

Working paper

# Options for metropolitan governance in Greater Kampala

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Enid Slack  
January 2018

When citing this paper, please  
use the title and the following  
reference number:  
C-43425-UGA-1

**IGC**  
International  
Growth Centre



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## Background

The Greater Kampala Metropolitan Area (GKMA) is a rapidly growing metropolitan area and an important driver of economic growth for Uganda. Similar to other fast growing metropolitan areas around the world, it faces a number of urban challenges such as transportation gridlock, air and water pollution, unplanned urban sprawl, inadequate waste management facilities, and an uncompetitive business environment. All of these challenges transcend municipal boundaries and require cooperation among the municipalities within the GKMA -- the Kampala Capital City Authority (KCCA), Wakiso, Mukono, and Mpigi – to solve them. Without some type of formal governance structure, it will be difficult to coordinate service delivery across municipal boundaries and share the costs of services fairly among all municipalities.

This paper suggests a metropolitan governance model for the GKMA, based on a review of the international literature and the findings from a half-day workshop held in Kampala on November 22, 2017 with representatives from the national government and the municipalities within GKMA. The first part of the paper outlines problems associated with the lack of a metropolitan structure in Greater Kampala and highlights some significant successes with voluntary inter-municipal cooperation. Although voluntary, informal cooperation has been successful on a small scale in GKMA, a long-term strategy will require a more formal structure to coordinate and pay for services. The second part thus focuses on international models of metropolitan governance that might be applied to Greater Kampala in the longer term. The third part suggests a two-tier model for Greater Kampala, based on a consensus achieved at the November workshop. Because it will take some time to implement a new governance model, however, this part of the paper also addresses the immediate issue of how to implement the recently released Greater Kampala Economic Development Strategy. The final part suggests that, regardless of the metropolitan governance model chosen for Greater Kampala in the long run, strong metropolitan governance requires legitimacy, clearly defined and effective authority, and adequate capacity.

## Why is Metropolitan Governance Important in Greater Kampala?

In the November workshop, the participants identified a number of issues arising from the lack of a metropolitan governance structure for Greater Kampala. These issues relate mainly to transportation, waste management, the sharing of resources, and economic development. Some examples include:

- Transportation: One of the issues in Greater Kampala has been the *taxi* fare problem. Because there is not a metropolitan structure for transportation, each jurisdiction within GKMA levies its own taxes on *taxis*. With a metropolitan authority, it would be possible to coordinate a uniform fare and agree on a way to share the revenues among all of the districts. A coordinated transportation plan could also help to reduce congestion and ensure that the quality of roads is uniform throughout the metropolitan area.<sup>1</sup>
- Waste Management: Working together on waste collection and management would allow municipalities to reap the benefits of economies of scale by sharing facilities so that a larger facility could be built. KCCA has acquired land outside of the city in Wakiso to use for waste disposal. At the same time, Kira (a district municipality within Wakiso) is acquiring land for a waste disposal site. With some form of metropolitan structure for waste management, these purchases would be coordinated.
- Sharing Resources: Within the GKMA, some municipalities have greater capacity to deliver services and infrastructure than other municipalities. The result is that services are better in some places, particularly when it comes to investment in roads. Citizens feel in particular that services are better in KCCA because it has a broader mandate and greater capacity to raise revenues than other parts of the

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<sup>1</sup> Although a Metropolitan Area Transport Authority was proposed in 2014, it has not been approved by Parliament.

metropolitan area. A metropolitan body would help to coordinate services and share the costs and benefits fairly across the region.

- Economic Development: Lack of metropolitan governance results in missed opportunities for investment (Greater Kampala Economic Development Strategy, 2017). For example, districts across GKMA would benefit from working together on investments to promote tourism. If districts work together, more opportunities would be available for investors because more land would be accessible for economic development purposes.

Notwithstanding these problems, it was nevertheless clear from the workshop that there are many successful efforts at collaboration among the municipalities and districts within Greater Kampala. For example, KCCA, Wakiso and Makindye are collaborating on road infrastructure; KCCA and the surrounding districts are collaborating on solid waste management facilities in Katabi and Kiluzi; there is collaboration on revenue collection within the Wakiso district; and KCCA is coordinating projects on climate change in the metropolitan area. The Lake Victoria Regional Cooperation (LVRC) manages the wetland around Lake Victoria with stakeholders from Kenya, Rwanda, Uganda, and local governments within them from the surrounding areas.

