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Uganda: Selected Issues and Statistical Appendix

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UGANDA

Selected Issues and Statistical Appendix

Prepared by a Staff Team on Uganda

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I. IMPROVING VAT COMPLIANCE[1]

A. Introduction and Summary

1. A value-added tax (VAT) with a single positive rate of 17 percent was introduced on July 1, 1996 in Uganda after two years of preparation with assistance from the Fund.[2] It replaced a sales tax on goods and selected services at rates between 12 percent and 30 percent. Several problems began to affect the operations of the VAT soon after its introduction. First, the number of potential VAT taxpayers was much larger than planned; second, resistance to the new tax from traders escalated into a strike in late September to early October 1996. Third, the computer system installed for the tax was not adaptable enough to provide information required for its management. Finally, the response of the authorities to the strike and the priorities of VAT administrators after the strike exacerbated compliance under the tax during the first year of its operation. As a result, compliance was poor during the first few months following the introduction of the tax and remained below expectations during the first year of its operation. This note describes some of the main problems that have caused the poor compliance rate.

2. Although the VAT in Uganda has a single positive rate and broad coverage, its initial threshold of U Sh 20 million may have been set too low, and a number of items that should have been exempted were zero rated. The threshold was increased to U Sh 50 million in November 1996, and the number of zero-rated items was reduced in July 1997. However, the administration of the tax is still complicated by the zero rating of items in the agricultural sector, the treatment of aid-funded projects, and the exemption of fuel. Significant improvements in administrative procedures will be required to reach an adequate level of efficiency. Existing procedures have inadequate features that complicate taxpayers' compliance. These include a complicated filing and payment system and an ineffective treatment of VAT credits (the offset mechanism). These are burdensome procedures that penalize honest taxpayers; meanwhile, noncomplying payers have been able to avoid their tax obligations without penalty. Furthermore, the computer system did not prove to be operationally effective. The development and implementation of the computer system were also complicated by changes (policy and procedural) that were introduced in attempts to improve performance of the VAT.

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[1]This section was prepared by Timothy Muzondo. It draws on a report by the Fund's Fiscal Affairs Department, following a technical assistance mission in November 1997.

[2]The VAT is administered in Uganda by the VAT Department, which is one of the major departments of the Uganda Revenue Authority (URA). The URA was set up in 1991 as a semiautonomous organization outside the civil service. It comprises a headquarters with support departments (Finance and Administration, Internal Audits, and Management Services), and operational departments (VAT, Income Tax, Customs, Research and Development, and Investigation and Audit).

3. The introduction of the VAT provides an opportunity to modernize tax administration by developing new systems that are based on modern self-assessment procedures. These systems include using modern taxpayer numbering systems, standardizing invoices and books of accounts, simplifying filing and payment obligations, and implementing effective collection-monitoring systems and comprehensive enforcement programs. Because of administrative capacity constraints, this approach was not taken at the introduction of the VAT. Instead, the administration that was established operates independently of the existing income tax and customs administrations. For example, the income tax and customs files are not fully utilized. In addition, while a single taxpayer identification number has been created for all the revenue departments, a new VAT number was introduced, thereby complicating the exchange of information between concerned departments. In recent months, however, there has been a growing consensus among URA senior officials to share information among the customs, income tax, and VAT administrations, and to implement a more integrated approach to tax and customs administration, including establishment of a large-taxpayer unit.

B. VAT Registration and Compliance

4. Initial studies have not made clear what the size of the VAT register should be. In March 1994, a rough technical study suggested that with a threshold of U Sh 20 million the register would likely contain no more than 3,000 potential payers.[3] However, subsequent studies indicated that with such a threshold the register would comprise between 7,000 and 8,500 payers—the size that was expected in July 1996 when the tax was introduced. Despite a comprehensive VAT education program, the registration effort faced some difficulties in getting responses from potential payers, and toward the end of the registration phase many potential filers who had not responded to requests to file were arbitrarily put on the register. The result was that the register on July 1, 1996 numbered 13,500 payers, or 5,000—6,500 more than expected. In order to encourage a reduction of the register to its expected size and an increase in compliance, a filing target of 80 percent of all those registered was set for end-December 1996. However, the traders' strike in September-October 1996, the subsequent raising of the threshold, the temporary restrictions imposed on the activities of VAT officials by the authorities following public complaints about the VAT, and the VAT administrators' emphasis (for a couple of months) on collecting VAT from payers who had been deregistered (by virtue of the higher threshold) all worked to reduce compliance during the second half of 1996. Although compliance improved during the first half of 1997, major uncertainties remained about the accurate size of the register even by the end of the fiscal year 1996/97 (July–June). The URA then decided to retain on the register all VAT payers with a turnover of below U Sh 50 million, provided that they complied with filing obligations; at the same

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[3]The March 1994 Fund technical assistance mission recommended restriction of the number of VAT taxpayers to no more than 3,000. According to the data that were made available at that time, the mission estimated the level of the threshold at U Sh 20 million. It made clear, however, that further studies would be needed to ensure that this threshold was appropriate (see "Uganda: Toward a Value-Added Tax," April 1994).

time, it "deactivated" some nonfilers, including those above the threshold. As a result, the size of the register at end-September 1997 was 3,448, including all 400 of the largest payers and 1,480 payers below the threshold (Table 1). Even though the size of the register remains somewhat uncertain, the authorities are making efforts to ensure that all taxpayers with a turnover of over U Sh 50 million are on the register, by cross-checking with income tax, customs, and VAT files, by checking lists of those contracting with government and public agencies, and by cross-checking with professional and trade associations. Recent field surveys of taxpayers have also brought onto the register a significant number of VAT payers with a turnover above the threshold.

Table 1. Uganda: VAT Taxpayers—Distribution by Number and Annual Turnover, September 1997

	Number of Taxpayers	Percent of Total	Amount of Turnover (in millions of Uganda shillings)	Percent of Total
Below U Sh 50 million	1,480	43	31,377	1
U Sh 50–U Sh 100 million	670	20	46,922	2
U Sh 100–U Sh 250 million	567	16	92,163	4
U Sh 250–U Sh 500 million	275	8	100,671	5
Over U Sh 500 million	456	13	1,944,470	88
Total	3,448	100	2,215,603	100

Source: Uganda Revenue Authority.

C. Filing and Payment Procedures

5. One factor that has inhibited compliance is the onerous nature of the current filing procedures—for the taxpayers, as well as for tax administration. Ideally, taxpayers should be responsible for completing and filing their VAT returns and paying their taxes without the assistance or intervention of a VAT inspector. Under the current procedures, however, the taxpayer must be present at the tax office and at the bank at least once each month. The administration must open and record at least three separate events each month in each account: receipt of the VAT return, issuance of the payment notice, and receipt of the payment at the bank after clearance of the check. Posting of liabilities and payments is also cumbersome, as it involves opening the same account several times each month; moreover, the system is incapable of handling more than one payment per return. What is needed are procedures by which the vast majority of monthly returns and remittances can be completed in a single transaction by the accounting unit, without reference to a tax inspector. Such a system would minimize the resources utilized in tax accounting and free the inspectors to concentrate their attention on those taxpayers who fail to file their returns or pay the appropriate tax on time.

6. Late payment, underpayment, and nonpayment of the VAT has been a problem since the introduction of the tax. The current level of VAT arrears represents approximately

16 percent of the gross domestic VAT collected in the past year (VAT arrears for the largest 400 firms are approximately U Sh 5.9 billion, more than 10 percent of the VAT paid by them in the past year). The VAT law provides for the administrative application of a penalty tax for both late filing of a VAT return and late payment of the tax. To date, only the penalty tax for late filing has been applied. Approximately 80 percent of the taxpayers have filed returns since July 1997.

7. All registered VAT taxpayers must file a VAT return and pay their VAT liabilities by the fifteenth of each month. VAT enforcement officers immediately follow up on all VAT returns outstanding on the sixteenth of each month and begin encouraging taxpayers to pay the tax by the end of the month. If there is no response, this first contact is followed in a few days by a warning from a tax administrator of the penalties if the taxpayer does not comply within the required time. The vigorous collection efforts of the enforcement officers are, however, being undermined by weak penalty and interest provisions—an issue that the authorities are addressing. There is no requirement in the VAT law for taxpayers to pay interest on outstanding taxes. The law provides for a penalty tax to be applied to taxes outstanding at a rate 5 percentage points higher than the official bank rate of the Bank of Uganda. This same rate is payable by the URA for refunds after the due date. At present, this penalty tax rate is approximately 20 percent per annum; the rate at which individuals may borrow money from banks ranges from 18 percent to 24 percent per annum.

8. VAT payers with more tax credits than output tax liabilities in a tax period may request a refund of the excess credit. In such a case, the taxpayer must provide certified copies of all invoices for purchases, import documents, export documents, and a summary of all sales during the claim period. The amount of VAT refunded each month has varied from a high of U Sh 2.29 billion to a low of U Sh 229 million. At present, there is a backlog of approximately 175 unprocessed claims, representing U Sh 1.85 billion. All refund claims are audited prior to payment. Alternatively, taxpayers with excess credits may request to offset (carry forward) the credits against future VAT liabilities. If this option is chosen, no supporting documentation is required, and approval is granted after a desk review, subject to audit at a later date.

D. Audits

9. Audit activities were limited to the auditing of refunds until June 1997 (Table 2). Two divisions carry out audits: the Refund Audit Section and the Ordinary Audit Section. The first section employs 14 staff and deals with special refund claims (particularly those of large taxpayers), which represent approximately 20 percent of total VAT refunds. The number of claims audited by this section increased recently—from approximately 30–35 claims a week in October 1997, to 70–80 in November 1997. The Ordinary Audit Section comprises 25 officers. Its target is to carry out 75 audits a month, 50 percent of which would be on the largest taxpayers. The VAT and Internal Revenue Departments have only recently attempted to perform some joint audits.

Table 2. Uganda: Ordinary VAT Audits, July–December 1997
(In millions of Uganda shillings)

Month	Number of Ordinary VAT Audits			Outcome (In millions of Uganda shillings)	
	Top 400	Other	Total	Assessment	Refunds
July	10	36	46	536.3	1.5
August	20	47	67	860.0	158.9
September	15	43	58	1,436.9	124.9
October	22	74	96	1,287.8	282.3
November	20	43	63	1,100.9	466.4
December	12	23	35	1,381.5	5.0
Total	99	266	365	6,603.4	1,039.0
Net assessments				5,564.4	

Source: Uganda Revenue Authority

II. Brief Survey of the Financial Sector[4]

10. This section summarizes the salient features of the banking sector in Uganda. There are currently 20 commercial banks in Uganda. Their number is restricted by the requirement that new banks may not be licensed unless they offer new financial products. In addition to the commercial banks, there are 6 small credit institutions and building societies and 72 licensed foreign exchange bureaus; these foreign exchange bureaus are permitted to buy and sell foreign currency and traveler's checks, and are closely monitored to ensure that they do not engage in other banking activities. A number of informal, unsupervised microfinance institutions have proliferated that make small, short-term, loans to groups of individuals in small towns and organized communities in rural areas. Most of them are operated on a nonprofit basis by donor agencies. The Bank of Uganda (BOU) has initiated a review of these microfinance institutions to learn about them and to monitor their activities.

11. The commercial banking sector in Uganda comprises ten established domestic banks (including the large, majority government-owned Uganda Commercial Bank (UCB)), four foreign-owned banks, and six new, tax-exempt banks. Aggressive competition for deposits from these new, tax-exempt banks may have raised deposit rates and contributed to a sharp lowering of the lending-deposit rate spread since 1995. The banking system in the past has been hampered by a large portfolio of nonperforming loans and, particularly in the case of the UCB, the politicization of its operations. Newer banks have a significant advantage in that a lower proportion of their loans are nonperforming. They are also enjoying temporary tax-exempt status granted under the previous (tax holiday) investment incentives scheme, allowing them to offer higher deposit rates than other banks.

12. There are several other obstacles to efficient banking activity in Uganda. First, Uganda still has a low rate of monetization. In the early 1970s, money velocity (GDP/broad money) in Uganda was close to 4, but political and economic instability adversely affected confidence in the late 1970s and the 1980s, and led to an increase in velocity to close to 20. In recent years, confidence has returned; velocity has fallen steadily to about 10, and the number of banks has doubled since 1990. Although cash held by the public as a proportion of broad money continues to decline, part of broad money is still held as cash by individuals who prefer not to hold deposits at a bank or who have no access to banking services. As confidence improves further and competition in the banking sector increases, Uganda's relatively high deposit-lending spread (currently at about 9 percent) should come down further. A decrease in this spread could be regarded as a barometer of the success of financial sector reforms.

13. Second, many banks hold reserves that exceed not only the required reserve ratio but also the needs for cash availability or clearance of notes. These excess reserves are unevenly distributed among banks, but there is no formal interbank market to allow banks to

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[4]This section was prepared by Joseph Crowley. It draws on a report by the Fund's Monetary and Exchange Department, following a technical assistance mission in December 1997.

redistribute them. Large, creditworthy banks are able to obtain short-term loans with no collateral, and some less-established banks are able to borrow using treasury bills as collateral, but overall this interbank market has little activity. Additionally, problems with the payment system result in unforeseen obligations at clearing time; as a result, banks have to hold additional reserves to cover these added uncertainties.

14. Third, loan collateral is of questionable value. Court judgments have been slow in spite of the recent establishment of a commercial court. In rural areas, where banking activity is already hampered by transportation and communication difficulties, local sympathies may make realization of court judgments difficult in some cases. Banks have been reluctant to lend in rural areas, where they consider the risks of default to be even higher than in urban areas. Banks report high costs caused by courts that appear to be lenient both on fraud by borrowers and on malfeasance by employees. This is another reason why some banks will not lend outside the Kampala area.

15. The BOU has strengthened bank supervision. Two out of four identified problem banks have been restructured, and the two remaining banks, the UCB and the Cooperative Bank, are being restructured. Forty-nine percent of the UCB has been sold to a private foreign investor, who has the option to buy another 2 percent within three years; the investor will manage the bank on the basis of a management contract for three years. Twelve banks have been selected for on-site inspections; six of these inspections have already taken place. The on-site inspection for the Uganda Commercial Bank is expected to take place near the time that the new management takes over.

16. The BOU has required provisioning for, and writing off of, nonperforming loans. In 1994 a credit recovery agency, the Nonperforming Assets Recovery Trust (NPART), was established to take over the UCB's nonproforming portfolio and as part of the restructuring operations of the UCB. The share of remaining nonperforming loans and advances as a proportion of total assets of the banking sector declined to about 27 percent as at end-September 1997, compared with 40 percent a year earlier.

17. In pursuit of capital adequacy targets set by the BOU, Ugandan commercial banks have improved their capitalization recently. Most banks are in compliance with these targets. Some of them remain marginally below the required ratio, though there has been improvement during the past year. The exceptions are the UCB and the COOP Bank which are being restructured. To address capital adequacy, banks will need to carefully monitor and, in some cases, improve earnings, and this concern may partly account for the large deposit-lending rate spreads in Uganda.

18. The BOU has several tools at its disposal to implement monetary policy. The main one is treasury bills. Although treasury auctions are run with regularity and transparency, and offer a diversity of maturities, the auctions are conducted manually, and the only secondary market in treasury bills is one between large banks that are willing to make transactions based on trust. Additionally, the physical transfer of bonds is problematic, especially in rural areas.

Recently, the BOU has introduced a computerized book-entry system that will be used alongside the manual system until it has proved its reliability. The BOU has been authorized to offer its own debt if its stock of treasury bills is insufficiently deep to accommodate a sale, and it has availed itself of this option in moderation. The BOU controls reserve requirements, and the current ratios are 8 percent for time and saving deposits, 9 percent for demand deposits, and 20 percent for foreign exchange deposits. However, these may not always be binding because of the high levels of excess reserves. The BOU also maintains discount and lending facilities to provide credit to the banking system, but these are rarely used.

19. To assist in enhancing the efficiency of the financial sector operations, the BOU intends to improve its supervisory role by training and hiring more people, and to encourage the closing of weak banks once these are identified. It is considering establishing a credit risk bureau to provide information about credit already extended by an institution; the bureau, however, would not rate the creditworthiness of that institution. A strengthening of the framework and operation of legal institutions would better ensure the soundness of commercial banks' assets.

20. The market for treasury bills could be deepened. The implementation of a book-entry system for the use of treasury bills as interbank loan collateral should help, as will publication of market information. The Master Repurchase Agreement, which will serve as a guide for all repurchase agreements made among commercial banks between treasury bill auctions, should improve the interbank treasury bill market and allow the BOU to better respond to the needs of monetary policy.

21. Once the current tax holdings expire, banks would face equal tax treatment as the new Income Tax Act has replaced tax holidays by provisions for higher depreciation allowances. The merits of requiring equal reserve requirements for all deposits—foreign exchange deposits in particular—at all banks should be considered. In order to better manage liquidity, the BOU could further improve its already impressive information-gathering and forecasting capabilities; this could be done, for example, by conducting more frequent liquidity-forecasting exercises. The BOU plans to improve its information technology.

22. In the long run, the BOU could help to develop a secondary asset market by setting up a dealer system, offering training in markets, and standardizing trading practices. It could also help to develop capital markets by publishing market information, ensuring adequate supervision, and encouraging development of an independent credit rating agency. In the current circumstances, the option of a regional credit rating agency could be considered.

III. PUBLIC SERVICE REFORM [5]

23. At the time of political independence in 1962, Uganda could claim to have "the best public service in Africa south of Sahara" (Langseth, 1995). However, by the late 1980s, the public service was damaged by the years of civil strife and economic mismanagement. When the National Resistance Movement (NRM) came to power in 1986 after seven years of civil war, it inherited an ineffective public service. The main weaknesses of the public service included excessive centralization of power, the bloated size of the public service, and the inadequate pay and benefits of its employees.[6] The other problem areas were an obscure and compressed salary structure, slow promotions, and a discretionary and nontransparent system of noncash benefits and allowances.

24. With the shift in the strategy of the new government toward macroeconomic stabilization, the development of the private sector and reduction in the role of the government through public service reform became an integral part of the reform agenda. The 1990 Civil Service Reform Program aimed at reducing the role of the government from being a major provider of jobs to creating an environment that supports private sector development, especially through the more efficient delivery of public services and provision of public goods, such as education and health care.

25. In its first stage, the main objective of the reform of the public service was to reduce its size to manageable levels and to improve its performance by rationalizing salaries, including their increases and the monetization of noncash benefits. This stage was implemented during fiscal years 1993/94–1996/97 (July–June). In the second stage, which is ongoing, the emphasis is on improving the performance and quality of the public service and adapting it to the requirements of decentralization. This paper reviews the evolution of the public service reform since the early 1990s.

A. Reduction of Public Service and Salary Reform

Size of public service

26. In January 1990, public service employment (comprising ministry headquarters, the teaching service, and police and prisons) totaled some 320,000 people.[7] They were part of the central government and were paid from the budget. University employees and employees of

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[5]Prepared by Zuzana Brixiova.

[6]The Public Sector Review and Reorganization Commission, which was established by the NRM, identified the weaknesses of the civil service based on a survey of 25,000 civil service employees conducted in 1989–90.

[7] See Ministry of Public Service of Uganda (1997).

the local government were also paid from the budget. Following several years of preparatory work on regrading jobs and redefining the needs of government employment, the central government size was reduced by more than half to just over 123,000 by December 1995; it increased afterward to almost 125,000 by December 1997, mainly because of increased hiring of primary teachers (Table 3 and Figure 1). Most of the reductions occurred during fiscal years 1993/94–1994/95.

Table 3: Central Government Employment 1990-97 1/

	Size of Public Service	Index (Jan. 90=100)
1990		
January	320,000	100.00
1993		
June	214,332	66.98
December	170,764	53.36
1994		
June	161,044	50.33
December	147,047	45.95
1995		
June	140,827	44.01
December	123,238	38.51
1996		
June	124,458	38.89
December	126,933	39.67
1997		
June	124,242	38.83
December	124,664	38.96

Source: Ministry of Public Service.

1/ Includes the ministry headquarters, the teaching service, and police and prisons.

27. By end-December 1997, 75 percent of total central government employment represented the teaching service, and the rest were accounted for by police and prisons and by the traditional civil service (Table 4). The steepest cuts took place in the traditional civil service and support staff. The number of ministries was reduced from 34 in the early 1990s to 21 (in July 1996, this number rose to 22 as the Ministry of Finance, Planning and Economic Development was divided into two). During the 1990s, employment in universities rose moderately (to just over 5,000). However, with the move toward decentralization, which became a part of the new constitution of October 1995, district-based staff increased to nearly 35,000 by December 1997; 23 percent were directly hired by local governments, 66 percent represented decentralized staff transferred from the central government to the districts, and 11 percent were "delegated" staff, that is, staff deployed by the central government in nondecentralized services (such as referral hospitals) or temporarily lent to the districts to assist their operations. Thus, the total size of the central government, universities, and district administration stood at just over 164,000 people by end-December 1997. These numbers do

Figure 1: Central Government Civil Service Staff, 1993-97
(Indices, December 1993 =100; end of period)

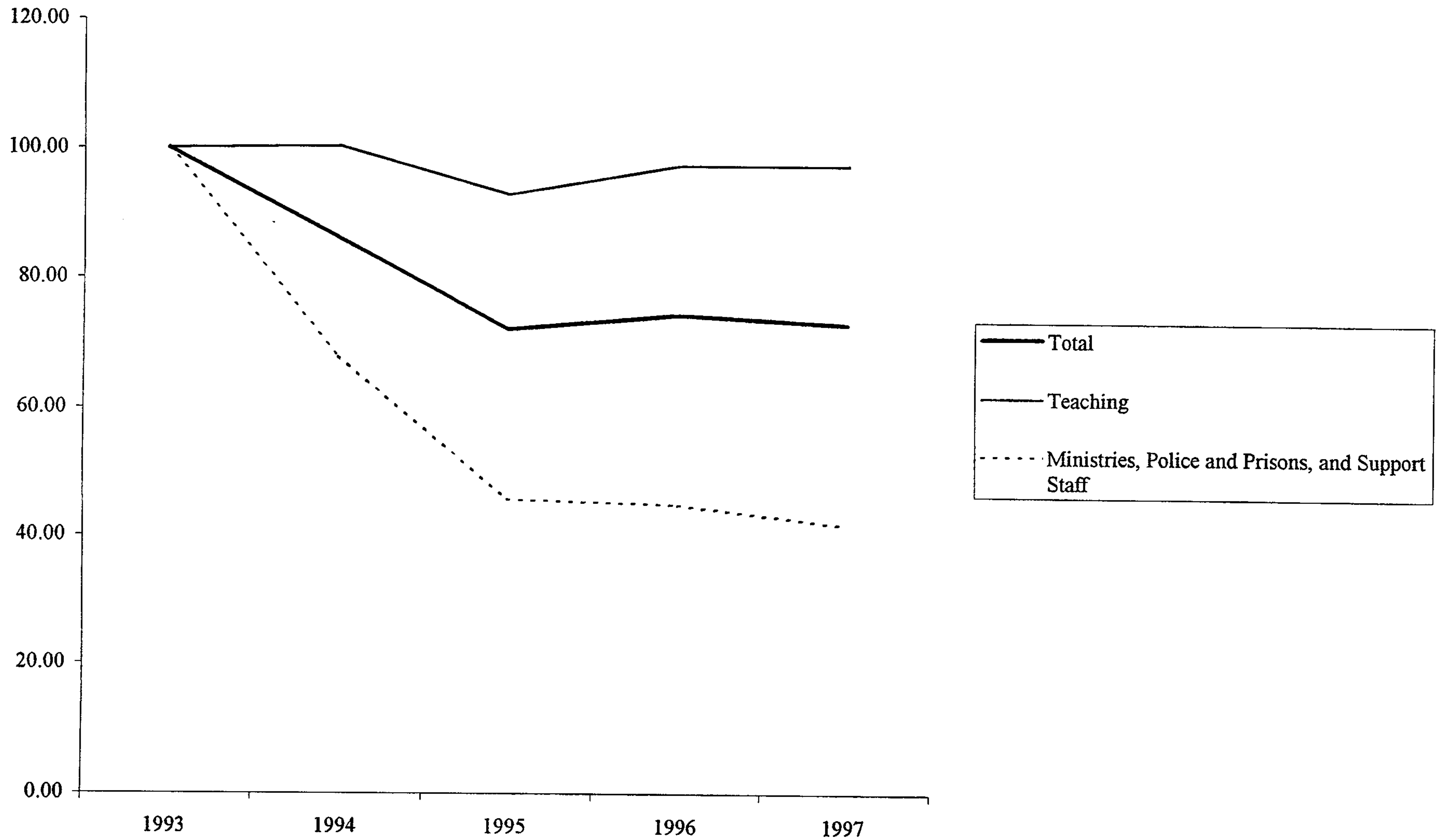

Table 4. Uganda: Size of the Ugandan Civil Service, 1993-97

	Central Government			Universities	District Government			
	Ministries, police, and prisons	Teaching service	Central total		Delegated	Decentralized	Local	District total
June 1993	98,326	116,006	214,332	...	...	...	...	...
December 1993	74,926	95,838	170,764	4,363	...	...	...	...
June 1994	61,854	99,190	161,044	4,395	...	11,816	...	...
December 1994	50,906	96,141	147,047	4,959	...	8,897	...	...
June 1995	48,194	92,633	140,827	5,148	...	10,828	...	...
December 1995	34,192	89,046	123,238	5,225	6,312	22,381	4,763	33,456
June 1996	34,391	90,067	124,458	5,339	6,498	22,677	7,050	36,225
December 1996	33,563	93,370	126,933	5,232	7,237	21,708	7,535	36,480
June 1997	32,483	91,759	124,242	5,190	6,430	21,327	7,783	35,540
December 1997	31,206	93,458	124,664	5,189	3,900	22,988	7,965	34,853

Source: Ministry of Public Service.

not include the armed forces, which were subject to restructuring and size reductions under a separate program (the army demobilization reform program) that was carried out at about the same time as the public service reform.

