Private Sector Investment Survey 2019 Report

December 2020

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Acronyms

BOP	Balance of Payments
BOU	Bank of Uganda
BPM6	Sixth Edition of the IMF's Balance of Payments and International Investment Position Manual
EPRC	Economic Policy Research Centre
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
WEO	World Economic Outlook
WIR	World Investment Report

Foreword

This report presents the findings of the annual Private Sector Investment Survey (PSIS) of 2019. The report provides information on private investment during 2018. This was the eighteenth in a series of annual PSIS jointly conducted by the Bank of Uganda, the Uganda Bureau of Statistics and the Uganda Investment Authority. The survey gathered enterprise level 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 findings revealed that there was an increase in foreign direct investment inflows in 2018. This was largely attributed to higher inflows in the mining and quarrying sector. The main sources of FDI during the period were the Netherlands, Mauritius, China and United Kingdom.

Without the participation of key stakeholders including; the sampled private enterprises, government agencies, the media and field staff, this survey would not have been successful. The Bank of Uganda wishes to acknowledge and appreciate the valuable contribution of all stakeholders and the enterprises that were part of this exercise.

Management,
Bank of Uganda

Executive Summary

The Private Sector Investment Survey (PSIS) 2019 was the eighteenth 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 key macroeconomic statistics for the year 2018.

A total of 1,072 questionnaires were administered during the survey from which 815 enterprises responded, representing a response rate of 76.0 percent. Overall, the 815 enterprises had an estimated contribution to value added in current prices during 2018 of Shs.7,587 billion equivalent to about 6.0 percent of GDP. In addition, the samples' contribution to fixed capital formation during 2018 was estimated at about Shs.17,201 billion representing 55.9 percent of total fixed capital formation and 72.7 percent of private fixed capital formation.

The findings on employment indicated that total employment by the enterprises that responded grew by 6.3 percent from 126,115 employees during 2017 to 134,104 employees during 2018. There was an increase in compensation of employees of 2.7 percent from Shs.2,823.7 billion in 2017 to Shs.2,899.4 billion during 2018. Profitability of enterprises surveyed declined by 5.7 percent to Shs.2,502.3 billion during 2018 from Shs.2,652.3 billion recorded in 2017.

The grossed-up findings on Foreign Direct Investment (FDI) transactions during 2018 increased by US$252.7 million to US$1,055.4 million from

[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.

US$802.6 million in 2017. The increase in FDI inflows in 2018 was mainly on account of higher inward transactions in other capital[3]. Net inflows of other capital increased to US$345.9 million during 2018 compared to US$94.3 million that was recorded in 2017. Foreign borrowing by resident enterprises from non-affiliated enterprises was a net disbursement of US$169.5 million during 2018 compared to a net disbursement of US$3.4 million recorded in 2017. Transactions involving other equity investment (equity investment of less than 10% of total shares) were estimated at US$20.6 million and US$ 19.7 million during 2017 and 2018, respectively.

The major recipient economic sectors of FDI during the year were mining and quarrying including oil (23.0 percent), construction (19.2 percent), real estate (14.0 percent) and finance & insurance (13.4 percent). The largest inflows/disbursements of debt from foreign affiliates went to construction, electricity and agriculture. The three sectors jointly accounted for 71.0 percent of the total disbursements from foreign affiliated borrowings received during 2018. In terms of source of FDI, Netherlands, Mauritius, China, United Kingdom, Kenya, Australia, South Africa, United States of America, Switzerland and France were the largest sources accounting for 92.0 percent of total FDI received by Uganda during 2018.

[3] Other capital is comprised of borrowings of resident enterprises from foreign affiliates.

CHAPTER ONE
INTRODUCTION

This chapter provides a brief background to the survey; methodology used and highlights global macroeconomic developments and trends in international private capital flows, during 2018. 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) 2019 was the eighteenth 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)[4] and other related macroeconomic statistics to guide policy decisions. The PSIS 2019 collected information on the value of investment, composition, source countries and sector distribution of investment stocks as at end 2017 and 2018 and flows during 2018.

Foreign Private Capital, particularly in the form of foreign direct investment (FDI) is an important source of capital 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 2019 targeted 1,290 enterprises known from previous surveys to have large foreign liabilities and assets as well as newly licensed enterprises from the

[4] 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.

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.

The data collection activities involved direct administration of the questionnaires to the respondents by a team of forty five (45) trained enumerators from 10th June, 2019 to 30th August 2019. These were supported by four (4) members of staff from the Statistics Department of the Bank of Uganda, one staff from Uganda Bureau of Statistics (UBOS), and another from Uganda Investment Authority (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 exercise and to gather additional information to improve the quality of data provided by some enterprises during the periods 1st to 30th November 2019 and 19th February to 20th March 2020.

1.2. The Global Macroeconomic Environment

An overview of the global economy and trends in international private capital flows during 2019 and forecasts for 2020 and 2021 is presented in this section.

1.2.1. Overview of Global Growth in 2020

According to the International Monetary Fund's World Economic Outlook report (IMF's WEO) of October 2020[5], Global growth is projected at –4.4 percent in 2020, a less severe contraction than was forecast in the June and April 2020 World Economic Outlook (WEO) updates. The COVID-19 pandemic has had a negative impact on activity in the first half of 2020 but projection reflect a better than anticipated second quarter outturn – largely driven by improvements in advanced economies and expected strong recovery in the third quarter. Global growth is

[5] IMF World Economic Outlook – October 2020: A Long and Difficult Ascent

projected to recover to 5.2 percent in 2021, but this will be only 0.6 percent above that of 2019.

Growth in the advanced economy group is projected at –5.8 percent in 2020, 2.3 percentage points stronger than the June 2020 WEO update. There was a higher recovery in activity in the second quarter of the year than anticipated, with the easing of lock-downs in some economies. The upward revision reflects the better than foreseen United States and Euro area economies' second quarter outturns. In particular, the United States is expected to contract by 4.3 percent, similarly Japan is expected to contract by 5.3 percent); the United Kingdom (–9.8 percent); Germany (–6.0 percent); France (–9.8 percent); Italy (-10.6 percent) and Spain (–12.8 percent). In 2021 the advanced economy growth rate is projected to strengthen to 3.9 percent, leaving 2021 GDP for the group about 2.0 percent below its 2019 level.

Among emerging market and developing economies, the hit to activity from domestic disruptions is projected closer to the downside scenario envisaged in June 2020, more than offsetting the improvement in financial market sentiment. The downgrade also reflects larger spill overs from weaker external demand. Growth in these economies is forecast at –3.3 percent in 2020, 0.2 percentage point weaker than in the June 2020 WEO update, but is anticipated to strengthen to 6 percent in 2021. Prospects is strong for China that is projected to expand by approximately 10 percent over 2020–21 (i.e. 1.9 percent in 2020 and 8.2 percent in 2021). However for the rest of the emerging market and developing economies excluding China, prospects continue to remain precarious Their vulnerability is due to a combination of factors, namely: continues spread of the pandemic and its impact on the health care systems; the importance of severely affected sectors, such as tourism, petroleum, commodities etc; and their dependence on external finance, including FDI and remittances for development.

Overall, all emerging market and developing economies are expected to contract in 2020, including large economies, such as India and Indonesia that have continued to try to contain the spread and impact of pandemic. There are stark regional differences in the impact of the pandemic, with many Latin America countries severely affected by the pandemic facing deeper downturns, and large output declines is expected for the Middle East and Central Asian countries as well as oil-exporting countries in sub-Saharan Africa that have been affected by low oil prices, civil strife, or economic crises.

