

PA-4611-201

---

# UGANDA: Recommendations for Action in the Private Sector

---

DRAFT REPORT

*Bureau for Private Enterprise  
U.S. Agency for International Development*

*Prepared for: USAID/Uganda*

*Prepared by: J.E. Austin Associates  
Bureau for Africa, USAID*

*Sponsored by: Private Enterprise Development Support Project II  
Project Number 940-2028.03  
Prime Contractor: Coopers & Lybrand*

*June 1991*

**Coopers  
& Lybrand**

---

# UGANDA: Recommendations for Action in the Private Sector

---

DRAFT REPORT

*Bureau for Private Enterprise  
U.S. Agency for International Development*

*Prepared for: USAID/Uganda*

*Prepared by: Tessie San Martin, J.E. Austin Associates  
Gene Peuse, AFR/TR/EHR  
Bill Renison, AFR/TR/EHR*

*Sponsored by: Private Enterprise Development Support Project II  
Project Number 940-2028.03  
Prime Contractor: Coopers & Lybrand*

*June 1991*

## **Note**

Ernst & Young was the prime contractor for the Private Enterprise Development Support Project II (Project Number 940--2028.03) until October 1, 1991. On October 1, 1991, this project was transferred to Coopers & Lybrand, which is now the prime contractor. Because this report was produced prior to October 1, 1991, it may contain references to Ernst & Young.

TABLE OF CONTENTS

	PAGE
Executive Summary	1
1. Purpose and Methodology of the Review.....	1
1.1 Purpose.....	1
1.2 Methodology.....	2
2. Findings .....	2
2.1 What Is Known: State of Knowledge Regarding the Private Sector in Uganda.....	3
2.2 What is Being Done: Other Donor Actions in Support of the Private Sector....	20
2.3 The Mission's Portfolio: The Current Approach to Private Sector Development.....	22
2.4 The Uganda Capacity Building Initiative: An Experiment.....	28
3. Implications: Options on Research, Dialogue and Actions for Private Sector Support Activities.....	31
3.1 Critical Research Need: Filling in the Knowledge Gaps on Agricultural Based Industry and Related Enterprises.....	32
3.2 Building Capacity for Private Sector Development: Suggested Activities.....	34
Annexes:	
A. Uganda's Capacity Building Initiative: A Public Sector Perspective	
B. Outline of the Scope of Work for Research on Agribusiness Opportunities, Constraints and Service Needs	
C. Interview List	
D. Bibliography	

SELECTED ABBREVIATIONS

ACBI	African Capacity Building Initiative, a multi-donor program coordinated by the World Bank
ADB	African Development Bank
AERC	African Economics Research Consortium
ANEPP	Agriculture and Non-Traditional Export Promotior. Program of USAID
APE	Action Program for the Environment of USAID
BOB	Bank of Baroda
BOU	Bank of Uganda
CAAS	Cooperative Agriculture and Agribusiness Support Project of USAID
CBS	Uganda Capacity Building Secretariat, Ministry of Planning and Economic Development
CIDA	Canadian International Development Agency
CIM	(An association of German management and training experts supplying technical assistance through GTZ)
CIP	Commodity Import Program
CPSP	Country Program Strategic Plan of USAID
DACB	Departed Asians Custodian Board
DANIDA	Danish International Development Agency
DCI	Development Consultants International, an Ugandan consulting firm
DMC	Development and Management Consultants International, an Ugandan consulting firm
EADB	East African Development Bank
ECU	Europear Currency Unit
EDI	Economics Development Institute, World Bank
EEC	European Economic Community
EPADU	Economic Policy Analysis and Development Unit, Ministry of Planning and Economic Development
FAO	Food and Agriculture Organization of the UN
FIDA	Federacion Internacional De Abogadas (International Federation of Women Lawyers, headquartered in Lisbon)
FSR	"Financial Sector Review," World Bank
FUE	Federation of Uganda Employers
GOU	Government of Uganda
GTZ	(The German International Development Agency)
IFPRI	International Food and Policy Research Institute, a U.S. private research organization
IC	Investment Code
ILO	International Labor Organization
IPA	Institute of Public Administration, an Ugandan training institute
IYB	Improve Your Business, a packaged training program of the ILO
MCM	Ministry of Cooperatives and Marketing
MFAD	Manpower for Agriculture Development Project of USAID
MISR	Makerere Institute fo: Social Research

USAID/UGANDA PRIVATE SECTOR REVIEW (DRAFT 6/13/91)

MPED Ministry of Planning and Economic Development  
MSI Management Systems International, an American consulting firm  
MTAC Management Training and Advisory Center, an Ugandan training institute  
NICU National Inputs Coordination Unit of UCA  
NORAD Norwegian Agency for International Development  
NRC National Revolutionary Council  
NTEs Non-traditional Exports  
ODA Overseas Development Administration of the UK  
PAAD Program Assistance Approval Document of USAID  
PACB Policy Analysis and Capacity Building Project of USAID  
PAIP Program Assistance Identification Paper of USAID  
PSA "Developing the Private Sector Through Support Markets," a private sector assessment by ODA and WB  
RC Revolutionary Council  
REPIM A British consulting firm, conducted analysis of industrial sector for World Bank  
RPE Rehabilitation of Productive Enterprises Project of USAID  
SIDA Swedish International Development Agency  
SMSEs Small and Medium Scale Enterprises  
TA Technical assistance  
TSM "Transport Sector Memorandum," World Bank  
UCA Uganda Cooperative Alliance  
UCB Uganda Commercial Bank  
UCCU Uganda Cooperative Central Union  
UDB Uganda Development Bank  
UMA Uganda Manufacturers Association  
UNCCI Uganda National Chamber of Commerce and Industry  
UNDP United Nations Development Program  
UNEDIL United Nations/Economic Development Institute/International Labor Organization program for building capacity of African management training institutes  
UNEX Union Export Services, a directorate of UCA  
UNIDO United Nations Industrial Development Organization  
USAID United States for International Development  
USSIA Uganda Small Scale Industries Association  
UWCFT Uganda Women's Credit Finance Trust  
WB World Bank

## EXECUTIVE SUMMARY

The success of the Government of Uganda's (GOU) economic restructuring program depends critically on the ability of the indigenous private sector to respond efficiently to the opportunities for growth and diversification arising from the liberalization and restructuring of the economy.

The objectives of the private sector review were to:

- o Evaluate the quality and type of available data on the local private sector and to identify key information on private sector characteristics, constraints and growth opportunities for private sector development;
- o Summarize key findings regarding the local private sector;
- o Review donor programs and strategies to support private sector development, including USAID/Uganda's own development program and strategy.
- o Provide an overview of the types of interventions and entrepreneurial support mechanisms necessary and already available for enhancing the capacity of the private sector to respond effectively to economic liberalization.

On the basis of this information, the review provides recommendations on:

- (a) Additional research and actions which could be undertaken by USAID/Uganda to improve the state of knowledge and thus effectiveness of interventions designed to support private sector development;
- (b) Opportunities for supporting these actions through existing and planned Mission and other donor projects.

## 2. Findings

a. The World Bank's February 1991 Private Sector Assessment and other studies suggest that the Mission's orientation to support non-traditional exports is in line with economic growth opportunities for Uganda. However, it will be necessary to gather additional information that currently is not available. Past studies do not provide an in-depth assessment of the competitive structure of Ugandan private industry. Basic establishment data should include information on sources of capital and formal savings mechanisms, investment priorities, type of taxes and incidence of taxation, market orientation (market sources and input sources), capacity utilization, skills composition and

requirements, personnel recruitment sources, input cost structure, perception and use of various business support services.

b. Many of the Mission's activities support either directly or indirectly private entrepreneurs. Within the Mission's existing portfolio, private sector is both the object of and a vehicle for achieving project objectives and development goals. Mission interventions have directly facilitated access to inputs (term finance, raw materials, packaging materials) critical for the rapid rehabilitation of the private sector. Perhaps no other donor has funded as wide a variety of private ventures in the area of agribusiness (agriculture and agriculture support services). Activities not designed to improve private sector performance directly have used private sector agents effectively to help achieve project goals. Hence, while USAID may not be the largest donor in Uganda, it is certainly the most experienced donor in the area of private sector support.

c. A growing number of private sector vehicles are available to reach private entrepreneurs. Although there were few viable private sector implementing agents in 1988/9 when the Mission's program was developed, recent surveys and studies of private sector capabilities suggests this is no longer the case. Associations such as the Uganda Small Scale Industry Association (USSIA) and the Uganda Manufacturers Association (UMA) are starting to move in the right direction, acknowledging that membership growth and a solid revenue base must begin with effective (and tangible) service provision. Support for business associations should aim at helping these groups provide effective and valued services to members.

d. The Ugandan government and donor community are in the beginning stages of formulating and operationalizing the elements of a capacity building program. Because A.I.D. has been identified with private sector development in Uganda, it is best positioned to shape capacity building in a way that most directly serves private sector-led development. Furthermore, the Mission has experimented with several approaches that match well with the intent of ACBI--that capacity building be based on processes that fully engage local talent in ways that encourage more open dialogue between the private and public sector.

Probably the most visible and favorable factor in A.I.D.'s pursuing this kind of an approach is the open environment for public policy debate in the Museveni Administration. There are, however, inadequate processes within government, the private sector and academia for the analysis, formulation and implementation of policy reform. It is in this area that the Mission may be able to make its greatest contribution by sponsoring the types of interventions that will permit

Ugandans themselves to redefine the relationship between the public and private sectors.

### 3. Recommendations

Priority areas for Mission support are:

a. Research on competitive structure and service support needs of agribusinesses and related enterprises. This will involve a survey(s) of private sector establishments. The study(s) will provide a better understanding of the changing competitive environment and an indication of the associations through which the Mission should direct its assistance as a way of reaching target firms. This survey (or surveys) can be undertaken by local firms. The design of the survey instrument and survey protocol should be seen as part of the capacity building process discussed below.

b. Workshop on Marketing Research. This workshop will seek to: (a) enhance local consultancy skills in the design of market-oriented research and the production of practical "user-friendly" reports; (b) strengthen linkages between consultants and private businesses; (c) increase the capacity of business associations to provide a profitable menu of services and enhance their revenue base; (d) provide the Mission, other donors, and the GOU with a better understanding of agribusiness constraints and opportunities in Uganda. The output of the workshop will be a finalized survey instrument, and a methodology for implementing the research described in point a above.

c. Workshop on Survey Results. Once the survey results have been compiled and analyzed, the Mission can sponsor another workshop to discuss the results, this time including training institutions, GOU's Capacity Building Secretariat (CBS), donors, and other interested parties. On the basis of the results of the workshop, the GOU, in collaboration with private sector representatives, will be able to prepare a detailed agenda for action in the area private sector training and support.

d. Workshops on Export Marketing. Because both the GOU, USAID and private sector are in agreement that the country ought to embark on an export and value-added oriented approach to private sector development, this workshop will focus on the implementation of that policy. It is important to include as many key stakeholders as possible, in particular private sector leaders. A number of case studies already available (e.g., case studies on the experience of the Columbian flower growers association, on the fruit juice and concentrate industry in the Dominican Republic) can be used to facilitate

analysis and dialogue around the kinds of policy and institutional issues which the agro-exporting sector in this country is facing. The possibility of building case studies on the experience of Ugandan entrepreneurs can also be explored.

The PACB project provides is an excellent vehicle for the proposed research and dialogue agenda. It has been established to stimulate fuller participation in policy formulation among various groups in Ugandan society by providing funds for research studies and different kinds of fora (e.g., conferences, seminars, workshops) which will enhance the skills of researchers and policy makers and will facilitate broad based participation. The fundamental operating principle of the project is that trained Ugandans ought to be the primary activators of this process with support of intermittent, outside technical assistance as necessary. This inherently implies a need on the part of the Mission to proceed at a pace and in a manner that matches the capacity of local talent (i.e., researchers, trainers, policy makers, private sector leaders, other stakeholders) to increasingly take control of the dialogue and learning process.

## 1. PURPOSE AND METHODOLOGY OF THE REVIEW

### 1.1 Purpose of the Private Sector Review

The success of the Government of Uganda's (GOU) economic restructuring program depends critically on the ability of the indigenous private sector to respond efficiently to the opportunities for growth and diversification arising from the liberalization and restructuring of the economy. Private sector expansion will be critical for defusing potentially explosive situations, such as the retrenchment which will occur as a result of privatization and civil service reform scheduled for the coming years. Expanding the productive base will be essential to any attempt to restructure and revitalize the government's revenue base. As a result, the quantity of resources aimed at expanding the base of knowledge regarding the critical bottlenecks affecting the private sector's ability to respond to the opportunities created by the economic stabilization and restructuring process, and at designing and implementing programs to address these constraints, has been growing rapidly over the last 3 years.

