ASSESSMENT

USAID/KAMPALA S FY 1988-1990

P.L. 480 TITLE I PROGRAMS

I. HISTORICAL BACKGROUND OF PROGRAM

A. Economic

Uganda suffered through a long period (1971 - 1986) which devastated the economic and physical infrastructure of the country. Confronted by massive and pervasive rehabilitation needs, a significant debt service burden and balance of payment problems, the current government undertook, in 1986 and 1987, a stabilization and structural adjustment program which in May 1987 became the Economic Recovery Program (ERP). The general objectives of the ERP, contributing to the goal of an independent, integrated, self-sustaining economy, were to: b) restore price stability; b) develop a sustainable balance of payment situation; c) improve capacity utilization in industry and agriculture; d) improve producer incentives; e) restore efficiency in the public sector; and f) to improve public sector resource mobilization and allocation of resources.1/ The strategy to achieve these objectives was to expand the productive capacity of the economy through self-sustaining economic growth.2/

When USAID/Kampala began P.L. 480 discussions with the Government of Uganda (GOU) in 1987, the major problems confronting the USAID and ERP were:

1) the private sector was legally excluded from most marketing channels, including external trade, and effectively had no legal access to foreign exchange;1/

2) the official exchange rate was grossly overvalued, with the parallel market rate almost ten times as much as the legal rate;1/

3) the GOU was heavily involved in barter trade, with the terms of trade against Uganda;1/

4) inflation was very high and interest rates were negative;1/ and

5) the current account deficit totalled $210 million and this debt service ratio (as a percentage of export of goods and nonfactor services) amounted 50% after rescheduling (foreign exchange reserves were not sufficient to finance one month of imports).3/

Based on the GOU s priority ranking of essential commodities in the 1987 to present period, USAID/Kampala and GOU P.L. 480 Title I discussions concluded that tallow for the soap industry was the critical commodity contribution which the USG could make.

Quintessential for hygiene, general cleanliness and child survival, soap, for Uganda, is an essential commodity, as indicated by its role in consumption, price control and excise duties. In consumption, soap ranks fourth (behind clothing, beer and matooke) in terms of its weight (8%) in the consumer price index for middle income consumers. For low income consumers, soap is the third largest nonfood expenditure item, behind rent and transport. Among rural households, soap is by far the most commonly and frequently purchased commodity (see Table 33 of SIP/EIL). In price administration, soap is among the six remaining commodities still covered. (The government is committed to remove these controls as supply conditions improve.) In terms of excise duties, soap is among the four commodities to which this tax is still confined, although bar soap (in contrast to powdered soap) does not attract any excise duty. (Note: throughout this assessment, "bar soap" or "laundry soap" are used synonomously to refer to a kind of soap that is: (a) aimed at the low end of the Ugandan market; (b) sold in long, narrow, unpackaged cakes weighing about 0.8 kg each; and (c) made to use for both clothes washing and bathing purposes.) While the import of bar soap is not banned, it is not likely that the Ministry of Commerce will favorably consider (license) such import requests.

In addition, soap is a key actor in the Ugandan economy. In the manufacturing sector, which contributes 7-8% to GDP, the soap industry ranks third, behind cigarettes (14%) and textiles (12%) in terms of its weight (11%) in the index of industrial production. The soap industry (including edible oils which constitute only a small part of the industry) is the fourth largest employer in the manufacturing sector. Excluding unskilled workers, the soap industry employs 1,015 of the 18,200, behind textiles, beer and cement. Of the total share of the manufacturing sector s wage bill, the soap industry (including edible oils) accounted for 12%, second only to textiles.4/ In terms of foreign exchange requirements, the soap industry makes the second largest request, behind beer, under the Open General License (OGL) system. For FY 1990/91, total OGL requests were $42.75 million, roughly 30% of the total government financed import bill. Of this amount, the soap industry requested $6.75 million (16%), excluding tallow. Of the total approved OGL ($25.1 million), the soap industry will receive $8.2 million, excluding tallow.

B. Soap Industry

The soap industry in Uganda began in the 1930 s and was dominated by Asians. When the Asians were expelled in 1972, the soap factories were allocated to individuals and companies, which were unable to maintain production and facilities. As a result, the eighteen oil and soap factories were then nationalized by allocating them to the Lint Marketing Board in 1974, with the assumption that economies of scale could be achieved. By 1986 the number of producing soap factories was down to seven, of which two were wholly private and one was a joint venture. Of the estimated utilizable capacity, only 13% was being used. (If the capacity of the largest private factory, which was not on-line by mid-1986, is included, the production as a percent of capacity falls to 6%.)5/ Distribution of the soap produced by both the parastatal mills and the private mills was through the parastatal Food and Beverage Corporation.

Reported operational capacity of the major soap manufacturers against reported total national requirements (not effective demand) of bar soap of 124,000 MT was

EOSI (7 mills)	14,000 MT
Madhvani	4,100
Somi	400
Mukwano (new)	18,000
Total	36,500 MT. 5/

(Note: The effective domestic demand for soap was estimated by the National Renderers Association (NRA) to be 34,000 tons in 1988 at 1.4 kg/capita per year.) 6/

A 1986 report estimated the import bill for the national requirement at $93.6 million ($750/MT) and concluded that the country could save $26.3 million by promoting local production and importing needed raw materials. The report further recommended that, to utilize the then installed capacity effectively, 27% of the raw materials requirements be imported, establishing the annual foreign exchange requirement for the industry at $22.2 million.

C. USAID Program

When USAID/Kampala initiated discussions in 1987 with the GOU about a P.L. 480 program, the GOU concluded that, given all of the above, a tallow-based program would best meet the country s needs. Reviewing actual production capacity and relative efficiency, the GOU proposed that Mukwano Industries be the primary implementing agent, with the condition that Mukwano sell the tallow to whichever other firm so requested.

The GOU and Mukwano, at the time of the first and second programs, also requested the commodity in drums rather than bulk, because Mukwano had no bulk storage capacity. Although delivered in drums in FY 1988, during the FY 1989 Title I negotiations, AID/W and the National Renderers Association prevailed on the GOU and the Mission to accept bulk shipments. Because neither the parastatals, the GOU nor any of the private mills had bulk storage capacity, in a compromise, the GOU agreed to half in drums and half as bulk, requesting Mukwano Industries to invest in bulk storage facilities. To facilitate Mukwano Industries ability to make such an investment, the GOU agreed to make the necessary foreign exchange available and to allow Mukwano access to the necessary shillings. With deft management, Mukwano managed to complete sufficient storage tanks and purchase and rehabilitate a tanker fleet in time to handle the entire FY 1989 shipment in bulk.

