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STRENGTHENING THE PLANNING UNIT OF THE MINISTRY OF INDUSTRY

BR/UGA/84/003

UGANDA

Terminal report*

Prepared for the Government of Uganda
by the United Nations Industrial Development Organization

Based on the work of Mr. B. R. Buckley,
Industrial engineer

Backstopping officer: W. H. Eckert, Industrial Planning Branch

* This document has not been edited.

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EXPLANATORY NOTES

Value of the local currency New Uganda Shillings
to United States Dollars:

Jan. - July 1988	1 US.\$ = 60 NUSh.
July - Dec. 1988	1 US.\$ = 150 NUSh.
January 1989	1 US.\$ = 165 NUSh.

ABBREVIATIONS

NRM	National Resistance Movement
UDC	Uganda Development Corporation
MOIT	Ministry of Industry and Technology
DOT	Department of Technology
IE	Industrial Engineer
UNIDO	United Nations Industrial Development Organisation
UNDP	United Nations Development Programme
SIS	Special Industrial Services
DANIDA	Danish International Development Agency
RRP	Revised Recovery Programme
PRODOC	Project Document

ABSTRACT

Project BR/UGA/84/003 was implemented in November 1987 and the Industrial Engineer took up duties in January 1988.

The purpose of the project is the "Strengthening of the Planning Unit of the Ministry of Industry and Technology" and the Industrial Engineer was to "advise on and assist in the preparation and implementation of appropriate technology policies and technological aspects of industrial planning and programming."

The project is scheduled to last two years with the Industrial Engineer being assigned for one year.

Although the IE concluded the work programme as was set out the lack of support by counterpart staff has excluded the opportunity of on-the-job training and could result in failure to follow on information gathering and study preparations.

Furthermore, the exclusive emphasis on planning capability, leaving out other aspects of industrial development such as small-scale industry development and appropriate technology application has given a lop-sidedness.

It is therefore recommended to revise the remainder of the project to provide technical assistance to the other departments to make it more balanced and cost-effective and implementation oriented.

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INTRODUCTION

The project BR/UGA/84/003 "Strengthening the Planning Unit of the Ministry of Industry and Technology" was conceived and prepared in 1984 when the Revised Recovery Programme of the then government of Uganda was in the process of implementation. But for historical reasons, this project could only be initiated in November 1987 when a new government under the National Resistance Movement was in power in Uganda and instead of the RRP, the Rehabilitation and Development Plan (1987/88 - 1990/91) was in operation.

Between 1984 and 1987, both the economic scenario and the policy environments had undergone changes, making it necessary to re-orient both the objectives and content of the project to make it more cost effective and meaningful in the context of the changed situation. In view of the fluid economic situation in 1987 it was decided by the government and UNIDO, that a minimum of 12 months would be needed to assess the situation so as to re-orient the projects inputs and outputs so as to reflect the longer term requirements of the economy.

Therefore, the project was initiated in November 1987 as conceived in 1984 with minor modifications. Although proposals to match the current and foreseen technical assistance requirements of the MOIT and the manufacturing sector for the remainder of the project have been presented at the Tripartite Review Meeting held in November 1988, this report covers the work undertaken within the original project profile.

Project BR/UGA/84/003 is financed through a loan agreement with the International Development Association (IDA) for the purpose of providing Technical Assistance (1434 U.G.) and is being executed by the United Nations Industrial Development

Organisation (UNIDO) and is being implemented by the Ministry of Industry and Technology (MOIT).

In view of the escalating costs of both international and national inputs between 1984 when the Project Document (Prodoc) was prepared and late 1987 when the project was initiated, the international expertise was reduced from the original 87 man months to 55 man months, a reduction of 37%, without proportionally reducing the outputs. This was done in a Protocol of Consultations between the government and UNIDO in September 1987.

The position of Industrial Engineer was for 12 months and the incumbent took up duty on 2nd January 1988. To facilitate the preparation of a Prodoc for Technology Development, Project DU/UGA/87/002, a break of six weeks was taken in September/October 1988, thus extending the duration of the assignment to 12 February 1989. The position of Industrial Engineer terminates approximately 9 months before the completion of the overall project.

The purpose of the project is to "Strengthen the capabilities of the Planning Unit of the Ministry of Industry and Technology and to provide direct support in the preparation of policies, plans and programmes on the sectoral and sub-sectoral levels". In particular the Industrial Engineer will "advise on and assist in the preparation and implementation of appropriate technology policies and technological aspects of industrial planning and programming".

This report details the work undertaken during the period of the assignment.

