

THE TOTAL PROGRAMME OF PRIORITIES

Sectoral Priorities

85. In Chapter 2 we proposed an integrated package of policies and aid to break the 'bottlenecks' in transportation and trade, reduce the opportunities for magendo, and get the economy moving upwards again. In this chapter we look at a wider range of needs, some of them also urgent though not strictly part of the integrated programme for the next six months.

86. So far we have discussed transportation of goods, but reconstitution of passenger road services is also essential (see Paper 18). This sector too has suffered from years of neglect. The fleet of buses is only a small fraction of what it was in 1970. People have to wait for hours, sometimes days, to make long journeys. Many end up paying fares 10 or 20 times the statutory ones, in order to stand all the way in an open lorry, jolting over the roads described above (yet another striking example of magendo). The reason for attaching priority to the rehabilitation of these services is not just to relieve discomfort. The basic philosophy of our report is a rapid restructuring of the economy, which involves people moving out of magendo activities into those which are socially productive, and that in turn often involves movement to another area. With passenger services in their present state the necessary large scale redistribution of labour would be very difficult. The buses evidently also act as supplementary carriers of goods. A team of foreign consultants should be invited very soon to assess the technical capacity of both Uganda Transport and People's Transport, and make proposals for the reorganisation of these services, including further technical assistance.

87. Communication needs are also acute (see Paper 20). The telephone system has virtually collapsed for lack of maintenance followed by some war damage. Even before the war, engineers lacked the tools and equipment needed just to carry out first-aid repairs. Considerable length of cable will be needed to get the Kampala exchange working properly, and to re-establish the main trunk circuits. In view of the heavy official traffic between Entebbe and Kampala, a high priority is needed for this circuit and a microwave link is proposed.

88. In both broadcast radio and television, the story is once more of out-of-date equipment and neglected maintenance. The priority for broadcasting derives first from the Government's need to communicate to people the aims of rehabilitation, their role in achieving it and what progress is being made. Secondly, it can contribute to school education, especially in view of the shortage of teachers in science and mathematics. The coverage of radio is many times as great as that of TV, so it deserves a much higher priority: indeed if (as our consultant suggests) the plant for TV broadcasting is in such bad shape that the options are either expensive re-equipment or closing the service down, there can be little question that the latter alternative is preferable. Even in the case of radio there would be a heavy bill for restoring a proper service, including outside broadcasting facilities. Provision for batteries has been made in the list of essential consumer goods imports, so the radio programmes may be widely received, and provision for radio receivers is made in the educational sector paper.

89. Air navigational aids have been functioning so badly at Entebbe that communications between the control tower and pilots are often interrupted, which risks serious accidents and must jeopardise ICAO recognition of its suitability as an international airport. ICAO expert help is badly needed. Some new equipment was delivered for a projected airport at Arua in 1973 and 1974, but this was never installed because the airport never became operational: it has in fact been lying in a warehouse since then and a survey of its condition and suitability for Entebbe would presumably be high on the agenda of any rehabilitation programme, but imported equipment is badly needed anyway. A restoration of meteorological services is also a matter of urgency, if only because they are essential for air traffic. The country's observatories need re-equipping and an elemental need is a line between the one at Entebbe and the airport there.

90. If urban water supplies fail to get attention immediately the result will not only be serious in social terms but also a setback to rehabilitation. The most urgent need is in Kampala itself (see Paper 24). The supply from Gaba only meets about half

the city's needs and is thus irregular. It has not kept pace with population increase and there are serious arrears of maintenance. Coarse meshes and micro filters do not work, nor do half the gravity sand filters or the chlorine injection system. The authorities advise that the domestic supply should not be drunk without being boiled. The dangers of epidemics and the costs of purifying water, a kettle at a time, are obvious. The situation in other urban areas is as bad. In many areas it was not good even in 1970, as shown in studies commissioned by ADB and WHO, and the story since then is similar - declining pumping capacity, injectors not operating. The dangers are also similar, if slightly less urgent.