The private sector review conducted in May 1991 sought to:

- o Evaluate the quality and type of available data on the local private sector and to identify key information gaps for understanding the characteristics of the private sector, and the constraints and growth opportunities for private sector development;
- o Summarize key findings regarding the local private sector, including key private sector players, the environment for business in the country, and opportunities and constraints to private sector growth.
- o Review donor programs and strategies to support private sector development, including USAID/Uganda's own development program and strategy.
- o Provide an overview of the types of interventions and entrepreneurial support mechanisms necessary and already available for enhancing the capacity of the private sector to respond effectively to economic liberalization.

On the basis of this information, the review provides recommendations on:

- (a) Additional research and actions which could be undertaken by USAID/Uganda to improve the state of knowledge and thus effectiveness of interventions designed to support private sector development;

- (b) Opportunities for supporting these actions through existing and planned Mission and other donor projects.

## 1.2 Methodology for the Private Sector Review

Interviews were held with leaders in the private sector, government officials and donor representatives (Annex C lists the persons interviewed). Interviews with donors and key Ugandan representatives of the public and private sectors were coordinated, to the greatest extent possible, with members of the other assessment teams working with the Mission<sup>1</sup> to reduce the burden on these persons. Most interviews lasted one and one-half hours.

A review was conducted of A.I.D. documents and reports on the economy and the private sector, especially those produced within the last 12 months (see Annex D). Particular attention was given to studies conducted by the Uganda Capacity Building Secretariat (CBS), and interviews were conducted with Ugandan authors of these studies to get a better understanding of the investigative process and the conclusions drawn (Annex A contains a summary of activities related to the capacity building initiative in Uganda). This proved to be quite useful since many of the reports were yet in draft form.

The findings of this assessment are meant to serve as background to a more intensive set of research activities connected with the development of the Mission's CPSP and the design of other parts of the Mission portfolio. In a more immediate way, observations may be useful in giving shape to the recently authorized Policy Analysis and Capacity Building (PACB) Project. Finally, the research and dialogue process presented in Section 3 is meant to suggest a way of continuing to refine the Mission's approach to private sector development and to explore issues and surface additional data not available at this time.

## 2. FINDINGS

This section is organized around four topics:

- o How well recent studies have assessed private sector development in Uganda;
- o Private sector support being undertaken by other donors;
- o The Mission's approach to private sector development; and

---

<sup>1</sup>At the time the Team conducted the review, there were two other large groups of consultants working on the PAAD for APE and the CPSP.

- o The current status of the Uganda Capacity Building program.

## 2.1 What Is Known: State of Knowledge Regarding the Private Sector in Uganda

The development of sound macroeconomic and sectoral policies depends critically on understanding the changing role and structure of private firms in the country. Much research on the private sector has been finalized in the last 12 months. The critical sources of information in this regard are the February 1991 World Bank's "Developing the Private Sector through Supporting Markets," (referred to herein as the PSA), the November 1990 "Financial Sector Review," (FSR), "Uganda: Effective Assistance to Industry in Support of Structural Adjustment," (prepared by REPIM Ltd., and referred to here as REPIM), EPADU's "Custom's Survey Report for the Period January 1988 - June 1990," and "Export Strategy: Government Policy and Non-Traditional Exports - Analysis and Recommendations for Actions," and the African Development Bank's (ADB) "Appraisal Report on the Small and Medium Scale Enterprise Development Project" (referred to as the SMSE paper). Other sub-sectoral reviews offer some useful data for estimating the role, size and growth of private firms within specific industries, such as the WB's "Transport Sector Memorandum" (TSM) of February 1991, and studies sponsored by the Capacity Building Secretariat (CBS) within the Ministry of Planning and Economic Development (MPED), such as the Development and Management Consultants' (DMC) report on the consultancy industry and the review of the status of local training institutions.

It should be noted that there was considerable primary (survey) research undertaken as part of the PSA, the FSR, the REPIM and the CBS studies. But the surveys covered a very limited number of firms (less than 175 in total). This limits the ability to extrapolate from the results to the universe of firms in any one particular sector in the economy with any degree of confidence.

There is no one directory of businesses, or a "who is who." But useful bases to build such directories exist. One is the 1990 Yellow Pages Directory (YPD, a 1991 version will be coming out in July). DMC, in its consultancy industry study, has also compiled the most comprehensive directory available on firms in this sector.

Though the points below highlight main areas of ignorance, this is not to imply that all data gaps must be filled before any interventions can be designed. Having precise data is not always necessary and in Uganda, where the collection of statistics was interrupted by many years of violence and social upheaval,

addressing the gaps may be impossible for many years to come. But it would nevertheless be desirable to at least put in place the mechanisms and processes which can be used to address these data gaps. This knowledge base will allow GOU, donors, and, most importantly, the private sector itself to respond more effectively to opportunities for private sector support emerging from the structural adjustment process.

## 2.1.0 Key Findings

### 2.1.1 Type and Adequacy of Data from Recent Private Sector Studies

o Readily available information on private sector growth patterns is scant. The PSA reports that, of the 19,926 firms which apparently still operated in Uganda in 1990, fully 61 percent had registered after 1981. But there is no information in that report, or any other, regarding the distribution of these new entrants by industry. Some information can be teased out of the various reports cited, and several allude to the fact that the structure of production has changed substantially over the last decade, as large formal sector firms deteriorated and informal firms catering to the subsistence sector cropped up in increasing numbers. But neither recent primary or secondary research studies reviewed thus far enable us to answer definitively: where are the new entries occurring? Where is "exit" or business failures most likely to be taking place? Do these patterns change by region of the country? Do they seem to be systemic in a particular industry sector? How have they been changing, as the policy environment changes (e.g. with liberalization of the foreign exchange regime, fluctuations in the rate of inflation, etc.).

Data on entry and growth patterns helps in analyzing the distribution of the burden of the structural adjustment process on business. This information may also make it easier to evaluate the effect of programs to facilitate access to critical inputs such as credit, technical assistance, marketing infrastructure, joint ventures on indigenous entrepreneurial growth. Most importantly in the case of Uganda, programs to deal with retrenchment, a potentially explosive social issue faced by the GOU as it seeks to restructure and privatize the parastatal sector, may be more palatable and efficient if retrenched personnel can be re-oriented (through the provision of training or credit, etc.) towards areas where there are clear private sector expansion opportunities.

o Data needs to be more systematically collected on the competitiveness of Ugandan industrial sectors. This information is critical for the formulation of a coherent industrial support policy, and for examining the consequences of alternative options regarding the pace and timing of economic adjustment policies. The Ugandan industrial sector is facing a major challenge from foreign firms, especially as it enters the PTA system in 1993. Does it have the capacity to reorganize itself to compete effectively?

Some research has begun to analyze the competitive structure of Ugandan industry and the ability of various sectors to produce efficiently or compete effectively with imports. The information available from the REPIM<sup>2</sup> and UNEDIL-sponsored studies<sup>3</sup> suggests that, at least the firms studied<sup>4</sup> had extremely high per unit costs, primarily due to high overhead and fixed costs (caused in part by low capacity utilization) and high costs of imported inputs (including transaction costs involved in bringing in these inputs). All firms interviewed operated far below capacity (the average from the UNEDIL firms studied was about 38 percent). The case studies suggest that firms have not been able to develop internal production/operations, marketing and financial systems which are adequate to meet the challenge of operating in a regime of liberalized markets (including liberalized importing regime) and foreign exchange fluctuations. The RIPEM study suggests that all industry sectors enjoy a fair amount of protection, and that some firms have "negative value added," meaning that they should not really be in business, and that only the present protective trade regime is propping them up. The wide variation in the performance of the firms studied by RIPEM, however, suggests that poor performance is not endemic in most sectors. There are efficient firms operating within inefficient or highly protected sectors. What the RIPEM

---

<sup>2</sup>A total of 62 firms covering the steel, paper, wood, agro-processing, chemical, textile/leather industries were surveyed. But useful information could only be extracted from 45 firms.

<sup>3</sup>This comes primarily from the various case studies prepared by the Uganda Country Team as part of the UNEDIL Program for Strengthening Business Management Institutions. The Team undertook in-depth assessments of the internal structure and development needs of 2 large firms, Sembule Steel Mills Ltd. and Lake Victoria Bottling Co. Ltd., and a group of small and medium scale companies: MC Industries Ltd., Katwe Dynamo and Steel Works, Swisa Industries Ltd., Uganda Shoe Company Ltd., Medipharm Industries Ltd.

<sup>4</sup>And it is not clear from the RIPEM studies which are wholly privately owned, which are joint ventures (either with GOU or a foreign firm), and which are parastatals.

report did not do was identify the characteristics of the efficient firms: nature of ownership, management skills, labor skills distribution, market orientation (both for selling outputs and procuring imports), scale of operation, legal status (e.g. to the proportion/type of taxes being paid, permits which must be obtained/renewed).

The RIPEM data also suggest that firms which are strongly local resource based (agro-processing, including wood/timber processing and production) seem to be more efficient than firms operating in other industries. But the data is based on two firms, and the report does not correlate this finding with other factors, such as management and ownership base, market orientation, experience, skills usage, etc.

Data on industrial sector structure will be somewhat improved after the census on industrial production scheduled to start soon is completed. And the census will make it easier to take systematic and statistically significant samples to conduct more in-depth surveys that will enable policy makers and donors to answer some of these questions.

o Constraints to business growth have been documented in a global manner by a number of studies, but there have been no attempts to consolidate the information from these various sources or analyze systematically inter and intrasectoral differences in constraints. The observations in the preceding paragraphs suggest the legal/institutional environment may be central to Ugandan industry's ability to compete effectively as liberalization proceeds. But in the PSA analysis, based on the survey of 101 private firms operating in all sectors, it is suggested that access to finance is by far the most serious constraint. The difference in the data may reflect the differing compositions of the sample. The problem with the survey data available, as indicated earlier, is that it does not (and indeed cannot given the relatively few firms interviewed) break out the analysis by industrial sector, firm sizes, or market orientation (e.g., are exporters faring any better). Moreover, the PSA does not clarify entirely the nature of the constraints. For example, the study does not fully explore whether the need for credit is to cover cash flow or to undertake business expansion; does the nature of the credit need vary by sector and, if so, how?

o Data on women entrepreneurs is scarce, though the number of on-going or planned interventions targeting women in business is expanding. None of the surveys commissioned by the WB disaggregated data by gender. But perhaps other donor sponsored studies have done so. There is a need to explore data sources and consolidate information on the structure and constraints of women owned firms. Uganda has a Ministry of Women in Development, but this institution is perceived as

very weak. This data is critical for understanding the role of women in business, and evaluating the impact of specific interventions in the private sector on women.

o Data on implementing agents available to channel private sector support needs to be consolidated. The PSA provided a list of 5 associations or institutions providing support to the private sector. But it did not make an assessment of the effectiveness of these institutions, in terms of the quality of services provided, growth in membership and revenue base. Nor did it undertake an analysis of their membership base: degree of representation of various industry sectors, extent to which smaller firms (which traditionally tend to stay away from associations) are incorporated into groupings to which the larger firms are affiliated, and so on.

Moreover, the PSA list is certainly not comprehensive. It does not include the various formal or informal associations centered around specific industry/product/services and/or village/districts which have emerged (see 2.1.3 below). Finally, informal discussions suggest there are a number of informal/unregistered business groupings which form networks that control large chunks of the commercial and distribution channels.

There is also a need for data on quality and usage of local private sector training institutions. The UNEDIL and REPIM studies suggests that even the more sophisticated Ugandan entrepreneurs do not have any kind of established employee training programs, or human resource development strategies within their firms. They neither have in-house capabilities nor regularly send employees out for training in a regular or systematic basis. Anecdotal information suggests employers perceive most of the training provided in-country as too theoretical. The CBS study on training institutions assesses five such local institutions, but does not undertake a systematic survey of employers, to examine their training needs.

