



Private Sector Investment Survey 2015 Report

January 2016

Table of Contents

Acronyms	iii
Foreword	iv
Executive Summary	v
CHAPTER ONE: INTRODUCTION.....	1
1.1. Background.....	1
1.2. The Global Macroeconomic Environment	2
1.2.1. Overview	2
1.2.2. International Private Capital Flows.....	3
1.3. Organization of the Report.....	7
CHAPTER TWO: GENERAL FINDINGS	8
2.1. Survey Sample and Response Rate.....	8
2.2. Contribution to Economic Activity	10
2.3. Employment.....	13
2.4. Compensation of Employees.....	13
2.5. Net-Profits, Dividends and Retained Earnings.....	14
CHAPTER THREE: FOREIGN DIRECT INVESTMENT AND FOREIGN BORROWING.....	16
3.1. Foreign Direct Investment.....	16
3.2. Foreign borrowing	19
3.3. Incorporating the Results in the Balance of Payments	21
3.4. Conclusion.....	23
APPENDIX – A: Sampling and Grossing-up Methodology.....	a
APPENDIX – B: Statistical Appendix	b

List of Tables

Table 1.1: Global FDI flows, by region, 2009-2011 (US\$ billions)	6
Table 2.1: Returned questionnaires by Sector (number of entities).....	9
Table 2.3: Distribution of Employment by Residency	13
Table 2.4: Compensation of Employees by Residency.....	14
Table 2.5: Net profits, Dividends and Retained Earnings	15
Table 3.1: Composition of Foreign Direct Investment (Shs. billions)	17
Table 3.2: Sector Distribution of Foreign Direct Investment (Shs. billions)	18
Table 3.3: Top 10 Foreign Direct Investment Source Countries (Shs. billions)	19
Table 3.4: Composition of Foreign Borrowing (Shs. billions).....	20
Table 3.5: Survey Estimates and Respective Grossed-Up Estimates of Foreign Direct Investment and Foreign Borrowing	22

List of Figures

Figure 1.1: FDI Inflows, Global and by Regional Groups, 1995-2014 (US\$ billions).....	4
Figure 1.2: FDI Inflows to Uganda, 2000 - 2014 (US\$ million)	7
Figure 2.1: Entity Turnover by Economic Activity in 2013 and 2014..... (Shs. Billion)	11

List of Appendices

Table B.1: Total Employment by Economic Sectors in 2013 and 2014	b
Table B.2: Compensation of Employees by Economic Sectors in 2013 and 2014-(US\$ millions)	c
Table B.3: Grossed-up Foreign Direct Investment and Foreign Borrowing during 2013 and 2014-(US\$ millions).....	d
Table B.5: Grossed-up FDI Flows by Source Countries 2008 – 2014-(US\$ millions).....	e

Acronyms

BOP	Balance of Payments
BOU	Bank of Uganda
EPRC	Economic Policy Research Centre (Makerere University)
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IIP	International Investment Position
IMF	International Monetary Fund
PSFU	Private Sector Foundation Uganda
PSIS	Private Sector Investment Survey
Shs.	Uganda Shillings (Currency)
UBOS	Uganda Bureau of Statistics
UBA	Uganda Bankers Association
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers' Association
UNCTAD	United Nations Conference on Trade and Development
US\$	United States Dollars
UWG	Uganda Working Group on Private Sector Investment Monitoring

Foreword

This report presents the findings of the annual Private Sector Investment Survey of 2015 covering information on private investment in 2014. The survey was the fourteenth in a series of annual surveys jointly conducted by the Bank of Uganda, the Uganda Bureau of Statistics and the Uganda Investment Authority. The survey collected information on foreign direct investment and borrowing in resident enterprises and on other variables pertaining to private sector investment. The information generated was used in the compilation of the Uganda's balance of payments, international investment position and macroeconomic analysis to inform policy decisions.

The survey revealed that foreign direct investment inflows amounted to US\$1,058.6 million in 2014, a decrease of 3.5 percent compared to the estimate of US\$ 1,097.1 million in 2013. The decrease in foreign direct investment in 2014 was mainly on account of lower inflows of new equity. Foreign borrowing by resident enterprises from non-affiliated enterprises amounted to a net repayment of US\$9.4 million in 2014.

The annual private sector investment survey would not have been successful without the cooperation of key stakeholders; the enterprises, government agencies, the media and field staff. The Bank of Uganda acknowledges and appreciates the valuable contribution of all stakeholders and the enterprises that participated in the survey.

Management,
Bank of Uganda

Executive Summary

The Private Sector Investment Survey (PSIS) 2015 was the fourteenth in a series of joint annual surveys conducted by the Bank of Uganda in collaboration with Uganda Bureau of Statistics and Uganda Investment Authority. The objective of the survey was to collect information required for the compilation of Uganda's balance of payments, international investment position and other key macroeconomic statistics for 2014 that are required for policy formulation.

A total of 751 questionnaires were administered during the survey from which 663 enterprises responded, representing a response rate of 88.3 percent. Overall, the 663 enterprises had an estimated contribution to value added in current prices during 2014 of Shs.3,708 billion equivalent to about 5.2 percent of GDP. In addition, the samples' contribution to fixed capital formation during 2014 was estimated at about Shs.1,894 billion representing 10.3 percent of total fixed capital formation and 13.6 percent of private fixed capital formation.

The findings on employment indicated that total employment by the enterprises that responded increased by 2.0 percent from 105,450 employees during 2013 to 107,559 employees during 2014. Similarly, there was an increase in compensation of employees of 7.3 percent from Shs.1,847.7 billion in 2013 to Shs.1,982.0 billion during 2014. Profitability of enterprises surveyed increased by 5.5 percent to Shs.1,031.9 billion during 2014 from Shs.978.1 billion recorded in 2013.

The grossed-up findings on Foreign Direct Investment (FDI) transactions during 2014 decreased by US\$38.5 million to US\$1,058.6 million from US\$1,097.1 million in 2013. The decrease in FDI inflows in 2014 was mainly on account of lower inflows of new equity. Net inflows of other capital which is comprised of borrowings from foreign affiliates increased to US\$317.1 million

during 2014 compared to US\$250.2 million recorded in 2013. However, foreign borrowing by resident enterprises from non-affiliated enterprises was a net repayment of US\$9.4 million during 2014 compared to a net repayment of US\$18.3 million recorded in 2013. Transactions involving other equity investment (equity investment of less than 10% of total equity) during 2014 were estimated at US\$ 7.6 million.

The major recipient sectors of FDI during the year were mining and quarrying including oil (49.9 percent), I.C.T. (23.3 percent), finance and insurance (18.2 percent) and electricity and gas (4.5 percent). The largest inflows/disbursements of foreign debt from foreign affiliates went to ICT, wholesale & trade, and manufacturing sectors. The three sectors jointly accounted for 79.3 percent of the total disbursements from foreign affiliated entities received during 2014. In terms of source of FDI, Netherlands, Australia, UK, Kenya and Mauritius were the largest sources accounting for 86.8 percent of total FDI inflows received by Uganda during 2014.

The survey findings also showed that entities in the electricity & gas sector had the largest exposure to foreign debt from unrelated entities, accounting for 76.5 percent of the outstanding stock of debt in this category at the end of 2014. Entities in wholesale & retail trade, electricity and gas and real estate sectors received 89.4 percent of the total disbursements and remitted 72.7 percent of the repayments to non-affiliated entities during 2014.

CHAPTER ONE

INTRODUCTION

This introductory chapter provides a brief background to the survey; methodology used and highlights global macroeconomic developments and trends in international private capital flows, during 2014. The basis for analysis of the findings and evaluation of the trends in foreign private sector investment is also discussed in this chapter.

1.1. Background

The Private Sector Investment Survey (PSIS) 2015 was the fourteenth in a series of annual surveys conducted by the Uganda Working Group (UWG) on private sector investment monitoring. These regular PSI surveys are intended to provide reliable information for the compilation of Uganda's Balance of Payments (BOP), International Investment Position (IIP), Coordinated Direct Investment Survey (CDIS) and other macroeconomic statistics to guide policy decisions. The PSIS 2015 collected and analysed information on the value of investment, composition, source and destination countries and sector distribution of investment stocks as at end 2013 and 2014 and flows during 2014.