91. A very closely related question is sewerage. The Kampala plant, which was inspected, is virtually non-operational, and the same is said to be the case at Entebbe and Jinja. Due to total neglect, pumps and other equipment, which were functioning satisfactorily in 1970, are not in use. Virtually raw effluent flows via the Nakivubo Channel to Lake Victoria, only three miles from the intake to the Kampala City water supply at Gaba.

92. The health of the population is precarious. Apart from water borne diseases, there are signs of increasing malnutrition, especially in areas where farming has been disrupted by warfare. Yet the public hospitals are in a very bad state. They lost most of their medical staffs in the mid 1970s and their furniture and equipment in the recent looting. Some relief projects have been mounted by WHO and other agencies, but there is a pressing need for technical assistance - details in Paper 22. For example, only a single anaesthetist is in post at Mulago, the country's main hospital.

93. The University of Makerere, in 1970 one of the finest in Africa, has suffered growing staff shortages, lack of books and teaching materials, and neglect of construction needs, despite a continuous increase in the number of students. At present about half the 617 academic posts are vacant, an even higher fraction in key faculties such as Agriculture and most of the Sciences. There are prospects of filling many vacancies with Ugandans returning from exile, but we propose in addition a large scale programme of support by sister universities abroad, coordinated by the Inter-University Council, to help the university back onto its feet. Many building projects have been standing for years uncompleted, and toilet and other facilities in the overcrowded student hostels have deteriorated to levels which are unacceptable. Aid is also needed to make good library deficiencies and to repair and construct (a) accommodation for both staff and students (b) teaching facilities. Details can be found in Paper 21. The quick restoration of Makerere is central to meeting the many professional and administrative needs we found in every sector.

94. In school education, the story of the past eight years is of increasing enrolment but a growing problem of finding qualified and dedicated teachers, especially in science and mathematics, after the departure of the Asians, and apparently this is now showing up in a noticeably worse performance of Ugandan candidates for A Level examinations, in comparison with Kenyans. The external need is for large quantities of supplies and equipment to replace the losses arising mainly from looting, and also for radios (about 3,000) to enable the schools to benefit from educational radio programmes. Secondly, some expatriate manpower will be needed to supplement returning Ugandans and strengthen the science side of secondary school and technical institutes. The Ministry has detailed lists of its material needs and also of manpower requirements (though we would question the very heavy emphasis on strengthening A Level instruction, doubtless in response to recent examination results).

95. There are three distinct needs in housing:

- (i) A serious general problem already existed in 1978, because little building had been carried out by the military regime, despite the fast increase in population. The Minister puts the need for dwellings at 160,000. Moreover, a number of towns, e.g. Mbarara and Masaka, have been largely destroyed, and the population will rise suddenly with the return of refugees (estimated very roughly at a quarter of a million).
- (ii) Officials in the public sector have, since colonial days, come to expect to live in subsidised public housing. Government policy might take advantage of the present situation and encourage officials, by raising salaries or paying housing allowances, to buy or rent

accommodation in the private sector.

- (iii) A third category of housing will be needed by the technical assistance experts proposed in our report, including those who would teach at the University.

We have made only a cursory survey of this sector and have not attempted to assess the capacity of the construction industry. This is an area requiring a comprehensive technical survey, carried out rapidly. One possibility which would quickly supplement its resources would be pre-fabrication (which could, to a limited extent, make use of the local board factory). Then aid donors could take on (e.g.) complete destroyed towns, and provide pre-fabricated units in quantities. (See Paper 23).

96. In order to maintain the upward momentum, the sectors mentioned in the Chapter 2 programme will need help over a much wider area in 1980 and 1981. In agriculture there is a great range of needs. Increases in prices for producers have been recommended in Chapter 2. Agricultural prices will need to be adjusted to ensure that the production of export crops, and their marketing through official channels continues to be attractive. Cooperatives need to be made viable and more efficient, and this will require that steps be taken to relieve them of their present heavy debt burden. Agricultural extension will need to be revitalised, requiring the supply not only of physical resources (e.g. demonstration and spraying equipment), but also better supervision of field staff. Farmers lack many basic tools, hoes and pruning knives etc: these must be made available, and with them various chemical inputs, fertilisers and herbicides. Animal health needs to be improved and this requires the provision of drugs and vaccines and the rehabilitation of the nation's cattle dips. Improved varieties of cereals and vegetables need to be developed and a system is required to give early warning of the development of regional food deficits. If farmers are to be encouraged to use purchased inputs they should have much better access to credit, and in a few cases the price of inputs might be subsidised. (See Papers 2-7).

