\$ 29,000), payable within 2 years at an interest rate of 36% per month. As noted above, other MDIs and MFIs like FINCA Uganda, Pride Microfinance and Women's Finance Trust have been providing loans that have indirectly gone towards home improvement. Other planned initiatives include housing micro-finance products in MFIs supported and administered by independent NGOs.

## 7.6 CAPACITY NEEDS ASSESSMENT

Although many SACCOs and related MFIs are attempting to mobilize financial resources for the poor, the technical capacity of these organisations is frequently in question. This comes after several such organisations have collapsed following within months of being formally registered. These problems are frequently attributed to selfish individual interests, yet the more serious problems of organisational capacity to manage funds and to follow up on borrowers and loan recovery is also lacking. Experience levels and qualifications amongst SACCO managers are generally low and these shortcomings impact on their effectiveness in providing housing finance.

Capacity issues can also be looked at in relation to the level of funding available to end-users. Despite having a staff of about 100, the HFC of Uganda, for example, offers only about 750 mortgages per year, which is far below demand (Finscope 2008). Even it were to expand its loan portfolio, the necessary finances would not be readily available to match exponential growth in demand.

## 7.7 BRIEF CONCLUSION

The key players in housing finance in Uganda are government policy makers, public and private financial institutions and international organisations like UN-HABITAT and parastatals, such as the National Housing and Construction Company (NHCC).

Up to the 1980s, public housing depended heavily on government provision. This changed following structural reforms in the late 1980s and early 1990s, when private developers began catering to the housing needs of medium- and high-income groups. However, the rise of private property development created a series of conflicts over what were previously public assets, including land accessibility, provision of community services, open spaces, drainage systems and other areas where private-public jurisdiction is often unclear.

In parallel with developments in a rapidly developing private property and construction sector, the MLHUD has not managed to achieve its national objectives largely because housing policy has remained the domain of central government and local governments have not been adequately involved in the policy process. Currently, there are no structures to deal with housing issues at the local level, which is due to lack of capacity at the central policy level. The MLHUD has only 30 full-time staff, which is inadequate to deal with the range of issues to be addressed to ensure successful policy implementation at the national level.

Finally, the existing housing finance sector is relatively small in relation to the housing needs of the country and has principally been serving the middle- and high-income groups. There is an acute need to address housing finance needs of the poor majority of citizens through the mobilization of funds locally rather than encouraging dependence on external financing.

## ENDNOTES

1. Tomlinson (2007)
2. Finmark (2008)
3. Stakeholder interview
4. ASC and Boleat (2005)
5. Republic of Uganda (2008), 7
6. UN-HABITAT (2007), 16
7. These include a new National Land Policy, Building Control Bill, the MLHUD Clients Service Charter, national Structural Design Guidelines, Regulations for Electrical Installations and Equipment in Buildings, and Regulations for Sanitary Installations in Buildings, among others.
8. Finmark (2008), 3
9. Ganthso (2006)
10. <http://www.shelterafrique.org>
11. Ganthso (2006)
12. In June 2005, the Government of Uganda divested 60% of its shares in NIC. These shares were acquired by Industrial and General Insurance Company Limited (IGI) of Nigeria.
13. Kalema & Kayiira (2008), 3
14. 'Presidents Speech On Official Launch Of Prosperity For All - "Boona Bagagawale" Programme.' October 2007. Online: <http://www.statehouse.go.ug/news.php?catId=2&item=64>
15. UNECA (2003)
16. Finscope (2008)

# INFRASTRUCTURE AND BASIC URBAN SERVICES

## 8.1 BASIC URBAN INFRASTRUCTURE

Uganda's urban areas are not well provided with infrastructure services such as water, basic sanitation, solid waste disposal, roads, drainage and fixed telephone communication lines.<sup>1</sup> Where they do exist, these services are often inadequate, expensive for low-income groups, and not properly maintained. Variations in service quality vary across sectors and recent improvements in the management of the National Water and Sewerage Corporation and various experiments with public-private partnerships (PPPs) in health delivery, property development, and local service delivery mean that the system is more flexible than in the past. This flexibility and openness to new approaches will be necessary to address a growing population and the resource demands of a rapidly growing economy.

As depicted in Table 17, service providers for basic infrastructure services, there is no one single utility responsible for providing basic infrastructure (electricity, water, roads, sanitation, solid waste, etc)

for urban areas and the disparate nature of service provision has an impact on coverage. While local service delivery by private partners has proven to be more effective in some municipalities, government management of major national services including water, and electricity generation are important in ensuring steady development in these areas. At present, private utilities operators such as Umeme, have taken over responsibility for service provision, but the distinctively profit-oriented planning of private business means that they are only interested in servicing wealthier segments of society. While some efforts have been made to extend services to low-income areas, these decisions are made under duress from government and politicians.

A key question related to public services in Kampala, and many other cities, are the large amounts of underdeveloped land. As a result, the majority of future residential housing will be new developments, meaning that large investments in fixed infrastructure will be required in coming years. The success of these future

Table 16. Service providers for basic infrastructure services

Type of service	Providers
Water	National Water and Sewerage Corporation (NWSC) Directorate of Water Development (DWD)
Sanitation	National Water and Sewerage Corporation (NWSC) Private Companies for cesspool emptier
Electricity/Energy	UMEME Private Companies
Road and Drainages	Uganda National Road Authority (UNRA) Ministry of Works and Transport Urban Local Authorities District Local Authorities
Fixed Landlines/ Telecommunications	Private Companies
Solid waste management	Urban Local Authority/Public Private Partnership Private



Table 17. National level data – urban access to safe water supply

Water Source	Percentage access
Piped Water	44.9
Borehole	33.0
Stream/open source	6.2
Rain water	13.8
Spring	2.1
<b>Total</b>	<b>100</b>

Source: Uganda Bureau of Statistics (2005)

projects, and the relative increase in land value, will depend on the level of accessibility, quality and the type of services provided to those areas of the towns under development.

### 8.1.1 Legal and regulatory frameworks

Infrastructure and basic urban services policy formulation and legislation are under the jurisdiction of the central government with key ministries being charged with the coordination, supervision and monitoring of their respective mandates. The multiplicity of different legislative responsibilities for infrastructure provision has impacted on service delivery as a result of institutional conflict and lack of coordination among the responsible actors.

A brief review of the relevant legislation demonstrates the confusion. Infrastructure provision was originally governed by the Public Health Act (1969), then repealed by the Local Government Act (1997), which empowered Municipal Authorities to develop urban services. The Act further empowered Municipal Authorities to demolish illegal structures such as dwelling units without toilets.<sup>2</sup> The Local Government Act (1997) allocates responsibility for service delivery to various local government councils (districts, cities, towns, and municipalities) and to lower local government councils at the sub-county, division, and parish level. Included in these functions are water services, environmental sanitation, roads, drainage and household sewerage services.

The Uganda Constitution (1995) stipulates that “all land in Uganda becomes freehold and vests the holding and user rights in private citizens”.<sup>3</sup> This development has had consequences on urban resource management and the process of development and has highlighted a persistent problem with both mailo and freehold tenure systems which is that title owners often do have the financial resources necessary to develop their land. At the same time, the government is not in a position to acquire private land for services at premium market rates, as illustrated by delays and cost adjustment in the Northern Bypass project outside Kampala.

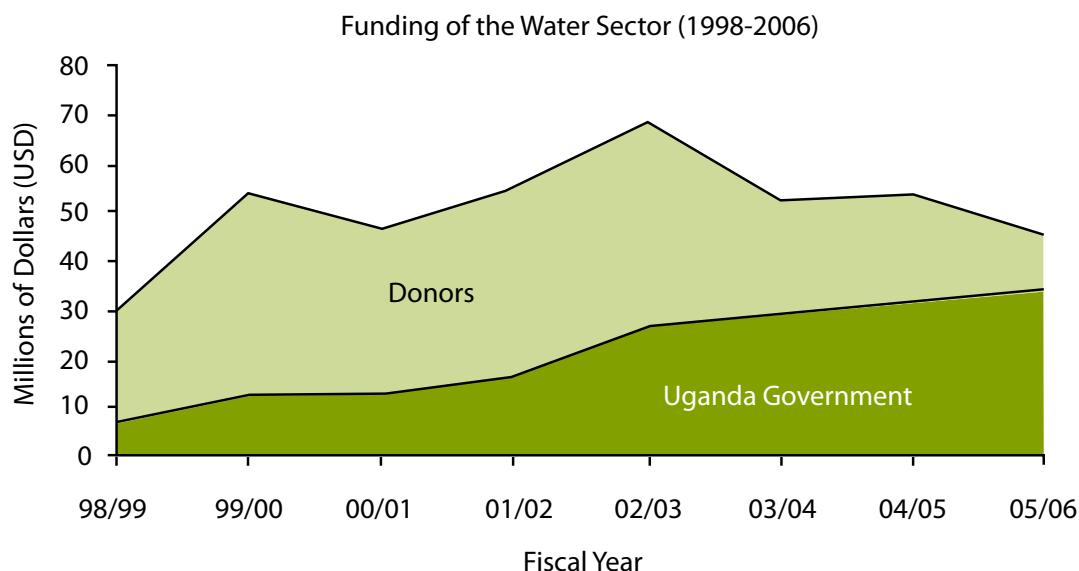
## 8.2 WATER

A significant proportion of residents in both Kampala and Gulu do not have access to clean, affordable water. Nationally, the supply of clean drinking water reaching urban residents is estimated to have risen from an average of 54 per cent in 2002 to 70 per cent in 2006 against a national target of 100 per cent by the year 2000 in urban areas. The Government of Uganda has made the water sector a priority area in its development strategy because safe and clean water is considered to be a major factor in sustaining socio-economic development. Within this broader set of goals, providing water services to the informal urban poor settlements is a major objective of National Water and Sewerage Corporation.<sup>4</sup>

The National Water and Sewerage Corporation is currently in charge of water and sewerage provision in 22 towns and while operating on private sector principles remains a public utility corporation. In small towns, infrastructure is owned by the public sector through the government and managed by private operators. Investments are undertaken using public funds, accessed through the national budget and with support from international development partners. In spite of an interest in privatizing water provision in other parts of Africa, in Uganda major investment in urban water provision remains a monopoly of the public sector in both small and large towns. While investment in capital works and related infrastructure remains under public governance, user fees are levied in order to meet operation, management and maintenance costs.

The Water Act (Cap 152) allows for the formation of Water and Sanitation Committees at the local level in order to develop and manage water and sanitation facilities. While Water and Sanitation Committees provide local inputs into the water management process, the right to investigate, control, protect and manage water in Uganda for any use, is vested in the Government and is exercised through the Directorate of Water Development in accordance with provisions contained in the Water Act.

Figure 21. Water Sector Funding – National Level



Source: UNESCO (2005)

The government has put in place a policy and legal framework for the management of the water sector, including: The National Water Policy (1999); The Water Act (1995); The National Water and Sewerage Corporation Statute (1995); and the Local Government Act (1997). Within the broader legal framework the following regulations provide further guidance for the sector's development: The Water Resources Regulations (1998), Waste Discharge Regulations (1998), Water Supply Regulations (1999) and the Sewerage Regulations (1999) give effect to the provisions of the Water Statute.

Sewerage services in large urban areas (23 are listed at present) are provided by the National Water and Sewerage Corporation while general sanitation falls within the mandate of local urban councils. Individual homes that have water borne systems, but are not connected to the public sewerage system, use private septic tank systems for disposing of waste. Nationally, urban water coverage is estimated at about 65 per cent, up from 54 per cent in 2000. A total of 23 large municipalities, out of a total of 183, are covered by the National Water and Sanitation Corporation, who are responsible for eventually providing a population of approximately 2 million people with piped water

supplies. The remaining 160 small towns do not have piped water, although provisions for introducing these services are contained with the National Development Plan (2010-15).<sup>5</sup> Figure 22, (Water sector funding – national level), shows the important contribution of donors in the water sector. As the government develops more effective management systems and gains greater return on investment in water infrastructure, donor involvement in the sector is likely to be scaled back.

In the 2002 Census, the Uganda Bureau of Statistics reported that nationally, 31 per cent of the households lacked toilet and sewerage systems while 16 per cent did not possess any toilet. The sanitation situation showed that by 2005, 88 per cent of the households had pit latrines and only 1.1 per cent had flush toilets, with the vast majority of these being in city centres. The growing demand for sanitation services and waste disposal in urban areas is on the increase and is largely being met by the private sector through fee-based household septic tanks, garbage collection and disposal. As with other aspects of waste disposal, septic tanks, while a financially viable option for many commercial businesses (estimated at UGX 10,000 per truck load), are beyond the financial reach of the majority.

Table 18. Cost of water services based on local interviews (2009)

Weekly water cost (UGX)	500	1000	2000	3000
<b>Town</b>				
Kampala	59.8%	81.6%	70%	43%
Gulu	75.6%	6.9%	6.9%	6.9%

Table 19. Standard national charges in use by NWSC (2009)

Charges	Amount (UGX net of VAT) per cubic metre (400L)
Domestic	1,519 (USD 0.70)
Commercial	2,094 (USD 0.97)
Institutional	1,870 (USD 0.87)
Public	982 (USD 0.46)

### 8.2.1 Water pricing

For survey respondents in Kampala, weekly water costs were affordable for 70 per cent of respondents at an average rate of UGX 2000 (USD 0.92) per week. Only 2 per cent of respondent households in Kampala were unable to afford basic water needs. A proportion of Kampala households (16 per cent) spend UGX 500 (USD 0.23) on their weekly water needs, with the highest cost for water being UGX 50,000 (USD 23) per week (only 2.3 per cent of respondents), for larger, shared dwellings. The wide variation in water pricing reflects growing income disparity in urban centres as well as the diverse range of water services available to urban residents, and different living arrangements linked with rental costs.

Prices for water services in both towns was determined on a weekly basis and in Gulu, the majority of people (44.2 per cent) spent UGX 500 (USD0.23) on water, as compared with Kampala where the lowest weekly amount spent was UGX 2000 (USD 0.92). The low cost of water supplies in Gulu relative to Kampala is partially a result of internally displaced persons in Gulu and their reliance on free water supplies and services.

The majority of Gulu residents (75.6 per cent) could afford to pay UGX 500 per week and only 6.9 per cent could afford to pay UGX 3000 per week as compared to Kampala where 43 per cent of residents could afford to pay UGX 3000. Discussions with the National Water and Sewerage Corporation revealed that in order to bring water infrastructure on to a private property, residents must pay connection fees as well as financing all of the required building materials. Those who are unable to pay the required fees either remain cut-off from the water grid or use off-site supplies (e.g. stand pipes, purchases from a neighbour, etc).

The National Water and Sewerage Corporation plans to expand coverage by 30 per cent each year while improving service delivery and efficiency of the national water system. As part of this process, consumers are required to procure pipes and related building materials. Though the property belongs to the customer, the lines may be used by the National Water and Sewerage Corporation to supply other customers. Meters are fixed on new lines and remain the property of the Corporation. If meters are damaged, fines are levied and/or the cost of its replacement is charged to the landlord.

In an indication of their efforts to address significant gaps in service delivery, the National Water and Sewerage Corporation recently completed a water and sanitation project benefiting some 130,000 people living in informal settlements in three parishes in south-east Kampala. Through the project 321 public/yard taps, 35 private and 15 public toilets have been installed and handed over to selected community operators and private households for operation. In keeping with national, donor supported targets for decentralization of services, the National Water and Sewerage Corporation will have no ongoing responsibility for the maintenance of the facilities but will continue to sell water through the pre-payment meters which have been installed on all taps.<sup>6</sup> Recent projects in Kampala will provide a model for other parts of the country, and it remains to be seen if local service supervision over water and other utilities is feasible across the country.

## 8.3 ELECTRICITY

Under the Electricity Act (1999), the Electricity Regulatory Authority is responsible for issuing licenses for the generation, transmission, distribution and/or sale of electricity. There are few private generating companies in the country who are obliged to sell it to the Uganda Distribution Company Ltd. The maintenance of power lines in urban areas is the sole responsibility of Umeme and therefore urban authorities are also charged for electricity as private consumers/individuals.<sup>7</sup> There are meters connected to each house.

### 8.3.1 Legal and regulatory framework

In 2006, access to electricity for the whole country stood at only 9 per cent, out of which the rural coverage accounted for only 4 per cent. The evening shortfall in power supply was recorded in 2006 as 185 megawatts, rising from 6 megawatts in 2003. There is an urgent need for saving on power by introducing solar water heaters and exploring solar ovens, coupled with research in ways to make them affordable. This would entail exploiting the estimated solar radiation potential of 4-5kWh/m<sup>2</sup>/day. The census of 2002 revealed that 87 per cent of the population utilizes paraffin for lighting and 80 percent utilize wood fuel for cooking. In Kampala, only 6 per cent of the population use electricity for cooking, meaning that alternative fuels are in high demand.

In Uganda, only 8 per cent of the population have access to grid electricity; the rest rely on biomass for energy

Table 20. Cooking fuel and national residency status (%)

	Residence	Firewood	Charcoal	Kerosene	Electricity	Other*	Total
<b>I</b>	<b>Rural/Urban</b>						
1.	Rural	89.4	8.2	0.8	0.1	1.6	100.0
2.	Urban	22.9	66.1	3.5	0.8	6.8	100.0
<b>II</b>	<b>Region</b>						
3.	Kampala	5.8	77.7	5.2	1.4	9.9	100.0
4.	Central	70.2	24.5	2.0	0.2	3.2	100.0
5.	Eastern	86.1	11.4	0.7	0.1	1.7	100.0
6.	Northern	88.3	10.7	0.4	0.0**	0.7	100.0
7.	Western	89.5	7.8	0.5	0.1	2.1	100.0
	Uganda	77.8	18.2	1.2	0.2	2.5	100.0

Notes: (1) \*includes LP gas, saw dust, biogas (2) \*\* value is not zero, but the percentage is less than 0.1%. Source: UNHS 2007/2008

sources and as a result, Uganda's per capita electricity consumption is one of the lowest in the world at 62 kWh/year, compared to 300 in India.<sup>8</sup> Yet the potential hydro-electric generating capacity for the country is 2000 megawatts, largely along the River Nile. Potential for new and renewable energy also exists in Uganda. It is hoped that the construction of Karuma and Bujagali Dams will add 100 megawatts and 250 megawatts of generating capacity, respectively by 2015.

Energy is not only required for industrial growth, but also for domestic use, and is a fundamental need for many urban residents. The energy sources and technology used for domestic cooking and lighting have a great impact on the health of the household, the environment, and energy consumption. Most households in the country depend on wood fuel. Table 21 (Cooking fuel and national residency status), shows that 78 per cent of households in Uganda depend on firewood for cooking, while 18 per cent use charcoal. The fact that 96 per cent of residents depend on some form of wood fuel for cooking represents a challenge for efforts at sustainable environmental protection. A small number of households (less than 1 per cent) depend on managed power supply for cooking. Charcoal is used by about 66 per cent in urban areas. Firewood is by far the most common source of energy in rural areas, up to 89 per cent, which continues to be a concern for advocates of environmental sustainability.

With regard to lighting, the majority of households (71 per cent) used tadooba (local paraffin candles) and 14 per cent use kerosene lanterns. Only 11 per cent of households, nationwide, have access to electricity as a main source of power for lighting. Although no national level survey has been carried out since 2005/06, it is anticipated that managed power access rate could have dropped into single figures due to increases in the Umeme electricity tariffs since 2006. In 2006, access

to electricity for lighting in rural areas was about 4 per cent, while for urban areas it was just under 50 per cent.

In contrast to the relatively low national level statistics, 62 per cent of respondents in Kampala and Gulu have power for lighting and only 38 per cent have no power in their houses. For those who have power, electricity services was the major source (99.6 per cent), with solar sources representing a token 0.4 per cent. These figures imply that there is a great deal of opportunity for solar power generation in both rural and urban areas.

### 8.3.2 Costs

In Gulu, average monthly lighting costs are UGX 30,000 (USD 14.00) per month. During the survey, it was also reported that there are illegal connections, though it is reported that these are being curbed. The only areas covered are those places that are within the historic Gulu area. When the insurgency started, it pushed many people from their villages and these people settled in peripheral areas of the town that are not on the electricity grid. For those residents who are able to afford the process, electricity poles are obtained from the Lira Regional Office in Umeme, which is often under-supplied. In these cases, orders must be made directly from the company's central depot in Kampala, which can take months. Simply paying to have the poles themselves transported to Gulu is often too expensive for most residents.

## 8.4 ROADS AND RAIL

The percentage of the population in urban areas as enumerated in 2002 showed that 8 districts (Kampala, Luwero, Mukono, Busia, Jinja, Gulu, Kitgum and Nebbi) had urbanization rates above the national level (12.3 per cent).<sup>9</sup> The 2002 census clearly indicated that Kampala had a population of 1.2 million and was the



largest urban center, followed by Gulu municipality with a population of only 0.1 million. It is also evident that the major urban areas in Uganda fall within what could be described as the “urban corridor”, and reflect the colonial policy of infrastructure development, especially the construction of the Kenya – Uganda railway.

#### 8.4.1 Legal and regulatory framework

The Roads Act Cap 358 provided for the establishment of road reserves and for the maintenance of roads. This Act relates to the declaration of road reserves; preservation of the integrity of road reserves and prevention of obstruction. Roads are classified according to functions and are either managed under the central Government via the Ministry of Works and Communication and Uganda National Roads Authority, while local roads are managed by urban authorities in the form of city, municipal or town councils.