Foreign Private Capital, particularly in the form of foreign direct investment (FDI) is an important source of finance for most developing economies. In these economies, FDI entities have continued to provide the financial, human and technological resources required to complement domestic private investments, and to support growth and development. In essence, FDI enterprises are associated with increased capital formation, export growth and technological transfer within the host economy. Further, the activities of the FDI enterprises contribute to employment creation, boost demand and improved public revenue. The PSIS 2015 targeted 860 enterprises known to have large foreign liabilities and assets from previous surveys and newly licensed enterprises from the UIA's investor register. The sample size was selected purposively to achieve full coverage of all enterprises with foreign direct investment and foreign borrowing

identified from the PSIS 2014 survey. In addition, all enterprises that were licensed by UIA during 2014 were incorporated into the sample to determine whether they had foreign direct investment and foreign borrowings from non-affiliates. The sampling method generated a total of 752 enterprises, which had reported foreign direct investment and foreign borrowing in the previous surveys. These were supplemented with 108 entities that included 3 newly licensed enterprises obtained from UIA's investor register, 33 enterprises that did not provide information during the PSIS of 2014, 39 enterprises from URA's top 1,000 tax payers that had never been surveyed and 33 enterprises reported in print media.

The data collection activities involved direct administration of the questionnaires to the respondents by a team of trained enumerators. The exercise was conducted from 11th June to 21st August 2015 by a team of thirty four (34) interviewers supported by four (4) members of staff from the Statistics Department of Bank of Uganda, one staff from UBOS, and one staff from UIA. After the first phase, a team of 15 enumerators were assigned to follow-up on enterprises that did not respond in the first round of data collection and to gather additional information to improve the data quality for some enterprises.

1.2. The Global Macroeconomic Environment

An overview of the global economy and trends in international private capital flows during 2014 and forecasts for 2015 is presented in this section.

1.2.1. Overview of Global Growth in 2015

According to the IMF's WEO-January 2016¹, global economic activity remained subdued throughout 2015 with global growth estimated at 3.1 percent. The bigger contribution to global growth came from advanced countries where the modest recovery seen in recent periods remained steady. In emerging market and

¹ IMF World Economic Outlook Update – January 2016: Subdued Demand, Diminished Prospects.

developing countries, growth declined for the fifth consecutive year, majorly influenced by faster slow down in China and falling commodity prices.

Over the next two years, global growth is projected at 3.4 percent in 2016 and 3.6 percent in 2017 supported by resilience of economic activity in the United States of America, stronger private consumption in the euro area, and better growth prospects in Japan on the back of fiscal support, among other factors. However, growth prospects in emerging market and developing economies are projected to be weaker than earlier envisaged mainly due to the slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies such as Brazil.

The WEO-January 2016 report outlines the downside risks to the global growth as: generalized slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States, which could tighten global financing conditions.

1.2.2. International Private Capital Flows Development

According to the UNCTAD World Investment Report 2015 (WIR-2015)², global foreign direct investment (FDI) inflows fell by 16 per cent in 2014 to US\$1.23 trillion, down from US\$1.47 trillion in 2013, mainly as a result of the fragility of the global economy, policy uncertainty and elevated geopolitical risks. In addition, in some countries new investments were offset by large divestments.

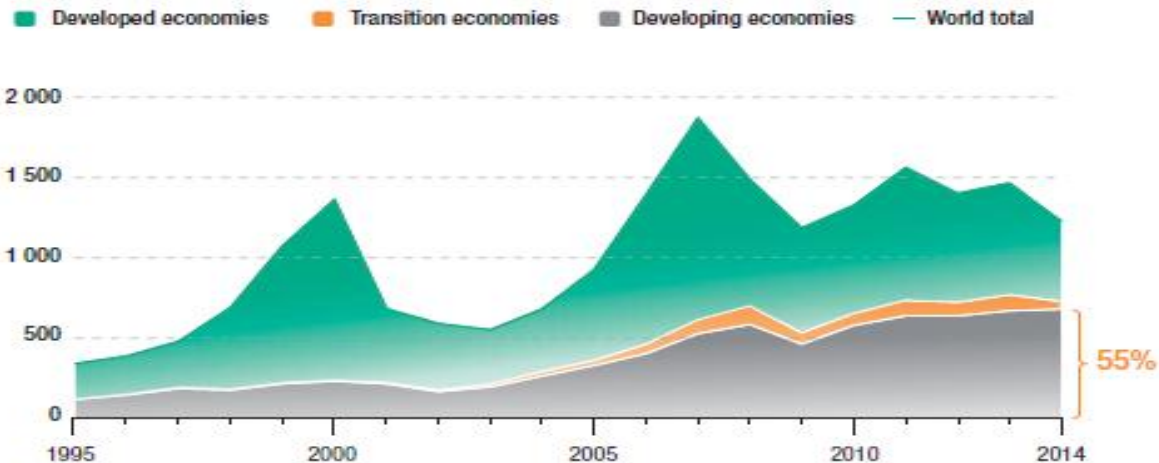
For 2015, UNCTAD forecasts an upturn in FDI flows to US\$1.47 trillion. This is expected to rise further to US\$1.5 trillion in 2016 and US\$1.7 trillion in 2017, driven largely by growth prospects in the advanced economies such as the United States of America and continued investment liberalization and promotion

² UNCTAD World Investment Report 2015: Reforming International Investment Governance.

measures. However, the WIR-2015 points to a number of risks to the forecasts including ongoing uncertainties in the Eurozone, potential spill-overs from geopolitical tensions, and persistent vulnerabilities in emerging economies, all of which may disrupt the projected recovery.

Oil prices have declined markedly since September 2015, reflecting expectations of sustained increases in production by Organization of the Petroleum Exporting Countries (OPEC) members amid continued global oil production in excess of oil consumption. Prices of other commodities, especially metals, have fallen as well.

Figure 1.1: FDI Inflows, Global and Group Economies, 1995-2014 (US\$ billions)



Source: UNCTAD-WIR 2015

In terms of geographical trends, FDI inflows to advanced economies and emerging economies registered significant declines while inflows to developing countries remained at historically high levels. Developing-economy inflows reached \$681 billion (table 1.1) accounting for 55 per cent of global FDI inflows in 2014, with the major recipients being countries from developing Asia. Flows to Latin America declined while those to Africa remained flat. The drop in flows to Latin America was a result of a decline in cross-border mergers and acquisitions (M&As) in

Central America and the Caribbean, and lower commodity prices, which reduced investment in the extractive industries in South America.

Inflows to Africa remained stable at \$54 billion, with declines registered in North Africa and West Africa, offset by higher inflows in other regions. Central Africa and East Africa saw their FDI flows increase by 33 per cent and 11 per cent, to \$12 billion and \$7 billion, respectively. FDI flows to West Africa were negatively affected by the Ebola outbreak, regional conflicts and falling commodity prices.

FDI flows to developed countries dropped by 28 per cent to \$499 billion, largely driven by a significant decline in inflows to the United States and countries in the euro area. Inflows to the United States fell to US\$92 billion, mainly due to significant divestment, while flows to Europe also fell by 11 per cent to \$289 billion, with declines reported in Ireland, Belgium, France and Spain.

Inflows to transition economies declined by 52 percent to \$48 billion, as regional conflict and sanctions deterred new foreign investors, particularly in Russia and Ukraine.

Table 1.1: Global FDI Flows, by Region, 2012-2014 (US\$ billions)

Region	FDI Inflows			FDI Outflows		
	2012	2013	2014	2012	2013	2014
World	1,402.9	1,467.2	1,228.3	1,283.7	1,305.9	1,354.0
a). Developed economies	678.7	696.9	498.8	872.9	833.6	822.8
b). Transition economies	85.1	99.6	48.1	53.6	91.5	63.1
c). Developing economies	639.0	670.8	681.4	357.2	380.8	468.1
Latin America	178.0	186.2	159.4	43.8	28.5	23.3
Asia	400.8	427.9	465.3	299.1	335.3	431.6
Oceania	3.7	2.8	2.8	1.6	1.1	0.2
Africa	56.4	54.0	53.9	12.4	16.0	13.1
<i>Eastern Africa</i>	5.5	6.1	6.8	0.3	0.1	0.1
<i>Central Africa</i>	9.5	9.0	12.1	0.2	0.1	0.3
<i>Northern Africa</i>	17.2	13.6	11.5	3.3	1.0	1.7
<i>Southern Africa</i>	8.0	11.0	10.8	5.1	12.6	8.8
<i>Western Africa</i>	16.3	14.2	12.8	3.5	2.2	2.3

