Private Sector Investment Survey 2018 Report

Apr 2019

Table of Contents

List of Tables

List of Figures

List of Appendices

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 2018 covering information on private investment in 2017. The survey was the seventeenth 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 other macroeconomic analysis.

The survey revealed that there was an increase in foreign direct investment in 2017. 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) 2018 was the seventeenth 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[1], international investment position[2] and other related key macroeconomic statistics for 2017.

A total of 915 questionnaires were administered during the survey from which 787 enterprises responded, representing a response rate of 86.0 percent. Overall, the 789 enterprises had an estimated contribution to value added in current prices during 2017 of Shs.6,963 billion equivalent to about 7.7 percent of GDP. In addition, the samples' contribution to fixed capital formation during 2017 was estimated at about Shs.13,611 billion representing 61.5 percent of total fixed capital formation and 71.9 percent of private fixed capital formation.

The findings on employment indicated that total employment by the enterprises that responded grew by 7.8 percent from 118,052 employees during 2016 to 127,309 employees during 2017. There was also an increase in compensation of employees of 27.3 percent from Shs.2,613.1 billion in 2016 to Shs.3,325.9 billion during 2017. Profitability of enterprises surveyed rose by 67.6 percent to Shs.2,059.6 billion during 2017 from Shs.1,228.8 billion recorded in 2016.

The grossed-up findings on Foreign Direct Investment (FDI) transactions during 2017 increased by US$176.9 million to US$802.6 million from US$625.7 million in 2016. The increase in FDI inflows in 2017 was mainly on

---

[1] The balance of payments is a statistical statement that systematically summarizes, for a specific time period, the economic transactions of an economy with the rest of the world.

[2] The International Investment Position is a statistical statement that shows, at a point in time, the value of financial assets of residents of an economy that are claims on non-residents and gold bullion held as reserve assets and the liabilities of residents of an economy to non-residents.

account of higher inflows of equity capital. Net inflows of equity capital increased to US$708.3 million during 2017 compared to US$395.752.7 million recorded in 2016. However, foreign borrowing by resident enterprises from non-affiliated enterprises was a net repayment of US$3.4 million during 2017 compared to a net repayment of US$47.0 million recorded in 2016. Transactions involving other equity investment (equity investment of less than 10% of total equity) during 2017 were estimated at US$ 20.6 million.

The major recipient sectors of FDI during the year were mining and quarrying including oil (28.2 percent), finance & insurance (24.7 percent), electricity & gas (19.9 percent) and manufacturing (10.7 percent). The largest inflows/disbursements of debt from foreign affiliates went to agriculture, manufacturing and construction. The three sectors jointly accounted for 68.3 percent of the total disbursements from foreign affiliated entities received during 2017. In terms of source of FDI, Netherlands, Mauritius, Kenya, Australia, United Kingdom, China, India, Switzerland, France and Bermuda were the largest sources accounting for 89.5 percent of total FDI stocks received by Uganda during 2017.

The survey findings also showed that entities in the electricity & gas sector had the largest exposure to foreign debt from unrelated entities, accounting for 55.6 percent of the outstanding stock of debt in this category at the end of 2017. Entities in ICT, wholesale & retail trade and manufacturing sectors received 94.0 percent of the total disbursements and remitted 51.2 percent of the repayments to non-affiliated entities during 2017.

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 2017. 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) 2018 was the seventeenth 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)[3] and other related macroeconomic statistics to guide policy decisions. The PSIS 2018 collected and analysed information on the value of investment, composition, source countries and sector distribution of investment stocks as at end 2016 and 2017 and flows during 2017.

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 2018 targeted 1,371 enterprises known from previous surveys to have large foreign liabilities and assets from previous surveys and newly licensed

[3] The CDIS is a worldwide statistical data collection effort led by the IMF. The purpose of the CDIS is to improve the quality of direct investment position statistics in the International Investment Position (IIP) and the availability of these statistics by immediate counterpart economies.

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 2017 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 30th November 2018. 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 2017 and forecasts for 2018-19 is presented in this section.

1.2.1. Overview of Global Growth in 2018

According to the International Monetary Fund's World Economic Outlook report (IMF's WEO) of October 2018[4], Global growth for 2018–19 is projected to remain steady at its 2017 level in 2018. Global growth is projected at 3.7 percent for 2018–19, a 0.2 percentage point lower for both years than forecast in April 2018. The downward revision reflects surprises that suppressed activity in early 2018 in some major advanced economies, the negative effects of the trade measures implemented or approved between April and mid-September 2018, as well as a weaker outlook for some key emerging market and developing economies arising from country-specific factors, tighter financial conditions, geopolitical tensions, and higher oil import bills. In the first half of 2018, global growth shed some of the strong momentum registered in the second half of 2017, and the expansion

[4] IMF World Economic Outlook – October 2018: Challenges to Steady Growth

became less synchronized across countries. Activity moderated more than expected in some large advanced economies from its strong pace in 2017, while the emerging market and developing economy group continued to expand at broadly the same pace as in 2017. There was slow growth registered among advanced economies, notably in the Euro area and the United Kingdom. Slower export growth after a strong surge in the final quarter of 2017 contributed notably to the Euro area slowdown. Higher energy prices helped dampen demand in energy importers, while some countries were also affected by political uncertainty or industrial actions.

In the United Kingdom, growth moderated more than anticipated, partly because of weather-related disruptions in the first quarter. Set against these developments, the US economy maintained robust growth, particularly in the second quarter, with private sector activity buoyed further by sizable fiscal stimulus. Aggregate growth in the emerging market and developing economy group stabilized in the first half of 2018.

Emerging Asia continued to register strong growth, supported by a domestic demand-led pickup in the Indian economy from a four-year-low pace of expansion in 2017, even as activity in China moderated in the second quarter in response to regulatory tightening of the property sector and nonbank financial intermediation.

Higher oil prices lifted growth among fuel-exporting economies in sub-Saharan Africa and the Middle East.

The recovery in Latin America continued, though at a more subdued pace than anticipated as tighter financial conditions and a drought weighed on growth in Argentina and a nationwide truckers' strike disrupted production in Brazil.

1.2.2. International Private Capital Flows Development

According to the UNCTAD World Investment Report 2018 (WIR-2018)[5], Global foreign direct investment (FDI) flows fell by 23 per cent in 2017, to $1.43 trillion from a revised $1.87 trillion in 2016. A decrease in the value of net cross-border mergers and acquisitions (M&As) to $694 billion, from $887 billion in 2016, contributed to the decline.

