



**UGANDA BUREAU OF STATISTICS**



**REPORT ON THE**  
**ANNUAL BUSINESS INQUIRY, 2006/2007**

**Uganda Bureau of Statistics**  
**Plot 9, Colville Street**  
**P. O. Box 7186**  
**Kampala, UGANDA**

**Tel: (256) 414 706000, 237550**  
**Fax: (256) 414 320147**  
**E-mail: [ubos@ubos.org](mailto:ubos@ubos.org)**  
**Website: [www.ubos.org](http://www.ubos.org)**

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## ACRONYMS

ABI	Annual Business Inquiry
COBE	Census of Business Establishments
DFID	Department for International Development
GDP	Gross Domestic Product
GPS	Global Positioning System
GO	Gross Output
IIP	Index of Industrial Production
ISIC	International Standard Industrial Classification
NGO	Non-Governmental Organisation
PAYE	Pay As You Earn
PPI	Producer Price Index
UBI	Uganda Business Inquiry
UBOS	Uganda Bureau of Statistics
UBR	Uganda Business Register
UIA	Uganda Investment Authority
UMA	Uganda Manufacturers' Association
UNHS	Uganda National Household Survey
URA	Uganda Revenue Authority
VA	Value Added
VAT	Value Added Tax
VA/GO	Ratio of Value Added to Gross Output

## FOREWORD



John B. Male Mukasa

**Executive Director, Uganda Bureau of Statistics**

The Annual Business Inquiry (ABI), 2008/09 was an economic survey covering only a sample of the formal businesses in the economy for the financial year 2007/08. The ABI is an inter-censal survey, expected to be undertaken annually in between the major Business Inquiries. Although an ABI was planned for 2005/6 it was not possible due to limited funding. The 2008/09 ABI is, therefore, the first such inter-censal survey conducted to provide/show the direction of growth in the sectors. Whereas the UBIs are planned to be undertaken every 5 – 7 years, the ABI is an annual survey.

The major objective of the ABI was to provide vital information on the economic performance of the main sectors of the Uganda economy and evaluate their contributions to the Gross Domestic Product (GDP) following the previously conducted 2000/01 UBI. GDP is an important, universal indicator of economic performance. The information obtained from the ABI will be used to update and improve our estimates of GDP in Uganda. The survey was conducted under the provisions of the Uganda Bureau of Statistics (UBOS) Act, 1998. The data collected on individual establishments remains confidential to UBOS.

Due to the peculiar operational nature of some business establishments it was difficult to obtain accurate figures, especially for business establishments partly owned and funded by the Government. The ABI estimates are at only national level and as such there are no district estimates provided. This is because the sampling was based on economic activity.

The Government of Uganda fully funded this survey and we wish to acknowledge and appreciate this support. We would also like to extend our appreciation to proprietors of various businesses for sparing their valuable time to complete the ABI questionnaires, and for providing us with copies of their final audited accounts, without which, this report would have been difficult to produce. We wish to recognise this and to look forward to a continued cooperation with the Business Proprietors in the conduct of other economic surveys.

## **EXECUTIVE SUMMARY**

### **Background and Purpose**

Uganda has conducted economic surveys since the 1960s. The main purpose of these surveys was and still is to generate Gross Output (GO) and Value Added (VA) of the establishments covered. From 1964 to 1971, business surveys were conducted systematically as summarised in Appendix 15.9. For the period 1972 to 1988 no successful Business Surveys were conducted. Although there were attempts to conduct surveys for 1977 and 1983 they were not completed and no reports were published. During this period, however, there were Monthly Surveys of Industrial Production, which covered only the Manufacturing Sector. These surveys collected data on Employment and Earnings, Production and Sales quantities and values for individual establishments. This data was published annually in the Background to the Budget (BTTB) document. The data provided trends for monitoring production in the Manufacturing Sector. This was strengthened in 1989 when the Statistics Department started to compile an Index of Industrial Production (IIP) that continues to feature as an important output of the Bureau.

In the absence of Value Added (VA) and Gross Output (GO), data from comprehensive Annual Surveys, like those conducted in the 1960s, the IIP trends were a powerful resource that enabled the National Accounts Section produce VA estimates for the different industrial groups/sub-groups in the Manufacturing Sector until when the 1989 Census of Business Establishments was carried out.

The 2000/01 Uganda Business Inquiry, undertaken after more than 10 years since the 1989 Census, was more comprehensive than any previous survey conducted. This was because it covered not only the formal sector but also the informal sector establishments.

### **Coverage and Objectives of Business Inquiries**

The main objective of undertaking the Business Inquires is to generate data on the main economic indicators and to determine the contribution of each of the sectors to GDP. Specifically the objectives include:

- Computation of main economic indicators including but not limited to VA /GO, Intermediate consumption (IC), Gross Fixed Capital Formation. The VA is necessary for estimating the contribution of sectors to GDP
- Provide data on VA and GO necessary for weight development and re-basing the different deflators used in GDP computation. These include Index of Industrial Production (IIP) and Producer Price Indices (PPIs)
- Providing sampling frames for other economic surveys such as the Foreign and Capital Flows, Investment Surveys conducted by the Central Bank and other Business Surveys.

- Analysis and further research

### **The Annual Business Inquiry (ABI)**

Just like the other Business Inquiries, the main objective of undertaking the ABI was to provide information/data necessary for updating the Value Added for each formal economic sector, . The idea of conducting ABIs followed the long intervals between the censuses. It was argued that the ABIs would provide inter-census data necessary for updating VA data required in GDP estimation. The long intervals between the Censuses made it difficult for the Policy Makers to provide accurate estimates of economic growth. It was then agreed after the 2000/2001 Business Inquiry that the ABIs should be conducted in two yearly intervals. However, this is the first ABI conducted since 2000/01 UBI.

The delay was due to lack of funds. ,The conduct of th ABI was timely in updating the contribution of the different sectors to economic growth based on the current economic situation as we wait to conduct a comprehensive inquiry covering both the Informal and Formal sectors.

### **Structure of the Report**

Chapter One provides the overall picture of the entire economy by looking at Gross Output, Value Added and Cost of Staff, among others. A further analysis of components of Value Added and Cost of Staff by economic sector is provided, giving an indication of average monthly earnings in each economic sector. Thereafter analysis of the Non-Current Assets by economic sector is provided in addition to Current Assets and Liabilities. Further the Operating Expenses are also evaluated and, finally, analysis of the Legal Ownership is provided. In the subsequent eleven chapters -(i.e. chapter 2-12) a detailed analysis is undertaken for each of the economic sectors clearly looking at all the issues raised above. Thereafter Chapter Thirteen provides information on the methodologies used from sample design through to data analysis and finally, Chapter Fifteen has appendices providing a summary of the key concepts and the main tables generated from the survey.

### **Summary of Findings**

The total Gross Output registered from the survey was 4,569 billion shillings, 40 percent of this was in the Manufacturing sector, while the total Value Added was 4,711 billion shillings and the highest Value Added of 1,670 billion shillings was in the Trade sector. The highest component of Value Added was Net Profits and Bad Debts valued at 3,637 billion shillings. While the total value of Cost of Staff was 1,056 billion shillings with Salaries and Wages accounting for 99 percent The Trade sector accounted for only 30 percent of the total Cost of Staff.

Non-Current Assets (NCA) were valued at 5,663 billion shillings with Land and Buildings accounting for 33 percent, followed by Office Equipment with 29 percent. The value of NCA in the Manufacturing sector was the highest, 41 percent. The total value of Current Assets, on the other hand, was 8,492

billion shillings and the Trade sector registered the highest proportion of Current Assets (28 percent), followed by Manufacturing, then the Finance and Insurance sectors with 25 percent and 21 percent, respectively. Total Liabilities were 14,155 billion shillings and out of this Current Liabilities accounted for 37 percent while Equity and Reserves accounted for 35 percent. The Manufacturing sector had the highest proportion of total Liabilities (32 percent).

Purchases were valued at 331 billion shillings and 57 percent of this was in the Rent of Land and Buildings. The Trade sector had the highest expenditure on Purchases (34 percent) followed by the Manufacturing sector with 31 percent.

Finally, Legal ownership of the businesses showed that 70 percent of the business establishments were Public Limited Companies compared to only 1 percent that were NGOs. Ownership by Residence Status showed that Resident Nationals owned 70 percent of the businesses.



## CHAPTER 1: BASIC INDICATORS

### 1.0 Introduction

The 2007/8 ABI was a sample survey focusing mainly on the formal businesses. The sampling frame for the ABI was the 2006/7 Business Register supplemented with other administrative data sources. It covered all the economic sectors as specified in the International Standard Industrial Classification (ISIC) Revision 3, except Public Administration and Defense. The main objective of the ABI was to generate Gross Output, Value Added, Gross Fixed Capital Formation and other economic indicators for the formal sector and provide updates necessary for revising the weights used in the computation of GDP as we await the conduct of the UBI. The 2007/8 ABI was the first inter-censal survey following the conduct of the 2000/2001 Business Inquiry.

The total number of businesses covered was 3,323, of which over 47 percent were in the trading sector, 18 percent in the business service sector and 11 percent in the manufacturing sector. As shown in Table 1.1.1.

**Table 1.1.1: Coverage of the ABI by Economic Sector**

<b>Economic sector</b>	<b>Number of Establishments</b>	<b>%age</b>
Agriculture, Forestry & Fishing	21	0.6
Mining & Quarrying	7	0.2
Food Processing	114	3.4
Other Manufacturing	267	8.0
Utilities	11	0.3
Construction	100	3.0
Trade	1,575	47.4
Hotels & Restaurant	184	5.5
Transport, Storage and Communications	216	6.5
Finance & Insurance	52	1.6
Business Services	609	18.3
Education	32	1.0
Health & Social works	52	1.6
Community, Social & Personal Services	82	2.5
<b>Total</b>	<b>3,323</b>	<b>100.0</b>

## 1.1 Businesses and Employment

The total number of employees in the 3323 establishments covered was 157,804 persons. The Food Processing sub-sector in the Manufacturing sector accounted for the highest number of employees, 29 percent followed by the Business Services sector with 19 percent. Overall, the average employment size was 47 persons for all the sectors as shown in Table 1.1.2.

**Table 1.1.2: Businesses and Total Employment**

Industry	Businesses	Employment	% to total employment	Employment Size
Food Processing	114	45,729	29.0	401
Business Services	609	30,430	19.3	50
Other Manufacturing	267	16,403	10.4	61
Transport, Storage and Communications	216	11,987	7.6	55
Trade	1,575	21,058	13.3	13
Construction	100	7,639	4.8	76
All Other Sectors	442	24,558	15.6	56
<b>Total</b>	<b>3,323</b>	<b>157,804</b>	<b>100.0</b>	<b>47</b>

The average number of employees for all the establishments under Food Processing sub-sector was 401 and this was the highest average employment. On the other hand the Trade sector had the least average employment size of only 13 persons per business.

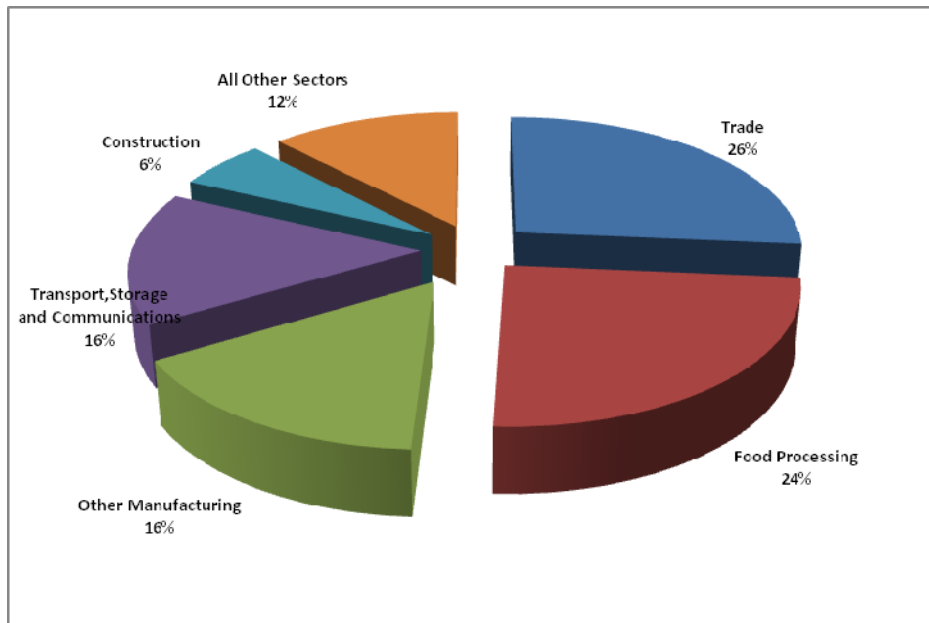
## 1.2 Gross Output and Value Added

Gross Output and Value Added are the two main economic indicators used in National Accounts. Gross Output is the total value of sales of goods and services in a business establishment. Value Added on the other hand is the total value of net output in a business establishment and it is derived by deducting the total value of intermediate cost from the gross output

### 1.2.1 Gross Output

The total Gross Output was 11,458 billion shillings for the businesses covered in the survey. The Manufacturing sector registered the highest Gross Output of 4,569 billion shillings representing 40 percent of the total output. Within the Manufacturing sub-sector, the Food Processing sub-sector accounted for 61 percent while the Other Manufacturing sub-sector accounted for 39 percent of the total GO.

**Figure 1.1.1: Gross Output by sector**

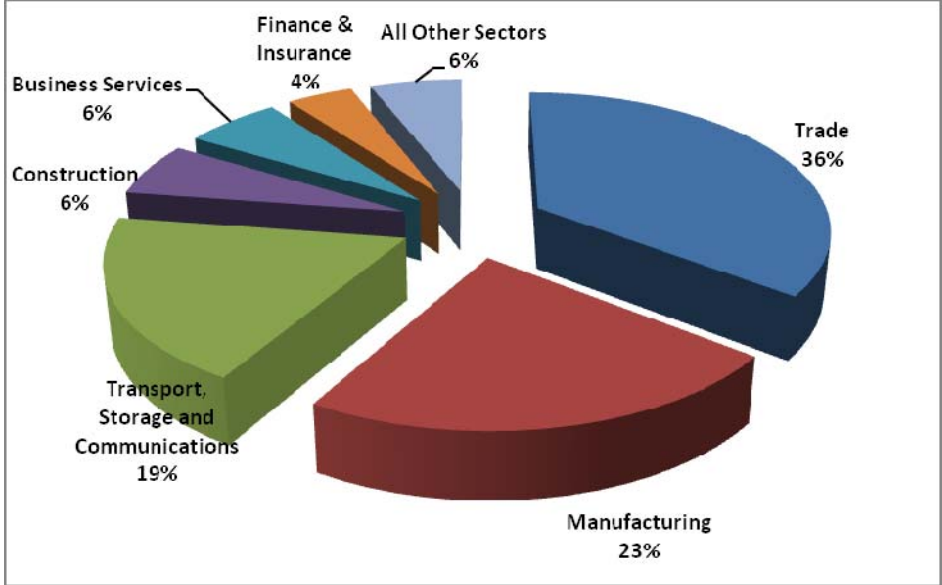


The Trade sector had the second largest Gross Output, equivalent to 26 percent of the total output. This was followed by the Transport, Storage and Communications sector with 16 percent. The Mining and Quarrying sector had the least Gross Output, of only 479 million shillings.

### **1.2.2 Value Added**

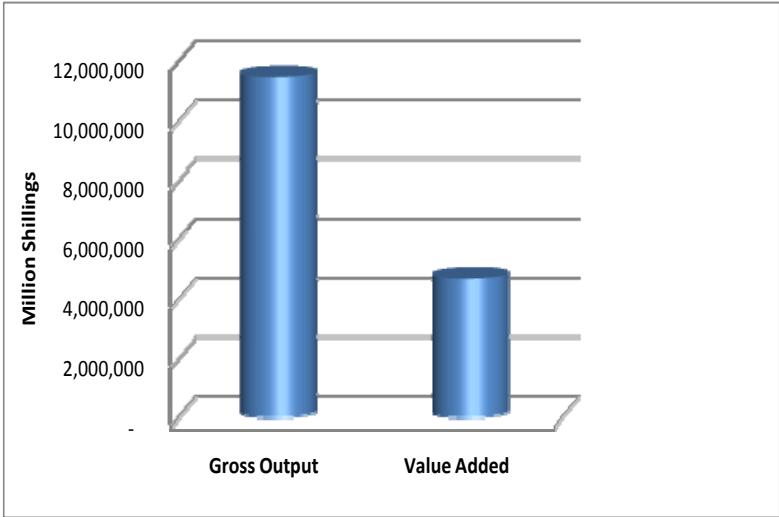
The total Value Added registered during the survey was 4,711 billion shillings for the 3,323 businesses covered. The Trade sector had the highest Value Added accounting for 36 percent, followed by the Manufacturing sector with 23 percent. Within the Manufacturing sector, the Food Processing sub-sector accounted for 67 percent of the Value Added compared to 33 percent for the Other Manufacturing sub-sector.

**Figure 1.1.2: Value Added by sector**



The Transport, Storage and Communications sector registered a Value Added of nearly 20 percent, while the Construction and Businesses Services sectors each accounted for 6 percent of the total Value Added. The Mining & Quarrying sector again had the least Value Added, of only 247 billion shillings. Overall the Value Added to Gross Output ratio was 41 percent, indicating a below average efficiency in operations.

**Figure 1.1.3: Gross Output and Value Added**



### 1.2.3 Components of Value Added

Net Profits  
accounted for  
77 percent of  
the total  
Value Added

Value Added is composed of Cost of Staff, Depreciation, Net Profit, Bad Debts, Interest Received and Other Items. The other items includes: Loss in the Sale of Fixed Assets Gifts and Donations received. Out of the total Value Added reported, Net Profit had 3.633 billion shilling, accounting for 77 percent. The Trade sector registered the largest Net Profit of 1,365 billion shillings (38 percent) followed by the Manufacturing sector with 21 percent of the total Net Profits. The Mining and Quarrying sector registered the least Net Profits of only 179 million shillings.

The total value of Cost of Staff was 1,056 billion shillings accounting for 23 percent of the total Value Added. Depreciation and Interest received accounted for less than 1 percent each (0.4 and 0.1 respectively).

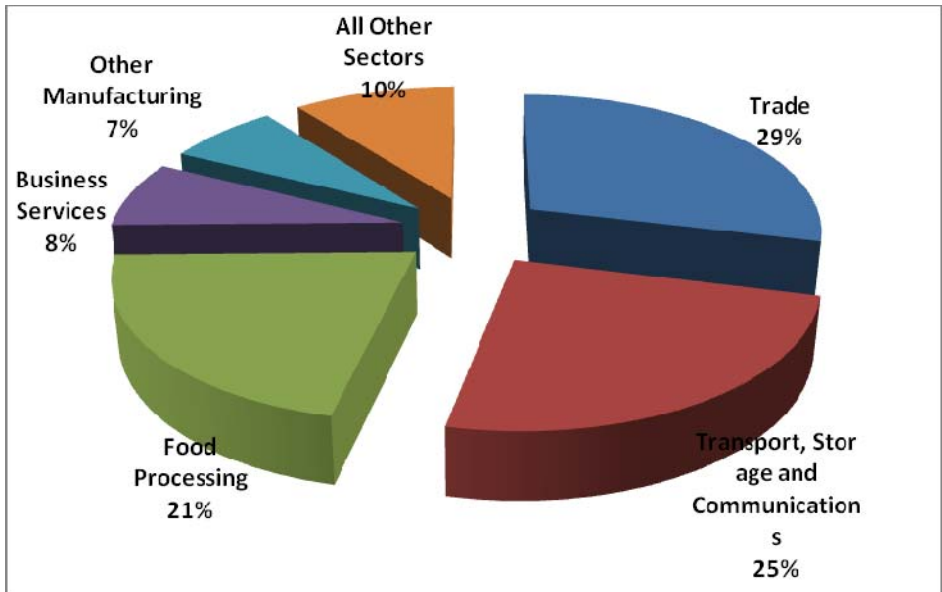
Table 1.1.3:  
Components  
of Value Added  
(million  
shillings)

Industry Sector	Cost of Staff	Depreciation	Net Profit	Interest Received & Other Items	Value Added
Trade	304,575	271	1,362,376	2,549	1,669,770
Manufacturing	300,790	16,735	764,469	317	1,082,311
Transport, Storage and Communications	259,712	54	632,205	3	891,974
Construction	17,125	-	276,796	-	293,921
All Other Sectors	173,897	485	597,291	1,603	773,276
<b>Total</b>	<b>1,056,098</b>	<b>17,545</b>	<b>3,633,136</b>	<b>4,472</b>	<b>4,711,252</b>
<b>Percent</b>	<b>22.42</b>	<b>0.37</b>	<b>77.12</b>	<b>0.09</b>	<b>100.00</b>

### 1.3 Cost of Staff

Cost of Staff (CoS) is the total payments made to staff and it includes Directors' Fees, Salaries and Wages, all Other Cash Payments, benefits in kind (including but not limited to housing, food, transport allowances), and Social Security Contribution or Pension Funds. The total CoS realized during the Survey was 1,056 billion shillings and the Trade sector accounting for close to 30 percent of the total CoS. The Transport, Storage and Communications sector accounted for 25 percent while the Food Processing sector accounted for 21 percent, as shown in Figure 1.1.4

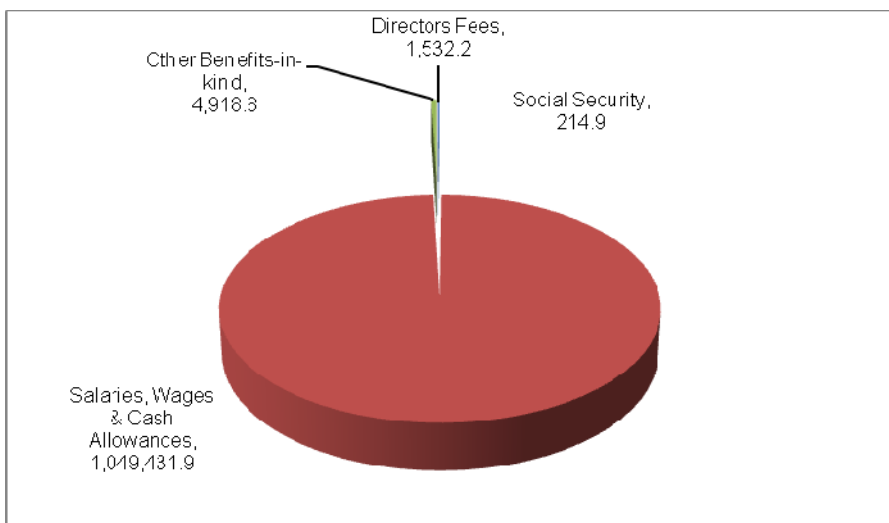
**Figure 1.1.4: Cost of Staff by Sector**



**1.3.1 Components of Cost of Staff**

The total value of CoS was 1,056 billion shillings, with the Trade sector accounting for nearly 30 percent, Food Processing sector, 25 percent and Business Services sector 21, percent. Out of the Components of CoS, Salaries and wages accounted for 99 percent (equivalent to 1,049 billion shillings) and the rest accounted for only 1 percent. The highest amount of COS, of 304 billion shillings, was registered in the Trade sector, followed by 260 billion shillings in the Transport and Communications and 220 billion in the Food Processing sector

**Figure 1.1.5: Components of CoS**

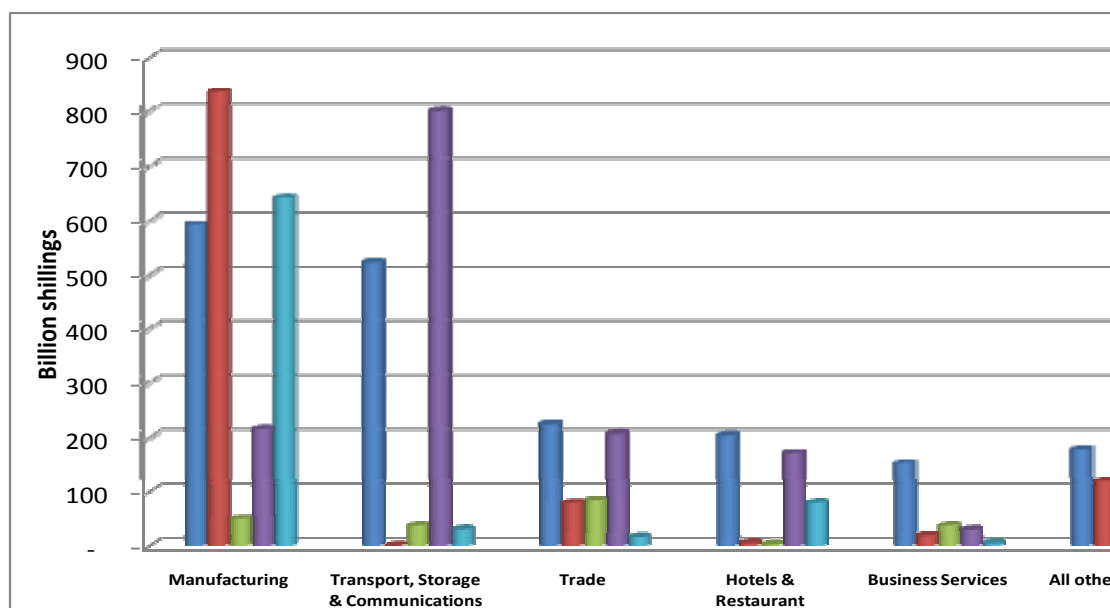


Salaries and Wages accounted for 99 percent of the total CoS while the total contribution to Social Security was only valued at 214 million shillings, 60 percent of this was in the Business Services sector. The total expenditure on Directors' Fees was 1.5 billion shillings, with the Business Services sector accounting for nearly a half (49 percent) while the Food Processing sub-sector accounted for 47 percent. The total Benefits-in-Kind was 4.9 billion and out of this 87 percent was in the Food Processing sub-sector.

#### **1.4 Non-Current Assets (NCA)**

Non-Current assets are asset which are not easily convertible to cash or not expected to become cash within the next year. Examples include fixed assets, leasehold improvements, and intangible assets. They include Land & Buildings, Plant & Machinery, Motor Vehicles, Office Equipment, and Work in Progress. The total value of Non-Current assets was 5,663 billion shillings with Land & Buildings accounting for the highest proportion, of 33 percent, followed by Office Equipment with 29 percent while Motor Vehicles accounted for only 5 percent. The Manufacturing sector had the highest value of NCA, valued at 2,340 billion shillings and accounting for 41 percent, followed by the Transport, Storage and Communication sector with NCA valued at 1,393 billion shillings. These two sectors accounted for 66 percent of the total value of NCA. In the Manufacturing sector, NCA in the Food Processing sub-sector were valued at 1,654 billion shillings, equivalent to 71 percent while in the Other Manufacturing sub-sector, the NCA accounted for only 29 percent. The NCA in the Trade, Hotels and Restaurants sectors closely followed, with NCA accounting for 11 percent and 8 percent respectively. The Mining & Quarrying sector had the least value of NCA, only valued at 846 million shillings.

**Figure 1.1.6: Non-Current Assets (Billion shillings)**



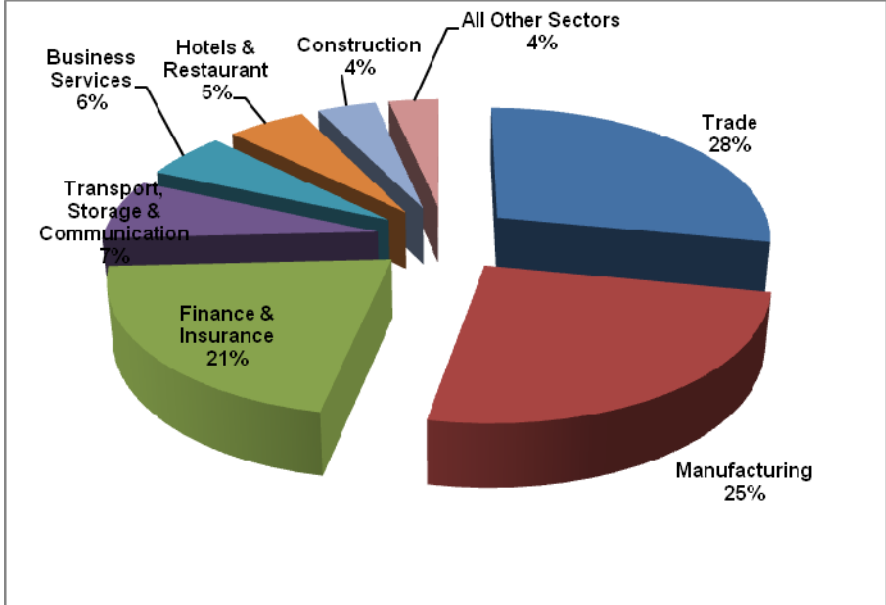
The Manufacturing sector had the highest value of Land & Buildings, Plant & Machinery, and Work in Progress, valued at 592 billion shillings, 838 billion shillings and 642 billion shillings respectively. The Transport, Storage and Communications sector had the highest value of Office Equipment, valued at 799 billion shillings. The Trade sector had the highest value of Motor Vehicles, valued at 92 billion shillings, followed by the Manufacturing sector with 52 billion shillings.

