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19918

Distr.
LIMITED
PPD.230
9 October 1992
Original: ENGLISH

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

INDUSTRIAL DEVELOPMENT REVIEW SERIES

UGANDA

Industrial revitalization and reorientation

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PREFACE

This Industrial Development review is one of a series of country studies prepared by the Regional and Country Studies Branch of the United Nations Industrial Development Organization (UNIDO).

The Reviews present brief factual and analytical surveys of industrial development in developing countries. Such industry-specific Reviews are in demand for a variety of purposes: to provide an information service to relevant sections within UNIDO and other international organizations and aid agencies concerned with technical assistance to industry; to be used as a reference source for financial organizations, public and private industrial enterprises, and economic research institutes in developed and developing countries; and to serve as a handy, useful information source for policy-makers in developing countries. The Reviews do not represent in-depth industrial surveys. With an exclusive focus on industry they present information and analyses on the broad spectrum of the industrial development process in the countries concerned in a condensed form.

The Reviews draw primarily on information and material available at UNIDO Headquarters from national and international sources as well as data contained in the UNIDO data base. Generally, the presentation of up-to-date information on subsectoral manufacturing trends is constrained by incomplete national data on the industrial sector. To supplement efforts under way in UNIDO to improve the data base and to monitor industrial progress and changes on a regular basis, it is hoped that the relevant national authorities and institutions and other readers will provide comments and further information. Such response will greatly assist in updating the Reviews.

This Review was prepared with the assistance of Ian Livingstone, on the basis of information available at end January 1992. The Review which is issued as a non-sales publication is divided into five Chapters. Chapter I assesses the structure and recent developments of the economy of Uganda with particular emphasis on the external sector, the debt problems and the need for macro-economic adjustment and policy. Chapter II reviews industrial policies, strategies and institutions and analyses key issues of privatization, rationalization, foreign investment, banking, technology, training and small-scale industry. The performance of the manufacturing sector is evaluated in Chapter III with a focus on the current state of the manufacturing sector, in terms of production, output, value added, capacity utilization, size distribution, location and ownership pattern. Chapter IV surveys the resource base and opportunities for resource-based industrial development focusing on the processing of products from agriculture, livestock, fish, forestry, and mining. The final Chapter V assesses the role of technical cooperation in the further development of the manufacturing sector in Uganda. Annexed to this Review are statistical tables and a list of external assistance projects in industry.

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References to dollars ($) are to United States dollars, unless otherwise stated.

Dates divided by a slash (1990/91) indicate a fiscal year or a crop year. Dates divided by a hyphen (1990-1991) indicate the full period, including the beginning and the end years.

In this publication, references to the Federal Republic of Germany and the German Democratic Republic indicate the period prior to unification of the two German States, on 3 October 1990. As of that date, the designation "Germany" is used. In Tables and listings, the former component States are listed under "G": Germany, Federal Republic of; German Democratic Republic.

In Tables:

Percentages may not add precisely because of rounding.

Two dots (..) indicate that data are not available or not separately reported.
A dash (-) indicates that data are not applicable or the amount is negligible.

The following *abbreviations* are used in this publication:

AEL	Agricultural Enterprises Ltd
BAT	British-American Tobacco Co.
DIC	Divestiture Implementation Committee
DOSSI	Department of Small Scale Industries
EASCO	East African Steel Corporation
ECPP	Emergency Cotton Production Programme
ERC	Economic Recovery Credit
ERP	Economic Recovery Programme
GDP	gross domestic product
GNP	gross national product
ICO	International Coffee Organisation
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
MOIT	Ministry of Industry and Technology
MPED	Ministry of Planning and Economic Development
MTAC	Management Training and Advisory Centre
MVA	manufacturing value-added
NGOs	Non-governmental Organisations
NRM	National Resistance Movement
OGL	Open General Licensing
PTA	Preferential Trade Area
RDP	Rehabilitation and Development Programme
RGCs	Regional Growth Centres
SDR	Special Drawing Rights
SIP	Special Improvement Programme
SRM	Steel Rolling Mills Ltd
SSI	Small-Scale Industry
UDB	Uganda Development Bank
UDC	Uganda Development Corporation
UMA	Uganda Manufacturers Association
UNIDO	United Nations Industrial Development Organization
USSIA	Uganda Small-Scale Industries Association

BASIC INDICATORS

BASIC INDICATORS I: THE ECONOMY

Population (mid-1990) : 15.3 million

Population density (1989) : 70 per person

GDP (1989) : Shs 199,247 million

GDP per capita (1989) : $260

Annual growth of GDP (Percentage) :

1981	1982	1983	1984	1985	1986	1987	1988	1989
7.2	5.7	7.4	-8.5	2.0	0.3	6.4	7.2	6.6

Structure of GDP (Percentage) :

	1981	1989
Agriculture	71.6	68.6
Mining and quarrying	..	..
Manufacturing	3.6	4.9
Electricity and water	0.1	0.1
Construction	1.6	2.3
Retail and wholesale	11.6	11.5
Transport and communication	2.5	3.5
Community service	9.0	9.2

Exports (1990) : $177.8 million

Imports (1990) : $617.6 million

Trade deficit (1990) : $439.8 million

Current account deficit (1990) : $255.0 million

External debt (1989) : $1.2 million

Debt service ratio (1990) : 54.5 per cent of exports

Exchange rate
Schilling equivalent to $1, annual average of market rate :

1985	1986	1987	1988	1989	1990	1991
14.0	14.0	60.0	165.0	370.0	540.0	915.0

Consumer price index (December 1988=100) :

December 1988	December 1989	September 1990
100	166.9	197.7

BASIC INDICATORS II: THE MANUFACTURING SECTOR[a/]

Manufacturing value added (1989)	:	Shs 9,793 million[a/]
Manufacturing employment (1990)	:	62,555 persons

Index of industrial production (1987=100) :

1984	1985	1986	1987	1988	1989	1990
101.1	91.1	86.1	100.0	123.7	145.2	154.3

Structure of MVA (Percentage) (1982) :

	Per cent
Food products	33.9
Beverages and tobacco	21.1
Textiles	29.4
Footwear and leather	1.3
Wood & wood products	2.9
Chemicals	2.5
Non-metallic mineral products	7.5
Other	1.4

Number of enterprises (1989) :

	Number
Food, beverages and tobacco	480
Textiles, apparel, leather and footwear	160
paper and paper products	556
Chemicals, rubber and plastics	47
Non-metallic mineral products	60
Iron and steel	7
Tools, hardware, metals and metal products	305
Other	2

a/ In constant 1987 prices.

BASIC INDICATORS III: INTER-COUNTRY COMPARISON OF SELECTED INDICATORS

Indicator	Unit	Uganda	Ethiopia	Kenya	Tanzania	Zaire
Population (mid-1990)	Million	16.3	51.2	24.2	24.5	37.3
Area	Thousand square kilometres	236	1,222	580	945	2,345
GNP per capita (1990)	$	220	120	370	110	220
Average annual rate of inflation (1980-1990)	Per cent	107.0	2.1	9.2	25.8	60.9
Private consumption (1990)	Per cent of GDP	94	68	63	95	..
Gross domestic investment (1990)	Per cent of GDP	12	13	24	25	11
Gross domestic savings (1990)	Per cent of GDP	-1	6	18	-6	..
Exports of goods and services (1990)	Per cent of GDP	7	13	25	18	25
Energy consumption per capita (1990)	Kg of oil equivalent	0.0	25.0	4.0	4.0	4.0
Average annual growth rate of agriculture (1980-1990)	Per cent	2.5	-0.1	3.3	4.1	2.5
Average annual growth rate of industry (1980-1990)	Per cent	5.5	2.9	3.9	0.0	2.3
Average annual growth rate of manufacturing (1980-1990)	Per cent	5.2	3.1	4.9	-0.4	2.3
Average annual growth rate of services (1980-1990)	Per cent	3.3	3.7	4.9	1.3	1.6
Manufactured exports to OECD countries (1990)	$ million	2	74	111	47	334
Current account balance (1990)	$ million	-255	-146	-477	-426	-643
Gross international reserves (1990)	$ million	44	55	236	193	261
Total external debt (1990)	$ million	2,826	3,250	6,840	5,866	10,115
Total debt service ratio (1990)	Per cent export of goods and services	54.5	33.0	33.8	25.3	15.4
Official development assistance (1990)	$ million	557	888	1,000	1,155	823

SUMMARY

The economic climate in Uganda has improved significantly following restoration of political stability and security in 1987. The country is emerging from an extended period of political and economic disruption including among many disturbances the expulsion of the Asian business class under Amin, the break-up of the East African Community, and the looting of industrial establishments during the civil war. The large-scale industrial sector has, until recently, been scarcely functioning, with low rates of capacity utilization, commonly of 5 per cent or less. Shortage of foreign exchange, in particular, has caused disruption of raw material and equipment supply.

This itself has made macroeconomic stabilization a requisite for effective development of the industrial sector, but normalization of the economy as a whole required that rampant inflation be brought under control. Efforts to stabilise the situation politically and economically have met with considerable success, such that annual rates of GDP growth of 6-9 per cent were achieved in each of the three years to 1989. The manufacturing sector achieved more rapid expansion during the same period with average annual growth rates of 19.3 per cent, although the sector accounted for less than 5 per cent of GDP.

Efforts to achieve macroeconomic balance were set back, however, by the fall in the coffee price following the collapse of the International Coffee Organization (ICO) quota system, Uganda being almost entirely dependent on coffee for its export earnings. Coinciding with the need to resort on a large scale to foreign aid in order to finance the rehabilitation of the economy, this fall in export earnings has produced quite serious balance of payments and debt problems, especially in the last 2 or 3 years, with debt repayments actually exceeding the value of merchandise export earnings.

Despite the effects of exogenous factors, Uganda has made considerable headway in implementing its structural adjustment programme with the assistance of IMF and World Bank credits, and is attempting to pursue a systematic Rehabilitation and Development Programme, and much of day-to-day economic life in the country has been restored and is thriving.

Since 1986 industrial production has picked up, although the extent of revival varies widely between industrial activities, textiles, in particular, being slower to recover. Problems include obsolete and non-functional machinery and equipment, foreign exchange shortages affecting the availability of critical imported inputs, and management/ownership questions following the departure of Asians. Earlier changes included a substantial extension of public ownership in the large-scale industrial sector, which has left behind its own problems of management and inefficiency.

In response to these problems, radical steps are being taken in the area of public enterprise policy aimed, first, at substantially reducing the direct role of government through a programme of divestiture, including the encouragement of former owners to resume control of their enterprises in many cases, and secondly, at improving the efficiency and performance of those enterprises which will remain in the public sector. Existing public enterprises have been grouped into five classes, including one for liquidation, according to different proposed degrees of public participation. The former development corporation, the UDC, is to play a substantially diminished, but more promotional role.

At the same time an Investment Code Bill has been enacted and a Uganda Investment Authority established, with the aim of clarifying and improving the conditions for attracting private local and foreign investment. This is supported by a variety of new tax incentives and exemptions.

While the Government of Uganda is inevitably preoccupied with the rehabilitation of what in earlier years was a relatively well established industrial sector, it is also considering the medium and long term, mindful of the deficiencies of the standard import-substituting strategies which formed the basis of previous industrial planning and which is reflected strongly in the existing structure of manufacturing in Uganda. Ugandan industrial planning in the 1990s will need to take a realistic view of the extent to which the opportunities within East Africa have changed since the

break-up of the East African Community, and the continued expansion of manufacturing in the neighbouring countries since that time, while taking advantage of whatever opportunities might occur under Preferential Trade Area arrangements.

Uganda's position as a landlocked country with certain obvious transport cost disadvantages has important implications for its industrial approach, suggesting in particular an emphasis on resource-based industrial development, including a component of dispersed rural industry. These and other related objectives such as greater export orientation on the basis of comparative advantage are incorporated into the Uganda Rehabilitation and Development Plan. A number of specific export incentives have been adopted.

Fortunately Uganda has the benefit of fertile soils and good climate over much of its area, and a good natural resource base in terms of agriculture, livestock, forestry and fisheries in particular, with more limited exploitable minerals. Agricultural production has itself been badly affected by the political and economic disruptions of the past two decades with major crops such as cotton, tea and sugar going into decline, leaving coffee as practically the only export crop. Rehabilitating these sectors is likely to have the highest return, also with the industrial sector in mind, because of potentially high value added in agricultural processing and other resource-based industrial activities. Moreover, increasing agricultural incomes is basic to raising overall purchasing power, stimulating rural industries, and improving the degree of capacity utilization in the large-scale sector.

I. THE ECONOMY OF UGANDA

A. RETROGRESSION AND RENEWAL

Following restoration of political stability and security in 1987 the economic environment in Uganda has improved significantly. Economic growth has resumed with an average GDP growth rate of 7.4 per cent annually during 1987-1989. The manufacturing sector witnessed more rapid expansion during the same period growing at an average annual rate of 19.3 per cent, although the sector accounted for less than 5 per cent of GDP. Within the framework of macro-economic adjustment and policy, progress has been made in rehabilitating infrastructure, reforming the civil service, removing price and other controls, and opening up the foreign exchange system. Macro-economic balance and economic development, however, is still hampered by high inflation, overvalued exchange rate, high defense expenditure, unbalanced wage and salary structures, accumulating external debt and widespread management problems, particularly in the banking sector.

Current economic prospects in Uganda need to be seen against a legacy left by political turmoil and civil war extending through the 1970s and much of the 1980s, prior to the advent of the present government in 1987. Following its Independence in October, 1962, Uganda made good progress until the military coup of January, 1971, which brought Idi Amin to power. There followed a period of ruthless violation of human rights, of army indiscipline, which was to extend well thereafter, and gross mismanagement of the economy. A structural change which occurred at this time was the wholesale expulsion of the Asian community which had to a large extent dominated the wholesale and retail trade, and also had major investments in manufacturing and plantations, particularly through two major entrepreneurs, Madhavani and Mehta. These expulsions had major disruptive effects, particularly within the large-scale industrial sector. While Asian entrepreneurs, including the eminent ones just mentioned, are being encouraged now to return, it is evident that the economy has now been effectively Ugandanised in terms of managers, technicians and skilled workers (Annex Table A-1), whatever problems exist in respect of acquired skills and experience at all levels.

A second structural change, to which the military regime also contributed, was the breakup in 1977 of the East African Community, and common market, within which Uganda's manufacturing sector had developed.

During the war of liberation which ended the regime in April, 1979, there was widespread destruction of infrastructure and of industrial plant, much of which was looted. During the period 1971-1978 the economy declined constantly, GDP falling at an average annual rate of 1.6 per cent, implying, with a population growth rate of 2.8 per cent, a rate of fall of GDP *per capita* of 4.4. By 1980, real GDP *per capita* was only 62 per cent of that in 1971. Within manufacturing, out of 930 enterprises registered in 1971 only 300 remained in operation in the early 1980s with an estimated average capacity utilization in 1980 of just 5 per cent.

Obote had again taken up the Presidency in 1980, after some short term governments following the Amin regime. Political divisions remained, however, with a further military coup in July, 1985, and after some improvement in the early 1980s the economy declined again in 1984, when GDP at constant prices fell by 8.5 per cent and GDP *per capita* by 11 per cent (Table I.1). Negative *per capita* growth was registered again in 1985 and 1986. During this period, with heavy military spending, the overall budget deficit expanded from Shs 22.2 billion in 1983/84 to Shs 63.1 billion in 1984/85 and Shs 164 billion in 1985/86. Funded by government borrowing at the Central Bank, this left an inherited situation of hyperinflation. During this period of inflation civil service and other formal sector wages were raised very little in money terms, reducing their real value to nominal levels and creating a serious problem of morale and efficiency within the public service.

This situation was inherited when, following a guerilla war, the NRM came to power in 1987. This has been followed by a period of political stability and of greatly improved security. In these conditions economic activity has begun to thrive, notwithstanding the obvious difficulties, and an average GDP increase of 7.4 per cent was achieved annually in the first three years to 1989 (Table I.1), while the manufacturing sector grew even faster at an average of 19.3 per cent annually during this period.

What might be called the 'Amin decade', 1970-1980, is contrasted in Table I.2 with the overall post-Amin decade, 1981-1989. This brings out the damage done to the economy over the first decade, especially in respect of manufacturing and MVA *per capita*, the latter declining at an average annual rate of over 11 per cent.

Despite the progress made by the NRM government in reestablishing normal civil and economic life in Uganda, a further exogeneous shock hit the economy with the collapse of the International Coffee Organization (ICO) quota system in July, 1989, producing a 40 per cent fall in one year in the price of coffee, almost Uganda's sole export. In April, 1990, the price of robusta coffee of 57 cents/lb was actually less than half the 1985 price. There has been an accompanying decline in volume from 2.3 million bags in 1989/90 to 2.0 million in 1990/91.

B. THE STRUCTURE OF THE UGANDAN ECONOMY

Uganda is an overwhelmingly agricultural country. Agriculture accounts for about 70 per cent of GDP, while manufacturing accounts for less than 5 per cent (Table I.3). Practically all exports are now agricultural, most of this (93-97 per cent) coffee (Table I.4). More than 80 per cent of the population are engaged in agriculture, according to the recent household budget survey (Annex Table A-2), compared with only 2 per cent in manufacturing. The proportion of the rural population engaged in agriculture is even greater, 87 per cent, with only 1.5 per cent engaged in rural industry.

Fortunately, given this dependence on agriculture and the obstacles to industrial development arising out of its landlocked situation, Uganda has generally fertile soils, able to support a rich agriculture in terms of both export crops and food crops, ensuring a comparatively good food supply without need of food imports. The main food crops are plantain (matoke), sweet potatoes, beans, millet and cassava. There is substantial internal trade in these foodcrops.

While Uganda now essentially only exports coffee, this was not always the case. Before World War II cotton was the main export, and it was not until 1956-1958 that coffee overtook it in importance. Even in 1971-1973 cotton accounted for 23 per cent of the combined coffee-cotton export value.[1/]

During the 1970s cotton, sugar, tea and tobacco more or less disappeared from Uganda's exports, Uganda becoming a net importer in the case of sugar, despite her former substantial sugar estates. By 1982-1984 tea, cotton and tobacco together accounted for only 3 per cent of the combined total with coffee, this position effectively continuing up to the present, despite slow increases in the production of tea and tobacco over the decade (Annex Table A-3). This dependence on coffee renders the economy extremely vulnerable: not only the agricultural economy but the entire macro-economy of Uganda, in both private and public sectors, as seen in the current impact of the coffee price collapse.

Table 1.1. GDP at factor cost, 1981-1989 at constant 1987 prices
(Million shillings)

Industry group	1981	1982	1983	1984	1985	1986	1987	1988	1989	Percentage increase 1987	1988	1989	1981-1989 (Average)
MONETARY													
Agriculture	46,263	47,200	49,139	42,241	44,905	44,651	47,669	51,656	55,368	6.8	8.4	7.2	2.3
Cash crops	3,820	6,047	5,672	5,343	5,599	5,342	5,558	5,316	5,686	4.0	-4.4	7.0	5.1
Food crops	24,314	23,035	25,422	19,811	23,592	24,639	26,995	30,172	33,240	10.0	11.8	10.2	4.0
Livestock	15,594	15,513	15,363	14,070	12,871	11,818	12,078	12,995	13,313	2.2	7.6	2.4	-2.0
Forestry	1,014	1,061	1,113	1,073	1,027	1,024	1,127	1,239	1,202	10.1	9.9	-3.0	2.1
Fishing	1,521	1,544	1,569	1,944	1,816	1,828	1,911	1,934	1,927	4.5	1.2	-0.4	3.0
Mining and quarrying	53	53	46	42	34	28	34	33	33	21.4	-2.9	-	-5.8
Manufacturing	5,588	6,482	7,020	6,795	6,129	5,767	6,734	8,262	9,793	16.8	22.7	18.5	7.3
Coffee, cotton and sugar	483	577	538	519	441	418	450	612	886	7.7	36.0	44.8	7.9
Manufactured food	345	529	554	516	531	457	614	790	803	34.4	28.7	1.6	11.1
Miscellaneous	4,760	5,376	5,928	5,760	5,157	4,892	5,670	6,860	8,104	15.9	21.0	18.1	6.7
Electricity/water	113	116	108	118	108	126	130	105	113	3.2	-19.2	7.6	-
Construction	2,252	2,531	3,097	2,973	2,656	2,183	2,999	3,885	4,247	37.4	29.5	9.3	8.3
Retail/wholesale	17,893	18,590	19,593	17,190	17,750	17,309	18,977	21,091	22,943	9.1	11.1	8.8	3.2
Transport/communication	3,835	4,010	4,384	4,759	5,137	5,596	5,812	6,230	6,979	3.9	7.2	12.0	7.8
Road	2,030	2,067	2,380	2,830	3,145	3,442	3,635	4,050	4,461	5.6	11.4	10.1	10.3
Rail	451	554	596	610	468	543	576	593	640	6.1	3.0	7.9	4.5
Air	345	272	244	101	231	180	119	73	260	-33.9	-38.7	256.2	-3.5
Communications	1,009	1,117	1,164	1,218	1,293	1,431	1,482	1,514	1,618	3.6	2.2	6.9	6.1

(continued)

Table 1.1. (continued)

Industry group	1981	1982	1983	1984	1985	1986	1987	1988	1989	Percentage increase 1987	1988	1989	1981-1989 (Average)
Community services	9,748	10,119	10,528	11,006	11,433	11,820	12,226	12,619	13,005	3.4	3.2	3.1	3.7
General government	4,039	4,080	4,121	4,162	4,204	4,246	4,288	4,331	4,374	1.0	1.0	1.0	1.0
Education	1,369	1,536	1,704	1,938	2,122	2,249	2,385	2,506	2,611	6.0	5.1	4.2	8.4
Health	384	394	406	417	429	441	453	466	479	2.7	2.9	2.1	2.8
Rents	3,548	3,705	3,869	4,041	4,216	4,398	4,588	4,780	4,978	4.3	4.2	4.1	4.3
Miscellaneous	408	404	428	448	462	486	512	536	563	5.3	4.7	5.0	4.1
TOTAL MONETARY	95,745	89,101	93,915	85,132	88,152	87,560	94,581	103,881	112,481	8.0	9.8	8.3	3.5
NON-MONETARY													
Agriculture	64,111	69,473	76,634	70,390	70,373	71,349	74,625	77,702	81,230	4.6	4.1	4.5	3.0
Food crops	57,758	63,119	70,211	63,934	63,765	64,735	67,831	70,618	74,135	4.8	4.1	5.0	3.2
Livestock	5,104	5,078	5,115	5,082	5,205	5,180	5,325	5,549	5,523	2.8	4.2	-0.5	1.0
Forestry	1,041	1,068	1,101	1,130	1,160	1,192	1,225	1,261	1,299	2.8	2.9	3.0	2.8
Fishing	208	208	207	244	243	242	244	274	273	0.8	12.3	-0.4	3.5
Construction	222	228	235	241	248	255	262	269	277	2.7	2.7	3.0	2.8
Owner occupied dwellings	4,215	4,324	4,455	4,580	4,708	4,841	4,975	5,115	5,259	2.8	2.8	2.8	2.8
TOTAL NON-MONETARY	68,548	74,025	81,324	75,211	75,329	76,445	79,862	83,086	86,766	4.5	4.0	4.4	3.0
TOTAL GDP	154,293	163,126	175,239	160,343	163,481	164,005	174,443	186,967	199,247	6.4	7.2	6.6	3.2
GDP per capita	11,739	12,089	12,614	11,228	11,136	10,865	11,245	11,725	12,150				

Source: Statistics Department, MPED, Key Economic Indicators.

Table I.2. Comparative average annual rates of growth by economic sector (at constant 1980 prices)

Sectors	Period	Uganda	Africa	Developing countries Total	Developed market economies
Agriculture	1970-1980	-0.6	0.2	2.3	0.9
	1981-1989	1.9	2.8	2.8	1.6
	1970-1989	0.3	1.2	2.5	1.4
Total industrial activities (including MVA)	1970-1980	-10.0	2.7	4.7	2.9
	1981-1989	4.5	2.1	3.1	3.4
	1970-1989	-5.1	1.4	2.6	2.7
Manufacturing	1970-1980	-9.1	5.0	6.6	3.1
	1981-1989	4.6	4.2	4.8	3.7
	1970-1989	-4.6	5.1	5.1	2.8
Construction	1970-1980	-8.5	8.1	8.6	0.7
	1981-1989	5.7	-0.9	-0.6	2.0
	1970-1989	-5.4	3.6	3.9	0.5
Wholesale & retail trade, hotels, etc.	1970-1980	-5.0	3.8	5.5	3.4
	1981-1989	2.2	2.2	2.6	3.6
	1970-1989	-2.4	3.0	4.1	3.1
Transport, storage and communication	1970-1980	-7.5	6.7	8.4	3.9
	1981-1989	7.7	2.9	3.7	3.5
	1970-1989	-1.0	5.0	6.0	3.2
Other services	1970-1980	2.6	6.5	6.7	3.7
	1981-1989	2.0	3.3	3.4	3.5
	1970-1989	2.0	5.4	5.1	3.4
GDP per capita	1970-1980	-4.3	1.7	3.1	2.2
	1981-1989	-2.7	-1.2	0.2	2.6
	1970-1989	-3.8	-0.0	1.3	2.0
MVA per capita	1970-1980	-11.6	2.1	4.1	2.2
	1981-1989	0.9	1.1	2.3	3.1
	1970-1989	-7.6	2.1	2.6	2.0

Sources: Industrial Statistics and Sectoral Surveys Branch, UNIDO. Based on data supplied by the United Nations Statistical Office, with estimates by the UNIDO Secretariat.

Coffee is grown mostly in the south-central and eastern parts of the country, mostly of the robusta variety, apart from 6-7 per cent of high quality Arabica in highland areas. Cotton production, which was centred in the drier parts of eastern and north-central Uganda, has both declined in importance, substituted for in part by maize, and moved further north. The decline of export crops other than coffee has therefore had a major impact on regional income distribution, accentuating the already considerable advantage of south-central Uganda. The Rural Household Budget Survey of 1989/90 shows that poverty, as measured by the percentage of households with monthly household expenditure in that year below Shs 25,000, is slightly greater in rural Western Uganda than in rural Central Uganda, significantly greater in the east and much greater again in the north (Annex Table A-4).

This is of relevance to regional and rural industrialization as well as to the regional balance of the development effort generally. Not only is the achievement of a more evenly distributed development effort more desirable, it is also likely to be more difficult, since rural industries are most easily promoted where agricultural incomes are high and where the agricultural and other resource base is most favourable. The needs, however, ought to be kept firmly in mind so that good opportunities to redress the balance are not left unexploited.

Table I.3. Sectoral composition of GDP (factor cost at constant 1987 prices), 1981-1989 (Percentage)

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Agriculture total	71.6	71.5	71.8	70.2	70.5	70.7	70.1	69.2	68.6
Monetary	30.0	28.9	28.0	26.3	27.5	27.3	27.3	27.6	27.8
Non-monetary	41.6	42.6	43.7	43.9	43.0	43.5	42.8	41.6	40.8
Mining & quarrying	..	..	..	..	..	..	..	..	..
Manufacturing	3.6	4.0	4.0	4.2	4.2	3.5	3.9	4.4	4.9
Electricity & water	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Construction, including non-monetary	1.6	1.6	1.9	2.0	2.0	1.5	1.9	2.2	2.3
Retail & wholesale	11.6	11.4	11.2	10.7	10.9	10.6	9.9	11.3	11.5
Transport & communication	2.5	2.5	2.5	3.0	3.1	3.4	3.3	3.3	3.5
Community services, including owner-occupied dwellings	9.0	8.9	8.6	9.7	9.9	10.2	10.9	9.5	9.2
Total	100	100	100	100	100	100	100	100	100

Source: Statistics Department, MPED, Key Economic Indications.

Also relevant to industrialization policy is the comparatively low degree of urbanization in Uganda (Annex Table A-5). There was, between 1980 and 1991, an increase in the number of small towns, resulting in an increase in the total number of towns in the group of 20,000 people or more from 8 to 16, more than doubling the population in towns. During this period also, Kampala grew at an average annual rate of 5.0 per cent compared with an overall population growth rate of 2.8 per cent. At the same time, however, the proportion of people in towns of 20,000 or more grew from below 5 per cent to just below 8 per cent, very low even by African levels of urbanization. Uganda continues to have, therefore, a largely rural economy with its welfare firmly based upon the agricultural sector.

Within the agricultural sector a useful contribution has been made in the past by expatriate-owned sugar and tea estates, together with British-American Tobacco Co. (BAT), sponsored tobacco production in the West Nile District, and there has been some development of ranching in Western Uganda within the livestock sector. But large-scale agriculture has never had the same role it has had in neighbouring Kenya, for instance, and agricultural development has been largely based on smallholders, producing food crops for their own consumption and for sale within Uganda, and cash crops for export.

It would be expected that the economic disruption caused by the political events starting in the early seventies would have its greatest effects on the urban sector and especially on urban formal sector employment, but also, of course, on formal sector employment in agricultural estates. Between 1970 and 1977 recorded employment grew at an annual rate of 2.3 per cent, below the population growth rate (Annex Table A-6). In the 10 years from 1977 to 1987, for which we have no firm data available, the growth rate will undoubtedly have been significantly lower. Data from the National Manpower Survey of 1988 is not strictly comparable with previous figures, but does suggest that, although public sector employment has increased, private sector recorded employment has decreased significantly, producing a comparatively small change in the combined total between 1977 and 1988. The 1988 figure of some 378,000 persons represents about 5 per cent, only, of the total working population. About 53,000 out of these were employed in industry, not a substantial figure.

Since the population of the main city, Kampala, increased by two-thirds between 1980 and 1991, as just shown, and the population in towns of above 20,000 more than doubled, it is evident that informal sector employment in towns has increased substantially.

The Uganda National Household Budget Survey (which combines formal and informal sector employment) gives a good idea of how these people are employed (Annex Table A-7). Among men, within the urban sector about 50 per cent are sales or service workers, while less than 8 per cent are in manufacturing. Among women, even for urban households, the proportion engaged in agriculture is as high as 25 per cent, while over 55 per cent are sales and service workers. Only 2.5 per cent are in manufacturing. The very low per cent of persons engaged in manufacturing in rural Uganda, less than 2, has already been pointed out.

