MORE REVENUE COLLECTION BY STRENGTHENING LAND ADMINISTRATION
IN KAMPALA, UGANDA

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Abstract

Land administration is a system implemented by government to record and manage rights in land. The purpose of this paper is to appraise the performance of revenue collection from land administration services in Kampala city over the past five years and to suggest strategies of enhancing revenue collection from land services. Empirical evidence shows that lands revenue on average contributed 10% of the total revenue collected in Kampala over the past five years. The land revenue sources included leasehold premium charged at 10% of the market value of land, annual ground rent charged at 0.5% of the market value of land and a plethora of land services including land registration, land ownership verification, placement and removal of caveats, land subdivision and consolidation, surveying and mapping services, GIS services and so on. During the fiscal year FY2014/15, there was a leap in lands revenue rising from UG Shs 7.3billion (or US$ 2million) to UG Shs 11.5billion (or US$ 3.2million) or 14% of the total revenue. The steady performance of the lands sector can be attributed to implementation of the e-tax payment system (also called e-citie) which enabled online payments in a much faster and efficient manner, and computerization of the lands register which enabled faster retrieval of land records and also minimized forgery of land documentation. Inadequacies on mailo land including the double payment system (i.e. to landlord and tenant), rampant land conflicts and informal land transactions negatively impact on revenue collection. To improve revenue collection from land administration functions, proposals on adopting low-cost but fit for purpose land administration tools, improving access to land information through web-based interfaces, guarding against corruption in the land sector, enhancing the land ownership rights of women and minority groups, enhancing land ownership rights in informal settlements, reviewing the land policy to provide for leasehold as the urban land tenure and reviewing leasehold premium and ground rent charges with due consideration of local conditions and international best practices. Overall, the land administration system should be easily accessible and affordable by all citizens, both the poor and the rich.
1.0 INTRODUCTION

Land administration is a system implemented by government to record and manage rights in land. As discussed by Burns (2007), a land administration system includes management of public land; recording and registration of private rights in land; recording, registration and publishing of the grants or transfers of those rights in land through, for example, sale, gift, encumbrance, subdivision, consolidation and so on; management of the fiscal aspects related to rights in land, including land tax, historical sales data, valuation for a range of purposes, including the assessment of fees and taxes, and compensation for government acquisition of private rights in land; and control of the use of land including land use zoning as well as support in the development approval process.

Typically, a land administration system is comprised of textual records that define rights and/or information, and spatial records that define the extent over which these rights and/or information apply (Burns, 2007). In this regard, textual records include certificates of title, leases and other forms of agreement, while spatial records are usually in form of cadastral maps showing the location of the land parcel, land boundaries, dimensions and the land acreage. With improvement in technology, aerial photographs and high resolution satellite imagery form part of the spatial records within a land administration system. Worldwide, there is a drive towards developing a three-dimensional (3D) cadaster to assist in managing 3D developments including ownership rights and functionality of complex structures built on, above and/or under the ground surface.

Every society needs a system of land administration. Broadly, the functions of such a system would be firstly to ensure that land rights are clear i.e. everyone knows who has what rights to which land and secondly it makes the transfer of land rights easy, for example through inheritance, sale or rent. When these functions are achieved, land disputes are reduced and when disputes arise, they are easy to solve. Good land administration practices enhance land values and encourage investment in land and infrastructure development programs. An effective land administration system supports the formal land market through recording of purchases, sales and the legal agreements signed while undertaking the land transactions (Giddings, 2009). A land administration system forms a reliable basis for land and property taxation providing an opportunity for governments, especially in developing countries, to raise more revenue required to fund poverty alleviation programs.

In Uganda, the Land Act Cap 227 is the main law governing ownership, administration and management of land. The Act mandates the Ministry of Lands, Housing and Urban Development (MLHUD) to formulate land policies and regulations, setting of standards and fees, supervision of land administration service delivery, and quality control and compliance. Cap 227 empowers the Uganda Land Commission (ULC) to hold and administer land owned and vested in government such as gazetted forest reserves, game parks, schools, government hospitals, roads and so on. ULC also
adminsisters official estates. Whereas MLHUD and ULC are central government units, land administration services in Uganda are decentralized. At local government level, CAP 227 provides for establishment of District Land Boards (DLBs) to hold and allocate land in the district which is not owned by any person or authority; facilitate the registration and transfer of interests in land; cause surveys, plans, maps, drawings and estimates to be made by or through its officers or agents and to perform related land administration services. To ensure gender balance and as part of affirmative action, at least one-third of the members of the DLB are women. The law also provides for establishment of Area Land Committees to advise the DLB on land matters such as establishing claims. Furthermore, Cap 227 provides for establishment of the district land office to offer technical support to the district administration and the district land board. The key resource personnel in the land office include the district surveyor, a land officer, a valuer and a registrar of titles.