28. Payroll management has also changed with the onset of decentralization. The local governments were provided with block cash grants for paying their wage bill; they were not accountable to the central government for the size of their staffs, as long as their wage expenses were within their cash allocations. This system also applies to the universities and the armed forces. These three categories (local government employees, universities, and the armed forces) became identified as the "cash-limited" public service, whereas the central government payroll (traditional civil service, the non-university teaching service, police and prisons, and support staff) was identified as the "number-limited" public service (Figure 2).[8] Discussion and policy with regard to the size of the public service in the context of reform is focused on the "number-limited" public service. The size of the "cash-limited" public service in some cases is not public information (e.g., the armed forces), or the information is available with a lag (e.g., district staff).

29. In the early 1990s, before the decentralization, it was generally considered (although it was never formal government policy) that the appropriate size of the public service (excluding the armed forces) should be about 150,000 (compared with the 320,000 employees at that time). With decentralization, this concept has become outdated and has not yet been replaced by a firm view of the optimal size of the "number-limited" public service—partly because the process of shifting functions and staff from the center to the districts has not been completed (see below), and partly because the launching of the Universal Primary Education (UPE) program in early 1997 has necessitated a significant increase in the number of primary school teachers.

30. Monitoring the size of the ("number-limited") public service is the responsibility of the Ministry of Public Service. The principal indicator is the monthly payroll statement, which records the number of paid positions in each category of public employment. The tracking system has occasionally been affected by various problems. For example, when staff or teachers were transferred from one establishment to another, they were dropped from the payroll of the original establishment, but re-registered on the payroll of the other establishment with a significant delay, thereby giving an inaccurate picture of the size of the public service in the interim. In a number of instances, ghost workers have reappeared on the payroll, and the tracking system has not been able to ensure their early detection. In other instances, ad hoc policy decisions (for example, the automatic hiring of graduates from Makarere University)

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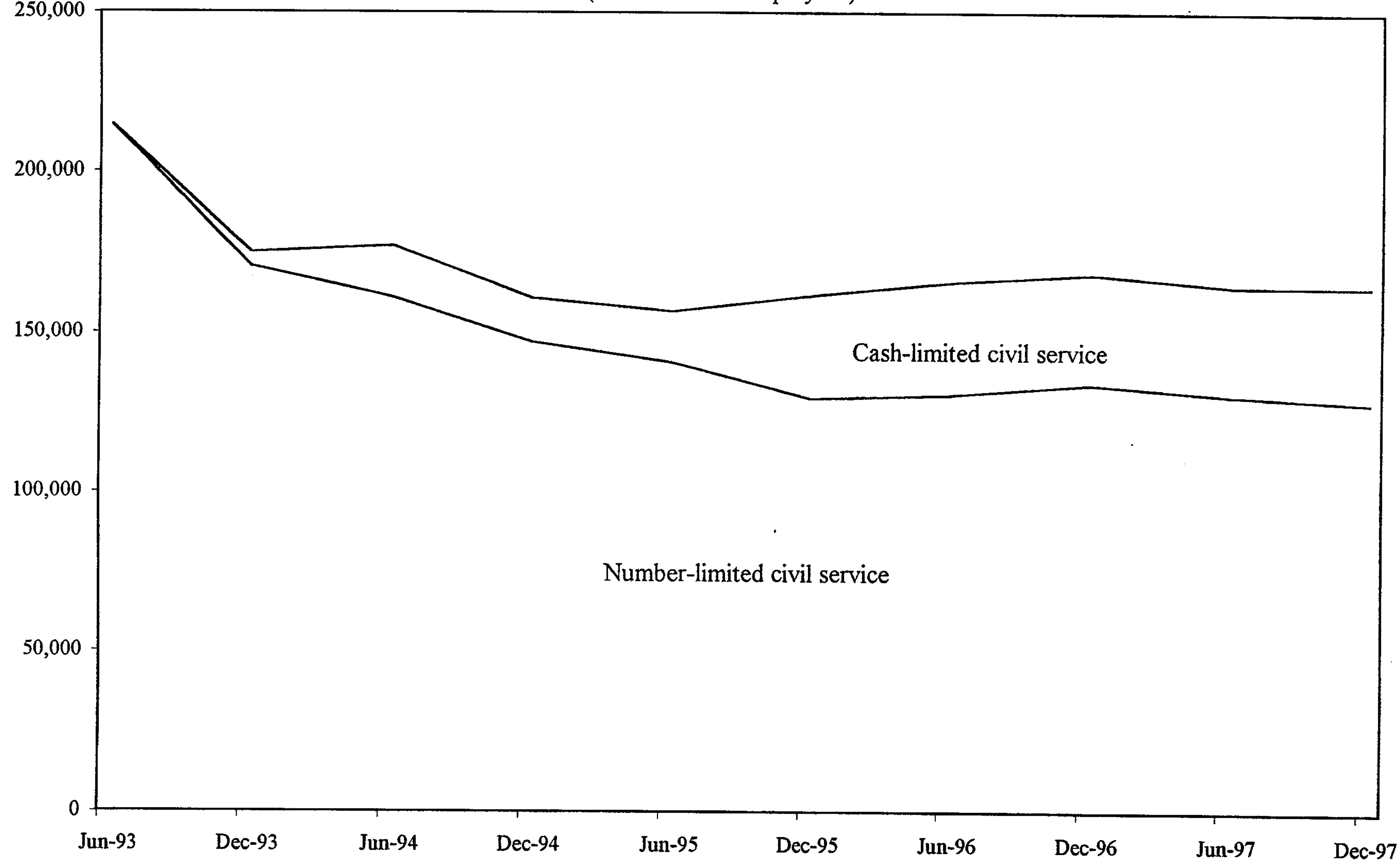
[8]As the terms imply, the "number-limited" public service encompasses those areas where budget resources are made available based on approved establishments; in the case of the "cash-limited" public service, transfers are made from the budget and the number of employees is not constrained as long as their wage bill conforms to the resources made available.

Figure 2: Size of the Civil Service, June 1993-December 1997
(In numbers of employees)



have been inconsistent with the overall policy on public service size. These factors contributed to an upward drift in the size of the public service in 1996. The Ministry of Public Service has examined these factors with a view to improving the tracking system. Monitoring has generally been strengthened, and the upward drift of the public service (excluding primary school teachers) has been reversed. However, the monitoring of primary school teachers in the context of the UPE program was initially weak. In particular, the sharp increases in primary school teachers in 1997 were not fully reflected in the payroll, resulting in wage arrears to teachers. With the completion of the teacher-student census late in 1997, and with assistance from a World Bank Educational Structural Adjustment Credit (ESAC), the authorities intend to substantially improve the payroll management of the UPE program.

31. In its approach to staff cuts and improvements in payroll management, the government opted for a variety of methods including removal of ghost workers, retrenchment (both mandatory and voluntary), and freezing of employment growth (through less hiring).

32. The most important method of reducing the size of the public service was the retrenchment of workers. From 1988/89, retirement rules started to be enforced, that is, those above the retirement age were required to leave the civil service. However, the number of staff reduced through this method was relatively small, mainly because civil service employees in Uganda are relatively young. This reduction was supplemented by the laying off of temporary workers, by the nonrenewal of contracts, and by the abolishment of the Group Employee Scheme in 1995. The Group Employee Scheme had allowed civil service managers to hire nonpensionable, short-term employees and was also a source of considerable abuse. The elimination of the scheme thus not only reduced employment (by about 30,000) but also increased the transparency of the public service. Voluntary retrenchment (including an early retirement scheme) was offered with the incentive of a retrenchment package.[9] Mandatory retrenchment was also utilized; this provided a retrenchment package, but it was less lucrative than the one provided to the workers who left voluntarily. The retrenchment costs (for both voluntary and mandatory retrenchment) for established workers were largely financed by foreign donors. Table 5 illustrates average retrenchment packages provided between 1995 and 1997. For both established and support employees, the amount of the average retrenchment package decreased between 1995 and 1997; the decrease was dramatic in the case of established employees.

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[9]In the case of early retirement, the departing person could either receive the pension earlier, or receive a lump-sum package at the time of retirement and the pension when reaching retirement age. An examination of the fiscal implications of early retirement, and of public service reform on pensions, is beyond the scope of this paper.

Table 5. Uganda: Retrenchment Packages, 1995–97

	1995	1996	1997 Jan.–June
Established employees			
Number of retrenched employees 1/	950	4,891	1,968
Retrenchment cost (in millions of U.S. dollars)	2.57	5.46	1.12
Package per employee (in U.S. dollars)	2,705.26	1,116.34	569.11
Central government			
Number of retrenched employees 1/	708	12	0
Retrenchment cost (in millions of U.S. dollars)	2.24	0.02	0.00
Package per employee (in U.S. dollars)	3,163.84	1,666.67	0.00
District governments			
Number of retrenched employees 1/	242	4,879	1,968
Retrenchment cost (in millions of U.S. dollars)	0.33	5.44	1.12
Package per employee (in U.S. dollars)	1,363.64	1,114.98	569.11
Support employees			
Number of retrenched employees 2/	6,037	6,840	3,360
Retrenchment cost (in millions of U.S. dollars)	0.98	1.02	0.50
Package per employee (in U.S. dollars)	162.33	149.12	148.81

Source: Ministry of Public Service.
1/ Financed by donors.
2/ Financed by the government of Uganda.

33. Employment reductions also occurred through removal of ghost workers. This method was used after the survey conducted in 1989–90 revealed a large number of such workers. About 42,000 ghost workers were removed from the government payroll between 1991 and 1994 (Langseth, 1995). This was accomplished with the help of the Payroll Monitoring Unit, which was established to check all entries and exits from the payroll. However, the payroll monitoring was not fully effective, and the problem of ghost workers recurred in 1996. The Ministry of Public Service conducted an ad hoc investigation as a result of which about 2,000 ghost workers were removed from the payroll between October 1996 and February 1997. An improved monitoring system was established in January 1997 in order to prevent the reoccurrence of ghost workers.

34. The government also opted on occasion to a hiring freeze. However, this has proved a blunt instrument, and the urgent need to fill managerial positions in certain ministries has on occasion caused problems. In practice, the hiring freeze was only partially implemented. In some instances employees (e.g., new graduates) have been hired but not put on the payroll pending the lifting of freeze; the consequence has been the need to pay wage arrears when the freeze has been lifted, complicating budgetary management.

Salary reform

35. The reduction in the size of the public service was intended to make feasible a leaner but better-paid public service. In that connection, the main objective of the salary reform was

to provide better incentives for public service workers to improve their performance by monetizing noncash benefits, raising basic salaries, and rationalizing the salary structure. This reform was intended to increase transparency and remuneration in order to improve incentives and performance.

36. The "number-limited" public service (excluding the support staff) is hierarchically divided into eight grades (from U8 to U1; U8 is the lowest), and a salary range is attached to each grade. In the early 1990s, workers were remunerated with a basic (monetary) salary plus noncash allowances. The monetization of transportation and housing benefits started in fiscal year 1995/96 and was completed in 1996/97. Table 6 below shows monthly average salaries for employees in the traditional civil service during 1994/95–1996/97. The percentage increase in nominal wages between 1995/96 and 1996/97 is much higher than between 1994/95 and 1995/96 because the monetized benefits are included.

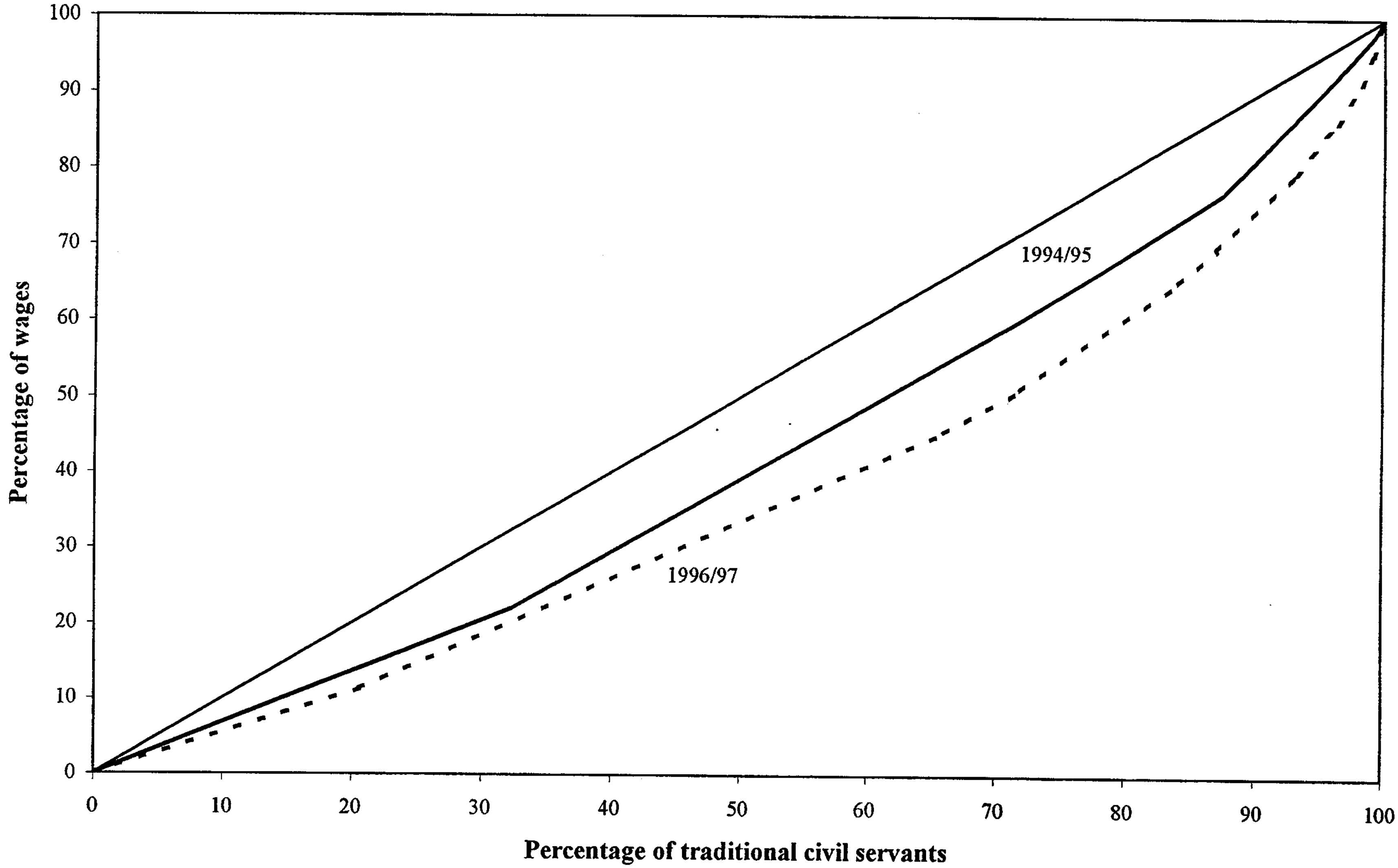
Table 6. Uganda: Average Nominal Monthly Wages and Housing Benefits, 1994/95–1996/97
(In Uganda shillings)

	1994/95	1995/96	1996/97	1996/97
		Wages		*Of which*: housing benefits
U8	31,810	34,991	52,303	8,000
U7	45,215	48,803	72,336	12,000
U6	48,215	52,939	91,539	25,400
U5c	51,215	56,337	110,879	39,000
U5b	78,279	86,107	145,874	52,501
U5a	81,331	89,465	157,337	52,501
U4	83,437	91,780	192,794	52,501
U3	85,898	94,488	260,019	66,000
U2	89,338	98,272	389,792	79,501
U1	122,498	134,748	512,967	300,000
U1 (special)	160,115	176,127	n.a.	500,000

Source: Ministry of Public Service (1995), Annex B.

37. In terms of cash payments, the salary structure was relatively flat and did not appear to sufficiently reward higher skills. The uniform 10 percent increase in wages between 1994/95 and 1995/96 did not appreciably affect the spread between the lowest-paid and highest-paid traditional civil servants. However, as benefits-in-kind (which had been unevenly distributed) were monetized, the effective spread between the lowest and highest paid employees became more obvious. These developments are illustrated by the shift in the distribution of civil servants by wages in Figure 3. The cumulative distribution of the number of workers for a given salary level is on the *x-axis,* and the share of wages received by those workers is on the

Figure 3: Distribution of Civil Servants by Wages, 1994/95-1996/97 [1]



1/ Fiscal year July-June.

y-axis. The shift in the curve between 1994/95 and 1996/97 indicates that the distribution of wages became more unequal, that is, the highest-paid civil servants received a larger share of the total wage bill. Table 7 provides summary statistics on the wage distribution. It shows that the top 10 percent of employees received 18 percent of total salaries in 1995/96, but 25 percent in 1996/97, owing to monetization of in-kind benefits. Figure 3 and Table 7 show cash wages (and do not include noncash benefits) and, therefore, are not a basis for a strict intertemporal comparison.

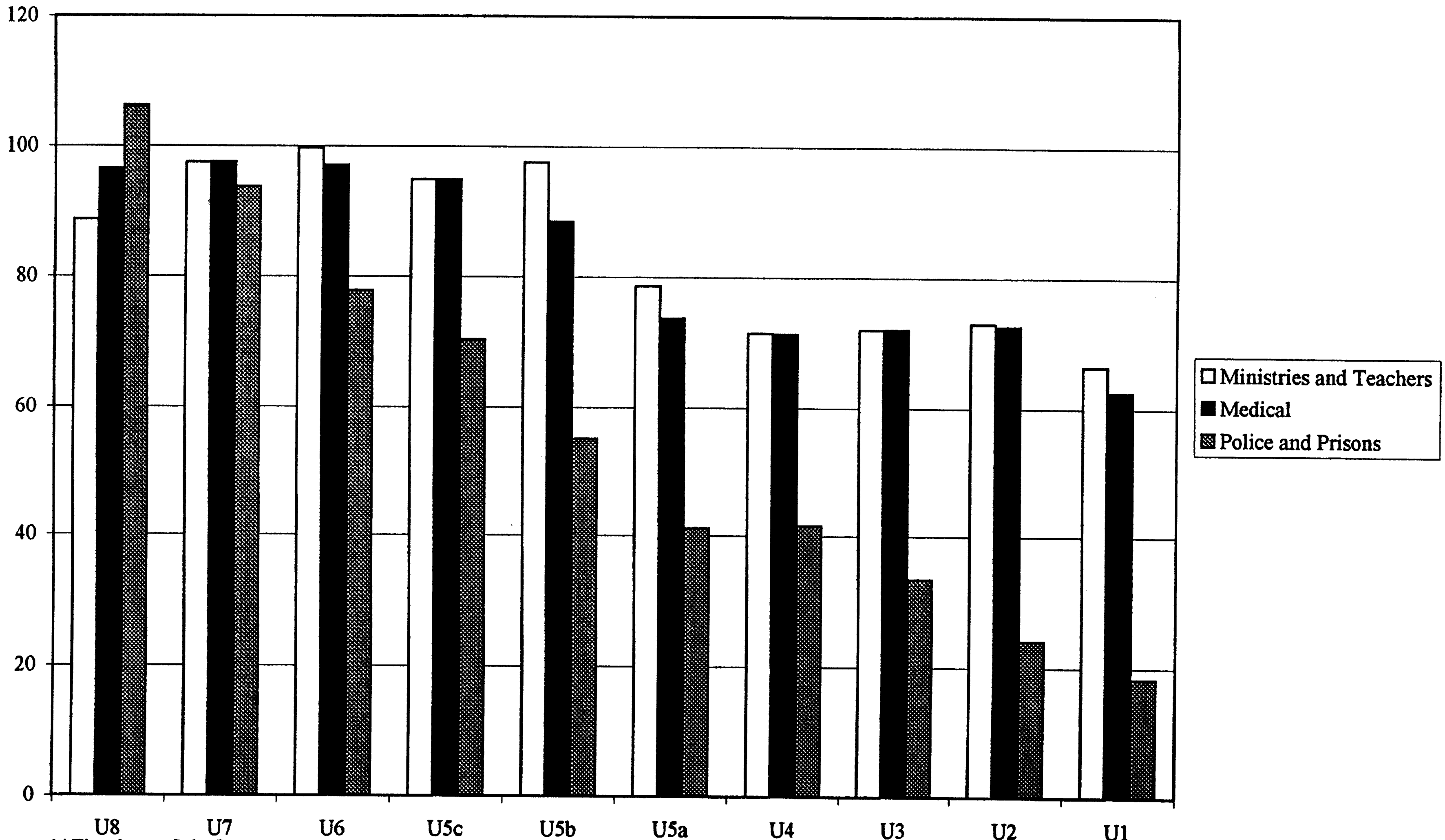
Table 7. Uganda: Degree of Inequality in Distribution of Salaries, 1994/95–1996/97

	Percentage of Salaries Received			Average Wage of Traditional Civil Servants In Uganda shillings	Ratio of Average Wage of Traditional Civil Servants to GDP Per Capita
	Bottom 70 percent of employees	Top 20 percent of employees	Top 10 percent of employees		
1994/95	59	31	18	46,671	0.19
1995/96	59	31	18	53,159	0.22
1996/97	49	40	25	95,607	0.39

38. Another objective of salary reform was to pay civil servants at least a minimum acceptable salary for the most junior grade of the public service.[10] In 1994/95, a national minimum wage for civil servants was determined at U Sh 70,000 a month (derived from the food basket/cost of living survey in 1989/90 and using 1990 prices) with no noncash benefits. Soon thereafter, the government recognized that the concept of the minimum wage was not motivating staff or attracting qualified outside workers. The focus on the minimum wage did not solve the problem of a compressed salary structure; if salaries of civil servants in higher grades were not increased at least proportionally to increases in minimum wages, the salary structure would become further compressed. The concept of a minimum wage was replaced by the concept of a "living wage." In addition to providing for basic needs, the "living wage" also takes account of the social costs (such as health, education, transportation, and clothing) that were appropriate for each position (i.e., the living wage increases with grade). The determination of the "living wage" was based on the household survey conducted in 1992 (derived from the average total monthly household expenditures by different income groups and adjusted for inflation) and it included full monetization of noncash benefits. In 1996/97, the move toward application of a "living wage" was implemented, but because of resource constraints the targets were not reached for all groups. Figure 4 provides information on wages in relation to the targeted "living wage" for various grades in 1996/97. The highest priority was accorded to increasing the salaries of the lowest-paid civil servants. Actual wages

[10]More specifically, the minimum wage was defined as equivalent to the cost of a basket of goods and services needed for sustenance.

