



September 1996

# **THE ANNUAL REPORT 1995/96 ECONOMIC POLICY RESEARCH CENTRE**

**ECONOMIC POLICY RESEARCH CENTRE  
PLOT 51 POOL ROAD, MAKERERE UNIVERSITY CAMPUS  
P.O. BOX 7841, Kampala  
Tel: 256 41 541023/24  
Fax: 256 41 541022  
E-Mail [eprc@mukla.gn.apc.org](mailto:eprc@mukla.gn.apc.org).**





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# TABLE OF CONTENTS

Page

1.0	Summary .....	1
2.0	EPRC Background .....	1
3.0	Management .....	2
3.1	Research Advisory Panel .....	2
3.2	Appointments Committee .....	2
3.3	Finance Committee .....	2
4.0	Research Program and Workshops .....	3
4.1	Research Activities .....	3
4.1.1	Completed Research .....	3
4.1.2	Commission and Consultancy Activities .....	4
4.1.3	Research in Progress .....	4
4.1.4	Commission Studies Secretariat and Agricultural Policy Research Fund Administration .....	5
4.2	Workshops/Seminars .....	5
4.2.1	Workshops .....	6
4.2.2	Seminars .....	6
4.2.3	International conference/workshop .....	7
5.0	Publications .....	7
6.0	The Young Professional/Training Program .....	7
7.0	Staff Secondment Program .....	8
8.0	Twinning/Linkage and Networking .....	8
9.0	Problems .....	9
Appendix Table 1.	EPRC Board of Management .....	11
Appendix Table 2.	Economic Policy Research Centre Secretariat (Technical & Support Staff) .....	12
Appendix Table 3.	Research Advisory Panel .....	13
Appendix Table 4.	Appointments Committee .....	13
Appendix Table 5.	Finance Committee .....	14
Appendix Table 6.	EPRC Thematic Research/Commission Studies completed and in progress .....	15
Appendix Table 7.	EPRC Publications .....	16
Appendix Table 8.	Audit Report .....	17



# THE ANNUAL REPORT 1995/96

## ECONOMIC POLICY RESEARCH CENTRE

### 1.0 Summary

This report covers the activities of Economic Policy Research Centre (EPRC) for the period 1995/96 financial year. The Grant Agreement signed by the Government of Uganda (GOU) and the African Capacity Building Foundation (ACBF) on July 9, 1993, marked the creation of the Centre. However, the Centre did not become operational until January, 1994, when its pioneer Executive Director, assumed office. At that stage, the Centre operated from a rented office at the Metropole House, on Plot 8/10 Entebbe Road. Upon the completion of its office building on Plot 51 Pool Road, Makerere University Campus, it moved on December 28, 1994. The new building with 20 office rooms, conference centre, library, computer facilities and a canteen was built within a record time (of five and half months). It was opened by His Excellency, Mr. Yoweri Kaguta Museveni, President of the Republic of Uganda on March 20, 1995. The new Centre has become a major centre of attraction for policy discussions, research activities, seminars and workshops. On June 20, 1995, the Centre was visited by the new President of the World Bank Mr. James Wolfensohn, while on official visit to Uganda. Mr. James Wolfensohn held an **open forum on Africa's problems** at the Centre attended by many Government officials, World Bank and UNDP officials, academics and other members from the private sector. On February 20, 1996, the Centre again hosted the United States Secretary of Commerce, the late Ronald Brown where he addressed several academics and members of the business community on United States trade and business policies. The Centre has received over 300 visitors since its establishment in 1994.

### 2.0 EPRC Background

EPRC is an autonomous non-profit institution, which was created in recognition of the lack of policy oriented research and analysis needed to guide policy makers and implementors on the appropriate courses of action and/or decision making in Uganda. It is designed to provide a practical response to the problems of policy formulation and analysis in Uganda, and to create the necessary environment for intellectual interaction which would provide a balance among researchers, academics, politicians and policy makers.

