UGANDA STATISTICAL SOCIETY

u s s

Promoting Statistics for informed decision making

The President's Word to the Members of Uganda Statistical Society

I thank you for the trust you have put in us as your leaders of the Uganda Statistical Society for the coming two years that commenced on 31/03/2016.

I thank the former President, Pastor Godwin Batuwadde Sempebwa and his committee for their commitment and dedication that we have shared for the past two years. It has been a learning process for me and others who have benefitted from the interactions and participation in the various activities of the society.

I thank the Uganda Bureau of Statistics Executive Director, Mr. Ben Mungyereza the Board and staff for their understanding of the common goals that the society and ubos are pursuing.

I wish to take this opportunity to assure the elders that we shall uphold the professionalism and focus on maintenance of active interaction with all the stakeholders concerning issues of statistics in Uganda and elsewhere as may be necessary.

I wish to assure you that we shall continue to pursue our endevours to get the enabling law governing statisticians, like other professional bodies.

We shall continue to encourage the statisticians at all levels to realize the need to work with those who are already statisticians and those being trained to become such.

Lastly but not least, we pledge to communicate to all of you on all aspects that concern the society and others that affect the statistics fraternity in Uganda and elsewhere.

I wish you the best in the name of the Lord.

(Luggya Herbert – Lecturer Kampala International University, St. Lawrence University)

President Uganda Statistical Society 2016 - 2018

Uganda Statistical Society is the only hope we have to harmonies the production of quality statistics.
My hope is that the Editorial Team with the support of all members of the society shall close the communication gap and expedite the process of active participation of all members in activities of the society.

Let us join our efforts to ensure this new idea of producing a news letter shifts the paradigm of public participation in USS activities.
The sky will be the limit. **Mr. Esau Atwongyeire**
Editor- USS

Understanding the Industrial Trade Export Competitiveness of Uganda in East African Community through USS News Release

Regional Integration, *East African Community (EAC)*

EAC is the intergovernmental organization comprising ofKenya, Uganda, the United Republic of Tanzania, Rwanda and Burundi, whose mission is "*to widen and deepen Economic, Political, and Social and Culture integration in order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments*" (EAC website).

It was first established in 1967 with the cooperation of Kenya, Tanzania and Uganda. Following its dissolution in 1977, it took around 20 years to establish the Permanent Tripartite Commission for East African Cooperation and for the new treaty to enter into force. Between 2005 and 2010, the EAC implemented a customs union and a Common External Tariff on imports from third countries, duty-free trade between the Partner States and common customs procedures. In 2007, Rwanda and Burundi became full members of the EAC and joined the EAC Customs Union in 2009.

In 2010, the EAC Partner States signed a Common Market Protocol that seeks to "*accelerate regional economic growth and development by introducing the free movement of goods, persons and labor, the right of establishment and residence, and the free movement of services and capital*". It is also expected that the Protocol will strengthen, coordinate and regulate the economic and trade relations among the Partner States.

Industrialisation in the EAC

The overall objective with regard to industry, according to the East African Community Industrialisation Policy 2012-2032, is to create a market-driven competitive industrial sector based on the comparative and competitive advantages of the EAC region, and to accelerate the structural transformation of the Partner States' economies. The specific policy targets are diversifying the manufacturing base and raising the valued added content of resource-based exports from 8.62% to 40% by 2032; strengthening national and regional institutional frameworks and capabilities for industrial policy design and implementation; strengthening research & development technology and innovation capabilities; increasing the contribution of intraregional manufacturing exports relative to total manufactured imports; and transforming micro, small and medium enterprises so they can increase

Contributions in manufacturing GDP from currently 20 percent to 50 percent by 2032

EAC intra-regional manufactured trade rose from 373 million USD in 2000 to 1.7 billion USD in 2010, an average annual growth rate of more than 16 percent for the decade. Yet this only accounts for 35 percent of the EAC's total manufactured trade in 2010, down from 50 percent in 2000. A similar trend is observed in sophisticated industries (medium and high-tech exports) and less complex manufactures (resource-based and low-tech exports).

