Private Sector Investment Survey 2017 Report

Apr 2018

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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 2017 covering information on private investment in 2016. The survey was the sixteenth 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 Uganda's balance of payments and international investment position statistics and for macroeconomic analysis.

The survey revealed that there was an increase in foreign direct investment in 2016. This was largely attributed to higher inflows in the mining and quarrying sector which is linked to the issuance of exploration and production licences to the companies in the oil sector.

This 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) 2017 was the sixteenth in a series of collaborative annual surveys conducted by the Bank of Uganda, 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 related key macroeconomic statistics for 2016.

A total of 860 questionnaires were administered during the survey from which 746 enterprises responded, representing a response rate of 86.7 percent. Overall, the 746 enterprises had an estimated contribution to value added in current prices during 2016 of Shs.7,147 billion equivalent to about 8.9 percent of GDP. In addition, the samples' contribution to fixed capital formation during 2016 was estimated at about Shs.14,137 billion representing 68.4 percent of total fixed capital formation and 80.4 percent of private fixed capital formation.

The findings on employment indicated that total employment by the enterprises that responded grew by 3.0 percent from 100,127 employees during 2015 to 103,108 employees during 2016. There was also an increase in compensation of employees of 14.7 percent from Shs.3,105.2 billion in 2015 to Shs.3,560.5 billion during 2016. Profitability of enterprises surveyed rose by 57.4 percent to Shs.1,260.1 billion during 2016 from Shs.800.7 billion recorded in 2015.

The grossed-up findings on Foreign Direct Investment (FDI) transactions during 2016 increased by US$87.2 million to US$625.7 million from US$538.5 million in 2015. The increase in FDI inflows in 2016 was mainly on account of higher inflows of equity capital. Net inflows of equity capital increased to US$395.7 million during 2016 compared to US$352.7 million recorded in 2015. However, foreign borrowing by resident enterprises from non-affiliated enterprises was a net repayment of US$47.0 million during 2016 compared to a net repayment of US$11.4 million recorded in 2015. Transactions involving other equity investment (equity investment of less than 10% of total equity) during 2016 were estimated at US$ 16.5 million.

The major recipient sectors of FDI during the year were mining and quarrying including oil (33.4 percent), wholesale & retail (30.6 percent), finance & insurance (23.9 percent) and manufacturing (11.1 percent). The largest inflows/disbursements of debt from foreign affiliates went to electricity & gas, ICT and agriculture. The three sectors jointly accounted for 86.2 percent of the total disbursements from foreign affiliated entities received during 2016. In terms of source of FDI, Netherlands, Kenya, UK, France, Switzerland, Australia, South Africa, India, Bermuda and Seychelles were the largest sources accounting for 85.5 percent of total FDI stocks received by Uganda during 2016.

The survey findings also showed that entities in the electricity & gas sector had the largest exposure to foreign debt from unrelated entities, accounting for 73.4 percent of the outstanding stock of debt in this category at the end of 2016. Entities in electricity & gas, agriculture and ICT, and sectors received 86.2 percent of the total disbursements and remitted 60.5 percent of the repayments to non-affiliated entities during 2016.

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 2016. 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) 2017 was the sixteenth 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 related macroeconomic statistics to guide policy decisions. The PSIS 2017 collected and analysed information on the value of investment, composition, source countries and sector distribution of investment stocks as at end 2015 and 2016 and flows during 2016.

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 improve public revenue.

The PSIS 2017 targeted 1,002 enterprises known to have large foreign liabilities and assets from previous surveys and newly licenced enterprises from the Uganda Investment Authority 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 2016 survey.

The data collection activities involved direct administration of the questionnaires to the respondents by a team of forty five (45) trained enumerators from 13th June to 16th November 2017. These were 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 10 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 2016 and forecasts for 2017-18 is presented in this section.

1.2.1. Overview of Global Growth in 2017

According to the International Monetary Fund's World Economic Outlook report (IMF's WEO) of October 2017[1], the world growth is projected to increase from 3.2 percent in 2016 to 3.6 percent in 2017 and 3.7 percent in 2018, an upward revision of 0.1 percentage point for both 2017 and 2018. Economic activity is projected to pick up speed in all country groups except for the Middle East, and forecasts of the strength of the outlook by region have changed only modestly. In line with a stronger-than-expected rise in growth in advanced economies so far in 2017 (especially in the euro area), their projected growth rate has been revised upward to 2.2 percent for 2017, a notable increase from 1.7 percent in 2016. The advanced economy forecast for 2018 is unchanged, with lower projected US growth (under the assumption that fiscal policy will not provide the previously envisaged boost to demand) offsetting higher projected growth in the euro area.

[1] IMF World Economic Outlook – October 2017: Seeking Sustainable Growth Short-Term Recovery, Long-Term Challenges

Growth is forecast to increase strongly in emerging market and developing economies, from an upwardly revised 4.3 percent in 2016 to 4.6 percent in 2017 and 4.9 percent in 2018. The upward revisions to the growth forecast primarily reflect stronger projected activity in China and in emerging Europe for 2017 and 2018. As emphasized in previous WEO reports, prospects across emerging market and developing economies remain heterogeneous, with emerging Asian countries generally growing at a fast pace, but many countries in Latin America, sub-Saharan Africa, and the Middle East struggling with subpar performance.

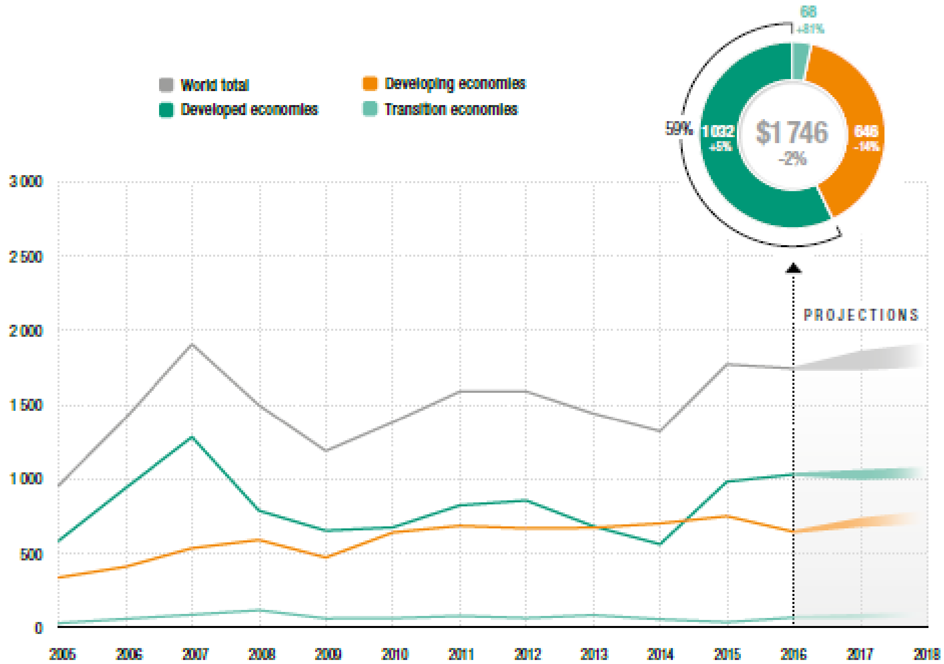
Economic growth in sub-Saharan Africa is projected to reach 3.4 percent in 2018 with sizable differences across countries. Nigeria's growth in 2017 is projected at 0.8 percent, owing to recovering oil production and ongoing strength in the agricultural sector. In South Africa, growth is projected to remain subdued at 0.7 percent in 2017 and 1.1 percent in 2018. The outlook for fuel-importing countries is generally brighter, with an aggregate growth rate of 3.9 percent in 2017, rising to 4.4 percent in 2018.

