



## OFFICE OF THE EXECUTIVE DIRECTOR

6<sup>th</sup> February, 2013

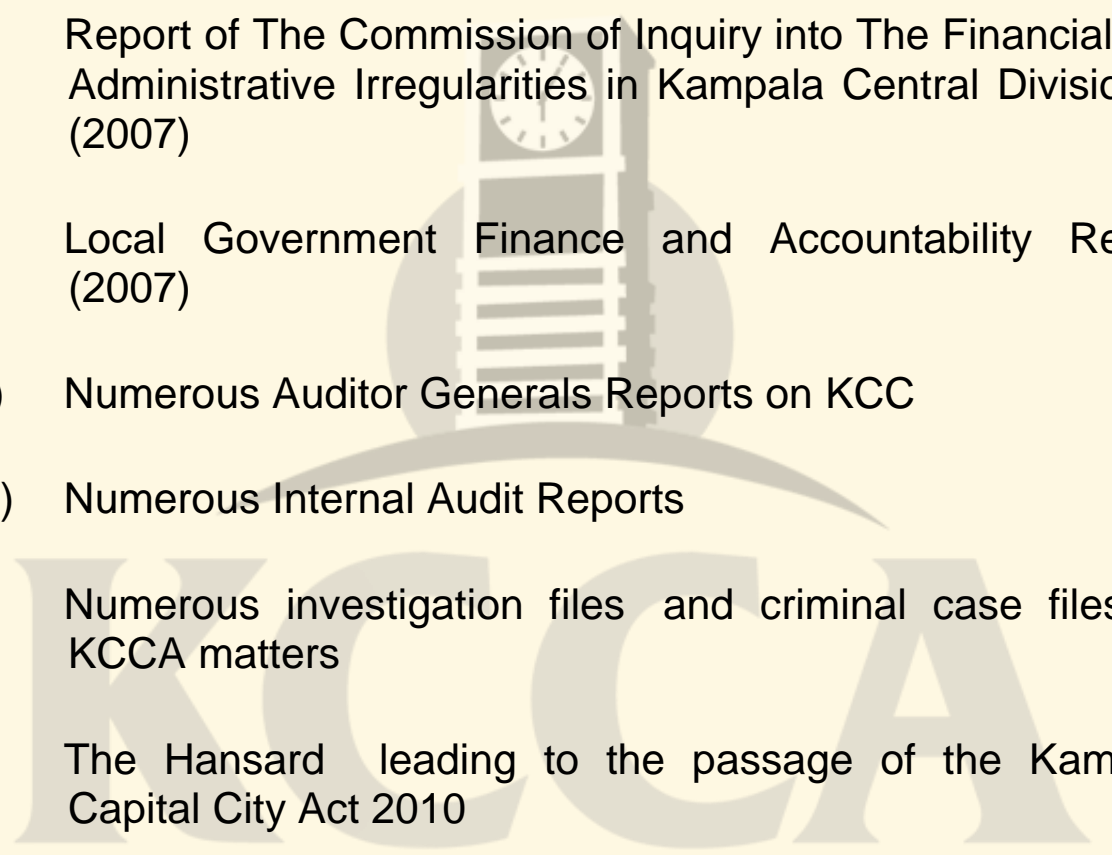
The Chairman  
Parliament Sectoral Committee on  
Public Service and Local Government  
**KAMPALA**

### **Statement on the issues of Kampala Capital City Authority**

The Kampala City Council (hereinafter referred to as the KCC) was a Local Government whose operations were governed by the Local Governments Act Cap.243. Over the years, the Government of Uganda and the citizens of Uganda, particularly those residing and working in Kampala City and its environs have been disillusioned by the despondency of Management staff and political leadership of KCC, the poor delivery of services and management of public properties by the KCC. Kampala City has been in existence for the last 50 years. The last 40 or so have seen the stagnation, deterioration plunder and theft of public funds and properties and the near total breakdown of service delivery and law and order.