A number of initiatives in the metropolitan area also reflect a metropolitan vision for Greater Kampala. The Greater Economic Development Strategy is a prime example of how municipalities in the Greater Kampala Metropolitan Area worked together to create a metropolitan vision for economic development and came up with ideas for how to make it happen (World Bank 2017). Other initiatives include, for example, the Transport Master Plan for GKMA, the Kampala Physical Development Plan, the inter-ministerial committee that tracks developments across the GKMA, and the creation of a Planners' Forum to address planning issues at the metropolitan level.

These examples highlight that voluntary cooperation is working well in many parts of the GKMA for a number of services. Although the districts do cooperate, however, voluntary cooperation may not be sufficient to address the ongoing issues facing Greater Kampala for a number of reasons. First, cooperation is only likely to continue as long as it is in the

interest of all parties. When policy-makers in the various local governments have similar objectives, the voluntary model can work well but it does not work as well when different governments have different objectives (OECD 2006);(Bird and Slack 2008). Cooperation usually involves bargaining – municipalities face different incentives for bargaining and some municipalities in a metropolitan may not have much with which to bargain. For districts to work together on a wide range of issues, where they will sometimes win and sometimes lose, thus requires a more formal, longer lasting legal structure.

Second, it may be possible to share the costs of services with neighbouring municipalities voluntarily but it will require agreement on an appropriate financial arrangement. Financial arrangements of this nature are often difficult to negotiate because some municipalities are not keen to pay for services their residents have been receiving at no cost. Third, voluntary cooperation, through informal arrangements, lacks the legal protections that come with more formal contractual arrangements (Spicer and Found 2016). Lack of a more permanent legal status for economic development, for example, means uncertainty around the permanence of the agreement. This uncertainty might discourage businesses from investing in the region. Finally, the problems facing Greater Kampala — transportation gridlock, unplanned urban sprawl, and the need to compete globally, for example—are so great that any real solution likely requires a governance structure that has a more permanent institutional status.

## **International Models of Metropolitan Governance**

This section sets out three models of metropolitan governance -- one-tier consolidated, two-tier, and special purpose bodies -- and provides examples from countries around the world.<sup>2</sup> At the end of this discussion, Table 1 summarizes the evaluation of these models, based on five criteria that reflect the ability of the new structure to achieve economies of scale in service delivery; coordinate services across municipal boundaries; address service spillovers; share costs and benefits of services fairly across the metropolitan area; and be locally accountable, responsive, and accessible to residents.

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<sup>2</sup> For a fuller discussion of these and other metropolitan governance models, see (Slack 2015).

## One-Tier Consolidated Government Model

A one-tier consolidated government model is a single local government with a geographic boundary that covers the entire metropolitan area. It is responsible for providing the full range of local services. Large single-tier governments have generally been formed by amalgamation (the merger of two or more lower-tier municipalities within an existing region) or by annexation (appropriation of a portion of a municipality by an adjacent municipality).

The advantage of the consolidated model is that it can provide better service coordination, clearer accountability, more streamlined decision making, and greater efficiency than a large number of small, fragmented government units (Bahl and Linn 1992). It has also been suggested that large metropolitan governments can be more competitive in the global economy (Meloche and Vaillancourt 2013). The larger taxable capacity of a consolidated one-tier government increases its ability to raise revenues, charge user fees, and borrow funds. As a result, it can be more financially self-sufficient than smaller government units. There is a wider tax base for sharing the costs of services that benefit taxpayers across the region so that the quality of service is not tied to the wealth of each local jurisdiction. Large one-tier governments can also take advantage of economies of scale in service provision and internalize externalities (spillovers).