The Competitiveness Industrial Performance (CIP) Index

United Nations Industrial Development Organisation (UNIDO) approach on competitiveness means the ability to compete with firms at the international frontier of best practice. It must be recognised that it is firms that compete not nations. Firms have their own strategies for lowering cost, improving product quality and finding marketing networks. However, due to the intrinsic failure of markets in critical areas, government support for firms has in some contexts proved to be an important component of the process of attaining competitiveness.

EXPORT CAPACITY

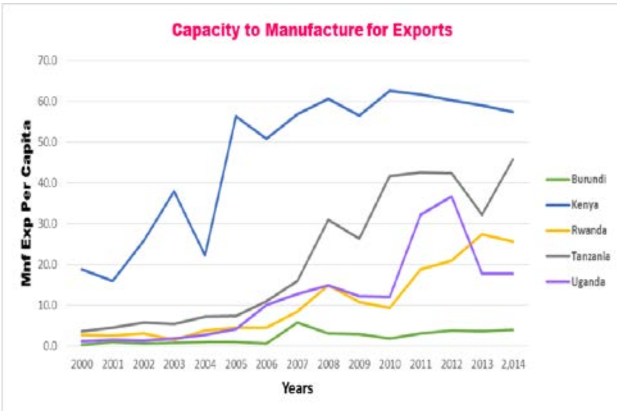
This Competitiveness Industry Performance (CIP) index dimension measures the ability of the country to export manufactured products, taking into consideration country size. In other words, it shows the ability of the country's population to manufacture for export.

The manufacturing export capacity of Kenya in 2014 is higher than other EAC countries at 57.4 USD, Tanzania follows at 45.9 USD, Rwanda at 25.7 USD, Uganda at 17.9 USD, and Burundi at 4.1 USD as shown in Figure 1 below.

Although there is steeper growth for almost all countries since 2004/5, the trends of the years since 2012 seem a little worrying for Uganda, Tanzania and Kenya. Therefore there is need to closely track this developments i.e. need to understand which products exported have caused this (one product group, or all manufactured export?), or whether it was a particular destination market that stopped importing from these countries.

The Manufactured Export (Mnf Exp) per capita of Kenya is 46.8 USD on average in the period 2000-2014, Tanzania at the average of 21.6 USD, Uganda at the average of 12.0 USD, Rwanda at the average 10.7 USD, and Burundi at the average of 2.3 USD in that given period. The manufacturing export capacity is fluctuating for all countries except Burundi (2000-2014) which can be explained by the resource based nature of products produced by the countries. However, subsector analysis would help to better explain these trends.

Figure 1; Shows Export Manufacturing Capacity of the East African Community (EAC) Partner Countries



Source: UN Comtrade

EXPORTS IMPACT

It shows the relative performance of the EAC Countries' Manufactured Exports (Mnf Exp) on the global perspective. Gains in world market shares reflect improved competitiveness while losses signal a deterioration of a country's competitive position.

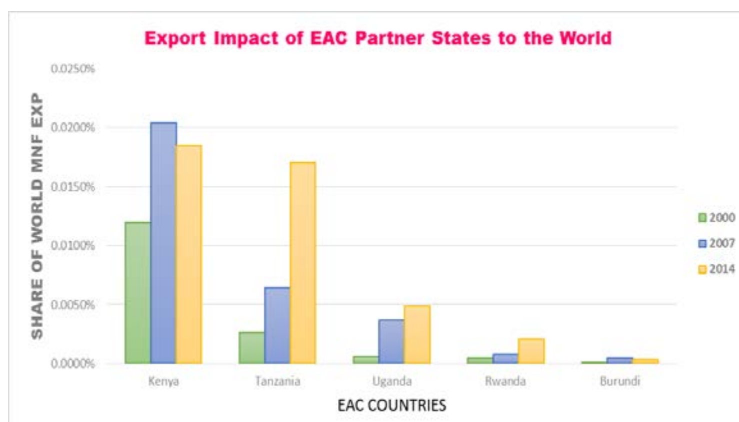
The share in World Mnf Exp for Kenya is far higher than other partner countries just like how it is with export capacity. Burundi also has the lowest export impact in the region. This perhaps indicates that Kenya is more competitive in terms of exports than other EAC countries since its capacity and impact dimensions are above others. However, more indication can be obtained from the structural change.