The government is concerned about the needs of the most disadvantaged groups and increased from 1991 budgetary allocations for primary health care, education, and water supply. In addition, the government is implementing a programme for the alleviation of poverty and the social costs of adjustment (PAPSCA) which addresses the needs of those who are in a precarious economic and social condition. PAPSCA consists of 19 initiatives related to small-scale rural infrastructure rehabilitation, water supply and sanitation, primary education, health services for widows or orphans, and other social services, which are being funded by a number of donors. In the medium term PAPSCA aims to strengthen social policy planning with a view to incorporating concern for the poor and the most vulnerable in the design of the government's economic policy initiatives.

C. THE BALANCE OF PAYMENTS AND THE DEBT PROBLEM

Uganda's progressively narrower export base and complete export dependence on coffee would be expected to render more vulnerable its balance of payments. The average realized coffee price in Uganda fell by 64 per cent from 1986 to 1990 (Table I.5), as did the value of coffee exports in dollar terms. The biggest blow has been the major fall in 1990, from an already reduced level. As a non-oil developing country, Uganda was vulnerable on a second front, the unit value of petroleum imports in the same period going up by 36 per cent and total value in dollar terms by 48 per cent.

The impact on the balance of payments can readily be seen (Table I.6). From 1986 to 1990 merchandise exports fell by 56 per cent, merchandise imports increased by 30 per cent, also due to project aid disbursements, so that the deficit on trade widened rapidly from $69 million to $440 million, in a few years. This had to be partly compensated by an increase in import support and project aid grants, under the heading of unrequited transfers, which increased by $84 million.

The very rapid increase in overseas aid which followed from the establishment of more stable government under the NRM is readily observable. Official inflows increased from $128 million in 1986 to $407 million in 1989 and $310 million in 1990. With aid running at a very high level like this, justified by the need for rehabilitation of physical infrastructure and productive capacity, the effect in terms of accumulating national debt is an obvious question, particularly in the light of the major decline in Uganda's earning power associated with the fall in the coffee price. This required special IMF support and exceptional financing in 1990.

During 1990, actual debt repayments amounted to just over 80 per cent of maturities (Table I.7). Disquietingly, virtually no repayment was effected during the year in respect of some $47 million of bilateral debt maturities, accounting for just short of one-third of payments due. This defaulting has already led to suspension of already promised funds[2/] from major multilateral and bilateral donors. In respect of the fiscal year 1990/91, the Minister of Finance announced a debt service in excess of $148 million, with total debts due which could not be paid of $250 million. There are now serious debt and balance of payments problems. Already, in both the third and fourth quarters of 1990, actual debt repayments exceeded the value of merchandise export earnings, mostly made up of coffee receipts. This does not appear to be a sustainable debt servicing situation.

For the moment aid inflow is maintaining the balance of payments, hopefully in expectation of a recovery in coffee earnings and/or restitution of other sources of export revenue.

D. MACROECONOMIC ADJUSTMENT AND POLICY

Rehabilitation and Development Programme and other measures

The NRM government in 1987 inherited an economy ravaged by war and years of neglect. After re-establishing general security, it set about economic rehabilitation, which has been conducted since in terms of the macro-economy, of basic social and economic infrastructure, and of specific sectors, including the industrial one. In May, 1987, a new Economic Recovery Programme (ERP) was initiated and a Rehabilitation and Development Programme (RDP) 1987/88-1990/91 published. This was sustained by an Extended Structural Adjustment Facility (ESAF) of SDR 19.9 million from the IMF and an Economic Recovery Credit (ERC) of SDR 69.7 million from the World Bank. Uganda is now benefitting from a second ERC and a further Structural Adjustment Credit including a credit of $65 million for privatization from the World Bank.

The IMF approved in 1991 a credit equivalent to SDR 39.84 million (almost $55.0 million) for Uganda in support of the third annual economic programme under the enhanced structural adjustment facility (ESAF). A three-year ESAF credit of SDR 179.28 million (almost $247.6 million) for Uganda was approved by the IMF in August 1989.

The ERP was aimed at bringing about financial stability, reducing the imbalance on external account, and promoting growth. A series of Policy Framework Papers, produced each year during 1989/90 to 1991/92, continue to emphasise the objective of macro-economic balance, and specify in more detail the economic policies of the government. A stated aim is to bring inflation down to 7.5 per cent by the end of 1991/92, which would be a major achievement against a background of recent hyperinflation.

The 1987 measures included a devaluation of 77 per cent in foreign currency terms; a new Uganda shilling exchanged at the rate of 1:100 old shillings, together with a 30 per cent conversion tax designed to reduce the monetary base; a successive raising of producer prices, including a three-fold increase, approximately, in the coffee price; the raising of petroleum product prices to more realistic levels; and a system of open general licensing (OGL) to provide for priority supply of foreign exchange and other material inputs for key industries.

Further measures in July, 1988, included control over government expenditure and an increase in the tax rates. In November of the same year a Special Improvement Programme (SIP) was introduced, under which foreign exchange was sold at the official rate on a first-come-first-served basis, again to facilitate the purchase of manufacturing inputs, spare parts and consumer goods. In March, 1989, moves towards more realistic real interest rates were made, with a 10 per cent increase in maximum commercial bank lending rates and a 5 per cent increase in minimum deposit rates, while again petroleum product prices were increased, now by 30 per cent. To encourage exports, the 100 per cent export earning retention scheme was extended to all non-coffee exports. A number of further large currency devaluations have been carried out in 1988 (60 per cent and a later further 9 per cent), 1989 (41 per cent, in November) and 1990/91 (43 per cent). A policy of flexible management of the exchange rate is thus well established.

Table 1.4. Composition of exports (f.o.b.),1980-1989

Year	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989-90
Volume: Thousand tonnes										
Coffee a/	110.1	128.3	174.7	144.3	133.2	151.5	140.8	148.2	144.2	165.2
Cotton	2.3	1.2	1.8	7.0	6.7	9.6	4.9	3.4	2.1	2.7
Tea	0.5	0.5	1.2	1.3	2.5	1.2	2.8	2.1	3.1	3.6
Tobacco	0.3	-	-	0.7	0.7	0.3	-	-	0.5	-
Maize	-	-	1.6	30.3	29.7	9.8	2.2	-	-	-
Value: Million dollars										
Coffee	341.3	243.8	349.4	346.3	359.6	348.5	394.2	311.1	264.3	180.4
Cotton	4.1	2.3	3.2	11.2	12.1	13.4	4.9	4.1	3.1	4.3
Tea	0.3	0.3	0.8	1.2	3.3	1.0	3.1	1.9	1.2	3.2
Tobacco	0.3	0.0	0.0	0.9	1.5	0.4	0.0	0.0	0.6	0.6
Maize	0.0	0.0	0.6	12.1	8.9	2.9	0.0	0.0	0.3)	4.9
Other exports	2.2	2.5	0.7	2.1	6.6	4.3	4.7	3.1	2.9)	
Unadjusted total	348.3	248.9	354.8	373.8	391.9	370.5	406.9	320.2	272.4	-
Adjusted		-3.4	-7.7	-6.1	16.0	8.5	0.6	13.5	0.5	-
Total exports	319.1	245.5	347.1	367.7	407.9	379.0	407.5	333.7	272.9	193.4
Coffee as percentage unadjusted total	98.0	98.0	98.5	92.6	91.8	94.1	96.9	97.2	97.0	93.3

Source: Background to the Budget, 1989-1990; *Bank of Uganda, Quarterly Economic Report*, October-December 1990, Vol. 04/1990.

a/ Coffee based on shipment.

Table I.5. Trends in the coffee export and petroleum imports, 1985-1990

	1985	1986	1987	1988	1989	1990
YEAR						
Average world coffee price ($ kilo)	2.9	3.3	2.4	2.4	1.9	1.6
Average realized coffee price in Uganda ($ kilo)	2.3	2.8	2.1	1.8	1.5	1.0
Coffee export volume (thousand tonnes)	151.5	140.8	148.2	144.2	176.3	143.2
Value of coffee exports ($ million)	348.5	394.2	311.1	264.3	263.6	141.0
Petroleum import value (metric tonnes)	184.4	214.0	233.8	260.1	251.7	232.1
Value of petroleum imports ($ million)	78.7	54.8	67.5	71.7	77.3	81.2
Unit value of petroleum imports ($ per tonne)	426.8	256.1	288.7	257.7	307.1	349.8
INDEX						
Average world coffee price	87.9	100.0	72.7	72.7	57.6	48.5
Average realized coffee price in Uganda	82.1	100.0	75.0	64.3	53.6	35.7
Coffee export volume	107.6	100.0	105.3	102.4	125.2	101.7
Value of coffee exports	88.4	100.0	78.9	67.0	66.9	35.8
Petroleum import value	82.6	100.0	109.3	121.5	117.6	108.5
Value of petroleum imports	143.6	100.0	123.2	130.8	141.1	148.2
Unit value of petroleum imports	166.7	100.0	112.7	107.6	119.9	136.6

Source: *"Quarterly Economic Report"*, Bank of Uganda.

Legislation of the parallel exchange rate market

This has been complemented by the introduction in 1990/91 of the forex bureau system, which in effect legalized the parallel market in foreign exchange by licensing private operators and commercial bank bureaux. The number of forexes has increased steadily and 41 had been licensed by December, 1990, of which 33 were active. These comprised 13 commercial bank bureaux and 20 private operators. The bank bureaux accounted for about 60 per cent of forex sales in July-December, 1990, of which nearly 70 per cent was by three banks, while the three leading private operators accounted for over 90 per cent of their forex sales.

The weighted average exchange rate for the bureaux increased from 637.4 in July to 768.5 in December (Table I.8), an increase of 20 per cent, implying a devaluation of 17 per cent over 5 months. Nevertheless, there remains a substantial gap between bureaux rates and official rates, with the latter tending to follow unofficial rates upwards: at the end of the year the forex rate was still 45 per cent above the official. Non-coffee exporters are free to sell their foreign exchange proceeds at the free market rate, however, improving their competitiveness in world markets.

Problems of the tax base

Uganda's capacity to finance its rehabilitation and development plans is severely limited by structural factors. As indicated above, it has a relatively narrow modern industrial sector and agricultural estate sector: its economy depends very much on smallholders, small-scale manufacturing activities, and small-scale traders and retailers operating in the so-called informal sector, all of whom are not easily assessed for direct taxation. The events of the last two decades have accentuated this position and what was already a low revenue coverage, compared even with other developing countries, has shrunk further. While total recurrent revenue amounted to some 12-13 per cent of GDP in 1970/71, it was estimated at just over 8 per cent in 1989/90. In the latter year this revenue amounted to only 81 per cent of the expected level, indicating an additional problem of weak tax administration, itself in need of rehabilitation. Attempts at correcting tax administration deficiencies are in hand and need urgently to be pursued.

The above factors mean that only 10 per cent or less of revenue is secured from income tax (Table I.9). Export taxes almost entirely from coffee, can also be regarded as adding another 10 per cent to direct taxation but in terms of coverage are, of course, limited to the coffee zone within Uganda.

There has been a major shift in sources of revenue: in 1985/86 coffee tax receipts accounted for as much as two-thirds of recurrent revenue. The share of indirect taxes has been increasing, especially via customs duty on a rising volume and value of imports. Customs duty and sales tax together provide about 80 per cent of indirect taxes.

Tabie I.6. Uganda's balance of payments, 1986-1990
(Million dollars)

	1986	1987	1988	1989	1990
A. Current Account	**-4.2**	**-169.9**	**-160.6**	**-225.1**	**-253.0**
Trade balance	-69.3	-300.9	-321.1	-398.0	-439.8
Exports	406.7	333.6	266.3	277.7	177.8
Imports	-476.0	-634.5	-587.3	-675.6	-617.6
Services (net)	-143.5	-113.5	-126.9	-109.0	-116.5
Unrequited transfers (net) (import supported grants, project aid grants)	208.6	244.5	287.3	281.9	293.0
B. Capital account	**51.1**	**142.2**	**23.6**	**264.2**	**101.7**
Medium and long term (net)	82.7	154.2	181.4	245.1	207.6
Official inflows	128.5	239.6	239.1	407.7	310.3
Official outflows (repayments, etc.)	-45.8	-85.4	-57.8	-162.5	-102.7
Short term (net)	-31.6	-12.0	-157.8	19.0	-105.8
C. Change in Arrears (net)1/	44.3	19.1	142.1	-41.5	..
Overall balance (= A + B + C)	91.2	-8.6	5.1	-2.5	-85.6
Financing (Monetary Authorities)	-91.2	8.6	-5.1	2.5	85.6
Change in gross reserves2/	0.7	-19.0	9.2	2.3	11.6
IMF (net)3/	-108.4	-6.8	5.5	-18.8	40.0
Exceptional financing	-	-	-	-	34.6
Other (net)4/	16.5	34.3	-19.8	19.1	-0.6

Source: *Quarterly Economic Review*, Bank of Uganda.

1/ (+) increase in liability; (-) decrease.
2/ (+) decrease in gross reserves; (-) increase.
3/ The movement in the net position is based on end of period data.
4/ Includes errors and omissions.

Table I.7. Uganda's external debt servicing, 1990 (Dollars million)

	First half	Third quarter	Fourth quarter	Full Year
Scheduled payment (Maturities)	78.0	44.54	31.01	153.55
of which:				
- Multilateral	50.21	29.65	13.52	93.38
- (IMF)	(31.97)	(17.64)	(9.72)	(59.33)
- Bilateral	21.68	13.18	12.77	47.63
- Other	6.11	1.71	4.72	12.54
Actual payments	65.00	32.88	28.13	125.99
of which:				
- Multilateral	49.35	31.02	24.02	104.40
- (IMF)	(31.97)	(17.20)	(9.63)	(58.80)
- Bilateral	0.96	0.53	-	1.49
- Other	14.69	1.32	4.11	20.10
Merchandise earnings	-	29.50	27.03	-
(Coffee receipts)	-	(29.26)	(26.84)	-
Actual payments as per cent of schedule:	**83**	**74**	**91**	**82**

Source: *Quarterly Economic Report*, Bank of Uganda.

Table I.8. Open market and official exchange rates, July-December 1990[a]

Month	Bureau weighted Average exchange rate[b]	Bank of Uganda Official rate (Monthly average)	Gap (Percentage)
July	637.4	440.0	44.9
August	697.2	442.2	57.7
September	730.9	465.0	57.2
October	725.3	480.0	51.1
November	750.5	503.2	49.2
December	768.5	531.4	44.6

Source: *Quarterly Economic Report*, Bank of Uganda.

a/ Shillings per United States dollars, mid-rates.
b/ Mean of buying and selling rates.

Table 1.9. Government recurrent revenue by source, 1988/89-1990/91

	Revenue 1988/89	Schilling billion 1989/90	1990/91 (9 months)	Share of revenue percentage 1988/89	1989/90	1990/91 (9 months)
Recurrent revenue (total)	49.72	86.46	95.41	100	100	100
Direct taxes:	10.20	20.69	18.28	20.5	23.9	19.2
Income tax	4.77	8.76	9.13	9.6	10.1	9.6
Export tax	5.43	11.93	9.15	10.9	13.8	9.6
Indirect taxes:	32.56	63.49	75.33	65.5	73.4	79.0
Customs duty	7.79	22.83	34.28	15.7	26.4	35.9
Excise duty	4.91	6.46	9.28	9.9	7.5	9.7
Sales tax	17.55	28.11	25.87	35.3	32.5	27.1
CTL	0.93	1.95	2.34	1.9	2.3	2.5
Fees and licences	1.38	4.14	3.56	2.8	4.8	3.7
Non-tax revenue	6.97	2.29	2.33	14.0	2.6	2.4

Source: MPED. *Background to the Budget* (various issues).

Adjustment in agricultural pricing and marketing

Given the nature of the tax base, it is not surprising that efforts to improve agricultural producer prices as an incentive to production have constituted one element in the structural adjustment package. In November, 1990, the robusta coffee (kiboko) producer price was doubled in Uganda shilling terms from U.shs 60/kg to U.Shs 120/kg, and that for arabica increased from U.Shs 180/kg to U.Shs 350/kg, these still apparently not representing the full cost of production. The increase in the pre-planting producer price for cotton in June, 1991, from U.Shs 220/kg to U.Shs 300/kg, combined with early announcement of the proposed producer price, is, on the other hand, expected to result in a substantial increase in cotton production in 1991/92. In a situation of continued, if decelerating, inflation, however, it will be vital to maintain producer prices at satisfactory levels in real terms.

Pricing policy is only one component of agricultural sector restructuring covered by the Agricultural Policy Agenda announced at the beginning of 1989. This put forward an Action Plan covering the six policy areas of:

(i) pricing policy;
(ii) trade liberalization;
(iii) crop processing;
(iv) restructuring of market boards;
(v) financial rehabilitation of cooperative unions;
(vi) strengthening of agricultural research and extension institutions.

Impact of adjustment policies and remaining weaknesses

No systematic analysis of the social and economic impact of adjustment policies in Uganda has been undertaken. Part of the encouraging revival of the economy may be ascribed simply to the restoration of peace and security over most of the country. Nevertheless the real GDP growth rates achieved in each year since the virtually zero growth of 1986 (Table 1.1 above), producing a 21 per cent increase in the real GDP in the period 1986-1989, indicates an important measure of success. Despite a high population growth, GDP *per capita* increased by an estimated 12 per cent over the same period. Growth rates in real monetary output changed from a negative -0.7 per cent in 1986 to 8.0, 9.8 and 8.3 over the next three years.

During the first two full years of the programme supported by the ESAF credit (1989/90 and 1990/91) Uganda made considerable progress in reducing financial imbalances and in addressing structural impediments to improved economic performance. As a result, real GDP increased at an average annual rate of 4.5 per cent, the rate of inflation declined, and the external current account deficit continued to shrink, in spite of adverse external developments. Yet Uganda's external position remains weak and unduly dependent on the coffee sector, with high debt service obligations and low international reserves.

The programme for 1991/92 aimed at a growth rate of real GDP of at least 5.0 per cent, a substantial reduction in the inflation rate, and a further narrowing of the external current account deficit. To achieve these objectives the government places high priority on addressing the remaining structural constraints to improved economic performance and on implementing disciplined macroeconomic policies. The programme will rely on a strong fiscal policy aimed at bolstering Uganda's reserves, complimenting the reforms in the civil service and parastatal sectors and rehabilitating essential infrastructures. Monetary policy will aim at reducing inflation and strengthening the balance of payments, while interest rate policy will be designed to boost domestic savings. External sector policies will continue to promote export diversification and efficient import competing industries as well as normalization of Uganda's relations with its external creditors.

The serious efforts made to combat inflation appear to have borne fruits from about June 1989, when the monthly percentage change in prices dropped from 7.9 per cent in the previous month to 3.8 per cent (Annex Table A-8) and by the middle part of 1990 negative monthly changes were occurring. Measured annual percentage changes declined from 159.2 in December, 1988, to 22.6 in July 1990. A possible fresh warning sign, however, exists in the form of a jump in monthly percentage changes in August and September of 1990, and corresponding increases in the annual percentage change for those months.

In respect of progress made in the course of adjustment, it may be said that the economic climate has certainly been transformed by the restoration of peace and security; considerable progress has been made in a short time in restoring infrastructure; much-needed reform of the civil service has been instituted; price and other controls have been mostly removed; and the foreign exchange system radically opened up. There is still some way to go and some major points of weakness. As observed, the much reduced inflation rate is still high while, despite the innovative forex system, the official exchange rate is still substantially overvalued. More fundamentally, the burden of military expenditures hampers the attempt to achieve macroeconomic balance and to focus development expenditures; wage and salary structures are still not normalized, affecting incentives; and external debt is accumulating, particularly in comparison with short-term foreign exchange earning power. Management problems within the Bank of Uganda, the central bank, and the Ugandan Commercial Bank, seriously weakened the banking system at one point, and will need to be kept in check.

Fig. I.A.Growth of GDP and MVA,1982-1989
(Percentage)

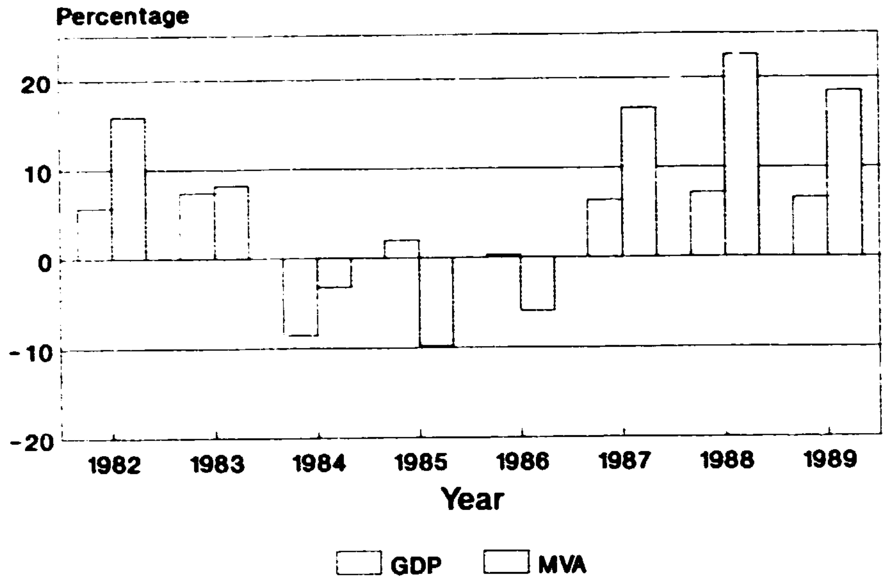


Fig.I.B. Average annual sectoral growth
rates, 1970-1980 and 1981-1989
(Percentage)

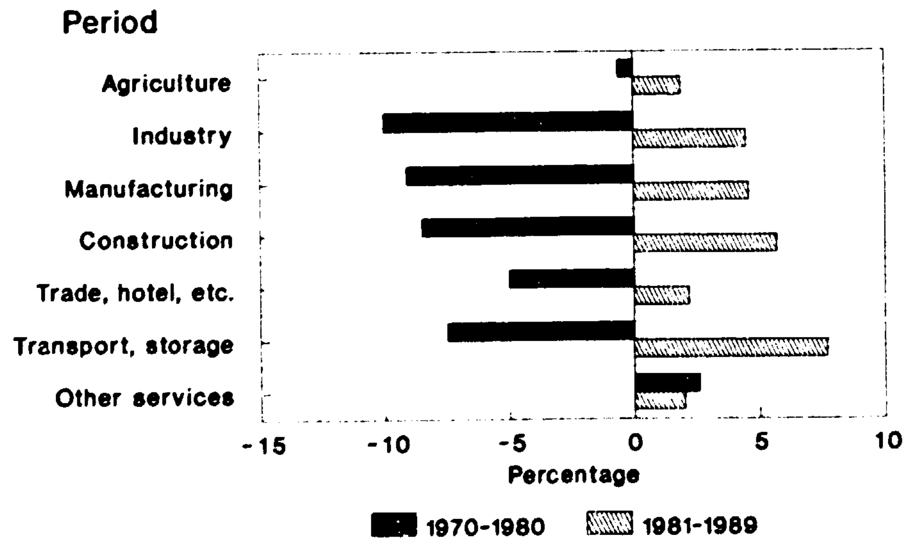


Fig.I.C. Distribution of gross domestic product (GDP) by sector, 1981-1989 (Percentage)

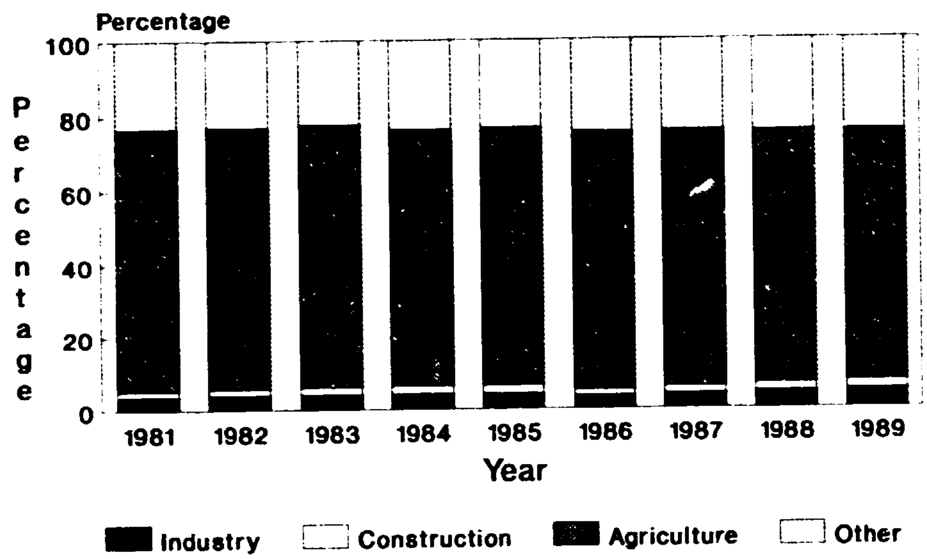


Fig. I.D. Trade balance, 1986-1990 (Million dollars)

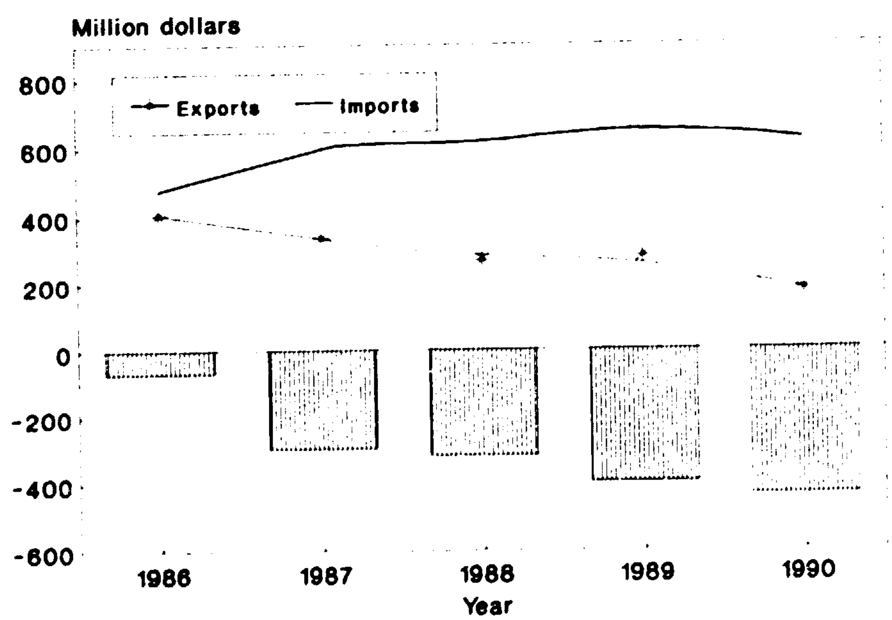


Fig. I. E. Exchange rate, 1985-1991
(Schilling equivalents to $1)

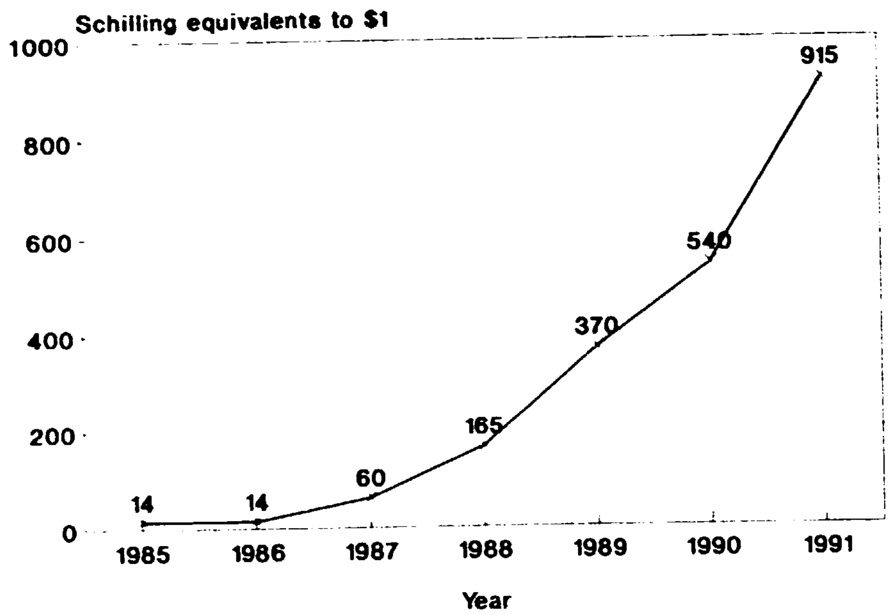


Fig. I.F. Current account balance,
1986-1990 (Million dollars)

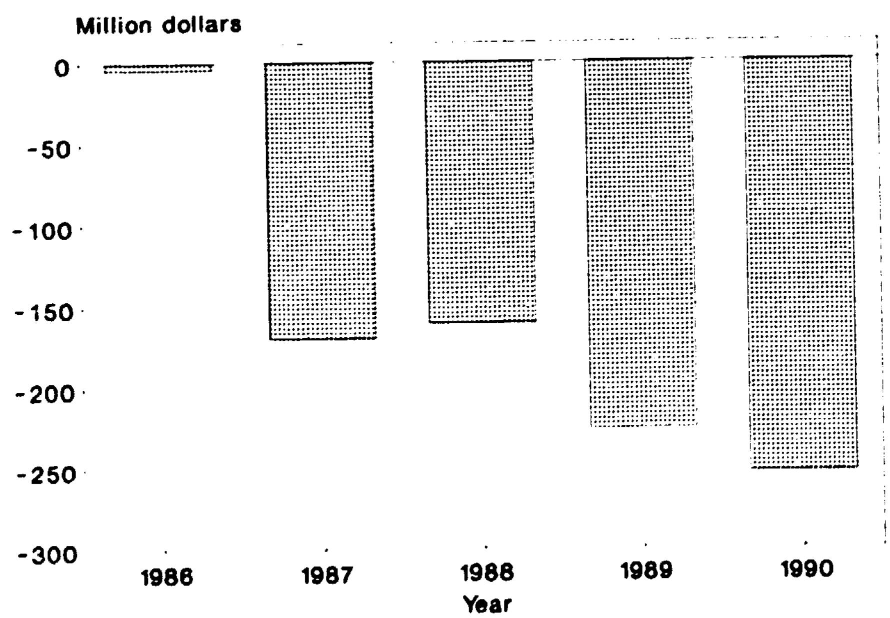


Fig. I.G. Share of coffe in total exports, 1988 (Percentage)