The Uganda National Roads Authority is responsible for managing, maintaining and developing the national road network across Uganda which was established in June 2008. The National Road Fund (2009) is focused on improving the quality and coverage of urban road networks. Local governments are mandated to open and maintain roads in their jurisdiction from their revenue. Resources for roads are mainly provided to districts by central government through conditional grants.

The government has a Road Sector Development Programme which is a vehicle for enhancing the goal of poverty eradication, envelopes operations of the entire road network as a single entity. This includes the National Network, the District Urban and Community Access Road Network. Currently the programme has entered into a second phase, the the third phase in preparation.<sup>10</sup>

#### 8.4.2 Finance

The District Urban Community Access Road (DUCAR) has been integrated as part and parcel of the national road network, for the first time, in the Road Sector Development Programme (RSDP). Government has budgeted USD 557 million, for the period 2008 to 2011 for the District Urban Community Access Road. With this development, it is hoped that the housing sector will benefit from increased accessibility to rehabilitated main arteries in both community and urban centres nationwide.

Municipalities also have support from international partners and the Kampala City Council has accessed a loan from the World Bank for citywide infrastructure and services improvement (USD 28.5 million). This funding will support activities aimed at the provision of critical infrastructure investments. The investment in infrastructure will address traffic management, road maintenance and upgrading (USD 16,178,000). Up to the present, two major studies have been carried out to

improve traffic and transport in the city; a short term Kampala Urban Traffic Improvement Plan and a long term Greater Kampala Metropolitan Area Transport Master plan.

#### 8.4.3 National transport vision

In terms of transport nationally, it is estimated that only 2 per cent of the households own vehicles while 3 per cent own motor cycles and 30 per cent of male headed households own a bicycle. These are indicative statistics with potential for determination of specifications for thorough-fares, servicing residential areas, especially in the rural-urban setting. Kampala City Council has a vast network of roads of around 900 kilometres spread over the area of approximately 176 km<sup>2</sup>. The government embarked on a 10-Year Road Sector Development Programme (RSDP) in 1996 and revised it in 2001 into RSDP 2 (RSDP 3 is under preparation). An extract relevant to housing sector development is summarized as follows: “The RSDP2 will focus on the provision of a safe and efficient road network as a whole so as to support the present and projected economic and social development and to promote national and regional economic integration, peace and unity. Therefore, the original objectives in the RSDP1 still remain the same except that now they are extended to cover the entire road network.”

Continuing with the establishment and development of a robust administration for effective and efficient management of the National road network as a major component of the road sub-sector:

1. Enhancing the development of road construction industry that can meet the required construction standards; and
2. Promoting and developing cheap, efficient, more reliable and safer transport services to support growth in the different sectors of the economy.

#### 8.4.4 Kampala

Kampala City Council has accessed a loan from the World Bank for City Wide Infrastructure and Services Improvement (USD 28.5 million). This component will support activities aimed at the provision of critical infrastructure investments. The investment in infrastructure will address the following priority areas:

1. **Storm Water Drainage Systems (USD 9,441,900).** Under this sub component, the capacity of Lubigi (Nsoba) channel, a high priority primary drainage channel, will be expanded over a length of approximately 4 km. A total of 4 km of secondary channels at critical locations in the city will also be expanded and lined. The drainage investments will specifically comprise part of the Short-Term Action Plan identified in the 40-year Kampala Drainage Master Plan.

Table 21. National level solid waste disposal methods

Ranking	Method of Waste Disposal	Urban (%)	Rural (%)	Uganda (%)
1.	Garden	12.1	44.7	40.2
2.	Heap	20.4	24.3	23.8
3.	Pit	27.6	21.8	22.6
4.	Burning	13	7.4	8.2
5.	Skip Bin	2.9	0.7	4.3
6.	Other	1	1	1

Source: UBOS 2007

**2. Traffic management, road maintenance and upgrading (USD 16,178,000).** Two major studies have been carried out to improve traffic and transport in the city; a short term Kampala Urban Traffic Improvement Plan and a long term Greater Kampala Metropolitan Area Transport Master plan.

#### 8.4.5 Gulu

The Gulu Municipal Council is responsible for infrastructure provision in Gulu and receives support from a range of multilateral donors. Recently, the World Bank has agreed to fund the construction of the Gulu-Atyak and the Gulu-Arua road networks, which will contribute significantly to local economic development, but will not necessarily lead to infrastructure improvements in the central urban area.

The majority of funding directed at infrastructure development in Gulu in recent years has been focused on servicing internally displaced persons in the suburbs, meaning that there has been little concerted effort to improve permanent infrastructure in the city centre. New plans for district markets are also in the planning stages, but these efforts are focused on raising local government revenue rather than enhancing service delivery for local residents.

## 8.5 SANITATION

### 8.5.1 Legal and regulatory framework

Responsibility for sanitation in Uganda is shared by many institutions. Sewerage services in large urban areas are provided by National Water and Sewerage Corporation while general sanitation is the mandate of local urban councils. Institutional sewerage systems are spread through the towns and limited to specific user groups. Individual homes that have water borne systems but are not connected to the public sewerage system use septic tank systems for disposing waste. The increased demand for sewerage/sanitation services in urban areas is largely being met by the private sector through household septic tanks, garbage collection and disposal, etc.

According to Government policy, it is the responsibility of individual households to provide their own sanitation facilities. While most households experienced an increase in incomes during the 1990s, Uganda Bureau of Statistics' household surveys have shown that this money was not spent on improving household toilet facilities. Instead, many households spent the money on improving other parts of their dwelling, such as the roofs, floor and walls. Even better-off households often do not have adequate sanitary disposal facilities, thus highlighting a general lack of interest in, and demand for, household sanitation.<sup>11</sup>

According to the orthodox models of infrastructure development advocated by the World Bank, the public sector is ideally positioned to play the role of promoter and financier of national standards whilst the private sector is best suited to act as the provider of such services. The provision of sanitation services provides a viable opportunity for productive investment especially if the private sector invests strategically in research and development for new affordable technology solutions and products.

### 8.5.2 Regulation of non-NWSC sewerage systems

Section 65 of the Water Act Cap, 152 and Sections 19 and 20 of the Sewerage Regulations, 1999 allow for the construction of private sewers and sewerage installations and for the authority (the National Water and Sewerage Corporation) to allow them to be connected to the existing sewerage network. Section 69 of the Act allows an authority to enter into a trade waste agreement for the discharge of trade waste into a sewer - discharge from a private installation can be considered as a trade waste. The conclusion of a formal agreement set environmental standards and determines charges to be levied.

For situations where private sewers discharge directly into public water courses or land, (i.e. not into a sewer), a discharge permit needs to be obtained from Directorate of Water Development, while standards governing the treatment of effluent before discharge into water or onto land are set by National Environmental Management



**Figure 22. Self-help latrines in Gulu.**

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Agency under section 27 of the National Environmental Act (Cap 153).

### 8.5.3 Level of services

Access to effective sanitation in Uganda's urban centres and especially Kampala, as in many African cities, is limited and is not keeping pace with the rapid rate of urbanisation. Less than 1 per cent of Uganda's urban areas are served by sewerage systems, with the exception of Kampala city residents, of whom 7.5 per cent are being served by public sewers, leaving the vast majority reliant on various forms of on-site sanitation of variable quality and effectiveness.

A shortage of adequate funds for both investment and routine operation and maintenance over the years means that even the existing limited sewerage and sewage treatment facilities are inadequate to protect Kampala's urban environment and water resources. High fixed investment and maintenance costs associated with conventional sewerage systems have exposed their limitations. As outlined in the current National Development Plan (2010-15), services are to be paid for locally through the implementation of fee-based user systems, with support from national government in coordinating efficient investment in key infrastructure, including hydropower, national transportation infrastructure and technical training of local government officers.

### 8.5.4 On-site systems

On-site systems include septic tank systems for individual houses and small institutions as well as the non-water borne systems used by the majority of people in low-income urban settlements. Septic tanks are relatively expensive, costing about UGX 5 million (USD 2,325) for a unit that serves eight people. This tends to limit their use to the relatively affluent who are able to bring water onto the premises and have reasonably large plots of land that can accommodate both the septic tank

and the soak pit. For the majority of the population in the Gulu and Kampala, the most common method of waste disposal is with pit latrines, either ventilated improved pit latrines (VIP) or traditional designs, as well as disposal into open drains as a result of the lack of alternative waste disposal facility.

At the national level, an estimated 8.7 per cent of urban households have access to piped sewerage networks, with 9.8 per cent using ventilated improved pit latrines and 72.6 per cent using covered pit latrines, 6.8 per cent uncovered pit latrines and 2.1 per cent with no provision. In Kampala, the distribution of sewerage and toilet facilities is uneven and varies in both quality and cleanliness. The majority of the households (83 per cent) use pit latrines and only 6 per cent have water borne toilets in their houses, 2 per cent have no toilets, 14 per cent have no bathrooms, 60 per cent and 12 per cent share outside and inside bathrooms respectively and 11 per cent use unshared outside bathrooms. Similar conditions were found to exist in Gulu, although in suburban areas of the town many residents have been without the required pit latrines until recently.

## 8.6 WASTE DISPOSAL

### 8.6.1 Legal and regulatory framework

Another important aspect of housing-related sanitation is solid waste disposal. An estimated 40 per cent of all households in Uganda dispose of solid waste throwing it in their garden, while 24 per cent dispose of waste at a designated site. Discrepancies between Gulu and Kampala, and within each of these cities, reveal the extent to which investment in waste disposal is linked with citizens' economic condition.

Across the country, 27.6 per cent of solid wastes in urban areas are disposed of in pits, 25.9 per cent in skips or bins, 20.4 per cent in heaps and 13 per cent by burning. While in Kampala there is information on formal municipal waste collection and disposal programmes



Table 22. Solid waste disposal services

Type of Service	Kampala	Gulu
Skips (Formal)	85%	15%
Skips (Informal)	15%	85%

(Table 23, solid waste disposal services) in Gulu waste collection is generally informal and uncoordinated by the Gulu Municipal Council.

In Kampala, garbage collection is currently one of the most critical services, the quality and coverage of which has caused public outcry in informal urban settlements. KCC acknowledges that the amount of garbage generated is beyond the capacity of the council to collect and dispose of. This is related in part to the high cost of formal garbage collection services. In 1991, only 13 per cent of the garbage generated was being collected, while currently 39 per cent is collected and transported to land fill sites.<sup>12</sup> It is not yet clear if the current situation represents a significant improvement.

Failures in waste management have resulted in many people using unconventional methods of disposal including backyard pits where waste is regularly burned, or polythene bags dumped into streams, roadside water drainage channels and vacant plots of land. This often results in the blocking of water drainage channels and streams and leads to flooding in low-lying areas during the rainy season. Flooding can also lead to disease outbreaks (Hepatitis E in particular), extensive property damage, and infestations of vermin.

#### Box 15: Case Study: Kyanja patriarch struggles with utilities provision

*Mr. Kizatu is a seventy year old resident of Kyanja in Kampala, and lives with his wife, 4 children and 7 grandchildren. Four of his grandchildren are AIDS orphans, and the other three have come for holidays. He spends on average UGX 10,000 (USD 4.65) per day on maintaining the household, with the money coming from his farm and his sons' different jobs.*

*The home was connected to electricity in 1995, when he considers electricity to have been more affordable than at present. As a result of the current high prices, the family has resorted to only relying on electricity for lighting. They iron using a charcoal iron and cook all their meals over a charcoal oven. Their neighbours also stopped using electricity four years ago after failing to pay their bills.*

*Mr. Kizatu tries to pay all his bills as he suggests that once one becomes used to electricity it is hard to*

*live in the dark. The household also began receiving piped water three years ago; before this, they used to get it at the well a kilometre away from the house. As a result of having piped water, his children and grandchildren now have time to do other things, whereas before a lot of time was spent on fetching water and girls were often at risk of harm.*

*The household uses a lot of water each day and Mr. Kizatu is grateful that water has not become as expensive as electricity in recent years.*

*The roads in the area were laid by the Kampala City Council but this was a long time ago and they have stopped maintaining them. This is the responsibility of local residents. A lot of new building is taking place in the area and as a result, property developers have started to work on improving the roads.*

*Recently, the problem of mosquitoes has increased in the area. Kampala City Council has taken too long to send workers to spray the area. As a result of these delays, the household is spending a lot of their money treating malaria. Nearly every week someone falls sick with malaria.*

*He also mentioned the problem of rats, of which there are many. They destroy clothes and household goods and encourage the spread of disease. Mr. Kizatu is also concerned about wild dogs which sometimes eat his goats at night, and laments that while the Kampala City Council used to kill stray dogs, they no longer appear to be taking care of this nuisance.*

## 8.7 BRIEF CONCLUSION

Housing and living conditions frequently exert a major impact on public health and life expectancy in Uganda as a whole is only 52 years for men and 53 for women, with no information readily available on rural/urban differences.<sup>13</sup> As mentioned in the introductory sections, there is a very high growth rate and need for housing dwelling in Uganda which necessitates improvement in the quality and scope of existing infrastructure. Trends in urban growth cannot be supported by the capacity of current road networks, waterworks, sewerage, electricity generation and waste disposal facilities.

Levels of service provision in Kampala and Gulu, along with other urban centres, differ widely with water and



electricity either being rationed or not supplied at all in poor areas. As result of these delivery failures, there is a need to adopt new approaches to servicing, while not necessarily lengthening existing lines and reproducing current technologies but rather using existing infrastructure more effectively and exploring alternative options, such as solar energy, which can be produced off of the central power grid.

Based on survey findings in Gulu and Kampala, there is a need to establish a single utility body in each town in order to coordinate and provide appropriate and sustainable basic infrastructure. Currently, the Kampala City Council and the Gulu Municipal Council are unable to coordinate effectively with the national level utility providers. In particular, new initiatives in solar-powered lighting and the use of alternative energy sources to meet household energy needs should be coordinated by a unified local utility provider, either as part of government or in the form of a financially self-sufficient public private partnerships.



**Figure 23. Inadequate waste disposal services encourages burning of solid waste.**

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## ENDNOTES

1. Fortunately, the need for fixed line telephony has largely been reduced by the arrival of mobile phone services across the country.
2. Public Health Act (1969), Section 37, Government of Uganda
3. Article 237 Cap (8), Government of Uganda
4. NWSC (2009)
5. UNESCO (2005), 80; NDP (2009), 270.
6. Fichtner Water & Transportation and MACS. Section 2-6.
7. Umeme, a private company, was formed in 2004 when the Government of Uganda sold Uganda Electricity Distribution Company Limited (UEDCL).
8. World Bank (2005), 172
9. UBoS (2002)
10. MOWT (2006)
11. MoFPED (2006)
12. Rugadya (2007), 25
13. World Bank (2010). World Development Indicators (WDI) Online.

## CONSTRUCTION INDUSTRY AND BUILDING MATERIALS

The past twenty years have seen a boom in the construction industry. Beginning with the liberalization of the economy since 1990, many foreign and local investors have selectively entered key sector industries. However, if this growth is to be sustained and is to benefit the majority of urban residents, the Government of Uganda and local authorities must address a number of problems. Recent amendments to the National Transport Master Plan (2010-2015); the Engineers Registration Act of 1969; and progress towards drafting a new Building Control Bill all point to improved coordination, regulation and development of the construction industry. The National Housing Strategy seeks to provide a framework for carrying out reforms in the building and construction sector for its improved performance.

Use of imported materials is mostly for specific areas such as finishes, where ceramics are popular. Imported materials are also largely used in electro-mechanical areas where local production is limited or non-existent at all. Survey data on the use of materials used for housing construction indicate that a large proportion of dwellings in the study areas either used none or very few imported building materials. In Kampala, 14 per cent of dwellings were constructed with no imported materials whilst in Gulu the figure was 64 per cent. The dominance of locally-sourced building materials in Gulu reflects lower incomes and the areas relatively poor road and rail connectivity when compared with Kampala. For both imported and local materials, the geographic distribution of industrial manufacturing in southern Uganda also favours Kampala residents.

The extent to which the housing sector in a country depends upon imported materials will have a significant impact on the ability of the housing sector to contribute to economic development. Where imports are extensive, this will be a drain on domestic financial resources, but where local materials predominate, this will assist in the country's economic development. The current expansion of the national steel business is a strong indicator of the role housing will play in Uganda's future economic development.

As high rise construction, and condominium housing in particular, become popular in the housing sector, demand for materials such as steel should rise accordingly and will support further growth in the domestic industry with a potential export benefit.

Nationally, there are currently four companies operating small-scale steel mills in Uganda: East African Steel Corporation at Jinja, Steel Rolling Mills in Jinja, Sembule Steel Mills at Nalukolongo and BM Technical Services in Mbarara. All four have a combined capacity of about 72,000 tonnes per annum. These mills use scrap as basic raw material for the production of steel products yet un-mined iron ore deposits exist in the country. According to the National Investment Authority, the national demand for steel products is estimated at 60,000 to 80,000 tonnes per annum while the current production level is stable at approximately 70,000 metric tons per annum. This indicates that the existing steel producing companies are producing far below their installed capacity, and are not currently meeting the national demand for raw steel.

Table 23. Dwellings in need of improvement to meet official standard

Does the dwelling require any improvements to meet official standards/ your needs?				
Town		Yes	No	NA
Kampala	%	75.1	23.2	1.7
Gulu	%	82.6	16.5	0.9

Table 24. Proportion of imported building materials used in the dwelling construction

Town	None	Very few	A lot	Most	Don't know
Kampala	14.2	63.7	0.5	0.0	21.7
Gulu	64.3	0.0	0.0	7.1	28.6

As part of the process of expanding steel production, potential exists for locally mining iron ore in order to supply the steel industry in Uganda and neighbouring countries. Iron ore occurs mainly in two areas of the country; hematite ore is found in the Muko, Kabale/Kisoro area and magnetite ore at Sukulu and Bukusu in Tororo. Hematite ore has also been identified at Mugabuzi, in Ssembabule District. The planned promotion of iron ore mining and processing will supplement the use of scrap metal which to date contributes to 12 per cent of national steel consumption.

A significant restraint on the sector's growth is lack of investment in modern machinery. Dependence on obsolete, imported plants and machinery mean that growth is hampered and often businesses are unable to expand even if they are able to access new capital. The industries also suffer from poor management and poor plant productivity, which further lowers production capacity. Despite these challenges, the production of construction materials in Uganda has been steadily growing as indicated in Table 26 (National materials demand and export volumes).

## 9.1 LEGAL AND REGULATORY FRAMEWORKS

Uganda lacks a comprehensive and functional institutional, legal and regulatory framework governing the construction sector. Legal requirements on materials and standards are weak, poorly enforced and not easily

accessible to the majority members of society, and the level of conformity to enforcement these requirements is very low as institutions responsible for this aspect lack capacity to do so and the requirements in some cases are unrealistic.

To date, Uganda uses official standards and norms for housing that were developed by, and later inherited from, colonial administrators. These standards specify the building requirements that are in some cases inappropriate to the local conditions. Some of these standards were developed without considering the local context. For example, specification of high standards has led to a situation whereby development of housing has become expensive for many low-and-middle-income earners in the country, and as a result, these standards are hardly adhered to in the informal settlements of the country.

Developers in the informal settlements follow their own rules and development guidelines, based on pragmatic considerations of their housing requirements and means. In other cases, the standards and norms have not adequately responded to the cultural aspects and environment of society, rendering them un-enforceable and redundant.

In the case of Uganda, the planning regulations date back to the revised Town and Country Planning Act 1964 CAP 269, together with the Public Health Act and the Building Regulations Act. Planning regulation

Table 25. National materials demand and export volumes

	Material	Annual Demand per year (in M.T.)	Local Production (in M.T.)	Remarks/Exports
1	Cement	600,000-700,000	350,000	2000 Exported to Rwanda 3000 Exported to DRC Balance imported
2	Lime	1,000,000	10,000	A few tons exported to Rwanda
3	Sand		50,000	No sand exported
4	Aggregates	80,000	90,000	No aggregates exported
5	Steel	150,000	60,000	Exports by Steel Rolling Mills to: Kenya – USD 500,000 Rwanda – USD 250,000 DRC – USD 150,000

Source: Uganda Metal Industries Development Association (UMIDA) 2000.



Table 26. Time and costs of obtaining an official building permit<sup>1</sup>

Procedure	Time to complete	Cost to complete
Request and obtain approval of architectural drawings at the Local Authority	60 days	UGX 1,534,708
Submit construction drawings to the Land Registry and obtain clearance	7 days	UGX 10,000
Notify and receive inspection after building foundation work	1 day	no charge
Notify and receive inspection after structural work	1 day	no charge
Notify and receive inspection after drainage and damp proofing work	1 day	no charge
Notify and receive inspection after boundary wall or fence erection work	1 day	no charge
Notify of the completion of construction and receive inspection	1 day	no charge
Request provision of water and sewerage services	1 day	UGX 600,000
Receive survey/ inspection from the National Water & Sewerage Corporation	1 day	no charge
Connect to water and sewerage	14 days	no charge
Request provision of electricity services	1 day	UGX 2,000,000
Receive survey by the Umeme Ltd.	1 day	no charge
Connect to electricity	59 days	no charge
Request and connect to telephone	14 days	UGX 255,000
Request and obtain occupation permit	5 days	UGX 50,000

and development control has been based on the scattered standards in these Acts which are all under review. A draft Physical Planning Bill 2008 is yet to be discussed by Parliament, whereas the Public Health Act and the Building Regulations Act are under review and formulation.

According to the Ministry of Lands, Housing, and Urban Development, Uganda has relied on scattered physical planning guidelines and standards with a cost in terms of disorderly and uncoordinated physical development in many urban areas of the country, particularly in Kampala.<sup>2</sup> The Ministry of Lands, Housing, and Urban Development recognises that such development is costly to the national economy and unsustainable. It is characterized by conflicts in the use of land arising from incompatible land uses or activities (such as a church and a bar; a maize mill and a school, or fuel station and residential houses) are located in close proximity.