#### 1.4.1 Current Assets

The total value of Current Assets was 8,492 billion shillings, with Current Assets accounting for 87 percent compared to Other Investments with only 13 percent. The Trade sector had the highest Current Assets, valued at 2,384 billion shillings, followed by the Manufacturing sector with 2,027 billion shillings and the Finance and Insurance sector with 1,791 billion shillings. The Mining & Quarrying sector had the least value of Current Assets, only 335 million shillings.



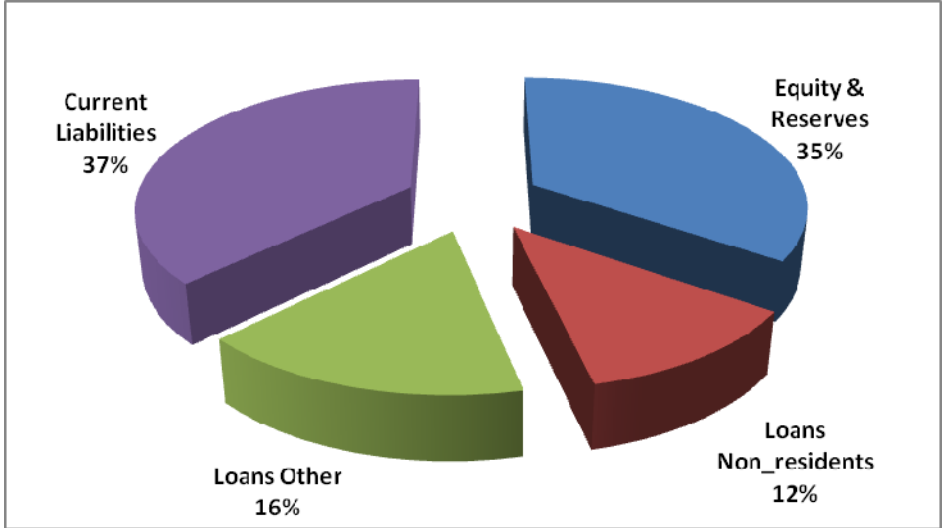
**Figure 1.1.7: Percentage Distribution of Current Assets**



**1.4.2 Current Liabilities**

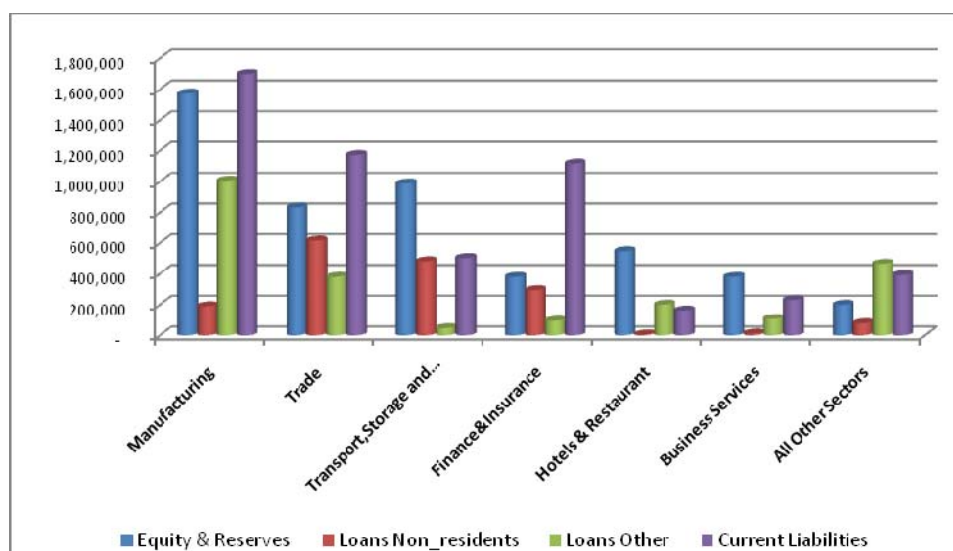
Total Liabilities were valued at 14,155 billion shillings, of those 37 % were current Liabilities, amounting to 5,276 billion shillings. The total Equity and Reserves accounted for 35 percent while the total value of Long Term Loans amounted to 3,980 billion shillings, and out of this Nonresident Loans accounted for 42 percent compared to Other Loans that accounted for 58 percent.

**Figure 1.1.8: Total Liabilities**



The Manufacturing sector had the highest value of Liabilities, amounting to 4,468 billion shillings and equivalent to 32 percent of the total Liabilities. This was followed by the Trade sector with 21 percent while the Transport, Storage and Communication, and, Finance & Insurance had nearly the same proportion of Liabilities, 14 percent.

**Figure 1.1.9: Total Liabilities by sector (million shillings)**



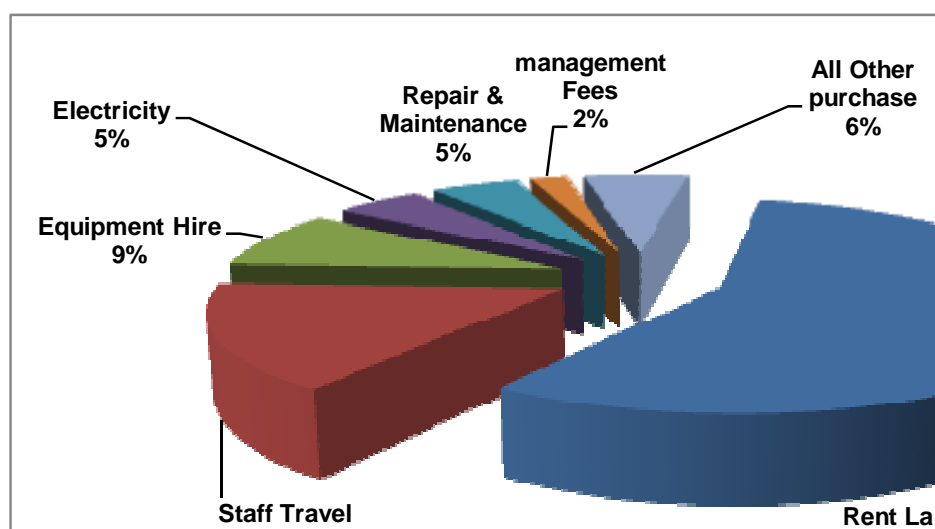
The Manufacturing sector registered the highest Equity and Reserves amounting to 1,572 billion shillings (32 percent). The Transport, Storage & Communications, and, Trade sectors followed with percent and 17 percent respectively.

The Trade sector had the highest value of Nonresident Loans, amounting to 616 billion shillings, followed by the Transport, Storage and Communications sector with loans valued at 482 billion shillings. The Manufacturing sector had the highest value of Other Loans totaling to 1007 billion shillings, representing 44 percent, followed by the Transport, Storage and Communications sector with 17 percent of the Other Loans.

## 1.5 Purchases

The total value of Purchases was 331 billion shillings and 57 percent of it was in the Rent of Land and Buildings, valued at 190 billion shillings. The total expenditure on Staff Travel was 53 billion shillings equivalent to 16 percent of total expenditure while Equipment Hire accounted for 9 percent of the total Purchases. The total expenditure on Electricity and Repair & Maintenance was each valued at 15 billion shillings, representing 5 percent as shown in Figure 1.1.10.

**Figure 1.1.10: Percentage Distributions of Purchases**



### 1.5.1 Expenditure on Purchases by sector

The Trade sector registered the highest value of Purchases amounting to 112 billion shillings representing 34 percent. The highest proportion of the expenditure in Trade was in Rent of Land and Buildings valued at 74 billion shillings, followed by Equipment Hire with 18 billion shillings.

In the Manufacturing sector purchases were valued at 101 billion shillings, accounting for about 31 percent as shown in Table 1.1.4. The expenditure on Rent of Land and Buildings was the highest at, 60 billion shillings, followed by Repair and Maintenance valued at 15 billion shillings. Within the Manufacturing sector, the Other Manufacturing sub-sector accounted for the highest proportion of total Purchases at 60 percent, see Appendix Table 15.8.

**Table 1.1.4: Distribution of Purchases by Industry Sector, (million shillings).**

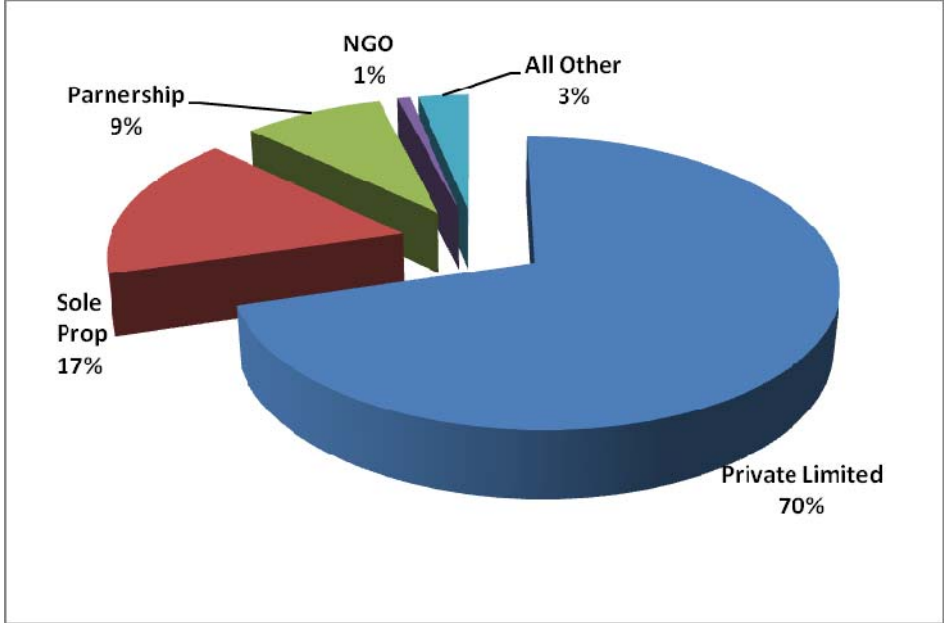
<b>Industry Sector</b>	<b>Value</b>	<b>Percent</b>
Trade	112,452	34.0
Total Manufacturing	101,394	30.6
<i>Other Manufacturing</i>	60,509	18.3
<i>Food Processing</i>	40,885	12.3
Business Services	39,262	11.9
Community, Social & Personal Services	32,061	9.7
Transport, Storage and Communications	15,539	4.7
Hotels & Restaurant	12,607	3.8
Finance & Insurance	6,277	1.9
Health & Social works	5,792	1.7
Construction	5,316	1.6
All Other Sectors	416	0.1
<b>Total</b>	<b>331,117</b>	<b>100.0</b>

Nearly 50 percent of the total expenditure on Electricity was in the Hotels and Restaurants sector (7.3 billion shillings). This was followed by the Community, Social and Personal Services sector with expenditure on Electricity valued at 2 billion shillings, proportional to 19 percent. Expenditure on Staff Travel was highest in the Business Services sector and the Trade sector, amounting to 38 percent and 26 percent respectively. The Manufacturing sector accounted for almost all the expenditures incurred in Repair and Maintenance and Management Fees, Appendix 15.8

## **1.6 Ownership**

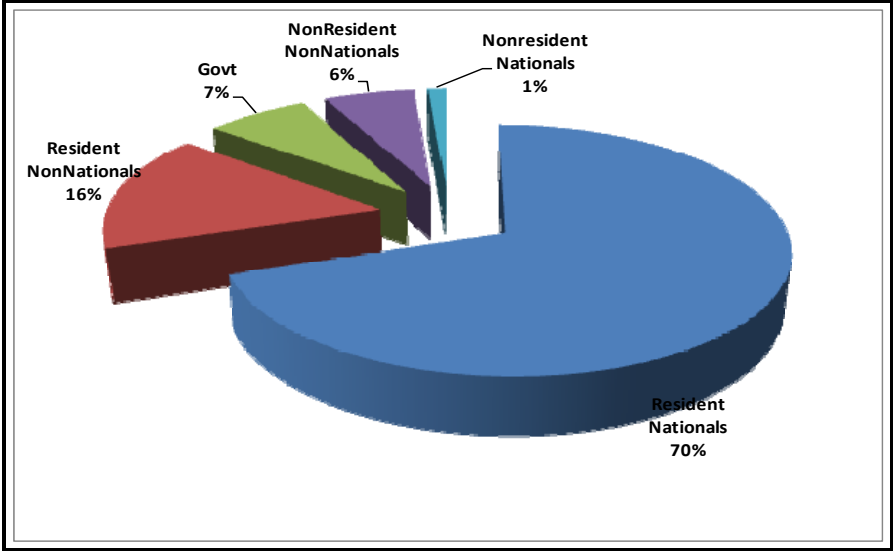
The Legal ownership of businesses was such that Public Limited Companies accounted for 70 percent of the businesses, Sole Proprietorships accounted for 17 percent, while NGOs accounted for only 1 percent as shown in Figure 1.1.11.

**Figure 1.1.11: Legal Ownership of Businesses**



Ownership by residence status showed that 70 percent of the businesses were owned by Resident nationals, followed by the Resident Non-Nationals who owned 16 percent of the businesses. Non-Resident Nationals owned the least proportion (only 1 percent) of the businesses, as shown in Figure 1.1.12.

**Figure 1.1.12: Ownership of Businesses by Residence Status**



## **1.7 Summary of Findings**

The total Gross Output registered from the survey was 11,458 billion shillings. 41 percent of this was for the Manufacturing sector. The total Value Added was 4,711 billion shillings, with the Trade sector accounting for the highest Value Added. The highest component of Value Added was Net Profits, valued at 3,633 billion shillings. The total value of Cost of Staff was 1,056 billion shillings with salaries and wages accounting for 99 percent while the Trade sector alone accounted for 30 percent of that total Cost of Staff.

Non-Current Assets were valued at 5,663 billion shillings with Land and Buildings accounting for 33 percent, followed by Office Equipment at 29 percent. The value of Non-Current Assets in the Manufacturing sector was the highest, 41 percent. The total value of Current assets on the other hand was 8,492 billion shillings and the Trade sector registered the highest proportion of Current Assets, 28 percent followed by the Manufacturing, and, Finance and Insurance sectors with 25 percent and 21 percent, respectively. Total Liabilities was 14,155 billion shillings, with Current Liabilities accounting for 37 percent and Equity and Reserves 35 percent. The Manufacturing sector had the highest proportion of total Liabilities (32 percent).

Purchases were valued at 331 billion shillings and 57 percent of this was in the Rent of Land and Buildings. The Trade sector had the highest expenditure on Purchases (34 percent), followed by the Manufacturing sector with 31 percent.

Finally, Legal ownership of the businesses showed that 70 percent of the businesses were Public Limited Companies compared to only 1 percent that was NGOs. Ownership by Residence Status showed that Resident Nationals owned 70 percent of the businesses.

## CHAPTER 2: AGRICULTURE, MINING & QUARRYING

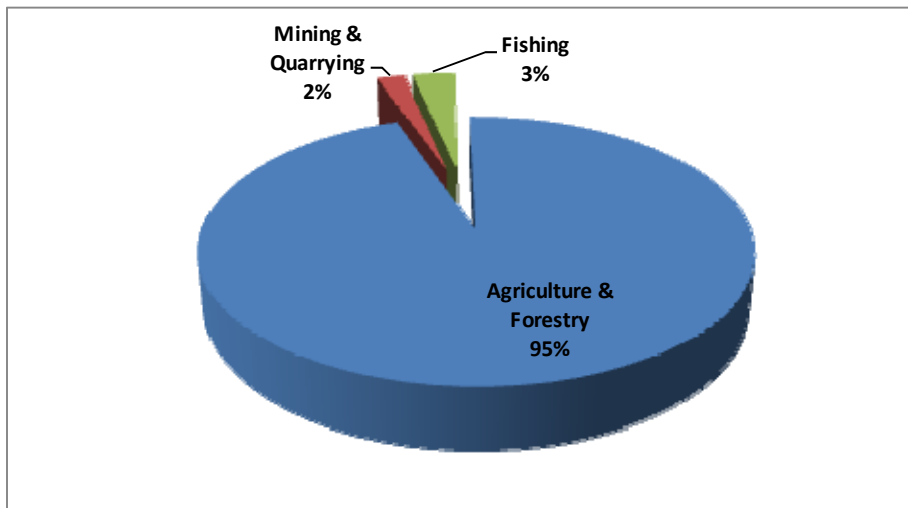
### 2.0 Introduction

The coverage in this sector analysis includes Agriculture, Mining & quarrying. Agriculture covers Crop Farming, Farming of Animal, Fishing and Forestry while Mining & Quarrying includes Mining and Quarrying of Stones, Sand and Clay.

### 2.1 Businesses and Employment

A total of 29 establishments were covered, accounting for only 1 percent of the total number of businesses in the entire sample. Of these, 72 percent were engaged in Agriculture, 3 percent in Fishing and 24 percent in Mining and Quarrying. The total employment was 3,586 persons, representing 2.3 percent of the total persons employed. Out of these, 95 percent were in Agriculture and Forestry as shown in Figure 2.1.1. The limited number of businesses covered in these sectors is due to the more informal nature of activities in these sectors.

**Figure 2.1.1: Percentage Employed by Sector**

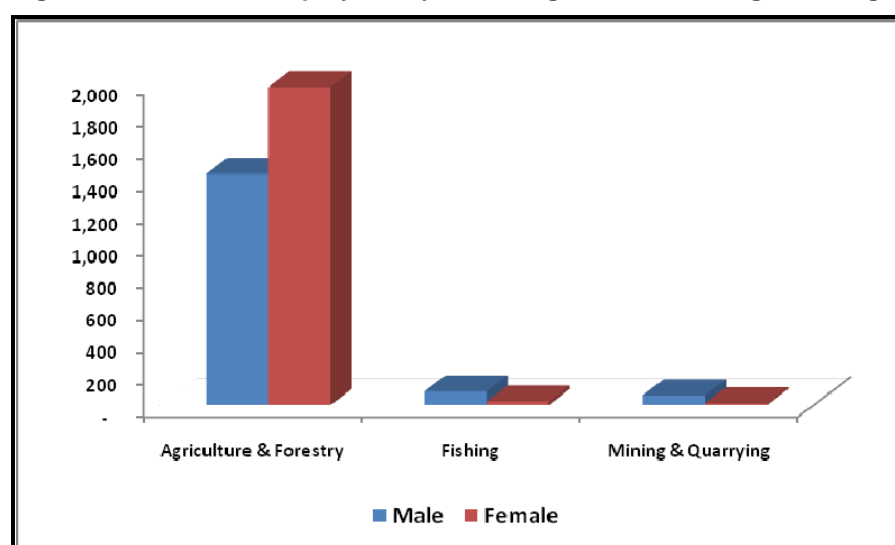


A breakdown of the employment by sex showed that of the total persons employed, 60 percent were females compared to only 44 percent males. In the Agriculture sector alone, females continued to dominate and they accounted for 58 percent of the total employees. However in Fishing, Quarrying Mining and Quarrying the males employed were proportionately higher than females, accounting for 79 percent and 86 percent respectively.

**Table 2.1.1: Employees by Sex**

	Employment		
	Male	Female	Total
Agriculture & Forestry	1,435	1,974	3,409
Fishing	85	22	107
Mining & Quarrying	60	10	70
<b>Total</b>	<b>1,580</b>	<b>2,006</b>	<b>3,586</b>
<b>%</b>	<b>44.1</b>	<b>55.9</b>	<b>100.0</b>

**Figure 2.1.2: Employees by Sex in Agriculture, fishing & Mining**



## 2.2 Gross Output and Value Added

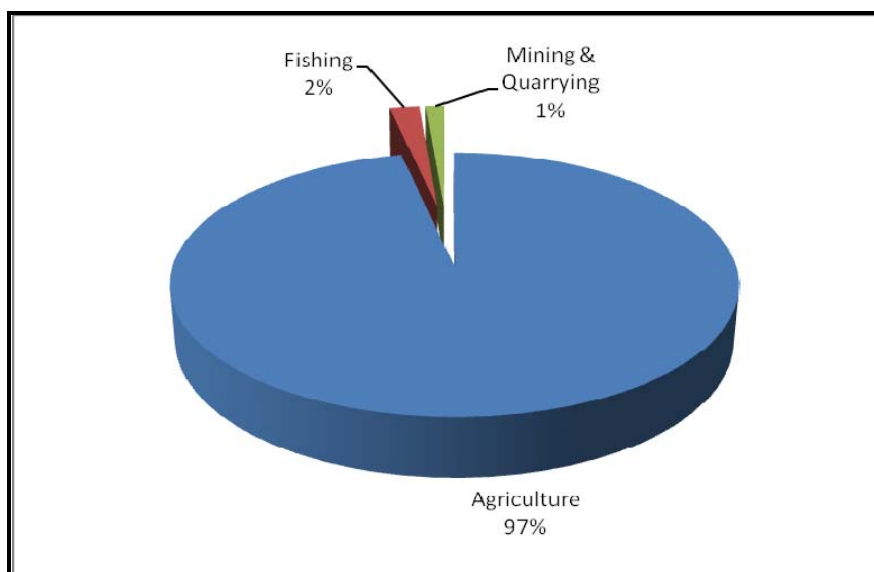
Gross Output (GO) is the measure of value of total output of the production process while Value Added (VA) is the measure of extra value of such output over and above the physical value of the inputs to the production process, expressed as a ratio. This is a proxy measure of the efficiency in the production process in a given sector of the economy.

### 2.2.1 Gross Output

The GO in the three sectors was 36.5 billion shillings, accounting for less than 1 percent of the total GO reported in the survey. Out of this, 35 billion shillings was in the Agriculture sector accounting for 97 percent of the total GO. The other two sectors had less than 3 percent of the total GO as shown in Figure 2.1.3.

**Figure 2.1.3: Gross Output by Sector**





### 2.2.2 Value Added (VA)

The GVA in the three sectors was 22.1 billion shillings, less than 1 percent of the total Value Added reported. The Agriculture sector registered the highest VA of 21 billion shillings.

**Table 2.1.2: Gross Output and Value Added (million shillings)**

Industry Sector	Gross Output	Value Added	VA:GO ratio
Agriculture	35,301	21,403	60.6
Fishing	752	533	70.8
Mining & Quarrying	479	247	51.5
<b>Total</b>	<b>36,532</b>	<b>22,183</b>	<b>60.7</b>

The ratio of Value Added to Gross Output for the entire sector was 61 percent, indicating an above average efficiency in operations. The Fishing sub-sector had the highest ratio of about 70 percent, Agriculture sector followed with 61 percent.

### 2.2.3 Components of Value Added

Among the components of Value Added, Net Profit and Bad Debts accounted for 91 percent of the total Value Added while Cost of Staff accounted for only 9.5 percent. The Agriculture Sector recorded the highest Net Profits and Bad Debts, equivalent to 97 percent of the total while the Fishing sub-sector had 2 percent and Mining & Quarrying sector had only 1 percent, as shown in Table 2.1.3.

**Table 2.1.3: Components of Value Added (million shillings)**

Industry Sector	Cost of Staff	Net Profit & Bad Debts	VA
Agriculture	1,984	19,420	21,403
Fishing	66	467	533
Mining & Quarrying	67	179	247
<b>Total</b>	<b>2,117</b>	<b>20,066</b>	<b>22,183</b>
<b>%</b>	<b>9.5</b>	<b>90.5</b>	

Similarly the Agriculture sector had the highest Cost of Staff (1 billion shillings), representing 94 percent of the total Cost of Staff. The other two sectors had nearly the same proportion of Cost of Staff (3 percent).

#### 2.2.4 Components of Cost of Staff (CoS)

As mentioned earlier, Cost of Staff is the total payments made to staff. The total CoS as mentioned above was 2.1 billion shillings, accounting for less than 9.5 percent of the Total Value Added. Salaries and Wages accounted for almost all the Cost of Staff reported

**Table 2.1.4: Salaries and Wages by Sector**

Industry Sector	Salaries & Wages (‘000 shs)	Total Employed	Average Monthly Wage (‘000 shs)
Agriculture	1,984	3,409	48,489
Fishing	66	107	51,298
Mining & Quarrying	67	70	80,285
<b>Total</b>	<b>2,117</b>	<b>3,586</b>	<b>49,193</b>

The average monthly wage for the three sectors was 49 thousand shillings. The Mining & Quarrying sector had the highest average monthly earnings of (80 thousand shillings) while Agriculture had the least (less than 50 thousand shillings).

#### 2.2.5 Non-Current Assets (NCA)

The total value of NCA in these sectors was 66 billion shillings, of which 99 percent was for the Agriculture sector. Overall, Office Equipment was valued at 32 billion shillings, accounting for 47 percent of the total NCA while Motor Vehicles were the least valued with 610 million shillings. In the Agriculture sector, Office Equipment accounted for 48 percent while Motor Vehicles accounted for less than 1 percent of the total value of NCA in the Sector.

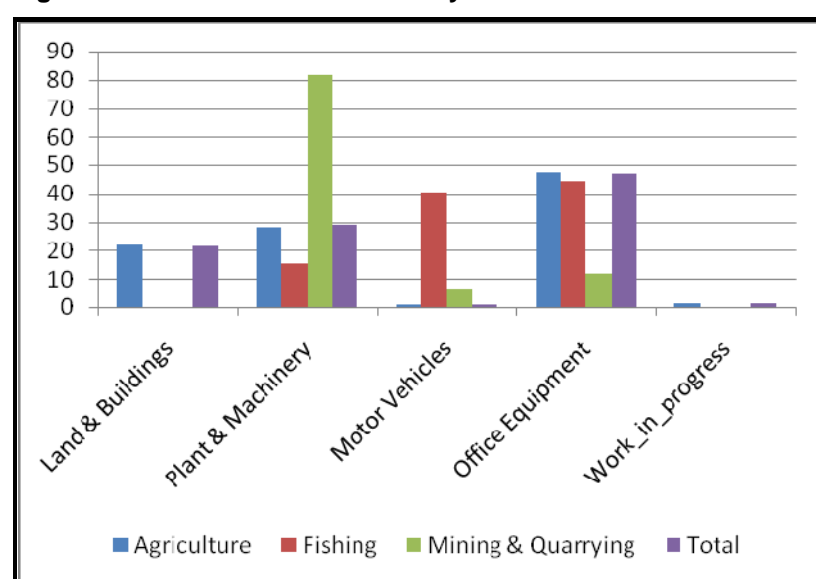
**Table 2.1.5: Non-Current Assets by Sector (million shillings)**

Non-Current Asset	Agriculture	Fishing	Mining & Quarrying	Total	%
Land & Buildings	14,539	-	-	14,539	21.7
Plant & Machinery	18,684	8	690	19,382	28.9
Motor Vehicles	535	21	54	610	0.9

Office Equipment	31,398	23	102	31,523	47.1
Work In Progress	899	-	0	900	1.3
<b>Total</b>	<b>66,056</b>	<b>52</b>	<b>846</b>	<b>66,953</b>	<b>100</b>
<b>%</b>	<b>98.7</b>	<b>0.1</b>	<b>1.3</b>	<b>100.0</b>	

In the Fishing sub-sector, Office Equipment accounted for 44 percent while Plant and Machinery accounted for 15 percent of the total NCA. There were no Land and Buildings and Work in progress in the Fishing sector. In the Mining and Quarrying sector, Plant and Machinery accounted for 82 percent of the total value of NCA.

**Figure 2.1.4: Non-Current Assets by Sector**

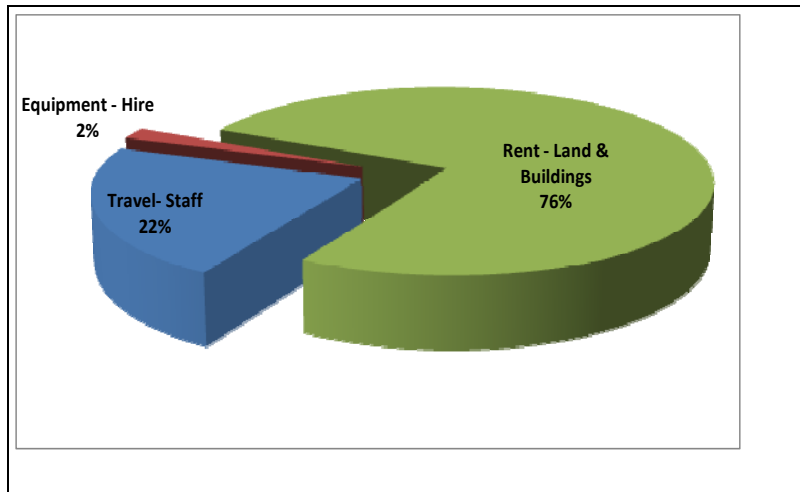


Within the sectors Crop Farming, Vegetables and Horticulture accounted for 98 percent of total NCA, while the Fishing, Livestock sub-sectors and the Mining & Quarrying sector each had NCA of 1 percent each.

