UGANDA DEVELOPMENT CORPORATION
Driving Industrial Growth

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Thus, this paper is a result of General's emphasis that documenting organizational history provides a sense of identity and continuity, and facilitates learning and improvement within the organization.

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Abstract

Public corporations have for long been used by governments in many developed and developing countries as drivers of industrial development, creators of employment opportunities and promoters of social and economic growth. In Uganda, and specifically within industry as a sector, the use of public corporations commenced with the establishment of the Uganda Development Corporation (UDC) in 1952. The Corporation has since then to date gone through a long journey with moments of great success, slumber, policy reversal, restoration and recovery.

The long life history of UDC can particularly be linked to the establishment of the Uganda Company Limited (UCL) in 1903 whose pioneers envisioned an optimistic industrial future for Uganda. The UCL wanted to advance the works of the Church Missionary Society and collaborated with Government of Uganda to enable the citizen realize the benefits of the abundant resources. For example, in the late 1952 when Government decided to acquire Salama group of estates, UCL is the company that carried out negotiations for the purchase. The estates were to be developed to benefit Uganda as a Protectorate of the British Empire. After the acquisition, on behalf of the Government of Uganda, the UCL operated and managed the estates on full commercial basis. Thus, the Salama group of estates was a public enterprise under UDC, the investment arm of government.

Uganda Development Corporation (UDC) Ltd was incorporated in 1952 by the UDC Act 1952 to facilitate the country's industrial and economic development. Indeed, the first two decades of UDC's existence witnessed a very sound establishment of industrial and commercial base in the country. The establishments were profitably operated and registered various development outcomes including increased exports, employment opportunities for the people of Uganda and increased tax revenue, among others.

However, UDC began to face serious problems starting early 1970s. The Corporation's glory days were rudely interrupted by political unrest and economic depression. The businesses ceased to be profitable and were returning huge losses. Consequently, they started relying heavily on direct government support through subventions and subsidies. Maintaining and supporting large numbers of non-viable public enterprises became a huge financial drain on the Treasury, and a management burden on government administration. As a result, in 1998, government decided to wind up the Corporation.

The winding up of UDC involved repealing the 1952 UDC Act by the Public Enterprise Reform and Divestiture Act, Cap 98 section 35(1). To implement the divesture, Government categorized public enterprises into five classes. Important to note, some of UDC's enterprises were categorized under Classes I, II & III, which required government to retain full or partial ownership of such enterprises. This situation necessitated incorporation of public limited liability company into which UDC's undertakings would be transferred. Accordingly, the Uganda Development Company Limited (UDCL) was incorporated under the oversight of Ministry of Finance, Planning and Economic Development; and UDC assets and liabilities were vested into UDCL instead of a statutory body.

In October 2011, H.E. the President directed the Right Hon. Prime Minster to transfer the Uganda Development Company Limited from the Ministry of Finance to the Ministry of Trade, Industry and Cooperatives (MTIC). However, MTIC took a firm position that it would be against the expected norm to use a public limited liability company instead of a statutory corporation to spearhead Government's critical objective of sustainable economic growth.

Following a series of consultations, in March 2012, H.E. the President directed the Right Hon Prime Minister to work with the Hon Attorney General to revive UDC as a statutory body. A Bill to revive UDC was drafted and culminated into the UDC Act 2016 that re-instated UDC as a statutory body. The Act resurrected the UDC on 1st June 2016 with the original primary objective of promoting and facilitating industrial and economic development of Uganda.

1. Background

1.1 The role of public corporations in doing business

Public corporations have for long been used by many developed and developing countries as drivers of industrial development, creators of employment opportunities and promoters of social and economic growth. Taiwan, for example, has successfully used its National Development Fund (NDF) to promote industrial investment policies since 1973. Over the years the NDF has invested in 107 companies in emerging and important industries, as well as 85 companies in the venture capital industry. South Africa's International Development Corporation (IDC) was established in 1940 to expand industrial development while facilitating creation of employment opportunities. Over the past five years, the IDC has supported and funded 52 initiatives nationwide benefitting more than 78 806 beneficiaries. Kenya established the Industrial and Commercial Development Corporation (ICDC) in 1954 to spur its industrial and economic development. The Corporation now boasts of having promoted various enterprises in diverse sectors of the economy which have grown to become some of Kenya's iconic companies creating jobs and wealth for Kenyans.

Other countries that have used public corporations to advance their national development agendas include; Singapore (Temasek Holdings Limited), South Korea (Korea Investment Holdings (KIH)), Mauritius (State Investment Corporation Limited (SIC)), the UK (British International Investment previously the Commonwealth Development Corporation (CDC)) and China which has over 109 corporations listed on the Fortune Global 500, of which only 15% are privately owned.

The reasons for using public corporations are quite similar across countries and they include: a) it is through public corporations that the government can most effectively exercise control and direction of its development objectives; b) large scale and long term investors wanting to partner with government usually prefer the more reliable guarantee associated with government public corporations; c) the freedom, boldness and enterprise in the management of undertakings of an industrial or commercial character and the desire to escape from the caution and circumspection which considered typical of government departments (Glentworth & Wozei, 1972); d) Inability of the private sector to undertake certain medium and large investments which were essential to the economy largely due to the lack of patient capital; e) nature of goods and services being public; and f) the need to maintain control over strategic sectors.

In Uganda, the years that followed the second world war saw the Ugandan Government embarking upon a policy of intensive development of the Protectorate's economic resources through the medium of quasi-government boards (Morris, 1978). Public corporations have therefore been used over the years, pre and post-independence in the traditional fields of public utilities (e.g. power, transport and communications), agriculture and trade. Examples of pre independence corporations include; the Uganda Electricity Board, the Lint Marketing Board (LMB) and the Coffee Marketing Board. While examples of post-independence corporations include the National Trading Corporation (NTC), Uganda Tea Grower's Corporation (UTGC) and the Dairy Industry Corporation (DIC), among others.

In Industry as a sector, the policy of public corporations reached a climax with the establishment of the Uganda Development Corporation (UDC) in 1952 under the Uganda Development Corporation Act (Morris, 1978). Its purpose was to participate in the industrial and economic development of the protectorate by promoting and assisting in the financing, management or establishment of new undertakings and of schemes for the better organization, management or efficient carrying out of existing undertakings. It was established as a 100% Government–owned corporation through the transfer of it of three government owned and operated businesses in exchange for U.sh. 100 million of stock (World Bank Group, 1970). Since then, UDC has been through a series of events and milestones that have seen it transform into the current UDC (2016 – To date).

The long life history of UDC can particularly be linked to the establishment of the Uganda Company Limited in 1903 whose pioneers envisioned an optimistic industrial future for Uganda. The section that follows briefly highlights the Uganda Company Limited's strategic role in industrializing Uganda.

1.2 The Uganda Company Limited (1903 – 1952)

The Uganda Company Limited (UCL) was registered on the 31st October 1903 as a limited liability company (Ehrlich, 1953). It was floated with a capital of £15,000, divided into 15,000 shares of £1 each. The first Board had six (6) Directors, all Europeans who subscribed to a total of 1,350 shares.

The motivation of the pioneers of the company stemmed from Government's determination to help Ugandan's reap the benefit of the country's resources. Initially, the objective of UCL was to supplement the work of the Church Missionary Society (CMS) that involved industrial education and training of natives. With later developments in the country, the company ventured into cultivation of cotton, tea, rubber, coffee, sugar, meat, various grains and even automobiles. When the company was started, Uganda's business climate was very unfavourable with primitive roads and no railway thus created a distribution problem for outputs. Despite this and several other challenges that the company faced such as natural disasters like severe drought and epidemics that caused labor shortages, the great depression which forced European company workers to join the forces and the outbreak of the war in the country, among others, it survived the first fifty years where others had failed.