97. In manufacturing, the needs for working capital and physical inputs described above will still apply. Some plants required major re-equipment (e.g. Ugma Engineering and Tororo Industrial Chemicals and Fertilisers). (See Paper 11). Organisational problems touched on already in Chapter 2 will become increasingly important as the industrial recovery gathers momentum. There are three options for the industrial sector's large state-owned units - to stay in public hands, to be passed to Uganda nationals or to be returned to foreign control. All of these have their own disadvantages and advantages, the weight of which vary from industry to industry. Paper 8 suggest setting up a review body to propose criteria for different cases.

98. Power is one sector which fortunately does not impede rehabilitation. The Owen Falls hydro-electric station was maintained by its technical staff in full working order, and it escaped war damage. There is, for the present, plenty of spare capacity. However, as rehabilitation gets under way, the surplus will start to dwindle, and could disappear by about 1983. As Paper 13 points out, because of the long lead time in constructing new hydro-electric stations, this needs detailed planning on the basis of technical evaluations already made. Moreover, adjustments in tariff are long overdue, especially in the long-term bulk contract with Kenya, which urgently needs renegotiation: tariffs as cheap as those charged in Uganda encourage wasteful use of electricity (including a bias towards labour-saving machinery) and also mean foregoing foreign exchange earnings (from Kenya).

99. Tourism is an area which could recover some of its foreign exchange potential quite quickly. (It once earned more than either tea or coffee). Most of the furniture in the hotels has been looted and a large proportion of the wild animals killed. The best tactic would seem to be the concentration of resources in getting a few hotels back into service for the coming season, with a long-term policy of restocking the game parks. (See Paper 14).

100. The needs of the roads will not end when the priority purchases and first-aid repairs listed in Chapter 2 are completed. A second stage will consist of a planned programme of resealing, and in some cases re-sheeting, the main roads, and surfacing some of the marram roads, to bring the capacity of the road system back to 1970 levels and beyond. There are considerable arrears of work, and rehabilitation will mean greatly increasing road use for many purposes (getting coffee and other crops off the farm,

supplying consumer goods to the rural areas, increasing mobility of labour). Purchase of lorries and railway rolling stock will still be necessary, and attention will have to turn soon to the restoration of Uganda's air services (see Paper 19).

A Phased Programme for Foreign Exchange

101. We estimate that the total cost of the projects to meet the various sectoral requirement would be of the order of Shs. 5,400m. in the year 1979/80 as a whole, of which Shs. 4,200m. would be foreign exchange costs. These are included (together with needs for current inputs) in the projected foreign exchange balance for 1979/80 in Table 3.1.

Table 3.1
Projected Foreign Exchange Balance - 1979/80 (Shs. m.)

Expenditure	Year	Receipts	
Essential consumer goods	1,170	<u>Current</u>	Coffee 4,000 - 4,800
Petroleum and products	960		Cotton 110
Transport equipment	1,320		Tea 160
Agricultural inputs	660		Others 20
Industrial inputs	1,180	TOTAL EXPORTS	4,290 - 5,090
Office & School supplies	360		
Water & Sewerage	110		
Health	270	Tourism	40
Education	180	Transit Traffic	30
Housing	890	Electricity (Kenya bulk supply)	10
Telecommunications	350	TOTAL INVISIBLES	80
Others	250		
Total Imports	7,700		
Total Invisibles	1,060		
TOTAL	8,760		
Debt servicing	560	Total current receipts	4,370 - 5,170
	9,320	Deficit	4,950 - 4,150
			9,320

102. Comparison of this with corresponding figures in Chapter 2 shows that some slowing down in importation is implied for the second half of the fiscal year. This may well turn out not to be the case - Chapter 2 lists needs to achieve a 'lift off' and allocates a high proportion of the year's foreign exchange outlays to the coming six months. Some of the deliveries and payments may well spill over into the New Year, and the projections for the year as a whole have, therefore, a somewhat firmer basis.

