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FOR  
AGENDA

EBS/84/7  
Supplement 1

CONFIDENTIAL

February 15, 1984

To: Members of the Executive Board

From: The Acting Secretary

Subject: Uganda - Staff Report for the 1983 Article IV Consultation  
and Review of Stand-By Arrangement

The attached supplement to the staff report for the 1983 Article IV consultation with Uganda and a review under the stand-by arrangement has been prepared on the basis of additional information. This subject has been tentatively scheduled for Executive Board discussion on Wednesday, February 22, 1984.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. Basu (ext. 76542).

Att: (1)

INTERNATIONAL MONETARY FUND

UGANDA

Staff Report for the 1983 Article IV Consultation  
and Review of Stand-By Arrangement

Supplementary Information

Prepared by the African Department  
and the Exchange and Trade Relations Department

Approved by J.B. Zulu and S. Kanesa-Thasan

February 15, 1984

The information contained in EBS/84/7 is updated below with regard to (1) the observance of performance criteria for end-December 1983; (2) the implementation of exchange rate policy; and (3) price adjustments and new tariffs for selected public utilities.

1. Performance criteria for end-December 1983

All performance criteria for the period ended December 1983 were observed. The relevant data are shown in the attached updated version of Table 6 of EBS/84/7.

2. Exchange rates

The exchange rate at the weekly second window auctions, which was stable at U Sh 320 per U.S. dollar in the first half of November 1984, appreciated to U Sh 300 per U.S. dollar by February 10, 1984.

The exchange rate at the first window depreciated from U Sh 197.9 per U.S. dollar on November 11, 1983 to U Sh 246.35 per U.S. dollar by February 10, 1984. Between these dates, the ratio of the second to the first window rate decreased from about 1.62 to slightly less than 1.22, in line with the programmed timetable.

3. Price adjustments and tariffs of public utilities

The retail prices of petroleum products and the minimum producer prices of agricultural crops were all increased to the levels specified in the memorandum of economic and financial policies attached to EBS/84/7.

The following increases have been announced for selected public utilities:

National Water and Sewage Corporation

Water for industrial use	from 8 cents/gallon to 70 cents/ gallon
Water for domestic use	from U Sh 72/month to U Sh 80/ month

Uganda Electricity Board

25 percent increase in tariffs

Uganda Railways Corporation

Passenger traffic	50 percent increase for upper class and 30 percent increase for economy class passengers
Inland cargo	an average increase of 40 percent

Table 6. Uganda: Indicators of Performance Under the Program,  
September 1981-June 1984

	1981/82		1982/83		1983/84	
	Program <u>1/</u>	Actual	Program <u>1/</u>	Actual	Program	Actual
(In millions of U.S. dollars)						
Balance of payments						
Current account deficit	232.0	131.0	201.0	142.0	125.1	...
Overall deficit	142.0	187.0	82.0	77.0	18.7	...
Debt service ratio (in per- cent of exports of goods and services)	47.0	45.5	26.0	31.7	38.2	...
(In billions of U Sh)						
Ceiling on net domestic credit						
September	34.8	34.4	57.9	49.3	70.0 <u>2/</u>	67.3
December	...	40.7	62.6	55.7	76.8 <u>2/</u>	76.0
March	46.9	43.6	64.2	61.5	81.1 <u>2/</u>	...
June	51.6	48.5	65.6 <u>3/</u>	70.6	84.1 <u>3/</u>	...
Ceiling on net credit to Government						
September	27.2	25.9	36.0	32.0	41.1 <u>2/</u>	39.2
December	...	29.2	36.0	34.2	41.6 <u>2/</u>	40.6
March	31.0	30.2	38.0	37.2	42.1 <u>2/</u>	...
June	33.7	33.6	38.5 <u>3/</u>	45.3	42.6 <u>3/</u>	...
Cash reduction in domestic arrears						
March	--	--	--	--	0.5	...
June	--	--	--	--	0.15 <u>3/</u>	...
(In millions of U.S. dollars)						
Net external borrowing						
Of which:						
0-12 years maturities						
September	70.0	--	120.0	--	30.0	20.0
December	70.0	--	120.0	--	40.0	23.3
March	70.0	--	120.0	30.0	30.0	...
June	80.0	--	150.0	50.0	30.0 <u>3/</u>	...
0-6 years maturities <u>4/</u>						
September	34.4	--	54.0	--	30.0 <u>5/</u>	20.0
December	34.9	--	54.7	--	20.0 <u>5/</u>	15.3
March	33.7	--	54.3	20.0	10.0	...
June	33.1	--	65.0	40.0	10.0 <u>3/</u>	...
Net cumulative reduction in arrears						
September	12.6 <u>6/</u>	24.2	5.5 <u>7/</u>	11.2 <u>8/</u>	...	...
December	... <u>6/</u>	24.7	11.0 <u>7/</u>	16.9 <u>8/</u>	10.0 <u>8/</u>	15.4
March	1.1 <u>6/</u>	4.8	12.0 <u>8/</u>	27.3 <u>8/</u>	...	...
June	3.3 <u>6/</u>	22.2	15.0 <u>8/</u>	16.5 <u>8/</u>	20.0 <u>8/</u>	...
Cumulative sales at second window						
September	...	...	10.0	6.1	39.0	41.9
December	...	...	24.0	27.3	78.0	78.6
March	...	...	53.0	60.5	117.0	...
June	...	...	99.0	100.5	156.0 <u>3/</u>	...

1/ Revised program targets.

2/ The ceilings for September 30 and December 31 of 1983 will be reduced (raised) by the excess (shortfall) of the cumulative profits from the operations of the second window from July 1, 1983 above (below) the projected U Sh 3.6 billion and U Sh 5.3 billion, respectively. For March 31 and June 30 of 1984, the corresponding figures are U Sh 9.7 billion and U Sh 10.4 billion, respectively.

3/ Indicative ceilings.

4/ Of which no more than SDR 20 million of maturities within the range of 0-6 years contracted in 1981/82 and 1982/83 will carry an interest rate equal to or in excess of LIBOR.

5/ Only through cash borrowing by the Bank of Uganda.

6/ Quarterly reductions through cash payments and rescheduling.

7/ Of which half through cash payments and rescheduling

8/ Reduction through cash payments.