Figure 4: The Actual Wages as Percentage of the Targeted Living Wage in 1996/97, by Occupations and Grades [1]



1/ Fiscal year July-June.

were less than 80 percent of the targeted "living wage" for staff in grades U5a–U1, that is, for the middle and senior managers. Even though it is not likely that salary levels determined on the basis of the living wage concept accurately reflect productivity levels, the failure to meet the expectations of mid-level civil servants had some demoralizing impact. Raising salaries of the middle and senior managers became a priority for the future, budgetary resources permitting. In January 1998, some wage adjustments were made for mid-level civil servants.

39. In order to enhance the efficiency of the public service, an outcome-oriented performance is being introduced by linking the allocation of resources to objectives in the provision of public services. More specifically, before the start of each fiscal year, each part of the public sector will clearly state its objectives, activities to be funded from the central budget, and, if feasible, relevant performance indicators.

B. Decentralization

40. At the end of the civil war in 1986, the authority to make decisions and manage public functions in Uganda was almost exclusively concentrated in the central government. Decentralization became an early goal of the new government. It was intended to transfer substantive political, administrative, and financial authority to make decisions and manage public functions from the central government to local governments. The objective of political decentralization was to democratize local governments and increase local participation in decision making. The objective of administrative decentralization was to build managerial capacity at the local level and to reorganize the public service to increase efficiency in the delivery of services. The objective of financial decentralization was to increase the self-sufficiency of local governments. Effective implementation of these interlinked aspects of decentralization was intended to increase transparency, accountability, and the efficiency of service delivery.

41. In 1987, the government introduced political decentralization through Resistance Councils established at the following levels: villages, parishes, subcounties, counties, and districts.[11] The government has also been exploring implications of administrative and financial decentralization since 1986; a program was formalized in the 1993 Local Governments Statute, enshrined in the new constitution in 1995, and consequently in the Local Governments Act of 1997. The program aimed at placing delivery of most public services with local governments (with certain exceptions, such as national defense); the central government was to maintain mainly a policymaking role. Implementation of administrative decentralization started in 1994, when employees of the central government that worked in the districts became employees of the districts (with some exceptions) and, hence, accountable to the district

[11]Currently, there are 45 districts (including Kampala). There are no layers of government between the center and districts.

government. The current phase of public service reform deals with a reassessment of the size of the central government in the light of decentralization and the shift of many of the functions from the center to the districts.

42. Prior to decentralization, the central government was handling the recruitment, training, and promotions of district employees.[12] However, since district matters were not always the center's highest priority, the recruitment and firing needs of the local governments were not met. Local governments solved this problem by hiring temporary workers; although they were often very poorly qualified, their contracts could at least be periodically extended beyond the original date. In the absence of training programs, the quality and efficiency of the provision of services in the districts suffered. With administrative decentralization, local governments gained the right to make their own employment decisions. Instead of being controlled by the center, recruitment was determined by resources provided to each district ("cash-limited" employment). Local governments were no longer limited by the previous organizational structure, and were free to establish and eliminate posts and departments. Most councils (basic administrative units of the local governments) responded by retrenching workers and eliminating departments; the average number of departments per council went down from 20 to 8 (Lubanga, 1997). At the same time, the recruitment of qualified staff has increased during the last several years (Table 8). Also, with the new organizational structures and new staffs, methods of providing service have changed. Several types of services, such as road maintenance and construction, have been contracted out to the private sector.

Table 8. Uganda: Number of Staff Employed by Professional Category in the District Planning Units, March 1997
(By number of years)

Categories	Below 2	2–5	5–10	Above 10	Total
Statistician	9	3		3	15
Economist	11	5	5		21
Population officer	14	5	1		20
Physical planner	3	1			4
Urban officer	2	1			3
Environment officer		1			1

Source: Lubanga (1997).

43. A scarcity of accounting and financial management skills is one of the key constraints on effective decentralization. For example, even though with decentralization the local

[12]Article 104 of the 1967 constitution established that the President is responsible for hiring and firing all grades of the established civil servants in the local governments (Lubanga, 1997).

governments acquired the right to manage their own payrolls, in practice they are still not able to do it.[13] The goal is that the majority of districts will be able to prepare their own monthly payrolls within three years. The transparency of local government operations is further weakened by the poor recording of data on taxpayers and other crucial statistics and by unsatisfactory financial reporting.

44. Financial decentralization is being implemented gradually. Local governments still finance their expenditures mainly from transfers from the central government budget. Additional resources derive from local revenues (taxes, fees, and user charges) and foreign donors' grants.[14] Local governments can keep over 60 percent of the revenues that they collect through taxes, fees, and user charges. They currently receive two types of grants from the center: unconditional (block) grants and conditional grants. Unconditional grants are spent on financing decentralized services, and their allocation is at the discretion of local governments. Conditional grants are provided to finance high-priority expenditures, such as salaries of teachers and medical personnel. As decentralization progresses, conditional grants are intended to be phased out. Moreover, while previously transfers from the Ministry of Finance to the districts were channeled through line ministries, they currently go directly to districts. Part of the central government's current budget has been decentralized to cover all districts. The government intends to start decentralization of the development budget in 1998/99.

45. Problems related to financial decentralization include inadequate locally generated revenues, a shortage of technical and administrative skills, an undeveloped system of public accounting, and a lack of monitoring and transparency in the use of resources. In addition, the efficient provision of decentralized services is occasionally disrupted by unexpected cuts in the unconditional grants, owing to resource constraints at the center.

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[13]The exception is the Rakai district, which now keeps its own payroll records and issues its own checks.

[14]The Local Governments Act of 1997 also allows the local governments to borrow from the banking system, but this option has been used only very little so far.

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IV. THE PRIVATIZATION PROGRAM[15]

46. The privatization process started in 1992 with the objective of reducing the role of the government in the economy and creating an environment conducive to high and stable economic growth based on increased private sector development.

A. Legal Environment and Institutional Framework for Privatization

47. The main legal document giving direction to the privatization process is the Public Enterprise Reform and Divestiture (PERD) statute, which came into force in October 1993. The PERD statute listed all the existing public enterprises (107 total) and divided them into five classes. Out of 107 enterprises, 85 percent (i.e., 90 enterprises) were to be privatized by the end of 1997. Table 9 shows the distribution of public enterprises by these classes in 1993. The PERD statute was amended in 1997. The most important change was regrouping enterprises into classes and eliminating class III (i.e., government does not retain minority ownership in any enterprise); the definitions of classes I, II, IV, and V are the same as in the PERD statute of 1993. As Table 9 shows, the number of enterprises designated for full divestiture almost doubled since 1993. The total number of enterprises was also higher (114, compared with 107 in 1993); the increase was mainly due to counting subsidiaries and branches of companies as separate enterprises. In addition to the regrouping of enterprises, the amendment changed the payment method by buyers and emphasized the need for transparency in the process (see below).

Table 9. Uganda: Public Enterprises as Classified by the PERD Statute

Class	Description	1993	1997
I	Government would retain 100 percent ownership	10	12
II	Government would retain majority ownership	17	7
III	Government would retain minority ownership	20	0
IV	Enterprises to be fully divested	43	78
V	Enterprises to be liquidated	17	17
Total		107	114

48. The PERD statute also stated that all proceeds from privatization should be kept separate from the government budget and included in the Divestiture Account (DA). The privatization proceeds should be used to pay off debts, finance retrenchment packages for laid-off workers, and meet other restructuring costs of the enterprises prior to divestiture, if needed. The remaining funds could be used for general promotion of entrepreneurship in Uganda. Furthermore, the PERD statute provided an institutional basis for privatization by creating the Divestiture Reform Implementation Committee (DRIC), which was charged with

[15] Prepared by Zuzana Brixiova.

implementing the policy on divestiture as stated in the PERD statute. However, the DRIC is not responsible for day-to-day implementation of the divestiture program, such as the valuation of enterprises, evaluation of bids, or negotiation of contracts; these tasks are carried out by the Privatization Unit at the Ministry of Finance (and approved by the Minister of Privatization).[16]

B. Overview of Progress

49. After a slow start in 1992/93 and 1993/94, the speed of privatization picked up (Table 10). By the end of December 1997, 78 enterprises had been privatized and an additional 2 were privatized soon thereafter. Most of the privatized enterprises operate in the manufacturing, agriculture, finance, tourism, and trading sectors. The 43 public enterprises remaining to be privatized include some of the largest public enterprises, for example, in transportation and communications.

Table 10. Uganda: Number of Privatized Companies, 1992/93–1996/97

	Sold	Liquidated	Struck off register	Total
Prior to 1992/93	3			3
1992/93	4			4
1993/94	4	1	5	10
1994/95	15			15
1995/96	19		1	20
1996/97	16	2	3	21
July–Dec. 1997	5			5
Total	66	3	9	78

Source: Privatization Unit, Ministry of Finance.

50. For the sample of 45 enterprises privatized between 1992/93 and 1996/97 for which the sale price is available (the remaining were liquidated), the total gross value of sales (measured by price, including liabilities) was approximately US$112 million, excluding US$26.9 million for one large enterprise (the Nile Hotel) which subsequently reverted to the Privatization Unit.[17] The median price for which the enterprises were sold was

[16]In 1995, two units for implementing the PERD statute were created: (i) Parastatal Monitoring Unit (to monitor public enterprises), and (ii) the Privatization Unit (to handle the divestiture of public enterprises).

[17]In the case of the Nile Hotel, the buyer did not meet the terms of payment specified in the

(continued...)

US$0.65 million during that period. However, there was a large variation, ranging from US$240 to US$20.5 million. The four largest divestitures were Uganda Cement Hima (US$20.5 million), Shell Ltd. (US$12.8 million), Agricultural Enterprises Ltd. (US$12.7 million), and the Uganda Commercial Bank (US$11 million). These four sales accounted for 51 percent of total (expected) proceeds. Table 11 shows collections from divested public enterprises in shilling terms.

Table 11. Uganda: Collections from Divested Public Enterprises, 1992/93–1996/97
(In millions of Uganda shillings)

Financial Year	Total Gross Price (1)	Liabilities Assumed by Buyer (2)	Net (cash) Sales (3) = (1)–(2)	Amount Paid 1/ (4)	Amount Outstanding 2/ (5)=(3)-(4)
1992/93	20,002	15,650	4,352	4,352	0
1993/94	12,859	10,599	2,260	870	1,390
1994/95	53,881	27,823	26,058	17,070	8,988
1995/96	34,555	1,037	33,518	23,047	10,471
1996/97	16,160	0	16,160	14,230	1,930
Total 2/	137,457	55,109	82,348	59,569	22,779

Source: Ministry of Finance.
1/ As of end-December 1997.
2/ Includes Nile Hotel, which was subsequently repossessed by the government because the buyer did not meet the terms of payment specified in the contract.

51. Out of 45 sales of public enterprises (for which data are available) between 1992/93 and 1995/96, 15 were purchased by foreigners and 2 included some foreign investment. Foreigners will generate almost 70 percent of the expected proceeds from privatization sales of these 45 enterprises.[18] While sales of assets/liquidations dominated privatization in the earlier stages, the sale of shares, combined with public flotation, is expected to prevail in the case of most of the larger public enterprises. The cash proceeds from divestiture slightly exceeded cash expenditures as of December 31, 1997. However, it is possible that future cash proceeds will not be sufficient to cover the cost of divestiture and reform of the larger enterprises; in this event, the speed of privatization could be constrained in the future unless alternative sources of funds are found.

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[17](...continued)
contract, and the hotel was repossessed by the Privatization Unit. It is now again on the list of enterprises to be put up for privatization.

[18]This does not include sales of enterprises with only partial foreign participation.

52. The Ministry of Finance calculated the value of subsidies to public enterprises to amount to U Sh 208.5 billion in 1996. Most of this was in the form of indirect subsidies, broadly defined to include equity support, preferential interest rates, favorable tax treatment, and subsidies resulting from the enterprises' monopoly position.

C. Stages of Privatizing Individual Enterprises

53. As a first step in the privatization process, the DRIC selects the companies to be sold from the list in the PERD statute. The criteria for selection included political considerations, market demand and expected degree of difficulty in selling the enterprises, and the availability of resources at the Privatization Unit. The privatization program initially focused on the smaller enterprises, leaving the larger ones (whose sales are more difficult and costly) to the latter stages. This strategy partly reflected a scarcity of technical capacity; at the same time, the intention was to establish momentum by privatizing a large number of small enterprises. This strategy was also considered useful in gradually building up more general public acceptance of the privatization program. However, the disadvantage of this approach is that the more difficult cases are left to be tackled at a late stage.

54. The Privatization Unit carries out—through independent auditors—a detailed audit of the enterprise to be privatized. The procedure can last up to six months and consists of a legal audit, asset evaluation, and price assessment. The objective of the legal audit is to determine the ownership structure of the enterprise, the contractual obligations of the enterprise, and the rights of the government during the privatization process.[19] The case of Lake Victoria Bottling Company, which after its privatization was engaged in a long legal dispute with minority shareholders, illustrates the importance of a thorough legal audit (Box 1). The legal audit is particularly complicated in the case of the public enterprises nationalized in 1972 under the Expropriation Act that had belonged to Asian owners.[20] If one of these enterprises is to be privatized, the legal auditor needs to trace the history back to before 1972 to see if there is pending litigation involving the previous owners.

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[19]If the enterprise is fully owned by the government, it is first transformed into a limited-liability company.

[20]In 1980, the nationalization decision was reversed, and in some cases joint ventures between the government and the former owners were initiated.

Box 1. Uganda: The Privatization of a Bottling Company

The Crown Company, established in 1950, is one of the oldest in Uganda. It was nationalized in 1972 under the Amin regime; in 1986, the government attempted to return it to the previous owners, but nobody claimed ownership. In 1992, when the company was singled out as one of the first ones to be privatized, the government owned 98 percent of the shares, and 2 percent of the shares were owned by the public.

The company was sold in 1992 for US$ 3.6 million; the buyer took on the company's liabilities in value of US$ 2.6 million. The buyer took on also 400 employees and was responsible for paying them retrenchment packages in case of layoffs. The name of the company was changed to Lake Victoria Bottling Company. By 1995, an investment of US$5 million had been undertaken; the financing for it was obtained through loans from abroad. The most difficult and time-consuming matter in the privatization process was related to compensating the minority shareholders; this negotiation was concluded only recently.

The company's annual output is 5.2 million cases of soft drinks a year, and it accounts for half of the Ugandan market. The main obstacles to operations reportedly include difficulty in obtaining credit, taxation (excise taxes), and a shortage of skilled labor. In January 1998, a foreign investment fund purchased 51 percent of the company's shares, with the objective of significantly increasing production.

55. The legal audit is followed by the valuation of assets and liabilities. Finally, the auditors assess the value of shares in the company. Until mid-1996, the price per share was determined simply by dividing the value of assets (in some cases, the net worth) by the number of shares. This method, however, resulted in a large deviation of the expected price from the actual one (the actual price being much lower). Since mid-1996, the pricing of shares has been based on future earnings. While the prices derived in this way are closer to the prices actually obtained, the valuation may lead to public misconceptions about whether full value is being obtained from the sale. The privatization process was publicly criticized in 1994 after two large companies (Lake Victoria Bottling Company and East African Distilleries) were sold at what were considered "give away" prices. Acceptance of the privatization program increased after 1995, when some shares of privatized companies started to be offered to the public through auctions.

56. Based on the audit information, the Privatization Unit, together with the relevant sectoral ministry, prepares a Divestiture Action Plan that describes the enterprise's activities, its financial situation, and ownership structure. The plan also proposes whether the enterprise should be restructured prior to being put up for sale, and if so, how.[21] Finally, it specifies a proposed method of sale, expected price, and advertisement method. The Divestiture Action Plan must be approved by the DRIC before the enterprise is actually put up for sale.

[21]The 1997 amendment of the PERD statute states that "there will be a moratorium on new government investments in enterprises that are to be privatized except for financial and operational restructuring measures necessary to prepare the enterprise for sale." Consequently, restructuring measures are limited to reducing liabilities and laying off workers.

57. In choosing the method of sale, the Privatization Unit has opted so far to sell assets (and taken responsibility for the liabilities) in enterprises with a negative net worth, and to sell the shares through either auction or tender offer in other enterprises. The largest enterprises, most of which are still to be privatized, will be sold through a combination of share sale and public flotation, that is, part of the shares will be offered for sale to the public, some of them through the recently opened stock exchange. One of the largest bottlenecks of the privatization process has turned out to be the preemptive rights held by the existing private shareholders of a number of public companies and joint ventures. This is because existing private shareholders have the right to be the first ones to receive the offer to buy the government's shares, and, in some cases existing private shareholders also have the right to refuse any new shareholder. Basically, the government's shares cannot be advertised for sale until the preemptive rights of the private shareholders are settled. Because of this legal impediment, privatization of at least eight enterprises has stalled, as the existing private shareholders have been reluctant to either purchase government-owned shares or let the government offer them to others.

58. The Privatization Unit prepares a sales announcement containing information on the firm's activities and financial situation, as well as rules of the bidding process; the sales announcement serves also as advertisement material. In addition, in some cases, the Uganda Investment Authority directly approaches several potential investors. An example of this latter approach is the Kibimba Rice Company (Box 2).

Box 2. Uganda: The Privatization of a Rice Company

Kibimba Rice Co. was established in 1977, with Chinese assistance, to produce rice. Because of poor cultivation practices, yields were low and production was eventually halted.

Tilda International Rice Co., a major rice producer based in the United Kingdom and with markets in 45 countries, was informed several times by the Uganda Investment Authority that Kibimba would be on the list of enterprises to be privatized. The Kibimba was advertised for sale in the Ugandan newspaper from July through August 1996. There were seven bidders; Tilda won, and was awarded the contract in October 1996. It took another half year, until March 1997, for Tilda to receive the exemption that allows it to grow rice on the leased land (in general, foreigners are not allowed to own land used for agricultural production). The production is now in a trial stage (output is 1,000 tons of paddy a year), but Tilda's shareholders have already undertaken investment of US$3 million, and the company is finalizing details for a loan of US$32 million from IFC/DCFU. It is expected that by the end of 1998 the plant will operate at full capacity and produce 5,000 tons of paddy a year.

59. Currently, small enterprises are advertised locally for about one month and sold immediately afterward. Larger enterprises are advertised both locally and internationally for about three months; this interval is referred to as the "prequalification period," during which potential investors have to demonstrate their commitment by paying a bid fee. After that, selected bidders have one month to submit their final bids. Bid requirements include the price and method of payment, and the business development plan; the weights given to the price and the plan in the final decision vary according to the type of business, and are known to bidders in advance (usually 70 points for the price, 30 points for the business plan). Sometimes, specific requirements are imposed on the bidders, such as maintaining employment at a certain

level or undertaking investment. After the Privatization Unit selects the winning bidder, the DRIC must approve its decision.[22]

60. Once the bidder is approved by the DRIC, the final contract between the buyer and the government is signed. In some cases in the past, the winning bidder has exploited his position during this period (as the competitors are looking elsewhere) to renegotiate the contract. Even if the contract is not changed, because of weak law enforcement there is a risk that the buyer will not fully uphold the contract.[23] In a number of cases, for example, buyers did not pay the agreed amounts for the enterprises as scheduled (Box 3). To eliminate the problem of nonpayments, the amended 1997 PERD statute states that "privatization sales shall generally be on a cash-only basis and extended terms of payment shall be avoided," but exceptions can be granted.

Box 3. Uganda: The Privatization of a Textile Factory

The case of NYTIL (Nyanza Textile Industries, Ltd.) illustrates the problems with collection of payments experienced during the privatization process. It also points to some of the impediments to development of the private sector in general.

Before it was privatized in 1995, production in the factory had been halted. The sale of the factory was advertised for two years before it was sold for US$10 million; there were only two bidders. So far, however, the investor has paid only US$2.1 million and is asking for a waiver on the rest of the payments, claiming that the value of assets was much lower than stated in the contract, and that most of the machines could not be used. An investment of US$14 million to replace the outdated machinery was undertaken. Currently, NYTIL has 20 percent of the domestic market share and is employing 1,000 people.

Some of the problems reported by the owners relate not to the privatization process itself but rather to general difficulties encountered. After acquiring the company, the new owner experienced difficulty in obtaining domestic credit, which carried high interest rates, and found loans abroad. Since most of the remaining market share is supplied through imports, inadequate customs control with respect to textile imports created additional competitive pressures. Also, the supply of electricity is uncertain and inadequate, reflecting the poor power supply in Uganda. Finally, skilled labor is scarce, and labor productivity low. These factors contribute to the problems of the company, which is operating below its capacity and is not generating profits.

[22]On occasion, the DRIC has been forced to reverse its decision, owing to subsequent legal rulings. A recent example is Apollo (Sheraton) Hotel, where DRIC's decision was reversed by the Inspector General of the Government. The DRIC ultimately awarded the contract to another bidder.