The growth of the company over the fifty years was explained by its flexibility to adapt its structure and function to the changing needs of a developing society (Ehrlich, 1953). This has been seen as a key factor for successful public corporations even today. By the end of 1952, the company had earned a total gross amount dividend of £142 on £100 invested in ordinary shares of the company at its start. The company's directors over the period had reached 18, with 7 chairpersons. Furthermore, the subsidiaries represented included 14 motor companies, two (2) in cotton, 28 in electrical and industrial and four general companies in insurance, toys, textiles and tea.

The company's contribution to Uganda's development could be seen from the growth in production and export of key commodities like cotton and tea. For example, Cotton exports grew from 240 bales in 1905/06 to 13,000 bales in 1910/11, 37,000 bales in 1919/20, 204,000 bales in

1928/29 and a peak of 402,000 bales in 1937/38 (World Bank Group, 1962). Tea exports and internal consumption also increased during the life of the company. In 1939, approximately 263,000 lbs. of tea were exported from Uganda, while 409,000 lbs. were consumed locally. By 1951, the figures were 1,799,000 lbs and 2,150,000 lbs. of which the Uganda company produced 1,644,000 lbs. The key milestones for the company are summarized in Box 1.

Box 1: Key Milestones of Uganda Company Limited

1903 31st October Uganda Company registered and incorporated First exotic cotton seed imported

1904 First recorded cotton exports from Uganda.

1907 Erection of the company's first powered mill in Kampala

1915 Opening up of a new ginnery in Soroti

1933 Acquisition of tea estates in Mityana

1949 Uganda Company buys Kahuma and Kahangi Estates in Toro District

1953 Uganda Company celebrates its 50th Anniversary Uganda Company opens new ginnery at Kireka

Source: Uganda Company Limited, The First Fifty years

The relationship between the Uganda Company Limited and Uganda Development Corporation (UDC) of 1952 is premised in the purchase of Salama group of estates by Government of Uganda. The estates comprised 3,878 acres of land located 25 miles of Kampala, and was producing tea, coffee, vanilla and chinchona. It was intended to ensure that adequate land is reserved for testing the practical application of results of agricultural research for the benefit of African Agriculture in Uganda, and of the Protectorate’s economy as a whole. The UCL (a company with only Europeans as its Directors) carried out the negotiations for the purchase, and on behalf of the Government of Uganda, operated and managed the estates on full commercial basis (Ehrlich, 1953). Thus, the Salama group of estates was a public enterprise under UDC as the investment arm of Government of Uganda.

2. UDC 1952 -1998

2.1 The Rise and Fall of the 1952 UDC

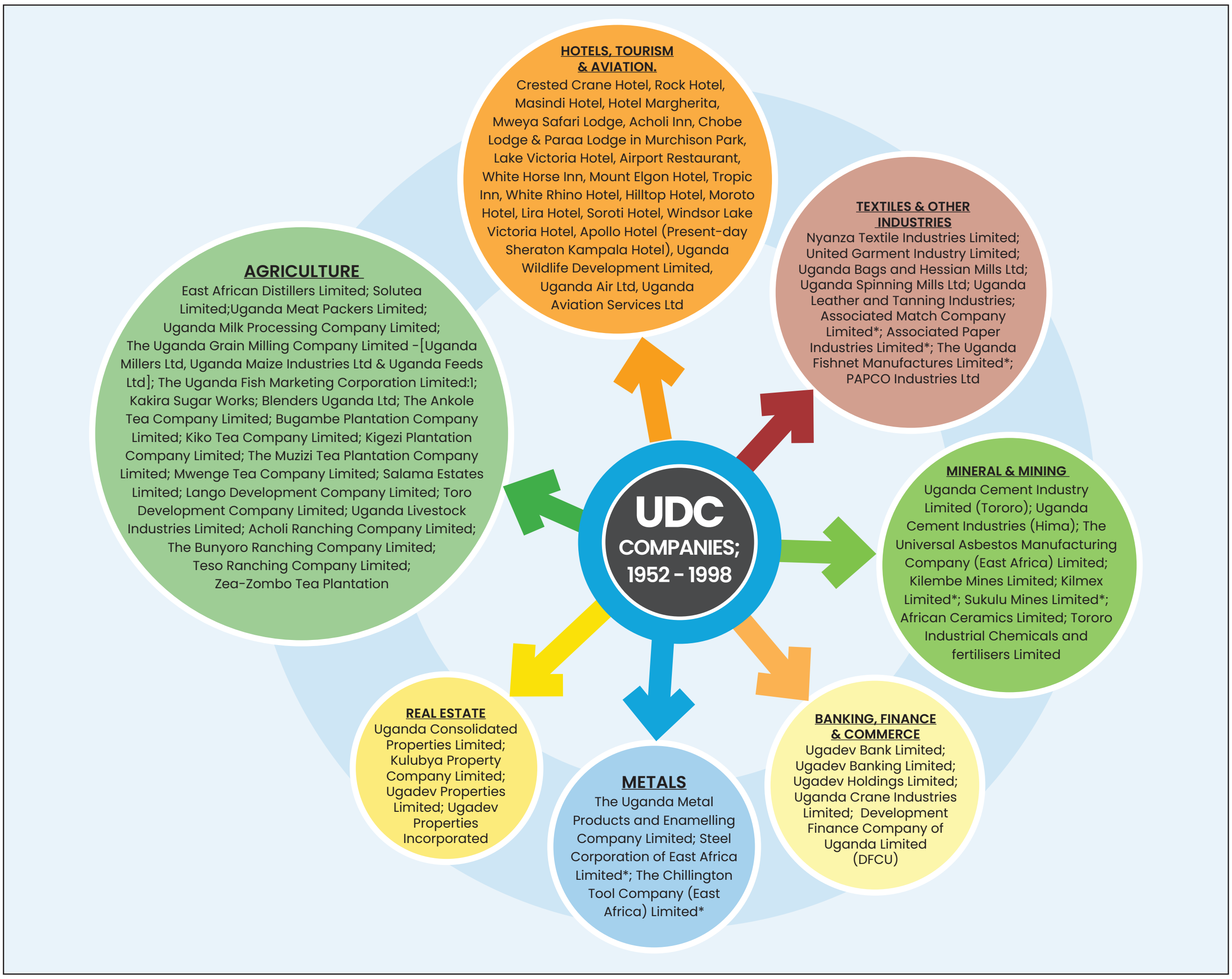
Uganda Development Corporation (UDC) Ltd was incorporated in 1952 by the UDC Act 1952 to facilitate the country's industrial and economic development. The Act set the Corporation's share capital at £5 million ordinary shares divided into units of 100 pounds. The shares were transferable with approval from the UDC Board, the Minister responsible for Finance and Parliament of Uganda. The UDC Act 1952 provided for increase of the Corporation's share capital with approval of Parliament. It also stipulated that the Corporation would not wind up except by or under the authority of an Act of Parliament.

The first two decades of UDC existence witnessed a very sound establishment of industrial and commercial base in the country. UDC made investments in over 88 companies in various sectors broadly categorized as agriculture; banking, finance and commerce; building materials; food products and beverages; hotels and tourism; mining and minerals; real estate; and other industries as presented in **Figure 1**.

In the manufacturing sector, several products were produced by UDC investee companies both for domestic consumption and export. The array of manufactured products included the following, among others:

- Cement, lime, cement asbestos sheets, cement asbestos pipes, plastic PVC pipes, plastic PVC sheets and polythene pipes by the Uganda Cement Industries (Tororo and Hima);
- Various ceramics table ware articles by African Ceramics Ltd;
- Steel beds, Hospital equipment and steel furniture, Number plates, Enamelware, Wooden beds and furniture, Spring mattresses and Foam mattresses by The Uganda Metal Products and Enamelling Co. Ltd;
- Knitted wear, shirts, trousers, jackets and buttons by United Garment Industries Ltd;
- Cotton-based fabrics (linear metres) by Nyanza Textile Industries Ltd;
- Finished leather and Wet Blue by Uganda Leather and Tanning Industries;
- Gunny bags, Hessian cloth and Jute twine by Uganda Bags and Hessian Mills Ltd;
- Blended tea by Blenders Uganda Ltd;
- Assorted spirits by East African Distilleries Ltd;
- Wheat flour, maize meal, assorted animal feeds, bread (loaves) by Uganda Grain Milling Co. Ltd;
- Paper for writing, printing, duplicating and wrapping by PAPCO Industries Ltd; and
- Paper sacks of various sizes by Associated Paper Industries Limited.

