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INDUSTRY AND DEVELOPMENT

IN UGANDA

VOLUME I

prepared for

THE GOVERNMENT OF THE REPUBLIC OF UGANDA

on behalf of

THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANISATION

L. H. MANDERSTAM AND PARTNERS LIMITED

Consulting Engineers

38 GROSVENOR GARDENS

LONDON, S.W.1

GENEVA BRUSSELS

FS 439 A

L.H. Manderstam a[illegible]ners Ltd. have the honour to submit their report [illegible]try and Development in Uganda - Project No. DP/UGA/7[illegible]/020, Contract No. 76/2, commissioned by UNIDO on 26 January, 1976.

The team visited the project area from 22 February to 10 April, 1976.

The members of the team would like to acknowledge the helpful cooperation given by organisations and individuals visited in Uganda, the East African Railways Corporation, and the assistance of the Ministry of Industry and Power and of the Directorate of Planning.

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pp. 100

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August, 1976

UGANDA

AREA

Land area	197,058 Sq.km.
Water and Swamps	44,081 Sq.km.
Total Area	241,139 Sq.km.
Arable Land - cultivated	48,915 Sq.km.
- uncultivated	128,545 Sq.km.
Forests	21,556 Sq.km.
National Parks, Game Reserves and Animal Sanctuaries	18,267 Sq.km.

POPULATION

1969 Census	9,548,847
1974 Estimate	11,063,000

KAMPALA CITY

Area	183 Sq.km.
Population (1969 Census)	330,700
Altitude	1,312 Metres
Temperature (1973) Minimum	15.0°C
(1973) Maximum	27.3°C
Rainfall (1973)	1,154.6

ALTITUDE

Minimum (above sea level - Lake Mobutu Nile Valley)	620 Metres
Maximum (above sea level - Mt. Ruwenzori)	5,110 Metres

COMMUNICATIONS

Railways	1,301 km.
Roadways - Tarmac	1,917 km.
Murram	4,876 km.

MOTOR VEHICLES

Total Number (1973)	51,903

GROSS DOMESTIC PRODUCT AT FACTOR COST

Estimate at Fixed Prices - 1974 (Base 1966-100)

Monetary	4,947 Shs.mm.
Non-Monetary	2,490 Shs.mm.
Per - Capital Income	672 Shs.

PAID EMPLOYEES

Total (provisional)(1974)	354,688

CURRENCY RATES

Uganda Shillings 15.34 = £1 Sterling

Uganda Shillings 8.2 = US $1.00

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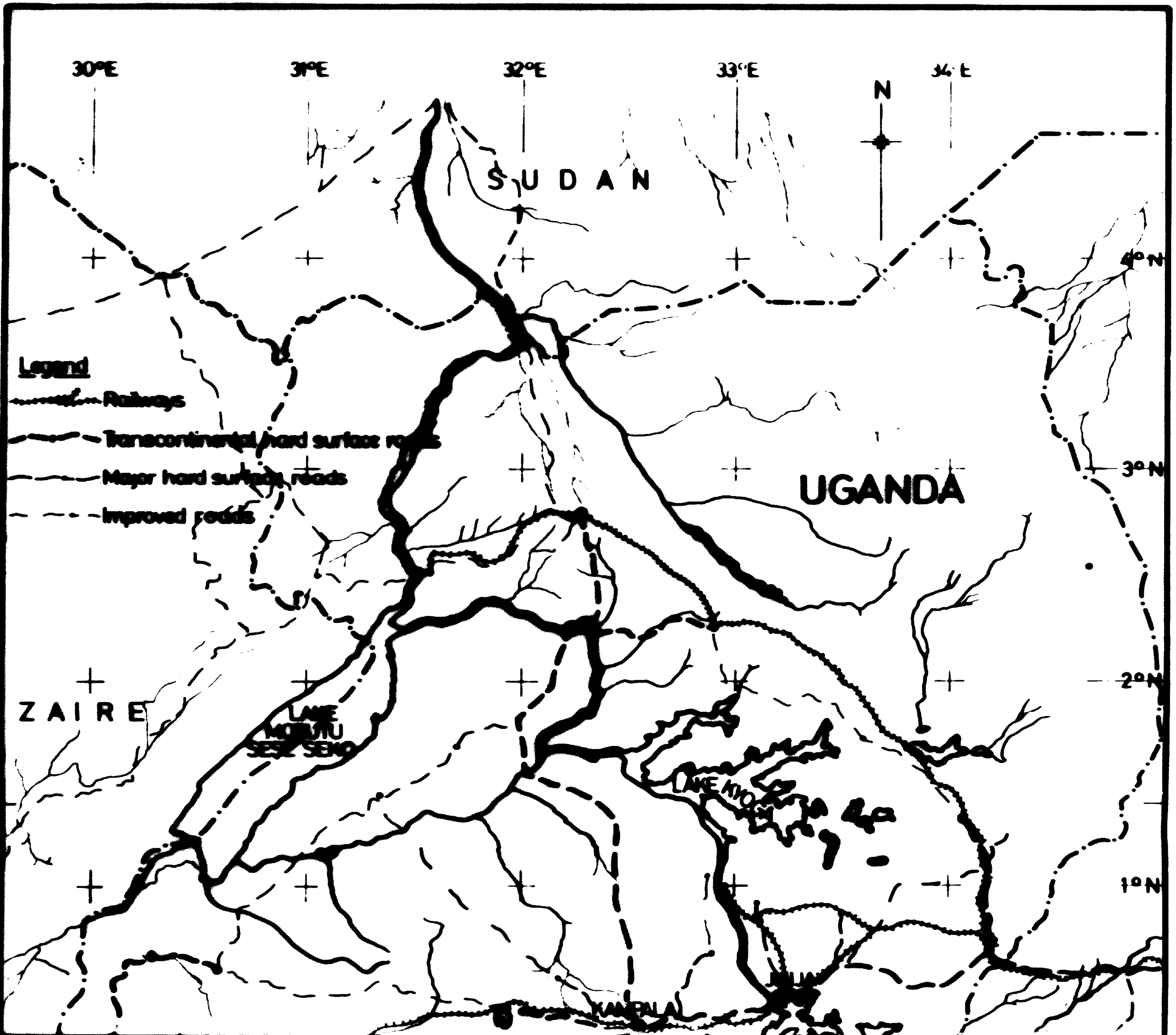
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LAKE KYOGA
KAMPALA
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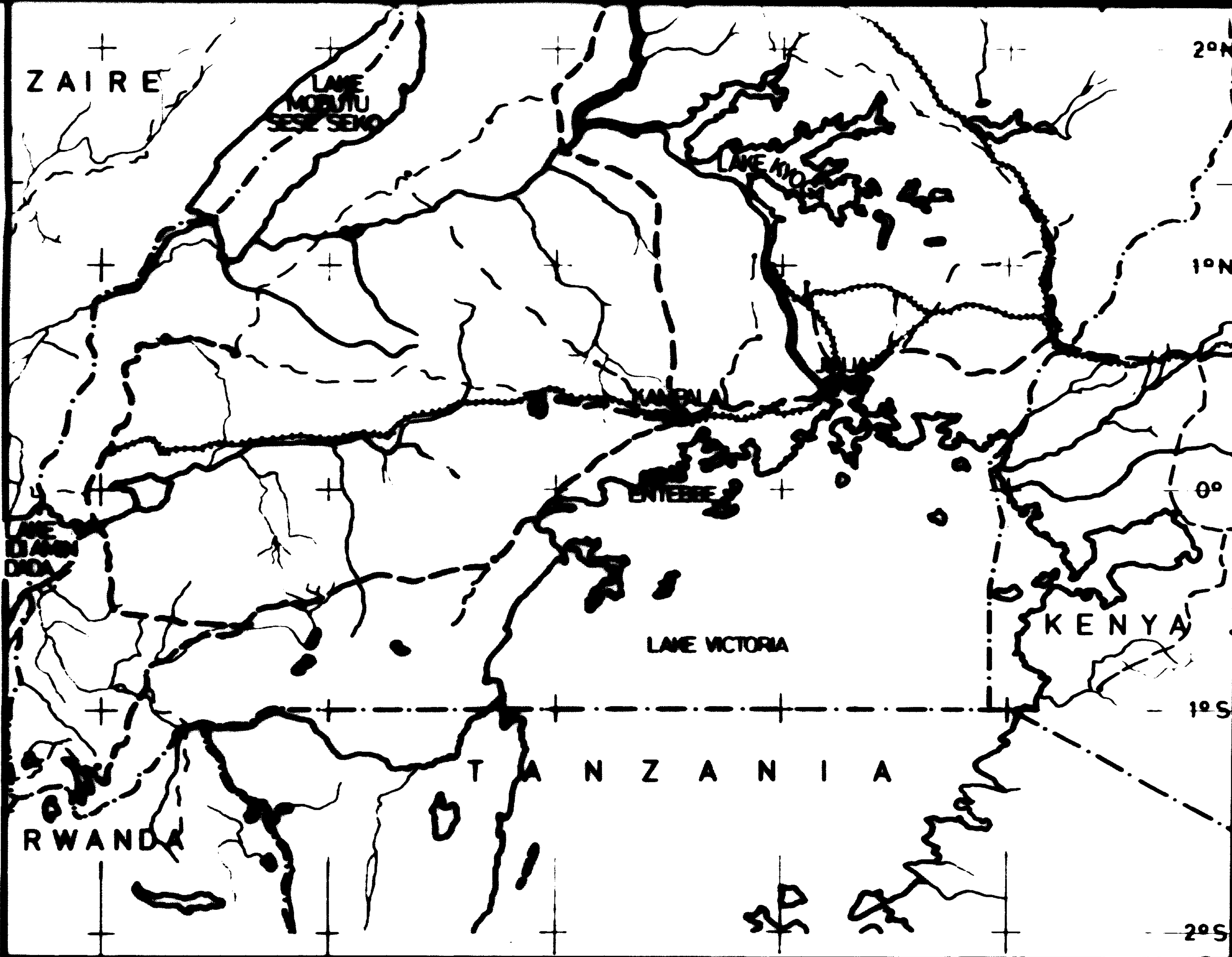
Legend
Railways
Transcontinental hard surface roads
Major hard surface roads
Improved roads


ZAIRE
LAKE MOBUTU SESE SEKO
LAKE KYOGA
KAMPALA
ENTEBBE
LAKE VICTORIA
KENYA
TANZANIA
RWANDA
2°N
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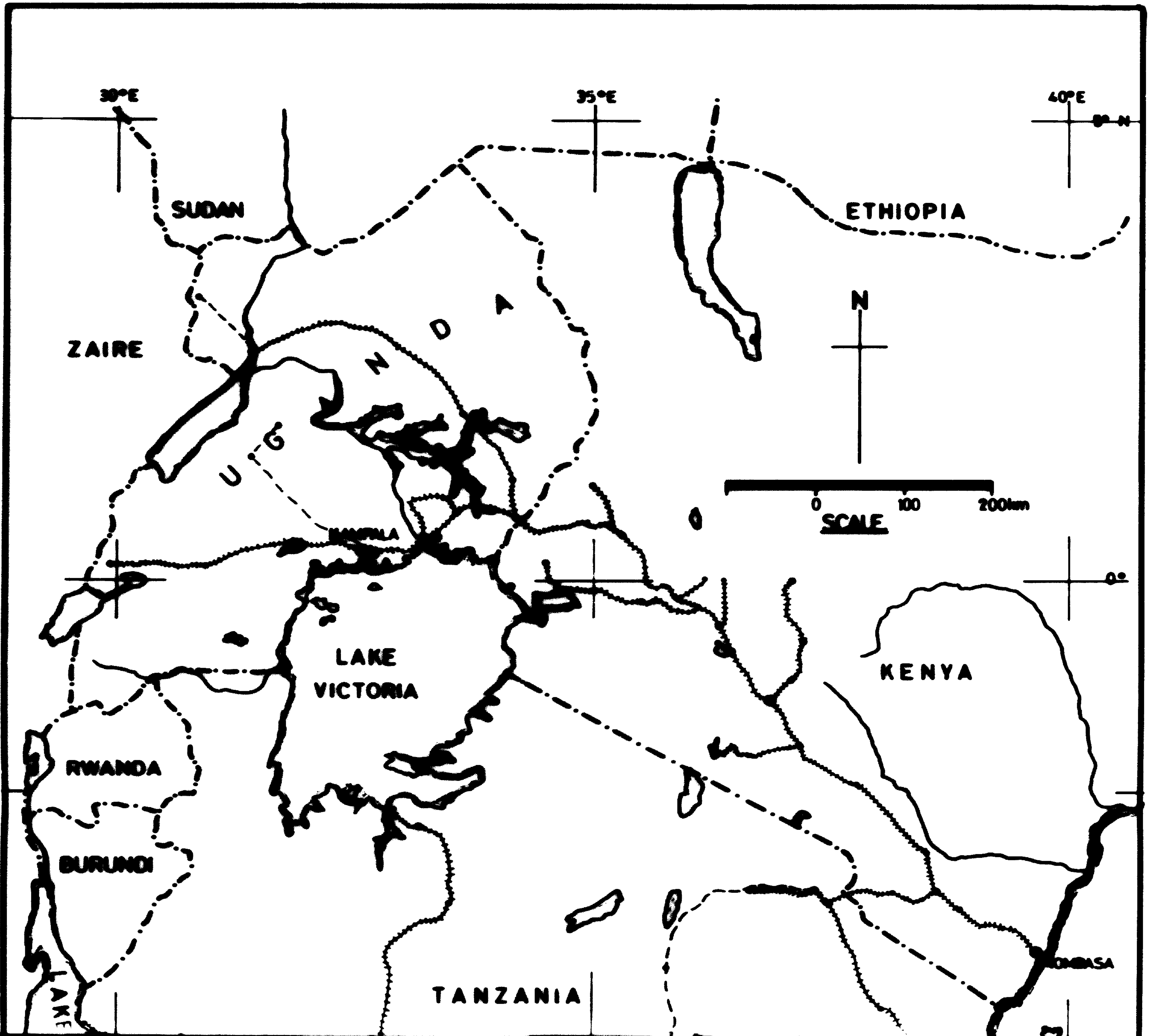
1°S
2°S

UGANDA.

MAP 1.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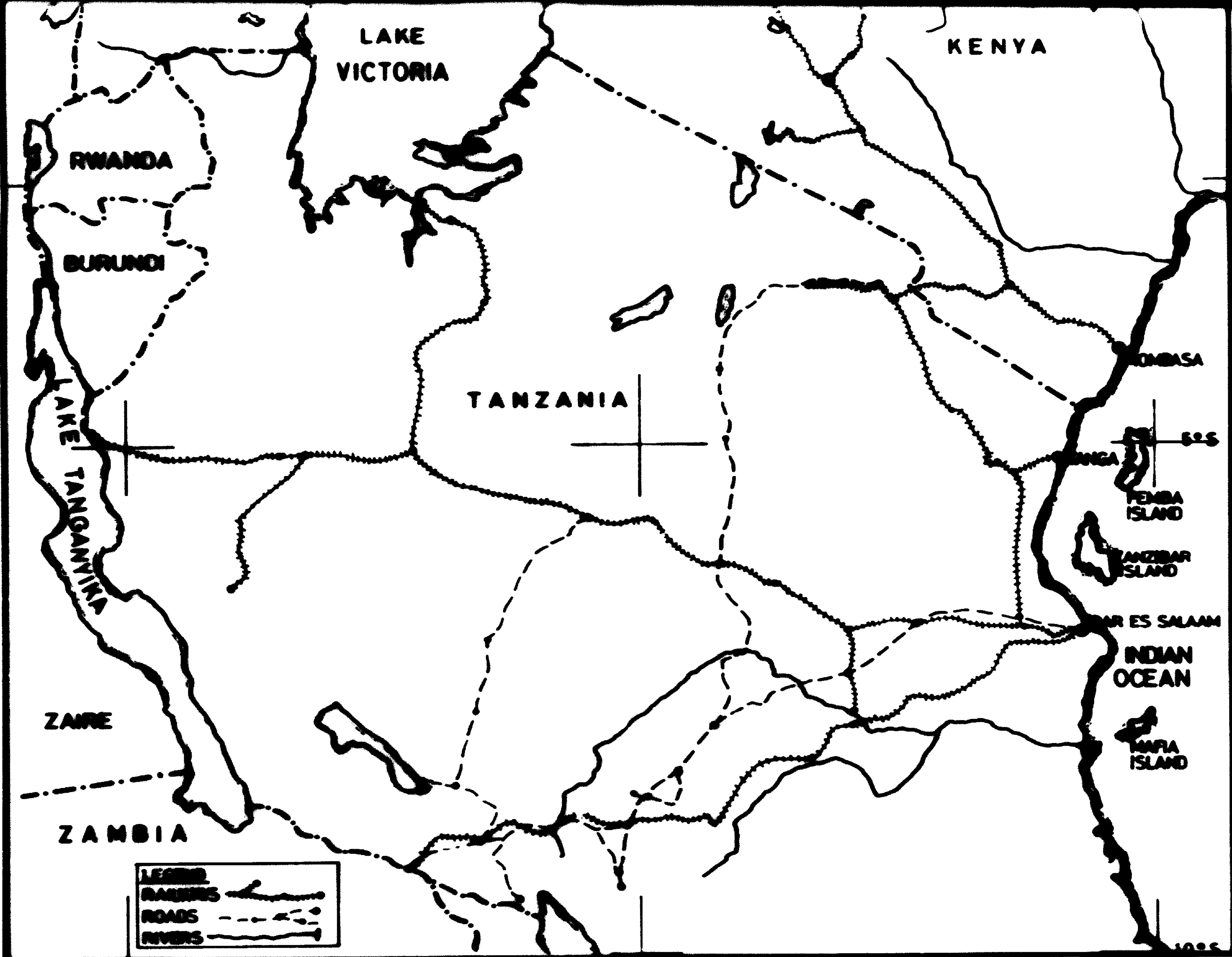
SCALE
KAMPALA
LAKE VICTORIA
KENYA
RWANDA
BURUNDI
TANZANIA
MOMBASA
LAKE



EAST AFRICA.

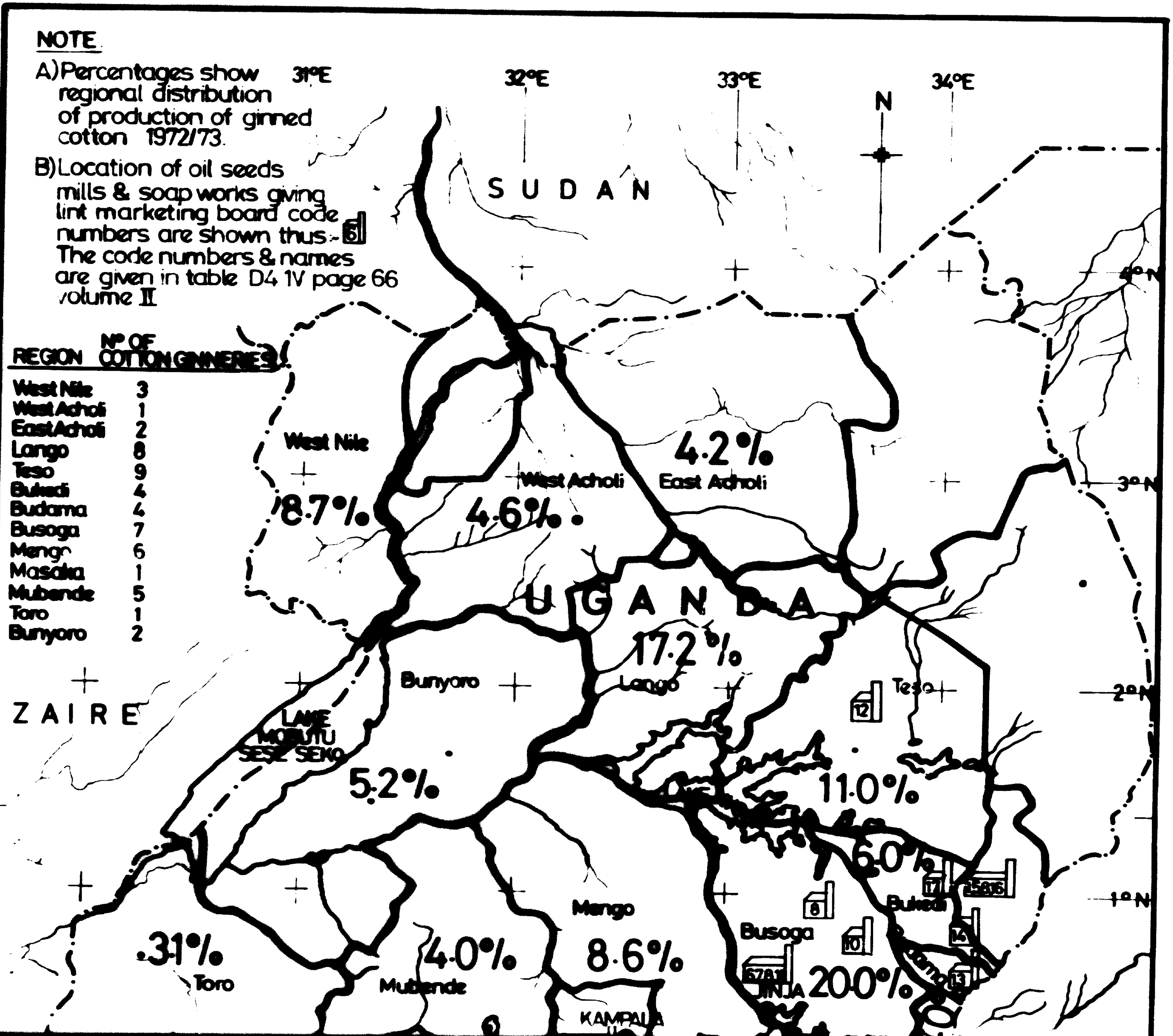
MAP 2.