Government and all Ugandans were constantly embarrassed about the state of the city.

- (i) The study to redefine the boundaries of Kampala City;

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- (ii) Report of The Commission of Inquiry into the Sale, Lease and Purchase of Land by KCC (2006)
  - (iii) Report of The Commission of Inquiry into The Running and Management of Public Affairs in Makindye, Kawempe Divisions and Mbarara Municipality (2008)
  - (iv) Report of The Commission of Inquiry Into the Settlement of Disputes of Kisekka Market (2006)
  - (v) Report of The Commission of Inquiry into The Financial and Administrative Irregularities in Kampala Central Division in (2007)
  - (vi) Local Government Finance and Accountability Report (2007)
  - (vii) Numerous Auditor Generals Reports on KCC
  - (viii) Numerous Internal Audit Reports
  - (ix) Numerous investigation files and criminal case files on KCCA matters
  - (x) The Hansard leading to the passage of the Kampala Capital City Act 2010
  - (xi) The Kampala Capital City Act
  - (xii) Uganda Road Fund Technical and Financial Audit of KCC 2009/10
  - (xiii) MOFPED Internal Audit verification of KCCA Bank Accounts and Ongoing Contracts as at 21st May 2011

These reports without exception point to the near total breakdown of systems and service delivery in KCC stemming from mismanagement, fraud and lack of financial accountability by both staff and political leaders. These resulted in massive financial loss, loss of public property, poor service delivery, infrastructure breakdown and the haphazard, uncontrolled development of Kampala City over the years. Some of the gaps and challenges in the administration of KCC are highlighted here below:

a) Lack of a system of accountability manifested in inflated claims, forgery of documents and outright fraud including payments for undelivered services and fuel mismanagement; e.g. sale of 66 acres of land in Kampala for UGX.136m, giving away of a functioning hospital facility free of charge, disposing off almost all property including the taxi parks, road reserves, green spaces, school land, service areas, swamps and even the space above Nakivubo Channel.

b) Mismanagement of Revenue Collection that was characterized by internal inefficiencies in revenue collection, poor management of revenue collection contracts, illegal revenue collections by politicians and their cronies, under-assessment and forgeries of Trading Licenses, vaccination certificates and other permits

c) A procurement system fraught with legal breaches and inefficiencies; where in certain instances the procurement process would take more than one year resulting in delayed/ non delivery of service. In some instances contracts were awarded to brief case companies while credible ones had to pay hefty sums of money to be awarded contracts;

- Leases were fraudulently given out, technical staff did not advise, were not involved or when they did their advice was not taken e.g. giving away of the Kampala Clinic on Nkurumah Road.

- Procurement law was not followed and we are reclaiming them e.g. KCCA house on Mabua Road, KCCA house on Sezibwa Road, Station Approach, Kikajjo land and many others.
  - Centenary Park; the contract was mismanaged and not supervised leading to the chaotic, illegal developments there today
  - KCC land leased out by staff e.g. Naguru Hospital a portion of the land is suspected to have been disposed under unclear circumstances
- d) Poor contract management for example, contracts for revenue collection were awarded to companies which would draw from KCC resources including staff, and in other cases there was a complete neglect of the supervisory function which resulted in loss of funds.
- Fake non-existent Companies were engaged but many were recently weeded out on prequalification.
  - Contracts not supervised, engineers do not attend site meetings, monitor quality or value of works, contracts continue after expiry, cases where payments are approved with little or no work done e.g. leaking roof at City Hall.
  - Where contractor did not appear on site but was paid.
  - A few contractors monopolized contracts in all areas of KCC eg. one contractor was given over 15 contracts in Kampala was a poor performer yet the same one was contracted again and again.

