

The standard of living of people residing in Uganda - citizens, migrants or refugees - both in rural and urban areas are inevitably affected by local government activities through the provision of basic services. Policy dialogues are solution-oriented discussions that bring together leading experts and practitioners to share and exchange knowledge.

Why a High-level Policy Dialogue?

Within PIFUD, Policy Dialogues aim at:

- Promoting peer-to-peer learning and cooperation between sister cities in the world
- Connecting project leaders, policymakers, regulators, and financing partners to identify needs, capacities, and opportunities to work together towards a common goal
- Chart a course: actionable commitments to enhance financing for sub-national governments in Uganda and achieve the NDPIII.

The Policy dialogue stems from a consensus that both public and private finances are needed – at scale – to catalyze and accelerate local development.



The Greater Kampala Metropolitan Area is a « special planning area » with a development strategy (GKMA LED) approved by cabinet in March 2020. It has been costed at UGX 11 trillion over the next 5 years.

The steering of the strategy is as follows:

- Political coordination: the Ministry of Kampala Capital City and Metropolitan Affairs and the Inter-Agency Steering Committee
- Technical coordination: National Planning Authority and the Greater Kampala Metropolitan Area planners' committee.
- Local Governments are voluntarily contributing on the basis of a call for action between the Lord Mayor of Kampala, the Mayors of Entebbe, Kira, Makindye Ssabagabo, Mukono and Nansana, and the Chairpersons of the District Local Governments of Wakiso, Mukono and Mpigi.

Members have committed to open and continual coordination between all stakeholders to ensure effective and equitable implementation.

Policy Dialogues for regulatory reforms allow sub national entities in the GKMA to access capital markets to finance the much-needed infrastructure.



Who led the Policy Dialogue?

Under the umbrella of the Economic Mukutano 2020, the Policy dialogue took place on the 24th and 25th of November 2020. The high-level event was co-hosted by the Ministry of Kampala and Metropolitan Affairs and the Ministry of Local Government with support from the European Union, the Public-Private Partnership Unit of the Ministry of Finance, Planning & Economic Development, the Local Government Associations in Uganda (ULGA and UAAU), Kampala Capital City Authority, the Global Fund for City Development, the United Nations Capital Development Fund, Cities Alliance, Makerere University, Stanbic Bank and National Social Security Fund.

Over a 100 participants attended in-house and virtually. They shared ideas, knowledge and experiences on how to collectively break away from « business-as-usual » and explore new ideas. Financing in the face of constraints on the national budget and for the recovery covid-19 impacts on local service delivery

Main Resolutions

10 actionable commitments were signed by the Ministry of Local Governments, the Ministry of Kampala and Metropolitan Affairs and the Uganda Local Government Association.

During the 5 high-level panels and technical presentations, a series of topics were discussed:

1. The **shrinking fiscal and financial autonomy** of local governments and the LGFC current efforts to support Local Revenue Enhancement: the amended PFM Act was discussed as well as, the issue of Human resources and the low revenue collection rates. More partnerships between collecting authorities and the roll-out of automated revenue administration systems were called for.
2. The **low awareness levels about the existing legal and regulatory frameworks** such as the PPP Act, Regulations, Guidelines and Tools or the opportunities for “inter-municipal” cooperation such as regional consortiums and alliances.
3. The **need to build “the internal infrastructure” and public communication** to clearly link the role of the LGs and the value of paying taxes. Town Clerks and Chief Administration Officers called for a mindset shift in their training to become market “enablers” and identify revenue generation opportunities together with financing public service delivery.
4. The **appetite for lending to Municipal entities is tightened by the current regulatory constraints** while local governments might be perceived as enabling “impact investments” meaning for a better quality of life and climate action. Lenders’ main concern remained on how LGs can improve the quality of project preparation and sustain local economic development to pay back any loans taken over time.
5. On the **feasibility of Alternative Financing for LG**, findings indicated that there are compelling examples to learn from in Uganda and in other cities in Africa. But building up creditworthiness is a practice of patience and collectively redefining what “risk” and “bankable projects” means as part of a share Ugandan Vision 2040.

Next steps

- Create a Taskforce for improving Financing Local Government Development Plans chaired by MoLG; Technical secretariat ULGA
- Bottom-up technical preparation to draft Cabinet memorandum.
- Raise awareness on current untapped opportunities within the Uganda regulatory framework.
- Build capacities and explore the feasibility of innovative mechanisms such as Land-Based Financing; Municipal Bonds and Public-Private Partnerships