Figure 1: UDC investee companies by sector; 1952 to 1998



During the first two decades of UDC existence, Uganda exported surplus goods to the neighbouring countries. The investments created enormous employment opportunities for the people of Uganda; the Corporation employed at least 24,000 persons, hence, being the second biggest employer after public service. People's incomes were enhanced as evidenced by the remarkable increase (by about 36%) in payments to workers from £15,319 in 1964 to £20,777 in 1966. By 1970, UDC contributed about 33% to the country's total revenue through taxation. Available statistics indicates that by 1966, the Corporation was generating £467,986 as tax revenue annually. The UDC investments were growing speedily; between 1964 and 1966, they grew by over 26% from £9,190,000 to £11,593,000. Moreover, the investments were profitably operated. UDC was a Centre of excellence to the extent that similar corporations in other countries visited Uganda to learn from it.

The appreciably high level of success registered by the UDC of 1952 is attributed to the following crucial advantages pointed out by (Glentworth & Wozei, 1972):

a) The lump-sum share capital of £5 million allowed the Corporation to execute large-scale investment opportunities created by large mineral deposits and electric power from

Owen Falls. These and other factors enabled the setting up of industries.

b) The registration of UDC under the companies' Act allowed for enterprises started by UDC either unilaterally or in partnership with private firms to be operated and managed according to commercial principles.

c) The UDC Board was strong comprising people of high caliber such as the Financial Secretary, the Protectorate Development Commissioner and the UDC Chief Executive who put in place an investment policy that was anchored in commercial principles.

d) Freedom from government control/influence and dedication to commercial principles. Where UDC lacked sufficient money, technical and human expertise to invest in certain projects, the corporation searched for and allowed participation of foreign partners.

However, UDC began to face serious problems starting early 1970s. The Corporation's glory days were rudely interrupted by political and economic challenges that led to its winding up in 1998. The political upheavals experienced by Uganda, especially in the 1970s up to mid-1980s, negatively impacted UDC investments. Since Uganda got its independence from the British colonial rule in 1962, the country for decades had a turbulent political landscape characterized by coups, dictatorship, contested electoral outcomes, civil wars and a military invasion. Within a period of twenty-four years (from 1962 to 1986), there were eight changes of government, five of which were violent and unconstitutional. During this period of political unrest, there was ethnic tensions (e.g. between Baganda and Banyoro, following the return of the lost counties), mass killings of service men, driving of ex-service men into exile, and expulsion of Indians, among other upheavals. The regimes failed to secure peace and stability in the country until the NRM government came into power in 1986 (Golooba-Mutebi, 2008). The long period of political unrest in Uganda led to economic depression.

Moreover, during Obote's reign, he made a pronouncement (the Nakivubo pronouncement of 1970) committing government to nationalize foreign-owned investments. By this commitment, UDC took over control and operations of several formerly foreign-owned businesses, including manufacturing and mining industries. The move to nationalize manufacturing and mining industries was well intentioned, with the aim of increasing the role of the state in industrial development through direct state or national interventions to accelerate industrial development. However, given the violet political times and depressed economic situation (decay and stagnation) then;

- UDC and its industrial, commercial and agricultural enterprises were heavily undercapitalized.
- Looting took place as one of the war ravages and plant, machinery and equipment were badly affected. Coupled with lack of proper maintenance and unavailability of spare parts, the productive capacities of the industries were reduced to a standstill. Both the financial and capital base of UDC was eroded.
- Spiraling inflation and rising interest rates made it difficult for UDC investee companies to borrow. Additionally, UDC investee companies were unable to pay the heavy loans which had accumulated over the years. Consequently, potential lenders were skeptical about UDC's ability to honour financial obligations as the Corporation was considered credit unworthy.
- There was a shortage of foreign exchange in the country which made it difficult for UDC to acquire the necessary imported inputs.

- UDC was deprived of the vital foreign and local capital due to the failure to produce and operate profitably.

Constrained by the many challenges as explained above, UDC businesses ceased to be profitable and were returning huge losses. Most enterprises were characterized by low capacity utilization, large operating losses, low productivity, and increasing illiquidity and indebtedness. Under such circumstances, UDC investments were heavily relying on direct government support through subventions/subsidies. Maintaining and supporting large numbers of non-viable public enterprises became a huge financial drain on the Treasury, and a management burden on government administration.

Consequently, a decision was taken to wind up the Corporation and it came into effect in 1998. What followed was privatization of UDC's interests and investments, as part of the implementation of the Economic Recovery Programme, liberalization and privatization policies. It was believed that implementation of these policies would promote a private sector-led growth, and reduce public spending on loss-making public enterprises which would be better resourced and managed by the private sector. The policies postulated that it should not be the business of government to do business, but rather, Government should focus on provision of sound macroeconomic and business environment for private sector development through development and enforcement of appropriate policies, legislations, regulations and standards (UDC Strategic Plan 2020 – 2030). Section 2.2 provides further details on privatization of public enterprises and the resultant outcomes.

The winding up of UDC involved repealing the 1952 UDC Act by the Public Enterprise Reform and Divestiture (PERD) Act. Subsequently, during the divesture, some of the UDC's enterprises were categorized under Classes I, III& III by the Ministry of Finance, Planning and Economic Development (MFPED), meaning that government was to retain some ownership by holding shares in such enterprises. Thus, the Class I, II & III public enterprises necessitated the formation of a public limited liability company, the Uganda Development Company Limited (UDCL), to which the assets and liabilities of UDC were then transferred. More details about the UDCL are presented in section 3.

2.2 Liberalisation and Privatisation

During the 1980s, the International Monetary Fund (IMF), the World Bank, and the U.S. Department of the treasury developed a set of policies that became their standard package of advice attached to loans given to developing countries. The set of policies, which among others, included liberalization and privatization, is what became popularly known as "the Washington Consensus" The IMF and World Bank believed that developing countries needed to adopt market-led development strategies that would result into economic growth to the benefit of all. Therefore, countries, including Uganda, that wished to access funding from the two institutions (IMF and World Bank) adopted and domesticated the Washington Consensus.

Given that the NRM government inherited a collapsed state in 1986, one of its immediate objectives was to ensure economic reconstruction. As such, in 1987, Government launched the economic recovery program (ERP) and later in 1991, introduced the Public Enterprise Reform and Divestiture (PERD) policy. In 1993, the PERD Act was passed to give effect to the PERD policy with the aim to; reduce or eliminate Government equity holding in the public enterprises, rehabilitate and restructure public enterprises and promote good managerial practices of public enterprises and local entrepreneurship. Both the

PERD policy and Act were adopted in the spirit of alignment with the liberalization and privation policies that promoted reduction of state involvement in operations and management of business enterprises.

At the recommendation of the World Bank and the IMF, in the early 1990s, Uganda privatized most of the public enterprises (PEs). Generally, privatization of formally PEs was expected to; improve efficiency and productivity; enhance freedom of consumer choice; foster competition; and reduce budget deficits and public debts. More Specifically, Uganda's privatization effort was expected to;

a) Stimulate private investment and promote the ownership of private enterprises by nationals,

b) Improve the efficiency, productivity and profitability of Ugandan firms, and the quality of products and services,

c) Create more employment opportunities,

d) To reduce the direct role of government in the economy especially the subsidies to PEs,

e) Raise money from the sale of PEs and tax revenue from private enterprises;

f) To reduce corruption and the abuse of public office including asset – stripping in PEs, and

g) Increase government resources for provision of social services and infrastructure

In order to kick start implementation of the PERD policy, Government categorized PEs into five classes. Class I comprised enterprises to be fully owned by the government, Class II were PEs in which the government was to hold majority shares, Class III were enterprises in which the government was to hold minority shares, while Classes IV and V consisted of enterprises to be fully privatized and liquidated (Ddumba-Ssentamu & Mugume 2001)**. Figure 2** provides a further description of enterprises categories under each class.