II. Evolution of the Program

A. Industry Performance

Fortuitously, the arrival of the first shipments of drummed tallow under PL 480 coincided with the inclusion in the CPI of 0.8 kg. laundry bars in the fourth quarter of 1988. The evolution of this soap price by quarter is shown below, together with the evolution of exchange rates (official and parallel) and the CPI for those quarters when it was reported under the new system:

Year/Quarter		Soap Price USh 7/	Exchange Rates 8/ Official	Parallel	CPI 7/ Dec 1988=100
1988	4	300	155.0	436.7	
1989	1	300	176.7	440.0	
	2	300	200.0	566.7	
	3	306.7	246.7	620.0	
	4	322.3	371.7	700.0	166.9
1990	1	365.0	382.3	660.0	180.1
	2	350.0	389.3	663.3	178.7
	3	353.3	456.7	683.3	186.3
	4	350.0	510.0	743.3	209.3
1991	1	379.2	570.0	780.0	223.7

It can be seen that the soap price evolved (increased) much less rapidly than the exchange rates and the CPI. This favorable evolution, absolute and relative, can be confirmed by additional data as follows:

	1987 3rd Qtr	1991 2nd Qtr
Exchange Rates		
$1 = USh (Uganda Shilling)		
Official	60	570
Parallel	150	810
Soap Price USh/bar		
Ex Factory	44 11/	320
Retail	60 11/	400
Soap Price US $/bar		
Ex Factory		
Official	0.73	0.56
Parallel	0.29	0.40
Retail		
Official	1.00	0.70
Parallel	0.40	0.49

It should be noted that the differential between the ex-factory and retail prices declined from 36% in 1987 to 25% in 1991. There were several real factors which made this remarkable evolution in the soap price possible.

First, there was a significant increase in the production of bar soap as reported in the Index of Industrial Production. This index, the tonnage and the index for overall manufacturing are as follows: 4/

Index	Soap Production (in metric tons)	Soap Index	Overall
1987	15,768	100	100
1988	18,023	114.3	123.7
1989	25,954	164.6	145.2
1990	30,669	194.5	155.4

Second, as a direct result of the P.L. 480 Tallow Program--the provision of tallow at the official exchange rate, its special financing facilities and its self-help measures--the structure of the soap industry was changed. Rather than concentrating the production and distribution of soap in the parastatal Edible Oil & Soap Industries/Food and Beverage Corporation complex, the GOU and USAID/Kampala agreed to use the private sector instead. Mukwano Industries, the sole private enterprise operating when Edible Oil & Soap Industry (EOSI) was turned into a parastatal, was asked by the government to be the major implementing agent of the P.L. 480 program. As the foregoing table shows, this shift certainly increased the industry s productivity. Although the team did not have the time to do the necessary analysis, it is likely that the industry s efficiency also improved. For one thing, production costs were lowered when Mukwano Industries invested USh 625.0 million of its own capital to accommodate bulk shipment of tallow to Mombasa port, its transport to Kampala and its storage at the factory in heated tanks. This conversion to bulk imports resulted in significant cost savings, amounting to about $210/ton relative to the cost of shipping drummed tallow. (Mukwano also agreed to sell tallow in drums to other soap manufacturers. Of the 37,000 tons shipped in bulk during the FY 1989 and FY 1990 program, Mukwano sold 314 tons in CY 1990 and the first quarter of CY 1991 to nine other manufacturers, including EOSI.)

On the wholesale and retail side, availability and sales of soap increased throughout the country after the Food and Beverage Corporation s monopoly control over soap distribution and marketing was rescinded and Mukwano Industries began doing their own wholesaling upcountry. Although the team did not have time to research this change, it is likely that the decontrol of soap distribution and marketing not only accounted for widespread availability of competitively-priced soap but also engendered expanded economic activity in the rural areas in such sectors as transport, trading and retailing.

Third, while Mukwano is the largest supplier of bar soap in the domestic market, there are some competitive pressures. In addition to other smaller and perhaps "insignificant" manufacturers, there are reports that the market is also supplied through informal channels from Kenya at USh 50 below the retail price of what is produced locally. However, it is uncertain how comparable the Kenyan bar soap is, with some people saying it is not as preferred because it is too harsh for bathing. To determine the real/effective efficiency of Uganda s soap industry, however, a thorough domestic resource cost (DRC) analysis would have to be done. Such an analysis, in which the research department of the Bank of Uganda has also expressed interest, would help to determine the domestic and foreign exchange resources that are actually saved by producing soap locally relative to the alternative of importing soap (and the results would obviously be highly useful in determining whether the P.L. 480 Title III program should continue to include tallow).

Fourth, there have been major changes in the pricing of soap. Most significantly, the retail price has been completely freed up. There are also no controls on marketing margins. Only the ex-factory price remains administratively controlled, presumably because soap is deemed an "essential commodity" and the GOU is concerned about Mukwano Industries monopolistic position. However, the GOU has been allowing the ex-factory price to rise so that production costs (variable costs, depreciation and profit) are covered. Mukwano s profit and overhead rates are reported to the Ministry of Finance monthly. For March 1991 the ex-factory price was reported to the Ministry as follows: 9/

	USh
Total Raw Materials for Box of 25 0.8 kg bars (all FX costs)	6,076.50
Labor	300.00
Overheads	888.80
Factory Costs	7,265.30
Profit	353.74
Sales Tax (5%)	380.95
Ex-Factory Price (per carton)	8,000.00
Per 0.8 kg. Bar	320.00

A feature of this cost structure is the high foreign exchange cost (76%) relative to domestic inputs, especially labor. Again, this argues for a more detailed DRC analysis, an exercise that could also shed light on the art of reporting under a controlled price regime.

B. Mukwano Industries Performance

Mukwano Industries completed construction of one line for bar soap in 1986, adding a second in 1988 and a third (backup) in 1990. Although the team was unable to obtain CY 1987 figures for Mukwano Industries, sales have increased steadily since its inception in 1986. 9/10/

	Cartons	MT
1988	1,328,532	26,571
1989	1,332,882	26,678
1990	1,519,540	30,391

Partially in response to urging and encouragement from the National Renderers Association, USAID/Kampala (AID/W) and the GOU, partially because it was already considering doing so, Mukwano Industries invested an additional $5.1 million (in USh) in storage and transportation infrastructure. This expanded the factory s ability to efficiently process tallow by shifting from expensive drums to bulk shipments, almost doubling the amount of tallow purchased and processed by the factory from 1988 to 1989.