RECOMMENDATIONS

1. The introduction of the proposals for functions and structure of the MOIT should be expedited with particular regard to the role of the DOT in Industrial Planning.

An emphasis on economic aspects without the important inputs of engineering and technological considerations creates an imbalance in planning activities.

2. Sectoral, sub-sectoral and enterprise profiles should be maintained and coordinated with statistical information gathering and other information sources.

In the absence of a national counterpart it must be decided who will perform this function in the future and adequate training arranged.

3. The revisions to the project, as set out at TRM in November 1988, include IE related inputs. In the absence of the IE consideration must be given to who will now perform these duties.

4. The requests for technical assistance, through UNDP and other aid agencies, must be monitored to ensure implementation.

5. Although the MOIT has been seen to be a focal point for coordinating cooperation in the manufacturing sector, more assistance is required to develop this function.

There is a need for more active involvement in the manufacturers associations and organisations to advise on and direct their activities.

I. ACTIVITIES AND OUTPUT

The strengthening of the Planning Unit intended to assist the MOIT to function as a catalyst in industrial development as opposed to its involvement in industrial administration activities. The activities and outputs were designed to, not only provide the guidelines for the types of information necessary to base planning activities on but also, demonstrate the procedures and steps to be systematically followed to achieve this.

By the nature of the assignment some activities were conducted with the involvement of the other team members of the project while others were undertaken alone.

The Industrial Engineer, as a member of the project team, contributed to a number of activities and outputs principally to the "Operational Manual for the Restructuring of the MOIT" and also working with the Industrial Information Expert, the Statistics Expert, the Computer Expert and the CTA on a variety of activities.

On specific activities relating to the IE assignment the work involved the following:

- a. Meetings and discussions with officers of the MOIT to establish the types of planning activities being undertaken and the procedures being employed.

This also provided the opportunity of advising on alternative approaches and refinements particularly in developing manufacturing sector profiles.

- b. Field visits to the main industrial areas, Kampala, Jinja, Masaka and to such other areas as Lugazi, Masese, Kinyala, Mukono and others.

In the early stages of the assignment the assistance of the National Experts from Project 83/001 was availed of and these were invaluable in introducing the IE to industrialists and explaining the nature of the problems facing them in Uganda. Subsequently in some cases members of the DOT accompanied the IE but in the majority the visits were undertaken alone.

Resulting from the visits company and sector profiles were developed and opportunities for interaction and collaboration were identified. Where specific problems could it was felt be resolved by technical assistance requests were drafted and submitted to the MOIT. These were then forwarded to UNDP.

- c. Acting as special adviser to an interview board for a senior engineering position in a group of companies reporting to Uganda Development Corporation. This involved the preparation of a draft job description and setting the parameters for evaluating the candidates. The successful candidate has proved to be a valuable asset to the management team.
- d. Acting as special adviser to a special committee set up on the instructions of the President of Uganda to investigate the poor performance of a large parastatal

in which the government held 51% of the shares. The resultant report was presented to government.

(For Reference see Annex I).

- e. Advising the DOT and representatives of Uganda Development Corporation and a subsidiary company on the evaluation and negotiation of tenders for a rehabilitation programme to be funded by DANIDA.

The company concluded the negotiations and awarded the contract within budget, to the tender applicant who most successfully meet the terms of the evaluation exercise.

This method of approach demonstrated the need for objectivity in evaluating tenders and removes the ad-hoc subjectivity that can, in many instances, result in problems in the future.

(for Reference see Annex III)

By virtue of the nature of the assignment the activities were concentrated on establishing an information base on which planning activities could be developed. The methodology followed was to demonstrate how this information should be gathered and presented. The various outputs reflect this.

II. ACHIEVEMENT OF IMMEDIATE OBJECTIVES

The main thrust of Project BR/UGA/84/003 is the Strengthening of the Planning Unit of the MOIT. The most important services or enabling instruments in which the Industrial Engineer was expected to contribute to are listed. In addition specific activities and outputs performed within the work programme of the IE are also listed.

1. "Defining the Planning Units mandate and establishing organisational arrangements including terms of reference, staffing requirements and job descriptions."

The project, after making an in-depth analysis of the organisational structure of the MOIT, has prepared detailed "Proposals for Functions and Structures of MOIT" in which the job descriptions for all officers including the officers of the Planning Department, are spelt out and the required linkages between the different departments within the MOIT are explained.

This report has been issued by UNIDO under reference DP/ID/SER/A/1032 in June 1988 and submitted to the government.

The MOIT and the Public Service Commission are presently examining the recommendations in this report, the restructuring of the MOIT and consequently the Planning Unit can only be done when decisions are taken on this report.