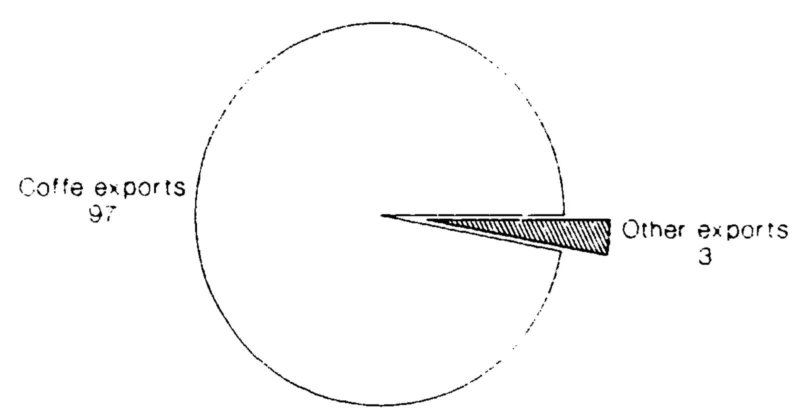


Fig. I.H. Index of industrial production, 1982-1990 (1987=100)

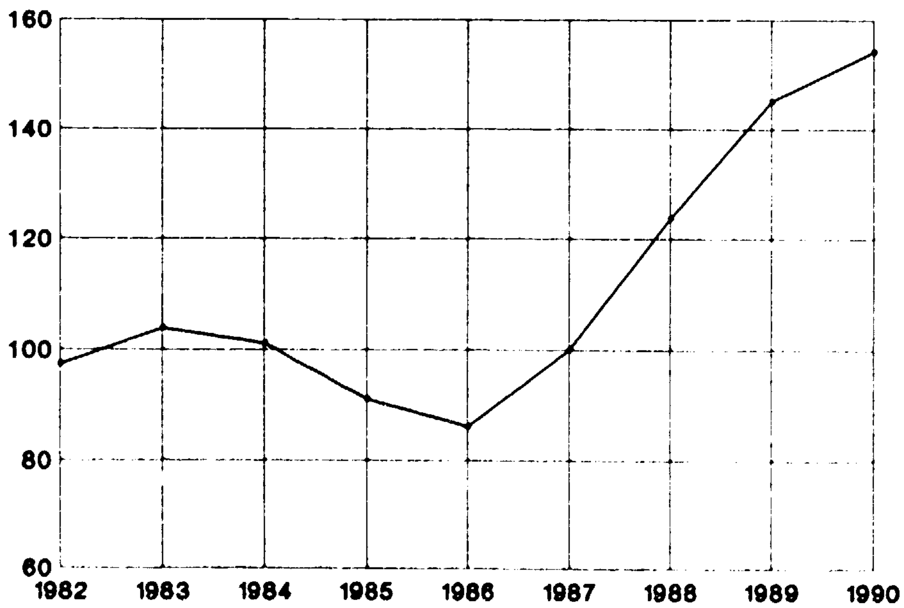


Fig. I.I. Index of food processing output, 1982-1990 (1987=100)

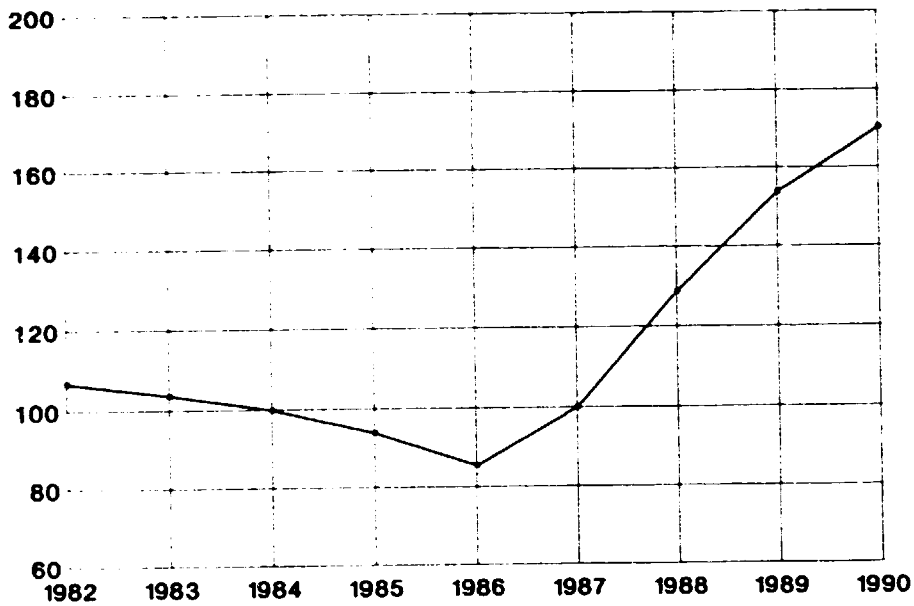


Fig. I.J. Index of textile and clothing output, 1982-1990 (1987=100)

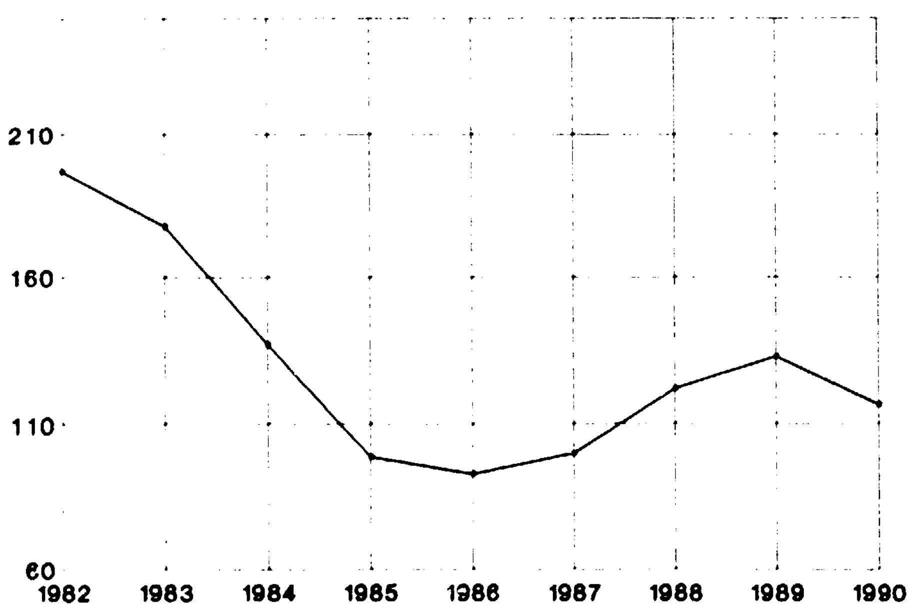


Fig. I.K. Index of leather and footwear output, 1982-1990 (1987=100)

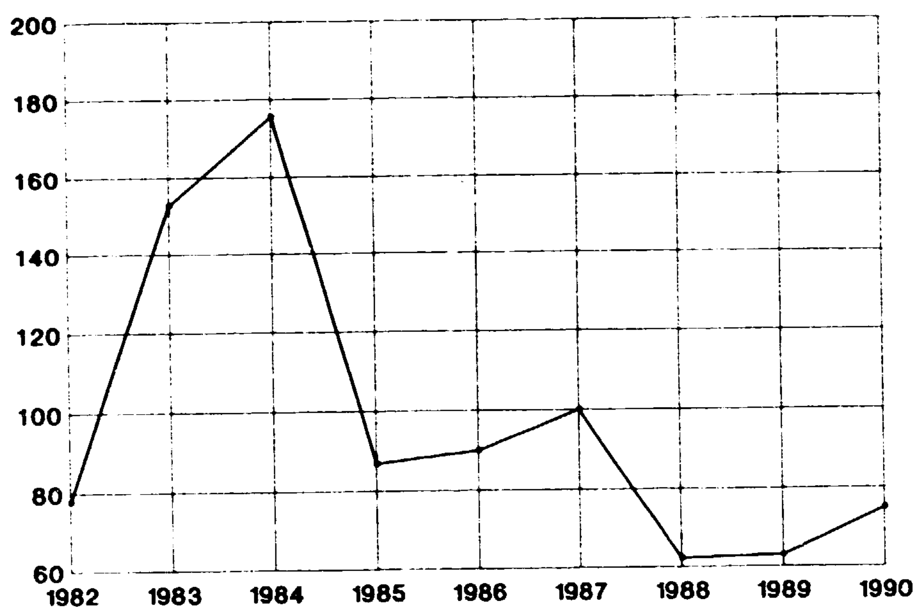
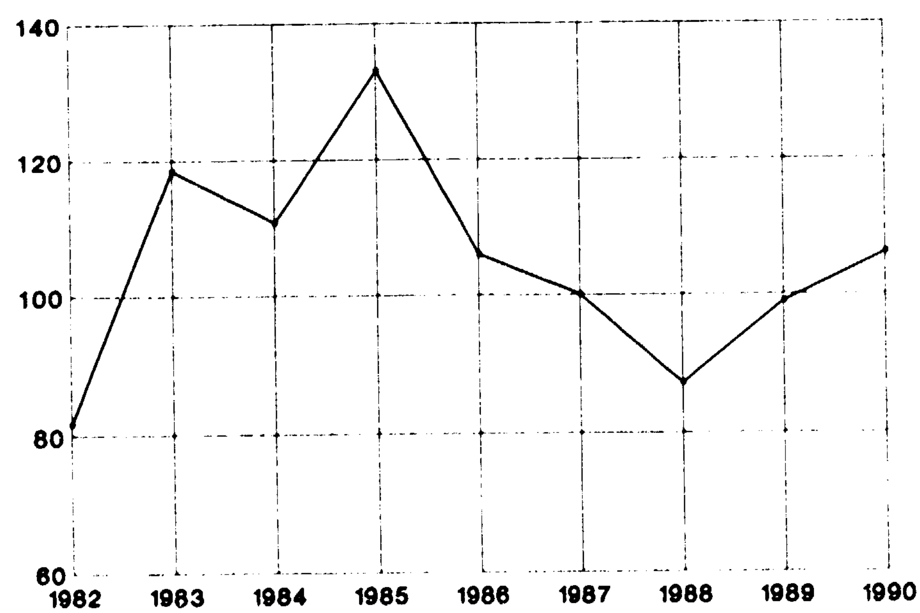


Fig. I.L. Production index of steel and steel products, 1982-1990 (1987=100)



NOTES TO CHAPTER I

1/ I. Livingstone and H. W. Ord, *Economics for Eastern Africa*, Heinemann Educational Books, 1980.

2/ *African Analysis*, 2nd February, 1990, p. 11.

II. POLICIES, STRATEGIES AND INSTITUTIONS FOR INDUSTRIAL DEVELOPMENT

A. PRIVATIZATION AND RATIONALIZATION OF PUBLIC ENTERPRISES

An early step taken by the NRM Government was to persuade the two major Asian entrepreneurs of the sixties and seventies, Madhvani and Mehta, to resume their former Ugandan interests. In the case of the Madhavani Group, full 100 per cent ownership was returned in the case of the Emco Oil Refinery, Madhavani Soap Industries, Mulbox Ltd, East African Glass Works, Ugandan Metal Industries, Miltyres Ltd and Emco Steel and Metal Corporation, while in the case of the Steel Corporation of East Africa, Mulko Textiles, and the Associated Match Co. the group secured 49, 84 and 75 per cent interests, respectively. In the case of the Mehta Group, joint ventures were established, with the government retaining 51 per cent control, but with Mehta responsible for management, in respect of the Sugar Corporation of Uganda (extensive sugar plantations plus a new sugar factory at Lugazi), the Uganda Tea Corporation (steel foundry and agricultural tools production), and the Cable Corporation (manufacturing electric cables). The Uganda subsidiary of Lonrho has full ownership returned in respect of Consolidated Printers (publishers of a leading newspaper), Motor Mart Uganda (vehicle distributors), Express Uganda (road haulage, godowns), Uganda Chibuku (producer of traditional beer), and Printpak Ltd (quality printer of cigarette packets). Finally most of BAT's holding (70 per cent) was returned and 100 per cent of BATA Shoes's holding, while a joint venture was established with Mitchell Cotts Ltd (government share 51 per cent) for the operation of Mitchell Cotts' former tea estates.

Legal provision for return of the nationalized properties to their former owners was in fact made some time ago in the Expropriated Properties Act of 1982, which came into force in February, 1983. About this time 172 enterprises were classified by government as property for return, the ownership of 69 of these having been settled by the end of 1985. Nevertheless, procedures have been cumbersome and slow, so that a substantial backlog of expropriated companies and estates await decision by government. These uncertainties and delays in clarifying ownership serve as a disincentive to new foreign investment and affect the planning and management of enterprises in operation, and their ability to raise funds, even from Ugandan financial institutions. This is particularly undesirable in that the disturbed political economy of the last two decades has created a much more uncertain climate for new investment, irrespective of the current policies being pursued.

Public enterprise policy in Uganda, nevertheless, is focused, first, on substantially reducing the direct role of government in the Ugandan economy, through privatization, and, secondly, on improving the efficiency and performance, through public sector reform, of those enterprises which remain in the public domain, transitionally or permanently.

To this end, it has been decided to arrange commercial public enterprises into five classes:

I	wholly owned
II	majority owned
III	minority owned
IV	wholly privatized
V	liquidated as non-viable

A list of public enterprises according to these five categories is contained in Annex Table A-17. Implementation of this programme is in the hands of a Divestiture Implementation Committee (DIC), operating in respect of divestiture through a Divestiture Secretariat. DIC is composed of Cabinet members. It is charged with reducing, at a suitably rapid pace, the size of the public enterprise sector through a Divestiture programme based on the Cabinet-approved criteria for equity participation by government in such enterprises.

Guiding principles for those companies which are to be retained as public enterprises include first managerial autonomy, based on a separation of ownership and management functions. If it is agreed that there are non-commercial social or developmental objectives involved over and above commercial objectives, government support should be given in the form of 'transparent' financial transactions only, so that the extent of any subsidy should not be hidden. This leads, finally, to a "hard budget constraint" in that, except to the extent of any such specified subsidy, enterprises should be financially self-sufficient, whether or not they are in the public sector.

For the remaining public enterprise sector, also, a public enterprise monitoring system is to be instituted incorporating both a continuous financial and operational information system and a system for evaluating and rewarding performance. This function will be the duty of the second arm of the DIC, a Public Enterprises Secretariat, operating alongside the Divestiture Secretariat, (Fig. II.A.). The Public Enterprises Secretariat will monitor both the individual and sub-sectoral performance of industrial public enterprises; provide assistance when needed, for improving their efficient operation; identify any required policy reforms in respect of industrial public enterprises to be implemented by MOIT; encourage the development of appropriate plans and budgets relating to the operation of industrial public enterprises; and help in the choice of priorities and preparation of plans for reform and divestiture.

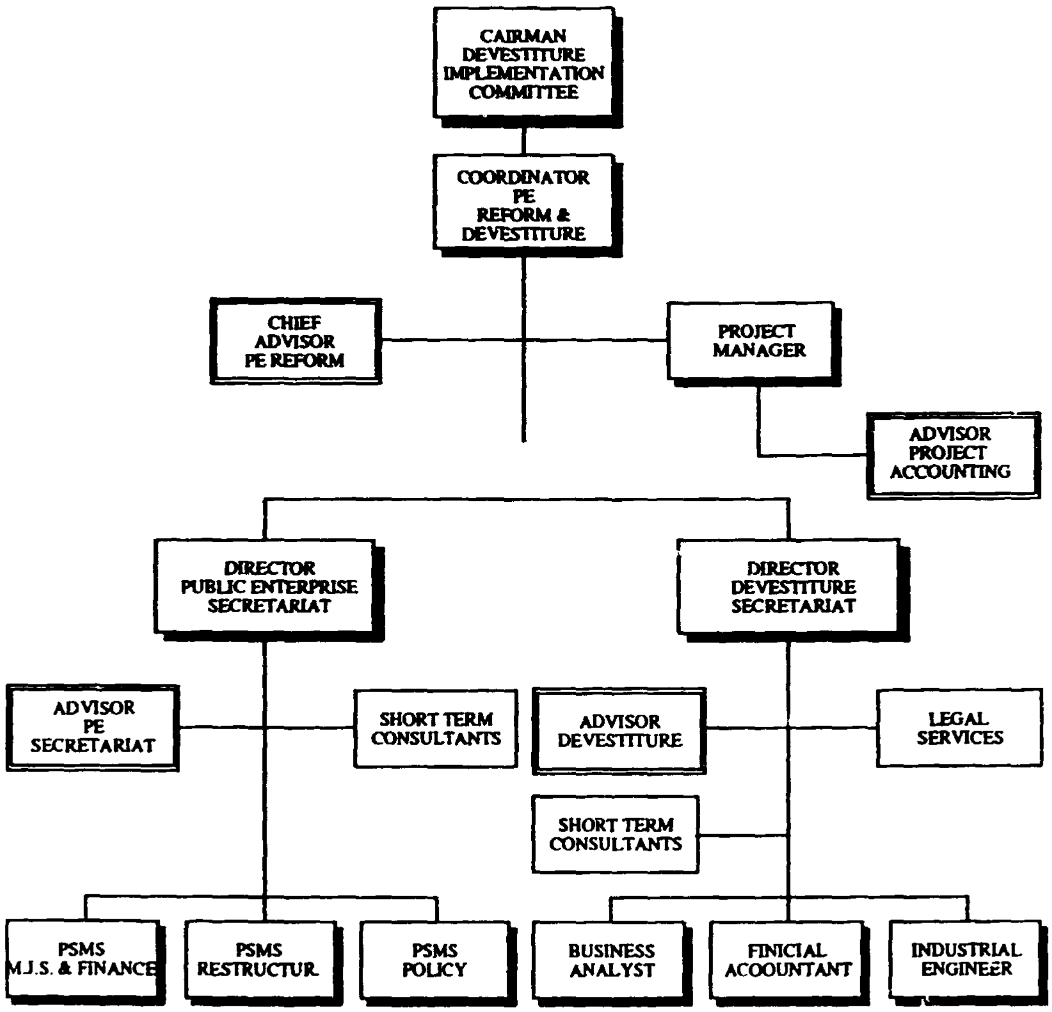
Improvements under discussion with possible measures to be adopted include:

(a) strengthening of the embryonic Export Promotion Council;
(b) creation of an industrial design capacity, again with reference to possible exports;
(c) improvement in the capacity of the National Bureau of Standards;
(d) provision of training and consultancy services to deal with the quality control problems which are evident in many manufacturing plants; and
(e) introduction of a package of tax and other incentives to stimulate private sector industrial research.

While progress has been made towards defining an overall industrial development strategy for Uganda, it is a fact that new investment has been slow to materialise in all sectors. Specific industrial studies are needed to identify particular opportunities which local or foreign entrepreneurs could be encouraged to take up, consistent with the defined strategy.

With reference to appropriate technologies, it has been commented, again, that most research and development (R & D) in Uganda has been confined to the agricultural sector and specifically to crop production. To the extent that transport cost factors make manufacturing for the domestic market more important than otherwise, in Uganda's case, and that this domestic market is small, appropriate technologies may reduce production costs and help the domestic manufacturer to resist competition from imports produced elsewhere under conditions of economies of scale. Appropriate technologies introduced within any sector of the rural economy may yield opportunities for local manufacturing of new items, providing linkage between manufacturing and agriculture and other sectors.

Fig. II.A. Structure of Public Enterprise Secretariat and Divestiture Secretariat



PUBLIC ENTERPPRISES SECRETARIAT DIVESTITURE SECRETARIAT

LEGEND:

SOURCE: *MPED, Uganda: Enterprise Development Project, Appraisal Mission Dossier*, April 1991

NOTE: PSMS = Public Sector Management Secretariat

UNIDO/IPP/REG
1992-05-27

Table II.1. **Commercial Banks' loan and advances to the private sector by type, 1988-1990**
(Uganda schillings billion)

Broad sector	1988 March	1988 June	1988 September	1988 December	1989 March	1989 June	1989 September	1989 December	1990 March	1990 June	1990 September	1990 December
Agriculture	5,624	6,125	6,371	6,588	7,544	8,948	9,068	10,440	12,791	15,830	15,210	20,440
of which:												
- Crop finance	4,450	4,409	4,932	4,370	4,746	5,560	5,222	6,343	7,920	8,990	9,020	12,120
Trade and commerce	2,201	2,971	3,740	4,798	6,203	8,791	11,180	12,748	16,469	17,620	19,750	22,970
Manufacturing	1,568	1,627	1,470	1,882	1,998	3,309	4,466	4,915	4,766	5,120	6,550	7,110
Transportation	518	584	662	1,075	2,153	3,622	3,915	4,102	4,167	4,550	4,320	4,930
Building and construction	221	368	386	468	676	1,429	1,998	2,461	3,331	4,360	4,240	4,280
Other	006	006	005	000	011	022	009	001	039	080	050	010
Total	**10,138**	**11,681**	**12,634**	**14,811**	**18,585**	**26,121**	**30,636**	**34,667**	**41,563**	**47,560**	**50,120**	**59,740**
As percentage of total:												
Agriculture	55.47	52.33	50.43	44.48	40.59	34.26	29.60	30.12	30.77	33.28	30.35	34.21
of which:												
- Crop finance	43.89	37.75	39.04	29.51	25.54	21.29	17.05	18.30	19.06	18.90	18.00	20.29
Trade and commerce	21.71	25.43	29.60	32.39	33.38	33.65	36.49	36.77	39.62	37.05	39.41	38.45
Manufacturing	15.47	13.93	11.64	12.71	10.75	12.67	14.58	14.18	11.47	10.77	13.07	11.90
Transportation	5.11	5.00	5.24	7.26	11.58	13.87	12.78	11.83	10.03	9.57	8.62	8.25
Building and construction	2.18	3.15	3.06	3.16	3.64	5.47	6.52	7.10	8.01	9.17	8.46	7.16
Other	0.06	0.05	0.04	0.00	0.06	0.08	0.03	0.00	0.09	0.17	0.10	0.02
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: *"Quarterly Economic Review"*, Bank of Uganda.

B. BANK CREDIT AND THE MANUFACTURING SECTOR

The allocation of bank credit over the last three years has not been strongly oriented towards manufacturing industry in Uganda. During the year 1990, the share of commercial bank credit to the private sector has been around 12 per cent, on average (Table II.1). The greatest share has gone to trade and commerce, 37-39 per cent, and then agriculture 30-34 per cent, these two combined usually amounting to 70 per cent of the total. Of the amounts for agriculture, 18-20 per cent was for crop financing in 1990.

These shares are significantly changed from 1988, when that of agriculture was much higher, around 50-55 per cent, mostly due to more crop financing, and trade and commerce much lower. It is to be expected that, with a weakened domestic manufacturing sector, and some liberalization of access to foreign exchange, not to mention substantial unofficial cross-border trade, the rising incomes associated with the economy's revival would suck in consumer goods from outside the country and provide greater and more rapid profit opportunities in trade than in manufacturing. Over the period 1988-1990 the share of bank credit increased significantly in respect of transportation, related to trade and commerce, and of building and construction, associated with the process of rehabilitation.

With respect to private sector credit as a whole, it has been suggested[1/] that the high level of government borrowing has been 'crowding out' the rest of the economy from access to credit. Certainly a major crowding-out effect is to be expected, given the unanticipated sharp fall in government receipts from coffee and the ambitious plans for rehabilitation across all sectors.

Since bank lending is very often of a short term nature, it might be expected to steer away from the larger-scale industrial sector made up in Uganda at present of discrete large enterprises in need of substantial amounts of capital for purposes of rehabilitation. Small-scale manufacturing enterprises on the other hand, are considered less creditworthy. Finance from bilateral donors has mostly been directed towards other sectors and, in the case of industry, for rehabilitation of pre-existing establishments rather than new ones. It is noteworthy that the East African Development Bank, following receipt of a soft loan of ECU 12 million from the European Investment Bank for onlending to small and medium enterprises in the three East African countries, has found it difficult to identify viable industrial projects for these funds, so that the bulk of the amount available to Uganda under Lome III has remained uncommitted.

C. NEW STRATEGIES FOR INDUSTRIAL DEVELOPMENT

The age and run-down condition of much industrial plant in Uganda and the very low current levels of capacity utilization in most cases have certain implications for Uganda's industrial development strategy in the 1990s. On the one hand, previous production levels point the way to what has been attainable in the past in different manufacturing activities and it should be comparatively easy to assess which of these activities were particularly successful and economic in the past and might be so again. The issue here is therefore how best to set about the rehabilitation of the different activities concerned and, perhaps, in what order of priority.

The second is that, with a situation approaching a *tabula rasa* in respect of manufacturing, rather than attempting automatic re-establishment of the original structure, a structure criticized as representing the outcome of an entirely orthodox import-substituting policy, the opportunity should be taken of adopting a more careful and selective approach, avoiding any previous mistakes and incorporating new departures and ideas.

Not only is it that new thinking exists, but also that the situation in which Uganda finds itself has changed: while Uganda continues to pursue regional interests through the African Preferential Trade Area (the draft treaty for which was prepared during 1991), it does not have the same market advantages at present as were offered to it through the East African Community under which its manufacturing sector originally developed. While continuing to seek advantages of economic cooperation with its immediate neighbours, it perhaps needs to take a more realistic view now, in assessing its market opportunities, of its position as a landlocked country with transport cost and other disadvantages in gaining access to external markets. Productive capacity in neighbouring countries, particularly Kenya, capable of supplying the Ugandan market, may equally have changed.

The difficulties facing the development of manufacturing for export in Uganda can be seen by examining what was happening to interstate trade in manufactures with the other two East African Community countries up to 1973, before the subsequent major disruption of the economy (Table II.2). Comparing 1967 and 1973, while Tanzania's trade balance in manufactures showed roughly the same deficit, a small deficit for Uganda had become a substantial one. The momentum of industry in Kenya had expanded its own manufactured exports within East Africa considerably between 1967 and 1973, but Tanzania's exports had also shown an encouraging increase in value, while Uganda's declined by 65 per cent. While Uganda's position in 1973 might already have been aggravated by political events after 1971, the trend in its manufactured exports to other partner states as a percentage of imports from other partner states was already clearly downward, and Uganda had already been losing the advantages obtained by a bright start in 1960 and before. It seems likely that transport costs and other locational disadvantages were having their effects, and now need to be seriously confronted in putting together a new industrial development programme and strategy.

Table II.2. Interstate trade in manufactures between the three East African countries, 1967-1973

	1960	1967	1973
Total interstate trade in manufactures (shs million)	-	690	855
Interstate manufactured exports (shs million):			
from Kenya:	-	439	670
from Tanzania:	-	52	115
from Uganda:	-	199	70
Balance of trade in manufactures (shs million):			
Kenya:	-	+238	+503
Tanzania:	-	-179	-191
Uganda:	-	-59	-312
Manufactured exports to other partner states as percentage of imports from other partner states:			
Tanzania:	11	22	38
Uganda:	93	77	18

Source: Hazlewood (1975).

Uganda's Rehabilitation and Development Plan does embark, at a general level at least, on a reappraisal of industrial development strategy. It gives its priorities as:

(a) rehabilitating existing industries, especially those producing essential goods for local consumption and production;
(b) achieving self-sufficiency in basic consumer goods;
(c) strengthening links between agriculture and industry;
(d) broadening the industrial base by establishing new industries, especially those which utilise local raw materials. Efficient exploitation of the country's mineral resources is also specified.

On the agricultural side, objectives include:

(a) producing sufficient food to ensure food security and adequate nutrition for the population;
(b) increasing and diversifying agricultural production for export.
(c) promoting the production of agricultural raw materials for use in agro-based industries.

Both (a) and (b) would also either increase supply of or reduce other demands for foreign exchange, easing foreign exchange constraints on industry. Diversification of agricultural production should also open up opportunities for further agricultural processing and agriculture-related industry for domestic or export markets.
These criteria are indicative of a more resource-based, export-oriented strategy, and one which exploits linkages between sectors. Also mentioned is the development of relevant technology consistent with the development strategy. A recent document[2/] contrasts the new approach very clearly with the standard import-substituting one, stating that:

> "The recent changes that have been adopted encourage investment in activities that use Uganda's natural and human resources as the basis for manufacturing rather than investments that depend on high protection of inputs paid for with the "overvalued" domestic currency for their viability. Uganda now produces and sells goods abroad in which it has a comparative advantage".

In the short term, evidently, Uganda's policy must focus on selective rehabilitation of the devastated industrial sector, as noted previously, and, even before that, of basic social and economic infrastructure. Planned expenditure under the rolling Rehabilitation and Development Plan to 1993/94 (Table II.3) shows a very substantial proportion absorbed by social infrastructure, transportation and communication, and energy, but a further significant segment, 16 per cent, allocated to manufacturing, no doubt primarily for rehabilitation. Reasonably good progress has been made in securing funding for the rehabilitation of the manufacturing sector up to 1993 (Table II.4).

Table II.3. Planned expenditure under the Rehabilitation and Development Plan, 1990/91-1993/94

Sector	Dollars thousand	Per cent
Agriculture	231,719	13.2
Environment protection	46,390	2.6
Manufacturing	279,927	16.0
Mining and energy	139,271	7.9
Public administration, institution building	37,439	2.1
Social infrastructure	616,507	35.2
Transport and communication	343,092	19.6
Tourism and wildlife	57,910	3.3
Plan total	**1,752,235**	**100.0**

Source: MPED, *Rehabilitation and Development Plan, 1990/91-1993/94*, vol. II, January 1991.

Examination of specific projects within the manufacturing sector for which expenditure is planned (Table (II.5) brings out the fact that much of the expenditure at this stage will be for rehabilitation, and this especially of certain major projects such as the phosphate plant, the cement factory, a major sugar works, and some less expensive textile projects.

A simultaneous priority must be to restore and develop the agricultural and natural resource base, especially in respect of the three formerly major crops of cotton, sugar and tea. Shortage of foreign exchange having been one of the most disruptive factors affecting industry, this will expand

and diversify foreign exchange earnings, to the benefit of all sectors, as well as widen the geographical distribution of agricultural cash incomes and of rural purchasing power, and make possible more economic use of processing facilities for the crops themselves.