A steady increase of the share in World Mnf Exp was identified in the region, and more particularly Tanzania and Rwanda have been doubling their impact to the world of the given period i.e. 2000, 2007, 2014 as shown by Figure 2. This means that the growth rate of Mnf Exp of the EAC was faster than the world average growth rate.

While all countries have increased their shares when comparing 2000 and 2014 values, only Tanzania, Uganda and Rwanda were able to increase their presence globally between 2007 and 2013. Kenya and Burundi have been falling behind in between 2007 and 2014. That's also why there is a shrinking of the gap between Kenya and Tanzania, in the rest years.

Despite the above achievement, the average contribution to the World Mnf Exp for the selected countries is still very minimal (about 0.006%) according to the period considered.

Figure 2; Shows the Share of Manufactured Exports to the World Manufactured Exports



Source: UN Comtrade

EXPORT STRUCTURAL CHANGE

This dimension is able to access the changes in the country's share of Manufactured

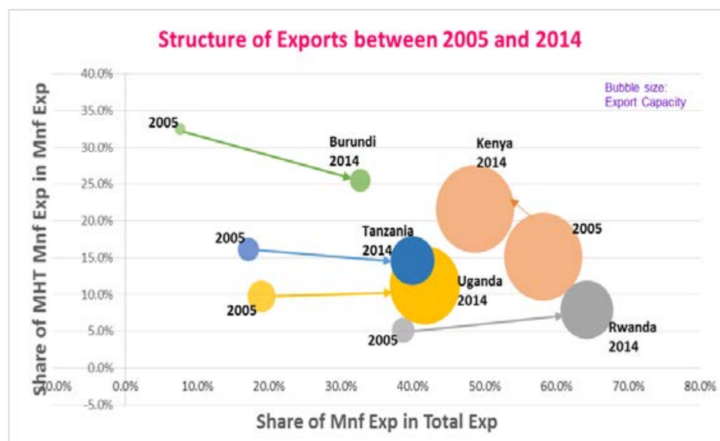
Exports (Mnf Exp) in relation to the total exports as well as the technology applied. It captures the change in the role of manufacturing in export activity.

As shown on Figure 3, there has been improvement in the role of manufacturing in export activity for all the countries depicted by the movements to the right except for Kenya, between 2005 and 2014. This indication shows a difference in trade competitiveness because in the previous analysis (capacity and impact), Kenya is above other EAC partner countries. This means Kenya's prioritisation of Mnf Exp in their total exports for the period under consideration has decreased but this does not mean a decrease in the volume. Hence Kenya may be concentrating on other sectors of the Economy. Also note that Kenya has an average share of Mnf Exp in total exports of 50.6%, Rwanda 50.0%, Tanzania 36.7%, Uganda 37.2% and Burundi 19.0% for the period observed.

The technological complexity of products in Mnf Exp registered a minor improvement between 2005 and 2014 for the EAC countries except Uganda and Burundi. This is a common tendency for small and low income countries because the opening or closing of one big firm will have a large impact on the industrial deepening. Also note that Burundi presented higher share of Medium and High-Tech (MHT) products in Mnf Exp of 33.4% on average, followed by Uganda (21.4%), Kenya (21.2%), Tanzania (16.4%), and Rwanda with the lowest of 9.3% on average for the period under consideration. Burundi's share of MHT products in Mnf Exp depicts a better trade industrial deepening in the EAC region.

EAC's annual average growth of manufactured exports in the total exports is approximately 8.1% between 2005 and 2014 with Uganda, Tanzania, Burundi and Rwanda moving on target except for Kenya which has a decrease, hence partner states are giving manufacturing due priority in the export process. On the other hand, the share of MHT Mnf Exp in manufactured exports of EAC stands at an average performance of 20.3% in that period which demonstrates a low level of technology sophistication of manufactured exports, hence implying there is a risk of attracting low prices on world markets, demand fluctuations since they are easy to manufacture (low-tech), etc.