Over the years, there have emerged several reforms which have ultimately impacted on the efficacy of the planning regulations and law. For example, while the Town and Country Planning Act was enacted during centralized governance, the Local Government Act of 1997 decentralized physical planning to local authorities. Subsequently, physical planning has suffered from lack of capacity at the local level to deliver it effectively, resulting in unplanned developments virtually all over the country. Vesting of land ownership into the hands of the citizens has further complicated the implementation of the few existing plans, especially where there are no resources to acquire land for public use.

Official housing standards applied in Uganda follow UN-HABITAT norms of a maximum of 2 persons per room, though they acknowledge that in Uganda an average room occupancy rate of 2.6 persons exists with rates up to 3.8 also reported.<sup>3</sup> Since the concept of 'over-crowding' commonly features in assessments of housing needs, this needs to be at least considered when assessing policy implications. On this basis, it is estimated that 69.7 per cent of the urban population is living in over-crowded conditions and that 48.8 per cent of urban dwellings are over-crowded. Interestingly, the estimates suggest that over-crowding is less in urban than rural areas. Yet these estimates do not reflect major discrepancies in room occupancy rates in different city neighbourhoods, linked with the increasingly unequal distribution of national wealth.

Adherence to formal standards such as plot size, plot coverage, plot setback and access width are unaffordable for the majority of Kampala residents. The costs involved in the adjudication, demarcation and registration of land through formal channels are prohibitive, besides being barely comprehensible to the large proportion of illiterate residents of Kampala's informal settlements.<sup>4</sup> Details of the minimum official plot size, building setbacks, Floor Area Ratio, in Gulu and new, suburban neighbourhoods of Kampala need to be confirmed. While the Directorate of Physical Planning & Urban Development within the Ministry of Lands, Housing, and Urban Development has passed national physical planning standards and guidelines, these are rarely respected at the local level and are enforced on an ad-hoc basis by Kampala City Council inspectors.

The legal and regulatory functions of the building construction sector are the domain of the central government assisted by local authorities and professional bodies. The legal and regulatory framework is weak, fragmented and does not provide adequate support to the building construction sector in Uganda. The building and construction sector is regulated through three key areas: building approval, building regulations, and building standards. The Building Control Bill 2004 was drafted in 2004, and was tabled in cabinet for consideration. This document is a revision of the 1968 Local Government Act which has become archaic and is no longer pertinent to the prevailing conditions in the construction sector.

The Ministry of Works drafted a Building Control Bill (2004) after it realized that over 50 per cent of the buildings in Kampala lack approved architectural plans as required by the city rules and regulations. This lack of conformity to rules and regulations was blamed on city authorities' failure to enforce policies, laws and regulations owing to corruption and a general lack of capacity on the part of authorities such as Kampala City Council, to implement the rules, alongside rapid urbanization. The Bill, however, does not specify how to deal with causes and it only attempts to address the symptoms of non-conformity. This is essentially caused by a large gap between the standards considered necessary by professionals or administrators and the ability of large sectors of the urban populations to afford such standards.

On the positive side, the Bill intends to provide a regulatory system to ensure registration of engineers, a pre-condition for the practice of engineering, under the Engineers Registration Act (1969). Under this arrangement, a new Engineering Council would replace the Engineers Registration Board to manage, enforce and regulate the activities of practicing engineers, which would include issuance of annual practicing certificates to engineers.

#### 9.1.1 Ministry of Lands, Housing and Urban Development (MLHUD)

The Ministry of Lands, Housing, and Urban Development (MLHUD) is responsible for providing policy direction, national standards and coordination of all matters concerning land, housing and urban development. The Ministry of Works and Transport's cardinal role is to plan, develop and maintain efficient and effective transport infrastructure. The Ministry of Works and Transport is also responsible for materials testing and development of the long awaited Building Control Bill, which is meant to regulate the building construction activities and ensure safety. As noted earlier, the Ministry of Lands, Housing, and Urban Development plans to establish cost data for building materials, and serves an important coordinating

function between different Directorates and private sector players in the national construction industry.

#### 9.1.2 Ministry of Gender, Labour and Social Development

The Ministry of Gender, Labour and Social Development protests in support of the interests and physical safety of workers in the construction sector. It is the custodian of the Health and Safety regulations in the industry. The Ministry of Disaster Preparedness has also in some cases made directives to districts and urban councils to enforce strict observance of standard building codes and to monitor the use of quality materials in case of earthquakes. With rapid growth, the construction industry in Uganda is facing increased occupational safety and health risks. Injuries and accidents on construction sites have been registered in the recent past due to the following reasons:

- Lack of clear policy by government on how the construction industry should operate,
- Out-dated legislation (regulations narrow in scope, and penalties dismal),
- Limited number of Safety and Health Inspectors,
- Inadequate resources for effective enforcement of legislation,
- Inadequate and incompetent supervision at construction sites,
- Low attitude towards safety and health by clients,
- Lack of national standards for construction,
- Lack of awareness and understanding of safety and health regulations and generally labour laws,
- Lack of skilled workers or competent persons,
- Lack of OH&S information, training materials, courses and programmes which the Uganda construction industry could utilise,
- Lack of thorough reporting of incidents and accidents,
- Weak professional institutions to monitor ethical conduct of their members,
- Weak contractors' association to benefit its membership through training and other health and safety services,
- Inactive insurance industry,
- Use of inappropriate construction techniques and poor designs which don't take into account safety and health,
- Workers negligence, ignorance and carelessness (attitude and behaviour),
- Mechanical failure of construction equipment, plant and machinery (often very old),
- Unlevelled bidding ground due to design specifications not having considerations for safety and health,

- Workers in poor health conditions and working under stress,
- Use of poor quality materials coupled with lack of quality control to ensure compliance with standards or specifications,
- Weather and vulnerability to environmental hazards.<sup>5</sup>

There is a need to institute a safety and health inspection and management system to involve all institutions, including professional bodies, building and construction associations, central and local governments, insurance, police, and courts. At the same time, an independent body, in collaboration with other regulatory institutions of the building construction sector, should be established and empowered to effectively inspect construction works, as local authorities lack the capacity and resources to handle the rapidly growing task at hand.

Despite the challenges facing the country, Uganda has been working strategically to overcome many of the obstacles constraining the building construction sector by undertaking to implement a comprehensive Land Sector Strategic Plan (LSSP), developing a National Housing Policy, carrying out reforms in the Building Control legislation, and strengthening the National Bureau of Standards, which is responsible, among others, developing materials standards, inspection and testing for their conformity to the set standards, quality assurance of building materials and accreditation of manufacturers of materials.

Despite actions by various governing agencies, very few buildings in various parts of the country conform to construction requirements. For example, it is estimated that only 10 per cent of the buildings in Kampala meet these requirements. This does not, however, demonstrate that such buildings are unacceptable to their occupants.

### 9.1.3 The Ministry of Local Government

The Local Government Act, 1997, has decentralised power and decision-making responsibilities from the central government to local government levels. In so doing, it has made the local authorities more involved than before in the process of land use management, and physical planning for the developments in their areas, thus affecting the way housing is supplied within areas of their jurisdiction.

### 9.1.4 Professional Regulatory Bodies

These are bodies that are statutorily empowered to regulate and control the activities of their respective members. They include the following:

- Architects Registration Board (ARB), was established under the Architect Registration Act 1996 (Ch 269). Its function is to regulate and

maintain the standard of architecture in Uganda. It boasts of 128 registered members.

- Engineers Registration Board (ERB) was established under the Engineers Registration Act 1969 (Ch271). Its function is to regulate and control engineers and their activities within Uganda and to advise the Government of Uganda in relation to those functions. The Board has a total of 997 registered members.
- Institute of Surveyors was established under the Surveyors Registration Act 1974 (Ch 275). The institute has the responsibility of regulating and controlling the profession of surveyors and the activities of registered surveyors in the country, and to advise the Government in relation to those functions. Despite its long period of existence the institute has only 37 land surveyors, 23 quantity surveyors and 32 valuation surveyors registered. The institute's board has been accused of frustrating those wishing to be registered.
- Association of Real Estate Agents (AREA) Uganda.
- Mortgage Association of Uganda.

### 9.1.5 Uganda National Bureau of Standards

The Uganda National Bureau of Standards (UNBS) was established in 1989 under the UNBS Act of 1983, to develop and promote standardisation, quality assurance, laboratory testing and metrology to enhance the competitiveness of local industry, and to strengthen Uganda's economy and promote quality, safety and trade.

According to the Executive Director of the Uganda National Bureau of Statistics, the Bureau is faced with a multitude of challenges that constrain its efforts of carrying out its mandate. These include the following:

- Outdated laws with lenient penalties that are not corrective and punitive enough to effect change in behaviour of defaulters and violators of standards;
- Lack of a permanent home which limits space to build new laboratories;
- Inadequate budgetary support which stands at UGX 7.8 billion (USD 36,279,070) instead of the promised UGX 13.5 billion (USD 62,790, 697)
- Lack of some key laboratory equipment and reagents;
- Inadequate logistical and operational support to conduct market surveillance, factory inspection, calibration and routine verification exercises, inadequate manpower;
- Understaffing of the institution. The Bureau has only 230 staff out of 1000 under its establishment;
- Producers of substandard products working below the radar, mostly informally, making it hard to monitor them.

### 9.1.6 National Environment Management Authority (NEMA)

The National Environment Management Authority plays a vital role in management, coordination, monitoring and supervision of all activities in the field of environment. While this is the case, the National Environmental Authority lacks the capacity to effectively carry out its obligations. The institution lacks technical expertise and specialized equipment required to manipulate some relevant data, and it faces manpower constraints. The situation is further aggravated by the high staff turnover, especially of the highly skilled professionals.

In addition to professional regulatory bodies, there are other bodies that work hand in hand with them in the construction sector. They include: Uganda National Association of Building and Civil Engineering Contractors, Uganda Institute of Professional Engineers, Uganda Society of Architects, Uganda National Association of Building and Civil Engineering Contractors.

Uganda Manufacturers Association brings together several manufacturers and services providers in various sectors. In the construction industry the association gathers producers and dealers in the following areas: wood products, lime/cement manufacturing, marble, metal and steel products, housing, manufacturing of paints, engineering and construction, building materials and engineering services. The association promotes networks and collaboration between various stakeholders under its umbrella.

### 9.1.7 Building Department

The Building Department is located in the Ministry of Works and Communication. Its mandate is to formulate policy on building matters, development of regulations of the building industry and inspection of public works. Initially it was under the Ministry of Lands, Housing and Urban Development, working hand in hand with its sister department of Human Settlements. Later on, the two departments were transferred to the then Ministry of Works, Housing and Communications. After restructuring of the ministries, the Building Department remained in the Ministry of Works and Transport and the Department of Human Settlements was transferred to the Directorate of Housing in the Ministry of Lands, Housing and Urban Development.

The current arrangement has resulted in the duplication of some roles, and/or un-defining others, segmentation and separation of resources of the two units that are supposed to operate together, and has undermined the performance of the sector, particularly with regards to government's performance.

### 9.1.8 Local assemblies

Local assemblies have been known to have made a significant contribution, especially among religious institutions, to contribute to the process of growth and providing encouragement to believers, in particular those in need. Often, local assemblies are facilitators of planning. They have been known to mobilize resources, draw upon human resources available for consolidation of society objectives, nurture members and developing lines of communication among them, encouraging personal acts of service and so many others.

In Uganda, the effect of local assemblies in the provision of housing among the urban poor has been very limited and not direct. Efforts of the assemblies have been mainly towards helping the sick, old and disadvantaged with basic needs such as food, medication. Elsewhere, assemblies have shown great potential of dealing with diverse issues within society, including housing. This latent potential has not yet been exploited in Uganda.

### 9.1.9 Employment and labour law

A large proportion of construction sector employees lack knowledge of their employment rights and safety requirements. Even those employed in the formal sector are not spared unfair treatment and harassment by employers. Frequently, workers' rights are violated by employers, who exploit them with little pay and long working hours. For example, a mason in Kampala is paid a daily wage of UGX 7,000 (USD 3.65), yet he is expected to work for as long as 12 hours, at times without officially required breaks. In addition, the terms of employment often do not provide them with protection against arbitrary redundancy and unfair penalties for minor offences.

## 9.2 ORGANISATION: ACTORS, SUPPLIERS, CONTRACTORS AND SERVICE PROVIDERS

There are several actors in the construction sector in the country. These include: government institutions, parastatal bodies, Non-Governmental Organisations, Community Based Organisations, local councils, opinion leaders, private developers, contractors, women's groups, technical schools and consulting firms. While the actors are many, their activities are not well synchronised as the sector is poorly organized.

The activities of the sector are carried out by both the informal and formal actors. The informal sector accounts for up to 70 per cent of the construction activities in the industry and the formal construction sector is dominated by small and medium size contractors, with a few large international firms subcontracting a number of local contractors.





**Figure 24. Informal sector contractors and residents building their own homes in Gulu.**

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These actors operate through the following institutions: government ministries, Architects Registration Board (ARB), Contracts Committee (CC), Central Government (CG), District Local Government (DLG), Engineer's Registration Board (ERB), Federation of Ugandan Consultants Organisation (FUCO), Institution of Surveyors of Uganda (ISU), Kampala City Council (KCC), Local Government (LG), Public-Private Partnerships (PPP), Surveyor's Registration Board (SRB), Uganda Association for Consulting Engineers (UACE), Uganda Bureau of Statistics (UBOS), Uganda Institute of Professional Engineers (UIPE), Uganda National Association of Building and Civil Engineering (UNABCEC), Uganda National Bureau of Standards (UNBS), and the Uganda Society of Architects (USA).

### 9.2.1 Formal suppliers

The formal sector of the construction industry in Uganda is governed by a structure regulated by the institutions mentioned earlier and is predominantly involved in commercial and public construction investments. Even where formal means of investment are used, a hybrid of methods of construction is often employed. It is common to find real estate developers, non-governmental organisations and other institutions applying formal and informal ways of conducting their business.

The formal sector of the construction industry is quite small, and limited in spectrum of operation, although it has quite a high turnover. Its activities are largely with public project or commercial works of non-residential nature. Despite this, the sector is poorly developed in the country, and it tends to have traces of informality.

Government is striving to strengthen this sector to ensure that it can exert better control of the industry and better organise it. It is yet to be seen to what extent this objective will be realised. The down side is that for the most part, the main overriding target of enlarging

the formal sector by government is to be able to widen the tax base rather than improve the functioning of the sector.

### 9.2.2 Informal suppliers

The informal sector dominates much of the work carried out in the construction sector. As the country is under-developed with low levels of industrialisation, labour intensive methods of building construction are popular. The sector provides construction materials and services for the sector at lower and more affordable cost than the formal sector, despite the products being of questionable quality. These materials and services are consumed by the majority of low-cost developers in the construction sector, and the middle-income residents who can afford to engage contractors. Whereas the products of the informal market may vary considerably in quality, they have the advantage of being accessible to the majority of low-income developers. Informal producers have low fixed costs and low total costs, and are able to vary output with the local market demand.

Construction activities conducted within the informal environment are un-regulated by formal institutions. The activities are based on different methods of engagement of workers, negotiations of costs, procurement of materials and construction. The parties involved are subject to, and un-insulated from, many risks. Workers are hired and fired at will, as and when there is work for them. Even formal construction firms often only keep a minimum of skeleton staff of the skilled labour force, while the rest are engaged depending on the demand on market, in an informal manner.

### 9.2.3 Construction costs

The informal sector is generally undermined by non-adherence to standards, varying costs of materials, labour, and quality of materials and services. According to local estimates, construction costs have more than doubled

Table 27. Cost of land in Kampala and Gulu

Cost (in million UGX/USD)	Percent
Less than 10/ (USD 4,650)	87.5
10.1-20/ (USD 4,700-10,444)	9.9
20.1-30/ (USD 10,444-15,666)	2.5

Table 28. Employment of local contractors

Town	Yes (%)	No (%)	Self-built (%)
Kampala	78.3	6.2	15.5
Gulu	64.9	5.4	29.7

since 2003, with prices for steel, cement and other basic materials increasing most rapidly.<sup>6</sup> On the positive side, this has prompted an increase in local production which improves employment rates for laborers.

Workers' wages in the informal sector are frequently determined by negotiation. Discussion with some of the local builders revealed that the cost of labour in the informal sector is also based on other factors, such as the kind of development to be constructed, the perceived economic status of the client, location of construction site, and the terms of engagement. In general, the price of labour in the informal sector offers variation in wages.

The cost of labour for construction purpose varies from one area to another, with that in Kampala being higher than most other urban areas. Nonetheless, on the whole, it was found that for 65.1 per cent of the dwellings found in the study areas, the cost of construction was less than UGX10 million (USD 4,650). In general, the cost of labour in Uganda is not that different from that in neighbouring countries. Most workers in the construction industry in Uganda are not skilled and the cost of labour in the sector is about 30-40 per cent of the construction cost, while in the manufacturing industry, labour costs are within the range of 10-15 per cent of the production cost.<sup>7</sup> Unfortunately, the sector is fragmented and as such it is not industrializing easily and fast, undermining its productivity.

Future trends in labour costs are difficult to predict without relevant data, but it is reasonable to assume that the country is likely to experience rising labour costs owing to inflation and rising cost of living, and rising proportion of skilled workers joining the sector. However, this trend may be counteracted by increasing unemployment which may lower the cost of labour.

On the other hand, Table 28 (Land costs in Kampala and Gulu) shows that 87.5 per cent of plots in the surveyed areas cost less than UGX 10 million (USD 4,650). The survey also determined that land costs represented 66 per cent of total housing costs, making land a significant component of total housing costs.

#### 9.2.4 Use of local contractors

Use of hired labour to construct homes is gradually becoming common practice in Kampala, Gulu and other cities across the country. Unlike in rural areas, in urban centres, the use of local contractors or hiring labour is becoming a viable option of constructing a house. The operation of a cash economy in the urban areas of the country enables the house developer to opt to remain engaged in his employment for the purpose of earning an income and be able to buy building materials and other household items other than contributing labour for house construction. For example, the surveys revealed that 78.3 per cent and 64.9 per cent of the dwellings in Kampala and Gulu respectively, were constructed by hired labour, making an average of 75.8 per cent for the overall sample. The figures also seem to support the assertion that the higher the level of economic development, the larger the proportion of people using hired labour to build their houses it becomes. Results in the study areas in both Kampala and Gulu indicate that on average, homes take 16 months to complete.

Analysis of problems faced by contractors in the building industry was carried out to identify their most pressing issues. The problems were ranked on a scale of 1 to 10, with a high figure corresponding to a high level problem. Analysis of the problems faced by the builders revealed that lack of equipment scored highest with a mean of 5.32 followed by government regulations at 4.92, and supply of raw materials, 4.80. It is interesting to note, however, that to the contractors, the cost of raw materials and access to finances featured at the bottom of the ranking.

In an environment where resources are limited, at least the first three issues - problems of access to equipment and machinery; supply of raw materials, quality of raw materials; government regulations, skills and competency of workers - should be given special attention in order to improve the performance of local contractors. At present, 75 per cent and 82.6 per cent of the dwellings in Kampala and Gulu respectively

required improvement to meet official standards, and this is partly due to poor workmanship of contractors, as well as financial constraints on local households.

### 9.2.5 Institutional capacity

#### Makerere University

The Faculty of Technology currently has six departments offering both under graduate and graduate programmes in architecture, civil engineering, mechanical engineering, electrical engineering, telecommunication engineering, surveying, building economics, land economics, construction management, and graduate studies in physical planning. Currently the Faculty graduates 300 students annually. The Department of Geography in the Faculty of Arts offers professional programmes in urban planning, annually graduating 60-80 students.

#### Uganda Martyrs University (UMU), Nkozi

Under the Faculty of the Built Environment, Uganda Martyrs University (UMU), Nkozi is new. It offers professional programmes in environmental design, architecture and it expects to start a programme in landscape architecture in 2010. At present, the Faculty produces on average 8 architects and environmental designers annually.

#### Kyambogo University

The Faculty of Engineering, formed in 2001 from the former Schools of Civil and Building, Mechanical and Production, Electrical and Electronic Engineering of former Uganda Polytechnic Kyambogo (UPK), offers the following programmes: degrees and diplomas in civil and building engineering, water engineering, surveying and land information systems, building economics, vocational training in technological studies with education, and a diploma in architecture.



#### Gulu University

Gulu University was established in 2001 and admitted its first students in September of 2002. Since then the university has grown rapidly. The main contribution to the housing and development sector has been through business and management training. As highlighted by the current situation in Gulu municipality, more integrate planning, and market oriented development of housing for the low-income majority, will be necessary if MDG targets are to be met. As Gulu prepares for a period of accelerated economic growth related to the predicted independence of South Sudan in 2011, planning and management in the public and private sectors will have be enhanced. Gulu University has an important role to play in building local technical capacity to manage sustainable development in the town and region.

### 9.2.6 Technical and vocational institutions

Vocational and technical training in Uganda is offered by approximately 1,000 private institutions compared to 130 government institutions. These institutions take about 5-10 per cent of graduates from primary and secondary schools. However, in many of these institutions the training offered is rudimentary as they lack skilled instructors, infrastructure, equipment and tools. Under the Business Technical and Vocational Education and Training (BTJET) Act government is striving to support these institutions under the Ministry of Education and Sports. Through the Business Technical and Vocational Education and Training programme, the government cooperates with 45 schools and institutions throughout Uganda. The programme is a bilateral cooperation between the Government of Uganda and the Federal Republic of Germany. Since 1999, the programme has supported 29 centres with buildings and equipment.