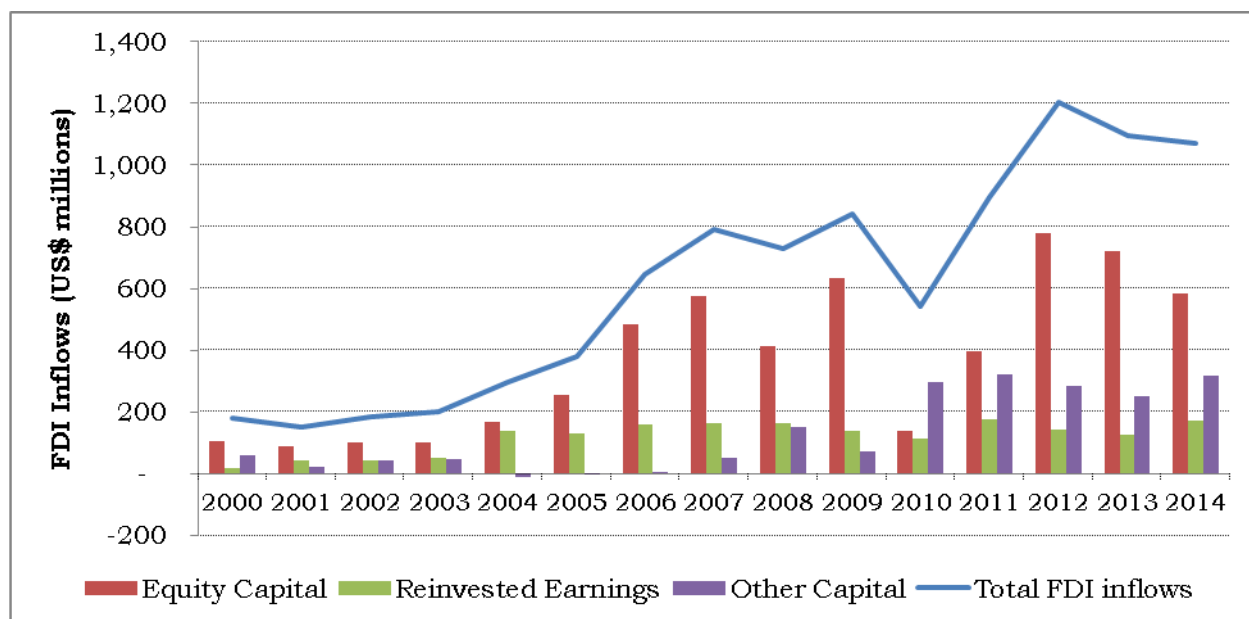
Source: UNCTAD, *Foreign Direct Investment Statistics 2015*.

Outward FDI from Africa declined by 18.8 percent to US\$13.1 billion in 2014 from US\$16.0 billion in 2013. Southern Africa remained the major source of outward FDI despite a decline of 30.2 percent to US\$8.8 billion in 2014 from US\$12.6 billion in 2013.

In Uganda, FDI³ inflows decreased in 2014 to US\$1,058.6 million from US\$1,097.1 million in 2013 mainly on account of a reduction in equity capital. The largest contribution to total FDI inflows was however in mining (mainly driven by investments in oil exploration activities), finance and insurance services, manufacturing, ICT and electricity & gas sectors. Despite a slight decline in equity investment, new equity continued to be the main component of FDI inflows to Uganda as illustrated in Figure 1.2.

³ FDI includes Equity (Equity shares, Retained earnings and Revaluations) and Other Capital i.e. Debt (Loans and Trade Credits) from affiliated entities.

Figure 1.2: FDI Inflows to Uganda, 2000 - 2014 (US\$ million)



Source: Computation based on BoU, BOP Statistics

1.3. Organization of the Report

The rest of the report is structured as follows: Chapter 2 provides the general survey findings, while Chapter 3 presents findings on FDI and foreign borrowing and concludes.

CHAPTER TWO

GENERAL FINDINGS

This chapter presents a description of the sample and the survey results relating to the general characteristics of the enterprises surveyed. Also included is an assessment of the sample's contribution to the economy's value added and gross fixed capital formation. The reporting currency used for presenting the survey findings is the Uganda shilling except for the up-rated estimates which are in US dollars (US\$). Additional tables in US dollars are provided in Appendix B.

2.1. Survey Sample and Response Rate

The survey sample was selected with the objective of covering all enterprises in Uganda with foreign direct investment, unrelated foreign borrowing and new enterprises licensed during 2014. Subsequently, the sample was comprised of some enterprises with only foreign direct investment or foreign borrowing and some with both.

A total of 751 questionnaires were administered to enterprises during the field activities out of the 860 enterprises sampled. Of the 109 enterprise not administered, 45 (or 41.3%) were not located, 15 (or 13.8%) were closed, 2 (or 1.8%) were not operational, 1 (or 0.9%) had not yet started operations and 46 (42.2%) did not receive the questionnaire. Of the 751 questionnaires delivered, 663 enterprises responded resulting in a response rate of 88.3 percent of the enterprises targeted. Financial statements for 393 of the respondents were collected and used to validate some of the information submitted. In addition, comparisons were made with the information provided in the previous surveys at enterprise level to check for consistency of the information provided.

The regional distribution of the targeted enterprises and response to the PSIS 2015 is shown in Table 2.1. The Table reveals that 625 enterprises or 94.3

percent of the enterprises that responded were located in the central region followed by 25 or 3.8 percent enterprises located in the Eastern and Northern region and 13 or 2.0 percent in Western region.

Table 2.1: Returned Questionnaires by Region (*number of entities*)

Region	Administered ^{1/}	Returned	Regional distribution of returned questionnaires (%)
Central ^{2/}	703	625	94.3
East and North	28	25	3.8
West	20	13	2.0
Grand Total	751	663	100.0

Note

1. The difference between targeted and administered questionnaires arose from the fact that during field activities some business enterprises were not found either because they had not commenced business or had relocated or merged/acquired with/by another entity or had closed.
2. The large number of enterprises targeted from the Central region is explained by the fact that most companies have their head-offices located in Kampala from where the information is collected.

Source: PSIS 2015 findings

At sector level, the highest share of respondent enterprises (22.0 percent) was in manufacturing, followed by wholesale and retail activities (21.9 percent), finance and insurance (10.4 percent), I.C.T (6.8 percent), construction (6.5 percent) and transportation and storage (5.6 percent). The distribution by sector reflected a high number of enterprises with foreign direct investment and borrowing in manufacturing and service sectors. The details are presented in Table 2.2.

Table 2.2: Returned Questionnaires by Economic Sector (number of entities)

Major Sector	Administered	Returned	Sector distribution of returned questionnaires (%)
Agriculture, forestry and fishing	47	40	6.0
Industry	255	216	32.6
<i>Mining and quarrying</i>	12	8	1.2
<i>Manufacturing</i>	170	147	22.2
<i>Electricity & gas</i>	21	15	2.3
<i>Water supply & sewerage</i>	3	3	0.5
<i>Construction</i>	49	43	6.5
Services	449	407	61.4
<i>Wholesale & retail trade</i>	158	145	21.9
<i>Transportation and Storage</i>	42	37	5.6
<i>Accommodation and food service</i>	30	27	4.1
<i>Information and communication</i>	50	45	6.8
<i>Finance and Insurance activities</i>	69	69	10.4
<i>Real estate activities</i>	22	22	3.3
<i>Professional, scientific & technical</i>	29	28	4.2
<i>Administrative services</i>	23	22	3.3
<i>Education</i>	8	4	0.6
<i>Health and Social work activities</i>	7	6	0.9
<i>Arts, entertainment and recreation</i>	2	2	0.3
<i>Others (include enterprises which had not started operations)</i>	9	0	0.0
Total	751	663	100