[23]In some cases, the buyer has violated the contract by engaging in more risky projects than outlined in the business plan that was part of the contract and, consequently, could not make the agreed payment on schedule.

D. Conclusions

61. Uganda has launched an ambitious privatization program that has generally had a positive impact on the economy. In many of the privatized enterprises, employment has increased, new investment has been undertaken, and the quantity and quality of output have improved. As the privatization program proceeds to tackle the larger enterprises, more difficult problems arise. These include the need to make careful preparations to solve the technical, legal, and social issues related to massive layoffs that face larger enterprises; the need to avoid excessive delays and lengthy negotiations that enable existing management and employees to engage in asset "stripping;" the importance of minimizing political interference; and the risks of delays caused by factors beyond the control of the government.

62. A steady adherence to the privatization program would increase the confidence of investors in the government's commitment to privatization. Even though some delays are beyond the control of the government, steady progress in privatization can be achieved through better technical preparation and elimination of political interference. Moreover, improved transparency would increase the confidence of the public and investors in the privatization process, while minimizing justifications for political interference.

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V. THE POVERTY ERADICATION ACTION PLAN AND SOCIAL EXPENDITURE [24]

A. Summary of the Poverty Eradication Action Plan [25]

63. In November 1995, the Government of Uganda held a seminar in Kampala on "Growth and Poverty Reduction"; it was agreed at that time that an action plan to eradicate poverty in Uganda should be formulated, in close consultation with donors. A strategy for the poverty eradication plan was first published in the *Background to the Budget 1996/97* and in a medium-term development strategy document in July 1996; subsequently, ministries drafted sector-specific action plans. The final draft of the *Poverty Eradication Action Plan* (PEAP), Vol. I, was issued in June 1997. The second volume, a poverty-focused program for 1998/99–2001/02, is in an advanced stage of preparation. This section describes the main features of the PEAP.

64. Notwithstanding high rates of growth of real GDP in Uganda during the last ten years (6.5 percent average a year), mass poverty and poor social conditions continue to be major problems.[26] According to the PEAP report, as of 1993/94, 66.3 percent of the population of Uganda was living in absolute poverty.[27] The objective of the PEAP is to reduce this figure to 10 percent by the year 2017. The efforts are to be concentrated in three main areas: (i) macroeconomic policy; (ii) measures to increase incomes of the poor; and (iii) measures to improve the quality of life of the poor. The plan is a synthesis of existing policies and objectives (such as macroeconomic stabilization), and new ones (such as the Universal

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[24]Prepared by Zuzana Brixiova (Section A) and by Joseph Crowley (Section B).

[25]Based on the *Poverty Eradication Action Plan,* Vol. I, issued by the Ministry of Planning and Economic Development, June 1997.

[26]In 1995, the life expectancy at birth was only 43 years (worse than in the 1960s), the infant mortality rate was 97 per 1,000 live births, and maternal mortality was 506 per 100,000 live births (World Bank, *World Development Indicators*, 1997).

[27]The PEAP report defines poverty as "lack of access to basic necessities of life (food, shelter, clothing) and other needs such as education and health" (p. 9, para. 1.1.1). The poor include: small farmers, the urban unemployed, the jobless youths, the uneducated, settlers in drought poor areas, and victims of disasters (p. 9, para. 1.1.3). The estimate of 66.3 percent is derived from a calculation that monthly per capita income of US$15 (the lower absolute poverty line) was needed for obtaining necessary food (2,200 calories a day). The report also states that 86.2 percent of the population lives below the (upper) absolute poverty line of US$24 a month which includes other basic expenditures besides food. By comparison, according to the 1997 *Statistical Abstract* (p. 54), as of 1994/95 42 percent of the rural population and 7 percent of the urban population lived in relative poverty, with the poverty line drawn at two-thirds of the median income of U Sh 10,324.

Primary Education program). Selected social outcome indicator targets, contained either in the PEAP or in the Enhanced Structural Adjustment Facility (ESAF-supported) program, are shown in the Table 12.

Table 12. Uganda: Social Outcome Indicator Targets 1/

Indicator	Targets
Net primary education enrollment rate	100% by the year 2003
Primary school completion rate	60% by the year 2004/05
Transition rates to secondary schools	60% by the year 2003
Gender ratio (primary school)	50% by the year 2004/05
Immunization rates	
Children	80% by the year 2004/05
Pregnant women	95% by the year 2004/05
Access to clean water	100% by the year 2015

Source: Ugandan authorities.
1/ The targets are contained either in the PEAP or in the ESAF-supported program.

65. The PEAP emphasizes that maintaining **a policy of macroeconomic stability** is necessary for keeping the economy on a high and sustainable growth path, and thus for pursuing the strategy of "growing out of poverty." At the same time, the PEAP recognizes that high rates of growth alone are not sufficient to solve the poverty problem. The following areas of the macroeconomic policy are therefore singled out as helping to eliminate poverty:

- increasing expenditures on basic social services (health and education) both in absolute terms and as a percentage of total recurrent expenditures;
- increasing efficiency of utilization of these expenditures (this objective is related to the overall reform of the public sector);
- targeting the allocation of a larger share of public expenditures to poor areas;
- creating an environment conducive to development of the private sector (improvement of legal and regulatory framework, and building of infrastructure), particularly in rural areas; and
- eliminating distortions in the tax structure that reduce growth.

66. The PEAP's **measures to increase incomes of the poor** concentrate on the areas of roads, land and the environment, agriculture, microenterprises and small enterprises, and employment and labor markets.:

- With respect to **roads**, the objective is to reduce the disparity between urban and rural areas by improving farmers' access to markets and market information, legal and other business services, and basic social services.

- On **land and the environment**, as most Ugandans—especially in rural areas—derive their livelihood from land, to legalize the right of all Ugandans as titleholders to land is crucial in fighting poverty. It is also important to improve the quality of the land and to stop the current practices that erode the soil erosion and deplete the vegetation cover.

- Since the majority of the poor generate their incomes from **agriculture**, improvement in this area is obviously very important as well. The PEAP lists the following positive features of Uganda's agriculture: generally fertile soil, good weather, a comparative advantage in food production in the East African region, and good research facilities. The following weaknesses are identified: overspecialization in rain crops and animal production, underdeveloped infrastructure, poor extension services, backward technology, food insecurity, and lack of credit. Government policies addressing these problems will focus mainly on developing rural infrastructure, removing fiscal measures harmful to agriculture, and developing rural credit markets through the establishment of special microfinancial institutions. The government will also work to create the appropriate legal and regulatory environment for activities of nonbanking financial institutions.

- **Microenterprises and small enterprises** are viewed as a major source for generating employment and income for the poor.[28] The problems of these enterprises are similar to those in other developing countries, they do not have access to credit (either because of lack of appropriate institutions or lack of collateral), adequate supporting services for these enterprises are not in place, and no training centers for entrepreneurs exist. Local governments will aim at addressing these problems.

- With respect to **employment and labor markets**, availability of employment opportunities and improvements in labor productivity are necessary for reducing poverty. Currently, the labor force in Uganda suffers from a lack of basic skills and poor health. Job opportunities for unskilled workers are limited. No labor exchanges exist that would provide information about job openings. Also, the labor market is characterized by many inefficiencies, including those arising from discriminatory practices. The government will attempt to address these problems by giving priority to health and education expenditures and by improving the legal and regulatory framework.

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[28]Microenterprises and small enterprises are defined as enterprises employing less than five people. There are about 800,000 enterprises falling into this category in Uganda, employing 1.5 million people.

67. The PEAP's envisages a number **measures to improve the quality of life of the poor**:

- Upgrade **health care services**, which are necessary for increasing the life expectancy of the population and for improving labor productivity (and income).

- Ensure a **clean water supply**, which is necessary for improving health of the population. The PEAP document states that in 1996 only 31 percent of the rural population had a safe water supply. The objective of the government is to raise this figure to 75 percent.

- Improve **education**. In spite of the increase in the number of schools in the 1980s, the access to, and the quality of, education has decreased since the 1970s. This is because of the interruption of the training of teachers and the maintenance of schools during the civil strife. The main objective of the government is to provide universal primary education. The challenge is to achieve this without further lowering the quality of education.

68. While implementation of many aspects of the PEAP has been ongoing, the implementation of the overall program has only recently started. Thus, PEAP objectives were explicitly taken into account in the recent comprehensive public expenditure review. The Ministry of Planning and Economic Development is responsible for coordinating and monitoring the implementation of the PEAP. A special mechanism is being established to monitor the effectiveness of the PEAP in reducing poverty. A set of indicators is being developed and refined, and monitoring will start in July 1998.

B. Evolution of Social Expenditures

69. The period during which Uganda has had ESAF arrangements with the Fund has been one during which social expenditures on health and education have risen substantially, more than doubling in real, per capita terms (see Table 13). Measured in constant 1990/91 Uganda shillings, per capita expenditures on education rose from U Sh 1,475 in 1988/89—the year before the start of Uganda's first ESAF arrangement—to U Sh 3,139 in 1996/97. Meanwhile, per capita expenditures on health rose from U Sh 515 in 1988/89 to U Sh 1,328 in 1996/97.

70. The evolution of social spending could be analyzed in terms of the changes in real, per capita expenditures on health and education that could be attributable to four factors: (1) real, per capita GDP growth; (2) changes in the expenditure share of GDP; (3) changes in the health and education shares of total expenditures; and (4) changes in the prices of health and education goods and services relative to all goods and services. From 1988/89 to 1996/97, these factors evolved as follows: real GDP per capita rose 29 percent; the ratio of total expenditure to GDP rose from 10.5 percent to 18 percent; the shares of health and education expenditures in total expenditures rose, from 10.0 percent to 14.5 percent for

Table 13. Uganda: Health and Education Expenditure Indicators, 1988/89-1996/97

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
	(In constant 1990/91 Uganda shillings, unless otherwise indicated)								
Per capita expenditures, deflated by sector-specific deflators									
Education expenditures	1,475.2	1,584.2	1,492.9	650.4	1,400.2	1,224.3	1,440.5	2,343.0	3,139.5
Health expenditures	515.4	609.5	503.9	210.4	542.6	600.2	658.2	917.4	1,328.2
Real GDP, per capita									
(thousands of 1990/91 Uganda shilling	116.0	119.3	122.0	122.2	127.7	130.4	139.8	146.8	149.9
	(In percent)								
Total expenditure to GDP ratio	10.7	13.5	15.6	22.5	19.8	20.1	18.9	17.6	18.2
Share of total expenditures									
Education expenditures	10.0	8.4	8.0	2.3	6.4	5.8	6.3	11.1	14.5
Health expenditures	2.6	2.6	2.6	0.8	2.3	2.3	2.3	3.7	4.9
Relative deflators									
Education/total GDP	84.5	85.0	102.6	95.5	115.0	123.1	115.3	122.6	125.7
Health/total GDP	63.6	68.0	97.7	102.8	107.0	101.0	94.2	105.3	99.5
Memorandum items:	(In constant 1990/91 Uganda shillings, unless otherwise indicated)								
Per capita, deflated by the average CPI									
Education expenditures	1,024.0	1,250.5	1,289.9	539.6	1,392.3	1,303.6	1,478.0	2,522.6	3,429.8
Health expenditures	269.4	384.6	414.6	188.1	501.8	524.0	551.7	848.5	1,148.1
	(In percent)								
Share of current expenditures									
Education expenditures	15.1	14.9	16.7	4.1	14.1	12.1	11.8	19.9	24.9
Health expenditures	4.0	4.6	5.4	1.4	5.1	4.8	4.4	6.7	8.3
Share of noninterest current expenditure									
Education expenditures	16.7	16.3	19.5	5.6	18.0	14.4	13.3	22.3	27.5
Health expenditures	4.4	5.0	6.3	2.0	6.5	5.8	5.0	7.5	9.2
	(In percent of GDP)								
Total expenditure	10.7	13.5	15.6	22.5	19.8	20.1	18.9	17.6	18.2
Current	7.1	7.6	7.5	12.5	8.9	9.6	10.0	9.8	10.6
Education	1.1	1.1	1.3	0.5	1.3	1.2	1.2	2.0	2.6
Health	0.3	0.3	0.4	0.2	0.5	0.5	0.4	0.7	0.9
Other social services	0.2	0.3	0.2	0.7	0.1	0.2	0.2	0.2	0.2
Other	5.5	5.8	5.6	11.1	7.1	7.8	8.2	7.1	6.9
Development	3.4	5.9	7.8	9.7	10.9	10.4	8.6	7.6	7.6
Net lending	0.2	--	0.3	0.3	--	0.1	0.2	0.1	--

Sources: Ugandan authorities; and Fund staff estimates and projections.

education, and from 2.6 percent to 4.9 percent for health; and, relative to the overall GDP deflator, the health sector deflator rose 56 percent, while the education sector deflator rose 49 percent. Thus, all the factors identified above, except relative prices, moved in a way that would cause real, per capita social expenditures to rise.

71. Decomposing the changes in real, per capita social expenditures into components, most of the improvement in social spending results equally from the increases in real, per capita GDP and from a broad increase in government expenditures as a share of this higher GDP (Table 14, Figure 5). For the entire period from 1988/89 to 1996/97 these two factors accounted for roughly equal shares of the improvement in both real, per capita health and real, per capita education expenditures. The improvement in the composition of expenditures contributed a smaller share. The negative effect of the increase in the relative price of goods and services in the health and education sectors more than offset the effect of the change in composition of expenditures, but was smaller than the positive effects of growth of GDP or of expenditure as a share of GDP.[29]

72. Real, per capita health and education expenditures in Uganda have risen substantially, in spite of adverse price movements, because the government has devoted increased resources to these sectors. Under the 1997/98 budget the government is planning to expand spending in these areas further, most notably with the implementation of the Universal Primary Education program. Notwithstanding the clear upward trend in the quantity of social expenditures, there is considerable room for improvement in the quality, and indications are that not all social

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[29] $(\text{Hexp}) = (\text{gdp}) \times (\text{Exp/GDP}) \times (\text{Hexp/Exp}) \times (\text{Pgdp/Phealth})$

By taking differences of both sides of this relationship it is possible to decompose the changes in real, per-capital health and education expenses into shares attributable to changes in each of these four factors

$$\begin{aligned}\Delta(\text{HExp}) = {} & \Delta(\text{gdp}) \times (\text{NExp/NGDP}) \times (\text{NHexp/NExp}) \times (\text{Pgdp/Phealth}) + \\ & (\text{gdp}) \times \Delta\ \text{NExp/NGDP}) \times (\text{NHexp/NExp}) \times (\text{Pgdp/Phealth}) + \\ & (\text{gdp}) \times (\text{NExp/NGDP}) \times \Delta(\text{NHexp/NExp}) \times (\text{Pgdp/Phealth}) + \\ & (\text{gdp}) \times (\text{NExp/NGDP}) \times (\text{NHexp/NExp}) \times \Delta(\text{Pgdp/Phealth})\end{aligned}$$

where,

Hexp = real, per-capita expenditures on health,
gdp = real, per-capita GDP,
NExp/NGDP = the share of total nominal expenditures in nominal GDP,
NHexp/NExp = the share of nominal health expenditures in total nominal expenditures, and
Pgdp/Phealth = the price of all goods and services relative to health sector goods and services.

A similar analysis applies to education expenditures.

Table 14. Uganda: Changes in Per Capita Health and Education Expenditure, 1988/89-1996/97
(In constant 1991 Uganda shillings)

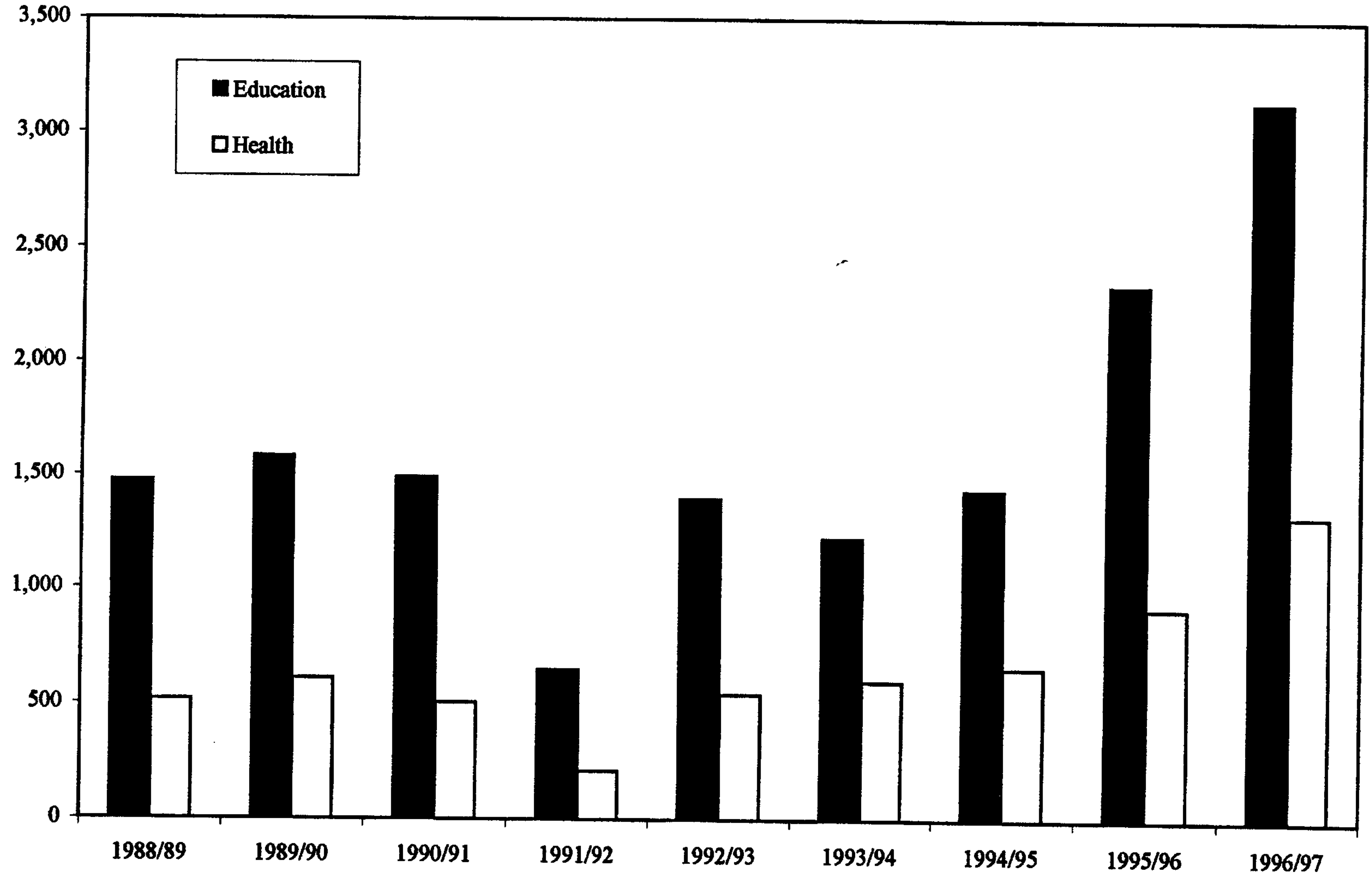
	1988/89 to 1989/90	1989/90 to 1990/91	1990/91 to 1991/92	1991/92 to 1992/93	1992/93 to 1993/94	1993/94 to 1994/95	1994/95 to 1995/96	1995/96 to 1996/97	1988/89 to 1996/97 Total
Change in per capita expenditure, deflated by sector-specific deflators									
Education	109.0	-91.3	-842.4	749.8	-175.9	216.2	902.5	796.5	1,664.3
Health	94.2	-105.7	-293.5	332.2	57.6	58.0	259.2	410.8	812.9
Effect of changing GDP, per capita									
Education	-282.0	-61.2	-1,358.0	1,039.6	-130.7	114.7	1,063.5	720.8	844.4
Health	-15.0	2.5	-416.5	379.5	5.4	7.7	366.4	288.1	546.2
Effect of changing expenditure share of GDP									
Education	359.2	225.7	434.8	-137.1	16.5	-78.6	-137.0	88.1	1,208.7
Health	131.2	82.3	140.5	-48.7	7.2	-37.2	-57.2	35.9	480.7
Effect of changing composition of expenditures									
Education	42.7	34.3	2.3	47.8	27.3	92.8	94.0	57.0	593.2
Health	15.6	12.5	0.7	17.0	11.9	43.9	39.3	23.2	235.9
Effect of changing relative prices									
Education	-10.6	-290.3	87.6	-203.4	-89.1	87.4	-117.5	-69.3	-915.4
Health	-37.7	-202.8	-20.0	-15.3	33.1	43.7	-89.3	63.4	-408.0
Residuals									
Education	-0.3	0.2	-9.1	2.8	0.1	-0.2	-0.5	-0.1	-66.5
Health	0.0	-0.2	1.8	-0.2	0.0	-0.1	0.0	0.3	-41.9

Sources: Derived from data privided by the Uganda authorities.

1/ Fiscal year June-July.

Figure 5: Uganda. Real, Per Capita Health and Education Expenditures, 1988/89-1996/97 [1]

(in Uganda shillings)



1/ Fiscal year July-June.

expenditures are benefiting the targeted recipients. Hence, changes in real, per capita expenditures may not necessarily measure concomitant changes in real benefits received by individuals. Additionally, a note of caution must be expressed about the reliability and comparability of the data series. For example, there are questions that surround the measurement of sector deflators for health and education, such as whether rural districts are properly accounted for, which items are included in the deflators, and how donated goods and services are accounted for. The data on expenditures on education and health are partly based on cash releases from the budget, and it is not always possible to track how they are spent, especially at the district level. Moreover, information is not available on the education and health components of externally funded development expenditures. Nevertheless, the government recognizes the importance of these sectors and remains committed to expanding and improving them.

Table 1. Uganda: Gross Domestic Product by Industry, at Current Prices, 1991/92-1996/97 1/

(In billions of Uganda shillings, unless otherwise indicated)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Total GDP at market prices	2,746	3,871	4,403	5,360	6,193	6,864
Indirect taxes	157	244	331	445	556	557
Total GDP at factor cost	2,590	3,627	4,073	4,915	5,637	6,307
Monetary GDP at factor cost	1,795	2,483	2,894	3,611	4,279	4,853
Agriculture	626	852	1,000	1,298	1,430	1,576
Cash crops	80	87	150	302	299	293
Food crops	302	468	504	584	602	684
Livestock	158	189	219	262	338	376
Forestry	25	33	39	44	52	59
Fishing	61	75	87	106	139	164
Industry	322	449	534	664	860	1,046
Mining and quarrying	9	12	13	14	21	29
Manufacturing	160	217	265	334	438	527
Coffee, cotton, sugar	19	21	28	52	78	93
Food products	22	29	35	47	63	77
Miscellaneous	119	166	203	236	297	356
Public utilities (electricity/water)	23	34	46	62	67	70
Construction	131	186	210	254	334	420
Services	435	589	654	840	1,009	1,131
Wholesale and retail trade	302	403	428	570	688	766
Hotel and restaurants	34	50	66	84	101	113
Transport and communication	99	136	160	187	220	253
Road	73	104	122	141	164	184
Rail	6	6	8	9	9	10
Air and support services	10	13	16	20	27	36
Communications	10	12	15	17	20	23
Community services	411	593	706	810	980	1,099
General government	106	143	181	212	240	273
Education	91	148	175	188	228	264
Health	40	56	59	63	78	82
Rents 2/	80	113	133	165	224	256
Miscellaneous	94	132	158	181	212	225
Nonmonetary GDP at factor cost	795	1,144	1,179	1,303	1,358	1,454
Agriculture	699	1,018	1,036	1,133	1,135	1,203
Food crops	594	883	884	950	919	958
Livestock	71	91	101	126	149	168
Forestry	26	35	40	44	50	55
Fishing	8	9	11	13	18	21
Construction	20	26	29	32	37	39
Owner-occupied dwellings	77	101	114	138	186	212
Memorandum items:						
Per capita GDP at factor cost 3/	151	204	222	260	290	315
Population (in millions) 4/	17	18	18	19	19	20

Source: Ministry of Planning and Economic Development. *Statistical Abstract 1997*, p. 34.