103. Similarly, the apparent slowing down of debt servicing simply reflects the assumption in Chapter 2 that some once-for-all payments need to be made soon on outstanding debts to commercial creditors.

104. On the other hand, earnings from coffee exports should increase steadily throughout the coming year, if the buying price is raised as necessary and the problems of transportation internally and across Kenya are overcome. The vehicle and road repair programmes are crucial, it is also necessary for the weekly number of trains to rise from two to five if the 40,000 or so tonnes of coffee in storage and nearly all the normal crop are to be lifted, without much recourse to lorries or air freight (which is possible when coffee prices are strong, but expensive). What a 'normal' crop is remains uncertain, but in the early 1970s - indeed as late as 1974/75 - 200,000 tonnes was expected, and recent output has seemingly not been very much less, if we assume that about 50,000 tonnes has been smuggled out and add this to recorded exports. So in spite of delays in the early months, we expect 160,000 tonnes to be sold legally in 1979/80. The export price is very hard to estimate, especially for early 1980; we have taken a range of Shs. 25,000 - 30,000 a tonne as before. So altogether, coffee exports in the second half-year could be 50% higher than in the first.

105. Although we cannot count on much from cotton or tea (or tourism), the deficit to be covered with foreign capital should, on these assumptions, not be much more than in the coming six months. This means Uganda might well almost balance its current account in the first half of 1980, thanks to coffee (and if most of the necessary imports are brought in before Christmas).

106. In other words, further balance of payments support would hardly be necessary on these assumptions. This is in any case only realistic. Much of the IMF facilities will already have been used up by the end of the year (though a new SDR allocation of Shs. 50m. will be available from 1 January). Big additional support by private banks could not be counted on. Some private direct investment would be possible, especially if the Government makes arrangements (such as the establishment of joint ventures) that encourage its re-entry, but perhaps not in very significant amounts.

107. The big change that could be envisaged for this part of the year is that project aid could flow in with increasing momentum. If a substantial part of the necessary capital outlay is financed by project aid, and especially if (as we recommend) a high proportion of the local cost is borne by donors, rehabilitation would not require any net loss of foreign exchange; it might even be possible to build up some foreign exchange reserves. This would depend primarily on the coffee price. If the main crop in Brazil turns out (as currently seems possible) to be subnormal, and the market is strong for most of the coming year, and if local costs are met by donors, it might be possible for part of the commercial bank loans at least, to be repaid.

108. For 1980/81, the import needs are not likely to be significantly different (at 1979/80) prices from the coming year. Some import substituting industries (especially sugar) should be able once more to look after local needs and there would be few commercial debt arrears to be paid off (though if any creditor government refused to write off debts in 1979, it might start insisting on a resumption of servicing before long).

109. The further one looks ahead, the more difficult it is to predict coffee prices, but export earnings might well fall back in 1980/81, if they decline. Much of the coffee inventory should have been sold (and cotton exports would still be very limited because of the low level of planting this year). A deficit on current account could well open up again.

110. However, if the flow of project aid is strong by then and provided again that the bulk of local costs are covered (which amounts to further limited balance of payments support), the deficit should not be unmanageable - assuming of course a reasonably high price for coffee.

111. Later there should be sharp increases in exports of the minor crops, as the suggested price policy starts to exert its influence, tourism should become a substantial earner again, and copper and cobalt exports could be considerable. Manufacturing industries should be able to look after a large fraction of local requirements - and in some cases to enter (or re-enter) export markets. The coffee price would still be important but not of such dominant significance.

112. We therefore see, in summary, four phases for the external contribution to the rehabilitation programme:

- (i) July-December, 1979 Big deficit, covered mainly by balance of payments support; moratorium on unpaid official debts which are not written off.
- (ii) January-June, 1980 Balanced current account (because of sales of the coffee inventory and decline in smuggling), enabling exchange to be built up and the balance or payments loans to be partly repaid, provided the price of coffee is moderately strong.
- (iii) July 1980 - June 1981 Possible current account deficit again.
- (iv) After June 1981 Expansion of both merchandise exports and tourism; prospective current account balance or surplus.

