



There is virtually no land value capture in Uganda. 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 potential for land value capture gradually vanished 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 taxes on land until Uganda is a middle-income country. There is strong political opposition to charge landowners and developers. Moreover, there is virtually no legislation on land value capture instruments; land markets function with severe imperfections; and cadastre data is weak for most urban areas.

### Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Strategic land management (public land lease)	N/A	<i>Land Act/1998</i>	National government and local governments	Rare
Land readjustment	N/A	Article 5 in the Fifth Schedule of the Physical Planning Act/2010	N/A	Rare
Infrastructure levy	N/A	No	N/A	No
Charges for development rights	N/A	No	N/A	No

# Uganda



## Enabling framework

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

According to Preamble XI 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.



## 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.



## 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.



## **Strategic land management**

The aim of public leaseholds in Uganda is to provide land for investment. Currently public land lease has a weak legal basis but the Ministry of Land, Housing and Urban Development is developing guidelines. Public land should be leased mainly for investment purposes which could result in land value increases. The Ministry seeks to introduce stronger monitoring and enforcement mechanisms to ensure that the leased land is 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 land the government owns. 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, a complicated tenure system and unclear ownership of land.