Within the realm of the land administration system in Uganda, Kampala Capital City Authority (KCCA) is a fully fledged decentralized unit. KCCA operates a land office which offers, at a cost, a plethora of land administration services to the public including land registration, surveying and mapping services, land subdivision and consolidation, and GIS services, amongst others. The quality of service delivery has greatly improved following computerization of the land register especially in terms of improved turnaround time of offering land services and reduced cases of forgery for land documentation. The Kampala District Land Board (KDLB) is responsible for management of public land in the city, granting freehold and leasehold offers on land under its control. The premium and ground rent fees levied by KDLB are an important source of revenue which government uses to fund various development agenda.

With funding from World Bank, KCCA has embarked on an expansive program of developing a City Address Model (CAM) for ease of location of properties in the city and a computerized property register to aid valuation for property tax assessment in an exercise code named, Computer Aided Mass Valuation (CAMV). Automation of the property rates management process shall grow the property rates register from 120,000 to 250,000 leading to an estimated growth in rates revenue from an average of Uganda Shillings (UG Shs.) 20billion per annum to about UG Shs. 60billion per annum. Furthermore, the computer aided mass appraisal exercise shall enhance KCCA’s capacity to regularly update the property rates register through annual supplementary property valuations. Under the project, a Short Messaging System(SMS) platform is being developed to enhance communication with tax payers and other clients by providing them with the required information and receiving feedback at a minimum cost. The CAM shall ease navigation in the city given that all roads shall be named, signposts installed and buildings numbered.

Following a broader overview of the land administration system, the purpose of this paper is to appraise the performance of revenue collection from land administration services in Kampala city over the past five years and to suggest strategies of enhancing revenue collection from land
services. Uganda and Kampala city in particular, has a unique land tenure system which to a large extent impacts on delivery of land services and on revenue collection. This topic is discussed as well in the paper. Beyond introduction, section 2.0 of the paper gives an overview of Kampala City so as to broaden the readers understanding of the study area. Section 3.0 discusses the land tenure systems in Kampala and their impacts on revenue collection and section 4.0 analyses the performance of revenue collection from land transactions in Kampala over the past five years. The strategies of enhancing revenue collection from land services are presented in section 5.0 and finally, concluding remarks are made under section 6.0.

2.0 AN OVERVIEW OF KAMPALA CITY

Kampala is the administrative and commercial city of Uganda (see Figure 1 for location details). The name “Kampala” is derived from the Luganda language word “impala”, a type of antelope which was reared and grazed on hill slopes of the current day Kampala. Kampala as it exists today is a product of the 1968 amalgamation of the municipalities of Mengo (Kibuga) and Kampala. Mengo municipality (Kibuga), located on Mengo hill, was the royal capital of the Kingdom of Buganda and was established before colonial rule, precisely, before the 10th March 1900 agreement between Buganda kingdom and the British colonial administration which marked the beginning of colonial rule in Buganda. Meanwhile, Kampala municipality evolved as a colonial city, initially accommodating mainly Europeans and Asians under the colonial administration. This dual legacy has strongly influenced contemporary land development patterns and practices in Kampala city, notably, with the areas of the former Kampala municipality being well-planned and serviced compared to those of the former Mengo municipality (Nkurunziza, 2006). Notably, mailo land tenure is the dominant tenure in the areas of the former Mengo municipality, while most of the existing freeholds and leaseholds are in areas of the former Kampala municipality.