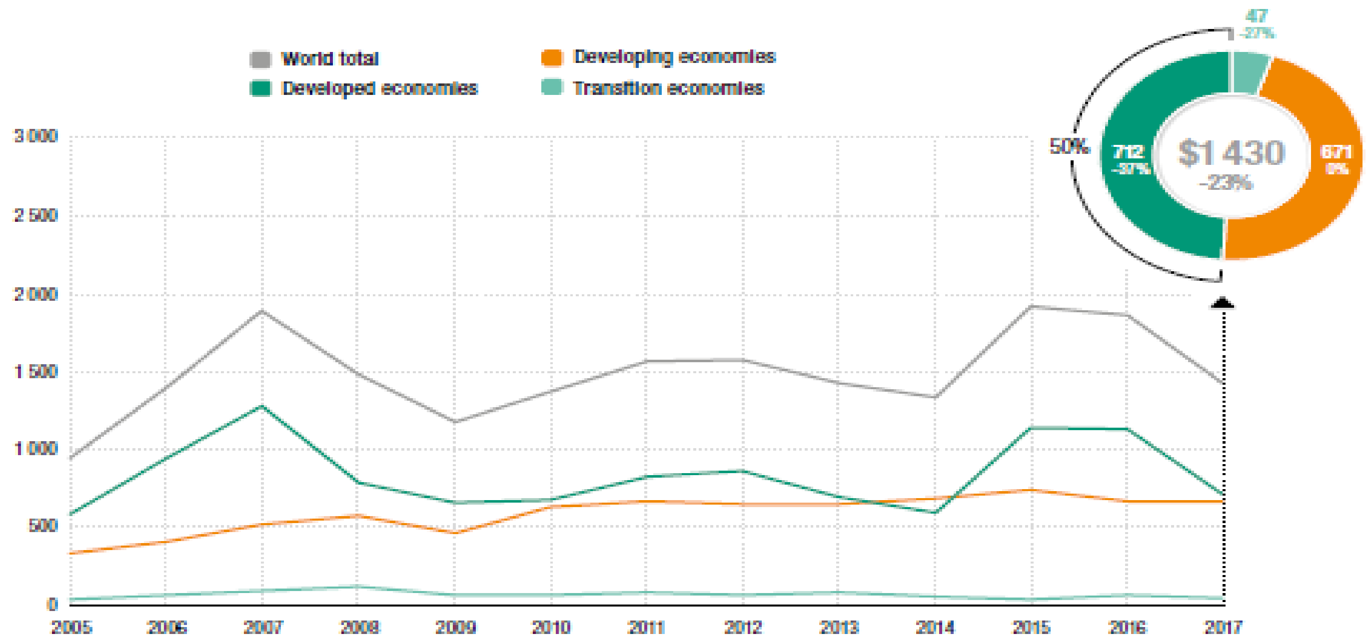
Geographically, FDI flows to developed economies fell by one third to $712.4 billion. The fall can be explained in part by a decline from relatively high inflows in the preceding year. Inflows to developed economies in 2015–2016 exceeded $1 trillion, mainly due to a surge in cross-border M&As and corporate reconfigurations (i.e. changes in legal or ownership structures of multinational enterprises (MNEs), including tax inversions) (WIR16, WIR17).

FDI flows to transition economies in South-East Europe and the Commonwealth of Independent States (CIS) declined by 27 per cent in 2017, to $46.8 billion, following the global trend. The increase in FDI flows to Latin America and the Caribbean (excluding financial centres) constituted the first rise in six years. Inflows are still well below the peak reached in 2011 during the commodity boom.

FDI inflows to developing economies remained close to their 2016 level, at $670.7 billion. FDI flows to developing Asia were stable at $475.8 billion. The modest increase in Latin America and the Caribbean (+8 per cent to $151.3 billion) compensated for the decline in Africa (–21 per cent to $41.8 billion).

[5] UNCTAD World Investment Report 2018: Investment and New Industrial Policies

Figure 1.1: FDI Inflows, Global and by Group Economies, 2005-2017 (US$ billions)



Source: UNCTAD-WIR 2018

Developing Asia regained its position as the largest FDI recipient region. Against the backdrop of a decline in worldwide FDI, its share in global inflows rose from 25 per cent in 2016 to 33 per cent in 2017. The largest three recipients were China, Hong Kong (China) and Singapore. With reported inflows reaching an all-time high, China continued to be the largest FDI recipient among developing countries and the second largest in the world, behind the United States.

The slump in FDI flows to Africa was due largely to weak oil prices and lingering effects from the commodity bust, as flows contracted in commodity-exporting economies such as Egypt, Mozambique, the Congo, Nigeria and Angola. Foreign investment to South Africa also contracted, by 41 per cent. FDI inflows to diversified exporters, led by Ethiopia and Morocco, were relatively more resilient.

The flow of outward investment from developed economies declined by 3 per cent to $1 trillion in 2017. Their share of global outward FDI flows was unchanged at 71 per cent. Flows from developing economies fell 6 per cent to $380.8 billion, while those from transition economies rose 59 per cent to $40 billion.

Table 1.1: Global FDI Flows, by Region, 2015-2017 (US$ billions)

Region	FDI Inflows			FDI Outflows		
	2015	2016	2017	2015	2016	2017
World	**1,921.3**	**1,867.5**	**1,429.8**	**1,621.9**	**1,473.3**	**1,430.0**
a). Developed economies	1,141.3	1,133.2	712.4	1,183.6	1,041.5	1,009.2
o/w USA	*465.8*	*457.1*	*275.4*	*262.6*	*280.7*	*342.3*
b). Transition economies	36.0	64.1	46.8	32.1	25.2	40.0
c). Developing economies	744.0	670.2	760.7	406.2	406.7	380.8
Latin America	169.2	139.7	151.3	35.6	9.3	17.3
Asia	516.4	475.3	475.8	358.7	384.7	350.1
o/w China	*135.6*	*133.7*	*136.3*	*145.7*	*196.1*	*124.6*
Oceania	1.8	1.9	1.7	1.0	1.4	1.2
Africa	56.6	53.2	41.8	10.8	11.2	12.1
Eastern Africa	6.9	7.9	7.6	0.1	0.1	0.2
Central Africa	8.3	7.3	5.7	0.3	0.3	0.2
Northern Africa	12.3	13.8	13.3	1.4	1.5	1.3
Southern Africa	19.0	11.4	3.8	6.8	7.1	8.5
Western Africa	10.2	12.7	11.3	2.2	2.2	1.9

Source*: UNCTAD, Foreign Direct Investment Statistics 2018.*

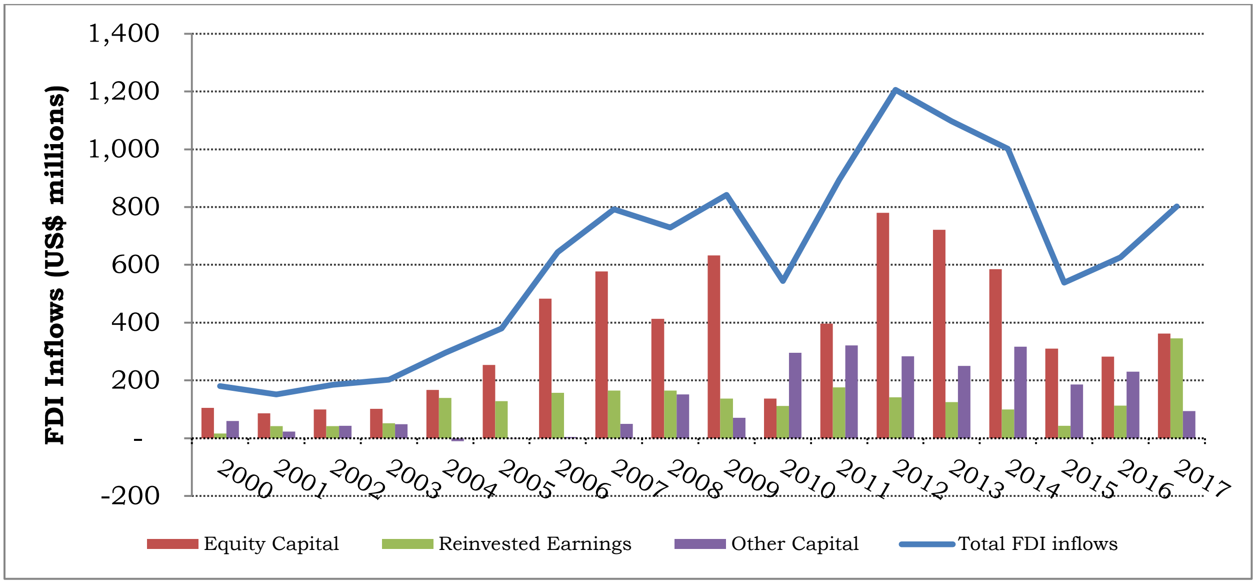
FDI outflows from Africa increased by 8 per cent to $12.1 billion. This largely reflected increased outward FDI by South African firms (up 64 per cent to $7.4 billion) and Moroccan firms (up 66 per cent to $960 million). South African retailers continued to expand into Namibia, and Standard Bank opened several new branches there.