Figure 25. Formal training institutions in Gulu.  
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Table 29. Builder rationale for choice of construction material

Town	NA	Durable	Inadequate resources	I don't know	Cheaper	That is what I wanted
Kampala (%)	41.1	24.7	13.0	15.7	5.0	0.3
Gulu (%)	75.8	3.4	4.7	8.7	7.4	0.0

Less than one fourth of the vocational institutions in Uganda offer courses for the construction sector, and only Uganda Technical College Bushenyi, Uganda Technical College Elgon, Uganda Technical College Kicwamba, and Uganda Technical College Lira are owned by government. As a result, there is a gap in the availability of middle technical cadres in the housing and construction sector.

It has been argued that construction firms in Uganda lack qualified machinery operators, brick layers, carpenters, masons and other middle technical cadres which results in substandard construction work. This suggests that more attention should be focused on technical training. Government plans to expand technical education in all the districts and later the sub-counties as a way of intensifying skills training in the country.

### 9.2.7 Education and training authority (TEVETA)

Technical education in Uganda is the responsibility of the Ministry of Education and Sports, and is handled by non-tertiary institutions (Technical colleges) and tertiary institutions which include universities. Quality assurance of the training in these institutions is ensured by Uganda National Council for Science and Technology (UNCST) which was established in 1990 by an Act of Parliament with a mandate to develop and implement policies and strategies for integrating Science and Technology into the national education system. While the Uganda National Council for Science and Technology does not focus on technical education in particular, in the last two years it embarked on an accreditation exercise of programmes taught in universities as a way of harmonising the training in all tertiary institutions.

### 9.2.8 Professional and contractors' associations

There are a number of professional and contractor's associations found in the construction sector in Uganda. These include the Uganda Institute of Professional Engineers (UIPE), Uganda Society of Architects (USA), Uganda National Association of Building and Civil

Engineering Contractors (UNABCEC), The Producers of Cement Association (PCA) and many others.

### Uganda Manufacturers Association

The Uganda Manufacturers Association brings together several manufacturers and services providers in various sectors. In the construction industry, the association gathers producers and dealers in the following areas: wood products, lime/cement manufacturing, marble, metal and steel products, housing, manufacturing of paints, engineering and construction, building materials and engineering services. The association promotes networks and collaboration of various stakeholders under its umbrella.

Such organisations have tried to advocate professionalism and good conduct among their members. For example, the Producers of Cement Association has warned consumers to be wary of buying cement at lower market rates that is often from unauthorized dealers. Such cement has often been found to be adulterated. In pursuit of quick profits, a number of substandard materials, including cement, are rampant on the local market, and the collapse of most buildings has been partly attributed to such materials.

Many of the building materials in Uganda are now accessible by the road-side, supplied by small scale traders, although proper storage and protection from the elements is rarely considered by informal sellers. The items sold include equipment such as wheel barrows, steel and plastic products, prefabricated elements and timber (Figures 27).

## 9.3 BUILDING MATERIALS

### Choice of building materials

The choice of building materials for house construction is a complex phenomenon among the urbanites in Uganda. It is less influenced by factors such as durability, scarcity of materials or personal choice of the developer, as depicted in Table 30 (builder rationale for choice of construction materials). Peer pressure and public influence may also play a significant part in influencing

Table 30. Materials used in wall construction

Town	Bricks	Mud blocks	Mud and wattle	Cement blocks
Kampala (%)	89.9	0.8	0.0	9.2
Gulu (%)	21.6	59.8	17.5	1.0
Average (%)	70.1	17.9	5.1	6.9



Table 31. Materials used for roof construction

Town	Clay tiles	Iron sheets	Grass
Kampala (%)	5.9	94.1	0.0
Gulu (%)	0.0	23.7	76.3
Average (%)	4.2	73.7	22.1

the choice the material.

In addition, reliable data to explain the relationship between building materials and tenure used for the dwelling unit in urban areas of Uganda is not available, though general observation in the field indicated that rental accommodation tends to be of poorer quality material than occupier-owned dwellings.

### Materials used for wall construction

Materials commonly used for house building in Uganda include stones, cement, sand, un-burnt and burnt bricks, mud blocks, mud and wattle, adobe, and timber. Other materials such as mass concrete and cement blocks are rarely used, except in high class or commercial and public buildings. In a few cases, stabilised soil-cement/lime bricks are used, especially in housing project schemes, but they are not widely accepted by individual developers because of the technology is yet embraced.

Generally, there is little variety in the use of building materials for wall construction in the country. Results from the study areas, show that 89.9 per cent of the dwellings surveyed in Kampala are made of bricks walls as opposed to 21.6 per cent in Gulu. Mud blocks are the most commonly used materials for wall construction in Gulu, constituting 59.8 per cent, with 17.5 per cent of the structures made of mud and wattle. In general, in poorer regions the use of cheaper, less permanent materials is more pronounced than in Kampala. Other materials such as compressed earth blocks are hardly used in Kampala whilst they are popular in Gulu as shown in Table 31 (materials used in wall construction).

New technologies, such as Interlocking Stabilised Soil Blocks (ISSB) have not been integrated into the educational curricula of secondary vocational institutions and tertiary engineering and architectural institutions, and thus adoption has been slow. Yet integrating new technology into the educational system is the most effective way of ensuring the technology's use in the future. At present, one of the key challenges is changing the mentality of the companies and individuals already manufacturing and using the conventional methods of construction such as burned bricks and concrete blocks.<sup>8</sup>

### Materials used for roof construction

Further examination of the materials used for roofing the dwelling revealed that iron sheets are the most widely used material with a proportion of 94.1 per cent,

while in Gulu grass is the most widely used 76.3 per cent followed by iron sheets 23.7 per cent. There are very few houses being roofed with tiles in Kampala, constituting 5.9 per cent and none in Gulu.

In Kampala, iron sheeting is by far are the most commonly used roofing material. Largely because of costs, few developers can afford to use clay tiles on their dwellings. It is thus assumed that tiled houses are for the rich. Production of tiles in Uganda is mainly under the formal industries and as such, their costs are beyond the reach of the majority low and medium income households.

Generally, the use of materials for structural purpose and cladding varies, with the structural aspects requiring a higher proportion of the material than cladding.

#### 9.3.1 Locally available materials

The problem of proximity to the suppliers of building materials has to a large extent been addressed with the opening up of a number of hardware shops within the neighbourhoods to construction areas. As such, developers can access substantial quantities of building materials within a radius of 5 kilometres from the site of construction with 41.9 per cent of the respondents indicating that they acquire from 'a lot' to 'all' materials from within this distance as shown in Table 33 (proportion of building materials sourced within 5 kilometres).

Examination of the proportion of local building materials and the type of materials used for roof construction showed that most respondents were using iron sheets in both Kampala and Gulu (73.7 per cent) more than clay tiles or thatch for roof construction. Iron sheets are now produced in the country in large quantities, and are easily accessed from supply shops in both cities. Nonetheless, in Gulu, use of thatch as a roofing material is still widespread although this is unlikely to continue as grass is becomes scarce as a result of drought and an ever-expanding urban population.

#### Sun-dried brick

Also known as adobe, sun-dried bricks are widely used throughout Uganda, especially in rural areas. The bricks are not officially accepted for use in the urban environment because they are considered to be temporary, not standardised, and vary widely in quality. Sun-dried bricks are produced and used by the informal sector, mainly for low-cost housing. In Kampala, it is not



Figure 26. Mixed materials for sale at roadside businesses in Kampala.  
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common to find sun-dried bricks on sale, nonetheless, when found their costs vary between UGX 50 (USD 0.026) in Kampala, and UGX 35 (USD 0.0182) in Gulu, with prices being significantly higher in Kampala. However, sun-dried bricks are not commonly found on sale as many suppliers prefer to burn them into a more marketable type of burnt brick.

Sun-dried bricks are generally inferior to burnt bricks, less resistant to rain, abrasive forces and more porous. Despite these disadvantages, sun-dried bricks are cheaper than burnt bricks, can easily be made even in areas where firewood is scarce, they take less preparation time and can be prepared easily on site.

Especially in parts of the country where deforestation has made trees and shrubs scarce, sun-dried bricks have potential for further use in the construction sector in Uganda, if improved. Once their limitations are addressed, sun-dried bricks can be used to fight the escalating de-forestation in the country. The bricks are ideal for use in low-cost housing, and if proper guidance to their use is given, they can adequately contribute to alleviating the housing problem in the country. Whereas they are not popular in their current form, they can be improved by stabilisation, compression and standardisation.

### Burnt brick

Materials made from clay are gradually becoming scarce in Uganda because of the limited availability of appropriate clay in the country coupled with high demand associated with an enhanced construction

sector. On a large scale, clay products are produced by two major factories Uganda Clays Ltd. and Kiwa Industries. In addition, a number of small-scale producers are distributed in different areas of the country where clay reserves are available. The cost of clay-made building materials such as bricks are gradually being replaced by earth bricks (burnt and un-burnt) and cement/sand bricks.

Local burnt bricks are currently the most commonly used material for single storey buildings such as the one shown in Figure 28. However, the current stock of buildings exhibit three major short-comings which need to be addressed:

- They are of poor quality, with irregular sizes and shapes, resulting in use of more mortar than necessary to fill up all irregularities by plastering walls to achieve a regular wall surface;
- Increasing use of burnt bricks is proving to be an environmental hazard as natural forests are being cut down at alarming rate to generate firewood for brick burning;
- The pits left behind after digging the clay or soil for the production of the bricks often become a health hazard in many places when they collect water and become breeding grounds for mosquitoes.

Furthermore, local bricks have no approved standards developed by either the Uganda National Bureau of Standards (UNBS) or Ministry of Works and Transport. Hence, they are produced in all shapes, sizes and weights. The bricks also lack approved standard compression

Table 32. Proportion of building materials sourced within 5 kilometres

Town	None	Very few	A lot	Most	All	Don't know
Kampala (%)	4.5	28.1	12.6	17.1	8.5	29.1
Gulu (%)	0.0	2.4	16.7	33.3	9.5	38.1
Average (%)	3.7	23.7	13.3	19.9	8.7	30.7





**Figure 27. A house constructed with burnt bricks.** Photo © Martin Kaggwa

strength, and no specifications for their bearing strength, moisture content, wear and tear among others have been agreed upon and approved. This calls for urgent action to establish standards and safer methods of producing burnt bricks without using firewood such as stabilised earth blocks and compressed earth blocks as substitutes.

#### Box 16: Case Study: burnt brick manufacturing

*Christoph Mopanga has been making mud bricks for six years. He started making the kiln-fired bricks after moving to Kampala and not being able to find full-time employment. Since starting his small business, there have been many up-and-downs, and his workforce includes up to three day labourers, when things are busy. He has been able to gradually raise the costs of his bricks since beginning the operation, and now he sells them for UGX 130 per brick, with most customers buying between 5,000 – 10,000 bricks. He laments rising fuel costs – firewood for his kilns can affect his profit margins, and he has to negotiate rates for water and the clay he finds on private property. As a result of modest savings from his business, he has begun constructing his own home in stages, and plans to add rental rooms to the existing single-storey structure in the next five years.*



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## Timber

A variety of timber species are available in Uganda, including mahogany, mvule, pine, elgon, olive, nkoba, eucalyptus and many others. Demand of timber for various uses (cooking, furniture manufacturing, construction materials, and housing). In the construction sector, timber is used for making roof trusses, shuttering, doors, windows and furniture, and tools. The volume of timber used has grown rapidly in recent years, so much so that local sources are threatened with extinction in the near future if interventions are not taken to reverse the situation. While that is the case, some local timber is exported to other countries. In an attempt to delay the exhaustion of domestic forestry resources, Uganda imports timber from neighbouring countries such as the Congo, both for domestic use and manufacturing and re-export.

For informal buildings, it is common to use recycled and local materials. Materials such as stone, sand and timber are some of the common materials exploited in the recycled materials sector. Collecting, cleaning and adopting recycled and local materials provide employment to many in the local community even though the activities may be time consuming yet with little returns.

Owing to increased demand for the materials, the quality of timber used for construction in Uganda is steadily becoming poorer. Immature trees are harvested for sale and timber is poorly cured and stored, leading to warping and attack by vermin.

## Cement and lime

Local production of cement and lime in Uganda is by Hima Cement Factory in Kasese, western Uganda and Tororo Cement Works in Tororo, Eastern Uganda. Both materials are some of the major building construction materials used for housing development. Imported cement comes from China, Egypt, India and Thailand. The foreign brands are posing a serious threat to the local industry because of their competitive prices and quality. Local producers argue that Uganda has become a favourite dumping ground for cheaply produced cement because of lower ocean and freight rates due to the global financial crisis. They add that imported brands are not subjected to the required taxation and or do not meet the required national standards.

Uganda Manufacturers Association observes that the reduction of the common external tariff duty from 35 per cent to 25 per cent led to a flood of imported cement on the market. For example, while the local brands sell at UGX 30,000 (USD 15.66), the imported brands are at UGX 28,000 (USD 14.62) or lower. This makes the imported brand more popular to the consumers. Cement and lime manufactured in Uganda may soon be pushed out of the market if regulators do not control the rate at which low-priced imported cement is coming into the country.

Cement and lime manufacturers call on governments to review trade policies in accordance with the global slowdown that has affected industries. Imported cheap cement into the country threatens the survival of local industries, which if not dealt with immediately, may cause market distortions. On the other hand, government is not ready to invest in an industry that has failed to produce enough cement to meet the current demand and which was at the verge of collapsing.

### Stone and marble

Stone is used in the construction industry largely in unprocessed form, for structural and non-structural purposes, including finishes. Stone is widely found in the country with varying properties, and some of it is used as crushed stone or marble. It is used in house construction for centuries. In some parts of Uganda where it is found in abundance stone has been widely exploited. In Mbarara, for example, stone has been used to achieve a maintenance free exterior environment of buildings as shown in Figure 30 (Natural stones used as finishing material on the façade of a home in Mbarara).

### Crushed stone

This is either hand crushed, by local community members on a small scale or machine crushed on a wider, commercial scale. The production of hand crushed stone is an occupation scattered in various parts of Uganda where stone may be found. It often appears in areas where construction works arise, and once the stone is identified in the area, local people engage in the trade as a mean of earning an income. Production of machine crushed stone, on the other hand, is carried out in areas where specific stone types are available and in substantial quantities for commercial production. Machine crushed stone is quite expensive, as it is of high quality and of even dimensions and for the most part used in high cost constructions. Machine crushed stone is graded in the following sizes: stone dust,  $3/8"$ ,  $5/8"$ ,

$3/4"$ ,  $1\frac{1}{2}"$  and  $2\frac{1}{2}"$ . Hand crushed stone, on the other hand, is un-graded, often of mixed size and un-sieved of dust and other impurities (Figure 31, hand-crushed stone and machine-crushed stone).

Stone is used in various ways, ranging from the construction of drainage channels to external cladding in house construction. Because of its resistance to wear and tear and the harsh climatic conditions, it has been found to be a very useful material with vast areas of application that have not been exploited in Uganda. Unfortunately, stone is also becoming expensive to use. For example, a 7-tonne truck of hand-crushed stone costs UGX 175,000 (USD 80) in Kampala. In Gulu, costs of hand-crushed stone appear to be slightly higher, reflecting limited competition compared with Kampala, and the recent building boom and NGO presence. In Gulu, a 7-tonne lorry of hardcore was estimated at UGX 150-170,00 (USD 70-79) while aggregate is sold for between UGX 230-250,000 (USD 107-116). Due to competition and a lack of coordination between informal stone sellers around Kampala, there is downward pressure on prices, whereas in Gulu, current supply side limitations, and a smaller number of producers, mean that prices are likely to remain high.

### Sand

Sand may be categorised in many different forms, such as beach sand, fine sand, utility sand, fill sand, mason sand, concrete sand and many others. In the construction industry in Uganda, sand is categorised into two broad types: fine sand and coarse sand.

Discussion with developers in Kampala revealed that the cost of sand is also gradually rising owing to increasing transport costs arising out of rising fuel costs, and increasing distance from the source, as nearby sources get depleted. At the present, a 4 tonne truck of coarse sand costs UGX 80,000 (USD 40), while fine sand UGX 70,000 (USD 36).



Figure 28. Roadside storage and sale of timber for housing.

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**Figure 29. Natural stones used.**  
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Research carried out in Makerere Kivulu and Luzira, it was found that most building materials used in Kampala are bought from other areas.<sup>9</sup> Sand is now becoming a scarce building material, and it is bought from distances of about 50 kilometres from the city, thereby increasing the costs beyond the affordability of the residents in the city. Therefore, residents resort to using the simple, temporary materials that are locally available, rather than opting for the added cost and complications related to importing materials from outlying areas on the urban periphery. As a result of the costs, poorer households often use old iron sheets or other salvaged materials, or mud and wattle/adobe walls for construction of the houses.<sup>9</sup>

### 9.3.2 Imported materials

The industrial sector is growing at a rate of 15.1 per cent per annum, showing that the demand for steel is also growing in the country. The consumption of steel

products in the country is unknown, but it is clear from the construction boom that the country has experienced in recent years that the demand for the products is steadily rising.

In Uganda, the existing steel producing companies produce far below their installed capacity. Despite the potential for using national iron ore reserves to meet local industrial needs for steel production, substantial amounts of steel are imported from neighbouring countries. The heavy reliance on imported materials including steel, roofing materials, iron sheets, cladding materials and fitting materials makes the construction industry vulnerable to the global financial changes. This is also partly responsible for the high costs of housing in the country.

The use of imported materials is confined to specific areas such as building sheathing, and finishes, where ceramics are popular. Imported materials are also largely used in electro-mechanical areas where local production is limited or non-existent at all. Examination of the use of materials for house construction indicated that a large proportion of dwellings in the study areas either used none or very few imported building materials. 53.1 per cent of the dwellings in the study areas are constructed using mostly local materials. In Kampala, 63.7 per cent of housing developers used very few imported materials, while 64.3 per cent in Gulu used no imported materials for house construction. This shows that local materials are the main building materials for housing development in the country.

## 9.4 CAPACITY NEEDS ASSESSMENT

### 9.4.1 Productivity and quality issues

Based on the conducted surveys, whereas there has been an improvement in the supply of building materials, this achievement has been outstripped by



**Figure 30. Hand-crushed stone and machine-crushed stone.**  
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**Figure 31. Stone used in the construction of drainage channels and house cladding.**

© Stephen Mukiibi

increased demand for housing. The construction sector is crucial in contributing towards poverty alleviation and improvement of living standards of the people, and is a major employer in Uganda, as well as being a general indicator of the country's economic health.

As part of the effort to boost local production capacity Government needs to support the private sector initiatives of producing building materials. For example, Bunyonyi Safari Ltd. which intends to develop a cement plant of capacity 300 tonnes per day in Kisoro, South Western Uganda, at a cost of USD 10,855,900 should be facilitated to immediately carry out the investment to increase the supply of cement and lime on the local market.

The informal sector remains a key player in the production of building materials and construction of housing in Uganda. It is imperative, therefore, to organize the sector actors to maximize its potential. To improve the quality of materials produced by small scale manufacturers necessitates organizing them in groups such as co-operatives through which production and quality assurance matters can be addressed.

#### 9.4.2 Skills and training

Most of the building construction work in the country is handled on a manual basis. This being the case, it is crucial that the productivity of the workers is monitored. The formal building construction sector in Uganda is characterized by poor productivity of the workers causing cost and time overruns in construction projects. Factors that significantly affect productivity of building craftsmen include incompetent supervisors, lack of skills from the workers, rework, lack of tools/equipment, poor construction methods, poor communication, inaccurate drawings, work stoppages, political insecurity, tools/equipment breakdown, lack of building materials and harsh weather conditions.

Lack of skills seriously affects time to accomplish tasks, the cost of labour and the quality of construction achieved. The Government of Uganda needs to introduce regular and targeted training programmes of the labour force to improve the productivity of the workers. In addition, technical training, especially in vocational institutions, needs to be given special attention to establish quality of training.

Although the availability of building materials varies from place to place in the country, shortages affect building construction works when workers have to stop work and wait for materials to be supplied. This is more critical in areas where materials supply is from a long distance to the site under development. While the supply of building materials has significantly improved in the country, its distribution is still not even. This means that planning for the production and supply of building materials has to be undertaken at a national level through monitoring of production and supply processes in the country.

#### 9.4.3 Housing sector overview

In order to achieve organisational effectiveness among building workers in Uganda there is a need to focus on cohesion/morale, adaptability, information and communication, and planning and goals setting. Poor performance of the construction sector in the country is largely contributable to lack of organisation and weak regulatory system. Organisation and streamlining of the construction industry in the country should be given priority if the construction sector is to register improvement and meet the challenges it is facing.

The country has a number of strengths and opportunities that can be taken advantage of, alongside a number of weaknesses and threats to deal with.

The building industry boasts of the existence of materials testing laboratories (although limited in accessibility

and output), building associations, regulatory framework, local technologies, research potential and cheap labour. On the other hand, it is also faced with weakness and threats arising out of weak institutional framework, ad-hoc and wasteful production methods, lack of a variety of quality building materials, poor working environment and working methods, and lack of skilled labour-force.

From the stakeholders' interviews, it was observed that many building materials in the construction sector in Uganda are locally produced and imported materials are predominantly used as finishes and for specialised designs and fixtures. While the local production of building materials is of advantage, especially in terms of costs and employment generation, its informality has come with a number of challenges to be addressed. These include lack of and failure to have and maintain standardised, quality materials with reliable supply.