1/ The national accounts series were revised in May 1997.
2/ Includes owner-occupied dwellings.
3/ In thousands of Uganda shillings.
4/ Based on the 1991 census.

Table 2. Uganda: Gross Domestic Product by Industry, at Constant 1991 Prices, 1991/92-1996/97 1/

(In billions of Uganda shillings)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Market prices	2,251	2,515	2,722	3,088	3,414	3,556
Indirect taxes	157	244	331	445	556	557
Factor cost	2,095	2,270	2,391	2,643	2,858	2,999
Monetary GDP at factor cost	1,461	1,585	1,708	1,925	2,132	2,278
Agriculture	509	558	584	624	678	704
Cash crops	71	71	79	85	104	118
Food crops	238	279	294	328	343	342
Livestock	129	133	137	130	146	154
Forestry	22	24	26	27	29	31
Fishing	49	51	49	53	56	59
Industry	263	286	323	389	462	531
Mining and quarrying	7	7	8	8	11	15
Manufacturing	131	140	161	189	226	258
Coffee, cotton, sugar	17	15	18	17	27	32
Food products	17	19	21	25	30	33
Miscellaneous	96	106	122	147	169	192
Public utilities (electricity/water)	19	20	22	24	27	30
Construction	106	118	133	168	198	229
Services	358	383	420	503	559	584
Wholesale and retail trade	241	255	276	336	374	383
Hotel and restaurants	28	32	39	46	50	54
Transport and communication	89	96	106	121	134	147
Road	67	72	78	86	95	100
Rail	6	6	7	9	9	9
Air and support services	8	8	10	13	17	22
Communications	9	10	11	12	14	15
Community services	332	358	381	408	433	460
General government	78	83	87	92	96	100
Education	77	80	83	88	94	100
Health	31	33	34	36	37	39
Rents 2/	68	75	81	89	97	104
Miscellaneous	77	87	95	103	109	117
Nonmonetary GDP at factor cost	633	685	683	719	726	721
Agriculture	553	602	597	627	627	616
Food crops	468	514	506	533	530	513
Livestock	57	60	62	64	67	71
Forestry	22	22	23	23	24	24
Fishing	6	6	6	7	7	7
Construction	16	17	17	18	18	19
Owner-occupied dwellings	64	67	70	74	80	87

Source: Ministry of Planning and Economic Development. Statistical Abstract 1997, p. 34.

1/ The national accounts series were revised in May 1997.

2/ Includes owner-occupied dwellings.

Table 3. Uganda: Gross Domestic Product by Expenditure at Current Prices, 1991/92-1996/97

(In millions of Uganda shillings)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
GDP at factor cost	2,589,684	3,627,037	4,072,531	4,914,606	5,637,080	6,306,690
Indirect taxes	156,691	244,450	330,831	445,059	555,900	556,900
GDP at market prices	2,746,375	3,871,487	4,403,392	5,359,665	6,192,980	6,863,590
Resource balance	-371,461	-546,919	-572,508	-667,435	-887,069	-879,813
Exports of goods and nonfactor services	187,359	285,793	354,429	622,431	734,315	870,714
Imports of goods and nonfactor services	558,820	832,712	926,937	1,289,867	1,621,384	1,750,527
Consumption	2,798,668	3,767,427	4,115,225	4,951,418	5,674,678	6,228,590
Private	2,478,615	3,449,638	3,731,133	4,465,667	5,134,509	5,582,901
Public	320,053	317,789	384,092	485,751	540,169	645,689
Gross domestic investment	492,941	724,720	831,049	1,014,930	1,028,338	1,175,546
Private 1/	234,441	329,830	404,844	578,921	590,173	696,920
Public	258,500	394,890	426,205	436,009	438,165	478,626
Gross domestic savings	-52,293	104,060	288,167	408,247	518,302	635,000
Private	81,765	140,421	308,349	367,398	431,271	541,789
Public	-134,058	-36,361	-20,182	40,849	87,031	93,211
Net factor service income	-83,590	-58,776	-66,980	-54,157	-46,409	-17,455
Private transfers	130,602	129,674	334,890	307,632	541,362	510,110
Official transfers	198,024	332,586	242,799	282,414	279,918	325,236
GNP	2,662,785	3,812,711	4,336,412	5,305,508	6,146,571	6,846,135
Gross national savings 2/	-5,281	174,958	556,077	661,722	1,013,255	1,127,656
Private	137,617	224,150	585,059	631,673	939,824	1,056,444
Public	-142,898	-49,192	-28,982	30,049	73,431	71,211
Statistical Discrepency 3/	-173,773	-73,740	29,626	60,753	377,033	339,267

Sources: Ugandan authorities; and Fund staff estimates.

1/ Includes change in stocks.
2/ Includes transfers.
3/ Difference between GDP by industry and GDP by expenditure.

Table 4. Uganda: Gross Domestic Product by Expenditure Shares at Current Prices, 1991/92-1996/97

(As a percentage of GDP at market prices)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
GDP at factor cost	94.3	93.7	92.5	91.7	91.0	91.9
Indirect taxes	5.7	6.3	7.5	8.3	9.0	8.1
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0
Resource balance	-13.5	-14.1	-13.0	-12.5	-14.3	-12.8
Exports of goods and nonfactor services	6.8	7.4	8.0	11.6	11.9	12.7
Imports of goods and nonfactor services	20.3	21.5	21.1	24.1	26.2	25.5
Consumption	101.9	97.3	93.5	92.4	91.6	90.7
Private	90.3	89.1	84.7	83.3	82.9	81.3
Public	11.7	8.2	8.7	9.1	8.7	9.4
Gross domestic investment	17.9	18.7	18.9	18.9	16.6	17.1
Private 1/	8.5	8.5	9.2	10.8	9.5	10.2
Public	9.4	10.2	9.7	8.1	7.1	7.0
Gross domestic savings	-1.9	2.7	6.5	7.6	8.4	9.3
Private	3.0	3.6	7.0	6.9	7.0	7.9
Public	-4.9	-0.9	-0.5	0.8	1.4	1.4
Net factor service income	-3.0	-1.5	-1.5	-1.0	-0.7	-0.3
Private transfers	4.8	3.3	7.6	5.7	8.7	7.4
Official transfers	7.2	8.6	5.5	5.3	4.5	4.7
GNP	97.0	98.5	98.5	99.0	99.3	99.7
Gross national savings 2/	-0.2	4.5	12.6	12.3	16.4	16.4
Private	5.0	5.8	13.3	11.8	15.2	15.4
Public	-5.2	-1.3	-0.7	0.6	1.2	1.0
Statistical Discrepency 3/	-6.3	-1.9	0.7	1.1	6.1	4.9

Sources: Ugandan authorities; and Fund staff estimates.

1/ Includes change in stocks.
2/ Includes transfers.
3/ Difference between GDP by industry and GDP by expenditure.

Table 5. Uganda: Growth of Gross Domestic Product by Sector at Constant 1991 Prices, 1991/92-1996/97

(Annual growth rates, in percent)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
Market prices	4.6	11.7	8.3	13.4	10.5	4.2
Indirect taxes	31.1	56.0	35.3	34.5	24.9	0.2
Factor cost	3.1	8.4	5.3	10.5	8.1	5.0
Monetary GDP at factor cost	6.0	8.5	7.8	12.7	10.8	6.9
Agriculture	2.4	9.8	4.6	6.8	8.6	3.9
Cash crops	7.3	0.3	10.5	8.0	22.0	14.2
Food crops	0.6	17.3	5.3	11.7	4.4	-0.2
Livestock	2.1	3.5	2.8	-4.9	12.2	5.5
Forestry	6.3	8.7	6.2	6.1	6.0	6.0
Fishing	3.9	3.9	-3.5	8.9	5.6	4.3
Industry	8.8	8.7	13.1	20.5	18.8	14.8
Mining and quarrying	10.4	10.4	3.7	9.1	33.6	29.1
Manufacturing	15.6	7.1	15.1	17.3	19.7	14.2
Coffee, cotton, sugar	49.4	-11.8	23.8	-8.5	60.9	18.5
Food products	8.9	9.1	9.2	22.5	20.2	10.5
Miscellaneous	12.4	10.1	14.9	20.4	14.9	14.2
Public utilities (electricity/water)	10.0	5.6	7.3	11.4	10.5	9.7
Construction	1.1	11.2	12.4	26.5	18.2	15.4
Services	6.4	7.0	9.7	19.8	11.0	4.5
Wholesale and retail trade	5.8	5.9	8.1	22.0	11.3	2.3
Hotel and restaurants	14.1	14.9	19.5	18.9	9.5	6.7
Transport and communication	5.6	7.2	10.6	14.3	10.8	9.7
Road	5.1	7.6	8.1	10.7	10.1	6.1
Rail	4.2	-3.5	28.1	30.6	-5.9	2.8
Air and support services	8.3	9.9	20.3	32.5	26.7	30.3
Communications	7.8	9.1	10.5	12.0	11.6	13.0
Community services	9.3	7.9	6.4	7.2	6.1	6.2
General government	11.6	5.9	4.3	6.5	4.5	4.2
Education	3.6	4.1	3.7	5.3	7.2	5.9
Health	6.5	5.2	4.0	4.8	4.0	4.4
Rents 1/	12.4	10.7	8.9	9.1	8.6	7.7
Miscellaneous	11.7	12.3	9.7	8.7	5.3	7.5
Nonmonetary GDP at factor cost	-3.1	8.2	-0.3	5.2	1.0	-0.7
Agriculture	-3.9	8.8	-0.8	5.0	0.1	-1.9
Food crops	-5.1	9.8	-1.5	5.4	-0.6	-3.2
Livestock	2.6	3.9	4.1	2.6	5.1	6.1
Forestry	2.8	2.8	2.5	2.5	2.5	2.6
Fishing	3.9	3.9	-3.5	8.9	5.6	4.3
Construction	3.1	3.1	3.2	3.1	2.9	2.8
Owner-occupied dwellings	2.9	3.7	4.3	6.9	8.0	8.0

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 34.

1/ Includes owner-occupied dwellings.

Table 6. Uganda: Composite Consumer Price Index, January 1992-February 1998

(Base: September 1989 = 100)

	Food				Nonfood				All Items			
	Index (weight = .501)	Percent change			Index (weight = .499)	Percent change			Index (weight = 1.000)	Percent change		
		Monthly	12-month	Average 1/		Monthly	12-month	Average 1/		Monthly	12-month	Average 1/
1992 Jan.	160.0	4.9	30.1	25.5	216.5	7.6	35.6	31.8	188.2	6.4	33.2	29.0
Feb.	168.5	5.3	37.3	27.7	228.8	5.7	40.7	33.2	198.6	5.5	39.3	30.8
Mar.	195.8	16.2	51.4	30.6	237.9	4.0	46.0	35.0	216.8	9.2	48.4	33.1
Apr.	232.4	18.7	67.1	34.6	247.0	3.8	51.2	37.1	239.7	10.6	58.5	36.0
May	246.6	6.1	78.6	39.0	256.0	3.6	54.3	39.4	251.3	4.8	65.3	39.2
June	251.3	1.9	86.3	43.7	257.7	0.7	50.4	41.1	254.5	1.3	66.2	42.2
July	245.4	-2.3	84.4	47.6	272.7	5.8	52.5	42.8	259.0	1.8	66.1	44.9
Aug	238.7	-2.7	79.2	51.6	274.0	0.5	47.8	43.8	256.3	-1.0	61.0	47.2
Sep.	234.6	-1.7	76.5	56.0	278.1	1.5	45.9	44.5	256.3	0.0	58.5	49.5
Oct.	239.3	2.0	73.8	60.6	281.6	1.3	46.2	45.4	260.4	1.6	57.7	52.0
Nov.	237.6	-0.7	63.5	63.9	281.7	0.0	43.4	45.9	259.6	-0.3	52.0	53.8
Dec.	233.5	-1.7	53.1	65.5	280.6	-0.4	39.5	46.1	257.0	-1.0	45.4	54.5
1993 Jan.	224.4	-3.9	40.3	65.7	280.9	0.1	29.7	45.2	252.6	-1.7	34.2	54.1
Feb.	210.7	-6.1	25.0	63.7	285.6	1.7	24.8	43.5	248.1	-1.8	24.9	52.2
Mar.	207.6	-1.5	6.0	58.2	282.3	-1.2	18.7	40.8	244.9	-1.3	13.0	48.3
Apr.	213.3	2.7	-8.2	49.3	281.8	-0.2	14.1	37.3	247.5	1.1	3.3	42.5
May	215.8	1.2	-12.5	39.5	282.3	0.2	10.3	33.4	249.0	0.6	-0.9	36.1
June	209.2	-3.1	-16.8	29.7	288.0	2.0	11.7	30.2	248.5	-0.2	-2.4	30.0
July	207.3	-0.9	-15.5	21.4	301.9	4.8	10.7	26.7	254.5	2.4	-1.7	24.3
Aug	200.1	-3.5	-16.2	14.1	302.3	0.1	10.3	23.7	251.1	-1.3	-2.0	19.3
Sep.	210.9	5.4	-10.1	8.3	305.7	1.1	9.9	20.8	258.2	2.8	0.7	15.1
Oct.	218.5	3.6	-8.7	3.1	304.1	-0.5	8.0	18.0	261.2	1.2	0.3	11.1
Nov.	223.8	2.4	-5.8	-1.1	303.6	-0.2	7.8	15.4	263.6	0.9	1.5	7.8
Dec.	235.8	5.4	1.0	-4.0	299.5	-1.3	6.7	13.0	267.6	1.5	4.1	5.1
1994 Jan.	237.8	0.8	6.0	-5.7	306.5	2.3	9.1	11.5	272.1	1.7	7.7	3.5
Feb.	240.4	1.1	14.1	-6.1	305.7	-0.3	7.0	10.2	273.0	0.3	10.0	2.6
Mar.	245.3	2.0	18.2	-5.1	304.4	-0.4	7.8	9.4	274.8	0.7	12.2	2.7
Apr.	259.5	5.8	21.7	-2.8	308.4	1.3	9.4	9.0	283.9	3.3	14.7	3.6
May	267.3	3.0	23.9	0.1	311.6	1.0	10.4	9.1	289.4	1.9	16.2	5.0
June	263.6	-1.4	26.0	3.7	313.3	0.5	8.8	8.8	288.4	-0.3	16.1	6.5
July	251.3	-4.7	21.2	6.8	309.4	-1.2	2.5	8.1	280.3	-2.8	10.1	7.5
Aug	240.0	-4.5	19.9	9.9	307.9	-0.5	1.9	7.4	273.9	-2.3	9.1	8.5
Sep.	234.3	-2.4	11.1	11.8	310.1	0.7	1.4	6.7	272.1	-0.7	5.4	8.9
Oct.	240.4	2.6	10.0	13.5	312.5	0.8	2.8	6.2	276.4	1.6	5.8	9.3
Nov.	249.9	4.0	11.7	15.2	314.8	0.7	3.7	5.9	282.3	2.1	7.1	9.8
Dec.	257.2	2.9	9.1	15.9	314.9	0.0	5.1	5.7	286.0	1.3	6.9	10.0
1995 Jan.	252.1	-2.0	6.0	15.8	319.6	1.5	4.3	5.3	285.8	-0.1	5.0	9.8
Feb.	256.8	1.9	6.8	15.2	328.3	2.7	7.4	5.4	292.5	2.3	7.1	9.5
Mar.	260.0	1.2	6.0	14.1	327.3	-0.3	7.5	5.4	293.6	0.4	6.8	9.1
Apr.	264.4	1.7	1.9	12.3	328.9	0.5	6.7	5.2	296.6	1.0	4.5	8.2
May	267.5	1.2	0.1	10.2	328.2	-0.2	5.3	4.8	297.8	0.4	2.9	7.1
June	263.8	-1.4	0.1	8.1	332.7	1.4	6.2	4.6	298.2	0.1	3.4	6.1
July	247.9	-6.0	-1.4	6.3	334.5	0.5	8.1	5.0	291.1	-2.4	3.9	5.6
Aug	248.2	0.1	3.4	5.1	337.6	0.9	9.6	5.7	292.8	0.6	6.9	5.4
Sep.	252.7	1.8	7.9	4.9	343.9	1.9	10.9	6.5	298.2	1.8	9.6	5.8
Oct.	260.1	2.9	8.2	4.8	347.1	0.9	11.0	7.2	303.5	1.8	9.8	6.1
Nov.	274.2	5.4	9.7	4.7	348.7	0.5	10.8	7.8	311.4	2.6	10.3	6.4
Dec.	274.8	0.2	6.8	4.5	351.4	0.7	11.6	8.3	313.0	0.5	9.4	6.6
1996 Jan.	268.2	-2.4	6.4	4.6	353.6	0.6	10.6	8.8	310.8	-0.7	8.7	6.9
Feb.	267.0	-0.4	4.0	4.3	361.0	2.1	9.9	9.0	313.9	1.0	7.3	6.9
Mar.	264.2	-1.0	1.6	4.0	359.8	-0.3	9.9	9.2	311.9	-0.6	6.2	6.9
Apr.	272.8	3.3	3.2	4.1	358.6	-0.3	9.0	9.4	315.6	1.2	6.4	7.0
May	275.9	1.1	3.1	4.4	356.7	-0.5	8.7	9.7	316.2	0.2	6.2	7.3
June	272.2	-1.3	3.2	4.6	356.8	0.0	7.2	9.8	314.4	-0.6	5.4	7.5
July	270.1	-0.8	9.0	5.5	358.3	0.4	7.1	9.7	314.1	-0.1	7.9	7.8
Aug	269.6	-0.2	8.6	5.9	359.6	0.4	6.5	9.4	314.5	0.1	7.4	7.9
Sep.	287.4	6.6	13.7	6.4	364.8	1.4	6.1	9.0	326.0	3.7	9.3	7.8
Oct.	295.7	2.9	13.7	6.9	368.6	1.1	6.2	8.6	332.1	1.9	9.4	7.8
Nov.	293.6	-0.7	7.1	6.7	367.3	-0.4	5.3	8.1	330.4	-0.5	6.1	7.5
Dec.	291.1	-0.9	5.9	6.6	367.5	0.0	4.6	7.5	329.2	-0.4	5.2	7.1
1997 Jan.	288.9	-0.8	7.7	6.7	367.7	0.1	4.0	7.0	328.2	-0.3	5.6	6.9
Feb.	290.2	0.4	8.7	7.1	357.7	-2.7	-0.9	6.1	323.9	-1.3	3.2	6.5
Mar.	306.2	5.5	15.9	8.3	359.5	0.5	-0.1	5.2	332.8	2.7	6.7	6.5
Apr.	334.6	9.3	22.7	9.9	359.9	0.1	0.4	4.5	347.2	4.3	10.0	6.9
May	348.2	4.1	26.2	11.9	358.8	-0.3	0.6	3.8	353.5	1.8	11.8	7.3
June	331.7	-4.7	21.9	13.5	362.8	1.1	1.7	3.4	347.2	-1.8	10.4	7.8
July	328.0	-1.1	21.4	14.5	362.5	-0.1	1.2	2.9	345.2	-0.6	9.9	7.9
Aug	323.7	-1.3	20.1	15.4	363.4	0.3	1.1	2.5	343.5	-0.5	9.2	8.1
Sep.	325.2	0.5	13.2	15.4	368.3	1.4	1.0	2.1	346.7	0.9	6.4	7.8
Oct.	341.7	5.1	15.6	15.5	362.3	-1.6	-1.7	1.4	352.0	1.5	6.0	7.5
Nov.	359.0	5.1	22.3	16.8	360.4	-0.5	-1.9	0.8	359.7	2.2	8.9	7.8
Dec.	360.2	0.3	23.7	18.3	364.0	1.0	-0.9	0.3	362.1	0.7	10.0	8.2
1998 Jan.	360.2	0.0	24.7	19.7	365.4	0.4	-0.6	0.0	362.8	0.2	10.5	8.6
Feb.	341.7	-5.1	17.7	20.4	368.0	0.7	2.9	0.3	354.8	-2.2	9.5	9.1

Source: Ministry of Planning and Economic Development.

1/ Percentage change in 12-month moving average.

Table 7. Uganda: Cultivated Areas and Production of Selected Food Crops, 1992-97

(Areas in thousands of hectares; and production in thousands of metric tons)

	1992	1993	1994	1995	1996	1997 Prov.
Banana (matooke)						
Area	1,459	1,488	1,500	1,512	1,524	1,536
Production	7,806	8,222	8,500	9,012	9,144	9,216
Cassava						
Area	362	369	320	332	335	342
Production	2,896	3,139	2,080	2,224	2,245	2,291
Sweet potatoes						
Area	442	460	473	494	516	529
Production	1,905	1,958	2,129	2,223	1,584	2,010
Irish potatoes						
Area	37	40	44	50	53	56
Production	268	320	368	402	318	381
Maize						
Area	438	503	563	571	584	599
Production	657	804	850	913	759	839
Finger millet						
Area	396	404	412	395	400	395
Production	634	610	610	632	440	514
Wheat						
Area	5	5	5	5	5	5
Production	9	9	9	9	9	9
Pulses 1/						
Area	673	694	722	752	771	790
Production	509	540	495	509	356	497
Oil seeds 2/						
Area	386	402	415	430	443	445
Production	272	295	287	294	285	294
Total						
Area	4,198	4,364	4,454	4,532	4,639	4,697
Production	14,956	15,897	15,328	16,180	16,674	16,051

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 90.

1/ Consists of beans, field peas, cowpeas, and pigeon peas.
2/ Consists of groundnuts, soya beans, and sim-sim.

Table 8. Uganda: Production of Traditional Export Crops, 1992-96

(In tons)

	1992	1993	1994	1995	1996
Coffee	110,334	144,551	198,371	181,465	287,925
Cotton	7,536	7,961	3,841	5,580	9,756
Tea	9,504	12,102	13,462	12,692	16,939
Tobacco	6,686	5,183	6,548	6,851	6,349

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, pp. 83 and 89.