- Revenue collecting contractors were not supervised, in fact used KCC staff and vehicles to do the work and merely collected payments without doing any work.
  - Basajjabalaba financial loss to Government started with KCC mismanaging the awards of leases and revenue collection contracts .To-date Basajjabalaba owes KCCA UGX.2,164,029,816= unpaid revenue.
  - Advertising Revenue was mismanaged and KCC lost billions through it. Recently a company owing KCCA UGX.59,480,000= was authorized by one KCC staff to continue work on payment of UGX.191,000=only.
  - KCCA has had to terminate several contracts that were poorly framed and supervised.
- e) Weak enforcement mechanism and political involvement and interference that affected the implementation of City Ordinances resulting into lawlessness in the City ;
- f) Weak internal audit function that could not reprimand non adherence to laid down processes and procedures and guidelines. Audit queries and recommendations were ignored by management
- g) Poor record and asset management where critical institutional documents could not be traced to support key institutional decisions. In the absence of a fixed assets register, it has been difficult to ascertain the true position of KCC assets.eg Vehicles were abandoned in garages by staff. KCC vehicles were vandalized by staff and spares sold with no follow up.

- h) Poor fuel management where over 140 fuel cards were issued to staff and Councillors without a defined system of monitoring and supervision which engendered misappropriation of fuel.
- i) Inadequate solid waste management; uncollected garbage that resulted into a waste backlog and filth in the City. The accumulated waste was frequently washed into the drainage systems resulting into uncontrolled floods in the City.
- j) Forgeries e.g. non-existent companies doing business with KCCA quotations for procurables were often created within KCC, inflated claims and contract costs e.g.;
- Payments were often made without any goods or services being delivered e.g. non-existent projects, civil works, service of vehicles, goods in stores, even trips abroad.
- k) Abuse of resources e.g. fuel mismanagement by both staff and politicians e.g. UGX.240m was being spent on fuel per week; this has been reduced to UGX. 50m per week
- l) Sale of vehicle spare parts, batteries, tyres and in many cases total disappearance of KCC vehicles.
- m) Revenue collected was banked on private accounts of staff and the contracted collectors; contractors were paid without doing any real work, using KCC staff and vehicles; politicians were collecting and keeping revenue, massive under assessment of revenue, forgeries of revenue documents e.g. Trading Licenses

- n) A defective procurement system fraught with all manner of malpractice, influence peddling, procuring from non-existent companies, forgeries, false claims, a few connected companies getting most of the contracts in all areas and inflated contract amounts.
- o) Political interference in all aspects of the City management, usurping Administrative powers, suppressing compliance efforts, participation in illegalities e.g. participating and promoting illegal disposal of KCC properties.
- p) Loss of budget control, poor revenue performance, defective financial management practices e.g. lack of records, false documents, accountability e.g. ,recent audits have revealed existence of over 150 bank accounts many of which were not declared by KCC management. The accounts had a credit balance of over UGX 52 Billion, illegal fixed deposit accounts worth UGX 7,380,864,251 and interest of UGX. 394,958,905 these accounts were unlawfully opened and the interest from these accounts is not accounted for to date.
- q) Lack of proper staff, asset and financial inventories  
Staff numbers were unknown, some staff on payroll were not legally appointed,
- r) Poor contract management in all aspects including market management contracts e.g. Nakasero and Owino leading to loss of public funds. Basajjabalaba still owes KCCA UGX.2,164,029,816 (VAT inclusive) and interest at 15% from 7<sup>th</sup> May, 2007 till the date of full payment. UTODA owes KCCA UGX.2Bn and SLLOA Owino owes UGX 1.09 Billion. This is in addition to service providers, revenue collectors, advertisement contracts.

- s) KCC had set UTODA UGX.392m per month yet after cancelling the contract KCCA collected over UGX.1.5Bn for the month of Feb 2012.

All of the reports highlighted indicate many KCC staff and politicians who were involved in the malpractices and recommend various actions including dismissal, disciplinary action and prosecution. In addition the staff were poorly remunerated, poorly supervised, short on capacity and had poor work cultures. The reports also recommend the changing of the law governing Kampala City in a bid to provide a solution. It was on the basis of these and other factors that Parliament passed the KCC Act in 2010. It was tailored towards finding a solution to the many ills flaunting the Capital City. The law addresses administrative, accountability, political as well as the human resource aspects in the city administration. It is this law that we have been mandated to implement since April 2011 when the Executive Director took over office.