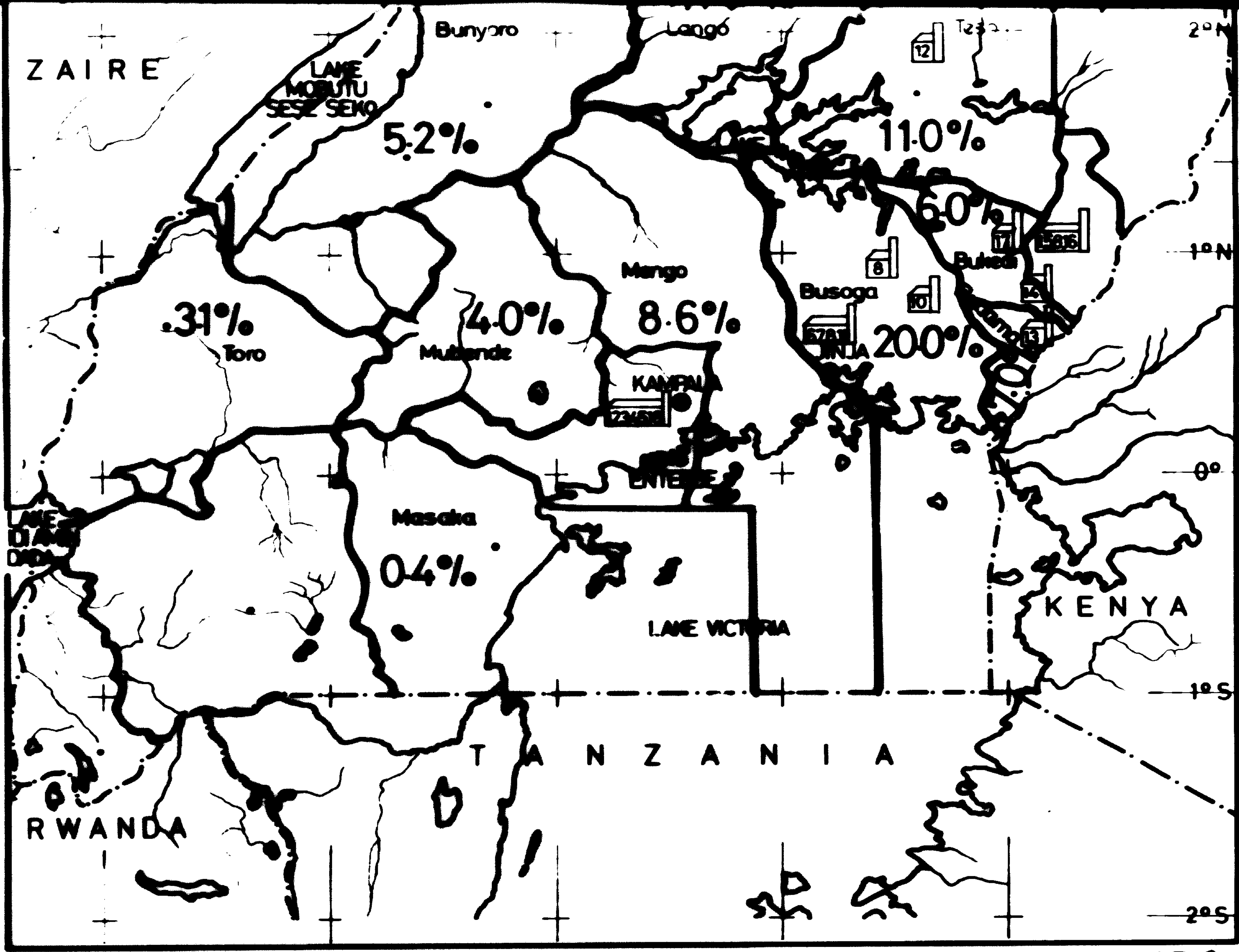
NOTE.

A) Percentages show regional distribution of production of ginned cotton 1972/73.

B) Location of oil seeds mills & soap works giving lint marketing board code numbers are shown thus:- 6
The code numbers & names are given in table D4 1V page 66 volume II

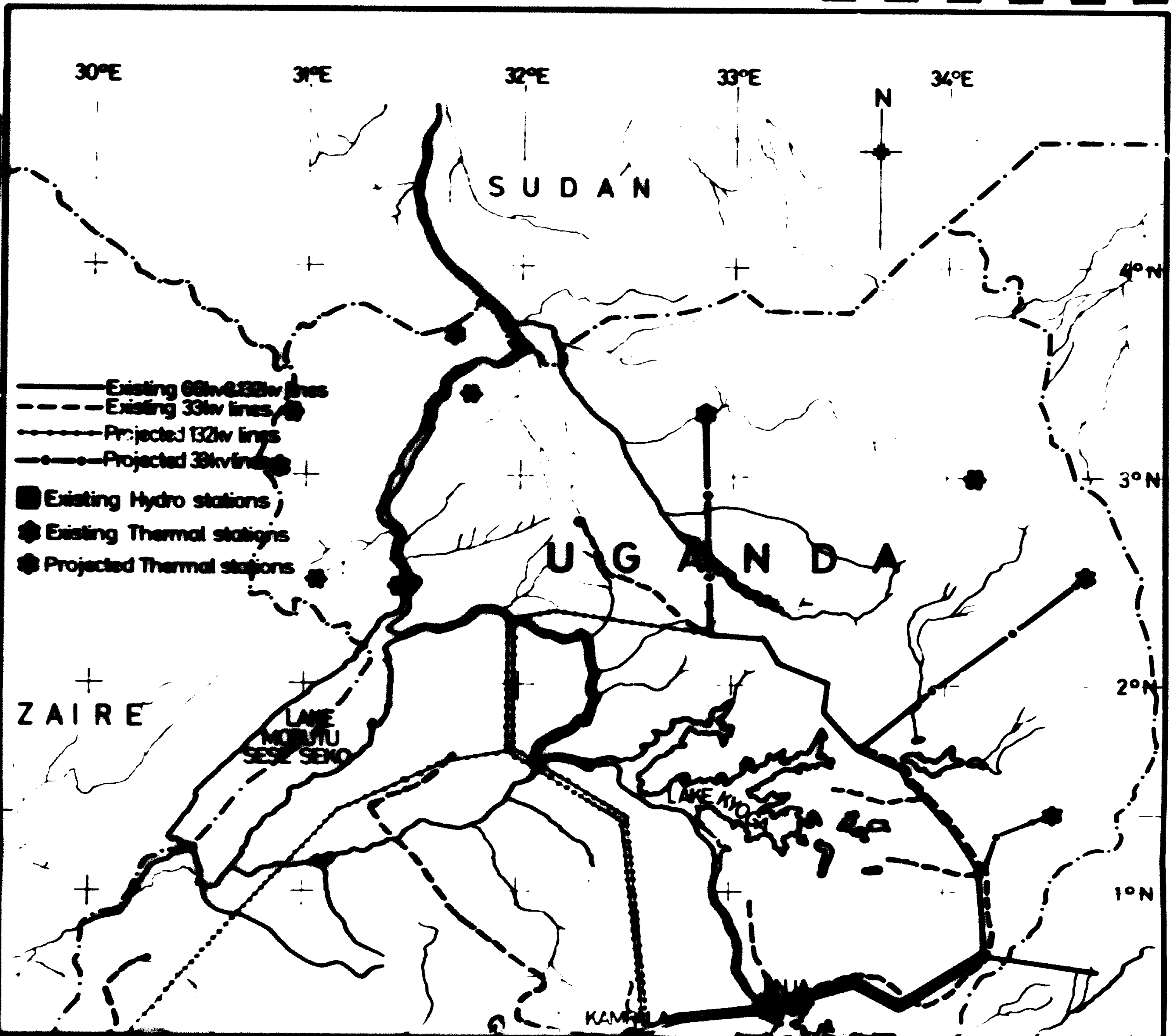
REGION	Nº OF COTTON GINNERIES
West Nile	3
West Acholi	1
East Acholi	2
Lango	8
Teso	9
Bukedi	4
Budama	4
Busoga	7
Mengo	6
Masaka	1
Mubende	5
Toro	1
Bunyoro	2





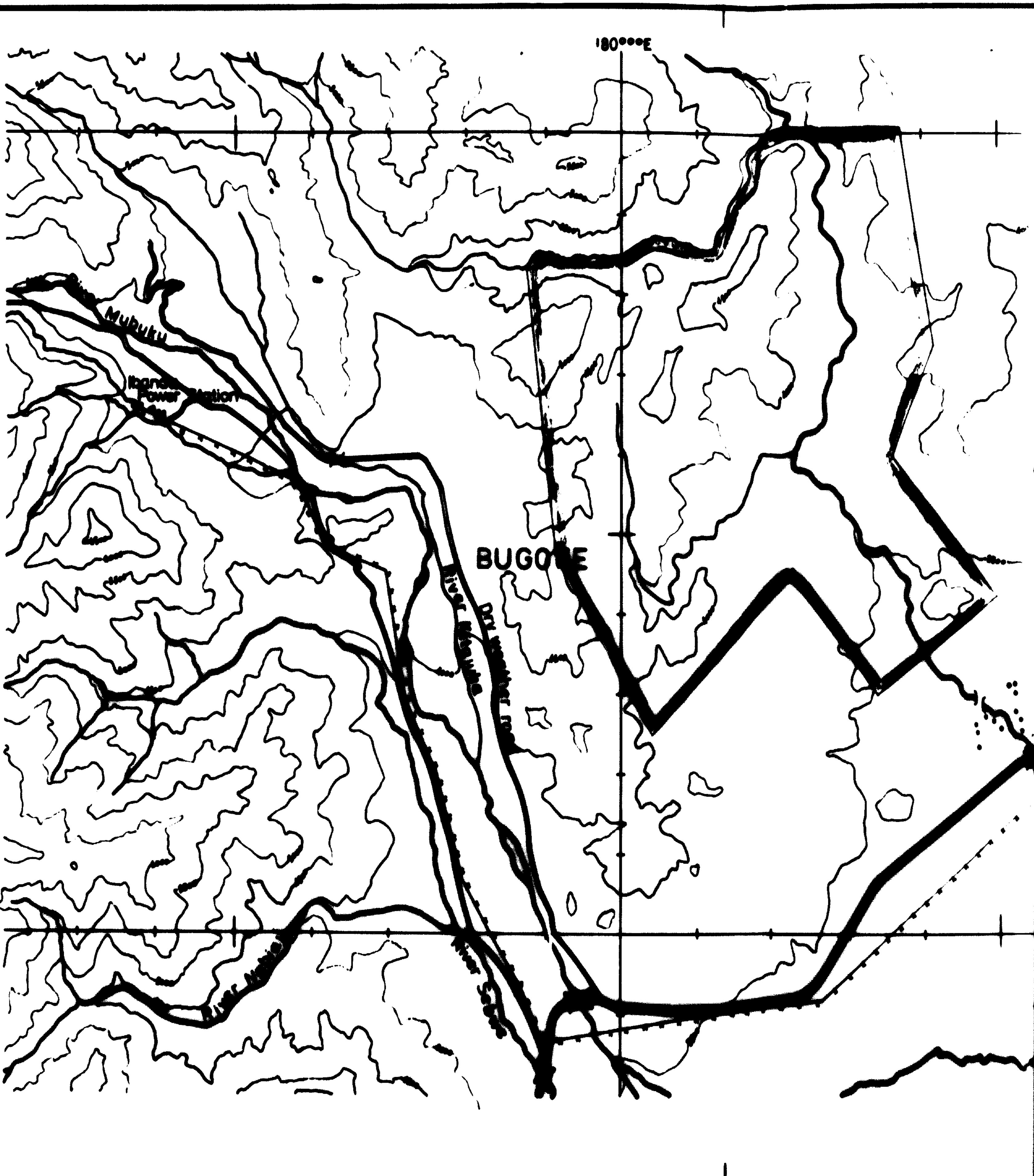
MAP 3.

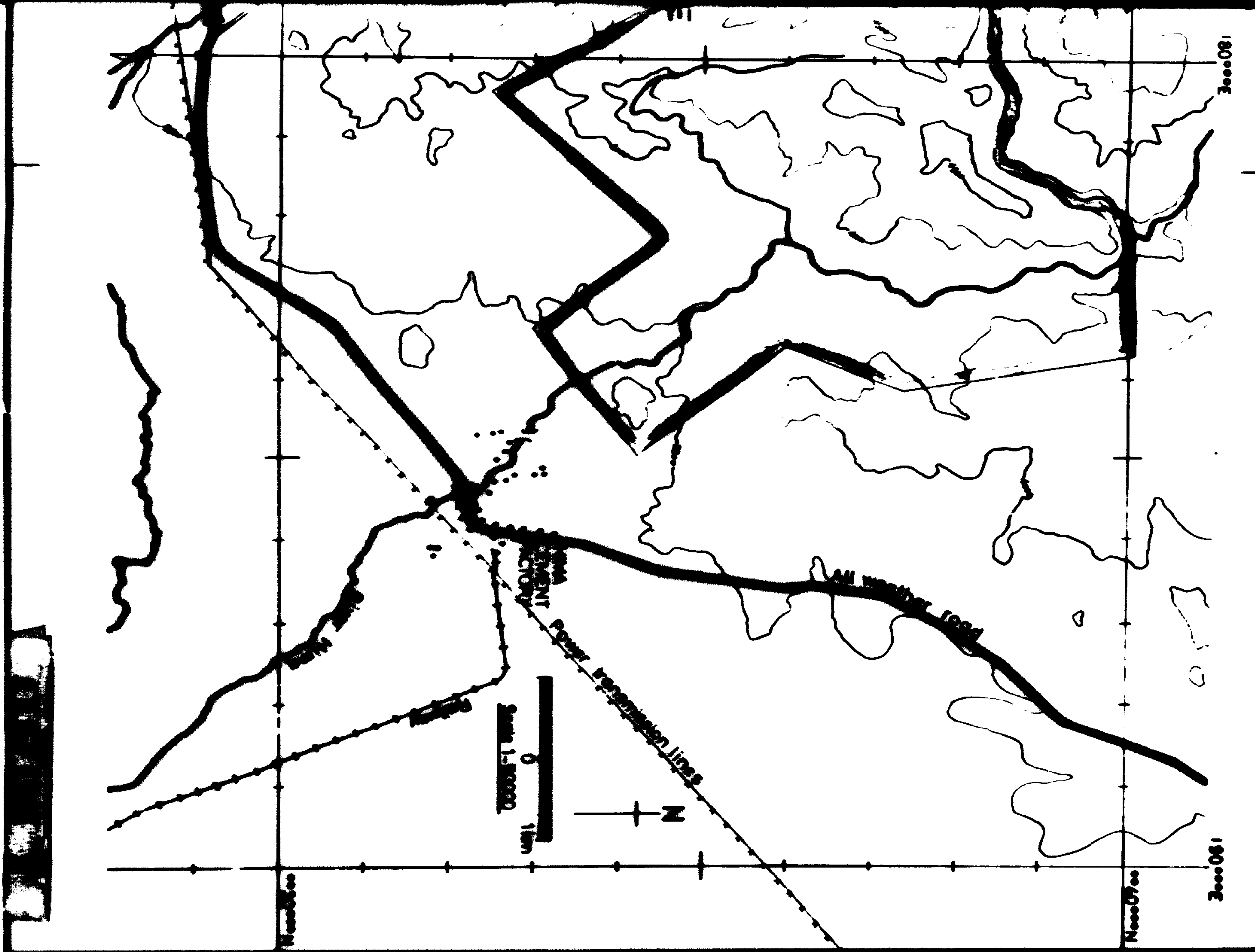
UGANDA
COTTON GINNING; VEGETABLE OIL & SOAP MILLS


30°E
31°E
32°E
33°E
34°E
N
4°N
3°N
2°N
1°N
SUDAN
UGANDA
ZAIRE
LAKE MOBUTU SESE SEKO
LAKE KYOGA
Existing 66kv&132kv lines
Existing 33kv lines
Projected 132kv lines
Projected 33kv lines
Existing Hydro stations
Existing Thermal stations
Projected Thermal stations

UGANDA
ELECTRIC POWER.

MAP 4.


180000E
Mubuku
Power
Dry weather road
River Sebwe



MAP 5.

HIMA CEMENT WORKS.
SUGGESTED EUCALYPTUS FUEL WOOD PLANTATION.
(26km AREA)

INTRODUCTION

L.P. Manderstam and Partners Ltd. were engaged by the United Nations Industrial Development Organisation (UNIDO) to undertake an Industrial Survey Mission in Uganda, on behalf of the Industrial Planning and Programming Unit of the Ministry of Industry and Power. The purpose of the Mission was to provide assistance to the Government of Uganda in the preparation of the industrial aspects of their Three Year Rehabilitation Programme. The terms of reference are given in Appendix C.

The consultants were asked by UNIDO to concentrate on major industries during the time available in the field. A large number of factories and organisations were visited, but it was not practicable to visit every one.

A great deal of information was collected, often specially prepared for the team, which has had to be condensed or summarised in this report. Complete and authoritative data were not always available, however, and some estimates have been inevitable.

Uganda, like many countries, is in transition from the Imperial to the Metric system of units. While the report uses the Metric system as far as possible, Imperial units are deliberately included, in certain cases, for instance where they are the units normally used.

SUMMARY AND CONCLUSIONS

1. Uganda's industry is suffering acutely from shortages of skilled manpower, foreign exchange, and spare parts. Foreign exchange is the immediate problem, but lack of skilled manpower is more fundamental. In many factories replacement with new equipment rather than spare parts may be advisable.

2. Uganda has the potential to increase its foreign exchange earnings considerably, mainly by revitalising the production of key agricultural export commodities, and by some investment in processing and marketing. The immediate contribution of minerals and manufacturing would be smaller. Selected projects are summarised in Chapter IV, pp 36-52.

3. A major programme to develop skilled manpower at all levels is necessary to sustain Uganda's industrial progress. For some years to come it will be necessary to attract skilled expatriates to fill the gap.

4. Some equipment is now in such bad condition, despite strenuous and ingenious repair work by dedicated management, that replacement rather than repair is likely to be the wisest course. The two large sugar factories at Kakira and Lugazi are examples. Each case needs to be evaluated on its merits. It is an important factor that long-term loans can generally be obtained for feasible projects but are seldom, if ever, available for spares.

5. Finance for investment in Uganda could be made available more readily than is at present apparent. One problem is a lack of institutions equipped to handle it. In this report it is recommended that an Industrial Investment Board should be set up to coordinate and control foreign and domestic investment. Among its functions would be guidance to prospective investors in the preparation of feasibility studies.

There are many good ideas for projects in Uganda, but few projects that have been prepared in a way that can be evaluated by potential partners or lenders.

6. There is still considerable uncertainty about the functions and duties of many administrative bodies, especially the para-statal organisations and some of the marketing boards. Some para-statals, for example, the National Textiles Board and the Uganda National Tobacco Company have well developed plans for future training, investment and marketing, thanks to excellent senior management. These, however, are the exception, and urgent action is needed to help some others become effective.

7. Export marketing could be greatly strengthened by a greater availability of commercial information to those responsible for overseas sales. Without this information many market opportunities are lost.

8. Continuity of management is particularly important at present, as Uganda has little or no reserves of experienced management on which to draw. The next few years should be viewed as a period of consolidation, and opportunity for the experience and confidence of industrial management to develop.

9. Uganda's two main priorities during the period of the Three-Year Rehabilitation Plan are clear enough; they are summarised in paragraphs 2 and 3 above. At the same time, neither social needs nor longer-term issues must be forgotten. Many of the larger industrial possibilities in Uganda; for example large-scale steel manufacture, cannot be contained within the scope of the Three-Year Plan, and need much further study if they are to become practical realities.

10. Selected recommendations for technical assistance are summarised in Chapter V, pp 53-57.

CHAPTER ONE

THE UGANDAN ECONOMY

1.1 Introduction

Uganda is a country with great potential, thanks to its agricultural and hydro-electric resources. Its natural advantages include well-watered fertile farm lands, forests, a good climate and generally sufficient rainfall, and enormous unexploited reserves of cheap hydro-electric power. Roads and rail track in the main industrial areas are good, there are good airports, and there is an extensive high-tension electrical distribution system. Every year for the last ten years the value of exports has exceeded that of imports.

Despite these advantages, the economy is facing many problems. These were clearly outlined in the Budget Speech on 12 June 1975, published by the Government Printer at Entebbe. Some details and some more recent data are given in Appendix A to this report. Since 1972, Gross Domestic Production has been falling, because of large drops in the production of cotton, major manufactures and minerals. Balance of Payments surpluses on current account in 1972 and 1973 have moved into deficit, and a deficit is forecast for 1976. Prices, reflecting shortages of many products, have been moving upwards rapidly.