In the East African Community, Tanzania registered the highest inflows of $1.2 billion followed by both Uganda and Kenya. Outward FDI flows amounted to $0.1 billion in 2017 with Kenya being the major source.

In Uganda, FDI[6] inflows increased in 2017 to US$802.6 million from US$625.7 million in 2016 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), finance and insurance services, manufacturing, and wholesale & retail trade sectors, as illustrated in Figure 1.2.

[6] 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 - 2017 (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 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 915 questionnaires were administered to enterprises during the field activities out of the 1,027 enterprises sampled. Of the 112 enterprises not administered, 53 (or 47.3%) could not be located, 36 (or 32.1%) were closed and 23 (20.5%) did not receive the questionnaire. Of the 915 questionnaires delivered, 787 enterprises responded resulting in a response rate of 86.0 percent of the enterprises targeted. Financial statements for 466 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 2018 is shown in Table 2.1. The Table reveals that 747 enterprises or 94.7 percent of the enterprises that responded were in the central region followed by 29 or 3.7 percent in the Eastern and Northern regions and 13 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/]	859	745	94.7
East and North	36	29	3.7
West	20	13	1.6
Grand Total	**915**	**787**	**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 surveyed 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 2018 findings*

At sector level, the highest share of respondent enterprises (21.7 percent) was in manufacturing, followed by wholesale and retail activities (20.5 percent), finance and insurance (9.9 percent), construction (8.9 percent), I.C.T (5.8 percent), agriculture, forestry and fishing (4.8 percent), transportation and storage (4.6 percent) and professional, scientific and technical activities (4.2 percent). The distribution by sector reflected a high number of enterprises with foreign direct investment and borrowing in manufacturing and services 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	**42**	**38**	**4.8**
Industry	**340**	**283**	**36.0**
Mining and quarrying	*21*	*12*	*1.5*
Manufacturing	*197*	*171*	*21.7*
Electricity & gas	*27*	*26*	*3.3*
Water supply & sewerage	*4*	*4*	*0.5*
Construction	*91*	*71*	*9.0*
Services	**533**	**466**	**59.2**
Wholesale & retail trade	*185*	*161*	*20.5*
Transportation and Storage	*40*	*36*	*4.6*
Accommodation and food service	*34*	*29*	*3.7*
Information and communication	*60*	*46*	*5.8*
Finance and Insurance activities	*81*	*78*	*9.9*
Real estate activities	*26*	*22*	*2.8*
Professional, scientific & technical	*40*	*33*	*4.2*
Administrative services	*24*	*23*	*2.9*
Education	*11*	*11*	*1.4*
Health and Social work activities	*8*	*7*	*0.9*
Arts, entertainment and recreation	*24*	*20*	*2.5*
Total	**915**	**787**	**100.0**

Source: *PSIS 2018 findings*

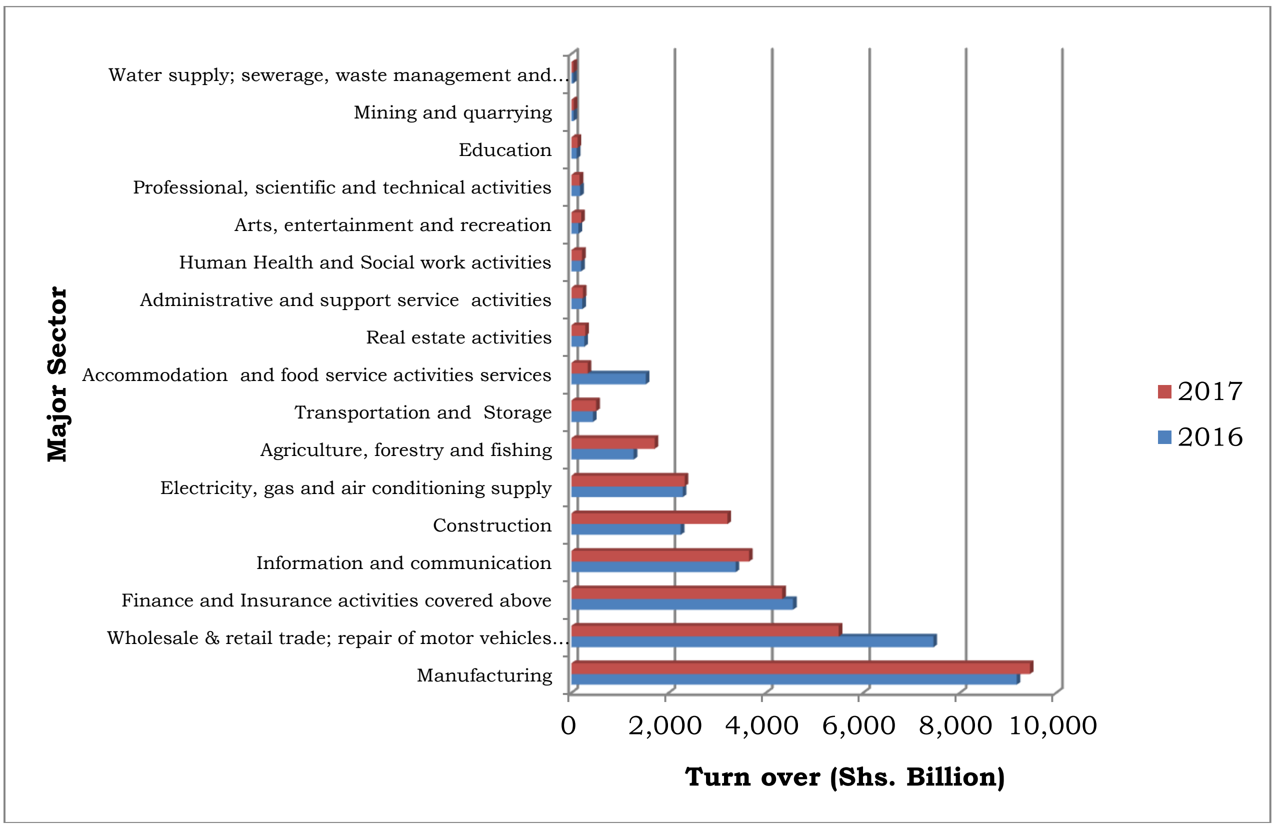
2.2. Entity turnover

There was an decrease in total turnover (sales revenue) of 3.6 percent to Shs.32,371.4 billion in 2017 from Shs.33,566.9 billion recorded in 2016. This decline was largely on account of a reported fall in turnover for enterprises in accommodation and food service activities, wholesale and retail activities, professional, scientific and technical activities, and finance activities. There was however, a rise in sales revenue in construction of 42.7 percent from Shs. 2,248.8 billion in 2016 to Shs. 3,209.6 billion in 2017; Arts, entertainment and recreation activities of 37.9 percent from Shs. 145.1 billion in 2016 to Shs. 200.1 billion in 2017; agriculture, forestry and fishing of 33.8 percent from Shs. 1,280.4 billion in 2016 to Shs. 1,712.8 billion in 2017 and water supply &