## 2.1.2 Findings on the Nature of the Economy and the Private Sector

o The economy has performed well recently because the macro-economic framework has improved, but it is in a precarious position with parallel exchange markets differing by about 25 percent (and widening), and inflation a serious concern tamed temporarily at 30 percent. These forces are coupled with extremely low wages that create extreme hardship for firms and individuals who scurry between public and private sector jobs to make ends meet. More important, however, is another perception with some evidence, that those

benefitting from the recent economic and political stability have been certain foreign interests and high and medium governmental officials with access to credit, contracts and the policy-making apparatus. Unless benefits are extended to a wider strata of the Ugandan population, growth may stagnate and demands for increased equity may lead to political unrest.

o Research indicates the private sector plays a large role in the Ugandan economy, and may even be underestimating its importance in the services sector. The PSA estimates the private sector accounts for 90 percent of GDP. The figure includes the non-monetary sector (estimated to have been approximately 46 percent in 1988). But even after excluding the non-monetary sector, the private sector share's remains at 83 percent. The distribution of private sector activity varies by industry, being highest in agriculture (over 96 percent) and lowest in basic services such as community services and transport and communications (31 percent and 38 percent, respectively). Data on services is generally less reliable than data in other sectors, and may be underestimating the importance of the private sector in the provision of services traditionally considered to be dominated by the state. For example, the figures in the PSA do not reflect the private sector contribution to primary and secondary education, much of which is provided informally (through informal arrangements communities make to "top off" school teachers' salaries and provide classroom space). More informed decisions concerning alternative mechanisms to support service provision (and the political consequences of various alternatives regarding public services restructuring) depend on having this type of information.

o At the present time the pricing and incentive structure in Uganda does not encourage increases in value-added agricultural enterprise. Nor do credit and interest rate policies and procedures; and the lack of domestic infrastructure and air freight capacity discourages non-traditional exports such as juice concentrate and other processed agricultural products. EPADU research suggests that Uganda has the climate, land and indigenous entrepreneurial spirit in production agriculture to support an agro-processing export policy.

o Despite the emphasis and interest on exports and foreign exchange generation, the present institutional environment, infrastructure and fiscal policies, discourage the growth in exports. Coffee continues to account for almost 95 percent of registered exports, despite the growth in licensed non-traditional exports. Moreover, the failure to diversify away from coffee, and the heavy indirect and direct taxes levied on coffee (see Olleby's paper), have combined to produce a precipitous decline (almost 50 percent) in the value of

exports with the sharp drop in world coffee prices.

The recent EPADU Customs survey suggest that NTEs are growing at an accelerated pace. For example, the total value of NTEs reported during the first 6 months of 1990 was 65 percent higher than that reported for the entire 1989 period. The increase may in part reflect liberalization of the foreign exchange and export licensing regimes (decreasing the incentives to export via informal schemes), as well as improvements and streamlining in the reporting procedures. But anecdotal evidence suggests that the increase has been real, not just an artifact of statistics. Growth in NTEs has centered around raw agricultural products, led by beans (representing 26 percent of the total amount of NTEs exported over the 1988-1990 period) and hides and skins (representing 15 percent). The contribution of high value horticultural crops (bananas, pineapple, ginger) represented just over 6 percent. The contribution of manufactured or agro-processing goods has been less than one tenth of one percent.

Recent reports by EPADU indicate that bottlenecks to the continued growth in exports center on the policy environment (indirect taxes arising from foreign exchange allocation schemes, the ill-functioning duty draw-back scheme, cumbersome registration processes), physical infrastructure (the lack of cold storage facilities, lack of sufficient freight transport) and marketing intelligence (poor marketing contacts, poor analysis of marketing opportunities, knowledge of quality standards, consumer preferences). NTE growth has centered on PTA countries, suggesting that Uganda, despite these shortcomings which add significantly to the costs of placing goods in the market, has considerable comparative advantage in producing cash crops for neighboring countries.

o Data suggests that despite new entries, small firm contribution to production growth has been limited, and industrial concentration continues to be high. The increasing importance of the non-monetary sector and growth in non-tradeable goods reflects changes in the structure of production. The social and political upheaval experienced over the last 20 years has led to the serious deterioration of many larger scale enterprises, and to the entry of small scale production catering for self-subsistence and the local markets. Assuming the business environment continues to improve, allowing/enabling foreign investors to establish (or re-establish) operations in the country and enticing Ugandans living abroad to relocate and reinvest their capital and skills in the country, the role of these smaller firms and indigenous entrepreneurs, which for years maintained the productive capacity of the country, cannot be ignored. Research indicates that these small scale firms may have encountered significant bottlenecks when attempting to expand

their production beyond the subsistence level.

The summary of annual production compiled by MPED shows that between 1987 and 1989 production in timber, paper and printing, chemicals and food processing increased by over 50 percent. Consolidating data from various sources suggest that most of this growth came from the private sector, since they are areas dominated or controlled entirely by private producers. But data from the PSA and ADB studies suggest that these sectors also remain extremely concentrated. For example, the 1983 industrial survey shows 500 firms operating in the grain milling subsector (ADB), but just one firm (Uganda Millers) accounted for 72 percent of the market share by 1989 (PSA). In the shoe industry there were 9 firms operating in 1983, but just one (BATA) accounted for 80 percent of the market in 1989. Some sectors operate as oligopolies or monopolies, such as tobacco, where only 3 firms operated in 1983, and most of the output was controlled by just one mixed capital firm (BAT) in 1991.

Apart from all the potentially costly economic inefficiencies created by industrial concentration of this magnitude, this situation is also fraught with potentially explosive social consequences, as indigenous entrepreneurs feel it impossible to "compete" or grow in a sector.<sup>5</sup> The fact that growth in output may not always be leading to greater entry and growth of smaller firms suggests that strategies which simply focus on getting the "policy environment right" may not always be sufficient. Simply opening the economy may not lead to growth and expansion among the smaller, less experienced entrepreneurs. Interventions at the "top," concentrating on policy dialogue, must be coupled with assistance at the "bottom," in the form of training, technical assistance and other inputs which help fledgling entrepreneurs react effectively to the new opportunities.

The question becomes, what accounts for the inability of firms to penetrate and compete effectively in the marketplace

---

<sup>5</sup>Difficulties faced by indigenous entrepreneurs competing in the industrial sector raise a number of "red flags" related to the investment code. The IC extends a number of important concessions to foreigners, which it does not extend to indigenous entrepreneurs. Many of these concessions address precisely the policy constraints (specially tax breaks, tariff exemptions, clear rules of the game for contract enforcement and fund repatriation) which seem to be affecting industrial growth and development. Again, the perceived inequality of this situation may in the end have a potentially socially disruptive effect, specially if the key investors attracted are Asian rather than European.

(particularly because, discussed in the preceding section, large firms are very inefficient)? What "ingredients are lacking, and what support can be provided by the larger firms and new entrepreneurs themselves? According to the PSA, apart from the policy constraints (credit access and high and regressive tax structure) the key input which seems to be in greatest demand is marketing technology. But the methodology used to arrive at a ranking of constraints is problematic, nor did the study break down the data by industry.<sup>6</sup>

Other studies suggest that there may be important variations across sectors. Control of marketing and distribution channels for inputs and outputs may severely affect a firm's ability to compete effectively with larger firms, even if they are able to produce at a lower price. But none of the studies systematically collected adequate data on any of these issues for more than a handful of processing and manufacturing sector firms.

o There is no consensus from the studies regarding the role of credit as a constraint. The survey of 69 firms conducted for the FSR suggests that access to credit may actually be a symptom rather than a cause of business stagnation and inefficient business operations. An almost equal proportion of the private firms interviewed reported that lack of market demand, and limited markets, was as serious a constraint as credit. According to the same survey, most firms prefer to have access to larger overdraft facilities or to draw on their own funds to finance their expansion plans, rather than use funds from a development finance institution.<sup>7</sup>

o Recent donor activity in the financial sector, while critical to the long-term survival of this sector, may also be fostering a dependence mentality; local banks seem to rely

---

<sup>6</sup>Though one can assume that most of the bottlenecks catalogued in the PSA refer to the industrial sector, since these are the firms most likely to be "formal" establishments, and thus less able to escape the various regulations and taxes imposed.

<sup>7</sup>This type of response may be related to the fact that most lending from development finance institutions make firms take the full foreign exchange risk. It may also be related to the seemingly pervasive corruption plaguing many of these lending programs; many entrepreneurs interviewed complained that credit is not allocated based on "credit-worthiness," but through an informal system of "kickbacks" and side payments to lending officers, effectively increasing the fees associated with these loans. Attempts to deal with this problem have slowed the loan appraisal process to a crawl, as approval must undergo through several layers, all the way to the BOU for some types of programs.

solely on solutions based on quick inflows of foreign funds. A former UCB official points out that, to make real development oriented loans, banks needed greater infusions of loan and risk guarantees from donors. But in the long run what the UCB (and the other local banks) really need is to restructure their portfolio, over 90 percent of which is in short-term deposits. As long as the UCB fails to develop alternative financial instruments, such as certificates of deposits, which would allow them to restructure their deposit base, donor money will continue to be stop gap measures.

Thus the need to clarify issues regarding critical bottlenecks to private sector development, particularly in the area of finance and credit, is clearly important. Donors, in their desire to help rehabilitate the private sector rapidly have been pumping an increasing amount of resources into term lending. The FSR documents that over half a dozen major donors, including the ADB, WB, European Development Bank, USAID, have been providing funds to formal development institutions, mostly (as RPE does) to cover the foreign exchange requirements for imported raw materials and machinery. The results of these lending programs have been mixed at best. But again there has been no effort to consolidate information on the experience of these programs or to explore more in-depth the nature of the credit requirements of private entrepreneurs. Moreover, as highlighted below, the finance sector's ability to channel and provide assistance to the private sector remains severely limited. In the absence of wider actions to redress critical financial market development bottlenecks, simply channeling more credit through the system will rarely be an efficient mechanism for providing sustainable assistance to the private sector.

This suggest that donors funds for technical assistance and training for bank officers in project lending should be balanced with TA and training to help local commercial banks develop and mobilize longer term deposit base. There also seem to be critical regulatory issues which need to be addressed in this regard; e.g. apparently at the moment regulations only allow the central government to offer Treasury obligations, and foreign banks are not allowed to purchase T-bills.

Donor-funded credit programs should keep in mind that, according to the FSR, liquidity is not a systemic problem in the finance sector. Apart from the two largest commercial (parastatal) banks, most of the commercial banking sector is experiencing very healthy margins since the inflationary situation stabilized. The FSR also points out that the spreads are probably higher than necessary, in an attempt by the BOU to keep the two insolvent parastatal banks (UCB and COOP) in business. This means more efficient banks accrue a

considerable amount of rent income, reducing their motivation to rationalize their portfolio and increase their operating efficiency. Given the high margins from their current operations, commercial banks have had little incentive to develop new savings mobilization instruments and aggressively seek new business. The reduction in inflation has already increased the rate of growth of time deposits in the solvent commercial banks. Additional competition may encourage the existing banks to become more aggressive pursuing new deposits and develop alternative savings mobilization and term lending mechanisms.

o A weak institutional environment is also hindering the development of subcontracting and local sourcing. The evolution of these mechanisms will be critical to supporting the ability of Ugandan firms to rationalize their operations in the face of foreign competition, since one way of dealing with high overhead is to "unbundle" non-core industrial activities. Moreover, the creation of these linkages can be an effective strategy for facilitating technology transfer, marketing information flows, and management systems between large and smaller firms. Finally, the ready availability of local sources for parts, maintenance services and transport also can make the country more attractive for a wider set of foreign investors.

Research undertaken on behalf of the US Embassy's Commercial Officer<sup>8</sup> and the DCI surveys undertaken as part of the WB PSA and FSR suggest that few of the larger firms contract for any of their services with local firms. PSA findings regarding the institutional environment suggest that the weakness of the financial sector (e.g., making check clearing difficult), lack of trust due to high inflation and lack of information, poor infrastructure of communications, and a general atmosphere of mistrust caused by years of social upheaval may be the most important constraints to establishing linkages critical to the development of internal markets for firm inputs and outputs.

The legal code has not been revised since 1964, and the system for disseminating information on new decrees, laws, acts, and court cases is practically non-existent; legal gazettes are not published. As one lawyer put it, "the law is not enforceable because no one knows what the law is." In this environment entrepreneurs prefer not to rely on the judicial or legal system to enforce agreements and contracts. Contracts and commercial cooperation agreements are adhered to

---

<sup>8</sup>Which entailed compiling a database on the firms participating in USAID's commodity import programs as well as the database from the Uganda Manufacturers Association, and then undertaking in-depth interviews with the CEOs in these firms.

because there is a long-standing relationship of trust.

The lack of a well developed legal system for protecting intellectual property (or indeed property of any type) also explains why firms express extreme lack of confidence in sharing information with each other, and why there is an aversion to developing close operational and associational ties for accomplishing common collective goals. If their product, design, or clientele are stolen, firms have few formal means for defending their rights. Very little is known however about the incidence of these legal/institutional constraints by sector.

Imperfect insurance and credit markets may make it difficult to diversify their client base, since in the absence of other means, they depend on personal contacts and trust. In addition, the lack of an adequate insurance market means that most firms, especially smaller firms, must self insure. This reduces the amount of capital available for investing in their own production and operations. Finally, in the absence of credit, firms must be able to save enough personal capital to reinvest in the company.