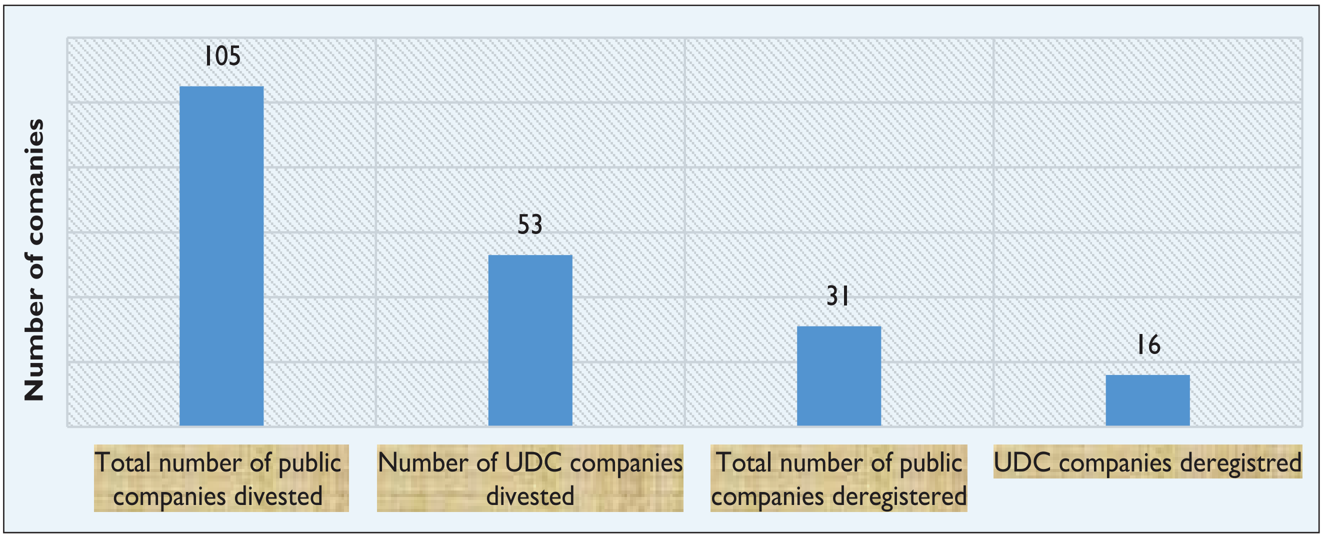
Figure 2: Categorization of public enterprises to facilitate the divesture process

CLASS I	CLASS II	CLASS III	CLASS IV	CLASS V
Economically viable; Security (politically) sensitive; Provide essential services; and Tied to projects for which huge external funds had been acquired by government for their rehabilitation.	Viable; Security sensitive; and Provide essential services.	Economically viable; and High cost projects, which attract private equity and technology if, and only if, government were to take up some equity holding.	Economically viable; and Commercially-oriented.	Economically non- viable; and Defunct or non-operating.

Apparently, the criteria for classifying firms into the aforesaid five categories, was not well defined. As such, since 1993, the government has been shifting enterprises between classes according to the policy focus of the time (Ddumba-Ssentamu & Mugume, 2001).

Available information indicates that at least half of the public enterprises that were divested formerly belonged to UDC. As at September 2000, 105 enterprises had been divested and of theses, 53 were previously owned by UDC (**refer to Appendix 2 for details about divested companies**). The divesture involved striking 31 companies off the register of companies, with UDC accounting for about 52% of the deregistered companies (Figure 3).

Figure 3: Number of divested public enterprises as at September 2000



As at September 2000, the list of UDC investee companies that were stuck off the register of companies is as follows: Uganda Air Ltd, Uganda Aviation Services, Uganda tourism development Corporation, Uganda Wildife development Co., Ugadev bank Ltd, Ugadev Properties Ltd, Ugadev Investments, Ugadev Holdings Ltd, Uganda Fish Marketing, Chillington Tools Co. Ltd, Associated paper Industries Ltd, Itama mines, Sukulu Mines, TICAF, Wolfram Investments Ltd and Toro development Corporation

At the time of divesture, many UDC companies were considered "sick" because they were technically and financially paralyzed. They had been poorly managed and some assets including plant, machinery and equipment had been stolen. As such, what was left of the companies was divested at giveaway price. Moreover, available reports indicate that some of the assets/shares were never fully paid for. For some divested companies, the unpaid balance was a high as 88%, meaning that the buyer acquired the assets/shares after paying only 12% of the total value of the company.

The money collected from the payments for assets and shares in UDC companies was returned to the Government treasury. However, it should be noted that some of UDC's enterprises were classified under Classes I, II & III enterprises, meaning government was to maintain some ownership by holding shares. To facilitate this particular divesture process, the Uganda Development Company Limited (UDCL) was incorporated and UDC Class III undertakings were transferred to the company.

3. Uganda Development Company Limited

The Uganda Development Act Cap 326 of 1952 was repealed by the Public Enterprise Reform and Divestiture Act, Cap 98 section 35(1). This vested the undertakings of the Uganda Development Corporation into the Uganda Development Company Limited (UDCL) instead of a statutory body. The UDCL was incorporated as a public limited liability company under the oversight of Ministry of Finance, Planning and Economic Development (MFPED).

The process of vesting UDC assets and liabilities in UDCL was not completed until August 2011 when a statutory instrument was gazetted and came into force as required by law—the PERD (vesting the undertakings of UDC) Instrument S.1 No. 43/2011 by the Minister for Privatization. This resulted into the automatic repeal of the UDC Act cap. 326.

In October 2011, H.E. the President directed the Right Hon. Prime Minster to transfer UDCL from the MFPED to the Ministry of Trade, Industry and Cooperatives (MTIC). However, MTIC was not comfortable with the idea of government using UDCL facilitate its industrial and economic development. As such, the Ministry (MTIC) started the process to revive the statutory development corporation (UDC). The Ministry took a firm position that it would be against the expected norm to use a public limited liability company instead of a statutory corporation to spearhead Government's critical objective of sustainable economic growth. The need to revive UDC was premised on the following conventional facts:

a) Most developed and developing countries have used and still use statutory development corporations in order to pursue their strategic economic development objectives because, Corporations enable the Government to effectively exercise control and direction of its strategic development objectives.

b) Corporations garner greater acceptance and a higher credit worthiness which allows them to access credit direct concessionary sovereign loans from international financing agencies.

c) Corporations have protection against the risk of winding up due to Government guarantee, unlike limited liability companies. As such, large-scale and long term investors wanting to undertake joint ventures usually prefer more reliable guarantee which is best provided through partnership with government statutory institutions.

Upon this background, and following a series of consultations, in March 2012, H.E. the President directed the Right Hon Prime Minister to work with the Hon Attorney General to revive UDC as a statutory body. Since UDC Act of 1952 was repealed under section 35 of the PERD Act, its revival required Cabinet approval. As such, a Bill to revive UDC was drafted and it culminated into the UDC Act 2016 that re-instated UDC as a statutory body in 2016.

4. The UDC of 2016 to date

4.1 UDC Revitalization

The policy shifts to liberalize the economy and privatize public enterprises had some shortcomings, for example, it assumed that the private sector at that time was strong enough to drive economic and industrial growth. Further, the policy shifts ignored the fact that Government has a role to create markets where they do not exist and/or are mal-functional. These idealistic assumptions, among other challenges led to the collapse of UDC in 1998 as earlier alluded to in section 2.1. Thus, in order to side-step the unintended negative effects of liberalization and privatization policies, Government decided to re-establish UDC as its investment arm.