Common to almost all manufacturing and mining industries are three major problems - severe shortages of skilled manpower at all levels from skilled operatives upwards : shortages of foreign exchange for spares, raw materials and new equipment: shortages of spares reflected in deteriorating or broken down plant. These problems are analysed in the next three sections of this chapter. Remedial action and solutions are proposed in Chapters II to V. Major industries are examined more fully in Appendices D1-D9 and E1-E11.

1.2 Manpower

Shortage of skilled manpower is the fundamental problem. If this were solved Uganda could normally resolve her other economic problems. In the long term the target is therefore to provide the majority of skilled staff from her own people. In the meantime, however, outside skills must be attracted both to revitalise production and to contribute to training. Before developing these points, it is necessary to outline the present situation.

In 1970, recorded employment totalled 312,352, of whom 298,808 were classified as African, 10,170 as Asian and 3,314 as European (1973 Uganda Statistical Abstract). Virtually all the Asians departed in 1972, followed by a large proportion of the Europeans. No exact figures exist, but it is clear that these two groups accounted for a very high proportion of all skilled staff in manufacturing industry, at all levels from skilled operative up to senior and technical management. It is possible that the proportion of skilled people lost was over 90%.

Immediately after 1972, with the urgent help of UNDP and others, job specifications were drawn up for key posts in the main industries. Experienced expatriates were recruited from various countries including India and Egypt. The majority of these have, however, now gone. At the same time, much effort was put into training Ugandans, and into giving them wide and accelerated experience.

It is clear from the many factory and industry visits made during the team's time in Uganda that the gap is still far from filled. The same conclusion is evident in the recent report on the development of human resources in Uganda, prepared by Mr. Ayoub of the International Labour Organisation (UGA/71/526). The replacement of such a large number of skilled people, many of whom had ten or twenty years experience, is a slow process, and needs the most urgent attention.

Table 1

Annual Output of Uganda's Education and Training Programmes

(Showing highest level of education attained annually)

LEVEL I	
University Graduates	1,080
Uganda College of Commerce	220
Uganda Technical College	110
Teacher Education Grade 5	130
LEVEL II	
Higher Secondary - S.6	400
Technical Schools	250
Teacher Education - Grade 3	450
LEVEL III	
Secondary - S.4	8,400*
Teacher Education - Grade 2	900
Rural Trade Schools	350
LEVEL IV	
Primary 7	90,000
Primary 4 and lower	110,000

* These figures include both private and government-aided schools

These figures show the number of students who attain the levels indicated, and do not go on to higher levels of schooling.

SOURCE: Educational Development in Uganda 1973/75

Table 2

Ugandan Students at Makerere University

Enrolment and Graduates 1974

Faculty	Enrolment			Graduates		
	M	F	Total	M	F	Total
Medicine	343	45	388	42	6	48
Agriculture/Forestry	195	42	237	59	12	71
Technology	141	2	143	20	-	20
Veterinary Science	73	7	80	19	3	22
Law	131	36	167	40	10	50
Social Science	272	49	321	101	19	120
Arts	724	248	972	284	78	362
Science	467	71	538	156	20	176
Education *	662	211	873	163	36	199
School of Fine Art	55	18	73	8	3	11
Librarianship (Diploma Course)	17	6	23	9	2	11
TOTAL			2,993			1,082

* Students taking education course concurrently with a regular degree programme so that these numbers are not added into the final total.

SOURCE: Educational Development in Uganda 1973/75

The foundations are laid by Uganda's educational system. Primary and secondary schooling can be followed by courses in technology at Makerere University or Uganda Technical College, in economics at the University, in commerce at Uganda College of Commerce, in administration and in other relevant subjects. Craft training is available at the five Technical Institutes, the ten Technical Schools, and the Vocational Training Centre. Tables 1 and 2 (pp 6 and 7) show the size of this programme. What Uganda cannot yet provide is sufficient practical training and experience in industry. Post-experience courses are provided by the National Industrial Training Scheme, Vocational Training Centres, and the Management Advisory Training Centre. The Technical College operates on a sandwich course basis. Factory and industry training schemes are at present almost non-existent, with exceptions such as the tobacco industry schemes and schemes in some textile factories. It is essential that these should be developed, together with greatly increased practical industrial training overseas.

To accelerate the supply of skilled Ugandans, and to make the best use of them in industry, it is recommended that an effective manpower register and system of manpower planning be studied and set up, as recommended already by many people including the author of the I.L.O. report referred to earlier. Many skilled men such as draughtsmen and lathe operatives have already been lost to industry because they have chosen to leave factories such as UGMA under present conditions, and no record exists of where they have gone. Some senior men, with deep experience of industry, have been transferred to another field where most of their rare specialised experience is wasted. These are losses that are most damaging to Uganda's industry.

In these circumstances there will be a continuing need for skilled people from overseas for some years to come, both to fill skilled jobs and to provide training for their own eventual replacement. These people could be recruited under a variety of arrangements.

Table 3

Foreign Exchange required by Industry per month

November 1975

No	Industrial Group	Monthly Foreign Exchange requirement in Uganda Shs.	Remarks
1.	Food processing and packing	14,440,000	The bakeries and the investment for sugar factories were omitted. LMB mills are all here.
	Beverages and tobacco	10,343,000	
2.	Textile and wearing apparel	22,193,000	The bulk is for the NTB companies
	Leather and shoes	5,212,000	
3.	Wood and wood products	650,000	Many furniture units not covered
4.	Paper, paper products and printing	9,796,000	The bulk is for printing
5.	Chemicals, rubber and plastic products	14,528,053	
6.	Non-metallic, mineral products	5,200,000	The capital requirements for the E.A. Glass Works were omitted
7.	Iron and steel products	7,056,000	(Some establishments suppressed their (requirements in the hope that some of the raw (materials will be imported by the government
8.	Non-ferrous metallic products	12,700,000	
	T O T A L	102,098,883	Amount required at full capacity

* Assuming production at 80% of rated capacity.

LMB = Lint Marketing Board

NTB = National Textile Board

SOURCE: Planning Unit, Ministry of Industry and Power

These could include :

1. direct recruitment;

2. technical assistance from individual Governments or UNDP;

3. management contracts, possibly as part of contractors' or loan packages;

4. recruitment as part of the management team of a joint-venture between Uganda and an overseas investor.

To attract and retain sufficient overseas staff it will be necessary in many cases to improve conditions for expatriates. As a first step it would be desirable to compare salary and tax levels, authorised remittances, immigration conditions, school facilities, medical facilities, food availability and the cost of living, with those in other countries which are at present successful in attracting skilled non-citizens. Definite guaranteed terms and conditions for work in Uganda would then need to be published.

I.3 Foreign Exchange

The shortage of foreign exchange for industry in Uganda is now acute. Monthly allocations of foreign exchange to industries covered by the Ministry of Industry and Power (estimated to account for 90% of foreign exchange allocations to industry) have fallen from about 30 million Shillings in 1972-73 to 20 million Shillings in 1973-74 and to 12 million Shillings in 1975. These allocations, largely for raw materials and spares, represent perhaps 10% or less of requirements, though inflated requests can distort the requirement figures. Table 3 illustrates reported requirements for November 1975 (p.9).

The allocation of foreign exchange is ultimately a Cabinet responsibility, delegated to a Ministerial Sub-Committee. The Committee makes the monthly allocations to bodies such as the Ministry of Industry and Power. The Ministry then makes individual allocations.

The foreign exchange shortage is clearly reflected in the national export, import, and balance of payments figures analysed in Appendix A.(p.[illegible]) The value of imports, excluding mineral oils, in 1975 was almost identical with that in 1970. During this period, characterised by high inflation and the effects of the 1973 rises in prices of oil and commodities, the volume of imports fell by a very large amount. Over the same period, despite a regular surplus on merchandise account, the balance of payments on current account has run into deficit, brought about by growing deficits on services.

A great deal could be done to improve this situation and strengthen the whole economy by taking the steps necessary to restore production and exports of the major agricultural export earning crops to their pre-1972 levels. Cotton production is estimated to have fallen from 467,000 bales in 1970 to less than 170,000 bales in 1975. Restored production could alone generate an additional 400 million shillings net (about 20% of 1975 exports). The main problem is that prices to farmers have not been increased sufficiently to keep these crops profitable, and inputs such as fertilisers and pesticides have been reduced. Detailed estimates and proposals are given in D1-D9 in Volume II.

In addition to foreign exchange for current expenditure such as spares and raw materials, Ugandan industry needs considerable capital sums for reconstruction and development. Chapter II, Industrial Policy, is devoted to this very important foreign exchange requirement.

I.4 Plant and Spares

Most factories in Uganda are not only acutely short of spares. The plant itself in many cases is nearing the end of its useful life. In some factories such as the glassworks, production has ceased owing to the final failure of a major piece of equipment (in this case the furnace). In others, such as the two main sugar factories, most of the equipment installed is in very bad condition and the foundations of the factory are deteriorating because of escaping fluids. Throughout industry, shortage of transport is a serious obstacle to efficiency.

In these conditions assessment of spares requirements is not straightforward. In many cases it is necessary to consider whether the correct action is to continue patching up old equipment with new spares, or whether economics dictate that the time to rebuild (or to close) the plant has arrived. These points are discussed more fully in Chapter III (Priorities) and in the individual industry appendices in Volumes II and III.

Meanwhile, there is a great deal more that could be done locally in Uganda. Many of the larger factories have well equipped machine shops; some have drawing offices, foundries, and fabrication shops. Many can make one-off spares, but very few can do production runs. Plans to develop UGMA as a centralised spares manufacturing unit, with assistance from UNDP, offer much scope for the future, as outlined in the report of the UNIDO programming mission, (SIS project SM/UGA/75/024, November 1975). Improved standardisation and measuring facilities would be needed; most machine shops visited had neither machine drawings or measuring instruments. The textile industry is a particularly promising outlet; the industry uses many standard small castings and components that could be made in a production foundry. At a later stage, standard forgings for looms could be made. Consideration could also be given to the manufacture of engineering essentials such as screws, nuts and bolts. Electrical motors are re-wound in many factories now, using wrong gauges of wire and improvised insulation and separators. One or two central re-winding units, working to correct standards, would provide a tremendous increase in efficiency.

Shortage of transport was complained of, at every factory and organisation visited. Shortage in rail, lorries, passenger cars, bicycles and ships is progressively lowering efficiencies at every stage of industry. A working life of only two years was quoted for lorries by one organisation. This is low for Ugandan conditions, and in general means that key spares are not available. Prices of spares are now excessive - motor car tyres for instance can cost 2,000 Shs. (US $ 244) each.

CHAPTER TWO

INDUSTRIAL POLICY

II.1

The Ugandan Government is seeking funds overseas to finance the reconstruction and development of major sections of its industry. At present the only legislation covering this vital area is contained in Act 17, The Foreign Investments (Protection) Act 1964, and Statutory Instrument No.35, The Foreign Investments (Protection) Regulations, 1965. These are available from the Government Printer, Entebbe (in a combined document) and are reproduced in Appendix B (p 89-97). Responsibility for implementing the Act is vested in the Minister of Finance. The details required from applicants are inadequate for a sound assessment to be made of the benefits and costs to the Ugandan economy. In practice, many people have a hand in responsibility for evaluation and administration of foreign investment. These include the Treasury, the Directorate of Planning, the Ministry of Industry and Power, the Ministry of Commerce, the Bank of Uganda, the Uganda Development Bank, the Uganda Development Corporation, and other Ministries.

It is suggested that the following four steps are essential for the sound reconstruction of Uganda's industry:

1. the establishment of an Industrial Investment Board to coordinate all these activities;

2. the production and publication of a comprehensive Industrial Investment Handbook;

3. the revision of the existing Act in some essential respects;

4. and, after these three steps have been taken the promotion of Uganda's investment potential.

These four steps are explained in the sections that follow.

II.1.1 <u>The Industrial Investment Board</u>

The functions of the Industrial Investment' Board would be:

1. to evaluate investment proposals, whether from within Uganda or from overseas;

2. to advise potential investors in preparing the submission of feasible proposals;

3. to coordinate the granting of investment permits;

4. to ensure the implementation of approved projects;

5. to ensure that projects comply with Ugandan investment regulations;

6. to establish essential coordination with other responsible bodies, including regional authorities.

It would not be advisable or necessary to create a new administrative body for these tasks. The Secretariat, responsible for these functions, could best be established within the Directorate of Planning. The latter alrady has some of the necessary resources and has already a key role in Uganda's planning. Support in the first years would be provided by the World Bank Planning Team, due to be attached to the Ministry of Planning.

Decision making by Committee is often not ideal. But, for industrial investment, the three Ministers of Finance, Industry and Commerce all have a special responsbility. It is suggested that these three should constitute a Cabinet Committee with overall responsibility for Industrial Investment Policy.

II.1.2 The Industrial Investment Handbook

The purpose of the Handbook would be to lay out in a clear form an outline of the regulations and laws controlling investment in Uganda. It would explain the basic requirements for both foreign and domestic investment, including joint-ventures. Many other countries have such handbooks. They are of particular value to potential overseas investors who are not familiar with local conditions, and help to strengthen investment confidence.

It is suggested that the contents of the Industrial Investment Handbook should include the following sections.

1. The Investment Act: text of the Act (revised), subordinate regulations.

2. Details of the Industrial Investment Board and its method of operation.

3. Procedure for investment application and authorisation.

4. Provisions for training and development of Ugandan manpower.

5. Manpower regulations and rights.

6. Incentives and safeguards for investors.

7. Taxation, duty exemptions.

8. Company law.

9. Remittance of profits.

10. Land ownership.

11. International law.

12. Exceptions.

A great deal can be learnt from studying similar publications by other countries. A start has already been made in this direction by the Uganda Development Bank. The most useful comparison is likely to be with countries with similar assets, that is to say a potentially strong agricultural base and some minerals. Malaysia and Indonesia are among countries that fit these criteria, and both have well established successful investment bodies. Some of the regulations of these two countries are compared in Section II.2 below. Uganda could well make use of such experience.

II.1.3 The Investment Act

The current Ugandan Act, The Foreign Investments (Protection) Act, 1964, limits itself to broad principles only (see Appendix B). It explains that a certificate is only issued if the Minister of Finance is satisfied that the enterprise would further the economic development of, or benefit, Uganda. It then sets out the legal position in the event of compulsory acquisition, and the provisions for transfer of profits. The Foreign Investments (Protection) Regulation 1965 explains more fully the details required when applying for a certificate.

It is suggested that the Act might now be usefully revised and clarified to include much fuller details of incentives, duties and rights for investors in industry, so that the legal rights and obligations of both foreign and domestic investors can be clearly established. Comparison with other countries' experience,as shown in Section II.2 below, would be necessary to decide the best course for Uganda. It is also suggested that it is better for investment applications to be submitted to the Industrial Investment Board rather than to a Minister, to strengthen the role of the Board and to make its central evaluating and coordinating fuction entirely clear. Reference to Ministers would be necessary in cases of doubt and to confirm the recommendations of the Board.

II.1.4 Investment Promotion

Successful investment promotion requires confidence in a country's investment climate and conditions. If the conditions are not right, investors will always find reasons for being unwilling to invest. If conditions are right, many obstacles can be overcome.

The measures suggested earlier in this chapter could go a long way to establishing the necessary confidence. Many countries and investors appreciate Uganda's potential and would be glad, not merely to invest, but to finance and carry out fully detailed engineering and economic studies for identified projects. Up to the present, many studies, whether for reconstruction or for new projects, have been prepared in insufficient detail for investment. Such studies are expensive to produce, and it would be to Uganda's advantage at first to concentrate the Industrial Investment Board's activities on identifying broad possibilities and evaluating projects submitted,rather than on preparing detailed investment proposals.

Once such confidence is established, investment can be promoted through Uganda's diplomatic and commercial representatives overseas, as well as through direct contacts. Teams can make investment visits overseas, articles and supplements can be written in the world's press, and one or more investment centres can be set up.

II.2 Comparison with Malaysia and Indonesia

Investment in Malaysia is regulated by a body of regulations and laws, including the Investment Incentives Act 1968, the Income Tax Act 1967, the Companies Act 1965, and the UN sponsored Convention on the Settlement of Investment Disputes. Many of the regulations, for example, those relating to incentives and pioneer status, have been operating successfully since the early 1960's or before.

In Indonesia, the key law is The Foreign Investment Law No.1 1967, and its subsequent amendments, which specify both the the criteria by which proposals for investment are judged and the regulations according to which investment is implemented.

Some important features of incentives and regulations in these two countries are compared in Table 4.

Table 4

Malaysia and Indonesia ________ Investment Incentives and Regulations

Some features compared

	Malaysia	Indonesia
Tax Holidays	Pioneer status for certain vital industries that are new or wholly for export can be granted, allowing 2-5 years of tax relief, and other tax benefits. Lesser benefits for lower priority companies.	New enterprises in priority sectors may be granted tax holidays.
Import Duty Relief	Exemption or reduction of import duty on machinery and materials.	May be granted on machinery equipment, raw materials, spare parts, tools, for approved investments - up to 100%.
Allowances	Export allowance for increase in exports over last 5 years' average.	Any loss can be carried forward for 4 years.
	Increased Capital Allowance (ICA) for projects not granted pioneer status.	Investment allowance of 5% for 4 years if tax holiday not granted.
	Incentives to locate in less developed areas, related to the level of development in each such area.	Extra privileges for enterprise considered to be of exceptional importance for economic development.
Industrial Land	21 Industrial Estates, ready for occupation, with services.	2 Industrial Estates existing, others planned.
Equity Participation	Extremely flexible. For companies selling only in Malaysia usually 51% domestic participation.	Indonesian participation should ultimately be 51%, but may start well below this figure.
Management	Management control should be in hands of those with the necessary know-how, while gradually training up local management.	Investor has full freedom to manage, at the same time filing a programme for the training and up-grading of Indonesian personnel to permit the ultimate phasing out of the majority of the expatriate personnel.
Transfer of Earnings	Minimal control with regard to the inflow or repatriation of profits, earnings, or capital.	Liberal transfer, in the original currency of the invested capital, of profits, costs of foreign staff, costs of training Indonesians overseas, capital depreciation, compensation in the event of nationalisation.

II.3 Institutions

II.3.1 Industrial Organisation

Before 1972, the largest industrial group in Uganda was that formed by the companies comprising the Uganda Development Coporation (U.D.C), followed by the Madhvani group and the Mehta group. After the takeover of these two groups, their constituent companies were first made the responsibility of U.D.C. Many of these were then reorganised again into para-statal companies. UDC now owns about 15 companies instead of its former 50, but there are many legal matters affecting the change of ownership still unresolved. Most large companies in Uganda are government owned, organised into para-statal companies (usually corporations) by industries, and are ultimately responsible to the Ministry of Industry and Power. Although these corporations were set up some time ago, many are still at an early stage of development. Uganda Steel Corporation, for example, is just starting the operations of its central unit in Kampala, and the sugar companies still operate as independent units. The National Textiles Board, on the other hand, has built up a strong head office and is making good headway with planning, budgeting, training, marketing and development for its five main factories.

Whatever the future policy for the ownership of industry, grouping on the lines of the major para-statals is desirable for Uganda in the present stage of industrial development. It is very important to plan for each individual industry, but at the same time to keep the central corporation staff down to a small number of key effective people, as in the National Textiles Board. The sooner similar bodies are operating in other industries, for instance to provide a common approach for the sugar industry, the sooner will progress be made.

The problem areas which need immediate attention are:

- the organisation and operation of individual corporations;
- the future functions of the U.D.C;
- the relationship between industry and Government, particularly the Ministry of Industry and Power, to whom most industrial para-statals are responsible;
- continuity of policy and management.

1. Para-statal organisations.

Each Corporation should be built up individually, based on the needs of its own industry. Overseas technical assistance would be most valuable in establishing the best structure and methods of operation. Actual ownership is not the most important question.

2. Uganda Development Corporation

U.D.C. has had a successful history of company management, but is now crippled by loss of companies, senior staff, and revenues. U.D.C. could perform a most useful role, particularly for the identification and development of newer areas of industry, but at present little is happening. This function would lie between that of the corporations, and that of the financial institutions discussed in Section II.3.4 below, and would also benefit by objective examination from outside.

3. Industry and Government

The Ministry of Industry and Power is at present overburdened, and will remain so until para-statal organisations are functioning more smoothly. The structure of the Ministry is shown in Table 5 (p.25), and discussed in II.3.3 (p.26).

4. Continuity of Management

In Section I.2 it was suggested that shortage of skilled manpower is at present Uganda's fundamental problem. For this reason it is especially important for Uganda to make the very best use of skilled experienced managers, within their own fields of expertise. The time for experiment will be later, when manpower resources have been strengthened.

II.3.2 Commercial Organisation

On the pattern of the long- established and successful Coffee and Lint Marketing Boards, a series of other Marketing Boards and the Produce Marketing Board have been established, with the responsibility of promoting and distributing major agricultural crops and products. These are responsible to the Ministry of Cooperatives and Marketing.

