BANK OF UGANDA

Annual Report 1983

His Excellency, The Hon. Dr. A. Milton Obote, M.P., President of Uganda, inaugurating the Foreign Exchange Auction Committee Secretariat at the Bank of Uganda on 22nd August, 1982.
From (left to right) Mr. J. R. O. Elangot, Deputy Governor Bank of Uganda, Mr. L. Kibirango, Governor Bank of Uganda, Mr. Sam Odaka, Minister of Planning and Economic Development.

BANK OF UGANDA

ANNUAL REPORT

1983

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Bank of Uganda

LETTER OF TRANSMITTAL

H.E. The President/Hon. Minister of Finance
P.O. BOX 8147
KAMPALA.

Your Excellency,

In accordance with Section 46 of the Bank of Uganda Act 1966, I am presenting to you the Bank's Annual Report for 1983. In compliance with the Act, the accounting part of the Report relates to the financial year 1982/1983, while the economic part covers the whole of calendar year 1983. The availability of data and the general demand for economic information have justified such a coverage.

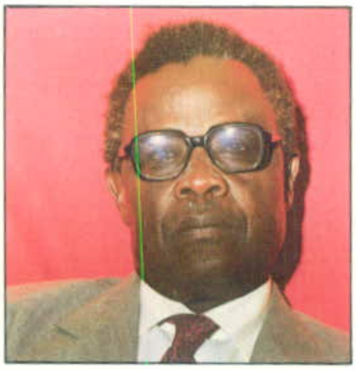
In conformity with the provision of Section 36 of the Act, as amended by the Bank of Uganda Act (Amendment) Decree No. 22 of 1971, a statement of audited accounts for the year ended June, 1983, is also included.

I am, Your Excellency,
Yours sincerely,

LEO KIBIRANGO
Governor

Bank of Uganda

BOARD OF DIRECTORS



Mr. J. M. Okae,
Member

Professor S. Tulya-Muhika,
Member

Mr. A. Patel,
Member

Mr. J. R. O. Elangot,
Deputy Governor

Mr. L. Kibirango, F.I.B.
Governor (Chairman)

Mr. R. Ekinu,
Secretary to the Treasury

Mr. A. Sekalala,
Member

Mr. E. O. Ochieng,
Member

Mr. F. X. Tinkasimire,
(Acting Secretary)

Bank of Uganda

BOARD OF DIRECTORS

(as at end of December, 1983)

Mr. L. Kibirango, F.I.B. Governor (Chairman).

Mr. J. R. O. Elangot, Deputy Governor.

Mr. R. Ekinu, Secretary to the Treasury.

Mr. J. M. Okae, Farmer and former Minister of Planning and Economic Development.

Professor S. Tulya-Muhika, Director of the Institute of Statistics and Applied Economics, Makerere University.

Mr. A. Patel, Businessman and Industrialist.

Mr. A. Sekalala, Farmer and Industrialist.

Mr. E. O. Ochieng, Head of the Department of Economics, Makerere University.

Mr. F. X. Tinkasimire, (Acting Secretary).

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Part 1: ECONOMIC AND FINANCIAL DEVELOPMENTS

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1 INTRODUCTION AND OVERALL REVIEW

Preamble

Following a decade of economic decline and a devastating liberation war, the Uganda economy had by the end of 1980 reached an unprecedented state of decay. The newly elected Government adopted early in 1981 a package of far-reaching economic policy reforms aimed at steering the economy into a path of economic recovery. The framework for the formulation of economic policy has been three successive one-year financial programmes supported by stand-by arrangements with the International Monetary Fund (IMF).

1.1 FINANCIAL PROGRAMMES

The major objectives of these programmes were to halt the deterioration of the economy, revive production, restore confidence in the shilling, eliminate price distortions, improve fiscal and monetary performance, achieve sustainable balance of payments and lay a firm foundation for rapid recovery. The measures adopted included:-

i) re-alignment of the external value of the shilling through the floating of the currency in June 1981, and the introduction of a dual exchange rate regime in August 1982;

ii) provision of increased incentives to stimulate production through the setting of realistic producer prices of the country's major export crops which resulted in increases ranging between 14 to 40 times compared with prices prevailing before May 1981. Domestic fuel consumption was rationalized through substantial increases in retail prices of petroleum products. Tariffs of public utilities were also increased substantially;

iii) the dismantling of price controls, thus allowing prices to be determined by supply and demand;

iv) rationalisation of the internal distribution system and improving importation procedures and machinery;

v) improving the budgetary performance of the Government especially through restoration of fiscal discipline by imposing tight ceilings on Government borrowing and drastically curtailing the Government resources allocated to public enterprises. In addition, measures were introduced to boost Government revenue through improvement of the tax structure (expecially the changing from the specific to *ad valorem* rates) and broadening of the tax base;

vi) introduction of new policies to encourage foreign investment in the country and the return of companies which were nationalised during the military regime in 1970's to the former owners. The procedures being followed for Government return of these properties are embodied in the Expropriated Properties Act of 1982; and

vii) progressively increasing interest rates with a view to mobilising more savings and achieving greater efficiency in resource allocation.

The 1983/84 Programme, which is covered in this report, was framed within the same economic, financial and rehabilitation strategies pursued since early 1981. The specific objectives of the 1983/84 financial programme were to induce continued economic recovery without releasing new inflationary pressures and to achieve a further improvement in the balance of payments.

The programme aimed at raising real GDP by at least 5 per cent per annum while reducing the rate of inflation to below 25 per cent. The overall balance of payments deficit and the net external arrears were to be reduced. Policies envisaged under the programme provided for a combination of measures to improve foreign exchange management and prudent foreign borrowing, sound debt management and better budgetary performance.

1.2 REVISED RECOVERY PROGRAMME 1982-1984

These objectives and measures were further consolidated and incorporated in a two-year Recovery Programme 1982 - 1984, published in April 1982. The Revised Recovery Programme launched in October 1983 was an extension of the original one by an additional one year to June 1985. It was presented to and was well received by the international donor community at a Consultative Group Meeting in January 1984. Whereas the former had 76 projects, the Revised Programme had 105 projects with an estimated cost of U.S.$1,440.0 million, excluding balance of payments support. Secured funding as published in the Revised Recovery Programme of October 1983 was U.S.$512.5 million. The end of year figure was probably more.

1.3 INTERNATIONAL DEVELOPMENTS

The international economic environment has generally been favourable to the Uganda's efforts to reactivate the economy. Ugandan economy benefited from the recovery in overall production in the industrial countries during 1983. The world-wide recovery led to an edging up of commodity prices and Uganda benefited in particular from high prices of coffee, cotton and tea. Furthermore, the strength of the U.S. dollar was on balance beneficial to Uganda. Virtually all export earnings were received in the strong dollars while a significant portion of the imports was paid for in depreciated currencies. Uganda was also sheltered from the volatile international interest rates as the major part of the outstanding external debt represent fixed interest rate lending.

During 1983 Uganda continued to receive valuable assistance from the international community. Loan disbursements from multilateral institutions amounted to U.S.$61 million, mainly representing concessional credit from the International Development Association of the World Bank. In addition, U.S.$121 million was drawn from the International Monetary Fund in 1983. Grant disbursement declined slightly from U.S.$88 million to U.S.$74 million in 1983, reflecting mainly a shift from grants, especially relief aid, to project tied loans.

1.4 DOMESTIC PRODUCTION

The economic recovery which commenced in 1981, after being preceded by several years of persistent negative economic growth rates, continued at a very satisfactory pace during 1983. Real Gross Domestic Product (GDP) increased by an estimated 7.3 per cent in 1983 compared to 8.2 per cent in 1982. This reflects that the efforts of Government to rehabilitate the economy continued to produce commendable results. Accordingly, given the estimated population growth rate of 2.8 per cent, real per capita income is estimated to have increased by 4.5 per cent during the year.

Although a decline in the marketed production of coffee was registered reflecting a cut in the export quota of coffee, all other major traditional exports recorded satisfactory increases. The increase is mainly attributed to greater availability of farm inputs, improved transportation, favourable weather conditions, liberalisation of commodity prices and constant upward revision of producer prices in the case of export crops namely coffee, cotton, tea, unmanufactured tobacco and cocoa. The output of food rose significantly during 1983 which mainly accounted for the impressive growth rate of 8.5 per cent in the non-monetary or subsistence sector as compared to a growth rate of 6.9 per cent recorded in 1982.

Recovery in industrial output slowed down somewhat during 1983 but the overall capacity utilisation in the manufacturing sector rose slightly from a level of 17.4 per cent during 1982 to about 20 per cent in 1983. The manufacturing sector continued to benefit from the two Reconstruction Credits granted to Uganda from the International Development Association (IDA), which improved the availability of raw materials, spare parts and machinery.

1.5 DOMESTIC PRICES

The progress achieved during 1981 – 82 in controlling inflationary pressures continued in 1983. The rate of inflation as measured by the consumer price index for the middle income group compiled for the Kampala area declined from an annual rate of over 100 per cent in the early part of 1982 to an average of 24 per cent in 1983. The low income index increased on average by 45 per cent in 1983. The deceleration in inflation rate was particularly strong in the first half of 1983, reflecting a more balanced relationship between supply and demand of consumer goods due to improvement in domestic production, greater availability of imported goods and the continuation of prudent financial management which resulted in moderate rate of growth in the liquidity towards the end of 1982.

The rate of inflation levelled off in the second half of 1983. The lack of further progress in reducing the inflation rate was mainly due to an increase in demand reflecting the acceleration in the liquidity growth in the early part of 1983. In addition the general inflation rate was influenced by upward adjustments in petroleum prices in June and November 1983.

1.6 PUBLIC FINANCE

There has been a clear improvement in the budgetary situation over the past three years. In fiscal year 1982/83 the overall deficit amounted to shs. 16.5 billion, only shs. 1.1 billion higher than in 1981/82. In relation to total expenditure, the 1982/83 deficit amounted to 22.7 per cent compared with 38.1 per cent in the previous fiscal year. Similarly, the share of bank financing of the deficit declined to 69.1 per cent in 1982/83, 18.6 percentage points less than in the previous year. These results were achieved through an increase in Government domestic revenue by 115.6 per cent (to shs. 52.6 billion) in 1982/83 while total expenditure increased by 79.7 per cent (to shs. 72.6 billion).

Preliminary figures for fiscal year 1983/84 indicate overall deficit of shs. 25.6 billion. In relation to total expenditure, this deficit represents a further decline to 20.8 per cent. The Government recourse to the banking system was reduced by a net repayment of shs. 3.2 billion, while the financing from the domestic non-bank sector rose dramatically from shs. 1.5 billion in 1982/83 to shs. 25.6 billion in 1983/84.

1.7 EXTERNAL DEVELOPMENTS

The strong improvement in Uganda's Balance of Payments position during 1981-82 was sustained during 1983. The overall balance registered a deficit of U.S.$36.3 million, slightly higher than the deficit recorded in 1982, but less than the deficit recorded in 1981 by 70 per cent. In the second half of 1983, the overall balance registered a surplus for the first time since 1977. The deficit on the current account balance amounted to U.S.$72.3 million in 1983, virtually unchanged from the previous year. Net inflow of medium and long term capital was maintained at a high level in 1983 despite a substantial increase in scheduled repayments. External arrears were reduced by U.S.$31.5 million, entirely through rescheduling. On a cash basis, arrears increased by U.S.$8.3 million in 1983, after a reduction of U.S.$12.3 million in the second half of the year.

The reserve position improved during 1983 and gross reserves were equivalent to 3.1 months of imports at the end of the year. Uganda's total external debt, including short term balance of payments support, amounted to U.S.$1,040.3 million at the end of 1983 giving a debt service ratio of 46.3 per cent. On the basis of the already contracted debts, the debt service ratio is expected to increase to almost 53 per cent in 1984, but is projected to fall thereafter, reflecting lower level of servicing of official debts.

The dual exchange rate regime established in August 1982 was maintained in 1983, but the gap between the two rates continued to narrow. The ratio between the two rates were only 1.2 at the end of the year compared with 2.3 at the beginning. During 1983, Window One rate depreciated by 56 per cent, while the auction determined Window Two rate, depreciated by 17 per cent.

1.8 MONETARY DEVELOPMENTS

Overall liquidity grew faster in 1983 than in the previous year, but significantly slower than in 1981. Domestic credit continued to make the largest contribution to growth in liquidity. Net foreign assets also contributed to the growth in liquidity reflecting the improvement in the balance of payments. Total domestic credit increased by 37.1 per cent during 1983 as compared to 36.1 per cent in 1982. Net credit to Government accounted for one third of the total increase during 1983. Credit to private sector grew by 64.6 per cent in 1983 compared to 86.5 per cent in 1982.

In 1983, currency in circulation and non-interest bearing demand deposits grew substantially faster than time and saving deposits. There was also a noticeable shift into short-term Treasury bill holdings by the non-bank sector following vigorous campaigns to persuade public enterprises to invest in this security. The active interest rate policy pursued since 1981, aimed at adjusting interest rates to positive real levels, was continued in 1983. However, inadequate banking infrastructure to some extent limited the effectiveness of the interest rate policy in mobilising domestic resources.

2. DEVELOPMENTS ABROAD

2.1 INTERNATIONAL ECONOMIC DEVELOPMENTS

The world economic environment improved somewhat during 1983 compared to the 1981-82 period reviewed in the last Annual Report. The economic recovery in industrialised countries started to intensify in 1983. The recovery in the United States economy which began to show signs of strengthening toward the end of 1982, provided additional impetus to the economic recovery of industrialised countries. Thus throughout 1983 the recovery took firm hold and most industrialised countries once again recorded increases in overall production. Gross Domestic Product (GDP) in countries classified as industrial by the International Monetary Fund (IMF), which had declined sharply in 1981, fell by only 0.2 per cent in 1982 and recorded a growth rate of 2.6 per cent in 1983.

Developing countries benefited from the economic recovery in the developed countries as these countries' growth prospects crucially depend on developments in the industrialised countries. The major transmission mechanism is through exports and the effects on developing countries' economic growth from increased demand in the industrial countries were felt throughout 1983. Industrial countries' imports from non-oil developing countries, which had stagnated in 1981, increased by 3.5 per cent in 1982 and by over 5 per cent in 1983. However, the trade benefits of the recovery in the industrial world were unequally distributed among the developing countries. For the non-oil developing countries in Africa, the volume of exports remained virtually unchanged in 1983 after declining by 3.9 per cent during 1981-82. Consequently output growth in these countries during 1983 was little changed from what it had been in the preceding three years.

The increase in production in the industrial countries was accompanied by a further decline in the inflation rate and reduction in inflationary expectations. The rate of price increase in the OECD area fell from a peak of some 13 per cent in the first quarter of 1980 to a single-digit figure of 7.3 per cent in 1982 and 5.5 per cent in 1983. However, there are significant differences as regards individual country experiences. The non-oil developing countries were not very successful in reducing the rates of price increase in their economies. This was largely due to the accommodative financial measures of the past several years that allowed excessive growth rates in broad money and expansion of domestic credit. However, this trend is likely to be halted by the adoption of stringent adjustment measures which have been implemented in many of these countries.

During the period under review, the emerging world wide economic recovery led to an edging up of commodity prices from the precipitous declines in the two preceding years. The weighted average "all-commodities" wholesale price index of 30 primary commodities as calculated by the IMF rose by 6.2 per cent in 1983, following declines of 14.6 per cent and 12.1 per cent in 1981 and 1982 respectively. The improvement in the index in 1983 from the low levels of 1982 (which was the lowest level since the 1976 commodity price boom) was a welcome development. The upturn in the index was the result of substantial increases in prices of agricultural raw materials (9.5 per cent), food (8.8 per cent) and tropical beverages (7.7 per cent). Commodity prices of particular relevance to Uganda include those of coffee, cotton, tea, and tobacco. The average price of coffee slightly increased from 126 U.S. cents per pound in 1982 to 128 U.S. cents per pound in 1983. (Table XXIV showing world unit prices for Uganda coffee). The price of cotton increased from 73 U.S. cents in 1982 to 84 U.S. cents per pound in 1983. During 1983 tea registered the biggest price increase when it rose to 105 U.S. cents per pound from 90 U.S. cents in 1982. Tobacco prices remained almost unchanged between 180-185 U.S. cents per pound. (Chart 1).

Although commodity prices were on the upswing, the terms of trade of developing countries did not show marked improvement as the benefits of higher commodity prices were eroded by higher import unit values. During the period under review, the increased trade restrictions by industrialised countries, under the pressure of domestic unemployment and the widening of trade deficits caused additional problems for the developing countries.

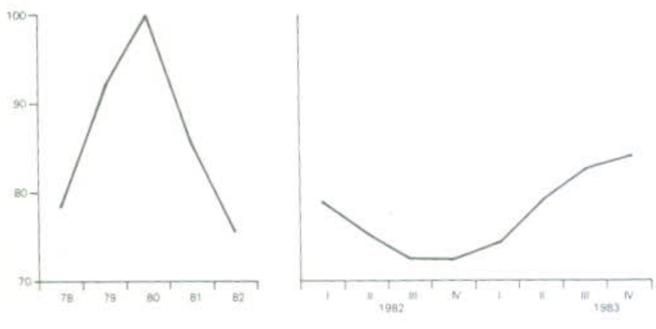
On the exchange rate front, the dollar continued to dominate developments in currency markets. Supported by the high U.S. domestic interest rates the dollar continued to strengthen against major currencies especially those included in the European Monetary System and the Japanese yen. The sustained appreciation of the dollar had important implications for the value of developing countries exports. For Uganda, virtually all exports earnings are received in dollars, while much of the imports are paid for in depreciated currencies. The appreciation of the dollar has, however, exacerbated the developing countries difficulties to service their large external debt. The total outstanding debt of non-oil developing countries at end of 1983 amounted to over U.S.$700 billion and the annual debt service burden in the same year amounted to more than U.S.$100 billion, or over 20 per cent of exports.

The more vigorous activity in world trade did not cause major changes in the global payment situation. The combined current account of the industrial countries remained unchanged although a small surplus of U.S.$2.8 billion was realised in 1983. The effect on imports of the increased production was moderated by continued slack demand for oil in these countries. For the oil exporting countries, there was a sharp turnaround in the balance of their combined current account from a surplus of U.S.$110.4 billion in 1980 to a deficit of U.S.$17.5 billion in 1983. For the non-oil developing countries with a combined current account deficit of U.S.$52.6 billion in 1983, balance of payments considerations continued to dominate economic policies during the period under review. These deficits necessitated the adoption of adjustment programmes supported by resources from international organisations such as the International Monetary Fund (IMF) and the World Bank. Such programmes were borne out of the wish of these countries to continue their economic development while maintaining sustainable current account positions without undue reductions in imports of goods and services. In reality this meant that developing countries had to raise their levels of exports and/or to secure additional financing. For instance, there was a sharp rise in the use of IMF credit during 1983 as it rose by 70.3 per cent to a record level of SDR12.6 billion.

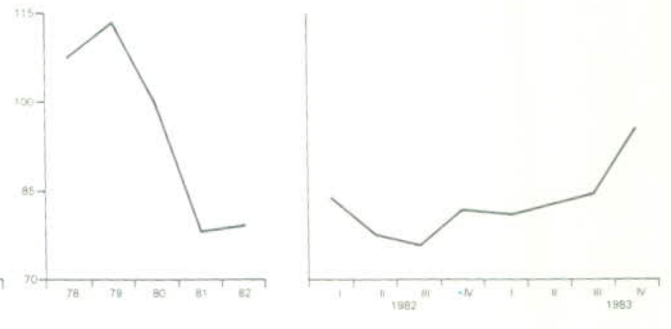
There were in particular large drawings by countries in the Western Hemisphere (i.e. Argentina, Brazil, Chile and Mexico) which contributed to this increase. In fact drawings by developing countries in Africa declined in 1983 compared with the previous year, while at the same time the repurchases by these countries increased sharply. The weak balance of payments position of these group of countries reflected the adverse impact of the prolonged global recession on world trade combined with the debt problems of most of these countries. According to some estimates, despite the increase of almost 7 per cent in aggregate GDP between 1980 and 1983, per capita income in 1983 was about 3-4 per cent below its 1980 level as a result of the need to channel increased resources to accelerate improvement in the balance of payments. This is particularly true in many low income countries in Africa where the recent declines in the living standards following several years of virtually no growth in per capita incomes, has further aggravated the situation.

CHART I: GLOBAL ECONOMIC AND FINANCIAL INDICATORS RELEVANT TO THE UGANDA ECONOMY, 1978 – 1983

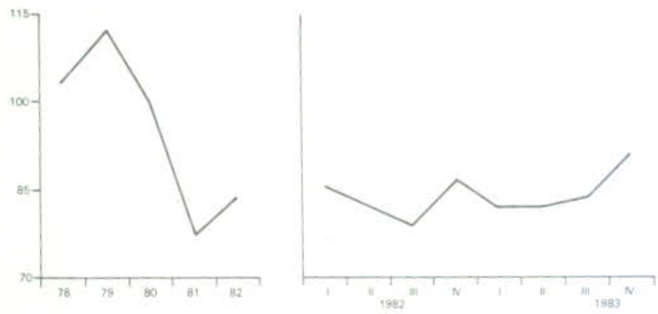
Prices of All Commodities (Index 1980 = 100)



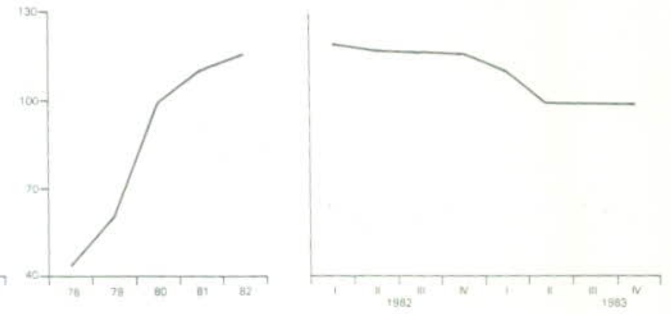
Prices of Beverages (Index 1980 = 100)



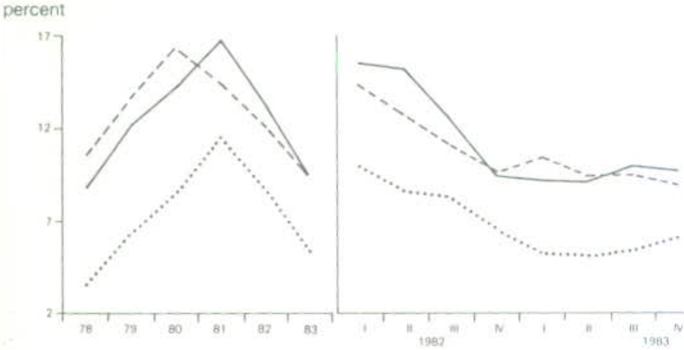
Price of Coffee (1) (Index 1980 = 100) (1)



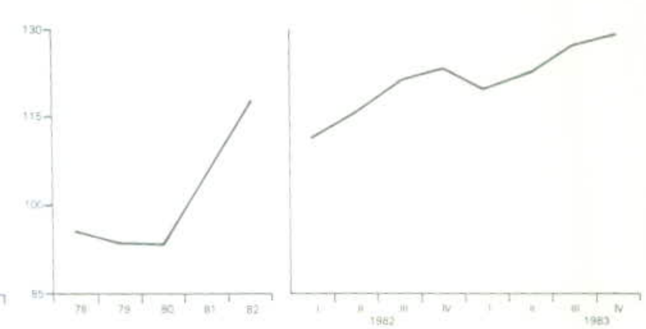
Price of Petroleum (2) (Index 1980 = 100) (2)



Interest Rates (LIBOR 3 months)



Effective Exchange Rate of the U.S.$ (Index 1975 = 100)



——— U.S.$ – – – – £ sterling   ······· DM

(1) All Coffee (New York) (2) Saudi Arabia (Ras Tanura) (3) Annual Data refer to the last quarter of the year shown.

2.2 REGIONAL CO-OPERATION

Three East African Leaders (left to right) President Daniel Arap Moi of Kenya, President Milton Obote of Uganda, President Julius K. Nyerere of Tanzania in a jovial mood after signing the Arusha Accord in November 1983.

a) *The Arusha Accord*

During the period under review, one politically significant event as far as regional co-operation in East Africa is concerned, took place in the Northern Tanzania town of Arusha. On the 16th November 1983, the Presidents of Uganda, Kenya and Tanzania met and agreed on the formula for the division of the assets and liabilities of the defunct East African Community (EAC). The Arusha Accord aims at streamlining the normalisation of relations amongst the three states.

The signing of the accord was the culmination of nearly six years of protracted negotiations conducted by the World Bank appointed negotiator, Dr. Victor Umbricht, about the affairs of the former EAC which broke up in 1977.

The meeting, which was held at the former EAC Headquarters in Arusha, decided on a formula for the division of the Community's assets and liabilities. Under the formula, Kenya was to retain 42 per cent, Tanzania 32 per cent, and Uganda 26 per cent of the EAC's assets. Because the location of the assets were not equally distributed, Kenya and Tanzania were to compensate Uganda. In this regard, Kenya was to pay U.S.$144.7 million while Tanzania was to pay U.S.$46.4 million to Uganda to cover the shortfalls. The agreement provided for offsetting of bilateral debts among the states as one of several modes of payments. The rapprochement and understanding reached at the meeting made it possible for Tanzania to re-open her long closed border with Kenya.

Immediate manifestations of the new mood for rapprochement within the region included the decision by Kenya and Tanzania to establish diplomatic relations through the appointment of High Commissioners in the respective capitals. Following the re-opening of the border, a trade pact was signed in December 1983. The pact aimed at facilitating the exchange of goods and services between the two countries. During the same month, the three Central Bank Governors met to discuss economic and monetary co-operation within the region.

Bank of Uganda

The Central Bank Governor's meeting was followed by the meeting of Ministers of Tourism from the three states to agree on the conduct of the vital tourism industry that was one of the most adversely affected industries after the collapse of the EAC. Steps were also initiated to revive in early 1984 the East African Central Banks seminar which had lapsed since 1976.

The new era of co-operation between the three East African States ushered in by the Arusha Accord will naturally lead to increased trade and political links within the region. Businessmen and industrialists should be able to take advantage of the expanded market.

b) *Preferential Trade Area*

After the break up of the East African Community in 1977, it became essential for Uganda to look for and join other regional groupings. The largest of such bodies is the Preferential Trade Area (PTA) which covers Eastern and Southern Africa, comprising 20 countries with an area of about 8.3 million square kilometres and a population of 157 million people (1983 estimate). The

EAST AFRICAN CENTRAL BANK GOVERNORS' MEETINGS:
For almost ten years, the three Governors resumed their regular meetings designed to foster regional co-operation in trade and other areas of economic interest to the three countries. Here, (from left to right) Governors C. Nyirabu, Bank of Tanzania; L. Kibirango, Bank of Uganda and P. Ndegwa, Central Bank of Kenya, are seen after their meeting in Nairobi in December, 1983.

idea to found this grouping was initiated by the United Nations Economic Commission for Africa. The decision to start the body was taken in March 1978 and the PTA was established in 1981 with Headquarters in Lusaka, Zambia. The Treaty establishing PTA came into force on the 30th September, 1982.

The objective of the Preferential Trade Area is to achieve sustained transformation of the structure of production of the national economies, from producing mainly unprocessed and semi-processed agricultural and mineral products, primarily for export to developed countries, to producing consumer and capital goods primarily for national and sub-regional markets. As such, the PTA is an instrument for collective action in the generation of a process of self-sustaining economic growth and development for the benefit of all people in the PTA countries.

The basic function of the PTA is to facilitate and promote easy flow of traded goods and services under an agreed payment scheme, namely, the Clearing House arrangement. Under this scheme, the member countries are allowed to use their national currencies as a means of settling their day-to-day payments. The net balances at the end of the established transaction period of 2 calendar months are ultimately settled in convertible currencies under a multi-lateral clearing system.

The following are the major organs of the PTA:

i) *The Clearing House* — To handle the agreed multi-national currency payments, a Clearing House was created. It was located in the Reserve Bank of Zimbabwe. In December 1983, the Reserve Bank of Zimbabwe opened a Special Account called "Reserve Bank of Zimbabwe — Clearing House Account", in the Federal Reserve Bank of New York. All Clearing House settlements are credited and debited to that account. The cost of administering the operation of the Clearing House is shared among the member monetary authorities in proportion to their credit limits but adjusted so that no member's share is less than one per cent and no member's share exceeds 26 per cent of the cost.

ii) *Customs Union* — As provided for under Article 3 of Annexe 4 of the Treaty, Member States agreed to "reduce and eliminate among themselves . . . customs duties and non-tariff barriers with respect to commodities appearing on the Common List."

The PTA Secretariat gazetted the approved Common List and sent it to all Governments of the Member States with a request to effect a progressive reduction in tariff barriers to trade. It was hoped that similar reductions in non-tariff barriers could be put in motion with a view to achieving a totally free trade in the sub-region within ten years as stipulated in the Treaty.

With regard to the magnitude of tariff reductions to obtain within the PTA as far as goods approved in the Common List were concerned, the Common List was classified into six groups in respect of which the basic rates would be progressively reduced and eventually eliminated. The percentage reductions in tariffs immediately to enter into force for commodities included in the Common List constitute 30 and 70 per cent for food items and capital goods, respectively.

It is important to note that with the gradual reduction and eventual elimination of tariff and non-tariff barriers, a common external tariff designed to discriminate against goods originating from non-PTA countries that compete with commodities produced and traded within the sub-region would be evolved, leading to establishment of a regional common market.

iii) *Transport Union* — In the field of transport, studies were made to examine and identify obstacles affecting road, air, rail and maritime transport. The possibility of establishing a PTA shipping line was also examined.

For the purpose of facilitating more intra-PTA trade, the Treaty deals at length with problems of transit trade. Accordingly, the Treaty grants freedom to transit traffic from within the PTA sub-region allowing it to pass through the member states without hindrance subject to the use of the appropriate transit document, namely the PTA carnet. Because of its intricacy, however, the PTA carnet has taken some time to prepare. As a temporary measure, therefore, the Council of Ministers has approved an interim transit document based on the Northern Corridor Transit system.

iv) *Trade and Development Bank* — The study on establishment of a PTA bank to finance Trade and Development in the region was launched in 1983. Among the things examined were the terms and conditions under which the bank would operate with respect to its lending and borrowing functions.

The objectives of the bank are:

to provide financial and technical assistance; to promote economic and social development in the member states;

to promote the development of trade among member states by financing, where appropriate, the related trade activities;

to further the aims of the PTA by financing projects designed to make the economies of the member states increasingly complementary to each other;

to supplement the activities of the national development agencies of the member states by jointly financing operations or by making use of such agencies as channels for financing specific projects; and

to co-operate with other institutions and organisations, public or private, national or international, interested in the economic and social development of the member states.

The functions of the bank are:

to provide development finance to the member countries;

to finance trade among the members;

to provide assistance wherever necessary to national institutions;

to provide technical assistance to the member states; and

to facilitate training of personnel in the related fields.

It is expected that Uganda will benefit from the increased flow of economic and commercial activities which PTA is expected to spearhead. Already, Uganda has been selected to host the Centre for Grain Research which shall be sited at Serere Agricultural Research Station. Uganda has also applied to be considered for selection to host the Inter-University Council, using the East African Inter-University facilities which already exist in Kampala.

c) *Kagera Basin Organisation*

The Kagera Basin Organisation (KBO) groups four neighbouring countries, namely: Tanzania, Rwanda, Burundi and Uganda. The Headquarters of the Organisation is in Kigali, Rwanda. The Organisation was founded in 1977 following the collapse of the former East African Community. Uganda joined in 1981.