sewerage activities of 17.4 percent from Shs. 35.7 billion in 2016 to Shs. 41.8 billion in 2017. The details are illustrated in Figure 2.1.

In terms of sector contribution to total turnover, manufacturing had the highest share estimated at 29.2 percent of the total reported by the enterprises that responded. This was followed by wholesale and retail with a share of 17.0 percent, finance and insurance (13.4%), I.C.T (11.3%) and construction (9.9%). The five sectors combined accounted for about 80.3 percent of the total turnover over the two years.

Figure 2.1: Entity Turnover by Economic Activity in 2016 and 2017 (Shs. Billion)



Source: *PSIS 2018 findings*

2.3. Contribution to Economic Activity

The results of the PSIS 2018 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 2017 for the 789 enterprises that responded was estimated at Shs.6,963 billion equivalent to about 7.7 percent of GDP. The sampled entities in electricity and gas and finance and insurance services sectors accounted for most of the value added in their respective sectors with estimated contributions of 77.8 percent and 76.7 percent of GDP, respectively (see details in Table 2.3).

Table 2.3: Value added and Fixed Capital Formation of Sampled Enterprises During 2017 (Shs. Billion).

Item	*Sample Value Added*	*GDP* (*Current prices*) 1/	*Sample /Total (in %)*
Value added	**6,963**	**90,899**	**7.7**
o/w Manufacturing	1,329	8,553	15.5
Financial and Insurance services	2,478	3,233	76.7
Electricity	766	985	77.8
Construction	285	6,785	4.2
Others	2,104	71,344	2.9
Fixed capital formation	**13,611**	**22,139**	**61.5**
o/w Private fixed capital formation	13,611	18,921	71.9

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

Source: *PSIS 2018 findings and UBOS Data*

The results on the stock of capital reported by the enterprises during 2017 were used together with the survey results for the period 2016 to estimate the proportion of the survey's contribution to fixed capital formation[7]. An estimate of fixed capital formation of Shs.13,611 billion was derived. The estimate represented about 61.5 percent of total fixed capital formation and 71.9 percent of private gross fixed capital formation estimates for 2017.

[7] 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 7.8 percent from 118,052 as at 31st December 2016 to 127,309 employees as at 31st December 2017, with the highest growth among 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 7.1 percent to 75 employees as at 31st December 2017. Details are provided in Table 2.4.

Table 2.4: Distribution of Employment by Residency

Residency of employees	Number of Employees		Growth rates 2016-2017 (%)	Percentage of total in 2017 (%)
	2016	2017		
Residents	117,982	127,234	7.8	99.9
Domestic	*116,211*	*125,353*	7.9	98.5
Foreign (Long-term)[1/]	*1,771*	*1,881*	6.2	1.5
Non-residents	70	75	7.1	0.1
Total No. of Employees	**118,052**	**127,309**	**7.8**	**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 2018 findings*

2.5. Compensation of Employees

The PSIS 2018 collected information on compensation of employees during 2016 and 2017. Total compensation of employees (namely; wages, salaries, contribution to pension fund, fringe benefits, etc.) paid out by enterprises that responded increased by 27.3 percent from Shs.2,613.1 billion during 2016 to Shs.3,325.9 billion during 2017. Domestic employees received the highest share of total employee's compensation accounting for an average of 93.7 percent of the total compensation during the two years. Compensation to non-residents increased by 77.6 percent to Shs.4.1 billion in 2017 from Shs.2.3 billion in 2016. Details are shown in Table 2.5.

Table 2.5: Compensation of Employees by Residency

Residency of Employees	Survey Findings (Shs. Billions)		% Change 2016 - 2017	Up-rated Compensation of Employees (US$ Millions)	
	2016	2017		2016	2017
Residents	2,610.8	3,321.8	27.2	941.8	1,124.9
Domestic	*2,428.0*	*3,141.6*	29.4	875.8	1,063.9
Foreign (Long-term)	*182.9*	*180.2*	-1.5	66.0	61.0
Non-residents	2.3	4.1	77.6	0.8	1.4
Total compensation	**2,613.1**	**3,325.9**	**27.3**	**942.6**	**1,126.3**

Source: *PSIS 2018 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 1.23 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 2017. The grossed-up compensation during 2016 and 2017 was converted to US dollars using average exchange rates of Shs. 3,420.5 and Shs. 3,611.4 per US dollar, respectively.

The total estimates of compensation of employees increased by 19.5 percent to US$1,126.3 million in 2017 from US$942.6 million estimated for 2016. Compensation of non-resident employees (BOP item) increased from US$0.8 million during 2016 to US$ 1.4 million during 2017.

2.6. Net-Profits, Dividends and Retained Earnings

The findings from entities that responded indicate that net profits reported for 2017 increased by 67.6 percent to Shs. 2,059.6 billion from Shs. 1,228.8 billion earned during 2016, as summarized in Table 2.6. In addition, retained earnings increased to Shs. 1,442.4 billion during 2017 from Shs. 604.6 billion in 2016.

Table 2.6: Net profits, Dividends and Retained Earnings

Item	Amounts (Shs. Billions)		% Change 2016-2017
	2016	2017	
Net profit/loss	1,228.8	2,059.6	67.6
Dividends declared	624.2	617.2	-1.1
Dividends paid/remitted	190.8	236.2	23.8
Retained earnings[8]	604.6	1,442.4	138.6

Source: *PSIS 2018 findings*

In terms of profitability by sector, finance and insurance had the largest share of total profits estimated at 41.4 percent of total profits for all entities that responded. The total profits for this sector increased to Shs. 853.6 billion in 2017 from Shs. 789.4 billion registered in 2016. Enterprises in electricity and gas and manufacturing sectors followed with profitability of Shs. 561.2 billion and Shs. 269.8 billion, respectively during 2017.

However, some entities registered losses in 2017. Large losses amounting to Shs.22.6 billion were recorded in the education sector followed by mining & quarrying of Shs.12.4 billion, transport of Shs.4.8 billion and arts, entertainment and recreation of Shs.4.5 billion.