The other major state commercial organisations are the eight companies whose functions includes special responsibilities for the import of certain key commodities. These companies are supervised by the Uganda Advisory Board of Trade which is part of the Ministry of Commerce. The Board consists of representatives of various ministries and bodies.

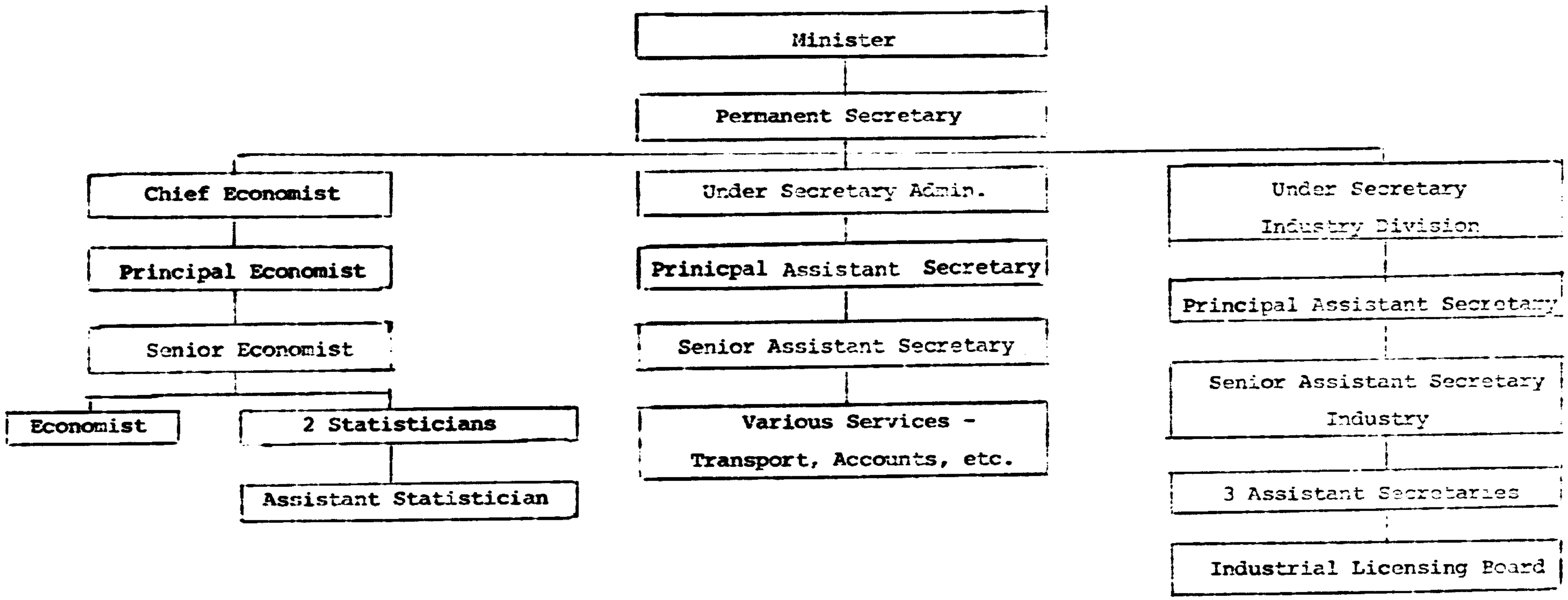
Individual Marketing Boards are discussed in Appendices D1-9 in volume II. It is clear that there are problems with some of them. Responsibilities and functions are not always well defined, for the Boards themselves or for the individuals within them, and there is some overlapping with other officials. A great deal could be done to strengthen their effectivness as exporters. The prohibition of foreign newspapers in Uganda deprives commercial management of the daily business and economic news of world markets which is freely available to the country's main competitors. This is a very serious handicap for an exporter of commodities such as coffe or cotton. An effective marketing system demands a system of commercial intelligence as good as or better than that of competitors. It is strongly recommended that specialist advice is obtained to improve the effectiveness of export marketing.

There is also some uncertainty about the operations of the eight companies who are supervised by the Uganda Advisory Board of Trade. One example is Transocean (Uganda) Ltd, which has the responsibility for handling almost all freight forwarding, including clearance of goods at Mombasa, shipping of freight, insurance and warehousing and a major part of external transport. Transocean is widely criticised in Uganda, not always fairly, and is blamed for delays and high costs of freight transport. In the absence of competition, it is difficult to set an objective standard for efficiency in this field.

Consideration should be given to the general manager's own proposal that Transocean's responsibilities should be divided among two or more companies, so that there is a competitive stimulus to efficiency. Transocean's structure and capacity in relation to Uganda's transport needs should have careful examination.

Table 5

Ministry of Industry and Power



N.B. A. The Chief Economist's Division is the Planning Unit.

B. A separate Power Division is under consideration.

II.3.3 Administration

There have been major changes in the structure of Ministries in recent years and some of their responsibilities have increased immensely with the takeover of formerly private businesses by government.

The former Ministry of Commerce and Industry is now two separate Ministries; the Ministry of Commerce and the Ministry of Industry and Power. Agriculture has undergone various changes, making coordinated development of crops and livestock more difficult.

Responsibility for most public manufacturing industry lies with the Ministry of Industry and Power, whose structure is shown in Table 5. Draft estimated recurrent expenditure for the Ministry in 1975/76 in 3.135 million Shs. which is not large in relation to Uganda's industrial output of over 600 million Shs. It is almost the smallest sum spent on any individual Ministry. (Appendix A, Table AXVI p.78).

At present, it is extremely difficult for the Minister, however good his staff, to obtain the information he needs for guiding Uganda's industry. Nonetheless, the Ministry has prepared some excellent surveys and recommendations. It is probably advisable to keep the Ministry itself, as well as the head offices of corporations, as small as possible. An essential part of an examination of the operations of para-statal bodies is their relationship with the main industries, and the structure and operation of the Ministries themselves.

II.3.4 Financial Institutions

Uganda has a strong banking sector with some very able management. Its potential contribution to Uganda's development centres on the skills, experience, and knowledge of the Bank of Uganda. The Uganda Commercial Bank (UCB) and five foreign banks constitute commercial banking sector; an estimated 60% of this business is handled by UCB. The Uganda Development Bank has the responsibility for development finance for new industry. It has plans for that purpose, but so far has tended to put most of its funds into agriculture. The East African Development Bank, based in Kampala, the Uganda Development Corporation, savings and housing institutions, the Cooperative Bank, and others all have separate roles. Spreading right through the agricultural economy, via the cooperatives, is the underlying structure of farmer credit on which the health of the whole superstructure depends. There is an acute shortage of accountants in industry, with the result that financial data often does not exist and the potential contribution of the banking system to development is restricted.

The Uganda Development Bank intends to strengthen its research facilities so that it will be able to assess industrial projects, to help with their financing and, at a later stage, possibly to initiate project proposals, including a full evaluation of feasibility, foreign exchange, social benefit and financial structure. An important contribution on this kind is already made by the East African Development Bank. A valuable function of the Bank is the identification of projects that could justify full feasibility studies. Lenders, whether Governments, the World Bank or private industry, require feasibility studies and these are expensive. These studies may be done by local institutions, such as the Uganda Development Bank, or the Uganda Development Corporation, by outside agencies or by the lenders themselves. But, because of the cost, full feasibility studies will not be undertaken until preliminary investigation has first reasonably established that the project is likely to be sound; that the best location for raw materials, infrastructure, and manpower has been identified; that market prospects are good and there is a reasonable prospect that the project will pay its way. At present, there are many ideas for projects in Uganda, many ot which could be promising, but too few whose practicability and profitability have been adequately examined by pre-feasibility study. It is strongly recommended that every effort should be made to strengthen the activity of the Uganda Development Bank in this way, and to make clearer its relationship with the functions of the Uganda Development Corporation in this field.

The vital importance of agricultural production to Uganda's economy and to most of Uganda's industry must not be forgotten. The problems of farmers' credit for fertilisers and pesticides and other essential inputs are not directly within the scope of this report, but warnings have been sounded by the recent FAO report on Uganda's agriculture, prepared in 1975. A thriving agriculture is essential to the success of Uganda's industry.

II.4 The East African Community

The Treaty of East African Cooperation, effective from 1 December 1967, created the East African Community, designed to strengthen cooperation and safeguard the interests of each constituent. Cooperation had existed in many fields long before that date, including Customs and Excise, Railways, Harbours and Airways, and Communications. The East African Development Bank was among the new institutions created in 1967. Revision of the treaty is at present under review, earlier than originally planned, because of difficulties in implementing the treaty's provisions.

II.4.1 East African Railways Corporation

The East African Railways Corporation has been facing problems for some time, and the Tanzanian section is now run independently of the Nairobi Headquarters. All the railway's waterway services, principally across Lake Victoria, have stopped. The railway itself is under review by CANAC, a Canadian firm of consultants, with a view to decentralising its management further than at present. There is also the possibility of World Bank Assistance towards rehabilitation.

Many factors have affected the railways' performance in recent years, not least lack of capital. For this reason, the railway has, for example, many ageing steam locomotives instead of all diesel as planned. The condition of the line west of Kampala to Kasese and of the Northern line in Uganda, from Tororo to Pakwach, is very poor, and services are unreliable. Despite these difficulties, and increasing competition from road transport, goods and passenger traffic have increased steadily. Goods tonnage increased every year from about 4 million tonnes in 1960 to nearly 6.5 million tons in 1973; goods revenue nearly doubled from 1960 to 1974. Passengers' journeys and passenger revenue both increased by 60-70% from 1965-73. Goods tonnage however fell from 1973-74.

Freight charges from Kampala to Mombasa, for typical commodities such as coffee, cotton, or machinery, are one quarter of the road charges. 20/65 Shs. to 24/90 Shs. per 100 kg, or 15.4-18.6 cents per ton. km. is the rail freight for this 1337 km journey, compared with 75-80 cents per ton-km by road. The rail tariff has been recently revised and was being reprinted in April 1976, so that full copies were not available to the team.

Uganda depends upon road and rail for export income and for essential imports and there is no substitute. The annual volume of commodities carried by rail to and from Uganda averaged about 700,000 tonnes in 1972-74. It is clearly in Uganda's interest to make the best possible use of the present rail links. In the longer-term, extension west and north, to provide links with neighbouring countries, and extensions within Uganda to mineral-bearing regions, will have to be evaluated. These have already been the subject of many discussions and outline proposals, for instance in the reports of Mr. T.D.H. Morris of East African Railways Headquarters, Nairobi.

II.4.2 The East African Development Bank

The objectives of the East African Development Bank are directed towards balanced regional development and Uganda could make much greater use of its services than at present. As well as smaller schemes, the Bank has published outline data for much larger schemes that could benefit two or more members of the community. Such proposals would offer the great advantage of assured neighbouring markets; plant could be installed of economic sizes, that are hard to justify for one member alone. Sheet glass, large-scale iron and steel, motor vehicle assembly are among the possible projects. Many projects are more urgent for Uganda than these, but any opportunity offered by the Bank for evaluation of such longer-term projects should be taken now, to prepare for the future when immediate problems have been overcome.

CHAPTER THREE

INDUSTRIAL PRIORITIES AND OPPORTUNITIES

III.1 Priorities

The basic objective of Uganda's industrial planning is the reconstruction of failing plant and factories. Without experienced men and women to operate them reconstruction will be wasted. Uganda's fundamental need, demanding first priority, is the creation of a skilled body of manpower. Suggestions for dealing with this problem were given in Chapter I.

The priority given to individual industries is most important and will dictate some of the requirements for industrial training. Different criteria will give different orders of priority. The ultimate choice of priorities must be made by the people of Uganda themselves. They alone can decide if and when social or employment priorities over-ride foreign exchange benefits.

An exact evaluation of priorities by any of these criteria is impossible at present in Uganda, because of the huge gaps in information in so many areas, and the lack of fully evaluated projects. Nonetheless, it is possible to draw some distinction between immediate priorities and longer-term ones, and from this basis to reach some conclusions about the action to be taken.

III.1.1 Foreign Exchange : Exports

Although lack of skilled manpower is Uganda's fundamental problem, the immediate one is lack of foreign exchange. Uganda has the capacity to generate very much more foreign exchange than at present, and top priority should be given to doing so. Essentially it is necessary to concentrate on the key agricultural export crops, especially coffee and cotton, and to regenerate production, processing and marketing as outlined in Appendices in Volumes II and III. The contribution of minerals and manufacturing industry will be generally slower and smaller, though a small number of possibilities such as the exploitation of cobalt deserve urgent attention.

III.1.2 Foreign Exchange : Import Substitution

In the short term there is very little scope for import substitution as the volume of imports in recent years has been heavily cut already (Appendix A, IV.3, p.65). In the longer term, import substitution is possible over a wide area, for instance for energy, spare parts, vehicle assembly, and so on. The impact of import substiturion for the next few years will be more in the development of skills, technology, and employment, than in its contribution to foreign exchange.

III.1.3 Skilled Manpower

However much Uganda's industrial future depends upon trained skilled manpower, self-sufficiency will take time. Every opportunity to develop experience, both by attachments to factories overseas, and by industrial training within Uganda, needs to be taken. This is Uganda's most important long-term priority. In the meantime, skills from overseas are needed to fill the gap, and action on the lines suggested in Chapter I.2 is required.

III.1.4 Social Priorities

Regional development, education, medical services, the availability of consumer goods, employment, and many other factors affect the assessment of social priorities. Uganda is an agricultural country, and the needs of farmers come high on this list, but at the same time the urban population must not be neglected. Certain basic consumer goods are essential, such as matches, cooking utensils and so on. Others such as shoes, and even perhaps cigarettes and beer, can be very important in building up a contented and stable society.

Local manufacture of such products saves foreign currency, provided the foreign exchange inputs are not too large, if import is the alternative. If output and export markets are large enough, as with the tannery project (Volume III Appendix E7) they can earn foreign exchange as well. For other activities such as the manufacture of beer or glass bottles, now largely dependent on imported raw materials, neither earning nor saving of foreign exchange is likely unless the use of more local raw materials can be developed.

Uganda's freedom to give weight to social priorities is limited at present by the lack of the necessary foreign exchange and the need to develop skilled manpower. The choice among social priorities must be made in Uganda within these limitations.

III.1.5 Employment

The creation of new employment, in the sense of finding work for large numbers of unemployed, is less urgent at present in Uganda than in many countries. There is, in fact, in much of the country, an apparent shortage of labour, particularly marked for plantation crops. The reasons for this situation are complex. They relate to the relative attractions of paid employment, compared with working on a family farm, and to the availability of goods to buy with the money earned. The creation of additional employment should certainly be a long-term aim for Uganda. It should also be remembered that employment can create employment; that is to say, the establishment of even a capital intensive factory creates a need for transport, local shops, medical facilities, schooling and training, maintenance and repair shops.

III.2 Opportunities

Uganda is fortunate that the immediate priorities outlined in Section III.1.1 also present great opportunities, especially in agricultural processing. Chapter IV outlines profiles of some of the most important, in summary form, derived from data in Appendices D1-9 and E1-11. (Volumes II and III).

III.2.1 Agricultural Processing Industries

All the agricultural opportunities depend firstly on revitalisation of agricultural production. This is especially important for the major export crops, coffee, cotton, tobacco and tea. It is also vital for sugar, cattle, dairy, timber, hides and skins and textile production, all of which are important in the domestic economy. The estimates made in Volumes II and III and summarised in Chapter IV all evaluate the benefits resulting from expenditure on added agricultural inputs (fertilizers etc), improved processing equipment, and strengthened marketing. It will be seen that coffee, cotton and tobacco all show considerable benefits for relatively little foreign exchange capital expenditure. These figures and those for minerals and manufacturing industry should be treated as orders of magnitude, as the element of estimation (specified in individual appendices) is necessarily large. Nonetheless, they are useful indicators.

III.2.2 Minerals and Manufacturing Industries

Mineral and manufacturing opportunities are generally less attractive as potential earners of foreign exchange, though not necessarily so for training, regional development and for import substitution. Copper, traditionally the largest mineral export, presents many problems, and a profile cannot usefully be included in Chapter IV. On economic grounds, Kilembe Mines, the copper mining and smelting company, should probably be closed down for a period, but, with so large a concern this would create grave employment problems. Appendix E4 in Volume III explains the situation, and makes recommendations for alternative local employment should this become necessary. Too little is known about most other minerals to reach positive conclusions. Much further field and exploration work would be needed. This applies particularly to the major iron ore deposits. Much work needs to be done before the feasibility of a large iron and steel industry could be judged.

Plans for expanding fertilizer production at Tororo have existed for some time, and these can be linked with the profitable utilisation of the cobaltiferous pyrite from Kilembe (Volume III Appendices E3 and E6, and profile in Chapter IV (p. 38). There are also many opportunities to develop building materials, footwear, tyres and a range of other products. For every industry the ready availability of spare parts is vital, and much could be done to promote local manufacture. (Volume III Appendix E5).

The Uganda Electricity Board generates some of the cheapest electricity in the world. In the long-term this can be used to replace mineral fuels in certain applications. Some contribution to power requirements and industrial development can be made by charcoal, but it is essential that any large charcoal manufacturing scheme is based on adequate provision for timber supplies. Appendix E9 in Volume III examines these and other substitutes for mineral fuels in Uganda.

CHAPTER FOUR

PROJECT PROFILES

Each page of this chapter summarises a project detailed in Volumes II or III Appendices D or E. Each project is rated according to its foreign exchange (F/Ex), social, and employment benefit to Uganda. The profiles are in alphabetical order and are themselves summarised in Table 6 (p.37). The data should be read in the light of the following points.

1. The term "Project" is used broadly, and can mean a factory in one case or part of an industry in another.

2. Costs, benefits and ratings are indicative only, and depend on assumptions explained in the appendices.

3. The net F/Ex benefit is defined as net F/Ex earnings less net F/Ex inputs in one year.

4. The import coefficient is defined as the cost of imported inputs divided by the total cost of production in one year.

5. It was not always possible to calculate 3 and 4 on a marginal basis, that is to say omitting existing output and costs because of estimating difficulties. The relevant appendices are annotated accordingly.

6. Capacity, sales, costs, and net F/Ex figures are for one year.

Table 6

Project Profile Summary

PROJECT	Million Shs.				
	Sales	F/Ex Capital Cost	Net F/Ex Benefit	Import Coefficent	Employment
Cobalt/Fertilizer	150.0	90.0	45.0	0.3	400
Coffee	2,200.0	76.0	2,105.0	0.043	not known
Cotton Lint	820.0	64.0	612.68	0.08	not known
Forestry	75.0	55.0	-22.2	0.03	2,500
Fuel wood (Hima Cement)	2.2	2.5	positive	0.15	30
Furniture	12-15	2.0	small	0.19	200
Glass Bottles	7.5	8.0	- 2.0	0.80	184
Polypropylene Sacks	10.0	9.8	14.0	0.89	72
Rubber	8.0	feasibility study required			
Sugar	412.5	700.0	- 207.3	0.70	20-30,000
Tannery	45.0	8.0	28.0	0.25	328
Tea	224.5	184.25	135.45	0.31	25,600
Tobacco	96.0	11.0	44.0	0.17	12,000
Vegetable Oil	76.3	102.0	3.9	0.5	300
Wolfram	57.0	60.0	42.0	0.35	2,500

INTEGRATED COBALT CONCENTRATE-FERTILIZER PRODUCTION AT TORORO

Objective   To utilize by-product cobaltiferous pyrite from Kilembe Mines Ltd and apatite at Tororo to produce cobalt concentrate for export, triple superphosphate fertilizer, and other chemicals for home use.

Appendix: E3/E6 Volume III

				Quantity Tonnes	Value Mill Shs
Capacity		5000 Tonnes contained cobalt 75,000 Tonnes TSP			
Sales	-	Home	Very		100
		Export	Approximate		50
		Total			150
F/Ex	-	Capital Cost	"		90
F/Ex	-	Operating Cost	"		5
Net F/Ex		Benefit	About		45
Import Coefficient			About	0.3	(perhaps lower)
Employment				400	

RATING

	Social	F/Ex	Employment
Essential			
Important	x	x	x
Secondary			

COFFEE INDUSTRY PROJECT

Objective To increase coffee production for export

Appendix D1, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home	-	-
	Export	191,200	2,200
	Total	191,200	2,200
F/Ex -	Capital Cost		76.0
F/Ex -	Operating Cost		71.4
Net F/Ex	Benefit		2,105
Import Coefficient		0.043	
Employment		not known	

RATING

	Social	F/Ex	Employment
Essential		x	x
Important			
Secondary	x		

COTTON INDUSTRY PROJECT

Objective To increase exports of Cotton Lint

Appendix D2, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home	100,000	140.0
	Export	400,000	680.0
	Total	500,000	820.0
F/Ex -	Capital Cost		64.0
F/Ex -	Operating Cost		55.0
Net F/Ex	Benefit		612.68
Import Coefficient		0.08	
Employment		not known	

RATING

	Social	F/Ex	Employment
Essential		X	
Important	X		X
Secondary			

Objective To increase the output and exports of timber

Appendix D9, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home	-	
	Export	-	
	Total	-	75.0
F/Ex -	Capital Cost		55.0
F/Ex -	Operating Cost		17.5
Net F/Ex	Benefit (with a trade surplus of 5.o Mill Shs)		- 22.2
Import Coefficient		0.03	
Employment		2,500 (estd)	

RATING

	Social	F/Ex	Employment
Essential	X		
Important			X
Secondary		X	

FUEL WOOD PLANTATION FOR HIMA CEMENT WORKS

Objective To provide wood chips as fuel for cement works in place of imported fuel oil.

