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REPORT ON A MISSION TO UGANDA

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BY

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## I. INTRODUCTION

1. The mission to Uganda was undertaken from 30 April to 9 May 1990 in the field of External Trade Statistics. The objective of the mission was to reveal the current status of external trade statistics and recommend measures for improving the collection, data processing and data dissemination.

2. It may be recalled that this mission is a follow up to the one which was undertaken to Uganda from 29 November - 7 December 1983 by Mr. T. Dogbe Kouassi, who was then Statistician in-charge of External Trade Statistics in the Statistics Division, ECA.

## II. PERSONS WITH WHOM DISCUSSIONS WERE HELD

3. The list of persons which were met is given in Annex I. The mission would like to thank them all for all the assistance they provided.

## III. HISTORICAL BACKGROUND

4. External Trade data for Uganda was handled by the East African Community Customs and Excise Department until 1977 when the community broke. Under the community an annual trade report used to be published, the last of which was in 1976.

5. Since 1977, the compilation and dissemination of basic external trade data was handled by the Statistics Division of the Uganda Customs and Excise Department which continued to use the data processing facilities in Mombasa, Kenya. Two issues of the annual trade report of Uganda were published in 1977 and 1978. Problems of availability of foreign exchange made it difficult to continue the use of facilities in Mombasa, Kenya. As a result local data processing facilities were sought from a private firm in Kampala.

## III. CURRENT STATUS OF EXTERNAL TRADE DATA AT THE STATISTICS DEPARTMENT, MINISTRY OF PLANNING AND ECONOMIC DEVELOPMENT

6. The Statistics Department of the Ministry of Planning and Economic Development (MPED) does not have the responsibility for external trade data. In the current organizational chart of the departments there is a section with the title "Foreign Trade and Agriculture". This is one of the sections which is not yet functional under the rehabilitation of the office. The officer who headed this section was seconded in 1989 to the Ministry of Agriculture to work on the National Census of Agriculture. The idea was that this section would be responsible for the analysis of external trade data and ensure that other publications of the department include appropriate data in this area.

7. In discussing with the head of the National Income and Finance Section, it became clear that there is no technical link between the Statistics Department of the MPED and the Statistics Division of the Department of Customs and Excise in the Ministry of Finance. The mission was also informed that no trade data had been received or obtained from the Customs and Excise Department. Foreign payments data have been obtained from the Bank of Uganda including quantities of imported products (based on approvals). This, no doubt, is only part of the story considering the many way through which imports and exports can be obtained in any country.

8. In summary there is nothing being done about external trade statistics in the Statistics Department of the MPED at the moment. There is need to define the role of the department in this area.

#### IV. DISCUSSIONS HELD AT VARIOUS OFFICES

##### Department of Customs and Excise

9. The Mission, Acting Chief Government Statistician and Co-director of Statistics met the Acting Chief Statistician who stated that the ASYCUDA system was indeed applied for by his division and will be provided through the project UG/87/009 "Assistance to External Trade Development" in the Ministry of Commerce. It was also hoped that stationery and other facilities will be provided under the same project. Information was provided by the Co-Director of Statistics regarding the request he made to the Statistical Office of the European Communities (SOEC) to field a mission and to examine the assistance which is needed in this field. It was hoped that such a mission would be fielded soon. The situation regarding trade data collection and processing was discussed briefly. It was concluded that since the mission would be visiting the Statistics Division for more detailed discussion issues such as quantity measurement, value measurement would be discussed at that time.

10. Later, when the mission visited the Statistics Division of the Department of Customs and Excise issues in the following areas were discussed: staffing of the Division, equipment, data collection, data processing, data dissemination and the future link with the ECA.