[8] 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 2017 and the respective outstanding stocks as at end 2016 and 2017 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[9] 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. 31,516.7 billion as at end 2016 to Shs. 34,213.5 billion as at end 2017. The increase in the FDI stock was mainly on account of new equity investment (share capital) amounting to Shs.1,070.6 billion during 2017 in the mining and quarrying and finance and insurance sectors. In addition, Shs.270.5 billion was received during 2017 in the form of other capital, comprised of loans and trade credit from foreign affiliates. Reinvested earnings during the year amounted to Shs.1,021.2 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. 326.7 billion. This was as a result of Shs.282.9 billion net revaluation gain in equity while valuation changes attributed to debt from affiliated enterprises amounted to net revaluation gain of Shs.43.8 billion.

---

9 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	2016-Shs. Billions	2017-Shs. Billions		
	Stocks	**Transactions**	**Other Changes**	**Stocks**
Foreign Direct Investment (FDI)	**31,516.7**	**2,370.1**	**326.7**	**34,213.5**
Direct Investor (DI)	**29,509.3**	**2,144.3**	**321.3**	**31,974.9**
Fellow Enterprise (FE)	**2,007.4**	**225.8**	**5.4**	**2,238.6**
Direct Equity (OFBV)	**26,491.7**	**2,091.7**	**282.9**	**28,866.3**
Direct Investor (DI)	**26,491.9**	**2,091.7**	**282.9**	**28,866.5**
Equity Shares	10,069.7	1,070.6	20.7	11,161.0
Retained Earnings	710.5	1,021.2	-180.0	1,551.7
Revaluation	15,711.7	0.0	442.1	16,153.9
Fellow Enterprise (FE)	**-0.2**	**0.0**	**0.0**	**- 0.3**
Equity Shares	0.1	0.0	0.0	0.1
Retained Earnings	- 0.4	0.0	0.0	- 0.5
Revaluation	0.2	0.0	0.0	0.2
Other Capital (Affiliated Debt)	**5,025.0**	**278.5**	**43.8**	**5,347.2**
Direct Investor (DI)	**3,017.4**	**52.6**	**38.4**	**3,108.4**
Loans	**2,524.4**	**54.1**	**9.4**	**2,588.0**
Short-term	489.3	98.0	0.2	587.4
Disbursements	0.0	141.3	0.0	-
Repayments	0.0	-43.4	0.0	-
Other Changes	0.0	0.0	0.2	-
Long-term	2,035.1	-43.8	9.2	2,000.6
Disbursements	0.0	340.6	0.0	-
Repayments	0.0	-384.5	0.0	-
Other Changes	0.0	0.0	9.2	-
Trade credits	**493.0**	**-1.6**	**29.0**	**520.4**
Short-term	390.4	10.5	29.0	429.9
Disbursements	0.0	399.2	0.0	-
Repayments	0.0	-388.7	0.0	-
Other Changes	0.0	0.0	29.0	-
Long-term	102.6	-12.0	0.0	90.5
Disbursements	0.0	1.7	0.0	-
Repayments	0.0	-13.8	0.0	-
Other Changes	0.0	0.0	0.0	-
Fellow Enterprise (FE)	**2,007.6**	**225.9**	**5.4**	**2,238.8**
Loans	**1,206.3**	**47.8**	**5.1**	**1,259.2**
Short-term	68.2	-38.8	0.0	29.4
Disbursements	0.0	8.0	0.0	-
Repayments	0.0	-46.9	0.0	-
Other Changes	0.0	0.0	0.0	-
Long-term	1,138.1	86.7	5.1	1,229.9
Disbursements	0.0	116.3	0.0	-
Repayments	0.0	-29.6	0.0	-
Other Changes	0.0	0.0	5.1	-
Trade credits	**801.3**	**178.1**	**0.3**	**979.6**
Short-term	728.1	139.5	0.1	867.7
Disbursements	0.0	310.9	0.0	-
Repayments	0.0	-171.3	0.0	-
Other Changes	0.0	0.0	0.1	-
Long-term	73.1	38.5	0.2	111.9
Disbursements	0.0	47.7	0.0	-
Repayments	0.0	-9.2	0.0	-
Other Changes	0.0	0.0	0.2	-

Source: *PSIS 2018 findings*

The major recipient sectors of foreign direct investment during the year were mining and quarrying accounting for 28.2 percent (or Shs.668.7 billion) of the total FDI. This was followed by finance & insurance (24.7 percent or Shs.585.0 billion), Electricity & gas (19.9 percent or Shs.471.8 billion), and manufacturing (10.7 percent or Shs.254.1 billion). The details are shown in Table 3.2. There were however net reductions recorded for enterprises involved in education (Shs.18.3 billion), administrative services (Shs.15.5 billion), accommodation & food (Shs.2.9 billion) and water supply (Shs.0.7 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	2016	2017		
	Stock	Transactions	Other Changes[10]	Stock
Agriculture	936.0	135.4	25.4	1096.8
Mining & quarrying	18352.7	668.7	0.5	19021.9
Manufacturing	3378.7	254.1	119.4	3752.3
Electricity & gas	1071.9	471.8	-204.8	1339.0
Water supply	9.6	-0.7	0.0	8.9
Construction	799.9	179.6	2.6	982.2
Wholesale & retail	1335.9	19.0	-5.8	1349.2
Transportation & storage	352.8	3.1	16.7	372.6
Accommodation & food	377.5	-2.9	-5.0	369.6
I.C.T.	115.2	7.9	261.1	384.2
Finance & Insurance	3724.8	585.0	115.8	4425.5
Real estate	777.0	48.9	-1.6	824.3
Professional services	27.4	2.3	1.3	31.1
Administrative services	167.4	-15.5	0.0	152.0
Education	-16.1	-18.3	-1.3	-35.7
Health	59.2	7.5	0.1	66.8
Arts & entertainment	46.6	24.1	2.2	72.9
Total	**31,516.7**	**2,370.1**	**326.7**	**34,213.5**

Source: *PSIS 2018 findings*

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

The top ten sources of FDI flows to Uganda during 2017 were Netherlands, Mauritius, Kenya, Australia, United Kingdom, China, India, Switzerland, France and Bermuda. These ten countries jointly accounted for 98.1 percent during 2017. 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/]	2016	2017		
		Stock	Transactions	Other Changes	Stock
1.	Netherlands	14,383.5	671.7	275.1	15,330.3
2.	Mauritius	1,444.5	482.0	-128.9	1,797.6
3.	Kenya	2,280.8	338.0	5.6	2,624.4
4.	Australia	5,320.6	191.5	0.0	5,512.1
5.	United Kingdom (UK)	2,144.2	166.0	87.9	2,398.1
6.	China	371.0	160.9	3.1	535.1
7.	India	553.3	104.5	6.2	663.9
8.	Switzerland	569.7	88.8	-15.2	643.2
9.	France	462.9	67.6	0.1	530.7
10.	Bermuda	666.1	53.3	12.6	732.0
	FDI from Top 10 Countries	**28,196.7**	**2,324.3**	**246.4**	**30,767.4**
	TOTAL	**31,516.7**	**2,370.1**	**326.7**	**34,213.5**

Source: *PSIS 2018 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[11] by Resident Enterprises

The stock of foreign borrowing reported by the responding enterprises increased by 0.8 percent to Shs.3,367.7 billion as at end 2017 from Shs.3,342.4 billion as at end 2016. 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 93.4 percent of the stock of private sector external debt at the end of 2017. The stock of outstanding private sector foreign loans increased by 0.5 percent to Shs.3,146.4 billion as at end 2017 from Shs.3,131.4 billion as at end 2016, largely on account of other

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

changes. Loan disbursements during the period amounted to Shs. 530.5 billion as compared to repayments of Shs. 530.7 billion. The stock of trade credit owed to non-residents increased from Shs.211.1 billion to Shs.221.3 billion as at end 2016 and 2017, respectively. The increase in trade credits was mainly due to higher disbursements of short-term trade credits during the period, estimated at Shs.315.3 billion compared to repayments estimated at Shs. 305.1 billion as shown in Table 3.4.