Figure 3; Shows the Change in Trade Structure of Manufactured Exports



Source: UN Comtrade

BY Mr. Tony Bbale UBOS

Government's Response to the Global Economic Crisis: A Case for Uganda

The global financial and economic crisis 2008/09[1], the largest since the global recession of the 1930s, affected economies worldwide with consequences for employment and exacerbating poverty levels in many developing countries. While the developed countries experienced first order effects, most developing countries experienced second order effects. Exports dwindled; remittances from abroad were reduced drastically, while Foreign Direct Investment (FDIs) and Overseas Development Assistance (ODA) also took a similar trend. Unemployment rates increased significantly, with US unemployment rate reaching a high of 9.7%[2]. The IMF had projected a contraction of 1.4% in global trade in 2009 and a 2.5% expansion in 2010[3]. Globally, the number of people living below the poverty line was estimated to be 53 million[4] more than if there was no crisis[5]. This has consequences on the attainment of the United Nations Millennium Development Goals (MDGs)[6]. √

What is the problem?

In spite of the global financial and economic crisis in 2008/09, Uganda seemed to have absorbed the shock as reflected in most economic indicators in 2010 compared to 2009. Which policy interventions did the government pursue to cushion the private sector, and were there any distributional effects of the shock to the rural areas? Do the poverty indicators reflect this? How effective were those policies and interventions? Would the government have pursued other policy interventions to address this shock?

Poverty Status in Uganda and any linkage with Global Crisis

Data from the three household surveys reveal quite interesting results. Table 2 illustrates the changes in poverty status for individual households which were interviewed and followed up later using a poverty transition matrix. The table shows that 50% of households which were non poor in 2005/06 (pre-crisis period) became poor in 2009/10 (post crisis) most likely due to the global economic crisis.

Table 2: Transitions in Poverty status of Households in 2005/06 and 2009/10 in Percentages

Status in 2005/06	Status in2009/10		
	Non poor	Poor	Total
Non Poor	81.2	49.6	74.6
Poor	18.8	50.4	25.4
Total	**100.0**	**100.0**	**100.0**

Uganda national Panel Survey, 2009/10 p45

Whether this proportion belonged to rural rather than urban dwellers, table 3 illustrates this. Still 50% of rural households which were non poor in 2005/06 became poor while it is interesting to note that 23% of rural households which were poor became non-poor in 2009/10. Could this be a result of any specific government intervention? This may need further research since it is not known with certainty.

These findings partially answer the second hypothesis that asserts that the global economic crisis seemed not to have had a significant effect on poverty in Uganda indicating that there were no significant distributional effects of the external shock to the rural areas. It seems there were significant distributional effects of the shock in the rural areas although the proportion of urban households which were non poor in 2005/06 which became poor in 2009/10 (41%) does point to urban unemployment most likely associated with the global economic crisis[19].

The concept paper has shown that prudent macro-economic policies are pertinent in addressing external shocks such as the global economic crisis. A proper balance between monetary and fiscal policies is important in ensuring a quick economic recovery as well as checking inflation. Stability of the exchange rate is critical as well as targeted interventions that increase employment levels especially in the rural areas. Distribution effects of any external shock need to be analyzed critically in order to have targeted interventions as individual households are affected differently. Use of household survey data including panel data is essential in addressing this.

The need to invest in education as a long term strategy to produce a skilled labour force is underpinned. This will increase labour productivity and ability to withstand external shocks. Safety nets are an important policy intervention that government can use to protect vulnerable casual and unskilled workers. This requires strong labour unions able to engage in collective bargaining with employers in both formal and informal sectors as well as government. Timely provision of labour statistics is also vital to ensure targeted interventions to increase employment in the wake of a recession.

By Mr. James Kizito Mayanja- Uganda Coffee Development Authority