Administrative Problems

113. The realisation of the economic and social rehabilitation objectives we have envisaged depends very much upon the inputs of effective manpower (see Paper 30) and efficient administrative machinery. (See Papers 28 and 29). Both resources are sadly deficient in relation to Uganda's needs.

114. There is a critically short supply of skilled professional and technical manpower especially in the productive sectors. The public sector organisations assess their own needs in certain strategic occupations to be filled during the rehabilitation period as more than 1,500 as follows:¹

Occupational Group	1979/80	1980/81
Professional, technical	705	520
Managerial, administrative	150	200
TOTAL	855	720

¹. Some of these figures we have been unable to appraise critically, but they show the order of magnitude of Uganda's needs.

115. The second area of manpower need is training. A very rough estimate is that at least 3,000 people need training of some sort. A special effort is needed to strengthen the capacity of local institutions to absorb as many of these as possible. The following schedule is proposed in sequence:

- (i) strengthen all educational and training institutions by having their key vacancies filled both through internal recruitment and external assistance (obviously a master manpower need, to help ease other manpower shortages);
- (ii) provide materials and equipment in short-supply e.g. text books and reference materials;
- (iii) prepare crash re-training programmes for the staff in essential services;
- (iv) organise mass staff training and re-training, including fellowships offered by donor agencies.

116. To facilitate action on manpower needs, a major contribution would be the setting up of a National Manpower Council and constituent task forces, including one on training.

117. The key to administrative improvement as an essential implementation input is to strengthen the capability for planning, procurement, logistics and supply management, financial control and accounting, and management improvement within the Government. This calls for the establishment of an Administrative Reform Commission to review the administrative machinery of the entire Government and to propose measures for improvement. External experts may be needed to assist the Commission in the course of its work. (See Paper 29).

Financial Implications

118. In Chapter 2, we have already dealt with the need to present two balanced budgets for 1979/80, the second supplementary, including the prospective aid flows. After discussions with officials it seems that the total revenue will be about Shs. 5,455m. (taking account of changes we have proposed, such as higher coffee prices), in the year about to start. Of this, Shs. 1,955m. is earmarked for 'development' expenditure (mostly sales taxes specifically raised for this purpose). These should, we suggest, be taken to limit recurrent and capital expenditure until aid has been promised. There is clearly very little room for fiscal concessions: indeed without devaluation it will be almost impossible to avoid increases.

119. The financial position of the Government is precarious - especially in the short-term. The deficits on recurrent and capital accounts, accumulated over more than six years, and financed by Treasury bills and advances from the Central Bank, amount, at present, to over Shs. 7,000m. The Government ways and means advances alone were Shs. 5,272m. at the beginning of June, and will probably exceed Shs. 6,000m. by the end of the month. The Government should start to repay this. As a first step, we recommend a limited issue of Uganda Government stock (repayable in 5 or 10 years) within the next few months. Commercial banks can be expected to take up some of the five year stock.

120. Fundamental improvements in public accountability are also needed. Under the military regime, there were laws governing how public revenue and expenditure should be accounted for, and rules and regulations continued to apply to the management of public money and property. But violations were widespread. The trouble originated at the top. The President and ministers ignored the rules and required public officers to cooperate in the violations or lose their liberty often their lives.

121. The UNLF Government is advised to issue an immediate Presidential Order, making clear to everyone that a new era of proper financial administration has begun; that laws and regulations will be strictly observed henceforward; and that central Government accounts will be kept up to date. A new Deputy Secretary of the Treasury responsible for financial administration in all government departments should be appointed (see Paper 28)

122. The issue of the Presidential Order might, however, aggravate the financial problems of bodies such as cooperatives. It would need to be followed soon afterwards by the moratorium discussed in Chapter 2. Foreign aid to the cooperative movement would also be helpful in cushioning the shock.