It is because of the aforementioned challenges that the Government of Uganda decided to pay more attention to Kampala and to elevate its status not only as the Capital City of Uganda but to directly administer it. The Government of Uganda by Constitution (Amendment) (No. 2) Act, 2005 decided to among others; provide Parliament with the powers to enact an enabling law for the creation of a governing and administrative body for Kampala Capital City. Government presented and, Parliament passed the KCCA Act 2010 to. Change the status of Kampala from a local Government to a Central government corporate entity.

## **ADMINISTRATIVE STRUCTURE**



Under the KCC Act Kampala ceased to be a Local Government in both status and administrative structure with a single vote and a single Accounting Officer and a management team.

However unlike other Government parastatals with Boards of Directors to handle policy issues, the KCCA provides for elected politicians as the policy making body.

The current political leaders were elected under the Local Government Act which does not require any qualifications, experience or specialization for these leaders other than that they are elected. They do not have any performance measures or system of measuring their performance.

### **KCCA MANAGEMENT TEAM**

The KCCA Management Team was appointed by HE the President on the recommendation of the Public /Service Commission to question their qualifications is to challenge the competence of both HE the President and the Service commissions which are Constitutionally set up to recruit for Govt. Each of the Management team was carefully selected on the basis of integrity, professionalism and competence. They were drawn from both within and outside the country to make up a team that would restore Kampala. None of them were looking for employment. None had a criminal record unlike past and some current KCCA political leaders.

All staff are appointed by the Service Commission with specific job descriptions, set academic and professional requirements.

KCCA staff has key result areas and measurable performance benchmarks and have performance contracts. Performance is appraised every 6 months as well as annually.

## **ACHIEVEMENTS**

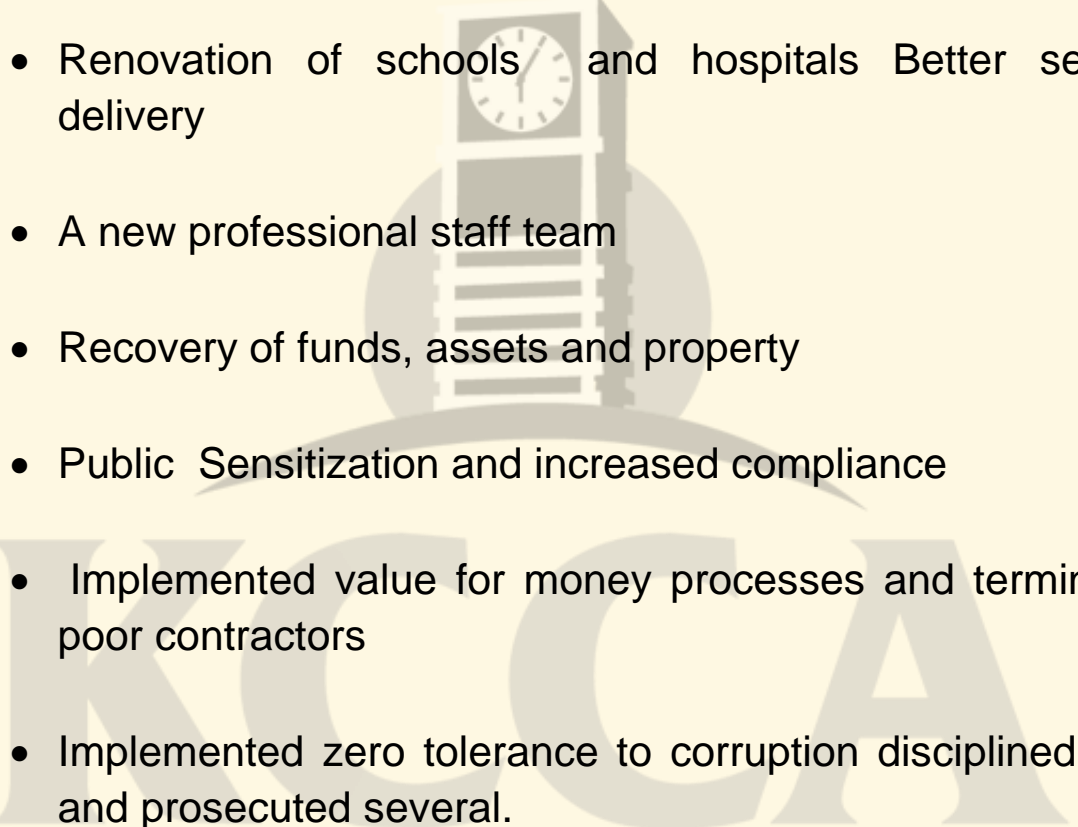
On appointment Management studied the above cited reports, their recommendations as well as all related legislation and set about setting up systems to address the highlighted ills of Kampala.