The objective of the Organisation was to develop the area around the Kagera basin to the benefit of the neighbouring countries in the field of Energy, Agriculture and Transport.

According to the Charter, funds for running the Secretariat are to be voted annually and to be contributed by the four member states in equal parts. For example, the 1983 budget was U.S.$4,227 million of which each member contributed U.S.$1,057 million. However, funds for financing development projects are solicited separately for each individual project.

An Action Programme has been drawn up, aimed at maximising food production through agricultural intensification and irrigation; and promoting socio-economic development through building transport and energy infrastructures to stimulate local production.

The programme includes:

i) *Agriculture*

Under agriculture, the projects include rainfed agriculture, irrigation and swamp drainage. The estimated cost of these projects was put at U.S.$74.6 million in 1982.

The Uganda projects lined up for study included Nyabugongi rice scheme, afforestation in Rwampara county, Mbarara District and tsetse-fly eradication in Rakai District. Survey studies have so far been made in Tanzania and Rwanda only.

ii) *Energy*

The proposed project in this sector is the Rusumo Dam Hydro Power Station in Tanzania. This project was estimated in 1982 to cost U.S.$684.6 million. The project is expected to supply electricity to South Western Uganda. A survey study financed by Belgian Government has already been made.

iii) *Railways*

The project includes the construction of a 1,500 km. railway network linking the Kagera Basin to the Northern Corridor i.e. Mombasa — Kasese line, the Central line i.e. Musoma — Arusha — Tanga, and Southern route, i.e. Dar-es-Salaam — Kigoma line. This project was estimated in 1982 to cost U.S.$1,961.0 million. The Uganda portion (283 km.) will start at Bihanga on the Kasese line, via Bushenyi, Mbarara and Kabale to Kigali. The immediate benefits to Uganda will be the opening up of the mineral-rich area of South West Kabale and the reduction of pressure on Uganda's existing roads. The feasibility studies have already been completed at a cost of U.S.$3.0 million financed jointly by UNDP and the governments of Italy and Austria.

iv) *Roads*

Under this project, the first priority roads are planned to cover a total distance of 1,277 km. of which 163 km. will be in Uganda, connecting Kyotera to Mutukula and Kabale to Katuna. The second priority roads will cover 811 km. of which Uganda's portion will be 153 km., connecting Nsungezi to Mbarara and Kakitumba to Ntungamo. The project was estimated in 1982 to cost U.S.$363.0 million.

Future Perspectives for KBO

The Organisation has to find solutions to two key issues which may adversely affect its smooth operations. The first issue is the dispute on assessment of the proportion of contribution payable by the member states. While some member states feel that the contribution towards the running of the Organisation should be divided equally others feel that it should be based on the members' GDP.

The second issue is the payment for the national projects. Whereas some members feel that projects should be maintained exclusively by the state in which they are located, others feel that they should be financed from a common pool of financial resources.

The member states are making concerted efforts to resolve these issues.

d) *Northern Transport Corridor*

The Northern Transport Corridor is an informal Organisation comprising Uganda, Kenya, Rwanda and Burundi which use Mombasa as their port for exports and imports. This arrangement encompasses the truck roads linking Mombasa to Kampala, Kigali and Bujumbura and also Mombasa to Kasese by railway.

The objectives of the Northern Corridor are to improve and strengthen transport ties among the four member countries, to harmonise customs regulations in order to speed up transit traffic by avoiding delays at the borders, and to reduce and eliminate other non-tariff delays arising from administrative and immigration regulations.

This arrangement was initiated by UNCTAD in 1977 to assist transit transport from the Kenya Port of Mombasa to the land locked countries of Uganda, Rwanda and Burundi under UNCTAD supervision. EEC is the main financier of this arrangement under LOME II Agreeement.

Member states have already agreed to introduce one uniform road transit customs document to speed up movement of goods, to have taxation levied on reciprocal basis, and to harmonise and introduce uniform charges.

e) *Trans-African Highway*

The Trans-African Highway Project was initiated by the United Nations in the 1970's through its agency, the Economic Commission for Africa (ECA). In 1978, UN convened a meeting in Yaounde, Cameroon, which founded the Highway with ECA providing the Secretariat. After the meeting, UN proclaimed a "Transport Decade in Africa" to run from 1978 to 1988. The Highway was officially launched in 1981 and the Secretariat moved its Headquarters to Bangui, Central African Republic. The Council of Ministers of the member states, whose chairmanship rotates, is the Authority of the Highway.

The objectives of the Trans-African Highway are to remove physical barriers by constructing a highway from Lagos to Mombasa and to remove administrative barriers. The Highway is essentially meant to establish or improve communication among the member and associate member states so as to facilitate easy and quick movement of people and goods within the region. The Highway is planned to originate from Lagos, Nigeria, to Mombasa, Kenya, passing through Cameroon, Central African Republic, Zaire, Sudan and Uganda. Linked by feeder-roads, the Highway will connect Uganda to Rwanda, Burundi, Congo, Equatorial Guinea and Chad which are associate states.

The main benefits to be derived from the Trans-African Highway include increased volume of trade and easier travel facilities. Moreover, financial benefits are expected to be realised from road tolls, taxes and fees on transit traffic.

To accomplish the work, the member states have been urged to construct their own sections of the Highway on an agreed standard. To facilitate easy movement of travellers and goods, the member states have also been urged to remove unnecessary barriers which may provoke Inter-State retaliatory actions. The member states are challenged to improve and strengthen their policy of regional co-operation.

So far not very much has been done to implement the Trans-African Highway Accord. This is because the general economic problems of the member countries have made it difficult for them to pay their contribution for the maintenance of the Headquarters and to construct their national sections of the Highway. Uganda has so far completed 62 per cent of the section which passes through the country, while the section passing through Nigeria and Kenya have already been completed.

3 REVIEW OF ECONOMIC POLICIES

3.1 THE 1983/84 FINANCIAL PROGRAMME

The economic policies adopted in 1983 were a continuation of the economic, financial and rehabilitation strategies that have been pursued since May 1981. The broad objectives of these policies have been to lay the foundation for a sustainable growth in the medium term in a non-inflationary environment. The policies have been designed to encourage production, remove price distortions, intensify competition, re-establish financial discipline and attain a viable balance of payments surplus that could be sustained in the medium term. In order to achieve these objectives, the measures taken included a flexible exchange rate regime; frequent adjustments in producer prices, retail petroleum prices and tariffs of public utilities; removal of price controls and easing of restrictions on domestic trade; rationalising tax structure and improvement in their administration; and following tight fiscal and credit policies combined with flexible interest rates.

The measures for the period July 1983 to June 1984 were set out in the 1983/84 financial programme. This was the third successive financial programme adopted by the Government and supported by stand-by arrangement with the IMF. The 1983/84 programme aimed at consolidating the gains made under the first two programmes and encouraging continued economic recovery without releasing new inflationary pressures, and to achieving a further improvement in the balance of payments. Specifically, the programme aimed at raising real GDP by 5 per cent while bringing down the rate of inflation to 20-25 per cent. The overall balance of payments deficit and the net external arrears were to be reduced. Policy measures envisaged under the programme included the continuation of a flexible exchange rate regime, further adjustments in administered prices and interest rates, limits on domestic credit expansion and prudent foreign borrowing coupled with sound debt management.

With a view to temporarily provide subsidised imported inputs to the vital industries, the Government made arrangement to continue operating the dual exchange rate regime. The intention was to eventually unify the rates at a market determined rate. Under the dual exchange rate regime, the rate at the First Window continued to be determined under a managed float regime, while the rate at the Second Window was entirely determined through an auction market. Throughout this period, the market determined exchange rate at the Second Window remained more depreciated than the rate at the First Window. In order to facilitate the reunification of these rates, further transactions were gradually shifted from the First to the Second Window. Consequently, all foreign exchange receipts other than from exports of coffee and cotton and all non-oil cash imports were transferred to the Second Window. To support these transfers, the weekly foreign exchange sales at the Second Window were increased from U.S.$2 million to a minimum of U.S.$3 million.

To induce the export sector to contribute more to external adjustment and economic growth, the Government increased producer prices of the major cash crops in May 1983, just before the programme was launched and were again increased in July 1983. In addition, retail prices of petroleum products were adjusted to cover the true cost in local currency in order to avoid net subsidies to petroleum consumption. Further, tariffs of public utilities were increased to improve their financial position and to generate additional funds for the capitalisation of these Corporations. In order to continue the policy of allowing prices of output to reflect market conditions, with the exception of the administered prices, all other prices remained market determined.

Like previous policy packages, the 1983/84 programme included measures directly aimed at improving efficiency in production and marketing. One of these measures was to allow textile mills to purchase lint directly from processors at competitive prices without any intermediary body. Large tea producers were allowed to export their tea directly to markets outside Uganda.

It was the intention of Government to raise the level of industrial and mineral production by increasing the capacity utilisation of industrial enterprises through purchase of machineries, spare parts and raw materials. Thus, all imports financed by foreign assistance were directed to potentially viable enterprises, which acquired such imports at the subsidised Window One rates. This policy of providing additional subsidies was intended to speed up the rehabilitation of these industries. These measures were to be further bolstered by special efforts by the Government to speed up the rate of utilisation of the already secured foreign aid and to accelerate the implementation of development projects as contained in the Revised Recovery Programme. Moreover, the Government continued its efforts to mobilise additional foreign aid.

An important component of Government's public investment policy was the undertaking of structural reform and the rationalisation of the parastatal sector. With the assistance of the World Bank, Government mounted a comprehensive study of this sector.

To accelerate the rate of utilisation of foreign aid, the Government established an aid co-ordination committee comprising of the Ministries of Finance, Foreign Affairs, Planning and Economic Development and the Bank of Uganda to up-date all information on aid utilisation. The inter-ministerial aid allocation committee would continue to meet at least fortnightly to review the aid inflows, both in the form of loans and grants.

3.2 THE REVISED RECOVERY PROGRAMME 1982-1984

Early in 1982, the Government launched the Recovery Programme 1982-84 which contained a series of policy and institutional reforms as well as a project-oriented investment plan for 1982/83 and 1983/84. This document was presented at the Consultative Group Meeting in Paris in May 1982 as a framework for mobilising external resources. The document received overwhelming support of the donor countries. In the Revised Recovery Programme, which was published in October 1983, the Government reviewed the progress in the first part of the programme period, identified constraints and instituted remedial measures. The thrust of policies stated in the original document was maintained but the Revised Programme aimed for greater precision, covered a longer perspective and embraced an increased number of projects. The period covered by the programme was extended to 1985, although some of the projects are expected to be fully completed by 1988.

The macroeconomic framework for the Revised Recovery Programme consisted of a projected growth of real GDP of 4.6 per cent per annum over the period 1982-1988. Given an expected population growth of 2.8 per cent a year, real GDP per capita is expected to increase throughout the period.

The Revised Recovery Programme contains 105 projects as compared to 76 in the original programme. The total financing required for the period 1982/83 — 1984/85 in the original programme was US.$736.4 million, of which U.S.$497.9 million was mobilised. For the fiscal years 1983/84 and 1984/85 alone, the new programme has identified projects amounting to a total cost of U.S.$586.6 million, of which U.S.$387.7 million has been secured. For the period beyond 1984/85, the total requirements are estimated at U.S.$853.9 million, of which U.S.$124.8 million has been secured.

Concerning the sectoral priorities under the Revised Recovery Programme, agriculture continues to play a dominant role with 27 per cent of total external resources earmarked for the projects in the programme being directly allocated to this sector in the period up to 1985. The Government has reconfirmed its objectives and policy to restore agricultural production to its previous peak levels and encourage adjustments in this sector to reflect Uganda's comparative advantage. This is to be achieved through investment measures by providing farmers with both the incentives and the means to increase production. The combined share of industry and tourism is 35 per cent. However, a large part of these funds was directed to agro-based industries. The agricultural sector was therefore to receive the largest part of the allocations of the financial resources which are expected to become available. Regarding other sectors, 3.5 per cent was allocated to mining and energy, 14 per cent to transport and communication and 20 per cent to social infrastructure.

According to the Revised Recovery Programme projections of the balance of payments, deficit on current account is estimated to increase by U.S.$70 million through 1985 and by additional U.S.$75 million by 1988. This increase reflects the higher levels of imports required to implement the programme as well as increased servicing of external debt. Without an increase in the coffee quota in the years ahead, the expansion in export earnings would not fully offset the foreign exchange outlays required to sustain the recovery. The inflows of medium and long-term capital are expected to level off at about U.S.$125 million per year in 1984-85, but are estimated to increase to U.S.$200 million by 1988. Short term capital inflows are expected to show a continuous increase over the programme period, amounting to U.S.$75 million by 1988. The projections provide for a continuous reduction in external arrears. As the net resources available from IMF are assumed to decline sharply after 1983, the projections show that there will be a financing gap. However, a reasonable increase in the coffee quota and further export diversification will assist in narrowing the anticipated resource gap of U.S.$110 million by 1985.

4 ECONOMIC TRENDS

4.1 GROSS DOMESTIC PRODUCT

The economic and financial policies pursued during the previous three years did not only halt a decade of decline, but also produced an environment for an impressive growth in the country's production. Real Gross Domestic Product (GDP) at constant 1966 prices stagnated during most of the last decade and recorded substantial declines between 1978 and 1980. The sectors of the economy mostly affected were monetary agriculture and the industrial sector while subsistence agriculture continued to perform relatively well. Since 1981 there has been a clear reversal of the economic decline. Preliminary estimate indicates that real GDP grew by 7.3 per cent in 1983 compared with 8.2 per cent and 3.9 per cent in 1982 and 1981, respectively (Table 1 and Chart II).

The deceleration in the overall rate of growth of GDP during 1983 stemmed from a reduced growth of monetary GDP with the rate declining from 9.1 per cent in 1982 to 6.5 per cent registered during 1983. The share of the monetary economy remained virtually the same as in 1982 at about 60.0 per cent of overall GDP. The non-monetary or subsistence sector displayed an impressive growth rate of 8.5 per cent during 1983 compared with a rate of growth of 6.9 per cent during the previous year. The continued expansion of the subsistence sector is mainly attributable to the distribution bottlenecks of both the inputs and produce to all parts of the country. Overall agricultural production accounted for 54.5 per cent of GDP during the period under review. In addition to food crops, all other major traditional exports recorded satisfactory increases with the exception of coffee, reflecting lower ICO quota. There was also a significant improvement in the manufacturing output although the overall capacity utilisation still remained low.

TABLE 1: GROSS DOMESTIC PRODUCT BY SECTOR AT FACTOR COST AT 1966 PRICES, 1979 – 1983
(in millions of shillings)

	1979	1980	1981	1982	1983[1]
MONETARY ECONOMY	**3,877**	**3,822**	**3,822**	**4,169**	**4,440**
Agriculture[2]	1,422	1,334	1,322	1,505	1,669
Industry[3]	254	267	253	289	297
Other sectors[4]	2,201	2,221	2,246	2,375	2,474
NON-MONETARY ECONOMY ..	**2,453**	**2,293**	**2,579**	**2,704**	**2,935**
Agriculture	2,075	1,943	1,962	2,133	2,351
Other sectors[5]	378	350	567	571	584
GROSS DOMESTIC PRODUCT ..	**6,330**	**6,115**	**6,351**	**6,873**	**7,375**

Source: Ministry of Planning and Economic Development.
(1) Figures for 1983 are preliminary.
(2) Includes Forestry, Livestock, Fishing and Hunting.
(3) Includes Cotton Ginning, Coffee Curing, Sugar Manufacturing, and Mining and Quarrying.
(4) Includes Electricity, Construction, Commerce, Transport and Communications, General Government Services, and Miscellaneous Services and Rent.
(5) Includes Construction and Owner-Occupied Dwellings.

4.2 AGRICULTURAL PRODUCTION

The performance of the agricultural sector is of paramount importance to the Ugandan economy, as this sector employs nearly 90 per cent of the total population. The sharp turnaround in production since 1981 was primarily due to the substantial increases in producer prices, particularly those of the major exports crops, freeing of prices for food crops, greater availability of agricultural implements, improved processing capacity, and better transportation, distribution and marketing facilities. Moreover, the establishment of the dual exchange rate regime and the liberalisation of export policies provided additional incentives for higher agricultural production and exportation of non-traditional crops. In addition throughout 1983, Uganda benefited from favourable weather conditions for most of the crops.

TABLE 2: MINIMUM PRODUCER PRICES FOR EXPORT CROPS, MARCH 1981 – DECEMBER 1983
(in shillings per kg)

	March 1981	December 1982	December 1983
Coffee (Robusta)	7.00	50.00	100.00
Cotton (AR)	6.00	40.00	90.00
Tea (Green-leaf)	2.60	10.00	40.00
Tobacco (Fire-cured)	8.65	75.00	139.00
Cocoa	3.20	30.00	130.00

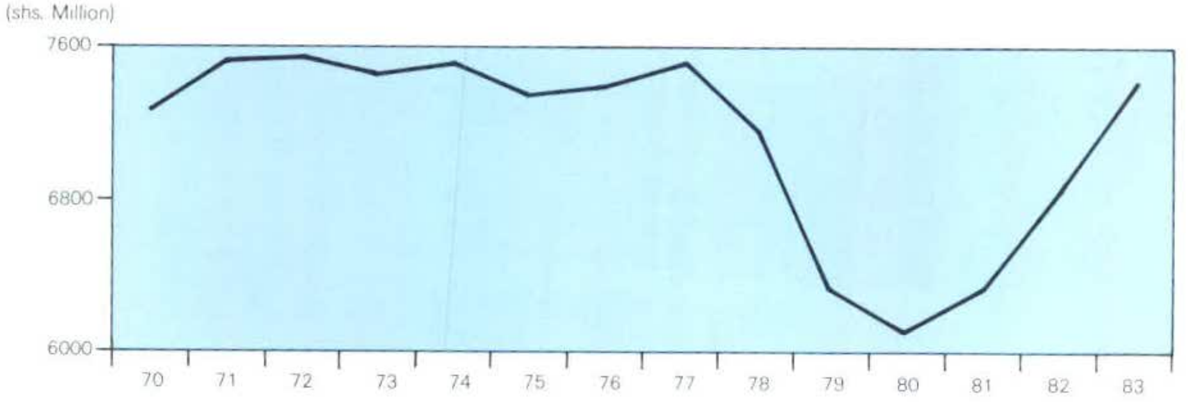
Source: Table V

Bank of Uganda

CHART II: GROSS DOMESTIC PRODUCT AT CONSTANT PRICES, 1970 – 1983

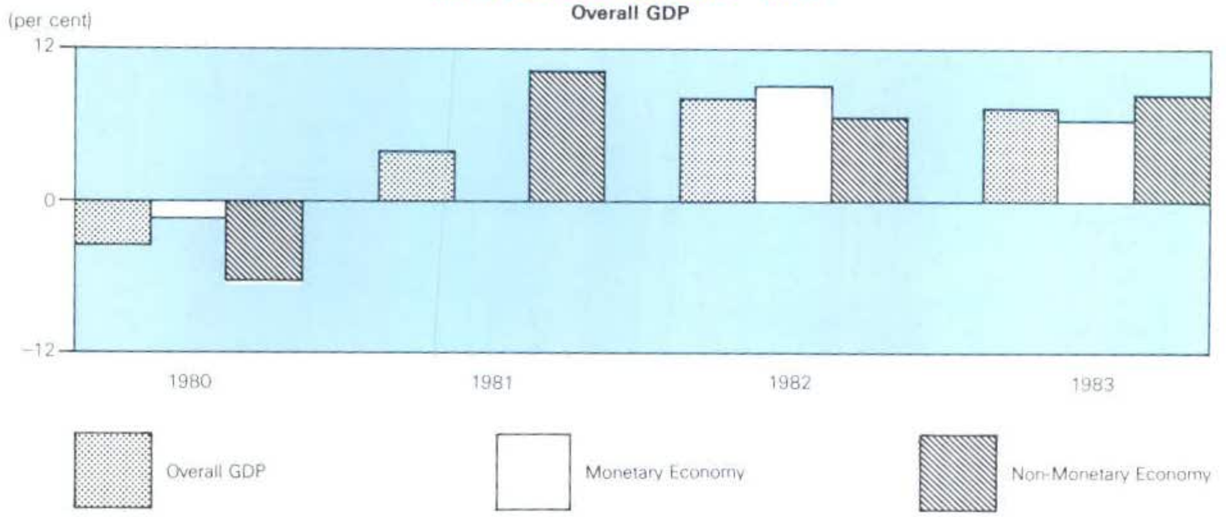
(in millions of shillings)

II(i) Developments in absolute value



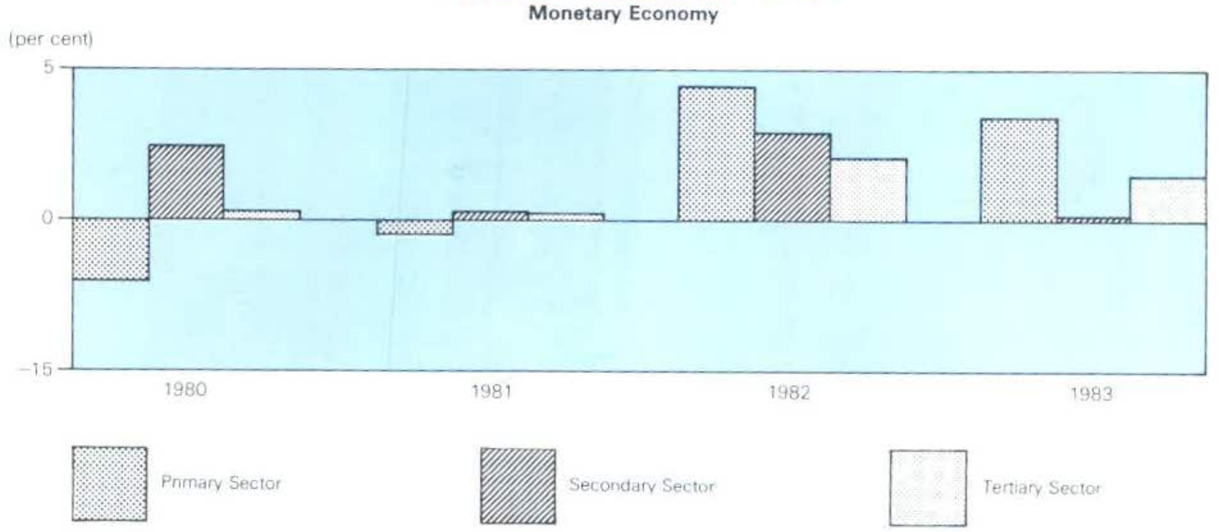
II (ii) Growth rates, 1980 – 1983

Overall GDP



II (iii) Growth Rates, 1980 – 1983

Monetary Economy



Source: Ministry of Planning and Economic Development and Bank of Uganda.

Coffee

As in the past, coffee remained by far the most important export crop in 1982/83. Notwithstanding the measures implemented in 1982/83 to encourage production of coffee, production, as measured by purchases by the Coffee Marketing Board (CMB), fell by 5.5 per cent in 1982/83 after rising by 70.9 per cent in 1981/82. The decline in production was largely due to the cut in Uganda's export quota allocated by ICO from 2.7 million bags in 1981/82 to 2.3 million bags in 1982/83. During the same period, Uganda's share in the world coffee market also fell from 4.5 per cent to 4.4 per cent (Table XXIII). External assistance mainly from the European Economic Community, the African Development Bank and the IDA Credit facilities have played a major role towards the continued recovery of the coffee industry.

Cotton

Cotton has, for a long time, remained second only to coffee in terms of export earnings. Its share of total earnings decreased in the 1970's and during 1983 it was nearly surpassed by maize. However, since the 1980/81 season, cotton showed signs of recovery in terms of both production and exports. Production in the 1982/83 season rose by 92 per cent from 27,568 bales in 1981/82 to 53,000 bales. (Table II). This was still far below the peak level of 429,100 bales reached in the 1972/73 season.

The main reason why the large potential for the cotton industry still remained under-utilised can be attributed to acreage competition with food crops which most peasant farmers had resorted to, because of these crops' quick and better returns. Secondly, the industry still suffered from other constraints such as inadequate supply of inputs and low level of ginning capacities. Although much remains to be done, considerable progress was made during 1983 to improve the ginning capacity largely financed by external assistance. The overall prospects for cotton production in the medium term are good.

Tea

Tea was recovering rather slowly from its lowest level of production of only 1,533 tonnes in 1980. In 1982 production increased to 2,337 tonnes and further to 2,912 tonnes in 1983, an increase of 24.6 per cent. (Table II). Out of the 1983 production, 1,333 tonnes were exported. Tea export is still a long way from its former peak level of 20,678 tonnes in 1972.

The recovery of the tea industry, though still modest, was attributable to increase in producer prices and availability of credit from international agencies like the World Bank, African Development Bank and the European Economic Community for purchase of inputs and rehabilitation of factories. Speedy recovery of the tea industry has been hindered by shortages of labour, lack of some basic inputs and lack of sufficient local funds as well as the slow process in the rehabilitation of the tea factories. The Uganda tea is considered to be of high quality on the world markets due to favourable soil and climatic conditions. The completion of a study financed by the World Bank on a reorganisation of the large parastatal tea estates is likely to have a positive impact on the speed of the recovery in tea production.

Tobacco

Tobacco production continued to register a strong recovery since 1981 recording an elevenfold increase in output during 1982, from 62 tonnes in 1981 to 646 tonnes in 1982. Output during 1983 reached 2,400 tonnes or 60 per cent of the peak production in 1974 of 3,900 tonnes. (Table II). Tobacco export resumed in 1983 after several years. This positive trend in production and export would destine the crop to recapture its fourth position in the hierarchy of the country's foreign exchange earnings. The speedy recovery of the industry was attributable to the increases in producer prices, the rehabilitation of the curing barns as well as timely procurement of various farm inputs and implements mostly arising from the IDA credit facilities.

Maize

Maize production which attained a peak level of 674,000 tonnes in 1976, declined to 286,000 tonnes in 1980. Since then production has again increased and was at 400,000 tonnes in 1982 and is provisionally estimated to have risen to 450,000 tonnes in 1983. (Table II). The rise in production of maize was mainly attributed to the attractive free market prices prevailing since 1981, establishment of export outlets and increased domestic demand for maize flour.

Uganda virtually stopped maize exports in 1972 when only 10 tonnes were exported. A peak level of maize exports was attained in 1966 when 43,125 tonnes were exported. However, maize exports were resumed in 1982 and 1,629 tonnes were exported in that year. Exports rose to 30,304 tonnes in 1983, thus placing maize on the same level as cotton in terms of export earnings, second only to coffee.

The prospects for maize becoming one of the major foreign exchange earners are bright as the level of maize production, although erratic, is likely to more than satisfy the domestic market and leave a surplus for export.

Food Crops

The recovery in food production which begah in 1981/82 after the drought period of 1979-1980 continued through 1982 and 1983 (Table 3). According to preliminary estimates important food crops such as cereals, root crops, pulses and oil seeds recorded production gains in the range of 10 to 16 per cent in 1983. This development has been aided by the attractive free market prices coupled with favourable weather conditions as well as regular supply of inputs and implements. The emergence of attractive export markets in the non-traditional exports like maize, beans and horticultural products has also given further impact to the development.

A national Food Plan is being prepared by the Government with the assistance of the European Economic Community (EEC). The plan is expected to look into the problems related to food storage and distribution. Studies are also to be undertaken to assess the potential of the export markets for various food crops by the Export Promotion Council.

TABLE 3: ESTIMATED PRODUCTION OF FOOD CROPS, 1981 – 1983
(in '000 tonnes)

	1981	1982	1983[1]
Cereals	1,165	1,348	1,562
Plantains	5,900	6,600	6,875
Root crops	4,475	5,096	5,710
Pulses and oil seeds	403	485	535

Source: Table II.
(1) The figures are preliminary.

4.3 INDUSTRIAL PRODUCTION

After some noticeable growth of industrial output during 1982, the momentum of industrial production in some subsectors declined somewhat during 1983. The rate of growth of industrial production fell from 14.2 per cent in 1982 to 2.8 per cent in 1983, reflecting largely the dilapidated machineries and their frequent breakdown coupled with interrupted supply of electricity. Capacity utilisation, as measured by the rate of current levels of production of the installed capacity of the machineries, rose moderately. (Table 4). However, as the production capacity of the existing machineries is far below their original installed capacities due to their archaic state, further increases in industrial production will amongst other things require substantial modernisation of the existing machinery units.

According to the available data, the overall level of industrial output remained low in 1983, although production of beer, Uganda waragi (Spirits), cement, corrugated iron sheets, soft drinks, fishnets and footwear recorded substantial increases ranging from 50 per cent to 160 per cent. The growth in production in the small scale manufacturing sector recorded encouraging increases during this period. Production of cigarettes, tobacco, cotton and rayon fabrics, blankets and matches, fell by between less than 1 per cent to about 33 per cent. (Table III).

The impact of the various policy measures taken since 1981 was responsible for the overall improvement in the industrial sector. These measures included the mobilisation of external resources for purchasing raw materials, industrial spare parts and machineries. Of most benefit to industrial output was the First and Second IDA Reconstruction Credit facilities, which greatly assisted in the importation of raw materials, spare parts and machineries. The full impact of these inputs has yet to be felt.

The same may also be said about the Expropriated Properties Act 1982 which empowered the Minister of Finance to return to the former owners all properties which were nationalised or confiscated in the 1970's. Apart from providing a framework for settling the ownership issue, which would enhance the ability of these firms to raise funds from financial institutions, it was also expected that improvement in the management and acquisition of technical skills would ensue.

During 1983, further measures were taken to encourage the establishment and development of small scale industries. A Directorate of Small Scale Industries was established in the Ministry of Industry as a fully fledged department to offer technical advice to both present and potential industrialists. The department was expected to mobilise both external and internal resources for the development of small scale industries. In addition, the Uganda Commercial Bank (UCB) initiated a scheme for the small scale industries for which shs. 50.0 million per annum was set aside for lending to these industries.

This Scheme covers several projects including inter-alia grain milling industries, carpentry, tailoring, jaggery mills, soap making, brick making, and napkin manufacture. During June 1982, the World Bank provided to the Uganda Government U.S.$5.0 million loan to be administered by UCB for the development of small scale industries and an additional loan of U.S.$30 million to be executed by the Uganda Development

TABLE 4: ESTIMATED CAPACITY UTILISATION IN SELECTED INDUSTRIES, 1981 – 1983
(in per cent of installed capacity)

	1981	1982	1983
Beer	12.8	21.1	32.6
Cigarettes	12.3	39.2	33.9
Cotton and rayon fabrics	29.5	30.8	30.3
Blankets	8.9	9.1	8.0
Cement	3.5	7.7	11.9
Hoes	14.0	21.1	3.8
Fishnets	2.2	6.7	13.6
Footwear	9.3	9.5	18.1
Soft drinks	11.8	13.4	35.8

Source: Ministry of Planning and Economic Development.

Bank for rehabilitation of medium size industries. A number of these projects have already been approved for financing under these credits.

Electricity consumption which remained stagnant during 1981 and 1982, declined during 1983 by 12 per cent. Exports to Kenya, however, increased slightly by 2.0 per cent during the same period. The decline in overall consumption was largely attributed to frequent power failure over extended periods especially in the Western, some parts of Central, as well as the Northern regions. This adversely affected the performance of industries such as coffee curing, cotton ginning, tea processing and cement production.