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

Component	2016	2017			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Total Foreign borrowing	**3,342.4**	**845.8**	**-835.8**	**15.2**	**3,367.7**
Loans	**3,131.4**	**530.5**	**-530.7**	**15.2**	**3,146.4**
Short-Term Loan	174.1	128.8	-25.7	0.0	277.3
Long-Term Loan	2,957.2	401.7	-505.0	15.2	2,869.1
Trade credits	**211.1**	**315.3**	**-305.1**	**0.0**	**221.3**
Short-Term Loan	162.2	307.3	-300.6	0.0	168.9
Long-Term Loan	48.8	8.0	-4.5	0.0	52.4

Source: *PSIS 2018 findings*

The survey findings also showed that in terms of sector distribution, the largest exposure to foreign debt from unrelated entities in 2017 was in electricity & gas (55.6%) followed by manufacturing (16.2%), I.C.T (14.8%), wholesale & retail trade (5.3%) and agriculture (4.2%). The sectors that received the highest disbursements were I.C.T which received Shs.366.9 billion (43.4%), wholesale & retail trade which received Shs.307.8 billion (36.4%), and manufacturing which received Shs.120.5 billion (14.3%). 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 such as European Investment Bank (EIB), the International Finance Corporation (IFC); and countries like United States of America, United Arab Emirates, United Kingdom, Kenya, Denmark, China and South Africa. This group of lenders accounted for 93.0 percent of the outstanding debt stock as at end 2017.

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

Major Sector	2016	2017			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Agriculture	128.8	13.2	-1.0	-0.5	140.5
Manufacturing	546.2	120.5	-123.6	1.6	544.8
Electricity & gas	2,173.3	0.0	-312.4	13.1	1,873.9
Water supply	0.0	0.0	0.0	0.0	0.0
Construction	52.6	32.6	-45.0	0.0	40.2
Wholesale & retail trade	160.9	307.8	-290.2	0.0	178.5
Transportation & Storage	0.0	0.0	0.0	0.0	0.0
Accommodation & food	6.8	0.0	-0.1	0.0	6.7
I.C.T.	145.7	366.9	-14.2	0.0	498.4
Finance & Insurance	44.0	0.3	-1.2	0.0	43.1
Real estate activities	75.3	3.9	-48.0	1.0	32.2
Professional services	0.0	0.0	0.0	0.0	0.0
Administrative services	4.0	0.5	0.0	0.0	4.5
Education	0.0	0.0	0.0	0.0	0.0
Health	1.3	0.1	-0.1	0.0	1.2
Arts & entertainment	3.6	0.0	0.0	0.0	3.6
Grand Total	**3,342.4**	**845.8**	**-835.8**	**15.2**	**3,367.7**

Source: *PSIS 2018 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. 3,617.9 per US$ for 2017. 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 1.23 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

	(Shs. billions)				(US$. millions)	
	2016	2017			2017	
Components	Stocks	Transactions	Other Changes	Stocks	Derived Transactions	Up-rated Transactions
Foreign Direct Investment (FDI)	**31,516.7**	**2,370.1**	**326.7**	**34,213.5**	**655.1**	**802.6**
Direct Investor (DI)	**29,509.3**	**2,144.3**	**321.3**	**31,974.9**	**592.7**	**726.2**
Fellow Enterprise (FE)	**2,007.4**	**225.8**	**5.4**	**2,238.6**	**62.4**	**76.5**
Direct Equity (OFBV)	**26,491.7**	**2,091.7**	**282.9**	**28,866.3**	**578.1**	**708.3**
Direct Investor (DI)	**26,491.9**	**2,091.7**	**282.9**	**28,866.5**	**578.2**	**708.4**
Retained Earnings	710.5	1,021.2	-180.0	1,551.7	282.3	345.8
Equity Shares	10,069.7	1,070.6	20.7	11,161.0	295.9	362.5
Revaluation	15,711.7	0.0	442.1	16,153.9	0.0	0.0
Fellow Enterprise (FE)	**-0.2**	**0.0**	**0.0**	**-0.3**	**0.0**	**0.0**
Retained Earnings	0.1	0.0	0.0	0.1	0.0	0.0
Equity Shares	-0.4	0.0	0.0	-0.5	0.0	0.0
Revaluation	0.2	0.0	0.0	0.2	0.0	0.0
Other Capital (Affiliated Debt)	**5,025.0**	**278.5**	**43.8**	**5,347.2**	**77.0**	**94.3**
Direct Investor (DI)	**3,017.4**	**52.6**	**38.4**	**3,108.4**	**14.5**	**17.8**
Loans	**2,524.4**	**54.1**	**9.4**	**2,588.0**	**15.0**	**18.3**
Short-term loan	489.3	98.0	0.2	587.4	27.1	33.2
Long-term loan	2,035.1	-43.8	9.2	2,000.6	-12.1	-14.8
Trade credits	**493.0**	**-1.6**	**29.0**	**520.4**	**-0.4**	**-0.5**
Short-term trade credits	390.4	10.5	29.0	429.9	0.0	0.0
Long-term trade credits	102.6	-12.0	0.0	90.5	0.0	0.0
Fellow Enterprise (FE)	**2,007.6**	**225.9**	**5.4**	**2,238.8**	**62.4**	**76.5**
Loans	**1,206.3**	**47.8**	**5.1**	**1,259.2**	**13.2**	**16.2**
Short-term loan	68.2	-38.8	0.0	29.4	0.0	0.0
Long-term loan	1,138.1	86.7	5.1	1,229.9	0.0	0.0
Trade credits	**801.3**	**178.1**	**0.3**	**979.6**	**49.2**	**60.3**
Short-term trade credits	728.1	139.5	0.1	867.7	38.6	47.3
Long-term trade credits	73.1	38.5	0.2	111.9	10.6	13.0
Other Investments[12]	**3,672.2**	**70.8**	**69.5**	**3,812.6**	**19.6**	**24.0**
Other Equity (<10%)	**329.7**	**60.8**	**54.3**	**444.9**	**16.8**	**20.6**
Foreign Borrowings (non-Affiliated)	**3,342.4**	**10.0**	**15.2**	**3,367.7**	**2.8**	**3.4**
Loans	**3,131.4**	**-0.2**	**15.2**	**3,146.4**	**-0.1**	**-0.1**
Short-term loan	174.1	103.1	0.0	277.3	28.5	34.9
Long-term loan	2,957.2	-103.3	15.2	2,869.1	-28.6	-35.0
Trade credits	**211.1**	**10.2**	**0.0**	**221.3**	**2.8**	**3.4**
Short-term trade credits	162.2	6.6	0.0	168.9	1.8	2.2
Long-term trade credits	48.8	3.5	0.0	52.4	1.0	1.2

Source: *PSIS 2018 findings*

[12] There are no data for the other components of Other Investment liabilities such as Currency and deposits, Insurance and standardized guarantees, and Other accounts receivables/payable.