1.2.2. International Private Capital Flows Development

According to the UNCTAD World Investment Report 2017 (WIR-2017)[2], global flows of foreign direct investment in 2016 fell by about 2 per cent, to $1,746.4 billion. Flows to developing economies were especially hard hit, with a decline of 14 per cent to $646.0 billion. FDI remains the largest and most constant external source of finance for developing economies, compared with portfolio investments, remittances and official development assistance. But inflows were down across all developing regions.

[2] UNCTAD World Investment Report 2017: Investment and the Digital Economy

Figure 1.1: FDI Inflows, Global and by Group Economies, 2005-2016 (US$ billions)



Source: UNCTAD-WIR 2017

Geographically, inflows to developed economies increased further, after significant growth in the previous year. Inflows rose by 5 per cent to $1,032.4 billion. A fall in FDI in Europe was more than compensated by modest growth in North America and a sizeable increase in other developed economies. Developed economies' share in global FDI inflows grew to 59 per cent.

FDI flows to transition economies almost doubled to $68.0 billion following two years of steep decline, reflecting large privatization deals and increased investment in mining exploration activities.

The downward trend in FDI flows to Latin America and the Caribbean accelerated, with inflows falling 14 per cent to $142.1 billion, owing to continued economic recession, weak commodity prices and pressures on exports.

FDI flows to developing Asia contracted by 15 per cent to $442.7 billion in 2016. This first decline in five years was relatively widespread, with double-digit drops in most sub regions except South Asia.

FDI flows to Africa continued to slide, reaching $59.4 billion, down 3 per cent from 2015, mostly reflecting low commodity prices.

FDI outflows from developed countries remained weak. They declined by 11 per cent to $1,043.9 billion, mainly owing to a slump in investments from European MNEs. Outflows from North America remained flat, but those from developed countries in Asia-Pacific reached their highest level since 2008. The flow of outward investment from developing economies registered a 1 per cent decline to $383.4 billion, despite a surge of outflows from China, now the second largest investing country in the world.

Table 1.1: Global FDI Flows, by Region, 2014-2016 (US$ billions)

Region	FDI Inflows			FDI Outflows		
	2014	2015	2016	2014	2015	2016
World	**1,323.9**	**1,774.0**	**1,746.4**	**1,252.3**	**1,594.3**	**1,452.5**
a). Developed economies	563.3	984.1	1,032.4	707.6	1,172.9	1,043.9
b). Transition economies	56.8	37.6	68.0	71.9	32.2	25.1
c). Developing economies	703.8	752.3	646.0	472.7	389.3	383.4
Latin America	169.9	165.4	142.1	30.7	31.5	0.8
Asia	460.3	523.6	442.7	412.3	338.7	363.1
Oceania	2.3	1.8	1.9	1.4	1.0	1.4
Africa	71.3	61.5	59.4	28.3	18.0	18.2
Eastern Africa	6.9	6.3	7.1	0.2	0.1	0.1
Central Africa	9.1	6.0	5.1	0.2	0.4	0.1
Northern Africa	12.1	13.0	14.5	0.6	1.4	1.3
Southern Africa	31.0	26.0	21.5	25.2	13.9	14.7
Western Africa	12.2	10.2	11.4	2.1	2.2	2.0

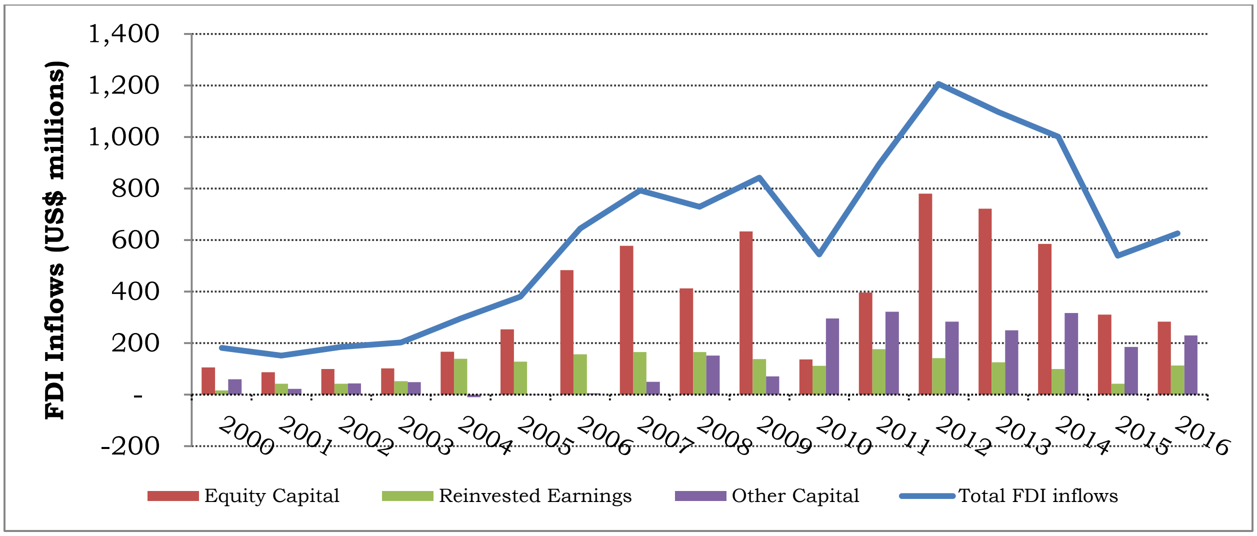
Source*: UNCTAD, Foreign Direct Investment Statistics 2017.*

Outward FDI flows from Africa increased by 0.7 percent to US$18.2 billion in 2016 from US$18.0 billion in 2015. Southern Africa remained the major source of outward FDI amounting to US$14.7 billion in 2016 from US$13.9 billion in 2015.

In the East African Community, Tanzania registered the highest inflows of $1.4 billion followed by Uganda ($0.5 billion). Outward FDI flows amounted to $0.1 billion in 2016 with Kenya being the major source.

In Uganda, FDI[3] inflows increased in 2016 to US$625.7 million from US$538.5 million in 2015 mainly on account of an increase in equity capital. The largest contribution to total FDI inflows was however in mining (mainly driven by investments in oil exploration activities), wholesale & retail trade, finance and insurance services, and manufacturing sectors as illustrated in Figure 1.2.

Figure 1.2: FDI Inflows to Uganda, 2000 - 2016 (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.