Recovery of the mining sub-sector was rather slow. However, several measures are now in their advanced stages which when implemented are expected to revive production in this once very vital subsector. Although some of the small mines have already received technical assistance as well as funds for procurement of recurrent inputs, shortages of capital equipment and spare parts continue to retard recovery of this subsector. Nevertheless, some mines resumed production during 1983, albeit, at very low levels. Copper constitutes the only major mineral resource in the country. A feasibility study was completed in March 1983 with a view to resuming copper production. The study established that it was technically feasible and economically viable to re-open the mines. The study recommended construction of a new smelter plant at Kasese near Kilembe Mines. The report also recommended the construction of cobalt and sulphuric acid plants at an estimated cost of U.S.$100 million including the cost of the smelter plant.

4.4 SOCIAL AND PHYSICAL INFRASTRUCTURE

Transport and Communications

Transport and communications continued to be priority areas in the country's rehabilitation programme. In 1983, concerted efforts were made to secure resources both locally and externally to accelerate the rehabilitation of this sector. During the period under review, a total of over U.S.$100.0 million was obtained for the rehabilitation of both transport and communications.

The railways subsector was allocated over U.S.$21.0 million to purchase rolling stock and spares, tools and equipment, truck maintenance, rehabilitation of Lake Victoria Ports, as well as the major railway lines. This reflects Government's increased emphasis on railway transport. Since 1980 the number of passengers travelling by rail increaed steadily rising from about 1.3 million in 1980 to about 3.5 million during 1983. Rail freight, which had almost doubled between 1980 and 1982, continued to increase by 9.6 per cent to 343,000 tonnes in 1983.

The revival of the Jinja-Mwanza route across Lake Victoria had a favourable impact on the volume of trade through Tanzania. During 1983 over 30,000 tonnes of maize were exported to Tanzania using the wagon ferries between Jinja and Mwanza.

The road subsector was much neglected during the last decade as compared to the railway subsector and it suffered further damages during the war of liberation in 1979. During the period under review, funds were secured from several international institutions for road rehabilitation. These institutions included IDA, ADB, EEC which granted a total of U.S.$73.8 million. These funds enabled the carrying out of feasibility studies and engineering designs. The construction works on a number of major highways, rural feeder roads, as well as on Kampala City roads also started.

A World Bank credit of U.S.$22.0 million was obtained during 1983 to purchase materials and equipment for the telecommunications and postal services. In addition, equipment worth U.S.$0.8 million was obtained from U.N.D.P. for establishment of a telecommunications Central Depot at the Kampala Telecommunication House. An additional assistance of U.S.$14.0 million from France for improving Kampala telecommunications network was secured during the same period.

The rehabilitation of the civil aviation sub-sector made considerable progress, especially in the improvement of flight operations, airworthiness and ground to air communications. Fire fighting equipment and other related services have also been upgraded at Entebbe International Airport. The equipment was obtained from the International Civil Aviation Organisation. Navigation equipment was also purchased at a cost of U.S.$1.0 million as part of the second IDA Reconstruction Credit.

Health

During the period under review, efforts were made to secure essential drugs and medical equipment as well as to rehabilitate training institutions for rural health workers. The ODA of U.K. provided £0.5 million and technical assistance to the rehabilitation effort of Mulago Hospital. Additional external financial assistance was received from UNICEF amounting to U.S.$7.4 million of which U.S.$2.2 million was disbursed in 1983. Other external assistance came from CIDA, WHO, EEC and USAID. The aid covered technical assistance, research and in-service training, provision of drugs, vaccines, medical supplies and equipment mainly to the primary health care units and services.

Education

The efforts to strengthen education were mostly geared towards increasing the intake of students at various levels of academic standards. The Third IDA Education Credit of U.S.$32.0 million, which became effective in March 1983, was earmarked for financing purchases of scholastic materials, textbooks and scientific equipment for 5,200 primary schools, 177 secondary schools, 33 teachers' colleges, rehabilitation of two technical institutions and Makerere University. The University of Pavia in Italy has also extended both technical and financial assistance to Makerere University while the Canadian Federation of Teachers assisted in upgrading programmes for 4,000 teachers in secondary schools.

5 DOMESTIC PRICES

The progress made during 1981-82 in controlling inflationary pressures continued in 1983, although not to the same extent as in the previous two years. (Chart III). These achievements reflected a more balanced relationship between supply and demand of consumer goods due to improvement in domestic production and greater availability of imported goods. The improvement in domestic production was due to the rehabilitation efforts undertaken in some processing industries. The establishment of the dual exchange rate system in August 1982, together with the easing of trade restrictions allowed more importers to participate in external trade in a more competitive environment. Increased confidence among consumers and traders also reduced the tendency of hoarding which prevailed during 1981-82. Although problems still remained, transportation and distribution of goods improved further resulting in easier availability of goods in the various markets.

The annual rate of inflation, as measured by the retail consumer price index for the middle income group in the Kampala area, declined from an annual growth rate of over 100 per cent in the early part of 1981 to an average of 24 per cent in 1983. (Table 5). The comparable index for the low income group increased at an average rate of 45 per cent during 1983. (Table 6).

In both the low and middle income indices, substantial rises were experienced in the sub-indices for food, fuel and transport. Food prices, particularly staple foods like matoke (plantains) and maize flour, rose substantially due to factors like drought in the matoke growing areas, temporarily causing shortages in the Kampala markets. The short supply of matoke in the markets exerted upward pressures on the price of substitute food crops. Fuel prices continued to be adjusted upwards as the shilling depreciated further and these adjustments also had strong repercussions on transport costs. In the middle income index, items like drinks and tobacco, clothing, and other consumer goods displayed in 1983 a more moderate increase while the sub-index for clothing fell by 4.6 per cent in 1983. As for the low income index, household goods showed a moderate increase.

The difference in the inflation rates as shown by the two income categories, is also explained by the differences in the basket of commodities and the weights considered for the two income groups. For instance food, which is as high as 70 per cent for the low income group and 41 per cent for the middle income group explains a higher rate of growth recorded in the index for low income group. It should, however, be noted that the indices are somewhat different from the ones that appeared in the 1981-82 Annual Report because of the inclusion of more commodities in the basket of goods in the index given in this report. The distinction between low and middle income group was not based on exact income categories but rather on a qualitative assessment. It is planned to conduct a Household Budget Survey throughout the country to determine new and more reliable weights as the ones presently used are rather out-dated.

Both indices, the middle income and low income group, clearly show that the rate of inflation decelerated in 1983. The annual rate of inflation for the middle income group fell from 34.9 per cent in December 1982 to 20.5 per cent in December 1983, while for the low

TABLE 5: CONSUMER PRICE INDEX FOR MIDDLE INCOME GROUP, 1982/83
(April 1981 = 100)

ITEM	WEIGHT	1982	1983	% CHANGE
Food	41.0	169.0	239.8	41.9
Drink and tobacco	17.0	118.3	128.9	9.0
Fuel and lighting	6.0	179.3	293.7	63.8
Clothing	14.0	347.9	331.9	− 4.6
Transport	10.0	326.9	445.5	36.3
Other consumer goods	10.0	143.8	145.5	1.2
Other manufactured goods	2.0	218.9	245.6	12.2
Average consumer price index	100.0	200.3	248.3	24.0

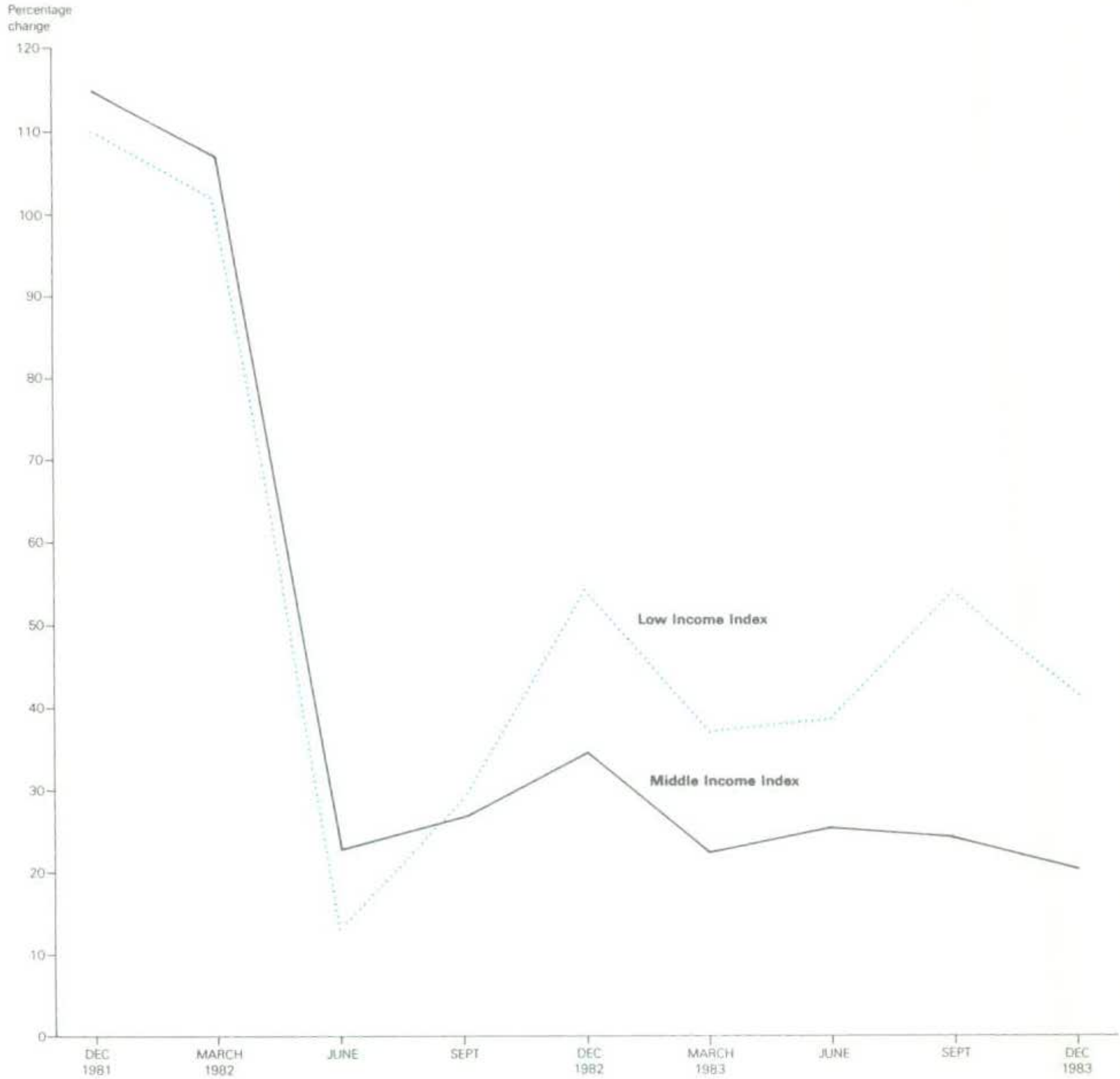
Source: Bank of Uganda.

TABLE 6: CONSUMER PRICE INDEX FOR LOW INCOME GROUP, 1982/83
(April 1981 = 100)

ITEM	WEIGHT	1982	1983	% CHANGE
Food	70.0	150.6	229.4	52.3
Drink and tobacco	13.0	69.9	90.0	28.8
Clothing	5.0	362.1	429.7	18.7
Household goods	5.0	153.3	157.3	2.6
Fuel	4.0	150.2	276.7	84.2
Transport	3.0	323.3	458.0	41.7
Average consumer price index	100.0	156.0	226.4	45.1

Source: Ministry of Planning and Economic Development and Bank of Uganda.

CHART III: CONSUMER PRICES IN KAMPALA AREA, 1981 – 1983
(Percentage change over previous 12 months)



Source: Tables VI and VII.

income group it fell from 54.3 per cent to 41.9 per cent. The deceleration in the rate of inflation was mainly due to the improved supplies of both domestically produced and imported consumer goods, and tighter fiscal and monetary policies.

Uganda's pricing policy has remained flexible. Public utilities tariffs and the prices of the four main petroleum products were the only consumer prices which continued to be controlled. The reason for the continuation of the control was the particular importance of these commodities on living standards as well as on economic activity in virtually all sectors of the Uganda economy. However, these tariffs and prices have been adjusted on a regular basis. The pricing formula agreed between the authorities and the oil companies was changed in 1983 and was based on published posted prices instead of the cost of a predetermined crude oil mix. This made the price formula more responsive to changes in world market prices. The fall in the international prices of oil during 1983 benefited Uganda only towards the end of the year as the oil companies had been buying crude oil on long term contracts. Furthermore, the pump prices in Uganda shilling continued to increase because of the further depreciation of the shilling. (Table 7).

TABLE 7: CONSUMER PRICES FOR PETROLEUM PRODUCTS, JUNE 1982 – DECEMBER 1983
(in shillings per litre)

	1982		1983	
	June	Dec.	June	Dec.
Premium Petrol (PMS)	120.00	150.00	170.00	190.00
Regular Petrol (RMS)	110.00	140.00	160.00	180.00
Diesel (AGO)	60.00	90.00	110.00	150.00
Kerosene (BIK)	40.00	80.00	100.00	130.00

Source: Bank of Uganda.

6 PUBLIC FINANCE

6.1 OVERALL DEVELOPMENTS

There has been a clear improvement in the budgetary situation over the past three years. As in the previous year, the Government implemented in 1982/83 restrictive fiscal policies to contain excess demand pressures on the balance of payments and the domestic price level. The fiscal policy objectives were also to continue the structural reforms began in the preceding year and to strengthen overall financial management. To this end, efforts were made to restore greater financial discipline in public enterprises and Government ministries to reduce the deficit relative to total expenditure and Government's recourse to the banking system.

The overall fiscal deficit was reduced from 75.6 per cent of total expenditure in 1980/81 to 35.6 per cent in 1981/82 and 23.7 per cent in 1982/83. Over these years, the share of the deficit financed by domestic bank credit was reduced sharply. (Table 8 and Chart IV).

In 1983/84, the aim was to reduce the deficit further while at the same time generating enough revenue and resources from domestic non-bank sources to repay the banking system. The preliminary outcome figures indicate that the deficit, although some shs.3.8 billion higher than budgeted declined in relation to total expenditure to 21.0 per cent. During the fiscal year special Government securities were issued in settlement of domestic arrears accumulated in earlier years. Even excluding these issues, borrowing from the non-bank sector increased sharply and the Government was able to repay shs. 3.2 billion to the banking system.

TABLE 8: BUDGETARY OPERATIONS, 1981/82 – 1983/84
(in billions of shillings)

	Fiscal year 1981/82	Fiscal year 1982/83	Fiscal year 1983/84	Fiscal year 1983/84	Fiscal year 1983/84
	Actual Outcome	Actual Outcome	Revised Budget Estimates	Preliminary Outcome	1st half provisional Outcome
Revenue and grants	27.9	53.2	88.1	97.4	42.7
Revenue	(24.4)	(52.6)	(80.5)	(92.9)	(42.2)
Expenditure	43.3	69.7	110.2	123.3	53.0
Deficit (on a cash basis) ..	–15.4	–16.5	–22.1	–25.9	–10.8
Financing	15.4	16.5	22.1	25.9	10.8
External borrowing (net)	1.0	3.7	15.3	3.0	6.4
Borrowing	(4.5)	(5.9)	(25.3)	(17.9)	(13.7)
Repayment	(3.5)	(2.2)	(10.0)	(14.9)	(7.3)
Domestic borrowing	14.4	12.8	6.8	22.9	4.4
Banking system	(13.3)	(11.3)	(–2.5)	(–3.2)	(– 4.5)
Non-banking sectors	(1.1)	(1.5)	(9.3)	(26.1)	(8.9)
Memorandum Items					
Domestic arrears incurred[1] ..	9.3	4.1	—	—	—
Domestic arrears paid	—	0.8	4.0	8.4	—
Cash	(—)	(0.8)	(0.7)	(0.9)	(—)
Stock issued	(—)	(—)	(3.3)	(7.5)	(—)

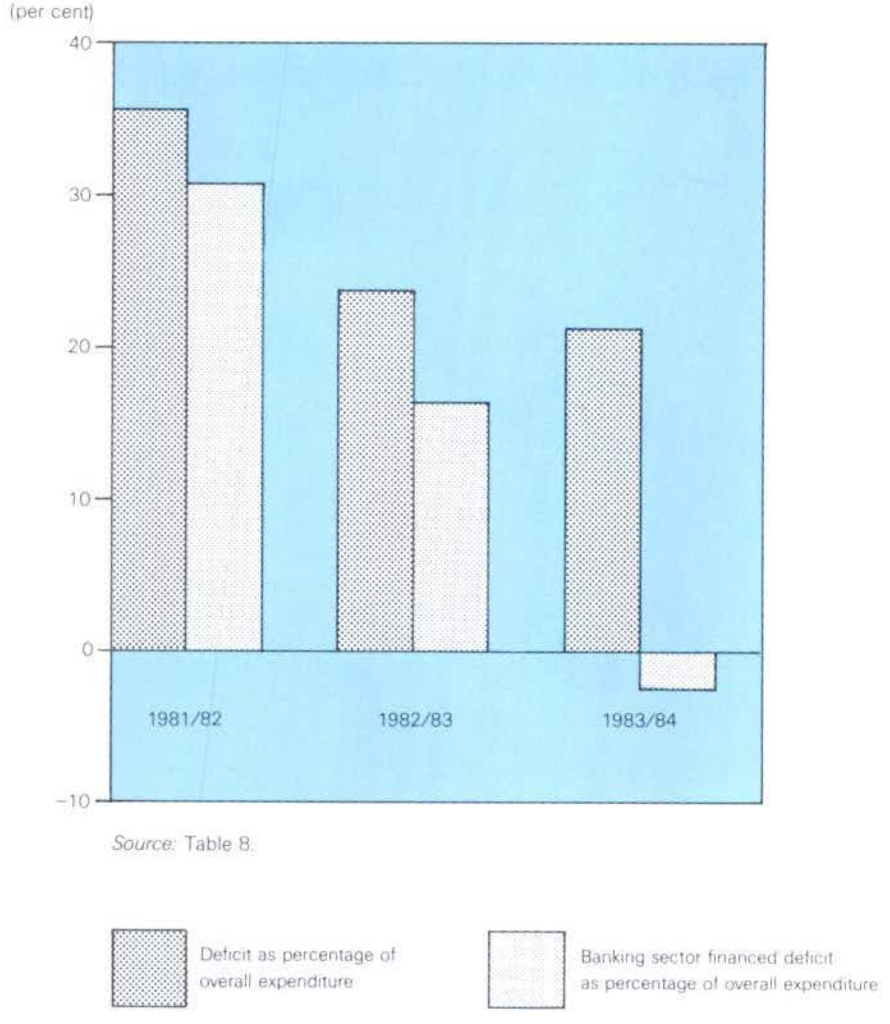
Source: Ministry of Finance and Bank of Uganda.
(1) Includes only claims verified by the Auditor General

TABLE 9: BUDGETARY REVENUES, 1981/82 — 1983/184
(in billions of shillings)

Head of Revenue	1981/82 Actual	1982/83 Actual	1983/84 1st half Actual	1983/84 Full Year Prel.
Total Revenue	24.4	52.6	42.2	92.9
Export Duties	6.8	16.1	19.3	41.2
Sales tax and Excise Duties	9.3	13.4	9.3	21.1
Import Duties	5.2	6.4	3.7	9.3
Foreign Exchange profits	—	11.5	6.0	7.9
Other	3.1	5.2	3.9	13.4
In Percentage of Total Revenue				
Export Duties	27.9	30.6	45.7	44.3
Sales tax and Excise Duties	38.1	25.5	22.0	22.7
Import Duties	21.3	12.2	8.8	10.0
Foreign Exchange profits	—	21.8	14.2	8.5
Other	12.7	9.9	9.2	14.4

Source: Ministry of Finance and Bank of Uganda.

CHART IV: OVERALL DEFICIT AS A PERCENTAGE OF TOTAL EXPENDITURE AND ITS FINANCING, 1981/82 – 1983/84



Source: Table 8.

Revenue

Total revenue collection, excluding external grants, amounted to shs. 52.6 billion in 1982/83 which was shs. 24.4 billion or 115.6 per cent higher than in the previous year. (Table 9). The main reasons for this performance were improvement in tax administration, increased duty on coffee export, adjustment in the sales tax structure, higher revenue from petroleum duties, and finally foreign exchange profits from Window Two sales.

Duty on coffee export contributed about 30.6 per cent of the total revenue compared to about 27.9 per cent in the previous year. Sales tax and excise duty together accounted for 25.3 per cent. Foreign exchange profits from Window Two sales amounted to shs. 11.5 billion or 21.8 per cent of the total domestic revenue.

Preliminary outturns for 1983/84 indicate that revenue increased by a further 76.6 per cent to shs. 92.9 billion, largely on the strength of higher export duties and improved collections of sales tax. The share of coffee in total revenue increased to 44.3 per cent, causing the relative share of all other major revenue items to decline.

Expenditure

Total expenditure in fiscal year 1982/83 amounted to shs. 69.7 billion which was 61.0 per cent higher than in the previous year. (Table 10). The most important factor behind the increase in expenditure was increased outlays for imports due to both the increased volume of transactions at Window Two and sharp depreciation of the Window One exchange rates. In addition, wages and salaries accounted for 10.0 per cent of the total expenditure, reflecting about 10.0 per cent increase over 1982 level. Development outlay accounted for 13.2 per cent (or shs. 9.2 billion) which was 29.6 per cent higher than in the previous year.

In 1982/83, the rate of expansion in total expenditure (61.0 per cent) was significantly slower than that of total revenue (115.6 per cent) reflecting expenditure restraining measures which continued to be enforced. This comprised of a reduction in automatic monthly cash allocations to ministries over and above salaries and wages. The cost of external travel, overseas, education, medical treatment and maintenance of embassies abroad were all transferred to Window Two exchange rates.

In fiscal year 1983/84 preliminary total expenditure outcome showed an increase of 76.9 per cent to shs. 123.3 billion. Recurrent expenditure increased by 68.9 per cent, strongly influenced by an increase in wages and salaries of 80.0 per cent. Other statutory recurrent expenditures also increased appreciably, particularly interest payments. Development expenditure increased by 52.2 per cent to shs. 14.0 billion, a shortfall of 61.7 per cent from the budgeted development expenditure.

Overall Deficit and Financing

In 1983/82 the overall deficit increased to shs. 16.5 billion, only shs. 1.1 billion higher than in the previous year. Disbursements of external loans increased by 31.1 per cent to shs. 5.9 billion. As a result, net foreign financing increased from 6.5 per cent of the deficit in 1981/82 to 22.4 per cent in 1982/83. The Government borrowing from the banking system fell by shs. 2.0 billion from the previous financial year to shs. 11.3 billion, the share of bank financing to total deficit declined from 86.4 per cent in 1981/82 to 68.5 per cent in 1982/83. The financing from the domestic non-bank sector increased only slightly to shs. 1.5 billion from shs. 1.1 billion in 1981/82.

According to preliminary outturns for 1983/84 the deficit increased to shs. 25.9 billion, but it continued to decline as a percentage of total expenditures. Despite a further sharp increase in foreign borrowing to finance the budget, the share of net foreign financing fell to 11.6 per cent of the deficit following substantially higher repayments. The borrowing from the domestic non-bank sector reached an unprecedented record of shs. 26.1 billion. This figure includes the issuance of special Government securities in settlement of domestic arrears to the tune of shs. 7.5 billion. The recourse to borrow from the non-bank sector enabled the Government to make a net repayment of shs. 3.2 billion to the domestic banking system during 1983/84.

TABLE 10: BUDGETARY EXPENDITURES, 1981/82 – 1983/84
(in billions of shillings)

	1981/82	1982/83	1983/84	1983/84
	Actual Outcome	Actual Outcome	Budget Estimate	Provisional Outcome
Total Expenditure	43.3	69.7	110.2	123.3
Recurrent expenditure	28.3	47.9	69.6	80.9
Of which: salaries and wages	(6.4)	(7.0)	(10.5)	(12.6)
Interest payments[1]	(1.1)	(7.2)	(11.1)	(16.5)
Development expenditure	7.1	9.2	36.6	14.0
Other (net)[2]	7.9	12.6	4.0	28.4
Percentage Change from Previous Year				
Total Expenditure	225.6	61.0	58.1	76.9
Recurrent expenditure	135.8	69.3	45.3	68.9
of which: salaries and wages	(25.5)	(9.4)	(50.0)	(80.0)
Interest payments	(83.3)	(554.5)	(54.2)	(129.2)
Development Expenditure	238.1	29.6	297.8	52.2

Source: Ministry of Finance and Bank of Uganda.

(1) Inclusive of IMF charges for 1982/83 and 1983/84.

(2) Includes change in Balances on the Treasury Main Account and other Government accounts at the Bank of Uganda as well as the difference between cheques-issued cheques-cashed in the same fiscal year.

7 EXTERNAL DEVELOPMENTS

The strong improvement in Uganda's balance of payments position during 1981/82 was sustained during 1983. This was a considerable achievement in view of the extremely difficult situation prevailing after the 1979 liberation war and the continued difficult international environment for developing countries. The debt servicing ratio remained high, but the position of international reserves increased to a more manageable level. In order to achieve a viable balance of payments position in the medium term, the Government has been pursuing policies to further broaden the export base and to improve utilisation of available external resources in line with the priorities laid down in the Revised Recovery Programme.

7.1 BALANCE OF PAYMENTS

a) *Overview*

The policies pursued by the authorities since 1981 have put special emphasis on obtaining a more realistic exchange rate, providing incentives to producers of agricultural and industrial products, and liberalising import and exchange control regulations. Moreover, efforts to mobilise external resources for productive investments have received high priority. However, because of the generally long delays associated with external aid disbursements coupled with problems related to the internal absorptive capacity, the growth in imports was below expectation. Increased availability of long and medium term capital made it possible to reduce reliance on short term borrowings. (Chart V).

The overall balance of payments registered a deficit of U.S.$36.3 million, which was slightly higher than the revised deficit recorded in 1982, but 70 per cent less than that recorded in 1981 (Table 11). It is worth noting that the overall balance of payments registered a surplus in the second half of 1983 for the first time since 1977. Since 1981 the trade deficit improved considerably amounting to only U.S.$60.4 million in 1983 compared to U.S.$169.2 million in 1981. After a dramatic improvement in 1982, when the current account deficit narrowed from U.S.$170.6 million in 1981 to U.S.$69.9 million in 1982, it rose slightly to U.S.$72.3 million in 1983. In 1983, the net inflows of medium and long term capital fell by about U.S.$2.3 million to U.S.$23.9 million reflecting substantial increase in scheduled repayments. Principal payments amounting to U.S.$11.1 million were rescheduled in 1983, primarily within the framework of the Paris Club. The overall balance on capital account showed larger inflows due to substantially larger short term capital inflows. External arrears were reduced by U.S.$31.5 million in 1983, entirely due to rescheduling. On a cash basis, arrears increased by U.S.$8.3 million, but this was entirely due to developments during the first half of the year.

The overall deficit in 1983 was financed largely with drawings from the IMF. At the end of December 1983, the gross international reserves stood at U.S.$106.5 million, equivalent to 3.1 months' of imports.

b) *Current Account*

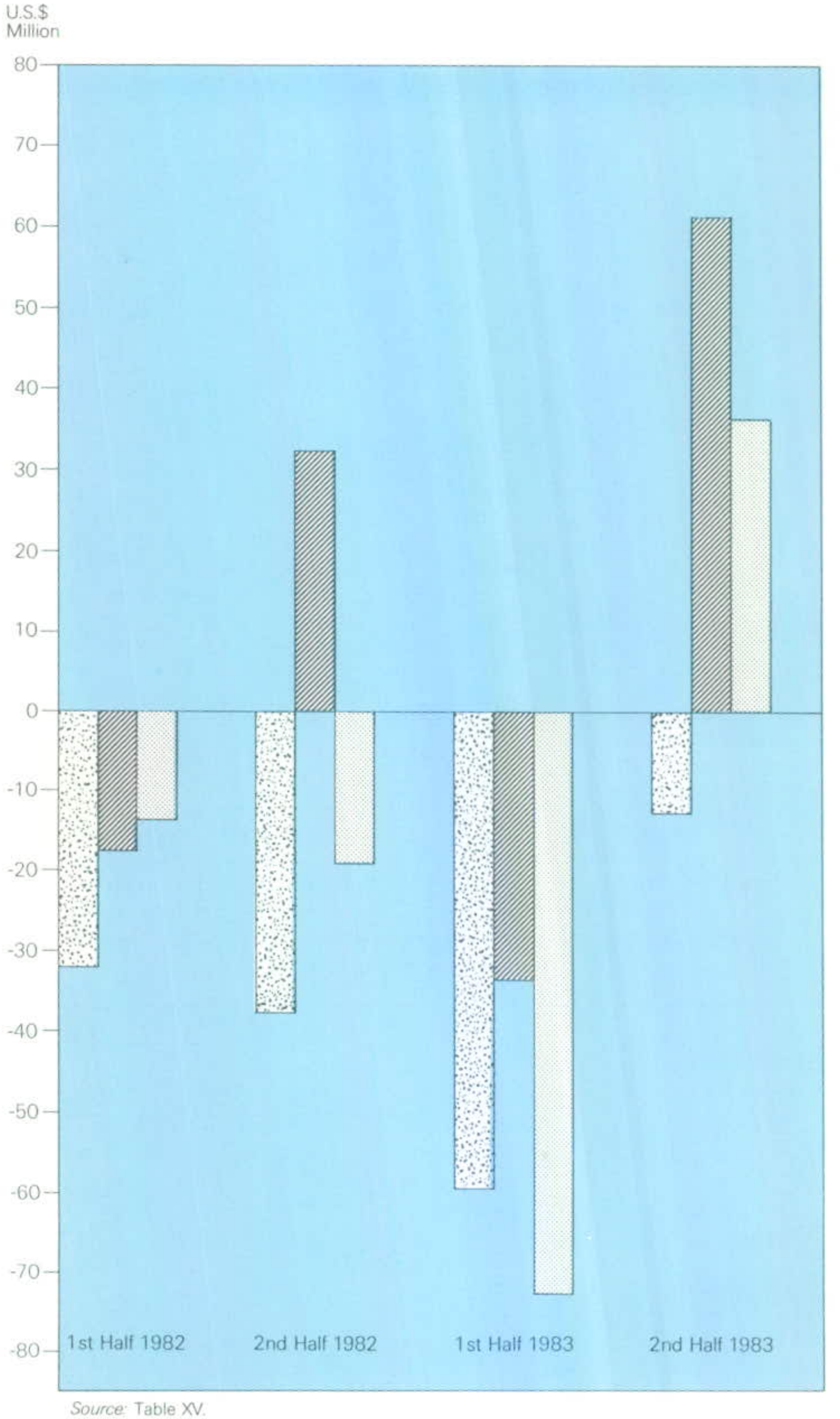
The current account deficit rose from U.S.$69.9 million in 1982 to U.S.$72.3 million in 1983. The higher deficit was attributable to larger deficit on services account reflecting higher interest payments and slightly lower inflows of grants which together more than offset the lower trade deficit.