For the construction industry and building materials sector, the country can take advantage of and build on existing administrative structures, whilst in spite of being weak and fragmented, can still help to strengthen and improve production of the sector.

### Materials testing

There is a testing centre for building materials in the Ministry of Works. Its capacity needs to be boosted to improve the process of ensuring quality products are used in the sector. However, one testing centre is inadequate to serve the whole country, and therefore, other testing centres should be established in the four regions of the country.

### Building associations

Some small-scale producers are members of a few segmented associations and even Uganda Manufacturers Association, but these organisations do not specifically focus on building materials supply. The existence of small-scale producers of building materials in different parts of the country is of great advantage in that it has enabled to improve access to hitherto scarce materials to a wider population. For better performance of the sector, small scale producers should be organised under a unifying body that can assist harness their potential. Uganda Manufacturers Association is a good example that can be benchmarked.

### Regulatory instruments

The country has existing regulations in place, though many of these are inappropriate and obsolete. In addition, drafts of regulatory instruments have been prepared for government's consideration and approval. This process needs to be expeditiously carried out and the adopted regulations put in operation. In addition, Government should enact and enforce realistic laws

to guide the construction sector's development. This should address issues such as enforcing of planning laws and regulations on privately owned land.

### Access to equipment and machinery

Government should devise ways and adopt strategies and interventions to better contractors' access to equipment and machinery, encourage improvement in quality and supply of raw materials and, skills and competency of workers.

### Local technologies

Uganda has a spectrum of little exploited technologies, techniques, and building materials used in different parts of the country. Some of these technologies and building techniques have been tested by time and proven to be reliable and viable to use. It is therefore, imperative to take stock of such technologies and take advantage of their potential to improve the construction sector.

### Resource centre

At the present, research and development in building materials and construction technology is under-developed and utilised in the country. Research has been limited to a few areas of institutional and administrative nature. The Government of Uganda needs to prioritise and invest in the areas of Research and Development of building materials and construction technology. The research should be applied based and results disseminated to the intended beneficiaries for use. To effectively achieve this, mechanisms of monitoring of the progress and evaluation of the performance of the construction industry is a crucial aspect of the development process of the sector.

There is a need to carry out research in building materials and building technologies in the country and to study the possible effect of exporting locally produced building materials to the performance of the local building industry.

In addition, the country needs to develop a databank of resources and designs in the construction sector. Such a databank would make it easier to draw from the vast resource gathered in a timely manner and with minimal resources.

### Working environment

Productivity of the building industry is a critical factor in working towards achieving decent shelter for all Ugandans. For this contribution to be realised, it is imperative that the working environment is improved through better terms of employment, and planned and organised working methods, and institution of safety and health inspection and management systems.

## Standards and quality of building materials

The use of un-standardised materials increases building costs as a result of increased waste of materials and time. In addition, it also constitutes a danger to the safety and longevity of the built structure. Developers are often cheated and forced to waste a lot of time and resources looking for reliable sources of materials. It is essential that standardisation of building materials and quality control in the country are given priority as a means of improving the quality of the constructed dwellings and also facilitating the adoption of potentially alternative building materials. Government should accept and standardise compressed earth blocks and stabilised earth blocks to increase their acceptance in the construction industry.

## Increasing the supply of skilled labour-force

There is a need to synchronise and strengthen the interaction of the training institutional activities with the industry's employment requirements. The training should be made to be more relevant and responsive to the needs of the building industry in the country, while on the other hand, the industry needs to reciprocate by providing the training institutions the necessary feedback about the training requirements. At the same time, government needs to provide the training institutions with the necessary logistical support.

## 9.5 CONCLUSION

Whereas the construction sector is vibrant, it is also faced with many major challenges, particularly in terms of organisation, regulation and lack of quality building materials and skilled labour. Most of the regulatory bodies of the construction sector lack the capacity to carry out their respective mandates. The development of shelter remains a challenge to the country chiefly as

a result of the methods of housing development used that do not facilitate fast and efficient house delivery at affordable rates.

Reports from the Department of Geological Survey and Mines indicate that Uganda enjoys an abundance of both metallic and non-metallic mineral products that can be exploited to produce building construction materials. With the availability of a variety of raw materials, the country has the potential of producing most of the building construction materials. The private sector should be facilitated and encouraged to invest in and commercially exploit this opportunity.

The government strategy of liberalizing the economy has resulted in improved availability of building materials such as cement, lime, corrugated iron sheets, steel bars, roofing tiles and paint on the local market. These efforts should be augmented with strategies of improving the system of supply of the materials in a sustainable and reliable manner to a wider spectrum of income earners in all areas of the country, and undertakings of improving the quality of materials produced by small-scale producers.

Although building materials supply has increased in Uganda, it is still cannot meet rising demand. For low-income housing developers, the use of quality materials is not paramount because of their limited capacity to afford them, and then has led to a dual market – one for informal materials and another for materials that meet formal standards.

If Uganda is to cope with growing demand for housing, it has to invest in appropriate technologies, materials production, and develop sustainable building design in terms of energy consumption, and environmental pressures.



## ENDNOTES

1. Source: Stakeholder interviews and <http://www.doingbusiness.org/ExploreTopics/DealingLicenses/Details.aspx?economyid=193>
2. Government of Uganda (2009a)
3. William et al (2009), 15
4. Nkurunziza (2004), 33
5. Senyonjo (undated), 25
6. Olanyo, J. (2008), 1
7. Alinaitwe et al (2006)
8. UN-HABITAT & Good Earth Trust (2009)
9. Mukiibi (2008)

# LAND AND HOUSING MARKET

The formal land delivery systems in Kampala, based on legal concepts and administrative systems introduced by colonial and pre-colonial governments, have proven unable to cope with the demands of rapid urban growth in contexts of extreme poverty and limited state capacity. In practice, most land for urban development, especially that occupied by the poor, is supplied and developed outside state regulatory frameworks. By far the largest supply of land in Kampala comes from subdivisions of mailo land and anybody with a kibanja or mailo land parcel wishing to regularize their occupancy and obtain a land title to their holding must first 'buy him/herself in' by paying the titleholder's valuation of the plot.

The other main form of legal access to land in Kampala is through the churches, which own substantial areas. Commercialization of land transactions has become pervasive even in the non-formal sector and as demand has increased, so the prices have increased, though non-market considerations, such as the relationship between the buyer and seller, also operate. Urban land delivery systems are usually shaped by policy, pursued through spatial development schemes and regulatory frameworks. Developers are expected to get land directly from public authorities, but many acquire it through the informal sector, creating two distinct but fusing land delivery systems.

## 10.1 MARKET STRUCTURE AND FUNCTION

As in almost all countries, land in and around urban centres has come under increasing pressure which has increased the commercialisation of land markets. However, non-market considerations also apply, especially in cases where buyers and sellers know each

other. Some individual landowners would rather sell their land at a much cheaper price to members of their own ethnic group or close relatives/friends than dispose of it at a market price to strangers.<sup>1</sup> This often happens when the reason for the sale is a targeted expenditure or distress-induced.

Real estate prices in Kampala continue to increase, whereas property prices in Gulu are more sensitive to security and political issues at the municipal and regional level.

## 10.2 KEY ACTORS

As indicated above, the land and housing markets are characterized by several actors with differing roles and power to influence market conditions. Key actors are those agencies and individuals who hold information on land and these can double as speculators and/or developers. In this context, government agencies are positioned to influence land market conditions using the legal mandate, but in a different way. By realising land information selectively and in piecemeal, coupled with inadequate records on land information, the urban land markets have remained inefficient and ineffective to deliver land for housing. For example, land alienation involves so many steps that repeated visits are required to Entebbe and this practically disables well functioning land markets in provincial towns such as Gulu. On the other hand, legal institutions to support land markets are also muddled in the 'heat' of intensified land markets and actors have slowly been drawn into compromising activities. The increasing land disputes, evictions and legal cases is partly due to failed institutions charged with guiding land markets in the country.

Table 33. Modes of land acquisition in Kampala and Gulu

Acquisition Mode	Inherited (%)	Purchased (%)	Exchanged (%)	Other (%)
<b>Town</b>				
Kampala	19.5	78.0	1.5	1.0
Gulu	80.0	16.0	3.0	1.0

### 10.2.1 Formal sector

The underdevelopment of the formal land sector in Uganda should be of concern for two important reasons. First, the long-term realization of the need to reform land management has yielded several reports, and a number of pieces of legislation, but these have often had the unintended effect of compelling formal actors to operate informally. Whilst it could be argued that formal actors have deliberately or inadvertently frustrated reform of the land sector for reasons of self-interest, the fact that government has failed to take a leadership role in this area means that urban land issues remain unresolved. Formal sector land transactions will increase as a proportion of the total only once legal standards, technical requirements and enforcement procedures are based on the needs and resources of the majority of households and are unified at the national and local levels. Once this has occurred, professional training and education in land valuation, real estate transactions, and on government regulations will support the growth of a coherent national land market. Secondly, it is now clear that land and property markets hold an important key to promoting economic development. If local governments hope to be financially self-sustaining, land valuation, taxation and brokering must also be based on rates which are seen to be reasonable and affordable. They then need to become more transparent and routine in order to encourage formal transactions, which will also contribute to long-term economic and political stability.

The long-standing debate over land titling as a means of collateral and access to credit has not received much attention in terms of action, despite its theoretical potential to unlock land markets in Uganda. The discourse has yielded another concept of the 'land rights continuum' which requires the decoupling of land tenure and property rights to improve tenure security

and distinguishing these from a purely economic value of land. Currently, land speculation in Kampala and other urban centers is a major barrier to comprehensive land tax reform and greater transparency in local land administration systems, which will be necessary if government and private sector objectives are to be achieved in the long-term.

Formal actors seem to take long periods to come to grips with new ideas and this is most likely going to continue characterizing land markets. There is a need to take proactive steps by formal actors who are largely government agencies in order to integrate informal settlements into the formal land market in ways which translate into an enhanced national economy.

The premise that everyone in the country needs and should own land is an issue for serious debate in future land policy discussions. International experience shows that a dynamic and socially responsive land and housing market is achieved by the availability of a range of tenure options, including private rental, co-operatives, customary and collective systems, in addition to individual ownership.

### 10.2.2 Informal Sector

Informal land markets have taken root in many urban areas of Uganda and particularly in Kampala. Previously conceived as exchanges of mailo land, informal market operations have, over time, extended to public land and institutional freehold in Uganda. Informality of land markets is rather an intriguing and dynamic concept that is difficult to define, but also draws distinction from formal land markets. There is a fusion of the two systems with informality characterized by quasi-legal and procedural processes. The actors are diverse, interests varied and processes for land exchange differing from one location to another. From land agents, land brokers, officers of government agencies, landlords,



Figure 32. Informal real estate transactions are a major force in the urban economy.

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Table 34. House type prices based on market values in Kampala

House type	Price UGX '000	Remark
Single roomed tenement	3,000 - 7,000 (USD 1,395 - 3,255)	Self-built often in informal neighborhoods
Two roomed tenement	5,000 - 13,000 (USD 2,325 - 6,046)	Self-built often in informal neighborhoods
Bungalow (three bed roomed)	20,000 - 35,000 (USD 9,302 - 16,279)	Middle-income housing
Bungalow (four or more bed rooms)	40,000 - 120,000 (USD 18,604 - 55,813)	Constructed with help from contractor
Two bed roomed apartment	100,000 - 200,000 (USD 46,111 - 93,023)	Constructed by contractor
Three bed roomed apartment	200,000 - 400,000 (USD 93,023 - 186,046)	Constructed by contractor
Single apartments	>400,000 (USD 186,046)	Constructed by contractor
Mansions	800,000 - 1,000,000 (USD 372,093 - 465,116)	Constructed by contractor

group or family land owners, speculators, lawyers and local administrators, informal land market conditions offer good opportunities for all these property dealers and rely heavily on information regarding land.

One of the unique features of informal land markets is the dynamic way in which land is subdivided, allowing small subdivisions that have enabled the urban poor to access land. Driven by several factors, but notably the public policy of owner-build strategy of the National Shelter Strategy (1992), subdivision is done until no more conceivable subdivision can be achieved. This partly explains the high densities of up 3000 people per hectare near the city center that constitute the highest density settlements. Housing and population densities have also increased in the peri-urban zones of the city due to the land market dynamics, real estate development and accelerated growth of the housing and construction sector in the city.

### 10.3 FORMAL AND INFORMAL HOUSING AND MARKET FORCES

Some real estate developers have now constructed several housing units as flats, and bungalows. These are spread

all over the city, especially in the previously peri-urban zones. There is also an increasing number of apartments in the city center. Prices for these housing units vary from USD 50,000 for a flat to USD 200,000 for an apartment and/or bungalow in the newly urbanized areas. Repayment periods also vary from 10 to 20 years, while there are many properties in the city center and close to the center which are bought by cash in a lump sum. In Kololo and Nakasero areas, these old properties range from USD 500,000 to USD 2 million.

The majority of housing is informally built. One of the difficulties of informal land and housing markets is the availability and accessibility of information on market conditions. Prices on the open market also vary much more widely compared to formal markets as local specific conditions, negotiation abilities and other factors determine the final price of a house. But based on Open Market Values, the prices of completed houses range from UGX 40 million to UGX 120 million (USD 18,600 – 55,600), depending on the nature of the house and investments made on it. But again, for many owner-built houses, especially one and two bed roomed units, prices are lower in the range of UGX

Table 35. Land areas required to meet future housing needs 2010 to 2020

Number of additional dwellings required	Total area required in hectares 2010-2020	Total area required in hectares annually
Nationally	124,500	12,450
Urban areas	39,600	3,960
Kampala	14,200	1,420



6 million to UGX 20 million (USD 2,790 – 9,300). For rental housing, the prices differ according to size, location and targeted clientele. For example, housing rents for students tend to be high, especially in recently urbanizing areas and close to universities.

The housing needs assessment in Section 4.3 demonstrated that a minimum of 249,000 additional dwelling units are needed annually in Uganda, of which 79,200 are needed in urban areas, and of which 28,400 are required in Kampala. A large proportion of these need to be of a type and cost affordable to the large proportion of low and lower-income households.

This number of additional dwellings will require the urbanization of more land on the periphery of existing urban centres. Current density levels in central Kampala are up to 3,000 people per hectare, though initial densities in peri-urban locations can be expected to be significantly lower. Given official plot sizes of 1,000-2,000m<sup>2</sup> for low density developments, 600-1,000m<sup>2</sup> for medium density developments and 200-300m<sup>2</sup> for high density developments, this suggests that a high proportion of new plots should be on smaller plot sizes to meet affordability criteria. An efficient land use layout can achieve 60 per cent of available land for private uses, such as housing, leaving 40 per cent for circulation, industrial, commercial, recreational and administrative uses.

Assuming an average plot size of 300m<sup>2</sup> for all new housing developments<sup>2</sup> Table 36 illustrates the area of land required for future housing nationally, in urban areas and in Kampala between 2010 and 2020.

#### 10.4 HOUSING MARKET REGULATION

The enabling strategy has shaped approaches to housing market regulation since the mid-1990s. As a consequence of this and the policy of economic liberalization, market forces in the form of demand and supply mechanisms, have been brought into play by the government of Uganda. As such, there have not been explicit regulations, despite the existence of laws on housing market regulation. For example, there is a Co-operative Societies Act, but the tenants association has only been intermittently functional. The idea of an association was, among other issues, to enable dialogue with house owners (mainly government) on rent. The other issues were maintenance of housing and repairs.

There are a few housing cooperatives and/or functional associations, such as the Naguru-Nakawa Housing Tenants Association, which was rejuvenated after the threats of eviction with the land having been allocated to an investor by central government. The situation is now at a stalemate with the issue having moved between the office of Inspector General of Government and the courts of law.

#### 10.5 CAPACITY NEEDS ASSESSMENT

Recent public protests against real estate developers, building contractors and land brokers demonstrate the need for reform and change in the housing market. The traditional response of government to these shortcomings is to draft laws to penalize contractors of collapsing buildings, control the land brokers and real estate developers, yet these laws often come too late. At present, there is an acute lack of information on what exactly is happening in informal and formal urban land markets across the country. This information is necessary to assess options for improving the building sector and functioning housing markets.

It can be argued that the targets of such reactive laws are usually ahead of government and more often will prepare themselves for the laws intended to net them not to say that all are involved in unscrupulous activities. So there is a serious capacity challenge in government to conceptualize, research, plan and implement programs in housing. There is a heavy reliance on small projects and or externally initiated researches which also do not cover the country with its diverse experiences in housing. This is further exemplified by the process of housing policy formulation that has carried on for the last five years. This is a major capacity development issue which requires to be tackled in a systematic way for long-term capacity development in housing sector.

#### 10.6 CONCLUSION

It is clear that housing market conditions are characterized by individual or developer driven processes in the development and management of housing. Formal and informal sectors continue to fuse so that there are no clear cut differences and a significant proportion of the public sector activity has followed informal procedures regarding land and housing issues.

## ENDNOTES

1. Nkurinziza (2004), 24
2. This allows for a proportion of apartments or row housing units, not only single occupancy plots.

# CROSS-CUTTING ISSUES AND GENERAL CONCLUSIONS

## 11.1 HEALTH

The International Convention on Economic, Social and Cultural Rights, Article 12.2 (b) spells out the improvement of all aspects of environmental and industrial hygiene. This includes a requirement to ensure an adequate supply of safe and potable water and basic sanitation; the prevention and reduction of the population's exposure to harmful substances detrimental environmental conditions that directly or indirectly impact upon human health. Safe water, basic sanitation and reduction of exposure of the population are all important components of housing and thus enabling the urban population to access adequate housing is not only of economic importance, but a convention right to which Uganda is a signatory.

Environmentally transmitted diseases are transferred in bad housing conditions. Infectious diseases, especially water-related and air-borne and respiratory infections (including pneumonia) are all prevalent in many low-income neighbourhoods of Ugandan towns and homesteads while outbreaks of cholera were recorded in 1997, re-occurring in 1999.<sup>1</sup> Poor health conditions of the urban and rural settlements are attributed to the sanitation conditions; waste management and prevalence of pollutants in ambient air of the homesteads are due to high energy consumption and existence of a dense network of dusty roads.<sup>2</sup>

It is estimated that 2 million people in Uganda are infected with the HIV/AIDS virus, though it is not clear what proportion are in urban areas. It is also not clear what impact distress sales have on household security and land/housing prices. In the surveyed areas of Kampala and Gulu the connections between health and housing were not generally recognised by local residents, but there is increasing evidence to suggest an important relationship between adequate housing and generally positive health indicators.

## 11.2 GENDER, YOUTH AND INDIGENOUS PEOPLE

### Gender

The central feature of the legal framework in the shelter sector is the 1998 Land Act. This Act was passed in order to create a comprehensive system of tenure, ownership, and administration of land. It was also hoped to improve land service delivery by decentralizing land administration. Civil society groups became involved, with women's groups making sure that key clauses were included in the Land Act to protect women's rights to own, inherit and sell land.

One provision in the Act requires prior written consent of both spouses in transactions involving family holdings, and the Act prohibits decisions pertaining to customary land that deny women access to, ownership of, or occupation of land. The Act further requires that the Uganda Land Commission have at least one female out of its five members, with one third of the membership of the District Land Board being female, and land committees at the parish level should have at least one woman out of the four members. In addition, at least one-third of the Communal Land Management Association members must be women.<sup>3</sup>

At the same time, under customary practice, fathers do not often bequeath land to their daughters because daughters marry outside of the family, and will therefore take the land with them to another group. Husbands do not often bequeath land to their wives for the same reason.

The National Gender Policy of 1997 emphasizes the necessity of equal participation of women and men in economic, political, civil and social development. However, access to land by women is generally regulated through male relations - either through marriage or kinship ties and that there is a strong case for improving women's rights over land as a result of international conventions and national laws, and also for equity and developmental reasons. The Land Act 1998 provides some groundbreaking provisions for this.

An amendment to the Bill dealing with married women's rights to ownership of land was therefore proposed. The key element was that land acquired by either spouse before marriage remained the property of that spouse. Although the amendment was published for debate, it did not appear in the published version of Land Act 1998 and has since become known as the 'Lost Amendment.' In 1999, the Speaker of the House ruled that the amendment had never been passed by Parliament so that amending legislation would be needed if the matter of spouses' land rights were to be provided for.

#### Box 17: Case Study: women and land rights in Luzira, Kampala

*Mrs. Mandembe had supported a large family and had recently stopped working and is now managing a small market stall and taking care of her grand children. She has experience with community finance, having joined a women's group of 15 members which was getting loans from Uganda Women Finance Trust, and which has since become formally registered as a bank.*

*At the time Mrs. Mandembe joined, the Uganda Women Finance Trust had just started and it was only concentrating on loans to women. The Trust would advance small loans with low interest to group members without asking for security so she decided to apply for a loan and she was also a Women's Group treasurer at the time, she managed to get a major loan of UGX 500,000 (USD 230) repayable in four months. Of this money, she invested UGX 150,000 (USD 69) into her charcoal business and combined the remaining UGX 350,000 (USD 163) with UGX 100,000 (USD 47) of her husband's savings had accumulated to form the first instalment of a down-payment on the plot of land she currently owns. This was in 1998.*

*She used profits from her charcoal business and her husband's earnings to clear debt from a series of subsequent loans. Over the course of three years, as treasurer of a women's organisation, she was able to acquire a series of low-interest loans that enabled her to attain full ownership of her plot in January of 2001.*

*After making extensive use of the Uganda Women Finance Trust over the years, Mrs. Mandembe switched to the micro-lending services provided of FINCA three years ago.*

*Aside from her current bank financial service provider, she is aware of many other microfinance institutions, but she is only willing to try services that have been attested for by friends, as there have been a number of fraudulent organisations*

*attempting to take advantage of small business owners.*

*She also noted that banks also provide a range of loans but these often require verifiable assets like land titles or car log cards as security which most people like herself do not have and she thus has no interest in formal bank financing for her projects.*

#### Youth

Young people throughout Uganda are important stakeholders in the development of a sound housing strategy, both as future home purchasers and as the future professional managers of the emerging national land administration system. At present, there are far more opportunities for youth engagement in Kampala than is the case in Gulu, and other secondary cities. In Kampala, there are opportunities for youth involvement in NGO activity around land legislation and advocacy, and directly in the policy process through employment and internships with government bodies. In Kampala, money has been deliberately allocated for youth projects at the community level as they are a potentially disruptive political element, and policy makers recognize the need to engage them in policy dialogue.