One way to reduce risks is to facilitate access to more and better information on new companies and suppliers and to provide information on past performance and firm references. Another mechanism is a civil/commercial legal infrastructure for enforcing contracts (relationships between entrepreneurs) and protecting intellectual property. The local press reported recently the introduction of new intellectual property legislation in the NRC. The UMA is also in the process of establishing a database on local entrepreneurs, which would help provide investors with information on the reliability of potential partners and suppliers.

o But high effective corporate tax rates reduce the flow of accurate information necessary to create efficiently operating markets. Reform of taxes is required nationwide, rather than being restricted to the IC. Under the present system, the incentives for accurate financial disclosure are minimized; companies are encouraged to keep two sets of books to minimize their tax liability. This lowers lenders' confidence, leading to high loan security requirements, and to an unwillingness by banks to trust loan prospectus prepared outside the bank. Reduction of the tax rate may not only lead to greater compliance, and thus help in the longer run to improve revenue, but lead also to greater willingness to disseminate accurate information on company operations.

o The multiplicity of statistical units and policy making centers across government's ministries (over 60) is diluting the local policy making capacity, making it difficult for the

government to establish a coherent set of public and private sector development policies. These structural arrangements result in a diffused, understaffed policy making government apparatus that places a heavy burden on scattered quality analytical talent. This also means that the private sector must interact with a wide array of regulations generated by multiple policy centers. The result, according to one CBS study, is that policy centers have become dependant on donor driven analysis and reduced, in many cases, to project management and budget units.

### 2.1.3 Findings on Capacity of Business Associations, Technical Assistance and Training Institutions

Exhibit 1 illustrates the relationship of business support organizations to the ability of donors to reach private entrepreneurs across sectors and size categories. The point of the exhibit is to illustrate that there exist a variety of institutions which seek to service private sector needs, and that these cover most major industry sectors and size categories. Many associations had existed decades earlier, and have just recently been re-established (the majority in 1988).

The associations with the greatest outreach potential are discussed briefly below.

o The most active local private sector business association seems to be the Uganda Manufacturers Association (UMA), with membership rising from 200 to 252 members during the past year, and chapters in Jinja and Tororo. Headquarters publishes a monthly magazine, The Manufacturer, which is widely circulated and of good quality, and organizes seminars in major secondary cities. The UMA is establishing databases and installing telecommunications equipment that will connect its members with Europe (i.e. through the UNIDO market information system) and Canada (i.e. the Canadian Manufacturers Association). Intermittent technical assistance is being provided by both donor organizations to establish a Consultancy and Information Center to be staffed with highly trained Ugandan personnel: an economist, a statistician, a mechanical engineer with considerable computer experience, a maintenance engineer and an industrial engineer. Several member industrialists have made visits to PTA countries, Europe and Canada to scout out the competition and to explore new opportunities.

Exhibit 1  
Illustrative Format for  
Industrial Concentration Analysis

Firm Size	Industry N=Parastatals;n=Private Firms			Support Organization
	Food Processing	Packaging	Transport	
Large	N= ;n=	N= ;n=	N= ;n=	UMA
Medium	N= ;n=	N= ;n=	N= ;n=	UMA, UNCCI
Small	N= ;n=	N= ;n=	N= ;n=	USSIA, UNCCI

o But a number of other organizations are starting to compete more actively for business (and donor) attention.

-- The Uganda Small Scale Industry Association (USSIA), established in 1979, is the oldest of the recently revitalized business support institutions. It has approximately 800 members throughout the country; 59 percent of these are located in Kampala. Though on paper the USSIA has 20 branches (a minimum of 20 members is necessary to establish a branch), only half regularly pay their annual memberships dues of US\$ 8,500. Most of the present membership is concentrated in the areas of agro-processing (approximately 30 percent, including grain milling, bottling). The USSIA leadership believes, based on the preliminary results of a UNIDO-sponsored census of SSE industry,<sup>9</sup> that there are approximately 5,000 SSEs in the country.<sup>10</sup>

The USSIA currently receives assistance from the GTZ to strengthen the outreach of two rural USSIA branches and provides technical assistance, staff salary support and equipment. The Frederick Eibert Foundation will support 50 percent of the salaries for the Kampala USSIA's secretariat staff for the next 3 years. The ODA is providing a technical

<sup>9</sup>The census is being undertaken in collaboration with the Ministry of Industry and Technology and the USSIA. It is providing address, telephone numbers, capital base, information on production capabilities and principal constraints for all SSEs identified in a district. The census for Kampala was finalized in 1989.

<sup>10</sup>SSE is defined by the GOU as those firms with less than US\$100,000 in assets, a definition which in Uganda effectively covers all but the largest enterprises.

advisor for the development of training courses and advice specifically directed to small scale agro-processing firms.

Because of the relatively large number of agro-processing firms which belong to USSIA, its expanding outreach capability outside the capital, its increasing emphasis on the provision of direct technology transfer and rehabilitation support to the small agro-based industrialists, and its focus on small women-owned businesses, USSIA is a potentially useful implementing agent for reaching enterprises not served by the UMA.

-- The Uganda National Chamber of Commerce and Industry (UNCCI) boasts the largest membership, with 3,000 dues-paying members. The Executive Director contends that there are over 1,000,000 businesses in the country, based on records in electing the UNCCI's Governing Board when it re-constituted itself in 1988. Though on paper it has a network of 38 district level offices, in reality it has only the one office in Kampala. Nevertheless, the UNCCI is committed to extending its outreach (through the RC system) to micro-enterprises at the village level. In theory, the UNCCI can unite all of the nation's larger and small scale manufacturing and commercial firms under one umbrella.

UNCCI receives assistance from UNIDO (in the form of an advisor helping it structure a membership outreach program) and literature (in the form book donations for building a commercial library). It recently acquired the right to issue export certificates of origin from the Ministry of Commerce, a potential source of revenue, should export commerce become more "formalized."

-- A number of associations cater exclusively to women in business. Examples are FIDA (represented locally through the Uganda Association of Women Lawyers), Uganda Women Entrepreneurs Association, and the Uganda Women's Finance and Credit Trust (UWFT), a part of Women's World Banking). FIDA is supported in part by the Ford Foundation and DANIDA. It is also supported by the GOU; FIDA's full-time legal program officer is a GOU lawyer seconded to the organization. FIDA engages in a joint project with UWFT to combine legal rights awareness training with business support and training. UWFT also collaborates with USSIA and ODA in the agro-processing support project described above. They are helping to supplement the technical assistance in machinery maintenance and operations with the provision of basic business plan development and business skills, as well as credit management.

-- There are also a number of formal/registered producer associations offering marketing and technical assistance to members on a commercial basis. The Mpigi Ginger Growers

Association is an example of a farmer based institution. These associations are centered around contractual relationships between larger farmers and outgrowers. The associations provide inputs, technical assistance and marketing support to the outgrowers.

Anecdotal information suggests that informal business groupings also abound, providing substantial and very valuable services to members. The informal business groups are organized along product lines. Groups of merchants needing to stock the same product, or small manufacturers needing to obtain the same inputs, band together to obtain import licenses and transport to move goods from port to store. Such arrangements allow these groups to bargain for better prices with suppliers and avoid intermediary margins. These arrangements, though informal, seem to be widespread, at least in some areas in Kampala, though no documentation seems to exist on this topic.

-- The Federation of Uganda Employers (FUE) is associated with tripartite (Government, industry and labor) relations in Uganda and participate in events such as the annual ILO-sponsored meetings held in Geneva. Most of the member enterprises (60-70 percent) are parastatals, and interactions with the UMA or the UNCCI do not seem to take place on a regular basis, nor are efforts to assess member service needs and training priorities coordinated with these other business support institutions. Most FUE services center around labor-industry relations and some training, such as a new series on productivity improvement coordinated with MTAC.

o Much donor support for business associations has not been directed at enhancing self-sustainability. Donor and GOU assistance has focused primarily on building staff and facilities, as well as on the development and implementation of training programs and seminars on specific topics. This assistance has helped newly created institutions establish a certain degree of permanence and credibility, but it has not encouraged self-reliance. Financial support for services relies almost entirely on donor funds, with little thought of covering at least part through fees. The types of services currently offered seem to be based more on supply (programs the donors have available) than on demand (member needs). Associations interviewed rely almost exclusively on a number of "canned" or partially "canned" courses offered by various donors (though the FUE seems to have a methodology in place for canvassing members informally to assess the demand for various types of courses). For example, the centerpiece of FUE and USSIA small scale training is the ILO "Improve Your Business" (IYB) program.

Most of the large business support groups started as

"lobbying" groups, ostensibly to represent member needs and interests to GOU, and to secure assistance from the donor community. But it is difficult to build up institutional support and strengthen business groupings around general "policy dialogue" issues (unless these are very specific, such as a particular tax break or tariff exemption directly affecting the profits of members). The benefits of "lobbying" are difficult to gauge, as far as an individual member is concerned. Hence most business associations go through similar "boom-bust" cycles; business associations will be established, initially attract the assistance of donors and paying entrepreneurs, and will then gradually whither away in the face of member unwillingness to continue to pay for benefits that are not concrete. A more self-sustainable approach is to attract and retain members by providing them with very specific benefits (e.g., in the form of cost savings from negotiated bulk buying, reduced marketing costs through collective marketing, etc.). Having strengthened members and built up a strong revenue base, business associations can then "afford" to tackle actively and systematically more ethereal areas, such as policy.

The apparent strength of informal business groupings in Kampala, for instance, is based on the provision of very tangible and specific services that help members compete with an increasing number commercial agents who are entering the country with more capital and are tied to extensive supply networks overseas.

Associations such as the USSIA and UMA are starting to move in the right direction, acknowledging that membership growth and a solid revenue base must begin with effective (and tangible) service provision. Support for business associations should aim at helping these groups provide effective and valued services to members.

o Local management training institutes appear to lack the outreach capacity to assist the private sector. A study of the five major training institutions commissioned by the Uganda CBS revealed very little activity or capacity for meeting private sector training needs. Although the study was limited in scope, included interviews with few private sector employers, and concentrated on in-service programs rather than in-company consultancy and outreach training, it is clear that these institutes are under-equipped, understaffed, overly theoretical in orientation, and therefore not particularly well geared to extend practical know-how and assistance to the private sector.

o The local consultancy industry is still in its infancy. A study commissioned by the Uganda CBS identified 54 private local consulting firms and about two dozen independent

consultants, most of whom are employed in educational and training institutions. The most frequently used firms are specialized in engineering, finance (mainly accountancy), general management and economics. However, donors rarely engage these firms and generally access private consultancy expertise through government agencies. Likewise, local businesses infrequently employ consultancy firms and tend to use independent consultants rather than consultancy firms, partly because of lower fee structures.

## 2.2 What is Being Done: Other Donor Actions in Support of the Private Sector

This section does not provide a full picture of donor activity, since this exercise is already being undertaken as part of the CPSP preparation. Rather the section seeks to summarize the experience and information on private sector support activities being undertaken by other donors.

o Less than one quarter of the over 30 donors operating in Uganda have any significant private sector support activity.<sup>11</sup> The major donors active in private sector support are: EEC, UNDP, USAID, ADB, DANIDA, NORAD, SIDA, Italy and the German Government (through the Frederick Eibert Foundation, GTZ and CIM). A review of their project portfolios, and discussions held with representatives of some of these organizations, reveals that their assistance has been quite limited, relative to assistance channeled to public sector and parastatal institutions. Though direct private sector support, either in the form of credit, technical assistance or training is difficult to estimate because figures are usually not disaggregated, total private sector support is probably less than 4 percent of total development assistance provided in 1989. Industry as a sector received 47 percent (UNDP figures) that same year, but as noted below, much of this went to parastatal rehabilitation.

o Donor assistance to the industrial sector continues to emphasize parastatal production. The Italians reportedly provided US \$12.5 mn to install a fish processing factory (by an Italian company), which was then handed to GOU last year. There has also continued to be considerable assistance channeled to the Hima Cement plant (by the EEC through the European Investment Bank).<sup>12</sup>

---

<sup>11</sup>Private sector meaning primarily the "for profit" sector.

<sup>12</sup>Perhaps in an attempt to make it a more attractive property for potential investors, since this plant was scheduled for partial privatization 1991.

o Most donor support to the private sector has been in the shape of lines of credit (through commodity import programs). For example, the EEC provided an ECU 5 mn line of credit for SMSEs through the UCB. DANIDA, NORAD and SIDA were contributing funds to the East African Development Bank's (EADB) working capital loans program for Ugandan industry (almost a total of SDR 2 mn obligated in 1989). There has been relatively little channeled into training or technical assistance directly to entrepreneurs.