Appendix E2, Volume III

			Quantity Tonnes	Value Mill Shs
Capacity		90,000 Tonnes Dry Wood Chips		
Sales	-	Home	90,000	2.2
		Export	-	-
		Total	90,000	2.2
F/Ex	-	Capital Cost	Est	2.5
F/Ex	-	Operating Cost	Est	0.3
Net F/Ex		Benefit Positive - see note below		
Import Coefficient			Approx 0.15	
Employment			Approx 30	

RATING

	Social	F/Ex	Employment
Essential		X	
Important			
Secondary	X		X

Note* Project should save cost of fuel oil valued at 25 million Shs per year.

FURNITURE MANUFACTURE

Objective To increase the added value of the timber industry and to develop export markets.

Appendix D9, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home		10-12
	Export		2
	Total		12-15
F/Ex -	Capital Cost		1.9-2.0
F/Ex -	Operating Cost		2.0
Net F/Ex	Benefit		small
Import Coefficient		0.19	
Employment		200	

RATING

	Social	F/Ex	Employment
Essential			X
Important			
Secondary	X	X	

REHABILITATION OF EAST AFRICAN GLASS

WORKS LTD. KAMPALA

Objective To provide bottles required in Uganda - Mainly for beer and soft drinks.

Appendix E9, Volime III

			Quantity Tonnes	Value Mill Shs.
Capacity	5,000 tonnes glass			
Sales -	Home		2,800	
	Export		200	
	Total		3,000	7.5
F/Ex -	Capital Cost			8.0
F/Ex -	Operating Cost			2.5
Net F/Ex	Benefit	Strongly negative, about		- 2.0
Import Coefficient		About	0.80	
Employment			184	

RATING

	Social	F/Ex	Employment
Essential			
Important			X
Secondary	X (?)	X	

Note : Small present size of market, low thermal efficiency of furnace and high fuel costs would result in higher manufactured cost than cost of imported bottles.

A new plant using electrical heating should be considered when market of 10,000 T/A is reached.

Objective To make 5 million woven polypropylene bags and save on the cost of raw jute.

Appendix D7, Volume II

Capacity 5 million bags		Quantity Tonnes	Value Mill Shs	
Sales -	Home	100%	10.0	
	Export	-	-	
	Total		10.0	
F/Ex -	Capital Cost		9.8	
F/Ex -	Operating Cost		5.7 0.3 6.0	pp Spares
Net F/Ex	Benefit		14.0	
Import Coefficient		0.89		
Employment		72		

RATING

	Social	F/Ex	Employment
Essential			
Important		X	
Secondary	X		X

RE-ESTABLISHMENT OF PLANTATION

RUBBER AT MASINDI

Objective To supply rubber requirements of Uganda's footwear and cycle tyre industries, thereby saving about 6 million Shs/year in foreign exchange for rubber

Appendix E7, Volume III

			Quantity Tonnes	Value Mill Shs
Capacity	1,000 Tonnes rubber			
Sales -	Home		750	6.0
	Export		250	2.0
	Total		1,000	8.0
F/Ex -	Capital Cost	)		
F/Ex -	Operating Cost	) Feasibility study		
Net F/Ex	Benefit	) required as suggested		
Import Coefficient		) by Bata		
Employment		)		

RATING

	Social	F/Ex	Employment
Essential		?	
Important	X	X	X
Secondary			

Objective To increase sugar production

Appendix D5, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home	195,000	331.5
	Export	30,000	81.0
	Total	225,000	412.5
F/Ex -	Capital Cost		700.0
F/Ex -	Operating Cost		164.3
Net F/Ex	Benefit		- 207.3
Import Coefficient		0.70	
Employment		20-30,000	

RATING

	Social	F/Ex	Employment
Essential	X		X
Important			
Secondary		X	

TANNERY

Objective (1) To provide leather required by Ugandan industries (mainly footwear) from local hides and skins.

(2) To provide employment by exporting leather rather than hides and skins.

Appendix E7, Volume III

			Quantity	Value Mill Shs.
Capacity	280,000 cattle hides 560,000 goat skins			
Sales -	Home			11
	Export			34
	Total			45
F/Ex -	Capital Cost			8
F/Ex -	Operating Cost			6
Net F/Ex	Benefit			28
Import Coefficient		Approximately	0.25	excluding initial capital
Employment			328	

RATING

	Social	F/Ex	Employment
Essential			
Important			X
Secondary	X ?	X	

* Note: Effect on Foreign Exchange is complex. Project will :

(1) drastically reduce purchases of imported leather for boots and shoes;

(2) reduce sales of exported hides and skins;

(3) increase value per hide and skin exported as leather.

TEA PROJECT

Objective To increase exports of tea and to improve quality

Appendix D6, Volume II

		Quantity Tonnes	Value Mill Shs
Sales -	Home	3,000	16.50
	Export	26,000	208
	Total	29,000	224.5
F/Ex -	Capital Cost		184.25
F/Ex -	Operating Cost		27.0
Net F/Ex	Benefit		135.45
Import Coefficient		0.31	
Employment		25,600	

RATING

	Social	F/Ex	Employment
Essential	X	X	X
Important			
Secondary			

TOBACCO PROJECT

Objective To increase tobacco production for export either as leaf or as cigarettes.

Appendix D8, Volume II

		Quantity Tonnes	Value Mill Shs
Capacity	say 7.0 million kg		
Sales -	Home	3,000	36.0
	Export	4,000	60.0
	Total	7,000	96.0
F/Ex -	Capital Cost		11.0
F/Ex -	Operating Cost		6.0
Net F/Ex	Benefit		44.0
Import Coefficient		0.17	
Employment		12,000	

RATING

	Social	F/Ex	Employment
Essential		X	X
Important	X		
Secondary			

Objective To build three 100 ton per day oil seed mills

Appendix D4, Volume II

			Quantity Tonnes	Value Mill Shs
Capacity	75,000 tonnes of cotton oil			
Sales	-	Home		34.6
		Export		41.7
		Total		76.3
F/Ex	-	Capital Cost		102
F/Ex	-	Operating Cost		19.8
Net F/Ex		Benefit		3.9
Import Coefficient			0.5	
Employment			300	

RATING

	Social	F/Ex	Employment
Essential	X		
Important		X	
Secondary			X

REHABILITATION AND ENLARGEMENT OF LUHIZHA WOLFRAM MINE

Objective To develop and expand wolfram mining industry.

All figures tentative 'order of magnitude' estimates.

Full survey and feasibility study required.

Appendix E11, Volume III

			Quantity Tonnes	Value Mill Shs
Capacity	1000 Tonnes wolfram			
Sales -	Home		-	-
	Export		1,000	57
	Total		1,000	57
F/Ex -	Capital Cost	About		60
F/Ex -	Operating Cost	About		15
Net F/Ex	Benefit	About		42
Import Coefficient		About	0.35	
Employment			2,500	

RATING

	Social	F/Ex	Employment
Essential			X
Important		X	
Secondary	X		

CHAPTER FIVE

TECHNICAL ASSISTANCE

V

Uganda is already benefitting considerably from assistance provided by UNDP, foreign Governments and others and would benefit from further technical assistance in many areas of its industry. A large number of possibilities are mentioned in the three volumes of this report. Some of the more important are summarised in this Chapter. For convenience, they have been grouped into three categories - Training, Administration and Finance and Industry.

V.1 Training

1. Senior and junior management in almost all industries would gain from experience and from training programmes in well-run factories (in their own industry) overseas.

2. Skilled operatives, similarly, could learn from overseas attachments, whether in developed or developing countries. Examples include the sugar and the textile industries.

3. Industry training programmes need to be established, and would benefit from overseas help. With Uganda's present structure these need to be planned at the para-statal level, but must mainly be carried out in individual factories. Transport and accommodation make residential courses very expensive.

4. Teacher training courses in Uganda operate at Uganda Technical College and other institutions. Complementary courses for industry training officers could usefully be developed.

5. Manpower planning and a manpower register are discussed in Uganda, but little action has happened. Their practicability needs to be evaluated, and if satisfactory, urgent action taken.

6. More practical experience in project identification and appraisal would be valuable for planning officers in Government departments and in industry. That experience could best be achieved by attachments to bodies overseas already engaged in similar work. The practical aspect of this work should have paramount attention. Most of Uganda's problems in evaluation and planning are essentially caused by lack of practical experience.

7. Certain key skills are in particularly short supply. UNDP has already recognised two such areas and has set up the UNIDO accountancy and consulting teams. Metallurgists, glass technologists, instrument engineers, geologists are among those identified in the appendices. The manpower survey suggested above would bring other such gaps clearly to light.

V. 2 Administration and Finance

1. The structure and operation of parastatal organisations and of marketing boards will develop faster and better if guided by experienced hands. The examination of such organisations is a big task, needing specialist advice. Each individual body would gain from individual, detailed guidance.

2. During the period when the team were in Uganda, it emerged that bilateral aid offered for certain projects was conditional upon the preparation of satisfactory feasibility studies. It is believed, for example, that a total of 469 million Shs. was available on this basis from Saudi Arabia for aid to kenaf and jute production, wheat production, beef ranching and commercial dairying. No studies had been prepared, so no funds have been forthcoming. It is understood that there are several other such offers. Assistance would be invaluable (a) to establish what, and precisely on what conditions, loan offers are outstanding and (b) to make arrangements for the necessary feasibility or pre-feasibility studies to be prepared. (It might be possible that the lender countries would consider financing these studies themselves, if proper arrangements were made).

3. Implementation of the proposals for an Industrial Investment Board (Chapter II.1) could be accelerated with the help of advice from specialists with related experience in other countries.

4. Production and distribution of export crops are very sensitive to the cost structures in the chain from farmers via cooperatives and marketing boards to export. There is an ever-present danger that the return to farmers may fall too low for it to be worthwhile for them to produce, and for the margins to intermediaries to absorb too much of the selling price.

V.3 Industry

1. Several specialised problems of industrial development are common to more than one industry. These industries would benefit if short-term expert advice were available to analyse the individual problems and set up a programme for future development. Among the problem areas which might benefit are the following examples :

(a) Electric motors - rewinding is done in individual factories, without specifications for wires or insulation. This is one reason why motors are constantly burning out. Specialist help is needed firstly to advise on correct rewinding specifications, and secondly to consider establishing an electric motor rewinding centre. (one existed until 1973).

(b) Electric power supply - another possible cause of constant motor failure could be incorrect power factor at various points of the distribution system.

(c) Factory safety - electrical systems, boilers, piping, and other systems, in many cases are extremely unsafe.

(d) Maintenance - few factories have maintenance programmes. Advice is needed in establishing the maintenance standards and training of maintenance engineers.

(e) Machine Tools - most large factories have a machine shop, usually equipped with a range of lathes, milling machines, and so on, and a few have some very large lathes. A national register could usefully be prepared, from which a plan for optimum siting and use of the country's supply of machine tools could be derived. Guidance on programming work in individual machine shops would also be beneficial.

2. Export marketing weaknesses have been mentioned several times in this report. A major deficiency is the lack of up to date commercial information. Advice on sources of information is needed by exporters at all levels.

Advice might also be helpful about centralising certain types of information (both commercial and technical) in a suitable location. The information could perhaps be collated within the Ministry of Commerce and the Ministry of Industry.

APPENDIX A

ECONOMIC SURVEY

I 1963 - 72

During the ten years following independence (1963 - 1972) Uganda's Gross Domestic Product increased every year, in real terms at an average of 3.7% per annum, slightly faster than population, which during this period increased at about 3.5% per annum. GDP for the monetary sector of the economy grew more rapidly at about 4.0% per annum.

The Second Five- Year Development Plan covered the financial years 1966/67 - 1970/71, and the performance of the economy during these years is analysed and compared with targets in Chapter Two of the Third Five-Year Plan. Monetary production over the first four years of the Second Plan grew at 4.8% per annum, compared with a target of 7.2%. This is shown in more detail in Table AI (p.59) The variations from target in production were in fact wider than these figures suggest, as the production figures for selected major products in Table AII show (p.60).

Exports exceeded imports each year of the Second Plan, but deficits on Invisible Account caused deficits on the Current Account Balance of Payments in all years except 1970. Favourable Capital movements however produced an overall surplus each year.

Prices, as measured by official cost of living indices, moved as follows:

Table AIII
Cost of Living Indices 1966 - 70

	1966	1970
High Income Index	100	118
Middle Income Index	100	119
Low Income Index	100	123

Gross Capital formation during this period represented about 20% of monetary GDP each year (Table AIV).

Table A1

Gross Domestic Product by Sector 1966-70

1966 Prices

	1966	1970	Annual Average Growth Rates 1966-70	Annual Average Growth Rates Plan Targets
	Shs. million	Shs. Million	%	%
Agriculture	1,480	1,768	4.5	5.1
Cotton Ginning, Coffee Curing and Sugar manufacture	96	113	4.1	5.6
Forestry, Fishing and Hunting	52	76	9.9	6.0
Mining and Quarrying	104	123	4.2	6.6
Manufacture of Foods	49	66	7.8	10.8
Miscellaneous Manufacturing	359	452	5.9	12.6
Electricity	68	87	6.4	9.8
Construction	69	108	11.8	11.3
Commerce	811	885	2.2	7.0
Transport and Communications	225	304	7.8	8.5
Government	323	411	6.2	7.7
Miscellaneous Services	351	451	6.4	9.8
Rents	213	231	2.0	7.4
TOTAL MONETARY ECONOMY	4,200	5,075 +	4.8	7.2
SUBSISTENCE ECONOMY	1,871	2,149 +	3.5	3.2
TOTAL GDP	6,071	7,224 +	4.4	6.3

Source: Third Five-year Plan

+ 1970 figures have since been revised upwards, increasing Monetary GDP by 17 million Shillings, and Total GDP by 54 million Shillings.

Table AII

Second Plan: Planned and Actual Production of Selected Products

'000 Tonnes

	1966 Plan Forecast	1966 Actual	1967 Actual	1968 Actual	1969 Actual	1970 Actual	1971 Plan Target
Coffee	200	165.0	158.0	152.0	229.0	216.0	260
Cotton	77	80.9	76.2	61.6	75.5	84.9	104
Sugar	115	129.0	137.4	152.4	139.9	144.0	230
Tea	10	11.2	11.2	15.2	17.6	18.2	19
Tobacco	4	2.5	3.5	4.6	3.5	3.3	11
Fish	76	85.2	99.6	108.4	125.3	129.0	104

SOURCE: Third Five-year Plan

Table AIV

The Source and Use of Real Resources 1966-1970

Current Prices

		1966	1967	1968	1969	1970
	Monetary G.D.P. at Factor Cost	4,200	4,219	4,554	5,221	5,786
Plus:	Subsistence products	1,781	1,991	2,022	2,246	2,699
Plus:	Indirect Taxes less Subsidies	489	667	684	778	885*
Equal:	G.D.P. at Market Prices	6,568	6,878	7,260	8,245	9,370
Plus:	Imports of Goods and Services	1,575	1,584	1,573	1,699	1,799
Equal:	TOTAL Real Resources available to the economy	8,144	8,461	8,833	9,944	11,169
	Gross Capital Formation	891	1,062	1,111	1,387	1,280
Plus:	Exports of Goods and Services	1,583	1,646	1,1674	1,797	2,091
Plus:	Consumption	5,670	5,753	6,048	6,760	7,798
	TOTAL use of Real Resources	8,144	8,461	8,833	9,944	11,169

SOURCE: Third Five-year Plan* Preliminary estimate only.

II The Three Year Rehabilitation Plan

Uganda's Third Five-Year Development Plan covered the period 1971/2 - 1975/6, ending on 30 June 1976. The Economic War and the expulsion of non-citizen Asians in 1972, however, invalidated the foundations of the plan, which lost its usefulness as a planning instrument. Considerable thought has been given by those responsible for planning in Uganda to the form in which the next plan should be prepared, and, in June 1975, a National Planning Team of twenty of the most able and best qualified people was established by the Cabinet to work on this subject.

Because of the severe problems facing the country following the Economic War it was decided to postpone the Fourth Five-Year Development Plan, and instead to prepare a Three Year Rehabilitation (or Action) Plan during which production can be restored to nearer its former levels, the condition of damaged or derelict plant can be made good, sufficient skilled management and operatives at all levels can be trained, and adequate foreign exchange be made available.

The Three-Year Plan is due to run from July 1976 to June 1979, and is the responsibility of the Directorate of Planning at Entebbe. In the meantime the National Planning Team, since their formation in June 1975, have prepared study papers on a wide range of subjects starting with a review of the National Economy, and have presented analyses which have been accepted by the Cabinet. Recommendations for strategy on which to base the Action Plan have also been submitted.

The top priority sectors have been agreed as those :

1. that produce commodities;
2. for which the necessary infrastructure is already at least partly in existence;
3. that are based as far as possible on local resources;
4. whose output should be able to meet home consumption needs, and combat inflation;
5. with the best export prospects, thus earning foreign exchange;
6. which directly or indirectly generate employment.

III PRODUCTION

III.1 Gross Domestic Product

Table AV, p.69 gives the most recent estimate of Gross Domestic Product, prepared by the Directorate of Planning. These show that in 1974 there was a fall of 3.8% in GDP in the monetary economy. In 1973, the fall had been 3.1%. These same figures (for the monetary economy) expressed per capita, show fall of 6.9% and 5.3% respectively, or of 11.8% over the two years from 1972. The non-monetary figures have not been included in these comparisons because of the very large degree of estimation involved, dependent essentially on the assumptions made about population increase (the last census was 1969).

Estimates for 1975 are not available, but it is clear from Tables AVI and AVII pp 70,71 and from discussions with industry that GDP has fallen further in 1975, and is still continuing to fall.

III.2 Agriculture

Table AVI shows the movement of production of five major cash crops for 1966-74, and highlights the serious fall in cotton and sugar production since the late 1960s. The other crops have held their own over the same period.

The continuing fall in cotton production since then, in tonnes, is shown in Table AVII (a). In terms of bales, 1975 cotton output is estimated at 170,000 bales or less, a little over one third of output in 1970. Sugar production (Table AVII,b) has continued to fall, to perhaps one quarter of 1970 output. Both cane growing and processing declined, but figures are not available. What is not shown by the figures is the future decline in coffee and tea as plants age, and replanting becomes less attractive. Many of Uganda's coffee plants are now around 50 years old, and some tea growers have been uprooting plants to make way for more profitable crops. A restoration of incentives is essential to reverse the very serious decline in cash crop production.

III.3 Manufacturing Industry

Table AVI shows production of Selected Manufactured Commodities from 1966-1974. Since 1972, increases among the products shown have been recorded only in production of beer, waragi, cigarettes and paints. Production of milk fell by 65% during 1972-74, of fertiliser by 37%. of blister copper by 37%, of corrugated iron sheets by 69%, and of mild steel bar and section by 17%.

A similar picture is shown by the estimates of Capacity Utilisation in the Manufacturing Sector, Table AVIII (p.72), based on studies by the Ministry of Industry and Power. These figures do not go beyond the first half of 1973, when overall capacity utilisation was 53% compared with 68.1% in 1972.

III.4 Mining

Production of the major minerals fell abruptly after 1972. The reasons for this are discussed fully in Volume III, Appendices E4 and E11.

Table AIX

Mineral Production 1966-1974

Tonnes

	Blister Copper	Beryl	Tin Ore	Wolfram
1966	16,098	277	175	119
1967	14,426	312	156	133
1968	15,597	361	335	142
1969	16,572	287	218	170
1970	16,958	367	182	335
1971	15,731	221	186	210
1972	14,071	73	113	227
1973	9,643	137	100	171
1974 (1st ½)	3,544	80	101	82

Source : Statistics Division, Office of the President.

IV FOREIGN TRADE

IV.I Summary

Exports of goods between 1960-75 have consistently exceeded imports, shown in Table AX (p.73). Over the last five years the surplus has averaged 600 million Shs, or about 30% of total exports.

This surplus has been maintained by a growing balance of trade outside the East African Community. Within the Community, a small surplus of 1.6 million Shs. in 1960 changed to a deficit in each subsequent year, which by 1975 had reached 491 million Shs. The fall has very largely been caused by declining exports to the other community partners (which fell to about 27 million Shs. in 1975) and increasing imports.

Re-exports have fallen from 2.7% of total exports in 1960, to 0.2% in 1975.

IV.2 Exports

In money terms exports have remained consistent at about 2 billion Shs. over the last 5 years (Table AXI p.74). The volume of all major exports has however declined since 1972, and the value has only been sustained by rising commodity prices. Volume falls from 1972 to 1975 (provisional) have been particularly marked for coffee at 18%, cotton at 62%, copper at 45% and animal feeds at 77%.