In terms of size, the city expanded from 21.4 square kilometers (an equivalent of 8.3 square miles) in 1968 to approximately 195 square kilometers (an equivalent of 75.3 square miles) today (Omolo-Okalebo et al., 2010). The expansion was mainly through annexing of adjacent townships and rural areas to the city. Meanwhile, as the city boundaries expanded, the size of the population also increased. The city population increased from 330,700 in 1969 to 458,503 in 1980 and to 774,241 in 1991 (UBOS, 2014). The city recorded the fastest annual growth rate of 6.3% during the period 1980 to 1991. This period was characterized by high levels of migration into the city because of political instability in the country side. By 2002, the city population was 1,189,142 and according to the August 2014 National Housing and Population Census, the city population is 1,516,210 (UBOS, 2014). During the period 2002 to 2014, the average annual growth rate of the city population was 2.3%, lower than the average annual growth rate of the national population of 3.0%, over the same period of time. Uganda has an urban population of six (6) million persons out of which 25% are in Kampala, and the rest in 22 municipalities and 174 town councils (UBOS, 2014).
Geographically, Kampala which was standing on seven (7) hills by 1968, now occupies twenty-four (24) hills with an average altitude of 3,910 feet (or 1,120 m) above mean sea level. Between hills and in the valleys, Kampala has extensive wetlands occupied by floating papyrus swamps, cat tails, common reeds and other types of grass (Emerton et al., 1998). Wetlands in Kampala are not surveyed/demarcated and as result, their actual size is not known.

Kampala, also, has many natural rivers/streams as well as lakes. To the south, Kampala borders with Lake Victoria, the largest lake in Africa and the second largest fresh water lake in the World, and elsewhere it is surrounded by Wakiso District. Regarding administration, Kampala, formerly a local government district, is now a corporate body established under the Kampala Capital City Act of 2010. Kampala Capital City Authority (KCCA) is made up of five administrative divisions i.e. Central (housing the Central Business District, parliament and many government ministries), Kawempe, Lubaga, Makindye and Nakawa. Figure 2 shows the spatial details of the divisions, water bodies, swamps and major transport infrastructure in the city.

In terms of economic productivity, Kampala contributes about 60% of the national GDP. Many industrial activities which historically were taking place in the industrial town of Jinja and elsewhere have progressively moved to Kampala for easy access to inputs and markets. At the moment, up to 80% of the country’s industrial and commercial sectors are based in Kampala.

3.0 LAND TENURE SYSTEMS AND IMPACTS ON REVENUE COLLECTION

Land tenure refers to the rights that individuals and communities have with respect to land i.e. the right to occupy, to use, to develop, to inherit and to transfer land (Durand-Lasserve and Selod, 2009). Formalization of land tenure systems in Buganda region of central Uganda, where Kampala capital city falls, dates back to 10th March 1900 when the British colonial administration signed an agreement with the King of Buganda (known as Kabaka) by which land was divided into different categories. The total land mass for Buganda, then, was estimated to be 19,600 square miles or approximately 20% of the total area of Uganda (Batungi, 2008).

Following the 1900 Buganda agreement, a total of 958 square miles of land was allocated to the King of Buganda, 1000 chiefs and private owners received estates totaling 8,000 square miles and 50 square miles was appropriated for Buganda kingdom administration stations (Place and Otsuka, 2000; Batungi, 2008). Overall, about 50% of the total land mass in Buganda region was demarcated as mailo land (from the word mile) and certificates of titles were issued by the colonial administration. The vast tracts of land that were given to notables and chiefs are known as private mailo whereas those tracts of land that were given to the King are known as Kabaka’s mailo. The land that was appropriated to Buganda Kingdom’s administration stations is known as the official mailo. Most of the official mailo land is situated outside Kampala and because of strict control from kingdom administration very few transactions take place on this category of land.
Figure 1: Map of Uganda showing the location of Kampala (Source: UBOS, 2013)

Figure 2: Map of Kampala showing city divisions & infrastructure
In addition, following the Buganda agreement of 1900, three church missionary institutions were granted freehold titles on 92 square miles of land and 1,500 square miles was set aside for forest reserves (Batungi, 2008). Waste and uncultivated land totaling to 9,000 square miles was vested in the Queen of England as crown land (Batungi, 2008; Giddings, 2009). Under the British colonial administration, freehold and leasehold concessions were made from crown land both in Buganda and elsewhere in Uganda (Hunt, 2004). Much of the crown land is where British administrators, other Europeans and Asians lived, is where modern Kampala city is located and is relatively well-planned and serviced (Giddings, 2009).

Following introduction of formal tenure systems in Buganda region, local peasants who had previously occupied mailo land were not recognized and became tenants who had to pay rent to the landlords (Giddings, 2009). This state of affairs created tenure insecurity amongst the tenants and as a result the Busuulu and Envujjo Law of 1928 which made it difficult for the landlords to evict tenants and set a rent ceiling of ten Uganda shillings was enacted (Place and Otsuka, 2002). In this context, busuulu was a fixed annual rent payment and envujjo was an additional levy per acre of cotton production-a commercial crop introduced by the colonial administration (see Hunt, 2004).