EPRC is conceived as an institution of high level research on policy oriented issues, serving the government, the private sector, donor communities, NGOs and the public at large. In this regard, since its establishment, EPRC has been involved in research, organising workshops/seminars and other activities intended to address some of the pertinent issues. The Centre has maintained close contact with the Government

and the private sector in addressing some of the problems where practical solutions can be found. It provides the forum for policy debate and acts as the “think tank” for policy debate and other issues on Uganda.

### **3.0 Management**

EPRC is governed by a 13-member Board of Management. This is composed of senior administrators, leading academics and private sector managers (Appendix Table 1). Its day-to-day activities are managed by an Executive Director, who is assisted by a Programme Administrator and a number of Senior Research Associates supported by several support staff (See Organizational Chart). The research activities are carried out under the leadership of the Executive Director. But, each Senior Research Associate leads and supervises a team of researchers, involving several research fellows, young professionals, research assistants and other collaborative researchers (Appendix Table 2).

#### **3.1 Research Advisory Panel**

As provided in the Article of Association, the Research Advisory Panel is a sub-committee of the Board of Management responsible for reviewing research proposals and evaluating research findings.

Its membership is limited to ten, although the Board of Management may co-opt any non Board member to serve in it (Appendix Table 3). The Board at its 14th Management meeting, decided to co-opt three members from the research community to the Research Advisory Panel. This intended to provide a wide range of views and openness to the research coverage of the Centre.

The Panel meets once a month to review research proposals and evaluate some of the preliminary research findings.

#### **3.2 Appointments Committee**

The Appointments Committee is also a sub-committee of the Board of Management responsible for recruitment of staff (Appendix Table 4). This committee has met five times during this period to screen (shortlist), interview and make recommendations to the Board of Management for staff appointments. However, the committee has empowered the management to screen junior staff appointments which the committee approves.

#### **3.3 Finance Committee**

The Finance Committee is another sub-committee of the Board of Management responsible for financial regulation (Appendix Table 5). This committee was created



to ensure that financial management is properly followed. The sub-committee meets at least once every quarter, but may be called upon to deliberate on any financial matter requiring urgent attention.

#### **4.0 Research Program and Workshops**

##### **4.1 Research Activities**

The research priority areas were determined at a an in-house seminar on April 6, 1994. The prioritised research areas based on the major research theme of "Poverty Reduction" included:

- (i) Poverty Reduction
- (ii) Savings and Investment
- (iii) Taxation (Tax structure)
- (iv) Informal Sector Analysis
- (v) Agriculture and Trade Policy

Thus researchers at EPRC have been involved in undertaking various research activities pertaining to the above areas (Appendix Table 6). Due to limited staff, during the year 1995/96, the staff have concentrated on research covering Poverty Eradication and Savings and Investment as discussed in the following sections (for more details refer to Research Annual Report.)

##### **4.1.1 Completed Research**

From the above list, under the guidance of the Executive Director, EPRC researchers and other collaborators have completed the following:

1. The Impact of Structural Adjustment Programmes on Poverty and Income Distribution in Uganda:  
**Principal Investigator - Dr Fred Opio**
2. Credit Accessibility to Rural Poor in Uganda.  
**Investigators - Mr John Matovu, Mr Luke Okumu and Dr Fred Opio**
3. The Nature and the Determinants of Domestic Savings in Uganda.  
**Investigators - Dr Marios Obwona and Dr John Ddumba-Ssentamu**
4. Macroeconomic Response to Structural Reforms in Uganda.  
**Principal Investigators- Dr Fred Opio and Marios Obwona**