### 2.2.6 Operating Costs

In this sector, the total Operating Costs were 155 million shillings. The highest costs were on Rent of Land used in the production process and this accounted for approximately 76 percent of the total Operating Costs.

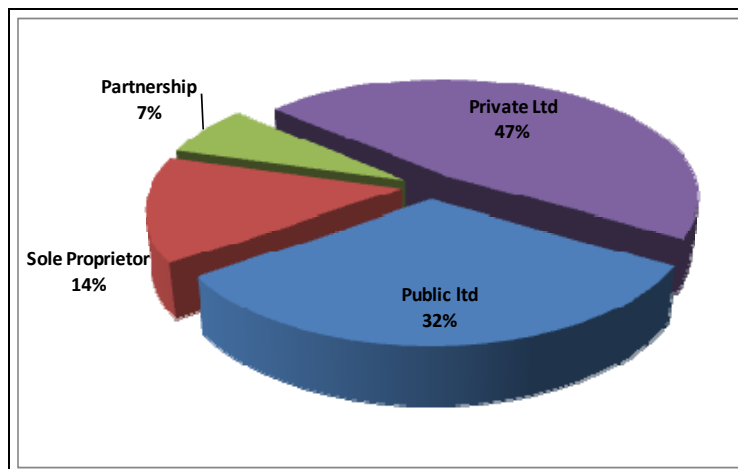
**Figure 2.1.5: Distribution of Operating Costs**



### 2.2.7 Ownership type in Sector

Private Limited ownership was the predominant ownership type for business establishments covered accounting for 45 percent while 31 percent were Public Limited owned companies. This is a gesture of trust and sizable investment in the operations of establishments engaged in crop, vegetable and horticulture farming as well as fishing and livestock. However, it was observed that all establishments engaged in Mining and Quarrying were either Sole Proprietorships or Partnerships.

**Figure 2.1.6: Percentage distribution of ownership Types**



**Table 2.1.6: Distribution of Businesses by ownership Type**

Division	Sole Prop	Partnership	Private Ltd	Public Ltd	Total
Crop Farming, Vegetables and Horticulture			12		12
Fishing and Livestock Agriculture			1	9	10
Mining and Quarrying	4	2			7
<b>Total</b>	<b>4</b>	<b>2</b>	<b>13</b>	<b>9</b>	<b>29</b>

## **CHAPTER 3: MANUFACTURING**

### **3.0 Introduction**

Manufacturing is the physical or chemical transformation of materials or components into new products. The transformation work is performed by power driven machines or by hand, in the factory or at the worker's house.

The businesses covered in this sector were those engaged in the following activities:

- Processing of Meat, Fish, Vegetables Oil & Fats; and Dairy Products
- Coffee Processing
- Grain Milling
- Tea Processing
- Bakery and Manufacture of Other Food Products
- Manufacture of Beverages & Tobacco
- Cotton Ginning
- Manufacture of Textiles and Leather Products
- Sawmilling, Printing & Publishing
- Chemicals and Chemical Products
- Manufacture of Bricks and Cement
- Manufacture of Plastics
- Manufacture of Metal Products
- Manufacture of Furniture and Other Manufacturing

The Manufacturing sector is sub-divided into two sub-sectors i.e. Food Processing and Other Manufacturing sub-sectors. The Food Processing sub-sector includes all industries engaged in the manufacture of Food Products including Tobacco. The Other Manufacturing sub-sector includes all businesses engaged in the manufacture of non-food items including Manufacture of Textiles, Paper and Paper Products, Chemicals, Plastics, Metals, and Furniture, among others.

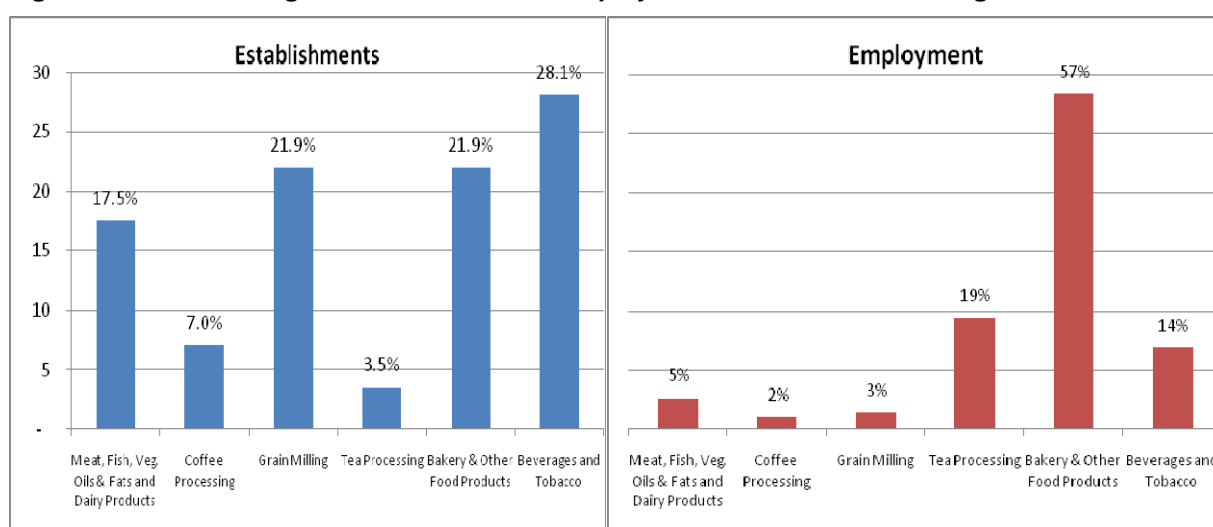
### **3.1 Business & Employment**

A total of 381 establishments were covered in the Manufacturing sector, accounting for 12 percent of the total business in the entire survey. Within the Manufacturing sector, 30 percent of the businesses were engaged in Food Processing Sub-sector compared to 70 percent in the Other Manufacturing sub-sector. The sector employed 62 thousand persons, nearly 40 percent of the total number of employees covered in the survey. The Food Processing Sector had a higher proportion of employees (74 percent).

### 3.1.1 Food Processing Sub-sector

Within the Food Processing Sub-sector, businesses engaged in the Manufacture of Beverages & Tobacco accounted for 28 percent followed by Grain milling and Bakery businesses each with 22 percent. Tea and Coffee Processing had the least number of businesses, 4 percent and 7 percent respectively. Businesses engaged in the Manufacture of Bakery Products employed about 26 thousand persons (56 percent), followed by the Tea Processing industry with 19 percent and Manufacture of Beverages and Tobacco with 14 percent. The least number of employees, 3 percent, were in the Grain Milling industry, Figure 3.1.1.

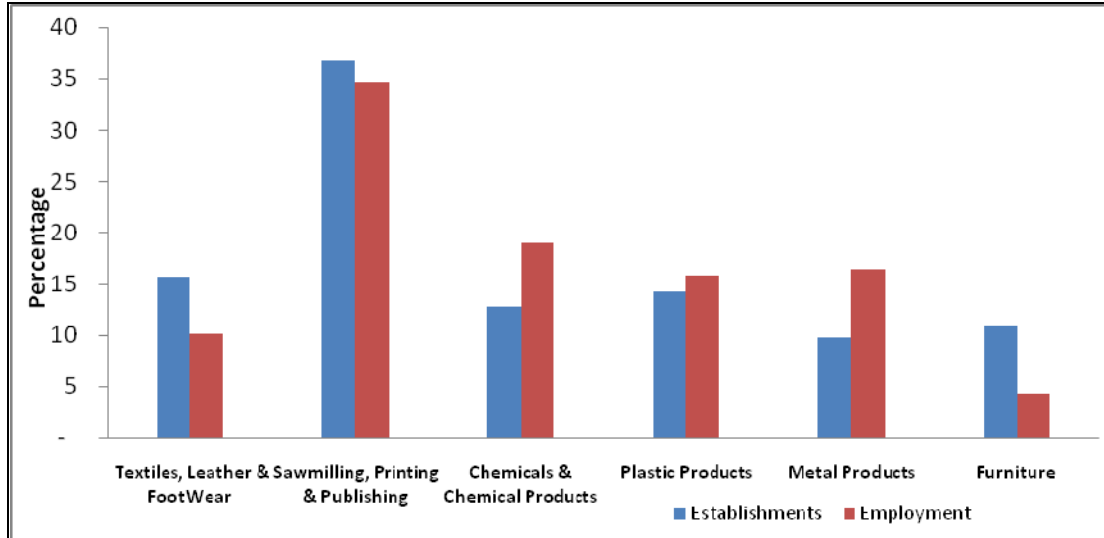
**Figure 3.1.1: Percentage of Businesses and Employees in the Food Processing Sub-sector.**



### 3.1.2 Other Manufacturing Sub-sector

In this sub-sector, 37 percent of the businesses were engaged in Sawmilling, Printing and Publishing Industries while 16 percent were engaged in the Textiles and Leather industries, and only 10 percent of the businesses were engaged in the Manufacture of Metal Products. The total number of employees in the sub-sector was 16 thousand, 35 percent of them were in the Sawmilling, Printing and Publishing industries and the least number of employees in the Furniture industry.

**Figure 3.1.2: Percentage of Businesses and Employees in the Other Manufacturing Sub-sector**



### 3.1.3 Employment by Sex and Size of Business

Business establishments engaged in manufacturing employed the highest number of persons compared to those in other sectors. A total of 62,132 persons were employed by the 381 establishment in this sector. This implies that on average each establishment in this sector employed about 163 persons.

**Table 3.1.1: Employment in the Manufacturing Sector**

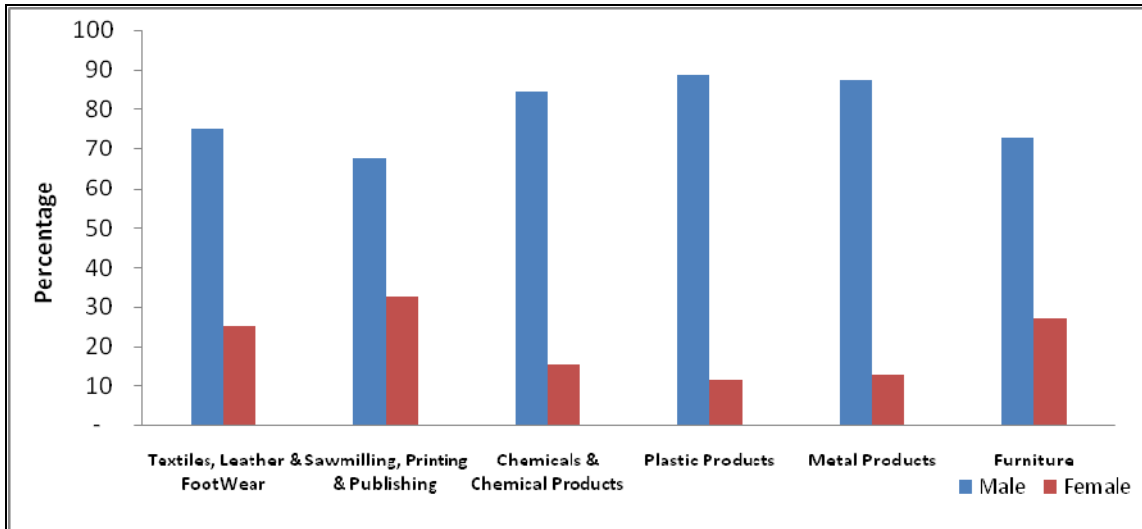
Sub-sector	Number of				Size of Business
	Establishments	Males	Females	Total	
Food Processing	114	33,303	12,426	<b>45,729</b>	401
Other Manufacturing	267	12,852	3,551	<b>16,403</b>	61
<b>All Manufacturing</b>	<b>381</b>	<b>46,155</b>	<b>15,977</b>	<b>62,132</b>	<b>163</b>

In manufacturing sector only 26% of total employees were female.

Further analysis by sex showed that 74 percent of the employees were male compared to only 26 percent who were female. The trend was the same in both the Food Processing and Other Manufacturing Sub-sectors where the male employees were more than 70 percent in each case

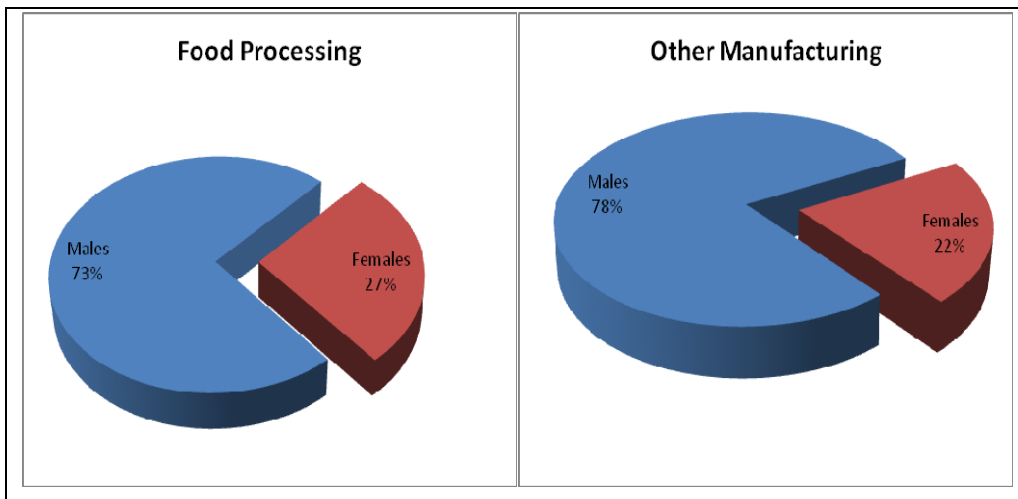


**Figure 3.1.3: Percentage of Male & Female Employees in the Other Manufacturing Sub-sector.**

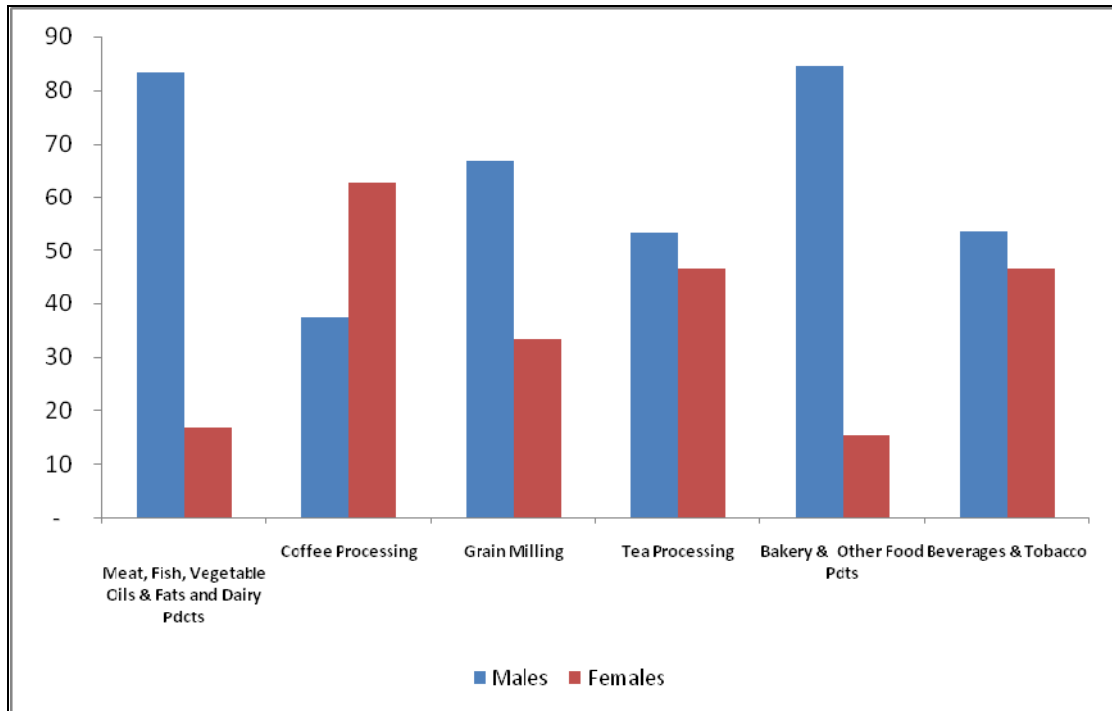


The proportion of females (27 percent )employed in the Food Processing Sub-sector was greater than that in the Other Manufacturing sub-sector of 22 percent in all the industries, male employees were proportionately higher than female employees except in Coffee Processing where females accounted for 63 percent of the total persons employed.

**Figure 3.1.3: Percentage of Male & Female Employees in the Manufacturing sector.**



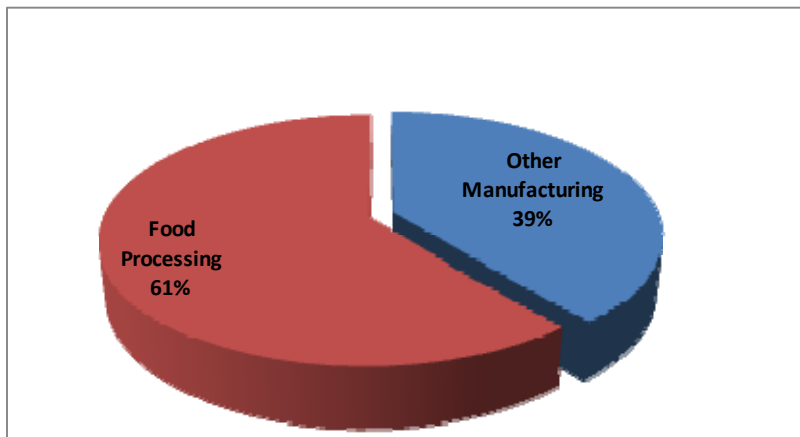
**Figure 3.1.4: Percentages of Male & Female Employees in the Food Processing sub-sector.0**



### 3.2 Gross Output

The Manufacturing sector had the highest Gross Output of 4,596 billion shillings, equivalent to 40 percent of the total Gross Output of all sectors covered in the survey. The Food Processing sub-sector had a higher share of Gross Output (61 percent) compared to the Other Manufacturing Sector, as shown in Figure 3.1.5.

**Figure 3.1.5: Gross Output in the Manufacturing Sector**



#### 3.2.1 Gross Output in Food Processing

As mentioned earlier, this food processing sub-sector had a Gross Output of 2,791 billion shillings. Within the Sub-sector, the industries engaged in manufacture of Beverages & Tobacco registered the highest Gross Output of 1,265 billion shillings, accounting for 45 percent of the total Gross Output in the Sub-sector, Table

45% of GO in this Sub-sector was in the manufacture of Beverages & Tobacco

3.1.2. This was followed by the Bakery industry with 23 percent and Manufacture of Vegetable Oils and Fats with 22 percent. Manufacture of Dairy Products on the other hand registered the least Gross Output accounting for less than 1 percent of the total Gross Output in the Sub-sector.

Table 3.1.2: Gross Output in the Food Processing Sub-sector

Sub-sector	Gross Output	Percent
Processing of Meat, Fish Products	32,478	0.7
Processing of Vegetable Oils and Fats	607,383	13.2
Processing of Dairy Products	16,786	0.4
Coffee Processing	106,719	2.3
Grain Milling	70,809	1.5
Tea Processing	47,484	1.0
Bakery and Manufacture of Other Food Products	644,475	14.0
Manufacture of Beverages and Tobacco	1,265,275	27.5
<b>Sub Total</b>	<b>2,791,409</b>	<b>60.7</b>

### 3.2.2 Gross Output in the Other Manufacturing sub-sector.

The Other Manufacturing Sub-sector registered a Gross Output of 1,804 billion shillings and out of this 30 percent was for industries engaged in the Manufacture of Chemical Products. This was followed by the Sawmilling, Printing & Publishing, and Metal Products industries which had nearly the same proportion of 23 percent. The least Gross Output was registered in the Furniture industry as shown in Table 3.1.3.

Table 3.1.3: Gross Output in the Other Manufacturing Sub-sector

Sub-sector	Gross Output	Percent
Manufacture of Textiles, Leather and Footwear	122,115	2.7
Sawmilling, Printing and Publishing	430,271	9.4
Chemicals and Chemical Products	535,418	11.6
Manufacture of Plastic Products	202,585	4.4
Manufacture of Metal Products	415,300	9.0
Manufacture of Furniture	99,214	2.2
<b>Sub Total</b>	<b>1,804,904</b>	<b>39.3</b>

## 3.3 Value Added

VA:GO  
ratio in the  
Manufacturing  
sector  
was 24%

The total Value Added in the Manufacturing sector was 1,082 billion shillings, which was 23 percent of total Value Added of all sectors covered, next to only the Trade sector. The ratio of Value Added to Gross Output was 24 percent for the Manufacturing sector. The Food Processing Sub-sector had a higher Value Added of 729 billion shillings compared to the Other Processing sub-sector with only 353 billion shillings

### 3.3.1 Value Added in the Food Processing sub-sector

The proportion of Value Added in the Food Processing sub-sector was 67 percent. The Bakery Industry, and Beverages and Tobacco Industry had the same proportion of Value Added, 38 percent each while the Dairy Products industry registered the least Value Added accounting for only 1 percent of the total VA, Table 3.1.4.

**Table 3.1.4: Value Added in the Food Processing Sub-sector**

Sub-sector	Value Added	Percent
Processing of Meat, Fish Products	3,839	0.5
Processing of Vegetable Oils and Fats	115,253	15.8
Processing of Dairy Products	8,033	1.1
Coffee Processing	12,076	1.7
Grain Milling	13,161	1.8
Tea Processing	17,289	2.4
Bakery and Manufacture of Other Food Products	279,307	38.3
Manufacture of Beverages and Tobacco	279,856	38.4
<b>Total</b>	<b>728,814</b>	<b>67.3</b>

### 3.3.2 Value Added in the Other Manufacturing sub-sector

As mentioned earlier the total Value Added in this sector was 353 billion shillings ,accounting for only 34 percent of the total Value Added. The Sawmilling, Printing and Publishing Industries accounted for nearly 40 percent of the total Value Added followed by the Metal Products Industry with 24 percent, Table 3.1.5. The Textiles, Leather and Footwear industry had the least Value Added, accounting for only 5 percent.

**Table 3.1.5: Value Added in the Other Manufacturing Sub-sector**

Sub-sector	Value Added	Percent
Manufacture of Textiles, Leather and Footwear	15,804	4.5
Sawmilling, Printing and Publishing	139,644	39.5
Chemicals and Chemical Products	45,077	12.8
Manufacture of Plastic Products	46,997	13.3
Manufacture of Metal Products	84,670	24.0
Manufacture of Furniture	21,305	6.0
<b>Total</b>	<b>353,497</b>	<b>32.7</b>

### 3.3.3 Comparison with 2000/01

Comparing the Gross Output and Value Added in the Manufacturing sector, Table 3.1.6 shows the main indicators in the ABI 2008/9 and UBI 2000/01. The ratio of Value Added to Gross Output (VA/GO) decreased from 34.6 percent in 2000/01 to 23.5 in 2007/8. Also despite the fact that there were only 381 businesses covered in 2007/8, they employed 62,132 persons compared to the 73,988 employed in the 2,542 businesses in 2000/01. However caution should be taken when comparing directly due to the limited sample in the ABI.

**Table 3.1.6: Comparison between 2000/01 and 2007/8 in the manufacturing sector**

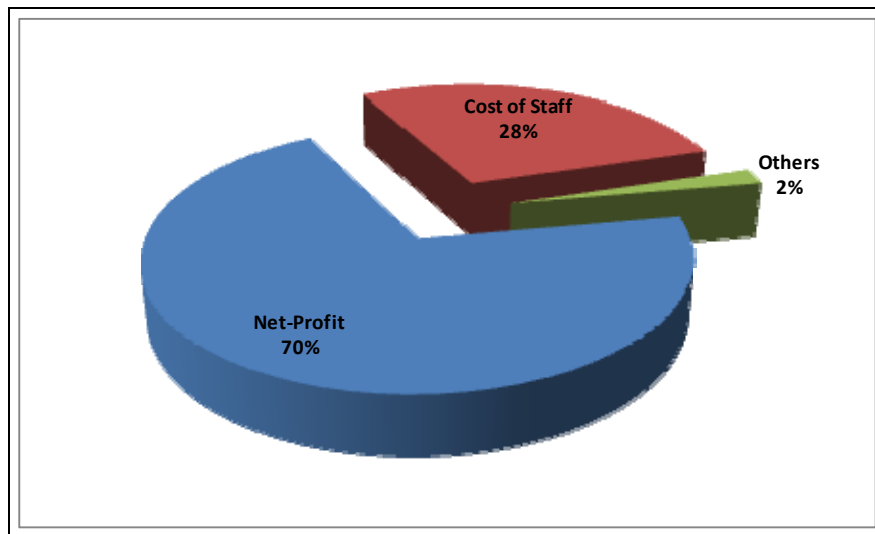
Net Profits  
accounted for  
70% of total  
Value Added

Year	Establishments	Employment	Gross Output	Value Added	Cost of Staff	VA/GO percent
Total (2007/8)	381	62,132	4,596,313	1,082,311	300,790	23.5
Total (2000/1)	2,542	73,998	1,644,329	569,472	133,898	34.6

### 3.3.4 Components of Value Added in the Manufacturing Sector.

Value Added is comprised of Net Profit, Cost of Staff and others including Depreciation, Bad Debts and Interest Paid. In Figure 3.1.5, Net Profits contributed the biggest share of VA accounting for 70 percent, while Cost of Staff accounted for 28 percent.

**Figure 3.1.5: Components of Value Added in the Manufacturing Sector**



The Coffee Processing industry registered the least Net Profits

The highest Net Profits were in the Bakery Industry accounting for 26 percent, followed by the Beverages & Tobacco Industry with 18 percent. The Coffee Processing Industry on the other hand registered the least Net Profit of only 8 billion shillings accounting for just 1 percent of the total value of Net Profits, Table 3.1.7.

**Table 3.1.7: Components of Value Added**

<b>Industry sector</b>	<b>Cost of Staff</b>	<b>Net Profit &amp; Bad Debts</b>	<b>Others</b>	<b>Value Added</b>	<b>Percent</b>
Manufacture of Beverages and Tobacco	138,771	141,085	0	279,856	25.9
Bakery and Manufacture of Other Food Products	59,136	203,941	16,231	279,307	25.8
Sawmilling, Printing and Publishing	26,888	112,756	1	139,644	12.9
Processing of Meat, Fish, Vegetable Oils and Fats and Dairy Products	15,010	112,115	-	127,125	11.7
Manufacture of Metal Products	14,246	70,424	-	84,670	7.8
Manufacture of Plastic Products	9,566	37,425	6	46,997	4.3
Chemicals and Chemical Products	15,196	29,881	-	45,077	4.2
Manufacture of Furniture	3,828	16,974	503	21,305	2.0
Tea Processing	5,484	11,805	-	17,289	1.6
Manufacture of Textiles, Leather & Footwear	6,325	9,478	1	15,804	1.5
Grain Milling	3,003	10,155	3	13,161	1.2
Coffee Processing	3,338	8,738	-	12,076	1.1
<b>Total</b>	<b>300,790</b>	<b>764,775</b>	<b>16,746</b>	<b>1,082,311</b>	<b>100.0</b>
Percent	27.8	70.7	1.5	100.0	

### 3.3.5 Components of Cost of Staff in the Manufacturing Sector

Cost of Staff is comprised of Salaries and Wages, Directors' Fees, Payments in Kind (which includes among other things, provision of meals or meal subsidies, medical expenses, housing rent and social security contributions paid by the company). Nearly all the Cost of Staff was in Salaries and Wages, totaling to 300 billion shillings. Close to 75 of the Salaries and Wages were in the Food Processing sub-sector while only 25 percent were in the Other Food Manufacturing sub-sector. Within the Food Processing sub-sector, the Beverages and Tobacco industry accounted for 62 percent of the total Salaries and Wages followed by the Bakery industry with 26 percent. The least proportion of Cost of Staff was in the Grain Milling Industry. While in the Other Manufacturing sector, the Sawmilling, Printing & Publishing Industries accounted for 35 percent of the cost of staff, and the Furniture Industry accounted for only 5 percent of the Salaries and Wages in the Sub-sector.

