# Uganda

### *Land value capture in Uganda*

There is virtually no land value capture in Uganda (Table 2.56). The national and local governments can use public land lease, but own little land that they can lease and the revenues raised are low. The space for land value capture has actually closed over time after the 1995 Constitution and subsequent laws and policies emphasised that all land belongs to the citizens rather than the government. The 2013 *National Land Policy* also prevents any form of taxes on land in the near term, until Uganda is a middle-income country (Chapter 3, Section 3.5, Paragraph 16). There is strong political opposition to charge landowners and developers. Moreover, there is virtually no legislation for land value capture instruments; land markets function with severe imperfections; and cadastre data is weak for most urban areas.

## Table 2.56. Uganda: Main instruments

| Instrument (OECD-Lincoln taxonomy) | Local name | National legal provisions | Implementation | Use |
|---|---|---|---|---|
| Strategic land management (public land lease) | N/a | *Land Act*/1998 | National government and local governments | Rare |
| Land readjustment | N/a | Article 5 in the Fifth Schedule of the Physical Planning Act/2010 | Local governments | Rare |
| Infrastructure levy | N/a | No | n/a | No |
| Charges for development rights | N/a | No | n/a | No |

*Enabling framework*

Uganda is a unitary state divided into four regions and 135 districts as well as the capital city Kampala at the local level. Local governments are the planning authorities and decide on land use management (OECD/UCLG, 2019[1]).

According to Preamble XI (iii) of the Constitution, the state may regulate the purchase, ownership, use and disposition of land and other property to further social justice, albeit in line with the Constitution. The national government level is responsible for creating the legal framework for land use and therefore land value capture.

### *Strategic land management (public land lease)*

The aim of public leaseholds in Uganda is to provide land for investment. Currently, how public land should be leased has a weak legal basis but the Ministry of Land, Housing and Urban Development is developing guidelines by which public land can and should be leased. Since public land should be leased mainly for investment purposes this could result in land value increases. The Ministry seeks to introduce stronger monitoring and enforcement mechanisms to ensure that the leased land is actually developed. It is also considering eliminating provisions for the transfer of leases and sub-leasing.

The Uganda Land Commission, a body of the national government, holds and manages any land the national government owns. District Land Commissions hold and manage the land of local governments. Public land lease revenues are part of the general budget.

The national government and local governments own relatively little developable land that they can lease and have limited funds to acquire more as compensations for land acquisitions can be very high. These compensations are enshrined in the Constitution. This limits the national and local governments' ability to

buy more land for leaseholds and manage it strategically. Other obstacles include the lack of administrative capacity for example to set the ground rents, complicated tenure system and unclear ownership of land.

### *Land readjustment*

Land readjustment is rarely used but has some legal basis. However, Article 26 of the Constitution stipulates that landowners must be compensated for giving up a share of their plots. This makes land contributions by landowners expensive and has prevented any larger efforts to carry out readjustment projects.

Other obstacles to use land readjustment are landowners' resistance, cadastres' low quality, local governments' lack of administrative capacity and the lack of temporary resettlement options for affected landowners during readjustment projects.

Nevertheless, land readjustment schemes without compensation to landowners are being piloted and, especially if they are community-based, have the potential to work.

### *Infrastructure levy*

The infrastructure levy is not used. According to Article 26 of the Constitution, landowners should actually be compensated if public works are carried out on their land. A legal provision for the infrastructure levy was included in the *Town and Country Planning Act*. However, the levy was never collected in practice and deliberately left out of the 2010 *Physical Planning Act* (which replaced the *Town and Country Planning Act*) due to strong political resistance.

### *Charges for development rights*

Charges for development rights are not used and do not have a legal basis. The capital city Kampala drafted a *Physical Development Plan* in 2012, but it has not yet been implemented at the time of writing. Moreover, though it stipulates zones and basic and maximum density levels – which are necessary to implement charges for development rights – these are currently not legally enforced. Similarly, attempts to create district or neighbourhood plans in Kampala have not gone far due to capacity constraints. Physical plans for infrastructure development in Kampala do not take into account zoning or density. Developers only pay an administrative fee to cover the costs of processing building permits.

Other obstacles to introduce charges for development rights are cadastres' low quality and the associated risk with real estate markets.

## References

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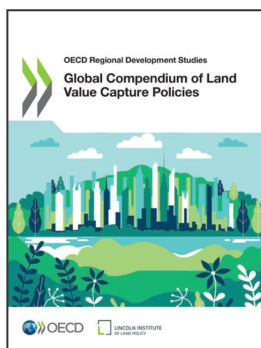

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