#### 4.1.2 Research in Progress

1. Determinants of Foreign Direct Investments and their Impact on Economic Growth in Uganda.  
**Principal Investigator - Dr Marios Obwona**
2. A Study of the Community Based Poverty Profile in Uganda. EPRC in collaboration with the World Bank (World Bank to seek funding).  
**Principal Investigator - Dr Fred Opio, Dr Marios Obwona and Dr. David Bigman**
3. CGE Modelling of Uganda's Economy  
**Principal Investigators- Dr Marios Obwona and John Matovu in collaboration with Prof Juan Gunning, Prof Paul Collier and Chris Elbers**
4. Regional Marketing of Low Value Non-traditional Exports from Uganda. EPRC in collaboration with EAGER.  
**Principal Investigator - Dr Fred Opio and Dr Gordon Henry.**

#### 4.1.3 Commission and Consultancy Activities

As a sustainability strategy, the staff of EPRC were also engaged in commission studies. But this depended on their research/work commitments. During this period, the Centre carried-out three commission studies for the Government of Uganda, viz;

- (i) Tracking of public expenditure in primary health and primary education in Uganda.
- (ii) An evaluation of the implication of the potential closure of UCB branches on rural financial services in Uganda.
- (iii) Poverty eradication action plan

These commission studies were completed within the time frame and final technical reports, were approved. It should be noted that the Centre received a number of requests from various organization to undertake commission studies and consultancy services, but had to decline some of them, due to prior work commitments.



These demand-driven commission studies were found to be very useful in responding to clients needs. In effect, two of the studies undertaken were directly incorporated into the Government policy document upon which several policy decisions were made. In this regard, EPRC has been encouraged to continue providing such studies as long as they continue to contribute to policy dialogue in Uganda.

During the year, researchers were involved in a number of field studies and secondary data collection. The findings of some of these researches were presented at various local and international workshops. Government has incorporated the main elements of the Anti-Poverty Action Plan into the Background to the Budget Framework paper for the 1996/97 financial year and is currently preparing a poverty eradication action plan strategy.

In other areas, research progress reports and preliminary findings were presented to the Research Advisory Panel and regular seminars. Final reports were also sent to peer reviewers. Field surveys to collect information on other research activities were initiated in selected districts. Further field surveys have been planned for July, August 1996 and late in the year.

More research proposals are being developed by new staff and others to cover the prioritized areas which have not been researched on. Research proposals from collaborating institutions have also been encouraged to complement the research activities of the Centre. More outside research proposals will also be encouraged, so that diverse policy issues are covered using mainly seconded staff from ministries, university and the private sectors.

#### **4.1.4 Commission Studies Secretariat and Agricultural Policy Research Fund Administration**

The Centre has been appointed as the Secretariat for the USAID Equity and Growth through Economic Research (EAGER) project. The Centre will coordinate the EAGER project throughout East and Southern Africa.

The Centre has also been appointed as the administrator of the Agricultural Policy Research Fund (APRF). The five-year US\$1.5 mill fund is intended to carry-out agricultural policy related research and to build capacity for policy analysis in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF).

#### **4.2 Workshops/Seminars**

The Centre adopted thematic workshop programs to publicise and disseminate its research findings. It has also used its seminar series as a strategy for evaluating its preliminary findings and information dissemination. The Centre organised and held during this period four workshops and two seminars.

#### 4.2.1 Workshops

The Centre in collaboration with the EAGER Project organised a number of workshops during the year.

These included:

1. Follow-up workshop on: Information Documentation/Data Banking and Dissemination in Uganda. This follow-up workshop was to decide on the establishment of an Information Centre for Socio-economic data accessibility in Uganda in which EPRC has been recommended.
2. Adjustment Policy, Employment and labour market in Uganda. Organised by EPRC/ILO
3. Natural Resource Policy Analysis in East and Southern Africa. Organised by EPRC/CYMMIT.
4. Trade Regimes in Africa. Organised by EPRC/EAGER Project.

#### 4.2.2 Seminars

A number of seminars were conducted at the Centre

These included:

1. Credit Accessibility by the Poor.
2. Poverty and Structural adjustment in Africa
3. The Dynamics of poverty in Uganda.
4. The Nature and Determinants of Domestic Savings in Uganda.
5. In-house EPRC Research Activities 1995/96.