In addition, as the population continues to grow, youth are likely to place increasing strain on the current housing stock and will play an important role in the development of the national housing sector through employment in the construction and ancillary sectors. Organisations such as the Rubaga Youth Development Association and other business-oriented youth NGOs in Kampala are playing a significant role in developing youth skills and capacity in terms of project management, skilled construction sector jobs and various professional and vocational training programs.

#### Indigenous Peoples<sup>4</sup>

The draft National Land Policy provisions on indigenous land rights, and takes the important step of recognizing indigenous tenure systems as valid forms of ownerships. Increasing legal challenges by indigenous groups, including the Buganda Land Board, present challenges for local and national level land administrators. Lobbying for land rights from groups such as the Uganda Land Alliance and traditional authorities create further pressures for reform of the national land administration system. By working with indigenous groups, either through community based organisations or national level organisations, the government will help to avert open conflict over land and to strengthen the application of new land laws across the country.

UNDP Uganda's work with Indigenous Peoples communities through their Small Grants Programme indicate the rapid pace of change in indigenous



communities and their important contributions to the national economy and society.<sup>5</sup> Increasing access to housing finance for indigenous groups and minorities through government-backed loans, micro-lending and other innovative practices should be encouraged.

### 11.3 CLIMATE CHANGE AND ENVIRONMENTAL ISSUES

The key urban sectors vulnerable to climate change include housing, industrial establishments, businesses, settlements, road and ancillary infrastructure, communication infrastructure, public transportation systems, urban livelihoods, ecosystems and the entire population. Different urban sectors have differing levels of vulnerability. Housing is by far the most vulnerable sectors in Kampala. This is because an estimated 45 per cent of residential buildings within city boundaries are in flood prone areas.<sup>6</sup>

Housing utilities and services, such as latrines and access roads, are also vulnerable to climatic disturbances. The combination of poor drainage and increased flooding during rainy season means that cholera and other infectious diseases affect informal urban areas. Road infrastructure is also highly vulnerable to climate change, and flooding of roads passing through wetlands is a regular occurrence. Functional road networks are required for urban transportation, housing development and economic activity in general and thus disturbances to, and destruction of, roads due to flooding have the potential to destabilise local and regional urban economies. In the wake of increased rainfall and floods in Kampala, for example, some suburban areas have become isolated from the city due to overflow of river and drainage systems. These problems stunt economic growth and encourage distortions in land pricing which interfere with efforts at coherent urban planning.

High population densities in central Kampala (estimated at 3,974 persons per km<sup>2</sup>) create land pressures that lead to wetland degradation through settlement in peri-urban areas. While environmental regulations on settlement of wetlands exists, they are frequently ignored, even by local area politicians, and informal settlements in wetland areas are a major cause for concern. The Kinawataka wetland, between Nakawa, Ntinda and Kireka, and part of Nalukolongo, Nsooba, Bulyera, Kiyanja, Kansanga, Kyetinda, Mayanja and Nakivubo wetlands which form a lining around Kampala metro area, have all been adversely affected by pollution and illegal waste disposal. Ironically, destruction of wetlands and marsh areas further exacerbate flooding, as residents are deprived of a natural drainage system. In the absence of government services, sustained flooding can lead to health issues.

The encroachment of informal urbanization and degradation is further driven by political interference in the use of wetland for unlicensed development and waste

disposal; inadequate enforcement capacity amongst the various institutions charged with urban environmental management; and a general lack of knowledge and appreciation of the ecological importance of wetlands by local residents, law enforcement officers, and legislators.

While addressing issues of urban air quality will require long-term planning solutions, pollution from the building materials and waste disposal sectors may be addressed incrementally through professional associations and government policy initiatives. The burning of tires by small-scale operators in the stone quarrying and brick-making business. More significantly, the transport of construction materials such as sand, concrete and stone contribute to greenhouse gas emissions from unmonitored vehicular emissions. As major cities such as Kampala expand their urban road network, air pollution associated with the construction industry will place increasing pressure on the respiratory health of residents and on national and local health systems.

Another environmental and health issue related to the building materials sector is the large pits left behind by clay harvesting. Often in peri-urban areas, the rainwater cesspools left behind by large-scale brick-making operations can be breeding grounds for malarial mosquitoes, who in turn infect low-income residents living on the urban fringe working in the informal sector – they are especially vulnerable to infection from air and water-borne diseases due to a combination of poor services (drainage, sewerage, and waste disposal in particular) and poorly built dwellings. The inter-linkages between housing, health and economic productivity highlight the importance of clear and effective government policy that can support the dominant model of self-help housing in Uganda's cities.



**Figure 33. Education, economic growth and affordable housing are keys to post-war reconciliation and sustainable development in Gulu.**

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**Figure 34. A young population drives demand for housing, and innovative solutions.**  
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## 11.4 GENERAL CONCLUSIONS

The urban housing sector is facing many challenges. Although there has not been a systematic evaluation of the enabling policy in terms of achievements or effectiveness, the roles of various institutions and how they have supported the formulation of appropriate regulations and laws, this report provides a contribution to the evaluation of the housing policy, and recommends areas for further consideration. Thus the conclusion is that given the serious issues regarding housing, land, utilities, institutional capacities and legal frameworks, an accelerated formulation of a new housing policy is required to put the housing sector back on track.

A clear national housing policy should ensure the preparation and implementation of a regulatory framework based on social needs and economic realities, not just national aspirations and improvements in land accessibility and property rights. Most importantly, there needs to be an overarching policy to coordinate and align existing policies and laws regarding housing, which are currently spread across a number of ministries. Uganda's success in meeting its housing needs will depend upon a sound framework of standards and guidelines that are clear and made accessible to all actors in the sector. At the moment, it is not clear what definitions on policy guidance and information control are applied by the Ministry of Lands, Housing and Urban Development or local authorities. Effective modalities to relate and coordinate implementing agencies, including local governments, private sector organisations and corporate entities are also not yet in place.

Increased institutional capacity to provide adequate and appropriate services is therefore needed. While this appears to be occurring, to be successful it will require clear mechanisms for improved coordination and collaboration between different stakeholders, with

defined mandates and responsibilities for the different actors to promote agreed upon objectives and programs among public and private sector service providers.

On the demand side, the figures given by different reports on the housing stock and backlog are different. There is a challenge of defining housing and tenure typologies in order to provide a proper assessment and basis for intervention and housing market management on behalf of government. The task with housing demand is to develop an appropriate housing demand estimate framework using the housing data collected during censuses and other studies that could initialize the establishment of a database on housing sector controlled and managed by the ministry. Current information systems are inadequate to collate national data, and more information needs to be collected on urban land and housing ownership in order to inform future policy.

This, however, requires capacity building and institutional change. Such a housing demand estimate framework and database are vital for reviewing the housing policy and to determine new strategies for meeting changes in demand, especially for the increasing number of low-income households. This report provides an initial basis for a more detailed assessment of housing needs and demand. Pilot projects which have been implemented in the last 20 years can offer some valuable lessons. However, a database is also needed for future monitoring of the housing sector which is apparently not being implemented due to institutional capacity challenges and resources.

As discussed in earlier sections, the majority of the housing stock is supplied by private developers, often operating individually. However, there is an increasing role in the construction of housing estates by large-scale real estate developers, either individually or in collaboration with institutional or private financial partners. In addition, urban land supply systems are characterized by informality even in formal areas and this has a marked influence on housing supply and development. As regards utilities and services, supply is currently dominated by public agencies, but the private sector is also significantly involved in providing electricity, construction materials and there is shift towards a private sector-led infrastructure policy for public services. Thus, the supply side of housing is also in the process of a reorganisation, and will require government policy guidance to ensure improved housing delivery for all urban residents. In this report, serious consideration should be given to encouraging sites and services projects and the incremental development of new housing to modest initial standards, both through private sector initiatives and public-private partnerships.

The Directorates of Housing and Physical Planning have approximately ten physical planners while Kampala City

Council suffers from the same malaise with less than five personnel. This does not augur well for effective urban planning and development control.<sup>7</sup> It appears that many local governments lack physical planners responsible for preparing physical development plans and guiding developers. Furthermore, they lack capacity to enforce compliance to plans and standards and regulations. This has resulted in unplanned developments occurring in all urban centres.

Land administration offices are the most corrupt institutions in the sector and in the KCC, the whole section of urban and land management has been described as ineffective due to deliberate or inadvertent changes in the legal procedures for processing building licences.<sup>8</sup>

Alongside the growth of self-regulating professional bodies, public universities should play a significant role in the development of professional capability in land, housing and urban development issues in Uganda. Graduate and undergraduate programmes offered by institutions such as Makerere and Gulu University in architecture, civil engineering, mechanical engineering, electrical engineering, telecommunication engineering, surveying, building economics, land economics, construction management, and physical planning must be strengthened through international partnerships and knowledge sharing between universities, professional bodies and government. Engaging local educational institutions in the policy process will also help to strengthen youth engagement in current processes, and will provide necessary human resources for future growth in the sector. As national government bodies responsible for land and housing sectors engage in technical training, this knowledge and technical capacity should be passed on to local government in order to ensure effective policy implementation at all levels of the housing system.

While aid officials employed by international financial institutions, the UN, bi-lateral agencies and international non-governmental organisations are competent, committed and hard-working, long-term cooperation with local community based organisations and other organisations is necessary to ensure lasting impact of policy recommendations and financial support for various initiatives related to housing. As donors, officials have a strong incentive to expand their budgets rather than economize, so there is a temptation to fund expensive projects rather than focus on more economical ones which may have greater impact at the local level. The agencies donors choose to support are rarely subject to market competition, so it is difficult to judge whether donor funds are used efficiently. As donors become increasingly interested in accountability and returns on investment, there is a trend towards result-based funding, yet career prospects are rarely influenced by the success or failure of their projects, and thus there

is little motivation to ensure the long-term viability of many projects. These officials tend to expect democratic accountability and results-oriented management from their clients, but are less clear about how these principles apply to themselves or their organisations.<sup>9</sup> There is also a tendency for some donors to support policy preparation but fail to follow-up on how such policies might be implemented and monitored. Enhancing project follow-up and continuity will be a key challenge for the donor community if they hope to achieve a fraction of the Millennium Development Goals in the housing sector.

The starting point for any discussion of the implications of this study for housing policy in Uganda is that a foundation already exists in the form of the draft housing policy prepared with assistance from UN-HABITAT in 2005. This document articulated the concept of an enabling strategy and related it to the situation in Uganda pertaining at the time. The initial question for discussion is therefore to ask why it has not been formally approved and implemented. Possible reasons include:

- The enabling concept was not understood locally;
- It was understood, but rejected for political, financial or operational reasons;
- It was not sufficiently articulated to form a basis for implementation;
- There was insufficient follow-up collaboration to transfer the concepts into practice;

There are a number of additional problems that have inhibited progress in developing a clear housing policy for Uganda. These include:

- A lack of co-ordination between the responsible ministries and line agencies;
- A tendency to leave housing development to the private sector, possibly on the understanding that an enabling strategy does not require direct public sector intervention;
- The absence of a regulatory framework governing planning and building regulations, standards and administrative procedures for processing applications which is based on social needs and economic realities and which recognises the incremental process by which a large proportion of urban housing is developed.

Similarly, the national Slum Upgrading Strategy and Action Plan, drafted in collaboration with United Nations Development Programme, presents a series of equally progressive and pragmatic approaches to addressing the challenge of urban informal settlements. It includes commitments to “simplifying land tenure

regimes using intermediate forms of legal recognition in accordance with existing land titling laws of Uganda,” which include, but are not limited to:

- (a) Community ownership of the entire project site by the community or group title administered through project specific land committees as a buffer against premature sale of titles in order to cash in on rising property values.
- (b) Arranging a staged process of legislation with initial recognition granted to an upgrading site and individual titles or parcel adjudication completed later.
- (c) Freehold and outright sale where land costs are very low and the beneficiaries’ ability and willingness to pay is high.
- (d) Leasehold agreements, granting beneficiaries a long-term rental of the land and services at agreed upon, affordable prices.

These proposals represent a highly innovative and practical approach to improving land tenure and their implementation deserves every support from the government and donors.

Further to the 2005 Draft Housing Policy, Ministry of Lands, Housing and Urban Development aims to finalise a new policy. The challenge now for both government and its donor supporters, is to translate these visions and commitments into practice.

These considerations need to be taken into account when framing discussions on housing policy and practice. The Government of Uganda has expressed an urgent interest in formulating and implementing a progressive and practical housing policy and it is hoped that the evidence of this report will feed into such discussions.



## ENDNOTES

1. Walaga et al (2009), 107
2. One the link between health and housing see Kjellstrom, T. (2008). 'Towards action on social determinants for health equity in urban settings' Environment and Urbanization. Vol. 20(2), 551-574, and WHO Kobe Centre and UN-HABITAT partnership in Uganda.
3. Tripp (2004), 5
4. For details, refer to UN-HABITAT's 'Housing Policy Guide to Housing for Indigenous Peoples in Cities' (2009) and 'Urban Indigenous Peoples and Migration: A review of Policies, Programmes and Practices' (2010).
5. <http://www.undp.or.ug/aboutus/121>
6. UN-HABITAT (2009)
7. Nuwagaba (no date), 676
8. UN-HABITAT's GLTN (2008); Pareto (2004)
9. Brett (1998), 334

# POLICY IMPLICATIONS

## 12.1 LAND GOVERNANCE

The challenges of land delivery systems in Uganda stretch from definition and separation of rights, to ensuring women's rights in the system of administration, factors which are vital in determining an effective and efficient land governance system. Decisions on land matters involve determining rightful owners, legal protection of rights and enabling land owners to develop plots, especially for housing. The current regulatory framework on land in Uganda requires an overhaul and the government has taken steps in that direction. The draft land policy, land act amendment bill and land use policy are key regulatory frameworks for enhancing the effectiveness of land governance, many of which are underway. However, the land registry also requires urgent review to improve the procedural requirements of determining land rights definitions and their jurisdictional separation. Land surveyors in Gulu mentioned that the requirement of obtaining survey instructions and approval from Entebbe significantly impedes the process of land rights definition, which has difficulty keeping pace with the rapid growth of informal land delivery in the municipality.

In terms of urban land management, the logical market response is to cut overhead costs and trade basic commodities on the street rather than in formal markets which generate government revenues. As a result, revenues are insufficient to pay full salaries to their staff, who are then forced into imposing themselves on the traders and unauthorized settlers. The Kampala City Council's attempt to ban 'illegal markets' in the name of improved urban management represented a power struggle between urban interest groups rather than a genuine legal issue. It highlights the need to revise the basis on which housing and economic development is considered acceptable. Perhaps working with local residents and commercial groups to find mutually agreeable solutions would be more productive than seeking to restrict their activity.

### 12.1.1 Tenure rights

There appears to be scope for improving public awareness of the provisions and procedures relating to the Land Act in order to reduce the risk of increasing

land disputes. This has been endorsed by the Ministry of Lands, Housing and Urban Development, which has called for a land rights information campaign aimed at making people more aware of their rights under the Land Act.<sup>1</sup> This might include opportunities for customary landholders to register their occupancy 'as is'; without obliging immediate conversion into freehold, leasehold or other imported forms. In other places where this approach has been tested, it has led to the creation of new policies and laws which acknowledge customary land interests as legal private property rights and, equally as important - holding equivalent legal force with rights acquired under non-customary systems, and whether they are registered or not. This approach has been recognised by in law in Uganda, Tanzania and Mozambique, yet practical implementation at the national level remains to be achieved.<sup>2</sup>

For policies of slum upgrading to be implemented, it will be important for unclear tenure relations to be clarified using an orderly and systematic approach to ascertain ownership status and secondary interests (user rights). This process will begin with the realisation by local administrations that slum dwellers hold varied forms of layered and multiple rights in land.<sup>3</sup>

Appropriate legal and policy frameworks need to be in place to realise the potential of housing co-operatives to provide accessible housing. There is a need for government supported pilot schemes around Kampala and Jinja to determine best practice in the co-operative housing sector and to nurture their development at the national scale. Existing legislation, notably the Building Societies Act and the Co-operative Societies Act provides a basis for action, though they do not specifically address the potential housing co-operatives.<sup>4</sup>

### 12.1.2 Land management for orderly urban growth

Based on an analysis of current restraints and emerging issues, it is important to note that existing urban land delivery systems have enabled some people to access land, but that for the majority serious constraints on housing delivery remain. Land administration is a crucial process in urban land delivery because of its influence on land governance at the household and

citywide level. Land administration is a process of determining, recording, and disseminating information on land rights, value and use, with the goal of achieving equitable development and sustained economic growth.

With such characteristics, urban land delivery, particularly for the urban poor, remains limited largely due to high costs, unscrupulous individuals in land administration offices and the vulnerability of informal residents to forced evictions. It is therefore mandatory that a dynamic and responsive public regulation of land administration be deployed to support the incremental formalization of the informal delivery systems. This should be pursued as it is not possible to implement major changes quickly and the current combination of informal and formal land delivery systems is excessively difficult to disentangle. The challenge is, therefore, to achieve a balance between private actors in land management and the protection of land rights for the urban poor. Specifically, the land administration system should focus on the following:

- Building and sustaining an information exchange network between land management institutions and or agencies.
- Influencing the streamlining of existing land administration systems by securing records and enhancing front desk customer care in land administration offices.
- Implementing decentralized land administration offices and officers to reduce transaction costs and increase accessibility of services to the urban poor.
- Establishing an effective Land Information System and developing capacity in information management for land managers and key stakeholders such as district land boards, area land committees as well as other institutions of land administration and dispute resolution.
- Land administration institutions should disseminate land information, processes and procedures to the public on a regular basis and adopt transparency principles in professional bodies such as the Institute of Surveyors (statutory), Institute of Physical Planners of Uganda (non-statutory), Institute of Architects (statutory), Institutes of Engineers (statutory), Uganda Law Society, Uganda Association of Real Estate Agents, bankers' associations, the human rights law reform commission, parliamentarians, media associations, research and education institutions, cultural leaders and civil society organisations.

## 12.2 INFRASTRUCTURE AND UTILITIES

Existing basic service providers have inadequate capacity to provide full service provision, despite high demand in urban areas. Existing regulatory frameworks provide for an enabling approach under which individual

households and private suppliers play a prominent role in the development of basic infrastructure for housing of all quality. Policy implications should be geared towards the following:

- Improving the capacity of institutions to deliver services at an adequate level for all.
- Strengthening infrastructure service providers, including urban authorities, with personnel and equipment to efficiently manage their resources and infrastructure and enforce planning regulations.
- Harmonising legislation which governs service provision and allowing servicing after occupation.
- Increasing infrastructure coverage to cope with expected growth.
- Increasing the use of environmentally-friendly technologies.
- Reducing the cost of infrastructure by adopting low-cost services including storm water drainage and solid waste disposal methods.
- Improving the efficiency of UMEME in the metering and collection of revenues and also ensuring that it extends services to poorly serviced areas in order to reduce dependence of fossil fuels.
- Focusing scarce resources on improving access to potable water.
- Devising ways of involving high-income developers in meeting the costs of providing and maintaining roads and drainage facilities in their residential neighbourhoods.
- Designing methods to recover infrastructural costs, including adoption of affordable infrastructural standards.

## 12.3 HOUSING FINANCE

There is a great deal of scope for building on the positive aspects of the informal land delivery processes, given their contribution to housing needs by lower-income groups.<sup>5</sup> A major element in the widespread adoption of informal housing processes is the opportunity they provide for incremental development. By officially acknowledging and permitting such processes, opportunities can be expected to increase significantly for low-income groups, and developers serving them, to conform to official standards. Similarly, the regularisation, upgrading and toleration of such settlements should be explored as these informal processes have much to teach the formal administrative system. Finally, the appropriateness of encouraging freehold titles in urban areas should be reconsidered in favour of new forms of tenure, such as certificates of occupancy and customary ownership.<sup>6</sup>

The government has ambitious plans to transform Uganda from a peasant to a modern and prosperous country “within 30 years”. Whilst this deserves the full support of the international community, it may be worth emphasising that this will be best achieved in urban

areas if effective measures are put in place to enable all sections of urban society to benefit, including the low-income majority. Success for a few at their expense would threaten the long term realisation of this worthy ambition. In this context, it is important for physical planning to address the realities of urban poverty and be accepted by the majority of citizens. In other recent surveys of informal settlement in Kampala, it has been observed that residents interpret physical planning to mean land grabbing by government and the subsequent demolition of informal structures.<sup>7</sup> Perceptions need to change if planning and policy implementation are to become more effective.

This requires that urban development and shelter policies and practices resist the temptations to impose standards and policies that give priority to investors and developers at the expense of residents in informal settlements. Adopting a range of partnership approaches and regulating development in ways which balance commercial, social and environmental considerations will require strong leadership and professional skills. A review of existing planning and building regulations and would help to identify options for removing or relaxing constraints to conformity on behalf of lower-income groups.