Diversification beyond these crops in the direction of additional at present minor crops, in part for export, can do the same, and yield new opportunities for processing and small-scale manufacturing. This also applies to livestock development, which is also in need of retracing lost steps.

Table II.4. Planned expenditure and secured funding for the manufacturing sector under the Rehabilitation and Development Plan, 1990/91-1993/94
(Thousand dollars)

Year	Expenditure	Secured funds	Funding gap	Per cent
1990/91	39,045	40,245	-1,200	-
1991/92	72,229	76,252	8,833	12.0
1992/93	86,040	70,547	15,493	18.0
1993/94	69,757	43,526	26,231	38.0
Total	**279,927**	**230,570**	**49,357**	**18.0**

Source: MPED. *Rehabilitation and Development Plan, 1990/91-1993/94,* Vol. II. January, 1991.

Table II.5. Manufacturing industry projects included in the Rehabilitation and Development Plan, 1990/91-1993/94

Project	Total cost dollars thousand	1990/91-1993/94 Planned expenditure dollars thousand
Rehabilitation of East African Steel Corporation	17,098	1,140
African Textile Mill	9,337	9,337
Nyanza Textile Industries	25,116	10,725
Uganda Spinning Mill	8,695	4,279
National Sugar Works, Kinyala	57,900	57,900
Kalura Sugar Works, Jinja	63,800	63,800
UDC Cement Factory, Hima	64,593	46,034
Industrial sector development loans UDB, UCB	15,900	15,900
Phosphate project, Tororo	127,300	69,620
Lira Starch Factory	6,150	4,310
Tororo Lime Project	6,720	6,720
Small-scale enterprise sector development	4,082	4,082
Occupational health and safety in cotton industry	125	125
Trades skills development programme, Masulita	584	325

Source: MPED. *Rehabilitation and Development Plan, 1990/91-1993/94,* Vol. II, January. 1991

Production in all these areas has been hampered by lack of appropriate inputs for farmers, including seeds, fertilisers and pesticides, by crop financing difficulties and by problems of marketing, including deteriorated rural infrastructure.

The macroeconomic adjustment policies described above will themselves hopefully generate conditions favourable for the development of industrial exports, and for industrial production generally, where the shortage of foreign exchange has been creating enormous difficulties. Two specific schemes which have been introduced are open general licensing (OGL), under which a number of larger 'key' manufacturing enterprises can be given priority access to foreign exchange, and the Special Import Programme (SIP), under which foreign exchange is sold at the official rate (substantially below the forex rate as noted above) on a first-come-first-served basis, to pay for manufacturing inputs, spare parts and consumer goods. These schemes may need to be expanded and directed more closely to firms with high value added or with useful linkages. They will become less important, on the other hand, if the stated aim of moving to a unified market-determined exchange rate can be achieved shortly.

Beyond the above, a set of specific export incentives has been introduced:

(a) Provision has been made to allow exporters to maintain an Export Retention Account. Export earnings can be maintained in a bank account abroad and used to purchase inputs and any other goods in foreign currency.

(b) Uganda has effected a number of barter trade agreements and now, using a barter trade licence, exporters are allowed to import goods of equal value to those which they are exporting.

(c) Under a duty drawback system, exporters are able to secure a refund of duties and taxes paid on imported inputs.

(d) An export finance and guarantee scheme has been introduced.

As mentioned earlier, an Export Promotion Council does exist, which needs to be strengthened. Its activities may need to be combined with project and product identification and assistance to enterprises in establishing effective production.

D. POLICIES FOR ENCOURAGING SMALL-SCALE INDUSTRY

The expulsion of the Asians and the erosion of civil service wages and salaries by inflation - these amounted to only $20 a month on average for government employees in 1988, according to the National Manpower Survey,[3/] compared with $122 for employees in the private formal sector - may have had some beneficial effect, at least, in stimulating indigeneous entrepreneurship.

A parallel survey by the ILO of informal sector employment estimated that this was growing at 5.6 per cent per annum compared with less than 1 per cent for the formal sector. Average monthly earnings of entrepreneurs (not their employees) in the informal sector were estimated at $529, as much as $1,002 in the case of construction, very much higher than employees, at least, in the formal sector. Small-scale enterprises include especially tailoring, food processing (grain milling, coffee bean processing, small cottonseed oil mills, soft drinks), wood and metalworking and general workshops. Earnings of entrepreneurs according to the survey ranged from $236 in clothes/leather, mostly tailoring, to $1,047 in woodworking. These results can be taken as no more than indicative.

Many small enterprises are affiliated to the Uganda Small Scale Industries Association, which has about 800 members, served by 9 district offices. This has a rather weak organization and financial basis, however, and has not so far been able to establish creditworthiness with the banks, which generally impose strict collateral for business loans.

A recent government policy paper gives justification for the promotion of small-scale industry (SSI) in Uganda in terms partly contrasting with the limitations of the import-substituting policies followed in the past, referring also to the specific advantages of dispersed rural industries. Among problems identified in respect of SSI in Uganda are weakness in institutional and physical infrastructure, weak linkages with large- scale industry, lack of access to credit, past government concentration on the development of large-scale industry, to their neglect, and lack of coordination among SSI support agencies.

The encouragement of SSI is seen as strongly consistent with the emphasis of industrial strategy on resource-based industrial development, natural resources here embracing those of agriculture, fisheries, forests and minerals. Many of the enterprises in food processing, textiles and garments and paper products are small scale, often in the so-called informal sector, and are geared to the provision of basic consumption items for the ordinary, often low-income consumer in Uganda, but in some cases also have export potential.

Fishing is a substantial activity in Uganda, and there is scope for expanding fish processing activities and local manufacture of capital and other inputs, both through small-scale enterprise. Forest resources are widely available in Uganda and can supply basic inputs for widely distributed woodworking activities, rural and urban household construction, and manufacture of paper and paper products, again directed towards basic consumer goods and by small-scale establishments.

Non-metallic mineral resources, especially the numerous clay deposits which exist country-wide also support small-scale brick and tile works across the country and are important in the construction industry.

Small-scale mining activities used to be carried out in Uganda in the early 1970s in respect of tin, gold, bismuth, tungsten, columbite, tantalite, limestone, beryl and other minerals. Most of these small-scale mines have closed, but it is now hoped that there will be at least some resumption of these activities.

Government proposals for small-scale industry and small-scale enterprise promotion generally are still at an early stage. It is planned to assist indigenous entrepreneurs through finance, training and supportive/consultative services. Specific measures include:

Finance:

(a) Strengthening of the capital base of the Uganda Bank through a share flotation.
(b) An increase in the number of Ugandan Bank branches in the districts.
(c) Training of loan officers in the Bank and other financial institutions in meeting the needs of SSI.
(d) Establishment of a loans fund for the granting of low-interest loans.
(e) Introduction of a credit guarantee scheme to facilitate loan making with reduced emphasis on strict collateral requirements.

Marketing:

(a) Encouragement of subcontracting and strengthening of the National Bureau of Standards to provide support which will help SSI meet the quality standards of subcontracting firms.
(b) The establishment of an SSI Purchasing and Marketing Board is under consideration which would buy and sell manufactured goods on behalf of SSI. Purchase may be on the basis of public tenders requiring a certificate of eligibility from the Uganda National Bureau of Standards. The Board may also assist in the procurement of material inputs to be sold, possibly through hire purchase arrangements, at four regional headquarters.
(c) Assisted participation at international trade fairs.

Training:

(a) Training and re-training programmes to be established in different areas, including financial control and accounting, management, marketing, and technological aspects of production. Mobile Training and Advisory Centre (MTAC) courses to be reviewed and reorganized, reactivating also the Mobile Training and Advisory Service which used to be offered by the Centre in the 1960s.

(b) Expansion of the capacity and effectiveness of the Technical Information Unit within the Ministry of Industry and Technology (MOIT).

Technology:

(a) Encouragement of the adoption of appropriate technology by the introduction of a cost-sharing mechanism in the form of an Innovation Rebate Scheme; and offer of 'patent right awards' for new innovations.

(b) Suppliers of machinery and equipment to be encouraged to provide detailed technical drawings of production processes so that small enterprises can be in a better position to manufacture parts locally as required.

Infrastructure:

(a) Gazetting of industrial zones in all major towns, these to incorporate site-and-service schemes supplied with electricity, water, roads, etc.

(b) Provision of factory sheds under hire purchase or lease arrangements.

(c) Establishment of common facilities by or for groups of entrepreneurs.

Extension:

(a) Strengthening of the capacity of DOSSI to provide effective extension.

(b) Establishment of Regional Growth Centres manned by qualified staff such as engineers, economists, financial analysts and marketing officers.

(c) Encouragement of NGOs in the promotion of small enterprises activity.

It will be important here to learn from past experience in Uganda if previous mistakes are not to be repeated. Bosa (1959) has discussed problems encountered by SSI programme in the early days, while sheds established in different urban centres under a previous SSI programme in the mid-1960s were often empty. Also important will be to assess the very large number of programmes - RGCs in Malawi, for instance, and NGO loan schemes in Kenya - which have meanwhile been pursued in other African countries and which offer a diversity of experience, both good and bad, as well as experience of different possible existing agencies.

NOTES TO CHAPTER II

1/ UNIDO, 1990, p. 51.

2/ Uganda Investment Authority, 1991, p. 4.

3/ Details are provided in an important publication of September, 1991, by the Authority, *A Guide to Investing in Uganda.*

III. THE MANUFACTURING SECTOR

A. RECENT PERFORMANCE OF MANUFACTURING IN UGANDA

The index of industrial production shows that, after stagnating during the first half of the 1980s (the index for 1987 is almost the same as for 1982), production has picked up since 1986 and during the period 1987-90 increased by 54 per cent, (Table III.1). Recent trends in the index of industrial production show a deceleration in its upward trend, as measured by the moving average, after October, 1989, when steady but lower expansion is observable.

This performance has been quite variable between sectors, however. The strong sectors have been food processing, with a 70 per cent increase from 1987, carrying a weight of 20.7 in the overall index, drinks and tobacco, 55 per cent, with a weight of 26.1, chemical, paint and soap, 84 per cent, with a weight of 12.3, timber, paper, etc 81 per cent with a weight of 9.0, and bricks and cement, 54 per cent, with a weight of 4.3. In contrast the sectors in evident trouble are textiles and clothing which, though 16 per cent up on 1987 output, is 41 per cent down compared with 1982, and leather and footwear, down by 25 per cent on 1987 and still below the figure for 1982.

Table III.1. Index of industrial production, 1982-1990
(1987 = 100)

	Food Processing	Drinks and tobacco	Textiles and clothing	Leather and Footwear	Timber paper etc.	Chemical paint & soap	Bricks and cement	Steel & steel products	Miscellaneous	Total
No. of establishments	49*	12	13	7	19	16	11	17	17	161*
Weight	20.7	26.1	16.3	2.3	9.0	12.3	4.3	5.3	3.7	100.0
1982	106.7	48.6	196.7	77.9	68.2	64.6	163.7	81.6	87.6	97.4
1983	103.7	59.8	177.6	152.8	79.2	68.8	177.4	118.5	124.3	103.7
1984	99.8	79.4	136.9	175.5	88.7	61.2	156.5	110.7	139.5	101.1
1985	93.9	84.8	98.9	86.9	76.8	58.6	122.7	133.1	139.1	91.1
1986	85.3	82.2	92.9	90.0	72.0	58.8	120.6	105.9	141.0	86.1
1987	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1988	128.0	139.6	121.8	62.0	135.1	111.2	94.5	87.2	134.0	123.7
1989	153.7	143.7	132.7	62.9	169.4	162.9	109.0	98.9	204.2	145.2
1990	170.1	155.2	116.3	74.9	181.1	183.9	154.2	106.1	181.0	154.3

Source: Statistics Department, MPED.

* Indicates that, in addition to the individual establishments covered in the index, production data for coffee and tea processing, as advised by the respective marketing boards, is included.

Table III.2. Index of industrial production, annual summary, 1984-1990
(1987=100)

Group/sub-group	No. of establishments*	Weight	1984	1985	1986	1987	1988	1989	1990
FOOD PROCESSING	**50++**	**20.70**	**99.8**	**93.9**	**85.3**	**100.0**	**128.0**	**153.7**	**170.1**
Meat, fish and dairy	9	1.70	130.0	106.4	72.5	100.0	149.4	109.4	143.7
Grain milling	13	4.30	77.0	83.5	77.3	100.0	139.5	139.1	136.0
Bakeries	9	1.40	67.2	83.8	70.6	100.0	131.7	153.4	261.5
Sugar and jaggery	4	1.80	199.9	125.9	72.2	100.0	277.5	514.7	753.9
Coffee roasting	3	0.20	105.8	101.0	102.0	100.0	73.1	48.2	74.2
Coffee processing	+	8.62	91.3	90.1	98.9	100.0	95.6	106.0	76.9
Tea processing	1+	1.39	143.7	153.2	97.4	100.0	98.6	130.9	184.1
Other food processing	4	0.30	62.0	56.3	69.3	100.0	115.4	104.9	100.9
Animal feeds	7	0.99	31.5	32.8	52.1	100.0	101.9	121.0	116.7
TOBACCO & BEVERAGES	**12**	**26.10**	**79.4**	**84.8**	**82.2**	**100.0**	**139.6**	**143.7**	**155.2**
Beer and spirits	5	6.61	91.4	55.4	43.4	100.0	127.1	124.2	125.0
Soft drinks	6	5.40	96.5	84.5	85.8	100.0	221.3	253.8	362.4
Cigarettes	1	14.09	67.3	98.7	99.0	100.0	114.1	110.5	89.9
TEXTILES & CLOTHING	**13**	**16.30**	**136.9**	**98.9**	**92.9**	**100.0**	**121.8**	**132.7**	**116.3**
Textiles	4	12.00	111.8	102.6	93.8	100.0	106.4	110.4	79.8
Textile products	4	3.09	102.4	55.9	65.9	100.0	84.3	107.7	117.5
Garments	5	1.21	474.8	173.2	153.8	100.0	370.9	419.1	477.8
LEATHER & FOOTWEAR	**7**	**2.30**	**175.5**	**86.9**	**90.0**	**100.0**	**62.0**	**62.9**	**74.9**
TIMBER, PAPER & PRINTING	**19**	**9.00**	**88.7**	**76.8**	**72.0**	**100.0**	**135.1**	**169.4**	**181.1**
Sawmilling and timber	2	3.20	77.5	53.3	60.8	100.0	96.0	61.5	50.9
Furniture and foam products	7	2.90	74.8	65.5	86.9	100.0	140.0	221.9	191.3
Paper and printing	10	2.90	114.9	114.0	69.6	100.0	173.7	236.1	316.6
CHEMICALS, PAINT & SOAP	**16**	**12.30**	**61.2**	**58.6**	**58.8**	**100.0**	**111.2**	**162.9**	**183.5**
Chemicals	1	0.31	61.2	58.6	58.8	100.0	111.2	162.9	183.5
Paint	3	0.51	166.0	176.2	88.2	100.0	98.3	167.5	62.0
Medicines	3	0.50	92.9	106.6	104.2	100.0	70.1	166.8	284.3
Soap	9	10.98	54.6	50.2	55.1	100.0	173.7	236.1	316.6
BRICKS & CEMENT	**11**	**4.30**	**156.5**	**122.7**	**120.6**	**100.0**	**88.1**	**88.1**	**79.9**
Brinks, tiles, etc.	9	2.23	157.8	171.2	137.3	100.0	98.8	105.2	148.7
Cement	2	2.07	155.2	70.6	102.8	100.0	114.3	164.6	139.1
STEEL & STEEL PRODUCTS	**17**	**5.30**	**107.1**	**133.1**	**105.9**	**100.0**	**87.2**	**98.9**	**107.7**
Iron and steel	5	1.51	217.3	249.4	95.3	100.0	125.1	74.1	57.5
Structural steel	4	2.28	69.8	73.8	71.6	100.0	66.4	134.6	131.0
Steel products	8	1.51	66.4	107.1	167.7	100.0	80.9	69.9	128.9
MISCELLANEOUS	**17**	**3.70**	**139.5**	**139.1**	**141.0**	**100.0**	**134.0**	**204.2**	**181.0**
Vehicle accessories	5	0.91	183.1	164.4	146.4	100.0	104.5	164.0	224.8
Plastic products	4	0.63	93.0	84.2	90.4	100.0	58.2	105.0	103.0
Electrical products	2	1.15	125.9	83.5	76.1	100.0	100.9	142.9	110.5
Miscellaneous products	6	1.01	145.3	214.1	241.2	100.0	245.4	372.0	269.0
INDEX - ALL ITEMS	**162++**	**100.00**	**101.1**	**99.1**	**86.1**	**100.0**	**123.7**	**145.2**	**154.3**

Source: Statistical Bulletin 19A.

Note: in the tables, the symbol + is used to indicate that, in addition to the invididual establishments covered in the index, production data for coffee and tea processing, as advised by the respective marketing boards, is included.

* The number of establishments as at March 1991.

The performance of individual activities within each of these sectors is shown in Table III.2. Noteworthy in terms of rapid growth of output since 1987 are sugar and jaggery, bakeries, soft drinks, garments, paper and printing, medicines, and vehicle accessories. Lagging product groups are cigarettes, textiles, leather and footwear, sawmilling and timber, chemicals and paint, and iron and steel. Actual production figures for some of the principal manufactured commodities are given in Table III.3.

B. EVOLUTION OF THE MANUFACTURING SECTOR: DISTURBANCE AND RECOVERY

Up to the advent of Amin in 1971, Uganda's manufacturing sector followed the conventional path of import substitution. There were certain features of the economy and economic development at the time, however, which need special mention. Industrial development was being seen very much in the context of the East African Common Market and of the East African Community. With hydroelectric power from Owen Falls Dam, sufficiently abundant for its export to Kenya, there was great optimism regarding Uganda's prospects within this Community. Secondly, Uganda had established a very strong vehicle for the promotion of industry, ahead of its East African partners, in the Uganda Development Corporation, which was able to establish subsidiary and associated companies with varying degrees of private local and foreign participation. And, thirdly, there was a strong Asian community, particularly engaged in wholesale and retail trade, but also with manufacturing interests and entrepreneurial potential.

A major dichotomy in progress came in 1971 with the wholesale expulsion of the Asians and nationalization of foreign-owned enterprises, this followed by further disruptions, particularly that of the war in 1986. In 1971 as many as 50 factories were functioning in the medium- and large-scale sector: by 1981, 15 of these were non-operational while capacity utilization among the rest was about 25 per cent (UNIDO, 1990). In the small-scale sector, of 870 establishments operating in 1971, only 418 could be identified in 1981, of which 162 had closed and 256 were operating intermittently whenever input supplies and other conditions permitted.

Table III.3 and Annex Table A-13 give production data for selected manufactured goods from 1970 to 1990. This shows that only in a few cases was production up towards the level of twenty years earlier: beer, waragi, cigarettes, and animal feeds, with in only one case, soap, production substantially in excess of the earlier figure. In 9 out of 16 cases output was 16 per cent or less of the 1970 level.

The distance that the Ugandan manufacturing sector still has to travel in order to reach previously attained levels in the different branches of manufacturing is indicated in terms of value added in Table III.4. Data on value added is not readily available for recent years, and the end-dates in the table vary. However, most of the values are negative, even where the run of data is as long as eight years or more.

C. STRUCTURE OF MANUFACTURING OUTPUT

Manufacturing in Uganda was developed during the 1960s on the basis of a standard import-substituting policy centred on consumer goods production. It exhibited the usual features of such a strategy, including a heavy dependence on imported inputs and high and variable effective rates of protection.[1/] A list of principal manufactured goods in 1982-1990 (Table III.5) shows the usual "necessities" of beer, soft drinks and cigarettes, textiles (related to cotton growing in Uganda), sugar (another basic consumer good required domestically and also local resource-based), soap (using cotton seed and vegetable oils), cement and electricity. Of these, sugar and electricity were also exported, Uganda's Owen Falls Dam on the Nile at Jinja providing useful export carnings from sales to Kenya.

Table III.3. Production of selected manufactured goods, 1970-1990

Commodity	Unit	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Beer	Million litres	38.8	12.2	7.3	10.0	14.2	15.1	8.4	6.9	16.9	21.5	19.5	19.4
Cotton & rayon fabrics	Million square metres	33.5	208.7	19.4	20.0	17.0	11.5	10.4	9.7	10.2	11.5	11.8	8.2
Matches - small	Thousand cartons	25.1	3.3	2.0	1.9	1.0	-	0.1	0.2	0.04			
Matches - large (as per cent of 1975)	Thousand cartons	6.3	1.6	0.4	1.6	1.5	-	-	-	0.4	0.4	0.2	0.06
Steel ignots	Thousand tonnes	6.3	0.4	1.8	1.4	2.3	1.4	2.5	0.9	0.9	1.1	-	-
Corrugated iron sheets	Thousand tonnes	1.4	0.6	0.4	2.5	3.0	2.0	2.4	1.1	0.6	0.7	1.4	1.3
Cement	Thousand tonnes	98.0	10.0	8.0	16.5	30.8	24.9	11.7	16.4	15.9	15.0	17.4	26.9
Animal feeds	Thousand tonnes	10.0	5.8	3.5	2.3	5.2	3.1	4.2	6.5	12.2	11.0	16.0	15.0
Paint (as per cent of 1982)	Thousand litres	0.9	0.3	35	523	426	396	436	268	170	176	315	148
Uganda Waragi	Thousand litres	859	33	20	35	28	32	153	116	159	157	364	376
Footwear (as per cent of 1975)	Thousand pairs	1,586	942	463	476	916	1,136	582	547	664	363	359	319
Fishnets	Thousand pieces	299	36	12	38	75	59	28	33	47	52	55	62
Cycle tyres & tubes (as per cent of 1975)	Thousand pieces	503	85	20	..	136	150	126	100	37	110	2	18
Cigarettes	Million pieces	1,754	629	205	746	645	966	1,416	1,420	1,435	1,638	1,586	1,290
Blankets	Thousand pieces	309	93	133	129	120	82	25	41	147	49	87	69
Soap	Tonnes	3,574	..	165	249	-	1,019	773	3,291	15,772	18,452	27,110	30,552

Source: Statistics Department, Ministry of Palnning and Economic Development (MPED).

Annex Table A-10 gives an idea of the more detailed composition of manufacturing activity in 1990, based on 112 selected establishments and excluding very small enterprises, as indicated by numbers of employed and by the size of the wage bill. This brings out the importance of textiles and of the drinks and cigarettes sector. These indicators underemphasise the food processing sector, as shown by data for 1989 drawn from the Directory of Manufacturing Establishments (see Table III.6), which includes smaller establishments and has fuller coverage of the manufacturing sector. This shows the food, beverages and tobacco sectors employing 45 per cent of the manufacturing workforce, with textiles, leather and footwear, and wood and furniture each accounting for about 16 per cent.

As indicated already, very piecemeal data is available in respect of value added. Data for 1980-1982 (Annex Table A-11) is sufficient to indicate the importance of food processing, alongside textiles and drinks and tobacco, these three together appearing to account for three-quarters or even more of value added in manufacturing, at that time at least.

Table III.4. Growth of value added in manufacturing by branch, 1977-1989
(at 1980 prices)

Description (ISIC)	Growth of value added
Food products (311)	15.19[a/]
Beverages (313)	-18.49[b/]
Tobacco (314)	-8.94[b/]
Textiles (321)	-0.78[c/]
Wearing apparel, except footwear (322)	-0.78[c/]
Leather products (323)	-0.78[c/]
Footwear, except rubber or plastic (324)	-0.78[c/]
Wood products, except furniture (331)	-0.52[d/]
Furniture, except metal (332)	-0.68[c/]
Paper and paper products (341)	-14.46[e/]
Printing and publishing (342)	-14.46[e/]
Industrial chemicals (351)	-38.11[e/]
Other chemicals (352)	-34.23[f/]
Petroleum refineries (353)	..
Miscellaneous petroleum and coal products (354)	..
Rubber products (355)	-41.17[e/]
Plastic products (356)	..
Pottery, china, earthenware (361)	..
Glass and glass products	9.74[a/]
Other non-metallic mineral products (369)	9.74[a/]
Iron and steel (371)	-23.23[f/]
Non-ferrous metals (372)	-8.20[g/]
Fabricated metal products (381)	-14.46[e/]
Machinery, except electrical (382)	-14.46[e/]
Machinery electric (383)	-14.46[e/]
Transport equipment (384)	-14.46[e/]
Professional and scientific equipment (385)	..
Other manufactured products (390)	-14.46[e/]

Source: Industrial Statistics and Sectoral Surveys Branch, UNIDO. Based on data supplied by the United Nations Statistical Office, with estimates made by the UNIDO Secretariat.

a/ 1977-1988
b/ 1977-1984
c/ 1977-1985
d/ 1977-1987
e/ 1977-1980
f/ 1977-1982
g/ 1977-1981

Table III.5. Production of principal manufactured goods, 1982-1990

	Sugar	Beer excluding chibuku	Soft drinks	Cigarettes	Textiles	Cement	Electricity	Laundry soap
Units	Tonnes	Thousand litres	Thousand litres	Million	Thousand sq. metre	Tonnes	Thousand Kwh	Tonnes
1982	3,289	9,787	1,795	745.0	18,557	18,471	559,880	n.a.
1983	3,133	14,206	3,953	645.0	16,607	30,780	515,500	n.a.
1984	2,943	14,817	5,784	965.8	11,475	24,921	614,400	n.a.
1985	808	8,184	5,002	1,416.4	10,418	11,749	626,500	n.a.
1986	0	5,603	5,049	1,420.1	9,733	16,376	637,200	2,902
1987	0	16,484	5,875	1,434.8	10,465	15,904	618,087	15,508
1988	7,534	21,139	13,431	1,637.6	11,067	14,960	565,900	17,929
1989	15,859	19,516	16,178	1,585.9	11,586	17,378	659,971	26,872
1990	28,915	19,420	24,275	1,289.7	8,172	26,920	736,500	30,592

Source: Statistics Department, MPED.

Table III.6. Subsectoral composition of the manufacturing sector, 1989

ISIC	Branch	Number of enterprises	Number of employees	Structure of employment (Percentage)
31	Foods, beverages and tobacco	480	28,035	44.8
32	Textiles, apparel, leather and footwear	160	10,320	16.5
33	Wood and furniture	556	9,760	15.6
34	Paper and paper products, including printing and publishing	106	2,050	3.3
35	Chemicals, rubber and plastics	47	1,610	2.6
36	Non-metallic mineral products	60	3,150	5.0
37	Iron and steel	7	635	1.0
38	Tools, hardware, metals and metal products (including machinery)	305	4,070	6.5
39	Other	2	30	6.5
	Mining, including salt	23	2,920	4.7
Total		**1,746**	**62,555**	**100**

Source: Directory of Manufacturing Establishments.

D. SCALE OF MANUFACTURING ESTABLISHMENTS

Information from the Directory of Manufacturing Establishments (Table III.7) suggests the existence of a preponderance of small firms, 84 per cent employing 35 persons or fewer, and nearly half 10 persons or fewer. However, the category of larger firms among those covered by the data accounts for the bulk of employment, nearly three-quarters.

Annex Table A-12 confirms the existence of a significant medium- and large-scale sector, with substantial establishments in sugar, beer, cigarettes, cotton, fabrics, gunny bags, fishnets and cement. The categories of miscellaneous consumer goods and miscellaneous manufacturing inputs include mostly quite small establishments

E. GEOGRAPHICAL DISTRIBUTION OF MANUFACTURING

The 1983 Directory of Industries, published by the Ministry of Planning and Economic Development, shows the majority of enterprises (excluding agro-industries) to be in the Buganda region, especially Kampala (330 establishments), Mpigi (69) and Mukono (38), altogether 437, and in the Eastern region, especially Jinja (65), Tororo (63) and Mbale (47), these three together accounting for 175. Comparatively few are in the North - Lira has the largest number, a mere 14 at the time - or in the west.

The locational advantages of the Kampala-Tororo-Mbale axis are: attraction of the market, especially the Kampala market but also purchasing power associated with high agricultural incomes in the region; lower cost of imported materials, which come from overseas through Mombasa or from Kenya; and hydro-electric power from Jinja. Since Uganda is landlocked, even these locations suffer a transport disadvantage *vis-à-vis* Nairobi and Mombasa. Nevertheless it is even more problematic to consider the establishment of major industries away from this axis. As already noted, the original plan with the construction of the Owen Falls Dam in 1950 was the development of a major East African industrial growth pole at Jinja.

The mixed ethnic composition of Kampala offers some broadening of access to industrial employment among Ugandans. However, the implication of the geographical concentration just noted is that rural, especially distributed resource-based industries should be encouraged within Uganda, in order to provide sources of non-agricultural income with which to top up income from agriculture. It is particularly important to improve the agricultural resource base in Northern and Central-North Uganda which at the moment has much lower agricultural incomes, less rural/resource-based activity, and considerably less involvement in the Kampala economy.

F. THE STATE OF UGANDAN MANUFACTURING: CAPACITY UTILIZATION

The weak state of Ugandan manufacturing is indicated by pervasive and serious excess capacity affecting most activities, as shown in Table III.8 (and Annex Table A-14), in which only four activities, steel doors and windows, soap, cigarettes and animal feeds, had levels of utilization in 1990 of 50 per cent or more and a large proportion had levels below 20 per cent.

The causes of this excess capacity will be several and vary between cases: managerial problems, shortage of inputs and, often, competition from officially and unofficially imported goods. In assessing the appropriate direction for the rehabilitation and redevelopment of the manufacturing sector it will evidently be vital to determine in each case whether the causes exist at the plant level and are rectifiable in the short or longer run, or are more fundamental in terms of the long run economic viability of the industry. In a survey of 84 enterprises carried out in the first part of 1984, the most common explanation given by the firms surveyed for low capacity utilization was equipment breakdown, together with lack of spare parts, resulting from the shortage of foreign exchange.

Table III.7. Size distribution of manufacturing enterprises, 1989

Employment	Number of enterprises	Per cent	Number of employees	Per cent
1 - 5	328	19.0	1,430	2.3
6 - 10	524	30.3	4,150	6.6
11 - 20	378	21.9	5,191	8.3
21 - 35	213	12.3	5,858	9.4
36 and above	285	16.5	45,926	73.4
Total	**1,728**	**100**	**62,555**	**100**

Source: *Directory of Manufacturing Establishments*, Ministry of Industry and Technology, 1989.