The up-rated results revealed that foreign direct investment transactions during 2017 increased to US$802.6 million from the estimated inflow of US$625.7 million during 2016 (details are provided in Appendix Table: B.3). The main inflows were in the form of equity recorded at US$708.3 million, representing a 79.0 percent increase from US$395.7 million received during 2016. Other capital (debt from foreign affiliates) declined to a net disbursement of US$ 94.3 million during 2017 compared to US$230.0 million estimated for 2016.

The grossed-up net flows (disbursement less principal repayments) of foreign non-affiliated borrowings by resident enterprises was an estimated net outflow of US$3.4 million during 2017 compared to a net outflow of US$47.0 million during 2016. The results further showed that the grossed-up distributed return on investment (dividends) paid to foreign direct investors during 2017 increased to US$ 209.0 million from US$213.6 million reported in 2016. The grossed-up flows and stocks from 2009 – 2017 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 2017 compared with 2016. The increase in FDI was on account of mainly higher equity inflows. The prospects for 2018 are for higher inflows supported by huge investments projected for government infrastructural projects such as highway roads, electricity generation dams and bridges. Higher inflows are also expected in the oil sector to finance construction of the pipeline and refinery.

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 2017, enterprises from URA top 1,000 tax payers not covered in previous private sector investment surveys and the list of new investments received during 2017 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 2018. 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 2016 and 2017 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 1.23, 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 2016 and 2017

Major Sector	2016				2017			
	Local	Foreign		Total	Local	Foreign		Total
		Long-Term	Short-Term			Long-Term	Short-Term	
Agriculture	9,690	58	6	9,754	9,764	59	5	9,828
Mining & quarrying	243	9	3	255	319	57	4	380
Manufacturing	32,930	338	0	33,268	36,825	363	1	37,189
Electricity & gas	2,649	79	0	2,728	2,685	20	0	2,705
Water supply	319	0	0	319	346	0	0	346
Construction	9,785	640	2	10,427	11,125	719	0	11,844
Wholesale & retail trade	7,489	185	0	7,674	9,176	164	1	9,341
Transportation & storage	2,799	12	2	2,813	2,877	9	2	2,888
Accommodation & food	2,514	60	11	2,585	2,821	62	13	2,896
I.C.T.	4,011	100	0	4,111	3,532	96	0	3,628
Finance & insurance	15,685	98	0	15,783	15,752	99	0	15,851
Real estate	286	24	0	310	263	25	0	288
Professional	994	9	2	1,005	1,116	9	0	1,125
Administrative services	23,866	21	0	23,887	25,364	21	1	25,386
Education	588	89	0	677	608	125	0	733
Health	485	30	7	522	647	35	11	693
Arts & entertainment	1,878	19	37	1,934	2,133	18	37	2,188
Total	**116,211**	**1,771**	**70**	**118,052**	**125,353**	**1,881**	**75**	**127,309**

Source: *PSIS 2018 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	1.0	0.1	38.9	0.7	0.1	37.0
Mining & quarrying	0.2	0.0	1.6	4.7	0.4	6.9
Manufacturing	15.4	0.0	186.7	13.5	0.0	452.7
Electricity & gas	1.5	0.0	43.2	1.0	0.0	46.4
Water supply	0.0	0.0	2.0	0.0	0.0	2.1
Construction	6.4	0.1	117.9	5.8	0.3	54.4
Wholesale & retail trade	6.5	0.2	61.3	5.4	0.0	66.2
Transportation & storage	0.6	0.0	23.0	0.5	0.0	26.9
Accommodation & food	0.8	0.0	34.8	0.8	0.0	17.0
I.C.T.	7.9	0.0	69.0	6.0	0.0	53.4
Finance & Insurance	15.8	0.1	227.7	14.5	0.1	218.4
Real estate	0.4	0.0	7.7	0.4	0.0	7.0
Professional	0.0	0.0	15.8	0.0	0.0	16.0
Administrative services	2.8	0.0	26.4	2.3	0.0	31.7
Education	3.8	0.0	10.9	3.7	0.0	11.5
Health	2.5	0.2	2.6	1.0	0.3	9.6
Arts & entertainment	0.5	0.2	6.2	0.8	0.1	6.5
Total	**66.0**	**0.8**	**875.8**	**61.0**	**1.4**	**1063.9**

Source: *PSIS 2018 findings*

Table B.3: Grossed-up Foreign Direct Investment and Foreign Borrowing during 2016 and 2017-(US$ millions)

Components	2016		2017	
	Derived transactions	Up-rated figures	Derived transactions	Up-rated BOP figures
Foreign Direct Investment	**541.5**	**625.7**	**655.1**	**802.6**
Total Equity	**342.5**	**395.7**	**578.2**	**708.4**
Share capital	244.6	282.7	295.9	362.5
Retained Earnings	97.8	113.1	282.3	345.8
Revaluation	0	0	-	-
Other Capital	**199.0**	**230.0**	**77.0**	**94.3**
Foreign Borrowing *(Loans and Trade credit)*	**-40.7**	**-47.0**	**2.8**	**3.4**
Short-term	0.2	0.2	30.3	37.2
Long-term	-40.9	-47.2	-27.6	-33.8
Dividends paid/remitted	184.9	213.6	170.6	209.0

Source: *PSIS 2018 findings*

Table B.4: Integrated foreign liabilities, Grossed-up Transactions and their Components during 2017