Consolidation is usually justified for economic reasons, including administrative economies, economies of scale, improved efficiency, internalization of spillovers, and more robust tax bases. However, opponents justify their position on the basis of democratic arguments, such as lack of voice and free democratic choice at the grassroots level (Dafflon 2012). In other words, the downside of a large-scale one-tier government is that it may reduce access and accountability because the jurisdiction becomes too large and bureaucratic and citizens do not feel that they can easily access their government. To overcome this problem, some metropolitan governments have established community committees or community councils to address local issues, or satellite offices have been set up across the municipality where people can pay tax bills, apply for building permits, or perform other municipal functions. Innovative ways have also been tried to encourage citizen access and participation by making information about the city freely accessible on

the internet. e-governance programs in KCCA, for example, could be extended to the metropolitan area to ensure access to all residents. Finally, there is a question about the political feasibility of creating a large and powerful consolidated city that could become threatening to the national government.

Consolidation of municipalities through amalgamation, merger, or annexation to one tier is probably the least common governance structure for metropolitan areas around the world. Nevertheless, there are some noteworthy examples of amalgamations. In all cases, the consolidation was imposed from the top down and, in some cases, amalgamations went ahead even in the face of local opposition.

**Cape Town, South Africa**, for example, was established as a one-tier municipality in 2000 by amalgamating the two-tier structure that was created following apartheid. The main aim behind the amalgamation was to reduce the gross inequities in services between the rich and poor local authorities by creating “one city one tax base” (Steytler 2013). There was also recognition of the need for regional coordination of services. The boundaries of Cape Town, drawn by the Municipal Demarcation Board, have resulted in a metropolitan city that is “truly bounded” in the sense that the entire metropolitan area falls within the political boundaries with little or no spillovers in service delivery (Steytler 2013).<sup>3</sup> To improve local responsiveness in the one-tier consolidated structure, Cape Town established 23 sub-councils which exercise only those powers delegated by the municipal council. Sub-councils can spend some small ward allocations (there are 105 wards) and award business licenses. They are not elected but they do allow the metropolitan city to devolve some decision making to a level closer to the people without giving up any power (Bahl 2013). The metropolitan government has also adopted a system of ward forums with 20 members from community organizations (Steytler 2013).

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<sup>3</sup> The Municipal Demarcation Board is an independent authority responsible for determining the categories of municipalities, their outer boundaries, and the boundaries of wards in South Africa. Members of the board are appointed by the president on the recommendations of an independent panel presided over by a justice of the Constitutional Court (Steytler 2013).

The history of municipal amalgamation in **Toronto, Canada**, as a further example, started in the 1950s with a system of fragmented one-tier municipalities, the subsequent creation of a two-tier metropolitan government (a metropolitan tier and 13 lower-tier municipalities) in 1954,<sup>4</sup> and the most recent amalgamation in 1998, which saw the merger of the metropolitan and lower tiers to create a single-tier City of Toronto. Although referenda held in each of the lower-tier jurisdictions indicated that the population did not support amalgamation, the provincial government passed legislation to create the amalgamated City of Toronto. The Toronto amalgamation created a city that, at the same time, is too big and too small. It is too big to be responsive to local residents and too small to address the regional issues that plague the region (mainly transportation and land use planning). Moreover, the evidence shows that the amalgamation which was intended to achieve cost savings did not succeed in doing so (Slack and Bird 2012). It has ensured a more equitable sharing of costs among municipalities within the metropolitan area, however.

### Two-Tier Government Model

In a two-tier government model, there is an upper-tier governing body, usually a region, district, or metropolitan authority, that encompasses a fairly large geographic area and two or more lower-tier or area municipalities, such as cities, towns, or villages. In principle, the upper tier is responsible for services that provide region-wide benefits, generate spillovers, involve some redistribution, and display economies of scale. Services that provide local benefits are the responsibility of the lower tiers. The upper-tier metropolitan government may be directly elected by voters or indirectly elected by each lower-tier municipality. Participation in upper-tier responsibilities can be, in some cases, on a voluntary basis whereby lower-tier municipalities can pick and choose which services they would like to deliver jointly.