Table 9. Uganda: Average Producer Prices for Principal Cash Crops, 1992–97

(In Uganda shillings per kilogram)

	1992	1993	1994	1995	1996	1997
			December			
Coffee						
Robusta	210	270	925	600	500	600
Arabica						
(Bagisu, grade P)	471	770	1,650	950	1,200	1,300
Cotton						
AR (SAFI)	340	300	285	350	350	320
BR (Fifi)	170	150	135	200	180	160
Tea (green leaf)	80	100	100	100	100	100
Tobacco						
Fluecured	1,035	1,100	850	712	903	975
Firecured	620	960	814	1,027	936	930
Cocoa (wet beans)	550	540	400	550	600	500

Source: Ministry of Planning and Economic Development.

Table 10. Uganda: Estimates of Livestock Population and Milk Production, 1992-96

	1992	1993	1994	1995	1996
Livestock					
Cattle 1/	5,209	5,370	5,106	5,233	5,301
Sheep	845	871	897	924	951
Goats	5,070	5,227	5,383	5,545	5,684
Pigs	1,228	1,226	1,304	1,343	1,383
Poultry 2/	20,576	21,214	21,404	21,832	22,050
Milk production	244	253	262	422	440

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 91.

1/ Dairy and beef cattle.
2/ Total number of birds, including chickens, geese, turkeys, and ducks.

Table 11. Uganda: Fish Production by Region, 1992–96

(Quantity in thousands of metric tons; value in billions of Uganda shillings; and unit value in Uganda shillings per kilogram)

	1992	1993	1994	1995	1996
Lake Victoria					
Quantity	129.7	134.9	103.0	103.0	106.4
Value	...	...	38.4	39.5	39.9
Lake Albert					
Quantity	21.0	21.8	16.4	16.4	21.9
Value	...	...	2.9	4.9	5.2
Albert Nile					
Quantity	1.5	1.6	4.8	4.7	4.6
Value	...	...	0.5	0.5	0.5
Lake Kyoga					
Quantity	102.6	106.7	80.2	80.2	80.6
Value	...	...	32.8	22.4	22.3
Lakes Edward and George and Kazinga Channel					
Quantity	5.9	6.4	5.2	5.2	4.8
Value	...	...	2.5	2.2	2.3
Other waters					
Quantity	4.2	4.6	3.7	3.7	3.7
Value	...	...	0.6	0.6	0.6
Total					
Quantity	264.9	276.0	213.2	213.2	222.0
Value	132.4	165.8	77.7	70.1	70.8
Average unit value	500.0	600.9	364.4	315.8	305.7

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, page 91.

Table 12. Uganda: Total Production of Roundwood Timber and Charcoal, 1992-96 1/

(In thousands of metric tons)

	1992	1993	1994	1995	1996
Sawn logs	366	398	434	467	503
Poles	479	497	516	536	557
Fuelwood	14,914	15,351	15,802	16,267	16,748
Household	12,400	12,740	13,089	13,447	13,816
Commercial	1,733	1,789	1,847	1,907	1,970
Industrial	781	822	866	913	962
Charcoal	2,644	2,803	2,971	3,150	3,305
Total wood production	18,403	19,049	19,723	20,420	21,113
Charcoal manufactured	331	351	372	394	418

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 94.

1/ Data are for total production from forest reserves and elsewhere.

Table 13. Uganda: Metered Rates for the National Water and Sewerage Corporation, 1992-97

(In Uganda shillings per cubic meter)

	1992	1993	1994	1995	1996	1997
Public stand pipes	210	250	400	400	400	400
Residential buildings	320	385	616	616	616	616
Institutions and Government	395	475	760	760	760	760
Major industrial and commercial users	550	660	1,056	1,056	1,056	1,056

Source: National Water and Sewerage Corporation.

Table 14. Uganda: Electricity Capacity and Generation, 1992–97

	1992	1993	1994	1995	1996	1997
	(In megawatts)					
Installed capacity						
Owen Falls	162.0	168.0	171.0	177.0	180.0	180.0
Other stations	3.2	3.0	3.4	3.4	3.0	3.0
Total	165.2	171.0	174.4	180.4	183.0	183.0
	(In gigawatt-hours, unless otherwise specified)					
Units generated						
Hydroelectric	993.3	976.5	1,016.8	1,056.3	1,129.0	1,217.3
Diesel	1.0	1.4	1.1	1.1	1.1	1.1
Total	994.3	977.9	1,017.9	1,057.4	1,130.1	1,218.4
Transit and distribution losses 1/	225.7	238.4	277.9	340.4	415.1	344.4
Units accounted for by consumption	768.6	739.5	740.0	717.0	715.0	874.0
Maximum demand (megawatts)	151.0	157.2	161.4	173.6	177.0	178.4
Annual load factor (percent) 2/	75.2	71.0	72.0	70.0	71.0	77.9

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 104.

1/ Including units unaccounted for by consumption.
2/ The load factor is the ratio of kilowatt hours produced to the maximum demand during the period.

Table 15. Uganda: Electricity Sales by Uganda Electricity Board, 1992-97

Category of Consumer	1992	1993	1994	1995	1996	1997
	(Number of consumers)					
Domestic tariff	104,842	109,576	100,462	101,179	111,873	126,003
Commercial (security lighting)	5,797	7,139	6,914	7,208	9,170	14,697
Street lighting	127	135	195	185	206	142
Industrial	42	33	47	41	136	54
Kenya bulk supply	1	1	1	1	1	1
Tanzania bulk supply	0	1	1	1	1	1
Rwanda bulk supply	0	0	1	1	1	1
Total	110,809	116,885	107,621	108,616	121,388	149,899
	(Number of units sold, in millions of kilowatt-hours)					
Domestic tariff	264	273	286	265	367	349
Commercial (security lighting)	105	101	116	140	159	194
Street lighting	7	6	5	2	2	2
Industrial	110	97	82	115	36	160
Kenya bulk supply	283	262	237	176	131	148
Tanzania bulk supply	0	1	15	19	19	20
Rwanda bulk supply	0	0	0	0	1	1
Total	769	740	740	717	715	874
	(Revenue collected, in millions of Uganda shillings)					
Domestic tariff	12,259	17,966	24,014	2,451	30,204	34,199
Commercial (security lighting)	5,727	9,361	12,045	14,349	14,347	28,235
Street lighting	320	571	598	318	239	232
Industrial	4,327	7,117	9,656	8,856	10,164	19,168
Kenya bulk supply	1,765	885	658	541	2,228	9,972
Tanzania bulk supply	0	96	1,533	1,840	1,729	2,149
Rwanda bulk supply	0	0	0	0	81	133
Total	24,398	35,996	48,503	28,355	58,992	94,088

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 105.

Table 16. Uganda: Transport and Communications, 1992-96

	1992	1993	1994	1995	1996
Railway transport					
Passenger traffic 1/	62,696	59,506	34,869	27,600	27,000
Goods traffic 2/	119,134	130,430	207,999	178,300	163,300
Road transport					
Stock of private motor vehicle	54,267	60,000	74,047	96,212	126,214
Air transport					
Passengers 3/	172	205	259	314	378
Cargo 4/	13,074	41,729	22,101	...	...
Telephone services					
Telephone connections	17,098	24,051	34,949	43,039	46,707

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, pp. 108 and 114.

1/ In thousands of passenger-kilometers.
2/ In thousands of ton-kilometers.
3/ In thousands of landed plus embarked passengers.
4/ Loaded and unloaded tons.

Table 17. Uganda: Pump Prices for Petroleum Products, March 1991-January 98 1/

(Kampala pump prices; in Uganda shillings per liter)

	Year and Effective Month of Increase	Motor Spirit Premium (PMS)	Diesel (AGO)	Kerosene (BIK)	Exchange Rate (U Sh/US$)
1991	March	500	400	350	620
	June	500	400	350	700
	July	650	500	460	800
	October	680	530	500	915
1992	January	740	600	570	967
	March	820	660	630	1,000
	June	850	680	630	1,019
	July	940	760	680	1,022
	August	950	770	680	1,025
1993	January	920	770	700	1,039
	March	850	750	680	1,042
	May	910	780	690	1,046
	June	910	810	690	1,048
	September	910	810	690	1,053
	October	950	830	710	1,130
	December	890	820	710	1,146
1994	January	890	820	710	1,113
	March	870	800	690	1,079
	May	920	830	710	966
	June	915	830	710	963
	August	918	830	693	921
	September	920	820	690	921
	October	910	780	670	920
1995	June	915	785	700	964
	July	950	820	700	969
	November	1,000	900	700	1,033
1996	January	980	870	700	1,018
	July	1,110	960	780	1,055
	October	1,120	990	820	1,105
	November	1,160	1,030	850	1,081
	December	1,180	1,070	870	1,030
1997	January	1,160	1,070	860	1,045
	February	1,160	1,090	890	1,033
	March	1,160	1,070	880	1,025
	April	1,150	1,040	860	1,046
	May	1,150	1,030	840	1,065
	June	1,140	960	780	1,068
	December	1,200	1,120	820	1,143
1998	January	1,170	1,000	810	1,148

Source: Ministry of Energy.

1/ Prices quoted following the liberalization of fuel prices in January 1994 are average pump prices.

Table 18. Uganda: Index of Industrial Production, Annual Summary for Groups and Subgroups, 1991-96

(1987 = 100)

Group/subgroup	Number of establishments	Weight	1991	1992	1993	1994	1995	1996
Food processing 1/	57	20.7	227.4	245.6	245.8	309.7	361.8	414.1
Meat, fish, and dairy	14	1.7	166.8	201.0	245.9	286.3	577.6	681.2
Grain milling	13	4.3	114.9	104.7	106.9	146.7	157.9	127.5
Bakeries	10	1.4	284.1	325.2	322.8	345.9	349.5	378.2
Sugar and jaggery	4	1.8	1,220.5	1,501.3	1,325.6	1,677.1	1,982.6	2,203.2
Coffee roasting	3	0.2	74.3	107.3	46.0	19.4	15.8	20.9
Coffee processing 1/	0	8.6	92.8	70.4	90.2	127.1	100.0	168.4
Tea processing 1/	1	1.4	238.1	245.4	312.1	342.1	319.5	423.4
Other food processing	4	0.3	91.1	69.5	73.6	83.4	63.4	63.5
Animal feed	8	1.0	161.2	142.2	130.6	196.3	444.6	310.2
Tobacco and beverages	13	26.1	176.1	155.2	170.9	227.6	308.6	370.5
Beer and spirits	5	6.6	129.3	124.5	155.6	208.0	332.5	412.4
Soft drinks	7	5.4	385.5	311.4	378.4	580.2	797.9	977.0
Cigarettes	1	14.1	117.7	109.8	98.4	101.7	109.8	118.4
Textiles and clothing	13	16.3	110.9	111.9	92.7	68.1	62.7	48.2
Textiles	4	12.0	88.2	88.7	67.1	36.7	22.4	20.7
Textile products	4	3.1	48.7	52.9	77.1	123.2	156.8	121.8
Garments	5	1.2	556.0	494.7	387.6	239.3	221.6	133.2
Leather and footwear	8	2.3	60.1	79.5	68.4	97.1	164.4	287.9
Timber, paper, etc.	27	9.0	198.2	223.4	251.1	299.8	383.1	562.7
Sawmilling and timber	4	3.2	58.1	62.7	102.2	107.0	111.8	116.6
Furniture and foam produc	8	2.9	162.3	175.9	149.3	119.6	210.9	384.6
Paper and printing	15	2.9	389.0	448.4	517.4	693.0	855.1	1,233.8
Chemicals, paint, and soap	25	12.3	192.9	250.2	339.5	383.0	512.4	509.9
Chemicals	3	0.3	110.9	137.7	189.7	214.6	505.1	539.2
Paint	5	0.5	168.2	438.6	614.2	708.1	997.4	1,024.3
Medicines	6	0.5	103.6	296.8	461.0	762.8	822.7	650.5
Soap	11	11.0	200.4	242.7	325.5	355.4	476.1	479.0
Bricks and cement	14	4.3	162.6	203.1	261.1	248.6	367.4	639.9
Bricks, tiles, etc.	12	2.2	167.8	195.3	236.2	248.6	244.7	269.3
Cement	2	2.1	157.1	211.6	288.0	248.6	499.1	1,038.3
Steel/steel products	19	5.3	149.3	190.7	259.0	389.9	490.5	480.7
Iron and steel	6	1.5	130.8	254.3	526.0	885.3	1,136.1	1,111.6
Structural steel	4	2.3	166.9	141.6	105.6	100.7	129.1	101.1
Steel products	9	1.5	141.2	201.3	224.5	332.6	383.9	425.0
Miscellaneous	25	3.7	251.2	271.7	381.0	487.3	598.6	628.3
Vehicle parts/accessory	5	0.9	299.9	329.3	423.9	453.6	423.9	580.9
Plastic products	9	0.6	187.1	254.9	434.4	666.1	1,145.8	1,245.1
Electrical products	3	1.2	82.1	120.0	353.6	418.3	443.4	539.2
Miscellaneous products	8	1.0	440.1	402.9	340.3	485.0	592.1	388.6
Index - all items 1/	201	100.0	178.2	191.2	215.6	260.3	330.9	386.5
Annual percentage change			14.6	7.3	12.8	20.7	27.1	16.8

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 98.

1/ In addition to the individual establishments covered in the index, production data for coffee and tea processing, as advised by the respective marketing boards, are included.

Table 19. Uganda: Production of Selected Manufactured Commodities, 1992-96

Commodity	Units	1992	1993	1994	1995	1996
Beer	Million liters	18.7	23.9	30.8	51.2	64.2
Uganda waragi	Thousand liters	331.0	280.0	459.0	535.0	560.0
Soft drinks	Million liters	21.8	26.9	41.0	56.5	70.2
Cigarettes	Million sticks	1,575.0	1,412.5	1,458.9	1,575.8	1,699.0
Cotton and rayon	Million square meters	9.6	7.5	4.3	2.6	2.4
Hoes	Thousand units	813.0	150.0	881.0	1,026.0	185.2
Blankets	Thousand units	50.0	81.0	118.0	177.0	0.0
Foam mattresses	Tons	719.0	640.0	726.0	1,625.0	2,928.0
Sugar	Thousand Tons	53.5	49.3	59.2	70.1	78.5
Soap	Thousand Tons	38.6	47.6	48.5	55.4	58.3
Matches	Thousand carTons	...	2.0	4.6	4.1	0.0
Plywood	Thousand square meters	0.6	0.0	0.0	0.0	0.0
Corrugated iron sheets	Thousand Tons	5.8	14.3	25.1	31.8	29.9
Cement	Thousand Tons	37.9	52.0	45.2	88.8	175.0
Paints	Thousand litres	923.0	1,221.0	1,502.0	2,008.0	1,932.0
Edible oil and fat	Tons	628.0	1,654.0	6,265.0	12,821.0	10,204.0
Animal feeds	Thousand Tons	20.0	18.2	35.4	60.1	49.2
Footwear	Thousand pairs	418.0	326.0	660.0	1,240.0	1,830.0
Fish nets	Thousand units	63.0	106.0	145.0	158.0	199.0
Bicycle tires/tubes	Thousand units	...	0.0	0.0	0.0	0.0
Motor batteries	Thousand units	33.1	43.9	47.4	44.6	61.2
Meat	Tons	212.0	144.0	19.0	0.0	0.0
Processed milk	Million litres	22.7	25.9	27.7	23.6	26.9
Wheat flour	Thousand Tons	12.2	10.1	8.3	7.4	5.9
Electricity	Million kwh	994.3	977.9	1,018.2	1,057.8	1,130.4

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 99.

Table 20. Uganda: Average Market Prices for Selected Consumer Goods, 1992-97

(In Uganda shillings)

	Unit	1992	1993	1994	1995	1996	1997
Banana (matooke)	1 kilogram	151.4	144.8	176.9	133.0	134.8	143.8
Maize meal	1 kilogram	443.3	398.7	520.0	456.7	514.3	833.3
Groundnuts	1 kilogram	823.2	562.1	1,178.3	1,246.7	938.0	2,266.7
Sugar	1 kilogram	970.0	900.0	859.7	986.7	1,000.0	1,033.3
Dry fish	1 kilogram	1,177.2	1,054.4	1,418.8	1,786.2	2,051.4	2,275.0
Sweet potatoes	1 kilogram	154.7	115.0	236.7	136.3	111.1	309.8
Dry beans	1 kilogram	386.6	346.1	762.8	791.7	606.7	966.7
Dry cassava flour	1 kilogram	212.0	313.3	296.7	306.7	297.3	466.7
Green vegetables	1 kilogram	435.7	439.0	528.9	363.0	298.1	391.5
Bread	1 kilogram	1,026.7	1,246.7	1,366.7	1,320.0	1,377.3	1,400.0
Tea	1 kilogram	3,688.9	5,055.6	5,333.3	4,875.0	5,666.0	5,666.0
Salt	1 kilogram	385.0	357.3	353.3	400.0	417.3	383.4
Cooking oil	300 milliliters	513.3	610.0	553.3	540.0	530.0	533.3
Milk	liter	406.7	450.0	503.3	653.3	647.7	700.0
Rice	1 kilogram	659.3	820.0	843.3	810.0	987.7	950.0
Tomatoes	1 kilogram	512.7	356.7	514.1	594.0	676.8	732.1
Onions	1 kilogram	625.1	528.5	1,032.7	1,050.6	748.8	1,304.8
Meat	1 kilogram	1,253.3	1,166.7	1,543.3	1,973.3	2,324.3	2,333.3
Native beer	1 beer bottle	156.7	210.0	206.7	159.0	230.0	190.0
Bottled beer	1 beer bottle	1,044.4	1,000.0	1,200.0	1,113.4	1,177.8	1,016.7
Cigarettes	1 packet	600.0	663.9	955.6	943.4	983.3	983.3
Charcoal	1 kilogram	121.2	151.3	156.7	160.4	182.0	186.5
Paraffin	liter	818.3	940.0	811.1	866.7	935.0	490.0
Soap	1 kilogram	831.1	866.7	792.2	825.2	914.0	933.3
Sheet (American)	1 meter	1,108.3	1,108.3	1,158.3	...	...	...
Cotton blankets	one	6,316.7	6,653.3	5,280.0	5,493.4	5,793.3	5,360.0
Nytil material	1 meter	1,204.2	1,200.0	1,225.0	1,238.4	1,585.0	1,380.0

Source: Ministry of Planning and Economic Development, *Statistical Abstract 1997*, p. 81.

Table 21. Uganda: Central Government Budgetary Operations, 1991/92-1996/97

(In billions of Uganda shillings)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 Prov.
Total Revenue and grants	339.3	595.2	651.4	774.6	875.4	1,024.3
Revenue 1/	186.0	281.4	363.9	526.6	627.2	731.4
Grants	153.3	313.8	287.5	248.0	248.2	292.9
Import support	72.2	134.8	95.7	89.3	85.7	125.7
Project grants	81.1	179.0	191.8	158.7	162.5	167.2
Expenditures and lending	581.6	718.4	816.8	929.1	992.1	1,146.3
Recurrent expenditure	323.1	323.5	390.6	493.1	554.0	667.7
Wages and salaries	47.9	62.7	84.4	135.5	167.4	227.0
Interest payments	90.1	69.4	63.7	53.3	59.0	63.0
Domestic	8.8	12.8	8.8	10.8	13.6	22.0
External	81.2	56.6	54.9	42.5	45.4	41.0
Transfers to the Uganda Revenue Authority	0.0	11.7	14.5	17.3	19.7	26.4
Other	185.1	179.7	228.0	287.0	307.9	351.3
Defence	64.9	64.2	74.8	70.9	88.3	92.0
Priority program areas	0.0	0.0	...	85.3	87.4	96.4
Statutory	10.0	12.1	29.3	16.1	34.7	22.4
Other recurrent	110.2	103.4	...	114.7	97.5	140.5
Development expenditures	250.0	393.7	423.4	424.7	431.0	476.6
External	213.3	357.9	383.6	352.7	361.1	371.5
Domestic	36.7	35.8	39.8	72.0	69.9	105.1
Net lending and investment 2/	8.5	1.2	2.8	11.3	7.2	2.0
Overall balance						
Including grants	-242.3	-123.1	-165.4	-154.5	-116.7	-122.0
Excluding grants	-395.6	-436.9	-452.9	-402.5	-364.9	-414.9
Financing	242.3	123.1	165.4	154.5	116.7	122.0
External financing (net)	...	...	216.9	243.2	202.5	201.7
Disbursement	147.6	264.9	339.8	310.0	249.3	252.2
Project loans	81.1	164.0	191.8	194.0	198.6	204.3
Import support	66.5	100.9	148.0	116.0	50.7	47.9
Amortization(-)	...	...	-114.7	-77.7	-66.7	-68.1
Payment of external arrears	94.4	-396.2	-26.3	-11.6	-11.1	-3.7
Exceptional financing	...	...	18.1	22.5	31.0	21.3
Domestic financing (net)	...	...	-51.5	-88.7	-85.8	-79.7
Bank financing 2/	45.5	-17.1	-52.5	-95.6	-29.3	-72.2
Bank of Uganda	49.9	-17.7	-48.9	-60.8	-67.2	-163.5
Commercial banks	-4.4	0.5	-3.6	-34.8	38.0	91.3
Nonbank financing	...	...	1.0	6.9	-56.5	-7.5
Check float	0.0	3.2	0.1	11.3	-28.8	0.8
Domestic arrears repayment	7.7	-34.7	-24.7	-10.6	-23.1	-28.1
Promissory notes (net)	...	...	...	...	...	...
Other (residual)	...	...	25.6	6.2	-4.6	19.8
Of which: treasury bills	6.7	-6.4	6.6	6.0	1.9	-0.4

Source: Ministry of Finance.

1/ Includes windfall coffee tax.

2/ Excludes face value of recapitalization bonds issued to the Bank of Uganda and to the Uganda Commercial Bank. Ho

Table 22. Uganda: Government Recurrent Expenditure, 1991/92-1996/97 1/

(In billions of Uganda shillings)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 Prov.
Administration	152.3	215.7	317.8	402.7	493.6	639.4
General public services 2/	73.1	72.6	154.3	188.5	195.0	224.3
Security 3/	42.9	76.9	90.4	126.0	142.4	182.3
Education 4/	13.2	45.8	47.1	58.4	110.3	166.1
Health 5/	4.6	16.5	18.9	21.8	37.1	55.6
Other social services 6/	18.6	3.9	7.1	8.0	8.8	11.1
Economic functions	58.6	20.6	23.6	32.5	19.7	22.6
Rural areas 7/	7.4	8.4	7.1	10.9	5.5	5.4
Other 8/	51.2	12.2	16.5	21.6	14.2	17.2
Other	112.2	87.2	49.2	57.9	40.7	5.7
Total	323.1	323.5	390.6	493.1	554.0	667.7

Source: Ministry of Finance.

1/ For 1991/92, based on cash releases.

2/ Comprises President's Office, State House, Vice President, Prime Minister, Ministries of Public Ser Foreign Affairs, Justice, and Finance and Economic Planning, judiciary, National Assembly, Audit, local government, Public Service Commission, and Law Reform Commission.

3/ Comprises Ministries of Defense, Internal Affairs, Police, and Prisons.

4/ Comprises Ministry of Education, Makerere University, and Uganda Management Institute.

5/ Health Ministry and Mulago hospital.