Coffee remains the dominant export (Table AXII p.66) accounting for 72% by value (50% in 1970) followed by cotton which contributes 11% (17% in 1970) tea 6% (5% in 1970) and copper 4% (7% in 1970). 83% of export revenue is therefore now dependent on two crops, coffee and cotton. The dangerous period in the future lies perhaps three year ahead when with new coffee plantings Brazil recovers from her recent disasters.

IV.3 Imports

The provisional value of imports in 1975 was only 20% above the value in 1970, but this conceals major changes in their composition (Table AXIII p.75). The biggest single increase is the cost of imported mineral fuels, from 102.5 million Shs. in 1970 to 335.6 million Shs. in 1975, an increase of 227%, and now representing 22.8% by value of total imports. The actual volume of fuels imported over this period has declined (by 22% from 1971-75) as may be calculated from Table AXIV p.76).

Table AXIII also shows that the total value of imports other than fuels is almost the same in 1975 as it was in 1970, with the difference that imports of machinery and transport equipment increased and of food and live animals decreased. Import volume therefore, during this period of high world inflation, fell by a large amount. perhaps one third.

Table AXII

Major Exports of Uganda

% by Value 1970 and 1975

	1970 %	1975 %
Coffee	50.4	71.9
Cotton	17.4	10.8
Copper	7.3	3.6
Tea	4.7	6.2
Animal Feeds	2.5	0.6
Hides and Skins	1.4	0.9
Tobacco (unmanufactured)	0.9	0.9
Sugar	0.9	-
Other	14.5	5.2
	100.0	100.0

V Balance of Payments

The Balance of payments on current account ran into a heavy deficit of 578 million Shs. in 1971. (Table AXV p.77). It was corrected to a surplus in 1972 by reducing imports by about the same amount. A further reduction of imports following the Economic War increased this surplus to 313 million Shs. in 1973, but the situation was then abruptly changed by the increase in petroleum prices and the start of the commodity boom at the end of the same year. Since then, the current account has shown a deficit in 1974 and 1975. This is expected to continue and the money value of imports of merchandise remains at a high level.

While the merchandise account has been not far from balance since 1974, there has been a deficit on invisible account every year from 1971. The decline in invisible expenditure over this period has been matched by a decline in invisible income in all categories.

VI Public Finance and Foreign Exchange

Table AXVI (p.78) summarises draft estimates of recurrent Government Expenditure, estimated at 1,356 million Shs. for 1975/76 or about one quarter of monetary GDP. Actual expenditure in 1971/72 was 1,258 million Shs, so that in money terms the estimated increase is only 8%. The real increase could, from previous experience, however turn out to be larger. Actual expenditure in 1973/4, for example, was 45% above the draft estimate for that year. The allocation of expenditure is also planned to change considerably from 1973/74 to 1975/76. Education, for example, shows a fall of 36%, and defence an increase of 49%. Expenditure on the Ministries of Commerce and of Industry and Power is a very small element of total expenditure (0.5%), and remains nearly constant in money terms.

Movements of Public Debt for the last 15 years are shown in Table AXVII, (p.79) illustrating the changing pattern of overseas indebtedness by countries.

The foreign exchange position is summarised for the last ten years in Table AXVIII (p.80).

VII Banking

Tables AXIX and AXX (pp 81 and 82) analyse Commercial Bank lending to the private sector, and the pattern of lending rates in June 1975. Advances have nearly doubled since 1970, with agriculture remaining the leading category. Most advances are in the 9-11% interest bracket. Interest rates are at present decided by individual banks, but the possibility of a common policy is under review. A further 80 million Shs. of loans to industry or about 5% of the commercial banks' lending, was outstanding at the end of 1975 from the credit institutions such as the Uganda Development Bank and Diamond Trust. Most of these loans were long-term.

Table AXXI shows commitments and disbursements by the East African Development Bank, and Tables AXXII and AXXIII show the liabilities and assets of the Bank of Uganda. Liabilities and assets of the commercial banks are given in Tables AXXIV and AXXV. Private sector deposits have trebled since 1971, which illustrates the large growth in the money supply since then. This suggests that there are considerable local funds on deposit which could be more usefully employed in industrial investment (pp.83-87).

VIII Prices

The Kampala cost of living indices for high income, middle income, and lower income groups, showed increases of 36.2%, 50% and 67.2% respectively, in 1974 over 1973. For 1973 over 1972, the figures for the same groups were 12%, 12.9%, and 24.4% respectively.

More recent indices are not available. Because of large variations ih individual price changes it is impossible to give a general index of inflation for the country. Prices of essentials are controlled, but there is evidence of unofficial markets for many products at sometimes considerably higher prices, and that the general level of prices is continuing to rise too rapidly.

IX Population

The latest census was taken in 1969, at which time population totalled 9,548,847. Population was estimated to total 11,063,000 in 1974, and is increasing at about 350,000 per annum. The age distribution of the population in 1969, the latest available, is published in the 1973 Statistical Abstract. At that time 60% of the population were between 20 and 64 years old, and 36% under 20 years old.

Recorded employment in 1974 was estimated at 345,688, an increase of 6,385 over the previous year. Over the period 1970-74 recorded employment is estimated to have increased by 42,336, or 3.2% per annum, about the rate at which total population is estimated to be growing.

Table [illegible]

Gross Domestic Product at Factor Cost by Industry 1966-74

Shs. Million at 1966 Prices

	1966	1967	1968	1969	1970	1971	1972	[illegible] 1973	Provisional 1974
Monetary Economy									
Agriculture	1,480	1,478	1,445	1,746	1,778	1,629	1,772	1,866	1,649
Cotton Ginning, Coffee Curing and Sugar Manufacture	96	95	94	113	114	99	95	92	73
Forestry, Fishing & Hunting	52	59	65	75	81	92	97	102	104
Mining & Quarrying	104	99	110	118	119	112	100	72	69
Manufacture of Food Products	49	48	56	57	61	57	63	57	52
Miscellaneous Manufacturing	359	378	393	432	456	482	482	454	407
Electricity	68	78	84	86	92	100	99	99	97
Construction	69	84	96	103	92	95	77	67	78
Commerce	811	805	844	900	891	940	819	719	702
Transport & Communications	225	248	266	291	276	323	332	298	317
Government	371	382	382	385	417	566	627	634	671
Miscellaneous Services	351	382	407	447	451	479	502	460	425
Rents	213	212	212	238	232	272	240	220	241
Total Monetary Economy	4,248	4,354	4,454	4,997	5,092	5,246	5,307	5,140	4,947
Non-Monetary Economy									
Agriculture	1,511	1,566	1,634	1,765	1,763	1,803	1,920	1,972	2,010
Forestry, Fishing and Hunting	132	137	141	145	149	157	163	160	174
Construction	27	28	28	29	30	32	33	33	34
Owner-Occupied Dwellings	201	211	202	235	245	254	[illegible]	265	272
Total	1,871	1,942	2,005	2,174	2,187	2,246	2,383	2,438	2,490
GROSS DOMESTIC PRODUCT	6,119	6,296	6,459	7,171	7,279	7,492	7,692	7,579	7,437
1. * Population '000 (for National Income Purposes)	3,431	8,768	9,118	9,483	[illegible]	10,076	10,441	10,704	11,063
2. Total Gross Domestic Product per Capita (Shs)	726	718	705	756	745	730	737	708	672

*

Date: 14.6.75

SOURCE : Directorate of Planning

Table AVI

Production of Major Agricultural and Selected Manufactured Commodities 1966-74

	UNIT	1966	1967	1968	1969	1970	1971	1972	1973	1974
Processed Major Agricultural Products										
Coffee	Tonne	164,674	157,580	151,542	228,610	[illegible]	171,964	175,140	212,630	199,102
Cotton	Bales	445,203	425,677	344,813	422,876	[illegible]	412,675	410,746	429,011	270,165
Tea	Tonne	11,222	11,240	15,163	17,629	19,217	17,963	23,376	21,388	21,638
Sugar	Tonne	128,994	137,417	152,418	139,914	143,975	141,266	121,414	68,597	40,502
Tobacco	Tonne	2,735	3,940	4,516	3,419	3,418	4,397	5,093	3,926	3,845
Selected Manufactured Commodities										
Fresh Milk	Litres '000	=	=	=	=	20,821	20,230	14,429	8,991	5,059
Soft Drinks	Litres '000	13,500	12,098	11,482	12,189	13,665	17,284	20,048	15,279	12,792
Beer	Litres '000	19,682	20,594	19,789	21,014	27,767	34,962	37,245	45,593	43,487
Uganda Waragi	Litres '000	238	259	365	396	563	528	729	910	773
Cigarettes (Millions)	No.	1,343	1,247	1,275	1,332	[illegible]	1,583	1,652	1,862	[illegible]
Shag Tobacco	Tonne	200	181	157	137	127	126	127	96	80
Cotton & Rayon Fabrics	Sq.M. '000	36,745	41,689	43,398	47,193	49,555	46,178	48,341	38,068*	35,556*
Uganda Blankets	Pieces '000	634	784	1,055	1,165	1,164	1,396	1,204	863	315
Socks & Stockings	Dozen.	-	-	89,069	[illegible]	124,643	99,641	[illegible]	45,763	[illegible]
Soap	Tonne	14,874	12,639	12,021	11,946	12,925	13,613	14,000	6,331	5,068
Paints	Litres '000	6	246	1,220	1,455	1,660	1,777	1,622	1,443	1,895
Matches - Small Size	Cartons (10 gross)	38,181	41,587	42,776	40,852	49,269	55,032	42,856	39,310	25,077
Matches - Large Size	Cartons (200 boxes)	-	-	-	-	-	[illegible]	6,730	4,575	[illegible]
Superphosphate (Fertilizers)	Tonne	24,607	17,020	15,005	22,832	24,761	23,888	22,564	18,575	14,144
Cement	Tonne '000	122	140	155	173	191	205	166	143	152
Blister Copper	Tonne	16,098	14,426	15,597	16,564	16,958	15,731	14,071	9,642	8,915
Corrugated Iron Sheets	Tonne	10,094	9,473	9,910	11,632	[illegible]	[illegible]	12,860	[illegible]	3,964
Mild Steel Rounds, Squares, Angles	Tonne	19,769	17,376	21,416	20,531	[illegible]	[illegible]	[illegible]	11,664	[illegible]

Notes:
(=) Figures not available
(-) Nil
(*) One Firm not covered

SOURCE : Ministry of Industry and Power

Table AVII (a)

Forecast Production of Major Agricultural Commodities to 1976

Tonnes

Coffee & Cotton (on crop season basis)

	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75*	1975/76+
Coffee	247,243	201,481	175,472	185,877	214,452	198,573	200,538	206,000
Cotton	78,232	86,353	76,344	75,988	79,385	53,700	30,550	30,000

* Provisional

\+ Forecast

Table AVII (b)

Other Major Agricultural Commodities

	1969	1970	1971	1972	1973	1974	1975 *	1976 +
Sugar	139,914	143,960	141,263	121,385	68,598	40,565	na	na
Tea	17,723	18,217	17,966	23,553	21,944	21,688	18,368	18,000
Tobacco	3,488	3,414	4,420	5,047	3,929	3,860	2,300	2,000

* Provisional

\+ Forecast

SOURCE : Bank of Uganda

Table AVIII

Capacity Utilisation in the Manufacturing Sector 1970-1973

YEAR	PAPER %	FOOD %	BEVERAGES %	TEXTILE %	LEATHER & SHOE %	WOOD %	PRINTING %	CHEMICAL %	NON METALLIC %	METAL %	OVERALL %
1970	50.0	63.0	72.0	76.0	96.5	70.0	90.0	68.0	81.0	75	74.2
1971	57.8	78.4	75.0	70.0	70	71.0	86.0	60.0	82.0	62.9	71.2
DIFFERENCE	+ 7.8	+14.6	+ 3.0	- 6.0	-26.5	+ 1.0	- 4.0	- 8.0	+ 1.0	-12.1	- 3.0
1971	57.8	78.4	75.0	70.0	70	71	86.0	60.0	82.0	62.9	71.2
1972		74.0	83.7	65.0	84.7	64.4		50.8	60.8	47.9	68.1
DIFFERENCE		- 4.4	+ 8.7	- 5.0	+14.7	- 6.6		- 9.2	-21.2	-15.0	- 3.1
1st ½ 1972		71.0	83.7	65.0	84.7	64.4		50.8	60.8	47.9	68.1
2nd ½ 1972		36.1	51.8	37.7	55.4	34.1		35.6	19.2	35.0	37.5
DIFFERENCE		-37.9	-31.9	-27.3	-29.3	-30.3		-15.2	-41.6	-12.9	-30.6
2nd ½ 1972		36.1	51.8	37.7	55.4	34.1		35.6	19.2	35.0	37.5
1st ½ 1973	36.0	56.0	73.0	42.0	55.4	64.8	75.0	45.0	57.0	35.0	53.0
DIFFERENCE		+19.9	+21.2	+ 4.3	-	*30.7		+ 9.4	+37.8	-	+15.5
1st ½ 1972		74.0	83.7	65.0	84.0	64.4		50.8	60.8	47.9	68.1
1st ½ 1973	36.0	56.0	73.0	42.0	55.4	64.8	75.0	45.0	57.0	35.0	53.0
DIFFERENCE		-18.0	-10.7	-23.0	-28.6	+ 0.4		- 5.8	- 3.8	-12.9	-15.1

SOURCE: Ministry of Industry and Power

Uganda: Foreign Trade Summary 1960-1975

Shs. '000s

Period	Imports			Exports					Balance		
	External	Interstate	Total	External	Re-exports	Total Overseas	Interstate	Grand Total	External	Interstate	Total
1960	520,600	132,260	652,860	831,780	26,760	858,540	133,880	992,420	+ 337,940	+ 1,620	+ 339,560
1961	530,920	148,740	679,660	783,900	41,240	825,140	137,120	962,260	+ 294,220	- 11,620	+ 282,600
1962	524,120	154,800	678,920	748,120	66,340	814,460	141,100	955,560	+ [illegible]	- 13,700	+ [illegible]
1963	618,440	198,660	817,100	1,029,500	60,460	1,089,960	164,820	1,254,780	+ 471,520	- 33,840	+ 437,680
1964	656,140	272,040	928,180	1,288,600	40,300	1,328,900	192,940	1,521,840	+ 672,760	- 79,100	+ 593,660
1965	817,400	333,700	1,151,100	1,254,260	24,760	1,279,020	194,540	1,473,560	+ 461,620	- 139,160	+ 322,460
1966	858,940	329,220	1,188,160	1,318,700	23,660	1,342,360	208,740	1,551,100	+ 483,420	- 120,480	+ 362,940
1967	826,560	310,911	1,137,471	1,292,740	18,100	1,310,840	251,948	1,562,788	+ 484,280	- 59,063	+ 425,217
1968	876,247	299,756	1,176,003	1,309,419	17,517	1,326,936	213,577	1,540,513	+ 450,659	- 86,179	+ [illegible]
1969	910,083	336,589	1,246,672	1,397,693	14,213	1,411,906	190,311	1,602,221	+ 501,823	- 152,204	+ 435,317
1970	865,290	363,566	1,228,856	1,761,543	10,492	1,772,035	240,351	2,012,889	+ 906,745	- 122,712	+ 364,510
1971	1,362,049	420,949	1,782,998	1,672,138	8,254	1,680,392	176,847	1,857,239	+ 318,343	- 244,102	+ 74,241
1972	808,498	350,109	1,158,607	1,851,495	9,721	1,861,216	162,032	2,023,248	+ 1,054,718	- [illegible]	+ 866,441
1973 *	683,398	455,640	1,139,038	1,943,058	4,601	1,947,659	95,614	2,043,273	+ 1,264,261	- [illegible]	+ 904,235
1974 *	943,366	611,941	1,555,307	2,169,974	3,280	2,173,254	75,567	2,248,821	+ 1,229,886	- [illegible]	+ 693,514
1975 *	949,845	519,702	1,469,544	1,874,906	4,146	1,879,052	26,533	1,905,585	+ 929,210	- [illegible]	+ 467,075

SOURCE: E.A.C. and Excise Trade Reports

* Exports have been adjusted to include Coffee Export data from the Coffee Marketing Board other than those appearing in the EAC and Excise Publications

N.B.

1. Interstate trade is that between the three East African Community Countries
2. Re-exports are imported goods subsequently re-exported without change of form to countries outside East Africa, or supplied as stores to aircraft.
3. 1975 figures are provisional.

Table AXI

Major Exports of Uganda 1970-1975

Volume and Value

	1970		1971		1972		1973 *		1974 *		1975*Provisional	
	Tonnes	Shs Million	Tonnes	Shs Million	Tonnes	Shs. Million	Tonnes	Shs Million	Tonnes	Shs Million	Tonnes	Shs Million
Coffee	191,244	1,014.5	174,621	962.3	214,183	1,128.3	196,308	1,261.7	187,230	1,567.8	176,609	1,398.1
Cotton	78,117	351.0	68,717	351.9	66,095	363.5	64,692	336.0	36,238	272.3	25,366	210.9
Copper	16,446	146.9	16,807	137.7	14,140	112.8	9,715	109.5	9,001	120.7	7,761	69.5
Tea	15,052	95.0	15,220	95.7	20,681	126.0	19,160	110.0	16,662	110.0	16,930	120.8
Animal Feeds	94,889	50.0	76,200	37.6	69,939	33.0	51,135	47.6	30,885	24.8	16,072	11.3
Hides & Skins	4,159	27.4	3,096	21.0	4,687	42.6	2,604	33.3	2,437	26.7	2,004	16.6
Tobacco Unmanufactured	1,975	18.8	2,160	21.3	2,398	18.5	1,486	13.9	1,127	9.4	1,268	15.9
Sugar	23,318	19.0	362	0.4	105	0.2	10	0.02	-	-	-	-
Total of Eight Major Exports	425 200	1,722.6	357,183	1.647.9	392,229	1,829.9	345,110	1,912.0	283,580	2,131.7	246,010	1,843.1
Others		290.3		209.3		188.7		131.3		117.1		100.7
Grand Total		2,012.9		1,857.2		2,018.6		2,043.3		2,248.8		1,943.8

SOURCE : E.A.C. & Excise Trade Reports

*From Coffee Marketing Board Returns for Coffee

Table AXIII

Uganda's Imports by S.I.T.C. Groups

Shs. Million

S.I.T.C. Group	1970	1971	1972	1973	1974	1975 Provisional
0. Food & Live Animals	120.9	149.0	138.7	145.9	196.7	99.6
1. Beverages & Tobacco	9.2	9.5	7.9	12.8	6.7	7.6
2. Crude Materials, Inedible except fuels	37.4	42.2	32.3	33.5	44.1	27.3
3. Mineral Fuels, Lubricants & related Materials	102.5	117.7	114.4	115.1	230.1	335.6
4. Animal & Vegetable Oils & fats	18.2	29.1	17.7	12.8	13.7	13.4
5. Chemicals	156.3	187.4	135.5	183.7	200.6	143.5
6. Manufactured goods Classified Chiefly by Material	328.0	487.8	255.2	286.2	408.1	321.6
7. Machinery & Transport Equipment	313.3	567.1	367.6	249.5	341.4	429.1
8. Miscellaneous Manufactured Articles	123.9	197.7	86.2	97.2	110.6	88.4
9. Commodities & Transactions not classified according to kind	19.3	22.4	2.7	2.3	3.2	3.6
Grand Total	1,228.9	1,783.0	1,156.8	1,139.0	1,555.3	1,469.6

SOURCE: E.A.C. & Excise Trade Reports.