Prior to the deregulation of marketing and distribution, the Food and Beverage Corporation s (F&BC) marketing inefficiency produced serious scarcities of bar soap in rural and remote areas, and hoarding at the wholesale, retail and consumer levels. Mukwano Industries, with its vehicle fleet and direct sales to wholesalers and retailers is distributing nationally. No longer are there the scarcities of pre-1988. Concomitantly, the price of soap notably declined, with the differential between ex-factory and retail prices markedly improving. (See above.)

III. IMPACT

A. Tallow Imports

The actual tallow imports have had clear impacts on the availability and cost of soap, on the structure of the industry and on Uganda s balance of payment situation.

The positive impact of the program is clearly demonstrated in the evolution of ex-factory and retail prices as well as of soap production and foreign exchange savings. It is doubtful whether these efficiency, production and BOP gains could have been achieved "without" the P.L. 480 program or any other similar program. It is likely that without the program the EOSI/F&BC parastatal complex would have become deeply entrenched with continued high (and arguably increasing) unit costs in soap production and distribution. Without ease of access to foreign exchange and tallow, major disruptions in production could have occurred. Equally important, it is unlikely that soap would have been so well distributed, especially to remote up-country locations, without the program.

The impact of the tallow imports on the industry s structure appears equally clear, if not as straightforward. Mukwano Industries is now the major supplier of soap and user of tallow. In light of the proven gross inefficiencies in the parastatal mills and marketing corporation, it is highly doubtful if any individual factory or the totality of the EOSI/F&BC would be able to fulfill the roles of Mukwano Industries. Although the number of private factories has increased, their consumption of tallow and subsequent soap production has remained minimal, to the point of non-existence. Despite publicity and individual letters from the MOF requesting their participation in the program, the response from both the parastatals and private manufacturers has been almost nil. In CY 1990, the private companies purchased 48.5 MT of tallow, the parastatals 236.9 MT.

While complaints have appeared to focus on pass-through costs, exchange rates, purchasing from a competitor and misconceptions (confusing a loan with a grant), the problem(s) may be more basic. The loudest complaints have come from parastatals and private manufacturers who are unable to obtain financing from the commercial financial institutions. (The last financed purchase by Nakasero, as far as the team could determine, was provided, for instance, by the East African Development Bank. With three possible exceptions (Mbale Soap Works-Rafifki, Madhvani Soap Works and Nakasero, now that it is private), none of the plants have credible actual production capacity, reasonable collateral or income or experienced management, making credit for local cover unattractive to financial institutions. (See Annex 1 for the cost structure of bulk tallow, drummed in Kampala for other manufacturers.)

The impact on foreign exchange has been and remains strongly positive. The BOP gains take three forms. First, there are the gains resulting from the provision of tallow under the program which otherwise would have had to be financed from the GOU s own foreign exchange resources; these gains are roughly $6 million for 1990, plus or minus the value of financial terms provided from other sources without the program. Although the GOU had to contribute foreign exchange for ocean freight, storage at Mombasa and inland freight, it is likely that it would have done so under any other scenario. Therefore, these costs are not netted out in deriving the savings.

Second, as a result of increased domestic production under the program, soap and detergent imports have been reduced. Soap and detergent imports as well as commercial tallow imports for five years before the program are given below in MTs: 6/

Year	Tallow	Soap and Detergent
1983	1,070	13,000
1984	950	13,000
1985	910	11,500
1986	340	9,000
1987	2,085	8,700

If the annual average of soap imports of 7,650 mt. (less 2,000 tons for detergent and toilet soap) over the 1983-97 period is projected for 1990, then an additional foreign exchange saving of $1.65 million can be derived at $215.13/mt in freight, storage and inland transport charges.

Third, there are the gains resulting from imports in bulk rather than in drums. The 1988 FAS price for drum tallow was $522.06/MT. At this price, the 1990 program imports would have cost $9.9 million. Since the 1990 program was $6 million, an additional foreign exchange savings of $3.9 million can be derived.

While the above calculations are rough, it can be argued that, at minimum, the P.L. 480 program saved the GOU $11.55 million in foreign exchange. This represents 4% of export earnings ($300 million) in 1990.

B. SELF-HELP MEASURES

USAID/Kampala s overall objective in the tallow program has been privatization of production and marketing, particularly related to the soap industry, but also broadening to include non-traditional exports in the FY 1990 program. The definition of privatization used by the Mission appears to have been closure and/or divestiture of the parastatals and dismantling of parastatal marketing monopolies.

Annex 2 lists the self-help measures, suggestive indicators and documentable measurements of achievement. Annex 3 lists the soap factories, by ownership, from the 1986 baseline through the end of the Title I tallow program.

FY 1988

For FY 1988 USAID/Kampala identified three self-help measures for inclusion in the agreement and a fourth measure which was discussed but deferred. The three measures from the agreement and the deferred fourth are:

1. The GOU agrees to allocate all the tallow funded under this agreement to the Mukwano Soap Factory and to allocate sufficient foreign exchange to finance intermediate inputs and spare parts necessary for the factory to operate at not less than 85% of installed capacity over a 12 month period beginning the date the agreement is signed.

2. The GOU agrees to establish the ex-factory price of laundry soap on the basis of import parity for a similar grade imported from Kenya to permit total cost recovery (variable operating costs, plus depreciation) and a profit margin to Mukwano of 20%.

3. In line with the government s plan to divest itself of unproductive parastatals, the GOU agrees to divest itself and/or closedown not less than 2 parastatal soap factories within 12 months of signing this agreement.

4. The GOU will eliminate the public sector role in soap distribution.

Prior to the negotiations for the program, Mukwano s access to foreign exchange for tallow and other soap ingredients was irregular (monthly production ranging from 600 MT to 1,800 MT). After the agreement was negotiated, regular, assured access to foreign exchange evened out Mukwano s production to where his final production was 97% of his capacity.

The ex-factory price set for laundry soap over the period of the program has consistently seemed consistent with import parity-based prices. As indicated earlier, soap is by far the most commonly and frequently purchased commodity by rural households.