Our understanding was that by funding the various commissions and passing the KCCA law, both the legislature and Government intended that it would be implemented which is what Management is doing amidst the challenges outlined below.

The KCCA Management Team has for the last 22 months been working to get the City out of the doldrums of decay and degradation. Some of the achievements made have been documented in our summary of performance which forms part of our response to Parliament on the allegations raised in the petition.

The performance highlights are:

- Improved sanitation and cleanliness in the City
- Improved trade order Improved road network.
- Improved service deliver
- Created jobs
- supported community development programmes

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- Provided workspaces e.g. markets Street lighting Revenue growth, by over 40%
  - Restored institutional credibility by the public as well as the Development Partners and Foreign Governments who had lost confidence in the City Administration and withdrawn support.
  - Better systems of financial management and accountability
  - Renovation of schools and hospitals Better service delivery
  - A new professional staff team
  - Recovery of funds, assets and property
  - Public Sensitization and increased compliance
  - Implemented value for money processes and terminated poor contractors
  - Implemented zero tolerance to corruption disciplined staff and prosecuted several.

Management has been documenting its achievements weekly, quarterly and annually. -An abridged performance report was tabled to this Committee.

We request that our performance re reports for the last 22 months be compared to the performance of past KCCA Administration for similar periods of time.

## CHALLENGES

The above achievements have been made in the midst of all sorts of challenges including:

- Implementing a new law which takes executive powers and financial management from politicians many of whom were beneficiaries.
- Inadequate budget provision; requested for 343Bn but received UGX.111Bn representing a percentage of 32%.
- Inadequate staffing currently 309 staff appointed out of 1332 in the approved structure.
- A dysfunctional political wing on the policy side for two years without passing a single policy
- The political side is led by the Lord Mayor with a different political agenda from that of Management which is the Government agenda.
- Personal interest and conflict of interest by politicians in matters of Kampala such as Mayor Nyakaana in Public toilets, markets, land and Centenary Park as Politicians benefited from vendors, plans approvals, land allocations revenue collection, staff placement etc. now can they support KCCA Management as it fights to bring accountability and order? These are highlighted in the various Commission of Inquiry reports.
- Whereas Management has endeavoured to build institutional credibility and compliance, some of the KCCA political leaders have been involved in influence peddling, abuse of office as well as criminal cases. We are requesting this Committee to investigate these and come up with recommendations in the interest of KCCA. These include:

- a) The case of Foton (east Africa) Ltd
- b) Lord Mayor's tickets to the United States of America
- c) Petition of the Lufula Traders against the Lord Mayor alleging personal interest in the matter.