External Support

123. The rehabilitation of Uganda will be impossible unless there is timely and effective support by many foreign governments. This support needs to be far more generous and flexible than is normally the case. Many governments and NGOs have already stepped in with relief aid, as have international organisations such as the UN family and the EEC. But what is needed now is help on a vastly greater scale.

124. We are not talking only of the traditional donor countries. A great responsibility lies on Uganda's neighbours, especially Kenya as the transit country for the bulk of foreign trade. The cooperation of the Government of Kenya is essential in eliminating 'bottlenecks' on the movement of goods by both road and rail, described in Chapter 2.

It could also help financially, e.g. by accepting the need to re-negotiate the long-term electricity supply contract drawn up in a period when energy prices were very different.

125. Together with Tanzania in particular, it has the opportunity to help decisively with supplies such as food, vehicles and spare parts to meet emergency needs as they arise, if need be temporarily accepting some diversion of their own orders, and with the restocking of the game parks. Both countries could help (if necessary on a short-term basis) with loans of medical staff, teachers, professional experts of all kinds, technicians and managers. The old paternalistic days have long passed when technical assistance meant just European experts working in Africa. Indeed, those with professional and technical skills brought up in the region have the advantage of being better able to apply these skills under East African conditions.

126. The Universities at Nairobi and Dar es Salaam which once drew heavily on Makerere could help it quickly and completely to re-establish itself not only by lending staff but also by making it easy for Ugandan exiles working in East Africa to return home, e.g. by releasing them from contractual obligations, or accepting deferment of loan repayments. It is not for those from abroad to make recommendations about regional institutions; these naturally raise deep issues of East African politics. We were struck however, by the objective need for regional cooperation in many areas - trade, transportation, specialised teaching and research. If institutions for such cooperation existed and worked - which is not to say that all the old common services should just be re-established - the tasks of rehabilitation would be much easier, as indeed would the long-term development of Uganda and its neighbours.

127. When it comes to financial help, however, one cannot expect Uganda's neighbours to carry the main burden. Substantial balance of payments support is needed to get supplies into the country in the months before much increased quantities of coffee can be sold and the other exports re-established. We estimate that apart from what can be obtained from the IMF and under STABEX, and from commercial sources, a loan of Shs.2,000m. (nearly £150m.) is needed to cover the next six months - really the next three months. This is the key to getting the economy moving again, breaking the black market and creating the economic conditions for political stability. This analysis points to the need for a small group of donor governments to be brought together on the initiative of either one of them or an international body, such as the Secretariat of the Commonwealth or the EEC, in order to discuss how to allocate this task among them. The situation cannot wait for the steps normally taken to establish credit-worthiness.

128. We have given reasons for expecting that the donor governments will not have to continue such support indefinitely. A single financial injection of this magnitude should suffice. Naturally, it would be best if such support were in the form of a grant. A second best would be an interest-free long-term, but - on certain assumptions, which we have specified - repayment might start within a year. One of these assumptions is far-sighted generosity in project aid.

129. In Paper 27, the total cost of the two year rehabilitation programme is estimated at Shs. 11,500m. (see Table 3.2). Of this, one-quarter could in principle be covered by the Government through its 'development budget' (basically earmarked sales taxes). But some of this may well be needed to help cover expenditure on the recurrent budget. Moreover, there needs to be some rebuilding of foreign exchange reserves. Therefore, the total project aid should be of the order of Shs. 10,000m. (say £650m.).

130. This has two implications. The first is that donors should meet local costs. These vary from sector to sector, but they average about 25% in the projects we were able to cost (see Annexes to Paper 27), i.e. about the maximum possible Uganda could conceivably cover from its own resources. If donors fail to finance local costs, the prospect of rebuilding reserves and repaying debts will be much dimmer, and projects will be delayed. Indeed, if many donors reject local costs, the Government of Uganda will have to forego many projects. Donor agencies should not deceive themselves: it would be kinder as well as less wasteful to say no to project applications at the outset than to enter negotiations which will later be broken off because of unsuccessful attempts to get Uganda to bear local costs.

Table 3.2
Rehabilitation Programme (Shs. m.)