Despite enactment of the 1928 land law, tenants on mailo land still had no formally recognized long-term security of tenure. In 1969 (seven years after independence), the Public Lands Act was enacted. All land hitherto known as crown land became public land to be administered by Uganda Land Commission with assistance of district land boards. In the same year (1969), Uganda Land Commission ceded ownership and administration of most public land in Kampala to the Land Board of Kampala City Council (the present day, Kampala Capital City Authority). The 1969 law offered protection to customary tenants whereby land occupied by the tenants could no longer be sold or leased without the consent of the occupants and that the occupants enjoyed the right of first refusal to lease (Giddings, 2009). Public land in Kampala continued to be developed in an orderly manner whereas mailo land was haphazardly developed and poorly serviced.

In 1975, President Idi Amin Dada enacted a land reform decree that declared all land in Uganda to be public land entrusted to the state and to be administered by Uganda Land Commission by implication abolishing mailo, freehold and any other absolute ownership rights of land. In essence, the decree stripped individual property owners of their assets (Knight et al., 2004). Mailo land was converted into leasehold land for a period of 99 years and large tracts of customary land spread over many districts of Uganda were declared as state land in which the occupants could apply for a lease of 99 years. The decree gave “former” mailo owners powers to evict tenants upon issuing a six month notice but after compensation for any land improvements (Place and Otsuka, 2002). Tenants on mailo land, which is the most prevalent tenure in Kampala, became more insecure making investment into housing more risky. Despite the legal reforms introduced by the decree, land owners remained adamant to adjust to the new changes and there was little effort by the state to
enforce the law. There is no record of mailo or freehold land that was converted into leasehold and a certificate of title issued by the state to that effect.

In 1995, a new constitution of Uganda was promulgated by which Article 237(1) declared that all land belongs to the people of Uganda and shall be held under customary, freehold, leasehold and mailo tenure systems. The 1995 constitution revoked the 1975 land reform decree by vesting land in the people rather than the state. To facilitate implementation of the constitutional provisions on land ownership and land management, the Land Act of 1998 was enacted. This Act formalized the rights of two categories of tenants i.e. lawful and bonafide occupants. In the context of this law, a lawful occupant is person occupying land by virtue of the repealed Busuulu and Envujjo Law of 1928 (including related laws in the Tooro and Ankole Kingdoms), a person who entered land with the consent of the registered owner and includes a purchaser and customary tenants whose tenancy was not disclosed or compensated for by the registered owner at the time of acquiring a leasehold certificate of title. Bonafide occupant means a person who before the 1995 constitution had occupied, utilized or developed any land unchallenged by the registered owner for twelve years or more. The Act also permits separation of ownership of land from ownership of developments on land by lawful and bonafide occupants. Based on this law, the state can now issue certificates of occupancy (with transferable rights) to the above categories of tenants. Although tenure security for tenants was enhanced, the Land Act of 1998 created competing rights of ownership between registered owners and tenants with each party believing that they are the rightful owners.

Following enactment of the Land Act 1998 and partly because registered owners on tenanted land believe that their rights are not guaranteed, Kampala and other areas of Uganda have witnessed numerous evictions of tenants by registered owners in the recent past many of which have turned out violent (also see comments by Place and Otsuka, 2000; 2002). These evictions have cast a cloud of uncertainty in land market hence discouraging investment in land and housing development. Indeed, many real estate investors have been caught up in the trap of land evictions.

In summary, Kampala has complicated land tenure systems largely due historical injustices imposed by the colonial administration and radical changes introduced by the various legal regimes that have evolved over time. The challenges associated with land tenure systems in Kampala city affect revenue collection in the following ways:

1. Given that the mailo land tenure is characterized by multiple rights of ownership, where both the landlord and tenant have legal ownership rights for the same piece of land, real estate investors commonly find themselves in the trap of making double payments (i.e. to the landlord and tenant) for the same piece of land. The process involves negotiating with the tenants and paying them the appropriate compensation, negotiating the price of land with the mailo land owner and sign a contract, register the sale with the land registry and pay the state fees. The above developments together with the uncertainty associated with
the numerous land conflicts discourages investment on mailo land and as a result
government loses revenue from the fees which otherwise would be charged on the sale
transactions.