The CIP component of USAID's CAAS project aimed at supporting agribusiness also exemplifies this approach, although the complementary objective is to transform cooperatives into commercially viable operations.

The main exception has been the UN system. UNIDO provided US \$132,000 in 1990 to UMA. This assistance is on-going and has been directed at providing expertise in the area of market database development. UNIDO is also providing TA to the UNCCI.

In short, because most donors predominantly are involved in government to government relations, support to the private sector often is made indirectly through governmental or quasi-governmental channels. A vast majority of development assistance for the private sector gets used, at least in part, in trying to develop the capacity of the public sector. According to the latest UNDP Development Cooperation report, UMA was the only private business support institution to receive a donor technical cooperation grant in 1990.

But alternative models for donor assistance to the private sector are starting to emerge. For example, the Japanese Government apparently has been working with a private company in the development of the telecommunications infrastructure. It is providing in-house management and basic skills training to the local staff. GTZ is undertaking an innovative program in collaboration with CIM (which places retired executives/technicians) and Mercedes-Benz, to upgrade technical/vocational skills. The GTZ program is operating through a local private company, Spear Motors, the authorized Mercedes dealership in the country. The European firm is providing the tools and equipment for the workshop, and Spear Motors is paying part of the salary of the trainers, along with CIM. Over US\$300,000 has been invested in establishing a modern workshop facility to train auto-mechanics and technicians. Some 16 mechanics are going through the course every year.

o More effort is being made to open up public discussion on private sector development and to include the private sector in the discussions. Examples are the April 1989 Conference on

Privatization sponsored by USAID/Uganda and the March 1990 workshop sponsored by the World Bank and the UMA to discuss findings of the ODA/World Bank funded private sector assessment, published in final form in February 1991. Recommendations often are made and resolutions passed, although concrete follow-up action may not materialize unless there are deliberate assignments of responsibility made and funds made available to pursue change activities. This does not negate the importance of these activities, because getting the issues on the public table, especially in an active journalistic environment, can be very useful getting discussion outside of government and donor offices. The private business community complains that it rarely is partner to donor discussions with Government.

### 2.3 The Mission's Portfolio: The Current Approach to Private Sector Development

Although the Mission does not at this point have a private sector program per se, many of its activities support either directly or indirectly private entrepreneurs. Within the Mission's existing portfolio, private sector is both the object of and a vehicle for achieving project objectives and development goals.

Exhibit 2 summarizes information on key objectives, intended beneficiaries and implementing agents of those Mission activities related to private sector development. It shows that projects have directly facilitated access to inputs (term finance, raw materials, packaging materials) critical for the rapid rehabilitation and dynamization of the private sector. The Mission has funded conferences on privatization and the formation of a stock exchange; it is funding a long-term advisor in the Custodian Board, whose actions are seen as critical for the success of GOU's efforts to attract foreign investment.

Despite some of the difficulties reported in recent project evaluations and mid-term reviews related to CAAS and RPE, the fact remains that private entrepreneurs have benefitted from Mission assistance. Moreover, a review of the recipients of RPE and ANEPP credit suggests that perhaps no other donor has funded as wide a variety of private ventures in the area of agribusiness (agriculture and agriculture support services). In addition, activities not designed to improve private sector performance directly have used private sector agents effectively to help

Exhibit 2

PROJECT	OBJECTIVES	INTENDED BENEFICIARY	IMPLEMENTING AGENCY
RPE	<ul style="list-style-type: none"> <li>* Promote rehab and expansion of agribusiness thru term lending</li> <li>* Increase capacity of banking sector to administer term loans</li> </ul>	<ul style="list-style-type: none"> <li>* Farmers</li> <li>* Private businesses</li> </ul>	<ul style="list-style-type: none"> <li>* BOU</li> <li>* UCB</li> <li>* UDB</li> <li>* BOB</li> </ul>
ANEPP	<ul style="list-style-type: none"> <li>* Improve export oriented processing and marketing of NTEs</li> <li>* Assist GOU promote exports</li> </ul>	<ul style="list-style-type: none"> <li>* Private sector exporters</li> </ul>	<ul style="list-style-type: none"> <li>* EPADU</li> <li>* BOU</li> </ul>
CAAS	<ul style="list-style-type: none"> <li>* Improve ag input supply and output marketing</li> <li>* Broaden revenue base of coops</li> <li>* Build sustainable coop capacity</li> </ul>	<ul style="list-style-type: none"> <li>* Small and medium scale farmers</li> <li>* Private input suppliers</li> </ul>	<ul style="list-style-type: none"> <li>* UCA</li> <li>* NICU</li> <li>* MCM</li> <li>* UCCU</li> </ul>
PACB	<ul style="list-style-type: none"> <li>* Increase skill level of Ugandan policy analysts and availability of quality policy analysis</li> </ul>	<ul style="list-style-type: none"> <li>* Ugandan policy analysts</li> </ul>	<ul style="list-style-type: none"> <li>* USAID Mission</li> </ul>
MFAD	<ul style="list-style-type: none"> <li>* Strengthen university staff and curriculum in food crop research and extension</li> </ul>	<ul style="list-style-type: none"> <li>* Food crop producers</li> <li>* Faculty of agriculture and forestry</li> </ul>	<ul style="list-style-type: none"> <li>* Dept. of Agriculture</li> <li>* Min. of Agriculture</li> </ul>

achieve project goals. This is the case of the ORT project, which is providing finance and technical assistance to support local private manufacturers in developing oral rehydration salts (working with a local pharmaceutical company Medipharm, for example). The Mission is also working with the FUE to implement a health education program. Hence, while USAID may not be the largest donor in Uganda, it is certainly the largest and most experienced donor in the area of private sector support.

But as Exhibit 2 also shows, most of the implementing agents, even in the case of programs directly meant to support the private sector (such as RPE), are public institutions. Moreover, rough estimates of the percentage of the training and technical assistance funds directed to the private sector through the Mission's projects suggest that most of this assistance is not reaching entrepreneurs themselves, but remain within the public institutions. There are very good reasons why this is so of course; until very recently, there has been a dearth of private business support institutions available through which to work. Moreover, there has been and continues to be a very real need for strengthening the capacity of GOU to re-orient its role within the context of a liberalized economic setting.

This brief review of the Mission portfolio raises a number of issues to consider.

o How can the private sector be involved more actively in implementation? Given the need to rationalize public expenditures, and the severe budgetary constraints faced by GOU, channeling assistance directly to the private sector becomes a key tool for reducing the recurring cost burden on the government and for insuring the sustainability of activities beyond the life of the projects. There are several options for involving the private sector more directly in the design and implementation of Mission programs:

-- Using business associations as implementing agents. Although there were few viable private sector implementing agents in 1988/9 when many of the projects listed in Exhibit 2 began, recent surveys and studies of private sector capabilities suggests this is no longer the case. As Exhibit 1 illustrates, business associations relate to different sized firms and thus can be used to reach different segments of the economy.

-- Strengthening and using private resources and support structures to accomplish wider project goals and objectives. The consultancy field seems to be growing stronger. Mission choices regarding the direction of TA and training can help support the growth of this service industry. For example, instead of (or in addition to) using RPE training and technical assistance funds solely for building bank capacity

(most of which are parastatals) in loan appraisal and project preparation, why not encourage banks to "unbundle" this service, by building up the capacity of the private consultants in this regard? Or help the industry develop and disseminate professional standards? A stronger consultancy field, coupled with policy reforms encouraging accurate financial disclosures, will enable banks to reduce the amount of time spent in preparing dossiers and thus contribute to increased banking sector efficiency.

-- Using private networks to encourage policy analysis and dialogue. The Mission has been actively encouraging and building capacity, through ANEPP and now through PACB, in policy analysis. But most, if not all resources, have been placed within government. The need to strengthen the capacity of GOU to undertake policy analysis is real, and recent Mission actions, such as the establishment of EPADU for export policy, has resulted in excellent work. But questions regarding the sustainability of these institutions beyond the period of donor support, and the additional burden they present for the GOU, can reduce the potential benefits of these interventions. The Mission ought to explore the development of existing private means for complementing these public-sector based capacity building activities. For example, the UMA is already actively engaged preparing policy and position papers to present to GOU. Its views and analyses will be critical for enabling government to respond effectively and wisely to the PTA challenge. Informal networks encouraged by activities such as AERC (see Annex A) can be equally effective in fostering more widespread participation in policy analysis.

o How can potential synergies in the Mission's agribusiness support activities be captured more effectively? The concentration of so many Mission activities in the agriculture and agribusiness sector, suggests that there may be significant synergies among project activities. There are several areas in which the Mission can look for synergies:

-- Training. The Mission has been training agriculturalists under MFAD for many years. It has also been training UCA and other cooperative support personnel. Are the training areas of one project complementary to another? How are personnel trained under one project "migrating" among institutions. Have informal networks of U.S. trained "alumni" emerged who can help to link up institutions and projects. Do the training priorities in each project continue to be relevant, given the need to emphasize the diversification of the productive and export base? Moreover, under MFAD, the curriculum for the Makerere faculty of agriculture is being redesigned. The training of agriculturalists has important implications for the country's capacity to respond to emerging

opportunities in agribusiness under liberalization. How does the university curriculum support emerging needs and opportunities for private sector development in non traditional agriculture and agro-processing areas, such as horticulture and food technology?

-- Research. EPADU has been producing a series of position papers and strategy pieces on NTEs. In essence it is helping expand the base of knowledge about export markets. Cooperatives at the same time through Mission efforts are trying to become more commercially oriented and to diversify their export base. They would benefit from the output produced by EPADU. Are there mechanisms for ensuring that research undertaken by EPADU is communicated effectively to CAAS cooperatives? How does the private sector (producer associations) access this information? How do commercial associations influence the research agenda? How can they help finance this research? In addition, the Mission is considering providing assistance (in the form of local and expatriate advisors) to the new Uganda Investment Authority. How will EPADU interact with this new institution, in terms of defining the research agenda, facilitating dialogue among GOU and private sector institutions?

-- Technical assistance. Most of the Mission's emphasis in commercial agriculture has focused on cooperatives. But as indicated above, there has been increasing activity by private commercial growers associations and private commercial farmers using outgrowers. How do these groups interact? Can private sector resources, in terms of markets and technology, be linked to cooperative growers? Are these private associations viable vehicles for disseminating information on technology and markets, and how can local technical assistance be mobilized to facilitate this process?

o To what extent do project and program impact indicators permit the tracking of industry level and firm level performance improvement? Program and project interventions that aim to help the private sector ought to result in improved private sector performance. Macro-economic and policy reform indicators are important measures of change, but the real test is the degree to which a more competitive environment is being induced by policy reform. Indicators of the competitive environment include: the average length of time businesses in an industrial sector have been in operation, the number of new firms registering, the number of business failures reported, the average capacity utilization, business turnover, percentage of product marketed within a district or exported, etc. This data can be collected on a regular basis from at least those firms directly participating or benefitting from A.I.D. interventions (RPE, CAAS, ANEPP). Periodic surveys, such as the one described in section 3.1,

can also serve to create and update this type of data for entire industrial sectors in which the Mission has a strategic interest. The Mission can work with business associations and local experts to build a few critical indicators, to develop their skills in gathering related information, and to employ them to collect and analyze this information on a regular basis.

o Is credit the only binding constraint to business growth and diversification? The volume of Mission resources directed to credit would certainly suggest this is the case. But as discussed in section 2.1, the evidence in this regard is far from conclusive. Some of the research even indicates that firms need market infrastructure and access to information services at least as much as they need financial assistance. Credit provision, in the absence of a wider program for supporting the creation for efficient markets (including financial markets), may end up being dysfunctional.

o Are the risks worth the potential costs of remaining directly involved in highly politicized privatization issues and the Departed Asians Custodian Board (DACB)? Interviews suggest that most Ugandans are rather ambivalent about the work of the Board. While the importance of its work in establishing property rights and in attracting foreign investment is recognized, there is uneasiness with the consequences. Although the process undoubtedly is impeded by individuals who are in position to make excessive gains, the manner and pace at which the DACB allows the old order to re-establish itself is extremely important. There are stories of padlocks being fixed to gates of factories by new owners who rudely tell those plying the informal sector trade routes that their source of income will be interrupted indefinitely. Those in dwellings which may serve as commercial centers as well as places of residence frequently are given less than one week to evacuate.

Despite the high regard for the USAID-funded senior advisor, his task is viewed as impossible. The time has come, in the view of many Ugandans for the DACB to take definitive action, but all expect this action to be extremely politically sensitive. Even if the DACB succeeds, its actions will be regarded as extremely unpopular by the average Ugandan. USAID must weigh the extent to which it wants to keep on spending its political capital in a situation where, even if it "wins" (and succeeds in transferring property) it may end up "losing" (in the sense that if it pushes too hard, it may be regarded as the champion of entrenched and insular Asian interests).