The global recession in 2020 is likely to affect FDI inflows to emerging markets and developing countries. Health risk and expectation of lower returns are likely to adversely affect the investor sentiments on capital flows for some years to come. The discovery of the vaccines offers hope for a stronger recovery in 2021 that could bolster the resurgence of FDI and other capital flows to developing countries.

1.2.2. International Private Capital Flows Development

According to the UNCTAD World Investment Report 2020 (WIR-2020)[6], Global FDI flows rose modestly in 2019, following the sizable declines registered in 2017 and 2018. At US$1.54 trillion, inflows were 3 percent up. They remained below the average of the last 10 years and some 25 percent lower than the peak value of 2015. The rise in FDI was mainly the result of higher flows to developed economies, as the impact of the 2017 tax reforms in the United States waned.

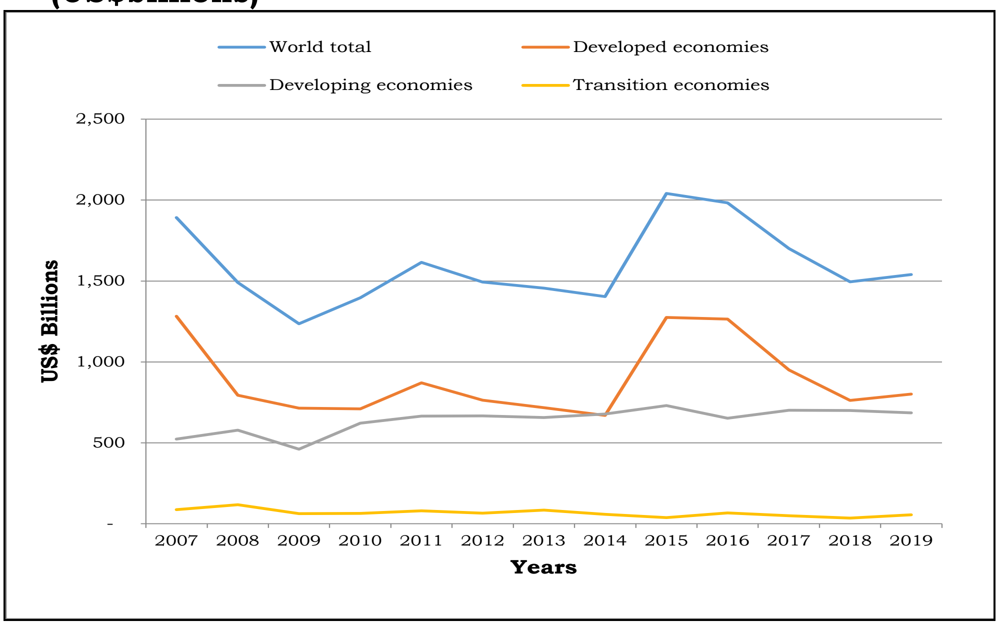
Geographically, FDI flows to developed economies rose by 5 percent, to US$800 billion, from their revised level of US$761 billion in 2018. The increase occurred despite weaker macroeconomic performance and policy uncertainty for investors, including trade tensions between the US and China as well as Brexit negotiations. The trend was mainly driven by FDI dynamics in Europe, where inflows increased by 18 percent to US$429 billion. Several European countries experienced strong volatility. For example, flows to Ireland reached US$78 billion in 2019, from a net outflow of US$28 billion in 2018. FDI flows to some of the

[6] UNCTAD World Investment Report 2020: International Production Beyond The Pandemic

larger economies decreased. Inflows to Germany halved, similarly FDI inflows fell slightly in France and the United Kingdom. Flows remained flat in North America, at US$297 billion. The USA remained the largest recipient of FDI despite a slight decline of FDI (-3 percent).

FDI flows to developing economies declined marginally, by 2 percent, to US$685 billion. Since 2010, flows to developing economies have been relatively stable, hovering within a much narrower range than those to developed countries, at an average of US$674 billion.

Figure 1.1: FDI Inflows, Global and by Group Economies, 2007-2019 (US$billions)



Source: UNCTAD-WIR 2020

FDI flows into developing Asia declined by 5 percent, to US$474 billion. Despite this decline, Asian region remained the largest FDI recipient, receiving more than 30 percent of global inflows. The decline was driven primarily by a 34 percent fall in FDI flows to Hong Kong and China. The largest five recipients were China, Hong Kong, Singapore, India and Indonesia.

The FDI flows to Africa in 2019 declined by 10 percent to US$45 billion, largely due to moderate economic growth across the region and dampened demand for commodities. This reduced flows to countries with relatively more diversified FDI inflows (e.g. South Africa, Morocco and Ethiopia) as well as flows to commodity-exporting economies (e.g. Nigeria, the Sudan, etc.). Few countries received higher inflows in 2019. Flows to Egypt – the largest recipient of FDI in Africa – increased by 11 percent to US$9 billion.

In terms of outward investment in 2019, Multinational enterprises (MNE) from developed economies invested US$917 billion abroad – a 72 percent increase from the previous year. Outflows from developing and transition economies declined. These trends resulted in a significant shift in the overall share of developed economies in world FDI outflows, from 54 percent in 2018 to 70 percent in 2019. Outflows from MNEs in Europe rose by 13 percent, mainly due to large investments by MNEs based in the Netherlands, and a doubling of reinvested earnings by German MNEs abroad. In contrast, outflows from France and Switzerland, which both recorded large outflows in 2018, declined in 2019 by 63 percent and 82 percent, respectively. Investment by MNEs based in North America reached US$200 billion.

Table 1.1: Global FDI Flows, by Region, 2017-2019 (US$ billions)

Region	FDI Inflows			FDI Outflows		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
World	**1,700.5**	**1,495.2**	**1,539.9**	**1,601.0**	**986.4**	**1,313.8**
a). Developed economies	950.1	761.4	800.2	1,095.2	534.0	916.9
o/w USA	*277.3*	*253.6*	*246.2*	*300.4*	*(90.6)*	*124.9*
b). Transition economies	49.7	34.5	54.9	38.5	37.6	23.8
c). Developing economies	700.6	699.3	684.7	467.4	414.7	373.1
Latin America	156.2	148.9	164.2	38.2	0.1	41.6
Asia	502.0	498.6	473.9	417.0	406.7	327.6
o/w China	*136.3*	*138.3*	*141.2*	*158.3*	*143.0*	*117.1*
Oceania	0.9	1.2	1.2	0.1	(0.3)	1.4
Africa	41.5	50.6	45.4	12.0	8.2	5.3
Eastern Africa	8.6	8.5	7.8	0.5	0.4	0.5
Central Africa	9.0	9.4	8.7	0.3	0.3	0.1
Northern Africa	13.3	15.4	13.7	1.4	2.3	1.9
Southern Africa	(0.8)	3.6	4.4	8.7	4.1	1.1
Western Africa	11.5	13.7	10.9	1.2	1.1	1.8