TABLE 11: BALANCE OF PAYMENTS SUMMARY, 1981 — 1983
(in millions of U.S.$)

		1981	1982	1983
A.	**CURRENT ACCOUNT**			
	Merchandise trade	**−169.2**	**−74.9**	**−60.4**
	Services (net)	−122.0	−102.3	−115.4
	Unrequited transfers (net)	+120.6	+107.3	+103.5
	Balance on Current Account	−170.6	−69.9	−72.3
B.	**EXCEPTIONAL FINANCING: DEBT AND ARREARS CANCELLATION**	**68.7**	—	—
C.	**CAPITAL ACCOUNT**			
	Medium and Long-Term (net)	**−101.8**	**+26.2**	**+23.9**
	Short-Term (net)	+50.3	−11.6	+3.8
	Balance on Capital Account	−51.5	+14.6	+27.7
D.	**CHANGE IN ARREARS**	**+28.8**	**+22.4**	**+8.3**
E.	**ALLOCATION OF SDRS**	**6.5**	—	—
F.	**OVERALL BALANCE** A+B+C+D	**−118.1**	**−32.9**	**−36.3**

Source: Table XV.

CHART V: OVERALL BALANCE OF PAYMENTS, JUNE 1982 – DECEMBER 1983



Source: Table XV.

Merchandise Trade

Total exports, on balance of payments basis, increased in 1983 by U.S.$20.6 million or by 5.9 per cent to a level of U.S.$367.7 million, the highest since 1979. (Table 12). Coffee continued to dominate Uganda's exports, but the degree of dominance declined significantly. Coffee shipment accounted for 92.4 per cent of total export earnings in 1983 compared to 98.2 per cent in 1982. As a result of a cut in the export quota for coffee in the 1982/83 season from 2.8 million bags to 2.3 billion bags, export earnings from coffee declined during the first half of 1983 by 18 per cent from the previous half year. In volume terms, the decline was as much as 35 per cent, but this was partly offset by a 25 per cent increase in prices. Despite only minor further gains in prices, the shipment of coffee recovered strongly in the second half of 1983, virtually offsetting the shortfall during the first six months of the year.

Although Uganda is in a strong position to benefit from an increase in ICO quota, the signs of diversification with regard to exports were encouraging. Cotton exports increased 3.5 times in 1983 to U.S.$11.7 million, despite a decline in average prices by 7 per cent. However, cotton accounted for only 3.1 per cent of total export earnings as compared to 20 per cent in 1970. Maize exports, mainly to Tanzania, rose from a modest U.S.$0.6 million in 1982 to U.S.$11.4 million in 1983. The export value of tea increased to U.S.$1.2 million, up by 38 per cent from the previous year mostly on account of higher prices. Although the contribution from other exports like hides and skins, vegetables, cocoa, and tobacco was modest in absolute terms, the earnings from these products increased by more than four times in 1983.

The value of imports increased in 1983 by 1.4 per cent to U.S.$428.1 million, only 3.2 per cent higher than the 1981 import level. The sluggish development in imports is further underscored by the fact that the import figure for 1982 has been revised downward, primarily due to an earlier over-estimation of grant disbursement. In volume terms, however, imports increased by an estimated 3.5 per cent in 1983 as import prices expressed in U.S. dollar tended to decline. The impetus of the import growth was nevertheless weaker than anticipated. The slow growth in imports was due to larger interest payments on official debts and lower inflows of grants and medium and long term capital. According to the estimates used in the balance of payments, imports directly related to grants were in 1983 about 20 per cent lower than in 1981. This reflects the lengthy and complicated disbursement procedures. A Joint Co-ordination Committee on External Resources was established with representatives from the donors and the Uganda authorities to accelerate the rate of utilisation of external aids, to improve the data gathering machinery and coordinate the implementation and follow-up of projects. Despite the shortfall in grants disbursements, total committed external resources increased to U.S.$171.3 million in 1983, which was 63 per cent higher than the level reached in 1981.

Imports of petroleum products increased by 21 per cent in 1983 to U.S.$104.7 million. (Table 13). The total foreign exchange outlays in respect of the operations of the oil companies including services and remittances amounted to U.S.$113.1 million or almost 31 per cent of all export earnings.

The volume of petroleum imports increased by 15 per cent in 1983 to approximately 190,000 metric tonnes. This increase reflected the rapid growth in the transport sector and the increased activities in other sectors. Following a fuel shortage in 1982, the Government decided to maintain minimum security reserves of 25

TABLE 12: CURRENT ACCOUNT, 1981 – 1983
(in millions of U.S.$)

	1981	1982	1983
Merchandise trade:			
Exports	**+245.5**	**+347.1**	**+367.7**
Coffee	+243.0	+341.0	+339.7
Cotton	+2.2	+3.3	+11.7
Maize	—	+0.6	+11.4
Others	+0.3	+2.2	+4.9
Imports	**−414.7**	**−422.0**	**−428.1**
Oil and related products	−80.7	−86.2	−104.7
Committed external resources[1]	−103.6	−136.0	−171.3
Other	−230.4	−199.8	−152.1
Trade balance	−169.2	−74.9	−60.4
Services			
Services inflows	+4.5	+13.9	+11.5
Interest payments	−15.6	−26.3	−51.0
Other outflows	−110.9	−89.9	−75.9
Services net	**−122.0**	**−102.3**	**−115.4**
Transfers			
Unrequited transfers (net)	+120.6	+107.3	+103.5
Current Account balance	−170.6	−69.9	−72.3

Source: Bank of Uganda.
(1) Medium and long term loans and grants.

TABLE 13: IMPORTS OF PETROLEUM PRODUCTS, 1980 – 1983
(in metric tonnes)

Product	1980	1981	1982	1983
Aviation Fuel	12,915	14,964	16,968	18,120
Motor Spirit:	85,985	46,658	44,312	49,437
Premium	n.a.	n.a.	41,360	47,074
Regular	n.a.	n.a.	2,952	2,363
Kerosene	47,816	23,086	29,738	32,925
Auto Diesel	72,507	46,699	51,108	60,949
Industrial Diesel	1,455	1,383	914	1,378
Fuel Oil	23,675	18,820	17,183	23,116
Lubes/Grease	7,252	3,926	4,223	2,993
Bitumen	1,131	77	—	173
L.P. Gas	804	649	327	535
Other	5,888	1,790	315	355
Total Volume	259,428	158,052	165,088	189,981
(Total Value of U.S.$mn)	124.1	80.7	86.2	104.7

Source: Oil Companies and Bank of Uganda
n.a. = not available.

days consumption. Although this decision pushed up the oil bill in 1983, the increase in stocks was considered necessary in view of the unstable situation in the oil producing areas and in the event of unforeseen disruption in oil supplies to Uganda. It is for the latter reason that steps were taken in 1983 to develop an additional route through Tanzania. Despite the fall in world market prices of petroleum products, the unit value of these products imported into Uganda continued to increase in 1983 by some 5 per cent. This was due to the fact that the decline in the price had become effective only towards the end of the year as oil companies were supplying these products on the basis of long term contracts. In addition, transportation charges and related expenses increased sharply during 1983.

Imports financed by foreign exchange bought through the auction market amounted to U.S.$107.3 million in 1983. Details of these imports are available only for the second half of the year. (Table XX). Textiles, sugar and motor vehicles accounted for nearly 40 per cent of the total imports while machinery, spare-parts, construction materials and packing materials accounted for 15 per cent. The share of imports of spare parts, raw materials and capital goods through the auction market is considered to be adequate if such imports are taken together with the committed tied-external resources earmarked for financing such imports. However, with the increase in local production of consumer goods it will be possible to finance additional imports of spare parts, raw materials and capital goods through the auction market.

Direction of Trade

Based on data reported by member countries to the International Monetary Fund, the United States remained Uganda's largest export market in 1983, but the share declined by 11.9 percentage points to 28.4 per cent (Table XXI). This decline was compensated by increased exports to the industrial countries in Europe, with the share of United Kingdom rising to 11.5 per cent followed by 9.8 per cent to France and 8.3 per cent to West Germany. These developments reflect to a large extent changes in the pattern of country destination for Uganda's coffee exports. (Table XXII).

Changes in the distribution of sources of imports to Uganda were much less dramatic in 1983. Kenya remained the most important supplier and her share remained virtually unchanged at 32 per cent. The share of imports from United Kingdom fell by 6 percentage points to 10.9 per cent and were surpassed by West Germany as the second most important supplier of goods to Uganda. The share of other European countries also increased.

Trade Balance

As a result of the trade flows, the deficit on the trade balance narrowed to U.S.$60.4 million in 1983, 19 per cent lower than in the previous year. In the second half of 1983, the trade deficit amounted to only U.S.$11.2 million. Both the expansion in exports and the moderate growth in imports contributed to narrowing of the trade gap. Note should also be taken of the improvement in terms of trade during 1983.

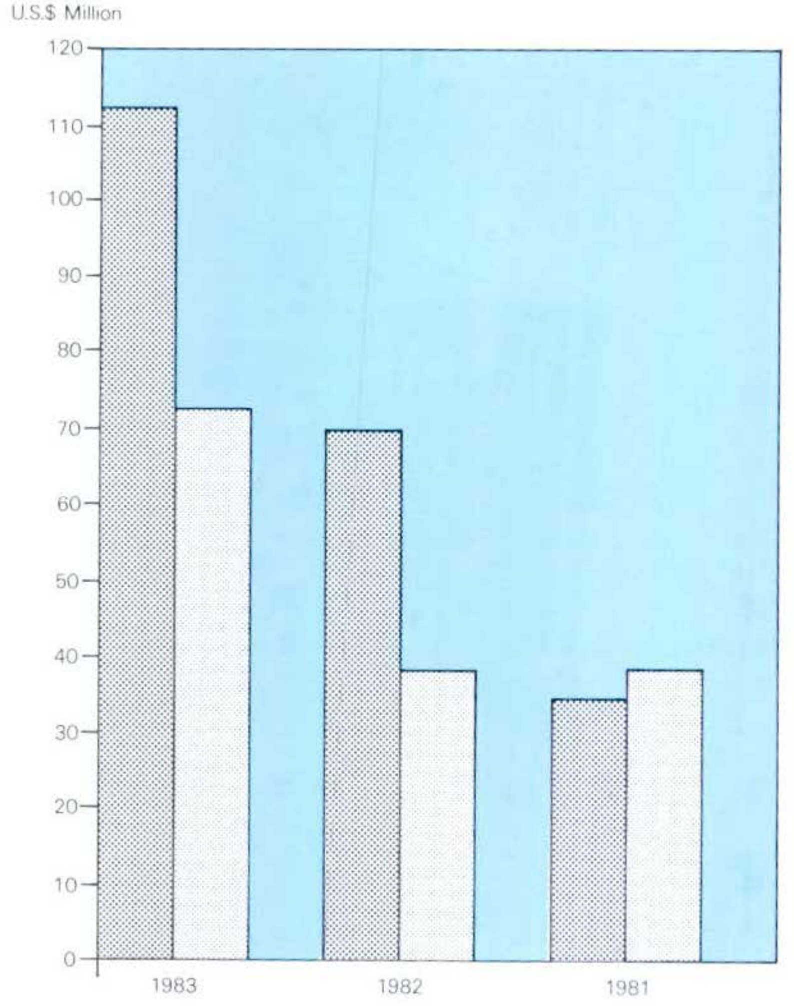
Services

The net deficit on the services account increased from U.S.$102.3 million in 1982 to U.S.$115.4 million in 1983, thus reversing an improvement of nearly U.S.$20 million during 1982. Over this three years period, interest payments increased by 227 per cent to U.S.$51 million in 1983, representing 44 per cent of the deficit on the services account. Included in these payments are IMF charges which alone amounted to U.S.$27.3 million. The bulk of other payments on this account represent foreign currency expenditure on travel, education, maintenance of diplomatic missions abroad and recurrent foreign costs for the export marketing agencies. Remittances of savings and dividends declined in 1983 mainly due to the initially large outflows following the opening of the auction market, of funds in respect of applications which had piled up over the previous years.

Transfers

The fall in grant disbursements between 1981 and 1983 was partly offset by an increase of goods brought into the country without payments in foreign exchange. Essentially, this item covers importation of goods paid

CHART VI: MEDIUM AND LONG TERM
PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT, DECEMBER 1981 – DECEMBER 1983
DISBURSEMENTS AND REPAYMENTS



Source: Bank of Uganda.

from private savings of nationals temporarily residing abroad. Imports without foreign exchange required also contained a sizeable element of grant. These imports increased to U.S.$29.4 million in 1983. In total, transfers including technical assistance has been estimated at U.S.$103.5 million in 1983.

The trough of grant disbursements was reached in the second half of 1983 as these fell from about U.S.$54 million to U.S.$50 million.

c) *Capital Account*

Higher inflows of official medium and long-term capital fully compensated for the sharp increase in scheduled payments in 1983. The net inflow amounted to U.S.$23.9 million, which was only marginally lower than in the previous year despite a doubling of official outflows to U.S.$139.8 million. Total debt relief almost doubled to U.S.$50.9 million, primarily on account of rescheduling of arrears on a bilateral basis outside the Paris Club. It should be noted that the data on the capital account for 1981 and 1982 have been revised. These revisions were caused by improvements in the availability of information particularly with regard to rescheduling and cancelling of new debt and arrears. Some of the changes are also related to reclassification. (Chart VI).

Under the short-term capital account, the movements were not subject to consistent trends, but rather to sharp fluctuations. Part of the explanation is due to the inclusion of estimates on credit movements related to the time lag between shipments of coffee and the actual receipt of foreign exchange. Net movement of credit granted in connection with usuance letters of credit were also taken into account for 1981 and 1982, but from 1983 this practice was discontinued and replaced with sight letters of credit. Short term capital movement also includes valuation discrepancies arising from exchange rate fluctuations. In 1983, the short term capital flows were almost in balance showing a net inflow of U.S.$3.8 million. During the first half of the year, however, there was a sizeable outflow of short-term capital which was fully reversed during the last half of the year.

d) *Financing and Reserves*

Use of credit from the International Monetary Fund remained important in financing Uganda's overall deficit which increased slightly to U.S.$36.3 million after recording a surplus in the second half of the year. Net drawings from the IMF amounted to U.S.$85.4 million in 1983, virtually on the same level as in the previous year. After allowing for a repayment of foreign liabilities of U.S.$20.9 million, reserves recorded an increase of U.S.$28.2 million in 1983. At end December 1983, gross international reserves amounted to U.S.$106.5 million equivalent to 3.1 months' of imports.

7.2 EXTERNAL DEBT AND ARREARS

a) *Stock of Public and Publicly Guaranteed External Debt*

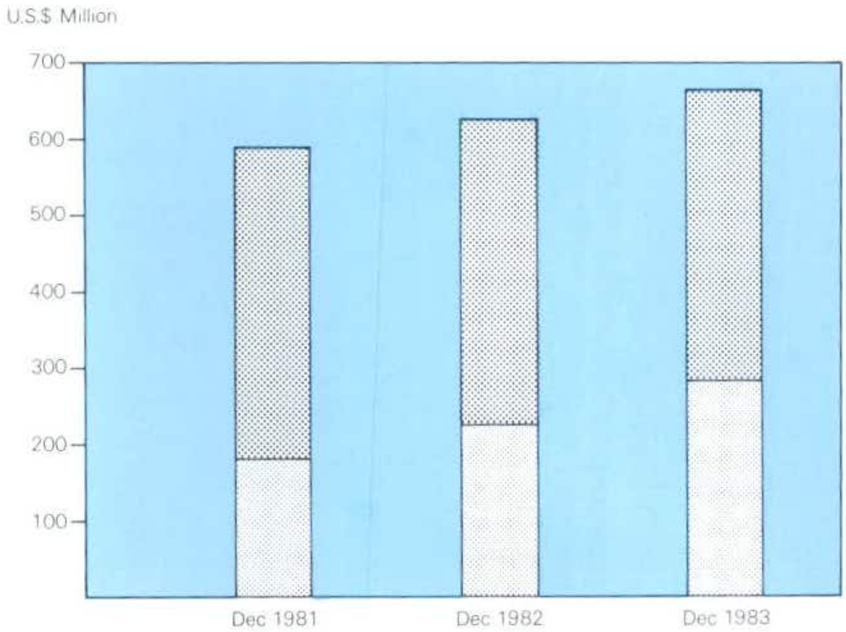
In the two-year period, December 1981 to December 1983, there has been a modest growth in the level of outstanding medium and long term public and publicly guaranteed external debt. (Table 14). At end December 1983, total outstanding debt stood at U.S.$665.1 million as compared with a level of U.S.$592.8 million at end December, 1981. This represents a net increase of US.S$72.3 million or 12.2 per cent over the two year period. Uganda's debts divide into two distinct categories; loans from multilateral institutions and bi-lateral borrowings. Multilateral borrowings represent loans from organisations such as the World Bank, the African Development Bank, Islamic Development Bank, European Investment Bank and other such institutions. Loans from the World Bank represent in the main, concessional credit from the International Development Association which has been channelling sizeable credits to aid Uganda's Recovery Programme. Bi-lateral loans represent credits extended to Uganda both by individual countries and by individual creditors or credit institutions. A large portion of these credits are linked to individual projects in the industrial, agricultural, services, and other sectors of the economy.

In some cases, loans extended by other countries to Uganda are linked with grant aid funds from these countries. The proportion of overall debt representing borrowings from multilateral institutions grew from 30.3 per cent at end December 1981 to 42.4 per cent at end December 1983. This reflects mainly the increased flow of concessional funds from the World Bank.

It may be noted that almost all of this stock of external borrowings represents fixed interest rate lending and thus is not directly vulnerable to the effects of highly volatile market interest rates as have been experienced of late. The above stock of debt excludes borrowings from the International Monetary Fund and other cash borrowings by Bank of Uganda. These loans which are on a short term basis represent indebtedness incurred by

CHART VII: MEDIUM AND LONG TERM PUBLIC AND PUBLICITY GUARANTEED EXTERNAL DEBT, DECEMBER 1981 – DECEMBER 1983

OUTSTANDING BALANCES



Source: Bank of Uganda.

Total Debt:

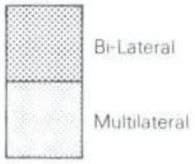


TABLE 14: TOTAL PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT, 1982 – 1983 (INCLUDING SHORT TERM BALANCE OF PAYMENTS SUPPORT)

(U.S.$ million)

	Dec 1983	Dec 1982	Increase
Medium and Long Term Debt	665.1	624.7	40.4
Balance of Payments Support	375.2	298.7	76.5
Total	1,040.3	923.4	116.9

Source: Ministry of Planning and Economic Development and Bank of Uganda.

way of balance of payments support. At end December 1983, these debts totalled U.S.$375.2 million, of which over 90 per cent was from the International Monetary Fund. This total compares with a level of U.S.$298.7 million at end December 1982 and represents a net increase of U.S.$76.5 million during 1983. When these figures are included, total external indebtedness amounted to U.S.$1,040.3 million and U.S.$923.4 million at end December 1983 and 1982 respectively.

During 1983, Uganda drew U.S.$112.8 million in foreign borrowing, over half of which were from multilateral institutions. It is significant to note that these drawdowns were much greater in the second half of 1983 than in the first — reflecting the improved ability of the economy to absorb available external resources. Indeed the level of drawings in 1983 at U.S.$112.8 million was well up on the level recorded in 1982 of U.S.$70 million.

As regards repayments of external debts during 1983, Uganda paid a total of U.S.$72.4 million compared with a total of U.S.$38.1 million in 1982 and U.S.$38.7 million in 1981. The 1983 figure represents an increase of U.S.$34.3 million or 90 per cent over the 1982 level. This significant increase in payments reflects Uganda's increased determination and ability to not only meet scheduled debt maturities, but also to reduce and eliminate external debt arrears which had built up throughout the 1970s.

b) *External Arrears*

As mentioned earlier, a considerable level of arrears to external creditors had built up throughout the 1970's. At end June 1981, arrears amounted to U.S.$164.6 million. Through a combination of rescheduling, cancellation and net cash payment, arrears were sharply reduced to a level of U.S.$79.6 million at end December 1983. (Table XXVIII).

During 1983 along, external arrears were reduced by U.S.$31.5 million. In the first half of the year, there was a build up in arrears of U.S.$10.4 million, however, in the second half of the year there was a reduction of U.S.$41.9 million. This overall reduction in 1983 was achieved through rescheduling of arrears of U.S.$39.8 million and net cash repayments of U.S.$8.3 million. The rescheduling of arrears of U.S.$39.8 million was achieved on concessionary terms including a five year moratorium on repayment of principal. This reduction of external arrears was achieved within the target of eliminating all external arrears by end 1985, a target which is likely to be achieved.

c) *Rescheduling*

As mentioned earlier, a significant portion of the reduction in Uganda's external arrears has been achieved through rescheduling arrangements. Uganda has twice obtained rescheduling relief at the Paris Club meetings in November 1981 and December 1982. This arrangement has rescheduled eligible arrears outstanding as at end June 1981 and maturities in the periods 1st July, 1981 to 30th June, 1982 and 1st July, 1982 to 30th June, 1983. Overall, the Paris Club has rescheduled debts totalling U.S.$63.5 million in the period 1st July, 1981 to 31st December, 1983. In addition to rescheduling a number of debts, Uganda also got further relief by way of debt cancellations amounting to U.S.$68.7 million of which U.S.$24.2 million was debt in arrears and U.S.$44.5 million of matured debt.

Rescheduling outside the Paris Club has been on bi-lateral basis and has again involved outstanding arrears as well as scheduled maturities. In the period 1st July, 1981 to 31st December 1983, debts rescheduled outside the Paris Club amounted to U.S.$50.9 million of which U.S.$32.7 million was on very favourable terms.

d) *External Debt Service Projections*

The projected external debt maturities including payments to the International Monetary Fund in the period 1st January, 1984 to 31st December, 1989 inclusive are shown in Table 15 below. The data was compiled using the stock of medium and long-term debt as at 31st December, 1983 together with obligations to the I.M.F. at that date and also some large short term borrowings contracted and disbursed by end March, 1984. The stock of debt is also adjusted to allow for estimated disbursements of loans contracted before 30th June, 1984 but not fully disbursed.

In the four years 1984 through 1987 total repayment to the IMF will amount to U.S.$364.2 million representing almost 50 per cent of total debt service payments of U.S.$745.1 million. The very large repayments of U.S.$223.8 million in 1984 and U.S.$194.1 million in 1985 also include the final settlement of external arrears mentioned earlier.

It should be noted that there is not an allowance in the figures for repayments of loans likely to be contracted and disbursed after 30th June, 1984.

On the basis of the existing external debts, the debt service as a percentage of exports receipts which is estimated at 52.8 per cent in 1984 is expected to decline gradually to 19.5 per cent by 1989.

TABLE 15: EXTERNAL DEBT SERVICE PROJECTIONS, 1984 – 1989
(Principal and Interest — U.S.$ million)

	1984	1985	1986	1987	1988	1989
Official Debt	149.9	92.8	65.4	72.8	68.0	53.6
I.M.F.	73.9	101.3	102.2	86.8	71.3	54.9
TOTAL	**223.8**	**194.1**	**167.6**	**159.6**	**139.3**	**108.5**
Projected Exports	424.0	452.0	465.0	494.0	524.0	557.0
Debt Service/Exports Ratio	52.8	42.9	36.0	32.3	26.6	19.5

Source: Bank of Uganda.

7.3 EXCHANGE RATE DEVELOPMENTS

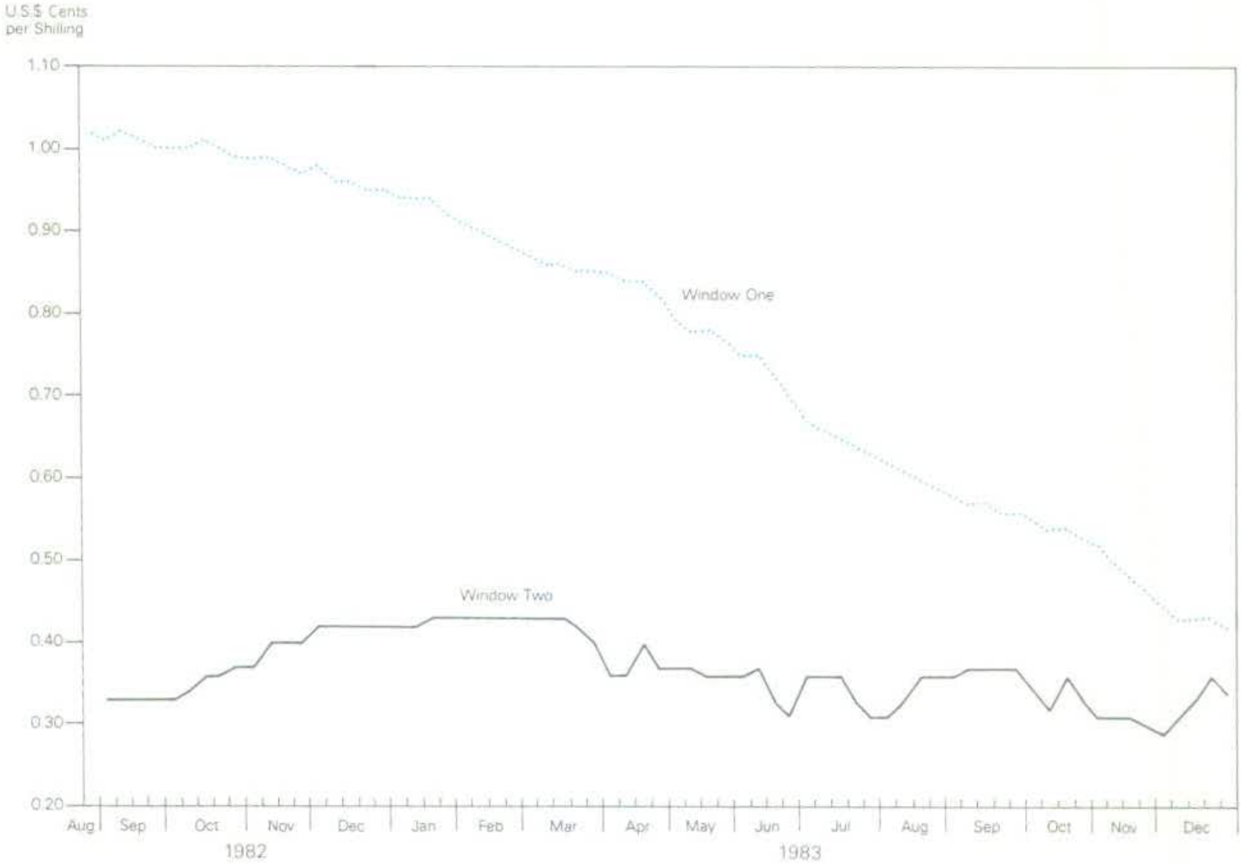
Uganda established a duel exchange rate system in August 1982 as part of a strategy to gradually obtain a more realistic external value of the Uganda shilling. Under this regime, a managed exchange rate was applied to transactions through Window One while an auction determined exchange rate was applied to transactions at Window Two. Foreign exchange was auctioned at the Bank of Uganda where bids were received for foreign exchange once every week and the rate was determined by the marginal bid that fully exhausted the available foreign exchange for each auction. Throughout 1983, the rate at Window One remained less depreciated than the rate at Window Two.

Transactions at the Window One exchange rate consisted of foreign exchange proceeds from traditional exports and public sector cash loans, while payments were limited for financing public debt service, arrears, contributions to international organisations, and procurement of essential imports. All other transactions were conducted at the Window Two exchange rate. However, during 1983, several transactions were transferred to the second Window as a first step towards unification of the two rates. The net foreign exchange receipts at Window One combined with receipts at Window Two were auctioned at the more depreciated Window Two exchange rate on a weekly basis averaging U.S.$3.0 million per week in the second half of 1983. This system produced the dual benefits of providing additional revenue to the Treasury in the form of foreign exchange profits and substantial subsidies to the priority sectors by enabling them to procure their raw material, spare parts and other input requirement at the preferential Window One exchange rate and by selling their final products at the auction determined market prices.

When the dual exchange rate regime was established, the rate at the first Window was shs. 99.3 per U.S.$ while the rate at the second Window was shs. 300 per U.S.$. (Table XV). The rate at second Window appreciated by 23 per cent to shs. 230 per U.S.$ by March 1983. However, during the remainder of the year, it fluctuated but depreciated over the period by 26 per cent and stood at shs. 290 per U.S.$ by end-December 1983. The rate at the first Window also depreciated continuously during 1983. At the end of December 1983, the rate had depreciated by 54 per cent and stood at shs. 233.8 per U.S.$.

The import weighted exchange rate based on a basket of currencies comprising of Uganda's main trading partners has been estimated to have depreciated by 33 per cent on average in 1983. However, because the inflation rate in Uganda exceeded that of its trading partners, the depreciation in real terms amounted to 21 per cent. This figure should indicate that further progress was made during 1983 to establish a more realistic exchange rate of the shilling. The volume of transaction on the parallel market is believed to have been sharply reduced in 1983 as the differential between the unofficial and the auction rates narrowed significantly.

CHART VIII: VALUE OF THE SHILLING EXPRESSED IN U.S. DOLLARS, WEEKLY AVERAGES, AUGUST 1982 – DECEMBER 1983



Source: Bank of Uganda.

8. MONEY AND BANKING

8.1 MONETARY SURVEY AND LIQUIDITY

During 1983, overall liquidity grew by 41.3 per cent compared with 24.8 per cent in 1982, and 76.9 per cent in 1981. As in the previous two years, domestic credit was the main factor underlying the growth in liquidity, but also the improvement in the balance of payments contributed to the faster growth in broad money in 1983.

For the first time in many years, net foreign assets had an expansionary impact on the growth of broad money. The improvement in the overall balance of payments accounted for 3.7 percentage points of the growth in broad money in 1983. This compares with the contractionary impact of net foreign assets on broad money of 10.4 percentage points and 81.2 percentage points in 1982 and 1981, respectively.

Domestic credit contributed 53.4 percentage points to the overall growth in liquidity during 1983, compared with 47.7 percentage points in 1982 and 114.5 percentage points in 1981. The moderate increase in the share of overall domestic credit to the expansion of broad money was mainly due to an increase in the share of credit to the private sector in the overall liquidity as it rose from 32.1 percentage points in 1982 to 35.9 percentage points in 1983 reflecting essentially larger crop financing and IDA resources. Other items net exerted a contractionary impact on liquidity growth by 15.8 percentage points in 1983 and by 12.5 percentage points in 1982 mainly due to the foreign currency revaluation and items in transit (Chart IX).

During 1983, the factors influencing monetary growth changed significantly. Net foreign assets of the banking system had an increasingly contractionary impact during the first two quarters of the year as the overall balance of payments deficit increased. This trend was reversed during the second half of the year. The overall balance turned into a surplus and net foreign assets had an expansionary impact on monetary growth, particularly in the third quarter of 1983. Domestic credit had an expansionary effect during most of the year with exception of the third quarter of 1983. Other items net made a positive contribution to monetary growth in the first and third quarters while the impact was highly contractionary in the second and fourth quarters.