2. There is a high prevalence of informal land transactions (i.e. sales/purchases, sub-leases...) on mailo land in Kampala most of which are not recorded, reported and formalized in terms of a contract. More than 80% of the city population lives in slums where most of the land transactions are informal. Accurate data on the scale of informal land transactions is not available. What is clear is that government is losing revenue because of not taxing informal land transactions in Kampala.

3. Mailo land in Kampala city and beyond is poorly planned with no provision of reserves for public roads as well as corridors for utility services including water, sewerage, electricity, telecommunications, sewerage and natural drains. The cost of infrastructure provision on mailo land is very high because of the high costs of compensation to acquire the right of way. The net effect is that mailo land neighborhoods are poorly serviced negatively impacting on property values and hence attracting low revenue from property taxes.

4. Kampala city lacks formal systems for fair assessment of leasehold premium and ground rent charges, so that neither the lessor nor the lessee is left worse-off in the transaction (Irumba, 2015). Under these conditions, the existing state arrangement where a lump-sum of 10 and 0.5 per cent of the market value of land is charged as leasehold premium and annual ground rent, respectively, offers utility to the lessee at the expense of the lessor thereby making leaseholds more popular in the property market in Kampala (Irumba, 2015). The implication of these findings is that government is losing revenue in Kampala by charging very low rates of leasehold hold premium and annual ground rent.

Evidently, more challenges of revenue collection are experienced on mailo land than on freehold and leasehold land. However despite these challenges, much growth in revenue collection from land transactions has been recorded by KCCA over the recent past. Details in this regard are provided in the next section of this paper.

4.0 PERFORMANCE OF REVENUE COLLECTION FROM LAND TRANSACTIONS IN KAMPALA

Revenue collection is a key factor in achieving the KCCA’s mandate to levy taxes as provided for in the KCCA Act (2010) section 50. The Act empowers KCCA to levy, charge, collect and appropriate fees and taxes in accordance with the laws enacted by parliament under article 152 of the constitution of the Republic of Uganda. There are various sources of revenue at KCCA. These, amongst others, include hotel tax, trading licences, land premiums, annual ground rent, property tax, land fees, medical charges, market fees, building plan fees, rentals (e.g. lock ups/shops), staff canteen, local service tax, taxi park fees, advertising, tendering fees, city hall letting, street parking, public convenience charges, marriage certificates, certificates of occupancy, penalties and fines. Within this stream of revenue sources, land transactions relate to collections from annual ground rent, land premiums and land fees.
Land premiums refer to leasehold premium which is assessed at a rate of 10% of the market value of land and similarly they include freehold premium which is assessed at a rate of 100% of the market value of land offered by KDLB to the applicant. On the other hand, the annual ground rent is charged at a rate of 0.5% of the market value of land leased to a developer and is fixed for a period of five (5) to ten (10) years. Finally, land fees relate to fees charged for offering various categories of land delivery services to the public which include land registration, land ownership verification (also called title searches), placement and removal of caveats, land subdivision and consolidation, surveying and mapping services, GIS services and so on.

Why Land Administration In Kampala?

Good land administration practices promote infrastructure development, formal property titling, enable a well-functioning land market and raise Government revenues

Strengthening Land Administration in Kampala will

Owing to the breakdown in the service delivery in Kampala, land management is being viewed as one of the strategies that will to an extent address the overwhelming challenges of ensuring an efficient service delivery mechanism as arising from the prevailing land ownership and tenure systems.

Strengthening land administration is expected to:

- Lower compensation costs especially as related to resettlement of persons and properties affected by the current infrastructure development
- Streamline City physical planning and development
- Enable efficient infrastructure development
- Boost economic trade including urban tourism and establishment of artisan parks
- Curb the rampant land evictions
- More revenue Mobilisation
KCCA Land Administration & Transaction Services

KCCA currently offers the following land management related services:

- Land Registration
- Surveying And Mapping Services/Cartography
- Land Subdivision/Mutation Surveys
- Statement of Search
- GIS Services

KCCA currently collects revenues from land management services in form of:

- Annual Ground Rent
- Land Premiums
- Land transaction Fees

Table 1 below presents the performance of revenue collection from land transactions over the past five (5) fiscal years. A fiscal year in the Ugandan government calendar commences on the 1st July of one year and extends up to the 30th June of the following year.
Table 1: Revenue collection from land transactions, FY2012/13 to FY2016/17