This raises a larger issue concerning the general approach to private sector development in this environment. Thus far, some of the Mission's most visible interventions have

emphasized privatization and property transfer. The Mission may want to balance interventions in these delicate (and negative, in the sense that they seek to "take away" from Ugandans) interventions with more positive ones -- interventions which "empower" indigenous entrepreneurs to grow and expand. Options in this regard may be creating self-sustaining dialogue fora between private and public officials, support for the development of mechanisms to achieve cost savings for members through associations, activities which facilitate access to foreign markets, basic business skills training for smaller entrepreneurs, etc.

## 2.4 The Uganda Capacity Building Initiative: An Experiment

Capacity Building, as applied here, is defined as making more intensive use of local talent, facilitating greater interaction among policy makers and actors in the private and public sectors, and inducing a process of progressively improving analytical and implementation skills rather than pressing forward quickly, using outside consultants and donor expertise in order to ensure first-class quality products to inform policy making.

### 2.4.1 Background to Capacity Building

The term, capacity building (CB), has been popularized by the World Bank with the promotion of the Africa Capacity Building Initiative. As originally conceived by the World Bank, this multi-donor initiative will revitalize and establish policy making entities, primarily those charged with economic policy. Donor interventions are to strengthen or create analytical bodies (public and private), to clarify the mandates and relationships among these various entities, to enable their members to gather and analyze socioeconomic data and to report findings with the ultimate purpose of helping policy makers make more informed policy decisions.

Although the original focus on development of analytical entities remains the centerpiece of the CB movement, it has quickly been expanded to include the strengthening of implementing organizations (e.g., customs agencies, financial institutions, private businesses) and support organizations (e.g., business associations and training institutes). The contention is that, as macro policies are changed, there will be a need to translate these policies into action through the various implementing organizations. Many of these organizations will have to redefine their mandates, to modify or merge their own structures, to change organizational specific policies and procedures, and to redefine workforce internal and external functional relationships.

A.I.D. has played a significant role in broadening this focus.

Discussions at senior levels in the Africa Bureau included not only concern about what organizations should be strengthened but also concern about the way CB itself would be implemented. A major premise was that CB ought not be imposed, but rather it should proceed at a pace and in a manner that would permit both donors and host countries alike to experiment, reflect and experiment further. The UNEDIL program, a very modest multi-donor effort coordinated by the Economics Development Institute (EDI) of the World Bank, was cited as an exemplar model for CB.

The UNEDIL program began with seed money from UNDP, EDI and the ILO. Roundtable discussions were held with the Directors of 16 leading management training institutes, followed by organizational and workforce assessments, and succeeded again by separate roundtables for directors and faculty to review the findings. A series of workshops were then held to develop institutional and faculty development proposals ranging in cost from \$100,000 to \$400,000 to be implemented over an 18-24 month period. EDI then distributed these proposals to bilateral donors for funding. A.I.D., the Commonwealth Secretariat, the Dutch, and CIDA were the major contributors, each providing approximately \$500,000 to support 15 small projects (e.g. improving faculty training needs assessment skills and action research). The process from initial roundtable to the beginning of executing these small projects took about three years.

The UNEDIL process was necessarily slow because it took time for the principal actors to come to realize that they shared many of the same organizational problems, to get beyond historical institutional rivalries, to gain sufficient confidence to marginalize self-promoting personalities, to think more carefully about and publicly acknowledge fundamental institutional weaknesses, to identify and accept different organizational comparative advantages in the marketplace, and to work together in writing and re-writing proposals that would be acceptable to the donors for funding. As various donors pledged funds, they were invited as observers to the annual roundtables. The stakes on the part of the donors were not high, and the program itself was of relatively low profile within the donor community. Nevertheless, the UNEDIL program was cited in the seminal ACBI document, and in discussions with the World Bank, A.I.D. referred to the UNEDIL programs as an example of how capacity building might be implemented.

#### 2.4.2 Capacity Building in Uganda

Uganda has been chosen by the World Bank as one of the countries to pilot the African Capacity Building Initiative. The Uganda Capacity Building Secretariat (CBS) is located in the Ministry of Planning. At this juncture, capacity building is not well defined, mirroring ambiguity in the concept itself and different interpretations by both Ugandan officials and donor

representatives.

Thus far the extent of Uganda CBS activity has been the commissioning of a series of studies, conducted by local consulting firms, on several topics: local management training institutional capacity, impact of overseas training, repatriation, local consultancy capacity, economic analysis and policy making capacity, project implementation capacity, and the impact of technical assistance. The range of topics shows an interest in institutional capacity and human resource capacity, both narrowly defined as economic policy analytical capacity and more broadly defined as the range of skills represented by Ugandans having returned from training and those yet resident outside of the country. These studies primarily are focused on public institutional capabilities, although interestingly the CBS relied on the indigenous private sector for analytical support. This demonstrates a refreshing reliance on Ugandan talent and the fact that analytical capacity does exist in the country, much of which is in the private sector.

Most donors who were interviewed conceive of capacity building as institution building, reflecting the most traditional form of capacity building which involves the strengthening of an organization or an organizational unit. This approach aims to establish organizational policy, structures, and internal systems of management and control, and to enable the workforce through training, technological, financial and commodity inputs to perform their functions more effectively and efficiently. The MFAD, ANEPP, CAAS, and RPE projects of USAID/Uganda fit into this category because one of the purposes of each project is to enhance the capacity of an organization or organizational unit. Nearly all projects funded by the donor community, at least in part, have a component for strengthening public sector institutional capacity, even projects intended to benefit the private sector.

A different approach is to encourage networking of local talent without making institutional development a principal goal. This approach begins with the assumption that persons, in a resource deficient environment where institutions cannot easily sustain their members, per force must constantly seek better alternatives, maintain several institutional relationships, or combine formal employment with self-employment and small income generating activities. The purpose of networking in this kind of situation is to build on these natural forces and to bring together scattered talent from various institutions into more formalized working relationships.

A UNEDIL pilot effort funded by AID/W has been initiated to bring selected individuals from Ugandan management training institutions and the private sector closer together. Beginning in March 1991 representatives from the Management Training Advisory Center, Institute of Public Administration, Uganda Manufacturers Association, and the Faculty of Commerce, Makerere University,

commenced a series of in-company training needs assessments in two large companies, Sembule Steel Mills and Lake Victoria Bottling Co. Ltd., and in five small companies: MC Industries Ltd., Katwe Dynamo and Steel Works Ltd., Swisa Industries Ltd., Uganda Shoe Company Ltd., and Medipharm Industries Ltd. The draft reports, containing rather detailed company profiles and proposed training interventions, were completed in May 1991. Currently, this group is attending an intervention planning workshop, under the guidance of an American small business development consultant from Washington State University, in Harare where a similarly configured Zimbabwe group is undertaking the same exercise.

Although this pilot survey has unearthed some useful information, the draft reports lack the depth and reach some conclusions that do not match observations of other, more comprehensive studies. Nevertheless, the primary intent of the exercise has been to induce collaborative action between the private sector and a core group of professional trainers. The CBS study and visits to some of the better consulting firms, which conducted these studies, suggest that the UNEDIL group ought to be expanded to include a few of these firms as well. Because they operate in the private sector and must contend with many of the same pressures of other private businesses, these firms should be able to add more informed insights to the process.

In section 3.2, it is proposed that the Mission capitalize on this effort, recognizing that, as with the CBS studies, better analysis will occur as the group gains more experience in market research and with the case study methodology.

### 3. IMPLICATIONS: OPTIONS FOR RESEARCH, DIALOGUE AND ACTIONS FOR PRIVATE SECTOR DEVELOPMENT

This section proposes a research and dialogue agenda for the Mission to follow in order to fill the information gaps identified above and to pursue private sector development in response to emerging opportunities in the sector. The agenda for action suggested below emphasizes "process" as much as "product."

While capacity building efforts must be directed at creating an enabling economic and political environment and therefore must attend to capacity needs in the public sector, capacity building in Uganda should not to lose sight of opportunities to directly serve a private sector development strategy. Uganda has a limited political time horizon to demonstrate both sustainable and equitable long-term growth and to demonstrate its commitment to the development of a strong private sector.

The Ugandan government and donor community are in the beginning stages of formulating and operationalizing the elements of a capacity building program. Because A.I.D., more than any

other donor, has been identified with private sector development in Uganda, it is best positioned to shape capacity building in a way that most directly serves private sector-led development. Furthermore, the Mission has experimented with several approaches that match well with the intent of ACBI--that capacity building be based on processes that fully engage local analytical talent and the public at large in ways that encourage more open dialogue between the private and public sector.

Probably the most visible and favorable factor in A.I.D.'s pursuing this kind of an approach is the open environment for public policy debate in the Museveni Administration. There are, however, inadequate processes within government, the private sector and academia for the analysis and formulation of policy and organizational development issues. It is in this area that the Mission may be able to make its greatest contribution by sponsoring the types of interventions that will permit Ugandans themselves to redefine the relationship between the public and private sectors.

The PACB project provides the framework and is an excellent vehicle for the proposed research and dialogue agenda. It has been established to stimulate fuller participation in policy formulation among various groups in Ugandan society by providing funds for research studies and different kinds of fora (e.g., conferences, seminars, workshops) which will enhance the skills of researchers and policy makers and will facilitate broad based participation. The fundamental operating principle of the project is that trained Ugandans ought to be the primary activators of this process with support of intermittent, outside technical assistance as necessary. This inherently implies a need on the part of the Mission to proceed at a pace and in a manner that matches the capacity of local talent (i.e., researchers, trainers, policy makers, private sector leaders, other stakeholders) to increasingly take control of the dialogue and learning process.

### 3.1 A Critical Research Need: Filling in the Knowledge Gaps on Agricultural Based Industries and Related Enterprises

The PSA and other studies suggest that the Mission's orientation to support non-traditional exports is in line with economic growth opportunities in Uganda. Before training interventions or other kinds of support can be proposed, it will be necessary to gather additional information that currently is not available.

- o Research on firm structures and constraints, disaggregated by industry. This will be data gathered at the firm level, through a survey(s) of establishments. As noted in section 2, for a variety of reasons, none of the studies conducted thus far have either gathered data of sufficient

detail or used a large enough sample base to permit statistically sound disaggregation. Past studies do not provide an in-depth assessment of the competitive structure of Ugandan private industry. Basic establishment data which can be obtained would include information on sources of capital and formal savings mechanisms, investment priorities, type of taxes and incidence of taxation, market orientation (market sources and input sources), capacity utilization, skills composition and requirements, personnel recruitment sources, input cost structure, perception and use of various business support services.

The research should include specific sectors in which the Mission will have a strategic interest (e.g., non-traditional exports and value-added enterprise), and in which the country has distinct comparative advantage (i.e., where there are growth and expansion prospects as the liberalization process proceeds). The REPIM and other studies, and the Mission's interest and experience with agribusiness, suggest that this initial study should target agro-processing and commercial agriculture, including ancillary services such as packaging and transport. Other sectors, not directly related, such as small scale construction industry, may be particularly relevant, since the maintenance of local feeder roads and infrastructure will depend on the extent to which small scale firms exist and can operate to undertake small, locally-based maintenance contracts. To the extent possible the questions should be phrased so as to provide a limited time line. The analysis should be disaggregated by gender of owner, thus contributing from the beginning to building a body of knowledge useful for tracking and discussing issues around women in business.

The output of the research should provide information (and much more) to fill in the gaps shown in Exhibit 1. With this information in place, the Mission will have a better basis for determining how to target support to firms in this sector more effectively. Additionally, the study(s) conducted will provide a better indication of the association or associations with which the Mission should direct its assistance as a way of reaching target firms.

This survey (or surveys) can be undertaken by local firms. The design of the survey instrument and survey protocol should be seen as part of the capacity building process discussed below. For this reason, one of the first activities in which the Mission can engage is the workshop on marketing research, described below as Activity 2.

### 3.2 Building Capacity for Private Sector Development: Suggested Activities

The development of analytical capacity is an interactive process that provides for (a) methodological preparation, (b) data gathering, (c) analysis and report writing, and (d) a review of findings and report presentation.