The average monthly wages in the whole Manufacturing sector was 400 thousand shillings, with the Beverages and Tobacco industry having the highest average earnings of 1.8 million shillings. This was followed by the Meat, Fish and Vegetable Oil Industry with average monthly earnings 510 thousand shillings. All the industries in the Other Manufacturing sub -sector had average monthly earnings of 380 thousand shillings with the Furniture industry leading with an average of 460 thousand shillings per month. The least average earnings were in the Coffee Processing industry with employees earning only 53 thousand shillings per month.

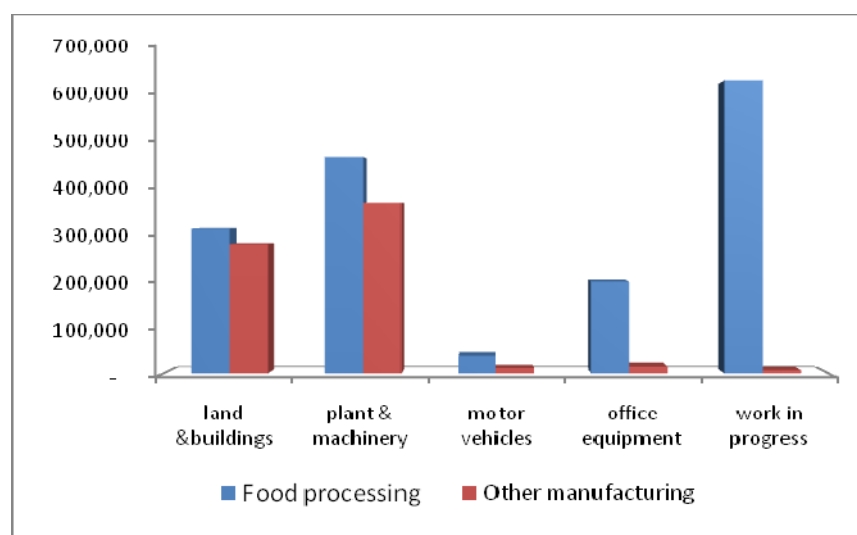
**Table 3.1.8: Components of Cost of Staff in the Manufacturing sector, (million shillings).**

Industry	Salaries & Wages	Total Employed	Average Earnings
Processing of Meat, Fish, Vegetable Oils and Fats and Dairy Products	15,010	2448	511
Coffee Processing	3,338	1006	277
Grain Milling	3,003	1360	184
Tea Processing	5,484	8668	53
Bakery and Manufacture of Other Food Products	59,136	25958	190
Manufacture of Beverages and Tobacco	138,771	6289	1,839
<b>Subtotal Food Processing</b>	<b>224,742</b>	<b>45,729</b>	<b>410</b>
Manufacture of Textiles, Leather and Footwear	6,325	1658	318
Sawmilling, Printing and Publishing	26,888	5680	394
Chemicals and Chemical Products	15,196	3102	408
Manufacture of Plastic Products	9,566	2588	308
Manufacture of Metal Products	14,246	2686	442
Manufacture of Furniture	3,828	689	463
<b>Sub Total Other Manufacturing</b>	<b>76,049</b>	<b>16,403</b>	<b>386</b>
<b>Total Manufacturing</b>	<b>300,790</b>	<b>62,132</b>	<b>403</b>

### 3.4 Non Current Assets (NCA)

The total value of NCA in the Manufacturing sector was 2,341 billion shillings. The share of NCA in the Food Processing sub-sector and the Other Manufacturing sub-sectors were, 71 percent and 29 percent respectively.

**Figure 3.1.6: Non Current Assets in the Manufacturing Sector**



Among the NCA owned by manufacturing establishments, Plant and Machinery accounted for the highest share (of 36 percent). This was followed by Work in Progress with 27 percent and Land and Buildings with 25 percent. The Motor Vehicles were the least valued NCA accounting for only 2 percent of the total value of



NCA. Overall the businesses in the Food Processing sector had a higher value of NCA for all types of Assets compared to the Other Manufacturing Sub-sector.

**Table 3.1.9: NCA in the Manufacturing Sector (billion shillings)**

Industry Sector	Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment	Work in Progress	Total
Processing of Meat, Fish, Vegetable Oils and Fats and Dairy Products	73,441	116,964	3,977	6,733	3,775	204,889
Coffee Processing	7,052	9,746	304	307	-	17,409
Grain Milling	11,962	14,014	998	1,486	67	28,528
Tea Processing	18,682	9,035	564	166	4,798	33,245
Bakery and Manufacture of Other Food Products	76,917	145,303	18,603	126,865	602,289	969,977
Manufacture of Beverages and Tobacco	124,854	173,305	15,515	63,145	24,117	400,936
<b>Sub Total Food Processing</b>	<b>312,908</b>	<b>468,366</b>	<b>39,962</b>	<b>198,702</b>	<b>635,047</b>	<b>1,654,985</b>
Manufacture of Textiles, Leather and Footwear	23,684	60,348	515	1,117	145	85,811
Sawmilling, Printing and Publishing	51,648	99,683	4,532	4,904	1,241	162,009
Chemicals and Chemical Products	75,535	83,466	958	2,153	2,134	164,246
Manufacture of Plastic Products	64,080	77,432	2,258	6,157	196	150,123
Manufacture of Metal Products	54,942	40,932	2,257	2,188	3,198	103,517
Manufacture of Furniture	9,936	7,789	1,287	453	420	19,885
<b>Sub Total Other Manufacturing</b>	<b>279,826</b>	<b>369,651</b>	<b>11,807</b>	<b>16,973</b>	<b>7,334</b>	<b>685,590</b>
<b>Total Manufacturing</b>	<b>592,733</b>	<b>838,017</b>	<b>51,769</b>	<b>215,675</b>	<b>642,381</b>	<b>2,340,575</b>
<b>Percent</b>	<b>25.32</b>	<b>35.80</b>	<b>2.21</b>	<b>9.21</b>	<b>27.45</b>	<b>100.00</b>

Plant and Machinery accounted for 36 percent of the total NCA, and the Beverages & Tobacco Industry had the highest value of Plant and Machinery, 173 billion shillings while the Furniture Industry had the least value of Plant and Machinery, accounting for less than 1 percent. The Beverages & Tobacco Industry had the highest value of Land and Buildings, accounting for 21 percent. This was followed by the Bakery and Chemical Industries each with 13 percent. The Coffee Processing industry had the least value of Land and Buildings, accounting for only 1 percent of the total value. Nearly 95 percent of the total Work in Progress was in the Bakery Industry while 4 percent was in the Beverage & Tobacco industry. Although in the Bakery Industry, Motor Vehicles were the least valued NCA, the Bakery Industry had proportionality a higher total value of NCA, nearly 60 percent followed by the Beverages & Tobacco industry with 29 percent.

### 3.5 Operating Costs

The total Operating Costs in the Manufacturing sector were 101 billion shillings as shown Table 3.1.10. Nearly 60 percent of the Total Operating Costs was spent on Rent of Land and Buildings, 14 percent on Repair and

60% of operating costs in the Manufacturing sector was rent of land buildings.

Maintenance. The other main expenses in this sector were, Travel Allowances, Management Fees, Equipment Hire, Insurance, Other Transport Costs, Electricity as well as Fuel and Lubricants.

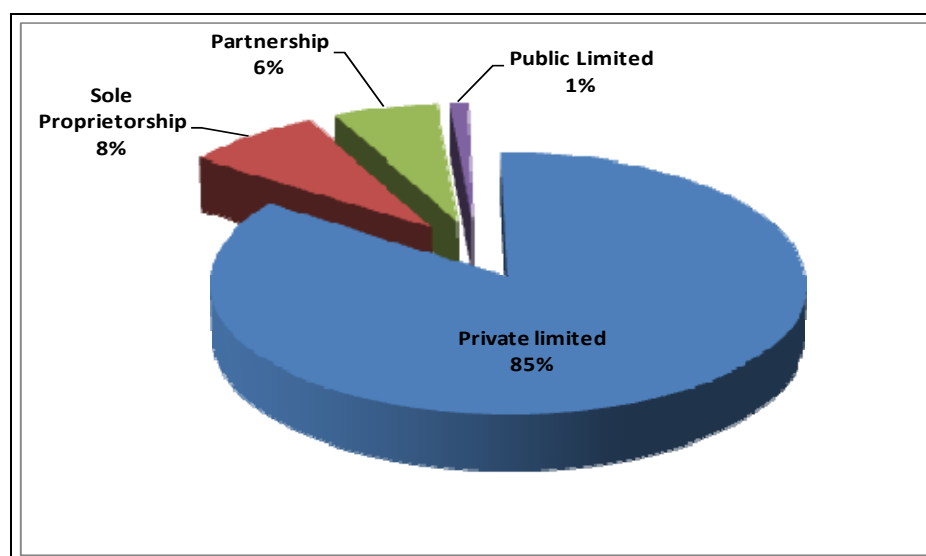
**Table 3.1.10: Operating Costs in Manufacturing**

<b>Items</b>	<b>Value (Millions)</b>	<b>Percentage</b>
Rent of Land and Buildings	60,413.0	59.6
Repair and Maintenance	14,670.9	14.5
Travel Allowances	7,911.6	7.8
Management fees	7,747.7	7.6
Equipment Hire	2,672.9	2.6
Insurance	2,383.9	2.4
Other Transport Costs	1,668.0	1.6
Electricity	1,075.7	1.1
Fuel and Lubricants	867.9	0.9
All others	1,982.0	2.0
<b>Total</b>	<b>101,393.7</b>	<b>100.0</b>

### **3.6 Legal Ownership**

A majority of the business establishments in the Manufacturing sector were Private Limited Companies accounting for 85 percent, while only 1 percent of the establishments were Public Limited Companies.

**Figure 3.1.7: Legal Ownership in Manufacturing Businesses (%)**



### **3.7 Summary of Findings**

The Manufacturing sector was the second largest economic sector covered in the ABI ,with a Gross Output of 4,596 billion shillings and Value Added of 1,082 billion shillings. The ratio of VA/GO in the Sector was 24 percent. The Beverages & Tobacco Industries registered the highest Gross Output of 1,265 billion shillings, accounting for 45 percent.

The manufacturing sector employed the highest number of persons compared to those in other sectors, 62,132 persons and had an average employment size of nearly 163 persons per business. The average monthly earnings for employees in the Manufacturing sector were 400 thousand shillings.

Overall, the largest component of Value Added was Net Profit which accounted for 70 percent while the total Cost of Staff in the Manufacturing sector was 300 billion shillings, which was 28 percent of the total Value Added.

The total value of NCA in the Manufacturing sector was 2,340 billion shillings of which over 36 percent was Plant and Machinery. The Beverages & Tobacco industry had the highest value of Plant and Machinery amounting to 173 billion shillings and Motor Vehicles were the least valued NCA. In addition businesses in the Food Processing sub-sector had a higher value of NCA for all types of assets compared to the industries in the Other Manufacturing sub- sector.

The total Operating Costs in the Manufacturing sector were 101 billion shillings, 60 percent of this was spent on Rent of Land and Buildings.

## CHAPTER 4: UTILITIES

### 4.0 Introduction

The Utilities sector comprises establishments engaged in the provision of the utility services including electric power, natural gas, steam supply, water supply, and sewage removal. Electric power services include electric power generation, transmission, and distribution. . Water supply includes its treatment and distribution, while sewage removal includes collection, treatment, and disposal of waste through sewer systems and sewage treatment facilities. The natural gas and steam supply industries are however, non-existent so far in the country. The utility sector therefore includes, business establishments engaged in Generation, Transmission and Distribution of Electricity; and Collection, Treatment and Distribution of Water.

### 4.1 Businesses and Employment

The Utilities sector contributes 4.5% to GDP

Findings from the survey showed that there were 11 establishments covered in the utility sector, with a total employment of 305 persons. The majority (91 percent) of these businesses were found in Kampala district.

Over the years, the contribution of the Utilities sector to Gross Domestic Product (GDP) remained stable at 4.5 percent both in 2007/08 and 2000/01.

Total Gross output and Value Added in the sector were 43 and 35 billion shillings respectively

### 4.2 Gross Output and Value Added

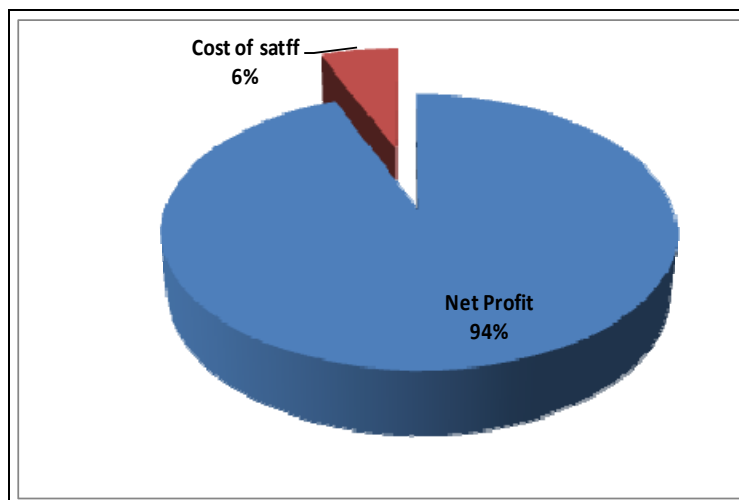
The sector registered a Gross Output of 43 billion shillings and Value Added of 35 billion shillings in the period under study. This implied that the ratio of VA/GO was 81 percent, which meant that the cost of Intermediate Inputs were low. However, in the 2000/2001 **UBI**, the sector had a VA/GO ratio of 77 percent.

#### 4.2.1 Components of Value Added in the Utilities sector

Net Profit  
contributed  
94 percent to  
Value Added

These consisted of Cost of Staff, Net Profit, Bad Debts, Depreciation and Interests Receivable. From Figure 4.1.1 below, Cost of Staff contributed 6 percent to Value Added in the sector while Net Profit contributed a significant amount equivalent to 94 percent. All the Other Items, showed no contribution to Value Added in the sector.

Figure 4.1.1: Components of Value Added in Utilities Sector



#### 4.2.2 Cost of Staff

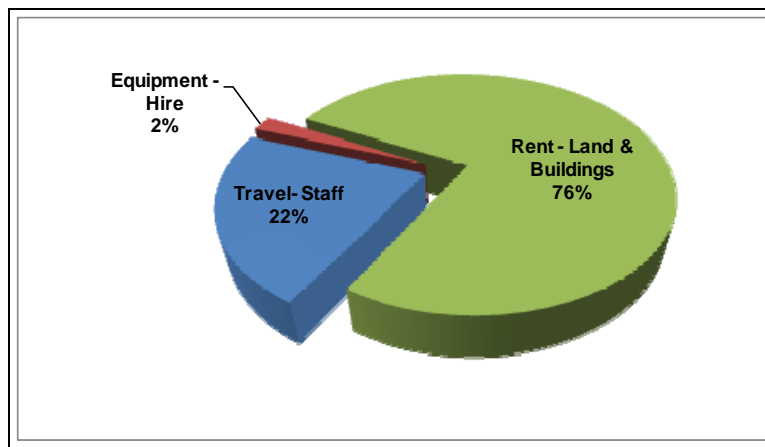
The survey findings showed that the sector employed a total of 305 persons and the total Cost of Staff was 2,048 billion shillings, all spent on only Salaries and Wages. The average monthly earnings in the sector were just above 550 thousand shillings. In addition, 70 percent of the employees were male compared to only 30 percent female employees.

### 4.2.3 Operating Costs in the Utilities sector

Nearly half of the Operating Costs in the sector were on Travel Allowances

The total Operating Costs in the sector were 1.1 billion shillings. The main Operating Costs included Rent of Land & Buildings, Equipment Hire and Travel Allowances. The highest Operating Costs in the Utilities sector were on Travel Allowances, which accounted for nearly 50 percent of the total Operating Costs. This was followed by Rent of Land & Buildings with 40 percent while Equipment Hire had the lowest Operating Cost of only 14 percent in the entire sector.

Figure 4.1.2: Operating Cost in Utilities

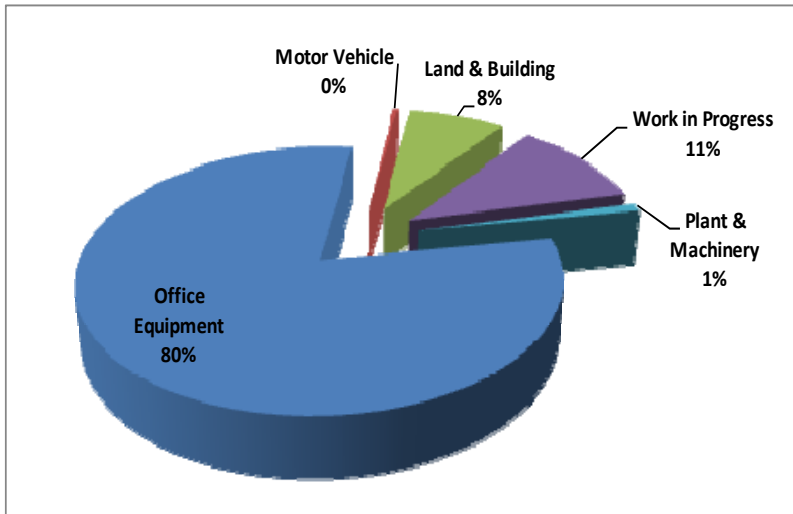


### 4.2.5 Non-Current Assets in the Utilities sector.

In the sector, the total value of NCA was 191 billion shillings. Figure 4.1.3 below illustrates the distribution of these assets. Just 80 percent of total NCA was in Office Equipment while Plant & Machinery and Motor Vehicles formed an insignificant proportion of the NCA.

80% of total NCA were in Office Equipment

**Figure 4.1.3: Non Current Assets in the Utilities Sector**

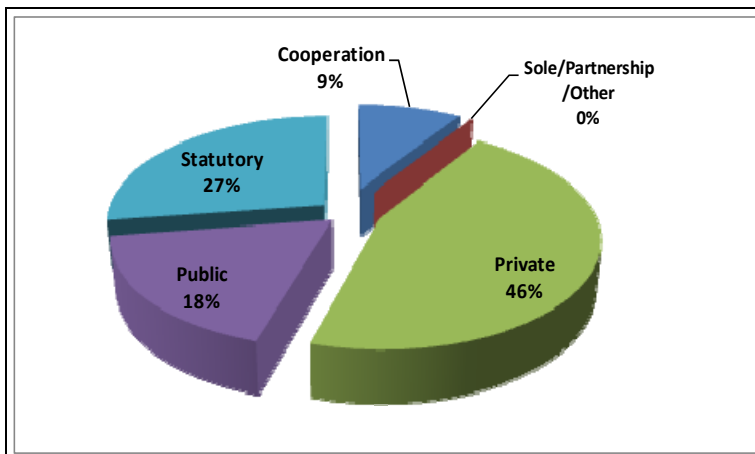


**4.3 Ownership of businesses in the Utility sector.**

Nearly half of the business establishments were Private Limited Companies

The survey findings indicated that 46 percent of the establishments were privately owned, Limited Liability Companies, however, 27 percent of the establishments were by statutory ownership, 18 percent publicly owned and 9 percent owned by cooperation. Findings also showed that neither Sole Proprietorship nor Partnership types of legal ownership existed in the businesses in the Utilities sector, probably because the sector is highly capital intensive.

**Figure 4.1.4: Ownership**



#### **4.4 Summary of Findings**

The utility sector had a total GO of 43 billion shillings and a Value Added of the 35 billion shillings. The ratio of VA to GO was relatively high at 81 percent implying a low cost of intermediate inputs. Among the components of VA, Net Profits accounted for more than 90 percent while Cost of Staff accounted for only 6 percent. The Sector employed 305 persons, 70 percent of them were male and the average monthly earnings were 550 thousand shillings. The total Operating Costs were 1.1 billion shillings and nearly half of it was spent on Travel Allowances. The total value of NCA was 191 billion shillings, 80 percent of this was in Office Equipment. Finally, none of the business establishments in the Utility Sector were Sole Proprietorship or Partnerships.



## CHAPTER 5: CONSTRUCTION

### 5.1 Introduction

The construction sector comprises establishments primarily engaged in the construction of buildings or in engineering projects (e.g. roads and utility systems). Establishments primarily engaged in the preparation of sites for new construction are also included in this sector in addition to Construction work, new structures, additions, alterations, or maintenance and repairs.

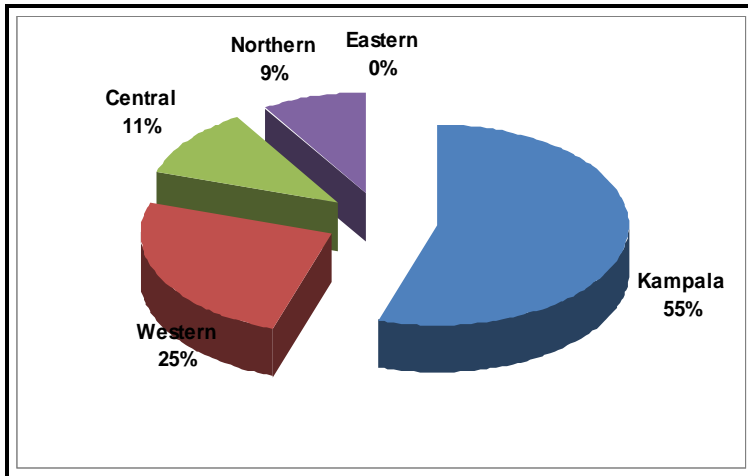
The contribution of this sector to GDP was 12.4% in FY2007/08

The contribution of the construction sector to GDP was 12.4 percent as at 2007/08 as compared to 13.6 percent in 2006/07 implying a slight drop in the contribution of the sector to GDP in 2007/08.

### 5.2 Coverage and Employment

A total of 100 Construction establishments were covered in the ABI survey. Regional distribution showed that Kampala district had 55 percent of the Businesses, closely followed by the Western region with 25 percent, Central (excluding Kampala district) with 11 percent while the Eastern region had no construction business establishments covered. The businesses employed nearly 8,000 persons, representing 5 percent of the total employees covered in the survey. The male employees were the majority, accounting for 88 percent compared to females who were only 12 percent. On average each business in the Construction sector employed 76 persons.

**Figure 5.1.1: Regional Distribution of Businesses**



The total Gross Output in the Construction sector was 666 billion shillings.

### 5.3 Gross Output and Value Added

The Gross Output in the Construction sector was 666 billion shillings, accounting for 6 percent of the total Gross Output in all the sectors. The Value Added on the other hand was 294 billion shillings and accounted for 6 percent of the total Value Added, giving a ratio of VA to GO of 44 percent, implying higher costs of intermediate inputs. A comparison with the 2000/01 UBI showed that there was a moderate change in the VA/GO ratio from 27 percent to 44 percent in 2007/08 ABI, implying a slight reduction in the costs of intermediate inputs 2007/08 for the Construction sector.

**Table 5.1.1: Gross Output and Value Added in Construction, (billion shillings)**

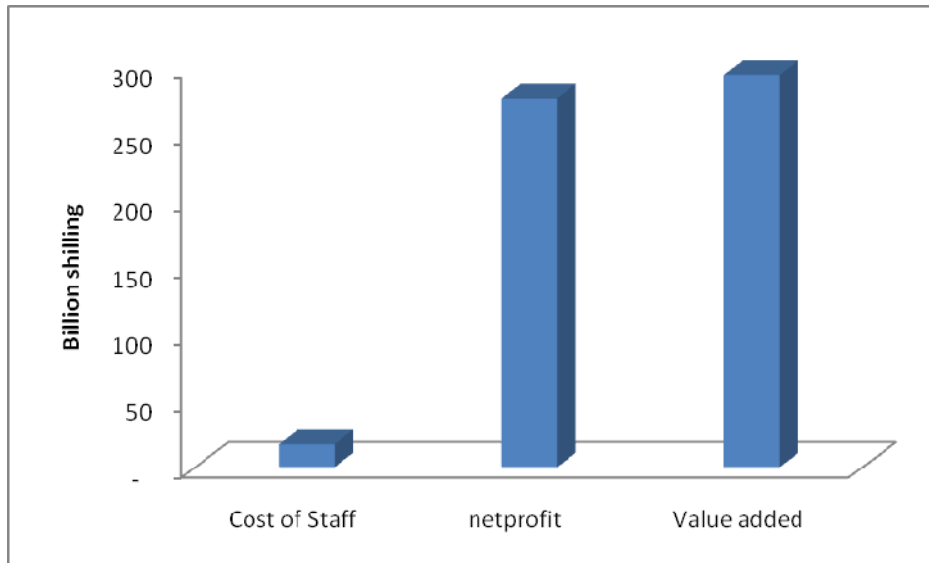
Period	UBI 2000/01	ABI 2007/08
Gross Output	172	666
Value added	46	294
<b>VA/GO (percent)</b>	<b>26.7</b>	<b>44.1</b>

Net profit contributed 94% to VA in the sector

#### 5.3.1 Components of Value Added

In the reference period, Value Added consisted of Cost of Staff, Net Profit, Bad Debts, Depreciation and Interests Receivable. The Net Profit in the sector contributed the highest percentage of value added, 94 percent compared to only 6 percent spent on staff costs, Figure 5.1.2. The other components did not have any contribution to Value Added

**Figure 5.1.2: Components of Value Added in Construction, in billion shillings**



Average monthly wage was 187 thousand shillings

### 5.4.3 Cost of Staff

Generally, the Cost of Staff includes Directors' Fees, Salary and Wages, Other Cash Allowances, Payments in Kind, and Social Security Contributions. The total Cost of Staff in the Construction sector was only 17 billion shillings and all of it was spent on Salaries and Wages. No other payments/expenses were incurred in the sector during the reference period. With a total employment of 7,640 persons, the average monthly wage in the Construction sector was 187 thousand shillings per employee.

Plant & Machinery accounted for 52 percent of the NCA.

### 5.5 Non-Current Assets

The total value of NCA in the Construction sector was close to 171 billion shillings, accounting for only 3 percent of the total NCA for all sectors. Among the NCA, Plant & Machinery was valued at nearly 90 billion shillings, accounting for 52 percent. Land and Buildings were valued at close to 50 billion shillings 29 percent, and Motor Vehicles were valued at approximately 27 billion shillings, 16 percent. Finally Office Equipment was valued at only 5 billion shillings while Work in Progress was insignificant during the reference period, Table 5.1.2.

**Table 5.1.2: Non-Current Assets in the Construction sector (million shillings)**

<b>Non-Current Asset</b>	<b>Total</b>	<b>Percent</b>
Land & Buildings	49,538	29.0
Plant & Machinery	89,654	52.5
Motor Vehicles	26,745	15.7
Office Equipment	4,888	2.9
Work_in_Progress	17	0.0
<b>Total</b>	<b>170,843</b>	<b>100.0</b>

## 5.6 Operating Costs in the Construction sector

Highest expenditure was on Rent of Land and Building, 47 %

The total Operating Costs in the Construction Sector was 5.3 billion shillings. Expenditure was on Rent of Land and Buildings, Equipment Hire and Travel Allowances paid to Staff, as reflected in Table 5.1.3. The highest expenditure was on Rent of Land and Building, which was 47 percent of the total Operating Costs. The sector spent approximately 2 billion shillings, (38 percent) on Travel Allowances and 820 million shillings on Equipment Hire (15 percent).

**Table 5.1.3: Operating Costs in the Construction sector**

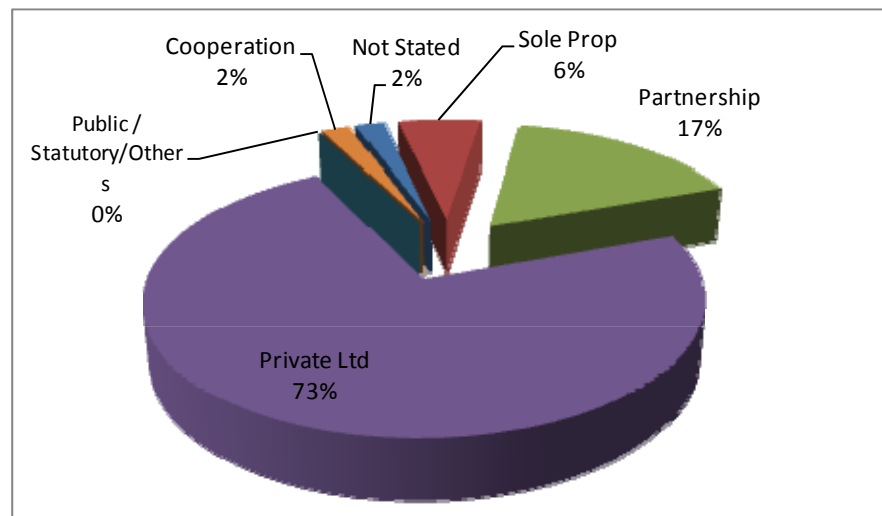
<b>Item</b>	<b>Value (million shs)</b>	<b>Percent</b>
Rent of Land & Building	2,481	47
Equipment Hire	8,21	15
Travel Allowances	2,014	38
<b>Total</b>	<b>5,316</b>	<b>100</b>

## 5.7 Ownership

74 percent of Construction businesses were Private Limited Companies

In the Construction sector, the majority of the establishments were Private Limited Companies, accounting for 73 percent as shown in Figure 5.1.3. Of the Construction businesses 17 percent were Partnerships while only 6 percent were under Sole Proprietorships and only 2 percent of the Construction businesses were Corporations.