Source: PSIS 2015 findings

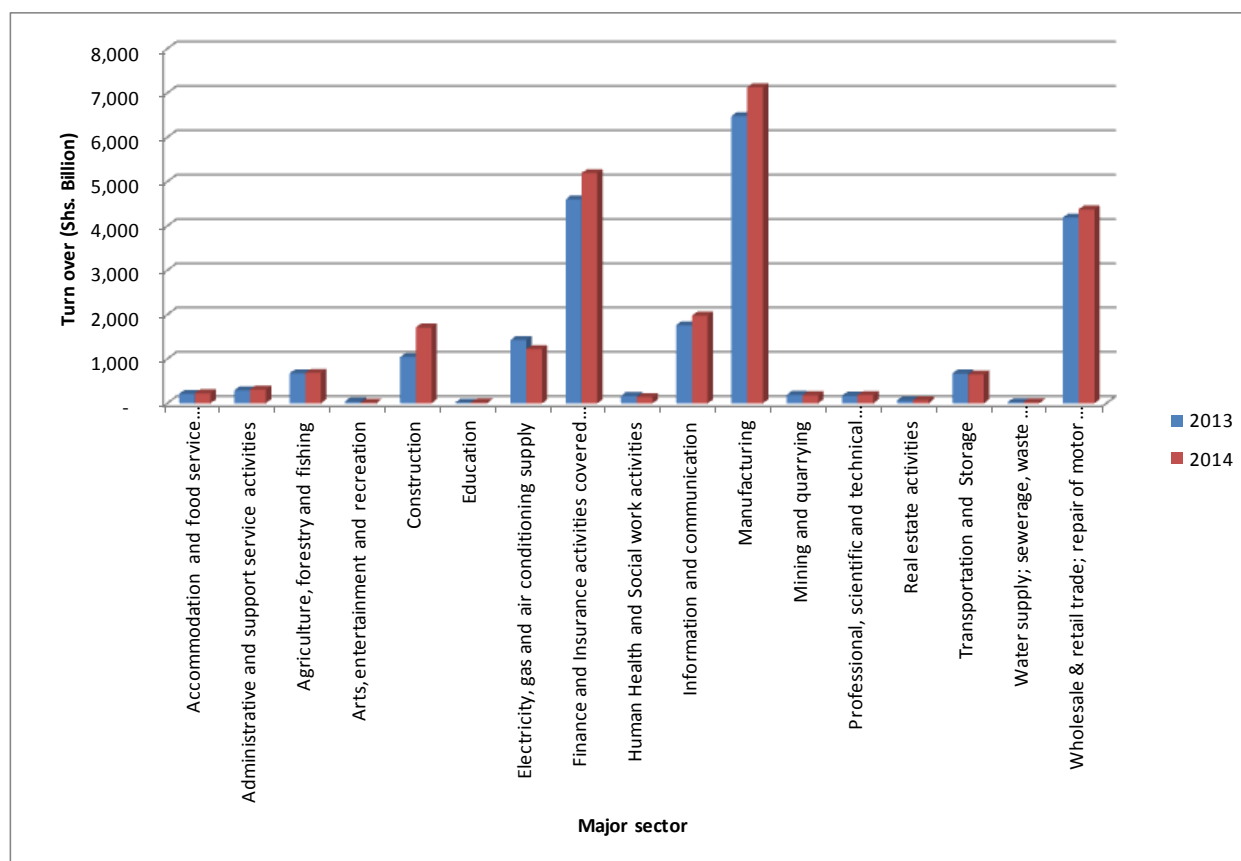
2.2. Entity turnover

There was an increase in total turnover (sales revenue) of 9.5 percent to Shs.24,105.5 billion in 2014 from Shs.22,014.0 billion recorded in 2013. The increase was largely on account of growth in construction, manufacturing, finance and insurance, I.C.T and wholesale and retail trade. There was however, a decline in sales revenue in arts, entertainment and recreation of 59.0 percent from Shs. 37.6 billion in 2013 to Shs. 15.4 billion in 2014; health and social work activities of 17.6 percent from Shs. 166.6 billion in 2013 to Shs. 137.3 billion in 2014; electricity & gas of 14.3 percent from Shs. 1,427.1 billion in 2013 to Shs. 1,223.0 billion in 2014; mining and quarrying of 5.5 percent from Shs. 189.7 billion in 2013 to Shs. 179.2 billion in 2014 and transport and storage of

3.1 percent from Shs. 672.0 billion in 2013 to Shs. 651.4 billion in 2014. The details are illustrated in Figure 2.1.

In terms of sector contribution to total turnover, manufacturing had the highest share estimated at 29.6 percent of the total reported by the enterprises that responded. This was followed by finance and insurance with a share of 21.5 percent, wholesale and retail (18.1%), I.C.T. (8.2%) and construction (7.1%). The five sectors combined accounted for about 84.5 percent of the total turnover over the two years.

**Figure 2.1: Entity Turnover by Economic Activity in 2013 and 2014
(Shs. Billion)**



Source: PSIS 2015 findings

2.3. Contribution to Economic Activity

The results of the PSIS 2014 on compensation of employees (wages and salaries), taxes on production and imports less subsidies, net operating surplus (profit) and consumption of fixed capital were used to estimate the samples' contribution to output. Value added at current prices during 2014 for the 663 enterprises that responded was estimated at Shs.3,708 billion equivalent to about 5.2 percent of GDP. The sampled entities in finance and insurance services and electricity and gas sectors accounted for most of the value added in their respective sectors with estimated contributions to GDP of 65.4 percent and 57.6 percent of GDP, respectively (see details in Table 2.3).

Table 2.3: Value added and Fixed Capital Formation of Sampled Enterprises During 2014 (Shs. Billion).

<i>Item</i>	<i>Sample Value Added</i>	<i>GDP (Current prices)^{1/}</i>	<i>Sample /Total (in %)</i>
Value added	3,708	71,402	5.2
<i>o/w</i> Manufacturing	860	6,573	13.1
Financial and Insurance services	1,362	2,081	65.4
Electricity	352	611	57.6
Construction	185	5,500	3.4
Others	948	56,637	1.7
Fixed capital formation	1,894	18,360	10.3
<i>o/w</i> Private fixed capital formation	1,894	13,886	13.6

Note: 1/. The GDP at current prices is from: Uganda Bureau of Statistics; Rebased GDP estimates 2009/10

Source: PSIS 2015 findings and UBOS Statistical Abstract 2015

The results on the stock of capital reported by the enterprises during 2014 were used together with the survey results for the period 2013 to estimate the proportion of the survey's contribution to fixed capital formation. An estimate of fixed capital formation of Shs.1,894 billion was derived. The estimate represented about 10.3 percent of total fixed capital formation and 13.6 percent of private gross fixed capital formation estimates for 2014.

2.4. Employment

The number of employees in the enterprises that responded increased by 2.0 percent from 105,450 as at 31st December 2013 to 107,559 employees as at 31st December 2014 with the highest growth among resident foreign employees.

In terms of residence of employees, resident employees (all employees working in Uganda for a period of 12 months or more irrespective of nationality) on average accounted for 99.9 percent of the total employment among the enterprises that responded. The number of non-resident employees reduced by 10.6 percent to 76 employees as at 31st December 2014. Details are provided in Table 2.4.

Table 2.4: Distribution of Employment by Residency

Residency of employees	Number of Employees		Growth rates 2013-2014 (%)	Percentage of total in 2014 (%)
	2013*	2014		
Residents	105,365	107,483	2.0	99.9
<i>Domestic</i>	102,279	104,199	1.9	96.9
<i>Foreign (Long-term)^{1/}</i>	3,086	3,284	6.4	3.1
Non-residents	85	76	-10.6	0.1
Total No. of Employees	105,450	107,559	2.0	100.0

Note:

^{1/} Foreign (Long term) employment refers to employees of foreign nationality who were engaged by the enterprises that responded for a period of 12 months or more and are treated as residents according to BPM6.

* The 2013 numbers were revised based on new information obtained in the current survey.

Source: PSIS 2015 findings

2.5. Compensation of Employees

The PSIS 2015 collected information on compensation of employees during 2013 and 2014. Total compensation of employees (namely; wages, salaries, contribution to pension fund, fringe benefits, etc.) paid out by enterprises that responded increased by 7.6 percent from Shs.1,870.5 billion during 2013 to Shs.2,012.6 billion during 2014. Domestic employees received the highest share of total employee's compensation accounting for an average of 87.1 percent of the total compensation during the two years. Compensation to non-residents

increased by 26.8 percent to Shs.14.3 billion in 2014 from Shs.11.3 billion in 2013. Details are shown in Table 2.5.

Table 2.5: Compensation of Employees by Residency and Up-rated Flows

Residency of Employees	Survey Findings		% Change 2013 - 2014	Up-rated Compensation of Employees	
	(Shs. Billions)			(US\$ Millions)	
	2013	2014		2013	2014
Residents	1,836.5	1,967.8	7.1	892.2	857.4
<i>Domestic</i>	1,611.8	1,728.3	7.2	783.0	753.0
<i>Foreign (Long-term)</i>	224.7	239.4	6.6	109.1	104.3
Non-residents	11.3	14.3	26.8	5.5	6.2
Total compensation	1,847.7	1,982.0	7.3	897.6	863.6

Source: PSIS 2015 findings

To incorporate the findings from compensation of short-term employees into BOP, the results from the survey were up-rated using a grossing-up factor of 1.13 to obtain total estimates for 2014. The grossed-up compensation during 2013 and 2014 was converted to US dollars using average exchange rates of Shs. 2,586.89 and Shs. 2,599.79 per US dollar, respectively. The total estimates of compensation of employees decreased by 3.8 percent to US\$863.6 million in 2014 from US\$897.6 million estimated for 2013. Compensation of non-resident employees (BOP item) increased from US\$5.5 million during 2013 to US\$ 6.2 million during 2014.