11. With respect to the staffing of the Division, the following table provides some details:

<u>Position</u>	<u>No. of posts</u>	<u>Current status</u>
Chief Statistician	1	Filled
Principal Statistician	1	Vacant
Senior Statistician	2	Vacant
Statistician	6	2 posts filled & 4 vacant
Assistant Statistician	2	All filled
Clerks	4	All filled
Senior Systems Analyst/ Programmer	1	Vacant
Programmer	2	1 post filled & 1 vacant
Punch operators	15	All filled
Total ... ..	34	

12. The mission was informed that the vacancies in the Division are mainly due to lack of incentives, low salaries, etc. Mention was made of the fact that customs offices receive an allowance of 30 percent of their salaries in addition to their normal pay. The Statistics Division staff do not receive this kind of allowance hence the morale is very low.

13. Concerning equipment, the Statistics Division shares a government computer: ICL ME29; (2.5 megabytes) with the treasury, Income Tax; Inland Revenue Department. In addition to the mainframe computer, the Division has four DRS micro-computers which were intended to be hooked to the ME29 computer. These four micros are in the computer centre but have not been hooked due to lack of funds.

14. In addition to the above equipment the Division has seven Olivetti micro-computers which were intended to monitor revenue. Each one of these micro-computers has 20 MB, 2 disk drives 5 1/4" operating system is MS DOS. These micro-computers are IBM compatible. The seven micro-computers are distributed as follows: 1 x Director General, 1 x Kampala Customs, 1 x Entebbe Airport, 1 x Jinja, 1 x Busia, 1 x Maraba and 1 x Statistics Division HQs. The locations of these micro-computers are mainly the border posts. These micro-computers are not adequate since some border posts in the west particularly those with Rwanda, Zaire and Sudan are not covered. If these micro-computers can be increased and be used to capture data at the borders, there is a good chance that data processing will improve at the headquarters level. Computer stationery and diskettes are sometimes in short supply at the Statistics Division.

15. Regarding data collection, the main source of data are documents completed by importers and exporters and presented to customs authorities. There are problems with these documents which we shall describe below. Copies of the documents which are received from customs are not clear at times. There is no consistency in sending these copies, sometimes it is the third copy, other times the fourth copy. Documents from the west of the country have not been received for a long time. There is at times missing documents hence the serial numbering is not in sequence. Units of quantities are indicated in number of cartons, bags, etc. and these do not facilitate statistical processing. There are also serious delays in receiving the document at the Statistics Division. At some border posts, documents run out at times hence the customs offices simply fill the details on a piece of paper which get easily lost and disturbs the serial numbering of documents.

16. The other problem which concerns data capture is the lack of transport facilities to enable follow up at the border posts. The Division could follow up the data collection excise if transport was available in particular where data has not been received or forms are missing.

17. The situation regarding data capture for the year 1990 was examined by the mission. Data from Kampala, Entebbe and Jinja were captured for the period January-April 1990. Data from Maraba just started being captured and data from Busia was captured as from April 1990. Due to lack of data from all the stations, it has been difficult to obtain a picture of the total trade of Uganda. Regarding development of systems for capturing, analysing of trade data the DATAMATICS (U) LTD. consultants developed a programme for doing this on the ICL 2903 computer and later ME 29 computer. This system has never been used.

18. Regarding the dissemination of data the mission was informed that nothing had been published so far. The trade statistics of Uganda do not exist in a form suitable for dissemination to users. Statistics available at the Statistics Division appear incomplete. The data is mainly at the capturing stage, the production of tables appear to be far from reality. It is therefore the issue of rehabilitating the whole system. The mission attempted to examine the print outs of the captured data, it was not possible to obtain a set of these for the year 1988 for instance. The confused situation deserves attention to ensure that the system is put in place and that production of statistics starts.

19. Export statistics of certain commodities were available in the various organizations which handle these. The coffee marketing board provides figures on coffee, the Lint Marketing Board provides export figures on cotton while the tea Authority provides export figures on tea. Electricity is also exported to Kenya by Uganda and the statistics on this are available.

20. The commodity classification being used in Uganda is SITC (Rev. 3). The software available on the micro computers in the Statistics Division are DBase III and Lotus 1.2.3.

21. Regarding the lack of co-ordination with other department, it was clear that the Department of Statistics, MPED had not played a significant role in this area although the statistics Act of Uganda states that the Statistics Department will co-ordinate all statistical activities in the country. There is need for the Department to assist and play a key role in the rehabilitation of the trade statistics of Uganda.