After over 17 years of slumber, UDC was resurrected by the UDC Act 2016 which came into effect on 1st June 2016. The Act set up the UDC with the original primary objective of promoting and facilitating industrial and economic development of Uganda. The Corporation is a wholly owned government institution whose mission is to establish sustainable investments in areas strategic to the social and economic transformation, and prosperity of Uganda. In order to deliver this ambition, the Corporation supports execution of investments in value addition with a focus on three key sectors namely; agro processing, mineral beneficiation, and infrastructure and services.

UDC invests in projects which are not attractive to the private sector due to high initial capital requirements, resource constraints or initial low returns. Through partnership with the private sector, UDC provides the private sector with a platform for meaningful participation in industrial development of Uganda's economy. Thus, the purpose of UDC is not to compete with the private sector but rather to complement it and support it to grow sustainably.

The Corporation's mode of operation is through establishing subsidiaries and associate companies; entering into public-private partnerships with any commercial, Industrial or agricultural entities; financing and management of investment undertakings promoting industrial or economic development; and research into industrial development. Currently, UDC uses three financing options namely equity financing, lease financing and debt (shareholder loan) financing. Additionally, the Corporation provides expertise in management, governance and technology enhancement until that point when the private sector is able to profitably and sustainably operate the investment.

In order to commit to a decision to invest in any project, UDC consider five (5) fundamental principles relating to the project's demonstrated high likelihood to; create both direct and indirect employment, use significant volumes of local raw materials/resources, improve Uganda's trade balance position either through increased exports or reduced imports, develop local entrepreneurship, and contribute to balancing regional development within the country.

4.2 Key UDC's Achievements to date

Since its rebirth, UDC has invested in strategic sectors with agro-industrialization taking lead given that Uganda heavily relies on agriculture sector. As at November 2022, UDC has fourteen (14) investments which have led to creation of at least 2,800 direct jobs as well as indirect jobs **(Table 2)**.

The Corporation has created appreciable development outcomes. For example, UDC intervention prevented foreclosure of a number of agro-industries in the tea and cotton sub-sectors, thereby by safeguarding and creating more jobs.

Table 2: UDC investments as at June 2022

Investment	Sub-region	District	Year of start of commercial operations	Type of financing	Jobs created	
					Direct	Indirect (est.)
INFRASTRUCTURE & SERVICES						
Kalangala Infrastructure Services	Central	Kalangala	2015	45.70%	83	1,000
Speke Resort Convention Centre	Central	Kampala	2022	50% ordinary shares Shareholder loan		
AGRO-INDUSTRIES						
Soroti Fruit Factory	Teso	Soroti	2019	80%	79	100,000
Kigezi Highland Tea Factory Limited	Kigezi	Kabale & Kisoro	2018	Lease Financing	247	99,231
Kayonza Growers' Tea Factory Limited	Kigezi	Kanungu	2020	Soft loan on the 3rd CTC line	740	12,005
Mabale Growers' Tea Factory	Toro	Kyenjojo	2020	48.50%	472	5,000
Mpanga Growers' Tea Factory	Tooro	Kabarole	2021	31.90%	374	2,500
Mutuma Commercial Agencies	Busoga	Luuka	2020	36%	123	6,000
Atiak Sugar Factory	Acholi	Amuru	2020	40% ordinary shares Lease financing 99% preference shares	528	2,600
Bukona Agro-processors	Acholi	Nwoya	2021	40.5%	145	>2,000
Budadiri Arabica Mills	Bugisu	Sironko	2022			

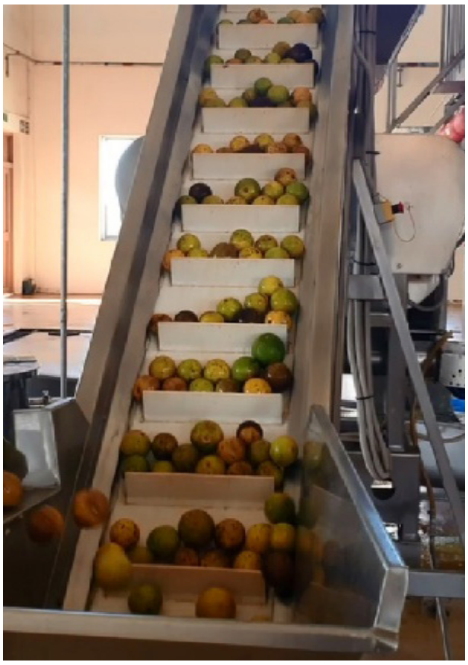
Investment	Sub-region	District	Year of start of commercial operations	Type of financing	Jobs created	
					Direct	Indirect (est.)
SCHEDULE 2 ENTITIES: SERVICES INDUSTRY						
Nile Hotel Limited	Central	Kampala	2020	100%	9	450
Munyonyo Commonwealth Resort	Central	Kampala	2021	25%	-	-
TOTAL					**2,800**	**228,786**

Also, many UDC investments have since become operationally more efficient than before, for example, through increased utilization of installed factory capacities. There is increased uptake of agricultural produce by the agro-industries, and increased export revenue from value added products such as denatured ethanol processed from cassava by Bukona Agro Processors Ltd that is located in Nwoya.

UDC has been instrumental in the provision of services to support the manufacturing sector. This is through setting up of infrastructure facilities where the private sector is either unable or unwilling to provide, yet they are essential for the manufacturing industry. A case in point is Kalangala Infrastructure Services (KIS) on Bugala Island, a company in which UDC owns 45.7% ordinary shares; the company provides water and road transport between Bugala Island and the mainland, in addition to electricity and treated water supply to communities on Bugala island. The company's two roll-on-roll-off ferries (MV Pearl and MV Ssese) ease transportation of people and raw materials (mainly oil palm, crude palm oil and fish) to the processing firms. These services would not have been possible without UDC intervention that has also seen the local population benefit immensely.

Brief Description of UDC' on-going Investments

Soroti Fruits Limited: UDC in partnership with the Government of South Korea (through Korea International Agency) and Teso Tropical Fruits Cooperative Union Limited established a fruit processing factory in Soroti district. UDC intervention was through equity participation. The factory was commissioned in April 2019 to provide market for oranges and mangoes and solve the challenge of post-harvest losses. The factory has installed capacity of 6MT/Hr and 2MT/Hr of oranges and mangoes, respectively. It adds value to local oranges and mangoes, predominantly purchased from farmers in Eastern and Northern Uganda, into fruit puree/concentrate and natural ready to drink juice which the company branded "Teju juice".



Kalangala infrastructure Services (KIS): The Company was started in May 2006 under a Public-Private-Partnership steered by the Government of Uganda (GoU) partnering with Infraco Africa Limited, eleQtra Limited and Industrial Development Corporation. Commercial operations of the company (KIS) commenced in December 2012. KIS company, through partnership with GoU undertook the following infrastructure improvements on Bugala island:

a) Provision of two new (Roll-on-Roll-off) ferries (MV Pearl and MV Ssese) to operate between Bukakata and Luuku, and rehabilitation of ferry land sites at the two locations;
b) Rehabilitation and expansion of a 66km main island road from Luuku to Mulabana via Kalangala town council;
c) Generation, transmission and distribution of electricity on Bugala island via a solar hybrid power plant; and
d) Rehabilitation and expansion of the water supply system for Kalangala town council and seven (7) other settlement areas.

Mabale Growers Tea Factory: The factory is located in Kyenjojo district, Toro sub-region. It processes green leaf into made tea. It has two CTC (cut, tear and curl) lines, each with a capacity of 600 kg/hr. The black made tea is exported through the Mombasa tea Auction.

Kigezi Highland Tea Factory Ltd: To promote tea growing as a perennial source of income in Kigezi sub-region, the Government through a cabinet directive decided to set up three tea factories in Kabale, Kisoro and Kanungu. This was a strategy to promote value addition and align the agro manufacturing agenda as stipulated in the National Export Development strategy and National Development Plan II. Through lease financing arrangement, the Corporation has since invested in the establishment of tea factories in Kabale and Kisoro, each with the capacity of 450kgs per hour, in partnership with Kigezi Highland Tea Ltd (KHTL).