The Industrial Engineer contributed the section dealing with the Department of Technology and assisted by contributing to the other sections.

2. "Assessment of the implementation of the new Revised Recovery Programme for the Industrial Sector and Recommendations of actions for Improved Industrial Performance."

The new Revised Recovery Programme has been suspended by the NRM government and the Rehabilitation and Development Plan (1987/88 - 1990/91) has been initiated. The IE and other international experts are in the process of finalising a proposal for evaluating the implementation status of the Rehabilitation and Development Plan. This will need the cooperation of a multi-disciplinary task force from the different departments of the MOIT and from other Ministries.

3. "Draft medium term industrial development plan for the time after the implementation of the new Revised Recovery Programme."

This requirement should be interpreted as preparation of a draft industrial plan for the time after implementation of the Rehabilitation and Development Plan, that is, for the period after 1990-91.

As a preparation to produce this output, a survey of over 60 medium to large industries was conducted and reports prepared on the findings.

The purpose of these "Overviews of the Manufacturing Sector" is to provide up to date profiles on the manufacturing enterprises to form an industrial base from which planning activities could be developed.

By gathering information on such areas as ownership, products, inputs, capacities and facilities, management and manpower, market and finance a broad picture of the problems and difficulties facing the sector and the potential capabilities is presented.

In addition the IE was involved in the survey of small and cottage industries in the Kampala, Jinja and Masaka regions and a report was prepared on this also.

A sub-sector study on the Leather and Tanning Industry in Uganda was prepared and the report presented.

(For Reference please see Annex I).

4. "Assist the Ministry in the appraisal and evaluation of studies related to technological aspects of planning and programming."

The late appointments of the Commissioner of Technology and the Chief Engineer in late April and early May 1988 limited this activity. However, assistance was given in four major exercises, one of which as Special Adviser to a special committee reporting to the Office of the President while the others provided on the job training in the approaches and methodologies to be followed in such exercises.

The Department of Technology now have a clearer understanding of the procedures to be followed in similar exercises in the future.

5. "Assist in the identification and evaluation of industrial projects, as related to economic and technological feasibility".

A number of projects were examined, some results in further specific assistance being identified and requested, through the Ministry, under SIS programmes and International Aid Organisations. These include:-

- Steel and Timber Processing and Fabrication Industry.
- Uganda Leather and Tanning Industry.
- Miome General Engineering Works Limited.

(For Reference see Annex II).

The preparation of requests for technical assistance, and particularly under the new format for SIS programme, has been demonstrated and the Ministry officers can adopt the systems for future requests.

6. "Identify suitable institutional arrangements and opportunities for bilateral and multi-lateral collaboration in the fields of technology."

The visits to the many industries and the meetings with officials from the MOIT, the various manufacturing and trade representatives and educational and training institutions, provided an ideal opportunity to identify the needs of the manufacturing sector.

By promoting greater contact between the MOIT and the manufacturing sector a number of exercises in collaboration have already taken place. This provides the opportunity to improve technology acquisition and development, import substitution by sourcing product locally and employment generation. The MOIT can now be seen as a focal point for coordinating such cooperation but needs further assistance to improve confidence and expertise.

(For Reference see Annex IV).

7. "Participate in establishing an appropriate system of technological information."

The main thrust has been to identify the industries and the product capabilities with further input required to assemble technological information.

8. "Give advise on quality control, standardisation and production techniques for the industrial sector."

This has been dealt with in two forms. Firstly in the reports on the Manufacturing Sector and secondly in discussions and meetings with officers of the MOIT and with industrialists and entrepreneurs who seek assistance.

During the visits to manufacturing enterprises it was quickly apparent that many of the production techniques were outdated and consequently inefficient by today's more modern standards. There is also lack of standardisation and, because of the excess of demand over supply and also possibly because of low cost imported competition quality control is not given the attention it should. The opposite is true in some enterprises, particularly those with international connections or franchise agreements.

With the establishment of the Information Unit there will be a greater opportunity for industrialists to access technical information and the development of the Department of Technology within the MOIT will also contribute to the dissemination of relevant information.

9. "Assess existing industrial capacities, bottlenecks in utilisation and propose ways for systematic increase of capacity utilisation."

During the visits to various industries this item was closely examined and is covered in detail in the reports dealing with the manufacturing sector.

The complexity of issues contributing to these items requires further investigation, not only at enterprise level but on a sectoral and sub-sectoral level.

10. "Participate in drafting the technological aspects of programmes for the industrial sub-sectors."