2.5. Net-Profits, Dividends and Retained Earnings

The findings from entities that responded indicate that net profits reported for 2014 increased by 5.5 percent to Shs. 1,031.9 billion from Shs. 978.1 billion earned during 2013, as summarized in Table 2.6. In contrast, retained earnings decreased by 15.8 percent to Shs. 612.0 billion during 2014 from Shs. 726.8 billion in 2013.

Table 2.6: Net profits, Dividends and Retained Earnings

Item	Amounts (Shs. Billions)		% Change 2013-2014
	2013	2014	
Net profit/loss	978.1	1,031.9	5.5
Dividends declared	251.36	419.86	67.0
Dividends paid/remitted	552.88	427.68	-22.6
Retained earnings ⁴	726.79	612.03	-15.8

Source: PSIS 2015 findings

In terms of profitability by sector, finance and insurance had the largest share of total profits estimated at 61.3 percent of total profits for all entities that responded. The total profits for this sector rose to Shs. 632.9 billion in 2014 from Shs. 518.7 billion registered in 2013. Enterprises in manufacturing and electricity and gas, sectors followed with profitability of Shs. 192.1 billion and Shs. 183.7 billion, respectively during 2014.

However, some entities registered losses in 2014. Large losses amounting to Shs.72.6 billion were recorded in the I.C.T. sector followed by agriculture, forestry and fishing of Shs.44.2 billion, transportation and storage of Shs.15.7 billion and education of Shs.11.8 billion.

⁴ Retained earnings = Net profit/loss – Dividends declared

CHAPTER THREE

FOREIGN DIRECT INVESTMENT AND FOREIGN BORROWING

A discussion of the survey findings on foreign direct investment and foreign borrowing during 2014 and the respective outstanding stocks as at end 2013 and 2014 is presented in this chapter. Section 3.1 presents the detailed findings on foreign direct investment, Section 3.2 presents the findings on foreign borrowing and Section 3.3 presents the grossed-up estimates of foreign liabilities transactions used in the BOP.

3.1. Foreign Direct Investment in Resident Enterprises

Foreign direct investment⁵ is comprised of equity (shareholder's funds) and other capital which constitutes debt from foreign affiliates. Equity is the sum of share capital, retained earnings, share premium and reserves. The findings from the survey revealed that the stock of foreign direct investment in enterprises that responded increased by 6.9 percent from Shs.26,198.5 billion as at end 2013 to Shs.28,015.6 billion as at end 2014. The increase in the FDI stock was mainly on account of new equity investment (share capital) amounting to Shs.1,343.0 billion during 2014 in the mining, finance and wholesale sectors. In addition, Shs.727.9 billion was received during 2014 in the form of other capital, comprised of net disbursements of loans and trade credits from foreign affiliates. Reinvested earnings during the year amounted to Shs.358.7 billion.

Other changes which constitutes financial liabilities on account of revaluation amounted to a net revaluation loss of Shs.142.1 billion while valuation changes attributed to debt from affiliated enterprises resulted in a net loss of Shs.470.2 billion. The detailed findings of FDI composition in terms of flows and stocks of the enterprises that responded are shown in Table 3.1.

⁵ According to the IMF BPM6 manual, **Direct Investment (DI)** relationships arise when an investor resident in one economy makes an investment that gives control or a significant degree of influence on the management of an enterprise that is resident in another economy; usually defined as ownership of equity that entitles the investor to 10 percent or more of the voting power in that enterprise. **Fellow Enterprises (FE)** relationships arise when non-resident investors who have less than 10% of the entity's equity but are also owned by another non-resident entity that has interest in an entity.

Table 3.1: Composition of Foreign Direct Investment (Shs. billions)

Component of FDI	2013	2014			
	Stock	Transactions	Other Changes	Stock	
Foreign Direct Investment (FDI)	26,198.5	2,429.6	-	612.3	28,015.6
Direct Investor (DI)	25,209.8	2,477.3	-	648.0	27,039.0
Fellow Enterprise (FE)	988.7	-	47.7	35.7	976.7
Total Equity (OFBV)	22,337.7	1,701.7	-	142.1	23,897.3
Direct Investor (DI)	22,336.9	1,701.6	-	142.0	23,896.5
Equity Shares	6,350.8	1,343.0	-	94.2	7,599.6
Retained Earnings	1,690.1	358.7	-	282.0	1,766.8
Revaluation	14,296.0			234.1	14,530.1
Fellow Enterprise (FE)	0.8	0.1	-	0.1	0.8
Equity Shares	0.4	0.1	-	0.0	0.4
Retained Earnings	0.0	0.0	-	0.1	0.1
Revaluation	0.4		-	0.0	0.4
Other Capital (Affiliated Debt)	3,860.7	727.9	-	470.2	4,118.4
Direct Investor (DI)	2,872.9	775.6	-	506.0	3,142.5
Loans	2,349.1	801.5	-	495.0	2,655.6
Short-term	476.7	119.8		4.0	600.5
Disbursements	-	130.1		-	-
Repayments	-	-	10.3	-	-
Other Changes	-			4.0	-
Long-term	1,872.4	681.7	-	499.0	2,055.1
Disbursements	-	770.0		-	-
Repayments	-	-	88.3	-	-
Other Changes	-	-	-	499.0	-
Trade credits	523.8	-	25.9	-	486.9
Short-term	361.1	-	25.3	-	324.8
Disbursements	-		55.0	-	-
Repayments	-	-	80.4	-	-
Other Changes	-			11.0	-
Long-term	162.6	-	0.5	0.0	162.1
Disbursements	-		12.1	-	-
Repayments	-	-	12.6	-	-
Other Changes	-			0.0	-
Fellow Enterprise (FE)	987.9	-	47.8	35.8	975.9
Loans	496.2	-	167.2	35.8	364.8
Short-term	47.5		2.8	-	50.3
Disbursements	-		8.5	-	-
Repayments	-	-	5.7	-	-
Other Changes	-		-	-	-
Long-term	448.7	-	170.0	35.8	314.4
Disbursements	-		69.4	-	-
Repayments	-	-	239.5	-	-
Other Changes	-			35.8	-
Trade credits	491.7	119.4	0.0	0.0	611.1
Short-term	408.8	68.9	0.2	0.2	477.9
Disbursements	-	151.7	-	-	-
Repayments	-	-	82.7	-	-
Other Changes	-	-	-	0.2	-
Long-term	82.9	50.5	-	0.1	133.2
Disbursements	-	84.5	-	-	-
Repayments	-	-	34.0	-	-
Other Changes	-			0.1	-

Source: PSIS 2015 findings

The major recipient sectors of foreign direct investment during the year were mining and quarrying accounting for 49.9 percent (or Shs.1,212.1 billion) of the total FDI. This was followed by information and communication technology (23.3 percent or Shs.565.0 billion), finance and insurance (18.2 percent or Shs.441.2 billion), and electricity & gas (4.5 percent or Shs.110.2 billion). The details are shown in Table 3.2. There were however net reductions recorded by enterprises involved in manufacturing (Shs.42.8 billion), education (Shs.12.1 billion), accommodation and food (Shs.6.9 billion) and arts, entertainment and recreation services (Shs.5.5 billion). The reductions were mainly as a result of retained losses and net repayments of affiliated debt during the period.