In addition, the Centre hosted the late US Secretary of Commerce Mr Ronald Brown to an **open forum discussion** on the US Trade and Investment Policy in Africa. The Centre notes with regret the untimely death of the late Secretary of Commerce in a plane crash. The Centre has continued to provide a forum for open debate on policy and the economy. Other organizations have occasionally used the Centre's conference facilities to conduct seminars and workshops where EPRC staff members have also participated.



#### 4.2.3 International conference/workshop

Staff of the Centre were invited to participate and/or present papers at international conferences. These include:

- (i) "A study tour of Malawi, Zambia, Kenya, Ethiopia and Uganda. Uganda hosted the final seminar on Poverty Monitoring in Africa based on tour discussion. February 5- 23, 1996, **Participant from EPRC Dr Fred Opio**
- (ii) "Training of Trainers Workshop on Political Economy of Environment for Anglophone Africa, October, 16-27, 1995, Washington D.C. **Participant from EPRC Dr Marios Obwona.**
- (iii) Capacity Building Assessment in Africa, World Bank Workshop. March 27-29, 1996, Addis Ababa, Ethiopia. **Participant from EPRC Dr Fred Opio**
- (iv) Capacity Building Assessment in Africa, World Bank workshop. May 19 - 22, 1996, Mauritius. **Participant from EPRC Dr Fred Opio**

Dr Marios Obwona also attended the **AERC Research Symposium** in Nairobi, Kenya.

It should be noted that financial support to attend these conferences were provided by the organisers and/or external agencies. Due to limited funds provided for in the budget for conferences, it has become difficult to finance staff to attend international conferences.

However, at the local scene, research staff members have regularly participated at various workshops and some have contributed as resource persons.

#### 5.0 Publications

The Centre has initiated many publications. These include the monthly "**Economic Policy Digest**" and the "**Economic Policy Bulletin**", a biannual publication which is expected to attract many readers and article contributions after its successful launching in March 1995. Research staff of the Centre are also encouraged to publish research articles in reputable journals. A list of the Centre's publications is given in Appendix 6.

#### 6.0 The Young Professional/Training Program

The "Young professional" (YP) scheme is regarded as the brainchild of EPRC, which is intended to build capacity for future policy research and formulation in Uganda. The scheme is intended to provide on-the-job training to graduates of economics and related disciplines.

Two young professionals each year join as staff of EPRC. In November 1994, another two in 1995 were recruited bringing the total number of YP recruited to four (4). From these, two were sent to the U.K for attachment in October 1995. The one at Oxford will be involved in a joint study to develop the CGE modelling of the Uganda's economy with Prof Paul Collier of Oxford University, Prof. Juan Gunning and Dr Chris Elbers of the Free University of Amsterdam and Dr Marios Obwona of EPRC the other is expected to return to EPRC in September 1996.

Two other young professionals will be also recruited in October 1996. The Young Professional scheme will continue to recruit two YPs each year to ensure continuity of the program. Arrangements to place the two on attachments for the year 1996/97 is underway.

## **7.0 Staff Secondment Program**

The Centre initiated a "staff secondment" scheme for civil servants and private sector managers. The aim of the scheme is to encourage civil servants and private sector managers involved in policy formulation and implementation to gain experience, and acquire some knowledge and understanding of the process of policy formulation. This would not only build capacity in them but enable them to influence the process of decision making and policy implementation. The attachment which is for not more than 12 months, is determined by the respective Ministry or Department, based on the nature of the problem(s) that the Ministry/Department wishes to investigate. The attachee will be required to prepare a research proposal to be approved by the EPRC Research Advisory Committee.

Two staff members from the Ministry of Finance and Economic Planning have been seconded to EPRC to work on the CGE modelling of the Ugandan economy and will complete their secondment in late November 1996.