In terms of privatization, the absolute numbers of parastatal owned factories which were divested or closed met the minimal target. However, while only the two were divested, several other divestitures through the Custodial Board were initiated. Another parastatal was returned to its former owners who then opted for a joint venture with EOSI. Under the terms of the joint venture, the private owners assumed only 49% of the shares. The team heard at the end of its stay that this company, Madhvani, is now completely private. Of interest to the program, is that, of the two divested during this part of the program, Mbale Soap Manufacturers (Rafifki brand) is one of the few potentially competitive and credible factories.

Perhaps the most surprising success of the first program was the "deferred" deregulation of soap marketing. The scarcity of soap in rural and distant areas of Uganda was a source of great concern for the GOU. Impressed by the efficiency and responsiveness of Mukwano Industries and subject of regular discussions with the Mission, the GOU, in August 1988, agreed to let Mukwano Industries market and distribute its own product. In the last two months of CY 1988, Mukwano Industries sold 20% of its sales to areas outside of Kampala, with sales in all areas of the country. Recently, Mbale Soap Works (Rafifki) have also started marketing their bar soap in remote areas, including the northern and northeastern parts of the country that have been plagued by insurgencies.

The other significant impact of removing the Food and Beverage Corporation s control over all soap marketing was that wholesale and retail prices were no longer fixed administratively. The total liberalization of these prices made it profitable for traders and dealers to sell soap even in remote areas, while increases in productivity and efficiency meant supplies were adequate to keep prices stable.

<u>1989</u>

The purpose of the FY 1989 program was to maintain and deepen the efforts to privatize the soap industry. To this end there were only two self-help measures:

1. The GOU agrees to continue to create a positive financial environment for the expansion of efficient manufacturing and distribution of soap by the private sector. To this end the GOU will divest or close down two public sector soap factories by June 28, 1989 as previously agreed to under the FY 1988 P.L. 480, Title I Agreement. The GOU further agrees to initiate divestiture of additional public sector soap manufacturing facilities by December 31, 1989, with the objective of completing the divestiture or closure of the remaining public sector soap factories by April 30, 1990.

2. To ensure that all private soap factories are treated equitably in the allocation of P.L.480 tallow, the GOU agrees to provide tallow and foreign exchange for other raw materials to all private soap factories on the list of eligible firms under the Bank of Uganda s Open General Licensing agreement, in amounts consistent with efficient utilization as agreed to by the Government of Uganda and the U.S. Agency for International Development. The GOU agrees to permit all private soap manufacturers to distribute soap to private wholesalers and retailers without requiring sales to the (parastatal) Food and Beverage Corporation.

The GOU has not yet divested or closed all of the parastatals as called for by the first self-help measure. Of the four which remained on April 30, 1990, one is the joint venture and another, the largest, has just completed divestiture under the Custodial Board process. Of the other two, it is unclear that they are operational, not accessing the OGL for the other imported supplies during the last two years. It is possible, as Nakasero, until recently was operated by EOSI, that the supplies imported in its name were transferred to the other two factories before the transition. However, the limited data the team could find would indicate that soap was produced and sold from the 286 MT of tallow purchased by EOSI from Mukwano Industries in 1989. Over this period the differential between the ex-factory and retail prices continued to decline, suggesting that the competiton injected into soap marketing by the removal of the Food and Beverage Corporation s monopoly was stabilizing prices and margins. Availability continued to improve, although it is not possible to disaggregate by firm. The OGL Desk data indicates that the private sector has made the most use of their licenses for supplementary ingredients for soap. Of the parastatals, only Nakasero accessed the OGL during the years 1989 to the present.

<u>1990</u>

For the FY 1990 program, the Mission decided to shift its focus to complement its overall strategy of privatizing marketing exports. To this end, the self-help measures were:

1. The GOU agrees to encourage through streamlined procedures and/or regulations and financial incentives to permit not less than two private (at least one foreign) air cargo carriers to operate in-and-out of Entebbe Airport to improve handling capacity. To help facilitate competition and greater air cargo capacity, the GOU will agree to charge internationally competitive airport charges and fees to private carriers; and the national carrier will not charge royalties to private carriers engaged in the air freight of horticultural and other non-traditional export products.

2. To help facilitate the marketing of fresh horticultural crops, processed fish and other commodities the GOU will permit and encourage no less than two private firms to invest in and operate cold storage and warehousing facilities at, or in the vicinity of, Entebbe Airport within six months of signing this Agreement.

These self-help measures, reflecting the new direction of the policy dialogue, were much less specific and more difficult to measure. After the agreement was signed and during the on-going dialogue process, the Mission discovered that the basic governmental organizational structure is not conducive to the implementation of these self-help measures. Specifically, at the moment, development plans and construction are the responsibility and under the control of the Ministry of Works, not the airport, not the airlines. Airport operations are under the Ministry of Transport and Communications and Uganda Airlines is a government parastatal. The Ministry of Works plans call for public sector occupation of buildings (current and proposed) on the airport grounds. However, in spite of the Ministry s denial of permission for a private firm to rehabilitate one of the buildings for cold storage, the firm has obtained permission to occupy the building.

Although the intent of the self-help measures was to use the P.L. 480 resources to complement and strengthen the policy dialogue related to the Mission s objective of promoting agricultural non-traditional exports, the expected impact was not to have installed capacity by the end of the one year program. The self-help measures were intended, however, to open the door for the Mission to begin the longer-term dialogue on infrastructure for the agricultural non-traditional exports. This it has done very well.

In spite of the fact that the self-help measures were as vague as "encourage" and "facilitate," the fees and charges were legally changed, one private sector firm has obtained facilities at the airport and another has purchased land near Entebbe airport and is in the process of establishing a field-to-airplane cold storage system.

IV. MANAGEMENT AND IMPLEMENTATION

A. Planning, Monitoring and Evaluation

Mission management of the FY 1988-90 program was variable in quality, reflecting turnover in Mission personnel, rapid change in the GOU s economic policies and the Mission s program growth. Monitoring appears to have been sporadic, focussed on the local currency side rather than the programmatic side and on the design of the next year s program. Although documentation, except that related to the use and accountability of local currency generations, is spotty, the team was able to find/obtain key studies and some key data either in various files in the Mission, from program participants or from various offices in the Ministries or Bank of Uganda. Noticeably missing are certain statutory reports, yearly analyses and monitoring or site visit reports.