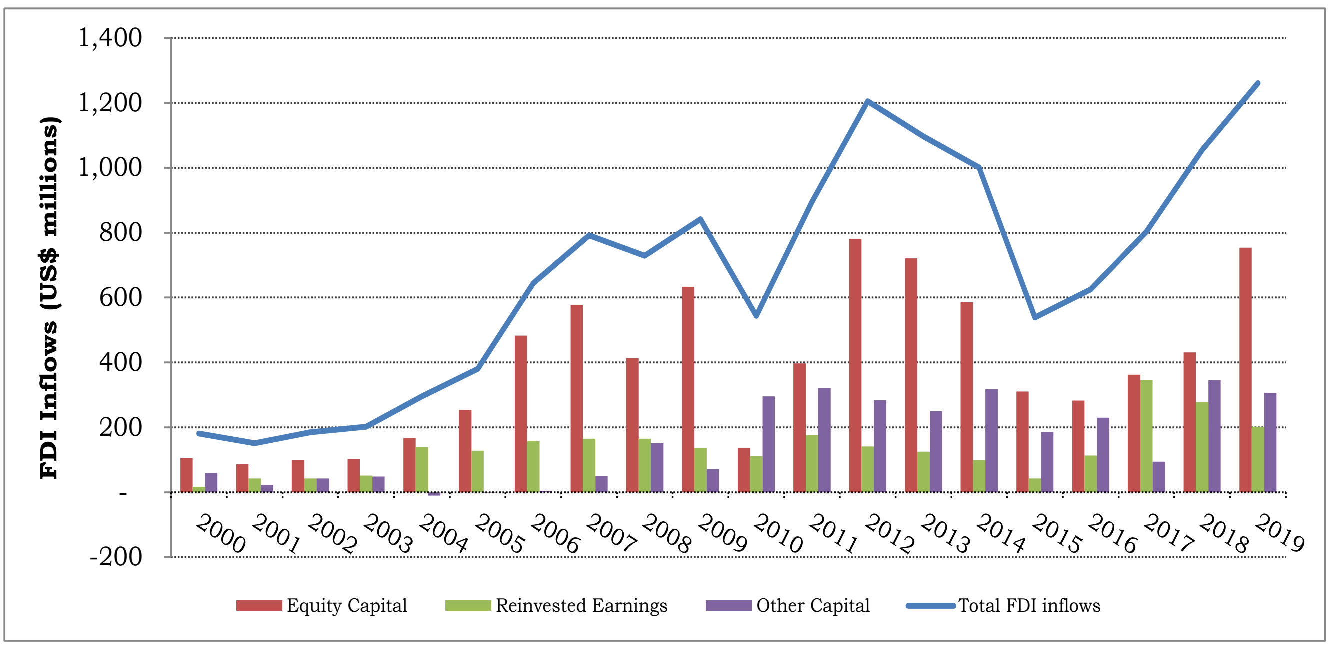
Source*: UNCTAD, Foreign Direct Investment Statistics 2020.*

FDI outflows from Africa reduced by 26 percent to US$9.8 billion. This largely reflected reduced outward FDI by Angolan firms (down 99 percent to US$3.3 million) and South African firms (down 38 percent to US$4.5 billion).

In the East African Community, Kenya registered the highest inflows of US$1.33 billion followed by Uganda with US$1.27 billion and Tanzania with US$1.11 billion. Outward FDI flows amounted to US$0.2 billion in 2019 with Kenya being the major source.

In Uganda, FDI[7] estimated inflows increased in 2019 to US$1,266.0 million from US$1,055.4 million recorded in 2018 mainly on account of an increase in other capital. The largest contributor to total FDI inflows was the mining industry (mainly driven by investments in oil exploration activities), real estate, construction, finance & insurance services and manufacturing sectors, as illustrated in Figure 1.2.

Figure 1.2: FDI Inflows to Uganda, 2000 - 2019 (US$ million)



Source: *Computation based on BoU, BOP Statistics*

[7] FDI includes Equity (i.e. equity shares, retained earnings and revaluations) and Other Capital (i.e. debt in form of loans and/or trade credits) from affiliated entities.

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 1,072 questionnaires were administered (83.1 percent) to enterprises during the field activities out of the 1,290 enterprises targeted. Of the 218 enterprises (16.9 percent) to which questionnaires were not administered, 97 (44.5 percent) could not be located, 30 (13.8 percent) were closed and 91 (41.7 percent) did not receive the questionnaire. Of the 1,072 questionnaires delivered, 815 enterprises responded resulting in a response rate of 76.0 percent of the enterprises targeted. Financial statements for 513 respondents were collected and used to validate the information provided in the questionnaires. In addition, comparisons were made with the information from previous surveys at enterprise level to check for consistency of the information provided.

The regional distribution of the administered enterprises and response to the PSIS 2019 is shown in Table 2.1. The table reveals that 769 or 94.4 percent of the enterprises that responded were in the central region followed by 31 or 3.8

percent in the Eastern and Northern regions and 15 or 1.8 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/]	997	769	94.4
East and North	50	31	3.8
West	25	15	1.8
Grand Total	**1,072**	**815**	**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 2019 findings*

In terms of economic sectors of respondents, the largest share of respondent enterprises (26.5 percent) were involved in wholesale and retail activities, followed by manufacturing (20.1 percent), finance and insurance (9.3 percent), construction (9.0 percent), I.C.T (5.3 percent), agriculture, forestry and fishing (4.9 percent), transportation and storage (4.4 percent) and real estate activities (3.9 percent). The distribution of respondents by economic activities 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 Economic Sector	Administered	Returned	Sector distribution of returned questionnaires (%)
Agriculture, forestry and fishing	**53**	**40**	**4.9**
Industry	**377**	**272**	**33.4**
Mining and quarrying	*24*	*14*	*1.7*
Manufacturing	*217*	*164*	*20.1*
Electricity & gas	*32*	*19*	*2.3*
Water supply & sewerage	*3*	*2*	*0.2*
Construction	*101*	*73*	*9.0*
Services	**642**	**503**	**61.7**
Wholesale & retail trade	*287*	*216*	*26.5*
Transportation and Storage	*47*	*36*	*4.4*
Accommodation and food service	*38*	*28*	*3.4*
Information and communication	*59*	*43*	*5.3*
Finance and Insurance activities	*79*	*76*	*9.3*
Real estate activities	*40*	*32*	*3.9*
Professional, scientific & technical	*36*	*24*	*2.9*
Administrative services	*21*	*21*	*2.6*
Education	*9*	*9*	*1.1*
Health and Social work activities	*10*	*7*	*0.9*
Arts, entertainment and recreation	*16*	*11*	*1.3*
Total	**1,072**	**815**	**100**