#### Ministry of Commerce

22. The mission was accompanied by the Acting Chief Government Statistician and the Co-Director of Statistics at the Statistics Department to discuss aspects of external trade statistics within the framework of the project to be financed by UNDP.

23. The delegation was informed that the project is in a preparatory phase at the moment. Under the project a consultant in external trade statistics will be fielded to examine the statistical needs of the Ministry of Commerce and see how these could be integrated into the project document. The External Trade Statistician will work closely with Customs and Excise Department. It is expected that two persons from Customs will be trained with funds from the project and that some computers will be provided. The ASYCUDA and CADET software packages will also be established. The statistical component of the project will be developed closely with the Department of Customs and Excise. The co-ordination links will be very strong.

24. Later a consultant in trade facilitation informed the delegation that the system of handling imports and exports was not working properly at the moment. He intended to examine the air, inland water and land (road and railway) handling of goods. The problems were partly due to poor management, lack of incentives, facilities, etc. He suggested tentative ways of improving the situation at customs such as the improvement of morale through the provision of incentives to the customs offices and/or payment of prize money arising from the sale of vehicles/goods confiscated due to smuggling or carrying of illegal items.

#### UNDP, Kampala

25. The mission paid courtesy call at UNDP and had discussion with the Resident Representative and the National Programme Officer responsible for ECA matters.

26. In the discussion with the National Programme Officer the mission was informed of the project "Assistance to External Trade Development (UG/87/009)" to start in July 1990 at the Ministry of Commerce. This project will be financed by UNDP and the executing agency will be UNCTAD. The primary function of the project is to build the institutional capacity of the Ministry of

Commerce, the Export Promotion Council and related institution (such as Statistics Division, Customs and Excise Department) to enable them discharge fully their prescribed policy making and operational functions. A secondary function of the project is to provide direct support in export development and promotion. the project has a duration of three years.

27. Under this project an External Trade Statistician will be engaged on a consultancy basis to examine the data requirements of the Ministry of Commerce and to establish the ASYCUDA system for processing trade statistics.

28. The project was justified by the fact that there is a virtual vacuum with respect to reliable trade statistics as a result of which rational trade policy making is impossible and monitoring of exchange flows very difficult.

29. The EEC has expressed interest in the possibility of parallel financing assistance in the establishment and management of a trade statistical data base for the Ministry of Commerce. It should be recalled that the EEC is in the process of financing a sub-regional project to support the introduction and initial functioning of ASYCUDA on a PTA-wide basis and that the Government of Uganda adopted the decision to accept the ASYCUDA system.

30. The mission met the Resident Representative in the presence of the National Programme Officer to discuss a number of issues connected with the situation of trade statistics in Uganda. The mission informed the Resident Representative on problems being faced by the Statistics Division of the Customs and Excise in the collection, processing and dissemination of trade data.

31. In the area of data collection, the problems are both with respect to the Customs Administration on the one hand and the Statistics Division of the Department of Customs and Excise on the other. Improper completion of the import and export forms, missing serial numbers among the forms sent to the Statistics Division, lack of adequate numbers of forms at the frontiers are some of the problems faced by the Customs Administration.

32. With respect to the Statistics Division of Customs and Excise the specific problems are: lack of transport for follow up of entry or exit forms of commodities at the frontiers, inadequate number of micro-computers at the frontiers for data capture, missing documents, lack of incentives for the statistical staff, lack of stationery (paper, diskettes) and inadequate data processing capability within the Division to run the computer systems which were developed a few years ago and ensure that some tables are released.

33. With respect to dissemination of trade data, there is lacking basic import/export data which if the basic source (Customs Administration) supplied these documents, the Statistics Division could prepare manually the needed summary tables.