	1979-80	1980-81	Total
Agriculture	824	765	1,589
Transport	748	793	1,541
Telecommunications	440	451	891
Mining, Engineering and Chemicals Industries	316	274	590
Other Industries and Tourism	638	403	1,041
Social Infrastructure	2,044	2,049	4,093
Administration and Finance	894	836	1,730
TOTAL	5,904	5,571	11,475

Source: Paper 27

131. Secondly, it is usual and understandable for donor agencies to require that projects put to them should be new ones, not already started, and that, in particular, contracts should not have already been signed for the supply of equipment. In present circumstances, however, Uganda needs to place orders much more quickly than can normally be arranged through agency procedures. Indeed, one of the objects of trade credits and early balance of payments support would be to enable them to do this. But if rehabilitation is to pick up momentum at a necessary speed, these resources should last only a few months. So donors need to be prepared to pick up some bills *ex post*. As with local cost finance, this is necessary if the programme is to be implemented.

132. In addition, of course, it is the donors outside the continent who possess the range of expertise and resources that would enable them - without great difficulty - to fill most of the technical assistance vacancies we have identified and to provide much of the training required. The voluntary agencies already working in this area could also provide reinforcement. Paragraph 114 indicates the rough magnitude of manpower needs in the public sector. The following schedule is believed feasible for local recruitment, leaving the remainder to be covered by a large but declining injection of technical assistance.

Occupational Group	Local		Technical Assistance	
	1979/80	1980/81	1979/80	1980/81
Professional, technical	243	251	462	269
Managerial, administrative	65	155	85	45
TOTAL	308	406	547	314

133. One way of mobilising project support would be through a Donors' Conference at an early date (though not quite as early or as small as the meeting suggested above to organise balance of payments support). Because of the complexity of the problem, this conference should be preceded by a less formal meeting at a technical level to explore the priority needs in conjunction with Ugandan officials, and possibly to allocate provisional sectors and/or geographical areas to particular agencies. In our sector papers we have tried to indicate what might be appropriate sources of aid for some types of project.

134. Agency Officials taking part in such discussions should do so in the realisation, which can only originate in their political leadership, that this is quite a unique situation - far worse than hurricane or earthquake damage. Indeed that they are being asked to cooperate with the Government of Uganda in overcoming a dangerous national crisis which is also an international responsibility. What is required to meet this unusual situation is unusual imagination, and willingness to provide appropriate forms of assistance even if they are unprecedented or bureaucratically inconvenient. Many political leaders today adopt the posture that their own economic problems are so great that they are in no position to help other countries. They should visit Uganda.

Recapitulation

135. It may be helpful if we recapitulate here what needs to be done, selecting from the earlier parts of this report and the sector papers, some of the main tasks, and arranging them according to how they fit into the process of rehabilitation.

136. The first stage is the next few weeks. Some things need to be done in a matter of days, because there are social, economic and political dangers in the present stagnation.

137. The first category here is taken from Chapter 2: it consists of steps which need to be taken now to break 'bottlenecks' and thus make other steps possible later:

- acquire as much as possible of the credit available to Uganda under IMF facilities and STABEX;
- create a section in the Ministry of Finance to coordinate aid applications from all ministries;
- approach donor agencies and commercial sources to obtain a total of Shs. 3,000m. (£200m.) untied balance of payments support;
- announce a moratorium on unpaid debts to foreign governments inherited from the military regime;
- set up a task force to administer the purchase, transportation, storage and marketing of essential supplies;
- as soon as some of the payments support has been secured, see that orders are placed for the following goods:
 - (i) salt, sugar, soap, cooking oils and fats, clothing, sewing machines, skimmed and condensed milk, radios, batteries, pharmaceuticals (suggested quantities have already been telexed to the Ministry of Finance);
 - (ii) spare parts and industrial inputs to enable the following factories (which have very low inventories) to keep running: Uganda Hoes, Steel Manufacturers of East Africa, Dunlop (EA), Uganda Jute Mills and Cement Industries;
 - (iii) hoes, ox-ploughs, fertilisers, sprays and spray pumps, pruning knives, gunny bags and drugs and vaccines for livestock;
 - (iv) machinery and equipment for repairing both sealed and murrām roads;
- In order to clear the way for these imports to arrive
 - (i) empower a senior official to investigate the delays, especially of road traffic, at the Kenya border;