Kayonza Growers Tea Factory: The factory which processes green leaf (tea) into made tea is located in South Western Uganda in Kanungu district. UDC invested in the supply, installation and commissioning of a third (3rd) CTC tea processing line with a capacity of 600kg/hr.

Atiak Sugar Factory: The factory is owned jointly by Horyal Investment Holding Company Ltd (HIHC) and UDC. It is located in Amuru district in Acholi sub-region. The factory majorly processes sugar cane into brown sugar as the main product. Out of its by-products (molasses and bagasse), the factory produces ethanol and electricity.

Mutuma Commercial Agencies Ltd (MCAL): It is a zero-discharge factory that produces high quality cotton wool as the main factory product. MCAL buys conventional seed cotton from over 6,000 farmers and through a process of ginning coverts seed cotton to cotton lint and cotton seeds. The company further engages in value addition by converting its cotton seeds into cotton seed oil, cotton seed cake, soap stock and cotton husks and the lint to hospital quality absorbent cotton wool.

Bukona Agro Processors Limited: Located in Lapem Village, Koch-Goma Sub County, Nwoya District, the Company processes cassava into denatured ethanol for cooking. Project implementation started in May 2016 and the government of Uganda through UDC intervened by providing machinery and working capital that were needed to commence factory operations. The factory commenced commercial operations in May 2021 and exports the denatured ethanol to Vivo Energy Kenya.

Speke Resort Convention Centre (SRCC) Uganda Limited: The convention Centre will have a gross built-up area of 21,677 square meters with a total capacity of 5,520 pax with a conference hall that will host 3,800 delegates. In addition, the centre will have a multi-purpose hall, twelve high End Conference / Meeting rooms and a floating restaurant which can accommodate 500 guests (Boardroom sitting style) with additional supporting spaces, the first in country with an extra ordinary view of the great Lake Victoria.

4.3 Key Challenges and Risks faced by UDC

4.3.1 UDC Headquarter

1) Lack of a home. UDC rents office space at Soliz House located on Plot 23, Lumumba Avenue in Kampala.
2) Difficulties in fully taking over the interest of government in entities specified in schedule 2 of the UDC Act 2016, and to efficiently manage promote and facilitate the interest of the Government in those entities. So far, out of the seven (7) schedule 2 entities, UDC has acquired government interest in two (2)—Nile Hotel Limited and Munyonyo Commonwealth Resort. The other entries in which UDC is yet to acquire government interest are Amber House Limited, Embassy House, Development House, Phenix Logistics and Tri-Star Apparels Limited.
3) High cost of critical industrial inputs. For example, the unit cost of electricity (12.5 USD cents for medium industrial consumers, 10 USD cents for large industrial consumers and 8.5 USD cents per kilo watt-hour for extra-large industrial consumers) (ERA, 2022) remains way above the average energy charge of at least 5 USD cents per kWh, as often recommended by H.E. the President.
4) Difficulties in setting up an Industrial and Economic Development Fund.
5) Management and governance challenges in some associated and subsidiary companies.
6) Political risk which includes political pressure to implement projects that are not financially and economically viable.; and political interference in decision making during project implementation.

4.3.1 UDC Investee Companies

a) In the case of Kalangala, raising water level destroys water intake structures at the water systems. To solve this challenge, Kalangala Infrastructure Services constructed stone gabions/barriers at the damaged water intake structures, and raised some sections of the landing sites.
b) Some investee companies still face a challenge of inadequate working capital and as such are struggling to operate efficiently. Other companies have recently received additional capitalization from UDC to enable them fully recover, especially form the heavy outstanding loan obligation.
c) In the tea sub-sector, low and volatile market prices of made tea at the major export market (Mombasa Tea Auction) often lead to depressed revenues, hence aggravating the liquidity constraint. In response, some tea companies have attempted to search for alternative export markets in DRC, however, efforts have stalled due to insecurity in the region.
d) Low quality and inadequate supply of raw materials to agro-industries. In the tea sub sector, for example, the yield and quality of green leaf is dependent on good agricultural practices, especially the use of fertilisers and herbicides. However, fertilsers are pricy and therefore not adequately used to boost productivity.
e) Some of the UDC investments are located in areas where there is no supportive infrastructure or what exists is in poor state to facilitate profitable industrial growth. In the case of tea factories, for example, especially in Kigezi sub-region, there is poor

road network in the villages where the green leaf is collected—this causes delays in transportation of the green leaf which often gets burnt while in transit to the factory. The burnt green leaf results into low quality of made tea, hence affecting the prices received at the export market in Mombasa.

f) Limited automation at most of the investments causes operational inefficiencies. For example, Soroti Fruits Limited does not have a commercial packaging line for Ready to Drink Juice.

g) Limited uptake of some factory products is another challenge that has been experienced by some UDC investee companies. Like H.E. the President often says, "in the absence of assured output markets, investment in the factors of production is rendered worthless".

4.4 UDC's Medium Term Plans

The Corporation has a ten-year strategic plan that is premised on the theme "*driving industrial development for the economic transformation of Uganda*" Based on the strategic plan, UDC developed a five-year action plan that identifies specific interventions to be undertaken in the medium term, and the estimated capital requirements. For emphasis, the choice of the specific planned interventions is largely informed by UDC's ten-year strategic plan, and Government priorities as stipulated in the third National Development (NDP III), National industrialisation policy 2020, and the NRM Manifesto 2021 – 2026.

In the next five years (FY 2022/23 to FY 2026/27), UDC plans to establish 35 industries distributed as follows: 22 agro manufacturing industries focusing on fruits, sugarcane, potato, cocoa, tea, coffee, cotton, cassava, grains, meat, and animal/fish feeds sub-sectors; five (5) extractive industries for mining and processing of limestone, marble, iron ore, silica sand and brine; five (5) knowledge-intensive industries for production of human medicines and vaccines, medical examination and surgical gloves, paper and packaging; and three (3) services and infrastructure firms with a focus on supporting local private construction firms to expand their capacity to compete with foreign construction companies for government contracts in the construction industry, and construction, equipping and furnishing of a convention centre.

The rationale behind the priority interventions is premised in the fact that the country still faces challenges such as inadequate processing facilities in areas with abundant agricultural produce, high post-harvest losses, low export earnings due to trading in low value added commodities, importation of products that can be locally manufactured, abundant and unexploited natural resources, and failure to meet the demand for construction services and consequently loss of income to foreign construction companies. UDC is mandated to address these challenges and further spur industrial and economic development in Uganda.

It is expected that investment in the projects indicated will yield several benefits including creation of at least 107,576 jobs and annual foreign exchange earnings of over USD 54.547 billion. Ultimately, industrial development will lead to increased household incomes and a better quality of life for the citizens of Uganda.

In order for UDC to execute its five-year action plan, the Corporation requires capitalisation to the tune of at least UGX 5.4 trillion. The Corporation has made great strides towards getting the required capitalisation. Precisely, Cabinet during its meeting held on 31 October 2022, approved the increment of UDC's capital to UGX 5 trillion (Cabinet Action Extract Minute No 381 CT 2022). UDC has since written to the Hon Minister of Finance, Planning and Economic Development requesting for additional capitalisation in line with Cabinet approval.