Depending on the particular year, either the program officer or the deputy director reviewed the program preparatory for the next year s request. The analysis of the past year s program focussed primarily on the availability of soap, whether Mukwano Industries was distributing soap nationally and whether the factory was producing at capacity. Although some analysis appears to have been given great attention (the review of the FY 1988 program in the FY 1989 proposal cable, for instance), the documentation of data sources and basis for analysis are unavailable.

One of the principle impacts of the program was given inadequate attention due partially to the episodic management approach and to the discordance between the Mission and GOU s primary objective, soap production and distribution, and the stated intentions as interpreted by the self-help measures. Because of the priority accorded the soap production, the Mission either did not notice or did not act upon the absence of participation in the program by the private sector other than Mukwano. As a result, Mukwano Industries and the program recently found themselves in the awkward position of being accused of denying entry to other private factories. Also unnoted was the failure of the GOU to fully privatize the EOSI, an FY 1989 self-help measure and the stated overall objective of the whole program.

Given the emphasis and priority accorded the production and distribution of soap, the management of the policy dialogue with the GOU has been effective.

B. Reporting Requirements

Three sets of reports are required under every Title I program:

1. Compliance Report

This report, which is due USAID by December 15 of each year, is to be prepared by the importing country government and submitted to AID/W by the Mission after reviewing and commenting on it. The Compliance Report covers: a) commercial imports of tallow or substitutes (for purposes of assessing compliance with UMRs--that is, usual marketing requirements); b) exports of tallow or similar commodities (for purposes of assessing compliance with the export limitation provision); c) utilization of commodities imported under the Agreement; and d) measures taken to satisfy the publicity provisions of Section I, Article III, Part I of the Agreement.

2. Shipping and Arrival Reports

These reports, which are to be submitted to the USDA promptly after the arrival of each shipment, are to be prepared by the importing country government and submitted to the Mission. Each report is to contain information on: a) the name of the vessel; b) the amount of the commodity received; c) the discharge completion date; and d) the extent of any significant loss or damage, and any consequent claims, recoveries or compensations.

3. Report on Self-help Measures and Utilization of Local Currency Sales Proceeds

This report, which is due in AID/W by December 1 each year, is to be prepared by the importing country government and submitted to the Mission for review, comments and forwarding to AID/W and the USDA. The report is to provide an assessment of progress on implementing the Self-Help Measures stipulated in the Agreement. The report is also to contain a review and an appraisal of the generation, deposit and disbursements of counterpart funds, including the degree of accomplishment of the development purposes for which the counterpart funds were utilized.

In addition, the FY 1989 and FY 1990 Agreements for Uganda s P.L. 480 Title I tallow program stipulated that the GOU was to submit to the USG quarterly reports of the deposits and disbursements made.

In general, compliance with these reporting requirements has been less than complete throughout the three years of the Title I tallow programs in Uganda. The GOU has never submitted any of the required reports on the local currency component of the programs, despite the fact that, as reported below in Section IV. C., the GOU does have the accounting and other records necessary for preparing the reports.

The team could find no record of Shipping and Arrival or Compliance reports having been submitted for the FY 1989 and FY 1990 programs. (Subsequent to the drafting of this assessment, the Mission has obtained copies of the Shipping and Arrival reports for FY 1989 and FY 1990. The reports have been given to the GOU for completion and return to the Misson as soon as possible.) The Mission did receive a report from the GOU on progress toward the implementation of the Self-Help Measures under the FY 1988 program, which it forwarded, with brief comments, on December 8, 1988. The Mission also provided in-depth comments on Self-Help Measure performance in a cable sent on December 20, 1988, which conveyed the proposal for the FY 1989 Title I tallow program. The Mission followed a similar practice in submitting the proposal for the FY 1990 Title I tallow program. In that instance, however, the Mission did not get the self-help measures report from the GOU s Minister of Finance until March 22, 1990 and it addressed only one of the two measures. USAID/Kampala sent a separate cable on March 26, 1990, thoroughly reviewing "the Government of Uganda s (GOU s) progress in implementing the Self-Help Measures under the FY 89 Title I tallow import program." No report has been submitted to date on Self-Help Measure performance under the FY 1990 Title I program.

Although the team was unable to find copies of certain past reports in the files, institutional memory indicates that some reports were submitted. Current Mission and program management have already begun to complete documentation for the past programs. Recognizing the need for better monitoring, the Mission will hire a P.L. 480 Title III Coordinator by June 1.

C. Local Currency

In terms of programming, monitoring and accounting, the Mission has generally done very well in managing the local currency component of the P.L. 480 Title I tallow program. Under all three of the Title I tallow programs, the Mission chose to "projectize" the local currency (or "counterpart") generated by the sale of the tallow to Mukwano Industries, Ltd. The selection of the projects to be funded is painstakingly done, the flow of the funds is carefully traced and accounted for, and the implementation of the projects is frequently reviewed and recorded. The generation, deposit and disbursement process for the counterpart is timely, with all of the counterpart having been disbursed within twelve months (and often earlier) after the arrival of the commodities. The following paragraph briefly describes the Mission s counterpart management system.

During the negotiations for the next fiscal year s P.L. 480 Title I tallow program, the Mission and the GOU agreed on the sectors in which the counterpart could be used to fund projects. The sectors for the FY 1990 program, for example, included agriculture, health, natural resources and rural development, plus PVO and WID activities. Each agreement stipulated that the Mission would send the GOU a PIL specifying the projects that were to be funded, and the amount of counterpart each project was to be allocated. Mission staff were then invited to solicit and develop proposals for projects to be funded. Many of the projects were already in the Mission s portfolio, receiving dollar assistance from AID; in the case of the FY 1990 program, for example, about two-thirds (15 out of 23) of the projects were already receiving DFA funding. The project proposals, including budgets, were carefully reviewed within the Mission and then forwarded to the GOU for funding.

Meanwhile, the Mission closely monitored that the funds were being deposited into the special account. Disbursements from the special account were done on a quarterly basis, and the disbursements were actually made through the Mission (the checks were delivered to USAID/Kampala, from which they were picked up by the projects officers). The projects were required to submit progress reports, which were reviewed by the Mission, on a quarterly basis, before the next quarter s funding was disbursed. In terms of financial management and accounting, the Mission receives copies of the key GOU documents, including deposit receipts, BOU special account statements and disbursement vouchers. The Mission also keeps its own accounting records on counterpart deposits and disbursements. The Mission has recently taken steps to set up arrangements for independent, systematic checks on the physical progress of the projects. These arrangements supplement the site visits and other monitoring performed by the Mission s project managers.