- (ii) negotiate with Kenya Railways for their heavy locomotives to run through to Uganda;
- (iii) pay the outstanding balance on the Tata lorries awaiting shipment in Bombay and place further orders;
- (iv) establish a provisional priority road repair programme, and start to implement it;
- finalise the draft foreign exchange budget for the year 1979/80, with contingency provisions to allow for unexpected fluctuations in coffee prices and various levels of aid;
- set up foreign exchange and import controls with criteria reflecting rehabilitation priorities;
- in order to ensure that the majority of the essential carrier goods do not disappear into magendo trading:
 - (i) either put on taxes equivalent to black market profits, or auction import permits;
 - (ii) abolish price controls on some items, permit big price increases on others;
- To enable parastatals and cooperatives to buy the inputs they need:
 - (i) declare a partial moratorium on their debts;
 - (ii) approach a potential donor for short-term finance;
- To increase the inflow of foreign exchange earned:
 - (i) announce higher buying prices for coffee and tea (cotton could wait);
 - (ii) suspend the management of the Coffee Marketing Board, pending investigation;
 - (iii) create a new, streamlined, Uganda Tea Board.

138. There is a number of other things which need to be done in the same first phase, though not strictly part of the integrated package:

- prepare a Uganda Rehabilitation Programme;
- issue a Presidential Order that financial rules and regulations are henceforward to be observed;
- present a First Budget for 1979/80;
- order the cables and tools to enable the Kampala telephone exchange to be restored and a microwave unit for the Kampala-Entebbe line;
- order spare parts and equipment for radio broadcasting;
- order spare parts for the navigational aids at Entebbe airport, especially primary and secondary approach radar and technical manpower;
- ask the IUC to set up a Makerere Programme of Emergency Assistance by universities overseas;
- apply for urgently-needed medical staff for Mulago Hospital;
- order new strainers and pumping machinery for the water and sewerage systems of Kampala, Entebbe and Jinja (and chlorination plant for the water supply;

- set up a Manpower Board with instructions to supervise the manpower part of the Rehabilitation Programme, including urgent technical assistance needs and training requirements.
139. Slightly less urgently, but still within the next three months:
- arrange for a meeting of donor agencies to discuss cooperation in a Rehabilitation Programme, costing about Shs. 11,500m., of which aid projects would total about 8,500m. (say £560m.), and requiring about 850 technical assistance appointments, and also fellowships for training overseas;
 - order inputs and spare parts for operations currently closed down; e.g. Tororo Steel, and copper mining and smelting;
 - decide whether to establish a separate 'flight information region' for Uganda, or to continue paying for the FIR services at Nairobi, and order equipment accordingly;
 - order materials for restoring the telephone trunk lines Kampala - Kapale and Kampala - Mityana;
 - concentrate repairs and supplies on a few tourist hotels;
 - start an emergency housing programme, with special provision for those arriving on technical assistance;
 - start repairs to staff and student housing at Makerere and resume work on abandoned projects for teaching facilities;
 - apply for science teachers on technical assistance;
 - require all parastatals to report to the Ministry of Finance on their financial condition by (say) September 30;
 - require all recipients of government guarantees to report as well on the outstanding balances of guaranteed loans and overdrafts;
 - set up a body to review the parastatals and recommend on their future organisation;
 - issue, about in September, government stock with maturities of 5 and 10 years;
 - appoint a Government Statistician, if need be on technical assistance.
140. Before the end of the year:
- put forward a Supplementary Budget;
 - raise electricity tariffs for domestic consumers;
 - approach the Government of Kenya for a discussion of the prices and volumes covered by the long-term contract for bulk electricity supplies;
 - announce increased prices for raw cotton and tobacco leaf.
141. If this seems a daunting list, it simply reflects the serious state of affairs in all sectors of the Ugandan economy and administration.