Table III.8. Industrial branches classified according to level of capacity utilization, 1990

High (above 50 per cent)	Medium (20-50 per cent)	Low (below 20 per cent)
Steel doors and windows (107)	Beer (40)	Biscuits (19.8)
Soap (85)	Motor batteries (39)	Waragi (19)
Cigarettes (68)	Processed milk (37)	Sugar (18)
Animal fodder	Curry powder (36)	Brooms and brushes (15)
	Tableware, plastic (34)	Paper (15)
	Twines and cords (33)	Ballpens (15)
	Jerry cans, plastic (34)	Cotton/rayon fabrics (14)
	Number plates (30)	Acetylene gas (12)
	Wheat flour (29)	Fishnets (11)
	Corrugated cardboard boxes (26)	Cables/conductors (10)
	Garments (25)	Finished leather (9)
	Plywood (23)	Gunny bags, hessian (8)
	Hoes (22)	Misc. metal products (7)
	Soya foods (22)	School chalk (6)
		Footwear (6)
		Sawn timber (6)
		Corrugated iron sheets (6)
		Cement (5)
		Blankets (5)
		Roast and ground coffee (4)
		Paints (3)
		Toothbrushes (3)
		Steel beds (3)
		Pencils (3)

Source: Statistics Department, Ministry of Mining and Economic Development.

Note: This Table covers establishments included in Index of Industrial Production, and thus not all manufacturing activities in Uganda. Additional activities with percentages below 3 are not listed.

There has been some improvement in the situation since 1984, with the number of establishments showing capacity utilization of 20 per cent of more increasing from 10 in 1984 to 18 in 1990 (Table III.9), but the state of the industrial sector clearly remains grim. The easing of foreign exchange constraints should improve matters to some extent over the next few years.

The poor state of Ugandan manufacturing as inherited in 1987 was not confined to problems of low capacity utilization. Much of the large-scale enterprise sector was public-owned. A large segment was dormant. There had been widespread destruction of buildings, equipment and records during the war. Major questions of ownership were unresolved, after rehabilitation and resumption of operations. Management was in disarray, and there were problems of liquidity and finance in many cases. Productivity has been low and operating losses large. While considerable progress has been made since 1987, many of these problems remain.

G. PUBLIC AND PRIVATE PARTICIPATION IN MANUFACTURING

Before Independence Uganda has had a mixed economy with different combinations of public and private ownership in the large-scale sector, with a large number of private enterprises operating on a small and medium scale. The public sector is important in terms of fixed assets, although the large number of small enterprises are said to account for more than 50 per cent of manufacturing value added (UNIDO, 1990, p.29).

The main vehicle for the accelerated promotion of industrial and other development in Uganda was the Uganda Development Corporation (UDC), established in 1952, well before independence. This was not seen as a means of nationalization but of generating new investment and activity. This was to be carried out through a combination of "injector" and "catalytic" roles (Nyhart, 1959). In the former case, where local or foreign private investment was less readily forthcoming, UDC could take the initiative by directly establishing a subsidiary company in which it would have a majority holding. In the latter, enterprises would consist of joint ventures in which the UDC had a minority holding. In practice a wide variety of arrangements for joint participation with private capital and enterprise were entered into.

The spread of UDC interests was impressive (Table III.10) and involved already in 1970 gross resources of nearly Shs 340 million (£17 million). More than half these resources were in manufacturing and processing, with another 22 per cent in agriculture. As just stated, there was no stated prejudice towards public enterprise as a goal in itself. The function of UDC on its establishment were to include:

(1) the direct establishment of enterprises;
(2) the raising of finance by the issue of debentures and the making of loans to both established and new enterprises, as well as the guaranteeing of loans that such businesses might be able to arrange for themselves;
(3) the promotion of new private enterprise;
(4) research into development possibilities in any field including, if desirable, the setting up of new research institutes; and
(5) the development of African commercial enterprise.

However, with the expulsion in 1972 of the Asian business community, a large number of establishments were transferred to public sector management, as noted above. At the end of 1989, there were 116 public companies, of which about 60 were industrial. The UDC now controls 35 companies, including tea estates, out of which 28 are currently in operation. Only 4 of these are now associated companies with a minority UDC holding, and the fact that 31 out of 35 are subsidiaries reflects both the inherited more interventionist policy of public ownership and the limited recent interest of local and foreign private investors. Separately from UDC, many enterprises are now owned directly by government ministries, in particular the Ministry of Industry and Technology (MOIT), which is responsible for 45 parastatals. The Ministry of Agriculture owns a sugar mill and the Ministry of Environment Protection several sawmills. A number of enterprises are being run by the Custodian Board while questions of ownership are still being settled, a situation not likely to produce efficient operation and new investment.

Table III.9. Installed capacity and percentage utilization, manufacturing establishments, 1984-1990

Commodity	ISIC	Unit	Installed capacity	1984	1985	1986	1987	1988	1989	1990
Processed milk	1520	Thousand litres	47,450	43.6	35.0	27.8	35.6	44.0	36.1	36.5
Wheat flour	1532	Tonnes	45,000	9.4	17.4	15.8	21.0	27.2	30.8	28.6
Animal feeds	1533	Tonnes	28,060	10.7	14.9	23.1	43.5	39.2	56.8	53.6
Biscuits	1541	Tonnes	648	8.8	5.1	12.5	19.3	12.8	8.6	19.8
Sugar	1542	Tonnes	160,000	1.8	0.5	-	-	4.7	9.9	18.1
Sweets and toffees	1543	Tonnes	5,430	1.2	3.5	1.5	2.2	1.0	0.9	0.8
Roasted and ground coffee	1549	Tonnes	1,600	6.1	5.9	2.4	6.1	4.5	2.4	4.1
Soya foods	1549	Tonnes	600	7.5	3.7	6.3	23.3	26.2	13.0	22.2
Curry powder	1549	Tonnes	152	12.5	20.4	103.3	23.7	48.7	27.6	35.5
Uganda Waragi	1551	Thousand litres	2,000	1.6	7.7	5.8	8.0	7.9	18.2	18.8
Beer	1553	Thousand litres	49,128	30.8	17.1	14.0	34.4	43.7	39.7	39.5
Cigarettes	1600	Million pieces	1,900	50.8	74.5	74.7	75.5	86.2	83.5	67.9
Cotton and rayon fabrics	1721	Thousand square metres	57,092	20.1	18.2	17.0	17.9	20.1	20.6	14.3
Blankets	1721	Thousand pieces	1,500	5.5	1.7	2.7	9.8	3.3	5.8	4.6
Gunny bags and hessian cloth	1723	Tonnes	5,400	21.3	13.3	11.3	9.7	13.4	16.1	8.0
Fishnets	1723	Thousand pieces	550	10.7	5.1	6.0	8.5	9.5	10.0	11.3
Twines and cords	1723	Tonnes	200	2.0	3.5	12.0	10.5	9.5	17.5	33.0
Garments	1810	Thousand dozens	125	9.6	6.4	4.8	4.0	26.4	21.6	24.8
Finished leather	1911	Thousand square metres	471	9.6	3.4	6.8	4.0	2.8	3.2	8.9
Footwear	1920	Thousand pairs	5,093	22.3	11.4	10.7	13.0	7.1	7.0	6.3
Sawn timber	2010	Cubic metres	4,000	-	-	35.9	62.8	49.7	34.3	6.3
Plywood	2021	Cubic metres	2,357	-	-	22.7	35.2	43.5	22.3	22.7
Spring mattresses	2029	Cubic metres	36,000	0.7	1.5	1.9	1.0	0.0	0.0	0.2
Brooms and brushes	2029	Thousand pieces	500	-	2.0	11.0	5.6	15.8	12.2	14.6
Paper	2111	Tonnes	2,690	8.4	12.7	5.4	1.4	4.7	9.7	14.6
Corrugated cardboard boxes	2112	Thousand square metres	720	14.9	25.3	17.9	16.8	13.1	18.3	26.4
Cartons	2119	Million pieces	350	0.3	0.3	0.6	0.3	0.3	0.6	0.6
Paper sacks	2119	Thousand pieces	12,144	8.9	9.4	5.2	4.1	5.1	6.7	8.8
Envelopes	2119	Thousand pieces	124,000	5.3	2.8	1.7	2.5	4.9	3.6	0.8
Acetylene gas	2411	Thousand cubic metres	108	8.3	124.1	9.3	13.9	12.0	10.2	12.0
Paints	2422	Thousand litres	4,311	9.2	10.1	6.7	3.9	4.1	7.3	3.4
Soap	2424	Tonnes	36,000	2.8	2.1	9.1	43.8	51.3	75.3	84.9
Matches: Small size	2429	Cartons[a/]	43,200	0.0	0.3	0.4	0.1	0.2	0.9	0.1
Large size	2429	Cartons[b/]	12,000	0.0	0.0	0.0	3.2	3.0	1.6	0.6
Cycle tyres and tubes	2511	Thousand pieces	2,400	6.3	5.3	4.2	1.5	4.6	0.1	0.8
Adhesives	2519	Thousand litres	118	1.7	14.4	16.9	7.6	0.0	0.8	0.8

(continued)

Commodity	ISIC	Unit	Installed capacity	1984	1985	1986	1987	1988	1989	1990
Rubber solution	2519	Thousand litres	12,960	5.0	6.8	0.0	3.5	0.0	3.0	0.5
Jerry cans (plastic)	2520	Thousand pieces	950	0.0	0.0	0.0	30.7	15.7	32.6	32.7
Tableware (plastic)	2520	Thousand dozens	268	0.0	11.2	16.4	59.3	43.3	46.3	34.0
Cement	2694	Tonnes	507,500	4.9	2.3	3.2	3.1	2.9	3.4	5.3
School chalk	2695	Cartons	12,000	29.5	52.3	36.1	10.8	38.8	49.5	6.4
Steel ingots	2710	Tonnes	22,000	6.4	11.5	3.9	4.2	5.1	0.0	0.0
Corrugated iron sheets	2710	Tonnes	20,000	9.8	12.1	5.3	3.2	3.6	6.9	6.3
Steel beds	2811	Number	36,000	11.7	15.3	8.8	22.5	2.4	5.8	3.0
Steel doors and windows	2811	Tonnes	300	31.3	27.3	36.0	56.3	49.3	134.7	107.0
Hoes	2893	Thousand pieces	3,600	5.1	11.5	14.3	17.6	14.4	14.8	22.3
Enamel ware	2893	Thousand dozen	3,000	1.4	0.4	1.1	0.4	0.1	0.1	0.0
Other miscellaneous metal products	2899	Tonnes	26,360	7.9	11.0	10.2	7.1	12.3	6.5	6.8
Cables/conductors	3130	Kilometres	4,500	56.5	0.0	31.0	16.8	21.1	-	-
Cables/conductors	3130	Tonnes c/	1,180	-	-	-	-	11.0	13.4	10.3
Motor batteries	3140	Pieces	50,000	19.6	14.8	16.1	9.5	11.0	25.4	38.8
Number plates	3699	Pairs	24,000	25.3	29.8	46.4	46.3	7.6	28.2	30.0
Toothbrushes	3699	Thousand packets d/	33	0.0	18.2	57.6	6.1	15.2	21.2	3.0
Pencils	3699	Gross	79,000	0.0	0.0	0.0	3.1	5.9	5.0	2.5
Ballpens	3699	Thousand packets e/	192	0.0	14.1	7.3	39.6	18.8	25.5	14.6

Source: Statistics Department, Ministry of Planning and Economic Development

Note: The coverage is essentially of those establishments included in the Index of Industrial Production and does not necessarily reflect total production of manufactured commodities in Uganda.

a/ Cartons of 10 gross small-size matchboxes.
b/ Cartons of 200 large-size matchboxes.
c/ Unit of measurement changed.
d/ One packet of toothbrushes contains 24 pieces.
e/ One packet of ballpens contains 50 pieces.
\- Indicates no production or no information available.

Table III.10. Subsidiary and associated companies of the UDC, 1970

Subsidiary	Associated
Manufacturing and processing (52 per cent of UDC gross resources)	
Textiles:	
Nyanza textiles (associated until 1958)	Uganda Bags and Hessian Mill
United Garment Industry	
Uganda Spinning Mill	
Food and beverages:	
East African Distilleries	Uganda Maize Industries
Salutea Ltd.	Uganda Grain Milling Co.
Uganda Meat Packers	Uganda Millers
(associated until 1962-1965)	Uganda Fishnet manufacturers
Uganda Fish Marketing Corporation (associated 1958-1969, subsidiary until 1958)	
Other manufacturing:	
Uganda Cement Industry	Associated Match Co.
Tororo Industrial Chemicals & Fertilizers	Associated Paper Industries
Uganda Metal Products and Enamelware	Papco Industries
Universal Asbestos Manufacturing Co.	African Ceramics
(associate until 1963)	Steel Corporation of East Africa
	Chillington Tool Co.
Mining: (2 per cent of UDC gross resources)	
Sukulu Mines (associated until 1961)	Kilembe Mines
	Kilmex
	Wolfram Investments
Agriculture: (22 per cent of UDC gross resources)	
Agricultural Enterprise Ltd., including as subsidiaries:	
Bunyoro Ranching Co.	
Lango Developing Co.	
Uganda Crane Estates	
Uganda Livestock Industries	
Ankole Tea	
Six other tea enterprises	
Hotels, tourism, and domestic aviation: (9 per cent of UDC gross resources)	
Uganda Hotels	
International Hotel, Kampala	
National Park Lodges, Kampala	
Uganda Wildlife Development	
Uganda Air	
Uganda Aviation Services	
Property: (5 per cent of UDC gross resources)	
Uganda Consolidated Properties	
Kulubya Property Co.	
Uganda Properties	
Banking, Finance and Commerce: (10 per cent of UDC gross resources)	
Uganda Bank	Development Finance Co. of Uganda
Uganda Holdings	
Uganda Crane Industries	

Source: Livingstone and Ord (1980), Table 18.2.

On the positive side the Uganda Manufacturers Association (UMA), originally formed in 1972, was reactivated in April, 1989, and encompasses more than 200 medium- and large-scale companies in both private and public sectors. This association could come to play a useful role in promoting industrial investment. In addition a Uganda Small Scale Industries Association (USSIA) has been established.

NOTES TO CHAPTER III

1/ These have been calculated for Kenya and Tanzania (see I. Livingstone and H. W. Ord, *Economics for Eastern Africa*, Heinemann Educational Books, Nairobi, 1980) and those for Uganda can be assumed to exhibit a similar pattern.

IV. THE RESOURCE-BASED INDUSTRIAL ACTIVITIES[1/]

A. THE DEVELOPMENT OF AGRICULTURAL CROPS AND PROCESSING

Coffee

As already observed, with the reduction to minimal proportions of cotton, sugar and tea production, coffee became the predominant cash and export crop in Uganda, accounting for practically the whole of export value. Coffee being a high-valued crop, high-valued in relation also to its land and labour requirements, it follows that the associated coffee curing and processing will itself represent a useful contribution to manufacturing value added; and it would be desirable to exploit Uganda's suitability for coffee production and processing to the maximum extent that the market allows.

The big obstacle is on the demand side. The break-up of the International Coffee Organization (ICO) has produced a calamitous fall in the world price. Reestablishing the ICO is highly desirable, but would replace the price constraint with a quantity constraint: when the ICO was in place, Uganda was producing well in excess of its quota of 2.3 million bags.

Measures to improve the efficiency of coffee production and marketing are still needed. Production is badly affected by shortages of inputs, inadequate crop finance, shortage of imported bags, due to foreign exchange problems, and poor rural infrastructure. Marketing inadequacies and foreign exchange considerations have encouraged smuggling into the neighbouring countries of Kenya and Zaire, to Uganda's loss. Inefficiency in production and marketing is wasteful and reduces returns to growers from a given volume of crop. Improvements, conversely, can also release land and labour resources to other activities.

A recent UNIDO mission (UNIDO, 1990) examined the possibility of spray-dried instant coffee, but concluded that the moment was not propitious in the light of world overproduction but also because, with the European market tending towards higher quality freeze-dried products, this required blending of different coffees, which Uganda would not be in a position to do.

Cotton, textiles and cottonseed oil

Cotton production in Uganda has declined drastically as a result of low prices, insecurity in some of the producing areas, shortage of inputs, particularly seed, and marketing and organizational problems. For these reasons farmers have been substituting other crops for cotton, maize especially, on a large scale. While Uganda was producing as much as 86,000 tonnes of cotton in 1970, output was down to a mere 1,800 tonnes in 1988, 2 per cent of the old figure. Yields have also dropped, recently equal to no more than 41 lb/acre, compared with several hundred in most other countries in the equatorial belt.

The need for rehabilitation of the industry is evident. The fall of cotton has depressed the major cotton-growing regions in Northern, Central and South Eastern Uganda, widening regional economic disparities to the extent even of threatening the long term political integrity of the country. Cotton also demonstrated much more than any other crop major forward linkages into manufacturing, forming the basis of an important textile industry, which was exporting textiles as well as supplying local demand, edible oil production, and what is still a well-established soap industry, as well as, of course, ginneries.

Some progress has already been achieved since the government launched its Emergency Cotton Production Programme (ECPP) in 1987, focusing initially on the rehabilitation of the ginneries, but there is clearly a long way to go.

It will be major task to restore the textile industry. This is one industry which was benefitting earlier from access to an East African market, in which domestic production elsewhere has since expanded. In Uganda the textile mills are at different stages of rehabilitation. Efforts are being made to put together the finance required for reestablishing Nytil at Jinja. Also at Jinja the MULCO factory has been repossessed by its former owner, although a decision is still awaited on whether to resume production. The UGIL factory is functioning, having received financing from the UDB, and is making efforts to export high quality products. At Mbale, machinery should be installed at any moment and production resumed at the African Textiles Mill (ATM). Lira Spinning Mills, in the north-east, has been undergoing reconstruction which will be completed shortly. Supply of cotton is likely to be the constraint, so long as producer prices remain unattractive.

Seven cotton seed oil mills remain and a large new oilseed factory in Kampala is expected to start operations at any time. The major problems have been shortage of cotton seed associated with the decline in cotton production, resulting in low capacity utilization.

With the centre of gravity in cotton production having moved somewhat further north in Uganda, locational issues arise with reference to new processing facilities, as well as issues of scale relating to the advantages of dispersed smaller-scale production.

Other oilseed production

The major oilseeds in Uganda, apart from cotton, are groundnuts, simsim and soya bean, all of which have shown substantial increases during the 1980s (Table IV.1). Simsim production in Northern Uganda has been expanding because of favourable prices and export opportunities. Sunflower is also increasing because of low costs of production and the possibility of securing two crops a year. These crops deserve to be further promoted with diversification in mind. They offer opportunities for small-scale rural industry and can provide for the domestic market as well as offering export possibilities.

Table IV.1. **Production of selected oilseeds, 1980-1988, selected years** (Thousand tonnes)

Year	Groundnuts	Simsim	Soya beans	Total
1980	70	20	3	93
1982	90	35	6	131
1984	118	39	9	166
1986	118	35	10	163
1988 (est.)	176	45	14	235

Source: MPED, *Background to the Budget, 1989-1990.*

Sugar

Another major loss to the Ugandan economy has been the sugar crop. At its peak in 1968 production was as high as 152,000 tonnes. Production was centred largely on the two major Asian-owned sugar estates belonging to the Madhavani and Mehta families, who were expelled in 1972. By 1985 only 800 tonnes were produced. With the return of former owners in the early 1980s to take up production again through joint ventures with the government, the task of rehabilitating the industry was taken up.

Substantial constraints existed, and still exist, on the processing side as well as in cane production, since sugar refining capacity in Uganda was largely destroyed in the interim. By 1988 output had increased to only 6200 tonnes, just 4 per cent of the peak amount, but, with an aid programme to restore refining capacity, output is now expected to increase rapidly.

New installed capacity of 60,000 tonnes at Lugazi was expected to be functioning at a 50 per cent level in 1991, and to go up to full capacity within two years. The Kakira Sugar Works has planned capacity of 90,000 tonnes, of which a first phase has been completed, and is also expected to move to full capacity within 2-3 years, though producing only 19,000 tonnes, 21 per cent, in 1990-1991. Rehabilitation is to start shortly of the Kinyara Sugar Works in Masindi, in central-north Uganda, which will add a further 37,000 tonnes to capacity. These increases in output will be as good as exports since sugar, as a staple consumer commodity in Africa, can be responsible for a very large import bill in the absence of domestic production.

Tea

Uganda, with its fertile soils and very favourable climate for tea in the West, was before its period of economic and social disruption, a major exporter of tea also, and of a high quality product. Production, mostly on estates, expanded rapidly during the 1960s, reaching its peak of 23,376 tonnes in 1972, just after the Amin takeover. Output declined dramatically from that time, with the departure of foreign estate owners and companies, the total of 1,533 tonnes in 1980 representing only about 6 per cent of what had once been achieved. Its current share of exports is negligible.

Restoration of tea to its former position is an obvious priority ahead of other options, given its position as a high-valued crop, without quite the same world marketing problems as coffee. Its contribution on the manufacturing side is the high value added in processing and also in generating rural purchasing power in Western Uganda, which can give stimulus to a variety of rural industries.

Already three out of six estates coming under Agricultural Enterprises Ltd (AEL), a subsidiary of UDC, have been rehabilitated, and the progressive restoration of the industry is anticipated. Temporary problems exist, such as a shortage of tea chests for export, and more general problems of management and investment.

Tobacco

Again in the case of tobacco, it is a matter of retrieving lost ground. In the late 1960s, the British American Tobacco Co. (BAT) had initiated very promising supervised smallholder production of tobacco in West Nile District, in North West Uganda, particularly valuable also in regional terms. Peak production levels in 1972 amounted to 5000 tonnes of tobacco. Subsequently Northern Uganda, particularly West Nile District, was affected by military conflict and local and cross-border insecurity so that by 1981 there was virtually no production.

BAT formally repossessed its properties in 1984 and, subsequently, as conflict diminished and security improved, allowing also refugees to return from across the frontier, production was reestablished and grew surprisingly quickly in the circumstances, to 3,833 tonnes in 1989. The National Tobacco Board, the national subsidiary of BAT, reported in 1990 that its installed processing capacity was almost fully utilized, and that it was planning to expand capacity to deal with anticipated further increases in production.

Fruit production

Fresh tropical fruits are widely available in much of Central and Southern Uganda, though there is no large-scale organized commercial production. One of the main fruit-growing areas, embracing the districts of Mpigi, Masaka and Rakai in South West Uganda, was estimated to produce more than 17,000 tonnes of four main fruits in 1988 (Table IV.2).

Table IV.2: Estimates of fruit production in adjacent districts of Mpigi, Masaka and Rakai, 1988

District	Pineapple	Mango	Papaya	Passion fruit	Total
Mpigi	4,500	800	1,000	700	
Masaka	5,250	600	800	280	
Rakai	1,500	1,500	400	140	
Total	**11,250**	**2,900**	**2,200**	**1,120**	**17,470**

Source: UNIDO, Industry Sector Programming Mission Report, March 1990, p.38

The conversion of fruit to aseptically-packed products, juice concentrates and dried products has been considered with regard to possible export production, but it is questioned whether the volume of production at this stage would be sufficient to sustain the throughput required by a factory. Four soft drinks manufacturers in Jinja and Kampala all use imported ingredients. Another in Masaka, in the area just mentioned, does use juice extracted from locally grown pineapples and passion fruit, but suffers from a low and variable rate of capacity utilization.

B. LIVESTOCK DEVELOPMENT AND MEAT PROCESSING

In addition to fertile lands for agricultural production, Uganda has excellent possibilities for mixed farming, incorporating livestock, and for livestock production systems themselves in the drier regions, which offer manufacturing opportunities in meat and milk processing. Livestock have been estimated to contribute 30 per cent of agricultural GDP.

Table IV.3. Estimated livestock population in Uganda, 1982-1990
(Thousand head)

	1982	1983	1984	1985	1986	1987	1988	1989	1990
Cattle a/	4,821.1	4,871.3	4,993.1	5,000.0	5,200.0	3,905.2	4,259.8	4,416.5	4,913.2
Sheep	1,453.5	1,035.5	1,602.0	1,674.0	1,680.0	682.8	690.1	709.8	920.1
Goats	2,804.3	1,978.9	3,091.0	3,246.0	3,300.0	2,502.8	2,110.0	2,754.8	3,250,8
Pigs	205.7	232.8	227.0	238.0	250.0	470.4	452.3	716.4	824.3
Poultry b/	324.4	1,000.0	1,200.0	3,000.0	5,000.0	8,330.0	n.a.	n.a.	n.a.

Source: Ministry of Animal Industry and Fisheries.

a/ Dairy and beef cattle.
b/ Total number of birds on commercial farms, including chickens, geese, turkeys and ducks.

In the 1960s, in addition to the main established meat processing plant in Kampala, supplied largely by cattle from Southern Uganda, it was intended that a second plant built in Soroti towards the north-east would tap a large potential supply from northern pastoralists. The latter factory has been idle for many years, but a feasibility study for refurbishment has been authorized. However, the original calculations probably overestimated the available marketable surplus among pastoralists, and thus the likely supply to the plant. Since then, problems of general insecurity, rampant rustling, aided by modern weapons, and lack of capacity to implement disease control in the supply areas make this still more doubtful.

Commercial ranching opportunities in West/Central Uganda have been recognized for some time and attempts to foster these were pursued quite strongly in the mid-sixties. Progress in this direction was stopped during the disturbances and it is only now that new consideration is being given to this development. Funding is being sought from donors for both beef and dairy subsectors. It is important, however, that the optimal form of development be considered - whether ranching or small-scale production is appropriate, for instance. Dairy production to supply milk for the expanding urban markets should also increase.

In part because of the security problems which existed in the north, recent statistics of the livestock population do not have full coverage or accuracy. The figures available (Table IV.3) do not indicate any upward trend, except in the case of commercial poultry and, to a lesser extent, pigs, though this does not imply that potential does not exist for beef and dairy cattle, especially.

C. FISH PRODUCTION AND FISH-BASED INDUSTRY

Despite being an inland country, Uganda has the good fortune to possess a large number of major lakes, rivers and swamps which in fact account for nearly 15 per cent of its total surface area. Apart from the extensive Lake Victorian shoreline, there is Lake Kyoga, widely spread across the centre of the country and Lakes Albert, Edward, George and Wamala, as well as other waters. The full potential is far from developed and at present Lakes Victoria and Kyoga together account for nearly 90 per cent of the total catch (Table IV.4).

Table IV.4. Fish catch in Uganda, 1982-1990
(Thousand tonnes)

Area	1982	1983	1984	1985	1986	1987	1988	1989	1990	Per cent 1990
Lake Victoria	13.0	17.0	44.8	45.6	56.5	80.0	107.1	132.4	119.9	49
Lake Kyoga	138.0	140.0	150.0	100.0	128.0	48.0	86.7	54.7	94.9	39
Other	19.0	15.3	17.5	15.2	16.4	21.7	20.5	26.4	30.4	12
Total	**170.0**	**172.3**	**212.3**	**160.8**	**200.9**	**149.7**	**214.3**	**213.5**	**245.2**	**100**

Source: Fisheries Department, Ministry of Animal Industry and Fisheries.

A fisheries survey carried out in 1988 suggested that some 75,000 people were directly involved - not necessarily full time, of course - in fishing, 150,000 in processing, marketing and transporting, and another 150,000 engaged in related activities such as net and boat-making.

Although this is an "informal sector" activity, it is nonetheless valuable, if not more so, in terms of employment and income creation across Uganda. Fish consumption appears quite clearly to be increasing and assuming a more important position in the diet of many households (although it would be misleading to compare production in 1982 and 1990 in Table IV.4 because of the effects of exceptionally low output from Lake Victoria in the early 1980s, due to special factors).

Donors have been interested in assisting the development of the industry, aid coming in particular from Italy, for development on Lake Kyoga, and IFAD. Experience with more modern mechanized methods of fishing on Lake Kyoga pointed to the dangers of overfishing of that lake, as well as issues of appropriate technology and employment creation which may be relevant.

With the assistance of various donors, the government has now embarked on a major development of the industry, through improved fishing techniques, local boat building, provision of inputs, and improved fish handling, processing and marketing. A particular development is a small fish-smoking and drying plant installed recently at Masese on Lake Victoria, near Jinja, with Italian assistance. Supported by three fresh fish collection and chilling points and three distribution centres, this has a capacity for the processing of 10 tonnes of fish a day. It is hoped to develop export outlets.

It is appropriate to mention here that there was already in the late-1950s a fish freezing plant, well established on Lake George on the basis of a local small-scale fishing industry: the company, TUFMAC, was then supplying packeted frozen tilapia to Kampala and for export. Another possibility in the longer term, according to a recent UNIDO mission (UNIDO, 1990) is fish oil extraction for export. This may depend on a substantial increase in the secured tonnage.

In referring to these important potential formal sector developments, the existence already of substantial informal sector processing through traditional fish drying methods should not be ignored.

D. FORESTRY AND FOREST-BASED INDUSTRY

Uganda has very substantial forest resources. Officially registered forests cover an estimated 77 per cent of the dry land area of the country, these made up of 540,000 ha. of productive tropical high forest, 632,000 of savannah woodlands and 24,000 ha. of plantations, of which 10,900 are peri-urban.

Overwhelmingly, the main use of wood in Uganda is as fuel, rather than as an input into rural industry, though charcoal-making can be counted as part of the latter. In 1990 fuelwood and charcoal accounted for 92 per cent of total monetary wood production, the remaining 8 per cent being for sawn logs and poles, and over 96 per cent of total monetary and non-monetary wood production (Table IV.5). Of the latter, amounting to 16.1 million tonnes, only 571,000 tonnes went into sawn wood and building poles in 1990.

This indicates the possible opportunity-cost in terms of wood supply for rural industry purposes of the voracious demand for wood as energy in the absence of alternative sources. Despite the extent of the resources referred to, timber reserves in many parts of Uganda are being subject to severe pressures from the demands of the rural and urban populations via timber dealers, charcoal burners and fuelwood collectors. In densely populated rural areas such as Kigezi and Bugisu there are serious potential problems of erosion in highland areas resulting from this depletion. Not surprisingly, responsibility for forest resources was moved in 1986 from the Ministry of Agriculture to the Department of Environment within the Ministry of Environment Protection.