Emphasis could be placed on strengthening the Uganda Land Alliance (comprised of government and NGOs), and linking it more closely to organisations of the urban poor. One necessary action will be a review of property taxation in order to assess the extent to which this might promote more efficient development and increase municipal revenues.

On the basic, but important issue of solid waste management, it is the opinion of residents that parish committees should recruit personnel at parish level to manage garbage collection, particularly youth, as this would not only be efficient, but would serve as a source of income for an under-privileged segment of society.<sup>8</sup>

## 12.4 CONSTRUCTION SECTOR

The construction industry is a vibrant, fast growing sector of the national economy, with strong potential for growth both domestically and in regional export markets. It is largely characterised by informality in organisation, function, and poor regulation of standards. The sector employs many people, especially semi- and un-skilled workers. In terms of shelter provision, the sector largely operates informally, with the private sector being the key actor, largely based on individual initiative. While the supply of housing in the country has increased in the last 20 years, it has not kept pace with the demand, especially in urban areas, where most new building has been beyond the financial means of the majority.

The available housing stock has shortcomings in quantity and quality and the construction industry in Uganda

still faces with several challenges, many of which were highlighted in The National Shelter Strategy for Uganda documents of 1991. Most of the regulatory bodies responsible for oversight of the construction sector lack the capacity to carry out their respective mandates. The development of shelter remains a challenge to the country chiefly as a result of the methods of housing development used that do not facilitate fast and efficient house delivery at affordable rates.

## 12.5 LABOUR AND EMPLOYMENT

Uganda has a number of training institutions that can be supported in the effort to train qualified and skilled personnel for the housing, construction, and financial sectors. While the country has ample potential personnel to absorb in the labour sector, working conditions and rights and terms of payment discourage many skilled and highly qualified personnel from joining the sector. Many who are employed in the sector are unmotivated and work without enthusiasm, which leads to poor performance. If Uganda is to cope with the growing housing demand, it has to invest in appropriate technologies, materials production, and developing designs of sustainable buildings in terms of energy consumption.

## 12.6 BUILDING MATERIALS

At the national and local levels, there are no comprehensive records being kept on the production of building materials. As a result of distortions in sector, materials used in the construction sector are limited in variety and many are not standardised. There are a few alternative materials, but their acceptance is low because they lack official recognition and incorporation in the building regulations. Nonetheless, there is an abundance of building materials produced locally in different localities. Many of these materials are not standardized and are used based on the consumer's skills, interest, and capability to differentiate them in terms of quality.

As a result of the use of materials of varying quality, the constructions produced are often of varying quality. The government strategy of liberalizing the economy has resulted in the availability of building materials such as cement, lime, corrugated iron sheets, steel bars, roofing tiles and paint on the local market. These efforts should be augmented with strategies of improving the system of supply of the materials in a sustainable and reliable manner to a wider spectrum of income earners in all areas of the country, and improving the quality of materials produced by small-scale producers.

## 12.7 HOUSING ADMINISTRATION, EDUCATION AND CAPACITY BUILDING

Liaison and collaboration among capacity development institutions and the housing department is crucial for the housing sector. Currently, there is an existing



Habitat program of partnership universities. The Ugandan government can make use of this experience to strengthen the linkages with universities and tertiary institutions on issues of housing. The critical areas for the linkages are: building materials research and testing; innovative technologies for construction and designs and strategies for meeting low-cost housing to enable the

urban poor access decent housing. Currently, several universities are seeking to increase outreach programs in various fields. Particularly relevant for housing is urban planning, architecture and surveying, but these programs need further enhancement to stimulate action by central government and local governments.

## ENDNOTES

1. Foley (2007), 5
2. Wily (2006), 9
3. Rugadya (2007), 15-16
4. Byaruhanga (2008), 36
5. Nkurunziza (2004), 33-35
6. The provisions of the 1998 Land Act permit a tenant on mailo or freehold land to obtain a Certificate of Occupancy and stipulates the procedures to be followed.
7. Rugadya (2007), 13
8. Rugadya (2007), 27

## APPENDICES

## Appendix I: Housing Sector Performance Constraints Matrix

	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
<b>Institutional &amp; Organisational Framework</b>	<p>A1. Existing land use plans are unable to deal with rapid urban growth, and the rise of unregulated urban land markets, leading to losses in revenue and exploitation of informal urban residents.</p> <p>Re-surveying and adjudication costs are prohibitively expensive in the majority of cities.</p> <p>The majority of residents are excluded from formal land and housing markets and are forced to rely on informal land and housing options.</p>	<p>A2. In order for more productive urban networking, national road and rail infrastructure must move beyond colonial transport patterns.</p> <p>Weak national and regional transport linkages increase cost of building materials, and limit growth of domestic industry.</p> <p>High cost of utilities provision limits government role as provider.</p>	<p>A3. Housing finance sector dominated by large commercial banks whose products are inaccessible to most urban residents.</p> <p>Institutional inertia, and government patronage through housing finance and provision has limited citizens' interest in state funding as a path to house purchasing.</p> <p>Micro-finance lending cannot meet the demand for mortgage lending.</p>	<p>A4. Formal sector prices are often out of reach of the majority of urban residents. Export markets also raise domestic prices.</p> <p>Professional associations have difficulty enforcing standards and maintaining quality of inputs and built structures.</p> <p>Existing taxes combined with rising building materials costs encourage informal processes.</p> <p>Little institutional support for contractors or suppliers. Federations of contractors not strong enough, to compete with large foreign firms, whilst local institutions do not adequately local protect jobs.</p>	<p>A5. Limited union activity means limited protection for workers in a hazardous industry.</p> <p>Skills enhancements are needed to meeting growing demand and maintain understanding of current technology.</p> <p>Shortage of high-level skills, including engineering, and other professions.</p> <p>As EAC market integration continues, movement of high and low-skilled labour will challenge current institutional frameworks.</p>

<p><b>Regulatory &amp; Legal Framework</b></p>	<p>B1. Costs of formal surveying and adjudication are too high, and perceived benefits too marginal to justify for the majority of urban residents.</p> <p>Division of housing into formal and informal areas along income lines complicates the development of a universal regulatory regime.</p> <p>Urban residents ignore the land registration system unless they are able to afford a commercial bank mortgage, or if their rights are challenged by local government or developers.</p>	<p>B2. Inherited regulatory systems have been revised, but must adapt further to meet demand for regional integration and economic expansion.</p> <p>Legal frameworks governing infrastructure investment linked with resource are not necessarily in the public interest and could intensify urban economic imbalances.</p>	<p>B3. Banking regulations set exceedingly high standards for most urban residents to be eligible.</p> <p>MFIs and MDIs are not adequate to meet the demand for flexible financial services.</p> <p>The government's future role in housing finance is unclear.</p>	<p>B4. Lack of coordinated and realistic building standards limits enforceability and increase economic costs of formal construction. As a result, most rules are deliberately ignored.</p> <p>Due to logistical limitations, there is limited incentive for innovation in construction materials, processes, or approaches.</p> <p>Manufacturing and in particular disposal of materials has environmental implications not addressed by the current regulatory regime.</p>	<p>B5. Limited impact of formal regulatory frameworks on construction sector.</p> <p>Need for regulatory form, enforceable standards and higher quality.</p>
<p><b>Supply</b></p>	<p>C1. Formal sector land delivery mechanisms are unable to cope with growing demand.</p> <p>Informal land delivery mechanisms are highly efficient but can create problems when met with forced tenure regularisation.</p>	<p>C2. Initial development costs are too high to justify in many contexts.</p> <p>There is a lack of experimentation with revenue sharing and more cost-effective approaches to provision.</p>	<p>C3. Very little housing finance available to the majority of urban residents.</p> <p>High interest rates and complicated legal structures further deter the use of formal mortgages.</p> <p>Few households enjoy steady incomes as required by formal lenders.</p>	<p>C4. Formal construction systems and standards do not meet the needs of most households, and it is frequently too complicated and expensive to follow official guidelines.</p> <p>Parallel system of informal construction sector leads to quality problems and frequent disputes, and these alternative methods must be given greater recognition.</p> <p>A thriving export sector deprives local residents of easily accessible materials.</p>	<p>C5. Employment in construction is informal and safety risks are endemic.</p> <p>Increasing need to compete at the regional level threatens large formal sector groups.</p> <p>There is a lack of a clear policy for expanding skills for development and general employment.</p>



<b>Demand</b>	<p>D1. Current administrative structures are too complicated and prohibitively expensive for the majority to access.</p> <p>Informal land access effective alternative to formal system, yet jurisdictional problems arise with new development.</p>	<p>D2. Initial investment costs discourage government and private sector investment.</p> <p>Short-term perspective on the need for immediate profitability in the public utilities sector damages the entire economy.</p>	<p>D3. Shortage of salaried work limits interest in formal mortgage system.</p> <p>High levels of self-employment in urban informal sector render moot conventional financing models for housing and construction.</p>	<p>D4. Demand for affordable, locally-produced material currently outstrips supply.</p> <p>Many households at all income levels save, but do not meet requirements for formal financing.</p>	<p>D5. There are few barriers to accessing a large pool of unskilled labour, yet demand for highly-skilled labour is not currently being met.</p>
<b>Policy</b>	<p>E1. The 2005 Draft National Housing Policy has not been passed, and there has not been clarification of barriers to implementation.</p> <p>Housing supply, spatial organisation and financing develops organically in the absence of forward planning that is understood by the public.</p> <p>Enabling policy is disputed between levels and branches of government.</p>	<p>E2. Current pricing policies give little incentive for infrastructure providers to engage with urban informal sector.</p> <p>No strategy exists to integrate informal areas into existing infrastructure.</p> <p>Unresolved mix of public and private actors in basic service provision leads to disputes and institutional inertia.</p> <p>Regulators lack necessary clout to discipline private sector actors.</p>	<p>E3. Formal financial institutions highly risk averse regarding services to informal urban residents.</p> <p>High interest rates exclude the majority of urban residents from accessing formal loans.</p> <p>No clear policy approach to boost access to credit for the majority of urban residents.</p>	<p>E4. Inadequate investment and research into new materials development, or advocacy and education for deepening of skills and capacity within construction sector.</p> <p>Focus on formal sector development, although the majority of construction and production occurs informally.</p> <p>Confusion over institutional mandates in the sector and national versus municipal priorities.</p>	<p>E5. Focus on formal training and professional certification does not involve skills upgrading and outreach to informal sector works.</p> <p>No recognition of important role played by informal actors as major employers and drivers of 'second economy'.</p>

<p><b>Implementation arrangements &amp; instruments</b></p>	<p>F1. Lack of clear and accessible municipal level plans slows housing development and complicates coherent cross-sectoral planning for the future.</p> <p>More cooperation is needed between informal and formal sectors at all stages of the housing process. Lessons need to be learned from informal developments about land use and building design needs.</p> <p>Need for new funding models and realistic approaches to incremental development of urban infrastructure.</p>	<p>F2. There are a range of practical barriers to infrastructure service for informal urban households.</p> <p>Little coordination among actors, and lack of long-term vision for sectoral growth, integration and improvements in efficiency.</p> <p>Skills shortages prevent scaling up and needed growth in key areas of infrastructure provision.</p>	<p>F3. Risk adversity on the part of commercial banks means they are reluctant to collaborate with NGOs and various microfinance providers.</p> <p>National interest rates do not reflect global trends in interest rates and encourage scepticism about the interests of private finance.</p> <p>Public interest or lending in the interests of long-term stability is not considered an element in banking.</p>	<p>F4. Standards based on historical British planning laws do not fit with current realities and needs.</p> <p>Limited enforcement of existing building regulations and general lack of knowledge on the part of both formal and informal actors in construction sector of changing regulatory regime.</p> <p>Need for greater public awareness of housing options and new materials and processes.</p>	<p>F5. Construction sector generally self-regulating and policy implementation not possible without prior institutional change and capacity building.</p>
<p><b>Institutional capacity</b></p>	<p>G1. Insufficient institutional capacity for necessary planning, surveying, land-allocation and registration.</p> <p>Need for formal development of dispute resolution options outside of costly, time-consuming legal processes.</p> <p>Lack of communication between policymakers and residents hampers effective policy implementation at all levels.</p>	<p>G2. Private and public sector providers show little interest in exploring innovative or incremental models for service provision and revenue generation.</p> <p>Alternative, small-scale approaches do not attract donors or institutional finance.</p> <p>Pricing and costing models do not recognise the majority of low-income residents in need of basic services.</p>	<p>G3. Formal sector institutions do not have the capacity, nor the interest in lending to the majority of low-income residents.</p> <p>Currently available microfinance options are generally inadequate to meet housing finance needs.</p> <p>Domestic capital inputs are not adequate for significant onward lending to large numbers of high-risk borrowers.</p>	<p>G4. Institutional support for the sector largely tied to established commercial actors and there is little interest in increasing options for urban consumers.</p> <p>Professional bodies lack the political clout needed to influence policy development.</p> <p>Weak information exchange within the sector discourages innovation and growth at the local and regional levels.</p>	<p>G5. Formal training and professional organisations cater to a limited share of the labour pool. Little opportunity for advancement from low-skilled, informal sector employment to more technically qualified positions.</p> <p>Weak linkages with regional and international trade bodies and regulators.</p>

<p><b>Affordability &amp; price-to-income issues</b></p>	<p>H2. Formal land delivery systems are not affordable to the majority of urban residents.</p> <p>Where available for public purchase, formal serviced land is too expensive for the majority of residents.</p> <p>Informal income and remittances distort income-cost issues and suggest a significant parallel economy which the government is unable to gain support from in achieving its urban development goals.</p>	<p>H2. Initial costs of extending infrastructure (e.g. sewerage system and electricity grid) too high to justify service provision in low-income areas.</p> <p>Poor formal services lead to higher-cost, informal provision of basic services.</p>	<p>H3. High commercial interest rates (19%), restrict mortgage lending.</p> <p>Private sector finance institutions unwilling to lend small amounts to low-income borrowers, especially given relatively higher risks.</p> <p>Informal incomes not accepted by formal service providers as basis for loans.</p>	<p>H4. Efficient, simple technology, largely adequate to meet the needs of urban informal sector. At present, there is little support for innovation and networking from within informal sector, where it is most needed.</p>	<p>H5. Labour costs are low and thus contractors do not feel obliged to invest in new technology or innovative processes.</p> <p>Those employed in the informal construction sector cannot afford the costs of formal housing.</p>
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## Appendix II: Housing Sector Performance Priority Action Plan

	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
<b>Institutional &amp; Organisational Framework</b>	<p>I1. The capacity of local governments to administer urban land should be strengthened.</p> <p>The land registry requires urgent review to improve the procedural requirements.</p>	<p>I2. Municipal-level plans for infrastructure and public service provision must be integrated and plan for future growth.</p> <p>Coordination between central government agencies and service providers needs to be improved.</p>	<p>I3. The range of formal mortgage options should be expanded.</p> <p>Formal institutions should be encouraged to collaborate with micro-lenders.</p> <p>Support should be given to expanding the range &amp; number of micro-lending organisations.</p>	<p>I4. Develop deeper institutional capacity and general quality of workmanship in the sector; enhance local capacity building and improve quality of workmanship.</p> <p>Knowledge sharing and exchange programmes at the regional and international levels should be explored.</p>	<p>I5. Increasing employment in the formal construction sector and supporting formalisation and growth of the existing informal sector should be a key economic strategy.</p>
<b>Regulatory &amp; Legal Framework</b>	<p>J1. Land administration and registration systems should be reformed in order to deal with the rapid expansion of informal urban settlements.</p> <p>Expanded role for technology including and remote sensing and GIS technology.</p> <p>Need to strengthen rights of urban informal residents to negotiate fair agreements with property developers.</p> <p>Expand role of local level organisations and political actors.</p>	<p>J2. Provide means, through external financing or local partnerships to increase service provision to informal areas.</p> <p>Review current procedures and reform where necessary to support incremental supply standards for each service.</p> <p>Need to harmonise legislation with current conditions in the sector.</p>	<p>J3. Reduce banks' threshold for lending security on land and housing mortgages.</p> <p>Support loan recovery in order to reduce default and general risks involved in lending to low-income earners.</p> <p>Examine models for quantifying informal sector income.</p>	<p>J4. Develop building regulations which reflect the diverse needs of urban residents and allow for innovation within the formal sector.</p> <p>Encourage affordable and appropriate technology in both the formal and informal building sectors.</p> <p>Encourage more long-lasting approaches to key building elements (eg. foundations, roofs).</p> <p>Strengthen regulatory bodies of the construction sector to carry out their respective mandates.</p>	<p>J5. Modify formal building tender process to increase opportunities for informal sector contractors.</p> <p>Work with informal sector to improve opportunities for skills improvement and formalisation.</p> <p>Improve access to information and legal protection for consumers affected by substandard building practices.</p>



	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
<b>Supply</b>	<p>K1. Municipal authorities should provide parish plans to infrastructure suppliers.</p> <p>Local authorities should recognise rights of occupancy of all urban residents and develop a working system of regularization for long-term residents. This is essential both as a means to increasing local government revenues and improving the implementation of coordinated planning objectives.</p>	<p>K2. Focus on expanding accessibility rather than intensifying investment in existing system. Need to expand current systems on an incremental basis.</p> <p>Upgrading of existing informal settlements.</p> <p>Use affordable and appropriate technology (bio-digesters and composting toilets instead of sewerage system in informal areas)</p> <p>Increasing coverage of infrastructure to cope with expected growth.</p>	<p>K3. Encourage mortgage provision to all those who are currently eligible.</p> <p>Provide formal facilities for short-term, accessible loans for the majority of urban residents.</p>	<p>K4. Support integrated development – from basic production through supply chain and product delivery mechanisms - of local materials manufacturing industry.</p> <p>Improve efficiency of local manufacturing sector through cooperative business models and involvement in improved quality and processes.</p> <p>Promote environmentally sustainable technologies (e.g. planting tree farms for fuel in brick production, increasing the use of solar energy).</p>	<p>K5. Focus on improving quality and capacities in informal sector with long-term goal of formalisation.</p> <p>Manage housing-supply systems in order to encourage the use of labour-intensive processes.</p> <p>Take measures to sustain the growth of small and medium-sized contractors.</p>
<b>Demand</b>	<p>L1. Public awareness of the provisions and procedures relating to the Land Act needs to be improved.</p>	<p>L2. Combine public and private sector capacities with local resident upgrading initiatives, with the goal of basic service provision for informal areas.</p> <p>Selective infrastructure provision in order to meet real local needs, rather than external lender goals.</p>	<p>L3. Explore how to increase incomes in order to impact positively on demand.</p> <p>Encourage savings and increase access to specific forms of housing credit.</p>	<p>L4. Increase public awareness of locally available materials and alternatives.</p>	<p>L5. With concerted efforts to meet housing demand, construction workers will be in high demand in both the formal and informal sectors, representing a significant opportunity to improve working conditions and skills in the sector.</p>

	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
Policy	<p>M1. Focus on increased supply of affordable land that can be serviced incrementally after purchase.</p> <p>Basic tenure security can be improved upon gradually as income levels rise and an enabling policy environment develops.</p> <p>New urban development should encourage smaller plot sizes and higher densities.</p> <p>Local and national government should work to create enabling environment for investments in local infrastructure through PPPs.</p> <p>The appropriateness of freehold titles in urban areas should be reconsidered in favour of encouraging new forms of tenure.</p>	<p>M2. Focus should be split on provision of new housing stock and upgrading of existing high-density neighborhoods.</p> <p>Trunk servicing of new areas before development will allow for gradual expansion of services as new land is occupied and developed.</p> <p>Choose appropriate new technologies rather than relying on existing, potentially inefficient technology.</p> <p>Policy should focus on needs rather than simply pursuing comprehensive supply for all areas.</p>	<p>M3. Increase emphasis on micro-lending as a source of housing finance.</p> <p>Increase the quality of employment available to urban residents, especially in the housing supply sector, in order to indirectly to improve housing affordability, and accessibility to formal financial services.</p> <p>Avoid temptation to impose standards and costs that give priority to investors and developers at the expense of residents in informal settlements.</p> <p>Review property taxation to assess ways it can promote more efficient development and increase municipal revenues.</p>	<p>M4. Increase the financial and environmental efficiency of small-scale construction and building materials sectors. Support research in building materials as a policy.</p> <p>Develop sustainable materials manufacturing and raw materials sectors at the local and regional levels. Increase knowledge sharing between manufacturers.</p> <p>Increase production of local building materials through improve microfinance for small construction firms and business skills training.</p> <p>Concentrate training and capacity development on the skills, materials, labour, and technologies needed for affordable housing.</p>	<p>M5. Ensure clear employment laws and develop non-legal mechanisms for assessing and enforcing standards.</p> <p>Support small-scale construction firms and artisans with business development assistance and front-end construction finance.</p> <p>Improve skills training across sectors.</p> <p>Improve consumer protection through information sharing and outreach with local resident associations.</p>