TABLE 16: CONTRIBUTION TO GROWTH IN BROAD MONEY, 1981 – 1983[1]
(percentage points)

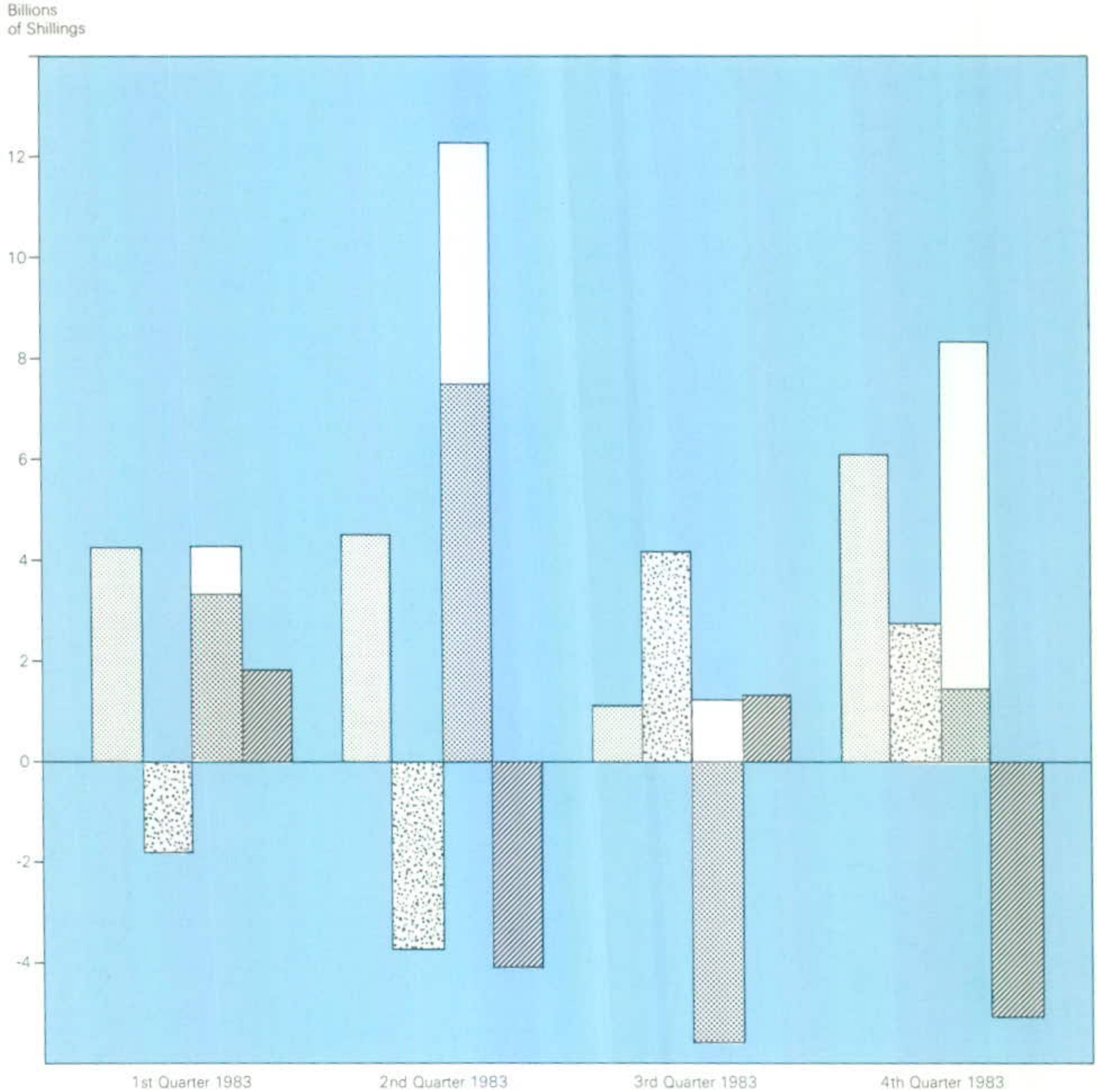
	1981	1982	1983
1. Net foreign assets[2]	– 81.2	–10.4	3.7
2. Domestic Credit	114.5	47.7	53.4
Net credit to Government	(82.9)	(15.6)	(17.5)
Credit to private sector	(31.6)	(32.1)	(35.9)
3. Other items (net)	43.6	–12.5	–15.8
4. Growth in broad money (1+2+3)	76.9	24.8	41.3

Source: Bank of Uganda.

(1) Changes expressed in per cent of the stock money at the beginning of period.

(2) For 1982 and 1983 changes in net foreign assets are calculated on a transaction basis.

CHART IX: CHANGES IN BROAD MONEY AND EXPLANATORY FACTORS, 1983



Source: Bank of Uganda.

8.2 DOMESTIC CREDIT

The overriding objective in the implementation of monetary and credit policy has been to avoid an excessive credit expansion which could hamper stability in the long run, but at the same time provide sufficient financial resources for reconstruction and development. Also during 1983, the expansion of domestic credit was limited to remain in line with the growth in the economy without unduly releasing inflationary pressures. The credit ceilings primarily restricted credit to Government, while credit to the private sector was much less affected.

Total domestic credit increased by 37.1 per cent during 1983 as compared to 36.1 per cent in 1982. This expansion was mainly concentrated in the second quarter of the year and accounted for 60 per cent of the total annual increase. This uneven distribution was related to the development in net credit to Government. During the second quarter, there was a marked increase in the budgetary deficit and Government borrowed heavily from the banking system. As a result, after increasing by shs. 3.4 billion in the first quarter, net credit to Government increased by shs. 7.5 billion in the second quarter. The pattern of financing also changed as Bank of Uganda provided 95 per cent of total bank financing at the end of June 1983 as compared to 85 per cent at the end of December 1982.

This decline was partly related to a fall in commercial banks' holdings of Treasury bills from shs. 3.2 billion in December 1982 to shs. 0.5 billion in June 1983. The disinvestment in Treasury bills was brought about by efforts to convince commercial banks to channel their resources to the private sector. These efforts were later followed up by changes in relative interest rates (section 8.4 below). In the third quarter of 1983, net credit to Government fell by shs. 5.6 billion or by 12 per cent as the Government repaid part of its debt to Bank of Uganda. In the final quarter of the year, credit increased by shs. 1.4 billion. The overall reduction in bank financing during the second half of 1983 was attributed to the successful campaign to sell Treasury bills, particularly to the non-bank sector. Within the banking sector, the share of Bank of Uganda in net credit to Government fell to 90 per cent at the end of December 1983. (Table 17).

During 1983, total credit to private sector grew by 64.6 per cent compared with 86.5 per cent in 1982. In absolute terms private sector credit grew by shs. 13.8 billion in 1983 or by shs. 3.9 billion more than in 1982. After a modest increase of only shs. 0.8 billion in the first quarter of 1983, credit to the private sector increased by shs. 4.8 billion in the second quarter. The expansion moderated to shs. 1.2 billion in the third quarter, but credit increased by a record shs. 7.0 billion in the final quarter of 1983.

There was a considerable change in the supply composition of private sector credit as Bank of Uganda made available substantial funds for crop financing by accepting to discount crop finance bills. As a result, the commercial banks contributed only 30 per cent to the increase in credit in the first half of the year, but the share increased to 75 per cent during the second half of 1983. The lending ratio of the commercial banks, which reached a high level of 83.8 per cent in December 1982 fell to 75.8 per cent in June and further to 64.9 per cent in September 1983. The improvement in bank liquidity mainly during the first half of the year, laid the foundation for a sharp acceleration in credit to the private sector by commercial banks in the final quarter of 1983. In this quarter alone, commercial banks' credit increased by shs. 8.3 billion or by 40 per cent. The increased demand for credit was widespread throughout the economy reflecting increased demand for crop finance in the agricultural sector, speeded up disbursement of IDA credit to the manufacturing sector as well as higher credit demand from the trade and commerce sector in response to increased demand for imported goods. As a result, the lending ratio again went up, reaching as high as 85 per cent at end December 1983. (Table 17).

During the first three quarters of the year, commercial banks' lending to the agricultural sector declined by shs. 4.1 billion. This decline, however, should be seen in the light of the key role Bank of Uganda had undertaken to make funds available for crop financing through discounting of crop finance bills. Through such arrangement, as much as shs. 4.8 billion was made available for crop financing in the agricultural sector during the same period. In the last quarter of the year, commercial bank lending to the agricultural sector increased by shs. 2.4 billion. As the financial needs of the important agricultural sector was to a large extent satisfied by the Bank of Uganda, the commercial banks diverted more of their resources into other sectors. Trade and commerce sector benefited most from this as lending to this sector increased by shs. 5.4 billion to shs. 11.1 billion. The increased demand for credit in this sector was related to the need to finance imports through the auction system. Credit to the manufacturing sector increased by shs. 1.6 billion to shs. 5.5 billion, while credit to the transport sector increased by shs. 2.1 billion to shs. 3.7 billion.

TABLE 17: INDICATORS RELATING TO OPERATIONS OF COMMERCIAL BANKS, 1981 – 1983

	End Dec. 1981	End Dec. 1982	End Mar. 1983	End June 1983	End Sept. 1983	End Dec. 1983
Share of credit to Government in overall credit (in per cent) ..	31.1	14.7	8.5	5.1	7.8	10.0
Lending ratio (in per cent)(1) ..	56.0	83.8	79.0	75.8	64.9	85.0
Liquidity ratio (in per cent)(2) ..	34.6	15.0	16.4	22.5	17.4	18.2
Free liquidity (shs. billion)(3) ..	9.4	5.1	7.7	11.4	9.6	11.2

Source: Bank of Uganda.

(1) Loans and advances in proportion of deposits, excludes (net) credit to Government

(2) Liquid assets in proportion of total assets.

(3) Liquid assets in excess of legal requirements.

TABLE 18: BANKING SYSTEM CREDIT TO THE PRIVATE SECTOR, DECEMBER 1981 – DECEMBER 1983
(in billions of shillings)

	1981	1982		1983			
	Dec.	June	Dec.	Mar.	June	Sept.	Dec.
Grand Total	**11.5**	**15.0**	**21.4**	**22.2**	**27.0**	**28.2**	**35.2**
Bank of Uganda ..	**0.2**	**0.3**	**0.2**	**0.2**	**4.1**	**7.5**	**6.2**
Crop Finance	—	—	—	—	1.9	4.8	5.9
Other	0.2	0.3	0.2	0.2	2.2	2.7	0.3
Commercial Banks ..	**11.3**	**14.7**	**21.2**	**22.0**	**22.9**	**20.7**	**29.0**
Agriculture	4.4	6.6	9.3	10.2	9.6	5.2	7.6
Manufacturing	1.6	2.3	3.9	3.7	4.4	3.3	5.5
Trade and Commerce ..	4.1	4.9	5.7	5.7	5.9	8.5	11.1
Transport	0.7	0.6	1.6	1.8	2.4	2.7	3.7
Other	0.5	0.3	0.7	0.6	0.6	1.0	1.1

Source: Bank of Uganda.

8.3 COMPOSITION OF LIQUID ASSETS

The composition of money exhibited different trends in 1983 than in the previous year. (Chart X). Currency in circulation became the fastest growing component during 1983 thus reversing the decline in its rate of growth during 1982. The ratio of currency in circulation to broad money increased by 1.4 percentage points during 1983 to 34.8 per cent at the end of the year. The growth in currency in circulation was particularly strong during the first half of the year, mainly reflecting higher incomes in the rural areas following increased producer prices. The rate of growth of currency in circulation stabilised in the second half of the year, possibly responding to the increase in interest rates in July 1983. Also the sharp acceleration in the growth of non-interest bearing demand deposits during the first half of 1983 came to a halt at mid-year. Consistent with these trends, time and savings deposits grew at a decelerating rate during the first half of 1983, but also here the interest rate adjustments at mid-year seem to have had some effect (Table 19).

A more comprehensive measure of financial assets held by the non-banking sector includes short term Treasury bills and Government stocks. While the latter component has remained fairly stable in absolute amount, there was substantial fluctuations in Treasury bill holdings. These holdings fell from a high level of shs. 5.9 billion at the end of December 1982 to shs. 3.0 billion at the end of June 1983. As a result of a vigorous campaign to convince public enterprises to invest in Treasury bills, the holdings shot up to shs. 12.4 billion by the end of December 1983.

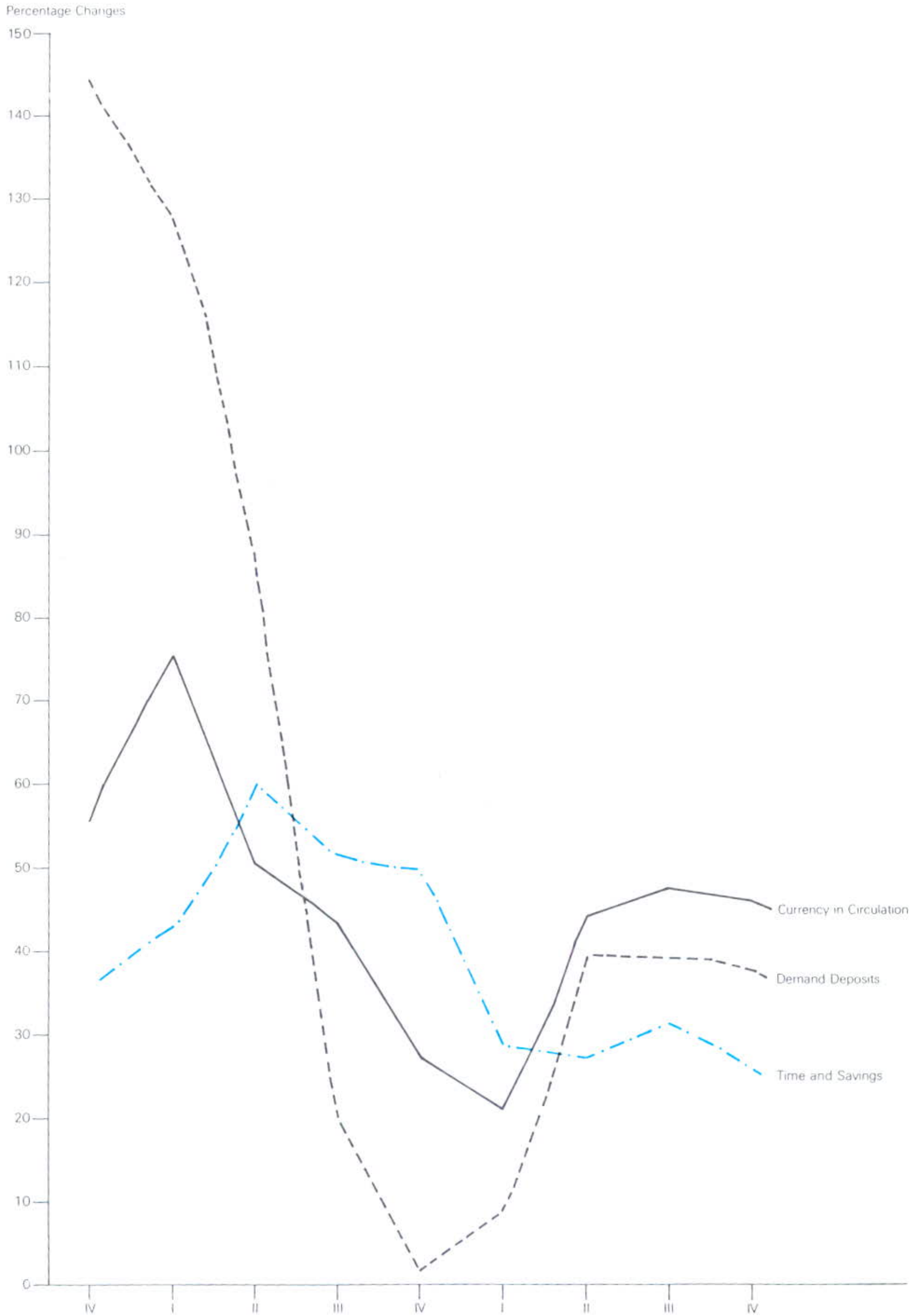
The growth in total financial assets held by the non-banking sector was also faster than growth in broad money in 1983. Thus, financial assets grew by 50.4 per cent compared with growth of broad money of 41.3 per cent in 1983. The comparable growth rates in 1982 were 36.8 per cent and 24.8 per cent. This shifting to short term interest bearing Treasury bills was primarily related to the higher rates on Treasury bills which continued to attract no corporation tax.

TABLE 19: COMPOSITION OF FINANCIAL ASSETS HELD BY THE NON-BANK SECTORS 1981 – 1983

	Money Supply		Time and Savings Deposits		Treasury Bills		Government Securities	
	Shs. billion	Per cent	Shs. billion	Per cent	Shs. billion	Per cent	Shs. billion	Per cent
1981								
December	24.6	73.9	6.2	18.8	1.3	3.8	1.2	3.5
1982								
March	23.3	68.3	7.7	22.6	1.9	5.6	1.2	3.5
June	25.5	70.6	8.0	22.1	1.5	4.1	1.2	3.2
September ..	26.0	68.2	8.0	21.1	2.9	7.6	1.2	3.1
December	29.8	65.4	8.7	19.2	5.9	12.9	1.1	2.5
1983								
March	33.4	70.0	9.3	19.5	3.9	8.1	1.1	2.4
June	36.4	70.9	10.8	21.1	3.0	5.8	1.1	2.2
September	37.4	64.7	11.0	18.9	8.3	14.4	1.1	2.0
December	43.5	63.5	10.9	15.9	12.4	18.1	1.7	2.5

Source: Tables XII, XIII and XXIX.

CHART X: CHANGES IN THE COMPONENTS OF BROAD MONEY, 1981 – 1983
(ANNUAL PERCENTAGE CHANGES BASED ON QUARTERLY AVERAGE DATA)



Source: Bank of Uganda.

8.4 INTEREST RATES

While inadequate banking infrastructure limits the effectiveness of interest rate as a measure for mobilising resources, the monetary authorities nevertheless pursued an active interest rate policy since June 1981 with a view to ultimately establishing positive real interest. In July 1983, the Bank of Uganda raised the rediscount and Bank rate leaving the Treasury bill rates unchanged in order to encourage the commercial banks to mobilise and channel resources into the productive sectors instead of investing in short term Government Securities. At the same time, rates on savings and time deposits were raised by 2 percentage points and also lending rates were raised by the same amount. In December 1983, the interest rates of Treasury bills, the rediscount rate, Bank rate, deposit rates and lending rates were again raised by 2 percentage points. Reflecting these adjustments combined with a deceleration in domestic rate of inflation during most of 1983, the real interest rates became less negative. (Table 20).

TABLE 20: INDICATIVE BANK INTEREST RATES, JUNE 1981 – DECEMBER 1983
(in per cent per year)

	June 1981	December 1982	July 1983	December 1983
Deposit rates				
savings deposits	5.0	9.0	11.0	13.0
time deposits, min. 1 year	—	13.0	15.0	17.0
treasury bills 91 days	5.08	12.0	12.0	14.0
Lending rates				
agriculture	8.0	14.0	16.0	18.0
miscellaneous	12.0	20.0	22.0	22.0
Bank of Uganda				
rediscount rate	7.0	10.0	12.5	14.5
rate for advances to commercial banks ..	8.0	11.0	13.5	15.5

Source: Table XXXV.

8.5 FINANCIAL INTERMEDIARIES

The financial intermediaries comprise seven commercial banks, two development banks, five credit institutions, a post office saving bank and eight insurance companies. The participations in economic activity by development banks and Uganda Commercial Bank improved during 1983, unlike those of other financial intermediaries whose asset portfolio continued to be heavily oriented towards the less risky short term investment, with concentration particularly on Treasury bills. Credit institutions experienced a growth of 296.9 per cent in deposits from non-bank sector during 1983. Only 21.8 per cent was channelled back as loans and advances to the non-bank sector while 75.5 per cent was investment in Treasury bills at the end of 1983.

The period under review saw substantial improvement in the operations of Uganda Development Bank. Foreign funds available to the bank for on-lending stood at shs. 15,879 million (U.S.$65.345 million) at the beginning of 1983 compared to shs. 6,816 million (U.S.$28.049) million at the beginning of 1982. At the end of 1983 outstanding loans amounted to shs. 2,358 million compared with shs. 696 million at the end of 1982, an increase of 239 per cent. Uganda Development Bank received loans from/or operated lines of credit with international organisations such as IBRD, the EEC, the ADB and the European Investment Bank, as well as bilateral donors. The bank also managed on behalf of Government loans totalling U.S.$65 million from Kuwait, Saudi Arabia and the Islamic Development Bank. The bank's authorised-share capital remained at shs. 2,000 million while the paid up capital rose to shs. 532 million from shs. 352 million at the end of 1982.

Following the introduction of a new charter in 1980 which settled the issue of the legal status of East African Development Bank, an increase in the bank's activities in the three East African countries was sparked off. The bank's commitment for 1983 amounted to SDR 14.0 million compared to SDR 6.4 million in 1982. The number of projects financed by the bank in 1983 was 22 compared with only 8 in 1982. Out of the 19 individual projects, the following ten projects were located in Uganda: Agricultural Enterprises Ltd., Kiira Sawmills Ltd., Kirinya Sugar Estates Ltd., Masaka Growers Cooperation Union, Poultry Products Ltd., Sapoba Bookshop Press Ltd., Uganda Electricity Board, Uganda Tea Growers Corporation, Uganda Engineering Corporation Ltd., and Universal Clay Works Ltd. These projects received shs. 712.0 million (SDR 4.98 million). In addition, Uganda was directly involved in 2 or 3 regional projects (namely Masaka-Bukoba Microwave Link and Masaka-Bukoba Power Transmission Line) with invested funds amounting to shs. 214.1 million (SDR 0.88 million).

Part II: BALANCE SHEET

Bank of Uganda

BALANCE SHEET AS AT 30th JUNE 1983

1982 Shs.	LIABILITIES	('000 shs.)	1983 ('000 shs.)
	CAPITAL		
40,000	Authorised	40,000	
20,000	Paid up		20,000
40,000	**GENERAL RESERVE FUND**		**40,000**
449,491	**OTHER RESERVES**		**200,481**
509,491			260,481
	CURRENCY IN CIRCULATION		
11,461,249	Notes	18,390,724	
103,310	Coins	102,905	
11,564,559			**18,493,629**
	DEPOSITS		
23,281,415	Government	32,729,652	
3,847,112	Banks	6,562,207	
1,345,884	Others	2,386,003	
28,474,411			**41,677,862**
	FOREIGN LIABILITIES		
685,576	Banks	978,068	
23,174,256	IMF	34,991,641	
2,118,817	Foreign Loans	429,377	
25,978,649			**36,399,086**
3,104,806	**ALLOCATION OF SPECIAL DRAWING RIGHTS**		**4,710,709**
3,502,744	**OTHER LIABILITIES**		**1,103,491**
73,134,660			102,645,258

1982 Shs.	ASSETS	('000 shs.)	1983 ('000 shs.)
	EXTERNAL ASSETS		
3,161,180	Foreign Exchange	5,581,636	
518,093	Special Drawing Rights	97,105	
313,505	Items in Transit	326,713	
3,992,778			**6,005,454**
	INVESTMENTS		
31,645	Government Securities	712,471	
63,000	Other Securities	69,351	
94,645			**781,822**
	ADVANCES AND BILLS DISCOUNTED		
48,474,657	Government	74,433,375	
666,139	Banks	3,517,161	
71,717	Others	1,962,064	
49,212,513			**79,912,600**
775,236	**FIXED ASSETS**		**1,085,752**
11,113,720	**CURRENCY REVALUATION**		**9,331,278**
7,945,768	**OTHER ASSETS**		**5,528,352**
73,134,660			102,645,258

L. KIBIRANGO — Governor
S. TULYA-MUHIKA — Director
H. LINDSAY — Chief Accountant

REPORT OF THE AUDITORS

We have audited the balance sheet set out above and the profit and loss account set out on page 33 which has been prepared under the historical cost convention. We have obtained all the information and explanations which we considered necessary. Proper books have been kept and the accounts are in agreement therewith.

In our opinion the balance sheet and profit and loss account together with the notes set out on page 33 give respectively a true and fair view of the state of the Bank's affairs as at 30th June 1983 and the profit for the year ended on that date.

Kampala 20th July, 1984

Lawrie Prophet & Co.
Certified Accountants

Bank of Uganda

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1983

1982 ('000 shs.)		1983 ('000 shs.)
291,460	NET PROFIT FOR THE YEAR after providing for all expenses and contingencies	209,021
	APPROPRIATED AS FOLLOWS:	
91,460	Transfers to Specific Reserves	109,021
200,000	Transfers to Consolidated Fund	100,000
291,460		209,021

NOTES TO THE ACCOUNTS—30TH JUNE 1983

1. Assets and liabilities in foreign exchange have been converted into Uganda Shillings at the exchange rates ruling on 30th June 1983.

2. The Bank is exempt from payment of Income Tax in respect of its functions by the Bank of Uganda Act, 1966.

3. Government and other securities are valued in the balance sheet at cost plus accrued interest.

4. **Capital Commitments:**
   The Bank has contractual and other capital commitments in connection with the extension of the Bank's Buildings Plot No. 1/75 Shimoni Road. It is not possible to estimate the total value to completion as the contracts are in phases. So far only phases 1 to 3 have been started.

5. **Statutory Requirements:**
   (a) The Bank has not complied with the provision of section 24 of the Act, regarding the external assets holdings vis-à-vis demand liabilities of the Bank.

   (b) Similarly, section 26 regarding the limit of temporary advance to Government of 18 per cent of the recurrent revenue budget has not been complied with throughout the year. However, the limits agreed with the International Monetary Fund have been observed.

6. **Fixed Assets:**
   Fixed assets are depreciated on straight line basis so as to write them off over their useful lives as follows:

Land	NIL
Buildings	4% p.a.
Staff furniture and equipment	25% p.a.
Bank vehicles	25% p.a.
Office furniture and equipment	20% p.a.

Part III: OPERATIONS AND ADMINISTRATION

9. OPERATIONS

9.1 ACCOUNTS DEPARTMENT

The main objective of the Accounts Department during the year was to up-date the financial records of the Bank and to provide more and better information for Management. As a first step in this direction, a new Accounts code was introduced on 1st July, 1983 with the main structural reform being the transfer of all the Bank's ledgers to a unified Accounts Department when the records are in order for the subsequent computerisation of the system.

One of the main functions of the Department is the collection of Government revenue. The Department is responsible for calculation and collection of export duty on coffee and for transfer to Government of the net profits arising from selling foreign exchange through the Auction system. These two sources of revenue provided over half of Government recurrent revenue in 1982/83.

Internal Public Debt Office was separated from External Public Debt Office during the year and remained part of Accounts Department. The main function of this office is to manage Uganda Government Internal Public Debt and in particular to market Treasury bills. The bills are with maturities of 35, 63 and 91 days and are readily discountable at the Bank of Uganda. During the period under review, the discount rate on Treasury bills was raised by 2 percentage points in accordance with Government's objectives of limiting its reliance on the banking system. The Internal Public Debt Office has been active throughout the year explaining to the general public the benefits of holding Treasury bills. Seminars were held in Kampala and upcountry. As a result of the great efforts made to popularise Treasury bills, non-bank holdings doubled in the period under review.

There was little change in the value of long term Government Stocks and Tax Reserve Certificates. Most of the Government Stocks were issued when interest rates were substantially lower and they were, therefore, less attractive than Treasury bills.

9.2 BANKING DEPARTMENT

Besides the routine operations, the Banking Department's objectives for the year 1983 were to computerise the banking operations, to increase the number and to improve the quality of manpower through recruitments and intensive trainings, and to improve customers' service through effective surveillance and speedy management of the Accounts.

Considerable achievement was registered for all set targets. A detailed survey for the installation of a computer was carried out and a report was submitted. Procurement and installation is planned for the 1984/85 financial year.

Foreign courses offered to the Senior Officers and Local courses organised for the cashiers and new officers contributed greatly to improve customers service at the counters and to keep up-to-date the posting and reconciliation of accounts and delivery of Bank statements.

In 1983, the Banking Department redeemed Shs. 7.4 million of mutilated notes as compared to Shs. 6.2 million in 1982. This was particularly attributed to the high circulation of small denominations issued in 1979. The Department plans a campaign to educate the public to bank their money or handle bank notes with care as printing costs are very high.

The transactions of cash receipts and payments at our counters rose substantially during the year. Cash receipts rose from shs. 0.8 billion during 1982 to shs. 1.2 billion during 1983, and cash payments from shs. 5.0 billion in 1982 to shs. 8.4 billion in 1983. However, business at the counters was faster during 1983 due to the introduction of the high denomination notes of shs. 500 and shs. 1000 in February, 1983.

These notes are circulating side by side with those issued in 1979 and 1982. The high denominations are particularly popular in facilitating transfer of large sums of money. By 31st December, 1983, the sum total value of the two denominations exceeded 50 per cent of the total value of currency in circulation.

In the Clearing House, the volume of items exchanged by the eight member banks dropped from 435,534 in 1982 to 420,160 in 1983 but the shilling value of those items registered an increase of 34.5 per cent from shs.231.6 billion in 1982 to shs.311.5 billion in 1983.

The external financing of the Government Economic Recovery Programme through loans and grants brought about an increase in the number of Project Accounts from 9 in 1981/82 to 14 in 1982/83. These are collection accounts of the local counterpart funds of the foreign exchange received by way of loans or grants. Balances on some of these accounts formed part of Government Revenue for financing approved development projects.

9.3 FOREIGN EXCHANGE OPERATIONS DEPARTMENT

During the period under review, the Foreign Exchange Operations Department, continued to carry out the new responsibilities which followed the introduction of the dual exchange rate regime in August 1982.

Efforts were continued to diversify the Bank's external investment portfolio with a view to spreading the risk and maximising returns while minimising losses.

The Department provided the Secretariat for the Auction Committee. The Secretariat is responsible for ensuring the smooth running of the auction system. It organises the weekly Auction Committee meetings and advises the commercial banks and their customers on the auction procedures to be followed and of any changes; keeps records of the deliberations of the committee meetings; and informs the public about the number of bids received and the rate struck at each auction. While at the first auction the Bank sold only U.S.$0.058 million, the volume of sales over the period under review rose steadily throughout 1983, selling on average U.S.$3 million per week. The overall position for the period under review was as under:-

a) Total applications received	—	14,615
b) Total value of bids received	—	$189,960,257.68
c) Number of successful bids	—	11,974
d) Value of successful bids	—	$127,428,712.91
e) Range of rates quoted	—	Shs. 220 to 550 per U.S.$

During this period, the Outward Bills Section reduced trade arrears in respect of Usuance Letters of Credit and Bank of Uganda guarantees to commercial banks. The Inward Bills Section improved the repatriation of export proceeds and collection of road tolls from the border customs posts.

9.4 EXCHANGE CONTROL DEPARTMENT

In 1983, the Exchange Control Department instituted a number of new measures aimed at improving its functioning. More emphasis was put on expediting the processing of exchange control papers and the follow-up of the export proceeds. In this regard the "Follow-up" Section was strengthened with a view to improving the monitoring of these proceeds and scrutinising customs documents to ensure that licensed imports actually arrive into the country. The SGS office in Kampala, which was established in 1983, made it possible for the importers to have ready access to SGS services. This enhanced communication between the importers, suppliers and SGS, thus improving the flow of imports into Uganda.

The SGS report for 1983 indicated that the inspection scheme had produced net foreign exchange savings. Generally the savings on goods inspected by SGS included repatriable commissions due to parties in Uganda; quality and quantity discrepancies rectified as a result of SGS inspection and actual foreign exchange savings due to reduction in prices. These savings amounted to Sw. Fr.3.6 million for the 1st half of 1983 compared to SW. Fr.1.3 million in the 2nd half of 1982.

The Department also re-established the Tourism Desk with a view to monitoring effectively foreign exchange receipts from tourism. To this end the Department issued instructions to the Hoteliers, who have been authorised to deal in convertible currencies to collect hotel bills from non-residents in a convertible currency and to account for such transactions on a monthly basis.