## **8.0 Twinning/Linkage and Networking**

The Centre has established formal linkage with the African Economic Research Consortium (AERC), other ACBF funded Research Institutions, Centre for the Study of African Economies (CSAE), University of Oxford, U.K. It has initiated contacts with several international institutions (viz; University of Harvard, Harvard Institute of Development (HID), Australian National University, Centre for Development Studies, University of Gothenburg, Faculty of Economics, Sweden, McGill University, Policy and Management Unit, Canada, University of Bradford, Centre for Project Planning and Management, UK, University of Manchester, School of Economics and Social Sciences, UK) and the Free University of Amsterdam. The objective is to establish long-term linkage arrangements for staff attachments, research collaboration, staff exchange, etc.



The demand for socio-economic data and other information on the economy has created the need for information documentation and data banking. The Centre initiated a networking system for information generators and users in Uganda. The Centre has been identified as the focal point for information documentation and dissemination. This will be a one-stop point for those seeking specialized information on Uganda. A system of networking among information generators and users will be established and coordinated by the EPRC library.

## **9.0 Problems**

### **1. Appreciation of the Uganda Shillings**

The rapid appreciation of the Uganda Shillings in 1995 against the United States dollar, upon which the Centre's operating budget is based, depreciated the grant allocation by more than 25 per cent. This simultaneously precipitated most budget lines and other Centre's financial operation. Consequently, the Centre continued to experience some financial difficulties in light of lack of co-financing to meet some of its contractual obligations. However, the government allocation of Ug. Shs. 75 million, enhanced the Centre's capacity to meet some of these obligations.

### **2. EPRC Sustainability**

The Centre has approached many donor agencies based in Uganda for co-financing and there has been some interest. Discussions are under way with some of them and we hope they will assist.

Meanwhile the Board of Management has endorsed the principle of establishing an **endowment fund**. The aim of the endowment fund is to create a trust fund upon which the centre's future activities could be financed from and thus make the Centre more self-sustaining and less dependent on donor funding.

### **3. Slow recruitment process vs staff turnover**

The process of recruiting staff is slow, taking sometimes six to nine months. This period is desirable to ensure that staff are selected on merits and the best applicant is given the chance to be recruited. This also ensures transparency. But, due to job insecurity associated with short term contract, many potentially good applicants are discouraged and those who accept the appointment, soon find that they can get better conditions elsewhere. Hence many appointees have changed their minds at the last moment, thus delaying the whole recruitment process.

So far, the Centre has filled three of the four Senior Research Associates positions. Despite wide publicity, even non-Ugandan candidates are still reluctant to take up the positions. The idea of short-term contracts proposed by the EPRC Board of Management should be revisited.

Ideally, as a capacity building institution preference should be given to Ugandans, but the main problem is that there are very few qualified economists in the country. These are generally reluctant to move from their current positions because of job insecurity, given the short (two year) contract periods. This should be reviewed to ensure the sustainability of the Centre.

### **Financial Statement**

Since the establishment of the Centre, its financial accounts has been audited three times by Coopers and Lybrand (U) Ltd. The auditors reports are provided in Appendix 8.