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

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 and unrelated foreign borrowing. Subsequently, the sample comprised of some enterprises with only foreign direct investment or foreign borrowing and some with both.

A total of 862 questionnaires were administered to enterprises during the field activities out of the 1,002 enterprises sampled. Of the 140 enterprise not administered, 57 (or 40.7%) could not be located, 23 (or 16.4%) were closed and 60 (42.9%) did not receive the questionnaire. Of the 862 questionnaires delivered, 746 enterprises responded resulting in a response rate of 86.5 percent of the enterprises targeted. Financial statements for 430 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 2017 is shown in Table 2.1. The Table reveals that 717 enterprises or 96.1 percent of the enterprises that responded were in the central region followed by 17 or 2.3 percent in the Eastern and Northern region and 12 or 1.6 percent in the Western region.

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

Region	Administered[1/]	Returned	Regional distribution of returned questionnaires (%)
Central[2/]	810	717	96.1
East and North	34	17	2.3
West	18	12	1.6
Grand Total	**862**	**746**	**100**

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 2017 findings*

At sector level, the highest share of respondent enterprises (21.0 percent) was in wholesale and retail activities, followed by manufacturing (20.8 percent), finance and insurance (9.9 percent), construction (9.2 percent), I.C.T (6.4 percent) and Professional, scientific & technical (5.0 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	**44**	**38**	**5.1**
Industry	**315**	**261**	**35.0**
Mining and quarrying	*13*	*12*	*1.6*
Manufacturing	*192*	*155*	*20.8*
Electricity & gas	*22*	*21*	*2.8*
Water supply & sewerage	*4*	*4*	*0.5*
Construction	*84*	*69*	*9.2*
Services	**503**	**447**	**59.9**
Wholesale & retail trade	*176*	*157*	*21.0*
Transportation and Storage	*42*	*37*	*5.0*
Accommodation and food service	*32*	*26*	*3.5*
Information and communication	*56*	*48*	*6.4*
Finance and Insurance activities	*76*	*74*	*9.9*
Real estate activities	*25*	*23*	*3.1*
Professional, scientific & technical	*46*	*37*	*5.0*
Administrative services	*22*	*20*	*2.7*
Education	*12*	*10*	*1.3*
Health and Social work activities	*11*	*11*	*1.5*
Arts, entertainment and recreation	*5*	*4*	*0.5*
Total	**862**	**746**	**100**

Source: *PSIS 2017 findings*

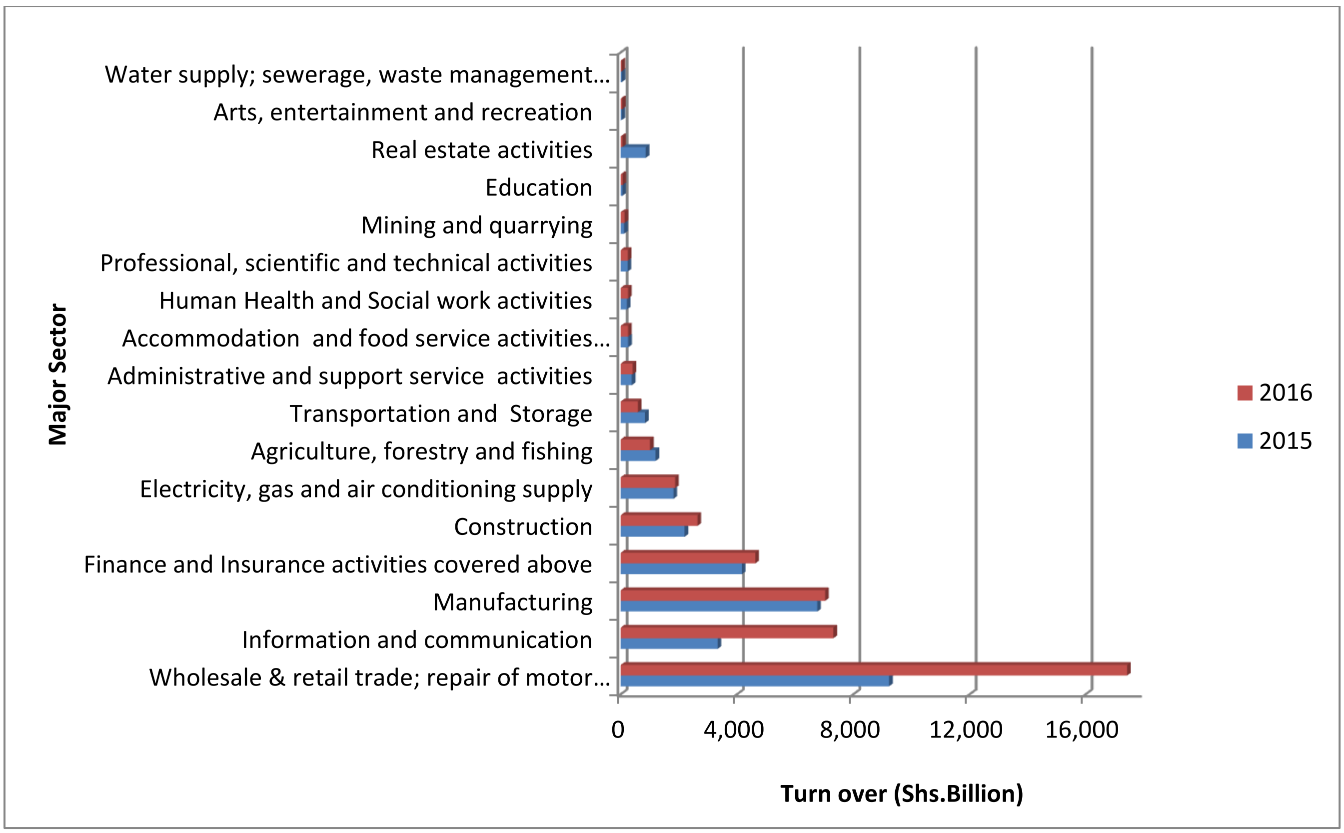
2.2. Entity turnover

There was an increase in total turnover (sales revenue) of 37.1 percent to Shs.44,538.9 billion in 2016 from Shs.32,488.3 billion recorded in 2015. The increase was largely on account of growth in ICT, wholesale and retail, arts, entertainment and recreation, Health and Social work activities, Education, mining and quarrying and finance. There was however, a decline in sales revenue in real estate of 93.2 percent from Shs. 859.2 billion in 2015 to Shs. 58.2 billion in 2016; transportation and storage activities of 29.2 percent from Shs. 835.9 billion in 2015 to Shs. 591.9 billion in 2016; agriculture, forestry and fishing of 15.9 percent from Shs. 1,198.3 billion in 2015 to Shs. 1,008.0 billion in 2016 and water supply & sewerage activities of 13.6 percent from Shs. 34.7

billion in 2015 to Shs. 29.9 billion in 2016. The details are illustrated in Figure 2.1.

In terms of sector contribution to total turnover, wholesale and retail had the highest share estimated at 39.1 percent of the total reported by the enterprises that responded. This was followed by I.C.T with a share of 16.4 percent, manufacturing (15.8%) and finance and insurance (10.4%) and construction (7.1%). The five sectors combined accounted for about 88.8 percent of the total turnover over the two years.