34. It was mentioned that ECA has, because of lack of basic trade data from Uganda, resorted to the use of partner country data, publications on trade released by the UN Statistical Office, IMF, and estimation procedures to enable the preparation of country data for Uganda. This, of course, is not a satisfactory situation but in the circumstances, is the best that can be done at the regional level. Reliable trade statistics are needed to enable rational trade policy decision making and monitoring of exchange flows.

35. In addition to the problems of data collection, data processing and dissemination the issue of co-ordination between Customs and Excise Department and the Ministry of Commerce was mentioned. There is need to strengthen the co-ordination mechanisms between the two offices.

36. The issue of incentives for staff was discussed. In this connection the mission was informed by the Statistics Division of Customs and Excise Department that the customs officers receive a 30% topping up allowance which is based on their basic salaries. This topping up allowance is being paid by the Government of Uganda. The same was not true for the statistical staff of the Statistics Division of Customs and Excise Department. The whole issue of incentives needed to be addressed carefully in any strengthening excise of a department or division.

37. The discussion then centred on what assistance UNDP could provide to the Customs and Excise Department to ensure that the administrative mechanisms and the production of statistics are in place. It was recognized that the requirements of the Statistics Division needed to be catered for specifically in particular to enable it establish a trade data base which could generate the needed statistics. In the context of the project with the Ministry of Commerce a further examination was to be undertaken by UNDP to see what additional inputs were needed with regard to the provision of technical personnel, training of personnel, vehicles, computers, hardware and software, etc. The need to strengthen the project was recognized. The mission was requested to make recommendations in its reports regarding the strengthening of the trade data base and other facilities which may be required to enable UNDP take further action with the Ministry of Commerce and the Ministry of Finance regarding the strengthening of Customs and Excise Department.

## VI. SUMMARY OF PROBLEMS ENCOUNTERED

38. There are many problems which have affected the collection, processing and dissemination of trade data. The problems are described in the following paragraphs.

39. The customs source documents raise problems of illegibility, missing records, recording errors and timeliness in the receipt of these documents from customs. In addition, there is lack of adequate quantities of these documents at some border posts. Information from some border posts is rarely received at the Statistics Division of customs. Lack of motivation/incentives of

staff has led to low productivity. Some posts are not filled due to the general lack of candidates to fill these posts. Low salaries may also explain the lack of candidates.

40. Difficulties of communication mainly with border posts have been responsible for lack of follow up on the missing documents or queries regarding the gathered data.

41. Inadequate number of micro-computers at the border posts for data capture including inadequate supplies of computer stationary and consumables such as diskettes, computer ribbons, etc.

42. There is a shortage of staff in the computer field at the Statistics Division. These staff have either left for more lucrative jobs or have not been attracted to the Division. This has affected the processing of the data for release to users.

43. Smuggling has added to numerous problems leading to increased problem of inaccuracy.

44. Co-ordination at the technical level between the Statistics Division of Customs/Ministry of Commerce and the Department of Statistics, MPED was not adequate. In particular the section dealing with foreign trade statistics in the Statistics Department of the MPED could assist the Customs and Excise Statistics Division at the technical level.

45. Users no longer believe that the Statistics Division of Customs and Excise Department is in a position to disseminate trade data. There is need to reinstate this confidence. This is so due to lack of published data by the Division which users could access.

46. The provision of 30% of existing salaries as allowance to the Customs and Excise Department staff which was not extended to the Statistics Division staff has meant lack of appreciation for the useful work being done by these staff, hence leading to problems of motivation.

47. Training of staff (in-house and abroad) has been lacking. There is need to ensure that the staff are adequately exposed to the techniques of handling trade data.

48. These various difficulties have led to timeliness problems, data processing, low staff morale, etc. There is need to correct the situation and to begin to release trade statistics of Uganda as used to be the case in the past.

## VII. FUTURE PROSPECTS

49. Following discussions held at the Statistics Department, MPED, Ministry of Commerce and the UNDP, it is clear that everybody is concerned about the situation. The UNDP in particular has already initiated a project which will go a long way in building up the institutional capability of the Ministry of Commerce, Export Promotion Council and related institutions to

enable them discharge fully their prescribed policy making and operational functions. The project will also provide direct support in export development and promotion.