**Figure 5.1.3: Percentage Legal ownership in the Construction sector**



## **5.8 Summary of Findings**

The Construction sector employed nearly 8,000 persons. Of those 88 percent were male employees. Besides, 55 percent of the businesses were located in Kampala district. The total Gross output in this sector was 666 billion shillings and the Value Added was 294 billion shillings. The entire total Cost of Staff was spent on Salaries and Wages of staff and the average monthly earnings for each employee in this sector was 187 thousand shillings.

The total value of NCA in the Construction sector was close to 171 billion shillings, accounting for only 3 percent of the total NCA for all sectors. Plant & Machinery was valued at nearly 90 billion shillings accounting for more than 50 percent of the total value of NCA. The total Operating Costs in the Construction Sector was 5.3 billion shillings where expenditure on Rent of Land and Buildings was the highest, 47 percent. Finally, 74 percent of the Construction businesses were Private Limited Companies.

## CHAPTER 6: TRADE

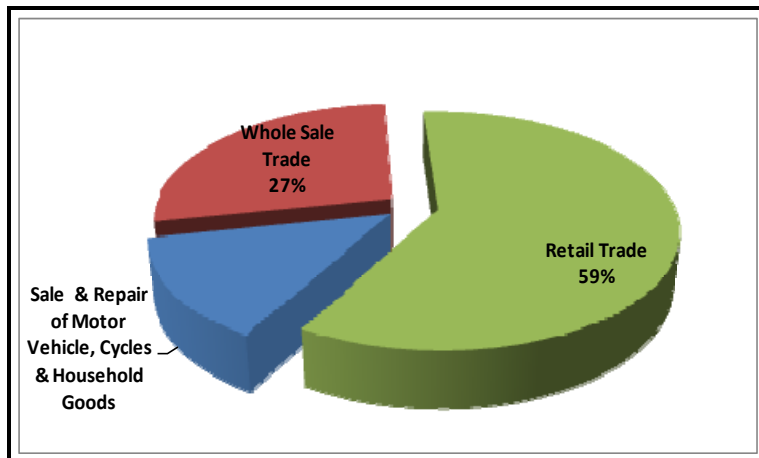
### 6.0 Introduction

The Trade sector comprises of Retail Trade, Wholesale Trade, as well as Sale, Maintenance and Repair of Motor Vehicles and Motorcycles. Retail Trade includes the re-sale (sale without any transformation on the goods sold) of new and used goods to the general public. On the other hand, Wholesale Trade includes the re-sale of new and used goods to retailers, commercial, industrial or professional users. Sale, Maintenance and Repair of Motor Vehicles and Motorcycles on the other hand includes wholesale and retail sale of motor vehicles and motorcycles, together with the repair, maintenance and sale of vehicle parts and accessories.

### 6.1 Businesses and Employment

The total number of businesses covered under Trade was 1575, equivalent to 47 percent of the total ABI businesses. Nearly 60 percent of the businesses were in the Retail Trade industry while only 14 percent were in the Sale, Repair and Maintenance industry. On average each business in the Trade sector employed approximately 13 persons.

**Figure 6.1.1: Percentage Distribution of Business by Industry**



The sector employed more than 20 thousand persons, accounting for 13 percent of the total persons employed in the overall ABI. Analysis by sex showed that 70 percent of the employees were male compared to only 30 percent female.

**Table 6.1.1: Employment in the Trade Sector**

Industry sector	Businesses	Employees		
		Male	Female	Total
Sale and Repair of Motor Vehicle and Cycles	213	2,120	949	3,069
Whole Sale Trade	430	4,384	2,116	6,500
Retail Trade	932	8,252	3,237	11,489
<b>Total</b>	<b>1,575</b>	<b>14,756</b>	<b>6,302</b>	<b>21,058</b>

## 6.2 Gross Output

The Trade sector recorded a Gross total Output of 3,023 billion shillings. It was the sector with the second highest Gross Output, next to the Manufacturing sector. The Trade Sector accounted for 26 percent of the total GO in the ABI. The Retail Trade Industry had a GO of 1,687 billion shillings, (56 percent) compared to 30 percent and 14 percent for Wholesale Trade and Sale & Repair of motor vehicles and motor cycles, respectively, Table 6.1.2.

Trade sector had a Gross Output of 3,023 billion shillings

**Table 6.1.2: Gross Output in the Trade Sector (million shillings)**

Industry Sector	Gross Output	Percent
Sale and Repair of Motor Vehicle & Motor Cycles	437,251	14.5
Wholesale Trade	899,353	29.7
Retail Trade	1,687,172	55.8
<b>Total</b>	<b>3,023,775</b>	<b>100.0</b>

## 6.3 Value Added

The Trade sector registered the highest Value Added in the entire ABI, 1,670 billion shillings which was about 35 percent of the total Value Added reported. Within the sector, the Retail Trade industry contributed the highest Value Added of 1,246 billion shillings, 75 percent of the total Value Added. The businesses in the Sale, Repair & Maintenance of Motor Vehicle and Motor Cycles registered a Value Added of only 127 billion shillings, Table 6.1.3.

Trade sector had the highest Value Added of 1,670 billion

**Table 6.1.3: Value Added in the Trade Sector (million shillings)**

<b>Industry sector</b>	<b>Value Added</b>	<b>Percent</b>
Sale, Repair & Maintenance of Motor Vehicle and Motor Cycles	127,707	8
Wholesale Trade	296,273	18
Retail Trade	1,245,790	75
<b>Total</b>	<b>1,669,770</b>	<b>35.44</b>

Overall the Value Added to Gross Output ratio was 55 percent, slightly lower than the 59 percent registered in the 2000/01 UBI. The highest VA/GO ratio was recorded in the Retail Trade sub-sector, implying that expenditure on intermediate costs was lower than in the other two industry Sub-sectors, Table 6.1.4.

**Table 6.1.4: Value Added to Gross Output ratio**

<b>Industry sectors</b>	<b>VA/GO ratio</b>
Sale, Repair and Maintenance of Motor Vehicles & Motor Cycles	29
Wholesale Trade	33
Retail Trade	74
<b>Total</b>	<b>55</b>

The VA/GO ratio showed that the level of efficiency in production decreased in 2007/08 compared to 2000/01.

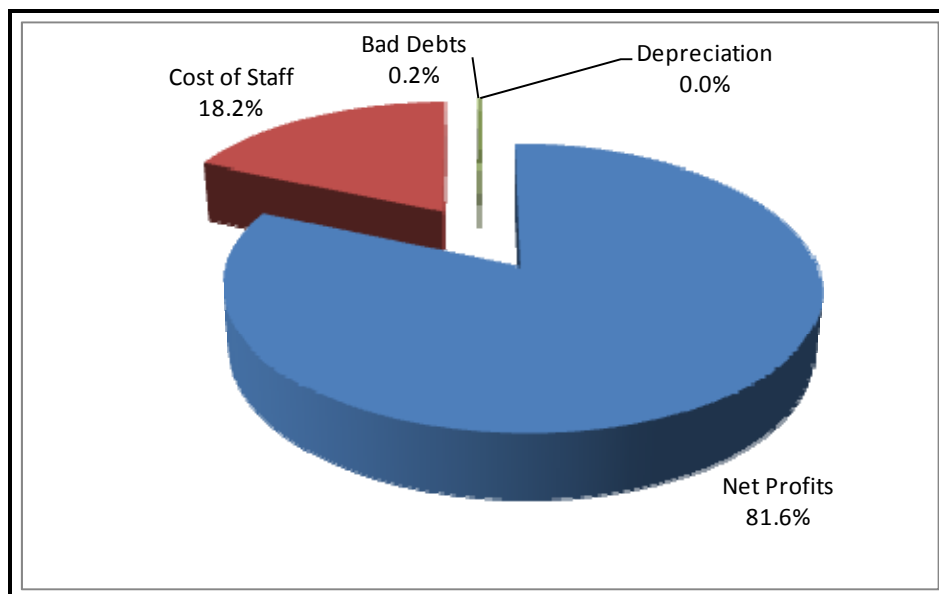
### **6.3.1 Components of Value Added**

The main component of Value Added was Net Profit, accounting for 81 percent of the total Value Added in the sector. This was followed by the Cost of Staff which accounted for nearly 18 percent. Bad Debts and Depreciation accounted for an insignificant amount, Figure 6.1.2



**Figure 6.1.2: Components of Value Added**

99% of Cost of staff was salaries & wages



6.3:

A further analysis by sub-sector showed that the Retail Trade sub-sector had the highest Net Profits, 1,177 billion shillings, 86 percent of the total Net Profits. However the Wholesale Trade sub-sector incurred more on Cost of Staff 146 billion shillings while the Retail Trade sub-sector incurred the least, 68 billion shillings. In addition, the Wholesale Trade sub-sector had the highest Bad Debts 2 billion shillings, compared to the sub-sector on Sale, Maintenance and Repair of Motor Vehicles and Motor Cycles, Table 6.1.5. Depreciation accounted for only 271 million shillings, 87 percent of it in the Retail Trade sub-sector.

**Table 6.1.5: Components of Value Added 2007/8 (million shillings)**

Industry Sector	Net Profits	Cost of Staff	Bad Debts	Depreciation	Total
Retail Trade	1,176,799	68,260	497	235	1,245,790
Wholesale Trade	148,008	146,245	2,007	13	296,273
Sale and Repair of Motor Vehicle, Cycles and Household Goods	37,569	90,071	45	22	127,707
<b>Total</b>	<b>1,362,376</b>	<b>304,575</b>	<b>2,549</b>	<b>271</b>	<b>1,669,770</b>

### 6.3.2 Components of Cost of Staff

86% of Net profits were in the Retail Trade

The total Cost of Staff in the Trade sector was 304 billion shillings and nearly all of it, 99 percent, was Salaries and Wages, as shown in Figure 6.1.6. The main contributor to this was the Wholesale Trade sub-sector with 48 percent while the lowest was the Retail Trade sub-sector with 22 percent. The average monthly wage for the Trade sector was 120 thousand shillings. However the Retail trade sub-sector had the least average monthly earnings, of nearly 50 thousand shillings.

**Table 6.1.6: Components of Cost of Staff**

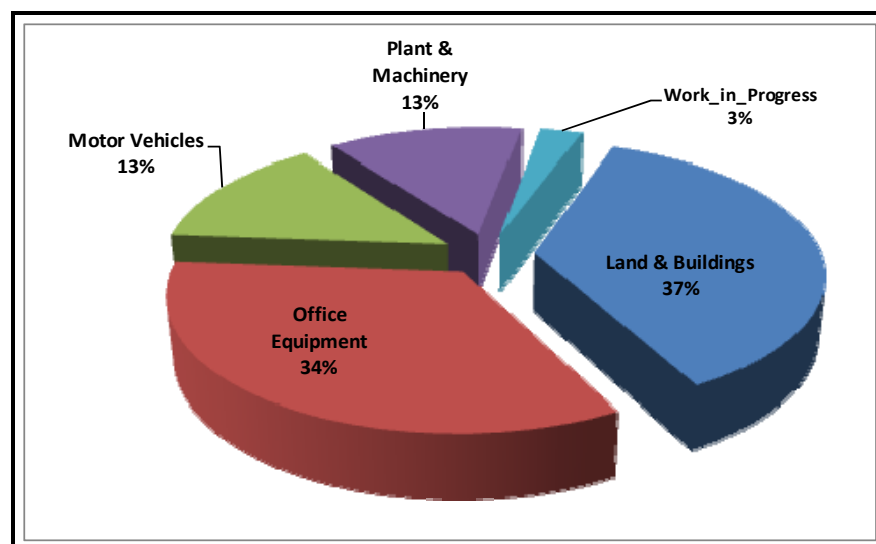
Sub-sectors	Salaries & Wages	Others	Cost of Staff	Average monthly Wage (shillings)
Wholesale Trade	146,239	6	146,245	187,494
Sale, Repair and Maintenance of Motor Vehicles	89,977	94	90,071	244,572
Retail Trade	68,067	192	68,259	49,510
<b>Total</b>	<b>304,283</b>	<b>292</b>	<b>304,575</b>	<b>120,530</b>

NCA were valued at 610 billion shillings

### 6.1.4 Non-Current Assets

The total value of NCA in the Trade sector was 610 billion in 2007/8. Land and Buildings accounted for 37 percent while Office Equipment accounted for 34 percent. Work in progress had the least value, at only 3 percent of the total NCA for the sector, Figure 6.1.3.

**Figure 6.1.3: Distribution of Non-Current Assets in the Trade Sector**



Analysis by Sub-sector showed that the Retail Trade sub-sector had the NCA valued at 273 billion shillings, 45 percent of the total NCA, followed by the Wholesale Trade sub-sector with 30 percent. In the Retail Trade sub-sector, Office Equipment was the most valued NCA with 113 billion shillings while Work in Progress accounted for only 2 percent of the total NCA.

**Table 6.1.7: Non-Current Assets in the Trade sector**

Non-Current Asset	Sale, Repair and Maintenance of Motor Vehicles and Motor			Total
	Cycles	Wholesale Trade	Retail Trade	
Land & Buildings	57,652	92,250	74,379	<b>224,281</b>
Plant & Machinery	9,109	35,603	33,881	<b>78,592</b>
Motor Vehicles	6,523	31,219	45,826	<b>83,568</b>
Office Equipment	74,490	19,606	112,961	<b>207,057</b>
Work-in-Progress	9,228	2,006	5,788	<b>17,023</b>
<b>Total</b>	<b>157,002</b>	<b>180,684</b>	<b>272,835</b>	<b>610,522</b>
%	25.72	29.60	44.69	100.00

## 6.4 Operating Costs

The total Operating Costs in the Trade sector was 112 billion shillings and 66 percent of it was in Rent of Land and Buildings followed by expenditure on Equipment Hire of 18 billion shillings, 16 percent. Expenditure on Electricity was among the least, with only 2 billion shillings, Table 6.1.8.

**Table 6.1.8 Operating Costs in the Trade sector**

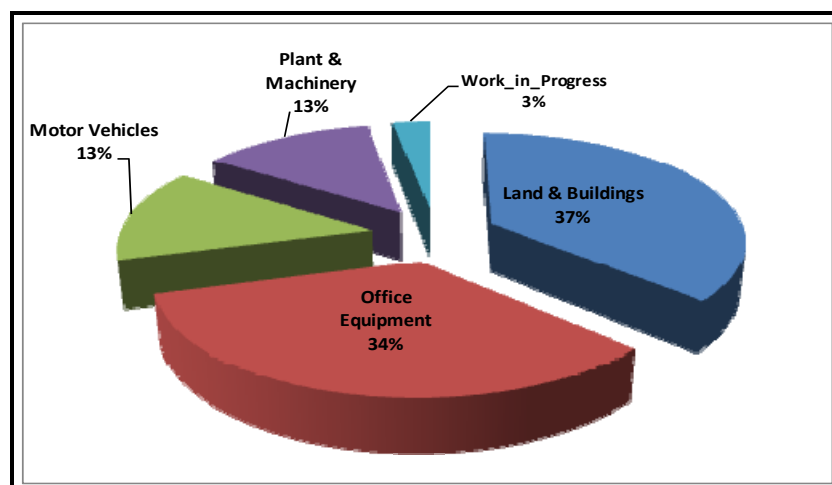
Item	Operating Cost	Percentage
Rent of Land & Buildings	73,678	65.5
Equipment Hire	18,212	16.2
Staff Travel	13,873	12.3
Motor Vehicle Running Costs	2,504	2.2
Electricity	2,009	1.8
Other	2,176	1.9
<b>Total</b>	<b>112,452</b>	<b>100</b>

## 6.5 Legal Ownership

In the Trade sector, the majority (1,174) of business establishments were registered as Private Limited Companies. This was followed by businesses under Sole Proprietorship type of Legal Ownership, with 252, (Figure 6.1.4).

Rent of  
Land and  
Buildings  
accounted  
for 66% of  
the Costs

**Figure 6.1.4: Number of Establishments by type of Legal Ownership**



## 6.6 Summary

In the Trade sector 1,575 establishments were covered employing more than 20 thousand persons, 70 percent of them male. The sector had a Gross Output of 3,023 billion shillings, second to the Manufacturing sector. The Retail Trade sub-sector had a higher GO compared to the other two industry sub-sectors. Overall the trade sector had the highest Value Added of 1,670 billion shillings and Net Profit accounted for 82 percent of the total VA.

The total Cost of Staff in the Sector was 304 billion shillings and nearly all of it was Salaries and Wages. Further analysis showed that the average monthly earning were 120 thousand shillings although for the Retail Trade sub-sector it was only 50 thousand shillings per month. The total value of NCA in the Trade sector was 610 billion in 2007/08, 37 percent of it was in Land and Buildings. The total Operating Costs were 112 billion shillings, 66 percent of it in Rent of Land and Buildings. Finally a majority of the businesses were Private Limited Companies.

## CHAPTER 7: HOTELS AND RESTAURANTS

### 7.0 Introduction

The Hotels and Restaurants sector includes all those establishments that provide accommodation on a fee basis, short-term lodging, camping space, restaurant facilities. It includes hotels, motels, inns, residence halls, guest houses, and hostels which offer such activities. In addition, establishments engaged in the sale of prepared food, drinks, club entertainment, catering services, cafes, canteens, fast foods restaurants are also included here.

### 7.1 Businesses and Employment

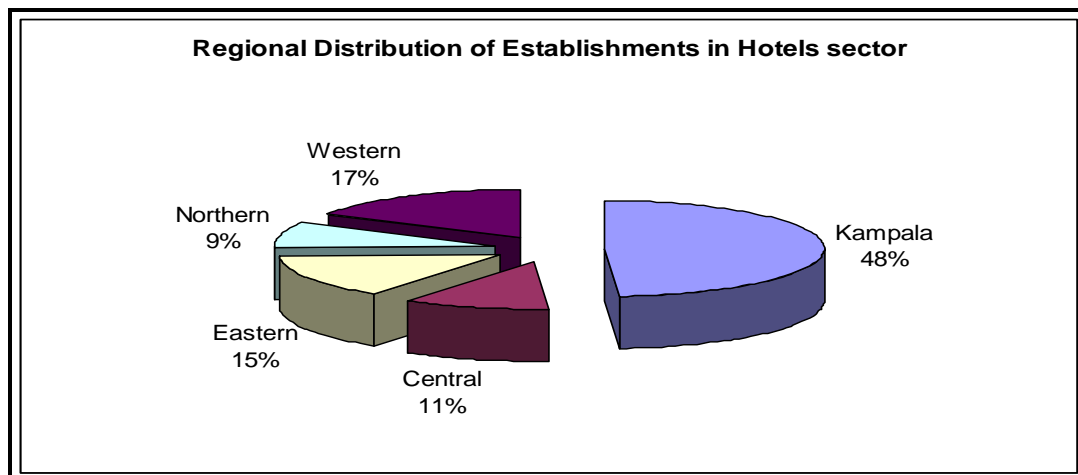
A total of 184 establishments were covered in this sector, 63 percent of them were in the Hotels & Camping sub-sector while 37 percent were in the Restaurants & Bars sub-sector. The sector employed about 7,000 persons, and 63 percent of them were male, Table 7.1.1. On average 49 persons were employed in each Hotel & Camping Site while each Restaurants & Bar on average employed 21 persons.

**Table 7.1.1: Businesses and employment in the Hotels sector**

Industry Sub-sector	Businesses	Male	Female	Total
Hotels & Camp sites	116	3,698	2,036	5,734
Restaurants & Bars	68	830	568	1,398
Total	184	4,528	2,604	7,132
%		63.5	36.5	100.0

A regional distribution of establishments in the Hotels sector showed that 48 percent of them were found in Kampala District, 17 percent in the Western region, 15 percent in the Eastern region and 11 percent in Central region(excluding Kampala district) and lastly 9 percent in Northern region.

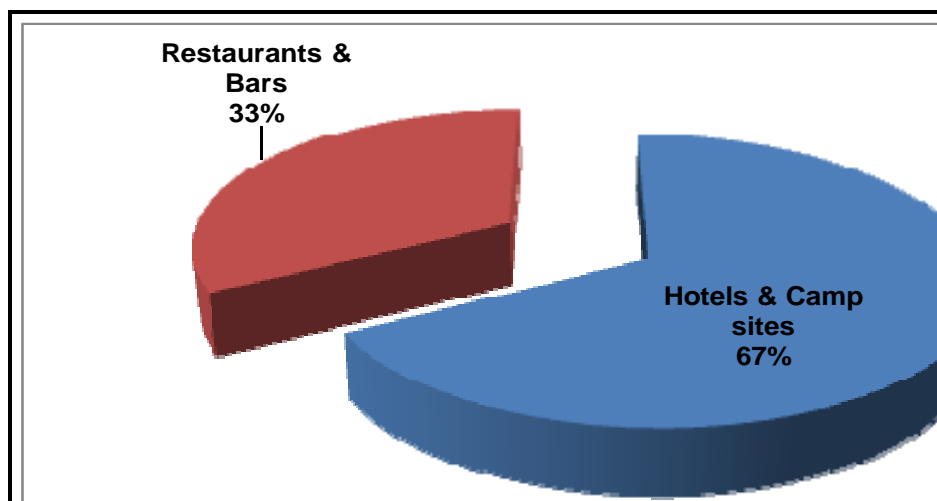
**Figure 7.1.1: Regional distributions of Businesses in the Hotel sector**



## 7.2 Gross Output

The total Gross Output for the sector was 248 billion shillings, 67 percent of it was in the Hotels and Camping sites sub-sector while only 33 percent was in the Restaurants & Bars sub-sector, Figure 7.1.2.

**Figure 7.1.2: Gross Output by Industry in the Hotel Sector**



## 7.3 Value Added

The total Value Added for the sector was 102 billion shillings, only 2 percent of the total VA reported for all sectors covered in the ABI survey. Restaurants & Bars contributed 55 percent while Hotels & Camping sites realized a lower Value Added of 45 percent of the total Value Added for the sector. The

Hotels & Camping Sites had a lower ratio of VA/ GO at 28 percent while the Restaurants & Bars had a ratio of 68 percent, Table 7.1.2.

**Table 7.1.2: Value Added and Gross Output in the Hotel Sector (million shillings)**

Industry Sub-sector	Gross Output	Value Added	VA/GO ratio
Hotels & Camp sites	166,202	46,654	28
Restaurants & Bars	82,202	55,665	68
<b>Total</b>	<b>248,404</b>	<b>102,319</b>	<b>41</b>

64% of the VA was Net Profits

### 7.3.1 Components of Value Added

Among the components of VA, Net Profit was the main one contributing 64 percent followed by the Cost of Staff with 34 percent while Depreciation and Bad debts had negligible percentage shares, Table 7.1.3. The Restaurants and Bars sub-sector had higher Net Profits while the Hotels sub-sector spent more on Cost of Staff.

**Table 7.1.3 Components of Value Added in the Hotel sector**

Industry Sub-sector	Hotels & Camping	Restaurants &	Total	%
	Sites	Bars		
Cost of Staff	31,971	3,192	35,163	34.4
Net Profits	14,571	51,271	65,842	64.3
Bad Debts	10	1,202	1,212	1.2
Depreciation	103	0	103	0.1
<b>Total</b>	<b>46,654</b>	<b>55,665</b>	<b>102,319</b>	<b>100.0</b>

### 7.3.2 Cost of staff

The total Cost of Staff was 35 billion shillings, constituting 34 percent of the total Value Added in the Hotel sector, with the Hotels and Camping Sites sub-sector contributing 89 percent of the total Cost of Staff. Within this sector, Hotels & Camp sites made up 63 percent of the establishments taking up 80 percent of total employee's composition in the Hotel sector, thus resulting into the 89 percent total costs paid out to staff. The average monthly earnings in the sector were 410 thousand shillings and in the Hotels & Camping Sites, average monthly earnings were 470 thousand shillings compared to 190 thousands of shillings in the Restaurants & Bars sub-sector.

### 7.3.3 Components of Cost of Staff

The main contributor to Cost of staff in the Hotel sector was Salaries & Wages with more than 99 percent. The other components of Cost of staff had a total contribution of less than 1 percent.

**Table 7.1.4: Components of Cost of Staff**

Industry Sub-sector	Hotels & Camping Sites	Restaurants & Bars	Total
Cost of Staff	31,971	3,192	35,163
Net Profits	14,571	51,271	65,842
Bad Debts	10	1,202	1,212
Depreciation	103	0	103
<b>Total</b>	<b>46,654</b>	<b>55,665</b>	<b>102,319</b>

## 7.4 Operating Costs

In the Hotel sector, the total Operating Costs amounted to 12.6 billion shillings, of which 85 percent was for Restaurants & Bars and 15 percent in Hotels and Camping Sites. The overall leading expenditure in this sector was Electricity that accounted for 58 percent of the total Operating Costs. Rent of Land & Buildings followed with 28 percent, while Post & Telecommunications and Staff Travel accounted for 6 percent and 3 percent respectively. The other expenses including Bank Charges, Trading License Fees, Equipment Hire and Buying Commissions together accounted for just about 5 percent of the total Operating Costs in the sector, Table 7.1.5.

**Table 7.1.5: Operating Costs in Hotel Sector.**

Operating Costs	Hotels & Camping Sites	Restaurants & Bars	Total	Percent
Electricity	44	7,259	<b>7,303</b>	58
Rent of Land & Buildings	1,032	2,523	<b>3,555</b>	28
Postage	12	723	<b>735</b>	6
Staff Travel	402	35	<b>437</b>	3
Bank Charges	229	-	<b>229</b>	2
Trading License	5	144	<b>149</b>	1
Others	130	71	<b>201</b>	2
<b>Total</b>	<b>1,854</b>	<b>10755</b>	<b>12,609</b>	
<b>Percent</b>	<b>15</b>	<b>85</b>		<b>100</b>

## 7.6 Non-Current Assets in the Hotel sector

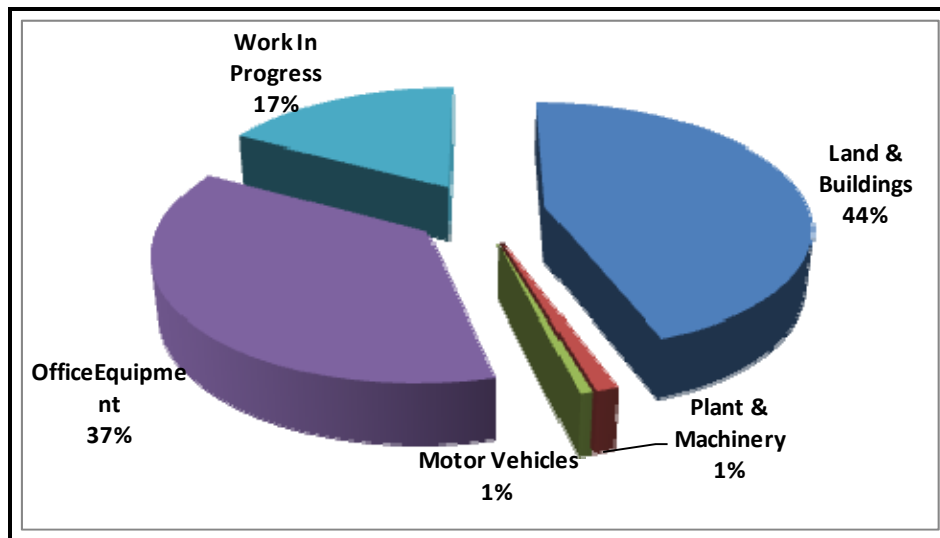
The total value of NCA in this sector was 460 billion shillings with Land & Buildings accounting for 44 percent, Figure 7.3. Office Equipment in the sector accounted for 37 percent, Work in Progress accounted for 17 percent while Plant & Machinery and Motor Vehicles each accounted for 1 percent.