Table 3.2: Sector Distribution of Foreign Direct Investment (Shs. billions)

Major Sector	2013	2014		
	Stock	Transactions	Other Changes ⁶	Stock
Agriculture	569.5	21.4	0.1	591.0
Mining & quarrying	15,820.4	1,212.1	4.6	17,037.1
Manufacturing	2,401.5	-42.8	133.1	2,491.8
Electricity & gas	968.3	110.2	-169.5	909.0
Water supply	79.0	1.9	3.4	84.3
Construction	347.4	63.7	7.5	418.6
Wholesale & retail	855.0	38.6	0.2	893.9
Transportation & storage	179.4	21.7	3.7	204.8
Accommodation & food	277.2	-6.9	-41.3	229.0
I.C.T.	1,124.4	565.0	-552.0	1,137.5
Finance & Insurance	2,708.8	441.2	-1.6	3,148.4
Real estate	100.1	12.3	2.5	114.9
Professional services	14.9	6.5	1.0	22.3
Administrative services	652.1	3.2	-0.4	654.9
Education	19.7	-12.1	0.0	7.5
Health	75.8	-1.0	-10.3	64.6
Arts & entertainment	4.9	-5.5	6.6	6.0
Others	0.0	0.0	0.0	0.0
Total	26,198.4	2,429.6	-612.3	28,015.7

⁶ Other changes include changes other than transactions i.e. inward/outward, Revaluations, exchange rate gains/losses, debt equity swaps, debt forgiveness etc.

Source: PSIS 2015 findings

The top ten sources of FDI to Uganda during 2014 in terms of stocks were Netherlands, Australia, UK, Kenya, Mauritius, Switzerland, India, Bermuda, South Africa and United States of America (USA). These ten countries jointly accounted for 94.0 percent and 93.3 percent of FDI transactions and stocks in 2014, respectively. The details are as shown in Table 3.3.

Table 3.3: Top 10 Foreign Direct Investment Source Countries (Shs. billions)

	FDI, source country ^{1/}	2013	2014		
		Stock	Transactions	Other Changes	Stock
1.	Netherlands	11,976.9	1,127.9	3.8	13,108.5
2.	Australia	4,831.8	188.1	0.0	5,019.8
3.	United Kingdom (UK)	2,534.3	574.5	-292.8	2,815.9
4.	Kenya	1,502.5	251.5	-12.3	1,741.6
5.	Mauritius	1,557.7	154.0	-103.6	1,608.1
6.	Switzerland	401.3	66.3	-14.0	453.5
7.	India	391.4	41.5	-0.6	432.2
8.	Bermuda	261.6	23.6	105.8	391.0
9.	South Africa	418.3	-163.8	29.3	283.8
10.	United States of America (USA)	270.3	19.3	-8.8	280.7
	FDI from Top 10 Countries	24,146.1	2,282.7	-293.4	26,135.1
	TOTAL	26,198.4	2,429.6	-612.3	28,015.7

Note:

^{1/} In line with the IMF BPM6 manual, source countries are identified on the basis of the economy of the immediate investor and not ultimate investor.

Source: PSIS 2015 findings

3.2. Foreign Borrowing⁷ by Resident Enterprises

The stock of foreign borrowing reported by the responding enterprises increased by 6.1 percent to Shs.2,518.6 billion as at end 2014 from Shs.2,373.5 billion as at end 2013. The increase in private sector external debt was largely due to other changes mainly arising from exchange rate movements.

In terms of composition, loans accounted for about 95.4 percent of the stock of private sector external debt at the end of 2014. The stock of outstanding private

⁷ Foreign borrowing in this case refers to all forms of external borrowing from non-affiliated/un-related entities.

sector foreign loans increased by 6.9 percent to Shs.2,402.8 billion as at end 2014 from Shs.2,247.0 billion as at end 2013, largely on account of other changes. However, the stock of trade credit owed to non-residents decreased from Shs.126.5 billion to Shs.115.8 billion as at end 2013 and 2014, respectively. The decrease in trade credit was mainly due to higher repayments of short-term trade credit during the period, estimated at Shs.114.0 billion compared to disbursements estimated at Shs. 104.4 billion as shown in Table 3.4.

Table 3.4: Composition of Foreign Borrowing by Resident Enterprises (Shs. billions)

Component	2013	2014			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Total Foreign borrowing	2,373.5	243.8	-265.3	166.7	2,518.6
Loans	2,247.0	139.4	-151.3	167.8	2,402.8
Short-Term Loan	7.9	1.0	-2.7	0.0	6.2
Long-Term Loan	2,239.1	138.4	-148.6	167.7	2,396.6
Trade credits	126.5	104.4	-114.0	-1.1	115.8
Short-Term Loan	126.3	104.4	-114.0	-1.1	115.6
Long-Term Loan	0.2	0.0	0.0	0.0	0.2

Source: PSIS 2015 findings

The survey findings also showed that in terms of sector distribution, the largest exposure to foreign debt from unrelated entities in 2014 was in electricity & gas (76.5%) followed by I.C.T (4.1%), real estate (3.8%) and manufacturing (3.7%). The sectors that received the highest disbursements were wholesale & retail trade which received Shs.102.2 billion, electricity and gas Shs.94.8 billion and real estate sector received Shs.21.1billion. Similarly, the largest debt repayments were reported by entities in electricity and gas, wholesale & retail trade and manufacturing sectors as shown in Table 3.5.

The main lenders were international organisations (namely, International Finance Corporation (IFC), African Development Bank (ADB) and European Investment Bank (EIB)), United Kingdom, Kenya and USA. These organisations and countries accounted for 92.8 percent of the outstanding debt stock as at end 2014.

**Table 3.5: Foreign Borrowing by Economic Sector of Resident Enterprises
(Shs. billions)**

Major Sector	2013	2014			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Agriculture	28.1	4.4	- 0.8	6.3	38.0
Manufacturing	123.3	5.2	- 34.4	-	94.1
Electricity & gas	1,785.4	94.8	- 108.8	156.0	1,927.4
Wholesale & retail trade	55.3	102.2	- 80.4	- 0.0	77.0
Transportation & Storage	20.4	0.6	- 4.9	0.2	16.3
Accommodation & food	54.0	-	-	-	54.0
I.C.T.	118.4	7.0	- 20.6	- 0.4	104.3
Finance & Insurance	33.0	2.8	- 10.4	-	25.4
Real estate activities	76.9	21.1	- 3.8	1.9	96.1
Administrative services	53.0	-	- 0.1	-	52.8
Water Supply	25.7	5.9	- 1.2	2.6	33.0
Grand Total	2,373.5	243.8	265.3	166.7	2,518.6

Source: PSIS 2015 findings

3.3. Incorporating the Results in the Balance of Payments

Incorporation of the survey results for transactions in the BOP involved converting the transactions into US dollars from Uganda Shillings using the annual average exchange rate of Shs. 2,599.79 per US\$ for 2014. Transactions relating to foreign direct investment, foreign borrowing and related income in form of dividends and distributed branch profits were grossed-up using a factor of 1.13 determined from the proportion of responding enterprises relative to the sampling frame (*see, details on the derivation of the grossing-up in Appendix A*). Table 3.6 shows a comparison of the survey results with the corresponding grossed-up BOP estimates, the details are in Appendix B, Table B.4.).

Table 3.6: Survey Estimates and Respective Grossed-Up Estimates of Foreign Direct Investment and Foreign Borrowing