Table 3: UDC's priority interventions for the period FY2022/23 – FY2027/28

Agro-Industries	Mineral Value Addition	Infrastructure & Services	Knowledge-Intensive Industries
1) Expansion of Soroti fruit factory in Soroti 2) Expansion of Atiak Sugar factory in Amuru 3) Potato processing plant in Kabale 4) Cocoa Processing Plant in Bundibugyo 5) Tea processing factory of 2,608kg/hr in Zombo 6) Tea processing line of 1,400kg/hr in Kyenjojo 7) Tea processing factory of 1,400kg/hr in Sheema 8) Tea processing factory of 1,400kg/hr in Mitooma 9) Tea processing factory of 1,400kg/hr in Buhweju 10) Coffee 15mt/hr grading and 40mt/day roasting factory in Lyantonde 11) Soluble coffee plant in Wakiso 12) Sugarcane processing plant 3,000TCD/day in Amuru 13) An integrated sugar processing factory of 1,250TCD/day in Luuka 14) 400mt/day cassava processing factory in Pader 15) Fruit processing factory in Nwoya Fruit processing facility of 12mt/hr in Luwero Fruit processing factory in Masaka Meat processing plant in Mbarara Grain value addition and expansion of storage capacity in Mubende, Nwoya, Jinja, Kasese 25,000 bale/annum cotton spinning mill in Lira 25,000 spindle /annual cotton spinning mill in Buikwe Animal & fish feed production plant in Wakiso	1) An Integrated Cement, lime and marble factory in Moroto 2) A salt manufacturing plant in Kasese 3) A sponge iron manufacturing plant in Mbarara 4) Integrated iron and steel factory in Rubanda 5) A 200mt/day sheet Glass processing plant in Masaka	1) Develop, construct, equip, and furnish a Convention Centre in Kampala Expansion of Abubaker Construction Company ETATS construction company	1) A human medicine and vaccine production facility Intravenous fluids manufacturing plant 2) Expansion of East African Medical Vitals glove production facility 3) A packaging production plant 4) A 30mt/day paper production plant

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Appendices

Appendix 1: UDC (1952 – 1998) investments by sector

Enterprise	Location	Year	Shareholders
AGRICULTURE			
AGRICULTURAL ENTERPRISES LIMITED:			UDC
The Ankole Tea Company Limited	Mbarara		
Bugambe Plantation Company Limited	Hoima		
Kiko Tea Company Limited	Kabarole		
Kigezi Plantation Company Limited	Kabale		
The Muzizi Tea Plantation Company Limited	Masindi		
Mwenge Tea Company Limited	Kabarole		
Salama Estates Limited	Kampala		
Lango Development Company Limited	Lira	1962	
Toro Development Company Limited	Kabarole		
Uganda Livestock Industries Limited			
Acholi Ranching Company Limited	Acholi sub-region		
The Bunyoro Ranching Company Limited	Masindi		
Teso Ranching Company Limited	Teso sub-region		
Zea-Zombo Tea Plantation	Zombo		
BANKING, FINANCE AND COMMERCE			

Enterprise	Location	Year	Shareholders
Ugadev Bank Limited	Kampala	1962	UDC
Ugadev Banking Limited		1962	UDC
Ugadev Holdings Limited	Kampala	1962	UDC
Uganda Crane Industries Limited			
Development Finance Company of Uganda Limited (DFCU)	Kampala	1964	UDC, Commonwealth Development Corporation & Deutsche Geselleschaft
BUILDING MATERIALS			
Uganda Cement Industry Limited	Tororo	1953	UDC
The Universal Asbestos Manufacturing Company (East Africa) Limited	Tororo	1954	Uganda Cement Industry Ltd, Universal Asbestos Manufacturing Co. Ltd of England, & Tancot Ltd of Nairobi
FOOD PRODUCTS AND BEVERAGES			
East African Distillers Limited	Kampala	1965	UDC Ltd & East African Distillers Limited
Solutea Limited	Kampala		
Uganda Meat Packers Limited	Kampala	1963	UDC Ltd & Fresh Foods Limited
Uganda Milk Processing Company Limited	Kampala	1965	UDC Ltd & Uganda Creameries
The Uganda Grain Milling Company Limited [Uganda Millers Ltd, Uganda Maize Industries Ltd & Uganda Feeds Ltd]	Jinja	1956	
The Uganda Fish Marketing Corporation Limited	Kasese	1963	UDC & Fresh Foods Ltd
HOTELS AND TOURISM			
UGANDA HOTELS LIMITED:			**UDC**
Crested Crane Hotel	Jinja		
Rock Hotel	Tororo		

Enterprise	Location	Year	Shareholders
Masindi Hotel	Masindi		
Hotel Margherita	Kasese		
Mweya Safari Lodge (Queen Elizabeth National Park)	Kasese		
Acholi Inn	Gulu		
National Park Lodges (Uganda) Limited: Chobe Lodge & Paraa Lodge in Murchison Park	Gulu		
Lake Victoria Hotel	Entebbe		
Airport Restaurant	Entebbe		
White Horse Inn	Kabale		
Mount Elgon Hotel	Mbale		
Tropic Inn	Masaka		
Uganda Wildlife Development Limited	Kampala	1962	UDC
MINING AND MINERALS			
Kilembe Mines Limited	Kasese	1952	UDC, Falcon Bridge, Uganda Crane Industries, & Commonwealth Development Corporation
Kilmex Limited	Kasese	1952	UDC
Sukulu Mines Limited	Tororo	1952	UDC, Ventures of Africa Ltd, Squibb Mathieson International Ltd & GoU
OTHER INDUSTRIES			
The Uganda Metal Products and Enamelling Company Limited	Kampala	1965	UDC
Nyanza Textile Industries Limited	Jinja	1957	UDC, Uganda Crane Industries Limited, Ugadev Holdings Ltd & DFCU Ltd

Enterprise	Location	Year	Shareholders
Tororo Industrial Chemicals and Fertilisers Limited	Tororo	1955	UDC, International Ore & Fertiliser Corporation, Falconbridge Nickel Mines Ltd, & Twiga Chemical industries Ltd
United Garment Industry Limited	Kampala	1965	UDC Ltd; United Commercial Agencies Limited; Marubeni-Ida Co. Ltd (Japan); & Yamato Shirts Co. Ltd (Japan)
Steel Corporation of East Africa Limited	Jinja	1960	UDC, Muljibhai Madhvani & Co. Ltd, Societa in Accomandita Luigi Pomini, P. Bonomo, Societa Per Azioni Fratelli Orsenigo, & V.V. Radia Esq.
Associated Match Company Limited	Jinja	1965	UDC, Muljibhai Madhvani & Co. Ltd, Sikh Saw Mills & Ginners Ltd
Associated Paper Industries Limited	Jinja	1963	UDC, Uketa Development Corporation of the Mehta Group & Muljibhai Madhvani & Co. Ltd
The Chillington Tool Company (East Africa) Limited	Jinja	1964	UDC, Chillington, & Mitchell Cotts
The Uganda Fishnet Manufactures Limited	Kampala	1963	Pyarali Abdulla Limited and Family; UDC Ltd; E.A. Industrial Promotion Services (U) Limited; & Nippon Rayon Company Limited
African Ceramics Limited	Kampala		
PROPERTY COMPANIES			
Uganda Consolidated Properties Limited		1953	UDC
Kulubya Property Company Limited			
Ugadev Properties Limited	Kampala	1963	UDC
Ugadev Properties Incorporated		1965	UDC

Note: Companies printed in blue are associated companies while the rest are subsidiary companies.

