Uganda: the First Urban Project

The project's original objectives were to (i) improve living conditions and alleviate poverty in Kampala; (ii) improve urban financial management; and (iii) strengthen institutional capacity. As part of the mid-term restructuring, minor modifications were made to these objectives: (i) strengthen the Kampala City Council's (KCC) ability to better deliver, finance and maintain basic urban services for all Kampala residents, particularly the poor; (ii) assist KCC in getting demonstrable physical improvements on the ground aimed at gaining credibility with the people it serves; and (iii) strengthen the institutional capacity of sector institutions.

Impact on the ground

- **Urban markets:** Some 25,000 vendors now benefit from the rehabilitation of the markets, and their operation has significantly helped improve the living conditions of the people of Kampala. More lockup stalls, stall sheds, offloading sheds, toilets, and administration blocks were provided than planned at appraisal. On average, a vendor who owns a stall can earn an income of Ug. Shs. 5,000 per day or about 25 percent more than a primary school teacher. This upgrading and the resulting increase in customers has had a ripple effect with vendors in other markets seeking to improve their markets on a self-help basis. For example, the Nakawa and Kabalaga markets were constructed by the vendors themselves. Others include shops at the New Taxi Park and Kisseka market—all these employ over 2,000 persons.
- **Solid waste management:** The Kampala city council has increased its waste disposal operation by 100 percent. Solid waste management in the city has improved significantly, resulting in a wider coverage area and bringing the city into compliance with environmental regulations. Prior to project closing, some thirteen private firms were collecting refuse for a fee paid directly by the beneficiaries. Landfill management has been contracted out; and private refuse collection service has been piloted with encouraging results.
- **Roads and drains:** The flow of traffic has significantly improved in Kampala—some 45 km of bitumen and 27 km of gravel roads were rehabilitated. An additional 120 km of bitumen roads and related drains have received routine maintenance.
- **Urban land management:** The topographical mapping of Kampala has facilitated the production of structure plan outlines and area development plans for Kampala. Pilot projects were implemented in four parishes as part of this plan.
Urban financial management: The improvements in the financial management systems resulted in the production of realistic budgets, the introduction of cost center budgeting, the curbing of forgery, and the preparation of timely financial statements with the use of computerized receipts at divisional cash offices. Revenue collection has improved more than three-fold (310 percent) from Ug. Shs. 5.22 billion in 1991/2 to Ug. Shs. 16.17 billion in 2000. Street parking charges, a new revenue source, now contribute about 3 percent of the total revenue collected.

Capacity building: Extensive exposure to new ideas may have stimulated KCC employees to come up with the new ideas embodied in KCC's Strategic Framework for Reform (SFR). Between 1992 and 1995, a total of 2,748 participants received in-service training in areas such as financial management, computer systems, operations and maintenance, institutional development, etc. Senior staff also attended training programs—urban management, performance improvement, etc.—in other countries in Africa and Europe. As a result of technical cooperation with the Kirklees Metropolitan Council (UK), KCC received technical assistance in solid waste management, contract design and management, and general organizational development.

Organizational streamlining: This is a key achievement, including the decentralizing functions. The organizational structure was brought into line with KCC's SFR. Along with retrenchment—5,500 staff in 1990 to 1,300 staff in 2000—the incentive system improved: the average wage per person increased from Ug. Shs. 0.66 million (1990/91) per person to Ug. Shs. 4.23 million (1999/00) per person (year 2000 prices).

Lessons learned
- The mechanism of achieving the objective may be as important as identifying the objective. The initial implementation design was based on execution by departmental organization. As private sector participation grew in infrastructure service delivery, project design became misaligned with the prevailing economic policy environment, calling for a series of reforms during project implementation.
- Being a local government development project, the involvement of elected council members from project inception is critical to ownership by the council.
- It is important and necessary to openly recognize the political dimension of development because this promotes good governance and accountability. An IDA-supported local government program should therefore be flexible to allow the exercise of democratic governance by the people's elected representatives.
- The SFR was developed in-house by KCC staff and adopted with the participation of all stakeholders. Given that the SFR was critical of the original supply-driven project design, and in the context of the on-going decentralization process, the continuation of the Project Coordination Unit under the Ministry of Finance was an anachronism. Subsequent to the Mid-Term Review, KCC was indeed given responsibility to manage the project.
- When people are well-informed and recognize the desire of the public for improved service delivery that cannot be achieved under the prevailing institutional structure and arrangement, they can, given appropriate incentives, spearhead the reforms within the organization.
- It is important that the project implementation team has qualified procurement staff—a short-term consultancy to assist the implementation team would have facilitated project implementation considerably, especially over the initial three years.

This Infobrief has been sourced from Implementation Completion Report No. 21418. For more information, please contact lmorrell@worldbank.org

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