Table XXIV

Net Imports of Petroleum Products 1971-75

Tonnes

(Re-exports excluded)

ITEM	1971	1972	1973	1974	1975
1. Aviation Fuel	77,917	68,720	37,663	38,629	36,489
2. Motor Spirit	108,343	112,975	108,551	115,933	113,421
3. Kerosene	89,985	36,265	40,784	41,546	46,493
4. Auto Diesel	83,851	81,574	75,814	72,715	73,744
5. Industrial Diesel	11,262	9,616	8,004	7,024	6,804
6. Fuel Oils	70,273	68,076	68,517	76,321	59,123
7. Lubricants	3,871	8,794	8,720	9,492	6,578
8. Bitumen	1,945	9,156	3,259	3,021	2,493
9. L.P. Gas	3,842	2,459	2,573	2,700	2,759
10. Others	344	1,420	942	599	3,572
TOTAL	451,633	399,075	355,027	367,980	351,476

SOURCE: Data provided by the Oil Companies

Table AXV

Balance of Payments 1971 - 1975

Shs. Million

ITEMS	1971 Cr.	1971 Dr.	1971 Net	1972 Cr.	1972 Dr.	1972 Net	1973 Cr.	1973 Dr.	1973 Net	1974 (Rev.Prov.) Cr.	1974 (Rev.Prov.) Dr.	1974 (Rev.Prov.) Net	1975 (Prov.) Cr.	1975 (Prov.) Dr.	1975 (Prov.) Net	1976 (Forecast) Cr.	1976 (Forecast) Dr.	1976 (Forecast) Net
A. GOODS AND SERVICES	2029.4	2607.4	- 578.0	2082.3	1924.4	157.9	2039.9	1727.2	312.7	2205.2	2423.6	- 227.4	1865.0	2184.4	- 319.4	2024.0	[illegible]	- [illegible]
Merchandise	742.3	2034.0	-291.7	1884.4	1411.4	473.0	1931.5	1416.1	515.4	2122.2	2106.1	16.1	1762.7	1737.9	24.8	[illegible]	[illegible]	- [illegible]
Services	287.1	573.4	- 286.3	197.9	513.0	- 315.1	108.4	311.1	- 202.7	84.0	327.5	- 243.5	102.3	446.5	- 344.2	67.0	[illegible]	- [illegible]
Other Transportation	48.1	89.5	- 41.4	54.0	156.9	-102.9	1.2	28.9	- 27.7	3.0	29.2	- 26.2	7.0	127.9	- 120.9	[illegible]	[illegible]	- [illegible]
Travel	145.0	147.0	- 2.0	68.8	96.3	- 27.5	27.2	51.3	- 24.1	23.8	49.4	- 25.6	27.4	43.6	- 15.2	20.0	[illegible]	- [illegible]
Investment Income	22.0	182.7	-160.7	17.1	137.6	-120.5	28.4	128.6	- 100.2	9.2	159.0	- 149.8	13.0	155.4	- 142.4	12.0	[illegible]	- [illegible]
Government Transactions n.i.e.	55.6	79.2	- 23.6	43.0	60.0	- 17.0	39.6	43.1	- 3.5	35.0	35.7	- 0.7	48.4	45.2	3.2	25.0	[illegible]	- [illegible]
Other Services	16.4	75.0	- 58.6	15.0	62.2	- 47.2	12.0	59.2	- 47.2	13.0	54.2	- 41.2	8.5	74.4	- 65.9	7.0	[illegible]	- [illegible]
B. TRANSFER PAYMENTS	102.3	136.4	- 34.1	111.8	153.4	- 41.6	54.4	63.7	- 9.3	79.4	77.8	1.6	106.3	50.4	55.9	187.0	[illegible]	[illegible]
Private	42.8	95.9	- 53.1	39.0	103.1	- 64.1	18.7	46.0	- 27.3	21.2	57.5	- 36.3	7.6	34.4	- 26.8	90.0	[illegible]	
Official	59.5	40.5	19.0	72.8	50.3	22.5	35.7	17.7	18.0	58.2	20.3	37.9	98.7	16.0	82.7	97.0	[illegible]	
C. CAPITAL ACCOUNT	597.7	361.1	236.6	554.4	668.1	-113.7	270.8	616.7	- 345.9	337.0	332.0	5.0	485.2	468.9	16.3	211.3	[illegible]	- [illegible]
Private*	196.0	143.9	52.1	200.8	462.6	-261.8	173.4	461.4	- 288.0	102.0	233.7	- 131.7	71.3	391.2	- 319.9	94.0	235.[illegible]	- [illegible]
Short term	6.4	-	6.4	8.1	15.5	- 7.4	35.6	264.8	- 229.2	2.0	119.0	- 117.0	4.0	273.2	- 269.2			
Long term	189.6	143.9	45.7	192.7	447.1	-254.4	137.8	196.6	- 58.8	100.0	114.7	- 14.7	67.3	118.0	- 50.7			
Official (Central Government)	401.7	217.2	184.5	353.6	205.5	148.1	97.4	155.3	- 57.9	235.0	98.3	136.7	413.9	77.7	336.2	217.3	201.[illegible]	[illegible]
Short term	5.2	9.0	- 3.3	4.9	17.8	- 12.9	-	13.2	- 13.2	-	-	-	-	-	-			
Long term	396.5	208.2	198.3	348.7	187.7	161.0	97.4	142.1	- 44.7	235.0	98.3	136.7	413.9	77.7	336.2			
D. ERRORS AND OMISSIONS	13.1	-	13.1	-	-	-	-	-	-	-	-	-	-	-	-			
E. SDRs.	36.1	-	36.1	32.9	-	32.9	-	-	-	-	-	-	-	-	-			
F. MONETARY MOVEMENTS	326.3	-	+ 326.3	-	35.5	- 35.5	42.5	-	+ 42.5	220.8	-	+ 220.8	247.2	-	+ 247.2	223.1		+ 223.1

SOURCE : Bank of Uganda

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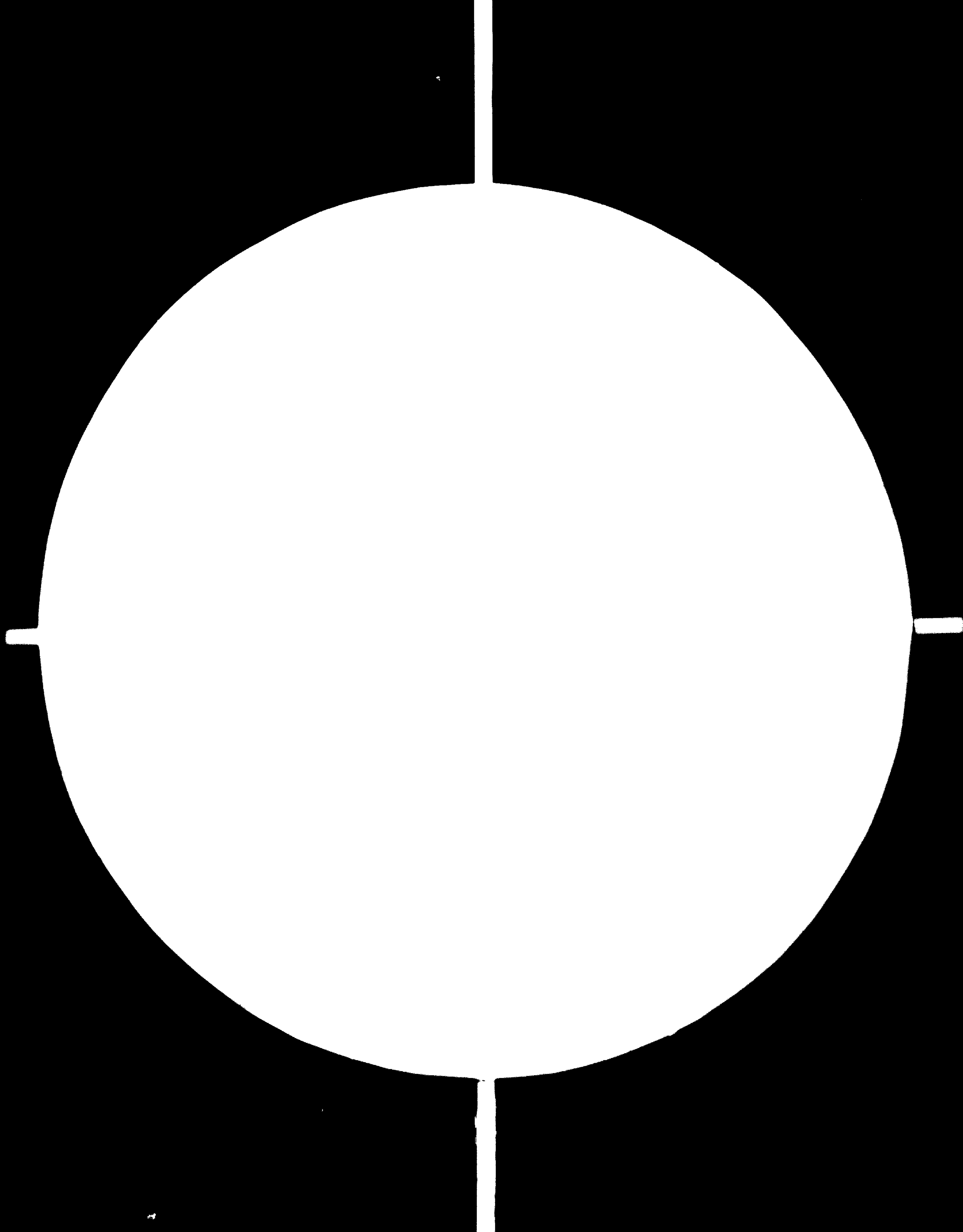

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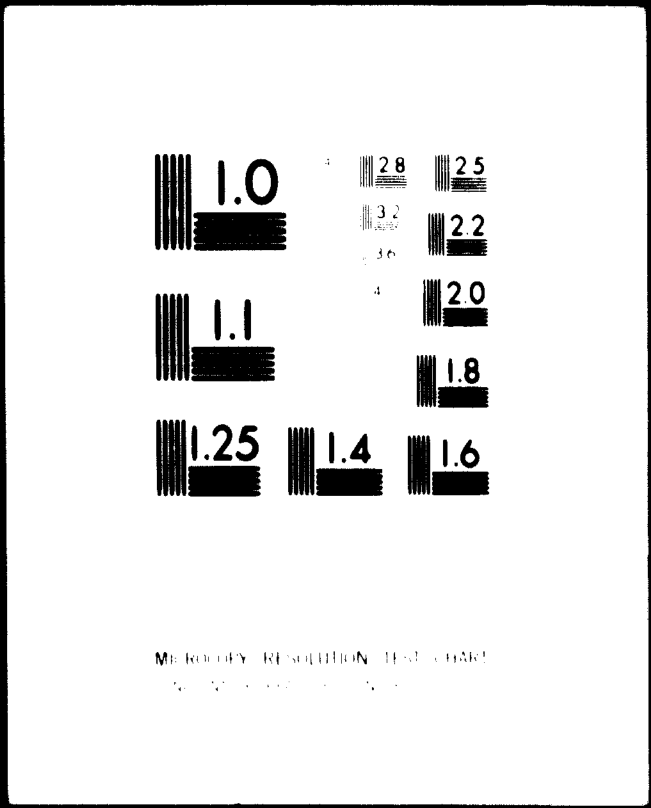

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TABLE [illegible]

Summary of the Draft Estimates of Recurrent Expenditure 1975/76 the Approved Estimates of Recurrent Expenditure 1974/75 and the Actual Recurrent Expenditure 1973/74

SOURCE : Government Publication

Vote	Ministry/Department	Draft Estimates 1975/76	Draft Estimates 1974/75	Actual Expenditure 1973/74
		Shs. '000	Shs. '000	Shs. '000
001	Office of the President	48,272	60,340	115,374
002	Judiciary	10,413	13,016	13,530
003	National Assembly	1,322	1,652	1,702
004	Audit	1,504	1,880	1,667
005	Public Service and Cabinet Affairs	10,927	13,658	17,832
006	Foreign Affairs	14,781	18,476	31,745
007	Justice	6,162	7,702	7,994
008	Finance	39,275	49,094	44,353
009	Commerce and Industry	4,167	5,209	7,777
010	Agriculture and Forestry	70,246	87,807	115,261
011	Animal Resources	60,867	76,084	46,668
012	Land and Water Resources	27,569	34,461	47,187
013	Education	228,636	285,795	355,343
014	Health	84,573	105,716	109.429
015	Culture and Community Development	15,794	19,742	13,530
016	Works and Housing	66,370	83,712	82,547
017	Transport and Communications	8,498	10,622	6,285
018	Information and Broadcasting	12,004	15,005	24,723
019	Industry and Power	3,135	-	-
020	Labour	4,134	5,167	5,928
021	Defence	492,738	235,922	330,720
022	Internal Affairs	6,061	7,576	7,281
023	Police Force	47,854	59,817	74,600
024	Prisons Service	36,567	45,708	36,986*
025	Provincial Administrations	36,976	46,220	54,778
026	Planning and Economic Development	4,025	5,031	-
027	Co-operatives and Marketing	12,804	16,005	-
028	Tourism and Wildlife	572	-	-
-	Tourism	-	-	212
	TOTAL - SUPPLY VOTES	1,356,246	1,311,417	1,553,452

The provisions in respect of 1974/75 and 1975/76 Finanical years reflect gross **estimated** expenditure. Appropriations-in-Aid estimates are reflected under Recurrent Budget Revenue.

*1973/74 Approved Estimates

The Actual Expenditure figures in respect of 1973/74 Finanical Years include Appropri.tions-in-Aid applied to expenditure.

[illegible]	[illegible]	Total Internal Debt	[illegible]	Treasury Bills	Tax Reserve Certificates	Total Long-Term Debt	Stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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[illegible]	I.B.R.D. and I.D.A.	West Germany	U.S.S.R.	Foreign Development Fund	Government of United Nations	Denmark	Canada	Japan	Netherlands	Other Sources	[illegible]	Contribution Pakistan	Commitment to Ceylon
[illegible]	-	-	-	-	-	-	-	-	-	-	-	-	-
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Table AXVIII

Gross and Net Foreign Exchange Position of the Banking System

Shs. millions

At December	BANK OF UGANDA					COMMERCIAL BANKS			
	ASSETS			LIABILITIES	NET	ASSETS	LIABILITIES	NET	GRAND TOTAL
	Foreign Exchange	SDRS	IMF Gold Tranche						
1966	258.3	-	-	135.1	123.2	57.0	116.0	-59.0	64.2
1967	216.3	-	-	3.5	212.8	89.7	72.5	17.2	230.0
1968	320.5	-	-	3.5	317.0	49.0	51.7	- 2.7	314.3
1969	341.8	-	-	7.3	334.5	78.8	24.2	54.6	389.1
1970	317.0	38.4	46.3	3.7	398.0	70.6	15.9	54.7	452.7
1971	118.1	74.5	-	10.7	181.9	61.9	40.0	21.9	205.8
1972	150.9	106.0	-	21.2	235.7	63.2	59.6	3.6	239.3
1973	88.2	119.9	-	13.9	186.2	38.4	22.6	15.8	202.0
1974	75.5	44.3	-	8.7	111.1	70.5	50.8	19.7	130.8
1975	180.9	34.7	44.1	18.7	241.0	130.8*	27.3*	103.5*	356.4*

SOURCE : Bank of Uganda

* September

TABLE AXIX

Commercial Banks - Analysis of Bills, Loans and Advances to the Private Sector

Shs. Million

	1970		1971		1972		1973		1974		1975		
	June	Dec	June	Dec	June	Dec	June	Dec	June	Dec	March	June	[illegible]
1. Agriculture	400.5	401.6	374.1	336.7	440.2	373.4	498.9	463.2	549.6	600.0	735.6	[illegible]	[illegible]
2. Mining and Quarrying	0.8	1.2	1.5	1.9	2.2	2.0	3.3	5.5	13.0	18.7	33.2	42.9	52.2
3. Manufacturing	137.0	134.8	184.3	164.3	170.1	153.1	199.8	256.3	277.5	319.9	321.0	306.2	[illegible]
4. Trade and Commerce													
(i) Essential	63.7	68.9	64.2	74.1	70.6	106.1	71.2	98.1	107.6	134.4	119.0	126.5	130.2
(ii) Less Essential	86.6	82.7	99.3	97.2	97.8	107.9	73.2	92.1	101.8	154.0	150.4	144.4	141.2
5. Electricity and Water	12.1	4.4	13.2	13.4	19.5	11.5	45.0	24.1	9.5	13.2	5.1	5.4	[illegible]
6. Transportation	11.6	30.9	37.7	34.5	31.9	26.9	33.2	27.9	31.4	37.2	40.6	44.1	[illegible]
7. Building and Construction	36.7	44.1	41.9	41.3	33.8	29.3	27.6	22.2	28.3	40.6	52.1	48.0	53.6
8. Real Estate	20.7	19.1	17.7	13.5	10.8	9.6	18.9	17.4	12.1	12.2	13.9	4.6	7.0
9. Financial and Credit Institution	3.2	3.3	4.4	2.8	2.7	10.4	7.9	2.9	1.3	1.4	1.0	1.7	0.9
10. Personal Loans	17.2	18.5	18.8	22.0	26.5	28.1	36.7	45.9	41.4	60.8	60.4	62.6	69.7
11. Foreign Bills of Exchange	28.1	12.3	24.7	18.3	18.2	5.2	2.4	3.4	4.0	17.1	4.9	8.5	6.6
12. Others	21.4	23.5	23.2	45.2	31.9	59.2	55.1	66.7	55.3	70.2	66.8	130.3	110.2
Essential	690.5	698.2	746.6	684.5	786.5	707.5	881.9	905.7	1,022.9	1,181.1	1,311.5	1,213.4	[illegible]
Less Essential	149.1	147.1	163.4	180.7	169.7	215.2	191.8	225.0	211.9	298.6	292.5	343.6	329.9
	839.6	845.3	910.0	865.2	956.2	922.7	1,073.7	1,130.7	1,234.8	1,479.7	1,604.0	1,557.0	1,512.3

These figures cover the 6 Commercial Banks

SOURCE : Bank of Uganda

TABLE XX

Commercial Banks Quarterly Report on Lending Rates June 1975

Volume of Loans - Shs thousand

TYPES OF LOANS	Under 7%	7% to 8%	8% to 9%	9% to 10%	10% to 11%	11% to 12%	12% and over	Total
Government	967	7,154	24,910	10,604	2,069	-	-	45,704
Other Public Entities	56,091	2,480	117,037	35,874	5,[illegible]	-	-	216,[illegible]
Agriculture (other than Marketing Boards)	21,984	64,872	132,941	116,377	132,755	4,655	1,646	495,230
Manufacturing	25,194	5,704	29,768	59,133	115,387	5,008	1,605	241,799
Trade and Commerce	444	225	2,366	35,886	1,483	5,029	241	46,174
Retail	1,096	-	5,458	55,381	52,163	2,127	847	117,072
Wholesale	910	1,822	2,840	75,746	43,943	396	2,581	128.238
Export	-	-	922	-	3,409	703	-	5,034
Building and Construction	3,689	2,321	3,016	27,172	13,386	855	737	51,176
Real Estate Mortgage	194	715	2,385	3,791	2,024	10	-	9,120
Transportation	529	14,010	2,792	6,225	19,262	1,079	220	44,117
Financial and Credit Institutions	359	-	514	216	5	-	15	1,109
Personal	8,656	687	2,074	28,917	19,009	1,267	558	61,168
Bills of Foreign Exchange	2,753	-	17	5,632	-	2,035	-	10,437
Other	1,332	2,118	1,205	42,789	81,643	529	308	129,924
TOTAL	124,198	102,108	348,796	503,743	491,897	23,693	8,758	1,603,193

* Total Parastatal and Quasi-Government Loans whether or not falling under Agricultural, Manufacturing, or other categories

SOURCE : Bank of Uganda

Table AXXI

East African Development Bank

Commitments and Disbursements 1970 - 1975

Period/Item	TANZANIA Amount Shs.mn	TANZANIA % Share of Total	KENYA Amount Shs.mn	KENYA % Share of Total	UGANDA Amount Shs.mn	UGANDA % Share of Total	TOTAL Amount Shs.mn	TOTAL % Share of Total
End of June 1970								
Commitments	19.6	34.9	23.1	4.1	13.5	24.0	56.2	100.0
Disbursements	-	-	8.8	62.9	5.2	37.1	14.0	100.0
End of June 1971								
Commitments	42.3	37.1	35.2	30.8	36.7	32.1	114.2	100.0
Disbursements	3.3	11.7	13.7	48.8	11.1	39.5	28.1	100.0
End of June 1972								
Commitments	62.7	43.0	35.2	24.0	47.1	33.0	145.0	100.0
Disbursements	30.9	41.0	26.9	36.0	17.3	23.0	75.1	100.0
End of June 1973								
Commitments	80.7	35.3	63.9	28.0	83.7	36.7	228.3	100.0
Disbursements	56.2	49.6	38.6	34.2	18.3	16.2	113.1	100.0
End of June 1974								
Commitments	82.5	33.3	69.2	27.9	96.1	38.8	247.8	100.0
Disbursements	74.0	45.7	50.0	31.0	37.7	23.2	161.7	100.0
End of June 1975								
Commitments	177.460	33.7	100.085	28.7	131.170	37.6	348.712	100.0
Disbursements	81.282	41.8	72.432	37.3	40.574	20.9	194.288	100.0

SOURCE : Bank of Uganda

Table AXXII

Bank of Uganda Assets and Liabilities

Liabilities

Shs. Million

At December	Paid-up Capital	General Reserve Fund	Notes	Coin	INTERNAL DEPOSITS			External Deposits	Other Liabilities	Total Liabilities
					Bankers' Deposits	Government	Official Entities			
1966	5.0	-	266.8	-	34.4	11.4	-	12.6*	-	330.1
1967	13.3	2.0	367.5	17.7	46.7	0.8	29.6	3.6	5.2	486.4
1968	13.3	4.0	433.6	26.7	50.2	0.3	30.6	3.5	25.4	587.6
1969	13.4	8.6	525.4	34.9	32.1	13.3	8.5	7.2	24.9	684.3
1970	13.4	24.1	594.2	37.3	64.6	0.7	1.0	3.7	105.5	862.5
1971	20.0	26.6	592.9	40.2	66.3	1.3	2.3	10.7	217.9	978.4
1972	20.0	28.6	633.9	40.4	112.6	1.2	8.7	21.2	297.2	1,163.8
1973	20.0	29.0	809.6	65.3	126.0	1.6	11.1	13.9	462.1	1,538.6
1974	20.0	28.9	1,104.0	82.4	145.1	0.8	4.2	8.7	508.6	1,902.7
1975	20.0	33.4	1,404.3	87.1	604.3	0.3	4.7	18.7	707.7	2,880.5

SOURCE : Bank of Uganda

* Includes external loans

Table AXXIII

Bank of Uganda - Assets and Liabilities

Assets - Shs. Million

At December	Total External Assets	SECURITIES		DISCOUNTS & ADVANCES		Other Assets	Total Assets
		Government	Official Entities*	Government	Banks		
1966	125.8	146.5	45.2	-	-	12.6	330.1
1967	216.3	150.5	60.0	22.0	10.9	26.7	486.4
1968	320.5	85.7	60.0	58.0	21.1	42.3	587.6
1969	341.8	181.2	60.0	-	63.7	37.6	684.3
1970	401.7	208.9	60.0	128.0	27.7	36.2	862.5
1971	192.6	483.1	60.0	212.0	3.0	27.7	978.4
1972	256.9	527.2	60.0	268.0	-	51.6	1,163.0
1973	200.1	508.3	60.0	730.0	-	40.2	1,538.6
1974	119.8	175.2	60.0	1,495.0	-	52.7	1,902.7
1975	259.7	27.3	60.0	2,282.0	-	251.5	2,880.5

SOURCE: Bank of Uganda

* Uganda Electricity Board

Table AXXIV

Commercial Banks - Assets & Liabilities

Liabilities Shs Million

End of Period	Private Sector Deposits		Government Deposits		Foreign Liabilities	Credit From Bank of Uganda	Capital & Reserves	Other Liabilities	Total Liabilities
	Demand	Time & Savings	Central	Regional and Local					
1966: December	307.0	317.8	*49.6	-	116.0	-	30.6	153.0	974.0
1967: December	331.0	344.6	*79.1	-	72.5	8.5	34.4	196.7	1,066.8
1968: December	422.9	399.8	21.1	28.2	51.7	21.5	41.4	75.6	1,062.2
1969: December	422.3	427.0	22.5	33.2	24.2	70.8	160.8	120.5	1,301.3
1970: December	509.0	544.3	21.7	36.4	15.9	22.9	145.9	133.8	1,429.9
1971: December	533.9	511.7	32.0	50.4	40.0	3.0	147.6	276.3	1,594.9
1972: December	897.7	543.6	30.5	85.9	59.6	-	131.1	665.1	2,413.5
1973: December	1,269.4	765.6	34.4	80.3	22.6	-	151.9	1,210.4	3,534.6
1974: December	1,852.9	823.6	17.1	96.0	50.8	-	176.5	1,503.0	4,519.9
1975: November	1,708.8	1,370.9	25.2	123.3	19.6	-	182.0	1,579.1	5,010.9

* Up to December 1967, Central includes Regional and Local as well.