## Appendix 1.

## EPRC Board of Management

1. Mr. Emmanuel Tumusime-Mutebile	Permanent Secretary/Secretary to Treasury Ministry of Finance and EPRC Chairman of the Board of Management	Chairman
2. Prof. Justin Epelu-Opio	Deputy Vice Chancellor, Makerere University Deputy Chairman of EPRC Chairman of the Board of Management	Deputy Chairman
3. Prof. Lutalo Bbosa	Principal, Institute of Teachers' Education at Kyambogo (ITEK)	Member
4. Mr Hajji Badru Bunkeddeko	Chairman, Uganda Chamber of Commerce	Member
5. Dr. John Ddumba Ssentamu	Head, Department of Economics Makerere University	Member
6. Dr. William Samson Kalema	Director, Uganda Manufacturer Association (UMA)	Member
7. Dr. Louis Kasekende	Executive Director Research and Policy, Bank of Uganda	Member
8. Mr Nitin Jayant Madhvani	Director, Madhvani International	Member
9. Hon. Israel Mayengo	Member of the National Resistance Council (NRC)	Member
10. Prof. Apollo Nsibambi	Director, Makerere Institute of Social Research (MISR)	Member
11. Prof. Patrick M.J. Ntozi	Director, Institute of Statistics and Applied Economics (ISAE)	Member
12. Dr. Zerubabel M. Nyiira	Executive Secretary Uganda Council for Science and Technology (UNCST)	Member
13. Prof. Erisa Olwenyi Ochieng	Director, Ministry of Finance and Economic Planning (MFEP)	Member
14. Mr. Timothy Lamont	Economic Adviser, Ministry of Finance and Economic Planning (MFEP)	Member (Ex-Officio)
15. Dr. Fred Opio	Executive Director, Economic Policy Research Centre (EPRC)	Member (Ex-Officio)
16. Mrs. Evelyn Muwemba-Nkalubo	Programme Administrator, Economic Policy Research Centre (EPRC)	Secretary

**Appendix Table 2. Economic Policy Research Centre Secretariat  
(Technical & Support Staff)**

Dr. Fred Opio	PhD (Manchester), M. Econ., Dip. Ag. Econ (UNE), BSc.(WVA), Dip Stat.	Executive Director
Dr. Marios Obwona	PhD (ANU), M. Econ (London), BSc. Stat.(MUK)	Senior Research Associate
Dr. Tinker Bonger	PhD, M.Ag. Econ. (London), B.A. Geog. (Addis)	
Mr. John Mary Matovu	MPhil. Econ (Cantab), BSc.Stat.(MUK)	Young Professional
Mr. Luke Jovita Okumu	M. A. Economics, BSc. Stat.(MUK)	Young Professional
Mr. Ben Paul Mungereza	M.A. Economics (Dakar) B.Stat. (MUK)	Young Professional (on study leave)
Mr. Enoth Tumukwasibwe	M.A. Economics (MUK) B.Stat. (MUK)	Young Professional (on study leave)
Mrs. Evelyn Muwemba-Nkalubo	MBA (Sterling), Dip. Legal Prac., LLB (Muk)	Programme Administrator
Mrs. Sarah Kagoda-Batuwa	M. Lib (New S. Wales), B.A Econ. Dip. Lib.(PNG).	Librarian
Mr. Peter Ecodu-Odeng	Dip. in Acctounting (CPA)	Accounts Assistant
Ms. Caroline Aguti	Dip in Secretarial Studies (UNEB-UG.)	Personal Secretary to Exec. Director
Ms. Elizabeth Kiseembo	Cert. in Secretarial (PITMAN)	Computer Secretary
Mr. Esau Ecil		Driver
Mr. Hamdan Semanda		Driver
Ms. Lilian Amongi		Messenger
Mr Robert		Gardener



### Appendix Table 3. Research Advisory Panel

1. Dr. Fred Opio	Executive Director, Economic Policy Research Centre (EPRC)	Chairman
2. Dr. John Ddumba Ssentamu	Head, Department of Economics Makerere University	Member
3. Dr. William Samson Kalema	Director, Uganda Manufacturer Association (UMA)	Member
4. Mr Nitin Jayant Madhvani	Director, Madhvani International	Member
5. Dr. Zerubabel M. Nyiira	Executive Secretary Uganda Council for Science and Technology (UNCST)	Member
6. Prof. Erisa Olwenyi Ochieng	Director, Ministry of Finance and Economic Planning (MFEP)	Member
7. Mr. Timothy Lamont	Economic Adviser, Ministry of Finance & Economic Planning (MFEP)	Member (Ex-Officio)
8. Mr Hajji Badru Bunkeddeko	Chairman, Uganda Chamber of Commerce	Member
9. Mrs. Evelyn Muwemba-Nkalubo	Programme Administrator, Economic Policy Research Centre (EPRC)	Secretary