Source: *PSIS 2019 findings*

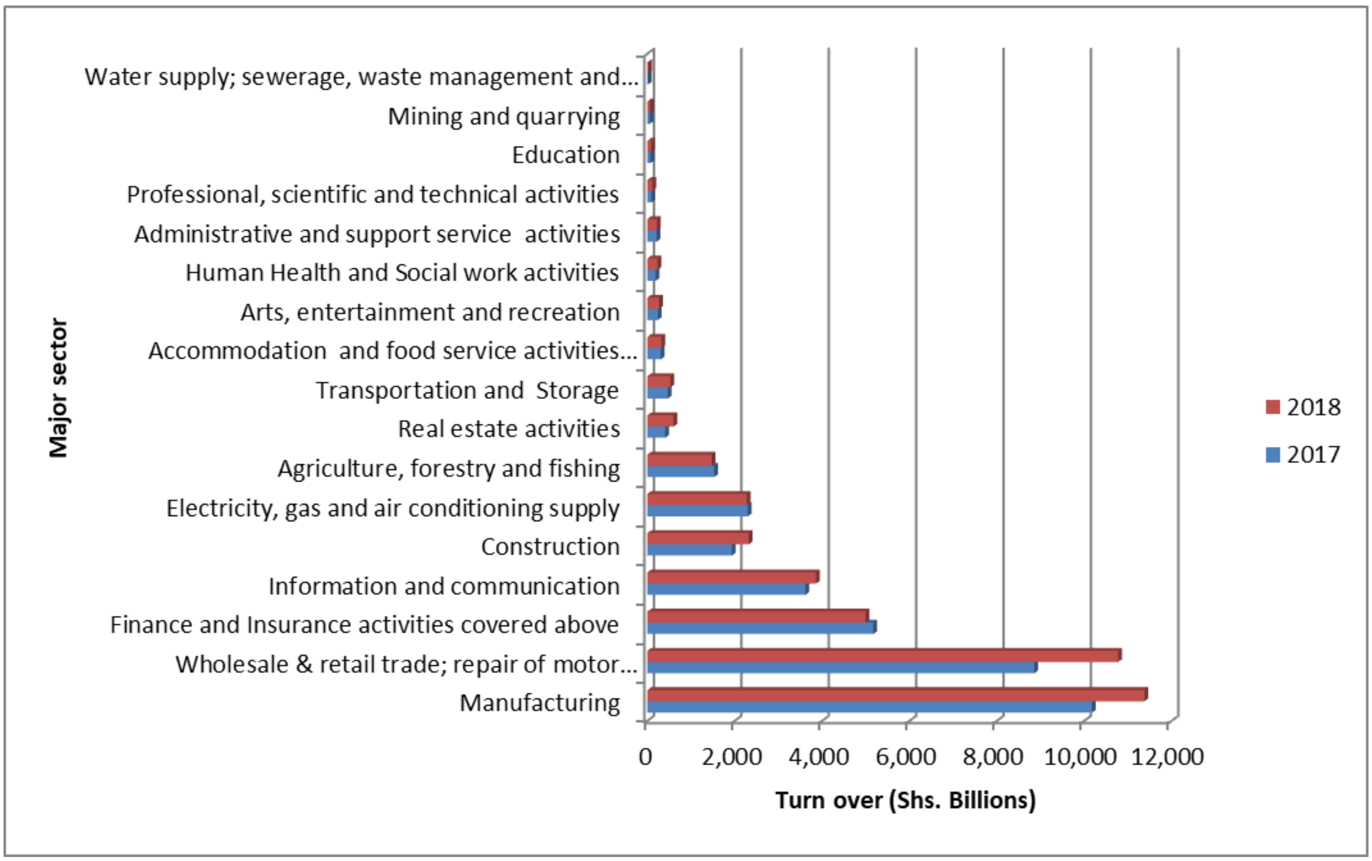
2.2. Entity turnover

The findings reveal that there was an increase in total turnover (sales revenue) of 10.9 percent to Shs.39,549.3 billion in 2018 from Shs.35,661.6 billion recorded in 2017. This increase was largely on account of a reported rise in turnover for enterprises in manufacturing, wholesale & retail trade; repair of motor vehicles and motorcycles services, construction, and information activities. There was however, a decline in sales revenue in agriculture, forestry and fishing of 3.8 percent from Shs.1,529.9 billion in 2017 to Shs.1,471.5 billion in 2018; finance and insurance activities of 3.4 percent from Shs.5,174.2 billion in 2017 to Shs.4,999.2 billion in 2018; and electricity and gas supply activities of 0.9

percent from Shs.2,301.5 billion in 2017 to Shs.2,281.4 billion in 2018. The details are illustrated in Figure 2.1.

In terms of sector contribution to total turnover, manufacturing had the highest share estimated at 28.8 percent of the total reported by the enterprises that responded. This was followed by wholesale and retail with a share of 27.2 percent, finance and insurance (12.6 percent), I.C.T (9.8 percent) and construction (5.9%). The five sectors combined accounted for about 84.3 percent of the total turnover over the two years.

Figure 2.1: Entity Turnover by Economic Activity in 2017 and 2018 (Shs. Billion)



Source: *PSIS 2019 findings*

2.3. Contribution to Economic Activity

The findings from the PSIS 2019 on compensation of employees (i.e. 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 Uganda's output or GDP for the period. Value added at current prices during 2018 for the 815 enterprises that responded was estimated at Shs.7,587 billion equivalent to about 6.0 percent of GDP. The sampled entities involved in finance and insurance services, manufacturing, information and communication and construction sectors accounted for most of the value added in the sample with estimated contributions of 64.7 percent, 8.3 percent, 47.4 percent and 6.8 percent of GDP, respectively (see details in Table 2.3).

Table 2.3: Value added and Fixed Capital Formation of Sampled Enterprises During 2018 (Shs. Billion).

Item	*Sample Value Added*	*GDP* (Current prices)[1/]	*Sample /Total (in %)*
Value added	**7,587**	**126,183**	**6.0**
o/w Financial and Insurance services	2,090	3,233	64.7
Manufacturing	1,671	20,083	8.3
Information and communication	1,203	2,540	47.4
Construction	500	7,331	6.8
Others	2,121	92,997	2.3
Fixed capital formation	**17,201**	**30,794**	**55.9**
o/w Private fixed capital formation	17,201	23,668	72.7

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

Source: *PSIS 2019 findings and UBOS Data*

The results on the stock of capital reported by the enterprises during 2018 were used together with the survey results for the period 2017 to estimate the proportion of the surveyed enterprises' contribution to gross fixed capital formation[8]. The findings provides an estimate of fixed capital formation of Shs.17,201 billion from the enterprises that responded. This estimate represented about 55.9 percent of total fixed capital formation and 72.7 percent of private gross fixed capital formation estimates for 2018.

[8] 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 6.3 percent from 126,115 as at 31st December 2017 to 134,101 employees as at 31st December 2018, 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 of Uganda. The number of non-resident employees increased by 7.4 percent to 131 employees as at 31st December 2018. The details are provided in Table 2.4.

Table 2.4: Distribution of Employment by Residency

Residency of employees	Number of Employees		Growth rates 2017-2018 (%)	Percentage of total in 2018 (%)
	2017	2018		
Residents	125,993	133,970	6.3	99.9
Domestic	*124,247*	*132,370*	6.5	98.7
Foreign (Long-term)[1/]	*1,746*	*1,600*	-8.4	1.2
Non-residents	122	131	7.4	0.1
Total No. of Employees	**126,115**	**134,101**	**6.3**	**100**

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 2019 findings*

2.5. Compensation of Employees

The PSIS 2019 collected information on compensation of employees during 2017 and 2018. Total compensation of employees (namely; wages, salaries, contribution to pension fund, fringe benefits, etc.) paid out by enterprises that responded decreased by 4.6 percent from Shs.3,036.9 billion in 2017 to Shs.2,897.5 billion during 2018. Domestic employees received the highest share of total employees' compensation accounting for an average of 93.6 percent of the total compensation during the two years. Compensation to non-residents decreased by 29.3 percent to Shs.5.2 billion in 2018 from Shs.7.3 billion in 2017. The details are shown in Table 2.5.

Table 2.5: Compensation of Employees by Residency

Residency of Employees	Compensation of Employees (Shs. Billions)		% Change 2017 - 2018	Up-rated Compensation of Employees (US$ Millions)	
	2017	**2018**		**2017**	**2018**
Residents	2,816.4	2,894.3	2.8	990.2	987.6
Domestic	*2,634.1*	*2,702.7*	2.6	926.1	922.2
Foreign (Long-term)	*182.3*	*191.6*	5.1	64.1	65.4
Non-residents	7.3	5.2	-29.3	2.6	1.8
Total compensation	**2,823.7**	**2,899.4**	**2.7**	**992.8**	**989.4**

Source: *PSIS 2019 findings*

To incorporate the findings from compensation of short-term employees into the BOP statistics, the results from the survey were up-rated using a grossing-up factor of 1.27 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 2018. The grossed-up compensation during 2017 and 2018 was converted to US dollars using average exchange rates of Shs.3,617.9 and Shs.3,727.8 per US dollar, respectively.