	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
<b>Implementation arrangements &amp; instruments</b>	<p>N1. Have municipal authorities establish detailed plans for urban development in partnership with major land owners and land-holding communities, both formal and informal.</p> <p>Parish plans should seek to improve administration of informal areas in consultation with local leaders.</p> <p>Establish secure tenure in informal areas with less-than-cadastre survey techniques, including GIS and remote sensing.</p>	<p>N2. Collaborate with informal sector land and housing suppliers.</p> <p>Fit trunk infrastructure on grids ahead of development and in-fill neighborhood services after initial development.</p> <p>Allow service providers to charge sustainable prices to those residents able to afford commercial rates.</p> <p>Engage local communities in the process of infrastructure planning and implementation.</p>	<p>N3. Increase funding for labour-intensive processes and small firms.</p> <p>Establish partnerships between NGOs, micro-lenders and commercial banks.</p> <p>Re-establish the reputation of SACCOs as part of general advocacy for savings groups' role in housing finance.</p> <p>Provide guaranteed finance for upgrading initiatives.</p> <p>Introduce new systems for capturing land value for mortgage collateral and infrastructure financing.</p>	<p>N4. Establish partnerships with the informal sector in manufacturing and contracting.</p> <p>Provide subsidized finance for small firms.</p> <p>Develop financing for affordable materials production.</p> <p>Encourage environmental sustainability through finance conditions and incentives.</p> <p>Enhance the provision of government guarantees on construction sector loans linked to housing.</p> <p>Invest in appropriate technologies, materials production, and developing designs of sustainable buildings in terms of energy consumption.</p>	<p>N5. Encourage on-the job training through apprenticeships linked with vocational and university-level training.</p> <p>Promote decentralized training and vocational programmes linked with local business development goals.</p>

	Land	Infrastructure	Housing Finance	Building Materials & Construction Sector	Labour and Employment
<b>Institutional capacity</b>	<p>O1. Increase land-use planning capacities to a level that will meet projected targets.</p> <p>Gradual introduction of electronic land registry.</p> <p>Capacity building in land policy and management.</p>	<p>O2. Improve capacity of institutions to deliver services at an adequate level to meet a range of local needs.</p> <p>Service providers must be allowed to charge at cost for supply and maintenance.</p> <p>Collaboration with parish authorities and local households to improve services.</p>	<p>O3. Develop knowledge and skills in alternative housing finance tools.</p> <p>Develop customized and differentiated financial products and capacity to scale up locally-tested methods.</p>	<p>O4. Increase building controls and regulation in line with local conditions and capacities.</p> <p>Develop low-cost and applied research and development programs to boost production through the provision of affordable and environmentally sustainable technologies.</p>	<p>O5. Increase the level and quantity of training in the construction sector and provide capacity assistance for the enforcement of local standards.</p> <p>Increase public access to local facilities and policy centers.</p>
<b>Affordability &amp; price-to-income issues</b>	<p>P1. Allocate land for development before main servicing.</p> <p>Focus efforts on the development of more affordable land registration systems.</p> <p>Consider forms of land registration based on group tenure.</p> <p>Introduce incremental land development schemes.</p>	<p>P2. Adopt cost effective service delivery mechanism in order to reduce the proportion of income spent on water, sanitation and energy.</p> <p>Promote affordable and appropriate sanitation systems.</p> <p>Focus resources on improving access to potable water and other key areas linked with basic well-being (i.e. health).</p>	<p>P3. Need for targeted resources for the low-income majority.</p> <p>Policies must be realistic about affordability and scale of upgrading and new housing development targets.</p> <p>Various incremental loan options linked with gradual building processes.</p> <p>Housing finance should be used to leverage simple yet important construction improvements such as stable foundations and good roof overhangs.</p>	<p>P4. The focus of construction should be on improving the quality of low-cost dwellings and affordable solutions for informal settlement upgrading.</p> <p>Establish programs to reduce housing production costs through the introduction of financial incentives for producers and retailers. Encourage low-cost green building materials through tax incentives.</p>	<p>P5. Focus on improving employment and earnings for all levels of construction workers, but particularly in the informal sector. This can be achieved through community organisation and skills training.</p>



## Appendix 13.1 Survey Methodology

Primary data for the urban housing profiling was collected to supplement the secondary data which was collected, reviewed and synthesized to provide insights into the situational analysis. Two towns were selected in order to represent the full range of urban development in the country. The selected towns are Kampala for its unique features of land ownership, urban development trends but also being the primate city in the country. The second town is Gulu which due its emergence from a period of insurgency with unique experiences in housing as well land ownership was also found to have had limited attention compared to other town in western and eastern regions. Household surveys were conducted in four neighborhoods from Kampala and two neighborhoods from Gulu.

There was a mix of neighborhoods that are high-income, middle-to-low-income capturing as much as possible variation in type of housing, processes for housing and how regulations affected households in accessing housing in the two cities. The other criteria for the selection of neighborhoods were land tenure types and trends of housing development. The selection was one with full consultation of officials from the Ministry of lands, Housing and Urban Development coupled with discussions about the criteria by the team. These discussions built on the reconnaissance by the team leader to all the neighborhoods to verify the housing development processes.

In Kampala one of the neighbourhoods selected was Mulago III parish located close to the city center with dominance of customary land ownership and mix of house types. The neighborhood is mainly a low-income. The second neighborhood is Kulambiro to the north east of the city a relatively new housing development area dominated by middle-to-high-income households. One of the unique features of this neighborhood is the speed at which housing construction has taken place in the last 5 – 7 years.

Kulambiro represents the process of suburbanization driven in a large part by remittances from abroad. The upper-middle to high income neighborhood selected is Luzira to the east of the city. It represents housing previously owned by government and divested but also corporate housing for industrial workers. The processes of transformation, house adjustments and redemarcation of plots that were previously large are some of the unique features for the selection of this neighborhood. Land is also freehold and leasehold in this neighborhood. The fourth neighborhood in Kampala in which the survey was conducted is Nsambya to the south of the city. An old settlement but with relatively recent housing development due to the nature of land ownership and conveyance. This neighborhood represents land owned by institutions in this case faith-based institution which of recent has entered into the land delivery system.

In Gulu, two neighborhoods were selected after consultation with the Municipal officials. The neighborhoods are Te-gwen in Laibi division which is to the south of the municipality. This neighborhood presents a mix of formal housing on surveyed plots with informal housing on surveyed and unsurveyed land. The neighborhood is also characterized by low-to-middle-income households but this classification is not comparable to Kampala's classification.

Te-gwen has surveyed and opened access roads but also emerging informal housing further to the south mixed with commercial buildings. The second neighborhood is Agwe in Laroo division which is to the north of the municipality. This neighborhood houses the offices for government and other organisations, high-income households but also has extensive clusters of the municipal camps for internally displaced people. The land is a mixture of customary some of which is being transformed to freehold.

Larger plots are demarcated and houses have three or more bedrooms. A unique feature of this neighbourhood is the transformation of the clusters of tradition houses which have housed the internally displaced people. Within this neighbourhood, houses with permanent building materials are emerging presenting housing development dynamics of an informal land delivery system.

A total of 500 households were sampled randomly and surveyed by six field research assistants and local guides. 350 households were surveyed in Kampala and 150 in Gulu. 75 households in each of the neighbourhoods. The research assistants underwent a training in conducting interviews for two days before being dispatched to the field. In total, 448 responses were returned on the basis of which data are analyzed and integrated with secondary data.

Data were analyzed to generate descriptive and frequencies by city. In addition cross tabulations were run for variables according to the thematic areas of building materials, housing finance, land supply, housing utilities and security over land. In cross tabulations, we are looking for associations and divergences on various variables to help in explaining the situational status of the housing sector in the two cities. Some of the variables cross tabulated are incomes, security, mode of acquisition of dwelling with types of dwellings, quality, construction problems, availability and affordability of utilizes.

The analyzed data is triangulated with data from secondary sources and discussed as much as possible in the context of national urban housing conditions. This primary data is coupled with detailed case studies which were developed through in-depth interviews. A total of 22 case studies have been developed from these in-depth interviews conducted in the neighbourhoods which were surveyed. The case studies develop in-depth descriptions of processes for housing development, challenges and household perspectives on how housing sector can be improved to deliver housing to all especially the urban poor. In addition, key stakeholders interviews were also conducted building on the workshop held in October 2010 in Kampala. The key stakeholders were interviewed to provide insights into how the housing sector can be enhanced.

**Appendix 13.2 National Site Standards for Residential Development (June 2009)**

	Low Density	Medium Density	High Density Detached	High Density semi-detached
Plot Area (m <sup>2</sup> )	1000 - 2000	600 - 1000	300 - 600	200 - 300
Min. Plot Width / m	25 m	20 m	12 m	12 m
Min. Plot Length /m	40 m	30 m	25 m	25 m
Maximum plot coverage	20%	40%	40%	50%
- front	8 m	6 m	3 m	3 m
- side	3 m	2 m	2 m	2 m
- rear	12 m	8 m	2 m	2 m
- servants quarters	3	3	-	-
Servants qtrs/ rooms	3	2	-	
Building materials	Permanent	Permanent	Permanent	Permanent
Roofing finish	Cooler blocks or tiles	Cooler blocks or tiles	Permanent non-reflective	Permanent non-reflective
Water supply	Piped to house & Servant quarter	Piped to house & Servant quarter	Piped to house	Piped to house
Sanitation	Sewer or septic tank	Sewer or septic tank	Sewer or septic tank	Sewer or septic tank
Onsite parking spaces (min.)	2	1	-	-
Design of vehicular access (min.)	3 m width	3 m width	-	-
	3 m corner radii	3 m corner radii	-	-
Parameters for vertical buildings (units)	2	3	8	8

### Appendix 13.3 List of stakeholders interviewed

Name	Organization and responsibility
Eng. Paddy Twesigye	Project manager-water services NWSC
Eng. Alex Gisagara	Chief manager Engineering-0772 426 775
Eng. Ssonko	Sanitation Engineer NWSC
Eng. Lawrence Muhairwe	Manager Block-mapping NWSC
Eng. Kizito	GIS Expert NWSC
Mr. Otema	In Charge of Kisenyi Branch-Urban poor NWSC
Mr. Charles Kyamanywa	Kampala City Council-Ag. Chief Planner
Eng. Kizito	Roads and Drainage project Engineer Kampala City Council
Eng. Charles Lapat	UMEME District Engineer
Eng. Nelson Drodruga	Project Manager for Kampala Sanitation Master Plan, M&E Associates
Nalukwago Margaret	Mulago III
Basil Biddemu	Mulago III
Moses Kalyango	Lower Nsooba
Mutyba	Lower Nsooba
Winnie Nakatte	Kulambiro
Ritah Nalwadda	Kulambiro
Andrew Byamukama	Kulambiro
Teddy Namayanja	Kulambiro
Jane nanteza	Luzira
James Kalibbala	Luzira
Leonard Bakahiko	Nsambya
Joyce Nakamatte	Nsambya
David Dansor	Housing Finance Bank
Wilbroad Owor	DFCU
Joan	Stanbic Bank
Davis Muhumuza	Akright
Kaford Allan	Area Engineer NWSC Gulu
Okuttu Julius	LC I Chairman and Councillor Laibi
Christopher Ojok	Building Engineer
Atugonza Evelyn	Gulu Municipal Physical Planner
Charles Lapat	UMEME Gulu District Engineer
Ayella Agnes	Gulu Municipal Land Supervisor
Alanyo Stella	Resident of Laibi
Omony Stephen	Resident Laro



Ouma Conny	Gulu Municipal surveyor
Opio Robert	KCC Land Registrar
Byendaimira Vincent	Ag Commissioner for Land Use and Compliance
Ministry of Lands Housing and Urban Development (MLHUD)	
Ministry of Works and Transport (MWT)	
Ministry of Gender, Labour and Social Development (MGLSD)	
Ministry of Local Government (LG)	
Architects Registration Board (ARB)	
Contracts Committee (CC) Central Government (CG)	
District Local Government (DLG)	
Engineer's Registration Board (ERB)	
Federation of Ugandan Consultants Organisation (FUCO)	
Institution of Surveyors of Uganda (ISU),	
Kampala City Council (KCC),	
Local Government (LG),	
Public Private Partnerships (PPP),	
Surveyor's Registration Board (SRB),	
Uganda Association for Consulting Engineers (UACE),	
Uganda Bureau of Statistics (UBOS),	
Uganda Institute of Professional Engineers (UIPE),	
Uganda National Association of Building and Civil Engineering (UNABCEC)	
Uganda National Bureau of Standards (UNBS),	

Uganda Society of Architects (USA)

**Appendix 13.4 Average building materials costs in Kampala**

DESCRIPTION	UNIT/SIZE	COST (UGX)		
CEMENT		DEC 2008	APRIL 2009	JANUARY 2010
Cement Hima (Portland pozolanic)	50 kg	22,000	23,800	26,500
Cement Tororo	50 kg	23,000	23,800	27,000
White Cement India	40 kg	33,000	42,000	45000
LIME				
Building Lime White (Kenya)	25 kg	13,500	14,000	15000
Tiger Lime Uganda	50 kg	13,500	14,000	15000
Red Oxide Germany	1 kg	8,000	9,000	9,500
ROOFING				
Mangalore Tiles (Selected) (16 Pcs/sqm)	pc	1,540	1,540	1,540
Mangalore Tiles (Standard) (16 Pcs/sqm)	pc	1,340	1,340	1,500
New Portuguese Tiles (16 Pcs/sqm)	pc	2,140	2,140	2,500
Roman Tiles (35 pcs/sqm)	pc	1,340	1,340	1,500
Ridges (35 pcs/sqm)	pc	1,890	1,890	2,000
CLAY BRICKS				
Selected Bricks (215x105x65mm) (120pcs/sqm)	pc	491	500	550
Standard Bricks (215x105x65mm) (120pcs/sqm)	pc	415	440	450
½ Bricks (Facing Bricks) (75pcs/sqm)	pc	325	350	350
Local Bricks (90pcs/sqm) (215x105x65mm)	pc	120	135	150
SUSPENDED FLOOR UNITS (CLAY)				
Maxspan 4" (8pcs/sqm)	pc	1,930	1,930	1,950
Maxspan 6" (8pcs/sqm)	pc	2,485	2,485	2,500
Maxspan 8" (8pcs/sqm)	pc	3,865	3,865	3,900
Free span 4"	pc	1,475	1,475	1,500
Free span 5"	pc	1,930	1,930	1,950
GALVANISED IRON SHEETS				
G32 (0.18mmBC/0.215mmAC)	pc	12,300	19,500	20,000
G28 (0.29mmBC/0.305mmAC)	pc	18,750	25,500	26,000
G26	pc	27,150	42,000	42,500
Ridge (G28)	pc		10,500	10,500
STEEL				
Mild steel round R6 40'x6mm	pc		7,300	10,500
Mild steel round R10 40'x10mm	pc		12,000	14,000
Mild steel twisted Y12 38'38x12mm	pc		25,500	35,000
Mild steel twisted Y16 38'x16mm	pc		42,000	55,000
Mild steel twisted Y20 40'x20mm	pc		70,000	95,000
High tensile steel Y25	pc		133,800	140,000
High tensile steel Y32			219,000	230,000
TIMBER AND BOARDS				

Block Boards (Local) (8'x4'x1")	pc	70,000	80,000	85,000
Soft Board (Kenya) (8'x4'x1")	pc	25,000	29,000	31,000
MVD Boards (Mahogany Veneered texture on both sides, 8'x4'x1")	pc	95,000	100,000	110,000
Plywood (8'x4'x6mm)	pc	1,400	14,500	10,000
Pine Timber Machine cut (4"x2"x14')	pc	7,000	9,000	11,000
Pine Timber Machine cut (6"x2"x14')	pc	12,000	16,000	17,000
Pine Timber Machine (12"x1"x14')	pc	17,000	20,000	20,000
Cypress Timber Machine cut (12"x1"x14')	pc	25,000	27,000	28,000
Mvule Timber (12"x2"x14')	pc	45,000	50,000	50,000
Nkoba (12"x1"x14')	pc	20,500	24,000	25,500
Seasoned Mahogany-Masindi (6"x2"x14')	pc	30,000	45,000	60,000
Seasoned Mahogany-Masindi (12"x2"x14')	pc	50,000	65,000	80,000
Shuttering Timber (12"x1"x14')	pc	4,200	5,000	5,500
Mahogany Paneled Doors (45x900x210mm)		120,000	350,000	350,000
Mahogany Door Frame Once Rebated (100x50mm)		48,000	90,000	120,000

## FENCING POLES

Treated Eucalyptus (pole) big		5,000	5,000
Treated Eucalyptus (pole) small		4,000	4,000
Untreated Eucalyptus (pole)		2,000	2,200
Palm (pole)		2,800	2,800

## AGGREGATES

Lake sand (7ton trip)	110,000	120,000	150,000
Plaster sand (7ton trip)		110,000	140,000
Hand crushed aggregate ½"	(7ton trip)	160,000	175,000
Machine crushed aggregate ½"	(7ton trip)	245,000	280,000
Hardcore stones (7ton trip)	110,000	133,000	150,000
	(7ton trip)	210,000	260,000
			300,000

TRANSPORT around KLA for a 7ton & 15 ton tipper ranges from -70,000 and 120,000-150,000 respectively depending on distance

CONCRETE BLOCKS & PRODUCTS	pc	1,975	2,000	2,800
Solid Concrete Blocks (18x9x9")	pc	1,950	2,200	3,000
Hollow Concrete Blocks (18x9x6")				

## PAVERS

Light duty	SQM	26,000	26,500
Heavy duty	SQM	29,000	29,000
Ceramic tiles 150x150x6.5mm	SQM	13,000	14,000
Ceramic tiles 200x200x9.5mm	SQM	22,000	22,500
Porcelain 500x500mm	SQM	30,000	30,500

## FLOOR TILES

Ceramic tiles 200x200x9.5mm	SQM	25,000	26,000
Ceramic tiles 300x300x9.5mm	SQM	22,000	22,500

Ceramic tiles 400x400x12.5mm	SQM	25,000	25,500
GLASS			
Plain sheet glass	3mm (4X6)	32,000	35,000
Plain sheet glass	4mm (4X6)	40,000	45,000
Tinted	1 sheet		80,000
PAINT			
Water-based paint	20 litres	22,000	32,000
Oil based paint	40 litres	16,000	20,000
Weather guard	20 litres	12,500	15,500

## Appendix 13.5 Registrar of Titles Act CAP 230

Procedures required by the Registrar of Titles Act CAP 230 for land alienation, exchange and transfer involve the following 45 steps:

- Applicants must have a piece of land held under customary tenure
- Applicants must visit the District land Board in his district and with assistance of the land officers, fills in the Land Form 2 (scan from RTA) and attaches a sketch map of the pieces of land to the form
- A land officer at the district cross checks on the land applied for using a general map (on which all land already applied for would be indicated) so that land is not applied for twice
- After cross checking and finding that the land in question has not been applied for, he indicates on the application that the land is available and free for leasing. He also demarcates the particular piece which has been applied for on the map
- The applicant pays a sum of one thousand shillings as provided for by the law as deposit fee
- Application is registered and given a reference number
- The application is sent to the District Land Board (DLB) Secretary who coordinates and arranges for the DLB to visit and inspect the land applied for (site)
- The DLB visits the site (inspection, transport and allowance should be provided by Government) though of late the applicant provides both
- If the DLB finds that the land is free of disputes and really belongs to the applicant, they sign the application form and advise the Uganda Land Commission (ULC) to grant a lease to the applicant
- The Secretary to the DLB writes a covering letter to ULC through the Land Officer
- The application is received and registered in Kampala by ULC
- The application is put on the agenda for discussion by the commission in its next convenient session
- ULC sits at least once every two months though this depends on availability of funds to consider pending applications and other matters
- Decisions of the commission come out in the form of minutes
- The approved application is sent to valuation section (Lands Department) in Kampala for determination of terms of assessment of premium and annual ground rent
- ULC writes a covering letter to the Land Officer of the district where the application originated giving the decision of the commission, specifying the minute number, the area approved, the number of years granted, user premium valued and the annual ground rent
- The Land Officer writes out a lease offer to the applicant giving a detailed account of the conditions on how the lease is to be held and the fees to be paid
- Applicant pays fees
- A permanent file is opened up
- The District land Officer requests the senior staff surveyor stationed in the district to survey the land
- The Senior Staff surveyor forwards the requests to survey to the Commissioner Survey and Mapping (Entebbe) who actually issues the instructions to survey
- Instructions to survey received at the district survey office
- Survey carried out by surveyors from the district survey office
- The survey results are checked and confirmed by the senior staff surveyor
- Deed plans of the surveyed land and its survey file are forwarded to Commissioner, Survey and Mapping (Entebbe) for cross-checking and plotting
- Signing of Deed plans by the Commissioner
- Signed Deed plans are forwarded to branch office
- Land Officer writes instructions to prepare lease agreements to Commissioner Land Registration (Kampala) through the Commissioner Land Administration
- Commissioner Lands checks if payment of the required fees were met (Kampala)
- Registering of lease instructions in Land Office – Kampala
- Registering of lease instructions inland Registration Department – Kampala
- Lease instructions perused by Registrar of Titles – Kampala
- Typing and checking of lease documents
- Payment of stamp duty, which is 5% of premium and 2 ½ % of ground rent
- Payment of income tax – amount depends on income tax liability of the lessee. It is assessed by Income



#### Tax Department

- Execution (final signing) of the lease document by the parties (ULC, the lessee and witness)
- Issuing of Leasehold Certificate of Title
- Certificate of Title should be dispatched to the branch office but the registered proprietor normally picks it up
- Typing of Memorandum of Registration – notification of the certificate issued to branch office and other departments
- Full Term: Inspection of the development carried out on the leased land is carried out by land Inspectors stationed at the branch office where the land is situated
- The signed inspection report by the inspector is sent to ULC through Commissioner Lands (Kampala)
- Inspection report signed by Chairman and Secretary (ULC)
- Full Term endorsed on the certificate of Title by the Chief Registrar of Titles after payment of 3,000/= Three thousand shillings as statutory fees
- Certificate of Title (Full Term) should be dispatched to branch office but normally proprietor picks it
- Memorandum of Registration of Full Term should be typed

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