**Table 7.1.6: Non-Current Assets in the Hotel sector**



<b>Non-Current Asset</b>	<b>Hotels &amp; Camping Sites</b>	<b>Restaurants &amp; Bars</b>	<b>Total</b>
Land & Buildings	201,710	2,644	204,354
Plant & Machinery	4,476	610	5,086
Motor Vehicles	2,813	86	2,899
Office Equipment	166,253	2,833	169,089
Work In Progress	77,300	1,649	78,949
<b>Total</b>	<b>452,552</b>	<b>7,822</b>	<b>460,377</b>

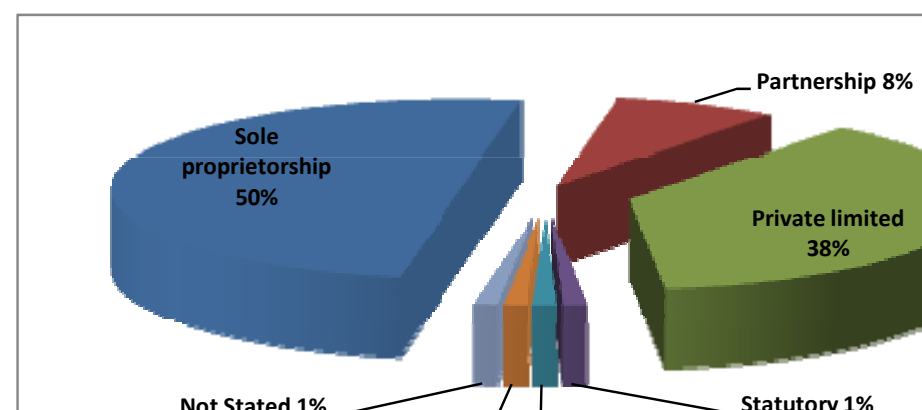
**Figure 7.1.3: Distribution of Non-Current Assets in the Hotels sector**



## 7.7 Legal ownership

In the Hotel sector, Sole Proprietors owned 50 percent of the establishments, followed by Private Limited Companies (38 percent) and then Partnerships (8 percent). However, it was observed that very few businesses in the sector were Parastatals or NGO's ( Figure 7.1.4).

**Figure 7.1.4: Legal Ownership of Establishments in Hotel Sector**



## 7.8 Summary

The total Gross Output in the Hotel sector was 248 billion shillings, with Hotels and Camping sites accounting for 67 percent while Restaurants & Bars accounted for 33 percent. The total Value Added in the sector was 102 billion shillings, while the VA to GO ratio for the sector was 96 percent with the Hotels & Camping Sites having a lower ratio of 28. Net Profit was the main component of Value Added accounting for 64 percent with the Restaurants & Bars contributing 55 percent while Hotels & Camping Sites realized a relatively lower proportion of Value Added, only 45.

The Hotel sector employed 7,132 staff and 63 percent of them were male. A regional distribution of establishments in the sector showed that 48 percent were found in Kampala District. The total Cost of Staff was 102 billion shillings with Salaries & Wages constituting more than 99 percent of the total Cost of Staff. The average monthly earnings per employee in the sector were 411 thousand shillings.

The total value of NCA in this sector was 460 billion shillings, with Land & Buildings accounting for 44 percent. In addition, the highest expenditure of 7.3 billion shillings was on Electricity that accounted for 58 percent of the total Operating Costs. About 50 percent of the Hotel businesses were owned as Sole Proprietorships.

## CHAPTER 8: FINANCE & INSURANCE

### 8.0 Introduction

Finance activities have over the recent years grown and become very important in the economy. The growth in Financial Intermediation has led to increased savings and in turn credit to the private sector. Credit is known to be an important factor in the growth of the economy because capital in form of credit spurs growth in many other sectors of the economy.

The Finance sector is divided into three sub-sectors, which include the Financial Intermediation, Activities Auxiliary to Financial Intermediation and Insurance. Financial Intermediation includes the Central Bank and other deposit corporation activities Auxiliary to Financial Intermediation, which includes Micro Finance Institutions and Foreign Exchange Bureaus; while Insurance Industry includes the Life and Non-Life Funding.

### 8.1 Businesses and Employment

In the Finance sector only 52 businesses were covered in the survey, 14 Financial Intermediaries, 28 Activities Auxiliary to Financial Intermediation businesses and 10 in the Insurance sub-sector. The sector employed a total of 3,878 persons, 60 percent of them female. The Financial Intermediation sub-sector had the highest number of employees 2,520, 67 percent of whom were female. Activities Auxiliary to Financial Intermediation had the second highest number of employees of 1,226 employees, 52 percent of whom were male.

**Table 8.1.1: Employment in the Finance & Insurance sectors**

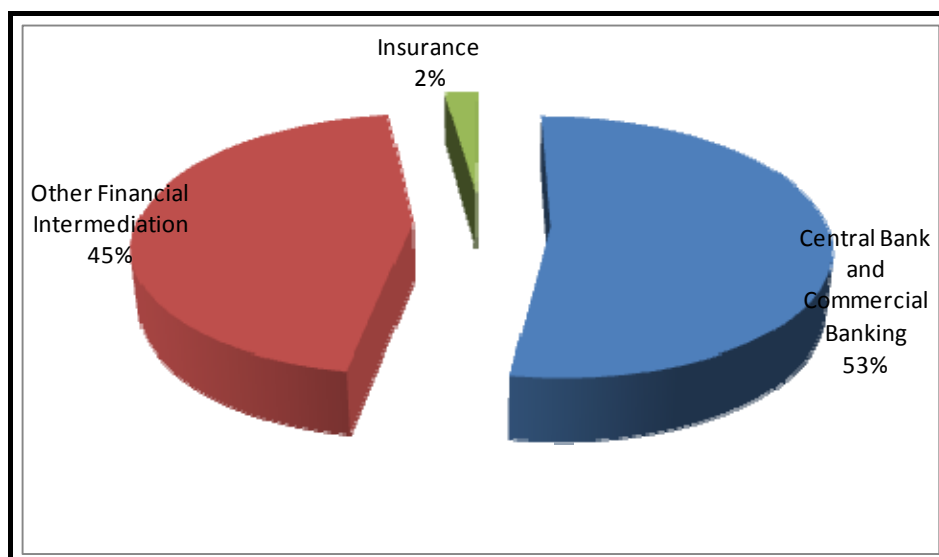
Sub-sector	Male	Female	Total	Percent	Percent
				Female	Male
Financial Intermediation	830	1,690	2,520	67.1	32.9
Activities Auxiliary to Financial Intermediation	638	588	1,226	48.0	52.0
Insurance	78	54	132	40.9	59.1
<b>Total</b>	<b>1,546</b>	<b>2,332</b>	<b>3,878</b>	<b>60.1</b>	<b>39.9</b>

### 8.2 Gross Output

The total Gross Output (GO) in the Finance sector was 321 billion shillings, representing only 3 percent of the GO reported in the survey. The highest component was Financial Intermediation with a Gross Output of 169 billion shillings representing 53 percent of the total Gross Output. This was

closely followed by Activities Auxiliary to Financial Intermediation with 145 billion shillings, 45 percent, and Insurance Services contributed only 2 percent to the total GO in the sector.

**Figure 8.1.1: Percentage distribution of Gross Output in the Finance sector**



### 8.3 Value Added

The Value Added for the entire Finance sector was 201 billion shillings which was 4 percent of the total value Added reported in the survey. The highest Value Added of 133 billion shillings was recorded in the Financial Intermediation sector followed by the Activities Auxiliary to Financial Intermediation with 32 percent. The Insurance sector registered the least Value Added of only 3 billion shillings.

VA:GO ratio for the sector was 62 percent with a higher ratio of 79 percent recorded in the Financial Intermediation sub-sector followed by the Insurance Sub-sector with 54 percent, Table 8.1.2.

**Table 8.1.2: Gross Output and Value Added in the Finance Sector (million shillings)**

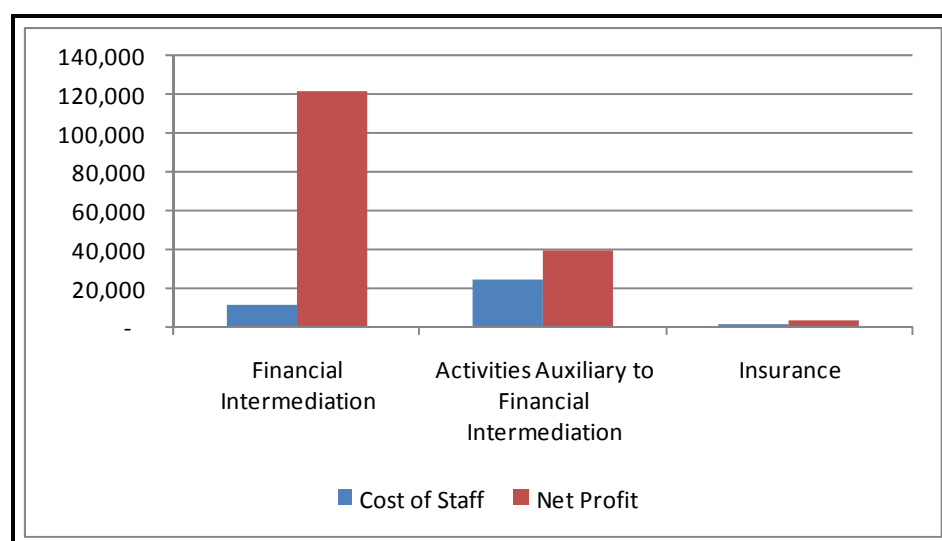
Sub-sector	Gross Output	Value Added	VA/GO Ratio
Financial Intermediation	168,994	132,829	78.6
Activities Auxiliary to Financial Intermediation	145,176	63,949	44.0
Insurance	7,233	3,907	54.0
<b>Total</b>	<b>321,403</b>	<b>200,685</b>	<b>62.4</b>

A comparison of the VA to GO ratios for Financial Intermediation showed that they were nearly the same for the 2000/01 Inquiry 80.7 percent, and the 2008 survey, 78.6 percent.

### 8.3.1 Components of Value Added

The highest component of Value Added for all the sub-sectors of Finance was Net Profit, which contributed to 88 percent of the total Value Added. Financial Intermediation had the highest Net Profit with 122 billion shillings, 92 percent of the Value Added in the sub-sector. While Cost of Staff accounted for only 18 percent, Figure 8.1.2.

**Figure 8.1.2: Components of Value Added for the Finance Sector (million shillings)**



### 8.3.2. Cost of staff

The highest Cost of Staff was in Activities Auxiliary to Financial Intermediation with 24.4 billion shillings, and all of it was Salaries and Wages as shown in Table 8.1.3. The average monthly earnings for the Finance sector were 776 thousand shillings. The highest monthly earnings were for persons employed in the Activities Auxiliary to Financial Intermediation sub-sector with 1.7 million shillings per month.

**Table 8.1.3: Cost of Staff in Finance & Insurance,**

Finance Sub-sector	Employees	Salaries and Wages (million shs)	Average Wage ('000 shs)
Financial Intermediation	2,520	10,849	358,779
Activities Auxiliary to Financial Intermediation	132	24,383	1,657,338
Insurance	<b>3,878</b>	865	545,989
<b>Total</b>		<b>36,097</b>	<b>775,680</b>

## 8.4 Non-Current Assets

The total value of NCA in the sector was 95 billion shillings, and it was nearly distributed equally among the three sub-sectors. Office Equipment was the highest valued NCA with nearly 50 billion shillings, closely followed by the Land and Buildings (42 billion shillings). Work in Progress was the least valued NCA with only 11 million shillings, Table 8.1.4.

**Table 8.1.4: Non-Current Assets in the Finance sector**

Finance Sub-sector	Activities			Total	Percent
	Financial Intermediation	Auxiliary to Financial Intermediation	Insurance		
Land & Buildings	6,907	7,843	27,681	<b>42,430</b>	44.9
Plant & Machinery	76	3	-	<b>79</b>	0.1
Motor Vehicles	1,483	823	59	<b>2,366</b>	2.5
Office Equipment	29,003	20,259	446	<b>49,708</b>	52.5
Work in Progress	11	-	0	<b>11</b>	0.0
<b>Total</b>	<b>37,481</b>	<b>28,928</b>	<b>28,186</b>	<b>94,594</b>	<b>100.0</b>
percent	39.62	30.58	29.80	100.00	

## 8.5 Operating costs

The total Operating Costs in the sector was 6.3 billion shillings and majority of this was in rent of Land and Buildings contributing 78 percent followed by Staff Travel with 22 percent while the expenditure on Equipment Hire was negligible.

## 8.7 Legal Ownership

Nearly 70 percent of the businesses in the Finance sub-sector were Private Limited Companies, closely followed by those owned as Non Governmental Organisations with 12 percent. Only 4 percent of the Firms were publicly owned.

## 8.8 Summary of findings

The Finance sector employed a total of 3,878 persons, 60 percent of them female. The sector had a Gross Output of 321 billion shillings and a Value Added of 201 billion shillings. The major component of Value Added was Net Profit with a share of 82 percent. The total cost of staff was 36.1 billion shillings, while the total Operating Costs was 6.3 billion shillings and close to 70 percent of the businesses were Private Limited Companies.

## CHAPTER 9: EDUCATION

### 9.0 Introduction

The Education sector includes Primary Education, Secondary, Technical and Vocational Education, Higher Education and Adult Education. A majority of the education institutions are run by the Government as such the survey covered mostly Private schools except for the Higher Education. The study therefore is not representative of the entire Education sector.

### 9.1 Businesses and Employment

In the survey, the total number of establishments covered in the sector was 32 with 67 percent in the Higher Education sub-sector. The total number of employees was 1120, 68 percent of them male, Table 9.1.1. The Higher and Adult Education sub-sector had the highest number of employees followed by the Secondary, Technical and Vocational Education sub-sector. All the three sub-sectors employed more male than female employees.

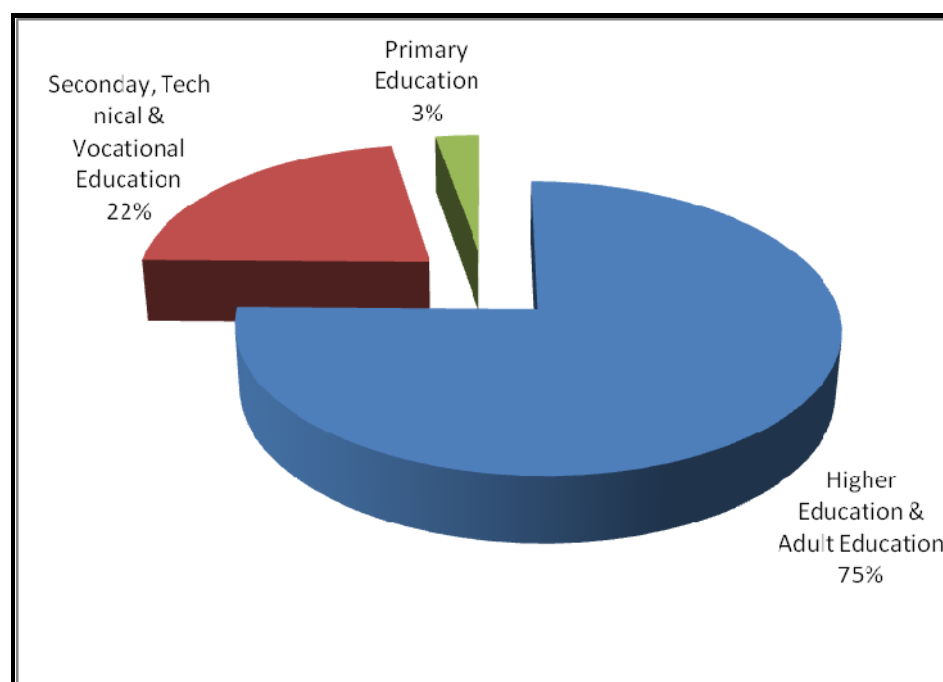
**Table 9.1.1: Employment in the Education sector**

Education Sub-sectors	Male	Female	Total	Percent
Primary Education	117	82	199	17.8
Secondary, Technical and Vocational Education	274	143	417	37.2
Higher and Adult Education	369	135	504	45.0
<b>Total</b>	<b>760</b>	<b>360</b>	<b>1120</b>	<b>100.0</b>
<b>Percent</b>	<b>67.9</b>	<b>32.1</b>	<b>100</b>	

### 9.2 Gross Output

The total Gross output in this sector was 20.3 billion shillings with the Higher Education and Adult Education sub-sector having a proportionately higher Gross Output, 75.2 percent compared to only 22 percent in the Secondary, Technical and Vocational Education sub-sector, Figure 9.1.1.

**Figure 9.1.1: Percentage Distribution of Gross Output**



### 9.3 Value Added

The total Value Added in the Education sector was 13,265 million shillings (Table 9.1.2) and the highest Value Added was registered in the Higher Education sub-sector, equivalent to 74 percent while the least Value Added was in the Primary Education sub-sector with only 4 percent of the total Value Added. Further, the overall VA to GO ratio in the sector was 65 percent; however, the primary Education sector registered the highest VA to GO ratio of 96 percent implying that the sub-sector spent very little on intermediate costs compared to the other two sub-sectors.

**Table 9.1.2: Value Added and Gross Output in Education sector (million shillings)**

	Gross Output	Value Added	VA:GO ratio
Higher and Adult Education	15,306	9,826	64.2
Secondary, Technical and Vocational Education	4,481	2,905	64.8
Primary Education	557	533	95.9
<b>Total</b>	<b>20,344</b>	<b>13,265</b>	<b>65.2</b>

#### 9.3.1 Components of Value Added in the Education sector



As mentioned earlier, the Value Added in the Education sector was 13.3 billion shillings. Among the components of Value Added, Net Profit was the largest component accounting for 80 percent of the total Value Added followed by Cost of Staff with 20 percent, Table 9.1.3. The Higher Education sub-sector had higher Costs of Staff of 1.6 billion compared to the Primary Education sub-sector with only 213 million shillings. In addition, the highest Net profits were in the Higher Education sub-sector accounting for 77 percent compared to the other two sub-sectors.

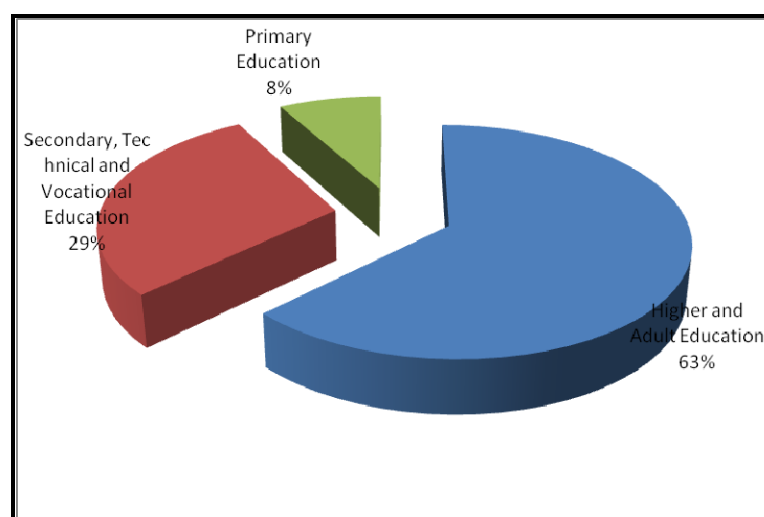
**Table 9.1.3: Components of Value Added in the Education sector (million shillings)**

	Cost of Staff	Net Profit	Others	Total
Primary Education	213	319	2	534
Secondary, Technical and Vocational Education	759	2,142	4	2,905
Higher and Adult Education	1,644	8,182	-	9,826
<b>Total</b>	<b>2,616</b>	<b>10,643</b>	<b>6</b>	<b>13,262</b>
Percentage Contribution to Value Added	19.7	80.2	0.1	100

### 9.3.2 Components of Cost of Staff

The Annual Business Inquiry recorded a total Cost of Staff in the Education sector of 2.616 billion shillings with the Higher and Adult Education leading with 63 percent, while the Primary Education sub-sector had the least proportion of only 8 percent, as shown in Figure 9.1.3.

**Figure 9.1.3: Proportion of Cost of Staff in the Education Sector**



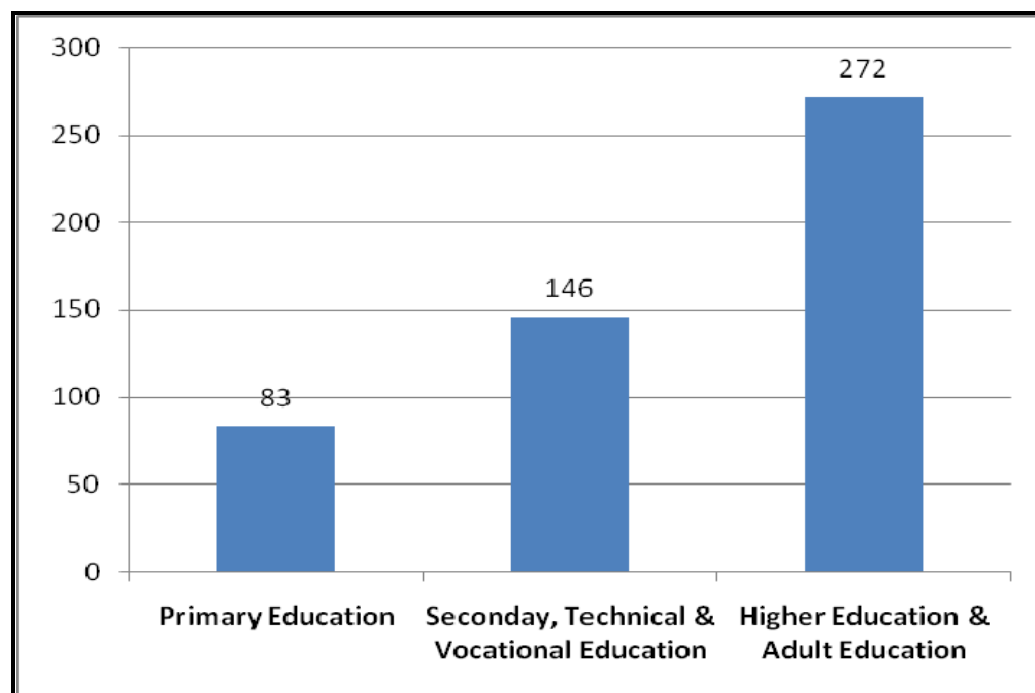
Among the various components of Cost of Staff in the Education sector, Salaries and Wages contributed 98 percent while the others, including Social Security Contributions, contributed the least, less than 5 percent Table 9.1.4.

**Table 9.1.4: Components of Cost of Staff (million shillings)**

Education Sub-sectors	Salaries &		Total
	Wages	Others	
Primary Education	198	15	213
Secondary, Technical & Vocational Education	731	28	759
Higher Education & Adult Education	1,644	-	1,644
<b>Total</b>	<b>2,573</b>	<b>43</b>	<b>2,616</b>

Further analysis showed that the average monthly earnings in the Education sector were 191 thousand shillings per month. The Higher and Adult Education had the highest average monthly earnings of 272 thousand shillings per month, while in the Primary Education sub-sector employees earned only 83 thousand shillings per month, Figure 9.1.4.

**Figure 9.1.4: Average Monthly Earnings in the Education sector, thousand shillings**



## 9.4 Non-Current Assets in the Education Sector

The total value of NCA in the Education sector was 21.7 billion shillings with Land and Buildings accounting for 83 percent of the total NCA, while Office Equipment accounted for 15 percent and Motor Vehicles were the least valued NCA, Table 9.1.5.

**Table 9.1.5: Non-Current Assets in Education sector (million shillings)**

Education Sub-sector	Land & Buildings	Office Equipment	Motor Vehicles	Others	Total
Primary Education	565.1	163.2	41.0	-	769.3
Secondary, Technical & Vocational Education	194.7	111.6	21.5	8.5	336.4
Higher Education & Adult Education	17,453.6	2,893.1	274.7	-	20,621.4
Total	18,213.4	3,167.9	337.2	8.5	21,727.2
Percent	83.8	14.6	1.6	0.0	100.0

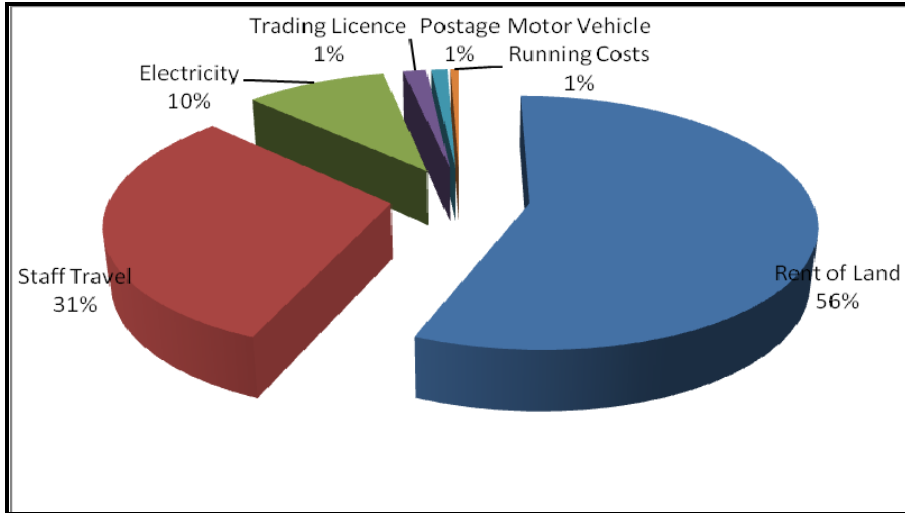
The Higher Education sub-sector had the majority of the NCA accounting for 95 percent while the Primary Education sub-sector had the least valued NCA.

## 9.5 Operating Costs in the Education Sector

The total Operating costs in the Education sector were 149 million shillings with the highest expenditure being in Rent of Land and Buildings 56.2 percent and the least expenditure was on Other Operating Costs as shown in Figure 9.1.4.

The Secondary, Technical and Vocational Education registered the highest Operating Costs, 65 percent while Primary Education had the least Operating Cost. Higher and Adult education had no Operating Costs in Rent Land and Building, Postage, Trading License nor Motor Vehicle Running costs.

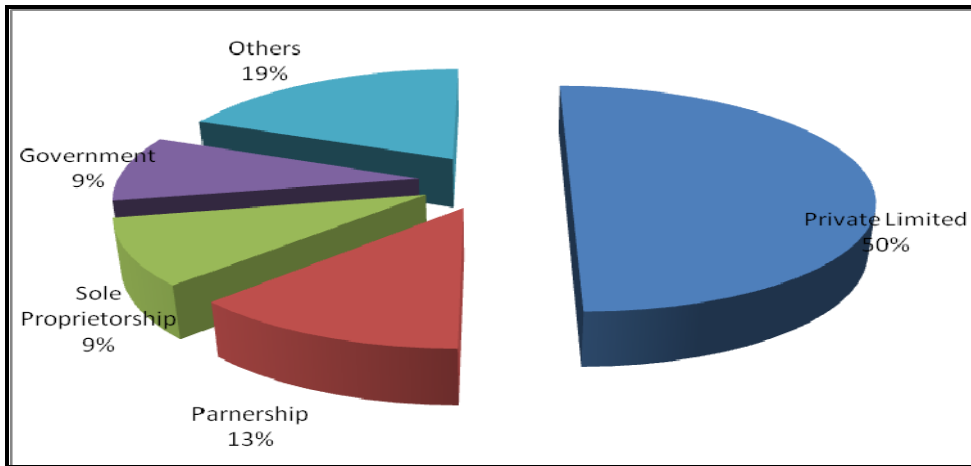
**Figure 9.1.4: Operating Costs in the Education Sector**



### 9.6 Ownership of Businesses in the Education sector

The majority of businesses covered in the Education sector were Private Limited Companies accounting for 50 percent, while 13 percent of the schools were owned as Partnerships. The others accounted for 19 percent including Religious owned, Figure 9.15.

**Figure 9.1.5: Ownership of Businesses in the Education**



## **9.7 Summary of Findings**

The total Gross output in the Education sector was 20.3 billion shillings and the total Value Added was 13.3 billion shillings with the Higher Education sub-sector registering the highest VA. Net Profit was the largest component of Value Added accounting for 80 percent while the Cost of Staff accounted for only 20 percent. The average monthly earnings in the Education sector was 191 thousand shillings per month and the total value of Non-Current Assets in the Education sector was 21.7 billion shillings with Land and Buildings accounting for 83 percent. The total Operating Costs in the Education sector were 149 million shillings with more than 50 percent of the expenditure being in Rent Land and Buildings. Finally 50 percent of the businesses were Private Limited Companies.