<table>
<thead>
<tr>
<th>Revenue source</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property rates</td>
<td>7.78</td>
<td>7.72</td>
<td>11.81</td>
<td>16.93</td>
<td>17.65</td>
<td>20.31</td>
</tr>
<tr>
<td>Road user fees</td>
<td>5.19</td>
<td>5.82</td>
<td>12.55</td>
<td>15.92</td>
<td>17.52</td>
<td>18.66</td>
</tr>
<tr>
<td>Business licenses</td>
<td>3.82</td>
<td>8.8</td>
<td>13.28</td>
<td>12.93</td>
<td>13.99</td>
<td>13.54</td>
</tr>
<tr>
<td>Local Service Tax</td>
<td>3.33</td>
<td>4.02</td>
<td>6.99</td>
<td>8.03</td>
<td>9.78</td>
<td>11.44</td>
</tr>
<tr>
<td>Ground rent</td>
<td>3.5</td>
<td>3.4</td>
<td>3.05</td>
<td>5.08</td>
<td>6.2</td>
<td>4.48</td>
</tr>
<tr>
<td>Local Hotel Tax</td>
<td>0.85</td>
<td>1.23</td>
<td>1.71</td>
<td>1.91</td>
<td>1.93</td>
<td>2.33</td>
</tr>
<tr>
<td>Market /Gate Charges</td>
<td>0.75</td>
<td>0.82</td>
<td>1.19</td>
<td>1.26</td>
<td>1.89</td>
<td>2.22</td>
</tr>
<tr>
<td>Advertising</td>
<td>0.7</td>
<td>0.84</td>
<td>1.01</td>
<td>1.37</td>
<td>1.3</td>
<td>1.41</td>
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<tr>
<td>Building fees</td>
<td></td>
<td></td>
<td></td>
<td>2.23</td>
<td>2.48</td>
<td></td>
</tr>
<tr>
<td>Land fees</td>
<td>0.76</td>
<td>4.95</td>
<td>1.65</td>
<td>2.11</td>
<td>4.95</td>
<td>3.93</td>
</tr>
<tr>
<td>Others</td>
<td>3.69</td>
<td>3.36</td>
<td>2.47</td>
<td>4.46</td>
<td>3.11</td>
<td>4.12</td>
</tr>
<tr>
<td>Total</td>
<td>30.37</td>
<td>40.96</td>
<td>55.71</td>
<td>70</td>
<td>80.55</td>
<td>84.92</td>
</tr>
</tbody>
</table>
Overall, it is evident from the statistics provided in Table 1 that total revenue collection in Kampala has generally been increasing over the past five years and that revenue collection from land transactions has generally been increasing. This is a good development for the land sector in Kampala and hence calls for further innovations aimed at enhancing revenue collection in this sector.

Initiatives being implemented by KCCA to Strengthen Land Administration for Increased Revenue Mobilisation in Kampala

1. Mass Property Valuation

Properties in Kampala were last revalued 2005 (over 10 years). The rapid changes in land use patterns in the city has made the previous valuation rolls obsolete which erodes the revenue potential from property Rates

KCCA with funding from the World Bank under the Second Kampala Institutional and Infrastructure Development Project (KIIDP II) is currently implementing two self reinforecing projects

a) Computer Aided Mass Property Valuation (CAMV).

b) City Address Model (CAM)

On completion of these projects, Automation of property rates management shall

• grow the property register from 120,000 to 250,000

• grow rates revenue from USD 6.0 million to USD 17.0 million per annum

• enhance KCCA’s capacity to regularly update the property rates register through annual supplementary property valuations

• Support enforcement activities

• A more navigable City
2. Roll out of the GIS System

- Roll out will increase capability to address expanded KCCA data needs including the development of an urban land use database at plot, village and parish levels, linking urban services management with revenue functions more effectively.

- The Model will enable KCCA to monitor infrastructure investments on the ground and support local revenue mobilization.

- The GIS will support the city address system, cadaster, and updating of valuation roles for property taxation.

3. Automating of the Land Registry

With support from the World Bank undertaken deliberate efforts to automate the Land registry and land registration process.