There has been very little delay in the generation, deposit and disbursement of the funds. All of the counterpart generated by the FY 1988 program had been disbursed by May 31, 1989. Similarly, all of the generations from the FY 1989 program had been disbursed by the middle of 1990. As the following table shows, over 70% of the counterpart generated so far (the deposits from the first two shipments) from the the FY 1990 program have already been disbursed. 8/

STATUS OF P.L. 480 TITLE I
GENERATED FUNDS AS OF MARCH 31, 1991
(USh)

	Amount Generated	Amount Disbursed	Balance	No. of Projects
FY 88	600,000,000	600,000,000	-0-	24
FY 89	1,480,000,000	1,480,000,000	-0-	22
FY 90	2,051,979,167	1,447,989,209	603,989,958	23
Total	4,131,979,167	3,527,989,209	603,989,958	

There is, however, a serious problem with the generation of the funds. Apparently, Mukwano Industries has worked out an informal arrangement with the GOU to allow for the deposit of the counterpart in a limited number of installments. In the case of the second shipment under the FY 1990 program, for example, Mukwano Industries deposited the agreed amount in six equal installments of USh 200,000 each over a nine month period from July 1989 to March 1990. Also, Mukwano Industries has not yet deposited any Ugandan Shillings for the last FY 1990 shipment, which was shipped in August 1990. The Agreements all stipulate that the entire amount of counterpart is to be deposited "into a Special Account...within 120 days of CCC disbursement" (that is, the shipping date). Mission management staff say they have never been asked to approve any other deposit schedules. Also, apparently Mukwano Industries does not have to pay any interest or penalties for deposits made late or in installments. The Mission has raised this problem with the MOF Coordinator several times over the period covered by the assessment, but has been unable to prevent its reocurrence.

As is the case with many other P.L. 480 Title I programs, there is no "additionality" in the Uganda tallow program s local currency component. The projects are already budgetted for in the GOU s Rehabilitation and Development Plan (RDP) and the designation of the P.L. 480 Title I tallow program as the source of the local currency funding for the projects does not have any effect on the budget allocations. What the Mission does gain by its involvement in the funding of the selected projects is considerable influence over the GOU s project expenditure processes.

Tying P.L. 480 Title I counterpart generations to the funding of selected RDP projects helps ensure that those projects actually receive the funds budgetted for them, and in a timely fashion. The cost of the Mission s involvement in project funding is, of course, that it interferes with the GOU s management of its own finances and, arguably, may even retard progress toward improving the GOU s own project funding capacity and performance. People involved with the local currency component of the Title I tallow program argue convincingly that, without it, project implementation would have been seriously impeded. It was not possible during this TDY visit to evaluate whether the expeditious implementation of Title I-funded projects outweighed the costs, in both "political" and financial management terms, of reducing GOU control over its budgetary resources.

V. CONCLUSIONS

The program has been effective in terms of part of its rationale--the impact on foreign exchange and balance of payment. It has also been effective in substantially increasing the supply and availability of soap country-wide at competitive prices. For all intents and purposes, the parastatal Edible Oil & Soap Industries monopoly has been broken (the remaining two factories are not producing) and the Food and Beverage Corporation s monopsony has also definitely been terminated. It is doubtful whether price efficiencies, production gains and foreign exchange savings could have been achieved without the P.L. 480 or similar program. The team has also concluded that, a) based on EOSI s history prior to and subsequent to Mukwano Industries operation and b) without ease of access to foreign exchange (which the parastatals do not have), EOSI is unlikely to have been as transparent, sensitive and responsive to concerns about the monopoly as Mukwano has been. Equally important, in terms of impact, it is unlikely (again based on historical records) that, under EOSI and F&BC, soap would have been as so well distributed upcountry.

Nevertheless, the program can be considered only a qualified success at this time--the parastatal monopoly/monopsony having been replaced by one in the private sector--Mukwano Industries. The major players in creating the situation--the GOU, USAID/Kampala and Mukwano Industries--are now sensitive to the problem and are interested in trying to correct it. At this time, it is not clear that Mukwano Industries is producing the most cost-effective soap possible. It is clear, however, that although soap production is concentrated, soap distribution is wide open and involves a multitude of actors at the retail levels. Although the price of bar soap is within the budget of the lowest income Ugandan, absorbing an important share of that budget, further analysis is necessary to determine whether the Ugandan soap industry is as efficient as it might be.

The lack of participation by other private sector factories was apparent during the FY 1989 program. The sporadic nature in the management of the program and its focus on the balance of payment and Mukwano Industries right to marketing and distribution allowed the situation (production concentration) to continue for two and a half fiscal years. If the Mission intends to try to correct the distortion which it inadvertently fostered, it will have to commit to better and more explicit management and monitoring.

The self-help measures for the FY 1990 program shifted the policy and management focus away from the change in the structure of the soap industry. The leverage of the tallow s value also appears to have been weaker as the self-help measures were directed not only away from the soap industry toward exports, but the immediate beneficiaries (BOU and MOF) were not directly involved in the implementation of the measures. The Ministry of Works, which was responsible for decisions on what construction could occur at the airport, and the Ministry of Transport and Communication, which was responsible for fees, charges and royalties, were not direct beneficiaries of the either the tallow or the saved foreign exchange. As a means to become involved in the dialogue on constraints to expanded agricultural non-traditional exports, the FY 1990 program has had some success. Most importantly, it has helped the Mission to identify some of the not so obvious problems which the overall USAID program will need to address.

The key issue for the future of any P.L. 480 program is how to restructure it in a way that removes Mukwano Industries from the role of major supplier of both soap and tallow. Of great concern to government officials, USAID/Kampala, AID/W and even the owner of Mukwano Industries, Mukwano Industries strongly feels that it cannot continue the program in the same way. Any future tallow program must be designed to level the playing field and improve the competitiveness of Uganda s soap industry. Demand is not likely to be a limiting factor as the industry becomes more competitive.

Any new P.L. 480 program must assure that "credible" players are brought into the program, preferably those willing to invest in bulk equipment. As further efficiency gains are achieved, exports are possible given the comparatively larger tallow content and resulting preference for Ugandan soap bars. The Central Bank of Uganda (BOU) has already established criteria for soap manufacturers to be "credible" and, thus, qualify for essential non-tallow imports under its OGL system. Additional criteria for new players to join any new program should have to do with their willingness to invest in bulk facilities as well as transport and related facilities and equipment for upcountry distribution and market expansion.