Component of FDI	2013	2014			2014-US\$	
	Stocks	Transactions	Other Changes	Stocks	Derived Transactions	Up-rated Transactions
Foreign Direct Investment (FDI)	26,198.4	2,429.6	-612.3	28,015.7	934.5	1,058.6
Direct Investor (DI)	25,209.7	2,477.3	-648.0	27,039.0	952.9	1,079.4
Fellow Enterprise (FE)	988.7	-47.7	35.7	976.7	-18.4	-20.8
Total Equity (OFBV)	22,337.7	1,701.7	-142.1	23,897.3	654.6	741.4
Direct Investor (DI)	22,336.9	1,701.6	-142.0	23,896.5	654.5	741.4
Equity Shares	6,350.8	1,343.0	-94.2	7,599.6	516.6	585.1
Retained Earnings	1,690.1	358.7	-282.0	1,766.8	138.0	156.3
Revaluation	14,296.0	0.0	234.1	14,530.1	0.0	0.0
Fellow Enterprise (FE)	0.8	0.1	-0.1	0.8	0.0	0.0
Equity Shares	0.4	0.1	0.0	0.4	0.0	0.0
Retained Earnings	0.0	0.0	-0.1	-0.1	0.0	0.0
Revaluation	0.4	0.0	0.0	0.4	0.0	0.0
Other Capital (Affiliated Debt)	3,860.7	727.9	-470.2	4,118.4	280.0	317.1
Direct Investor (DI)	2,872.8	775.6	-506.0	3,142.5	298.3	337.9
Loans	2,349.1	801.5	-495.0	2,655.6	308.3	349.2
Short-term	476.7	119.8	4.0	600.5	46.1	52.2
Long-term	1,872.4	681.7	-499.0	2,055.1	262.2	297.0
Trade credits	523.8	-25.9	-11.0	486.9	-10.0	-11.3
Short-term	361.1	-25.3	-11.0	324.8	-9.7	-11.0
Long-term	162.6	-0.5	0.0	162.1	-0.2	-0.2
Fellow Enterprise (FE)	987.9	-47.8	35.8	975.9	-18.4	-20.8
Loans	496.2	-167.2	35.8	364.8	-64.3	-72.8
Short-term	47.5	2.8	0.0	50.3	1.1	1.2
Long-term	448.7	-170.0	35.8	314.4	-65.4	-74.1
Trade credits	491.7	119.4	0.0	611.1	45.9	52.0
Short-term	408.8	68.9	0.2	477.9	26.5	30.0
Long-term	82.9	50.5	-0.1	133.2	19.4	22.0
Other Investments	2,529.1	-4.1	191.2	2,716.3	-1.6	-1.8
Other Equity (<10%)	155.6	17.5	24.5	197.7	6.7	7.6
Portfolio Investment (PI)	36.5	16.1	17.3	69.8	6.2	7.0
Other Equity (OE)	119.2	1.4	7.2	127.8	0.5	0.6
Foreign Borrowings (non-affiliated)	2,373.5	-21.6	166.7	2,518.6	-8.3	-9.4
Loans	2,247.0	-12.0	167.8	2,402.8	-4.6	-5.2
Short-term	7.9	-1.7	0.0	6.3	-0.7	-0.7
Long-term	2,239.0	-10.3	167.7	2,396.5	-4.0	-4.5
Trade credits	126.5	-9.6	-1.1	115.8	-3.7	-4.2
Short-term	126.3	-9.6	-1.1	115.6	-3.7	-4.2
Long-term	0.2	0.0	0.0	0.2	0.0	0.0
Dividends paid/remitted	N/A	419.9	N/A	N/A	161.5	182.9

Source: PSIS 2015 findings

The up-rated results revealed that foreign direct investment transactions during 2014 decreased slightly to US\$1,058.6 million from the estimated inflow of US\$1,097.1 million during 2013 (details are provided in Appendix Table: B.3). The main inflows were in the form of equity recorded at US\$741.4 million, representing a 12.5 percent decline from US\$846.9 million received during 2013. Other capital (debt from foreign affiliates) increased to a net disbursement of US\$317.1 million during 2014 compared to US\$250.2 million estimated for 2013.

The grossed-up net flows (disbursement less principal repayments) of foreign non-affiliated borrowings by resident enterprises was an estimated net outflow of US\$9.4 million during 2014 compared to a net outflow of US\$18.3 million during 2013. The results further showed that the grossed-up distributed return on investment (dividends) paid to foreign direct investors during 2014 decreased to US\$ 139.1 million from US\$229.0million reported in 2013. The grossed-up flows and stocks from 2008 – 2014 by source country are presented in Appendix Table B.4 and B.5, respectively.

3.4. Conclusions

Uganda's private sector investment inflows declined slightly during 2014 compared with 2013. The decline in FDI was on account of mainly lower inflows of new equity compared to 2013. The prospects for 2015 are for higher flows especially in the electricity and gas and construction sectors following the planned public investments in infrastructure.

APPENDIX – A: Sampling and Grossing-up Methodology

Based on the information available, all enterprises with known foreign assets and liabilities from previous surveys were covered in the survey. Newly licensed enterprises by the UIA during 2014, enterprises from URA top 1,000 tax payers not covered in previous private sector investment surveys and the list of new investments received during 2014 reported in from the print and electronic. This sampling approach was followed to ensure comprehensive coverage of enterprises with foreign direct investment and borrowing as well as to ensure consistency with previous survey estimates. The approach was also to enable comparison of estimates obtained from previous surveys and the development of the data time series of FDI at enterprise level.

The grossing-up methodology was done in two stages with the first stage based on office estimates for non-responding enterprises that had responded to previous surveys but did not respond during PSIS 2015. The office estimates were based on previous survey responses to derive the beginning of period stocks and sector growth factors derived from responding enterprises within the same sector to derive transactions during the year. Financial statements covering 2013 and 2014 were used to augment the estimation for enterprises that provided their statements.

The next stage involved grossing-up for non-response of newly licensed enterprises. Since there were no previous estimates for newly licensed enterprises, it was not possible to make office estimates. The grossing-up was based on their overall share in the sample frame. Subsequently, a grossing-up factor of 1.13, derived as the reciprocal of the response rate of the survey, was applied to all estimates to cater for the non-response by the newly licensed enterprises.

APPENDIX – B: Statistical Appendix

Table B.1: Total Employment by Economic Sectors in 2013 and 2014

Major Sector	2013				2014			
	Local	Foreign		Total	Local	Foreign		Total
		Long-Term	Short-Term			Long-Term	Short-Term	
Agriculture	15,392	83	0	15,475	16,087	83	0	16,170
Mining & quarrying	432	32	70	534	434	41	62	537
Manufacturing	32,262	1,615	0	33,877	31,800	1,723	0	33,523
Electricity & gas	1,586	154	0	1,740	1,633	156	0	1,789
Water supply	89	3	0	92	96	7	0	103
Construction	2,460	317	11	2,788	3,342	420	9	3,771
Wholesale & retail trade	6,696	457	0	7,153	6,946	428	0	7,374
Transportation & storage	2,524	47	0	2,571	3,100	45	0	3,145
Accommodation & food	2,970	68	2	3,040	2,952	72	0	3,024
I.C.T.	3,752	55	0	3,807	3,464	51	0	3,515
Finance & insurance	12,838	106	1	12,945	13,182	96	1	13,279
Real estate	238	6	1	245	442	14	4	460
Professional	865	12	0	877	718	14	0	732
Administrative services	19,212	67	0	19,279	18,909	63	0	18,972
Education	166	13	0	179	280	20	0	300
Health	506	44	0	550	519	44	0	563
Arts & entertainment	291	7	0	298	295	7	0	302
Total	102,279	3,086	85	105,450	104,199	3,284	76	107,559

Source: PSIS 2015 findings

Table B.2: Compensation of Employees by Economic Sectors in 2013 and 2014-(US\$ millions)

Major Sector	2013			2014		
	Foreign		Local	Foreign		Local
	Long-Term	Short-Term		Long-Term	Short-Term	
Agriculture	1.5	0.0	24.7	4.2	0.5	25.0
Mining & quarrying	12.3	2.4	40.7	10.7	2.2	38.3
Manufacturing	21.5	2.1	183.7	23.3	2.4	188.3
Electricity & gas	6.0	0.0	36.0	5.7	0.0	33.5
Water supply	0.1	0.0	1.3	0.1	0.0	1.5
Construction	5.3	0.8	20.1	4.2	0.5	15.1
Wholesale & retail trade	18.9	0.0	44.5	17.8	0.1	47.8
Transportation & storage	2.0	0.0	31.0	0.9	0.0	29.6
Accommodation & food	2.2	0.0	10.3	1.4	0.0	9.2
I.C.T.	12.5	0.0	80.5	12.5	0.0	61.9
Finance & Insurance	17.8	0.0	260.7	14.6	0.0	259.9
Real estate	0.2	0.0	1.6	0.2	0.0	1.6
Professional	2.1	0.0	14.5	2.6	0.6	11.0
Administrative services	4.0	0.0	26.8	1.8	0.0	23.6
Education	0.6	0.0	2.4	1.0	0.0	2.7
Health	2.3	0.0	3.6	3.4	0.0	3.5
Arts & entertainment	0.0	0.0	0.5	0.0	0.0	0.6
Total	109.1	5.5	783.0	104.3	6.2	753.1

Source: PSIS 2015 findings

Table B.3: Grossed-up Foreign Direct Investment and Foreign Borrowing during 2013 and 2014-(US\$ millions)

Components	2013		2014	
	Derived transactions	Up-rated figures	Derived transactions	Up-rated BOP figures
Foreign Direct Investment	873.0	1,097.1	934.5	1,058.6
Total Equity	673.9	846.9	654.6	741.4
Share capital	574.0	721.4	516.6	585.2
Retained Earnings	99.8	125.5	138.0	156.3
Revaluation	0.0	0.0	0.0	0.0
Other Capital	199.1	250.2	280.0	317.1
Foreign Borrowing (<i>Loans and Trade credit</i>)	-14.5	-18.3	-8.3	-9.4
Short-term	-9.8	-12.3	-4.3	-4.9
Long-term	-4.8	-6.0	-4.5	-4.5
Dividends paid/remitted	182.2	229.0	122.8	139.1