Figure 2.1: Entity Turnover by Economic Activity in 2015 and 2016 (Shs. Billion)



Source: *PSIS 2017 findings*

2.3. Contribution to Economic Activity

The results of the PSIS 2017 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 2016 for the 746 enterprises that responded was estimated at Shs.7,147 billion equivalent to about 8.9 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 of 61.7 percent and 60.6 percent of GDP, respectively (see details in Table 2.3).

Table 2.3: Value added and Fixed Capital Formation of Sampled Enterprises During 2016 (Shs. Billion).

Item	*Sample Value Added*	*GDP (Current prices)* 1/	*Sample /Total (in %)*
Value added	**7,147**	**79,867**	**8.9**
o/w Manufacturing	2,085	7,780	26.8
Financial and Insurance services	1,675	2,717	61.7
Electricity	498	823	60.6
Construction	151	6,542	2.3
Others	2,737	62,006	4.4
Fixed capital formation	**14,137**	**20,668**	**68.4**
o/w Private fixed capital formation	14,137	17,579	80.4

***Note:* 1/**. *The GDP at current prices is from: Uganda Bureau of Statistics*

Source: *PSIS 2017 findings and UBOS Data*

The results on the stock of capital reported by the enterprises during 2016 were used together with the survey results for the period 2015 to estimate the proportion of the survey's contribution to fixed capital formation[4]. An estimate of fixed capital formation of Shs.14,137 billion was derived. The estimate represented about 68.4 percent of total fixed capital formation and 80.4 percent of private gross fixed capital formation estimates for 2016.

[4] Gross fixed capital formation measures the value of acquisitions of new or existing fixed assets by an enterprise, less disposals of fixed assets. The estimation involves the computation of total acquisition or revaluation of fixed assets less value disposed.

2.4. Employment

The number of employees in the enterprises that responded increased by 3.0 percent from 100,127 as at 31st December 2015 to 103,108 employees as at 31st December 2016, with the highest growth among non-resident employees.

In terms of residence of employees, nearly all employees from the enterprises that responded, (99.9 percent); were resident in Uganda. The number of non-resident employees increased by 52.9 percent to 52 employees as at 31st December 2016. Details are provided in Table 2.4.

Table 2.4: Distribution of Employment by Residency

Residency of employees	Number of Employees		Growth rates 2015-2016 (%)	Percentage of total in 2016 (%)
	2015	2016		
Residents	100,093	103,056	3.0	99.9
Domestic	*98,434*	*101,074*	2.7	98.0
Foreign (Long-term)[1/]	*1,659*	*1,982*	19.5	1.9
Non-residents	34	52	52.9	0.1
Total No. of Employees	**100,127**	**103,108**	**3.0**	**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.

Source: *PSIS 2017 findings*

2.5. Compensation of Employees

The PSIS 2017 collected information on compensation of employees during 2015 and 2016. Total compensation of employees (namely; wages, salaries, contribution to pension fund, fringe benefits, etc.) paid out by enterprises that responded increased by 14.7 percent from Shs.3,105.2 billion during 2015 to Shs.3,560.4 billion during 2016. Domestic employees received the highest share of total employee's compensation accounting for an average of 93.0 percent of the total compensation during the two years. Compensation to non-residents increased by 509.6 percent to Shs.2.3 billion in 2016 from Shs.0.4 billion in 2015. Details are shown in Table 2.5.

Table 2.5: Compensation of Employees by Residency

Residency of Employees	Survey Findings (Shs. Billions)		% Change 2015 - 2016	Up-rated Compensation of Employees (US$ Millions)	
	2015	2016		2015	2016
Residents	3,104.8	3,558.3	14.6	1,083.6	1,283.6
Domestic	*2,886.5*	*3,337.0*	15.6	1,007.4	1,203.8
Foreign (Long-term)	*218.3*	*221.3*	1.4	76.2	79.8
Non-residents	0.4	2.3	509.6	0.1	0.8
Total compensation	**3,105.2**	**3,560.5**	**14.7**	**1,083.7**	**1,284.4**

Source: *PSIS 2017 findings*

To incorporate the findings from compensation of short-term employees into the BOP, the results from the survey were up-rated using a grossing-up factor of 1.16 determined from the proportion of responding enterprises relative to the sampling frame (see, details on the derivation of the grossing-up in Appendix A), to obtain total estimates for 2016. The grossed-up compensation during 2015 and 2016 was converted to US dollars using average exchange rates of Shs. 3,245.5 and Shs. 3,420.5 per US dollar, respectively.

The total estimates of compensation of employees increased by 23.3 percent to US$1,284.4 million in 2016 from US$1,083.7 million estimated for 2015. Compensation of non-resident employees (BOP item) increased from US$0.1 million during 2015 to US$ 0.8 million during 2016.

2.6. Net-Profits, Dividends and Retained Earnings

The findings from entities that responded indicate that net profits reported for 2016 increased by 57.4 percent to Shs. 1,260.1 billion from Shs. 800.7 billion earned during 2015, as summarized in Table 2.6. In addition, retained earnings increased to Shs. 622.7 billion during 2016 from Shs. 248.4 billion in 2015.

Table 2.6: Net profits, Dividends and Retained Earnings

Item	Amounts (Shs. Billions)		% Change 2015-2016
	2015	2016	
Net profit/loss	800.7	1,260.1	57.4
Dividends declared	552.3	637.3	15.4
Dividends paid/remitted	439.3	360.7	-17.9
Retained earnings[5]	248.4	622.7	150.7

***Source:** PSIS 2017 findings*

In terms of profitability by sector, finance and insurance had the largest share of total profits estimated at 60.9 percent of total profits for all entities that responded. The total profits for this sector however, increased to Shs. 767.2 billion in 2016 from Shs. 560.7 billion registered in 2015. Enterprises in electricity and gas and manufacturing sectors followed with profitability of Shs. 287.4 billion and Shs. 200.0 billion, respectively during 2016.

However, some entities registered losses in 2016. Large losses amounting to Shs.104.3 billion were recorded in the I.C.T. sector followed by accommodation & food of Shs.47.2 billion, transport of Shs.33.9 billion, construction of Shs.23.5 billion, education of Shs.11.5 billion and mining & quarrying of Shs.1.8 billion.

[5] 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 2016 and the respective outstanding stocks as at end 2015 and 2016 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 investment[6] 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 6.8 percent from Shs. 30,060.6 billion as at end 2015 to Shs. 32,099.2 billion as at end 2016. The increase in the FDI stock was mainly on account of new equity investment (share capital) amounting to Shs.836.7 billion during 2016 in the mining and quarrying, finance and insurance, wholesale & trade and manufacturing sectors. In addition, Shs.680.8 billion was received during 2016 in the form of other capital, comprised of loans and trade credit from foreign affiliates. Reinvested earnings during the year amounted to Shs.334.7 billion.