6/ Comprises Department of Information and Broadcasting, Ministry of Labor, Women in Developme Agency, Mass Mobilization Project, and Inspectorate of Government.

7/ Ministries of Agriculture and Commerce, Trade, and Industry.

8/ Comprises Ministries of Lands, Works, Transport and Communications, Tourism, and Energy.

Table 23. Uganda: Government Revenue, 1991/92 - 1996/97

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97
	(In billions of Uganda shillings)					
Total revenue	186.0	281.4	363.9	526.6	627.2	731.4
Tax revenue	172.7	259.0	338.8	486.2	588.8	688.1
Taxes on international trade	78.6	124.2	152.6	205.5	100.5	74.8
Export taxes 1/	2.0	0.0	0.0	28.8	24.6	2.5
Import taxes 2/	76.6	124.2	152.6	176.7	75.9	72.3
Excise taxes	15.0	18.8	40.5	50.6	217.0	301.5
Petroleum products 2/	0.0	0.0	0.0	0.0	149.9	197.5
Other	15.0	18.8	40.5	50.6	67.1	104.0
Income tax	23.6	40.9	53.0	77.2	82.6	102.2
Other	47.8	75.1	92.8	152.9	188.7	209.6
Value added tax 3/	0.0	0.0	0.0	0.0	0.0	209.6
Sales tax	35.7	62.9	75.3	128.7	162.3	0.0
Commercial transactions levy	5.4	9.6	15.3	22.3	25.6	0.0
Other	6.7	2.6	2.2	2.0	0.8	0.0
Nontax revenue	13.3	22.4	25.1	40.4	38.4	43.3
	(In percent of total revenue)					
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0
Tax revenue	92.9	92.0	93.1	92.3	93.9	94.1
Taxes on international trade	42.3	44.1	41.9	39.0	16.0	10.2
Export taxes 1/	1.1	0.0	0.0	5.5	3.9	0.3
Import taxes 2/	41.2	44.1	41.9	33.6	12.1	9.9
Excise taxes	8.1	6.7	11.1	9.6	34.6	41.2
Petroleum products 2/	0.0	0.0	0.0	0.0	23.9	27.0
Other	8.1	6.7	11.1	9.6	10.7	14.2
Income tax	12.7	14.5	14.6	14.7	13.2	14.0
Other	25.7	26.7	25.5	29.0	30.1	28.7
Value added tax 3/	0.0	0.0	0.0	0.0	0.0	28.7
Sales tax	19.2	22.4	20.7	24.4	25.9	0.0
Commercial transactions levy	2.9	3.4	4.2	4.2	4.1	0.0
Other	3.6	0.9	0.6	0.4	0.1	0.0
Nontax revenue	7.1	8.0	6.9	7.7	6.1	5.9
	(In percent of GDP at factor cost)					
Total revenue	7.2	7.8	8.9	10.7	11.1	11.6
Tax revenue	6.7	7.1	8.3	9.9	10.4	10.9
Taxes on international trade	3.0	3.4	3.7	4.2	1.8	1.2
Export taxes 1/	0.1	0.0	0.0	0.6	0.4	0.0
Import taxes 2/	3.0	3.4	3.7	3.6	1.3	1.1
Excise taxes	0.6	0.5	1.0	1.0	3.8	4.8
Petroleum products 2/	0.0	0.0	0.0	0.0	2.7	3.1
Other	0.6	0.5	1.0	1.0	1.2	1.6
Income tax	0.9	1.1	1.3	1.6	1.5	1.6
Other	1.8	2.1	2.3	3.1	3.3	3.3
Value added tax 3/	0.0	0.0	0.0	0.0	0.0	3.3
Sales tax	1.4	1.7	1.8	2.6	2.9	0.0
Commercial transactions levy	0.2	0.3	0.4	0.5	0.5	0.0
Other	0.3	0.1	0.1	0.0	0.0	0.0
Nontax revenue	0.5	0.6	0.6	0.8	0.7	0.7

Source: Ministry of Finance.

1/ Includes windfall coffee tax.
2/ The import duty on petroleum products was converted to an ad valorem excise duty in July 1995.
3/ The value added tax was introduced on July 1, 1996 and replaced the sales tax and commercial transactions levy.

Table 24. Uganda: Government Securities Outstanding by Holders, June 1992-December 1997 1/

(In millions of Uganda shillings; end of period)

	1992		1993		1994		1995		1996		1997	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Government stocks	16	16	16	7	8	8	7	7	7	7	6	6
Bank of Uganda	7	7	7	0	0	0	0	0	0	0	0	0
Commercial banks	4	4	4	4	4	4	4	4	4	4	4	4
Insurance companies 2/	3	2	0	0	0	0	0	0	0	0	0	0
Social Security Fund	0	0	0	0	0	0	0	0	0	0	0	0
Others 3/	3	3	6	3	4	4	4	4	4	4	2	2
Treasury bills	22,010	15,387	20,083	23,492	45,801	48,061	62,795	71,057	93,831	95,931	95,014	141,051
Bank of Uganda	13	277	2,953	703	54	229	775	10,822	2,464	10,091	1,146	3,318
Commercial banks	9,021	8,834	10,689	16,612	32,712	35,479	42,943	44,219	70,364	66,035	73,248	113,825
Insurance companies 2/	1,337	732	1,226	1,682	3,354	4,371	4,589	4,732	4,705	7,381	897	2,054
Others 3/	11,640	5,544	5,216	4,495	9,682	7,981	14,488	11,283	16,297	12,424	19,724	21,854
Total	22,027	15,403	20,100	23,499	45,809	48,069	62,803	71,064	93,839	95,938	95,020	141,056
Banks	9,044	9,121	13,652	17,318	32,770	35,712	43,722	55,045	72,832	76,130	74,397	117,146
Nonbanks	12,982	6,282	6,448	6,181	13,040	12,357	19,081	16,019	21,007	19,808	20,622	23,910

Source: Bank of Uganda.

1/ Excludes recapitalization bonds.
2/ Includes credit institutions.
3/ Includes institutional and individual investors, oil companies, upcountry sales, and others.

Table 25. Uganda: Monetary Survey at Current Exchange Rates, June 1992–December 1997

(In billions of Uganda shillings; end of period)

	1992		1993		1994		1995		1996		1997	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Net foreign assets	-270.7	-234.2	-205.3	-132.5	-76.2	26.1	60.2	154.2	175.7	233.8	374.1	422.5
Bank of Uganda	-312.7	-291.6	-277.4	-205.2	-148.5	-67.4	-43.0	38.1	69.0	111.5	228.8	265.4
Commercial banks	42.1	57.4	72.1	72.7	72.4	93.5	103.2	116.1	106.7	122.2	145.3	157.1
Net domestic assets	507.8	524.0	543.3	523.7	524.9	520.9	511.3	477.8	508.3	519.9	435.0	481.6
Domestic credit	190.3	205.9	208.7	194.3	200.5	192.6	150.8	170.1	257.9	288.1	274.1	358.5
Claims on the government (ne	57.1	53.4	40.0	-1.0	-12.5	-48.6	-108.1	-121.8	-77.4	-88.5	-77.5	-26.6
Claims on the private sector	133.2	152.5	168.7	195.3	213.0	241.2	258.9	291.9	335.3	376.6	351.7	385.1
Crop finance	38.4	43.5	48.0	43.8	53.6	64.8	64.8	71.1	71.5	80.2	77.2	80.4
Other private sector	94.8	109.0	120.7	151.5	159.4	176.4	194.1	220.9	263.8	296.4	274.5	304.7
Other items (net)	317.2	318.1	334.6	329.4	324.4	328.3	360.5	307.7	250.4	231.7	160.9	123.1
Broad money (M2)	212.6	227.6	301.9	353.9	402.5	483.9	504.4	556.9	609.0	655.4	705.6	783.3
Currency and demand deposits	166.5	186.6	221.9	257.7	292.5	354.0	375.8	408.7	431.0	450.8	484.8	512.5
Time and savings deposits	46.2	41.0	80.0	96.2	110.0	129.9	128.6	148.1	178.0	204.6	220.8	270.7
Other deposits 1/	24.3	41.0	36.1	37.2	46.2	63.2	67.1	75.2	75.0	98.2	103.5	120.9

Source: Bank of Uganda.

1/ Foreign exchange deposits of residents.

Table 26. Uganda: Summary Accounts of the Bank of Uganda, June 1992–December 1997

(In billions of Uganda shillings; end of period)

	1992	1993		1994		1995		1996		1997	
	June	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Net foreign assets	-312.7	-277.4	-205.2	-148.5	-67.4	-43.0	38.1	69.0	111.5	228.8	265.4
External assets	90.4	140.7	173.9	216.0	299.3	378.0	465.8	513.3	547.1	666.9	719.1
Of which: Foreign reserves	85.7	134.2	170.2	212.6	295.0	375.0	462.8	507.9	542.9	663.9	716.1
Foreign liabilities	403.1	418.1	379.0	364.5	366.7	421.0	427.7	444.3	435.5	438.1	453.7
Net domestic credit	90.3	61.6	35.6	17.1	-15.3	-40.3	-88.6	-50.3	-52.0	-142.0	-129.0
Claims on the government (net)	64.2	46.5	15.6	-2.4	-36.5	-63.2	-109.5	-70.5	-73.0	-161.9	-149.0
Claims on the private sector (net)	26.1	15.1	19.9	19.5	21.2	22.9	20.9	20.2	20.9	19.9	20.0
Crop finance	15.7	12.2	11.2	12.7	13.6	14.7	14.4	14.4	14.4	14.6	14.6
Other	10.4	3.0	8.7	6.8	7.6	8.3	6.5	5.8	6.6	5.3	5.4
Claims on commercial banks	2.0	3.0	5.9	3.3	2.0	1.9	-0.4	-0.8	3.9	6.1	7.4
Other items (net)	341.7	358.0	337.6	335.4	335.7	361.6	341.0	262.6	257.9	238.8	213.8
Other assets	52.5	55.5	57.5	61.5	65.3	64.9	68.0	69.5	76.5	71.9	82.3
Other liabilities	-289.2	-302.5	-277.2	-274.0	-268.5	-296.7	-270.7	-193.0	-181.4	-166.9	-131.6
Of which:											
Revaluation	13.1	7.8	-4.2	-29.5	-34.9	-17.2	-9.0	11.6	3.9	23.3	62.9
Currency revaluation 1/	-381.0	-387.4	-351.4	-307.2	-294.0	-345.9	-340.5	-348.6	-329.2	-335.9	-355.5
			2.9		1.9						
Monetary authorities' liabilities	121.3	145.3	171.0	207.4	253.1	280.2	287.9	280.5	321.4	331.7	350.6
Currency outside Bank of Uganda	92.7	108.9	143.2	147.8	195.7	187.0	228.3	229.2	246.2	245.9	269.0
Commercial banks deposits	28.6	36.4	27.8	59.6	57.5	93.2	59.6	51.3	75.2	85.8	81.6

Source: Bank of Uganda.

1/ Reflects exchange losses on foreign liabilities resulting from the depreciation of the Ugandan shilling over the past several years.

Table 27. Uganda: Summary Accounts of the Commercial Banks, June 1992-December 1997

(In billions of Uganda shillings; end of period)

	1992		1993		1994		1995		1996		1997	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	Dec.
Net foreign assets	42.1	62.0	72.1	72.7	72.4	93.5	103.2	116.1	106.7	122.2	145.3	157.1
External assets	54.8	74.5	100.4	103.3	108.5	134.5	122.5	133.8	134.8	146.8	165.7	183.3
Foreign liabilities	12.7	12.5	28.3	30.6	36.1	41.1	19.3	17.7	28.0	24.6	20.4	26.2
Of which: external accounts	6.3	...	10.3	18.5	14.9	16.3	9.2	10.0	12.9	12.5	11.0	10.8
Net domestic assets	108.3	137.8	156.1	172.1	195.8	229.0	208.6	282.5	327.1	365.3	441.2	516.1
Claims on government (net)	-7.1	-7.2	-6.6	-16.6	-10.1	-12.1	-44.9	-12.3	-7.3	-15.5	84.4	122.4
Advances	0.0	...	1.5	0.0	0.0	0.0	0.3	1.7	0.8	1.7	1.1	0.4
Government securities	9.4	...	12.3	14.3	31.7	34.7	39.6	40.1	66.3	63.8	150.6	182.2
Government deposits	16.5	...	20.4	30.9	41.8	46.8	84.7	54.1	74.4	81.0	67.3	60.2
Claims on private sector (net)	107.1	136.4	153.6	178.2	193.5	221.9	236.0	271.0	315.5	355.7	331.7	365.1
Crop finance	22.8	27.9	35.8	32.5	40.9	51.2	50.1	56.6	57.1	65.9	62.6	65.8
Other	84.3	108.5	117.8	145.6	152.6	170.7	185.9	214.4	258.4	289.8	269.2	299.3
Cash in vaults	8.3	8.6	9.0	10.5	12.4	19.1	17.5	23.8	18.9	25.1	25.1	28.5
Net claims on Bank of Uganda	23.3	33.3	37.2	20.0	54.3	53.5	91.0	52.2	51.3	88.2	88.2	80.1
Balances with Bank of Uganda	29.6	25.9	45.6	30.5	60.4	60.3	98.9	60.6	59.0	88.4	93.2	80.4
Borrowing at Bank of Uganda	6.3	7.4	8.5	10.5	6.1	6.7	7.9	8.5	7.7	0.2	4.9	7.2
Investment in Bank of Uganda instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0
Other items (net)	-21.1	-19.3	-27.3	-6.3	-9.1	-5.5	-0.7	-23.2	-11.3	-43.2	-86.5	-89.6
Other assets	100.2	...	124.8	135.2	157.7	156.0	157.4	143.5	156.6	126.8	131.5	141.7
Other liabilities	121.3	...	152.2	141.5	166.8	161.5	158.1	166.8	167.8	169.9	217.9	231.3
Of which: interbank claims (net)	0.2	...	3.7	0.9	1.9	-1.9	-3.9	-4.9	-10.6	-5.3	-16.1	-12.4
Revaluation	9.5	...	9.8	8.6	4.7	4.0	4.7	5.0	5.8	4.9	5.8	7.6
Deposit liabilities to the nonbank public	152.5	213.8	238.1	258.6	313.4	370.6	402.0	427.5	473.8	532.6	588.3	663.7
Foreign exchange accounts	24.3	39.4	36.1	37.2	46.2	63.2	67.1	75.2	75.0	98.2	103.5	120.9
Shilling deposits	128.3	174.4	202.0	221.3	267.3	307.4	334.9	352.3	398.8	434.3	484.7	542.8
Demand deposits	82.1	116.2	122.0	125.1	157.2	177.5	206.3	204.2	220.7	229.7	263.9	272.1
Time and savings deposits	46.2	58.2	80.0	96.2	110.0	129.9	128.6	148.1	178.0	204.6	220.8	270.7

Source: Bank of Uganda.

Table 28. Uganda: Structure of Interest Rates, 1993-97

(In percent per annum; end of period)

	1993	1994	1995	1996	1997											
					Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Bank of Uganda																
Ways and means	17.80	6.86	9.41	12.12	12.88	10.62	10.05	10.79	11.68	9.76	10.27	10.67	10.12	9.92	10.00	10.15
Rediscount rate	23.00	14.00	12.00	14.84	15.30	12.91	12.29	13.33	14.03	12.00	12.54	12.96	12.38	12.17	12.26	12.24
Bank rate to commercial banks	24.00	15.00	15.00	15.85	15.58	15.08	14.98	15.25	14.98	15.10	15.37	15.59	15.13	14.58	15.42	14.08
Treasury bills																
91 days	17.80	6.86	9.41	12.12	12.88	10.62	10.05	10.79	11.68	9.76	10.27	10.67	10.12	9.92	10.00	10.15
182 days	19.90	11.77	11.73	14.28	14.11	13.62	13.14	13.15	13.06	12.83	12.66	12.04	11.78	11.61	11.36	11.37
273 days	21.80	12.65	13.26	14.62	14.96	14.13	13.65	13.86	13.73	13.70	13.78	12.98	12.71	12.89	12.52	12.37
364 days	...	14.82	14.00	15.34	14.94	14.13	13.76	14.29	14.01	14.38	14.00	12.84	12.83	13.11	12.91	12.69
Commercial banks																
Deposit rates (weighted average)																
Demand deposits 1/	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Savings deposits 2/	8.33	2.67	2.85	3.40	3.38	3.40	3.39	3.35	3.24	3.29	4.06	4.17	4.18	4.19	4.27	...
Time deposits																
3-6 months	11.00	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
7-12 months	12.00	7.03	8.31	11.25	11.18	11.12	11.06	11.30	11.89	12.04	12.27	12.32	12.24	12.03	12.30	...
Minimum 1 year 3/	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Lending rates (weighted average)																
Agriculture 4/	20.30	22.25	18.90	21.17	21.16	21.28	21.34	21.43	21.44	21.70	21.97	21.96	21.08	20.98	20.94	...
Commerce 5/	20.30	22.25	18.90	21.17	21.16	21.28	21.34	21.43	21.44	21.70	21.97	21.96	21.08	20.98	20.94	...

Source: Bank of Uganda.

1/ Rate of interest payable on demand deposits optional to banks since December 1992.
2/ Indicative interest rates in force until June 1994. Thereafter, weighted average used.
3/ Negotiable since 1992.
4/ Short term, commercial in nature.
5/ Exceeding one year.

Table 29. Uganda: Commercial Banks' Advances to the Private Sector by Economic Activity, June 1992-December 1997 1/

(In billions of Uganda shillings; end of period)

	1992		1993		1994		1995		1996			1997	
	June	Dec.	June	Dec.	June	Dec.	June	Dec.	June	June Adjusted 2/	Dec.	June	Dec.
Agriculture	25.3	32.9	36.4	42.2	46.9	52.0	53.9	60.0	60.9	54.9	70.1	67.0	70.6
Production	2.5	5.9	0.5	6.7	6.0	3.6	3.8	6.3	3.8	3.8	4.2	4.4	4.7
Crop finance	22.8	27.0	35.8	35.5	40.9	48.4	50.1	53.7	57.1	51.1	65.9	62.6	65.8
Manufacturing	17.8	18.7	24.6	27.0	40.2	45.7	54.0	59.3	104.0	66.7	96.1	80.8	79.8
Foods, beverages, and tobacco	2.4	3.8	4.8	5.2	11.2	14.9	22.6	22.7	37.1	37.1	46.2	52.5	46.6
Leather/textiles	1.4	1.0	1.7	0.8	2.0	2.2	2.5	1.7	1.7	1.7	1.5	2.5	2.3
Furniture and household	1.0	1.2	2.3	1.4	1.7	2.0	2.2	3.1	4.1	3.1	4.4	3.7	5.3
Chemical, pharmacy, and rubber products	0.2	0.4	0.5	0.2	0.7	0.7	1.7	2.6	2.5	2.5	4.5	3.4	3.2
Metal products and machinery	0.9	2.1	3.1	2.6	3.3	4.1	4.0	5.4	5.8	1.8	8.4	5.1	6.6
Building and construction materials	1.4	2.2	3.3	3.1	5.4	5.3	6.4	8.5	10.9	5.9	9.0	3.5	4.9
Others	10.5	8.1	8.9	13.7	15.8	16.4	14.6	15.3	41.9	14.6	22.1	10.1	10.8
Trade and other services	44.8	59.4	73.7	70.6	85.4	93.1	107.3	126.1	133.2	128.2	163.7	170.6	185.6
Wholesale	9.8	20.7	28.1	17.5	26.0	34.6	44.5	54.6	66.6	61.6	51.4	76.8	80.1
Imports	...	...	...	...	23.4	31.2	42.5	51.9	62.8	57.8	47.7	73.2	76.1
Exports	...	...	...	...	2.6	3.4	2.0	2.7	3.8	3.8	3.7	3.6	4.0
Retail	1.5	13.6	20.0	22.7	25.7	28.7	34.8	37.3	24.8	24.8	58.5	32.1	39.1
Others	33.5	25.0	25.6	30.5	33.7	29.8	28.0	34.2	41.8	41.8	53.9	61.7	66.3
Transport, electricity, and water	6.7	7.5	7.8	9.5	9.1	9.2	8.3	8.8	11.3	8.3	10.9	9.6	11.5
Transport	6.7	7.5	7.8	9.3	8.9	8.2	8.1	8.8	10.8	7.8	10.3	9.0	10.8
Electricity and water	0.0	0.0	0.0	0.2	0.2	1.0	0.1	0.0	0.5	0.5	0.6	0.6	0.7
Building and construction	10.1	10.9	11.5	11.5	12.7	18.1	15.5	17.6	19.1	15.6	18.5	16.7	19.6
Mining and quarrying	0.1	0.2	0.6	0.3	0.3	0.4	0.3	0.2	0.3	0.3	0.2	0.2	0.2
Total	104.8	129.6	154.7	161.1	194.6	218.4	239.3	271.9	328.8	274.0	359.5	344.9	367.3

Source: Bank of Uganda.

1/ Totals differ from claims on private sector in Table 27 owing to classification differences.
2/ Adjusted to exclude those nonperforming assets of Uganda Commercial Bank that were taken over by the Non-Performing Assets Trust (NPART). This adjustment carries on in subsequent months.

Table 30. Uganda: Balance of Payments, 1992/93-1996/97

(In millions of U.S. dollars)

	1992/93	1993/94	1994/95	1995/96	1996/97 Prov.
Current account	-119.4	-36.3	-141.6	-110.0	-53.4
Trade balance	-365.4	-417.7	-490.2	-627.9	-575.4
Exports, f.o.b.	157.1	253.9	595.3	590.3	670.9
Coffee	99.1	172.3	456.6	404.4	365.6
Noncoffee	57.9	81.5	138.7	185.9	305.2
Imports, c.i.f	522.5	671.6	1,085.5	1,218.3	1,246.3
Project-related	165.4	152.7	230.0	211.4	209.5
Other imports	357.1	518.9	855.5	1,006.8	1,036.8
Non-factor services	-89.7	-89.8	-226.0	-247.3	-251.0
Net interest	-48.9	-42.9	-33.7	-32.6	-6.1
Private transfers	107.9	303.7	329.9	534.5	482.1
Official transfers	276.7	228.2	302.7	276.6	307.4
Inflows	276.7	228.2	302.7	276.6	307.4
Import support	111.4	75.5	95.7	86.3	118.8
Project support	165.4	152.7	207.0	190.3	188.6
Outflows	0.0	0.0	0.0	0.0	0.0
Other	0.0	-17.8	-24.4	-13.2	-10.4
Capital account	127.0	106.4	258.9	144.6	154.7
Official (net)	145.2	156.6	281.8	210.2	209.5
Disbursements	249.3	271.9	377.4	282.4	276.4
Import support	83.9	119.2	124.4	49.9	45.9
Project support	165.4	152.7	252.9	232.6	230.5
Amortization Due	-104.1	-115.4	-95.6	-72.3	-66.9
Private Capital (net) 1/	-34.1	-13.9	-22.9	-65.6	-54.7
Overall balance	-8.3	106.4	117.3	34.6	101.3
Financing	8.2	-106.4	-117.3	-34.6	-101.3
From monetary authorities	-32.2	-89.7	-146.9	-73.0	-137.5
Gross reserve change	-38.4	-107.4	-168.9	-91.5	-147.5
IMF (net)	9.7	17.7	22.5	18.5	10.0
Short-term	-3.5	0.0	-0.5	0.0	0.0
Change in arrears (net)	-329.7	-59.3	14.2	20.4	16.2
Exceptional financing 2/	370.1	42.6	15.4	17.9	20.0
Towards arrears reduction	331.5	26.1	0.0	8.9	0.0
Current maturities	38.6	16.5	15.4	9.0	20.0
Memorandum items:					
Gross international reserves	111.9	219.3	388.2	479.7	627.6
Net international reserves	-236.7	-156.7	-47.7	54.4	208.7

Sources: Ugandan authorities; and Fund staff estimates.