**1. Elias Lukwago, Sulaiman Kidandala and Deo Mbabazi**

- a) Contempt of Court
- b) Aiding and abetting prisoner escape

**2. Mubarak Munyagwa**

- a) Forgery;
- b) Fraud

**3. Godfrey Nyakana**

Land fraud

- Security threats on the staff and management death threats, phone calls, messages threatening to harm us, our families and property, poison attacks, disruption of work, riots incited by politicians, tear gas in offices, confinement, threats press attacks taunts and songs, insults.
- Failure of policy organ to support Development and revenue programmes e.g. Inciting street vendors, attempting to block Wandegeya Development, Usafi Market, the City Carnival, inciting public and taxis against paying taxes. Ignoring development partners e.g. World Bank and discouraging others.
- Failure to pass policies e.g. on revenue, planning, amending ordinances.

- Lack of input from political side due to lack of Committees and Ordinary Authority meetings.
- Failure to follow legal processes eg convening meetings and confirming and signing minutes and thereby hampering the policy making process.
- Threats of shooting and arrest even from Uganda security forces
- Inadequate financial support from Government,
- Government and Legislature's inability to appreciate the cause of KCCA challenges and reducing them to personal Issues
- Lack of guidance from the legislature e.g. summoning Management without verifying or quality assuring petitions such as this one which have a cost in terms of time , money and bad publicity and mostly consists of blatant lies, misrepresentation and false allegations. However, the Presidential Affairs Committee has supported KCCA in its work.
- Some MPs have attacked us, called us incompetent, unqualified , anti-people, vote losers, terrorists, thieves, prostitutes, land grabbers, dealers murderers, on Nambooze has called me a former vendor, put trophy money out for anyone who will bring her my clothes , she has cursed my Mother even after she is dead for giving birth to an abomination for Uganda.

- Some Government officials have incited the public against KCCA both in terms of violence and compliance.
- Poor public attitude to compliance after so many years causing resistance, destroying the city due to personal interests not helped by utterances of leaders in the City and Government

## **THE MANAGEMENT TEAM**

The Management Team of KCCA is a professional carefully selected team that has endeavoured to execute its mandate professionally, and with uttermost integrity.

We have worked to restore public confidence in the City Administration. We have also made big strides in regaining the confidence of development partners and foreign Governments. Contractors have regained confidence in KCCA and are taking interest in our work without kickbacks and influence peddling. We have been working long hours often 15 to 19 hours a day to restore this City.

On the streets supervising work e.g. road works, markets and cleaning constantly under threat, ridicule and insults by the politicians and public constantly fighting court battles , petitions regarding KCCA work; one is currently on criminal charges after carrying out lawful evictions.

Frustrated due to lack of funds for projects in the City yet the public has very high expectations.

Whereas the public is generally appreciative of Managements efforts, Management does not feel much support from the various arms of Government save for a few such as Public Service Commission which has done its work very well.

It took the Ministry of Public Service one year to consider and approve the staff structure. The Budget is inadequate for staffing and projects.

## **ACCOUNTABILITY**

Just as Management has constantly been summoned to present performance reports and to account for Government funds, the political leadership of KCCA should likewise be requested to account for funds and present performance reports.

KCCA spends UGX.1Bn monthly on salaries for political leaders in addition to other costs. In the last 22 months we have spent 23Bn. with UGX. 1,061,212,196 going towards The Lord Mayor's Office, for which like the Executive Director should be requested to account.

The renovation, the showers, kitchen, guards, trips, Committee should also inquire into reports of corruption by The Lord Mayor, Division Mayors, and some Councillors. e.g. criminal cases, kickbacks, foreign trips, inflated claims etc.

## **CONCLUSION**

If the Committee establishes that this Management team is incompetent, corrupt or has mismanaged the affairs of the Authority, if indeed it is established that we are thieves, murderers,



land grabbers, inhuman heartless terrorists, it would be in the interest of Government and the People of Kampala and Uganda at large to recommend that the Appointing Authority terminates our contracts of service in order to appoint a more competent team.

KCCA Management is committed to the task of transforming Kampala in every sense of the word and would solicit the full support of a government, the public and the legislature to achieve this end.

**J Semakula Musisi**  
**EXECUTIVE DIRECTOR**