## CHAPTER 10: HEALTH AND SOCIAL WORK

### 10.0 Introduction

The Health and Social Work sector is one of the most important sectors in the economy. The activities of this sector include application of Medical, Paramedical and Nursing knowledge and technology, either by institutions or individuals. The Health Care Provider Units include the Hospitals, Nursing and Residential Care Facilities, Providers of Ambulatory Health Care, Retailers and Other Providers of Medical Goods, Veterinary Activities, Provision and Administration of Public Health Programmes, and Health Administration and Insurance. The Social Works sub-sector includes Social Work with and Without Accommodation. The Health sector alone has been contributing an average of 1.5 percent to the total economic growth for the last 5 years.

### 10.1 Businesses and Employment in the Health sector

A total of 52 businesses were covered in this sector, employing 1,725 persons. Of whom 67 percent were female. The Human Health and Veterinary Activities employed more females than males, 90 percent. In the Social Work sub-sector on the other hand, out of a total of 181 persons employed, only 37 percent were female, Table 10.1.1.

**Table 10.1.1: Employment in the Health and Social Services Sector**

Sex	Human Health &		Total	Percent
	Veterinary Activities	Social Work Activities		
Males	459	114	573	33.2
Females	1,085	67	1,152	66.8
<b>Total</b>	<b>1,544</b>	<b>181</b>	<b>1,725</b>	<b>100.0</b>

### 10.2 Gross Output (GO) and Value Added (VA)

The total Gross Output in the Health and Social Work was 65 billion shillings, of which 93 percent was attributed to Human Health and Veterinary Services as compared to 7.0 percent in the Social Works sub-sector.

The total Value Added for the sector was 40 billion shillings, with Human Health and Social Activities sub-sectors contributing 91 percent and 9 percent respectively. Further the Value Added to Gross Output ratio for the entire sector was 61 percent as shown in Table 10.1.2.

**Table 10.1.2: Gross Output and Value Added in the Health sector**

Industry	Gross Output	Value Added	VA:GO percent
Human Health & Veterinary Activities	60,599	36,202	59.7
Social Work Activities	4,527	3,437	75.9
<b>Total</b>	<b>65,126</b>	<b>39,639</b>	<b>60.9</b>

### 10.2.1 Components of Value Added (VA)

The total Value Added in the Health Care industry and Social Work was recorded as 40 billion shillings with 84 percent of this being Net Profit and 16 percent as expenses on Cost of Staff while Bad Debts accounted for less than 1 percent. The Depreciation of Fixed Assets was negligible. Table 10.1.3 shows the distribution of Components of Value Added by the different sub-sectors in the Health and Social Services sector.

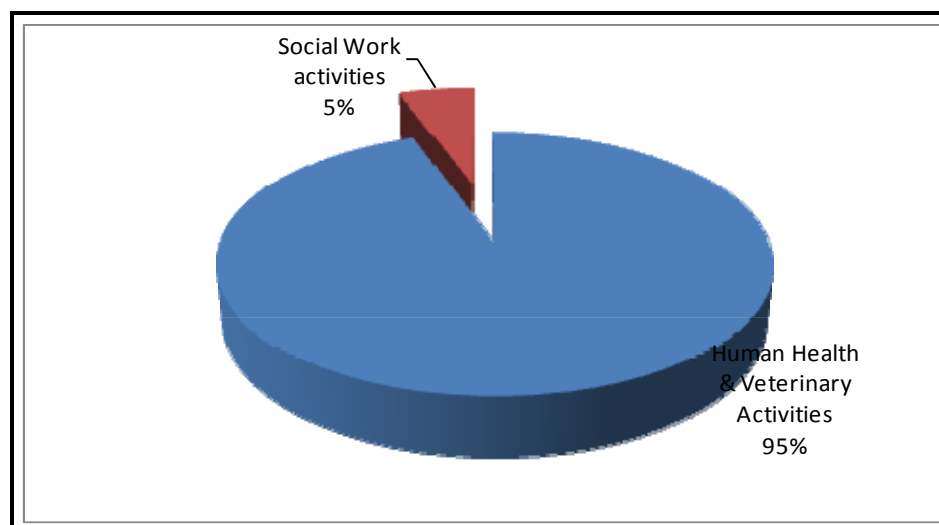
**Table 10.1.3: Components of Value Added in Health and Social Services sector (million Shs)**

Component	Human Health & Veterinary Activities	Social Work Activities	Total	percent
Cost of Staff	5,799	327	6,126	15.5
Net Profit	30,360	3,110	33,470	84.4
Others	42	0	42	0.1
<b>Total</b>	<b>36,201</b>	<b>3,437</b>	<b>39,638</b>	<b>100.0</b>

### 10.2.2 Cost of Staff

The total Cost of Staff in the Health and Social Services sector was 6 billion shillings with Human Health and Veterinary Activities spending 95 percent and Social Work Activities spent only 5 percent of the total Costs of Staff. Salaries and Wages contributed nearly all the total Cost of Staff, 99.8 percent. Figure 10.1.1 below shows the costs of staff by components in the sector.

**Figure 10.1.1: Cost of Staff in the Health and Social Services Sector**



### 10.3 Non-Current Assets in the Health and Social Services sector

The total value of NCA in the Health and Social Services sector was estimated at 16.9 billion shillings. Out of this, 75 percent was in Land and Buildings, 13 percent Office Equipment, 9 percent Plant and Machinery and only 3 percent was in Motor Vehicles.

**Table 10.1.4: Non-Current Assets in the Health and Social Services sector**

Non-Current Asset	Human Health & Veterinary		Total	Percent
	Activities	Social Work Activities		
Land & Buildings	11,006	1,719	<b>12,725</b>	75.2
Plant & Machinery	1,531	17	<b>1,548</b>	9.2
Motor Vehicles	294	139	<b>433</b>	2.6
Office Equipment	1,230	975	<b>2,205</b>	13.0
<b>Total</b>	<b>14,060</b>	<b>2,851</b>	<b>16,911</b>	<b>100.0</b>
<b>Percent</b>	<b>83.1</b>	<b>16.9</b>		

65% of the Operating Costs were on Rent of Land and Buildings

### 10.4 Operating Costs in the Health and Social Services sector

The total Operating Costs in the Health and Social Services sector was 5.8 billion shillings, 65 percent of it was on rent of Land and Buildings, 28 percent was Electricity and 5 percent was spent on Trading License. The others including Postage, Equipment Hire and Motor Vehicle Running costs all contributed less than 1 percent, Table 10.1.5. In addition, nearly 99 percent of the total Operating Costs were spent in the Human Health and Veterinary Activities Sub-sector.



**Table 10.1.5: Operating Costs in the Health and Social Services Sector**

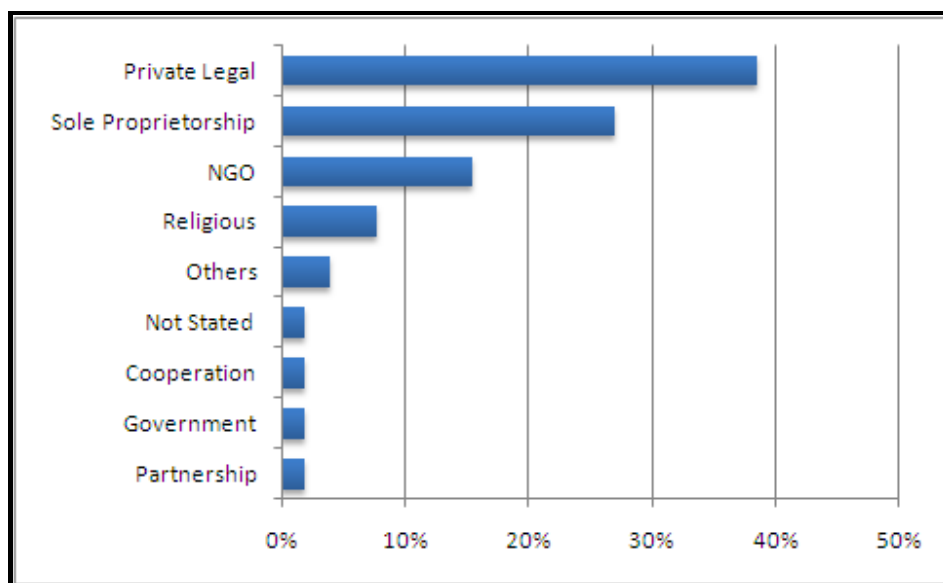
<b>Operating Cost</b>	<b>Human Health &amp; Veterinary Activities</b>	<b>Social Work Activities</b>	<b>Total</b>	<b>Percent</b>
Rent of Land & Buildings	3,724.0	45.0	3,769	65.1
Electricity	1,605.1	-	1,605	27.7
Trading License	281.5	-	281	4.9
Staff Travel	53.3	35.4	89	1.5
Postage	42.6	-	43	0.7
Others	0.1	5.3	5	0.1
<b>Total</b>	<b>5,706.6</b>	<b>85.6</b>	<b>5,792</b>	<b>100</b>

## **10.5 Legal Ownership of Businesses in the Health and Social Services**

### **Sector**

Figure 10.1.2 shows the different ownership types in the Health and Social Services sector. From the data, 35 percent of the businesses were Privately Limited Companies; 27 percent were Sole Proprietorship; 15 percent were Non-Governmental Organizations while only 8 percent were businesses owned by Religious organisations.

**Figure 10.1.2: % distribution of business ownership in the Health and Social Services Sector.**



## **10.6 Summary of findings**

A total of 52 business establishments were covered in the health and social sector, of which 73 percent were in the Human Health sub-sector and Veterinary Activities sub-sector. The sector employed a total of 1,725 persons and the majority of the employees 67 percent were female. The total Gross Output in the Health and Social Work was 65 billion shillings while the total Value Added was 40 billion shillings. In both cases Human Health registered the highest contribution to GO and AV. The ratio of AV to GO for the sector was 61 percent.

Among the components of Value Added, 84 percent was Net Profit and the total Cost of Staff was 5.8 billion shillings with Salaries and Wages accounting for nearly all of it. The total value of NCA in the sector was 16.9 billion shillings.

## CHAPTER 11: BUSINESS SERVICES SECTOR

### 11.0 Introduction

The Business Services Sector includes all businesses engaged in Real Estate, Rental of Transport Equipment, Machinery and Household Goods, Computer and Related activities, and, Research and Development.

### 11.1 Businesses and Employment

A total of 609 establishments were covered in this sector, employing nearly 33 thousand persons. There were proportionately more males (85 percent) than female employees. Businesses in Research and Development employed the majority of the persons, 83 percent and 85 percent were male, Table 11.1.1. Analysis of the distribution of the businesses by region showed that out of the 601 in the Business Services sector, 85 percent were found in Kampala District alone. The rest of the regions had each less than 10 percent of the business establishments

**Table 11.1.1: Employment in the Business Services Sector**

Business Services Sector	Businesses	Male	Female	Total
Real Estate	28	432	116	548
Rental of Transport Equipment, Machinery and Household Goods	40	1,506	96	1,602
Computer & Related Activities	94	808	496	1,304
Research & Development	439	22,896	4,080	26,976
Other Business Services	8	2,016	64	2,080
<b>Total</b>	<b>609</b>	<b>27,658</b>	<b>4,852</b>	<b>32,510</b>

### 11.2 Gross Output and Value Added

The total Gross Output in this sector was 532 billion shillings. The Research and Development sub-sector registered the highest Gross Output of 410 billion shillings, 77 percent of the total GO under this sector. The Value Added in the sector was 292 billion shillings and Research and Development sub-sector had a Value Added proportional to 74 percent of the total VA., The overall VA/GO ratio was 55 percent .Table 11.2.1.

VA: GO in the Business service sector was ratio of 55%

**Table 11.1.2: Gross Output and Value Added in Business Services Sector, (million shillings)**

<b>Business Services Sub-sector</b>	<b>Gross Output</b>	<b>Value Added</b>	<b>VA:GO ratio</b>
Real Estate	40,129	28,066	69.9
Rental of Equipment	8,476	5,124	60.5
Computer & Related Activities	73,515	42,210	57.4
Research & Development	406,939	214,626	52.7
Other Business Services	2,815	1,992	70.8
<b>Total</b>	<b>531,874</b>	<b>292,018</b>	<b>54.9</b>

### 11.2.1 Components of Value Added

The total Value Added in the Business Services Sector was 292 billion shillings and the highest component of Value Added was Net Profit with 211 billion shillings, 72 percent of total Value Added, Table 11.1.3. The highest Net Profits of 176 billion shillings were registered in the Research and Development sub-sector

**Table 11.1.3: Components of Value Added in Business Services Sector (million shillings)**

<b>Business Services Sub-sector</b>	<b>Cost of Staff</b>	<b>Net Profit</b>	<b>Others</b>	<b>Total</b>
Real Estate	3,619	24,447	-	<b>28,066</b>
Rental of Equipment	26,408	(21,285)	-	<b>5,124</b>
Computer & Related Activities	11,474	30,599	137	<b>42,210</b>
Research & Development	38,884	175,554	187	<b>214,626</b>
Other Business Services	247	1,746	-	<b>1,992</b>
<b>Total</b>	<b>80,632</b>	<b>211,061</b>	<b>325</b>	<b>292,018</b>
Percent	27.6	72.3	0.1	100.0

### 11.2.2 Components of Cost of Staff

The total Cost of Staff in the Business Services sector was 81 billion shillings, 48 percent of which was in the Research and Development sub-sector while the Real Estate sub-sector contributed only 5 percent as shown in Table 11.1.4. Among the components of Cost of Staff, 79 billion shillings, 99 percent, was Salaries and Wages and the average monthly wage in the sector was 207 thousand shillings.

**Table 11.1.4: Components of Cost of Staff, (million shillings)**

<b>Business Services Sub-sector</b>	<b>Salaries &amp; Wages</b>	<b>Others</b>	<b>Total</b>
Real Estate	3,619	-	<b>3,619</b>
Rental of Equipment	26,408	-	<b>26,408</b>
Computer & Related Activities	10,640	833	<b>11,474</b>
Research & Development	38,818	66	<b>38,884</b>
Public Service and Defense	247	-	<b>247</b>
<b>Total</b>	<b>79,732</b>	<b>900</b>	<b>80,632</b>

### 11.3 Non-Current Assets in the Business Services Sector

The total Value of NCA in the Business Service Sector was nearly 250 billion shillings. Land and Buildings was the highest valued NCA with 154 billion shillings (62 percent of the total value of NCA). This was followed by the Motor Vehicles valued at 39 billion shillings while Work in Progress was the least valued NCA at only 5 billion shillings, Table 11.1.5.

**Table 11.1.5: Non-Current Assets (million shillings)**

<b>Non-Current Asset</b>	<b>Real Estate</b>	<b>Rental of Equipment</b>	<b>Computer</b>	<b>Research &amp; Development</b>	<b>Other</b>	<b>Total</b>	<b>Percent</b>
			<b>&amp; Related Activities</b>		<b>Business Services</b>		
Land & Buildings	39,721	60,820	5,725	47,503	-	<b>153,770</b>	61.7
Plant & Machinery	824	(896)	404	19,528	-	<b>19,861</b>	8.0
Motor Vehicles	507	160	1,057	37,358	159	<b>39,242</b>	15.8
Office Equipment	5,001	521	2,374	23,214	151	<b>31,261</b>	12.6
Work In Progress	2,564	-	144	2,195	-	<b>4,903</b>	2.0
<b>Total</b>	<b>48,618</b>	<b>60,605</b>	<b>9,705</b>	<b>129,798</b>	<b>310</b>	<b>249,037</b>	100.0
Percent	19.5	24.3	3.9	52.1	0.1	100.0	

### 11.4 Operating Costs in the Business Services Sector

The total Operating Costs in the Business Services sector were 39 billion shillings. The largest Operating Costs of 20 billion shillings were registered in Staff Travel accounting for 52 percent of the total Operating Costs. This was followed with expenditure on Rent of Land and Buildings with 11 billion shillings, 27 percent of total Operating Costs, Table 11.1.6.

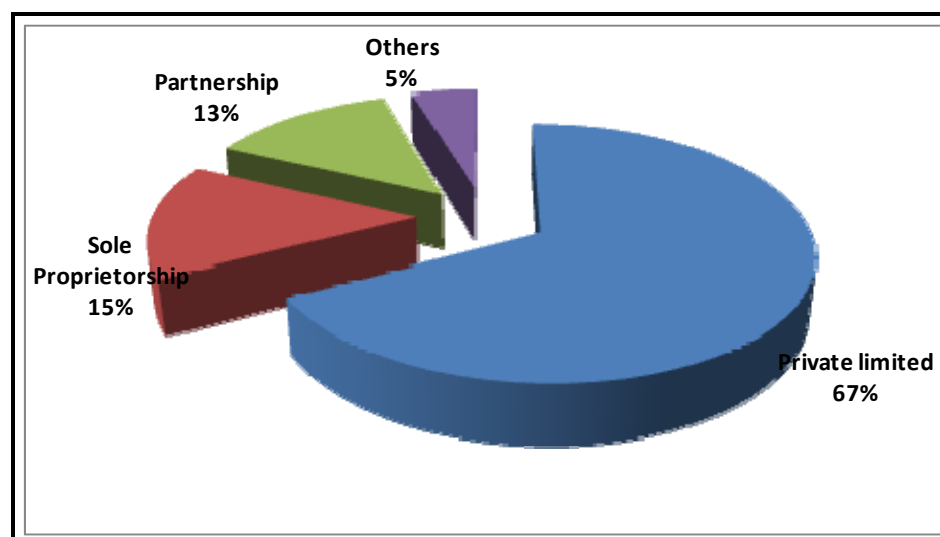
**Table 11.1.6: Operating Costs in the Business Sector (million shillings)**

Industry Sector	Total Purchases	Percent
Staff Travel	20,237.6	51.54
Rent of Land & Buildings	10,730.7	27.33
Equipment Hire	7,118.6	18.13
All Other Purchases	1,175.6	2.99
<b>Total</b>	<b>39,262.5</b>	<b>100.00</b>

### 11.5 Legal ownership of establishments in Business Services Sector

A distribution of establishments by type of Legal Ownership showed that 67 percent of the businesses in the Business Services sector were Private Limited Companies, and 15 percent were Sole Proprietorships, Figure 11.1.1. Businesses owned as Partnerships accounted for only 13 percent.

**Figure 11.1.1: Legal Ownership in the Business Services Sector**



### 11.6 Summary

A total of 609 establishments were covered in this sector, employing nearly 33 thousand persons. Of those, 85 percent were male. The total Gross Output in this sector was 532 billion shillings and the Research and Development Sub-sector registered the highest Gross Output of 410 billion shillings. The Value Added in the sector was of 292 billion shillings and the overall VA to GO ratio was 55 percent. The highest component of Value Added was Net Profit with 211 billion shillings accounting for 72 percent of total Value Added. On the other hand the total Cost of Staff was 81 billion shillings and 99 percent of it was Salaries and Wages. The average monthly earnings were 207 thousand shillings.

The total Value of NCA in the Business Services Sector was 250 billion shillings with Land and Buildings accounting for 62 percent of the total value of NCA. Operating Costs in the Business Services sector were 39 billion shillings, 52 percent of this was spent on Staff Travel. Finally 67 percent of the businesses in this sector were Private Limited Companies.

## CHAPTER 12: SOCIAL SERVICES

### 12.0 Introduction

The Social Service sector covers Activities of NGO's, Trade Unions, Associations, Recreation, Culture, and Sports, Other Service Activities including Laundry and Salons.

### 12.1 Businesses and Employment

A total of 820 establishments were covered during the survey, with nearly 5000 employees. Of these, 71 percent were male Table 12.1.1 The NGO sub-sector had the highest proportion of employees 67 percent.

**Table 12.1.1: Businesses and Employment in the Community Services Sector**

Community Sub-sectors	Businesses	Employees		
		Male	Female	Total
Activities of NGOS etc	14	2,337	850	3,187
Recreation, Culture and Sports	46	866	454	1,320
Other Service Activities	22	163	62	225
<b>Total</b>	<b>82</b>	<b>3,366</b>	<b>1,366</b>	<b>4,732</b>
%		71.1	28.9	100.0

### 12.2 Gross Output and Value Added

The total Gross Output in this sector was 133 billion shillings, of which 52 billion shillings was for Recreation, Culture and Sports Activities. This was followed by the NGO sub-sector with a Gross Output of 21 billion shillings. The total Value Added for the Community sector was 68 billion shillings, 71 percent of it was in the Recreation, Culture and Sports sub-sector as shown in Table 12.2. The ratio of Value Added to Gross Output was 51 percent. The Other Community Services had a lower VA to GO ratio of only 23 percent implying the sector spends a lot on intermediate costs.



**Table 12.1.2: Gross Output and Value Added in the Community Services sector, (million shillings)**

<b>Community Sub-sector</b>	<b>Gross Output</b>	<b>Value Added</b>	<b>VA:GO ratio</b>
Activities of NGOS, Trade Unions, Associations etc	21,268	9,847	46.30
Recreation, Culture and Sports	69,878	48,634	69.60
Other Service activities e.g. Laundry, Salons, Funeral services etc	41,767	9,808	23.48
<b>Total</b>	<b>132,913</b>	<b>68,289</b>	<b>51.38</b>

### 12.2.1 Components of Value Added

The components of Value Added include; Cost of staff, Net Profit and Other Items which include Bad Debts, Depreciation and Interest Paid. Out of a Value Added of 68 billion shillings, 43 percent was Net Profits and 74 percent of them were in the Recreation, Culture and Sports Sub-sector.

**Table 12.1.2: Components of VA in the Community Services sector, (million shillings)**

<b>Community Sub-sector</b>	<b>Cost of Staff</b>	<b>Net Profit</b>	<b>Others</b>	<b>Total</b>
	Activities of NGOS, Trade Unions, Associations etc	2,861	6,890	96
Recreation, Culture and Sports	5,071	43,263	300	<b>48,634</b>
Other Service Activities e.g. Laundry, salons, Funeral Services etc	1,166	8,642	0	<b>9,808</b>
<b>Total</b>	<b>9,098</b>	<b>58,795</b>	<b>300</b>	<b>68,289</b>
Percent	13.3	86.1	0.4	100.0

### 12.2.2 Components of Cost of Staff

Further analysis showed that out of a total Cost of Staff of 9 billion shillings, Salaries and Wages contributed more than 90 percent. The businesses in the Recreation and Culture sub-sector spent most on Cost of Staff, 54 percent. Overall the average monthly earnings in the Community Services sector were 160 thousand shillings.

**Table 12.1.3: Components of Cost of Staff, (million shillings)**

<b>Community Sub-sector</b>	<b>Salaries &amp; Wages</b>	<b>Other</b>	<b>Average monthly Wage ('000)</b>
Activities of NGOS etc	2,860	0	74,799
Recreation, Culture and Sports	4,783	288	320,163
Other Service Activities e.g. Laundry, salons, funeral services	1,163	3	431,724
<b>Total</b>	<b>8,807</b>	<b>291</b>	<b>160,215</b>

### 12.3 Non-Current Assets

The total value of NCA in the Community Services sector was 41 billion shillings. Land and Buildings were the most valued NCA with 24 billion shillings accounting for nearly 60 percent of the total NCA in the sector. Plant and Machinery and Office Equipment had nearly the same, each accounting for 18 percent of the total Value Added. Motor Vehicles on the other hand were the least valued NCA, accounting for less than 5 percent of the total value. Among the sub-sectors, the sub-sector of Activities of NGOs and Trade had the highest value of NCA worth 23 billion shillings while Recreation, Culture and Sports had NCA valued at 17 billion shillings, Table 12.1.4.

**Table 12.1.4: Non-Current Assets by sub-sector, (millions shillings)**

<b>Community Sub-sectors</b>	<b>Services</b>	<b>Activities of NGOS etc</b>	<b>Recreation, Culture and Sports</b>	<b>Other Service Activities</b>	<b>Total</b>	<b>Percent</b>
Land & Buildings		17,577	6,836	-	<b>24,413</b>	59.40
Plant & Machinery		2,459	4,878	388	<b>7,725</b>	18.80
Motor Vehicles		713	961	49	<b>1,723</b>	4.19
Office Equipment		2,535	4,465	236	<b>7,236</b>	17.61
<b>Total</b>		<b>23,285</b>	<b>17,140</b>	<b>673</b>	<b>41,098</b>	<b>100.00</b>

### 12.4 Operating Costs in the Community Services sector

The total Operating Costs in the sector was 32 billion shillings, 72 percent was on Rent of Land and Buildings. Expenditure on Electricity and Postage was nearly the same, 9 percent of the total expenses, Table 12.1.5. The businesses in the Other Service Activities including Laundry, Salons, Funeral Services among others, spent 20 billion shillings on the Rent of Land and Buildings. The sub-sector of Activities of NGO's and Trade Unions, spent 1.8 billion shillings on Consultancy services compared to the other sub-sectors that did not spend any money on Consultancy.

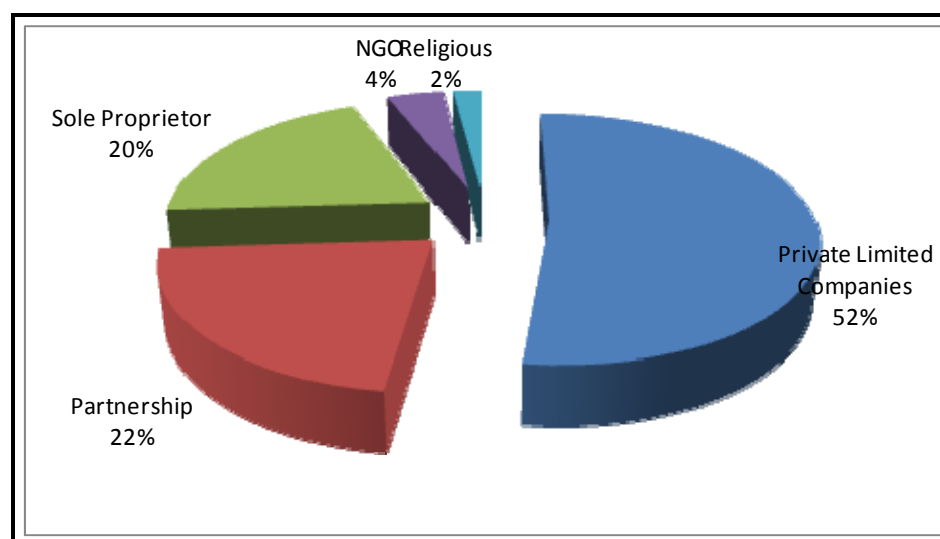
**Table 12.1.5: Operating Costs in the Community Services Sub-sector (million shillings)**

Community Services Sub-sector	Activities of NGO's	Recreation, Culture	Other Services	Total	Percent
Rent of Land & Buildings	54	2,653	20,275	<b>22,982</b>	71.7
Electricity	1	456	2,402	<b>2,858</b>	8.9
Postage	46	370	2,401	<b>2,817</b>	8.8
Consultancy	1,858	-	-	<b>1,858</b>	5.8
Others	664	422	460	<b>1,546</b>	4.8
<b>Total</b>	<b>2,622</b>	<b>3,901</b>	<b>25,538</b>	<b>32,061</b>	<b>100</b>

## 12.5 Ownership of Establishments

A majority of the business establishments were owned as Private Limited Companies accounting for 52 percent. This was followed by businesses owned as Partnerships with 22 percent while Sole Proprietorships accounted for 20 percent of all the total business establishments. See Figure 12.1.1

**Figure 12.1.1: Legal Ownership of Community Services sector**



## 12.6 Summary of Findings

The Community Services sector covered a total of 820 establishments employing nearly 5000 employees, 71 percent of them male. The NGO sub-sector had the highest proportion of employees, 67 percent. The total Gross Output was 133 billion shillings with a Value Added of 68 billion shillings giving a Value Added to Gross Output ratio of 51 percent. The main component of VA was Net Profit accounting for 43 percent of the total Value Added reported in the sector. The total Cost of Staff was 9

billion shillings translating to average monthly earnings of 160 thousand shillings per person. Salaries and Wages accounted for more than 90 percent of the total Cost of Staff.

The NCA in the Community Services sector were valued at 41 billion shillings with Land and Buildings accounting for nearly 60 percent of the total NCA in the sector. Also the total Operating Costs in the sector was 32 billion shillings, 72 percent was on Rent of Land and Buildings and finally, 52 percent of the businesses were Private Limited Companies.

## CHAPTER 13: METHODOLOGY

### 13.0 Introduction

The Annual Business Inquiry covered the formal sector only. In order to have a comprehensive list, the main sampling frame for the survey was the 2006/7 Business Register with 25,467 entries. This was supplemented with the Value Added Tax register for 2008 from the Uganda Revenue Authority.