#### Activity 1: Workshops on Export Marketing

In early August 1990 a two day workshop was designed and delivered by an MSI/Serefaco team and focused on a single policy issue--divestiture/privatization. It is recommended that the topic for the follow-up workshop should be redirected to the general theme of private sector development instead. More specifically, because both the GOU, USAID and private sector leaders concur that the country ought to embark on an export and value-added oriented approach to private sector development, the next series of workshops should focus on the implementation of that policy. This will avoid the difficulty of the first workshop which, as noted in the MSI/Serefaco report, was impeded by an "uncertain and uneven commitment to the process." It is more likely that there was more of a lack of commitment to the issue at hand than to the participatory workshop process. Addressing a contentious topic is not conducive to building goodwill, trust and openness.

Secondly, it is important to include as many key stakeholders as possible. The first workshop appears not have included representatives of the private sector, even though the successful implementation of the privatization policy rests on the business community's ability and willingness to invest in divested public enterprises.

Thirdly, a workshop of this kind should use a variety of techniques like small group discussions, role plays and case studies. A number of case studies already available (e.g., case studies on the experience of the Columbian flower growers association, on the fruit juice and concentrate industry in the Dominican Republic) can be used to facilitate analysis and dialogue around the kinds of policy and institutional issues which the agro-exporting sector in this country is facing. The possibility of building case studies on the experience of Ugandan entrepreneurs can also be explored. These kinds of training tools are not only educational, but if designed and facilitated properly can be enjoyable.

The current environment is favorable to public-private sector dialogue. In preparing for the next workshop, adequate time should be allocated to meet with senior officials and business leaders so as to confirm that there is a sufficient level of consensus around the proposed workshop topic. The idea should be informally floated by the Mission before a workshop design team arrives. The local

Serefaco team should be helpful in this process as well. Participants perhaps will need time to reflect on the proposal and to use their own informal channels to be assured that the idea is acceptable to the other parties.

The 2-3 day workshop should be convened in comfortable surroundings out of the reach of office and family distractions. Although the optimum scenario is congregating the most senior officials and the most influential business leaders, one should not be upset if a number of second tier persons attend. Superiors often send subordinates to test the value of a first workshop. If subordinates report that the workshop was worthwhile and pleasurable, curiosity and confidence that there is little political risk will increase enrollments of more senior participants in subsequent activities of this nature.

Action planning, which entails participant allocation and pledging of post-training responsibilities, and follow-up on the part of the workshop facilitators is critical. The follow-up methodology of the privatization workshop was excellent. The MSI/Serefaco report correctly notes that use of an effective local co-facilitation team can be extremely useful in this regard. Good follow-up also yields information that provides ideas for follow-up workshops.

Once consensus and understanding regarding policy reform has been reached at the top, the process can be used to incorporate individuals from different levels of organizations responsible for implementing revised export policies.

### Activity 2: Workshop on Marketing Research

This workshop could proceed independently of the Export Marketing workshop. Its purpose would be to involve Ugandan consultants and private sector support institutions in the research design and implementation of an in-depth survey of the structure, skills base, and training needs of the Ugandan private agribusiness sector.

o Workshop rationale. Ugandan consulting firms are becoming increasingly involved in the design and implementation of surveys. But most, if not all of the surveys, have been designed around broad policy issues, rather than practical business operations issues. A review of the research carried out thus far indicates a need to improve the capacity to design research agendas and produce reports which present information that is practical and of immediate use to the client. At the same time, business support institutions are increasingly aware that long-term survival depends on the quality of tangible business services they provide, but they currently lack the knowledge to carry out the research needed

to build a sound menu of services.

o **Target audience.** There are a few strong local consulting firms (e.g. SEREFACO, DMC) and business associations which cater to the agribusiness/agro-processing sector (UMA to a limited extent, USSIA). These organizations and firms will be the primary target audience for the workshop.

But to ensure participant commitment, and as wide participation as possible, the process for choosing participants should be "competitive." The Mission could advertise its intentions to begin an in-depth study of the agribusiness sector, and circulate among interested parties a general scope of work for the research (Annex B provides a draft outline of this scope of work). Interested firms and individuals should submit their capability statements and a brief description of their understanding of the SOW. Those submitting the best responses would be invited to attend the one day workshop, along with representatives of business support organizations.

o **Purpose of the workshop.** The workshop proposed here would therefore seek to: (a) enhance local consultancy skills in the design of market-oriented research and the production of practical "user-friendly" reports; (b) strengthen linkages between consultants and private businesses; (c) increase the capacity of business associations to provide a profitable menu of services and enhance their revenue base; (d) provide the Mission, other donors, and the GOU with a better understanding of agribusiness constraints and opportunities in Uganda.

o **Outputs.** The output of the workshop will be a finalized survey instrument, and a methodology for implementing the survey. In the process of doing this, there will be a significant amount of marketing research skills transfer. The workshop will be a means for building capacity to diagnose client demands and design appropriate interventions.

As part of the workshop, participants will submit a proposal for a research design. Research contracts would be awarded based on their submissions. The decision of how to distribute the marketing research awards could be a joint undertaking, between USAID and the business support institutions. This workshop approach is not longer or more "arduous" for either the Mission or the consultants than the usual RFP process. But it provides local consultants with improved knowledge about the process of assessing the problem and providing an adequate response and engages the consultants directly with the client (i.e., the business associations and USAID).

After the research is completed, a follow-up workshop would be

held to discuss the results and the implications of the same for the design of appropriate support services (see Activity 3).

o The topics covered by the workshop would be: (a) establishing the research agenda (who, where, what, why); (b) sampling methodology (establishing the appropriate universe, designing the sample structure); (c) survey instrument design, (design of the questions, internal consistency checks, open vs closed responses); (d) survey interview techniques (choosing and training enumerators, logistics); (e) data analysis and reporting (translating data into useful information and practical recommendations).

o Finance and support for the process. The Mission could use PACB funds to finance these workshops as well as the research and analysis process itself. It can call in, as needed, outside consultants to help design and organize the workshop, evaluate research proposals, and supervise the implementation and analysis of the survey.

### Activity 3: Workshop on Survey Results

As noted above, once the survey results have been compiled and analyzed, the Mission can sponsor another workshop to discuss the results, this time including training institutions, the CBS, donors, and other interested parties. Perhaps the Mission can also bring in a small business consultant, business association specialist or executive, to provide presentations on the practical applications of the research for the design of association services. The output of the workshop would be a strategy for strengthening service provision. On the basis of the results of the workshop, the donors will be able to prepare a detailed agenda for action in the area private sector training and support.

### Activity 4: Workshop on Case Study Development and Training.

Case study methodology can be one of the most effective ways of illustrating and analyzing policy issues, in a manner which engages and commits participants to action. It can be a highly effective tool for actively engaging policy makers, private sector representatives and donors in an interactive and collaborative process of analyzing the implications of key tax, foreign exchange, and infrastructure development policy design and implementation issues. Case studies should explore in depth how firms have adapted/are adapting to the highly fluid environment, and the interrelationship between policy environment, institutional environment and human resource development.

The Mission can build on the process begun by UNEDIL. The

draft cases ought to be reviewed by the core group and at least one consulting firm and a representative from USSIA should be brought into the process. This workshop should entail skill development in the case study method as well. The group could then commence a second round of case studies, focusing this time on agribusinesses and women-owned businesses. As the interactive process continues, this group will be able to provide insights and detail not perhaps captured by the survey research group.

#### Activity 5: Building Networks of U.S. Trained Professionals

This can become a very management intensive activity and is not particularly appropriate at the moment, given existing staff levels and the increasing workload of the Mission. Nevertheless, it is an activity that best illustrates a non-institution building approach to capacity building and capitalizes on previous USAID investments in human resource development. (A similar networking activity involving the AERC network is presented in Annex A. It is not included here because it is more directly focused on public sector capacity building.)

Between 1979 and 1990, over 500 Ugandans were sponsored by the Mission for training in the U.S. It is likely that many more Ugandans were studying in the U.S. during that time period. A 1990 survey by the Institute for International Education revealed that about 66 percent of all foreign students studying in the U.S. are self-sponsored and that another 13 percent received funding from American universities. Less than 2 percent of all foreigners studying in the U.S. are sponsored by A.I.D. Although the self-sponsor rate is heavily influenced by the large number of Middle East and Asian students who can more easily afford pay for their education, one can conservatively estimate that for every one Ugandan sent for training by the Mission, two others were studying under some other form of sponsorship. The implication is that there are probably many more U.S. trained Ugandans in the country than appear in Mission records, even if the return rate is low.

This represents a sizeable human resource pool who share a relatively common experience in living in an open market system. Although most of these people have been trained for public sector employment, given the current environment, it is probable that many are employed (at least part time) in the private sector. Because the Mission has already invested substantially in this population, some limited follow-up may yield significant returns.

A survey of U.S. alumni could be conducted to identify those who have been trained in areas related to agribusiness or who are engaged in agricultural based value-added enterprises. The survey would capture more detail on their current level of professional expertise, employment status, and their support needs. One might discover, for example, a Purdue University engineering graduate who

owns a milling operation but who is operating inefficiently for lack of basic marketing or business management skills. Indeed, a review of consulting firm rosters shows a number of U.S. trained professionals who are attempting to break into this service industry. Many of these alumni are technically competent, but they have had to acquire consultancy skills through trial and error, do not have knowledge of proposal presentation requirements of the donor community, and are not versed in current analytical methodologies for assessing the business environment.

At this juncture one cannot confidently project what kind of skill development workshops would be appropriate for these alumni, but it is possible that the marketing survey workshop described above could have great relevance to them. The Mission should explore with AID/W the possibility of accessing technical assistance under the African Training for Leadership and Advanced Skills (ATLAS) to conduct the survey and design and deliver the workshops.

## ANNEX A

Uganda's Capacity Building Initiative:  
A Public Sector PerspectiveIntroduction

While still in an early stage, the Ministry of Plan and Economic Development, has embarked the Government with other elements, such as the University, upon an exercise to improve the education and training capacity of individuals and institutions and the policy-making process of the country as a whole. The ultimate objective is to foster an improved climate for dialogue, debate, decision and implementation of national policies that will improve the economic growth on a sustainable basis and improve social welfare of Ugandans. A Capacity Building Secretariat (CBS) has been set up in the Ministry of Plan to coordinate the exercise and reports commissioned on a variety of topics. It is envisaged that one workshop will be held this summer and a final one in December to discuss reports and proposals so that they can be shaped into a variety of initiatives. If enacted, these initiatives will re-shape the policy process of the Government of Uganda and re-structure some aspects of the education and training process and institutions in-country.

The likelihood of this Ugandan initiative moving forward is difficult to assess. The Mission should follow-closely country-specific and regional capacity building developments to nudge the direction of the Ugandan initiative in ways supportive of its new CPSP and project on capacity building as they come on-line. There is a significant amount of donor and host government energy and resources mounting behind this effort. The chances for massive investments of resources, energy and time in frivolous undertakings, much donor driven, is increasing in the Ugandan capacity building exercise.

A brief description of the Ugandan exercise and its relationship to the World Bank sponsored African Capacity Building Initiative (ACBI and Secretariat IFBAC in Harare) and other efforts and possibilities of AID/W initiatives is set out below. Some suggestions are provided that the Mission may consider as it develops its own capacity building project and begins to implement its CPSP.

## The Ugandan Capacity Building Initiative: Status of Current Activities

### o **Improving the Policy Analysis Process in the Government Ministries**

The government through the Capacity Building Secretariat (CBS) contracted with local consultants to study the policy making units, their function, capacities and suggest a role rationalizing their functions and the policy-making process. UNDP has also contracted for a similar but separate study. It is expected that this will be major focus of the Government of Uganda's efforts to improve and rationalized the analytical process currently executed across the numerous, line Ministries and to centralize the control of the policy-making process within the Ministry of Plan and Economic Development.

### o **Ugandan Capacity Building Secretariat (CBS) activities**

The CBS has commissioned other papers on project implementation, relevance and coordination of overseas training, local consultancies, and repatriation (currently in draft). These will form the basis for a discussion of capacity building issues later this year with the donors. One proposal has been to centralize most education and training resources (including donor) for capacity building and policy analysis in the Manpower Office of the MPED.