Effective May 1983, commercial banks were allowed to introduce convertible currency accounts for residents provided:-

(i) Accounts are restricted to Ugandans and Uganda registered companies or institutions.

(ii) Permission is sought from Exchange Control Department through the applicants' commercial banks.

(iii) The applicant produces documentary evidence of funds and/or income earning assets outside Uganda.

These accounts are required to have minimum balances of U.S.$3000 or its equivalent in any other convertible currency/ies at all times. The account can be credited with foreign exchange obtained outside the country and can be debited freely without the authorisation of the Exchange Control Department.

9.5 INTERNAL AUDIT DEPARTMENT

In order to strengthen its role of the internal control, the Department was divided into five sections: Currency Operations, Banking, Accounts, Finance and General Audit. Each section has a defined role in the area of specialisation which is guided by the annual work plan.

During the year under review, the Department carried out inspections, of the up-country Currency Centres to ensure consistency of stocks with the ledgers and proper maintenance of records. The practice of pre-auditing of accounts, which was introduced in the previous year was continued. In addition, the Department improved on the recording of Bank's assets both in offices and residential houses, by introducing a system for accurate inventories. Furthermore, with a view to improving the overall accounting system, the Department assisted other Departments of the Bank in reconciling and up-dating various accounts, statements, and records.

9.6 EXTERNAL DEBT MANAGEMENT OFFICE

The External Debt Management Office (EDMO), was established as a Department within the Governor's Office in January, 1983. The purpose of establishing EDMO was to improve on the recording, processing and management of Uganda's external borrowing both by the public and private sectors.

As its first priority EDMO established a full detailed inventory of external official public debts. In addition, it developed and implemented procedures for recording and up-dating these debts. Furthermore, the procedures for payment of external debts were improved considerably such that debts were paid as they matured and a significant amount of external arrears, which had accumulated throughout the 1970's were settled. A debt diary for maturities was introduced so that maturities were not overlooked. This helped reduce the interest cost to Uganda due to late payment.

As part of the functions of EDMO a management information system was developed which provides up-to-date information on external debts. Various returns and reports were prepared on a regular basis giving details on the stocks of debts, reduction in arrears, maturities and payments, as well as the debt profile showing currencies borrowed and average interest rates, and the projected debt servicing up to 1992. This improved flow of information enhanced the decision making process both in managing existing debts and in planning new borrowings.

Various measures both within and outside Bank of Uganda were introduced to improve the procedures for contracting new external loans. EDMO played an active advisory role on all new loan proposals. In addition, EDMO represented Bank of Uganda on the Technical Borrowing Committee comprising Ministries of Finance, Planning and Economic Development and Justice.

The Bank of Uganda's role in Aid Co-ordination of all external resources was performed by EDMO. The Aid Administration Unit in the Department was involved in recording, monitoring the utilisation of external grants and loans to Uganda including World Bank Reconstruction Credits (IDA). In fulfilling this role, EDMO became a member of various Government Committees responsible for ensuring speedy disbursement of all external flows both grants and loans to Uganda.

During the year the operations of the Department focused primarily on debt obligations of the public sector. Furthermore, collection of data on private sector external debts was initiated.

9.7 BANK SUPERVISION DEPARTMENT

One of the major functions of the Bank Supervision Department is to routinely inspect commercial banks operating in the country. During 1983, the Department concluded inspection of the Libyan Arab Uganda Bank for Foreign Trade and Development (L.A.U.B.). The bank's operations had been suspended in order to assess its true financial position before the Libyan shareholders resumed their participation in June 1983. The Department also embarked on a full inspection of the Co-operative Bank Ltd. which was concluded during the subsequent year.

Throughout the year the Department examined commercial banks and credit institutions' operations through analysis of various periodic returns and also ensured timely submission of data required for monitoring the Government Financial Programme. With a view to ensuring channelling large portion of banks' credits to productive purposes, the Department analysed banks' returns on sectoral allocation of credits.

A number of wide-ranging field surveys were undertaken by the Department in various locations in the country, one of which resulted in recommending the opening of a U.C.B. branch at Kyotera. Permission was also granted for opening an agency at Malaba in July, 1983 bringing the total number of commercial banks and credit institutions' offices to 83 at the end of 1983.

The Bank Supervision Department responded to several enquiries from Ugandans and foreign investors regarding procedures for operating banking and credit institution business in the country. A paper was presented to the authorities on the new guidelines for opening banks and credit institutions and the recommendations therein included a review of both the banking licence fees and the minimum paid-up capital requirements of those institutions.

9.8 RESEARCH DEPARTMENT

During 1983, the Research Department continued to improve the collection and the quality of the various economic data, to provide information for internal and external users and to give policy advice on matters relating to the operations of the Central Bank. The Department was instrumental in the compilation of data and publication of the first Annual Report after a decade. The Department also initiated resumption of the publication of the Bank's quarterly bulletin.

In order to better monitor external developments, the Department established a system of compling up-to-date data on the foreign exchange cash flow. The foreign exchange position is monitored and managed through monthly foreign exchange budgets produced by the Department in conjunction with the External Debt management and the Foreign Exchange Operations Departments. The Department instituted a system of compiling data on imports through the foreign exchange auction system and introduced a revised format for monthly foreign exchange returns from the commercial banks.

The Department, in conjunction with the Ministry of Planning and Economic Development continued to conduct fortnightly consumer price surveys in the Kampala area and up-dated both the middle-income and low-income group consumer prices indices. Also the Department and the Ministry of Planning and Economic Development jointly carried out an industrial survey and compiled a full directory of industrial establishments in most parts of the country. The survey covered those industrial establishments employing more than five people.

With technical assistance from the IMF, efforts were made to improve the quality of monetary statistics by introducing various changes in the compilation of the monetary survey.

The Department continued to provide the Secretariat for the weekly Government Financial Programme Monitoring Committee meetings. The work included the provision of up-to-date data on the overall performance of the economy.

The Oil Desk, which was established at the Bank of Uganda in July 1982, continued to monitor the utilisation of foreign exchange and the operations of the oil companies in the country. In liaison with the Exchange Control and Foreign Exchange Operations Departments, the Oil Desk produced reports on various aspects of their operations which formed the basis for policy actions by the authorities.

9.9 DEVELOPMENT FINANCE DEPARTMENT

The Development Finance Department was revived at the beginning of 1982 in order to re-introduce a production-oriented credit system in Uganda largely to benefit small-scale enterprises, farmers, and less developed areas in the country.

The Department worked closely with the Research Department and the Ministry of Planning and Economic Development in establishing the Agricultural Secretariat of the Agricultural Policy Committee (APC), which is responsible for recommending policies and programmes aimed at accelerating the recovery of the agricultural sector.

During the last quarter of 1983, the Department, in collaboration with other member institutions of the African Regional Agricultural Credit Association (AFRACA) in Uganda, organised in December, 1983 a national Workshop on Women's Access to Institutional Credit at Makerere University. The Department was also instrumental in setting up of a Task Force on Development of Rural Credit in Uganda. The Task Force was given the responsibility of carrying out a diagnostic study of the banking and credit institutions operating in the country and making detailed proposals for streamlining, co-ordinating, and improving their financial policies and procedures. The Department provided the Secretariat of the Task Force.

During the year, the Department benefited from technical assistance financed by the United Nations (FAO) to assist the Bank in strengthening the activities of the Department in the following areas: studying the exiting credit disbursement system and formulating a strategy for ensuring adequate institutional arrangements for the development of the economy, particularly in the rural sectors; formulating recommendations for policy and procedures governing grant of refinancing facilities to the banking system; and drawing up proposals for credit guarantee scheme to be administered by the Bank of Uganda.

9.10 AGRICULTURAL SECRETARIAT

The Agricultural Secretariat, which commenced its operations in June, 1983, provided technical and analytical support to the Agricultural Policy Committee. The Department provided technical assistance in the areas of pricing policy, resource allocation, execution and monitoring of activities in the agricultural sector in line with the Revised Recovery Programme. Agricultural Secretariat reviewed and analysed processing, transportation and marketing costs of major crops for 1983/84 season so as to provide the basis for 1984/85 price review and fixation. Assistance was also extended to Ministry of Co-operatives and Marketing in reviewing and fixing processing and marketing margins for 1983/84 following announcement of new prices in December, 1983. It prepared the following working papers to provide a methodological and analytical basis for periodic price review and fixing exercise:

(a) Agricultural Price Policy on Methodologies and Issues in Price Determination;
(b) Pricing of Cotton Seed for Crushing and Planting; and
(c) Marketing Prospects for Uganda's Traditional Exports.

These working papers were circulated to the relevant ministries and other concerned parties for discussions and comments. Final versions of these papers would be made available in the near future.

In conjunction with the World Bank, the Secretariat initiated and supervised five sub-sector studies namely: Livestock Development and Marketing Strategy Study; Tea Production Study; Study on the Prospects for Non-Traditional Exports; Tobacco Industry Strategy and

Organisation Study; and Study of Costs of Production, Processing and Marketing of Major Crops in Uganda. These studies, which were initiated in October, 1983, were due to be completed in early 1984, with final reports expected to be available for submission to APC between May and June, 1984.

The professional staff of the Agricultural Secretariat were also called upon to undertake ad-hoc assignments when the World Bank, IMF, and other donor country missions visited the country. The Agricultural Secretariat was actively involved in organising discussion groups and commenting on the World Bank Agricultural Sector Memorandum which would be a policy and investment strategy document for agricultural development in the country beyond the recovery period. Other ad-hoc tasks included advice to various companies on the pricing of textiles, edible oil and soap, sugar, beer, tobacco and cigarettes.

10 ADMINISTRATIVE AND STAFF MATTERS

10.1 STAFF

During 1983, the number of members of staff of the Bank continued to increase reaching 1,161 by the end of the year, thus reflecting the Bank's increased involvement in the Government's Recovery Programme activities. The Central Banking Services of the IMF continued to second a number of expatriates to the Bank in the various Departments as follows:-

Mr. A. Rahman	Foreign Exchange Operations
Mr. B. Vollan	Research
Mr. H. Lindsay	Accounts
Mr. M. J. Bourke	External Debt Management
Mr. K. K. Bhagavat	Bank Supervision and Development Finance.

In addition the Food and Agricultural Organisation (FAO) seconded Mr. G. V. Ramamurthy to Development Finance Department.

10.2 TRAINING

In 1983, the Training and the Establishment Divisions were merged to form the present Personnel and Training Division in the Secretariat. The training programme involved both local and overseas courses. The local training were centred around the Institute of Bankers stage I and II qualifications leading to the award of the Associationship of the Institute of Bankers diploma.

Regional and Local Training Programmes attended by Bank of Uganda Staff during 1983

		Number of Participants
1.	Regional Procurement Seminar at ESAMI in Arusha, Tanzania	2
2.	Microfilming and Servicing — Kodak, Nairobi	1
3.	Attachment to Uganda Commercial Bank (UCB)	1
4.	Industrial Testing of Materials and Equipment for Civil Engineers at Makerere University	1
5.	Supervisory and Personnel Management at Management Training and Advisory Centre (MTAC)	7
6.	Records Management and Principles of Accounts at Management Training and Advisory Centre (MTAC)	5
7.	Inventory Control and Stores Management	3
8.	Financial Management	2
9.	National Workshop on Women's Access to Institutional Credit at Makerere University	1
	Total	23

International Training Programmes attended by Bank of Uganda Staff during 1983

		Number of Participants
1.	15th Central Banking Course in Pakistan	1
2.	Balance of Payments Methodology — IMF Institute, Washington, U.S.A. ..	1
3.	Financial Programming and Policy — IMF Institute Washington, U.S.A. ..	1
4.	French Language Course in Paris, France	1
5.	Financial Analysis and Policy — IMF Institute Washington, U.S.A. ..	1
6.	17th Commercial Banking Course, Pakistan	1
7.	National Economic Management Seminar — Economic Development Institute, U.S.A.	1
8.	Project Preparation, Evaluation and Financing — Poland	1
9.	Correspondent Bank School Course — Athens, Greece	1
10.	London Executive Programme Course — London Business School	1
11.	International Training Programme on Training Methods and Skills, Siet Institute, India	1
	Total	11

10.3 VISITORS

During the period under review the Bank continued to host several missions from international financial and development institutions like the IMF, World Bank, Commonwealth Secretariat, etc. The Bank also hosted delegations from Berliner Bank and Nomura International Ltd.

10.4 DEPUTATIONS

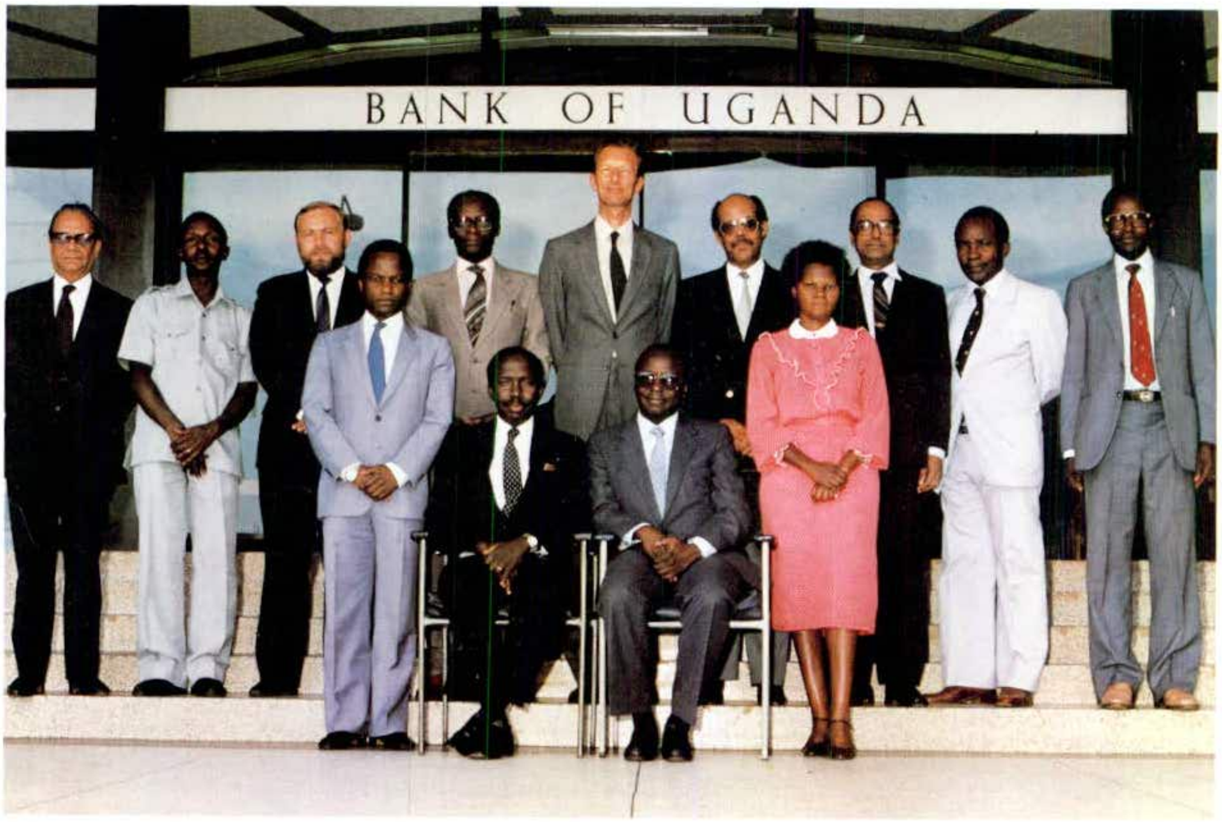
Pursuant to the provisions of Section 35 of the Bank of Uganda Act 1966, the Bank recruited and deputed a number of senior staff to the Institute of Bankers. The intention was to provide a lead in initiating and strengthening banking education training and professionalism in the Country. It is expected that this team will provide a core for establishing a Uganda Bankers College in the near future. The staff deputed during the year were as follows:—

Acting Director of Training (Institute of Bankers)	— Mr. G. W. Kabugo
Personal Secretary	— Mrs. G. J. Semanda Wavamunno
Librarian	— Mrs. B. Walusimbi
2 Teachers namely:	
(a) Law and English	— Mrs. Mira R. K. Matembe
(b) Statistic and Economics	— Mr. Kaahwa Abraham

10.5 SENIOR OFFICERS
(as at 31st December, 1983)

Governor's Office:	Director Multilateral Institutions Affairs	Mr. A. S. Njala
Banking and Currency Department:	Acting General Manager	Mr. E. Rukyalekere
	Acting Deputy General Manager (Currency)	Mr. J. Sseruyange
	Acting Deputy General Manager (Banking)	Mr. A. M. K. Okema-Akena
	Assistant Head	Mr. S. Lutaya
Accounts Department:	Chief Accountant	Mr. H. Lindsay
	Deputy Chief Accountant	Mr. G. S. Nteeba
Secretariat Department:	Acting Secretary	Mr. F. X. Tinkasimire
	Deputy Secretary (Administration)	Mr. B. M. Kume
	Acting Deputy Secretary (Personnel and Training) ..	Mrs. J. M. A. Umah Tete
Foreign Exchange Operations Department:	Director	Mr. A. Rahman
	Deputy Director	Mr. D. G. Opiokello
Research Department:	Director	Mr. B. Vollan
	Acting Deputy Director	Mr. S. A. Obura
	Assistant Director	Mr. J. B. Nkwaju
	Assistant Director	Mr. Wasswa-Dungu
Internal Audit Department:	Acting Chief Internal Auditor	Mr. J. M. Kisolo-Muwanga
	Deputy Chief Internal Auditor	Mr. M. K. Kabugo
Exchange Control Department:	Acting Director	Mrs. S. Odong
	Assistant Director	Mr. D. L. K. Kawumi
	Assistant Director	Mr. F. Bananuka-Rukara
Bank Supervision Department:	Acting Director	Mr. H. B. Kibirige
	Deputy Director	Mr. T. Collins
	Deputy Director	Mr. J. Y. K. Walusimbi
	Acting Deputy Director	Mr. C. Mwa
	Adviser to Development Finance and Bank Supervision	Mr. T. K. K. Bhagavat
Development Finance Department:	Director	Mr. G. V. Ramamurthy
	Deputy Director	Mr. G. Ogutu
External Debt Management Office:	Director	Mr. M. J. Bourke
	Acting Deputy Director	Mr. I. T. S. K. Mulindwa
Agricultural Secretariat:	Director	Mr. D. A. Garel
	Deputy Director	Mr. L. E. A. Eturu
	Assistant Director	Mr. G. C. Olok

Bank of Uganda



BANK OF UGANDA MANAGEMENT
Front row (left to right) Mr. H. Kibirige, Mr. J. R. O. Elangot, Mr. L. Kibirango, Mrs. S. Odong.
Back row (left to right) Mr. A. Rahman, Mr. A. S. Njala, Mr. B. Vollan, Mr. E. Rukyalekere, Mr. H. Lindsay, Mr. D. A. Garel, Mr. G. V. Ramamurthy, Mr. M. K. Kabugo, Mr. F. X. Tinkasmire.

PART IV: STATISTICAL APPENDIX

Bank of Uganda

TABLE I. GROSS DOMESTIC PRODUCT AT FACTOR COST BY SECTOR 1970 – 1983
(in millions of shillings at 1966 prices)

Appendix

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983[5]
Monetary Economy	**5,095**	**5,267**	**5,200**	**5,048**	**4,984**	**4,768**	**4,738**	**4,757**	**4,333**	**3,877**	**3,822**	**3,822**	**4,169**	**4,440**
Primary[1]	1,981	1,839	1,877	1,967	1,833	1,761	1,696	1,696	1,603	1,431	1,341	1,328	1,512	1,676
Secondary[2]	815	848	816	762	765	656	628	617	503	340	364	367	400	403
Tertiary[3]	2,299	2,580	2,507	2,319	2,386	2,351	2,414	2,444	2,247	2,105	2,118	2,126	2,256	2,361
Non-Monetary Economy	**2,187**	**2,245**	**2,342**	**2,428**	**2,525**	**2,589**	**2,673**	**2,770**	**2,848**	**2,453**	**2,293**	**2,529**	**2,704**	**2,935**
Agriculture	1,763	1,803	1,886	1,955	2,037	2,085	2,151	2,230	2,291	1,872	1,734	1,962	2,133	2,351
Other[4]	424	442	456	473	488	504	522	540	547	581	559	567	571	584
Gross Domestic Product	**7,282**	**7,512**	**7,542**	**7,476**	**7,509**	**7,357**	**7,411**	**7,527**	**7,181**	**6,330**	**6,115**	**6,351**	**6,873**	**7,375**
(of which Agriculture)	(3,544)	(3,436)	(3,566)	(3,750)	(3,706)	(3,690)	(3,692)	(3,777)	(3,753)	(3,191)	(2,968)	(3,183)	(3,554)	(3,914)

Source: Ministry of Planning and Economic Development.

(1) Agriculture, forestry, fishing and hunting, mining and quarrying.

(2) Cotton ginning, Coffee curing and sugar manufacturing, manufacturing of Food Products, Miscellaneous manufacturing, Electricity and Construction.

(3) Commerce, Transport and Communications, Government services, Miscellaneous services and rents.

(4) Forestry, Fishing and Hunting, Construction.

(5) All 1983 figures for the Agricultural sector are provisional.

TABLE II. AGRICULTURE: PRODUCTION OF PRINCIPAL CROPS, 1970 – 1983[1]

COMMODITY	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983[6]
EXPORT CROPS														
Coffee[2]	201.5	175.5	183.7	212.6	199.1	199.0	137.1	155.9	121.3	103.0	135.5	97.5	166.6	157.4
Robusta	(187.4)	(159.5)	(162.9)	(196.2)	(182.0)	(182.0)	(123.1)	(151.6)	(119.0)	(98.3)	(130.4)	(93.0)	(152.3)	(142.7)
Arabica	(14.1)	(16.2)	(20.8)	(16.4)	(17.1)	(17.0)	(14.0)	(4.3)	(2.3)	(4.7)	(5.1)	(4.5)	(14.3)	(14.7)
Cotton[3]	86.4	76.4	76.0	79.4	50.0	31.9	24.7	13.8	20.2	6.1	4.1	5.1	5.1	9.8
Tea	18.2	18.0	23.4	22.0	22.0	18.4	15.4	15.2	11.0	1.8	1.5	1.6	2.4	3.0
Tobacco	3.4	4.4	5.0	3.9	3.2	4.0	3.7	2.5	1.4	0.8	0.4	0.1	0.6	2.4
Sugar (raw)	144.0	141.3	121.4	68.6	40.5	23.9	18.2	11.4	7.9	5.3	2.4	3.0	3.1	2.6
Cocoa	—	—	—	—	—	—	—	—	0.1	0.1	0.1	0.1	0.1	0.2
FOOD CROPS														
Total Cereals:	1,633.0	1,419.0	1,513.0	1,451.0	1,389.0	1,749.0	1,681.0	1,522.0	1,545.0	1,270.0	1,078.0	1,165.0	1;348.0	1,562.0
Maize	(388.0)	(421.0)	(500.0)	(419.0)	(430.0)	(570.0)	(674.0)	(566.0)	(594.0)	(453.0)	(286.0)	(342.0)	(400.0)	(450.0)
Finger Millet	(783.0)	(650.0)	(594.0)	(643.0)	(591.0)	(682.0)	(576.0)	(578.0)	(561.0)	(481.0)	(459.0)	(480.0)	(528.0)	(600.0)
Sorghum	(462.0)	(348.0)	(419.0)	(389.0)	(345.0)	(467.0)	(390.0)	(344.0)	(350.0)	(316.0)	(299.0)	(320.0)	(400.0)	(470.0)
Rice	(n.a.)	(n.a.)	(n.a.)	(n.a.)	(15.0)	(16.0)	(29.0)	(21.0)	(26.0)	(15.0)	(17.0)	(15.0)	(18.0)	(25.0)
Wheat	(n.a.)	(n.a.)	(n.a.)	(n.a.)	(8.0)	(14.0)	(12.0)	(13.0)	(14.0)	(5.0)	(17.0)	(8.0)	(9.0)	(17.0)
Plantains	7,657.0	7,557.0	7,634.0	8,126.0	8,879.0	9,106.0	8,137.0	8,531.0	8,844.0	6,090.0	5,699.0	5,900.0	6,600.0	6,875.0
Total Root Crops	4,148.0	3,842.0	3,874.0	3,364.0	4,302.0	5,166.0	5,185.0	4,918.0	4,009.0	3,513.0	3,485.0	4,475.0	5,096.0	5,710.0
Sweet Potatoes	(1,570.0)	(1,425.0)	(1,224.0)	(1,232.0)	(1,786.0)	(1,953.0)	(2,002.0)	(1,658.0)	(1,688.0)	(1,272.0)	(1,200.0)	(1,300.0)	(1,600.0)	(1,700.0)
Irish Potatoes	(n.a.)	(n.a.)	(n.a.)	(n.a.)	(166.0)	(221.0)	(345.0)	(267.0)	(293.0)	(131.0)	(213.0)	(175.0)	(196.0)	(210.0)
Cassava	(2,578.0)	(2,417.0)	(2,650.0)	(2,132.0)	(2,350.0)	(2,992.0)	(2,838.0)	(2,993.0)	(2,028.0)	(2,110.0)	(2,072.0)	(3,000.0)	(3,300.0)	(3,800.0)
Pulses[4]	231.8	317.8	361.5	260.0	292.2	419.8	420.0	337.0	379.0	203.0	183.0	293.0	361.0	387.0
Oil Seeds[5]	264.0	281.9	262.8	242.7	230.9	233.1	210.3	937.0	233.0	123.0	93.0	110.0	124.0	148.0

Sources: Coffee Marketing Board, Lint Marketing Board, Uganda Tea Authority, National Tobacco Corporation, Cocoa Development Project and Ministry of Agriculture.

(1) The figures for food crops are estimates of total production, while the figures for export crops are official purchases only.
(2) Figures are for a 12 months' crop season ending September of the year shown.
(3) Figures are for a 12 months' crop season ending October of the year shown.
(4) Includes beans, field peas, cowpeas, pigeon peas and grams.
(5) Includes groundnuts, Soya beans and Simsim.
(6) All 1983 figures for food crops are provisional.

TABLE III: INDUSTRY: PRODUCTION OF SELECTED MANUFACTURED COMMODITIES AND ELECTRICITY SALES, 1970 – 1983

COMMODITY	Unit	Installed Capacity	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
			Production of selected manufactured commodities													
Beer	'000 lts.	47,500	27,767	34,962	37,962	45,493	43,487	38,784	23,346	22,055	22,491	9,823	12,160	6,082	10,021	15,508
Uganda Waragi (Spirits)	'000 lts.	2,000	563	598	729	910	814	859	543	526	420	124	55	34	21	28
Cigarettes (millions)	Number	1,900	1,536	1,583	1,652	1,862	2,009	1,754	1,813	1,867	1,303	598	629	233	745	653
Shag Tobacco	Tonne	150	127	126	127	96	82	108	115	98	66	9	11	n.a.	33	32
Cotton & Rayon Fabrics	'000 linear mts.	65,000	49,555	46,178	48,341	38,068	35,556	33,544	38,835	36,568	28,443	15,101	21,046	19,146	20,049	19,690
Blankets	'000 pcs.	1,500	1,164	1,396	1,204	863	315	309	236	253	174	76	93	133	137	120
Matches (small size)	Cartons (10 gross)	60,000	49,269	55,032	42,886	39,310	25,077	25,145	13,275	9,949	4,472	4,434	3,326	1,964	3,350	1,040
Matches (large size)	Cartons (200 boxes)	20,000	—	4,399	6,730	4,575	4,638	6,266	3,942	235	2,472	2,494	1,569	419	2,280	1,479
Cement	'000 Tonne	260	191	205	166	143	153	98	88	73	44	13	10	9	20	31
Corrugated iron sheets	Tonne	19,000	11,914	14,341	12,860	5,139	3,964	1,367	1,064	1,969	1,992	500	286	471	2,815	3,241
Soft Drinks	'000 lts.	12,600	—	17,824	20,048	15,792	12,792	7,795	5,953	4,626	5,328	2,773	2,481	1,487	1,685	4,517
Hoes	'000 pcs.	3,240	—	1,371	1,453	1,206	1,150	772	189	293	287	223	355	452	683	124
Fishnets	'000 pcs.	550	489	467	406	349	363	299	93	99	141	47	36	12	37	75
Bicycle Tyres and Tubes	'000 pcs.	2,400	—	1,299	1,544	1,384	1,382	503	391	714	746	353	84	18	n.a.	139
Footwear	'000 pairs	5,000	—	—	2,861	3,203	2,454	1,586	1,075	1,075	1,268	678	942	463	476	906
Sugar	Tonne	150,000	143,960	141,263	120,814	68,106	40,565	23,945	18,177	12,464	8,000	5,153	4,058	3,702	4,563	3,133
			ELECTRICITY SALES BY U.E.B.													
Total Domestic Sales	Million Kwh.	—	(414.7)	(447.8)	(456.9)	(419.2)	(402.9)	(379.5)	(345.5)	(331.8)	(329.2)	(235.4)	(239.6)	(288.0)	(285.9)	(251.5)
Export to Kenya	Million Kwh.	—	(247.1)	(293.4)	(267.6)	(350.9)	(286.9)	(263.5)	(256.6)	(271.8)	(271.0)	(158.3)	(288.7)	(178.6)	(213.3)	(217.5)
TOTAL	Million Kwh.	—	661.8	741.2	724.5	770.1	689.8	643.0	602.1	603.6	546.2	393.7	528.3	466.6	499.2	469.0

Sources: Ministry of Planning and Economic Development and Uganda Electricity Board.

TABLE IV. INVESTMENT PHASING FOR IDENTIFIED PROJECTS IN RECOVERY PROGRAMME, 1982/83 – 1984/85
(in millions of U.S. dollars)

	Total	1982/83 (Actual)	1983/84	1984/85	Balance to Complete
AGRICULTURE	433.18	55.90	64.78	94.60	217.90
Rehabilitation of the Coffee Industry	83.40	22.00	23.40	20.60	17.40
Rehabilitation of the Tea Industry	46.60	—	0.60	4.00	42.00
Rehabilitation of Cotton Ginneries	43.90	5.00	8.60	9.10	21.20
Integrated Food Production and Rural Development in Eastern and Northern Uganda	50.70	10.90	7.00	7.00	25.80
Livestock Disease Control	25.70	6.50	5.20	6.50	7.50
Rehabilitation of Ranching Schemes	33.00	8.10	5.20	5.00	14.70
Rehabilitation of the Dairy Industry	18.20	1.70	2.50	3.50	10.50
Other	131.68	1.70	12.28	38.90	78.80
INDUSTRY AND TOURISM	620.57	55.57	103.25	122.70	339.05
Rehabilitation of Sugar Industry	121.90	12.60	30.00	34.40	44.90
Industrial Sector Development Loans	94.40	4.40	22.50	25.50	42.00
Lake Katwe Salt Project	22.90	—	0.80	1.10	21.00
Phosphate Project	106.00	1.40	2.60	5.00	97.00
Other[1]	275.37	37.17	47.35	56.70	139.15
MINING AND ENERGY	104.85	1.49	12.27	13.53	77.56
Geophysical Surveys and Exploration	16.20	—	6.41	4.13	5.66
Rural Power Distribution	17.48	0.58	5.30	0.40	11.20
Investment in Kilembe Complex	22.05	0.05	—	2.00	20.00
Uprating Owen Falls Power Station	24.00	—	—	—	24.00
Other	25.12	0.86	0.56	7.00	16.70
TRANSPORT AND COMMUNICATIONS	316.10	7.30	38.10	68.40	202.30
Rehabilitation of Railway Sector	65.80	—	5.00	15.90	44.90
Maintenance and Transport of Roads	181.20	4.30	7.90	33.40	135.60
Rehabilitation of Posts and Telecommunication	44.00	1.30	23.00	10.90	8.80
Other	25.10	1.70	2.20	8.20	13.00
SOCIAL INFRASTRUCTURE	247.72	31.79	52.18	76.78	86.97
IDA Third Education Sector Project	34.00	—	6.04	15.40	12.56
Basic Education Integrated into Rural Development	14.50	5.10	5.10	4.30	—
Primary Health Care Facilities	10.32	3.32	0.25	3.75	3.00
Rehabilitation of Rural Water Supplies	16.10	5.00	4.20	3.20	3.70
Completion of Water Supply Projects — ADB, financed and others	27.92	0.62	5.70	14.00	7.60
Rehabilitation of Water Supply and Sewerage Systems in Major towns	58.90	11.10	15.50	11.30	21.00
Rehabilitation and Reconstruction of Masaka, Mbarara, and Arua Towns	13.30	1.31	2.46	3.00	6.53
Other	72.68	53.4	12.93	21.83	32.58
GRAND TOTAL	1,722.42	152.05	270.58	376.01	923.78

Source: Revised Recovery Programme 1982-1984 (Volume 2).