Redistribution is achieved at the upper-tier level through a combination of tax and spending policies. Taxes are generally levied at uniform rates across the region, with the contribution of each lower-tier municipality to the upper-tier municipality depending upon

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<sup>4</sup> In 1985, Metropolitan Toronto moved from a system of indirectly elected councilors to directly elected councilors. The Chair of the metropolitan council was still indirectly elected by the metropolitan councilors, however.



the size of its tax base. The upper-tier government makes expenditures on services that benefit the entire city-region and are not necessarily distributed among the lower-tier municipalities in the same way as revenues are collected. A uniform tax at the upper-tier level combined with region-wide expenditures thus serves to redistribute resources from municipalities with larger tax bases to those with smaller tax bases. Nevertheless, there may still be differentiation in service levels and tax rates with respect to services provided by lower-tier municipalities.

Two-tier structures potentially have important advantages over the one-tier model in terms of accountability, efficiency, and local responsiveness. Critics of the two-tier model, however, commonly argue that costs will be higher because of waste and duplication in service provision. There is, however, little evidence to support this argument. The provision of many public services can be divided among the tiers. With respect to infrastructure (roads, water, etc.), for example, major capital projects can be planned, financed, and managed at the metropolitan level, while local connections are dealt with at the local level. On the downside, two-tier structures are definitely less transparent and more confusing to taxpayers, who can seldom determine precisely who is responsible for which services.

The following briefly summarizes two-tier models in four jurisdictions.<sup>5</sup>

- **Greater London, UK** with a population of 8.7 million, comprises 32 boroughs and the Corporation of London. The Greater London Authority (GLA), an upper-tier government with a directly elected mayor, assembly, and modest administration, was inaugurated in 2000. The GLA is responsible for region-wide services and works in conjunction with a series of agencies, including the Mayor's Office for Policing and Crime (formerly the Metropolitan Police Authority), the London Fire and Emergency Planning Authority, Transport for London,<sup>6</sup> and GLA Land and Property (formerly the London Development Agency). The boroughs retain primary

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<sup>5</sup> Dar es Salaam also has a two-tier government with the overarching Dar City Council and five lower-tier municipalities. It is probably not the best example of a two-tier model, however, because the Dar City Council has few responsibilities, very limited revenue-raising powers, and is fairly weak (Andersson 2015). Moreover, the existence of a parallel structure with a regional commissioner and five district commissioners, reporting to the central government, limits the autonomy of the local governments.

<sup>6</sup> Transport for London is responsible for roads, buses, trains, subways, traffic lights, and regulation of taxis.

planning responsibility as the local planning authority and are responsible for housing, education, social, and health services.

- **Greater Manchester, UK** is a city-region with over 2.7 million people. The Greater Manchester Combined Authority (GMCA) was created in 2011 by Order of Parliament. The GMCA was the result of regional negotiations and was approved by Greater Manchester's ten district councils. The ten councils have had a long history of working together voluntarily on transport, regeneration, and investment attraction. The GMCA is a regional planning and decision-making body with responsibility for transport, housing, skills, planning and economic policy. It is governed by an indirectly elected 10-member board, with each district council nominating a member from among their elected councillors. The first election for mayor was held in 2017; the next election will be in 2020 and then every four years after that.
- **Barcelona, Spain** came into existence with the passage of legislation by the regional Parliament in 2010, which created an upper-tier metropolitan government (Area Metropolitana de Barcelona) with 36 lower-tier jurisdictions. The combined population exceeds 3.2 million and the Municipality of Barcelona accounts for approximately half of the population of the metropolitan area of Barcelona. The Metropolitan Council includes all of the mayors of the municipalities plus 90 councillors, the Governing Committee, and the President (elected by the Council from among the mayors). This new metropolitan body replaced three previous metropolitan bodies: the Metropolitan Entity of Hydraulic Services and Waste Management (EMSHTR), which covered 33 municipalities, the Metropolitan Transport Entity (EMT), which covered 18 municipalities, and the Association of Municipalities of the Metropolitan Area of Barcelona (MMAMB) which was a voluntary body comprised of 31 municipalities. The new structure reduces the substantial (and unproductive) complexity of the previous system (Bosch, Espasa and Sole-Vilanova 2013). The example of Barcelona is particularly interesting because it shows how it is possible to move from a series of special purpose bodies

dealing with specific services to a more broadly based two-tier government structure.