Assuming a 10% increase in 1991 CIF Mombasa ($408.16) and Kampala ($523.66) bulk tallow prices relative to 1990, either 24,500 or 19,096 tons of bulk tallow can be imported under the new program. The actual tonnage imported will depend on whether soap manufacturers will prefer to make their own arrangements for inland transport from Mombassa to Kampala. In either case, sufficient tallow will be in country, together with stocks now held by Mukwano (5,500 tons in Mombassa and Kampala), to allow adequate production of soap bars. If at least two new players can come forward to take up 7,500 to 10,000 tons of bulk tallow, a good basis for competition will be established.

VI. RECOMMENDATIONS

1. The Mission should continue the program as a one year program focussed on leveling the playing field for other private sector players.

2. At the same time, the Mission should begin the immediate design of a multi-year Title III program to, in part, complete the process of establishing a competitive (perhaps even international) soap industry.

3. Mission management should task an individual to be responsible for the overall management and implementation of the Title III program, coordinating the elements of local currency, policy dialogue and monitoring the implementation of the policy conditions and the impact of the program.

4. The Mission should design a program that reduces Mukwano Industries share of the P.L. 480 tallow imports, with the intention of weaning it entirely out of the program over the medium term, without penalizing the other firms while the playing field is leveled. This may require the Mission negotiating with the MOF and BOU (OGL Desk) the removal of the de facto ban (through not granting import licenses) on tallow imports outside of the program.

5. The Mission should notify the GOU in writing of the noncompliance with the reporting requirements specified in the Agreements, asking that the the required reports for the FY 1990 program be submitted immediately.

6. The Mission should notify the GOU in writing that the P.L. 480 Title I Agreement, dated April 12, 1990, for the FY 1990 tallow program does not provide for counterpart deposits in installments but instead requires the immediate deposit of the full amount of the counterpart funds which are now long overdue.

7. The Mission should carefully review its current policy of "projectizing" the entire amount of counterpart funds. Whereas USAID/Kampala (unlike many other Missions) clearly has the management capability to continue following this policy under a Title III program, it might be preferable to designate at least a portion of the counterpart as "non-projectized" support for the development budget.

8. Several policy factors restrict the competiveness of the soap industry. These issues should be high on the Mission s policy and analytical agenda.

a) While there have been efficiency gains with the program, more can be accomplished. An in-depth DRC analysis is recommended so that, inter alia, indicators for future gains can be established and monitored. This exercise should be done with the Research Department of BOU.

b) To encourage new entrants into the industry, controls on factory profits and overheads should be rationalized or, preferably, phased out.

c) De facto restrictions on soap bar imports from neighboring countries should be removed to reduce the rate of effective protection in the industry.

d) The exchange rates will have to move to a market clearing rate to facilitate inland transport of bulk tallow by local manufacturers and, eventually, exports over the medium term.

9. There is a feeling in Uganda that exchange rate convergence could be more rapidly achieved, and the need for OGL and SIP obviated, if a not too insignificant amount of untied, unsourced aid could be provided. While tallow is not "cash," it probably tends to approximate cash more than many other commodities. This suggests that any follow-on P.L. 480 program or programs could be negotiated as an element and in the context of a larger cash transfer package.

FOOTNOTES

1/ ANEPP PAAD Supplement, September 1990

2/ Rehabilitation and Development Plan 1988/89-1991/92, Volume One, Second Edition, 27th December 1989

3/ Uganda-- Request for Arrangements Under the Enhanced Structural Adjustment Facility, April 4, 1989

4/ Index of Industrial Production 1987-1990, Ministry of Industry & Technology, The Republic of Uganda

5/ Committee Report on the Edible Oil and Soap Industry, 27th June 1986, Lint Marketing Board Edible Oil & Soap Industry

6/ Study of the Tallow & Soap Markets, Uganda, Julie Brace, National Renderers Association (no date, estimated mid-August 1988)

7/ Background to the Budget 1990-91, The Republic of Uganda, Ministry of Planning and Economic Development

8/ USAID/Kampala records

9/ Data Supplied by Mukwano Industries to the team

10/ 88 Kampala 05350 dated 12/15/88

11/ 88 Kampala 05412 dated 12/20/88

COST OF DRUMMED TALLOW

ANNEX 1

The cost structure of bulk tallow imported by Mukwano under the program and drummed in Kampala for other manufacturers is reported by the Bank of Uganda as follows in $s/mt for 1990:

Tallow (FAS)	313.55
Ocean Freight	57.50
Unloading and Storage at Mombassa	11.50
CIF Mombassa	382.55
Clearing and Transport to Kampala	93.50
CIF Kampala	476.05
Import Duty (10%)	43.82
Sales Tax (10%)	48.20
Shortages	15.77
Storage/Steaming/Unloading	2.63
Financial Charges on Advances (45%) on Freight, Storage, Clearing and Taxes	46.39
Drumming	4.41
Cost of Drums (Less Replacement)	52.63
Total Ex-factory	689.90

SELF-HELP MEASURES

1988

1. The GOU agrees to allocate all the tallow funded under this agreement to the Mukwano Soap Factory and to allocate sufficient foreign exchange to finance intemediate inputs and spare parts necessary for the factory to operate at not less than 85% of installed capacity over 12 month period beginning the date the agreement is signed.

INDICATORS

a) amount of tallow allocated to Mukwano

planned 7,700 actual 7,700 MT

b) FX for intermediate inputs & spare parts

estimated required $19,200,000 actual avail $11,953,569

c) operate at 85% capacity

estimated capacity 43,000 MT actual production 26,571 MT

2. The GOU agrees to establish the ex-factory price of laundry soap on the basis of import parity for a similar grade imported from Kenya to permit total cost recovery (variable operating costs, plus depreciation) and a profit margin to Mukwano of 20%.

INDICATORS

a) price Kenyan soap ex-factory price

Mukwano price

b) variable operating costs

Mukwano Industries confirms that ex-factory price was adequate.

3. In line with the government s plan to divest itself of unproductive parastatals, the GOU agrees to divest itself and/or closedown not less than 2 parastatal soap factories within 12 months of signing this agreement.

