

BANK OF UGANDA



Survey On Private Capital Flows

A. Background

1. Introduction:

Bank of Uganda (BOU) is developing a system to monitor capital flows in and out of Uganda. The project is coordinated by a Working Group comprising, BOU, Uganda Bureau Of Statistics (UBOS), Uganda Investment Authority (UIA), Private Sector Foundation (PSF), Uganda Manufacturers' Association (UMA), Uganda Bankers' Association (UBA), and Economic Policy Research Council (EPRC).

2. Why do we need to collect this information?

- i.** With removal of exchange controls in the 1990s, private investment has increased dramatically to benefit our country by way of economic development. However, this has also meant that we are less able to monitor these flows for purposes of formulating policies that would sustain this development.
- ii.** Globalisation has meant that countries are more prone to contagion effects of market failures such as those that recently hit South East Asia. In absence of exchange controls, there is need for timely and reliable data on foreign transactions to mitigate the destabilising effects.
- iii.** The information sought is essential for foreign exchange management, interest rate policy, and aversion of economic crises for stable growth. It is also vital in our investment promotion and facilitation efforts.
- iv.** Good quality economic statistics are necessary if Uganda is to comply with International codes and standards.

3. Who is funding the project?

In recognition of the above priorities and in order to consolidate the Bank's and contribution so far, the Swiss Government, through the State Secretariat for Economic Affairs (**Seco**), with assistance from the British Government through the Department for International Development (**DFID**) are sponsoring the setting up of the private capital monitoring system. To this effect the Bank is embarking on a major survey for purposes of collecting basic information that will form the basis for further analysis of private capital flows.

4. Confidentiality assured?

While the Bank is empowered to collect data under the **Uganda Bureau Of Statistics Act (1998)**, we wish to re-assure you that all information obtained will be treated as **confidential** and used for statistical and economic analysis for policy formulation purposes only. In addition, our staff is bound to secrecy under **section 46 of the Bank of Uganda Statute (1993)**. Data relating to individual companies will not be made available to anybody outside the Bank without prior approval of the respondent, and will only be published in aggregate form.

5. Do you need assistance?

Our field staff is available for guidance on how to complete the questionnaire. In addition, the following offices are open for any inquiries;

Title	Department	Telephone	E-mail address
Director (Project Coordinator)	Trade & External Debt	041-231036	muwanga-zake@bou.or.ug
Director	Research	041-230791	ego@bou.or.ug
Assistant Director	Trade & External Debt	041-232762	beulah@hotmail.com

6. When do you return the completed questionnaire?

The due *date* for return of the questionnaire to the Director, Trade and External Debt Department, Bank of Uganda, Plot 37/43, Kampala Road, P.O. Box 7120 Kampala is *on/or before 15th August 2001*. If you would prefer that our staff collect the questionnaire, contact us on the addresses provided.

7. Will there be any feedback?

Yes! As a way of promoting dialogue we will share with you the results of this exercise and seek your further involvement in this project.

We look forward to hearing from you and thank you for your time!

B. Guidelines

1. Arrangement

This questionnaire is divided in Five (5) Parts.

i) Part 1: General Information

To be completed by all respondents.

ii) Part 2: Foreign Investment

To be completed if;

- non-resident entities hold shares(equity) in your entity;
- your entity issued new shares to non residents during January to December 2000;
- your entity re-invested earnings attributed to foreign Directors and/or Shareholders;
- your entity remitted or paid dividends to non-resident entities.

iii) Part 3: Foreign Non-Equity Liabilities

To be completed if your entity;

- borrows from non-resident entities.

iv) Part 4: Investment in Non-Resident Entities

To be completed if your entity;

- invests or owns shares (equity) in non-resident entities;
- purchased shares from non-resident entities during January to December 2000;
- re-invested earnings from your non-resident entities;
- received dividends and profits from non-resident entities.

v) Part 5: Foreign Non-Equity Assets

To be completed if your entity;

- has claims on non-resident entities.

2. Reporting period

This form asks for data on a calendar year basis (i.e., from 1 January to 31 December) for 1999, and 2000. If your entity's accounts are prepared other than on calendar year basis please aggregate Monthly, Quarterly or Semi-annual accounts in order to comply with the January to December calendar year.

3. Currency of reporting

Please provide all data in US Dollars except where you are instructed otherwise.

4. Exchange Rates:

For purposes of conversion exchange rates are provided as **appendix 1** and should be applied as follows:

- **Year-end** exchange rates for 1999 and 2000 respectively, for conversion of Stocks at year-end.
- **Monthly average exchange rate** for transactions during calendar year 2000.

5. Reporting Style

Please report all data in **units** (do not round off figures).

C. Definitions

This questionnaire contains technical words, which are explained below in the context in which they are used. However, if you still encounter problems, and/or are uncertain of any terms or questions, please do not hesitate to call us for clarification.

1. Residency

The survey focuses on **residency** (or where the centre of business is located), and not nationality.

i. Resident entity

You are a **resident entity** if you have lived or operated (or intend to live or operate) in Uganda for a year or more, regardless of your nationality.

ii. Non-Resident entity

You are a **Non-resident entity** if you have lived or operated (or intend to live or operate) outside Uganda for a year or more (even if you hold Ugandan nationality). International Organisations such as the EADB, PTA, ADB, BADEA, IFC, CDC, DEG, EIB, etc that have shareholders who are governments are considered non-residents irrespective of the country in which they are located.

2. Equity and Non-equity

- i. Equity** means shares held in an entity or the equivalent ownership interest for branches.
- ii. Non-equity** refers to all other financial instruments and includes bonds, debentures, notes etc. and money market instruments, loans, trade credits, inter company accounts balances, arrears of debt or interest and deposits.

3. Foreign Investment

- i. Foreign Direct Equity Investment (FDEI)** is where a non-resident entity has a 10% or more of the ordinary shares in your entity or your entity has a 10% or more ordinary shares in a non-resident entity.
- ii. Foreign Portfolio Equity Investment (FPEI)** is where a non-resident entity has a less than 10% ordinary shares in your entity or your entity has a less than 10% shares in a non-resident entity.

4. Market Value

Market value is what you would be willing to accept as payment, (based on commercial considerations only), for your entity from a willing buyer.

How do you determine the market value for your company?

The value may be based on;

- i) Auditor's estimate.
- ii) Use the accountant's, financial manager's, or director's estimate.
- iii) Comparison with a similar sized entity or similar line of business.

*Please note that while we ask for calendar year end data, your **closest approximation** is perfectly acceptable.*

5. Book (Nominal) Value

Book Value comprises of authorised and issued share capital at historical cost plus any share premium reserves, retained earnings, and any other reserves.

6. Retained (Reinvested) Earnings

Retained (Reinvested) Earnings are net profits earned after tax, less total dividends paid and profits remitted to both non-residents and residents.

7. Dividends

Dividends are earnings distributed to shares (equity) or equivalent equity holdings for incorporated private entities.

8. Branch profits

Branch profits are similar to dividends **but** apply to unincorporated entities.

9. Shareholder and inter-company borrowing and lending

This is borrowing or lending between your entity and a related non-resident entity.

Now proceed to answer the questionnaire.

Thank you for your cooperation and time.