- The regional district model in **British Columbia** (a province in **Canada**) is a voluntary two-tier model in which the regional district can take on any function that its constituent municipalities are permitted to undertake.<sup>7</sup> Unlike the other two-tier structures described above, the regional district is not a level of government because municipal councillors decide which activities they want their lower-tier municipalities to engage in at the district level; the district cannot implement decisions that are opposed by local authorities.<sup>8</sup> It also has no taxing authority. One of the main advantages of this model is the flexibility it offers to provide different activities to different combinations of municipalities and only the participating municipalities pay for the services they receive through user fees or taxes (Bish and Filipowicz 2016).<sup>9</sup> One of the disadvantages, however, is that councils can easily opt out of an agreement because it is voluntary, putting its fiscal viability into question. The regional district model has been most successful with respect to service delivery but has been challenged when the benefits and costs of decisions are not equally distributed among municipalities and there are winners and losers as a result (Walisser, Paget and Dann 2013).

### Special Purpose Bodies

Special purpose bodies, such as economic development corporations, may provide specific municipal services for several municipalities or manage regional services with significant externalities or economies of scale without creating a multi-purpose

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<sup>7</sup> Prior to the creation of regional districts in the 1960s, the provincial government permitted municipalities to enter into agreements to provide services jointly. Both the provincial and municipal governments appreciated the benefits of shared services. Agreements for shared services now occur within the context of regional districts.

<sup>8</sup> When regional districts were first established in the 1970s, they were supposed to provide a forum to reduce the transactions costs of inter-municipal cooperation on service delivery (Walisser, Paget and Dann 2013).

<sup>9</sup> Not every participating municipality will benefit from each and every decision. The risk of entering in agreements has been reduced, however, with dispute resolution, service reviews, and the opportunity to exit.

metropolitan government. A GKMA economic development corporation might be one form on developing the recently drafted GKMA strategy.

Where the delivery of services is by professionals whose decision making is somewhat removed from political influence, management is easier and possibly more professional (Bahl 2013). How effective these bodies will be, however, depends in part on their ability to share the costs among the constituent municipalities. In theory, a common budget for metropolitan initiatives would be funded by a formula-based contribution for each local government, which they agree upon in advance (Farvacque-Vitkovic and Kopanyi 2014). Some arrangement would need to be worked out but, as noted earlier, cost sharing arrangements can be a sticking point for some municipalities.

Special purpose bodies may have other drawbacks as well. Voters have less control and possibly less access to these bodies than they do with a municipally-elected council. Some authors have argued that, without accountability, there may be no incentive to be economically efficient.<sup>10</sup> Services may be better delivered, but they are not necessarily delivered to the right people in the right quantities and qualities. Of course, the extent of accountability depends on how the board of the special purpose body is selected: is there municipal representation on the board? Is the board an appointed independent board? Is it an arm of the state or national government (Bahl 2013)?

When there are many independent special purpose bodies in a metropolitan area, it is difficult to coordinate all of the interrelated activities. Where each special purpose body has responsibility for a single function, it is not required to make trade-offs between the different functions. For example, how do you coordinate transportation with economic development? Although special purpose bodies can be structured to be the most efficient size for a specific service, they fail to achieve economies of scope that can arise from cross service delivery (Fox 2015). Such bodies can weaken general-purpose local governments both through competition for resources and by reducing political accountability (Bird 1995).

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<sup>10</sup> A higher level of technical efficiency through more professional management is not the same thing as economic efficiency (Bahl 2013).

Special purpose bodies that deliver select services in a particular geographic area are common throughout the United States where there were more than 33,000 non-education districts and 13,000 education districts in 2012 (Fox 2015). Non-education services range from fire protection, water, libraries, sewers, transportation, and urban renewal (Vogel 2013). Boundaries of a special body may be within a city or cross municipal boundaries so they can be very local or more regional in scope. In some cases, regional special purpose bodies are required in order to receive federal aid. For example, federal transfers for transportation in the US require that local governments be part of a metropolitan planning organization (MPO). This national government incentive has been successful at creating MPOs across the country.