Other changes which constitute of movements in financial positions that arise for reasons other than transactions between residents and non-residents resulted in a net revaluation gain of Shs. 186.4 billion. This was as a result of Shs.945.5 billion net revaluation gain in equity while valuation changes attributed to debt from affiliated enterprises amounted to net revaluation loss of Shs.759.1 billion.

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6 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.

The detailed findings of FDI composition in terms of flows and stocks of the enterprises that responded are shown in Table 3.1.

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

Components	2015-Shs. Billions	2016-Shs. Billions		
	Stocks	Transactions	Other Changes	Stocks
Foreign Direct Investment (FDI)	**30,060.6**	**1,852.2**	**186.4**	**32,099.2**
Direct Investor (DI)	**28,796.3**	**1,421.7**	**171.8**	**30,389.8**
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**
Direct Equity (OFBV)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**
Direct Investor (DI)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**
Equity Shares	9,964.3	836.7	-22.7	10,778.4
Retained Earnings	916.5	334.7	-289.3	961.9
Revaluation	14,244.3	0.0	1,257.4	15,501.7
Fellow Enterprise (FE)	**0.0**	**0.0**	**0.0**	**-**
Equity Shares	-	0.0	0.0	-
Retained Earnings	-	0.0	0.0	-
Revaluation	-	0.0	0.0	-
Other Capital (Affiliated Debt)	**4,935.6**	**680.8**	**-759.1**	**4,857.3**
Direct Investor (DI)	**3,671.3**	**250.3**	**-773.6**	**3,147.9**
Loans	**2,978.5**	**279.4**	**-794.8**	**2,463.1**
Short-term	1,183.9	65.8	-767.6	482.1
Disbursements	0.0	92.5	0.0	-
Repayments	0.0	-26.7	0.0	-
Other Changes	0.0	0.0	-767.6	-
Long-term	1,794.7	213.6	-27.2	1,981.1
Disbursements	0.0	294.0	0.0	-
Repayments	0.0	-80.4	0.0	-
Other Changes	0.0	0.0	-27.2	-
Trade credits	**692.8**	**-29.1**	**21.2**	**684.8**
Short-term	573.8	-28.3	21.2	566.6
Disbursements	0.0	340.5	0.0	-
Repayments	0.0	-368.8	0.0	-
Other Changes	0.0	0.0	21.2	-
Long-term	119.0	-0.8	0.0	118.1
Disbursements	0.0	4.7	0.0	-
Repayments	0.0	-5.5	0.0	-
Other Changes	0.0	0.0	0.0	-
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**
Loans	**508.3**	**44.1**	**13.8**	**566.1**
Short-term	50.2	14.1	0.0	64.3
Disbursements	0.0	20.5	0.0	-
Repayments	0.0	-6.4	0.0	-
Other Changes	0.0	0.0	0.0	-
Long-term	458.1	30.0	13.8	501.8
Disbursements	0.0	93.4	0.0	-
Repayments	0.0	-63.4	0.0	-
Other Changes	0.0	0.0	13.8	-
Trade credits	**756.0**	**386.4**	**0.8**	**1,143.2**
Short-term	600.3	389.6	1.3	991.3
Disbursements	0.0	546.2	0.0	-
Repayments	0.0	-156.6	0.0	-
Other Changes	0.0	0.0	1.3	-
Long-term	155.7	-3.2	-0.5	152.0
Disbursements	0.0	24.9	0.0	-
Repayments	0.0	-28.1	0.0	-
Other Changes	0.0	0.0	-0.5	-

Source: *PSIS 2017 findings*

The major recipient sectors of foreign direct investment during the year were mining and quarrying accounting for 33.4 percent (or Shs.619.0 billion) of the total FDI. This was followed by wholesale & retail (30.6 percent or Shs.566.7 billion), finance & insurance (23.9 percent or Shs.442.2 billion), and manufacturing (11.1 percent or Shs.206.3 billion). The details are shown in Table 3.2. There were however net reductions recorded for enterprises involved in ICT (Shs.324.9 billion), education (Shs.28.5 billion) and transportation & storage (Shs.22.8 billion). The reductions were mainly due to retained losses and net repayments of affiliated debt during the period.

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

Major Sector	2015	2016		
	Stock	Transactions	Other Changes[7]	Stock
Agriculture	569.5	85.9	12.4	667.7
Mining & quarrying	17,684.7	619.0	5.3	18,309.0
Manufacturing	2,972.5	206.3	40.0	3,218.8
Electricity & gas	1,131.9	140.3	-250.7	1,021.5
Water supply	1.5	0.3	-	1.8
Construction	1,450.5	57.1	127.4	1,635.0
Wholesale & retail	1,137.0	566.7	18.8	1,722.5
Transportation & storage	352.8	-22.8	2.1	332.2
Accommodation & food	338.5	24.1	18.0	380.6
I.C.T.	336.7	-324.9	43.9	55.7
Finance & Insurance	2,995.0	442.2	133.2	3,570.4
Real estate	67.2	6.7	4.0	78.0
Professional services	106.1	2.5	-0.6	108.0
Administrative services	820.8	72.1	38.8	931.7
Education	17.2	-28.5	-0.0	-11.3
Health	61.4	8.4	-6.8	63.0
Arts & entertainment	17.3	- 3.3	0.5	14.5
Total	**30,060.6**	**1,852.2**	**186.4**	**32,099.2**

Source: *PSIS 2017 findings*

The top ten sources of FDI to Uganda during 2016 in terms of stocks were Netherlands, Kenya, France, Switzerland, Australia, United Kingdom, South

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

Africa, India, Bermuda and Seychelles. These ten countries jointly accounted for 83.9 percent and 85.5 percent of FDI stocks in 2015 and 2016, 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/]	2015	2016		
		Stock	Transactions	Other Changes	Stock
1.	Netherlands	13,459.20	824.18	7.52	14,290.90
2.	Kenya	1,972.36	681.14	-25.84	2,627.66
3.	United Kingdom (UK)	1,719.79	239.59	21.64	1,981.02
4.	France	328.86	131.11	-8.08	451.90
5.	Switzerland	485.82	110.64	-14.09	582.37
6.	Australia	5,209.46	94.98	0.00	5,304.45
7.	South Africa	1,018.42	52.63	-19.40	1,051.65
8.	India	434.19	51.80	5.11	491.10
9.	Bermuda	579.09	31.65	-8.02	602.72
10.	Seychelles	23.20	24.71	0.00	47.91
	FDI from Top 10 Countries	**25,230.40**	**2,242.44**	**-41.17**	**27,431.67**
	TOTAL	**30,060.61**	**1,852.18**	**186.39**	**32,099.18**

Source: *PSIS 2017 findings*

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.

3.2. Foreign Borrowing[8] by Resident Enterprises

The stock of foreign borrowing reported by the responding enterprises increased by 0.8 percent to Shs.2,932.2 billion as at end 2016 from Shs.2,907.8 billion as at end 2015. The increase in private sector external debt was largely due to other changes, which more than offset the net repayments registered during the year.