INDICATORS

a) list of remaining parastatals as of February 2, 1989

LMB edible Oil & Soap, including:
Nakasero Soap Works
Iganga Industries
Tororo Oil/Soap Factory
O.K. Oil Mill
Madhvani
Anguruma Soap Factory

b) list of remaining parastatals as of December 31, 1989 (list of closed, divested, private factories)

the same, except Anguruma Soap Factory sold to Bunyoro Growers Coperative Union and Tororo Oil/Soap Factory is closed

d) list of remaining parastatals as of April 30, 1990 (list of closed, divested, private factories)

L.M.B. Edible Oils & Soap, including:
Nakasero Soap Works
Iganga Industries
O.K. Oil Mill
Madhvani

2. To ensure that all private soap factories are treated equitably in the allocation of P.L.480 tallow, the GOU agrees to provide tallow and foreign exchange for other raw materials to all private soap factories on the list of eligible firms under the Bank of Uganda s Open General Licensing aggrement, in amounts consistent with efficient utilization as agreed to by the Government of Uganda and the U.S. Agency for International Development. The GOU agrees to permit all private soap manufacturers to distribute soap to private wholesalers and retailers without requiring sales to the (parastatal) Food and Beverage Corporation.

INDICATORS

a) total tallow imports less Title I tallow

NONE

b) tallow from Title I going to other private soap factories than Mukwano

Total metric tons imported through the Title I **15,400** MT

Mukwano **15,114.63** MT All others **285.37** MT

Private

Kinoni	0.8 MT
Bale Products Ltd	1.6 MT
Hosi Soap Factory	13.48 MT
Mawokota Chemical Industry	30.0 MT
CALTEX Soap	2.58 MT
Subtotal Private	48.46 MT

Parastatal

Esible Oil & Soap Industries	216.91 MT
Uganda Consumer Sup Ltd	20.0 MT
Subtotal Parastatal	236.91 MT

c) soap manufacturers on OGL list of eligible importers

1989	1990
Mukwano	Mukwano
Mawokota Chemical Industry	Mawokota Chemical Industry
Nakasero Soap Works	Nakasero Soap Works
Hosi (U) Ltd	Hosi (U) Ltd
P. Senfuka & Sons	P. Senfuka & Sons
	Madhvani
	New O.K. Oil Mills
	Mbale Soap Works

d) list of manufacturers importing tallow through the OGL

NONE

e) list of manufacturers actually importing other raw materials through the OGL

1989	1990
Mukwano	Mukwano
Mawokota Chemical Industry	Mawokota Chemical Industry
P. Senfuka & Sons	Nakasero Soap Works

f) laws, regulations, gazetted notices, newspaper announcement, or MOU which authorized private sector factories to distribute their production on the open market

OR

gazette or notice which removes the Food and Beverage Corporation s monopoly

Mission has requested copies from the MOF, ERP Coordinator

1990

1. The GOU agrees to encourage through streamlined procedures and/or regulations and financial incentives to permit not less than two private (at least one foreign) air cargo carriers to operate in-and-out of Entebbe Airport to improve handling capacity. To help facilitate competition and greater air cargo capacity, the GOU will agree to charge internationally competitive airport charges and fees to private carriers; and the national carrier will not charge royalties to private carriers engaged in the air freight of horticultural and other non-traditional export products.

INDICATORS

a) number of private air cargo carriers operating through Entebbe

b) schedule of fees and charges prior to agreement

90 Kampala
6253

c) schedule of fees and charges after agreement

90 Kampala
6253

d) regulation interdicting national carrier from charging royalties

90 Kampala
6253

2. To help facilitate the marketing of fresh horticultural crops, processed fish and other commodities the GOU will permit and encourage no less than two private firms to invest in and operate cold storage and warehousing facilities at, or in the vicinity of, Entebbe Airport within six months of signing this Agreement.

INDICATORS

a) number of private firms investing in cold storage facilities

at Entebbe 1 in vicinity of Entebbe Airport 1

Because of GOU organizational structure, the timetable for this self-help measure was unrealistic. Satisfaction of this self-help measure was achieved in less than one year.

SOAP FACTORIES

1986

Parastatal

LMB Edible Oil & Soap, includes:
1. Tororo Oil/Soap Factory
2. Iganga Industries
3. Nakasero Soap Work
4. Anguruma Oil/Soap
5. O.K. Oil Mill
6. New Badaka/New Alliance

Cooperative

7. Supersonic
8. Magodes
9. Balangira

Private

10. EMCO or Madhvani (formerly Kakira Oil/Soap Factory, joint venture GOU with former owner)
11. Mukwano

1988

Parastatal

LMB edible Oil & Soap, including:
3. Nakasero Soap Work
2. Iganga Industries
1. Tororo Oil/Soap Factory
5. O.K. Oil Mill
4. Anguruma Oil/Soap

Cooperative

6. Mbale-New Badaka Ginners and New Alliance

Private

10. Madhvani
11. Mukwano
12. Mbale Soap Works (Certificate 132),brand name Rafifki

1989

Parastatal

LMB Edible Oil & Soap, including:
3. Nakasero Soap Work
5. O.K. Oil Mill
2. Iganga Industries 1. CLOSED Tororo Oil/Soap Factory

Cooperatives

6. Mbale New Badaka/New Alliance
4. Anguruma Soap Factory sold to Bunyoro Growers Cooperative Union

Private

10. Madhvani
11. Mukwano
12. Mbale Soap Works

1990

Parastatal	Cooperative	Private
LMB Edible Oil & Soap, including: 3. Nakasero Soap Work 2. Iganga Industries 5. O.K. Oil Mill	6. Mbale New Badaka/New Alliance 4. Anguruma Soap Factory	10. Madhvani 11. Mukwana 12. Mbale Soap Works 13. Brothers 14. Caltex Soap 15. Hosi 16. P. Senfuka & Sons 17. Mawokota Chemical Industries 18. General Millers & Chemicals 19. Munakukaama Soap Manufacturing Co. 20. Ntovu Soap Factory 21. Kinoni Soap Works

1991

Parastatal	Cooperative	Private
22. Uganda Associate Industries Ltd LMB Edible Oil & Soap, including: 2. Iganga Industries 5. O.K. Oil Mill	6. Mbale New Badaka/New Alliance 4. Anguruma Soap Factory	10 Madhvani 11. Mukwana 12. Mbale Soap Works 3. Nakasero Soap Works (divestiture believed to have been completed) 13. Brothers 14. Caltex Soap 15. Hosi 16. P. Senfuka & Sons 17. Mawokota Chemical Industries 18. General Millers & Chemicals

4/10/91 factorys