The total estimates of compensation of employees decreased by 0.3 percent to US$989.7 million in 2018 from US$992.8 million estimated for 2017. Compensation of non-resident employees (BOP item) decreased from US$2.6 million during 2017 to US$ 1.8 million during 2018.

2.6. Net-Profits, Dividends and Retained Earnings

The findings from entities that responded indicate that net profits reported for 2018 decreased by 5.7 percent to Shs.2,502.3 billion from Shs.2,652.3 billion earned during 2017, as summarized in Table 2.6. In addition, retained earnings decreased to Shs.1,578.4 billion during 2018 from Shs.1,953.3 billion in 2017.

Table 2.6: Net profits, Dividends and Retained Earnings

Item	Amounts (Shs. Billions)		% Change 2017-2018
	2017	2018	
Net profit/loss	2,652.3	2,502.3	-5.7
Dividends declared	699.0	923.9	32.2
Dividends paid/remitted	279.4	510.2	82.6
Retained earnings[9]	1,953.3	1,578.4	-19.2

Source: *PSIS 2019 findings*

In terms of profitability by sector, finance and insurance had the largest share of profits estimated at 40.8 percent of total profits for all entities that responded. The total profits for this sector increased to Shs.1,022.0 billion in 2018 from Shs.835.2 billion registered in 2017. Enterprises in I.C.T and manufacturing sectors followed with profitability of Shs.427.4 billion and Shs.408.5 billion, respectively during 2018.

However, some entities registered losses in 2018. Large losses amounting to Shs.24.6 billion were recorded in the education sector followed by mining & quarrying of Shs.24.0 billion, accommodation of Shs.4.6 billion and arts, entertainment and recreation of Shs.0.4 billion.

[9] 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 2018 and the respective outstanding stocks as at end 2017 and 2018 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[10] 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 7.4 percent from Shs.36,202.7 billion as at end 2017 to Shs.38,869.8 billion as at end 2018. The increase in the FDI stock was on account of new equity investment (share capital) amounting to Shs.1,264.5 billion during 2018 mainly by enterprises involved in the mining and real estate activities. In addition, Shs.1,013.5 billion was received during 2018 in the form of other capital, which comprise of loans and trade credit from their foreign affiliates. Reinvested earnings during the year amounted to Shs.814.7 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 loss of Shs.426,8 billion. This was as a result of Shs.430.0 billion net revaluation loss in equity while valuation changes attributed to debt from affiliated enterprises amounted to net revaluation gain of Shs.4.3 billion.

10 According to the IMF's BPM6, **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	2017-Shs. Billions	2018-Shs. Billions		
	Stocks	Transactions	Other Changes	Stocks
Foreign Direct Investment (FDI)	**36,202.7**	**3092,8**	**-426.8**	**38,869,8**
Direct Investor (DI)	**34,404.1**	**3,039.2**	**-431.6**	**37,011.7**
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**
Direct Equity (OFBV)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**
Direct Investor (DI)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**
Equity Shares	11,855.2	1,264.5	-13.7	13,106.0
Retained Earnings	6,371.4	814.7	-351.4	6,834.7
Revaluation	11,919.2	0.0	-64.9	11,854.3
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)	**6,056.9**	**1,013.5**	**4.3**	**7,074.8**
Direct Investor (DI)	**4,258.3**	**959.9**	**-1.6**	**5,216.6**
Loans	**3,665.1**	**775.5**	**-6.0**	**4,434.6**
Short-term	643.0	169.3	1.4	813.8
Disbursements	-	198.8	0.0	-
Repayments	-	-29.5	0.0	-
Other Changes	-	0.0	1.4	-
Long-term	3,022.1	606.1	-7.5	3,620.8
Disbursements	-	861.1	0.0	-
Repayments	-	-255.0	0.0	-
Other Changes	-	0.0	-7.5	-
Trade credits	-	**184.5**	**4.4**	**782.0**
Short-term	524.3	95.0	4.4	623.8
Disbursements	-	204.9	0.0	-
Repayments	-	-109.9	0.0	-
Other Changes	-	0.0	4.4	-
Long-term	68.8	89.5	0.0	158.3
Disbursements	-	98.0	0.0	-
Repayments	-	-8.5	0.0	-
Other Changes	-	0.0	0.0	-
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**
Loans	**928.4**	**49.4**	**5.7**	**983.5**
Short-term	223.4	13.2	0.0	236.6
Disbursements	-	22.6	0.0	-
Repayments	-	-9.4	0.0	-
Other Changes	-	0.0	0.0	-
Long-term	705.0	36.2	5.7	746.9
Disbursements	-	160.0	0.0	-
Repayments	-	-123.8	0.0	-
Other Changes	-	0.0	5.7	-
Trade credits	**870.2**	**4.2**	**0.3**	**874.6**
Short-term	827.5	15.4	0.3	843.1
Disbursements	-	252.9	0.0	-
Repayments	-	-237.5	0.0	-
Other Changes	-	0.0	0.3	-
Long-term	42.7	-11.2	0.0	31.5
Disbursements	-	3.4	0.0	-
Repayments	-	-14.6	0.0	-
Other Changes	-	0.0	0.0	-

Source: *PSIS 2019 findings*

The major recipient sectors of foreign direct investment during the year were mining and quarrying accounting for 23.0 percent (or Shs.711.4 billion) of the total FDI inflow in 2018. This was followed by construction (19.2 percent or Shs.592.5 billion), real estate (14.0 percent or Shs.432.6 billion), finance & insurance (13.4 percent or Shs.413.5 billion) and manufacturing (12.4 percent or Shs.382.5 billion). The details are shown in Table 3.2. There were however net reductions recorded for enterprises involved in I.C.T (Shs.61.8 billion), education (Shs.19.8 billion), transport & storage (Shs.11.4 billion) and accommodation & food (Shs.8.2 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 Economic Sector	2017	2018		
	Stock	Transactions	Other Changes[11]	Stock
Mining and quarrying	18,976.4	711.4	0.3	19,688.1
Construction	1,093.9	592.5	22.6	1,708.9
Real estate	761.6	432.6	5.5	1,199.7
Finance and Insurance	4,119.6	413.5	-205.2	4,327.9
Manufacturing	4,867.8	382.5	4.6	5,254.9
Wholesale & retail	1,586.2	241.3	-34.3	1,793.3
Agriculture	1,247.5	216.2	9.3	1,473.1
Electricity & gas	1,881.2	179.6	-209.3	1,851.5
Arts & entertainment	22.4	9.4	-0.9	30.9
Administrative services	157.9	8.4	1.4	167.8
Health & Social work	85.0	7.7	-0.9	91.8
Water supply	4.0	0.0		4.0
Professional services	32.9	-1.3	-1.2	30.4
Accommodation & food	356.8	-8.2	9.9	358.5
Transportation & Storage	215.8	-11.4	6.7	211.1
Education	-39.4	-19.8	-0.3	-59.4
I.C.T	833.0	-61.8	-33.7	737.5
Total	**36,202.7**	**3,092.8**	**-425.7**	**38,869.8**

Source: *PSIS 2019 findings*

[11] Other changes include changes that are not 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 2018 were Netherlands (28.7 percent), Mauritius (14.7 percent), China (13.7 percent), United Kingdom (7.4 percent), Kenya (6.2 percent), Australia (5.9 percent), South Africa (4.5 percent), United States of America (3.8 percent), Switzerland (3.8 percent) and France (3.1 percent). These ten countries jointly accounted for 92.0 percent of FDI inflows during 2018. 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/]	2017	2018		
		Stock	Transactions	Other Changes	Stock
1.	Netherlands	14,810.4	887.4	-140.1	15,557.6
2.	Mauritius	2,486.5	456.0	-132.9	2,809.5
3.	China	673.3	425.1	36.0	1,134.4
4.	United Kingdom (UK)	2,815.2	229.7	-50.5	2,994.5
5.	Kenya	2,766.8	193.3	-51.7	2,908.4
6.	Australia	5,496.3	183.3		5,679.6
7.	South Africa	1,081.2	140.3	-37.0	1,184.5
8.	United States of America (USA)	215.2	119.0	23.8	358.0
9.	Switzerland	816.7	116.3	-43.6	889.3
10.	France	518.9	95.7	11.2	625.8
	FDI from Top 10 Countries	**31,680.5**	**2,846.1**	**-386.1**	**34,141.6**
	TOTAL	**36,202.7**	**3,092.8**	**-426.8**	**38,869.8**

Source: *PSIS 2019 findings*

Note:
1/ In line with the IMF BPM6, source countries are identified on the basis of the economy of the immediate investor and not the ultimate investor.