### o **Establishment of an Economic Policy Research Center**

The CBS has commissioned a study of the ability of the government, academic and quasi-private sector to conduct, coordinate and contract for quality academic and policy-oriented cross-sectoral development research. A preliminary conclusion drawn by the UK-based consultant (Elkans) is the requirement for an independent body loosely associated with Makerere University to be established. This report will be finalized for review early in July. Any judgments must await the appearance of the report but the necessity of a coordinating body for research is greeted with some skepticism. If this Economic Policy Research Center is to play a much more substantive role in the requests and vetting of research proposals and establishment of research themes and standards, it would be of more interest in raising the

caliber of research and policy analysis. A model that may be appropriate would be similar to a scaled down version of the U.S. National Bureau of Economic Research (NBER) or on a different scale Tanzania's Economic Research Bureau. It is not clear how this institution or coordinating body would relate to existing organizations such as the Makerere Institute for Social Research (MISR).

o **Restructuring Makerere University**

There are several studies in-process and planned contemplating a complete restructuring of the entire Makerere University System. The EEC will complete by July of this year an overview of the university structure, curriculum and facilities using an Irish-based team of consultants. The World Bank is considering commissioning, under CBS auspices, a donor blue ribbon assessment of the University that would form the basis for a discussion of the future re-structuring among the government, university and donors. Bank management is considering whether to go-ahead with this effort and in what forum, the capacity building context of ACBI, CBS or the DAE Working Group on Higher Education.

o **Specific Restructuring Proposals for Makerere**

The Faculty of Agriculture

An effort is underway within the Faculty to revamp the curriculum and strengthen parts of the program. The proposals are in draft form and may emerge officially in the near future. Most of the work has been done in-house with little outside support or discussion. Recent AID evaluations of strengthening Faculties of Agriculture (Hansen 1990) view this approach as further in-breeding and sure sign of failure. The faculty and the university usually continue to isolate themselves from the community they serve and marginalize their utility.

Department of Economics

Under the aegis of the African Economic Research Consortium (AERC), sponsored by the Rockefeller Foundation and funded by donors including A.I.D., a proposal and strategy for "Graduate Training in Economics for Africans" has been adopted in 1991. Without too much detail an evaluation of the state of education and training was undertaken of most Sub-Saharan African master's programs in economics

by Africans and proposals made to rationalize and improve them. Several universities, including Makerere, have indicated their interest in participating in the AERC program which would require a certain set of criteria and would receive some support from the AERC in terms of teaching assistance and training. It is a low-cost, high-value donor coordinated opportunity to substantially upgrade the capacity of the Department with other participating programs. The Mission may want to participate or monitor this effort in conjunction with its project on capacity building.

UNDP is funding a twinning arrangement with the University of East Anglia in the U.K. for a course and/or a small program on development planning. This is scheduled to commence later this year.

#### Faculty of Science and Technology

The EEC is in the middle of funding a substantial US\$ 8 million project to improve the infrastructure and perhaps curriculum/staff of the Faculty of Science and Technology. It may slow down its project to see the results of any overall study of the university.

#### Administration and Planning

A position is being created within the administration to assess the state of the university and its future role in higher education. There is a perception that a centralized point for planning and policy development is necessary and will succeed in rationalizing resources, programs and creating a vision of future directions. If an overall study of the university structure is undertaken as outlined above by the donors, this may be a key position to shape proposals, Ugandan politics within the University and government and resources among the donor community.

#### Establishment of An MBA Program

There is an informal discussion on-going with the EEC about the need for better training for future graduates that will be entering the private sector. The possibility of creating an MBA program is being considered as well.

## ANNEX B

DRAFT OUTLINE OF THE SCOPE OF WORK FOR RESEARCH  
ON AGRIBUSINESS OPPORTUNITIES,  
CONSTRAINTS AND SERVICE NEEDSObjective:

Identify and quantify the distribution of entrepreneurial perceptions regarding opportunities and constraints to private agro-processing development and growth, and perceptions regarding the effectiveness of private enterprise support organizations.

Scope of Work:

1. The contractor will undertake a review of the survey research which has targeted private agribusinesses, and ancillary services of all size categories, and synthesize all statistical significant information gathered through these on the perceptions of local entrepreneurs regarding opportunities and constraints for private sector development.
2. The research review will cover and disaggregate information by geographic region.
3. The report will first summarize the purpose of all the research undertaken, the sampling frames used, size of sample involved, sampling methodology (purposive vs stratified or simple random sampling, non probability vs probability sampling), statistical tests of significance, methodology for interviewing (e.g open ended vs. closed ended questionnaires, follow-up focus group discussions), and other key methodological issues involved in interpreting the validity of the results. It will also provide a comprehensive bibliography of the research reviewed.
4. Based on the findings above, suggest a research methodology and general design for a survey instrument aimed at filling the critical data gaps.
5. The contractor will submit a detailed discussion of the methodological approach to this exercise, including possible sources to be consulted, the framework for organizing the information and the methodology for assessing the reliability of the research results to USAID/Uganda.

## ANNEX C

## INTERVIEW LIST

Business and Producers Organizations

James Mulwana	Chairman, Uganda Manufacturers Association, and owner of Ship Toothbrush Factory, Ltd.
Francis Rwakagiri	Senior Training Officer, Federation of Employers
Mike Mahigigi	Senior Training Officer, Federation of Employers
Nelson Kiyegga-Galiwango	Executive Secretary, Uganda Small Scale Industries Association
Japhes Biimbwa	Assistant Executive Secretary, Uganda Small Scale Industries Association
George Rujojo	Secretary General, Uganda National Chamber of Commerce and Industry
David Lulu	Chairman, Horticultural Farmers, Mpigi District
George Senwezi	Accountant, Ginger Growers Association, Mpigi District
Geri Wakabi	Legal Officer, FIDA (Uganda Women Lawyers)
Sarah Mangali	Chairperson, Uganda Women's Credit Finance Trust

Businesses

Dr. Simon Kagugube	General Manager, Ship Toothbrush Factory, Ltd.
Sudhir Ruparelia	Managing Director, Crane Forex Bureau, Ltd.
J. Nasereka	Small-Scale Farmer, Lugo, Bulamdala County, Mpigi District
Bumaili Nyanzi	Medium-scale Farmer, Kibi, Bulamdala

Joseph Matovu	Farmer & Director Coseda Enterprises, Kibi, Bulamdala
Alfred Nakedde	Farmer & Businessman, Boana, Mpigi
Daisy K.A. Roy	Ziwa Ranchers Ltd.
Capt. Joe C. Roy	DAS Air Cargo
J. B. Okeny	Managing Director, Vitafoam (U) Ltd.
Gerd Kenner	General Manager, Spear Motor Ltd.

### Professional Associations

James Kalebbo	Secretary, Association of Management Consultants and Director, Institute of Public Administration
---------------	---

### Education/Training Institutions

Dr. Germina Ssemogerere	Head, Dept. of Economics, University of Makerere
A.O. Owor	Director, Management Training Advisory Center
Dr. Baluymuya	Dean, Faculty of Commerce, Makerere University
B. Mbire	Professor, Dept. of Economics, University of Makerere
John Ddumba-Sentamu	Department of Economics, Makerere University
Kauzya John-Mary	Lecturer/Consultant (Management), Institute of Public Administration

### Consulting Firms

Dr. Frank Mwine	Chairman, Uganda Consulthouse
Dr. Paul Sagala	Director, Consultancy and Information Center of the Uganda Manufacturers Association and Faculty of Technology,

## Makerere University

Francis Rwakajerie	Chairman, Federation of Uganda Employers
Charles Twinomukunzi	Director, INCAFEX Consultants Ltd.
K.K. Chapaa	Chairman, SEREFACO Consultants Ltd.
Z.O. Ojoo	Director of Projects, SEREFACO Consultants LTD.
Moses J. Kibalama	Director of Operations, Development and Management Consultants, International
Sam Katabaazi	Executive Director, Development and Management Consultants, International

Government of Uganda

Emmanuel Tumusiime	Permanent Secretary, Ministry of Planning and Economic Development
Keith Muhakanizi	Deputy Minister and Senior Economist, Ministry of Planning and Economic Development
Prof. Joseph Mukiibi	Secretary for Agricultural Research, Ministry of Agriculture: Entebbe
Dr. Lawrence Eturu	Director, Agricultural Secretariat, Bank of Uganda
William Odwango	National Input Coordination Unit, Bank of Uganda
Erisa Ochieng	Head, Export Policy Analysis Unit, Ministry of Planning and Economic Development
George Okatho	Head, Manpower Planning, Ministry of Planning and Economic Development
Richard Watuwa	Head, Research Department, Bank of Uganda
Joseph Nsereko	Research Department (Crop Finance), Bank of Uganda
Jasper Sehatoleko	Research Department (Export Finance), Bank of Uganda
Paul Masembo-Ntelyafa	General Manager, Development Finance Group, Uganda Commercial Bank

Donors

Terry Heim	EEC Representative
Mr. Tasome	UNDP Resident Representative
Stephen Cook	World Bank, Ministry of Planning and Economic Development
Joseph Johnson	FAO Technical Advisor, Agricultural Secretariat, Bank of Uganda
Olle Otteby	Director, Union Export Services (UNEX), Uganda Co-operative Alliance
Ramesh Adhikari	Maxwell Stamp, PLC, ODA funded consultant working on the Investment Code

USAID/Uganda

Keith W. Sherper	Mission Director
Stephen C. Ryner	Deputy Mission Director
Edward Smith	Project Development Officer
Bruno Komakech	Assisant Project Manager
Rhemy Kiggundu	Assistant Project Manager
D. Frederikson	Acting Director, CAAS Project, USAID
F. Calhoun	MFAD Project/Ohio State University, USAID/Faculty of Agriculture, Makerere University

U.S. Embassy

Beatrice L. McKenzie	Commercial Officer, American Embassy
----------------------	--------------------------------------

ANNEX D  
REFERENCES

**Uganda Capacity Building Secretariat, MPED**

Assessment of Economic Policy Analysis Capacity, MPED, draft April 1991

A Study of Local Consultancy Capacity in Uganda, MPED, draft May 1991

A Study of Uganda Training Facilities and Impact on Performance, MPED, draft May 1991

Overseas Training and Education, MPED, draft May 1991

Project Implementation Capacity, MPED, draft May 1991

Repatriation and Utilization of Locally Available Skills Schemes, MPED, April 1991.

**Other Government of Uganda Publications**

"Customs Survey Report for the Period January 1988-June 1990," EPADU, MPED, 1990

EPADU Policy Paper No. 1: The Preliminary Export Strategy for Non-Traditional Export Commodities," EPADU, MPED, March 1990.

Report of the Public Service Review and Reorganisation Commission, 1989/90, September 1990.

**The World Bank**

Developing the Private Sector Through Supporting Markets, (co-funded by United Kingdom Overseas Development Agency), February 1991

Public Choices for Private Initiatives: Prioritizing Public Expenditures for Sustainable and Equitable Growth in Uganda, (Exec. Summary, Vols. 1 and 2), February 12, 1991

Uganda: Effective Assistance to Industry in Support of Structural

Adjustment. REPIM Ltd., May 1991.

Uganda Financial Sector Review, Vol 2, November 28, 1990

Uganda: Joint Government and World Bank Private Sector Assessment (PSA): Report of the Survey, Development Consultants International, Ltd., Kampala, March 17, 1990

Uganda: Joint Government and World Bank Financial Sector Survey: Report of the Survey, Development Consultants International, Ltd., Kampala, April 27, 1990

Uganda Transport Sector Memorandum: Sustainable Development and Maintenance Priorities for the 1990s, Vol. 1, February 8, 1991

#### African Development Bank

Appraisal Report: Small and Medium Scale Enterprises Development Project, September 1990.

#### UNDP

Development Cooperation: Uganda, 1989 Report.

#### EEC

"Framework of Co-operation Between The Republic of Uganda and the European Economic Community Under the Fourth Lome Convention, National Indicative Programme," 1991.

"Uganda: Annual Report," 1989.

#### USAID

Access to Credit for Women Proposal, Ann Duval, Management Systems International, April 1991

Action Program for the Environment (APE), FAIP, March 22, 1991

Agricultural Non-Traditional Export Promotion Program, (ANEPP), Program Agreement, August 26, 1988

Cooperative Agricultural and Agribusiness Support Project (CAAS), Project Paper and PP, Amendment 2 (draft May 27, 1991)

Kampala Stock Exchange Workshop, August 8, 1990

Implementing Policy Reform in Uganda: Results of MSI/Serefaco  
Implementation Planning Consultancy, August 16, 1990

Manpower for Agricultural Development (MFAD), Project Paper  
Supplement, 1985.

Manpower for Agricultural Development (MFAD), Project Amendment,  
1988.

Papers of the Conference on Exporting for Uganda: The Whys and  
How, March 14-15, 1991

Rehabilitation of Productive Enterprises Project (RPE), Project  
Paper and PP, Amendment 2, June 29, 1990

Uganda Conference on Privatisation, April 23-27, 1989

Uganda Cooperative Agricultural and Agribusiness Support (CAAS)  
Project Evaluation, September 8, 1990

#### **Other**

Economist Intelligence Unit: Uganda Country Profile, Report 1, 1991

"Co-operative Unions Meeting the Challenges of Export Marketing,"  
Olle Otteby, Director, UNEX, June 1991.

Various informal summaries of donor programs, Italian Government,  
DANIDA, East African Development Bank.