In terms of composition, loans accounted for about 96.2 percent of the stock of private sector external debt at the end of 2016. The stock of outstanding private sector foreign loans decreased by 17.6 percent to Shs.2,821.5 billion as at end 2016 from Shs.2,825.1 billion as at end 2015, largely on account of other changes. The stock of trade credit owed to non-residents increased from Shs.82.7

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

billion to Shs.110.7 billion as at end 2015 and 2016, respectively. The increase in trade credit was mainly due to higher disbursements of short-term trade credit during the period, estimated at Shs.44.4 billion compared to repayments estimated at Shs. 16.4 billion as shown in Table 3.4.

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

Component	2015	2016			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Total Foreign borrowing	**2,907.8**	**301.7**	**-440.8**	**163.5**	**2,932.2**
Loans	**2,825.1**	**257.3**	**-424.4**	**163.4**	**2,821.5**
Short-Term Loan	77.7	10.9	-17.8	0.0	70.8
Long-Term Loan	2,747.4	246.5	-406.6	163.4	2,750.7
Trade credits	**82.7**	**44.4**	**-16.4**	**0.1**	**110.7**
Short-Term Loan	65.7	22.4	-14.9	0.1	73.4
Long-Term Loan	17.0	22.0	-1.6	0.0	37.3

Source: *PSIS 2017 findings*

The survey findings also showed that in terms of sector distribution, the largest exposure to foreign debt from unrelated entities in 2016 was in electricity & gas (73.4%) followed by manufacturing (6.1%), I.C.T (5.2%) and agriculture (5.1%). The sectors that received the highest disbursements were electricity & gas which received Shs.110.2 billion, agriculture Shs.79.0 billion and I.C.T received Shs.70.7 billion. Similarly, the largest debt repayments were reported by entities in electricity and gas, manufacturing and wholesale & retail trade sectors as shown in Table 3.5.

The main lenders were international organisations such as the International Finance Corporation (IFC), European Investment Bank (EIB) and German Investment and Development Corporation (DEG); and countries like South Africa, United Arab Emirates, Denmark, Kenya, United Kingdom, United States of America, Egypt and China. This group of lenders accounted for 96.3 percent of the outstanding debt stock as at end 2016.

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

Major Sector	2015	2016			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Agriculture	97.5	79.0	-35.9	9.2	149.9
Manufacturing	237.6	6.4	-67.0	3.2	180.2
Electricity & gas	2,116.5	110.2	-215.5	140.3	2,151.6
Water supply	0.0	0.0	0.0	0.0	0.0
Construction	63.3	3.0	-1.7	6.1	70.8
Wholesale & retail trade	122.4	8.7	-48.9	0.0	82.2
Transportation & Storage	2.9	0.0	-2.6	0.0	0.3
Accommodation & food	4.0	0.4	-0.5	0.0	4.0
I.C.T.	96.4	70.7	-15.2	0.0	152.0
Finance & Insurance	47.4	6.7	-9.1	0.0	45.0
Real estate activities	65.4	10.3	-35.6	0.1	40.2
Professional services	53.1	6.1	-8.3	4.5	55.4
Administrative services	0.0	0.0	0.0	0.0	0.0
Education	0.0	0.0	0.0	0.0	0.0
Health	1.2	0.0	-0.6	0.0	0.6
Arts & entertainment	0.0	0.0	0.0	0.0	0.0
Grand Total	**2,907.8**	**301.7**	**-440.8**	**163.5**	**2,932.2**

Source: *PSIS 2017 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. 3,420.5 per US$ for 2016. 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 1.16 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

Components	(Shs. billions)				(US$. millions)	
	2015	2016			2016	
	Stocks	Transactions	Other Changers	Stocks	Derived Transactions	Up-rated Transactions
Foreign Direct Investment (FDI)	**30,060.6**	**1,852.2**	**186.4**	**32,099.2**	**541.5**	**625.7**
Direct Investor (DI)	**28,796.3**	**1,421.7**	**171.8**	**30,389.8**	**415.6**	**480.3**
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**	**125.9**	**145.4**
Direct Equity (OFBV)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**	**342.5**	**395.7**
Direct Investor (DI)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**	**342.5**	**395.7**
Retained Earnings	916.5	334.7	-289.3	961.9	97.8	113.1
Equity Shares	9,964.3	836.7	-22.7	10,778.4	244.6	282.7
Revaluation	14,244.3	0.0	1,257.4	15,501.7	0.0	0.0
Fellow Enterprise (FE)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Retained Earnings	0.0	0.0	0.0	0.0	0.0	0.0
Equity Shares	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0
Other Capital (Affiliated Debt)	**4,935.6**	**680.8**	**-759.1**	**4,857.3**	**199.0**	**230.0**
Direct Investor (DI)	**3,671.3**	**250.3**	**-773.6**	**3,147.9**	**73.2**	**84.5**
Loans	**2,978.5**	**279.4**	**-794.8**	**2,463.1**	**81.7**	**94.4**
Short-term loan	1,183.9	65.8	-767.6	482.1	19.2	22.2
Long-term loan	1,794.7	213.6	-27.2	1,981.1	62.4	72.2
Trade credits	**692.8**	**-29.1**	**21.2**	**684.8**	**-8.5**	**-9.8**
Short-term trade credits	573.8	-28.3	21.2	566.6	0.0	0.0
Long-term trade credits	119.0	-0.8	0.0	118.1	0.0	0.0
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**	**125.9**	**145.4**
Loans	**508.3**	**44.1**	**13.8**	**566.1**	**12.9**	**14.9**
Short-term loan	50.2	14.1	0.0	64.3	0.0	0.0
Long-term loan	458.1	30.0	13.8	501.8	0.0	0.0
Trade credits	**756.0**	**386.4**	**0.8**	**1,143.2**	**113.0**	**130.5**
Short-term trade credits	600.3	389.6	1.3	991.3	113.9	131.6
Long-term trade credits	155.7	-3.2	-0.5	152.0	-0.9	-1.1
Other Investments	**3,143.5**	**-90.3**	**214.7**	**3,267.9**	**-26.4**	**-30.5**
Other Equity (<10%)	**235.7**	**48.8**	**51.2**	**335.7**	**14.3**	**16.5**
Foreign Borrowings (non-Affiliated)	**2,907.8**	**-139.1**	**163.5**	**2,932.2**	**-40.7**	**-47.0**
Loans	**2,825.1**	**-167.1**	**163.4**	**2,821.5**	**-48.8**	**-56.4**
Short-term loan	77.7	-7.0	0.0	70.8	-2.0	-2.3
Long-term loan	2,747.4	-160.1	163.4	2,750.7	-46.8	-54.1
Trade credits	**82.7**	**28.0**	**0.1**	**110.7**	**8.2**	**9.4**
Short-term trade credits	65.7	7.6	0.1	73.4	2.2	2.6
Long-term trade credits	17.0	20.4	0.0	37.3	6.0	6.9
Dividends paid/remitted	N/A	632.3	N/A	N/A	184.9	213.6

Source: *PSIS 2017 findings*

The up-rated results revealed that foreign direct investment transactions during 2016 increased to US$625.7 million from the estimated inflow of US$538.5 million during 2015 (details are provided in Appendix Table: B.3). The main inflows were in the form of equity recorded at US$395.7 million, representing a 12.2 percent increase from US$352.7 million received during 2015. Other capital (debt from foreign affiliates) increased to a net disbursement of US$230.0 million during 2016 compared to US$185.7 million estimated for 2015.