4. Automating Revenue Collection

In 2011, KCCA inherited a revenue system which was fraught with many gaps and inefficiencies and characterized by:

- Low levels of automation (highly manual systems)

- High levels of cash collection

- Outsourced collection of key revenue sources

- Multiple billing and collection centers

KCCA has since introduced an Online Revenue Collection System code-named to as e-Citie:
Since its introduction KCCA has steadily

- Eradicated all cash payments
- Expanded the system to cover land transaction and Physical Plan related services in 2016

5. **Smart Permit Project**

- **Migration from Manual to Digital Development Permits**
- **Automate Processes** from submission to issuance of permits including tracking of activities, document management, among others.
- **Enhance the interface with other systems** e.g. e-CITIE, CAM/CAM-V and open to new plug ins
- **Streamline procedures & criteria** in the development applications and building control process.
- ** Expedite decisions, eliminate client queues**, assure integrity of documents, overcome shortage of storage space
6. Construction of a Client Care Reception Area

Constructed a Client Care Reception Area specifically for clients coming to carry out land transactions and other Physical Planning related services.
7. Improved Client Care

- Use of the Instant SMS Mobile platform to ease communication to our clients
- Trained our Staff on customer care
- Simplified the documentation process
- Encouraged transparency in document processing

These efforts have resulted into a significant increase in number of clients handled from an average of 3,500 per quarter in FY 2013/14 to over 5,000 in FY 2016/17 and have improved voluntary compliance amongst land owners to formalize land transactions.

8. Working with strategic partners to strengthen land management in the City

KCCA over the past identified key institutions that own or have charge large pieces of land around the City and taken deliberate efforts to partner with them on several fronts including: redevelopment of their lands, titling of these properties, strategic outlook of these areas to the transformation of the City, taxes and other areas among others. Some of these institutions include:

- Buganda Land Board
- Kampala District Land Board
- Uganda Land Commission
- Ministry of Lands
- Religious Organizations
- Other Government agencies

Proposals in this regard are given in the next section of the paper.
5.0 STRATEGIES OF ENHANCING REVENUE COLLECTION FROM LAND TRANSACTIONS IN KAMPALA

Good land administration practices should promote formal property titling and enable a well-functioning land market where both the poor and the rich actively participate. In the book, *The Mystery of Capital*, Hernando De Soto promotes an explanation that capital markets fail for the majority because the majority do not own formally titled property. Hernando De Soto further observes that while the majority of residents in developing countries do not own property, ownership of property is secured informally, through neighborhood associations or mafias, for example, rather than through formal titles and a property registration system. People invent informal institutions when formal institutions are missing or absent. The focus of the discussion by Hernando De Soto is on the actions which governments fail to take: creating and enforcing private property rights which is the sole purpose of a land administration system.

The lack of formal titling prevents the use of property as collateral, and hence prevents the capital embedded in these assets from being “unlocked”. While entrepreneurs in developed market economies are able to turn their land and houses into capital to start businesses, entrepreneurs in developing countries are not. The philosophy of Hernando De Soto applies to Uganda given that more than 80% of the land mass is untitled and hence locks up the capital which otherwise would be utilized to alleviate poverty amongst the people. To unlock the capital embedded in land in Kampala and to enable an efficiently functioning land market, the following strategies are proposed.

1. *Review the land administration system in Uganda and adopt low cost but fit purpose tools*: the present system of land administration is based on the Registration of Titles Act, modelled on the Australian Torrens system. While this operated reasonably successfully up until the time of Independence in 1962, it has subsequently proved costly and time consuming. During the 1990's, the responsibility for surveying and mapping land parcels was passed to the private sector but it too lacked capacity. What is crucial is that mapping is fit for its intended purpose and is kept up to date so that the register mirrors the conditions on ground. At the moment, the surveying and mapping process is expensive and lengthy and as a result, the tendency has been to revert to the informal market. There is need to adopt low cost but fit for purpose tools for land administration. Many tools are available on the market including the Social Tenure Domain Model developed by UN-HABITAT.

2. *Improve access to land information*: whereas the national land information system has improved access to land information since 2012 when the system was rolled out, there are still gaps which need to be addressed. Complete computerization of land records is yet to be achieved in Kampala, and in other parts of the country, which is affecting service delivery. There is also need to establish legislation and policies that provide for web-based access to all land information.
3. *Corruption free land administration:* as observed by Dale et al. (2006), because of the large sums of money involved as well as the power and influence that come from holding land and property, there is always a danger of corruption. This ranges from false declaration of land prices in order to reduce tax burdens to the illegal acquisition of property through fraud. To maximize revenue from land transactions, the integrity of the land administration system must be paramount. The government must guard against corruption in the land sector by establishing the necessary legal framework and enforcement mechanisms.