**Brazil** provides several examples of successful inter-municipal cooperation. In 2005, the national government passed legislation, which grants legal status to municipal consortia to enable them to secure loans and offer guarantees on their own. Municipal consortia are also entitled to exercise supervisory, regulatory, and planning roles. The state government may also take part in municipal consortia. In São Paulo, for example, the Greater ABC Chamber was formed in 1997 to bring together the mayor, private sector groups, and civil society in seven municipalities to address the decline of the auto industry and the need for watershed protection (Wetzel 2013). The shared nature of the problems helped to forge a new regional identity and led community leaders and politicians to tackle the problem of economic decline through a number of initiatives. The ABC cooperative scheme does not represent a formal structure of governance nor does it include all services or even the entire metropolitan region, but some authors have noted that it has been successful because it takes a flexible and pragmatic approach to problem solving. It has operated on the basis of pilot projects that have incrementally built up trust among the main actors (Klink 2008).

In metropolitan **Bogotá, Colombia** a public company has implemented a comprehensive transportation plan for the metropolitan area that includes the regulation of private bus operators. Transit is fully funded from user fees and a surcharge on the gasoline tax (Bahl 2013). In **Buenos Aires, Argentina** several regional arrangements exist for services

such as waste disposal and environmental policies, public works and sanitation, and watershed management (Klink 2008).

Table 1: Evaluation of Metropolitan Governance Models

Governance Structure	Criteria Satisfied				
	Economies of scale	Regional coordination	Spillovers	Equity	Local Responsiveness, Accessibility, Accountability
One-tier consolidated	√	√	√	√	
Two-tier Upper tier	√	√	√	√	
Lower tier					√
Special purpose bodies	√		√		

## A Metropolitan Governance Model for Greater Kampala

### The Two-Tier Structure as a Long Run Consideration

The participants at the workshop in Kampala, hosted by the National Planning Authority and with representation from across government and across the GKMA, in November came to a consensus that a two-tier metropolitan governance model would work best in Greater Kampala. They felt that this model would preserve local autonomy and accountability and get buy-in from local constituencies. It would be easy to create a two-tier structure in Uganda where lower tiers already exist. This structure would prevent duplication of investment and allow the metropolitan tier to reap economies of scale in

service delivery. They also felt that a metropolitan structure would improve their ability to lobby for central government funding.

Nevertheless, the participants were cognizant of the barriers to implementing a two-tier model in Greater Kampala. In particular, they felt that there could be political fallout from implementing an unknown structure and resistance by lower tiers to cede authority to the upper tier. They also raised the issue of potential job losses. It might be difficult to implement a legal framework particularly since KCCA is an authority under one type of legislation and other districts fall under the legal provision for local governments. They were not sure how the relationship between KCCA and the three districts would work and it was unclear what would be the role of other authorities (such as the proposed Metropolitan Area Transportation Authority). Finally, participants were concerned with the budget implications of a two-tier system, especially if it turns out to be more expensive than the existing system.

Regardless of the metropolitan governance model ultimately chosen for Greater Kampala, it will take some time to get consensus on the model, pass legislation, implement the model, and so forth. Although urbanization happens quickly, institutional change requires political and cultural consensus, which takes much longer (Andersson 2015). It is important to remember that the process is often as important as the ultimate outcome (Andersson 2015) and (Slack 2007). In particular, extensive stakeholder consultation with a broad range of stakeholders – local authorities, the business community, NGOs, and civil society – is needed to present the different metropolitan models for Greater Kampala and address the issues that were mentioned at the November workshop, as well as other issues.

### A Dedicated Coordinating Ministry or Authority in the Short Run

In the short run, it will be necessary to go forward with the implementation of the economic development strategy for Greater Kampala by establishing a structure for coordinating central government involvement. In particular, it will be necessary to determine which government ministry/authority should take the lead. Ultimately, the choice of who should take responsibility for implementing the economic development strategy is political so this

report does not make a specific recommendation. Rather, it set outs three criteria that can help to inform the choice:

Capacity: The ministry/authority has to have the human and financial resources to implement the economic development strategy because staff and resources will have to be devoted to this effort.

