

RPTB1

TRADE AND INVESTMENT PROMOTION PLANNING SYSTEM

90/91 TRADE AND ECONOMIC OVERVIEW

Mission: NAIROBI

Country: UGANDA

In 1987, Uganda launched a Rehabilitation and Development Plan covering the period 1987/88 to 1990/91. At the same time, a three-year Structural Adjustment Facility was signed with the IMF, which committed the Government to tight budgeting and cost cutting, and to promoting a mixed and more open economy. Since 1987, the economy has been growing at about 7 percent per year. However, serious weaknesses remain, especially the heavy dependence on declining coffee revenues, the increasing external debt burden and persistent high inflation.

The main constraint on imports is the severe shortage of foreign exchange, which is being mainly targetted on essential goods such as fuel, vehicles, and medical supplies. Following a recent improvement in the security situation, and the Government's new accord with the IMF, confidence levels have risen: multilateral and bilateral aid donor agencies have begun to make increasing amounts of funding available to Uganda. Initially the funding is being directed at emergency rehabilitation of basic infrastructure and the restructuring of government and parastatal institutions.

Export opportunities are mainly linked to aid financing under the World Bank and the African Development Bank. The most promising sectors are currently in hydro power, health, agriculture, civil aviation, and financial/management consulting services.