4. *Equal rights for women and minority groups:* whereas many formal legal systems treat citizens as equals, the customary law in many countries including Uganda tends to be discriminatory, especially with the rights of women and certain minority groups. In Uganda and elsewhere, there is need to reassess how the current statutory and customary laws impact on ownership by women, minority groups and foreign nationals and make adjustments appropriate to local circumstances. Notably, addressing the land ownership rights for foreign nationals will attract foreign direct investment in the real estate sector, increase revenue collection and create employment opportunities for the local population.

5. *Enhance land ownership rights in informal settlements:* given that more than 80% of Kampala’s population lives in informal settlements where land ownership is largely informal, there is need to address the land ownership rights issues so as to unlock the wealth embedded in land and housing. Majority of the informal settlements are on mailo land characterized by multiple layers of ownership and inadequate land documentation for tenants. Government and development partners need to introduce programs aimed at streamlining the land ownership rights in informal settlements in Kampala.

6. *Land policy, premium and rent reviews:* although the Uganda National Land Policy of 2013 advocates for freehold as the land tenure for the future, empirical studies (for example, see Irumba 2015) recommend leasehold as the urban land tenure for Uganda. The land policy provision on universal freehold needs to be reviewed. Adoption of leasehold in urban areas will provide an opportunity for land to change ownership upon expiry of the lease contract or when the lease conditions are not fully met. As noted under section 3 of this paper, the rates for leasehold premium and annual ground rent are very low resulting into loss of revenue. These rates need to be reviewed by the Chief Government Valuer in consultation with local governments putting into consideration the international best practices.
6.0 Projected Incomes

With all the above, KCCA projects to exponentially grow its revenues as follows.

7.0 Current Challenges

- Exemption of owner occupied properties; approx. USD 1.3m is not collected yet they enjoy all City services
- Weak Property rates recovery mechanisms – Litigation is the current recovery measure encumbered with delays in handling such matters through court
- Tax exemptions -Government owned properties
- Existing mailo land tenure system: informal land transactions, rampant land conflicts and evictions, poorly planned neighbourhoods.
- Unclear city boundaries - The territorial boundaries for Kampala city are not clearly demarcated. This hampers developing control for borderline areas and undermines revenue collection.
8.0 CONCLUDING REMARKS

This paper set out to appraise the performance of revenue collection from land administration services in Kampala city over the past five years and to suggest strategies of enhancing revenue collection from land services.

Based on empirical evidence drawn from revenue collection statistics over the past five years, lands revenue on average contributed 10% of the total revenue collected in Kampala city. The land revenue sources included leasehold premium charged at 10% of the market value of land, annual ground rent charged at 0.5% of the market value of land and fixed over a 5-10year period and a plethora of land delivery services including land registration, land ownership verification (also called title searches), placement and removal of caveats, land subdivision and consolidation, surveying and mapping services, GIS services and so on. During the FY2014/15, there was a leap in lands revenue collection rising from about UG Shs 7.3billion (an equivalent of US$ 2million) to UG Shs 11.5billion (an equivalent of US$ 3.2million) representing 14% of the total revenue collected by KCCA. The steady performance of the lands sector over the past five years can be attributed to implementation of the e-tax payment system (also called e-citie) which enabled online payments in a much faster and efficient manner, and computerization of the lands register which enabled faster retrieval of land records and also minimized forgery of land documentation.

Following a review of land tenure systems in Kampala, it was noted that inadequacies on mailo land including the double payment system (i.e. to landlord and tenant) and the rampant land conflicts negatively impact on revenue collection by discouraging investment in real estate. Mailo land tenure is also characterized by informal land transactions which cause revenue loss to government and that mailo land neighborhoods are poorly serviced negatively impacting on property values and in effect on the revenue from property taxes.

To enhance revenue collection from land administration functions, this paper makes proposals on adopting low-cost but fit for purpose land administration tools, improving access to land information through web-based interfaces, guarding against corruption in the land sector by establishing the necessary legal framework and enforcement mechanisms, enhancing the land ownership rights of women and minority groups including foreign nationals so as to attract direct investment in the real estate sector, enhancing land ownership rights in informal settlements, reviewing the land policy to provide for leasehold as the urban land tenure and reviewing the evidently low rates of leasehold premium and ground rent charges with due consideration of local conditions and international best practices. While implementing all the above proposals, the land administration system should be easily accessible and affordable by all citizens, both the poor and the rich.
REFERENCES


Giddings, S. W. (2009), The land market in Kampala, Uganda and its effect on settlement patterns, unpublished research report, International Housing Coalition, Washington, DC.