The grossed-up net flows (disbursement less principal repayments) of foreign non-affiliated borrowings by resident enterprises was an estimated net outflow of US$47.0 million during 2016 compared to a net outflow of US$11.4 million during 2015. The results further showed that the grossed-up distributed return on investment (dividends) paid to foreign direct investors during 2016 increased to US$ 213.6 million from US$185.5 million reported in 2015. The grossed-up flows and stocks from 2009 – 2016 by source country are presented in Appendix Table B.4 and B.5, respectively.

3.4. Conclusions

Uganda's private sector investment inflows increased during 2016 compared with 2015. The increase in FDI was on account of mainly higher equity inflows. The prospects for 2017 are for higher inflows supported by huge investments projected for some of the major oil sector related projects such as the construction of oil roads, Kabaale Airport and the oil pipeline.

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 2016, enterprises from URA top 1,000 tax payers not covered in previous private sector investment surveys and the list of new investments received during 2016 reported by print and electronic media were included in the sample. 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 used 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 2017. 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 2015 and 2016 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 1.16, derived as the reciprocal of the response rate of the survey, was applied to all estimates to cater for the non-response of newly licensed enterprises.

APPENDIX – B: Statistical Appendix

Table B.1: Total Employment by Economic Sectors in 2015 and 2016

Major Sector	2015				2016			
	Local	Foreign		Total	Local	Foreign		Total
		Long-Term	Short-Term			Long-Term	Short-Term	
Agriculture	18,875	105	-	18,980	18,877	111	-	18,988
Mining & quarrying	889	12	-	901	973	11	-	984
Manufacturing	17,863	425	-	18,288	18,088	427	-	18,515
Electricity & gas	1,827	27	-	1,854	1,902	27	12	1,941
Water supply	564	-	-	564	623	-	-	623
Construction	5,593	426	13	6,032	6,052	413	13	6,478
Wholesale & retail trade	7,364	232	19	7,615	7,711	494	18	8,223
Transportation & storage	3,782	34	-	3,816	3,765	47	-	3,812
Accommodation & food	2,983	81	-	3,064	3,124	81	-	3,205
I.C.T.	3,950	78	-	4,028	4,017	87	-	4,104
Finance & insurance	13,503	83	-	13,586	13,784	85	-	13,869
Real estate	270	2	-	272	279	2	-	281
Professional	1,718	55	2	1,775	1,591	56	2	1,649
Administrative services	16,844	30	-	16,874	17,554	29	-	17,583
Education	497	23	-	520	511	65	-	576
Health	1,331	43	-	1,374	1,383	42	7	1,432
Arts & entertainment	581	3	-	584	840	5	-	845
Total	**98,434**	**1,659**	**34**	**100,127**	**101,074**	**1,982**	**52**	**103,108**

Source: *PSIS 2017 findings*

Table B.2: Compensation of Employees by Economic Sectors in 2015 and 2016-(US$ millions)

Major Sector	2015			2016		
	Foreign		Local	Foreign		Local
	Long-Term	Short-Term		Long-Term	Short-Term	
Agriculture	3.4	-	27.0	3.9	-	29.8
Mining & quarrying	4.6	-	16.4	4.8	-	16.4
Manufacturing	21.2	0.0	125.7	17.1	0.0	582.4
Electricity & gas	5.4	-	36.3	5.1	0.0	36.4
Water supply	-	-	0.9	-	-	1.0
Construction	5.9	0.1	19.9	8.3	0.2	23.9
Wholesale & retail trade	7.7	0.0	53.6	8.5	0.1	61.8
Transportation & storage	1.2	0.0	29.9	1.5	0.0	32.1
Accommodation & food	2.9	-	11.5	3.2	-	13.3
I.C.T.	8.8	-	88.0	8.0	-	89.0
Finance & Insurance	8.8	-	226.8	12.2	0.3	263.8
Real estate	0.1	-	2.7	0.1	-	3.5
Professional	2.1	0.0	327.6	1.9	0.0	11.1
Administrative services	1.3	-	19.2	1.6	-	20.8
Education	0.6	-	7.4	0.8	-	9.0
Health	2.3	-	12.8	2.8	0.2	7.2
Arts & entertainment	0.0	-	1.8	0.0	-	2.3
Total	**76.2**	**0.1**	**1,007.4**	**79.8**	**0.8**	**1,203.8**

Source: *PSIS 2017 findings*

Table B.3: Grossed-up Foreign Direct Investment and Foreign Borrowing during 2015 and 2016-(US$ millions)

Components	2015		2016	
	Derived transactions	Up-rated figures	Derived transactions	Up-rated BOP figures
Foreign Direct Investment	**494.8**	**538.5**	**541.5**	**625.7**
Total Equity	**324.1**	**352.7**	**342.5**	**395.7**
Share capital	285.1	310.2	244.6	282.7
Retained Earnings	39.1	42.5	97.8	113.1
Revaluation	0	0	-	-
Other Capital	**170.7**	**185.7**	**199.0**	**230.0**
Foreign Borrowing *(Loans and Trade credit)*	**10.5**	**11.4**	**-40.7**	**-47.0**
Short-term	5.4	5.9	0.2	0.2
Long-term	5.0	5.5	-40.9	-47.2
Dividends paid/remitted	170.4	185.5	184.9	213.6

Source: *PSIS 2017 findings*

Table B.4: Integrated Foreign liabilities, Grossed-up Transactions and their Components during 2016