### Appendix Table 4. Appointments Committee

1. Prof. Justin Epelu-Opio	Deputy Vice Chancellor Makerere University	Chairman
2. Dr. William Samson Kalema	Director, Uganda Manufacturer Association (UMA)	Member
3. Mr Nitin Jayant Madhvani	Director, Madhvani International	Member
4. Dr. Fred Opio	Executive Director, Economic Policy Research Centre (EPRC)	Member
5. Prof. Erisa Olwenyi Ochieng	Director, Ministry of Finance and Economic Planning (MFEP)	Member
6. Mr. Timothy Lamont	Economic Adviser, Ministry of Finance & Economic Planning (MFEP)	Member
7. Mrs. Evelyn Muwemba-Nkalubo	Programme Administrator, Economic Policy Research Centre (EPRC)	Secretary

**Appendix Table 5. Finance Committee**

1. Prof. Lutalo Bbosa	Principal, Institute of Teachers'	Chairman
2. Dr. Fred Opio	Executive Director, Economic Policy Research Centre (EPRC)	Member
3. Mr Hajji Badru Bunkeddeko	Chairman, Uganda Chamber of Commerce	Member
4. Prof. Patrick M.J. Ntozi	Director, Institute of Statistics and Applied Economics (ISAE)	Member
5. Mr Nitin Jayant Madhvani	Director, Madhvani International	Member
6. Mr. Timothy Lamont	Economic Adviser, Ministry of Finance and Economic Planning (MFEP)	Member (Ex-Officio)
7. Mrs. Evelyn Muwemba-Nkalubo	Programme Administrator, Economic Policy Research Centre (EPRC)	Secretary



**Appendix Table 6. EPRC Thematic Research/Commission Studies completed and in Progress**

TITLE OF ACTIVITY/ RESEARCH PROJECT	DATE STARTED	DATE ENDED	COMPOSITION OF RESEARCH TEAM	TOTAL COST OF PROJECT (USD)	REMARKS
Credit accessibility to the rural poor	May 1995	Nov. 1995	John Mary Matovu (YP) & Luke Okumu (YP)	\$7,610	Peer reviewed final report published in the April 1996 issue of the Centre's Bulletin
Nature and Determinants of domestic savings in Uganda	June 1995	April 1996	Obwona M.B., Ddumba-Ssentamu (Economics Dept, Makerere University)	\$28,820	Final report to appear in Sept. 1996 issue of the Centre's Bulletin
Impact of Structural Adjustment Programme on Poverty and Income Distribution in Uganda	Nov. 1994	May 1996	Fred Opio	\$36,300	Final report to appear in April 1997 issue of the Centre's Bulletin
Expenditure Tracking of Primary Education and Primary Health Care in Uganda	Nov. 1995	May 1996	EPRC, Management Systems & Economic Consultants Ltd, World Bank	\$43,779	Report presented to World Bank, Donors and the Parliament
Study of Implications of the Potential Closure of UCB rural Branch Network on Provision of financial Services in Uganda	May 1996	Sept. 1996	EPRC, DFC, Food & Security Group (Oxford)	\$25,000	Report presented by DFC and EPRC to Bank of Uganda, Donors and NGOs
Community Poverty Profile	June 1996	On going	EPRC, World Bank	\$119,500	-
Foreign Direct Investment and their Impact on Economic Growth in Uganda	March 1996	On Going	Obwona M.B.	\$23,650	Field work is completed
*CGE Modeling of Uganda Economy	Jan. 1996	On going	EPRC, Free University, Amsterdam and Oxford University	60,000 Ecu.	-
Savings mobilization, Credit Conduits and Monetary Policies Transmission Mechanisms in Uganda. Formal and informal Financial Sector linkages	-	-	Obwona M.B., Polycarp Musinguzi (Bank of Uganda)	\$33,200	Approved but not yet started
**Uganda's External Debt and the Burden it places on the Economy	-	-	Enoth Tumukwasibwe (YP)	\$6,750	Approved but not yet started
Macro-economic Response to Structural Reform	May 1996	July 1996	EPRC	\$3,000	Presented to GCA
Regional Marketing of non-traditional exports	July 1996	On going	EPRC, EAGER	\$43,000	-
Commercialized Food Crops in Uganda: Implications on Household Food Security	-	-	Ben Paul Mungyereza (YP)	\$8,756	-
A Survey of the Existing Information Sources in Uganda	-	-	Sarah Kagoda (EPRC Librarian)	\$11,627	Approved but not yet started
Poverty Action Plan	Jan. 1996	March 1996	EPRC, MPED, Oxford University, Economics Dept. (Makerere University)	-	Published in Background to the Budget 1996/97 MPED