A donor-financed Forestry Rehabilitation project exists, incorporating a programme of planting multipurpose tree species of high volume yield suitable for soil conservation.

Most wood-working and furniture-making activities in Uganda are small-scale activities concentrated in the townships and smaller rural centres. The ILO Informal Sector Survey referred to previously indicated that relatively high incomes could obtain to entrepreneurs in woodworking.

Table IV.5. **Forestry: Total production of round-wood timber and charcoal, 1981-1990**
(Thousand tonnes)

Category	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
MONETARY										
Sawn logs	105	113	121	128	93	67	106	130	129	133
Poles	30	31	35	42	56	66	90	113	115	120
Fuelwood - household	390	401	411	424	436	448	460	473	487	501
- commercial	269	269	277	285	293	301	309	318	327	336
- industrial	359	377	396	376	357	357	375	413	454	486
Charcoal	1,272	1,336	1,400	1,328	1,264	1,264	1,392	1,528	1,448	1,520
Total wood production:	**2,425**	**2,527**	**2,640**	**2,583**	**2,499**	**2,503**	**2,732**	**2,975**	**2,960**	**3,096**
Charcoal manufactured	159	167	175	166	158	158	174	191	181	190
NON-MONETARY										
Poles	184	189	194	200	206	225	245	268	292	318
Fuelwood - household	8,772	8,999	9,272	9,530	9,797	10,074	10,354	10,642	10,945	11,250
- commercial	1,004	1,030	1,061	1,091	1,121	1,153	1,185	1,218	1,253	1,290
- industrial	117	123	129	123	116	116	122	135	148	152
Total wood production:	**10,077**	**10,341**	**10,656**	**10,944**	**11,240**	**11,568**	**11,906**	**12,263**	**12,638**	**13,010**
TOTAL										
Sawn logs	105	113	121	128	93	67	106	130	129	133
Poles	214	220	229	242	262	291	335	381	407	438
Fuelwood - household	9,162	9,400	9,683	9,954	10,233	10,522	10,814	11,115	11,432	11,751
- commercial	1,273	1,299	1,338	1,376	1,414	1,454	1,494	1,536	1,580	1,626
- industry	476	500	525	499	473	473	497	548	602	638
Charcoal	1,272	1,336	1,400	1,328	1,264	1,264	1,392	1,528	1,448	1,520
Total wood production:	**12,502**	**12,868**	**13,296**	**13,527**	**13,739**	**14,071**	**14,638**	**15,238**	**15,598**	**16,106**
Charcoal manufactured	159	167	175	166	158	158	174	191	181	190

Source: *Background to the Budget, 1991-1992.* These figures relate to total production in Uganda, both from Forest Reserves and elsewhere.

Two commercial sawmills do exist in Uganda, however, including one fully integrated factory in Jinja, the Kiira Saw Mills. This is able to produce plain sawn planks and also plywood, blockboard, flush doors and furniture. Processed timber products incorporate considerable value added, and it is desirable that the export of squared logs and rough sawn planks should be phased out as soon as possible. Following the appointment of a new General Manager at the mill in 1987 the rate of capacity utilization has improved from below 10 per cent to around 40 per cent. Production in 1988 reached 7.5 million cubic metres of plywood of sawn hardwood, 1.2 million cubic metres of plywood and multilayers, 4,000 flush doors, and 200 sheets of blockboard. A second phase of rehabilitation is envisaged.

A small domestic paper products industry exists in Uganda, composed of four firms making different kinds of paper products, but this is heavily dependent on imported inputs which are expensive and use foreign exchange. Print Pak (Uganda) Ltd makes cartons, boxes, bags and general printed items using imported chipboard, kraft and plain paper. It supplies some important industries in Uganda such as the cigarettes, beer, footwear, detergents and educational stationery industries. Capacity utilization has been around 20-40 per cent. Papco Industries uses imported pulp and chemicals, and produces a range from writing to wrapping paper. Associated Paper Industries Ltd produces large multi-ply sacks of 10-50 kilo capacity used in the cement, sugar and food processing industries but has been operating at between 10 per cent of capacity. Mulbox Ltd produces corrugated board and associated printed cartons for a range of industries, including fruit and vegetable exporting, but its capacity utilization has been as low as 3-4 per cent. Ownership issues remain in relation to some of the enterprises.

E. METALLIC MINERAL RESOURCES AND RELATED INDUSTRIES

Uganda's limited mineral production has also gone into decline compared with former days, when it accounted at one time for more than 5 per cent of monetary GDP. The most important mineral was copper, mined at Kasese in Western Uganda in a deposit considered sufficiently important to warrant the construction of a railway extension linking the mine to the associated smelter at Jinja, half way across Uganda. Opened in 1956, the mine reached peak production in 1969 of 16,500 long tonnes of blister copper, bringing earnings of $27 million. In 1970, this accounted for 8.5 per cent of Uganda's domestic exports, more important than tea, with 5.5 per cent. Copper mining was abandoned in 1978, due among other things to lack of spare parts. Since its closing, the mine has been kept on a care-and-maintenance basis. Low world copper prices discourage any resumption of what is a diminishing source.

Other mining has been in small-scale mines producing small quantities of tin ore, wolfram, bismuth, tantalite, beryl and gold, and has been a useful additional source of foreign exchange earnings in the past. Uganda accounted for up to 20 per cent of the world production of beryl in the 1960s. Production of tin, wolfram and gold show signs of picking up in the last two years (Table IV.6) but has been erratic. Negative factors in the mining sector have been falling world prices in some cases, scarcity of foreign currency for necessary inputs and parts, and plain mismanagement. Tungsten production at the Bjordal and Kirwa mines terminated in 1983 and 1979 respectively, due to equipment-related problems. There are no immediate plans for reviving operations.

There is, in fact, a considerable diversity of deposits of metallic and non-metallic industrial minerals in Uganda (Annex Table A-15). A more systematic investigation of available resources is needed and especially of their immediate potential for economic exploitation for sale or as inputs into local small-scale industry. A list of operating foundries in Uganda is contained in Annex Table A-16. A Mineral Investment Promotion Project is to be funded by UNDP which would make some contribution in this area by updating data on existing exploitable mineral deposits which could attract investment.

Possibilities are deemed good for the recovery of cobalt from cobaltferrous pyrites concentrates in stock at Kasese. A 1983 study concluded that it would be feasible to reopen the Kilembe mine and advocated the construction of cobalt and sulphuric acid plants at Kasese, and replacement of the old copper smelter at Jinja. An agreement for the rehabilitation of the mine was actually signed in early 1988 with the People's Democratic Republic of Korea, and developments are awaited. The French Bureau of Mineral Research and Geology (BRGM) has proposed a process that would recover 1,400 tonnes of cobalt, 200 tonnes of nickel and 400 tonnes of copper per annum. Exploitation would, however, depend on world prices improving from present levels. Good quality iron ores exist at Muko in Kabale and in Sukulu Hills in Tororo. Uganda will become a substantial cobalt producer contributing about 5 per cent of western world output, if the government supports a $54 million project recently proposed by BRGM and Barclays Metals. The government would cover 45 per cent of the project with BRGM and Barclay each covering 27.5 per cent.[2]

Table IV.6. Production of selected minerals, 1982-1990

Mineral	Unit	1982	1983	1984	1985	1986	1987	1988	1989	1990
Gold	Grams	215.2	-	1,316.7	142.0	149.7	-	20.5	1,700.0	75,230.0
Tin ore	Tonnes	3.5	25.4	263.3	5.9	43.5	9.7	63.8	45.0	24.6
Wolfram	Tonnes	7.0	6.9	14.7	16.8	19.1	30.2	74.9	32.2	37.1
Tantalite/ Columbite	Tonnes	-	-	-	-	7.7	-	-	5.4	2.7
Kaolin	Tonnes	-	-	-	-	400.0	-	-	-	-
Feldspar	Tonnes	-	-	-	-	200.0	-	-	-	-
Iron ore	Tonnes	-	-	-	-	-	-	11.1	n.a.	n.a.

Source: Department of Geological Survey and Mines.

F. NON-METALLIC MINERALS AND CONSTRUCTION MATERIALS

The substantial known reserves of non-metallic and industrial minerals may certainly constitute a basis for local industries. They include limestone, marble, phosphate-rock, glass sands and clays.

The main cement factory in Uganda was formerly that at Tororo. Currently the two plants at Tororo and Hima, both government-owned through the Uganda Cement Corporation, have a combined capacity of 479,000 tonnes per annum. Production has been at a low ebb throughout the 1980s, however, and the 1989 volume of 17,000 tonnes amounted to only about 3 per cent of capacity. Recent studies have been carried out of the requirements for rehabilitation. These indicated prospects were more favourable at Hima, for which financing has been secured for developments on a joint venture basis with private participation.

Lime is used in different sectors of the economy, in agriculture, construction and in the sugar, leather, paper and paint industries. Most of the current requirements of some 70,000 tonnes are imported. Some lime is produced at UDC's Tororo Cement Works, with some other production from very small plants around Kasese in Western Uganda, using simple, crude technologies to produce quantities of approximately one tonne a day. A study of an improved lime burning kiln capable of producing a higher quality product has been carried out by UNIDO, which may lead on to further investigation.

Clay deposits in Uganda form the basis mostly of dispersed small-scale industries producing bricks, tiles and ceramic products. Data collected by MOIT in 1989, covering 6 districts revealed 157 such enterprises, employing 2,052 people altogether, many employing fewer than 10 persons. Larger plants are the Kajansi Clay Works, producing bricks and tiles, Kisubi Bros., producing bricks, and the African Ceramics Co., producing dinnerware.

Although abundant deposits of glass sands, limestone and felstar exist, from which glass production might be established, all Uganda's substantial flat and container glass requirement is imported. A study has been carried out, with UNIDO assistance, of a potential container glass and flatware project, with a projected output of 9,300 tonnes a year, based on initial fixed investment of over $24 million.

The major fertiliser plant in the Sukulu Hills area of Tororo, belonging to Tororo Industrial and Chemicals and Fertilisers Ltd (TICAF), which was launched in 1964 for the production of single superphosphates (SSP), with a 6,000 tonne capacity, discontinued operations in 1978. The plant subsequently fell into serious disrepair. A $119 million project, including also triple superphosphates and sulphuric acid production, has been proposed now for implementation as a PTA regional project, supplying the regional market. Implementation is anticipated in the next few years.

Work may commence soon on the rehabilitation of a salt extraction project on Lake Katwe, which was intended originally to produce 50,000 tonnes of common salt a year and 8,000 tonnes of potassium chloride. This project operated only briefly after its commencement in 1980, due to major problems experienced with corrosion.

G. METALLURGICAL AND ENGINEERING INDUSTRIES

The metallurgical and engineering industries in Uganda, however limited in scope, are of some importance because of their potential linkages with a wide spread of other industries. Two mini-steel plants exist in Uganda, both located in Jinja. The East African Steel Corporation (EASCO), with installed capacity of 22,000 tonnes per annum, is owned 51 per cent by government and 49 per cent by Madhavani International. Rehabilitation under way will increase the capacity. Steel Rolling Mills Ltd (SRM) is privately owned. Established in 1988 as a rolling mill, it has so far been using imported billets from Zimbabwe. Incorporation of an electric arc furnace will obviate such imports in future and provide capacity of 25,000 tonnes per annum.

Limitations of the industry include its dependence on ferrous scrap metal from domestic sources which would become limited in supply as existing stocks are run down, and the high cost of alternative imports. In addition, raw and operating materials, other than limestone, need to be imported: ferrous-alloys, graphite electrodes and dolomite refractories. Both plants largely produce long products - bars, rods, etc - and there is no domestic production of flat products, i.e. sheets, plates and strips, which have to be imported.

EASCO's plant is in a poor state of repair with largely old and obsolete machinery and equipment, including parts which are no longer manufactured. Problems of management and skilled manpower, as well as shortage of essential materials and supplies, have also affected production over a long period, and during most of the 1980s the industry has been operating at only 5-6 per cent of capacity.

Yet, before the disruptions of the 1970s a small, effective steel industry had been established. It could, with rehabilitation, still play a useful role in supplying local engineering and construction companies.

Metal fabrication in Uganda is composed of a few larger scale diversified workshops and independent sheet metal workers, enterprises employing up to 15 workers at most. These are located especially in the major urban centres of Kampala, Jinja and Mbale.

Again operations over the last decade and more have been at a low proportion of capacity. Problems have included shortage of foreign exchange and of material inputs, obsolete equipment, and lack of technical skills.

There are an estimated 600-700 engineering workshops of all kinds in Uganda, with perhaps 300 located in Kampala and the rest more widely distributed in urban centres. Products include fabricated sheet metal products for domestic use, simple agricultural machinery, tools and equipment, spare parts and transport items such as trailers and vehicle bodies. These can play a valuable role in the economy by providing small-scale capital goods facilitating the use of appropriate technologies and by developing technical skills.

There are 29 foundries in Uganda which produce cast iron and non-ferrous castings of aluminium, brass, bronze and copper. The majority are in or near to Kampala with a few in Jinja and elsewhere. During the 1970s castings were being exported to neighbouring countries. As in the previous industries described, obsolete and unmaintained equipment, lack of materials, and lack of skills and training have reduced production to low levels. The possibilities for development do, again, exist, with many of the required materials potentially available within the country.

H. ENERGY RESOURCES

Uganda has immense hydro-electric power (HEP) potential estimated at nearly 200- megawatts (Mw), of which installed capacity at Owen Falls Dam, Jinja, amounts to only 150. Nevertheless, in Uganda's overwhelmingly rural economy, 95 per cent of energy requirements are provided by fuelwood and charcoal. It is estimated that only 3-5 per cent of the population have access to electricity. Fuelwood and charcoal also supply a large proportion of the commercial energy used.

Substantial progress has been made in renovating Owen Falls Station and the associated transmission and distribution network, and what were incessant interruptions of supply have gradually been reduced. Capacity at Owen Falls is being expanded to 180 mw. Meanwhile the frequent interruptions of supply which remain continue to affect and discourage industrial enterprises. For rural industry, non-conventional sources of energy need to be explored to economise on fuelwood and expensive imported diesel.

I. NATURAL RESOURCES AND THE TOURIST INDUSTRY

Another industry based on the natural resources of Uganda is the tourist industry which was also once a major foreign exchange earner. Apart from providing direct employment, including rural employment, tourism industry has linkages with local industries especially construction, metal working, furniture making and food processing. Substantial progress has already been made in rehabilitating some of the most important hotels and lodges, although there is some way to go here, and new, smaller hotels have been springing up. Tourist numbers are increasing at an encouraging rate, more than doubling between 1985 and 1989.

NOTES TO CHAPTER IV

1/ This section draws considerably on the report of the UNIDO Industry Sector Programming Mission to Uganda, Vienna, March 1990.

2/ *Financial Times*, (29 January 1992).

V. THE ROLE OF TECHNICAL COOPERATION IN INDUSTRIAL DEVELOPMENT

Uganda is engaged in the early part of a process of rehabilitating its industrial sector. This both offers it an opportunity to make a fresh start in assessing the pattern of industrial development which it should adopt and the specific industries to be encouraged, and also requires it to re-think in the light of the world economy and especially the East African economies as these exit in the 1990s. The Uganda Government has gone some way in re-assessing and re-casting its industrial strategy, but would benefit from further assistance in the delineation and detailing of such a strategy.

Individual industries need re-appraisal, taking account of:

- dependence of past profitability on tariff and other advantages;
- effect of transport costs on export and import of final products and imported inputs, given Uganda's landlocked situation;
- changes in relevant industrial capacity within East Africa since 1970, the size of the East African market, and opportunities within the Preferential Trade Area;
- suitable technology scale; and
- current economic rates of return.

Industries need to be ordered in terms of:

- urgency of re-establishment;
- likely attractiveness to foreign investors; and
- short-, medium- and long-term prospects for effective establishment and operation.

This involves a whole set of industrial studies, providing a substantial agenda either for a new Industrial Investment Centre or a substantially strengthened Ministry of Industry, in either case suggesting a need for UNIDO and related agency assistance. External assistance projects to the Ugandan industrial sector are exhibited in Annex B.

Specific industries which might be covered include matches, steel, engineering, cycles, cement, paint, footwear, and fishnets.

The most important industry requiring analysis, however, is the textiles industry, for which 1990 production was 41 per cent down on its level of 1982. The leather and footwear industry was 57 per cent down, but is a much smaller industry which did not export to the other East African countries, either, in the way that the textile industry did. A study would reappraise prospects, taking into account the current East African situation and international export possibilities, and specify detailed industry needs. Forward linkages and small-scale garment enterprises should be considered and backward linkages with cotton production and requirements and possibilities for the latter's re-establishment. This could, again be an appropriate subject for UNIDO collaboration.

Institutional assistance is needed within the Ministry of Industry, to the Department of Technology and the Management Training and Advisory Centre. Management and technical personnel within

Uganda's large-scale industrial sector need short periods of overseas observation and experience in equivalent industrial establishments. Industrial design capacity within Uganda needs to be strengthened, while advice on day-to-day quality control is required at the factory level.

The DOSSI in Uganda is drawing up an ambitious SSI action programme. This fairly substantial commitment needs a stronger foundation in terms of analysis of urban and rural SSI possibilities and assessment of specific measures already proposed and others which might be suggested. This assessment should include consideration of appropriate technologies which might be introduced in various parts of the urban and rural sectors such as food processing, construction materials production and rural energy.

The most immediate priority in Uganda is to rehabilitate and strengthen the agricultural resource base in the tea, cotton and livestock areas. This, and other agricultural diversification will create more opportunities for agro-processing and other rural industry. The above measures will greatly facilitate to the revitalization and reorientation of Uganda's industrial sector.

In March 1992, the World Bank decided to release $125 million as part of the structural adjustment programme and $65 million for privatization. A French Government-owned survey organization is reported to have discovered 28 mineral deposits in Uganda. The cobalt deposit in south-western Uganda contains around 1.1 million tonnes of cobalt which could be recovered using bio-backing techniques. The overall investment requirements are estimated at around $50 million. Technical cooperation inputs may be directed towards detailed feasibility studies pertaining to the discovery of new mineral deposits. Many studies have indicated that the mining component of industrial development in Uganda is viable.

ANNEX A
STATISTICAL TABLES

Annex Table A-1. **Employment by industry, occupation and nationality, as at January 1988**

Major occupational group	Managers and professionals			Technicians			Skilled workers			Unskilled workers			Total		
Nationality	Ugandan	non Ugandan	Total	Ugandan	non Ugandan	Total	Ugandan	non Ugandan	Total	Ugandan	non Ugandan	Total	Ugandan	non Ugandan	Total
INDUSTRY															
Agriculture, forestry and fishing	939	67	1,006	4,781	21	4,802	9,517	13	9,530	14,487	639	15,126	29,838	740	30,578
Mining and quarrying	24	1	25	55	2	57	123	2	125	1,482	0	1,482	1,684	5	1,689
Manufacturing	1,495	102	1,597	3,944	69	4,013	10,352	158	10,510	37,214	194	37,408	53,015	523	53,538
Electricity, gas and water	93	18	111	334	8	342	1,929	4	1,933	2,065	0	2,065	4,464	30	4,494
Construction	181	55	236	1,542	58	1,600	4,243	44	4,287	10,743	11	10,754	16,709	168	16,877
Wholesale and retail trade restaurants and hotels	992	46	1,308	2,585	64	2,649	9,154	62	9,216	10,283	12	10,294	23,021	187	23,208
Transport, insurance and business services	753	18	771	3,164	35	3,199	3,452	20	3,472	4,234	10	4,244	11,605	83	11,688
Financing, insurance and business services	1,388	64	1,452	1,779	16	1,795	4,206	9	4,215	3,857	0	3,857	11,230	89	11,319
Community, social and personal services	24,751	397	25,148	89,135	281	89,416	45,724	158	45,882	62,125	339	62,464	223,600	1,236	224,836
Total **Number**	**30,616**	**768**	**31,384**	**107,319**	**554**	**107,873**	**88,700**	**470**	**89,170**	**146,490**	**1,205**	**147,695**	**375,166**	**3,061**	**378,227**
Percentage	**97.6**	**2.4**	**100**	**99.5**	**0.5**	**100**	**99.2**	**0.8**	**100**	**99.2**	**0.8**	**100**	**99.2**	**0.8**	**100**

Source: Manpower Planning Department, Ministry of Planning and Economic Development, *Background to the Budget, 1991-1992.*

Annex Table A-2. **Distribution of employed household population by industry, 1989-1990**

	Urban %	Rural %	Total %
Agriculture	18.76	87.41	80.48
Mining & quarrying	0.09	0.05	0.06
Manufacturing	6.92	1.45	2.00
Electricity, gas, water	1.13	0.05	0.16
Construction	5.49	0.46	0.96
Trade, hotels, restaurants	29.18	4.62	7.10
Transport & communications	7.46	0.55	1.25
Financing, business services etc	7.86	1.00	1.70
Community, social services etc	22.91	4.35	6.22
Activities not defined	0.20	0.06	0.07
Total	100	100	100

Source: Rural Household Budget Survey, 1989-1990.

Annex Table A-3. Production and exports of principal agricultural products, 1982-1990

Period	Coffee			Tea			Cotton		Tobacco		
	Deliveries	Exports		Production	Exports		Exports		Production	Exports	
Year	Tonnes	Tonnes	$US000	Tonnes	Tonnes	$US000	Tonnes	$US000	Tonnes	Tonnes	$US000
1982	161,866	174,700	349,400	2,580	1,200	800	1,800	3,200	647	0	0
1983	148,224	144,300	346,300	3,054	1,300	1,200	7,000	11,200	1,650	700	900
1984	145,971	133,200	359,600	5,214	2,500	3,300	6,700	12,100	1,969	700	1,500
1985	143,995	151,500	348,500	5,758	1,200	1,000	9,553	13,979	1,613	300	400
1986	159,861	140,800	394,200	3,335	2,800	3,100	4,875	5,086	949	0	0
1987	167,067	148,153	307,535	3,511	2,100	1,900	3,443	4,097	1,214	0	0
1988	151,157	144,236	265,273	3,512	3,079	3,074	2,058	2,968	2,639	39	58
1989	160,062	176,453	252,811	4,630	3,135	2,553	2,321	4,020	3,456	490	560
1990	122,951	141,139	140,034	6,704	4,760	3,766	3,787	5,780	3,322	1,922	2,191

Source: Key Economic Indicators

Annex Table A-4. **Percentage distribution of persons by monthly household expenditure classes, 1989-1990**

monthly household expenditure class (Shs000)	Uganda - urban	Uganda - urban	Rural - Central	Rural - Western	Rural - Eastern	Rural - Northern
0 -	17.5	41.9	35.8	34.4	51.9	62.0
25 -	33.8	30.1	36.9	36.9	36.3	30.0
50 -	24.5	12.6	17.6	13.8	7.5	5.3
75 -	9.8	5.5	5.7	8.2	3.2	1.1
100 -	6.5	2.5	3.7	3.1	0.6	0.8
125 -	5.1	1.9	3.9	1.9	0.0	0.0
150 -	3.5	1.2	2.0	1.0	0.4	0.8
200 -	1.7	0.2	0.6	0.1	0.0	0.0
250 -	1.5	0.2	0.3	0.3	0.0	0.0
300 and above	1.2	0.2	0.3	0.3	0.1	0.0
All classes	100	100	100	100	100	100

Source: Statsitical Department MPED, *Report on the Ugandan National Household Budget Survey 1989-1990, February 1991.*

Annex Table A-5. **Population in major Ugandan towns, 1980 and 1991**

	1980	1991	% increase 1980-1991
Kampala	458,503	773,463	68.7
Jinja	45,060	60,979	35.3
Mbale	28,039	53,634	91.3
Masaka	29,123	49,070	68.5
Gulu	14,958	42,841	186.4
Entebbe	21,289	41,638	95.6
Soroti	15,048	40,602	169.8
Mbarara	23,255	40,383	73.3
Njeru	-	37,538	-
Fort Portal	26,806	32,627	21.7
Kabale	21,469	27,905	30.0
Busia	8,663	27,745	220.3
Lira	9,122	27,143	197.6
Tororo	15.707	27.013	61.7
Mityana	2 547	23,042	804.7
Arua	9,663	21,957	123.5
Total Population	730,252	1,327,580	81.8
Population in towns exceeding 20,000	626,736	1,327,580	111.8
No. of towns exceeding 20,000	8	16	-
% of total population in towns exceeding 20,000*	4.9	7.7	-

Source: Ministry of Planning and Economic Development, *Provisional Results of the 1991 Population and Housing Census, July 1991.*

Annex Table A-6. Recorded employment in Uganda 1966-1988 (Thousands)

Year	Recorded Employment			Employment in selected manufacturing establishments
	Public	Private	Total	
1966	91.7	154.31	246.0	-
1970	128.8	184.0	312.9	-
1971	134.0	190.5	324.9	-
1972	149.1	180.7	329.8	-
1973	184.0	166.1	350.1	-
1974	204.4	164.2	368.6	-
1975	204.6	163.1	367.7	-
1976	200.8	164.7	365.5	-
1977	206.6	161.1	367.6	23.5
1978			-	22.7
1979			-	19.6
1980			-	33.2
1981			-	32.9
1982			-	36.7
1983			-	36.8
1984			-	31.8
1985			-	23.3
1986			-	15.6
1987			-	17.3
1988	244.2*	134.0*	378.2*	19.3

Source: Manpower and Employment in Uganda: Report of the 1988 National Manpower Survey, Manpower Planning Department, MPED, October 1989, p. 212.

* Data from National Manpowe Survey.

Annex Table A-7. Percentage distribution of employed household population by occupation and sex, all Uganda, 1989-1990

Occupation	All Uganda - Urban			All Uganda - Rural			All Uganda - Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Professional, Technical etc.	12.82	7.64	10.55	3.60	1.32	2.93	4.56	1.59	3.20
Admin/Managerial	3.02	0.80	2.04	0.39	0.02	0.27	0.66	0.09	0.40
Clerical etc	4.52	5.97	5.16	0.62	0.34	0.55	1.03	0.80	0.92
Sales workers	27.91	38.98	32.76	6.79	4.10	6.18	9.00	6.42	7.82
Service workers	21.54	17.47	19.76	3.95	1.30	3.17	5.82	2.53	4.31
Agricultural and allied workers	11.67	25.42	17.70	80.63	91.83	83.82	73.41	87.51	79.88
Mining, quarymen	0.13	0.00	0.07	0.05	0.00	0.03	0.06	0.00	0.03
Manufacturing workers etc	7.60	2.51	5.42	2.31	0.91	1.90	2.87	0.83	1.93
Transport workers and labourers etc	10.26	1.07	6.23	1.63	0.10	1.12	2.54	0.17	1.45
Unclassified workers	0.44	0.14	0.31	0.00	0.08	0.03	0.05	0.05	0.06
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Statistics Department, MPED, *Uganda National Household Budget Survey.*

Annex Table A-8. **New consumer price index: Kampala**
(Base December 1988 = 100)

	Food	Drinks and tobacco	Fuel and power	Transport	Clothing and footwear	Miscell -aneous products	Services	All items	Annual percentage change	Monthly percentage change
Weights	50.8	6.3	7.3	5.9	5.5	8.5	15.7	100		
Annual: 1989	145.5	142.8	115.9	117.2	113.7	123.4	155.2	139.4	82.4	
Monthly: 1988 December	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	159.2	
1989 January	104.0	101.5	93.9	100.0	99.7	98.2	118.2	104.4	131.9	4.4
February	111.0	100.3	96.4	100.0	106.6	99.9	123.5	109.4	116.7	4.8
March	119.0	126.3	102.4	106.8	115.7	104.4	124.1	116.9	111.0	6.9
April	135.3	127.5	98.0	107.6	112.6	105.7	130.0	125.9	107.8	7.7
May	143.7	129.3	101.8	108.0	115.2	124.2	153.4	135.9	106.1	7.9
June	145.6	133.8	140.2	106.5	115.5	128.5	158.2	141.0	106.4	3.8
July	147.3	154.0	133.4	118.8	115.1	132.2	159.8	143.9	64.6	2.1
August	152.5	152.4	136.2	118.8	115.1	128.8	161.3	146.6	46.5	1.9
September	160.7	156.8	125.6	120.6	115.1	135.5	182.8	154.4	65.1	5.3
October	173.9	168.9	113.5	137.4	116.7	137.6	182.8	162.2	76.5	5.1
November	174.5	181.0	131.9	139.7	117.2	139.9	183.8	165.1	67.6	1.8
December	178.2	182.3	117.2	142.6	120.2	145.7	184.0	166.9	66.9	1.1
1990 January	179.9	189.8	162.4	154.5	145.6	158.9	217.7	180.0	72.4	7.8
February	175.4	198.0	174.7	159.4	161.5	162.9	218.6	180.8	65.3	0.4
March	173.6	199.3	161.8	159.4	161.1	164.3	221.2	179.5	53.7	-0.7
April	172.0	198.1	154.5	160.6	161.2	159.1	221.2	177.7	41.1	-1.0
May	170.9	202.5	155.8	162.3	161.2	160.0	243.3	181.2	33.3	2.0
June	159.6	195.6	181.1	167.9	161.2	158.5	243.3	177.1	25.6	-2.3
July	151.0	214.5	171.3	171.2	169.0	162.6	258.0	176.4	22.6	-0.4
August	166.2	196.2	165.4	180.7	158.8	177.7	264.0	184.8	26.1	4.7
September	180.8	199.8	182.0	195.5	157.5	180.5	283.0	197.7	28.0	7.0

Source: Key Economic Indicators, *Statistics Department*, MPED.

Note: The Annual Percentage Change, i.e., the percentage increase in the Index over the level twelve months previously, can only be calculated in respect of the New Consumer Index from December 1989 onwards. The percentage change quoted above for earlier periods have been derived as a composite, from the old Low Income Index up to December 1988, and the new Consumer Price Index thereafter.