50. Some assistance will be provided under this project to the Statistics Division of Customs and Excise Department covering aspects of technical assistance, training, software packages (ASYCUDA and CADET) and perhaps hardware. This assistance is in no way small but needs to be increased and extended to the whole Customs and Excise Department to ensure that at the point of collecting data (where a number of problems emerge) things are under control.

### VIII. CONCLUSION AND RECOMMENDATIONS

51. The situation concerning external trade data is very mixed. Publications were interrupted a long time and data processing has not advanced much. Lack of trade data has led some organizations to generate their own data hence leading to duplication of effort and wastage of some resources (human and financial). Lack of co-ordination between interested parties is very disappointing. There is need for improvement in the co-ordination mechanism regarding the collection processing and dissemination of trade data.

52. The following are recommendations arising from the mission findings:

#### (i) General

- The Statistics Division of Customs and Excise Department needs to be rehabilitated in its operations concerning the collection, processing and dissemination of trade statistics. This rehabilitation can become part of the project "Assistance to External Trade Development UGA/87/009" under the Ministry of Commerce or a separate project to be financed by UNDP under the Uganda country IPF.

#### (ii) Specific

- The source documents generated by importers and exporters and handled by customs need to be critically examined interms of their content, availability to Statistics Division, timeliness, etc. to enable further improvement in the way these documents are handled;

- There is need to provide training in foreign trade statistics operations to the staff of the Statistics Division of Customs and Excise Department. This training can be organized locally with a few officers being selected for more advanced training overseas. A similar training should be organized for the customs officers to enable the completion and checking of forms to be done properly and consistently;

- The ASYCUDA and CADET software packages should be installed at the Statistics Division of Customs and Excise Department to enable production of some statistical tables in as short a time as possible. A consultant from the EEC or the trade statistician to come under the project UGA/87/009 could assist in the installation of these packages;
- There is need to acquire more data capture machines to be installed at border post which do not yet have them. These data capture machines should be provided with adequate consumables, i.e. diskettes, paper, printing ribbons. Also to be increased are micro-computers and printers;
- To enable the Statistics Division of Customs and Excise Department to be mobile in terms of following up source documents and checking the work at border posts, there is need to provide them with vehicles;
- An incentive scheme similar to the one which exists with the customs officers (30% of salary allowance) or other more attractive incentive scheme should be put in place. The best way of doing this is to make it be part of the rehabilitation project;
- The Statistics Division should open a receipt register for the source documents and associated invoices to enable them to ascertain completeness of trade statistics and avoid omissions. These receipt registers should be checked systematically against other sources such as aircraft manifests. While opening this receipt register a manual tabulation of basic imports and export could be set to enable the provision of preliminary estimates. These estimates could be disseminated to users;
- There is need to set up a co-ordinating committee composed of the Statistics Department (MPED), Ministry of Commerce, Statistics Division (Customs and Excise Department) and Customs and Excise Department to look into ways of improving the situation regarding the statistics of Uganda. Such a committee should be established by the Statistics Department (MPED) in co-operation with the Statistics Division of Customs and Excise Department.
- Finally, UNDP Uganda should, within its financial limitation, do everything possible to assist the Customs and Excise Department (including the Statistics Division) to improve the situation regarding its trade statistics.

ANNEX I

Persons with whom discussions were held

Statistics Department (MPED)

J. Lutaya, Acting Chief Government Statistician

P. Hodgkinson, Co-Director Statistics (World Bank Project)

Nakaabaale, Industry, Energy and Labour Section

A. Sewanyana, National Income and Finance Section

United Nations Development Programme

Tedla Teshome, Resident Representative

Lad Byenka Abwooli, National Programme Officer

Ministry of Commerce

Bwanika Dengu

W.M. Lyakrwa, Consultant Trade Promotion

F.T. Hallett, UNCTAD Consultant Trade Facilitation

Statistics Division, Customs and Excise Department

C. Katte-Mukassa, Acting Chief Statistician