A sub-sector study on the Leather and Tanning Industry in Uganda has been prepared to demonstrate the procedures to follow in order to identify the technological aspects for such programmes.

11. "Provide on the job training for counterparts in selected fields of industrial technology."

This requirement has been the most elusive during the assignment. The Planning Department, as it exists today has five senior officers and two statistical assistants. Two additional senior officers are on study leave.

The Department of Technology has three senior staff and two of these were appointed mid way through the assignment.

The schedule of duties of the staff is full with a variety of assignments and their participation in the project related activities has been marginal, despite repeated requests for national counterpart co-operation.

III. UTILISATION OF WORK RESULTS

As detailed in the earlier chapters the activities and outputs were primarily concerned with information building and preparation for more formal Industrial Planning.

The proposed restructuring of the MOIT will provide for the elimination of unscheduled planning activities which, in the circumstances, do not always adequately utilise the skills and experience available within the MOIT.

The information that has been, and continues to be developed, and the reports that have been prepared provide the basis for both macro and micro planning activities.

The profiles on the manufacturing sector provide the overview of the various industries and the provision of statistical data related to these units has given the Planning Unit, and other units within the MOIT, specific information which can be used for foreign exchange allocation, performance monitoring and overall industrial growth and potential measurement and development planning.

IV. CONCLUSION

To effectively strengthen the capabilities of the Planning Unit so that a smooth continuation of planning work would continue after the termination of the assignment required the availability of counterpart staff for participation in the various exercises. This input was not sufficient.

The appropriate national staff from the Planning Unit, which is the main counterpart to the project was prevented from cooperation due to other commitments. Other departments in the MOIT, particularly the DOT, participated in some related activities but far too little to be effective.

Many of the documents and reports prepared were not contributed to or reviewed and commented on by the counterparts and this would have been necessary for a universal success of the assignment.

ANNEX I

REPORTS PREPARED:

1. OVERVIEW OF THE MANUFACTURING SECTOR - PART I
Up to date profiles on 32 large to medium enterprises to form an industrial base from which planning activities could be developed.
2. OVERVIEW OF THE MANUFACTURING SECTOR - PART II
Follow up to Part I covering further medium to small enterprises.
3. OVERVIEW OF THE MANUFACTURING SECTOR - PART III
Profiles on small scale and cottage industries in Uganda.
4. SECTORAL STUDY OF THE LEATHER AND TANNING INDUSTRY IN UGANDA.
To provide a background to the Leather and Tanning Industry in Uganda and a basis for strategy development.

REPORTS CONTRIBUTED TO:

1. OPERATIONAL MANUAL FOR THE RESTRUCTURING OF THE MINISTRY OF INDUSTRY AND TECHNOLOGY.
2. REPORT OF THE TASK FORCE TO EVALUATE THE QUALITY OF MACHINERY INSTALLED IN THE NEW SUGAR FACTORY AT LUGAZI.

ANNEX II

PROJECTS IDENTIFIED FOR ASSISTANCE:

1. **STEEL AND TIMBER PROCESSING AND FABRICATION INDUSTRY**

Request for technical assistance to the Alam Group of Industries to restructure the Organisational, Managerial, Business and Operational Procedures under UNIDO Special Industrial Services Programme.

2. **UGANDA LEATHER AND TANNING INDUSTRY**

A short term programme covering all areas of the leather and tanning industry in Uganda including education of farmers to the value and importance of hide protection, the improvement of the tanning industry and the development of export markets and import substitution.

3. **MICOME GENERAL ENGINEERING WORKS LIMITED**

A short term programme for training local personnel to identify and install appropriate technology for electric motor rewinding and repairs, electrical wire drawing, and general maintenance of testing and engineering equipment.

ANNEX III

PROJECTS EVALUATED

1. UGANDA GRAIN MILLING COMPANY LIMITED

Assistance to the UGMC group of companies to evaluate tenders for the rehabilitation of some of its operations under a DANIDA Loan for 16m US. Dollars.

ANNEX IV

EXERCISES IN COLLABORATION:

The following are some of the companies who were introduced to linkage opportunities:-

PAPCO

Kitara Enterprises Limited

East African Distilleries

Lake Victoria Bottling Company

Blenders Uganda Limited

Nile Breweries Limited

Ship Toothbrush Limited

Bata Uganda Limited

Casements Africa Limited

Printpak

Jubilee Ice and Soda

Uganda Leather and Tanning Industries Limited

Miome General Engineering Works Limited

Winnits Uganda Limited

Mukwano Soap Industries

Berger Paints Uganda Limited

Crown Corks Limited

Kampala Bottlers Limited

Century Bottling Company