Annex Table A-9. Detailed balance of payments, 1986-1990
(Million dollars)

	1986	1987	1988	1989	1990
A. Current account					
Merchandise trade	-69.3	-300.9	-321.1	-398.0	-439.8
Exports f.o.b.	406.7	333.6	266.3	277.7	177.8
Imports c.i.f.	-476.0	-634.5	-587.3	-675.6	-617.6
Services (net)	-143.5	-113.5	-126.9	-109.0	-116.5
(of which interest charges)a/	-49.4	-18.3	-26.4	-25.1	-47.8
Unrequited transfers (net)	208.6	244.5	287.3	281.9	293.0
Balance on current account	-4.2	-169.9	-160.6	-225.1	-253.0
B. Capital account					
a) Medium and long term (net)	82.7	154.2	181.4	245.1	207.6
Official inflows	128.5	239.6	239.1	407.7	310.3
New drawings	128.5	206.0	229.4	314.6	303.9
Rescheduled maturitiesb/	-	9.7	9.7	8.0	...
Rescheduled arrears	-	23.9	-	85.0	...
Official outflows	-45.8	-85.4	-57.8	-162.5	-102.7
Scheduled repayments	-45.8	-51.8	-48.1	-69.5	-96.4
Principal rescheduledb/	-	-9.7	-9.7	-8.0	...
Principal cancelled	-	-	-	-	...
Arrears canceled and rescheduled	-	23.9	0.0	85.0	...
b) Short term (net)	-31.6	-12.0	-157.8	19.0	-105.8
Commercial banks (net)	-	-	-	40.6	-26.3
Other (net)	12.7	7.0	-29.9	-41.4	-19.5
Barter trade balance (net)			14.3	-21.8	5.7
Arrears net including elsewhere	-44.3	-19.0	-142.1	41.5	...
Balance on capital account (a+b)	51.1	142.2	23.6	264.2	101.7
C. Change in arrears (net)c/	44.3	19.1	142.1	-41.5	...
Overall balance (A+B+C)	91.2	-8.6	5.1	-2.5	-85.6
Financing (monetary authorities)	-91.2	8.6	-5.1	2.5	85.6
Change in gross reservesd/	0.7	-19.0	9.2	2.3	11.6
I.M.F. (net)e/	-108.4	-6.8	5.5	-18.8	40.0
(purchases)	-	58.4	72.6	55.0	80.8
(repurchases)	-108.4	-65.2	-67.0	-73.8	-40,8
Exceptional financing	-	-	-	-	34.6
Other (net)f/	16.5	34.4	19.8	19.1	-0.6

Source: Bank of Uganda. *Quarterly Economic Report.*

Note:
- a/ Same interest payments may be recorded under repa[illegible]
- b/ Matching items for rescheduled maturities and a[illegible] capital inflows and outflows.
- c/ Arrears included in overall balance.
- (+) increase in liability.
- (-) decrease.
- d/ The movement in the net position has been based on end of period data while the data for the purchase and repurchases are shown at their value on the date on which they took place.
- e/ Includes errors and omissions.

Annex Table A-10. Employment and wage bill for 1990 by branch of industry, excluding very small enterprises

	Number of establishemnts	Average number of employees		Annual wage bill	
		No.	Per cent	Million new UShs	Per cent
Agro-industries	**2**	**1,397**	**7.6**	**146.15**	**3.3**
Sugar and jaggery	2	1,397	-	146.15	-
Coffee curing	n.a.	n.a.	-	n.a.	-
Cotton ginning	n.a.	n.a.	-	n.a.	-
Food processing	**27**	**1,427**	**7.7**	**208.29**	**4.8**
Processed milk	2	326	-	52.62	-
Wheat flour	1	136	-	17.68	-
Sugar confectionery	2	58	-	6.38	-
Other food products	22	908	-	131.61	-
Beverages and cigarettes	**9**	**2,835**	**15.4**	**1,195.30**	**27.3**
Uganda waragi	1	95	-	27.99	-
Beer	2	1,194	-	387.06	-
Soft drinks	5	849	-	177.64	-
Cigarettes	1	697	-	602.61	-
Textiles, etc.	**10**	**6,566**	**35.6**	**1,264.72**	**28.9**
Cotton fabrics	4	4,865	-	876.81	-
Blankets	1	254	-	127.31	-
Gunny bags and hessian	1	480	-	65.87	-
Fishnets	1	309	-	32.94	-
Garments	3	658	-	161.79	-
Miscellaneous consumer goods	**34**	**2,794**	**15.1**	**920.89**	**21.0**
Matches	1	44	-	1.89	-
Edible oil and soap	5	1,132	-	461.19	-
Leather	1	131	-	31.9	-
Footwear	5	170	-	171.07	-
Paper and paper products	8	604	-	156.01	-
Foam products	4	344	-	58.40	-
Bicycle tyres and tubes	1	48	-	0.93	-
School chalk	1	18	-	2.17	-
Pharmaceutical products	3	63	-	10.77	-
Toothbrushes, plastics, ballpens	3	198	-	21.41	-
Lead pencils	1	18	-	1.92	-
Brooms, brushes	1	24	-	3.23	-
Cement, clay products	**11**	**1,731**	**9.4**	**252.91**	**5.8**
Cement	2	1,062	-	172.15	-
Blocks, bricks and tiles	9	669	-	80.76	-
Miscellaneous manufactured goods	**19**	**1,713**	**9.3**	**385.69**	**8.8**
Paints	4	52	-	13.70	-
Oxygen and acytelene gas	2	39	-	39.07	-
Motor vehicle batteries	1	65	-	49.86	-
Steel ingots and other metal products	6	951	-	136.91	-
Galvinised corrugated iron sheets	3	101	-	15.88	-
Hoes	1	162	-	93.71	-
Insulated/non-insulated cables	1	54	-	8.38	-
Plywood and sawn timber	1	14	-	2.87	-
Total:	**112**	**18,463**	**100**	**4,374.85**	**100**

Source: MPED, Table 61, *Background to the Budget, 1991-1992.*

Annex Table A-11. **Composition of manufacturing value added, 1980-1982**
(Percentage)

	1980	1981	1982
Food products	35.6	43.2	33.9
Beverages and tobacco	17.4	16.9	21.1
Beverages	11.1	7.9	11.7
Tobacco	6.3	9.0	9.4
Textiles, etc.	21.8	26.8	29.4
Textiles	20.1	24.7	27.1
Wearing apparel, except footwear	1.7	2.1	2.3
Footwear and leather products	0.9	1.1	1.3
Wood products, furniture	2.4	2.8	2.9
Wood products, not furniture	1.7	2.0	2.1
Furniture, except metal	0.7	0.8	0.8
Paper and printing	3.1	-	-
Paper and products	0.9	-	-
Printing and publishing	2.2	-	-
Rubber and plastic products	0.5	-	-
Rubber products	0.4	-	-
Plastic products	0.1	-	-
Chemicals	2.7	1.0	2.5
Industrial chemicals	0.7	-	-
Other chemicals	2.0	1.0	2.5
Non-metallic mineral products	3.4	3.0	7.5
Pottery, china, earthernware	0.0	0.0	0.0
Glass products	0.3	0.3	0.7
Other non-metallic mineral products	3.1	2.7	6.8
Non-ferrous metals (copper)	3.3	4.0	-
Iron and steel, metal products, machinery and equipment			
Iron and steel	2.3	1.4	1.5
Fabricated metal products	4.8	-	-
Machinery, except electrical	0.7	-	-
Machinery, electrical	0.7	-	-
Transport equipment	0.2	-	-
Other manufactured products	0.1	-	-
Total manufacturing[a/]	100	100	100
(Thousand dollars)	515,300	424,006	405,536

Source: Industrial Statistics and Sectoral Surveys Branch, UNIDO. Based on data supplied by the United Nations Statistical Office, with estimates by the UNIDO Secretariat.

Note: a/ Total manufacturing is the sum of the available components only.

Annex Table A-12. **Size distribution of selected manufacturing establishments in Uganda, by branch of activity, excluding very small enterprises, 1990**

Activity	No. of estabs.	Mean no of employees
Agro-industries	2	699
Sugar & jaggery	2	699
Coffee curing	n.a.	n.a.
Coffee ginning	n.a.	n.a.
Food processing	27	53
Processed milk	2	163
Wheat flour	1	135
Sugar confectionery	2	29
Other food products	22	41
Drinks and cigarettes	9	315
Uganda Waragi	1	95
Beer	2	595
Soft drinks	5	170
Cigarettes	1	697
Textiles etc	10	657
Cotton fabrics	4	1216
Blankets	1	254
Gunny bags, hessian	1	480
Fishnets	1	309
Garments	3	219
Cement/clay products	11	154
Cement	2	531
Blocks, bricks and tiles	9	74

Activity	No. of estabs.	Mean no. of employees
Misc. consumer goods	34	82
Matches	1	44
Edible oil & soap	5	221
Leather	1	131
Footwear	5	34
Paper & paper products	8	76
Foam products	4	86
Bicylce tyres & tubes	1	48
School chalk	1	18
Pharmaceutical products	3	21
Tooothbrushes, plastics	3	66
Ballpens, lead pencils	1	18
Brooms & brushes	1	24
Misc. manufacturing inputs	19	90
Paints	4	13
Oxygen and acytelene gas	2	20
Motor vehicle batteries	1	65
Steel ingots and other metal products	6	159
Galvinised corrugated iron sheets	3	34
Hoes	1	162
Insulated & non- insulated cables	1	54
Plywood and sawn timber	1	275
TOTAL	112	165

Source: MPED, Table 61, *Background to the Budget, 1991-1992.*

Annex Table A-13. Production of manufactured commodities of selected establishments 1984-1990

Commodity	Sector ISIC code (Rev 3)	Unit	Installed capacity	1984	1985	1986	1987	1988	1989	1990
Meat	1511	Tonnes	-	-	-	-	189	861	436	444
Edible oil and fat	1514	Tonnes	-	168	215	130	26	56	92	79
Processed milk	1520	Thousand litres	47,450	20,668	16,597	13,197	16,898	20,885	17,112	17,319
Wheat flour	1532	Tonnes	45,000	4,214	7,830	7,128	9,429	12,233	13,871	12,865
Animal feeds	1533	Tonnes	28,060	3,008	4,191	6,489	12,200	10,996	15,952	15,033
Processed tea	1534	Tonnes	-	164	116	118	100	135	134	141
Biscuits	1541	Tonnes	648	57	33	81	125	83	56	128
Sugar	1542	Tonnes	160,000	2,943	808	-	-	7,534	15,859	28,913
Sweets and toffees	1543	Tonnes	5,430	64	190	82	121	57	51	42
Roasted and ground coffee	1549	Tonnes	1,600	98	94	39	97	72	38	65
Soya foods	1549	Tonnes	600	45	22	38	140	157	78	133
Curry powder	1549	Tonnes	152	19	31	157	36	74	42	54
Uganda waragi	1551	Thousand litres	2,000	32	153	116	159	157	364	376
Beer	1553	Thousand litres	49,128	15,126	8,407	6,864	16,881	21,493	19,516	19,421
Soft drinks	1554	Thousand litres	-	5,764	5,002	5,049	7,865	15,733	17,898	24,273
Cigarettes	1600	Million pieces	1,900	966	1,416	1,420	1,435	1,638	1,586	1,290
Cotton and rayon fabrics	1721	Thousand sq. meters	57,092	11,475	10,408	9,733	10,246	11,472	11,755	8,152
Blankets	1721	Thousand pieces	1,500	82	25	41	147	49	87	69
Gunny bags and hessian cloth	1723	Tonnes	5,400	1,152	717	611	522	721	868	431
Fishnets	1723	Thousand pieces	550	59	28	33	47	52	55	62
Twines and cords	1723	Tonnes	200	4	7	24	21	19	35	66
Garments	1810	Thousand dozens	125	12	8	6	5	33	27	31
Finished leather	1911	Thousand sq. meters	471	45	16	32	19	13	15	42
Footwear	1920	Thousand pairs	5,093	1,136	582	547	664	363	359	319
Sawn timber	2010	Cubic meters[a/]	4,000	-	-	1,436	2,513	1,987	1,372	251
Plywood	2021	Cubic meters[a/]	2,357	-	-	536	830	1,026	525	536
Foam products	2029	Tonnes	-	-	-	192	240	630	905	849
Spring matresses	2029	Number	36,000	258	549	674	376	-	-	70
Brooms and brushes	2029	Thousand pieces	500	-	10	55	28	79	61	73
Paper	2111	Tonnes	2,690	226	341	145	39	126	262	393
Corrugated cardboard boxes	2112	Thousand sq. meters	720	107	182	129	121	94	132	190
Cartons	2119	Million pieces	350	1	1	2	1	1	2	2
Toilet paper	2119	Thousand dozens	-	115	93	15	25	30	152	118
Paper sacks	2119	Thousand pieces	12,144	1,084	1,136	632	499	616	812	1,073
Envelopes	2119	Thousand pieces	124,000	6,525	3,443	2,098	3,041	6,060	4,449	993
Exercise books	2222	Thousand gross	-	3	39	71	57	29	54	24
Books	2222	Dozens	-	-	-	-	-	2,119	7,632	2,552
Labels	2222	Thousand pieces	-	60,117	64,641	11,047	65,371	35,975	55,921	75,905
Oxygen	2411	Thousand cu. meters	-	79	759	602	79	65	76	80
Acetylene gas	2411	Thousand cu. meters	108	9	134	10	15	13	11	13
Paints	2422	Thousand litres	4,311	396	436	288	170	176	315	148
Drugs	2423	Tonnes	-	30	12	-	72	64	147	114
Soap	2424	Tonnes	36,000	1,019	773	3,291	15,772	18,452	27,110	30,552
Matches: small-size	2429	Cartons[b/]	43,200	-	111	183	35	70	390	42
large-size	2429	Cartons[c/]	12,000	-	-	-	385	358	189	59

Annex Table A-13. (continued)

Commodity	Sector ISIC code (Rev 3)	Unit	Installed capacity	1984	1985	1986	1987	1988	1989	1990
Cycle tyres and tubes	2511	Thousand pieces	2,400	150	126	100	37	110	2	18
Adhesives	2519	Thousand litres	118	2	17	20	9	-	1	1
Rubber solution	2519	Thousand pieces	12,960	648	877	-	452	-	383	62
Jerrycans (plastic)	2520	Thousand units	950	-	-	-	292	149	310	311
Table ware (plastic)	2520	Thousand dozens	268	-	30	44	159	116	124	91
Clay bricks, tiles etc.	2693	Tonnes	-	11,642	12,728	9,964	7,961	8,591	11,688	14,519
Cement	2694	Tonnes	507,500	24,921	11,749	16,376	15,904	14,960	17,378	26,920
Cement blocks and tiles	2695	Tonnes	-	-	-	-	-	-	5,312	10,548
School chalk	2695	Cartons	12,000	3,539	6,272	4,336	1,297	4,564	5,942	769
Steel ingots	2710	Tonnes	22,000	1,406	2,487	867	923	1,121	-	-
Corrugated iron sheets	2710	Tonnes	20,000	1,953	2,410	1,062	642	723	1,377	1,254
Steel beds	2811	Number	36,000	4,213	5,523	3,151	8,[illegible]	880	2,098	1,089
Steel doors and windows	2811	Tonnes	300	94	82	108	169	148	404	321
Hoes	2893	Thousand pieces	3,600	185	414	515	633	519	532	803
Enamel ware	2893	Thousand dozens	3,000	43	13	32	12	3	3	0
Other misc. metal products	2899	Tonnes	26,360	2,087	2,687	1,872	3,232	1,704	1,791	
Cables/conductors	3130	Kilogramme	4,500	2,543	-	1,393	756	949	-	-
Cables/conductors	3130	Tonnes a/	1,180	-	-	-	-	130	158	122
Motor batteries	3140	Pieces	50,000	9,782	7,381	8,066	4,738	5,510	12,712	19,386
Exhaust pipes and silencers	3430	Number	-	110	275	189	109	214	453	392
Number plates	3699	Pairs	24,000	6,077	7,145	11,136	11,112	1,829	6,776	7,191
Toothbrushes	3699	Thousand packets d/	33	-	6	19	2	5	7	1
Pencils	3699	Gross	79,200	-	-	-	2,444	4,635	3,941	1,967
Ballpens	3699	Thousand packets e/	192	-	27	14	76	36	49	28

Source: Statistics Department, Ministry of Planning and Economic Development.

Notes: The coverage is essentially of those establishments included in the index of Industrial Production and does not necessarily reflect total production of manufactured commodities in Uganda.

Other notes:
- a/ Unit of measurement changed.
- b/ Cartons of 10 gross small-size matchboxes.
- c/ Cartons of 200 large-size matchboxes.
- d/ One packet of toothbrushes contains 24 pieces.
- e/ One packet of ballpens contains 50 pieces.
- \- Means no production or no information available.

Annex Table A-14. Output and capacity utilization for selected manufacturing establishments, 1982-1988

				Production							Per cent of capacity utilization						
Name of establishment	Products	Units	Installed capacity	1982	1983	1984	1985	1986	1987	1988							
Africa Basic Foods Ltd	Soya foods	Tonnes	600	-	96.5	45.0	22.3	38.4	139.7	240.0	-	16.1	7.5	3.7	6.4	23.3	40.0
African Textile Mill Ltd	Cotton farbrics	Thousand square metres	3,822	785.2	705.7	650.0	491.5	360.1	368.3	-	20.5	18.5	17.2	12.9	9.4	9.6	-
Associated Match Co Ltd	Large-size	Cartons	12,000	1,573.0	1,479.0	-	213.0	639.0	386.0	3,300.0	13.1	12.3	-	1.8	5.3	3.2	27.5
	Small-size	Cartons	43,200	1,900.0	1,042.0	-	111.0	183.3	34.5	4,650.0	4.4	2.4	-	0.3	0.4	0.1	10.8
Associated Paper Ind. Ltd	Paper sacks	Thousand	12,144	1,747.5	1,751.0	1,084.4	1,135.5	632.3	498.7	-	14.4	14.4	8.9	9.4	5.2	4.1	-
Bachelor's Bakery	Bread	Tonnes	n.a.	-	-	-	172.8	204.3	-	-	-	-	-	-	-	-	-
Berger Paints (U) Ltd	Paints	Thousand litres	1,200	110.0	72.0	144.2	133.6	116.2	126.2	150.0	9.2	6.0	12.0	11.1	9.7	10.5	12.5
Blenders (U) Ltd	Tea	Tonnes	1,500	967.0	524.0	116.6	115.6	117.9	99.5	269.5	84.1	45.6	9.7	10.1	10.3	8.7	23.4
Bugisu Bakery	Bread	Tonnes	n.a.	-	-	-	-	248.4	351.0	-	-	-	-	-	-	-	-
B.A.T. (1984) Ltd	Cigarettes	Million	1,900	745.0	645.0	965.8	1,416.4	1,420.1	1,434.8	1,360.0	39.2	33.9	50.8	74.5	74.7	75.5	71.6
Cable Corporation Ltd	Cables and conductors	Kilometres	4,500	1,053.0	2,963.0	2,542.5	-	1,392.1	756.1	-	23.4	65.8	56.5	-	30.9	16.8	-
Casements (A) Ltd	Steel doors/ windows	Tonnes	300	-	12.1	93.7	81.6	107.6	168.8	178.0	-	4.0	31.2	27.2	35.9	56.3	59.3
Chillington Tools Co Ltd	Hoes	Thousand	3,000	195.0	52.0	113.0	334.9	476.2	620.6	-	6.5	1.7	3.8	11.2	15.9	20.7	-
Chloride (U) Ltd	Motor Batteries	Units	50,000	-	4,076.0	9,782.0	7,381.0	8,066.0	4,738.0	12,000.0	-	8.2	19.6	14.8	16.1	9.5	24.0
Christex Garment Industry	Garments	Dozen	2,000	-	-	3,471.0	265.5	333.3	1,000.0	1,000.0	-	-	173.6	13.3	16.7	50.0	50.0
C.M.B. Roasting Plant	Coffee	Tonnes	120	n.a.	n.a.	56.1	53.8	n.a.	74.5	-	-	-	46.8	44.8	-	62.1	-
Dairy Corp. Ltd, Kampala	Milk	Thousand litres	47,450	16,528.0	15,130.0	19,621.2	15,565.7	13,046.1	16,898.2	38,430.0	34.8	31.9	41.4	32.8	27.5	35.6	81.0
Dairy Corp. Ltd, Mbale	Milk	Thousand litres	10,950	1,171.0	1,249.0	1,047.0	1,030.7	151.4	-	-	10.7	11.4	9.6	9.4	1.4	-	-
Dunlop E.A. Ltd	Adhesives	Thousand litres	119	0.1	0.6	1.6	16.7	19.7	8.8	-	0.1	0.5	1.4	14.2	16.7	7.5	-
	Bicycle tubes	Thousand	1,400	-	67.0	118.7	99.7	57.0	16.9	-	-	4.8	8.5	7.1	4.1	1.2	-
	Bicycle tyres	Thousand	1,000	-	69.0	30.6	26.0	43.0	19.5	-	-	6.9	3.1	2.6	4.3	2.0	-
	Rubber solution	Thousand	12,960	327.0	58.0	648.4	877.2	-	452.3	-	2.5	0.4	5.0	6.8	-	3.5	-
Duse Pharmaceuticals Ltd	Drugs	Thousand litres	n.a.	-	-	28.4	14.8	-	70.5	-	-	-	-	-	-	-	-
Elgonia Industries Ltd	Coffee	Tonnes	480	-	-	-	-	3.3	4.2	-	-	-	-	-	0.7	0.9	-
E.A. Distilleries Ltd	Uganda Waragi	Thousand litres	2,000	19.5	27.7	31.8	153.3	116.2	158.6	332.4	1.0	1.4	1.6	7.7	5.8	7.9	16.6
E.A. Steel Products Ltd	Steel products	Tonnes	1,417	50.0	119.0	306.1	320.7	96.0	128.0	-	3.5	8.4	21.6	22.6	6.8	9.0	-
E.A. Steel Corp. Ltd	Finished steel	Tonnes	19,000	1,004.0	1,657.0	1,398.1	1,591.6	598.6	658.7	-	5.3	8.7	7.4	8.4	3.2	3.5	-
	Oxygen	Thousand cu ms	n.a.	7.2	15.2	19.0	701.4	556.2	10.6	10.5	-	-	-	-	-	-	-
	Steel ingots	Tonnes	22,000	1,446.0	2,341.0	1,405.5	2,487.4	866.5	923.0	-	6.6	10.6	6.4	11.3	3.9	4.2	-
Gemini Industries Ltd	Toilet paper	Thousand dozen	325	-	-	107.0	64.4	15.0	-	-	-	-	32.9	19.8	4.6	-	-
Green Tea Packers Ltd	Tea	Tonnes	n.a.	-	84.0	52.0	-	-	-	-	-	-	-	-	-	-	-
International Paints (U) Ltd	Paints	Thousand litres	960	-	138.0	54.7	133.0	68.9	26.5	640.0	-	14.4	5.7	13.9	7.2	2.8	66.7

Annex Table A-14 (continued)

Name of establishment	Products	Units	Installed capacity	Production 1982	1983	1984	1985	1986	1987	1988	Per cent of capacity utilization						
Jubilee Ice & Soda Works Ltd	Carbon dioxide	Tonnes	n.a.	-	-	-	-	56.2	198.8	-	-	-	-	-	-	-	-
	Soft drinks	Thousand litres	528	-	-	-	21.6	28.7	100.3	-	-	-	-	4.1	5.4	19.0	-
Kaawa Kawomera Nabuka Ltd	Coffee	Tonnes	1,000	26.0	15.0	41.7	39.5	35.9	17.5	17.0	2.6	1.5	4.2	4.0	3.6	1.8	1.7
Kakira Sugar Works Ltd	Sugar	Tonnes	90,000	2,745.0	1,452.0	56.0	-	-	-	-	3.1	1.6	0.1	-	-	-	-
Kampala Bottlers	Soft drinks	Thousand litres	1,800	-	-	-	-	-	359.1	600.0	-	-	-	-	-	20.0	33.3
Kampala Chalk Factory Ltd	Chalk	Cartons	12,000	-	4,536.0	3,539.0	6,272.0	4,336.0	1,297.0	4,800.0	-	37.8	29.5	52.3	36.1	10.8	40.0
Kawempe Paints Factory Ltd	Paints	Thousand litres	800	406.0	69.0	72.4	68.9	-	-	-	50.8	8.6	9.1	8.6	-	-	-
Kiira Saw Mills Ltd	Plywood	Square metres	n.a.	-	33,052.8	-	67,779.5	-	-	-	-						
	Plywood	Cubic metres	2,357	-	-	-	-	536.2	829.5	2,168.0	-	-	-	-	22.7	35.2	92.0
	Sawn timber	Tonnes	n.a.	-	562.6	1,548.7	850.0	-	-	-	-	-	-	-	-	-	-
	Sawn timber	Cubic metres	4,000	-	-	-	.	1,435.7	2,513.8	2,640.0	-	-	-	-	35.9	62.8	66.0
Kitwende Associated Traders	Animal feeds	Tonnes	1,000	-	-	-	-	241.0	540.0	600.0	-	-	-	-	24.1	54.0	60.0
	Maize flour	Tonnes	500	-	-	-	-	84.4	49.0	130.0	-	-	-	-	16.9	9.8	26.0
Lake Victoria Bottling Co Ltd	Soft drinks	Thousand litres	12,110	1,682.6	3,893.9	5,601.8	4,750.2	4,460.3	5,348.8	15,091.2	13.9	32.2	46.3	39.2	36.8	44.2	124.6
Leyland Paints (U) Ltd	Paints	Thousand litres	631	7.0	147.0	86.3	38.3	-	-	-	1.1	23.3	13.7	6.1	-	0.0	
L.M.B. Edible Oil & Soap Industries	Edible oil	Tonnes	n.a.	-	100.7	167.6	214.8	129.7	26.3	-	-	-	-	-	-	-	-
	Soap	Tonnes	n.a.	-	2,747.7	1,019.2	772.7	389.4	264.2	-	-	-	-	-	-	-	-
Madhvani Confectionery Ltd	Sweets & toffee	Tonnes	4,200	82.0	54.0	10.0	22.4	22.4	44.6	-	2.0	1.3	0.2	0.5	0.5	1.1	-
Maganjo Grain Millers Ltd	Maize flour	Tonnes	n.a.	-	-	-	-	608.4	1,473.1	-	-	-	-	-	-	-	-
Millstone Ltd	Maize flour	Tonnes	4,800	-	-	-	-	239.2	90.2	-	-	-	-	-	5.0	1.9	-
Moon Enterprises Ltd	Pencils	Gross	79,200	-	-	-	-	-	2,444.0	19,800.0	-	-	-	-	-	3.1	25.0
Mukisa Foods Ltd	Biscuits	Tonnes	648	32.0	52.0	57.0	33.2	81.3	125.0	138.6	4.9	8.0	8.8	5.1	12.5	19.2	21.4
	Sweets	Tonnes	270	88.0	58.0	44.8	136.7	45.6	66.0	103.7	32.6	21.5	16.6	50.6	16.9	24.4	38.4
Mukwano Industries (U) Ltd	Soap	Tonnes	36,000	-	-	-	-	2,902.1	15,508.0	25,500.0	-	-	-	-	8.1	43.1	70.8
Mulbox Ltd	Corrugated cardboard boxes	Thousand square metres	720	179.7	345.9	106.5	181.8	128.5	120.7	-	25.0	48.0	14.8	25.3	17.9	16.8	-
Mulco (Pamba) Textiles Ltd	Cotton fabrics	Thousand square metres	13,500	1,198.8	2,216.2	994.6	776.7	987.9	935.4	-	16.3	16.4	7.4	5.8	7.3	6.9	-
Mwinike & Co	Wheat foods	Tonnes	n.a.	-	-	66.8	358.0	-	20.8	-	-	-	-	-	-	-	-

Annex Table A-14 (continued)

Name of establishment	Products	Units	Installed capacity	Production 1982	1983	1984	1985	1986	1987	1988	Per cent of capacity utilization						
Makasero Soap Works (Sweets)	Sweets	Tonnes	960	10.0	12.0	9.4	31.3	14.1	10.0	-	1.0	1.3	1.0	3.3	1.5	1.0	-
National Sugar Works (K) Ltd	Sugar	Tonnes	10,000	148.0	341.0	5,466.4	-	-	-	-	1.5	3.5	5.5	-	-	-	-
Nile Breweries Ltd	Beer	Thousand litres	16,000	3,832.0	7,729.0	8,334.4	2,810.7	1,376.7	3,292.1	12,651.2	24.0	48.3	52.1	17.6	8.6	20.6	79.1
Nile Crystal Springs (1973) Ltd	Soft drinks	Thousand litres	513	1.6	9.4	5.5	-	-	2.8	-	0.3	1.8	1.1	-	-	0.5	-
Ntinda Spices Ltd	Curry powder	Tonnes	59	51.0	49.0	18.7	30.7	156.7	35.6	-	86.4	83.1	31.7	52.0	265.6	60.3	-
Nyanza Textile Ind. Ltd	Cotton fabrics	Thousand square metres	35,720	14,422.8	12,960.4	9,171.0	8,226.3	7,883.0	9,268.7	9,400.0	40.4	36.3	25.7	23.0	22.1	25.9	26.3
PAPCO Industries Ltd	Paper	Tonnes	2,690	155.1	439.7	226.0	340.6	144.6	38.7	-	5.8	16.3	8.4	12.7	5.4	1.4	-
Paramount Manuf. Co. Ltd	Exhaust pipes	Units	n.a.		85.0	110.0	275.0	189.0	109.0	-	-	-	-	-	-	-	-
Printpak (U) Ltd	Cartons	Million	350	62.7	62.2	0.8	0.9	1.7	1.1	-	17.9	17.8	0.2	0.3	0.5	0.3	-
	Exercise books	Gross	n.a.	-	-	2,851.0	2,557.0	66,542.0	15,744.6	-	-	-	-	-	-	-	-
	Labels	Thousand	n.a.	-	-	60,116.5	64,641.0	11,046.9	65,370.8	-	-	-	-	-	-	-	-
	Misc stationery	Thousand	n.a.	-	-	697.7	781.0	783.0	654.7	-	-	-	-	-	-	-	-
Sadolins Paints (U) Ltd	Paints	Thousand litres	720	-	-	39.3	61.8	30.3	16.9	80.0	-	-	5.5	8.6	4.2	2.3	11.1
Sanyu International Ltd	Toilet paper	Thousand dozen	96	-	-	7.7	11.4	-	-	-	-	-	8.0	11.9	-	-	-
Sembole Steel Mills Ltd	Metal products	Tonnes	5,380	360.0	384.0	41.9	762.0	1,870.0	841.0	1,200.0	6.7	7.1	0.8	14.2	34.8	15.6	22.3
Ship Toothbrush Factory	Ballpens	Thousand packets	132	-	-	-	27.0	13.7	71.7	132.0	-	-	-	20.5	10.4	54.3	100.0
	Jerry cans	Thousand	950	-	-	-	-	-	291.9	-	-	-	-	-	-	30.7	-
	Tableware	Thousand dozen	268	-	-	-	29.7	43.9	159.4	267.5	-	-	-	11.1	16.4	59.6	100.0
	Toothbrushes	Thousand packets of 8	33	-	-	-	5.6	19.2	1.6	33.0	-	-	-	17.0	58.2	4.8	100.0
Sugar Corp of Uganda Ltd	Sugar	Tonnes	60,000	396.0	1,340.0	2,341.0	808.3	-	-	-	0.7	2.2	3.9	1.3	-	-	-
Tororo Steel Works Ltd	GCI sheets	Tonnes	11,000	745.0	340.0	453.0	627.0	412.4	159.0	-	6.8	3.1	4.1	5.7	3.7	1.4	-
Tropical Tissues Ltd	Toilet paper	Thousand dozen	312	-	-	-	16.9	-	25.0	300.0	-	-	-	5.4	-	8.0	96.2
TUMPECO Ltd	Enamel ware	Thousand dozen	3,000	35.6	33.6	42.5	13.4	32.1	12.4	-	1.2	1.1	1.4	0.4	1.1	0.4	-
	Misc products	Thousand	n.a.	-	4.6	3.9	8.8	7.2	1.2	-	-	-	-	-	-	-	-
	Number plates	Pairs	12,000	5,708.0	7,710.0	6,077.0	7,145.0	11,136.0	1,112.0	-	47.6	64.3	50.6	59.5	92.8	9.3	-
	Spring mattresses	Units	36,000	-	-	258.0	549.0	674.0	376.0	-	-	-	0.7	1.5	1.9	1.0	-
	Steel beds	Units	36,000	1,539.0	3,466.0	4,213.0	5,523.0	3,151.0	8,083.0	-	4.3	9.6	11.7	15.3	8.8	22.5	-
Uganda Baati Ltd	SCI sheets	Tonnes	9,000	1,873.0	2,647.0	1,500.2	1,783.0	649.7	482.8	880.0	20.8	29.4	16.7	19.8	7.2	5.4	9.8