	2015-Shs. Billions	2016-Shs. Billions			2016-US$	
Components	**Stocks**	**Transactions**	**Other Changes**	**Stocks**	**Derived Transactions**	**Up-rated Transactions**
Foreign Direct Investment (FDI)	**30,060.6**	**1,852.2**	**186.4**	**32,099.2**	**541.5**	**625.7**
Direct Investor (DI)	**28,796.3**	**1,421.7**	**171.8**	**30,389.8**	**415.6**	**480.3**
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**	**125.9**	**145.4**
Direct Equity (OFBV)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**	**342.5**	**395.7**
Direct Investor (DI)	**25,125.0**	**1,171.4**	**945.5**	**27,241.9**	**342.5**	**395.7**
Equity Shares	9,964.3	836.7	-22.7	10,778.4	244.6	282.7
Retained Earnings	916.5	334.7	-289.3	961.9	97.8	113.1
Revaluation	14,244.3	0.0	1,257.4	15,501.7	-	0.0
Fellow Enterprise (FE)	**0.0**	**0.0**	**0.0**	**-**	**-**	**0.0**
Equity Shares	-	0.0	0.0	-	-	0.0
Retained Earnings	-	0.0	0.0	-	-	0.0
Revaluation	-	0.0	0.0	-	-	0.0
Other Capital (Affiliated Debt)	**4,935.6**	**680.8**	**-759.1**	**4,857.3**	**199.0**	**230.0**
Direct Investor (DI)	**3,671.3**	**250.3**	**-773.6**	**3,147.9**	**73.2**	**84.5**
Loans	**2,978.5**	**279.4**	**-794.8**	**2,463.1**	**81.7**	**94.4**
Short-term	1,183.9	65.8	-767.6	482.1	19.2	22.2
Disbursements	0.0	92.5	0.0	-	27.1	31.3
Repayments	0.0	-26.7	0.0	-	-7.8	-9.0
Other Changes	0.0	0.0	-767.6	-	-	0.0
Long-term	1,794.7	213.6	-27.2	1,981.1	62.4	72.2
Disbursements	0.0	294.0	0.0	-	86.0	99.3
Repayments	0.0	-80.4	0.0	-	-23.5	-27.2
Other Changes	0.0	0.0	-27.2	-	-	0.0
Trade credits	**692.8**	**-29.1**	**21.2**	**684.8**	**-8.5**	**-9.8**
Short-term	573.8	-28.3	21.2	566.6	-8.3	-9.6
Disbursements	0.0	340.5	0.0	-	99.5	115.0
Repayments	0.0	-368.8	0.0	-	-107.8	-124.6
Other Changes	0.0	0.0	21.2	-	-	0.0
Long-term	119.0	-0.8	0.0	118.1	-0.2	-0.3
Disbursements	0.0	4.7	0.0	-	1.4	1.6
Repayments	0.0	-5.5	0.0	-	-1.6	-1.9
Other Changes	0.0	0.0	0.0	-	-	0.0
Fellow Enterprise (FE)	**1,264.3**	**430.5**	**14.6**	**1,709.4**	**125.9**	**145.4**
Loans	**508.3**	**44.1**	**13.8**	**566.1**	**12.9**	**14.9**
Short-term	50.2	14.1	0.0	64.3	4.1	4.8
Disbursements	0.0	20.5	0.0	-	6.0	6.9
Repayments	0.0	-6.4	0.0	-	-1.9	-2.2
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term	458.1	30.0	13.8	501.8	8.8	10.1
Disbursements	0.0	93.4	0.0	-	27.3	31.6
Repayments	0.0	-63.4	0.0	-	-18.5	-21.4
Other Changes	0.0	0.0	13.8	-	-	0.0
Trade credits	**756.0**	**386.4**	**0.8**	**1,143.2**	**113.0**	**130.5**
Short-term	600.3	389.6	1.3	991.3	113.9	131.6
Disbursements	0.0	546.2	0.0	-	159.7	184.5
Repayments	0.0	-156.6	0.0	-	-45.8	-52.9
Other Changes	0.0	0.0	1.3	-	-	0.0
Long-term	155.7	-3.2	-0.5	152.0	-0.9	-1.1
Disbursements	0.0	24.9	0.0	-	7.3	8.4
Repayments	0.0	-28.1	0.0	-	-8.2	-9.5
Other Changes	0.0	0.0	-0.5	-	-	0.0
Other Investments	**3,143.5**	**-90.3**	**214.7**	**3,267.9**	**-26.4**	**-30.5**
Other Equity (<10%)	**235.7**	**48.8**	**51.2**	**335.7**	**14.3**	**16.5**
Foreign Borrowings (non-Affiliated)	**2,907.8**	**-139.1**	**163.5**	**2,932.2**	**-40.7**	**-47.0**
Loans	**2,825.1**	**-167.1**	**163.4**	**2,821.5**	**-48.8**	**-56.4**
Short-term loan	77.7	-7.0	0.0	70.8	-2.0	-2.3
Disbursements	0.0	10.9	0.0	-	3.2	3.7
Repayments	0.0	-17.8	0.0	-	-5.2	-6.0
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term loan	2,747.4	-160.1	163.4	2,750.7	-46.8	-54.1
Disbursements	0.0	246.5	0.0	-	72.1	83.3
Repayments	0.0	-406.6	0.0	-	-118.9	-137.4
Other Changes	0.0	0.0	163.4	-	-	0.0
Trade credits	**82.7**	**28.0**	**0.1**	**110.7**	**8.2**	**9.4**
Short-term trade credits	65.7	7.6	0.1	73.4	2.2	2.6
Disbursements	0.0	22.4	0.0	-	6.6	7.6
Repayments	0.0	-14.9	0.0	-	-4.3	-5.0
Other Changes	0.0	0.0	0.1	-	-	0.0
Long-term trade credits	17.0	20.4	0.0	37.3	6.0	6.9
Disbursements	0.0	22.0	0.0	-	6.4	7.4
Repayments	0.0	-1.6	0.0	-	-0.5	-0.5
Other Changes	0.0	0.0	0.0	-	-	0.0
					-	0.0
Dividends paid/remitted	N/A	632.3	N/A	N/A	184.9	213.6

Source: *PSIS 2017 findings*

Table B.5: Grossed-up FDI Flows by Source Countries 2008 – 2016-(US$ millions)

	Country	2009	2010	2011	2012	2013	2014	2015	2016
1	Australia	189.3	120.1	201.1	203.1	81.8	81.9	60.1	32.1
2	Kenya	55.5	86.1	172.6	99.4	44.5	109.6	61.7	230.1
3	Netherlands	16.2	121.5	164.4	611.2	493.5	491.4	236.7	278.4
4	UK	227.8	126.7	115.8	116.8	78.9	250.3	4.5	80.9
5	UAE	102.8	65.2	109.2	64.4	1.8	16.3	35.8	-27.4
6	Mauritius	54.0	90.6	104.5	6.3	71.3	67.1	51.3	-87.7
7	Switzerland	41.2	26.1	43.8	-12.9	2.6	28.9	7.9	37.4
8	Bermuda	87.4	11.6	38.0	-13.4	0.5	10.3	9.4	10.7
9	Denmark	19.8	12.6	21.0	-2.2	-3.5	-4.2	10.9	2.2
10	India	18.8	38.1	19.2	39.3	18.7	-39.2	10.6	17.5
11	Nigeria	17.9	11.4	19.0	5.2	-3.7	9.2	-10.0	5.0
12	South Africa	89.5	16.9	14.4	25.0	11.4	-71.4	47.4	17.8
13	Singapore	0.1	-1.7	9.5	9.6	2.1	-17.2	1.6	-1.1
14	IO	8.0	5.1	8.5	5.8	8.7	0.1	0.0	0.0
15	Egypt	6.7	4.2	7.1	-2.6	9.4	1.8	0.6	1.2
16	Norway	5.0	3.2	5.3	2.9	5.6	-4.1	-1.9	5.4
17	Togo	3.4	2.1	3.6	1.1	17.9	13.0	-0.3	0.3
18	USA	18.8	10.3	3.4	20.4	8.5	8.4	-25.6	-3.7
19	Canada	3.2	2.0	3.4	-6.7	6.3	-0.2	5.6	3.2
20	Others	-115.7	-213.0	-169.6	32.8	241.0	49.4	32.2	23.4
	Total	**841.6**	**534.1**	**894.3**	**1,205.4**	**1,097.1**	**1,001.3**	**538.5**	**625.7**

Source: *PSIS 2017 findings*