1/ Includes private short-term capital flows, foreign direct investment, and errors and omissions

2/ For 1996/97 incorporates effects of Paris Club stock-of-debt operation and assumes rescheduling with non-Paris Club bilateral and commercial creditors on terms viewed by the authorities a comparable.

Table 31. Uganda: Imports by Source of Funding, 1991/92–1996/97

(In millions of U.S. dollars)

	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97 Prov.
Government imports	169.0	217.2	179.5	248.2	254.8	238.7
Project related	169.0	200.1	165.9	230.0	211.4	209.5
Nonproject	0.0	17.1	13.6	18.2	43.4	29.2
Petroleum products	57.0	57.7	55.1	64.4	90.0	91.9
Other	204.0	247.6	437.0	772.9	873.5	915.7
Bureau financed	...	130.1	170.9	256.1	358.2	395.9
Other financing	...	117.5	266.1	516.8	515.3	519.8
Total imports	430.0	522.5	671.6	1,085.5	1,218.3	1,246.3
Of which: non-oil	373.0	499.4	646.5	1,015.9	1,139.9	1,154.3

Sources: Fund staff estimates, based on data provided by the Bank of Uganda and the Ministry of Finance.

Table 32. Uganda: Merchandise Exports, 1991/92–1996/97

(Value in millions of U.S. dollars; volume in thousands of metric tons; and unit value in U.S. dollars per kilogram)

	1992/93	1993/94	1994/95	1995/96	1996/97 Prov.
Coffee					
Value 1/	99.1	172.3	456.6	404.4	365.6
Volume (millions of bags)	2.0	2.5	3.0	3.9	4.4
Unit value	0.8	1.1	2.6	1.7	1.4
Cotton					
Value	5.3	4.3	3.3	13.2	15.0
Volume	4.9	4.0	2.7	8.3	9.8
Unit value	1.1	1.1	1.2	1.6	1.5
Tea					
Value	6.5	8.9	11.8	12.5	13.5
Volume	8.4	10.4	12.2	12.6	16.1
Unit value	0.8	0.9	1.0	1.0	0.8
Other products					
Value	46.1	68.3	123.6	160.2	276.7

Source: Bank of Uganda.

1/ Cash-flow data as reported in the balance of payments, which may differ from shipment data from the Uganda Coffee Development Authority (UCDA).

Table 33. Uganda: Bank of Uganda and Bureau Exchange Rates, 1992-97 1/

(In Uganda shillings per U.S. dollar, monthly average)

	1992		1993		1994		1995		1996		1997	
	Bank of Uganda 2/	Foreign exchange bureaus	Bank of Uganda 3/	Foreign exchange bureaus	Bank of Uganda	Foreign exchange bureaus	Interbank mid-rate	Foreign exchange bureaus	Interbank mid-rate	Foreign exchange bureaus	Interbank mid-rate	Foreign exchange bureaus
January	967	1,217	1,039	1,218	1,113	1,160	925	930	1,026	1,034	1,045	1,041
February	991	1,223	1,041	1,215	1,047	1,082	926	931	1,022	1,034	1,033	1,036
March	1,000	1,192	1,042	1,212	1,079	1,107	927	932	1,017	1,029	1,025	1,032
April	1,000	1,156	1,044	1,216	1,007	1,066	929	935	1,014	1,030	1,046	1,047
May	1,009	1,165	1,046	1,211	966	1,011	940	950	1,018	1,027	1,065	1,064
June	1,019	1,166	1,048	1,197	963	973	965	972	1,041	1,045	1,068	1,067
July	1,022	1,178	1,049	1,191	967	976	969	976	1,055	1,059	1,068	1,069
August	1,025	1,185	1,050	1,190	921	944	970	981	1,067	1,068	1,098	1,101
September	1,029	1,185	1,053	1,183	921	937	978	984	1,075	1,080	1,117	1,120
October	1,032	1,182	1,130	1,167	920	928	1,043	1,041	1,105	1,105	1,140	1,142
November	1,034	1,210	1,165	1,185	920	925	1,033	1,042	1,081	1,099	1,147	...
December	1,035	1,217	1,146	1,186	930	932	1,023	1,037	1,030	1,040	1,143	...

Source: Bank of Uganda.

1/ Bank of Uganda or auction rates are middle rates as at end of period. Interbank mid-rate and foreign exchange bureau rates are period averages.
2/ Bank of Uganda auction of donor import support began in January 1992.
3/ As of November 1, 1993, the interbank mid-rate became the Bank of Uganda's official exchange rate.

Table 34. Uganda: Uganda: External Trade Indices, 1990/91-1996/97

(1992/93=100)

	Exports			Imports				Terms of Trade Index
	Volume	Unit price	Value	Volume	Unit price	Value	Non-oil value	
1990/91	83.0	134.6	111.7	113.5	90.5	102.7	97.8	148.6
1991/92	101.4	108.0	109.5	87.9	96.7	84.9	80.1	111.7
1992/93	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1993/94	124.2	130.1	161.6	127.0	99.7	126.6	130.4	130.5
1994/95	162.1	233.9	379.0	192.2	106.5	204.6	216.0	219.7
1995/96	211.5	177.7	375.8	201.6	113.9	229.6	238.7	155.9
1996/97 1/	282.3	151.3	427.1	202.1	116.2	234.9	244.1	130.6

Sources: Bank of Uganda; and Fund staff estimates.

1/ Provisional.

Table 35. Uganda: Coffee Export Price, Volume, and Value, 1992–97

(Quantity in 60-kilogram bags; price in U.S. dollars per kilogram, and value in U.S. dollars)

	1992			1993			1994			1995			1996			1997		
	Quantitiy	Price	Value	Quantitiy	Price	Value	Quantitiy	Price	Value	Quantitiy	Price	Value	Quantitiy	Price	Value	Quantitiy	Price	Value
January	243,439	0.99	14,392,618	132,689	0.91	7,224,546	209,778	1.18	14,909,645	272,004	2.52	41,146,402	552,532	1.51	50,182,562	551,688	1.16	38,555,079
February	185,299	0.92	10,240,378	145,768	0.92	8,111,247	311,123	1.10	20,465,608	276,720	2.58	42,776,529	522,381	1.51	47,228,459	496,378	1.34	39,790,176
March	246,390	0.80	11,870,604	245,122	0.89	13,251,916	362,380	1.17	25,346,854	324,918	2.60	50,716,763	438,112	1.54	40,610,530	336,291	1.51	30,518,570
Q1	675,128	0.90	36,503,600	523,579	0.91	28,587,709	883,281	1.15	60,722,107	873,642	2.57	134,639,694	1,513,025	1.52	138,021,551	1,384,357	1.31	108,863,825
April	159,644	0.84	8,046,452	247,190	0.87	12,834,668	366,859	1.19	26,129,409	210,207	2.68	33,772,141	394,980	1.55	36,698,503	268,825	1.61	25,941,328
May	154,017	0.78	7,195,597	201,190	0.88	10,665,705	338,252	1.27	25,836,389	143,023	2.77	23,735,243	281,247	1.57	26,442,510	193,280	1.86	21,575,736
June	102,363	0.75	4,581,004	156,917	0.87	8,146,925	234,464	1.47	20,748,282	90,216	2.63	14,245,183	184,121	1.57	17,366,031	291,140	1.81	31,651,022
Q2	416,024	0.79	19,823,053	605,297	0.87	31,647,298	939,575	1.29	72,714,080	443,446	2.70	71,752,567	860,348	1.56	80,507,044	753,245	1.75	79,168,086
July	107,714	0.75	4,872,367	105,462	0.83	5,269,110	349,194	2.13	44,539,176	120,292	2.27	16,354,846	269,990	1.49	24,206,758	336,651	1.56	31,533,338
August	95,666	0.69	3,979,062	188,819	0.88	9,913,789	216,972	2.19	28,529,735	249,129	1.90	28,430,475	338,614	1.35	27,502,245	251,803	1.44	21,792,803
September	231,344	0.68	9,479,646	211,926	1.02	12,921,730	348,453	2.33	48,719,214	277,753	2.20	36,625,846	371,324	1.37	30,627,491	220,072	1.40	18,541,633
Q3	434,724	0.70	18,331,075	506,207	0.93	28,104,629	914,619	2.22	121,788,125	647,174	2.10	81,411,167	979,928	1.40	82,336,494	808,526	1.48	71,867,774
October	186,934	0.71	7,916,628	70,047	1.15	4,819,486	161,408	3.13	30,341,036	171,787	2.01	20,710,142	340,341	1.31	26,809,811	130,829	1.55	12,139,601
November	161,623	0.77	7,510,754	84,971	1.11	5,638,666	165,016	3.11	30,799,918	228,386	1.97	26,931,256	436,251	1.24	32,569,982	179,604	1.49	16,065,529
December	105,002	0.81	5,106,974	112,712	1.18	7,976,387	237,135	2.85	40,547,253	395,329	1.70	40,406,670	514,394	1.16	35,847,162	241,147	1.49	21,608,036
Q4	453,559	0.75	20,534,356	267,730	1.15	18,434,539	563,559	3.01	101,688,207	795,502	1.84	88,048,068	1,290,986	1.23	95,226,955	551,580	1.51	49,813,166
Total	1,979,435	0.80	95,192,084	1,902,813	0.94	106,774,175	3,301,034	1.80	356,912,519	2,759,764	2.27	375,851,496	4,644,287	1.42	396,092,044	3,497,708	1.48	309,712,851

Source: Uganda Coffee Development Authority.

1/ Data for 1997 are provisional.

Table 36. Uganda: External Debt Outstanding, 1992-97

(at end-June)

	1992	1993	1994	1995	1996	1997 Prov.
			(In millions of U.S. dollars)			
Total	2,647.4	2,637.5	2,993.3	3,387.0	3,520.3	3,667.2
Multilateral institutions 1/ 2/	1,755.9	1,816.0	2,150.0	2,487.9	2,659.6	2,768.9
AfDB	58.7	48.0	28.0	26.3	35.7	32.7
AfDF	139.4	136.0	197.0	201.8	235.8	253.2
BADEA	18.3	18.0	15.0	14.8	15.6	16.8
EIB	18.9	16.0	21.0	25.7	32.7	36.8
IBRD	24.2	22.0	18.0	–	–	–
IDA	1,043.0	1,152.0	1,418.0	1,714.5	1,815.6	1,915.5
IDB	21.0	16.0	16.0	15.0	13.2	11.2
IFAD	33.2	38.0	44.0	51.9	55.5	55.1
IMF	330.0	344.0	361.0	407.0	422.6	416.2
Other	69.3	26.0	32.0	30.9	32.9	31.5
Bilateral Paris Club	273.2	282.0	332.0	380.1	350.6	340.1
Pre-cut-off-date debt	160.6	171.0	176.0	180.1	155.8	147.8
Post-cut-off-date debt	112.6	111.0	156.0	200.0	194.8	192.3
Bilateral non-Paris Club	378.2	415.6	398.4	407.9	404.5	459.2
China	60.9	56.6	65.1	61.5	56.4	58.3
India	60.7	68.5	51.3	53.8	57.5	61.0
Libya	86.8	90.3	98.0	102.8	105.9	108.3
Tanzania	71.2	68.8	67.5	67.5	67.5	114.7
Korea, D.P.R. of	33.7	34.1	34.5	34.3	33.7	28.6
Other	64.9	97.3	82.0	88.0	83.5	88.3
Commercial banks	15.5	17.1	1.3	7.7	3.0	1.1
Commercial nonbanks	224.6	62.0	38.2	27.2	26.2	26.7
Other loans	...	44.8	73.4	76.2	76.4	71.2
			(In percent of total debt)			
Total	100.0	100.0	100.0	100.0	100.0	100.0
Multilateral institutions	66.3	68.9	71.8	73.5	75.6	75.5
Bilateral Paris-Club	10.3	10.7	11.1	11.2	10.0	9.3
Pre-cut-off-date debt	6.1	6.5	5.9	5.3	4.4	4.0
Post-cut-off-date debt	4.3	4.2	5.2	5.9	5.5	5.2
Bilateral non-Paris Club	14.3	15.8	13.3	12.0	11.5	12.5
Commercial banks	0.6	0.6	–	0.2	0.1	–
Commercial nonbanks	8.5	2.4	1.3	0.8	0.7	0.7
Other loans	0.0	1.7	2.5	2.2	2.2	1.9
Memorandum item:						
Debt-to-GDP ratio (in percent;including IMF)	98.5	87.5	80.9	64.3	63.2	61.5

Sources: Ugandan authorities; and Fund staff estimates.

1/ AfDB, African Development Bank; AfDF, African Development Fund; BADEA, Arab Bank for Economic Development in Africa; EIB, European Investment Bank; IBRD, International Bank for Reconstruction and Development; IDA, International Development Association; IDB, Islamic Develpment Bank; IFAD, International Fund for Agricultural Development; and IMF, International Monetary Fund.

2/ Bank of Uganda estimate of disbursements from multilateral institutions is understated for 1993/94.

Table 37. Uganda: Uganda: External Arrears, 1992-97

(at end-June; in millions of U.S. dollars)

	1992	1993	1994	1995	1996	1997 Prov.
Total	562.2	281.9	222.8	233.2	250.1	317.7
Multilateral institutions 1/	59.1	19.2	0.0	3.5	6.6	15.4
Islamic Development Bank	8.9	0.3	0.0	0.2	0.2	1.8
European Investment Bank	1.5	1.2	0.0	0.0	0.0	0.0
East African Development Ban	48.1	15.3	0.0	0.0	0.0	0.0
Other 2/	0.6	2.5	0.0	3.3	6.4	13.6
Bilateral Paris Club	60.4	5.6	0.0	0.0	0.0	0.0
France	9.8	0.0	0.0	0.0	0.0	0.0
Italy	1.7	0.0	0.0	0.0	0.0	0.0
United Kingdom	0.6	0.0	0.0	0.0	0.0	0.0
Germany	1.5	0.0	0.0	0.0	0.0	0.0
United States	0.0	0.0	0.0	0.0	0.0	0.0
Japan	5.1	5.6	0.0	0.0	0.0	0.0
Israel	24.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Bilateral non-Paris Club 3/	198.2	134.8	143.4	155.6	161.6	222.2
Abu Dhabi	2.3	3.5	3.8	4.1	4.4	4.4
China	28.7	3.3	3.3	4.3	0.9	0.6
India	52.2	0.0	0.0	0.0	3.7	7.2
Kuwait	0.4	0.0	0.0	0.0	0.0	0.0
Iraq	3.5	3.7	2.9	2.9	2.9	2.9
Cuba	1.3	0.2	0.0	0.0	0.0	0.0
Former U.S.S.R.	0.0	0.0	0.0	0.0	0.0	0.0
Yugoslavia	14.3	25.2	29.0	32.0	20.1	17.0
Libya	8.7	14.9	25.3	32.8	44.6	55.8
Saudi Arabia	0.0	0.0	0.0	0.0	0.0	0.0
Pakistan	2.0	2.7	3.4	3.7	4.4	4.6
Burundi	4.9	3.6	3.4	3.4	5.8	6.0
Korea, Democratic People's Re	4.4	5.8	0.0	0.3	1.0	1.0
Tanzania 4/	71.2	67.9	67.5	67.5	67.5	114.7
Nigeria	0.0	0.1	0.9	1.1	2.5	4.0
Other	4.2	4.0	4.0	3.8	3.8	4.0
Suppliers and banks/private 3/	244.6	122.3	79.4	74.1	81.9	80.1

Sources: Ugandan authorities; and Fund staff estimates.

1/ Arrears to multilateral institutions had been in dispute but have subsequently been regularized via concessional rescheduling as part of contributions under the HIPC Initiative or through cash payments.

2/ Includes the International Fund for Agricultural Development, the European Development Fund, the Arab Bank for Economic Development in Africa, the OPEC Fund, the Shelter Afrique, and the Nordic Development Fund.

3/ The authorities are seeking to reschedule arrears to bilateral non-Paris Club creditors on at least Naples comparable terms.

4/ Following debt reconciliation, arrears to Tanzania were increased as at end-June 1997. Since then, an agreement has been reached to settle the arrears at a significant discount.

5/ Following debt reconciliation, arrears on public enterprise debt reassigned or swapped to private entities following privatization/restitution amounting to US$46.52 million are expected to be taken off officially from the end-June 1997 stock of arrears. Total arrears for end-June 1997 would then amount to US$271.2 million.

Uganda: Summary of the Tax System as of February 28, 1998
(All amounts in Uganda shillings)

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. Taxes on Companies, or Enterprises			
1.1 (Income Tax Act, 1997)	Tax payable by companies which are incorporated under the laws of Uganda, or where management and control of their affairs are exercised in Uganda. Resident companies' tax is levied on income and profit accrued or derived from Uganda. Losses can be carried forward. Capital gains on business assets are taxed.	(a) Income Tax Bill The following amounts are exempt from tax: • the income of a listed institution; • the income of any organization or person entitled to privileges under the Diplomatic Privileges Act to the extent provided in the regulations and orders made under that Act; • the official employment income derived by a person in the public service of the government of a foreign country provided (i) the person is either nonresident person or is a resident individual solely by reason of performing such service; (ii) the income is payable from the public funds of that country; and (iii) the income is subject to tax in the country; • any allowance payable outside Uganda to a person working in a Ugandan foreign mission; • the income of any local authority; (b) Exempt income consists of: • property income, except rent received by an exempt organization; • business income that is not related to the function constituting the basis for the organizations existence;	

Uganda: Summary of the Tax System as of February 28, 1998
(All amounts in Uganda shillings)

Tax	Nature of Tax	Exemptions and Deductions	Rates
		• any education grant which the Commissioner is satisfied has been made *bona fide* to enable or assist the recipient to study at a recognized education al or research institution; • any amount derived by way of alimony or allowance under any judicial order or written agreement of separation; • interest payable on Treasury Bills or Bank of Uganda Bills; • the value of any property acquired by gift, bequest, devise, or inheritance that is not included in business, employment, or property income; • any capital gain that is not included in business, employment, or property income; • employment income derived by an individual to the extent provided for in a technical assistance agreement where (i) the individual is a non-resident or a resident solely for the purpose of performing duties under the agreement; (ii) the Minister has concurred in writing with the tax provisions in the agreement; and (iii) the name of each individual to benefit from the exemption provision in the agreement is included in a notice published in the *Gazette*. (c) Income Tax Bill • a pension;	

Uganda: Summary of the Tax System as of February 28, 1998
(All amounts in Uganda shillings)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
		• a lump-sum payment made by a resident retirement fund to a member of the fund or a dependent of a member of the fund;		
		• the proceeds of a life insurance policy paid by a person carrying on a life insurance business; or		
		• the official employment income of a person employed in the Armed Forces of Uganda, the Uganda Police Force, or the Uganda Prisons Service, other than a person employed in a civil capacity.		
1.2 Taxes on individuals	Tax is assessed on worldwide comprehensive concept of income, including nonsalary benefits, but credits are allowed for tax paid on foreign-sourced income. A PAYE system operates for employees. Refunds or additional taxes are paid when actual tax liability is determined.	In ascertain income, all expenditure incurred in the production of that income is deductible. Interest and dividend earnings are subject to 15 percent final tax deductible at source.	Taxable income (U Sh)	Tax payable (U Sh)
			Below 1,560,000	Nil
		Pension income and interest on Treasury and Bank of Uganda bills are exempt.	Between 1,560,000 and 2,820,000	10% of the amount by which total income exceeds 1,560,000
	For rental income a special regime exists for individuals whereby the threshold of U Sh 1,580,000 and 20 percent of the gross income are allowed as deductions, with a tax rate of 20 percent applying to the balance.		Between 2,820,000 and 4,920,000	126,000 plus 20% of the amount by which total income exceeds 2,820,000
			Over 4,820,000	5,460,000 plus 30% of the amount by which total income exceeds 4,820,000
1.3 Withholding taxes on domestic foreign payments	Nonresidents	Nonresidents		
	15% in respect of interest, dividends, royalties, management and professional fees, and Uganda-sourced service contracts.	4% in respect of certain import and domestic transactions.		

Uganda: Summary of the Tax System as of February 28, 1998
(All amounts in Uganda shillings)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
		Exempt transactions include purchases of petroleum products, plant, and machinery, drugs, and education materials.		
		For domestic transactions, only payments by government, local authorities, and parastatals are subject to the 4% withholding tax. Up-to-date taxpayers, as published by URA, are also exempt from the 4% withholding tax.		
2. Taxes on Goods and Services				
2.1 Value-added tax	Levied on imported and local supplies of goods and services	Zero-rated supplies include exports, international transport of goods or passengers, medical supplies and equipment, education materials, and farm inputs.	17 %	
		Exempt supplies include financial medical and education services, unprocessed foodstuffs, passenger transport services, excisable petroleum products, and unimproved land.		
2.2 Excise duties	Levied on selected imports and locally produced goods and payable by the importer or manufacturer.		Main excisable goods	Ad-valorem rates (%)
			Petrol	215
			Diesel	160
			Paraffine	105
			Beer	65
			Cigarettes	122
			Spirits	130
			Wine	75
			Soft drinks	30
			Soap	10
			Sugar	10
2.3 Business and professional licenses	All firms must have a license for all kinds of businesses in which they are engaged	Charitable religious and other welfare organizations are exempt	Fees vary according to type and location of businesses	
3. Taxes on International Trade				

Uganda: Summary of the Tax System as of February 28, 1998
(All amounts in Uganda shillings)

Tax	Nature of Tax	Exemptions and Deductions	Rates	
	Uganda maintains a single column tariff schedule based on the Harmonized System	Imports of President's use, and by diplomats, of personal effects and duty free allowances	Goods: Capital goods	Rates: 0%
			Plant and machinery and raw materials	0.5%
			Raw materials and intermediate goods	5–20%
			Consumer goods	10–20%
			Manufactured tobacco products (owing to temporary import bans these rates do not apply)	30%
3.1 Foreign vehicles	Levied on heavy goods vehicles	None	Goods vehicles with three or more axles	US$27 per vehicle
4. Other Taxes				
4.1 Stamp duty	Levied on a range of specific instruments, including agreements, bills of exchange, deeds, mortgages, lease agreements, etc.	Government transactions and at the discretion of the Minister of Finance	Mortgages 0.5% Others 1%	Where a value is not known, a rate of US$1,000 applies
4.2 Airport Tax	Levied on all departing passengers	None	US$20 or equivalent	