(1) Includes balance of payments and commodity aid.

Bank of Uganda

TABLE V. ADMINISTERED COMMODITY PRICES, APRIL 1981 – DECEMBER 1983

	1981				1982				1983[1]			
	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Minimum producer prices for export crops	(Uganda shillings per kg.)											
Coffee	7.00	20.00	20.00	35.00	35.00	50.00	50.00	50.00	50.00	60.00	80.00	100.00
Tea	2.60	4.00	4.00	6.00	6.00	10.00	10.00	10.00	10.00	15.00	25.00	40.00
Cotton	6.00	15.00	15.00	30.00	30.00	40.00	40.00	40.00	40.00	50.00	60.00	90.00
Tobacco	8.65	21.60	21.60	53.70	53.70	67.00	67.00	75.00	75.00	115.00	150.00	200.00
Cocoa	3.20	3.20	3.20	3.20	20.00	30.00	30.00	30.00	30.00	40.00	80.00	130.00
Consumer prices for Petroleum products	(Uganda shillings per litre)											
Premium gas	7.44	81.00	81.00	85.00	85.00	120.00	120.00	150.00	150.00	170.00	170.00	190.00
Regular gas	7.13	78.40	78.40	80.00	80.00	110.00	110.00	140.00	140.00	160.00	160.00	180.00
Diesel	6.00	47.20	47.20	50.00	50.00	60.00	60.00	90.00	90.00	110.00	110.00	150.00
Kerosene	4.00	30.00	30.00	30.00	35.00	40.00	40.00	80.00	80.00	90.00	90.00	130.00

Sources: Ministry of Co-operatives, Coffee Marketing Board and Bank of Uganda.
[1] In 1983 producer prices increased in May, July and December while petroleum prices increased only in June and December.

TABLE VI: KAMPALA CONSUMER PRICE INDEX FOR THE MIDDLE INCOME GROUP, DECEMBER 1981 – DECEMBER 1983

(April 1981 = 100)

		1981	1982				1983			
Items	Weight	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Food	41.0	124.2	146.9	169.0	186.1	199.3	209.5	246.5	264.4	259.4
Drink and Tobacco	17.0	104.9	113.9	112.1	119.6	123.3	125.8	137.0	127.0	124.5
Fuel and lighting	6.0	120.1	145.3	162.2	194.6	267.7	269.1	285.9	307.8	358.3
Clothing	14.0	330.5	348.6	343.7	347.2	354.7	325.9	334.4	332.7	331.9
Transport	10.0	245.2	341.2	354.6	306.6	320.1	433.4	436.6	449.0	506.0
Other consumer goods	10.0	124.8	136.6	143.9	147.0	150.2	146.1	149.0	143.5	143.5
Other manufactured goods	2.0	200.3	245.1	205.3	230.3	232.9	266.8	244.0	241.7	240.0
Consumer Price Index	100.0	163.2	189.8	200.2	206.9	220.1	232.4	251.8	258.2	265.2

Source: Bank of Uganda.

TABLE VII: KAMPALA CONSUMER PRICE INDEX FOR THE LOW INCOME GROUP, DECEMBER 1981 – DECEMBER 1983

(April 1981 = 100)

		1981	1982				1983			
Items	Weight	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Food	70.0	108.1	123.8	154.0	167.0	180.9	183.8	227.5	261.6	260.0
Drink and Tobacco	13.0	79.7	73.0	68.3	61.6	83.8	84.1	79.7	90.8	95.2
Clothing	5.0	281.4	358.9	390.0	339.8	381.4	379.3	400.4	476.3	482.2
Household goods	5.0	128.2	153.0	153.3	158.7	151.1	142.5	146.8	174.6	186.2
Fuel	4.0	96.5	146.3	146.3	136.9	239.3	249.1	280.4	295.4	352.4
Transport	3.0	270.8	340.8	340.8	305.8	305.8	445.8	445.8	445.8	591.7
Consumer Price Index	100.0	118.5	137.8	159.9	164.5	182.9	189.0	221.6	252.6	259.6

Source: Ministry of Planning and Economic Development and Bank of Uganda.

TABLE VIII: GOVERNMENT RECURRENT REVENUE, 1981/82 – 1983/84
(in millions of shillings)

	1981/82 Actual	1982/83 Actual	1983/84 1st half Prel. Outcome	1983/84 Full Year Prel. Outcome
Total revenue	24,390	52,607	42,215	92,944
Tax revenue	23,734	50,327	41,578	86,924
Taxes on income and profits	2,274	2,484	2,795	6,245
PAYE	(255)	(275)	(167)	(320)
Company and individuals	(1,753)	(2,209)	(2,628)	(5,925)
Selective income levy	(266)	(—)	(—)	(—)
Taxes on goods and services	9,520	13,858	9,762	22,264
Sales tax	(7,478)	(10,546)	(7,417)	(17,679)
Excise duty	(1,839)	(2,841)	(1,858)	(3,484)
Commercial transaction levy	(196)	(471)	(487)	(1,101)
Public sector investment contribution	(7)	(—)	(—)	(—)
Taxes on international trade	11,928	22,455	22,967	50,532
Import duties	(5,169)	(6,398)	(3,672)	(9,324)
Export duties	(6,759)	(16,057)	(19,295)	(41,208)
Foreign exchange profits	—	11,497	6,039	7,857
Revenue stamps	12	33	15	26
Non-tax revenue	656	2,280	637	6,020
Public enterprise dividends	(99)	(252)	(—)	(562)
Fees, Licences under traffic act and departmental charges	(271)	(708)	(79)	(4,099)
Freight charges on foreign registered vehicles	(279)	(1,313)	(553)	(1,347)
Drivers' permits	(7)	(7)	(5)	(12)

Source: Ministry of Finance and Bank of Uganda.

TABLE IX: GOVERNMENT RECURRENT EXPENDITURE, 1981/82 – 1983/84[1]

	1981/82 Actual		1982/83 Actual		1983/84 Prel. Actual	
	shs. mn.	As a %	shs. mn.	As a %	Shs. mn.	As a %
General Public Service[2]	8,507	30.0	13,821	28.9	16,335	20.2
Security[3]	8,876	31.3	12,301	25.7	23,046	28.5
Education	4,286	15.1	6,706	14.0	12,628	15.6
Health	1,173	4.1	2,125	4.4	2,695	3.3
Other Social Services[4]	954	3.4	1,332	2.8	2,229	2.7
Economic Services	2,968	10.5	3,474	7.3	5,738	7.1
Rural Areas[5]	(1,159)	(4.1)	(1,452)	(3.0)	(2,309)	(2.9)
Commerce and Industry	(88)	(0.3)	(148)	(0.3)	(243)	(0.3)
Other[6]	(1,721)	(6.1)	(1,874)	(3.9)	(3,186)	(3.9)
Non-allocable	1,580	5.5	8,087	16.9	18,247	22.6
Interest	(1,143)	(4.0)	(7,188)	(15.0)	(16,575)	(20.5)
Other[7]	(437)	(1.5)	(899)	(1.9)	(1,672)	(2.1)
Total	28,344	100.0	47,846	100.0	80,918	100.0

Source: Ministry of Finance and Bank of Uganda.

(1) On cheques issued basis inclusive of identified arrears.
(2) Comprises Finance, Office of the President, National Assembly, Public Service, Planning and Economic Development, Regional Co-operation, Supplies and Prime Minister's Office, Audit, Judiciary, Foreign Affairs, Justice and Local Government.
(3) Comprises Defence (Recurrent and Development Budget) Internal Affairs, Police and Prisons.
(4) Includes Culture and Community Development, Information and Broadcasting, Labour and Rehabilitation.
(5) Comprises Agriculture and Forestry, Co-operative and Marketing and Animal Resources.
(6) Includes Lands, Minerals and Water Resources, Works, Transport, Tourism and Wildlife, Power, Posts and Telecommunication, Local Government and Housing and Urban Development.
(7) Includes appropriations-in-aid.

TABLE X: GOVERNMENT FUNCTIONAL CLASSIFICATION OF DEVELOPMENT EXPENDITURE, 1981/82 – 1983/84[1]

	1981/82 Actual		1982/83 Actual		1983/84 Prel. Actual	
	shs. mn.	As a %	shs. mn.	As a %	Shs. mn.	As a %
General Public Service[2]	2,765	39.1	5,034	54.9	6,669	47.7
Security[3]	378	5.3	469	5.1	510	3.7
Education	748	10.6	580	6.3	607	4.3
Health	309	4.4	482	5.3	290	2.1
Other Social Services[4]	118	1.7	136	1.5	467	3.3
Economic Services	2,747	38.8	2,465	26.9	5,429	38.8
Rural Areas[5]	(1,484)	(21.0)	(1,193)	(13.0)	(1,284)	(8.9)
Commerce and Industry	(2)	(—)	(10)	(0.1)	(46)	(0.3)
Others[6]	(1,261)	(17.8)	(1,262)	(13.8)	(4,099)	(29.6)
Total	7,067	100.0	9,166	100.0	13,972	100.0

Source: Ministry of Finance and Bank of Uganda.

(1) On cheques issued basis.

(2) Comprises Finance, President's Office, National Assembly, Foreign Affairs, Justice, Public Service, Cabinet Affairs, Planning, Regional Co-operation, Supplies and Prime Minister's Office, Judiciary, Audit and Local Government.

(3) Comprises Internal Affairs Police and Prisons (Defence is included in recurrent budget).

(4) Comprises Culture and Community Development, Information and Broadcasting, Labour and Rehabilitation.

(5) Agriculture and Forestry, Co-operatives and Animal Resources.

(6) Comprises Lands, Minerals and Water Resources, Works, Transport, Tourism and Wildlife, Housing Urban Development, Power, Posts and Telecommunication.

TABLE XI: DOMESTIC PUBLIC DEBT, JUNE 1980 – DECEMBER 1983[1]

	1980	1981		1982		1983	
	Dec.	June	Dec.	June	Dec.	June	Dec.
A. BANK OF UGANDA							
Ways and Means Advances	11,707.4	16,836.0	19,634.2	25,828.3	30,203.1	44,087.8	37,959.3
Treasury Bills	1.7	16.5	28.4	28.4	1.7	709.5	2,990.0
Government Stocks	0.5	0.2	0.2	3.2	3.0	3.0	3.0
Interest on Stocks	—	—	—	—	—	—	152.0
Uncovered Foreign Exchange Purchases	730.0	1,262.4	1,262.5	—	—	—	—
Less Government Deposits	—	—	710.0	1,285.2	1,080.0	2,103.1	4,220.2
SUB-TOTAL	**12,439.6**	**18,115.1**	**20,215.3**	**24,574.7**	**29,127.6**	**42,697.2**	**36,884.1**
B. COMMERCIAL BANKS							
Treasury Bills	641.9	594.0	6,963.2	7,095.8	2,973.0	373.9	2,146.6
Government Stocks	1,885.6	2,249.4	2,207.3	2,110.1	2,109.8	2,029.5	1,921.6
Direct Loans	1.5	1.5	26.6	—	2.4	2.6	2.9
Less Government Deposits	120.8	76.4	103.2	90.0	102.4	66.9	87.6
SUB-TOTAL	**2,408.2**	**2,768.5**	**9,093.9**	**9,115.9**	**4,982.8**	**2,339.1**	**3,983.5**
TOTAL NET CLAIMS ON GOVT. (A+B)	**14,847.8**	**20,883.6**	**29,309.2**	**33,690.6**	**34,110.4**	**45,036.3**	**40,867.6**
C. NON-BANKING SYSTEM							
Treasury Bills	556.4	577.7	1,271.1	1,479.1	5,892.6	2,988.4	12,410.7
Government Stocks	979.9	979.2	1,176.3	1,167.2	1,146.1	1,135.3	1,676.1
SUB-TOTAL	**1,536.3**	**1,556.9**	**2,447.4**	**2,646.3**	**7,038.7**	**4,123.7**	**14,086.8**
GRAND TOTAL (A+B+C)	**16,384.1**	**22,440.5**	**31,756.6**	**36,336.9**	**41,149.1**	**49,160.0**	**54,954.4**

Source: Bank of Uganda.

(1) Some figures on Government Securities may because of time lag not agree with those in the tables on Treasury Bills and Stocks which originate from the Internal Public Debt Office while those in this table are obtained from Bank of Uganda Balance Sheet and Commercial Banks' consolidated monthly returns of Assets and Liabilities.

TABLE XII: TREASURY BILLS ISSUED, BY HOLDERS (FACE VALUE), DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

Year/Month	Bank of Uganda	Commercial Banks	Others	TOTAL
1980: December	1.7	641.9	556.4	1,200.0
1981: December	28.4	7,105.1	1,271.1	8,404.6
1982: March	0.2	5,583.1	1,921.3	7,504.6
June	31.3	7,413.4	1,479.1	8,923.8
September	14.2	5,655.0	2,888.5	8,557.7
December	1.8	3,155.0	5,892.6	9,049.4
1983: March	3,239.7	825.0	3,899.2	7,963.9
June	729.6	488.1	2,988.4	4,206.1
September	2,476.6	1,227.9	8,338.0	12,042.5
December	2,994.4	1,021.1	12,410.7	16,426.2

Source: Bank of Uganda.

TABLE XIII: GOVERNMENT STOCKS ISSUED, BY HOLDERS (FACE VALUE), DECMEBER 1980 – DECEMBER 1983
(in millions of shillings)

Year/Month	Bank of Uganda	Commercial Banks	Others	TOTAL
1980: December	0.5	1,885.6	979.9	2,866.0
1981: December	0.2	2,088.5	1,176.3	3,265.0
1982: March	0.2	2,088.5	1,176.3	3,265.0
June	3.2	1,992.5	1,167.2	3,162.9
September	3.2	1,992.5	1,167.2	3,162.9
December	3.0	1,992.1	1,146.1	3,141.2
1983: March	3.0	1,992.1	1,135.3	3,130.4
June	3.0	1,992.1	1,135.3	3,130.4
September	3.0	1,992.1	1,135.3	3,130.4
December	3.0	1,920.4	1,676.1	3,599.5

Source: Bank of Uganda.

TABLE XIV: QUARTERLY AVERAGE EXCHANGE RATES IQ 1981 – IVQ 1983

PERIOD			UG. SHS. PER U.S.$		U.S.$ PER UG. SHS.	
			WINDOW ONE	WINDOW TWO	WINDOW ONE	WINDOW TWO
1981:	IQ		7.75	—	0.1290	—
	IIQ		30.94	—	0.0323	—
	IIIQ		80.52	—	0.0124	—
	IVQ		80.98	—	0.0123	—
1982:	IQ		85.95	—	0.0116	—
	IIQ		89.18	—	0.0112	—
		August	98.08	—	0.0102	—
		September	98.89	300.00	0.0101	0.0033
	IIIQ		98.97	300.00	0.0101	0.0033
		October	99.78	284.00	0.0100	0.0035
		November	101.71	255.00	0.0098	0.0039
		December	104.33	240.00	0.0096	0.0042
	IVQ		101.90	257.32	0.0098	0.0039
1983:		January	107.00	235.00	0.0093	0.0043
		February	111.97	230.00	0.0089	0.0044
		March	116.59	232.50	0.0085	0.0043
	IQ		108.71	233.77	0.0089	0.0043
		April	119.66	266.00	0.0084	0.0038
		May	128.29	275.00	0.0078	0.0036
		June	138.80	292.50	0.0072	0.0034
	IIQ		132.93	279.35	0.0078	0.0036
		July	155.14	292.00	0.0064	0.0034
		August	166.47	295.00	0.0060	0.0034
		September	176.28	272.00	0.0057	0.0037
	IIIQ		166.32	286.25	0.0060	0.0035
		October	185.60	295.00	0.0054	0.0034
		November	206.72	322.50	0.0048	0.0031
		December	233.81	306.00	0.0043	0.0033
	IVQ		208.65	308.00	0.0048	0.0033

Source: Bank of Uganda.

TABLE XV: BALANCE OF PAYMENTS 1981 – 1983
(in millions of U.S. dollars)

	1981			1982			1983		
	I	II	Year	I	II	Year	I	II	Year
A. CURRENT ACCOUNT									
Merchandise Trade	**−83.6**	**−85.6**	**−169.2**	**−33.9**	**−41.0**	**−74.9**	**−49.2**	**−11.2**	**−60.4**
(Exports f.o.b.)	(+107.8)	(+137.7)	(+245.5)	(+157.2)	(+189.9)	(+347.1)	(+163.7)	(+204.0)	(+367.7)
(Imports c.i.f.)	(−191.4)	(−223.3)	(−414.7)	(−191.1)	(−230.9)	(−422.0)	(−212.9)	(−215.2)	(−428.1)
Services (net)	**−57.8**	**−64.2**	**−122.0**	**−51.8**	**−50.5**	**−102.3**	**−64.3**	**−51.1**	**−115.4**
(of which interest charges)[1]	(8.2)	(7.4)	(15.6)	(13.4)	(12.9)	(26.3)	(26.5)	(24.5)	(51.0)
Unrequited transfers (net)	**+55.1**	**+65.5**	**+120.6**	**+53.7**	**+53.6**	**+107.3**	**+53.9**	**+49.6**	**+103.5**
Balance on Current Account	**−86.3**	**−84.3**	**−170.6**	**−32.0**	**−37.9**	**−69.9**	**−59.6**	**−12.7**	**−72.3**
B. EXCEPTIONAL FINANCING: DEBT AND ARREARS CANCELLATION	—	**+68.7**	**+68.7**	—	—	—	—	—	—
C. CAPITAL ACCOUNT									
a. Medium and Long-Term (net)	**−24.4**	**−77.4**	**−101.8**	**−2.9**	**+29.1**	**+26.2**	**+7.9**	**+16.0**	**+23.9**
Official inflows	+9.8	+79.9	+89.7	+27.6	+69.2	+96.8	+67.1	+96.6	+163.7
(New drawings)	(+9.8)	(+24.8)	(+34.6)	(+19.3)	(+50.7)	(+70.0)	(+47.3)	(+65.5)	(+112.8)
(Rescheduled principal)	(—)	(+8.2)	(+8.2)	(+8.3)	(+8.5)	(+16.8)	(+9.6)	(+1.5)	(+11.1)
(Rescheduled arrears)[2]	(—)	(+46.9)	(+46.9)	(—)	(+10.0)	(+10.0)	(+10.2)	(+29.6)	(+39.8)
Official outflows	−34.2	−157.3	−191.5	−30.5	−40.1	−70.6	−59.2	−80.6	−139.8
(Scheduled repayments)[3]	(−34.2)	(−33.5)	(−67.7)	(−22.2)	(−21.6)	(−43.8)	(−39.4)	(−49.5)	(−88.9)
(Principal rescheduled)	(—)	(−8.2)	(−8.2)	(−8.3)	(−8.5)	(−16.8)	(−9.6)	(−1.5)	(−11.1)
(Principal cancelled)	(—)	(−44.5)	(−44.5)	(—)	(—)	(—)	(—)	(—)	(—)
(Arrears cancelled and rescheduled)[2]	(—)	(−71.1)	(−71.1)	(—)	(−10.0)	(−10.0)	(−10.2)	(−29.6)	(−39.8)
b. Short Term (net)	**+61.7**	**−11.4**	**+50.3**	**−14.6**	**+3.0**	**−11.6**	**−41.6**	**+45.4**	**+3.8**
Commercial Banks	+8.3	−4.8	+3.5	+1.4	−9.7	−8.3	−9.4	+8.4	−1.0
Other (net)	+53.4	−6.6	+46.8	−16.0	+12.7	−3.3	−32.2	+37.0	+4.8
Balance on Capital Account (a + b)	**+37.3**	**−88.8**	**−51.5**	**−17.5**	**+32.1**	**+14.6**	**−33.7**	**+61.4**	**+27.7**
D. Arrears not shown elsewhere[4] (movement net)	**+23.2**	**+5.6**	**+28.8**	**+35.7**	**−13.3**	**+22.4**	**+20.6**	**−12.3**	**+8.3**
E. ALLOCATION OF SDRs	**+6.5**	—	**+6.5**	—	—	—	—	—	—
F. OVERALL BALANCE (A+B+C+D+E)	**−19.3**	**−98.8**	**−118.1**	**−13.8**	**−19.1**	**−32.9**	**−72.7**	**+36.4**	**−36.3**
G. FINANCING[5]									
Monetary Authorities[6]	+19.3	+98.8	+118.1	+13.8	+19.1	+32.9	+72.7	−36.4	+36.3
Change in gross reserves[7]	−84.4	+53.7	−30.7	−1.1	−33.2	−34.3	+33.3	−61.5	−28.2
IMF (net)[8]	+77.4	+47.7	+125.1	+25.8	+56.5	+82.3	+53.6	+31.8	+85.4
(Purchases)	(+95.0)	(+46.6)	(+141.6)	(+39.2)	(+54.2)	(+93.4)	(+67.8)	(+52.9)	(+120.7)
(Repurchases)	(−12.3)	(−0.4)	(−12.7)	(−4.9)	(−0.7)	(−5.6)	(−4.7)	(−8.0)	(−12.7)
(Exchange rate adjustments)	(−5.3)	(+1.5)	(−3.8)	(−8.5)	(+3.0)	(−5.5)	(−9.5)	(−13.1)	(−22.6)
Other (net)[9]	+26.3	−2.6	+23.7	−10.9	−4.2	−15.6	−14.2	−6.7	−20.9

Source: Bank of Uganda.

(1) This amount is a minimum since some interest payments are recorded under principal repayments shown in the capital account, by lack of sufficient information.
(2) Re-scheduled arrears are taken simultaneously both as an inflow and an outflow. Cancelled arrears are shown as a credit under line B, exceptional financing and as an outflow in the capital account.
(3) Includes some interest payments which could not be separated from the principal repayments (see note 1 hereabove).
(4) Sign (—): arrears reduction through cash payments. Sign (+): accumulation of arrears.
(5) In this presentation of the balance of payments the movement of external arrears has not been treated as a financing item but is already accounted for above the line.
(6) Based on the end of the period data. Sign (+): increase in net liabilities (or increase in negative foreign assets), sign (—): decrease in net liabilities.
(7) Sign (+): decrease in gross reserves; sign (—): increase in gross reserves.
(8) The movement in the net position has been based on end of period data while the data for purchases and repurchases are shown at the value of the data at which they have taken place; the reconciliation of the latter with the former is accounted for by the fluctuations in the exchange rate for the U.S. dollar which on average appreciated in 1981–1982; the financing flow shown by end of the period data is therefore smaller than the flow which actually took place.
(9) Movement in net liabilities other than the net use of the IMF credit, is largely accounted for by the movement in the credit provided by the Central Bank of Kenya (so called Kenya Swap).

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TABLE XVI: NET FOREIGN ASSETS OF THE BANKING SYSTEM, DECEMBER 1980 – DECEMBER 1983 **Appendix**

(in millions of shillings)

	1980	1981	1982				1983			
END OF PERIOD	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
BANK OF UGANDA										
Foreign Assets	22.7	3,745.6	4,092.6	4,361.9	6,972.2	8,280.9	3,701.5	6,746.1	17,461.4	25,565.8
Foreign Assets	(22.7)	(2,297.2)	(3,662.8)	(3,474.7)	(5,245.8)	(6,693.3)	(3,244.1)	(6,089.0)	(16,774.3)	(24,460.3)
SDR's	(—)	(257.7)	(95.5)	(517.5)	(1,351.1)	(1,179.0)	(12.7)	(96.2)	(19.1)	(226.1)
Others	(—)	(1,190.7)	(334.3)	(369.7)	(375.3)	(408.6)	(444.7)	(560.9)	(668.0)	(879.4)
Foreign Liabilities	561.0	19,243.3	18,477.6	23,294.7	27,679.0	31,040.2	36,502.6	49,904.5	67,142.9	85,857.0
Use of IMF Credit ..	(461.7)	(15,847.8)	(15,185.0)	(20,490.3)	(24,824.7)	(28,412.3)	(34,028.5)	(48,316.3)	(62,844.9)	(84,928.6)
Other Liabilities	(99.3)	(3,395.5)	(3,292.6)	(2,804.4)	(2,854.3)	(2,627.9)	(2,474.1)	(1,588.2)	(4,298.0)	(928.4)
Net Foreign Assets[1]	–538.3	–15,497.7	–14,385.0	–18,932.8	–20,706.8	–22,759.3	–32,801.1	–43,158.4	–49,681.5	–60,291.2
COMMERCIAL BANKS										
Foreign Assets	140.0	995.2	999.6	1,061.7	2,265.0	2,654.9	5,822.5	6,614.3	6,046.6	7,111.8
Foreign Liabilities ..	31.6	82.5	367.1	183.4	599.2	667.2	1,402.4	2,386.8	1,457.9	2,359.3
Net Foreign Assets ..	108.4	912.7	632.5	878.3	1,665.8	1,987.7	4,420.1	4,227.5	4,588.7	4,752.5
TOTAL NET FOREIGN ASSETS	–429.9	–14,585.0	–13,752.5	–18,054.5	–19,041.0	–20,771.6	–28,381.0	–38,930.9	–45,092.8	–55,538.7

Source: Bank of Uganda.

(1) Net foreign assets in this table have been based on end of month exchange rates while net foreign assets in the monetary survey have been adjusted to reflect net foreign exchange flows (excluding valuation effects).

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TABLE XVII: MEDIUM AND LONG-TERM PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT, 1981 - 1983[1]
(in millions of U.S. dollars)

CREDITOR	1981	1982						1983					
	2nd half	1st half			2nd half			1st half			2nd half		
	End Dec. Out-standing	Drawings	Repay-ments	End June Out-standing	Drawings	Repay-ments	End Dec. Out-standing	Drawings	Repay-ments	End June Out-standing	Drawings	Repay-ments	End Dec. Out-standing
Multilateral	**179.8**	**13.7**	**4.3**	**189.2**	**50.0**	**10.2**	**229.0**	**20.0**	**4.0**	**245.0**	**41.0**	**3.8**	**282.2**
Bilateral	**413.0**	**5.6**	**11.2**	**407.4**	**0.7**	**12.4**	**395.7**	**27.3**	**23.0**	**400.0**	**24.5**	**41.6**	**382.9**
OECD Countries	150.3	4.3	3.5	151.1	—	2.8	148.3	—	5.2	143.1	24.5	4.4	163.2
Eastern Bloc	49.0	—	0.5	48.5	0.7	—	49.2	—	0.9	48.3	—	3.1	45.2
Islamic Countries	39.2	—	0.2	39.0	—	1.3	37.7	—	0.5	37.2	—	2.0	35.2
Central African Countries	125.3	—	7.0	118.3	—	7.5	110.8	—	15.9	94.9	—	19.6	75.3
Other	49.2	1.3	—	50.5	—	0.8	49.7	27.3	0.5	76.5	—	12.5	64.0
TOTAL	**592.8**	**19.3**	**15.5**	**596.6**	**50.7**	**22.6**	**624.7**	**47.3**	**27.0**	**645.0**	**65.5**	**45.4**	**665.1**

Source: Bank of Uganda.

(1) Exclusive of debts incurred directly by the Bank of Uganda (International Monetary Fund and credit line Bank of Kenya). Account has been taken of the exports of maize to Tanzania which started towards the end of 1982.

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TABLE XVIII: EXTERNAL ARREARS, 1981 – 1983(1)
(in millions of U.S. dollars)

	1981		1982				1983			
	2nd half		1st half		2nd half		1st half		2nd half	
	Long Medium Term Public Debt	Other	Long Medium Term Public Debt	Other	Long Medium Term Public Debt	Other	Long Medium Term Public Debt	Other	Long Medium Term Public Debt	Other
1. **Outstanding at the beginning of the period**	**164.6**	**n.a.**	**96.5**	**2.6**	**103.2**	**31.6**	**92.2**	**19.3**	**102.4**	**19.1**
2. Scheduled or maturing payments	+42.2	+2.6	+30.7	+40.1	+30.6	+31.6	+51.6	+18.4	+50.8	+5.3
3. Re-scheduled principle and interest	−8.2	—	−8.3	—	−8.5	—	−9.6	—	−1.5	—
4. Actual payments	−31.0	—	−15.7	−11.1	−23.1	−43.9	−21.6	−18.2	−53.2	−13.7
5. Change in arrears through cash payments (2+3+4)	+3.0	+2.6	+6.7	+29.0	−1.0	−12.3	+20.4	+0.2	−3.9	−8.4
6. Change in arrears through cancellation	−24.2	—	—	—	—	—	—	—	—	—
7. Change in arrears through re-scheduling	−46.9	—	—	—	−10.0	—	−10.2	—	−29.6	—
8. Overall change in arrears (5+6+7)	−68.1	+2.6	+6.7	+29.0	−11.0	−12.3	+10.2	+0.2	−33.5	−8.4
9. **Outstanding at the end of the period: 1+8**	**96.5**	**2.6**	**103.2**	**31.6**	**92.2**	**19.3**	**102.4**	**19.5**	**68.9**	**10.7**

Source: Bank of Uganda.

(1) Exclusive of arrears which are still being negotiated.

TABLE XIX: RELATIONS WITH THE INTERNATIONAL MONETARY FUND
(in millions of SDRs)

A. **Position as at 31st December 1983**		
Quota	SDR	99.6
Fund holdings of local currency	SDR	434.1 (435.9 per cent of quota)
of which: compensatory financing facility	SDR	62.5 (62.75 per cent of quota)
Net cumulative allocations of SDRs	SDR	29.4
Holdings of SDRs	SDR	0.9 or 3.0 per cent of net cumulative allocation
Trust Fund loans outstanding	SDR	22.5
B. **Transactions in 1983**		
Purchases	SDR	112.7
Repurchases	SDR	11.9
Interest and Charges	SDR	25.3

Source: Bank of Uganda.