3.2. Foreign Borrowing[12] by Resident Enterprises

The stock of foreign borrowing reported by the responding enterprises increased by 14.9 percent to Shs.4,551.3 billion as at end 2018 from Shs.3,961.8 billion as at end 2017. The increase in private sector external debt was largely due to higher disbursements and lower repayments registered during the year.

In terms of composition, loans accounted for about 96.1 percent of the stock of private sector external debt at the end of 2018. The stock of outstanding private

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

sector foreign loans increased by 15.4 percent to Shs.4,372.4 billion as at end 2018 from Shs.3,790.2 billion as at end 2017, largely on account of net disbursements. Loan disbursements during the period amounted to Shs.2,312.7 billion as compared to repayments of Shs.1,823.2 billion. The stock of trade credit owed to non-residents increased from Shs.171.6 billion to Shs.178.9 billion as at end 2017 and 2018, respectively. The increase in trade credits was mainly attributed to higher disbursements of short-term trade credits during the period, estimated at Shs.43.4 billion compared to repayments estimated at Shs.36.1 billion as shown in Table 3.4.

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

Component	2017	2018			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Total Foreign borrowing	**3,961.8**	**2,356.1**	**-1,859.3**	**92.7**	**4,551.3**
Loans	**3,790.2**	**2,312.7**	**-1,823.2**	**92.7**	**4,372.4**
Short-Term Loan	257.8	849.5	-117.7	0.3	989.9
Long-Term Loan	3,532.5	1,463.2	-1,705.5	92.4	3,382.5
Trade credits	**171.6**	**43.4**	**-36.1**	**0.0**	**178.9**
Short-Term Loan	170.9	43.4	-36.1	0.0	178.3
Long-Term Loan	0.6	-	-0.0	-	0.6

Source: *PSIS 2019 findings*

The survey findings also showed that in terms of sector distribution, the largest exposure to foreign debt from unrelated entities in 2018 was in electricity & gas (45.9%) followed by I.C.T (29.7%) and manufacturing (13.5%). The sectors that received the highest disbursements were I.C.T which received Shs.1,150.2 billion (48.8%), electricity & gas which received Shs.976.9 billion (41.5%) and manufacturing which received Shs.153.2 billion (6.5%). Similarly, the largest debt repayments were reported by entities in electricity & gas, I.C.T, finance & insurance and wholesale & retail trade sectors as shown in Table 3.5.

The main lenders were international organisations such as German Investment Corporation (DEG), European Investment Bank (EIB), the International Finance Corporation (IFC); and countries like United Kingdom, United States, United Arab

Emirates, Kenya, India and South Africa. This group of lenders accounted for 93.5 percent of the outstanding debt stock as at end 2018.

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

Major Sector	2017	2018			
	Stocks	Disbursements	Repayments	Other Changes	Stocks
Agriculture	96.5	-	-	-	96.5
I.C.T	662.5	1,150.2	-461.7	-	1,351.0
Finance & Insurance	89.8	28.1	-60.8	0.1	57.1
Real estate activities	52.7	6.6	-3.1	1.4	57.6
Administrative services	1.1	-	-	-	1.1
Health & Social work	1.3	0.1	-0.2	-	1.1
Arts & entertainment	2.1	-	-0.8	-	1.3
Mining and quarrying	4.1	-	-2.3	-	1.8
Manufacturing	492.0	153.2	-32.1	-0.0	613.1
Electricity & gas	2,221.7	976.9	-1,196.7	88.5	2,090.3
Construction	119.4	0.3	-38.7	-	81.0
Wholesale & retail trade	209.7	40.4	-59.3	2.8	193.6
Transportation & Storage	7.8	0.4	-3.5	-	4.6
Accommodation	1.0	=	-	-	1.0
Grand Total	**3,961.8**	**2,356.1**	**-1,859.3**	**92.7**	**4,551.3**

Source: *PSIS 2019 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.3,727.8 per US$ for 2018. 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 1.27204 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$. millions)	
	2017	2018 (Shs. billions)			2018(US$. millions)	
Components	**Stocks**	**Transactions**	**[13]Other Changes**	**Stocks**	**Derived Transactions**	**Up-rated Transactions**
Foreign Direct Investment (FDI)	**36,202.7**	**3,092.8**	**-426.8**	**38,869.8**	**829.7**	**1,055.4**
Direct Investor (DI)	**34,404.1**	**3,039.2**	**-431.6**	**37,011.7**	**815.3**	**1,037.1**
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**	**14.4**	**18.3**
Direct Equity (OFBV)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**	**557.8**	**709.5**
Direct Investor (DI)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**	**557.8**	**709.5**
Retained Earnings	6,371.4	814.7	-351.4	6,834.7	218.6	278.0
Equity Shares	11,855.2	1,264.5	-13.7	13,106.0	339.2	431.5
Revaluation	11,919.2	0.0	-64.9	11,854.3	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)	**6,056.9**	**1,013.5**	**3.2**	**7,074.8**	**271.9**	**345.9**
Direct Investor (DI)	**4,258.3**	**959.9**	**-1.6**	**5,216.6**	**257.5**	**327.6**
Loans	**3,665.1**	**775.5**	**-6.0**	**4,434.6**	**208.0**	**264.6**
Short-term loan	643.0	169.3	1.4	813.8	45.4	57.8
Long-term loan	3,022.1	606.1	-7.5	3,620.8	162.6	206.8
Trade credits	**593.2**	**184.5**	**4.4**	**782.0**	**49.5**	**62.9**
Short-term trade credits	524.3	95.0	4.4	623.8	0.0	0.0
Long-term trade credits	68.8	89.5	0.0	158.3	0.0	0.0
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**	**14.4**	**18.3**
Loans	**928.4**	**49.4**	**5.7**	**983.5**	**13.3**	**16.9**
Short-term loan	223.4	13.2	0.0	236.6	0.0	0.0
Long-term loan	705.0	36.2	5.7	746.9	0.0	0.0
Trade credits	**870.2**	**4.2**	**0.3**	**874.6**	**1.1**	**1.4**
Short-term trade credits	827.5	15.4	0.3	843.1	4.1	5.3
Long-term trade credits	42.7	-11.2	0.0	31.5	-3.0	-3.8
Other Investments[14]	**4,421.4**	**554.6**	**51.2**	**5,027.2**	**148.8**	**189.3**
Other Equity (<10%)	**459.6**	**57.9**	**-41.5**	**475.9**	**15.5**	**19.7**
Foreign Borrowings (non-Affiliated)	**3,961.8**	**496.8**	**92.7**	**4,551.3**	**133.3**	**169.5**
Loans	**3,790.2**	**489.5**	**92.7**	**4,372.4**	**131.3**	**167.0**
Short-term loan	257.8	731.8	0.3	989.9	196.3	249.7
Long-term loan	3,532.5	-242.3	92.4	3,382.5	-65.0	-82.7
Trade credits	**171.6**	**7.3**	**0.0**	**178.9**	**2.0**	**2.5**
Short-term trade credits	170.9	7.3	0.0	178.3	2.0	2.5
Long-term trade credits	0.6	0.0	0.0	0.6	0.0	0.0

Source: *PSIS 2019 findings*

[13] According to the IMF's BPM6, **Other changes** in the volume of financial assets and liabilities are any changes in the value of these assets that are due neither to transactions nor to revaluation. These changes include those due to cancellation and write-offs, economic appearance and disappearance of assets, reclassification, and the changes in financial assets arising from entities changing their economy of residence.