Source: PSIS 2015 findings

Table B.4: Integrated Foreign liabilities, Grossed-up Transactions and their Components during 2014

Component of FDI	2013-Shs. billions	2014-Shs. billions			2014-US\$ millions	
	Stocks	Transactions	Other Changes	Stocks	Derived Transactions	Up-rated Transactions
Foreign Direct Investment (FDI)	26,198.4	2,429.6	-612.3	28,015.7	934.5	1,058.6
Direct Investor (DI)	25,209.7	2,477.3	-648.0	27,039.0	952.9	1,079.4
Fellow Enterprise (FE)	988.7	-47.7	35.7	976.7	-18.4	-20.8
Direct Equity (OFBV)	22,337.7	1,701.7	-142.1	23,897.3	654.6	741.4
Direct Investor (DI)	22,336.9	1,701.6	-142.0	23,896.5	654.5	741.4
Equity Shares	6,350.8	1,343.0	-94.2	7,599.6	516.6	585.1
Retained Earnings	1,690.1	358.7	-282.0	1,766.8	138.0	156.3
Revaluation	14,296.0	0.0	234.1	14,530.1	0.0	0.0
Fellow Enterprise (FE)	0.8	0.1	-0.1	0.8	0.0	0.0
Equity Shares	0.4	0.1	0.0	0.4	0.0	0.0
Retained Earnings	0.0	0.0	-0.1	-0.1	0.0	0.0
Revaluation	0.4	0.0	0.0	0.4	0.0	0.0
Other Capital (Affiliated Debt)	3,860.7	727.9	-470.2	4,118.4	280.0	317.1
Direct Investor (DI)	2,872.8	775.6	-506.0	3,142.5	298.3	337.9
Loans	2,681.8	801.5	-495.0	2,988.4	308.3	349.2
Short-term	476.7	119.8	4.0	600.5	46.1	52.2
Disbursements	0.0	130.1	0.0	0.0	50.0	56.7
Repayments	0.0	-10.3	0.0	0.0	-4.0	-4.5
Other Changes	0.0	0.0	4.0	0.0	0.0	0.0
Long-term	1,872.4	681.7	-499.0	2,055.1	262.2	297.0
Disbursements	0.0	770.0	0.0	0.0	296.2	335.5
Repayments	0.0	-88.3	0.0	0.0	-34.0	-38.5
Other Changes	0.0	0.0	-499.0	0.0	0.0	0.0
Trade credits	523.8	-25.9	-11.0	486.9	-10.0	-11.3
Short-term	361.1	-25.3	-11.0	324.8	-9.7	-11.0
Disbursements	0.0	55.0	0.0	0.0	21.2	24.0
Repayments	0.0	-80.4	0.0	0.0	-30.9	-35.0
Other Changes	0.0	0.0	-11.0	0.0	0.0	0.0
Long-term	162.6	-0.5	0.0	162.1	-0.2	-0.2
Disbursements	0.0	12.1	0.0	0.0	4.7	5.3
Repayments	0.0	-12.6	0.0	0.0	-4.9	-5.5
Other Changes	0.0	0.0	0.0	0.0	0.0	0.0
Fellow Enterprise (FE)	987.9	-47.8	35.8	975.9	-18.4	-20.8
Loans	496.2	-167.2	35.8	364.8	-64.3	-72.8
Short-term	47.5	2.8	0.0	50.3	1.1	1.2
Disbursements	0.0	8.5	0.0	0.0	3.3	3.7
Repayments	0.0	-5.7	0.0	0.0	-2.2	-2.5
Other Changes	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	448.7	-170.0	35.8	314.4	-65.4	-74.1
Disbursements	0.0	69.4	0.0	0.0	26.7	30.3
Repayments	0.0	-239.5	0.0	0.0	-92.1	-104.3
Other Changes	0.0	0.0	35.8	0.0	0.0	0.0
Trade credits	491.7	119.4	0.0	611.1	45.9	52.0
Short-term	408.8	68.9	0.2	477.9	26.5	30.0
Disbursements	0.0	151.7	0.0	0.0	58.3	66.1
Repayments	0.0	-82.7	0.0	0.0	-31.8	-36.1
Other Changes	0.0	0.0	0.2	0.0	0.0	0.0
Long-term	82.9	50.5	-0.1	133.2	19.4	22.0
Disbursements	0.0	84.5	0.0	0.0	32.5	36.8
Repayments	0.0	-34.0	0.0	0.0	-13.1	-14.8
Other Changes	0.0	0.0	-0.1	0.0	0.0	0.0
Other Investments	2,529.1	-4.1	191.2	2,716.3	-1.6	-1.8
Other Equity (<10%)	155.6	17.5	24.5	197.7	6.7	7.6
Portfolio Investment (PI)	36.5	16.1	17.3	69.8	6.2	7.0
Other Equity (OE)	119.2	1.4	7.2	127.8	0.5	0.6
Foreign Borrowings (non-affiliated)	2,373.5	-21.6	166.7	2,518.6	-8.3	-9.4
Loans	2,247.0	-12.0	167.8	2,402.8	-4.6	-5.2
Short-term	7.9	-1.7	0.0	6.2	-0.7	-0.7
Disbursements	0.0	1.0	0.0	0.0	0.4	0.4
Repayments	0.0	-2.7	0.0	0.0	-1.0	-1.2
Other Changes	0.0	0.0	0.0	0.0	0.0	0.0
Long-term	2,239.1	-10.3	167.7	2,396.6	-4.0	-4.5
Disbursements	0.0	138.4	0.0	0.0	53.2	60.3
Repayments	0.0	-148.6	0.0	0.0	-57.2	-64.8
Other Changes	0.0	0.0	167.7	0.0	0.0	0.0
Trade credits	126.5	-9.6	-1.1	115.8	-3.7	-4.2
Short-term	126.3	-9.6	-1.1	115.6	-3.7	-4.2
Disbursements	0.0	104.4	0.0	0.0	40.2	45.5
Repayments	0.0	-114.0	0.0	0.0	-43.8	-49.7
Other Changes	0.0	0.0	-1.1	0.0	0.0	0.0
Long-term	0.2	0.0	0.0	0.2	0.0	0.0
Disbursements	0.0	0.0	0.0	0.0	0.0	0.0
Repayments	0.0	0.0	0.0	0.0	0.0	0.0
Other Changes	0.0	0.0	0.0	0.0	0.0	0.0

Source: PSIS 2015 findings

Table B.5: Grossed-up FDI Flows by Source Countries 2008 – 2014-(US\$ millions)

	Country	2008	2009	2010	2011	2012	2013	2014
1	Australia	163.92	189.27	120.12	201.13	203.09	81.8	81.9
2	Kenya	94.21	55.49	86.12	172.55	99.37	44.5	109.6
3	Netherlands	16.76	16.24	121.52	164.41	611.19	493.5	491.4
4	UK	249.72	227.78	126.74	115.81	116.81	78.9	250.3
5	UAE	89.03	102.80	65.24	109.24	64.37	1.8	16.3
6	Mauritius	30.91	54.01	90.56	104.54	6.27	71.3	67.1
7	Switzerland	35.67	41.18	26.14	43.76	-12.92	2.6	28.9
8	Bermuda	50.36	87.41	11.62	38.00	-13.36	0.5	10.3
9	Denmark	17.15	19.80	12.57	21.04	-2.19	-3.5	-4.2
10	India	27.41	18.77	38.13	19.15	39.32	18.7	18.1
11	Nigeria	15.49	17.88	11.35	19.00	5.24	-3.7	9.2
12	South Africa	51.14	89.53	16.85	14.40	24.95	11.4	-71.4
13	Singapore	1.01	0.10	-1.72	9.49	9.63	2.1	-17.2
14	IO	6.95	8.02	5.09	8.52	5.78	8.7	0.1
15	Egypt	5.78	6.68	4.24	7.10	-2.60	9.4	1.8
16	Norway	4.35	5.02	3.18	5.33	2.88	5.6	-4.1
17	Togo	2.91	3.36	2.13	3.57	1.09	17.9	13.0
18	USA	69.27	18.83	10.31	3.44	20.36	8.5	8.4
19	Canada	2.74	3.16	2.01	3.36	-6.73	6.3	-0.2
20	Others	-198.99	-115.74	-213.00	-169.56	32.83	241.0	49.4
	Total	728.86	841.57	534.11	894.29	1,205.39	1,097.1	1,058.6

Source: PSIS 2015 findings