Ability to convene: One of the main aspects of implementation will be to convene stakeholders from all parts of government, as well as municipalities, civil society, and others. The ministry/authority that is responsible for implementation will need to have the legislative mandate and power to convene stakeholders.

Mandate/knowledge of the Greater Kampala Metropolitan Area: The ministry/authority that implements the strategy will require a mandate for economic development in the GKMA and it will need to have the knowledge and working experience with the various stakeholders. This background will be important for credibility in getting the parties to work together in a timely fashion.

**Table 2** suggests six possible ministries or authorities that could implement the economic development strategy for GKMA, based on conversations with each of the ministries and authorities and findings from the November workshop. As noted earlier, however, the final decision is a political one therefore Table 2 only suggests an approach to making that choice.



Table 2: Implementation of the Greater Kampala Economic Development Strategy

<b>Criteria</b>	<b>Capacity</b>	<b>Ability to Convene</b>	<b>Mandate within Greater Kampala</b>
<b>KCCA</b>	Has capacity	Other districts unlikely to cooperate	Mandate for KCCA only
<b>Office of the Prime Minister</b>	Many other priorities	Has the ability to convene other ministries	No legislative mandate for GKMA
<b>Ministry of Kampala and Metropolitan Affairs</b>	Currently limited capacity - requires additional staff and funding	Some ability to convene based on mandate but local governments less sure	Legislative mandate for GKMA but to date most focus on KCCA
<b>Ministry of Lands, Housing and Urban Development</b>	Has capacity	Has brought stakeholders together in the past on other urban projects (e.g. USMID)	Mandate on sustainable urban development; currently does not generally operate in KCCA managed area
<b>Ministry of Works and Transport</b>	Has capacity	Less power to convene	Mandate for transportation only across the country
<b>National Planning Authority</b>	Has capacity	Power to convene	Mandate to coordinate planning for economic development strategy but not implementation

*Source: Based on discussions with various authorities/ministries and findings from the November NPA workshop.*

Although housing the economic development strategy within one of the national government ministries or authorities may make sense in the short run, it is not a model that will necessarily work for the long run for two main reasons. First, as noted earlier, there are a number of problems in Greater Kampala that need to be addressed on a metropolitan-wide basis besides economic development. These problems relate to as transportation, land use planning, and waste management, for example. Moreover, some governance structure is needed to ensure costs are shared fairly among all of the

municipalities in Greater Kampala and this issue will not be part of the economic development strategy implementation.

Second, a metropolitan governance structure would mean that decisions would be made at the local level rather than at the national level. The literature sets out a number of advantages to having local governments responsible for decisions around service delivery and finance rather than the national government. Perhaps the most often cited benefit is efficiency. As government moves closer to the people, services more closely reflect local preferences rather than being provided uniformly across the country. To achieve efficiency, local governments need to be accountable to the local population, they need to have some independent taxing powers, and they should have discretion over the level and composition of expenditures. When locally elected officials have responsibility for providing services, they are held to account to a greater degree by the local population because local politicians have to respond to local demands in order to retain their positions (Bahl 2008). Citizen participation also increases, largely because local populations feel more control over service delivery in their area and believe they have more of a say in how they are governed (Bahl 2008). For these reasons, a long run solution should focus on finding a metropolitan governance model for Greater Kampala.

## **Foundations of Strong Metropolitan Governance**

The previous discussion and examples on metropolitan governance highlights that different models have worked in different places at different times. Even in the same place, models have changed over time with changing circumstances. The appropriate governance structure for any metropolitan area depends on the legal context, the roles and responsibilities of local governments, sources of revenue, the intergovernmental context, the political strength of local leaders, the capacity of the civil service, and other factors. The participants at the November workshop opted for a two-tier model but, of course, more consultation will be needed before a governance model can be chosen. Regardless of the model chosen, however, there are some basic ingredients for success, namely legitimacy, clearly defined and effective authority, and adequate capacity:

## Legitimacy

Legitimacy includes political legitimacy, institutional legitimacy, and the legitimacy that comes with a process that involves all stakeholders. The lack of political legitimacy of metropolitan bodies has been said to be the biggest obstacle to metropolitan governance (Lefèvre 2008). Without it, decision-making happens outside of the metropolitan structure (at the local and national level) because metropolitan areas lack an identity of their own. Direct election of councilors and mayors is probably the best way to provide political legitimacy and make elected officials directly accountable to their constituents but few examples of direct election exist around the world.