[14] The reporting entities do not have liabilities in 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 2018 increased to US$1,055.4 million from the estimated inflow of US$802.6 million during 2017 (details are provided in Appendix Table: B.3). The main inflows were in the form of other capital (debt from foreign affiliates) that recorded an estimated net disbursement of US$345.9 million, representing a US$251.6 million increase from US$94.3 million received during 2017. Equity capital rose marginally to US$709.5 million during 2018 compared to US$708.3 million estimated for 2017.

The grossed-up net inflows (disbursement less principal repayments) of foreign non-affiliated borrowings by resident enterprises was an estimated net disbursement of US$169.5 million during 2018 compared to a net disbursement of US$3.4 million during 2017. The results further revealed that the grossed-up distributed return on investment (dividends) paid to foreign direct investors during 2018 increased to US$315.3 million from US$209.0 million reported in 2017. The grossed-up flows and stocks from 2010 – 2018 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 2018 compared with 2017. The increase in FDI was on account of mainly higher debt related inflows from both affiliates (other capital) and non-affiliates (foreign borrowing). This trend is expected to continue driven by the increased investment by government in infrastructural projects such as highways, electricity generation facilities as well as the oil refinery and 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 2018, enterprises from Uganda Revenue Authority (URA) top 1,000 tax payers not covered in previous private sector investment surveys and the list of new investments received during 2018 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 2019. The office estimates were based on previous survey responses to derive the beginning of period stocks and sector growth factors derived from enterprises that responded within the same sector to derive transactions during the year. Financial statements covering 2017 and 2018 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 1.27204, 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 2017 and 2018

Major Sector	2017				2018			
	Local	Foreign		Total	Local	Foreign		Total
		Long-Term	Short-Term			Long-Term	Short-Term	
Agriculture	9,247	52	2	9,301	11,027	54	5	11,086
Mining & quarrying	378	8	3	389	472	15	0	487
Manufacturing	35,085	282	0	35,367	35,196	431	1	35,628
Electricity & gas	2,306	494	1	2,801	1,830	28	1	1,859
Water supply	59	0	0	59	69	0	0	69
Construction	7,672	314	0	7,986	10,725	445	7	11,177
Wholesale & retail trade	11,824	168	33	12,025	13,255	192	60	13,507
Transportation & storage	2,025	20	2	2,047	2,304	25	4	2,333
Accommodation & food	2,715	14	0	2,729	2,794	16	0	2,810
I.C.T.	3,494	55	27	3,576	3,653	79	0	3,732
Finance & insurance	16,804	80	1	16,885	17,431	77	0	17,508
Real estate	408	33	10	451	484	25	9	518
Professional	766	17	2	785	861	14	2	877
Administrative services	25,489	23	0	25,512	26,240	23	0	26,263
Education	613	127	0	740	558	122	0	680
Health & social work	562	35	0	597	600	35	0	635
Arts & entertainment	4,800	24	41	4,865	4,871	19	42	4,932
Total	**124,247**	**1,746**	**122**	**126,115**	**132,370**	**1,600**	**131**	**134,101**

Source: *PSIS 2019 findings*

Table B.2: Compensation of Employees by Economic Sectors in 2017 and 2018-(US$ millions)

Major Sector	2017			2018		
	Foreign		Local	Foreign		Local
	Long-Term	Short-Term		Long-Term	Short-Term	
Agriculture	1.0	0.1	92.2	1.1	0.1	40.9
Mining & quarrying	0.4	0.0	2.2	0.8	0.0	2.5
Manufacturing	21.9	0.0	199.7	23.1	0.0	216.7
Electricity & gas	1.8	0.4	35.9	1.8	0.5	38.0
Water supply	0.0	0.0	0.2	0.0	0.0	0.2
Construction	5.5	1.6	42.7	7.4	0.5	45.1
Wholesale & retail trade	4.7	0.1	81.4	5.3	0.1	86.5
Transportation & storage	0.7	0.1	20.2	0.7	0.3	20.1
Accommodation & food	0.6	0.0	17.8	0.7	0.0	18.4
I.C.T.	6.0	0.0	90.8	2.4	0.0	81.5
Finance & Insurance	13.3	0.1	272.2	13.8	0.1	296.2
Real estate	0.2	0.0	8.6	0.3	0.0	9.1
Professional	0.5	0.1	13.1	0.6	0.1	14.5
Administrative services	2.2	0.0	26.1	2.6	0.0	27.3
Education	3.7	0.0	9.9	3.6	0.0	10.9
Health & social work	1.2	0.0	4.2	0.9	0.0	5.2
Arts & entertainment	0.5	0.0	8.8	0.5	0.0	9.2
Total	**64.1**	**2.6**	**926.1**	**65.4**	**1.8**	**922.2**

Source: *PSIS 2019 findings*

Table B.3: Grossed-up Foreign Direct Investment and Foreign Borrowing during 2017 and 2018-(US$ millions)

Components	2017		2018	
	Derived transactions	Up-rated figures	Derived transactions	Up-rated BOP figures
Foreign Direct Investment	**655.1**	**802.6**	**829.7**	**1,055.4**
Total Equity	**578.1**	**708.3**	**557.8**	**709.5**
Share capital	295.9	362.5	339.2	431.5
Retained Earnings	282.3	345.8	218.6	278.0
Revaluation	0	0	0	0
Other Capital	**77.0**	**94.3**	**271.9**	**345.9**
Foreign Borrowing *(Loans and Trade credit)*	**2.8**	**3.4**	**133.3**	**169.5**
Short-term	30.3	37.2	198.3	252.2
Long-term	-27.6	-33.8	-65.0	-82.7
Dividends paid/remitted	170.6	209.0	247.8	315.3

Source: *PSIS 2019 findings*

Table B.4: Integrated foreign liabilities, Grossed-up Transactions and their Components during 2018

