OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org
REPORT ON MISSION TO UGANDA CONCERNING THE
PROPOSED STUDY OF INDUSTRIAL CAPACITIES AND POTENTIALS

(by Marian Radetzki)

I visited Kampala, Uganda, from 30 January to 2 February 1983, to undertake my assignment which was indicated in the Special Services Agreement as follows:

"- Prepare, on the basis of examination of reports and discussions with Government authorities concerned, a detailed proposal for a study of Industrial Capacities and Potentials in Uganda, in terms of possible scope, approach and timing;
- Prepare proposal for an outline of the study."

I had discussions with various persons and organizations listed in Appendix 1 to this report. Attached hereto also as Appendix 2 is a list of recent studies on Uganda which will no doubt provide useful background information for the study on Industrial Capacities and Potentials.

The Ministries of Industry and Planning are strongly in support of launching the project as suggested in Mr. Muegge's letter to the UNDP Resident Representative of 28 September 1982. On the basis of the discussions held and the information gathered, I prepared detailed terms of reference for the study which are submitted herebelow in this report.
Terms of Reference for a study of Industrial capacities and potentials in Uganda, to be undertaken by UNIDO in collaboration with the Government of Uganda

Introduction

The Uganda economy was severely disrupted in the course of the 1970's. Most of the current development efforts, including those directed to the manufacturing industry sector, focus on the rehabilitation of existing capacities. Even before rehabilitation is completed, there is a need to explore the longer term nature and role of industrial expansion in Uganda. The purpose of the present project is to attend to this need.

A number of studies of the predicaments of the Ugandan economy in the early 1980's have been recently completed. Some of the most important ones are listed in the appendix. Practically all of them address the complex issues of rehabilitation.

The project now proposed would make a heavy use of the above studies as valuable inputs. But it would be much wider in scope with regard to the time period that is considered. The results of the project could be useful in at least three ways. First, they would be of help
for judging the appropriateness or otherwise of individual industrial project proposals. Second, they would provide an instructive framework for the preparation of the industry sections in forthcoming national development plans. And third, they would be of general help in assuring that the industrial sector contributes in an optimal way to national development.

Scope and content

The project will deal with manufacturing industry only. Agriculture, mining, transport and other service sectors will not be treated. The time horizon will be limited to approximately ten years, i.e. from the present to the early 1990's. While the project will analyze the industrial sector by branch, there is no intention to identify or discuss individual industrial ventures.

An introductory section will describe the current general economic situation in the country, and briefly analyze the ongoing rehabilitation efforts. Special emphasis will be given to the industrial sector.

An attempt will then be made to project the expansion as well as content and role of the industrial sector over the next ten years, in the context of the government's ambitions with regard to overall economic growth, consumption and satisfaction of social needs. The projected industrial structure would be designed so as to contribute
in an optimal way to the country's development goals. Clear indications would be provided of the priorities over time, and the appropriate time sequence for developing the different parts of the industry.

In this projection special emphasis will be given to the following aspects:

a. the comparative advantage of Uganda in different branches of the manufacturing industry,
b. the possibility to reap economies of scale in different branches of industry in the Ugandan context,
c. the size and growth of domestic demand for manufactured products and industrial inputs,
d. the prospects for industrial exports,
e. the import requirements to satisfy consumption and industrial input needs,
f. the areas where imports of managerial resources and appropriate technology are especially important, and techniques for facilitating such imports,
g. the overall balance of payments implications of the projected industrialization strategy,
h. the availability of local raw materials required by the industrial sector,
i. the prospects for industrial uses of available waste products, e.g. paper and metal scrap,
j. the supply of qualified manpower resources, including entrepreneurial personnel for the industrial sector, and measures needed to expand that supply,
k. the overall employment implications of the projected industrialization strategy,
l. the interdependencies between industrial branches, and the linkages between the industrial sector and the rest of the economy,
m. the advantages of combining small scale industries into complementary industrial estates,
n. the regional aspects of industrial development.

A third section would quantify the financial resources needed to carry out the projected industrialization plans. It would also suggest alternative sources for equity or loan finance, both domestic and foreign.

A fourth and final section would discuss the policies and institutions needed to carry out the industrial development program. More specifically, the section would discuss and recommend policies pertaining to:

a. public versus private ownership,
b. terms and conditions for foreign investment,
c. fiscal structure and financial incentives,
d. regulation of prices,
e. the role of various ministries, development banks and development corporations for promoting industrial growth.
Practical

The project will be carried out by a team of no less than three experts appointed by UNIDO. The team should include:

a. a macro-economist,

b. an industrial economist, and

c. an industrial engineer.

It is recommended that the team should include one full-fledged member from Uganda. While the government would pay the salary of this member, UNIDO would cover the cost of travel and subsistence for his participation in this project outside Uganda.

After constituting the team, time should be provided to permit its members to study the current economic situation in Uganda, for instance by reading the items listed in the appendix.

There will follow a 3-4 week field visit to Uganda, to collect data and other information, and also to liaise with the government and other relevant Ugandan institutions. The period in Uganda will provide opportunities to visit a number of industrial enterprises. Trips to Tororo (130 miles from Kampala), and Ginger (50 miles from Kampala) to study existing industrial installations are envisaged. Trips to areas with no or little current industrial activities are also foreseen.

The final stage of the project will consist of the preparation of a report at UNIDO's offices in Vienna.
Utmost care will be taken to design the report so as to facilitate continued work of the Ministry of Industry in extending the analysis beyond the period covered, or deepening it to provide greater detail, e.g. in terms of individual project identification.

The Government is anxious that the project be completed as early as possible, and preferably not later than 1 November 1983. It should be noted that the Ministry of Planning intends to issue new statistical data on a wider basis than presently available, by June/July 1983. These statistics should constitute an important input into the project work.

UNIDO will fund the entire cost of the project, except the local salary of the Ugandan team member. It is understood that the funding of this project will constitute a net addition to the overall UNIDO activities in Uganda.

The Government will look into the possibilities for providing office space for the team during its visit to Uganda.
Appendix 1

LIST OF PERSONS VISITED

Ministry of Industry
Mr A P Katumba, Permanent Secretary
Mr S Sempebwa, Senior Industrial Officer
Mr V Ntege, Senior Economist Planning

Ministry of Planning
Mr M Tumusiime, Chief Government Planning Economist
Mr O Ongar, Senior Economist Industry section
Mr Åke Krantz, Chief Technical Adviser (IBRD)

Ministry of Commerce
Mr A Mahmood, Chief Technical Adviser (UNCTAD)

UNDP Office
Mr T Johansson, Resident Representative
Mr T Howick-Smith, Assistant Resident Representative
Mr M Miloff, Junior Field Staff
Appendix 2

Important documents and studies on the current development problems and efforts in Uganda, or otherwise of relevance to the project.


5. UN, 'Special Economic and Disaster Relief Assistance (Uganda), UN General Assembly A/37/121, 19 March 1982


8. World Bank, 'Staff Appraisal Report, Uganda Industrial Rehabilitation Project', 20 April 1982