Appendix 2: Divested public enterprises as at September 2000

	Enterprise	Buyer	Date	Participant	Method
1*	Uganda American Insurance Co.	American Life Insurance Company	Nov.1992	Foreign	Repossession of 51 percent Government of Uganda Shares
2*	East African Distilleries	International Distillers andVintners	Nov.1992	Foreign	Sale of Government51 per cent Shares
3*	Shell (U) Ltd.	Shell Petroleum Co. Ltd	Dec. 1992	Foreign	Debt/ Equity Swap
4*	Lake Victoria Bottling Co. Ltd.	Crown Bottlers (U)Ltd.	Feb. 1993	Local	Sale of Government of Uganda 100 percent Shares
5*	Uganda Securiko Ltd.	Securiko (U) Ltd	Aug.1993	Foreign Registered inUganda	Repossession Government of Uganda 100 per cent Shares under theExpropriated Properties Act
6	Agricultural Enterprises Ltd.	Common Wealth Devt. Corp./ JamesFinlays of the UK	Oct. 1993	Foreign/ Local(UDC)	Sales of Assets. New company with government in joint venture through UDC
7	Uganda Tea Corporation	Mehta Group	May -94	Local	Repossession of 51 per cent Government ofUganda Shares
8	East African Steel Corporation Ltd (EASCO)				

	Enterprise	Buyer	Date	Participant	Method
9	Blenders (U) Ltd.	Unilever OverseasHolders BVC	Aug.1994	Foreign	sale of Government49 per cent shares
10	Hotel Margherita	Reco Industries Ltd	Aug.1994	Local	sale of assets
11	White Horse Inn	Kabale DevelopmentCo.	Aug.1994	Local	sale of assets
12	Tumpeco	GM Co.	Aug.1994	Local	Sale of government100 per cent shares
13	Mt. Moroto Hotel	Kodet International	Nov.1994	Local	sale of assets
14	Rock Hotel	Swisa Industries Ltd.	Local	sale of assets	shs 300m
15	Uganda Cement Industry	Rawals Group ofIndustries	Dec.1994	Foreign	sale of assets
16	Lira Hotel	Showa Trade Co. Ltd.	Jan. 1995	Local	sale of assets
17	Soroti Hotel	SpeedBird Aviation Services Ltd	Jan. 1995	Local	sale of assets
18	Acholi Inn	M/ S Laoo Ltd	May-95	Local	sale of assets
19	Hilltop Inn	Three Links Ltd	May-95	Local	sale of assets
20	Mt. Elgon Hotel	Bugisu CooperativeUnion	May-95	Local	sale of assets
21	White Rhino Hotel	Dolma AssociatesLtd.	May-95	Local	sale of assets
22	Uganda Fisheries Enterprises Ltd.	Nordic-African Fisheries Co. Ltd(Path Iceland Co. Ltd)	May-95	Foreign	Sale of GOU 100 percent shares

	Enterprise	Buyer	Date	Participant	Method
23	Uganda Leather and Tanning Industry (ULATI)	IPS (U) Ltd	Jul-95	Local/ Foreign	sale of assets
24	Uganda Meat Packers Ltd (Kampala Plant)	Uganda MeatIndustries	Aug.1995	Ugandan	sale of assets
25	Lake Victoria Hotel	Windsor Ltd.	Aug.1995	British	Sale of 51 per centGOU shares
26	Mweya Safari Lodge	Madhvani Group	Aug.1995	Ugandan	Lease
27	Tororo Cement Works	Corrugated SheetsLtd.	Oct. 1995	Kenyan	sale of assets
28	Winits (U) Ltd.	EMCO Works Ltd.	Oct. 1995	Ugandan	Auction
29	Uganda Hardwares Ltd.	Management	Oct. 1995	Ugandan	Auction
30	Uganda Motors	Management	Nov.1995	Ugandan	sale of 100 per cent government shares
31	Paramount Manufactures				
32	Uganda Hire Purchase Co.	Tadeo Kisekka	Nov. 1995	Ugandan	Auction
33	Kampala Auto Centre (Gomba Motors)	Management	Nov. 1995	Ugandan	Auction
34	Republic Motors	Rafiki Trading Co.	Dec.1995	Ugandan	Auction
35	Total (U) Ltd	Total Outre Mer	Mar-96	French	Sale of 51 per centGOU shares

	Enterprise	Buyer	Date	Participant	Method
36	African Textile Mills	R.S. Patel	Mar -96	Ugandan	Sale of 49 per centGOU shares
37	NYTIL	Picfare Ltd	Mar -96	Indian	sale of assets
38	Printpak (U) Ltd.	NW Printpak (U)Ltd	May -96	Ugandan	sale of assets
39	Agip (U) Ltd.	Agip Petrol International	May -96	Italian	Sale of 51 per centGOU shares
40	Fresh Foods Ltd.	Eddie & Sophie Enterprises	May -96	Ugandan	Auction
41	African Ceramics Co.	Muhindo Enterprises	May -96	Ugandan	sale of assets
42	Foods & Beverages Ltd	James Mbabazi	May -96	Ugandan	Auction
43	Uganda Pharmaceuticals Ltd	Vivi Enterprises	Jul -96	Foreign	Sale of Governmentshares
44	Kibimba Rice Co. Ltd	Tilda Holdings	Sept.1996	Foreign	Sale of governmentshares
45	Motorcraft and Sales Ltd	Andami Works Ltd	Sept.1996	Ugandan	Sale of Governmentshares
46	Stanbic (U) Ltd	SBIC Africa Holdings ltd.	Dec.1996	Foreign	sale of Governmentshares
47	ITV Sales Assets	Roko ConstructionLtd	Dec.1996	Foreign	sale of assets
48	Uganda Grain Milling Co.	Calebs International	Dec. 1996	Ugandan	sale of government shares
49	Uganda Bags and Hessian Mills Ltd	Bestlines (U) Ltd.	Jan. 1997	Foreign	Creditors Liquidation

	Enterprise	Buyer	Date	Participant	Method
50	Comrade Cycles (U) Ltd	Uganda Motors Ltd	Jan. 1997	Ugandan	Sold as subsidiary ofUganda motors
51	Uganda Industrial Machinery Ltd.	F.B. Lukoma	May -97	Ugandan	Sale of shares
52	Uganda Crane Estates Ltd	Buganda Kingdom	Jun-97	Ugandan	Repossession
53	Uganda Commercial Bank	Westmount Asia Pic	Oct.97	Foreign	Sale of 49% Gov't shares
54	Uganda Meat Packers –Soroti	Teso Agric IndustrialCo. Ltd	Nov.1997	Ugandan	Asset Sale
55	Apollo hotel	Midroc	Mar.98	Foreign	Sale of shares
56	Second Nation al Operator (SNO)	MTN	Mar. 1998	Foreign	Operating License
57	ENHAS	Efforte Corporation,Global airlinks and Sabena SAV	Apr-98	Preemptive	Sale of shares
58	Lango Dev. Co.	Sunset International Ltd	Oct. 1998	Ugandan	sale of shares
59	Barclays Bank of Uganda Ltd	Barclays Plc	Oct-98	Foreign	sale of shares
60	PAPCO Industries Ltd	Praful C. Patel	Feb. 1999	Local	Sale of shares
61	Uganda Consolidated Properties Ltd.	Government ofUganda	Apr. 1999	Local	sale of assets
62	Bank of Baroda	Bank of Baroda(India)	Jun. 1999	Foreign	sale of assets

	Enterprise	Buyer	Date	Participant	Method
63	SAIMMCO	Steel Rolling Mills Ltd	Sept. 1999	Local	Sale of shares
64	BAT	BAT InvestmentsLtd.	Sept.1999	Foreign	sale of 20 per cent GOU shares by pre -emptive rights. Balance of 10 per centGOU shares to be sold on Uganda Securities Exchange
65	Uganda Clays Ltd				
66	NEC Pharmaceuticals Ltd				
67	Masindi Hotel	Ottoman Engineering	Feb. 1999	Ugandan	sale of assets
68	Uganda Telecoms Ltd	Detecon	Jun.2000	Foreign	sale of 51 per centshares
69	BAT(U) Ltd	Various	Jun.2000	Local/ Foreign	initial Public Offering
70	Kakira Sugar Works	East African Holdings Ltd	July.2000	Foreign	Premptive rights
71	Steel Corp. of east Africa	Muljibhai Madhvani & Co. Ltd	July.2000	Foreign	Premptive rights
72	Government Central Purchasing Corporation	Management and Employees	July.2000	Local	Management and Employee buy out
73	UGIL	Phenix LogisticsUganda Ltd	Aug.2000	Local	Asset Sale
74	Windsor Lake Victoria Hotel	The WindsorLimited	Aug.2000	Foreign	Premptive rights

**The five (5) PEs marked with * were divested before the enactment of the PERD Statute in August 1993*

***Note:** The 37 companies highlighted in blue were formerly owned by the UDC of 1952*

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