	2016-Shs. Billions	2017-Shs. Billions			2017-US$	
Components	Stocks	Transactions	Other Changes	Stocks	Derived Transactions	Up-rated Transactions
Foreign Direct Investment (FDI)	**31,516.7**	**2,370.1**	**326.7**	**34,213.5**	**655.1**	**802.6**
Direct Investor (DI)	**29,509.3**	**2,144.3**	**321.3**	**31,974.9**	**592.7**	**726.2**
Fellow Enterprise (FE)	**2,007.4**	**225.8**	**5.4**	**2,238.6**	**62.4**	**76.5**
Direct Equity (OFBV)	**26,491.7**	**2,091.7**	**282.9**	**28,866.3**	**578.1**	**708.3**
Direct Investor (DI)	**26,491.9**	**2,091.7**	**282.9**	**28,866.5**	**578.2**	**708.4**
Equity Shares	10,069.7	1,070.6	20.7	11,161.0	295.9	362.5
Retained Earnings	710.5	1,021.2	-180.0	1,551.7	282.3	345.8
Revaluation	15,711.7	0.0	442.1	16,153.9	-	0.0
Fellow Enterprise (FE)	**-0.2**	**0.0**	**0.0**	**- 0.3**	**- 0.0**	**0.0**
Equity Shares	0.1	0.0	0.0	0.1	-	0.0
Retained Earnings	- 0.4	0.0	0.0	- 0.5	- 0.0	0.0
Revaluation	0.2	0.0	0.0	0.2	-	0.0
Other Capital (Affiliated Debt)	**5,025.0**	**278.5**	**43.8**	**5,347.2**	**77.0**	**94.3**
Direct Investor (DI)	**3,017.4**	**52.6**	**38.4**	**3,108.4**	**14.5**	**17.8**
Loans	**2,524.4**	**54.1**	**9.4**	**2,588.0**	**15.0**	**18.3**
Short-term	489.3	98.0	0.2	587.4	27.1	33.2
Disbursements	0.0	141.3	0.0	-	39.1	47.9
Repayments	0.0	-43.4	0.0	-	- 12.0	-14.7
Other Changes	0.0	0.0	0.2	-	-	0.0
Long-term	2,035.1	-43.8	9.2	2,000.6	- 12.1	-14.8
Disbursements	0.0	340.6	0.0	-	94.2	115.4
Repayments	0.0	-384.5	0.0	-	- 106.3	-130.2
Other Changes	0.0	0.0	9.2	-	-	0.0
Trade credits	**493.0**	**-1.6**	**29.0**	**520.4**	**- 0.4**	**-0.5**
Short-term	390.4	10.5	29.0	429.9	2.9	3.5
Disbursements	0.0	399.2	0.0	-	110.3	135.2
Repayments	0.0	-388.7	0.0	-	- 107.4	-131.6
Other Changes	0.0	0.0	29.0	-	-	0.0
Long-term	102.6	-12.0	0.0	90.5	- 3.3	-4.1
Disbursements	0.0	1.7	0.0	-	0.5	0.6
Repayments	0.0	-13.8	0.0	-	- 3.8	-4.7
Other Changes	0.0	0.0	0.0	-	-	0.0
Fellow Enterprise (FE)	**2,007.6**	**225.9**	**5.4**	**2,238.8**	**62.4**	**76.5**
Loans	**1,206.3**	**47.8**	**5.1**	**1,259.2**	**13.2**	**16.2**
Short-term	68.2	-38.8	0.0	29.4	- 10.7	-13.1
Disbursements	0.0	8.0	0.0	-	2.2	2.7
Repayments	0.0	-46.9	0.0	-	- 13.0	-15.9
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term	1,138.1	86.7	5.1	1,229.9	24.0	29.3
Disbursements	0.0	116.3	0.0	-	32.1	39.4
Repayments	0.0	-29.6	0.0	-	- 8.2	-10.0
Other Changes	0.0	0.0	5.1	-	-	0.0
Trade credits	**801.3**	**178.1**	**0.3**	**979.6**	**49.2**	**60.3**
Short-term	728.1	139.5	0.1	867.7	38.6	47.3
Disbursements	0.0	310.9	0.0	-	85.9	105.3
Repayments	0.0	-171.3	0.0	-	- 47.4	-58.0
Other Changes	0.0	0.0	0.1	-	-	0.0
Long-term	73.1	38.5	0.2	111.9	10.6	13.0
Disbursements	0.0	47.7	0.0	-	13.2	16.2
Repayments	0.0	-9.2	0.0	-	- 2.5	-3.1
Other Changes	0.0	0.0	0.2	-	-	0.0
					-	0.0
Other Investments	**3,672.2**	**70.8**	**69.5**	**3,812.6**	**19.6**	**24.0**
Other Equity (<10%)	**329.7**	**60.8**	**54.3**	**444.9**	**16.8**	**20.6**
Private Sector External Debt (PSED)	**3,342.4**	**10.0**	**15.2**	**3,367.7**	**2.8**	**3.4**
Loans	**3,131.4**	**-0.2**	**15.2**	**3,146.4**	**- 0.1**	**-0.1**
Short-term loan	174.1	103.1	0.0	277.3	28.5	34.9
Disbursements	0.0	128.8	0.0	-	35.6	43.6
Repayments	0.0	-25.7	0.0	-	- 7.1	-8.7
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term loan	2,957.2	-103.3	15.2	2,869.1	- 28.6	-35.0
Disbursements	0.0	401.7	0.0	-	111.0	136.0
Repayments	0.0	-505.0	0.0	-	- 139.6	-171.0
Other Changes	0.0	0.0	15.2	-	-	0.0
Trade credits	**211.1**	**10.2**	**0.0**	**221.3**	**2.8**	**3.4**
Short-term trade credits	162.2	6.6	0.0	168.9	1.8	2.2
Disbursements	0.0	307.3	0.0	-	84.9	104.1
Repayments	0.0	-300.6	0.0	-	- 83.1	-101.8
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term trade credits	48.8	3.5	0.0	52.4	1.0	1.2
Disbursements	0.0	8.0	0.0	-	2.2	2.7
Repayments	0.0	-4.5	0.0	-	- 1.2	-1.5
Other Changes	0.0	0.0	0.0	-	-	0.0
					-	0.0
Dividends paid/remitted	N/A	617.2	N/A	N/A	170.6	209.0

Source: *PSIS 2018 findings*

Table B.5: Grossed-up FDI Flows by Source Countries 2009 – 2017-(US$ millions)

	Country	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	Australia	189.3	120.1	201.1	203.1	81.8	81.9	60.1	32.1	64.9
2	Kenya	55.5	86.1	172.6	99.4	44.5	109.6	61.7	230.1	114.5
3	Netherlands	16.2	121.5	164.4	611.2	493.5	491.4	236.7	278.4	227.5
4	UK	227.8	126.7	115.8	116.8	78.9	250.3	4.5	80.9	56.2
5	UAE	102.8	65.2	109.2	64.4	1.8	16.3	35.8	-27.4	16.7
6	Mauritius	54	90.6	104.5	6.3	71.3	67.1	51.3	-87.7	163.2
7	Switzerland	41.2	26.1	43.8	-12.9	2.6	28.9	7.9	37.4	30.1
8	Bermuda	87.4	11.6	38	-13.4	0.5	10.3	9.4	10.7	18.0
9	Denmark	19.8	12.6	21	-2.2	-3.5	-4.2	10.9	2.2	-6.4
10	India	18.8	38.1	19.2	39.3	18.7	-39.2	10.6	17.5	35.4
11	Nigeria	17.9	11.4	19	5.2	-3.7	9.2	-10	5	2.5
12	South Africa	89.5	16.9	14.4	25	11.4	-71.4	47.4	17.8	13.8
13	Singapore	0.1	-1.7	9.5	9.6	2.1	-17.2	1.6	-1.1	9.8
14	IO	8	5.1	8.5	5.8	8.7	0.1	0	0	-0.9
15	Egypt	6.7	4.2	7.1	-2.6	9.4	1.8	0.6	1.2	-0.6
16	Norway	5	3.2	5.3	2.9	5.6	-4.1	-1.9	5.4	0.3
17	Togo	3.4	2.1	3.6	1.1	17.9	13	-0.3	0.3	0.5
18	USA	18.8	10.3	3.4	20.4	8.5	8.4	-25.6	-3.7	5.1
19	Canada	3.2	2	3.4	-6.7	6.3	-0.2	5.6	3.2	2.8
20	Others	-115.7	-213	-169.6	32.8	241	49.4	32.2	23.4	49.2
	Total	**849.7**	**539.1**	**894.2**	**1205.5**	**1097.3**	**1001.4**	**538.5**	**625.7**	**802.6**

Source: *PSIS 2017 findings*