The national government has to play a key role in giving institutional legitimacy to metropolitan governments. Even where the process is driven by local actors, it is unlikely to succeed without national government support (OECD 2015). Legislation needs to establish the roles and responsibilities (including regulatory powers) of each level of government and their revenue sources. Legislation also needs to ensure that metropolitan bodies have the legal capacity to implement their own policies, such as the ability to raise revenues and borrow, for example.

The process of reforming the government structure needs to include all of the relevant stakeholders in the early stages of restructuring for the reform to be accepted. Metropolitan governance arrangements have to be acceptable to the local governments involved as well as to the national government, the business community, and civil society. If they are not, it will be difficult to coordinate services, as well as take on expenditure responsibilities at the metropolitan level. It will be even more difficult to collect revenues from the constituent municipalities.

## Clearly Defined and Effective Authority

There needs to be a clear assignment of expenditure responsibilities and revenue sources between the national and local governments and between the metropolitan tier and local tiers in a two-tier system. In short, it has to be clear to all parties who is responsible for what and how they are going to pay for it.

Metropolitan areas need fiscal autonomy, including responsibility and ability to manage local services and to levy taxes and other revenues. The ability to self-finance is a critical factor in determining which metropolitan institutions succeed and which end up disagreeing between contending financial supporters. Fiscal autonomy for a metropolitan area means that it will be able to raise revenues on its own, as much as possible, and rely less on intergovernmental transfers. Only with fiscal autonomy will the metropolitan structure be able to control its own destiny and not have to rely on transfers from other levels of government, transfers that are generally not stable and predictable, and which often come with strings attached.

As much as possible, geographic boundaries need to match the boundaries of the economic region. If they do not, there will still be a need to coordinate service delivery and policies with neighboring jurisdictions. Moreover, the metropolitan governance structure has to be large enough to allow it levy taxes and user fees on a metropolitan-wide basis. At least for now, the definition of the Greater Kampala Metropolitan Area, although it is not a government structure, reflects the economic region of Greater Kampala.

### Adequate Capacity

Capacity refers both to staffing and resources. Adequate staffing and training are required to ensure that there is local institutional capacity to deliver services and formulate policy for the metropolitan area. It is one thing to create structures to make policy decisions and deliver services; it is another to be able to implement these decisions.

Adequate resources are also necessary for any metropolitan governance structure to succeed. In particular, revenues need to match expenditure responsibilities at the metropolitan level (Kitchen and Slack 2016). User fees, for example, are appropriate to pay for services that have private good characteristics where it is possible to identify the beneficiaries and exclude those who do not pay (e.g. water, garbage collection, transit). Property taxes are appropriate for services that have collective benefits but where it is difficult to identify individual beneficiaries (e.g. parks, street lighting, policing). Income taxes are called for where services are redistributive in nature (e.g. social assistance, social housing). Intergovernmental transfers are appropriate where services spill over the boundaries of the metropolitan area (e.g. cultural facilities, roads).

## A Top Down and Bottom Up Approach

A review of other metropolitan governance models around the world suggests that some have been implemented top down by the central government whereas others have been bottom up, driven by local authorities and communities. In reality, the process should be both top down and bottom up. Support and commitment from all local governments and the national government is needed to implement an effective metropolitan governance structure (Andersson 2015). All of the stakeholders need to be brought together to understand and agree on the preferred model; the central government is needed to bring legitimacy to the process with legislation and resources.

The Greater Kampala Economic Development Strategy provides a good starting point to discuss metropolitan governance in Greater Kampala. The Strategy clearly identifies the challenges that cross over municipal boundaries and require cooperation among the municipalities within the metropolitan area. The extent to which the districts in Greater Kampala already cooperate on a voluntary basis to improve service delivery (transportation, waste management, revenue collections, and more) is also a promising start to thinking about how to strengthen the inter-municipal cooperation through a more formal metropolitan structure.

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