Annex Table A-14 (continued)

Name of establishment	Products	Units	Installed capacity	Production 1982	1983	1984	1985	1986	1987	1988	Per cent of capacity utilization						
Uganda Bags & Hessian Mills Lt	G/bags & H/cloth	Tonnes	5,400	-	-	1,1523.0	717.2	611.2	522.2	-	-	-	21.3	13.3	11.3	9.7	-
Uganda Bata Shoe Co. Ltd	Footwear	Thousand pairs	5,000	476.0	907.0	1,128.1	575.4	535.6	646.1	684.0	9.5	18.1	22.6	11.5	10.7	12.9	13.7
Uganda Blanket Manuf. Ltd	Blankets	Thousand	1,500	129.2	119.7	82.3	25.2	40.5	147.0	536.4	8.6	8.0	5.5	1.7	2.7	9.8	35.8
Uganda Breweries Ltd	Beer	Thousand litres	31,250	5,955.0	6,477.1	6,482.2	5,373.5	5,226.7	13,191.6	24,000.0	19.1	20.7	20.7	17.2	16.7	42.2	76.8
Uganda Brushware Manufacture	Brushes	Thousand	500	-	-	-	10.2	54.8	27.5	120.0	-	-	-	2.0	11.0	5.5	24.0
Uganda Cement Ind., Hima	Cement	Thousand tonnes	315	7,766.0	18,298.0	11,099.0	6,911.0	66,722.0	6,422.0	-	2.5	5.8	3.5	2.2	21.2	2.0	-
Uganda Cement Ind., Tororo	Cement	Thousand tonnes	193	10,705.0	12,482.0	13,822.0	4,838.0	9,654.0	9,482.0	-	5.6	6.5	7.2	2.5	5.0	4.9	-
Uganda Chibuku Ltd	Beer	Thousand litres	1,878	-	-	310.4	221.6	260.1	396.8	639.3	-	-	16.5	11.8	13.8	21.1	34.0
Uganda Clays Ltd	Bricks, Tiles	Tonnes	25,000	8,820.0	11,635.0	11,642.0	12,728.0	9,964.0	6,936.0	-	35.3	46.5	46.6	50.9	39.9	27.7	-
Uganda Feeds Ltd	Animal feeds	Tonnes	18,300	2,238.0	5,229.0	3,008.0	4,191.0	6,145.2	11,502.5	-	12.2	28.6	16.4	22.9	33.6	62.9	-
Uganda Fisheries Manu. Ltd	Fishnets	Thousand	550	32.0	75.0	58.9	27.7	32.5	46.6	84.0	5.8	13.6	10.7	5.0	5.9	8.5	15.3
	Twines & Cords	Tonnes	200	-	-	4.4	6.6	23.8	20.6	25.0	-	-	2.2	3.3	11.9	10.3	12.5
Uganda Foam Matresses Ltd	Foam Matresses	Thousand	n.a.	-	-	1.8	-	-	-	-	-	-	-	-	-	-	-
Uganda Food Products Ltd	Curry powder	Tonnes	93	11.0	4.0	-	-	-	-	11.8	4.3	-	-	-	-	-	-
Uganda Garments (1973) Ltd	Bed sheets	Thousand pairs	160	3.5	3.1	1.7	2.5	1.6	1.7	-	2.2	1.9	1.1	1.6	1.0	1.1	-
	Garments	Dozen	7,000	721.0	1,414.0	927.0	204.3	1,980.8	263.6	-	10.3	20.2	13.2	2.9	28.3	3.8	-
Uganda Kweduga African Industries Ltd	Drugs (b)	Kilos	n.a.	-	-	1,431.3	3,840.0	-	1,129.4	-	-	-	-	-	-	-	-
Uganda Leathe & Tanning Industries Ltd	Finished leathers	Thousand square feet	5,070	264.0	688.8	488.8	171.4	341.3	205.9	-	5.2	13.6	9.6	3.4	6.7	4.1	-
Uganda Maize Industries Ltd	Maize flour	Tonnes	9,360	4,610.0	4,070.0	1,513.2	1,314.8	1,370.3	2,502.0	3,240.0	49.3	43.5	16.2	14.0	14.6	26.7	34.6
Uganda Metal Industries Ltd	Metal products	Tonnes	1,380	16.0	298.0	340.9	310.5	121.7	55.6	-	1.2	21.6	24.7	22.5	8.8	4.0	-
Uganda Millers Ltd	Wheat flour	Tonnes	45,000	4,434.0	5,298.0	4,214.0	7,829.8	7,127.7	9,429.0	-	9.9	11.8	9.4	17.4	15.8	21.0	-
Uganda Mineral Waters Ltd	Soft drinks	Thousand litres	587	80.5	20.0	155.5	230.0	560.3	-	-	13.7	3.4	26.5	39.2	95.5	-	-
Uganda Oxygen Ltd	Acetylene gas	Thousand cubic metres	108	-	-	8.7	13.4	10.4	15.1	-	-	-	8.1	12.4	9.7	14.0	-
	Oxygen	Thousand cubic metres	373	38.3	45.4	59.5	58.2	46.0	67.9	84.0	10.3	12.2	15.9	15.6	12.3	18.2	22.5
Uganda Plastics Industries (1979) Ltd	Basins	Thousand	72	-	-	-	-	22.5	36.2	54.0	-	-	-	-	31.3	50.3	75.0
Uganda Prisons Feed Mill	Animal feeds	Tonnes	8,760	-	-	-	-	-	648.5	2,160.0	-	-	-	-	-	7.4	24.7
Uganda Rayon Textiles Manufacturing Ltd	Cotton fabrics	Thousand square metres	4,050	1,149.6	724.5	653.3	913.0	502.3	174.0	-	28.4	17.9	16.1	22.5	12.4	4.3	-

Annex Table A-14 (continued)

Name of establishment	Products	Units	Installed capacity	Production 1982	1983	1984	1985	1986	1987	1988	Per cent of capacity utilization						
Uganda Shoe Co. Ltd	Footwear	Thousand pairs	15	2.0	2.0	4.7	2.1	2.3	3.1	9.0	13.3	13.3	31.3	14.0	15.3	20.7	60.0
Uganda Spinning Mill Ltd	Cotton yarn	Tonnes	n.a.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ugastat Ltd	Envelopes	Million	124	2,111.0	378.5	6,525.0	3,443.4	-	1,497.0	40,000.0	1.7	0.3	5.3	2.8	-	1.2	32.3
Ugationers Ltd	Exercise books	Thousand gross	1,004	4.1	0.2	-	36.3	4.2	40.8	-	0.4	0.0	-	3.6	0.4	4.1	-
GMA Engineering Corp Ltd	Brake blocks	Units	n.a.	-	-	-	-	1,423.0	2,132.0	-	-	-	-	-	-	-	-
	Chalk	Units	n.a.	-	-	-	-	1,045.0	-	-	-	-	-	-	-	-	-
	Gears	Units	n.a.	-	-	-	-	35.0	25.0	-	-	-	-	-	-	-	-
	Hoes	Thousand	600	49.0	72.0	71.5	78.9	37.9	12.3	80.0	8.2	12.0	11.9	13.2	6.3	2.1	13.3
	Jaggery mill	Units	6	-	2.0	9.0	-	4.0	2.0	2.0	-	33.3	150.0	-	66.7	33.3	33.3
	Maize mills	Units	36	-	5.0	18.0	11.0	12.0	9.0	10.0	-	13.9	50.0	30.6	33.3	25.0	27.8
	Manhole cover	Units	1,200	-	-	-	47.0	105.0	85.0	500.0	-	-	-	3.9	8.8	7.1	41.7
	Metric weight	Units	500	-	-	-	-	381.0	327.0	-	-	-	-	-	76.2	65.4	-
	Shovels	Units	n.a.	-	-	-	3,643.0	1,714.0	-	-	-	-	-	-	-	-	-
	Slashers	Units	n.a.	-	-	-	8,465.0	8,342.0	-	-	-	-	-	-	-	-	-
	Sofa sets	Sets	120	-	-	-	-	12.0	17.0	40.0	-	-	-	-	10.0	14.2	33.3
	Tables	Units	500	-	-	-	-	104.0	57.0	200.0	-	-	-	-	20.8	11.4	40.0
	Trailers	Units	85	-	5.0	8.0	7.0	7.0	35.0	40.0	-	5.9	9.4	8.2	8.2	41.2	47.1
	Water tanks	Units	n.a.	-	86.0	67.0	202.0	429.0	239.0	-	-	-	-	-	-	-	-
United Garments Ind. Ltd	Bed sheets	Thousand pairs	n.a.	-	-	-	-	-	2.8	-	-	-	-	-	-	-	-
	Garments	Thousand dozen	116	33.5	18.6	7.7	7.4	4.0	3.6	-	29.0	16.1	6.6	6.4	3.5	3.1	-
Vita Foam (U) Ltd	Foam matresses	Thousand	2,475	n.a.	15.6	21.7	-	243.2	167.2	600.0	-	0.6	0.9	-	9.8	6.8	24.2
Walkover Footwear Ltd	Footwear	Thousand pairs	78	4.0	7.0	3.3	5.3	8.7	14.8	20.0	5.1	9.0	4.2	6.8	11.2	19.0	25.6

Source: Statistics Department, Ministry of Planning and Economic Development.

Note:
- Cartons of 10 gross small-size matchboxes
- Cartons of 200 large-size matchboxes
- Changed name; was previously called Associated Battery Manu. Ltd.
- n.a. means not available
- Figures in parenthesis ( ) mean negative
- " " means no information avaiable or no production
- One packet of ball points contains 50 pieces
- One packet of toothbrushes contains 24 pieces

Annex Table A-15. List of significant mineral deposits and locations

METALLIC MINERALS

	Ore	Location of Significant deposits	Relative abundance
1.	Beryllium	Ankole; Kigezi	Over 100,000 tons Be content
2.	Bismuth	Kabale; Rukungiri; Mbarara	Not known
3.	Cobalt	Kasese	Not known (but considered large)
4.	Columbite	Southwestern Uganda	Over 600,000 tons
5.	Copper	Kasese; Karamoja	Over 5 million tons grading over 1.7% Cu
6.	Gold	Kigezi; West Nile; Bunyoro; Mubende	Not known
7.	Iron Ore	Kigezi (Kashenyi) 65-6?% Fe); Tororo (60-68% Fe, 1.3-1.55% P)	At least 50 million tons
8.	Lead/Zinc	Mbarara	Not known
9.	Lithium	Mubende; Mbarara; Kabale	Not known
10.	Tantalite	Southwestern Uganda	Not known
11.	Tin	Mbarara; Kabale; Bushenyi	Over 1 million tons
12.	Tungsten	Southwestern Uganda	Over 10 million tons containing 1.25 million tons of WO_3

NON-METALLIC (INDUSTRIAL MINERALS

	Mineral	Location of Significant deposits	Relative abundance
1.	Asbestos	Arua; Moroto	Not known
2.	Clays	Widespread	Abundant
3.	Diatomite	Nebbi	Not known
4.	Feldspar	Mukono; Bushenyi	Not known
5.	Glass sands	Shores of Lake Victoria	Abundant (over 100 million tons)
6.	Gypsum	Mbarara; Bundibugyo	Over 300,000 tons (contained) gypsum
7.	Kaolin	Bushenyi; Rakai; Kabale; Mpigi; Luwero	At least 16 million tons
8.	Limestone	Tororo; Kasese; Kabale	Over 25 million tons
9.	Marble	Karamoja	Not known
10.	Mica	Moroto; Kitgum; Arua	Not known
11.	Phosphate rock	Tororo; Bukusu; Sukulu	Over 500 million tons of apatite-bearing soil (13.1% P_2O_5)

	Ore	Location of Significant deposits	Relative abundance
12.	Precious stones	Karamoja	Not known
13.	Salt	Western Uganda (Katwe Water Lakes)	Over 10 million tons
14.	Talc	Kasese	Not known

Source: UNIDO (1990)

Source: UNIDO (1990).

Annex Table A-16. List of operating foundries in Uganda

Foundary	Location
Uganda Engineering Corporation Ltd.,	Lugazi
Nytil Textiles Ltd.,	Jinja
Busoga Growers' Cooperative,	Jinja
Prison Workshop,	Jinja
Kakira Madhvani Group,	Kakira
Wilco T. Foundry,	Mbale
Iganga Shalim Foundry,	Iganga
Uganda Rayon Textiles,	Kawempe
West Mengo Growers' Cooperative,	Bwaise
East Mengo Growers' Cooperative,	Natete
John Lugendo and Company,	Ndeba
Lakeside Foundry,	Kibuye
Notay Engineering,	Kampala
Kibira Road Foundry,	Kampala
Semwanga Kampala Foundry,	Kampala
G.K. Patel Foundry,	Kampala
Young Engineering Foundry,	Kampala
City Foundry Workshop,	Kampala
Uganda Foundry	
Tropical Engineering Company,	Kampala
Katwe Modern Foundry,	Katwe
Ministry of Works Workshop,	Kampala
Uganda Railways Workshop,	Kampala
Madhvani Central Workshop,	Kampala
Kawempe Modern Foundry,	Kawempe
Tamuna General Engineering Company,	Kampala
Kyambogo Technical Foundry	
Katwe Express Foundry,	Katwe
Owiko Sawmill,	Jinja

Source: UNIDO (1990)

Annex Table A-17. Cabinet approved classification of public enterprises, (PEs)

Class I: PEs Which Government should Retain 100% Shareholding

1. Lango Development Corporation
2. National Enterprises Corporation (with its subsidiaries)
3. National Insurance Corporation
4. National Water and Sewage Corporation
5. New Vision
6. Nile Hotel
7. Transocean Uganda Limited
8. Uganda Air Cargo
9. Uganda Development Corporation
10. Uganda Development Bank
11. Uganda Electricity Board
12. Uganda National Parks
13. Uganda Posts and Telecommunications Corporation
14. Uganda Prisons Industries Ltd
15. Uganda Railways Corporation
16. Uganda Tourist Development Corporation

Class II: PEs Which Government Should Retain Majority Shareholding

1. African Textile Mill Ltd (Mbale)
2. Coffee Marketing Board
3. East African Steel Corporation
4. Foods and Beverages
5. Kampala International Hotel Ltd
6. Kilembe Mines
7. Lint Marketing Board
8. National Housing and Construction Corporation
9. Nile Breweries
10. NYIIL
11. People's Transport
12. Produce Marketing Board
13. Soroti Meat Packers Ltd
14. Tororo Industrial Chemical and Fertilisers Ltd
15. Uganda Airlines Corporation
16. Uganda Cement Industry (Hima and Tororo)
17. Uganda Commercial Bank
18. Uganda Dairy Corporation Ltd
19. Uganda Grain Milling Co Ltd together with Uganda Millers
20. Uganda Libyan Arab Holding
21. Uganda Pharmaceuticals Ltd
22. Uganda Spinning Mill Ltd (Lira)
23. UGMA
24. Kinyara Sugar Works

(continued)

Annex Table A-17. (continued)

Class III: PEs Which Government Should Retain Minority Shareholding

1. Agip (Uganda) Ltd
2. B.A.T. (Uganda) Ltd
3. Cable Corporation
4. Kekira Sugar Works (1985) Ltd (Pending legal clarification)
5. Lake Victoria Bottling Co Ltd
6. Lake Katwe Salt Project
7. Shell (Uganda) Ltd
8. Sugar Corporation of Uganda (Pending legal clarification)
9. Total (Uganda) Ltd
10. Uganda Fisheries Industry Ltd (Masese)

Class IV: PEs Which Government Should Fully Divest From

1. African Ceramics Company Ltd
2. Associated Match Co Ltd
3. Associated Paper Industries Ltd
4. Blenders (Uganda) Ltd
5. Chillington Co (Uganda) Ltd (Private with 15% UDC shares)
6. Comrade Cycle Co (Uganda) Ltd
7. Development Finance Company of Uganda
8. Domestic Appliances
9. East African Aluminium Works Ltd
10. ECTA (Uganda) Ltd
11. Edible Oil and Soap Manufacturers (4 factories and a subsidiary of LMB)
12. Fairway Hotel (already divested)
13. Fresh Foods Ltd
14. General Equipment Ltd
15. Gobbot (Uganda) Ltd
16. Gomba Motors
17. Housing Finance Co of Uganda Ltd
18. Jubilee Ice and Soda Works
19. International TV Sales
20. Kibimba Rice Co Ltd
21. Uganda Proprietors
22. Printpak (Uganda) Ltd
23. Republic Motors
24. The Uganda Metal Products and Enamelling Co Ltd (TUMPECO)
25. The Uganda American Insurance Company
26. Uganda Bags and Hessian Mills Ltd
27. Uganda Blanket Manufacturers Ltd
28. Uganda Clays Ltd
29. Uganda Consolidated Properties
30. Uganda Crane Estimates
31. Uganda Fishnet Manufacturers Ltd (Agakhan Properties)
32. Uganda Garments (1973) Ltd
33. Uganda General Merchandise Ltd
34. Uganda Hardwares Ltd
35. Uganda Hire Purchase Company (subsidiary of NIC)
36. Uganda Hotels Ltd
37. Uganda Leather and Tanning Industry
38. Uganda Meat Packers Ltd

(continued)

Annex Table A-17. (continued)

39. Uganda Motors Ltd
40. Uganda Oxygen Ltd
41. Uganda Transport Ltd
42. United Garments Industries Ltd
43. Winits Ltd
44. Agricultural Enterprises Ltd with the six subsidiaries
45. Toro and Mityana Tea Co Ltd (TMTECO)
46. Uganda Tea Corporation

Class V: **PEs Which Government Should Consider Disposing Of Through The Sale Of Their Assets In Order To Wind-Up Their Operations As They Are Not Economically Viable, Are Defunct Or Non-performing**

1.	Agro-Chemicals Ltd	Defunct
2.	Intra-African Trading Co	Defunct
3.	Itama Mines	Defunct
4.	Label (Uganda) Ltd	(Subsidiary of Nytil - defunct)
5.	Paramount Manufacturers	Defunct
6.	R. O. Hamilton Ltd	Defunct
7.	Sukulu Mines	Non-operating
8.	Toro Development Corporation	Defunct
9.	Uganda Properties	(Shareholder of UDC subsidiaries)
10.	Uganda Crane Industries	Defunct
11.	Uganda Fish Marketing Corporation Ltd (TUFMAC)	(Small, non-viable trading company
12.	Uganda Industrial Machinery Ltd	Defunct
13.	Uganda Tea Authority	Abolished
14.	Uganda Toni Services Ltd	Defunct
15.	Uganda Tours and Travel	Non-operating
16.	Wolfram Investments Ltd	Defunct

Source: Uganda Investment Authority, *A Guide to Investing in Uganda*, September, 1991.

Annex Table A-18. **List of Financial Institutions as of 31 December 1990**

Commercial Banks

Indigenous

1. Uganda Commecial Bank
2. The Co-operative Bank (U) Ltd
3. Gold Trust Bank (U) Ltd
4. Teefe Trust Bank Ltd
5. Nile Bank

Expatriate

1. Barclays Bank (U) Ltd
2. Bank of Baroda (U) Ltd
3. Grindlays Bank (U) Ltd
4. Standard Chartered Bank (U) Ltd
5. The Libyan Arab Uganda Bank for Foreign Trade & Development

Development Banks

1. East African Development Bank
2. Uganda Development Bank

Money Lenders

1. Interstate Finance (U) Ltd
2. Credit Union (U) Ltd

Credit Institutions

		Branches
1.	Diamond Trust of Uganda Ltd	1
2.	Grindlays Bank International (U) Ltd	1
3.	Standard Chartered Finance Ltd	1
4.	Housing Finance Company of UGanda Ltd	2
5.	Ugandev Bank Ltd	2
6.	Sembule Investment Finance Ltd	3
7.	International Credit Bank Ltd.	1
8.	Rapid Finance & Crfedit Ltd	1
9.	Centenary Rural Development Trust Ltd	3
10.	Mercantile Credit Bank Ltd	1

Building Societies

1.	Continental Building Society	1
2.	Alliance Building Society	1
3.	Premier Building Society	6
4.	Equtor Building Society	-
5.	Uganda Building Society	-
6.	Mba'e Building Society	1
7.	E.A. Building Society	-
8.	U.N.A.F. Building Society	-
9.	United Building Society	-
10.	Prudential Building Society	-

Insurance Companies

1.	Uganda American Insurance Company	2
2.	Statewide Insurance Company	2
3.	Golden Gate Insurance Company	2
4.	Transtate Insurance Company	2
5.	Platinum Insurance Company	1
6.	Co-operative Insurance Company	1
7.	Global Insurance Company	1
8.	National Insurance Company	1
9.	East African Insurance Company	1
10.	United Assurance Company	1
11.	Midland Insurance Company	1
12.	Universal Insurance Company	1
13.	Pan World Insurance Company	1

Source Bank of Uganda, *Quarterly Economic Report, October-December, 1990*, vol 04/1990.

ANNEX B
EXTERNAL ASSISTANCE PROJECTS IN INDUSTRY

ANNEX TABLE B-1.

Inventory of ongoing assistance projects: ongoing prjects by sector, 1990
(Thousand dollars)

Sector and project		Duration	Donor	Commitment amount
UGD/IND/0065	Public Enterprises	89-95	IDA/PES	15,000
UGA/IND/0066	Indicative Industrial Planning	90-93	UNDP	660
UGA/IND/0095	Assistance in Reorganization of Casements Africa Ltd	89-90	UNIDO	130
UGA/IND/0096	Study on the Establishment of a Plant to Manufacture Tiles and Sanitary Ware	89-90	UNIDO	91
UGA/IND/0009	Rehabilitation Engineering Workshop	88-90	CFTC/MIT	98
UGA/IND/0003	Industrial Rehabilitation Credit	82-90	IDA/UCB	31,500
UGA/IND/0004	Industry Line of Credit to UDB	82-90	OPEC/UDB	15,000
UGA/IND/0005	Line of Leasing UDB	84-91	ISDB/UDB	6,356
UGA/IND/0006	Industry Line of Credit II UDB	84-90	AFDB/UDB	26,400
UGA/IND/0037	Nyanza Textile Rehabilitation	90-92	UKM/UKM(NYTIL)	3,096
UGA/IND/0062	Manufacturers Association	90-92	UNDP/UMA	283
UGA/IND/0068	EADB Programme Support	88-90	DEN/DANIDA/EADB	5,546
UGA/IND/0072	On-lending to DFCU	90-91	CDC/DFCU	1,054
UGA/IND/0085	Public Industrial Enterprises Secretariat	90-92	IDA/UNIDO	2,800
UGA/IND/0093	Raw Materials for Soap Production	90-92	DEN/DANIDA	1,201
UGA/IND/0094	Line of Credit to UCB for Small- and Medium-Scale Enterprises	87-91	EEC/UCB	47,616
UGA/IND/0008	Steel for Hoes	88-90	DEN/DANIDA/CHILL	3,634
UGA/IND/0065	Import Support through EADB	90-93	SWE/SIDA/EADB	4,513
UGA/IND/0032	Agriculture Tools	88-93	UNDP/UNIDO	1,580
UGA/IND/0033	Low-cost Agriculture Tools	88-93	UNCDF/UNIDO	2,415
UGA/IND/0064	Small-Scale Enterprises Sector	89-90	CAN/IDRC/MPED	64
UGA/IND/0074	Promotion of Small-Scale Industry	89-91	GFR/FEF	47
UGA/IND/0090	PABCO Enterprises Ltd	90-90	EADB/EADB	192
UGA/IND/0092	Workshop to Manufacture Machine Tools	88-90	BEL/CNCD	325
UGA/IND/0022	Rehabilitation of African Textile Mill	78-90	A.DHABI/ATL	6,300
UGA/IND/0023	African Textile Mill	60-90	ABEDA/ATL	4,700
UGA/IND/0024	Cotton Ginnery Supply	81-90	AFDB/MOCO-OP	10,269
UGA/IND/0031	P1480 Title I	88-91	USA/USAID/MUK	10,000
UGA/IND/0034	African Ceramics	88-90	CFTC/CFTC	102
UGA/IND/0038	Lake Victoria Bottling	89-90	EADB EADB/LVBC	200 256

ANNEX TABLE B-1 (Continued)

Sector and project		Duration	Donor	Commitment amount
UGA/IND/0039	Nile Breweries	89-90	EADB EADB/BELL	1,250 46
UGA/IND/0047	Lugazi Sugar Complex	82-90	AFDB/LUGSUGAR	17,775
UGA/IND/0048	Lugazi Sugar Works	83-90	ABEDA/SCOUL	8,000
UGA/IND/0049	Lugazi Sugar	89-90	INDI/SCOUL	8,000
UGA/IND/0050	Lugazi Sugar	84-90	KUWF/SCOUL	10,000
UGA/IND/0052	Tea Factory	81-90	AFDB/UTGC	13,200
UGA/IND/0058	Kakira Sugar Works	89-95	AFDB/KAKSUGAR	9,922
UGA/IND/0059	Kakira Sugar Works	89-95	AFDF/KAKSUGAR	11,528
UGA/IND/0060	Sugar Rehabilitation	88-93	IDA/KAKSUGAR	18,900
UGA/IND/0061	Rehabilitation of Kinyala Sugar Factory	89-90	UKM/UKM/SCOUL	304
UGA/IND/0076	Kinyala Sugar Works Rehabilitation	90-91	USA/USA/USA	207
UGA/IND/0081	Kampala Chalk Factory Ltd	90-94	EADB/KCF	54
UGA/IND/0087	UGMA Engineering Corp	90-90	EADB/UGMA	2,465
UGA/IND/0088	Uganda Cement Industries Ltd	90-90	EADB	128
UGA/IND/0089	Uganda Fishnet Industries Ltd	90-90	EADB/EADB	192
UGA/IND/0027	East African Steel Corporation	84-90	ITA/ITA/EASTEEL	12,100
UGA/IND/0029	Iron and Steel	85-91	UNDP/MIT	

Source: United Nations Development Programme, *Development Cooperation*, 1990 Report.

ANNEX TABLE B-2.

UNIDO's Technical Assistance

At the beginning of 1990, there were 10 UNIDO projects in operation in Uganda, with a total budget of approximately $4.0 million. They are listed below:

1. **Industrial Management and Rehabilitation**

    - Public Industrial Enterprise Secretariat (PIES)
    - Reactivation of Uganda Socks Manufacture
    - Assistance in Reorganization of Casements (Africa) Limited

2. **Industrial Planning**

    - Strengthening the Planning Unit of the Ministry of Industry

3. **Metallurgical Industries**

    - Assistance to the Ministry of Industry and the iron and steel industry (development of methods and systems for the utilization of metal scrap; forecast of iron and steel demand)

4. **Engineering Industries**

    - Manufacture of agricultural tools, implements, and farm machinery

5. **Chemical Industry**

    - Development of the lime industry

6. **Feasibility Studies**

    - Feasibility study for the establishment of container glass factory (in cooperation with Chemical Industry)

    - Study on the establishment of a plant to manufacture tiles and sanitary ware

7. **Industrial Human Resource Development**

    - Fellowship in Accounting and Financial Management (food-processing industry)

Other projects which have been suggested are:

a) Industrial Development and Small-scale Industry Promotion

b) Community Food Processing Centre

c) Preparatory assistance for establishment of a pilot and demonstration sponge iron plant, capacity 20,000 tonnes per annum, based on direct reduction or iron ores using coal as reductant

d) Assistance for reactivation of existing capacities and upgrading 20 foundries

(continued)

Annex Table B-2 (continued)

e) Small-scale industry development

f) Industrial technology project

g) Technical Assistance to the Alam group of Companies

h) Assistance to the Chamber of Commerce, Uganda Manufacturers Association, and Uganda Women Entrepreneurs Association Ltd.

i) Assistance to the National Bureau of Standards

j) Assistance to the National Enterprise Corporation

k) Feasibility study for instant coffee plant at Port Bell.

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