### 13.1 Sample Determination and Selection

The businesses in the registers were coded and classified by ISIC Revision 3 and the sample size for the survey was 1500 business, determined and allocated using Neyman Allocation. The sample for the survey was based on those businesses with at least 5 employees. These accounted for 68 percent of the total businesses. The businesses in the 2006/7 Business Register were matched against the 2008 Value Added Tax register from the Uganda Revenue Authority and only businesses existing on the VAT list formed the population frame for the survey. These were nearly 3500 businesses. Turnover was computed for each of these businesses using the data in the Value Added Tax Register, by obtaining the sum of the Exempt Sales, Zero Rated Sales and Standard Rated Sales. The businesses were then stratified by size of turnover and the number of businesses in each stratum was determined using probability proportional to size. Thereafter the final sample of 1500 business was selected using systematic sampling.

**Table 13.1.1: Number of Business by size of Annual turnover**

Turnover Category (million shs)	Turnover		Businesses			Turnover (million shillings)		
	Size	Band	Population	Response	Business Response Rate	Population	Response	Turnover Response Rate
	Band							
Less than 1.56	1		43	15	34.9	31	7	22.1
Between 1.56 and 2.81	2		35	5	14.3	150	9	5.8
Between 2.82 and 4.9	3		58	10	17.2	207	44	21.4
Between 5 and 9	4		83	25	30.1	632	182	28.8
Between 10 and 49	5		534	194	36.3	15,482	5,716	36.9
Between 50 and 699	6		1,559	474	30.4	357,366	115,014	32.2
Between 700 and 4999	7		685	262	38.2	1,354,450	549,219	40.5
>=5000	8		386	186	48.2	13,124,219	6,935,083	52.8
<b>Grand Total</b>			<b>3,383</b>	<b>1,171</b>	<b>34.6</b>	<b>14,852,538</b>	<b>7,605,274</b>	<b>51.2</b>

The subsequent weights were developed using the turnover data by obtaining total sales/turnover for businesses that had responded by industry and then computing the ratio of total turnover to turnover of responses. The businesses that responded constituted 35 percent of the population, however, they accounted for 51 percent of the total Turnover, Table 13.1.1.

## 13.2 Coverage

The inquiry covered all the sectors as spelt out in the ISIC Rev 3. The distribution of the sampled businesses by industry is shown in Table 13.1.2. To the extent possible businesses engaged in Public Administration were excluded.

**Table 13.1.2: Distribution of Businesses by Economic Sector**

<b>Economic Sector</b>	<b>Sample</b>
Agriculture & Forestry	22
Fishing	7
Mining & Quarrying	2
Food Processing	64
Other Manufacturing	114
Utilities	2
Construction	13
Trade	240
Hotels & Restaurant	190
Transport, Storage and Communications	31
Finance & Insurance	38
Business Services	61
Education	92
Health & Social Works	83
Community, Social & Personal Services	47
<b>Total</b>	<b>1500</b>

In order to cover the sectors comprehensively, 13 questionnaires were designed targeting the different economic sectors. In addition to the normal sectors, a special questionnaire was prepared for the Non-Governmental Organizations to explore means of collecting data for the NGO sector. A total of 11 questionnaires were for businesses with final accounts while two questionnaire types were for businesses without final accounts, Table 13.1.2.

**Table 13.1.2: Questionnaire Types used in the Inquiry**

	<b>Questionnaire Type</b>	<b>Comment</b>
1	Agriculture & Fishing	Only large Scale formal Agriculture was be covered
2	Mining and Quarrying	Businesses with Final Accounts
3	Manufacturing	Businesses with Final Accounts
4	Construction	Businesses with Final Accounts
5	Trading	Businesses with Final Accounts
6	Hotels and Restaurants	Businesses with Final Accounts
7	Services	Businesses with Final Accounts
8	Finance & Banking	Businesses with Final Accounts
9	Insurance	Businesses with Final Accounts
10	Non-Governmental Organizations	Previously covered in the different ISIC sectors
10	Education	Only Private Schools were covered
11	Health and Social Works	Only Private Hospitals were covered
12	Small Mining, Quarrying and Manufacturing	For businesses in the informal sector and those without Final Accounts in the Production Sectors
13	Small Trading and Services	For businesses in the informal sector and those without Final Accounts in the Other sectors

### **13.3 Data collection**

The businesses selected were grouped by administrative location up to village. Each Field Team was then allocated businesses that are within the same geographical location. The aim of this was to minimize the movement between businesses and therefore reduce the travel cost. Teams were drawn in a hierarchical manner such that each Team had a Team Leader who was directly in charge of the Team, and the Team had a supervisor. Comprehensive training was undertaken including:

- Understanding basic ISIC concepts and definitions used
- Understanding all aspects of Final Accounts
- Practical experience on extracting data from Final Accounts for different types of Audit formats
- Understanding questionnaires
- How to administer questionnaires

Prior to the main survey, a pretest of the Instruments was done covering just a few businesses.

### **13.4 Timing of the Survey**

With a total of 1500 businesses it was assumed that each interviewer would administer a questionnaire to a business and obtain a response within 5 days. It was also assumed that an interviewer would be able to visit at least 2 businesses a day taking into account waiting time and time taken to move from one business to another.

#### ***Summary of the Assumptions***

*1500 businesses will be covered*

*2 businesses covered per day*

*5 days required to obtain a response from a business*

*30 interviewers would require a total of 90 days to complete the survey*

Despite these assumptions, it was a challenge to obtain responses from businesses. In most cases, an interviewer ended up following a business for even 2 months without a response. This was further worsened by the fact that the survey was actually undertaken between October 2008 and March 2009, a period during which everybody was in Christmas/New Year excitement and many Business Proprietors had taken annual leave, this therefore delayed the response.

### **13.5 Data Processing, Editing and Analysis**

The computer system for data entry was designed in MSACCESS; the system used for the 2000/01 Business inquiry was modified for this survey. The system was designed in such a way that provision was made for on-line editing of data. The questionnaires were pre-coded for ease of data entry and analysis and prior to the data entry the questionnaires were checked for completeness to ensure that the activity codes had been rightly given in line with ISIC Rev 3. Data analysis was undertaken in STATA version10.

With a total of 1500 questionnaires, each data entrant captured at least 5 questionnaires per day and 10 of them completed the work in 2 months taking into account late in-coming questionnaires. Proper editing guidelines were drawn and intelligent editing was done after the data entry to ensure consistency in the data provided; this was a key to good results. Subsequent analysis and generation of tables based on the tabulation scheme developed was done using the statistical analytical package STATA Version10.



## 13.6 Report Writing

Tables were generated in line with the tabulation scheme which was the basis for the report writing. Prior to the report writing, a workshop was organised to discuss and review the tables and ensure that they were consistent. To the extent possible a comparison with previous data/information was done, although limited. Separate topics were allocated to individuals for report writing.

## 13.7 Challenges of ABI Survey

- Due to the limited funding, the survey covered only the formal sector; therefore comparison may not be very easy with the 2000/2001 UBI.
- The ABI was conducted based on the sample drawn from already existing lists of businesses. However, there was a problem of locating the physical addresses of some establishments especially where they changed location, in addition the VAT register did not have a physical address.
- There was also a problem of delivering wrong questionnaires to some Companies due to wrong activity description. This could have arisen due to the fact that the businesses had changed from undertaking one activity to another. This meant that if the problem was not discovered on the very first visit, it would mean starting anew from the time it was discovered hence time consuming and lowering the respondents' morale.
- The financial statements provided by some companies were sometimes incomplete. Some information, especially the profit aspect, was often concealed. In the expenditure you could find that a Company had been operating in losses for all the two or more financial years. Further the manufacturing accounts, which provide a breakdown of raw materials purchased, opening stock for both raw materials and finished goods, were sometimes missing in some financial statement making it difficult to complete the return. In these cases several follow-up visits were undertaken to try and obtain the correct data.
- Another major challenge was obtaining the employment figures which, in most cases, were not reflected in the financial statement. In some instances, staff costs were not proportional to the number of employees stated.
- Some companies had more than one activity hence not easy to separate because information on both activities was consolidated in one financial statement. Such cases were encountered in especially Tea Processing (Tea growing and processing), Flower growing which includes Trading, and Sugar Processing (manufacturing) which includes sugarcane growing (agriculture).
- There were also cases of non response especially in Kampala district where the respondents/business proprietors tended to raise the issue of politics and relate it to government

programs and others thought that the information collected would be shared with URA for taxation purposes.

- There was a weakness in some field interviewers who could not ascertain the contact details of the respondent before the questionnaire was left behind to be completed.
- Finally, some interviewers due to the inability to comprehend the final accounts would fail to transcribe the raw data from the accounts to the questionnaires.

### **13.7.1 Possible Solutions**

- The ABI survey should cover all districts to be able to monitor economic developments at regional level. This is a view raised by some politicians who would want to know the economic growth and contribution to GDP at regional level and the lower local government levels.
- There should be a comprehensive business register exercise or regular business register update to be able to draw the right sample with the right physical addresses and activity descriptions of business establishments. To the extent possible, Administrative data should be used to continuously update the Business Register.
- The business community and other stakeholders need to be sensitized such that they appreciate the importance of the survey to them and the government at large. This will eliminate/reduce cases of non response and/or respondents providing wrong accounts/data.
- Comprehensive training should be undertaken and refresher training be conducted so as to continuously monitor performance of the interviewers.

## **13.8 Summary**

The Annual Business Inquiry covered the formal sector only. The 2006/7 Business Register and the 2008 Value Added Tax register formed the sampling frame. Incomplete Final Accounts was one of the major challenges in completing the questionnaire coupled with the fact that some businesses had changed their economic activity.

## **CHAPTER 14: CONCLUSION**

The findings in this report point out to the fact that there is an urgent need to carry out a comprehensive COBE. This will provide an updated sampling frame for the subsequent UBI and other economic surveys.

The report has highlighted that the Gross Output registered from the survey was 11,458 billion shillings, 40 percent of which was in the Manufacturing sector. The total Value Added was 4,711 billion shillings, with the Trade sector accounting for the highest Value Added of 35 percent and the VA to GO ratio in the survey was 41percent.

Out of all the components of VA Net Profits and Bad Debts accounted for 76 percent of the total Value Added while Cost of Staff accounted for only 24 percent. Furthermore business establishments in the Manufacturing sector registered the highest value of Non-Current Assets accounting for 30 percent of the total NCA. The total Operating Costs were 331 billion shillings, with Rent of Land and Buildings accounting for 57 percent.

Legal ownership of the businesses showed that 70 percent of the businesses were Private Limited Companies compared to only 1 percent that were NGOs. Ownership by Residence Status showed that Resident Nationals owned 70 percent of the businesses.

A key finding in the report was that the Agriculture Sector had the lowest average monthly wage of 49,000 shillings, while the Finance and Insurance sectors had the highest average monthly wage of 775,000 shillings; needless to say the issue of minimum wage needs to be addressed. In addition, in all sectors, the highest Operating Expenses were in the Rent of land and Buildings. The Trade sector alone spent 112 billion shillings as Operating Expenses, 74 percent of which was on Rent of land and Buildings. This clearly shows that there is a need for government intervention to provide low cost housing infrastructure to especially the Trade sector to reduce the high expenditure on Rent which would in turn increase on the net profits.

The need to undertake a comprehensive UBI cannot be over emphasized. Clearly there is an urgent need to update the current economic bases used in especially GDP computation so as to have a clear understanding of the current Uganda economy.

Finally, despite its limitation to the formal sector, the 2006/2007 ABI report will not only be a guide to Policy Makers but the data therein can be used by Researchers and Academicians for further studies and therefore be able to make better informed statements on the status of the Ugandan economy. It will also show the results of economic activity and as such we are able to make useful deductions with the data

## CHAPTER 15: DEFINITIONS & APPENDICES

### Appendix 15.1 Definition of Terms

#### Bad Debts

A Bad debt is an amount owed to a business or individual, for which there is zero probability (no possibility) of collection. This should not to be confused with Doubtful debt which is an amount for which payment is unlikely.

#### Cost of staff

These are the total payments made to staff and it includes Directors fees; Salaries and wages; Benefits in kind such as housing allowance, lunch allowance etc; other cash payments, aid, social security contributions or Revision fund.

#### Financial statement

**A financial statement (or financial report)** is a formal record of the financial activities of a business or establishment.—a financial statement is often referred to as a **final account**, for a period of one year.

Final accounts typically include four basic financial statements:

- ❖ **Balance sheet:** also referred to as statement of financial position or condition, and it reports on a business' assets, liabilities, and Ownership equity at a given point in time.
- ❖ **Income statement:** also referred to as Profit and Loss statement (or a "P&L"), reports on a company's income, expenses, and profits over a period of time. Profit & Loss account provide information on the operation of the enterprise. These include sale and the various expenses incurred during the processing state.
- ❖ **Statement of retained earnings:** explains the changes in a company's retained earnings over the reporting period.
- ❖ **Statement of cash flows:** reports on a company's cash flow activities, particularly its operating, investing and financing activities.

#### Gross Output

Gross output is the total value of sales generated by a single business establishment in the country within a specified accounting period, normally one year. It is the total value of sales including all the intermediate costs used in the process of production. In addition, **Gross output** is an economic concept used in National Accounts such as the 1993 System of National Accounts (SNA).

### **Gross Value Added**

This is the total value of net output in all businesses establishments operating in a country, also known as Gross Domestic Product (GDP). The GDP, sometimes referred to as Gross Domestic Income (GDI) is a basic measure of a country's overall economic output within a specified period. It is the total market value of all final goods and services produced within the borders of a country in a given year, referred to as a financial period. It is a measure of growth of any economy and it is therefore positively related to the standard of living.

### **Intermediate Consumption**

Intermediate consumption is an accounting flow which consists of the total monetary value of goods and services *consumed or used up as inputs in production* by enterprises, including raw materials, services and various other operating expenses. It is the difference between Gross Output and Gross Value Added

### **Non-Current Assets**

This is an asset which is not easily convertible to cash or not expected to become cash within the next year. Examples include fixed assets, leasehold improvements, and intangible assets. Fixed assets include Land & Building; Plants machinery, Motor vehicles, Office Equipment and work in progress.

### **Value Added Tax**

Value Added Tax (VAT), is a consumption tax levied on any value that is added to a product. It is also sometimes known as Goods and Services Tax (GST)

### **Operating Costs/Expenses**

Operating costs are the recurring expenses which are related to the operation of a business or an establishment. They include expenditure on electricity, water, motor vehicles among costs, training; among others

## Appendix 15.2: Distribution of Businesses in 2007/8 Business Register

Industry Sector	Businesses	
	Total	>=5 employees
Agriculture & Forestry	412	382
Fishing	124	120
Mining & Quarrying	39	33
Food Processing	1200	1088
Other Manufacturing	2080	1930
Utilities	29	26
Construction	282	220
Trade	5269	4083
Hotels & Restaurant	3411	3231
Transport, Storage and Communications	928	532
Finance & Insurance	1158	638
Business Services	1738	1029
Education	2415	1569
Health & Social Works	5341	1402
Community, Social & Personal Services	1041	801
<b>Total</b>	<b>25467</b>	<b>17084</b>

### Appendix 15.3: Basic Economic Indicators, (million shillings)

Industry Sector	Establishments	Employment	Cost of Staff	Gross Output	Value Added	VA:GO ratio
	No	No	million shillings			percentage
Agriculture, Fishing & Forestry	22	3,516	2,049	36,053	21,936	60.8
Mining & Quarrying	7	70	67	479	247	51.5
Food Processing	114	45,729	224,742	2,791,409	728,814	26.1
Other Manufacturing	267	16,403	76,049	1,804,904	353,497	19.6
Utilities	11	305	2,048	42,983	34,878	81.1
Construction	100	7,639	17,125	665,766	293,921	44.1
Sale and Repair of Motor Vehicle, Cycles	213	3,069	90,071	437,251	127,707	29.2
Whole Sale Trade	430	6,500	146,245	899,353	296,273	32.9
Retail Trade	932	11,489	68,260	1,687,172	1,245,790	73.8
Hotels & Restaurant	184	7,132	35,163	248,404	102,319	41.2
Transport, Storage and Communications	216	11,987	259,712	1,772,600	891,974	50.3
Finance & Insurance	52	3,878	36,097	321,403	200,685	62.4
Business Services	601	30,430	80,385	529,059	290,025	54.8
Public Administration	8	2,080	247	2,815	1,992	70.8
Education	32	1,120	2,616	20,344	13,265	65.2
Health & Social works	52	1,725	6,126	65,126	39,639	60.9
Community, Social & Personal Services	82	4,732	9,098	132,913	68,289	51.4
<b>TOTAL</b>	<b>3,323</b>	<b>157,804</b>	<b>1,056,098</b>	<b>11,458,033</b>	<b>4,711,251</b>	<b>41.1</b>



#### Appendix 15.4: Components of Cost of Staff

Industry Sector	Directors Fees	Salaries, Wages	Other		Social Security	Cost of Staff	percent
			Benefits- in-kind				
Trade	51.7	304,290.9	160.5		71.7	<b>304,574.9</b>	28.8
Transport, Storage and Communications	-	259,708.7	0.2		2.5	<b>259,711.5</b>	24.6
Food Processing	720.4	219,728.3	4,293.0		-	<b>224,741.7</b>	21.3
Business Services	747.1	79,485.2	22.8		129.8	<b>80,384.9</b>	7.6
Other Manufacturing	-	76,046.2	2.4		-	<b>76,048.6</b>	7.2
Finance & Insurance	-	36,097.1	-		-	<b>36,097.1</b>	3.4
Hotels & Restaurant	13.0	35,043.6	106.2		-	<b>35,162.8</b>	3.3
Construction	-	17,124.6	-		-	<b>17,124.6</b>	1.6
All other Sectors	-	21,907.2	333.7		10.9	<b>22,251.8</b>	2.1
<b>Total</b>	<b>1,532.2</b>	<b>1,049,431.9</b>	<b>4,918.8</b>		<b>214.9</b>	<b>1,056,097.8</b>	<b>100.0</b>

#### Appendix 15.5: Non-Current Assets (million shillings)

Industry Sector	Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment	Work In- Progress	Total	
						Fixed Assets	percent
Agriculture, Forestry & Fishing	14,539	18,692	556	31,421	899	66,108	1.2
Mining & Quarrying	-	690	54	102	0	846	0.0
Food Processing	312,908	468,366	39,962	198,702	635,047	1,654,985	29.2
Other Manufacturing	279,826	369,651	11,807	16,973	7,334	685,590	12.1
Utilities	15,268	1,516	547	153,860	20,169	191,360	3.4
Construction	49,538	89,654	26,745	4,888	17	170,843	3.0
Trade	224,281	92,121	91,530	191,365	17,023	616,320	10.9
Hotels & Restaurant	204,354	5,086	2,899	169,089	78,949	460,376	8.1
Transport, Storage and Communications	522,674	1,031	38,740	799,192	31,806	1,393,444	24.6
Finance & Insurance	42,430	79	2,366	49,708	11	94,594	1.7
Business Services	153,770	19,861	39,242	31,261	4,903	249,037	4.4
Education	18,213	8	337	3,168	0	21,727	0.4
Health & Social works	12,725	1,548	433	2,205	-	16,911	0.3
Community, Social & Personal Services	24,413	7,725	1,723	7,236	-	41,098	0.7
<b>Total Fixed Assets</b>	<b>1,874,940</b>	<b>1,076,027</b>	<b>256,942</b>	<b>1,659,169</b>	<b>796,159</b>	<b>5,663,237</b>	<b>100.0</b>
percent	33.11	19.00	4.54	29.30	14.06	100.00	

**Appendix 15.6: Current Assets (million shillings)**

<b>Industry Sector</b>	<b>Other Investments</b>	<b>Current Assets</b>	<b>Total Current Assets</b>
Agriculture, Forestry & Fishing	13,634	22,759	36,393
Mining & Quarrying	-	335	335
Food Processing	110,123	1,042,925	1,153,048
Other Manufacturing	37,790	936,563	974,353
Utilities	87,500	72,439	159,939
Construction	8,109	330,956	339,065
Trade	145,617	2,239,187	2,384,804
Hotels & Restaurant	23,656	431,720	455,376
Transport, Storage and Communications	25,629	601,200	626,829
Finance & Insurance	503,598	1,287,447	1,791,044
Business Services	167,946	312,222	480,168
Education	3,148	5,196	8,344
Health & Social works	12,732	7,636	20,368
Community, Social & Personal Services	467	61,739	62,206
<b>Total</b>	<b>1,139,949</b>	<b>7,352,322</b>	<b>8,492,271</b>
percent	13.4	86.6	

### Appendix 15.7: Current Liabilities (million shillings)

Industry Sector	Equity & Reserves	Loans		Current Liabilities	Total Liabilities	percent
		Nonresidents	Other			
Agriculture, Forestry & Fishing	19,818	23,394	41,943	17,346	<b>102,500</b>	0.7
Mining & Quarrying	946	15	122	98	<b>1,180</b>	0.0
Food Processing	1,181,033	70,834	576,599	979,567	<b>2,808,033</b>	19.8
Other Manufacturing	391,357	118,825	429,999	719,763	<b>1,659,943</b>	11.7
Utilities	(13,719)	-	258,154	106,864	<b>351,299</b>	2.5
Construction	144,871	52,969	78,835	233,232	<b>509,907</b>	3.6
Trade	833,234	615,765	380,092	1,172,032	<b>3,001,123</b>	21.2
Hotels & Restaurant	547,400	6,190	200,351	161,811	<b>915,752</b>	6.5
Transport, Storage and Communications	988,100	482,114	46,629	503,430	<b>2,020,273</b>	14.3
Finance & Insurance	379,526	293,785	94,913	1,117,415	<b>1,885,638</b>	13.3
Business Services	378,988	12,787	107,133	230,297	<b>729,205</b>	5.2
Education	17,543	399	8,328	3,801	<b>30,071</b>	0.2
Health & Social works	29,882	310	1,183	5,904	<b>37,279</b>	0.3
Community, Social & Personal Services	332	820	77,434	24,718	<b>103,304</b>	0.7
<b>Total</b>	<b>4,899,310</b>	<b>1,678,207</b>	<b>2,301,715</b>	<b>5,276,276</b>	<b>14,155,508</b>	<b>100.0</b>
<b>Percent</b>	<b>34.6</b>	<b>11.9</b>	<b>16.3</b>	<b>37.3</b>	<b>100.0</b>	

**Appendix 15.8: Distribution of Purchases by Sector (million shillings)**

<b>Industry Sector</b>	<b>Rent of Land &amp; Buildings</b>	<b>Staff Travel</b>	<b>Equipment Hire</b>	<b>Electricity</b>	<b>Repair &amp; Maintenance</b>	<b>Management Fees</b>	<b>All Other Purchases</b>	<b>Total Purchases</b>
Agriculture, Forestry & Fishing	65.2	34.1	3.8	-	-	-	-	<b>103.0</b>
Mining & Quarrying	52.2	-	-	-	-	-	-	<b>52.2</b>
Food Processing	7,724.6	1,794.0	2,411.2	29.7	14,670.9	7,747.7	6,506.7	<b>40,884.8</b>
Other Manufacturing	52,688.4	6,117.6	261.7	1,046.0	-	-	395.1	<b>60,508.9</b>
Utilities	45.1	50.8	15.9	-	-	-	-	<b>111.8</b>
Construction	2,480.9	2,013.9	820.7	-	-	-	-	<b>5,315.5</b>
Trade	73,678.4	13,872.6	18,212.0	2,009.2	63.0	-	4,617.0	<b>112,452.4</b>
Hotels & Restaurant	3,554.8	436.9	76.3	7,302.1	21.7	-	1,215.6	<b>12,607.4</b>
Transport, Storage and Communications	7,346.0	6,549.9	1,520.5	12.8	-	-	110.1	<b>15,539.4</b>
Finance & Insurance	4,895.5	1,379.6	2.0	-	-	-	-	<b>6,277.0</b>
Business Services	10,730.7	20,237.6	7,118.6	104.6	38.0	-	1,033.0	<b>39,262.5</b>
Education	83.6	45.8	-	14.3	-	-	4.8	<b>148.6</b>
Health & Social works	3,769.1	88.7	5.3	1,605.1	-	-	324.2	<b>5,792.2</b>
Community, Social & Personal Services	22,982.0	368.8	153.3	2,858.4	0.3	-	5,698.0	<b>32,060.7</b>
<b>Total</b>	<b>190,096.5</b>	<b>52,990.4</b>	<b>30,601.3</b>	<b>14,982.3</b>	<b>14,793.8</b>	<b>7,747.7</b>	<b>19,904.6</b>	<b>331,116.5</b>
percent	57.4	16.0	9.2	4.5	4.5	2.3	6.0	100.0

### Appendix 15.9: Summary of Business Surveys Conducted in Uganda

Type of Survey	Year of Survey	Reference Period	Coverage	Cut Off	Comment
Survey of Industrial Production	1964/65	1963	Mining and Quarrying, Manufacturing (including Processing of Agricultural Products and Electricity	Not indicated	
Survey of Industrial Production	1964	This was an Annual Survey	Mining and Quarrying, Manufacturing (including Processing of Agricultural Products), Construction and Electricity	Not indicated	
Survey of Industrial Production	1965-1969, 1971	These were Annual Surveys	Mining and Quarrying, Manufacturing (including Processing of Agricultural Products and Electricity	Not indicated	
Survey of Industrial Production	1970	Annual Survey	Cotton Ginning, Coffee Processing and Tea Processing	Not indicated	
Survey of Industrial Production	1990/91	Calendar Year 1989	All sectors except Finance and Insurance	Businesses employing 5 and above	This was the first comprehensive survey done for all sectors
Uganda Business Inquiry	2002/2003	Financial Year 2000/2001	All sectors as listed in the ISIC Rev 3 were covered	Businesses with a fixed location irrespective of the number of employees	This was the first survey with a complete coverage
Annual Business Inquiry	2009/10	Financial Year 2007/2008	Only the Formal sectors was covered	Businesses with at least 10 employees	This was the first sample survey

## **Appendix 15.10: Persons Involved in the ABI**

### **UBOS, Management Team**

J.B. Male Mukasa, Executive Director  
B.P Mungyereza, Deputy Executive Director, Statistical Production & Development  
F. Mashate, Deputy Executive Director, Corporate Services  
S.N. Mayinza, Director, Uganda Census of Agriculture  
C. Walube, Principal Human Resource Officer  
H. Dhikusooka, Senior Accountant  
S. Nakasinde, Human Resource Officer  
J. Andama, Accounts Assistant  
E. Muyisa, Accounts Assistant

### **Technical Staff & Analysis Team**

I. A. Musana(Ms) National Coordinator,  
J.B Musoke  
P. Peter  
Y. J. Magoola(Ms)

### **Authors**

C. Wabwire, Hotels & Restaurants  
D. W Wadada, Agriculture, Mining & quarrying  
E. Mugisha, Business Services  
I.A. Musana (Ms), Report Writing Coordinator, Introduction & Basic indicators  
J.B Musoke, Trade  
J. Nakamya (Ms), Social services  
P. Opio, Construction and Utilities  
R.R Makombe, Transport, Posts and Telecommunications  
S. Echoku, Finance  
S. Kaisiromwe, Health  
T. Musiimenta, Challenges of ABI Survey  
W. Anguyo, Education  
Y. J. Magoola (Ms), Manufacturing

### **Report Editors**

Alfred Musamali  
Ouma Flavia Kyeyago

## **Field Staff**

### **Supervisors**

C. Tebandeke  
E. Mugisha  
G. Mwesigye  
I. Wandwasi,  
J. Ambayo  
L. Kyasikane  
T. Musiimenta

### **Interviewers**

G. E. Amayo	Binze Robert
Bunjo Allan	Juliana Kimono Wanyera
Gimei Eric	Kabuye Charles Mark
Kaej Viola Kalaba Michael	Kalumba Patrick
Kasozi Tonny	Katali Christine
Kembabazi Brenda	Khisa Godwin
Kikanja Joseph	Kugonza Julius
Kwagala Emilly	Kweyu Patrick
Lagoro Ling Robert	Magomu Ryan
Masangah Peter	Mpagi Timothy
Mukama Frank	Muwanika David
Naiga Margaret	Nampijja Justine
Ntono Racheal	Ocana John Bosco
Okoth Benard Moses	Okurut Alphonse Egidius
Tino Florence	Wamwangu Samson

### **Drivers**

J. Mukasa, M. Lukambuzi, D. Mivule, H. Mukembo,

### **Data Entry Operators**

Aeko Joseph Clement	Akello Mary Gorreti
Drateru Peace Agnes	Katusiime Eva
Muganzi Ann	Nakaakira Annettee
Nakalumba Catherine	Uwamahoro Sharon

**Office Editors**

Kango Moses Jonathan

Okullo Patrick Louis