SOURCE : Bank of Uganda.

Table AXXV

Commercial Banks - Assets and Liabilities

Assets - Shs.Million

at December	Reserves		Foreign Assets	Claims on Central Govt.	Claims on Regional and local Govt.	Claims on Private Sector	Other Assets	Total Assets
	Cash	Balances with Bank of Uganda						
1966:	47.8	20.5	57.0	45.6	-	583.0	220.1	974.0
1967:	40.0	38.7	89.6	29.7	-	600.5	268.3	1,066.8
1968:	31.9	54.9	49.0	116.3	2.3	669.1	138.7	1,062.2
1969:	40.6	30.4	78.8	176.7	8.1	827.0	139.7	1,301.3
1970:	41.4	57.4	70.5	253.8	10.4	849.4	147.0	1,429.9
1971:	39.7	68.6	61.9	268.0	7.8	873.9	275.0	1,594.9
1972:	58.6	96.4	63.2	663.2	16.9	938.9	576.5	2,413.5
1973:	79.0	126.8	38.4	1,085.6	1.9	1,146.7	1,056.2	3,534.6
1974:	94.0	205.5	70.5	1,423.7	25.9	1,484.3	1,216.0	4,519.9
1975:	105.6	724.1	116.7	1,316.3	35.5	1,500.9	1,211.9	5,010.9

In these figures some commercial banks erroneously included currency entrusted to them by the Bank of Uganda for the currency conversion exercise or that redeemed by them but which had not yet been surrendered to the Bank of Uganda for destruction.

SOURCE: Bank of Uganda.

APPENDIX B

UGANDA GOVERNMENT

The Foreign Investments (Protection) Act, 1964

and

The Foreign Investments (Protection) Regulations, 1965

Price : Shs. 1/40

Published by Authority

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THE FOREIGN INVESTMENTS (PROTECTION) ACT.

ARRANGEMENT OF SECTIONS.

THE FOREIGN INVESTMENTS (PROTECTION) ACT, 1964.

An Act to provide for the protection of foreign investments and for other purposes connected therewith.

Date of Assent: 29th July, 1964.

***Date of Commencement*: 30th July, 1964.**

Be it enacted by the President and the National Assembly, in this present Parliament assembled, as follows: —

Certificate for approved enterprise.

1. (1) Any foreign national who has invested or intends to invest foreign assets in any sector of the national economy may apply to the Minister in the prescribed manner for a certificate of an approved enterprise.

(2) The Minister shall consider every application made under this section and upon being satisfied that the enterprise would further the economic development of, or benefit, Uganda, may issue the certificate to the applicant.

(3) A certificate issued under subsection (2) of this section shall state,

(*a*) the name of the holder;

(*b*) the name and description of the enterprise;

(*c*) the proportion which the investment or the intended investment of foreign assets bears to the total assets of the enterprise, and the amount and description of such investment;

(*d*) the number or amount and description of shares or stock, in any case where the investment of foreign assets consists in the acquisition of shares or stock in a body corporate;

(*e*) the relevant foreign currency;

(*f*) the period within which the foreign assets are to be invested; and

(*g*) such other matters as may be necessary or desirable for the purposes of this Act.

(4) Whenever the Minister is satisfied in respect of a certificate issued under this Act, that,

(*a*) a foreign national, other than the person to whom the certificate was issued, has succeeded to the enterprise;

(*b*) the name or description of the enterprise has changed; or

(*c*) there is an enlargement of, or substantial variation in, the investment in the enterprise,

he may amend the certificate so issued to take account of any such change or variation.

(5) Where a person does not carry out the investment within the period specified in the certificate, the certificate shall cease to have effect and accordingly the certificate shall be revoked by the Minister.

(6) The Minister may, for sufficient cause shown and subject to the provisions of subsection (5) of this section, extend the period specified in a certificate issued under this Act.

Compulsory acquisition.

2. (1) No approved enterprise, interest in or right over any property or any undertaking forming part of the enterprise shall be compulsorily taken possession of or acquired save in accordance with the provisions of section 22 of the Constitution.

(2) Subject to the provisions of the preceding subsection, compensation in respect of the approved proportion of the value of the enterprise specified in the certificate issued under section 1 of this Act, shall be paid within a period not exceeding six months from the date of the taking of possession or acquisition.

(3) Any person not satisfied with a compulsory acquisition or possession under subsection (1) of this section or the amount of compensation payable thereon, may apply to the High Court for the determination of,

(*a*) his interest or right;

(*b*) the legality of the taking possession or acquisition of the property, interest or right; and

(*c*) the amount of the compensation to which he is entitled and the prompt payment of that compensation.

(4) The Chief Justice may, by statutory instrument, make Rules relating to the procedure to be followed for the purposes of the immediately preceding subsection, including provision for the lodging of appeals from the decisions of the High Court.

Transfer of profits, compensation, etc.

3. Notwithstanding the provisions of any other written law the holder of a certificate may, in respect of the enterprise to which the certificate relates, transfer out of Uganda in the approved foreign currency and at the prevailing official rate of exchange,

(*a*) the profits, after payment of the relevant taxes, of his investment of foreign assets;

(*b*) the approved proportion of the net proceeds of sale of all or any part of the approved enterprise;

(*c*) the principal and interest of any loans specified in the certificate; and

(*d*) any compensation paid under the provisions of this Act.

Regulations.

4. The Minister may, by statutory instrument, make Regulations,

(*a*) prescribing the manner in which applications may be made under section 1 of this Act, and the information which shall accompany any such application; and

(*b*) generally for the proper carrying into effect the provisions and purposes of this Act.

Interpretation.

5. (1) In this Act unless the context otherwise requires,

"approved" means approved by the Minister;

"enterprise" means an industry, undertaking or business or property or an enlargement of any such industry, undertaking or business or property, any investment or loan, or any part of any such industry, undertaking or business, property, investment or loan;

"foreign assets" includes foreign currency, credits, rights, benefits or property obtained by the expenditure of foreign currency, the provision of foreign credit or the use of foreign rights, benefits or property, and any profits from an investment in an approved enterprise by the holder of a certificate issued under section 1 of this Act, in relation to that enterprise;

"foreign national" means a person who is not a citizen of Uganda.

(2) For the purposes of this Act, assets from a Commonwealth country shall be deemed to be foreign assets.

STATUTORY INSTRUMENTS.

1965 No. 35.

The Foreign Investments (Protection) Regulations, 1965.

IN EXERCISE of the powers conferred upon the Minister by section 4 of the Foreign Investments (Protection) Act, 1964, these Regulations are hereby made this 23rd day of February, 1965. No. 17 of 1964.

1. An application for a certificate for an approved enterprise shall be made in the form set out in Form I in the Schedule to these Regulations. **Application forms.**

2. A certificate of an approved enterprise shall be in the form set out in Form II in the Schedule to these Regulations. **Certificate.**

3. The holder of a certificate of an approved enterprise shall, by the end of the period stipulated in the certificate, furnish the Minister with adequate documentary evidence that the investment described in the certificate has been made. **Evidence of investment.**

4. (1) Notwithstanding the provisions of regulation 3 of these Regulations, the holder of a certificate of an approved enterprise shall furnish the Minister, on demand, with any information, document or any other evidence relating to, **Information regarding investment.**

(a) the implementation of the approved enterprise;

(b) the fulfilment of the conditions of the approval; and

(c) the determination of the extent of any furtherance of the economic development of or benefit to Uganda.

(2) For the purposes of sub-regulation (1) of this regulation the information required shall include,

(a) any production scheme showing the volume and value of production;

(b) any services scheme showing the creation of services and the volume and value of the services intended to be rendered;

(c) any import and export scheme showing the anticipated volume of imports and exports;

(d) any employment scheme showing a programme of training for persons who are citizens of Uganda to acquire the requisite skills in the particular enterprise;

(e) any date on or before which it is expected to make the services under a service scheme available or commence production in marketable quantities of any product specified under a production scheme;

(*f*) any other information which the Minister may from time to time require.

Extent of protection.

5. The protection afforded by a certificate of an approved enterprise shall only be effective to the extent that satisfactory documentary evidence continues to be made available to show that the investment in the enterprise described in the certificate has been or is being maintained.

Burden of proof.

6. If at any time there is a dispute as to the value of any foreign assets specified in a certificate of an approved enterprise, the burden of proof shall lie on the holder of the certificate.

Citation.

7. These Regulations may be cited as the Foreign Investments (Protection) Regulations, 1965.

A. A. NEKYON,
Minister of Planning and Community Development (holding the portfolio of the Minister of Finance).

SCHEDULE.

FORM I.

THE GOVERNMENT OF UGANDA.

APPLICATION FOR A CERTIFICATE OF AN APPROVED ENTERPRISE.

(Under section 1 of the Foreign Investments (Protection) Act, 1964).

To:
The Secretary to the Treasury,
Ministry of Finance,
P.O. Box 103,
Entebbe, Uganda.

Sir,

I, the undersigned, hereby apply for a certificate of an approved enterprise within the provisions of the above Act.

A. DETAILS OF THE APPLICANT:

1. Full name of the applicant ....
....

2. Full address (registered office outside Uganda if a firm or corporate body) ....

3. Nationality ....

4. Main field of business ....

5. The locality in which it is intended to carry on the enterprise ....
....

6. Full address and telephone number of applicant's representative in Uganda ....

7. Name and address of banks or other financial institutions which are authorised to supply information about the applicant ....
....

8. Name and address of applicant's bank in Uganda ....
....

B. Details of the Enterprise:

9. Give the name or commercial title of the enterprise established or to be established in Uganda and state its legal form as an individual or corporate body ....
....

10. Describe fully the nature and object of the enterprise ....
....
....

C. Details of the Foreign Investment in relation to the overall capital structure of the enterprise:

11. Complete the table(s) below giving details of the intended capital structure of the enterprise at the time of completion of the investment of foreign capital:

(a) Proportion of Foreign Investment in Equity Capital of Enterprise:

Total Equity Capital of Enterprise (in E.A. Shs.)	Investment in Foreign Currency and Assets in Equity Capital of Enterprise		Local Investment in Equity Capital of Enterprise (in E.A. Shs.)	Percentage of Equity Investment in Foreign Currency and Assets to Total Equity Capital of Enterprise
	In Foreign Currency or Assets remitted to Uganda			
	Equivalent in E.A. Shs.			

(b) Foreign Investment in Loan Capital of Enterprise:

Principal Amounts of Loans in Foreign Currency remitted to Uganda	Rate of Interest on Principal Amount of Loans

12. Where the investment of foreign assets consists in the acquisition of shares or stock in a body corporate, state the number or amount and description of shares or stock ....
....
....

13. State the period within which the foreign investment is to be made in the enterprise (giving dates) ....
....

D. General:

14. Give any other information which may be helpful in connection with the consideration of this application ....
....
....

Declaration

I, ...
hereby declare that the details stated above are, to the best of my knowledge and belief, correct.

....
Date .... *Signature of Applicant.*

Note.—This form must be filled in triplicate.

NOTES FOR THE GUIDANCE OF FOREIGN INVESTORS

(To be printed on back of application form).

1. The applicant is advised to refer to the full text of the Foreign Investments (Protection) Act, 1964, and Regulations made thereunder, before making an application. The Foreign Investments (Protection) Act and Regulations are available at all Uganda High Commissions and Embassies in the U.K., U.S.A., India, U.S.S.R., West Germany, Ghana and the Government Printer, P.O. Box 33, Entebbe, Uganda.

2. Any certificate issued under section 1 (2) of the Act will be revoked under section 1 (5) and will cease to be effective unless the investor carries out the Investment described in paragraph 11 of the application within the period specified in paragraph 13 of the application.

3. The holder of a certificate of an approved enterprise shall be required to produce satisfactory documentary evidence that the investment described in the application form has been made by the end of the investment period.

4. A certificate issued under the Act may be amended by the Minister if he is satisfied that,

(a) a foreign national, other than the person to whom the certificate was issued, has succeeded to the enterprise;

(b) the name or description of the enterprise has changed; or

(c) there is an enlargement of, or substantial variation in, the investment in the enterprise;

and the Minister may, for sufficient cause shown extend the period specified in a certificate.

Form II.

The Government of Uganda.

CERTIFICATE OF INVESTMENT IN AN APPROVED ENTERPRISE.

(Issued under section 1 of the Foreign Investments (Protection) Act, 1964).

The provisions of the Foreign Investments (Protection) Act, 1964, shall apply to the following investment:

1. Name of the holder ....

2. Address of the holder ....

3. Name and description of the enterprise ....
....

4. Approved Capital Investment:

(*a*) Proportion of Approved Foreign Investment in Equity Capital of Enterprise:

Total Equity Capital of Enterprise (in E.A. Shs.)	Investment in Foreign Currency and Assets in Equity Capital of Enterprise		Local Investment in Equity Capital of Enterprise (in E.A. Shs.)	Approved percentage of Equity Investment in Foreing Currency and Assets to Total Equity Capital of Enterprise
	In Foreign Currency or Assets remitted to Uganda			
	Equivalent in E.A. Shs.			

(*b*) Approved Foreign Investment in Loan Capital of Enterprise:

Principal Amounts of Loans in Foreign Currency remitted to Uganda	Rate of Interest on Principal Amount of Loans

5. The number or amount and description of any shares or stock held by the approved investor in the enterprise ....
....
....

6. The date by which the foreign assets shall have been invested in the enterprise is ....
....
....

7. Other conditions, if any, on the basis of which this certificate is issued, are ....
....
....

Minister of Finance.

Date of publication **: 5th March, 1965.**

APPENDIX C

TERMS OF REFERENCE

Description of the Project

The United Nations Industrial Development Organisation (UNIDO) is to assist the Government of Uganda in the preparation of an Industrial Survey. This Survey will consist of an assessment of the country's present industrial situation, its capacity for industrial development, the identification of suitable industries to be established, and the possibilities of earning foreign exchange by exports of industrial products to the maximum extent possible. This will necessitate a survey of potential markets, and advising on possible future industrial activity including the setting-up of new export viable industries.

Background and Supporting Information

1. Uganda attained independence in 1962. It is the smallest of the three Commonwealth countries in East Africa, with an area of 94,000 square miles out of which about 19,000 square miles consist of lakes and swamps. Its population is about 10 million and is increasing at a rate of about 3.2 per cent per annum. The average density is about 100 persons per square mile, but the population is mainly concentrated near the lakes in the south-east; the northern part is rather arid and sparsely populated. The great majority of the population is rual. Kampala has a population of about 332,000 and the main industrial centre of Jinja has 47,000 inhabitants.

2. Uganda has a well developed road and rail network but it is a land-locked country and depends on the port of Mombasa in Kenya for its overseas trade. The 700 mile journey to the Kenyan port increases freight costs and this reduces the competitiveness of Ugandan industry.

3. Agriculture provides more than 50 per cent of Gross Domestic Product (GDP), about 75 per cent of exports and almost 90 per cent of employment. More than half of the cultivated land is still used for subsistence crops, but cash crops (the most important of which are coffee and cotton) are now of much greater value. Attempts are now being made to reduce overdependence on these two crops by diversifying into other products such as sugar, livestock, tea and tobacco. Export markets are being explored for such products as oilseeds, hides and skins, groundnuts, chillies, maize, cassava and bananas. These are produced at present mainly for domestic consumption. Fishing and forestry are also of economic importance. Manufacturing and mining play a small part in Uganda's economy. During 1966-71 the share of this sector in total GDP was about 9 per cent. Consumer goods constitute the largest share of manufacturing output, a substantial proportion of this being food products, e.g., coffee, sugar, tea, tobacco. The chief contributors to GDP, other than the agricultural processing industries, are base metals and metal manufacturing, chemical products, printing and publishing, clothing, footwear and wood products.

4. Most industrial enterprises are still based mainly on the processing of primary products such as cotton and coffee, sugar, tea and tobacco. Light industries are based on import substitution and include textiles, bicycle tyres and tubes, matches, cigarettes, beer, glass, galvanised iron sheets, cement, confectionery, and agricultural implements. There are also engineering workshops, a small steel mill and a copper smelting plant.

5. The only mineral so far being exported in any quantity is copper but presently known resources are not expected to last for more than another nine years at the current rate of extraction. There are no known sources of coal or petroleum, but the fall of 2,000 feet in the course of the Nile between Lake Victoria and the Sudan border provides an important source of hydro-electric power. Tin ore, wolfram and beryl are exported on a small scale. Iron ore deposits are known to exist in the country, and plans are being formulated for their exploration through multilateral (i.e UN Revolving Fund for Exploration of Natural Resources) as well as bilateral assistance.

6. In late 1972 a large number of non-citizen Asians and other foreign nationals left the country, leaving behind significant gaps in the entrepreneurial, managerial and technical cadres available for industry. As a result of the substantially altered economic structures, the Third Five-Year Plan (1971-76) lost some of its relevance and priorities and the industrial sector had to be re-examined. A Fourth Development Plan is likely to be prepared for the period 1977-81.

7. The Government of Uganda is requesting UNDP/UNIDO technical assistance for project UGA/74/020 - Assistance to the Industrial Planning and Programming Unit. The Uganda Country Programme for 1972-76 (paragraphs 107-110, pages 57-58) provides for the establishment of an "Industrial Programming and Project Promotion Division" within the Ministry of Commerce and Industry. At the time, it was intended to emphasize the promotion of new industry as one of the unit's main activities but, in view of the change in the economic picture, top priority is now assigned to accumulating and analyzing information on existing idustries to support the Ministry's regulatory and planning functions.

8. As a first step in this direction, it is proposed to conduct a comprehensive industrial survey of Uganda, which would cover manufacturing, mineral-based as well as agro-based industries. The survey will be carried out over three months by a three-man team comprising an industrial economist, an industrial engineer and an agro-industry expert.

9. A draft project document is now under consideration by the Government for "Assistance to the Industrial Planning and Programming Unit", but it is unlikely to be finalized before the findings of the survey team become known.

Responsibilities and Duties of the Contractor

The Contractor's personnel are to visit the country:

a) to analyse macro-economic conditions with a view to developing broad lines for the industrial development of the country;

b) to study the natural and human resources and the potentialities which exist for the utilization of these resources in the development of manufacturing activities in Uganda;

c) to advise on both long-term and short-term industrial development perspectives of the country;

d) to study and advise on the country's needs for industrial infrastructure facilities, industrial institutions and industrial policies and measures and incentives for developing the country's industrial potential, including the export of manufactured goods and for strengthening the industrial development machinery of the country;

e) to study the performance of existing industries, their bottlenecks and problems with a view to expanding and strengthening current production;

f) to identify industrial opportunities in the country;

g) to prepare pre-investment project data for identified projects;

h) to analyse policy problems related to the East African Community and the prospects of multi-national industries within the framework of the EAC;

i) to train counterparts in industrial survey methods,

j) to advise on technical assistance required for the implementation of the recommendations of the Survey findings.

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