	2017-Shs. Billions	2018-Shs. Billions			2018-US$	
Components	**Stocks**	**Transactions**	**Other Changes**	**Stocks**	**Derived Transactions**	**Up-rated Transactions**
Foreign Direct Investment (FDI)	**36,202.7**	**3,092.8**	**-425.7**	**38,869.8**	**829.7**	**1055.4**
Direct Investor (DI)	**34,404.1**	**3,039.2**	**-431.6**	**37,011.7**	**815.3**	**1037.1**
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**	**14.4**	**18.3**
Direct Equity (OFBV)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**	**557.8**	**709.5**
Direct Investor (DI)	**30,145.8**	**2,079.2**	**-430.0**	**31,795.0**	**557.8**	**709.5**
Equity Shares	11,855.2	1,264.5	-13.7	13,106.0	339.2	431.5
Retained Earnings	6,371.4	814.7	-351.4	6,834.7	218.6	278.0
Revaluation	11,919.2	0.0	-64.9	11,854.3	-	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)	**6,056.9**	**1,013.5**	**4.3**	**7,074.8**	**271.9**	**345.9**
Direct Investor (DI)	**4,258.3**	**959.9**	**-1.6**	**5,216.6**	**257.5**	**327.6**
Loans	**3,665.1**	**775.5**	**-6.0**	**4,434.6**	**208.0**	**264.6**
Short-term	643.0	169.3	1.4	813.8	45.4	57.8
Disbursements	0.0	198.8	0.0	-	53.3	67.8
Repayments	0.0	-29.5	0.0	-	-7.9	-10.1
Other Changes	0.0	0.0	1.4	-	-	0.0
Long-term	3,022.1	606.1	-7.5	3,620.8	162.6	206.8
Disbursements	0.0	861.1	0.0	-	231.0	293.8
Repayments	0.0	-255.0	0.0	-	-68.4	-87.0
Other Changes	0.0	0.0	-7.5	-	-	0.0
Trade credits	**593.2**	**184.5**	**4.4**	**782.0**	**49.5**	**62.9**
Short-term	524.3	95.0	4.4	623.8	25.5	32.4
Disbursements	0.0	204.9	0.0	-	55.0	69.9
Repayments	0.0	-109.9	0.0	-	-29.5	-37.5
Other Changes	0.0	0.0	4.4	-	-	0.0
Long-term	68.8	89.5	0.0	158.3	24.0	30.5
Disbursements	0.0	98.0	0.0	-	26.3	33.4
Repayments	0.0	-8.5	0.0	-	-2.3	-2.9
Other Changes	0.0	0.0	0.0	-	-	0.0
Fellow Enterprise (FE)	**1,798.6**	**53.6**	**6.0**	**1,858.1**	**14.4**	**18.3**
Loans	**928.4**	**49.4**	**5.7**	**983.5**	**13.3**	**16.9**
Short-term	223.4	13.2	0.0	236.6	3.5	4.5
Disbursements	0.0	22.6	0.0	-	6.1	7.7
Repayments	0.0	-9.4	0.0	-	-2.5	-3.2
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term	705.0	36.2	5.7	746.9	9.7	12.4
Disbursements	0.0	160.0	0.0	-	42.9	54.6
Repayments	0.0	-123.8	0.0	-	-33.2	-42.2
Other Changes	0.0	0.0	5.7	-	-	0.0
Trade credits	**870.2**	**4.2**	**0.3**	**874.6**	**1.1**	**1.4**
Short-term	827.5	15.4	0.3	843.1	4.1	5.3
Disbursements	0.0	252.9	0.0	-	67.8	86.3
Repayments	0.0	-237.5	0.0	-	-63.7	-81.1
Other Changes	0.0	0.0	0.3	-	-	0.0
Long-term	42.7	-11.2	0.0	31.5	-3.0	-3.8
Disbursements	0.0	3.4	0.0	-	0.9	1.2
Repayments	0.0	-14.6	0.0	-	-3.9	-5.0
Other Changes	0.0	0.0	0.0	-	-	0.0
					-	0.0
Other Investments	**4,421.4**	**554.6**	**51.2**	**5,027.2**	**148.8**	**189.3**
Other Equity (<10%)	**459.6**	**57.9**	**-41.5**	**475.9**	**15.5**	**19.7**
Portfolio Investment (PI)	334.9	49.8	-50.8	333.9	13.4	17.0
Other Equity (OE)	124.7	8.1	9.3	142.0	2.2	2.8
Private Sector External Debt (PSED)	**3,961.8**	**496.8**	**92.7**	**4,551.3**	**133.3**	**169.5**
Loans	**3,790.2**	**489.5**	**92.7**	**4,372.4**	**131.3**	**167.0**
Short-term loan	257.8	731.8	0.3	989.9	196.3	249.7
Disbursements	0.0	849.5	0.0	-	227.9	289.9
Repayments	0.0	-117.7	0.0	-	-31.6	-40.2
Other Changes	0.0	0.0	0.3	-	-	0.0
Long-term loan	3,532.5	-242.3	92.4	3,382.5	-65.0	-82.7
Disbursements	0.0	1,463.2	0.0	-	392.5	499.3
Repayments	0.0	-1,705.5	0.0	-	-457.5	-582.0
Other Changes	0.0	0.0	92.4	-	-	0.0
Trade credits	**171.6**	**7.3**	**0.0**	**178.9**	**2.0**	**2.5**
Short-term trade credits	170.9	7.3	0.0	178.3	2.0	2.5
Disbursements	0.0	43.4	0.0	-	11.6	14.8
Repayments	0.0	-36.1	0.0	-	-9.7	-12.3
Other Changes	0.0	0.0	0.0	-	-	0.0
Long-term trade credits	0.6	0.0	0.0	0.6	-0.0	0.0
Disbursements	0.0	0.0	0.0	-	-	0.0
Repayments	0.0	0.0	0.0	-	-0.0	0.0
Other Changes	0.0	0.0	0.0	-	-	0.0
					-	0.0
Dividends declared	N/A	923.9	N/A	N/A	247.8	315.3

Source: *PSIS 2019 findings*

Table B.5: Grossed-up FDI Flows by Source Countries 2010 – 2018-(US$ millions)

	Country	2010	2011	2012	2013	2014	2015	2016	2017	2018
1	Australia	120.1	201.1	203.1	81.8	81.9	60.1	32.1	64.9	62.6
2	Kenya	86.1	172.6	99.4	44.5	109.6	61.7	230.1	114.5	65.9
3	Netherlands	121.5	164.4	611.2	493.5	491.4	236.7	278.4	227.5	302.8
4	UK	126.7	115.8	116.8	78.9	250.3	4.5	80.9	56.2	78.4
5	UAE	65.2	109.2	64.4	1.8	16.3	35.8	-27.4	16.7	-9.1
6	Mauritius	90.6	104.5	6.3	71.3	67.1	51.3	-87.7	163.2	155.6
7	Switzerland	26.1	43.8	-12.9	2.6	28.9	7.9	37.4	30.1	39.7
8	Bermuda	11.6	38	-13.4	0.5	10.3	9.4	10.7	18.0	-2.4
9	Denmark	12.6	21	-2.2	-3.5	-4.2	10.9	2.2	-6.4	17.4
10	India	38.1	19.2	39.3	18.7	-39.2	10.6	17.5	35.4	24.8
11	Nigeria	11.4	19	5.2	-3.7	9.2	-10	5	2.5	3.4
12	South Africa	16.9	14.4	25	11.4	-71.4	47.4	17.8	13.8	47.9
13	Singapore	-1.7	9.5	9.6	2.1	-17.2	1.6	-1.1	9.8	-20.5
14	IO	5.1	8.5	5.8	8.7	0.1	0	0	-0.9	0.5
15	Egypt	4.2	7.1	-2.6	9.4	1.8	0.6	1.2	-0.6	31.0
16	Norway	3.2	5.3	2.9	5.6	-4.1	-1.9	5.4	0.3	8.0
17	Togo	2.1	3.6	1.1	17.9	13	-0.3	0.3	0.5	1.6
18	USA	10.3	3.4	20.4	8.5	8.4	-25.6	-3.7	5.1	40.6
19	Canada	2	3.4	-6.7	6.3	-0.2	5.6	3.2	2.8	0.5
20	Others	-213	-169.6	32.8	241	49.4	32.2	23.4	49.2	206.7
	Total	**539.1**	**894.2**	**1205.5**	**1097.3**	**1001.4**	**538.5**	**625.7**	**802.6**	**1,055.4**

Source: *PSIS 2019 findings*