TABLE XX: COMPOSITION OF FOREIGN EXCHANGE SALES THROUGH THE AUCTION SYSTEM, JULY – DECEMBER 1983

(in U.S. dollars thousand)

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total	As a %
Foods and Non Alcoholic Beverages (including cooking oil and fat)	693	79	86	585	628	711	2,782	3.5
Salt	373	337	—	570	112	522	1,914	2.4
Sugar	1,337	1,389	2,679	796	1,439	714	8,354	10.6
Cigarettes	111	534	388	282	86	52	1,453	1.9
Alcoholic Beverages (Beers, Wines and Spirits)	36	37	90	26	522	123	834	1.1
Soap, Cleansing and Polishing Preparations	898	350	586	435	589	581	3,439	4.4
Drugs, Medicinal and Pharmaceutical Products	127	236	159	81	244	870	1,717	2.2
Textile Fabrics and Ready Made Clothings	1,467	1,314	2,690	1,644	1,270	1,892	10,227	13.0
Motor Cycles and Bicycles	16	9	30	61	73	153	342	0.4
Road Motor Vehicles	419	786	1,023	472	971	794	4,465	5.7
Rubber Tyres and Tubes	308	513	208	416	175	189	1,809	2.3
Industrial and Agricultural Machinery	77	560	435	153	248	106	1,579	2.0
Spare Parts	774	502	687	355	305	283	2,906	3.7
Lime, Cement and Fabricated Construction Materials	199	199	2,154	286	260	457	3,555	4.5
Precision Instruments	52	17	26	27	124	75	321	0.4
Office Machines, Stationery Supplies and Books	297	456	384	1,071	363	876	3,447	4.4
Matches, Candles and Electric Installations	180	62	461	238	27	207	1,175	1.5
Household Equipments	45	421	387	589	160	219	1,821	2.3
Shoes and Materials for making Shoes	129	107	260	44	89	155	784	1.0
Packing Materials and Bags of all kinds	167	124	68	259	110	60	788	1.0
Miscellaneous Imports	596	1,275	694	462	1,014	957	4,998	6.4
TOTAL GOODS:	**8,301**	**9,307**	**13,495**	**8,852**	**8,809**	**9,946**	**58,710**	**74.7**
Overdue Bills	500	885	667	1,070	603	399	4,124	5.3
Medical Treatment	125	75	184	66	102	51	603	0.8
Education (a) Public	394	357	235	775	—	40	1,801	2.3
(b) Private	106	263	178	112	107	96	935	1.2
Travel	635	519	1,860	926	1,409	841	6,190	7.9
Diplomatic Missions	500	None	1,498	640	—	200	2,838	3.6
Savings	139	313	646	164	139	128	1,529	1.9
Dividends	29	None	337	—	321	285	899	1.1
Others (a) Clearing charges	—	—	322	—	—	57	379	0.5
(b) Commission, fees etc	—	—	—	—	449	120	569	0.7
TOTAL SERVICES	**2,428**	**2,412**	**5,927**	**3,753**	**3,130**	**2,217**	**19,867**	**25.3**
GRAND TOTAL	**10,729**	**11,719**	**19,422**	**12,605**	**11,939**	**12,163**	**78,577**	**100.0**

Source: Bank of Uganda.

TABLE XXI: DIRECTION OF TRADE, DECEMBER 1981 – DECEMBER 1983
(in millions of U.S. dollars and in per cent)

COUNTRY	EXPORTS						IMPORTS					
	1981		1982		1983		1981		1982		1983	
	U.S.$Mn.	%	U.S.$Mn.	%	U.S.$Mn.	%	U.S.$Mn.	%	U.S.$Mn.	%	U.S.$Mn.	%
U.S.A.	98.6	35.1	151.1	40.3	100.5	28.4	7.5	2.1	9.4	2.6	4.5	1.4
U.K.	33.7	12.0	36.6	9.7	40.8	11.5	55.6	15.5	60.7	16.9	35.1	10.9
France	22.7	8.1	30.0	8.0	34.6	9.8	21.1	5.9	10.4	2.9	10.2	3.2
Italy	7.6	2.7	16.1	4.3	19.7	5.6	7.4	2.1	8.8	2.4	12.4	3.9
Federal Republic of Germany	15.4	5.5	24.4	6.5	29.4	8.3	37.5	10.5	38.4	10.7	36.9	11.5
Other Europe	37.0	13.2	39.3	10.4	53.9	15.2	20.9	5.8	35.0	9.7	31.7	9.9
Japan	13.8	4.9	22.0	5.8	16.3	4.6	5.7	1.6	8.4	2.3	16.1	5.0
India	0.1	0.03	0.1	0.02	0.1	0.02	20.7	5.8	18.6	5.2	16.7	5.2
Kenya	1.6	0.6	1.5	0.4	1.6	0.5	128.0	35.7	115.2	32.1	103.6	32.2
Other	50.8	18.1	54.6	14.5	57.4	16.2	53.8	15.0	54.4	15.1	54.1	16.8
TOTAL(1)	**281.3**	**100.0**	**376.2**	**100.0**	**354.3**	**100.0**	**358.2**	**100.0**	**359.3**	**100.0**	**321.3**	**100.0**

Source: IMF, Direction of Trade Statistics Yearbook 1984.

(1) The overall totals in this table differ from those in table on Balance of Payments (from internal sources) owing largely to problems related to timing.

TABLE XXII: COFFEE SHIPMENTS BY DESTINATION, 1981/82 – 1983/84[1]
(in 60 kilo bags)

COUNTRY	1981/82		1982/83		1983/84	
	QUANTITY	%	QUANTITY	%	QUANTITY	%
U.S.A.	1,111,701	39.91	694,858	31.66	576,696	22.89
Canada	8,587	0.31	2,606	0.12	4,613	0.18
Belgium	26,896	0.97	31,624	1.44	36,619	1.45
Denmark	728	0.03	—	—	—	—
France	244,266	8.76	206,434	9.40	342,835	13.60
Holland	211,442	7.58	227,286	10.36	365,182	14.50
Italy	162,795	5.84	113,379	5.17	156,999	6.23
U.K.	351,273	12.61	345,296	15.73	361,029	14.33
West Germany	118,990	4.27	138,372	6.30	190,121	7.55
Greece	25,496	0.92	628	0.03	—	—
Australia	72,536	2.60	55,362	2.52	65,871	2.62
Portugal	1,876	0.07	10,388	0.47	4,755	0.19
Hungary	31,766	1.14	—	—	—	—
New Zealand	3,290	0.12	3,284	0.14	4,143	0.16
Norway	2,782	0.10	—	—	—	—
Finland	1,946	0.07	2,698	0.12	8,072	0.32
Spain	158,310	5.68	193,518	8.82	230,380	9.15
Sweden	—	—	466	0.02	494	0.02
Singapore	45,062	1.62	56,375	2.58	41,495	1.65
Yugoslavia	2,453	0.09	7,297	0.33	—	—
Japan	162,250	5.82	105,017	4.78	129,720	5.15
Algeria	41,202	1.48	—	—	—	—
TOTAL	**2,785,647**	**100.0**	**2,194,888**	**100.0**	**2,519,024**	**100.0**

Source: Coffee Marketing Board.
(1) Coffee seasons October – September.

TABLE XXIII: EXPORTABLE PRODUCTION AND COFFEE QUOTA, 1981/82 – 1982/83
(thousands of 60 kilo bags)

ICO Members Basic Quota	1981/82		1982/83		1982/83	
	Bags	% Share	Bags	% Share	Bags	% Share
Brazil	18,519	26.14	20,574	29.26	15,974	30.83
Colombia	12,150	17.15	10,464	14.88	8,435	16.28
Indonesia	4,440	6.27	4,596	6.54	2,357	4.55
Ivory Coast	5,283	7.46	4,458	6.34	4,016	7.75
Uganda	3,265	4.61	3,161	4.50	2,300	4.44
El-Salvador	2,177	3.07	3,060	4.35	2,321	4.48
Mexico	2,600	3.67	2,909	4.14	1,891	3.65
Costa Rica	1,669	2.36	2,414	3.43	1,119	2.16
Guatemala	2,453	3.46	2,217	3.16	1,797	3.47
Ethiopia	1,750	2.47	2,108	3.10	1,357	2.62
Cameroon	2,250	3.18	1,909	2.72	1,417	2.73
Honduras	1,114	1.57	1,709	2.53	772	1.49
Kenya	1,643	2.32	1,501	2.14	1,285	2.48
India	1,800	2.54	1,295	1.84	642	1.24
Equador	1,520	2.15	1,284	1.83	1,124	2.17
Nicaragua	1,170	1.65	1,218	1.80	663	1.28
Zaire	1,317	1.86	1,153	1.64	1,098	2.12
Peru	1,082	1.53	1,102	1.57	678	1.31
Papua New Guinea	934	1.32	930	1.32	601	1.16
Madagascar	1,190	1.68	800	1.14	762	1.48
Tanzania	1,037	1.46	715	1.02	704	1.36
Dominican Republic	600	0.85	537	0.76	492	0.95
TOTAL	70,849	100.0	70,308	100.0	51,815	100.0

Source: Coffee Marketing Board (CMB) Statistics Section.

TABLE XXIV: COFFEE SHIPMENTS, 1980/81 – 1982/83

Season	1980/81			1981/82			1982/83			
	Quantity (60 Kilo-bags)	Unit Price ($ per kg)	Value ($)	Quantity (60 Kilo-bags)	Unit Price ($ per kg)	Value ($)	Quantity (60 Kilo-bags)	Unit Price ($ per kg)	Value ($)	Percentage Change in Quantity 1982/83-1981/82
October	54,872	1.64	5,409,446	165,343	1.65	16,346,361	118,645	1.80	12,785,168	−28.2
November ..	70,647	2.47	16,471,955	85,378	1.79	9,180,671	159,013	1.96	18,735,676	+86.2
December ..	85,060	2.41	12,322,364	126,139	1.82	13,807,013	225,601	2.01	27,204,861	+79.9
IQ	210,579	2.23	34,203,765	376,860	1.74	39,334,045	503,259	1.94	58,725,705	+33.5
January	95,237	2.38	13,620,685	125,738	1.90	14,318,794	181,488	2.20	23,985,353	+44.3
February ..	124,373	2.31	17,257,652	180,113	1.94	20,938,336	251,247	2.35	35,452,010	+39.5
March	131,182	2.17	17,097,679	235,698	2.08	29,454,712	170,979	2.38	24,451,009	−27.5
IIQ	350,792	2.28	47,976,016	541,549	2.00	64,711,842	603,714	2.32	83,888,372	+11.8
April	146,484	2.17	19,092,290	224,778	2.09	28,251,304	127,103	2.35	17,959,472	−43.5
May	174,878	2.18	22,883,958	173,459	2.15	22,367,534	166,964	2.36	23,670,833	−3.7
June	135,461	2.05	16,698,154	313,373	2.13	39,983,063	186,854	2.31	25,910,132	−40.4
IIIQ	456,823	2.14	58,674,402	711,610	2.12	90,601,901	480,921	2.34	67,540,437	−32.4
July	148,778	1.83	16,524,326	322,935	1.65	31,899,944	208,749	2.29	28,729,516	−35.4
August	249,845	1.73	25,982,180	170,237	2.02	20,647,820	261,151	2.39	37,384,494	+53.4
September ..	555,751	1.60	53,302,948	662,456	1.87	74,384,758	137,094	2.31	19,008,798	−79.3
IVQ	954,374	1.62	95,809,454	1,155,628	1.83	126,932,522	606,994	2.34	85,122,808	−47.5
Grand Total ..	1,972,568	1.95	236,663,637	2,785,647	1.92	321,580,310	2,194,888	2.24	295,277,322	−21.2

Source: Coffee Marketing Board

Bank of Uganda

TABLE XXV: BANK OF UGANDA ASSETS, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	Total External Assets	Securities: Government	Securities: Official Entities[1]	Discounts and Advances: Government[2]	Discounts and Advances: Banks	Other Assets	Total Assets
1980:							
December	22.7	2.2	125.0	12,834.0	—	1,950.7	14,934.6
1981:							
December	3,612.4	28.6	203.5	20,896.7	218.0	21,889.1	46,848.3
1982:							
March	3,794.5	38.7	203.5	24,042.5	149.5	18,928.2	47,159.9
June	3,992.9	31.6	203.5	25,828.3	666.1	19,765.9	50,488.3
September	6,593.2	69.6	203.5	26,098.5	101.5	19,281.1	52,347.4
December	7,301.1	4.7	203.5	30,203.1	1,964.9	19,251.6	58,928.9
1983:							
March	3,895.9	3,113.9	203.5	32,470.8	3,247.0	21,294.5	64,225.6
June	6,186.1	712.5	127.4	44,087.8	1,403.7	19,950.3	72,467.8
September	16,881.1	2,349.1	127.4	38,250.4	1,753.5	22,212.1	81,573.6
December	24,515.7	2,993.0	127.4	38,111.3	4,494.2	16,450.9	86,692.5

Source: Bank of Uganda

(1) Consists of Uganda Electricity Board, Uganda Airlines, and Transocean.

(2) Including up to December 1981, the counterpart of Foreign Exchange sold to Government without local cover.

Bank of Uganda

TABLE XXVI: BANK OF UGANDA LIABILITIES, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	Paid up Capital	General Reserve	Currency in Circulation: Notes	Currency in Circulation: Coin	Domestic deposits: Bankers Deposits	Domestic deposits: Government[1]	Domestic deposits: Official Entities	External Deposits	International Monetary Fund	Other Liabilities	Total Liabilities
1980:											
December ..	20.0	40.0	6,512.5	95.0	3,909.4	—	82.1	99.6	528.9	3,647.1	14,934.6
1981:											
December ..	20.0	40.0	10,905.1	103.2	2,778.4	710.0	394.0	3,395.5	20,363.7	8,138.4	46,848.3
1982:											
March ..	20.0	40.0	10,583.2	103.3	5,329.0	1,213.4	842.4	3,292.6	20,284.1	5,451.9	47,159.9
June	20.0	40.0	11,461.2	103.3	3,847.1	1,285.2	60.7	2,804.4	23,174.3	7,692.1	50,488.3
September ..	20.0	40.0	12,038.4	103.2	1,564.5	1,433.9	526.3	2,854.3	26,806.8	6,960.0	52,347.4
December ..	20.0	40.0	14,132.2	103.3	3,388.5	1,080.2	424.8	2,627.9	29,850.7	7,261.3	58,928.9
1983:											
March ..	20.0	40.0	16,017.7	103.2	3,710.8	1,240.0	245.1	2,474.1	32,272.4	8,102.3	64,225.6
June	20.0	40.0	18,390.7	102.9	6,562.2	2,103.2	282.8	1,588.2	34,991.6	8,386.4	72,467.8
September ..	20.0	40.0	17,936.9	102.7	6,832.3	4,224.6	187.3	4,298.0	34,570.0	13,361.8	81,573.6
December ..	20.0	40.0	20,574.3	102.6	7,548.2	4,220.2	1,087.9	928.4	41,001.6	11,169.3	86,692.5

Source: Bank of Uganda
(1) Deposits on IDA Project Account

Bank of Uganda

TABLE XXVII: COMMERCIAL BANKS' ASSETS, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	Reserves: Cash	Reserves: Balances with Bank of Uganda	Foreign Assets	Claims on Central Govt. (Gross)	Claims on Private Sector[1]	Other Assets	Total Assets
1980:							
December	364.0	4,222.6	140.0	2,529.0	5,750.5	8,820.6	21,826.7
1981:							
December	664.8	3,475.3	995.2	9,197.1	11,255.1	13,637.6	39,225.1
1982:							
March	965.3	6,548.2	999.6	7,401.1	13,388.3	19,546.1	48,848.6
June	1,057.0	3,828.6	1,061.7	9,205.9	14,710.6	27,061.5	56,925.3
September	1,061.8	1,724.1	2,266.0	7,361.2	17,082.7	25,046.3	54,542.1
December	1,400.1	1,230.8	2,654.9	5,085.2	21,163.3	33,730.1	65,264.4
1983:							
March	1,492.9	2,820.6	5,822.5	3,252.5	22,011.3	42,823.9	78,223.7
June	1,697.1	6,667.1	6,614.3	2,406.0	22,854.7	34,739.4	74,978.6
September	1,708.8	4,512.7	6,046.6	3,140.0	20,678.1	52,359.4	88,445.6
December	1,756.9	4,207.3	7,111.8	4,071.1	28,975.6	50,630.8	96,753.5

Source: Bank of Uganda.
(1) Included are claims on Regional and Local Governments

Bank of Uganda

TABLE XXVIII: COMMERCIAL BANKS' LIABILITIES, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	Private Sector Deposits[1]		Government Deposits	Foreign Liabilities	Credit from Bank of Uganda	Balances due to other Banks in Uganda	Capital and Reserves	Other Liabilities	Total Liabilities
	Demand	Time and Savings							
1980:									
December	6,616.0	4,494.2	120.8	31.7	—	39.5	397.2	10,127.3	21,826.7
1981:									
December	13,866.9	6,244.3	103.2	82.5	255.0	16.3	517.2	18,139.7	39,225.1
1982:									
March	12,721.6	7,705.9	343.9	367.1	255.0	157.3	693.3	26,604.5	48,848.6
June	14,933.3	7,960.8	90.0	183.4	255.0	29.6	752.6	32,720.6	56,925.3
September	14,353.1	8,011.8	143.3	599.2	269.1	100.1	3,272.5	27,793.0	54,542.1
December	16,516.0	8,736.0	102.4	667.2	255.0	45.3	3,517.6	35,424.6	65,264.1
1983:									
March	18,557.1	9,319.8	91.3	1,402.4	255.0	67.9	3,724.8	44,805.4	78,223.7
June	19,334.4	10,801.6	66.9	2,386.8	78.1	45.6	3,859.9	38,405.3	74,978.6
September	20,886.4	10,960.6	79.2	1,457.9	—	16.0	3,867.2	51,178.3	88,445.6
December	23,528.3	10,886.3	87.6	2,359.3	—	78.0	13,490.2	46,323.8	96,753.5

Source: Bank of Uganda.
(1) Included are Regional and Local Government deposits.

Bank of Uganda

TABLE XXIX: MONETARY SURVEY, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	1980	1981	1982				1983			
	Dec.	Dec.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
Foreign assets (net)	**–429.9**	**–49.001.6**	**–48.075.3**	**–50.686.3**	**–51.112.6**	**–52.213.1**	**–54.007.1**	**–57.742.1**	**–53.534.9**	**–50.786.2**
Bank of Uganda[1]	–538.3	–49.914.3	–48.707.8	–51.564.6	–57.778.4	–54.200.8	–58.427.2	–61.969.6	–58.123.6	–55.538.7
of which: Use of Fund Credit	(–461.7)	(–15.847.8)	(–15.185.0)	(–20.490.3)	(–24.824.7)	(–28.412.3)	(–34.028.5)	(–48.316.3)	(–62.844.9)	(–84.928.6)
Commercial Banks	108.4	912.7	632.5	878.3	1.665.8	1.987.7	4.420.1	4.227.5	4.588.7	4.752.5
Domestic Credit	**20.798.8**	**40.767.7**	**43.516.8**	**48,676.4**	**49.306.4**	**55.481.5**	**59.726.7**	**72.026.5**	**67.666.5**	**76.053.5**
Claims on Government (net)	14.847.8	29.309.2	29.925.0	33.690.6	31.952.6	34.110.4	37.505.7	45.036.2	39.435.7	40.867.7
Bank of Uganda	(12.439.6)	(20.215.3)	(22.876.8)	(24.574.7)	(24.734.7)	(29.127.6)	(34.344.6)	(42.697.1)	(36.374.9)	(36.884.1)
Commercial banks	(2.408.2)	(9.093.9)	(7.057.2)	(9.115.9)	(7.217.9)	(4.982.8)	(3.161.1)	(2.339.1)	(3.060.8)	(3.983.6)
Claims on private sector	5.951.0	11.458.5	13.591.8	14.985.8	17.353.8	21.371.1	22.221.0	26.990.3	28.230.8	35.185.8
of which crop finance	(1.286.5)	(3.655.6)	(5.869.9)	(6.064.3)	(5.664.8)	(8.197.7)	(8.777.3)	(10.024.6)	(8.970.0)	(12.446.0)
Broad Money	**17.435.7**	**30.848.9**	**30.991.2**	**33.462.3**	**33.971.0**	**38.512.3**	**42.750.0**	**47.215.4**	**48.365.0**	**54.422.6**
Money	**12.941.5**	**24.604.4**	**23.285.2**	**25.501.5**	**25.959.2**	**29.776.2**	**33.430.1**	**36.413.7**	**37.404.6**	**43.536.3**
Currency in circulation	(6.243.4)	(10.343.5)	(9.721.2)	(10.507.6)	(11.079.8)	(12.835.4)	(14.628.0)	(16.796.5)	(16.330.8)	(18.920.0)
Demand deposits	(6.698.1)	(14.260.9)	(13.564.0)	(14.993.9)	(14.879.4)	(16.940.8)	(18.802.1)	(19.617.2)	(21.073.8)	(24.616.3)
Quasi money (time and savings deposits)	**4.494.2**	**6.244.5**	**7.706.0**	**7.960.8**	**8.011.8**	**8.736.1**	**9.319.9**	**10.801.7**	**10.960.4**	**10.886.3**
Other items (net)	**2.933.2**	**–39.082.9**	**–35.549.7**	**–35.472.2**	**–35.777.2**	**–35.243.9**	**–37.030.4**	**–32.931.0**	**–34.233.7**	**–29.155.3**
Of which foreign currency revaluation[1]	—	47.392.3	–40.003.7	–40.692.5	–40.824.2	–40.485.2	–39.605.1	–42.313.2	–39.341.1	–40.344.5

(1) Bank of Uganda balance sheet data for net foreign assets and foreign currency revaluation based on period exchange rates, have been adjusted to reflect net foreign exchange flows (excluding valuation affects) from December 1981.

TABLE XXX: BREAK-DOWN OF NOTES AND COINS ISSUED, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

DENOMINATION End of Period	NOTES 1000/-	500/-	100/-	50/-	20/-	10/-	5/-	COINS[1]	TOTAL Currency Issued
1980:									
December ..	—	—	5,564	1,407	374	217	70	85	7,717
1981:									
December ..	—	—	8,559	2,650	618	258	78	88	12,251
1982:									
March ..	—	—	8,647	2,326	508	279	97	88	11,945
June	—	—	9,363	2,297	562	264	113	88	12,687
September ..	—	—	9,917	2,462	619	255	99	87	13,439
December ..	—	—	11,076	3,054	791	332	140	87	15,480
1983:									
March ..	1,909	975	10,783	2,765	579	272	117	87	17,487
June	3,622	2,427	9,323	2,334	536	265	117	87	18,711
September ..	4,817	4,096	8,067	1,937	466	236	108	87	19,814
December ..	7,272	5,719	6,831	1,587	445	221	103	87	22,265

Source: Bank of Uganda.
(1) Coins include 1 sh., 50 cents, 10 cents and 5 cents.

TABLE XXXI: MONTHLY CLEARING FIGURES, DECEMBER 1980 – DECEMBER 1983

End of Period	Number of Working Days	Number of Cheques Cleared	Amount in Millions of Shillings	Daily Average: Number of Cheques Cleared	Daily Average: Value of Cheques in Millions of Shillings
1980:					
December	17	31,509	2,904.1	1,853	170.8
1981:					
December	22	43,796	21,866.1	1,991	993.9
1982:					
March	23	39,855	16,029.4	1,733	696.9
June	22	40,871	21,388.4	1,858	972.2
September	22	37,378	25,311.7	1,699	1,150.5
December	22	35,648	23,749.6	1,620	1,079.5
1983:					
March	23	40,619	21,631.7	1,766	940.5
June	23	38,678	23,362.6	1,682	1,015.8
September	22	37,538	34,707.8	1,706	1,577.6
December	20	29,489	37,515.8	1,472	1,875.8

Source: Bank of Uganda.

TABLE XXXII: SUMMARY OF COMMERCIAL BANKS' LENDING AND CASH RATIOS, DECEMBER 1981 – DECEMBER 1983
(in millions of shillings)

End of Period	Total Private Deposits	Loans and Bills Discounted (Private Sector)[1]	Ratio: Advances/ Deposits (Lending Ratio)	Notes and Coins & Balances with Bank of Uganda	Ratio: Cash/Total Private Deposit	Private Demand Deposits	Ratio: Cash/Private Demand Deposits
1981:							
December ..	20,111.2	11,255.0	56.0	4,140.1	20.6	13,866.9	29.9
1982:							
March ..	20,427.5	13,388.3	65.5	7,513.5	36.8	12,721.6	59.1
June	22,894.1	14,710.6	64.3	4,885.6	21.3	14,933.3	32.7
September ..	22,364.9	17,082.7	76.4	2,790.9	12.5	13,353.1	20.9
December ..	25,252.1	21,163.3	83.8	2,630.9	10.4	16,516.0	15.9
1983:							
March ..	27,876.9	22,011.3	79.0	4,313.5	15.5	18,557.1	23.2
June	30,136.0	22,854.7	75.8	8,364.3	27.8	19,334.4	43.3
September ..	31,847.0	20,678.0	64.9	6,221.5	19.5	20,886.4	29.8
December ..	34,414.6	28,975.6	85.0	5,964.2	17.3	23,528.3	25.3

Source: Bank of Uganda

(1) Both items exclude foreign currency

Bank of Uganda

TABLE XXXIII: COMMERCIAL BANKS' LIQUID ASSETS, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

End of Period	Cash	Balances with Bank of Uganda	Demand and Money at Call (net)	Uganda Treasury Bills	Government Securities Maturing in 5 years	Demand Balance in convertible currency(ies)	Total Liquid Assets (a)	Total Liquid Assets required by Law (Legal reserves) (b)	Deficiency (−)or Surplus (+) against Legal requirements (a−b)
1980:									
December	364.0	4,222.6	255.9	688.6	1,089.8	138.1	6,759.0	2,025.9	+4,733.1
1981:									
December	664.8	3,475.3	218.4	6,963.2	1,330.1	972.5	13,624.3	4,271.5	+9,352.8
1982:									
March	965.3	6,548.2	567.3	5,194.9	1,629.7	984.0	15,889.4	3,846.4	+12,043.0
June	1,057.0	3,828.6	459.6	7,095.8	1,533.6	1,054.5	15,029.1	4,226.0	+10,803.1
September	1,061.8	1,729.1	187.6	5,248.7	1,533.7	2,253.6	12,014.5	4,169.7	+7,844.8
December	1,400.1	1,230.8	51.4	2,973.0	1,533.3	2,590.1	9,778.7	4,637.3	+5,141.4
1983:									
March	1,492.9	2,820.6	79.6	1,139.2	1,533.3	5,797.7	12,863.3	5,129.1	+7,734.2
June	1,697.1	6,667.1	225.7	373.9	1,329.0	6,611.3	16,904.1	5,503.9	+11,400.2
September	1,708.8	4,512.8	672.6	1,107.7	1,353.0	6,042.0	15,396.9	5,837.6	+9,559.3
December	1,756.9	4,207.3	1,082.5	2,146.6	1,282.0	7,108.2	17,583.5	6,364.6	+11,218.9

Source: Bank of Uganda

TABLE XXXIV: COMMERCIAL BANKS' ADVANCES TO THE PRIVATE SECTOR BY ECONOMIC ACTIVITY, DECEMBER 1980 – DECEMBER 1983
(in millions of shillings)

	1980	1981	1982	1983			
	Dec.	Dec.	Dec.	Mar.	June	Sept.	Dec.
AGRICULTURE:	**2,460.5**	**4,365.0**	**9,263.6**	**10,175.7**	**9,624.1**	**5,196.4**	**7,636.7**
of which Production	647.3	709.3	1,095.9	1,398.3	1,585.2	980.6	1,076.2
crop Finance	1,813.2	3,655.7	8,197.7	8,777.4	8,038.9	4,215.8	6,560.5
MANUFACTURING	**668.8**	**1,624.0**	**3,869.1**	**3,677.5**	**4,448.1**	**3,319.3**	**5,534.5**
Foods, beverages, tobacco	205.5	574.3	745.7	892.4	754.9	650.0	1,595.1
Furniture, household	30.7	181.3	150.2	161.5	189.8	197.3	361.0
Textiles, leather	180.2	163.1	1,063.6	962.2	812.0	897.2	1,071.4
Chemical, pharmaceutical	47.3	187.2	345.1	336.6	576.5	285.7	362.1
Metal production, machinery	67.9	104.7	607.3	686.4	585.1	234.7	459.7
Building and Construction	58.9	41.0	336.8	288.7	354.1	398.4	593.8
Others	78.3	372.4	620.4	349.7	1,175.7	656.0	1,091.4
TRADE & OTHER SERVICES	**1,989.3**	**4,057.8**	**5,713.5**	**5,673.8**	**5,897.4**	**8,520.6**	**11,071.3**
Wholesale (imports)	263.8	1,977.3	2,991.9	2,357.6	2,937.2	4,270.7	4,648.4
Retail	826.5	1,133.1	1,199.9	1,314.1	1,210.2	1,698.1	1,594.6
Others	899.0	947.4	1,521.7	2,002.1	1,750.0	2,551.8	4,828.3
TRANSPORT, ELECTRICITY, WATER:	**399.7**	**741.6**	**1,618.6**	**1,809.4**	**2,395.8**	**2,667.1**	**3,722.7**
of which Transport	399.2	666.0	1,446.4	1,753.2	2,246.4	2,442.3	3,296.9
BUILDING & CONSTRUCTION	**146.2**	**351.5**	**513.8**	**548.7**	**480.8**	**656.6**	**843.6**
OTHERS (including balancing items)	**86.0**	**115.1**	**184.7**	**126.2**	**8.5**	**318.0**	**166.7**
TOTAL	**5,750.5**	**11,255.1**	**21,163.3**	**22,011.3**	**22,854.7**	**20,678.0**	**28,975.5**

Source: Bank of Uganda.

TABLE XXXV: STRUCTURE OF INTEREST RATES, JUNE 1981 – DECEMBER 1983
(percent per year)

	1981		1982		1983	
	June	Oct.	July	Dec.	July	Dec.
Bank of Uganda						
Ways and Means	2.5	5.0	2.0	2.0	2.0	2.0
Re-discount rate	7.0	9.0	10.0	10.0	12.5	14.5
Bank rate to commercial banks	8.0	10.0	11.0	11.0	13.5	15.5
Treasury bills						
35 days	4.71	8.0	9.0	10.0	10.0	12.0
63 days	4.90	8.5	9.5	11.0	11.0	13.0
91 days	5.08	9.0	10.0	12.0	12.0	14.0
Government stocks						
5 years	8.5	11.0	12.0	12.0	12.0	12.0
10 years	9.5	11.5	12.5	12.5	12.5	12.0
15 years	10.5	12.0	13.0	13.0	13.0	13.0
Commercial banks						
Deposit rates[1]						
Demand deposits	—	Optional	Optional	Optional	Optional	Optional
Savings deposits	5.0	8.0	9.0	9.0	11.0	13.0
Time deposits:						
Minimum 1 year ..	5.0	12.0	13.0	13.0	15.0	17.0
More than 1 year ..	6.0	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable
Lending rate[2]						
Agriculture	8.0	13.0	14.0	14.0	16.0	18.0
Export and Manufacturing ..	12.0	14.0	15.0	15.0	17.0	19.0
Commerce	12.0	15.0	16.0	(16 up to 22.0)	(18 up to 22.0)	(19 up to 22.0)
Unsecured	12.0	17.0	17.0	20.0	(19 up to 22.0)	(19 up to 22.0)

Source: Bank of Uganda.
(1) Minimum rates
(2) Maximum rates

Bank of Uganda

Issue of Currency Notes:

Bank of Uganda as the currency issuing authority in the country has been issuing currency notes since it took over the functions of the former East African Currency Board in 1966.

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