**Appendix Table 5. Finance Committee**

1. Prof. Lutalo Bbosa	Principal, Institute of Teachers'	Chairman
2. Dr. Fred Opio	Executive Director, Economic Policy Research Centre (EPRC)	Member
3. Mr Hajji Badru Bunkeddeko	Chairman, Uganda Chamber of Commerce	Member
4. Prof. Patrick M.J. Ntozi	Director, Institute of Statistics and Applied Economics (ISAE)	Member
5. Mr Nitin Jayant Madhvani	Director, Madhvani International	Member
6. Mr. Timothy Lamont	Economic Adviser, Ministry of Finance and Economic Planning (MFEP)	Member (Ex-Officio)
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Community Poverty Profile	June 1996	On going	EPRC, World Bank	\$119,500	-
Foreign Direct Investment and their Impact on Economic Growth in Uganda	March 1996	On Going	Obwona M.B.	\$23,650	Field work is completed
*CGE Modeling of Uganda Economy	Jan. 1996	On going	EPRC, Free University, Amsterdam and Oxford University	60,000 Ecu.	-
Savings mobilization, Credit Conduits and Monetary Policies Transmission Mechanisms in Uganda. Formal and informal Financial Sector linkages	-	-	Obwona M.B., Polycarp Musinguzi (Bank of Uganda)	\$33,200	Approved but not yet started
**Uganda's External Debt and the Burden it places on the Economy	-	-	Enoth Tumukwasibwe (YP)	\$6,750	Approved but not yet started
Macro-economic Response to Structural Reform	May 1996	July 1996	EPRC	\$3,000	Presented to GCA
Regional Marketing of non-traditional exports	July 1996	On going	EPRC, EAGER	\$43,000	-
Commercialized Food Crops in Uganda: Implications on Household Food Security	-	-	Ben Paul Mungyereza (YP)	\$8,756	-
A Survey of the Existing Information Sources in Uganda	-	-	Sarah Kagoda (EPRC Librarian)	\$11,627	Approved but not yet started
Poverty Action Plan	Jan. 1996	March 1996	EPRC, MPED, Oxford University, Economics Dept. (Makerere University)	-	Published in Background to the Budget 1996/97 MPED

## Appendix Table 7. EPRC Publications

### 1. EPRC Research Bulletin:

- (i) Economic Policy Formulation in Uganda Vol. 1 No. 1, 1995
- (ii) Credit Accessibility to Rural Poor, Vol, 2 No. 1, 1996
- (iii) Nature and Determinants of Domestic Savings in Uganda Vol.2 No.2, 1996

### 2. EPRC Digest:

- (i) Credit Accessibility to the Poor in Uganda Vol. 1 No. 1 March issue 1996
- (ii) Nature and Determinants of Domestic Savings in Uganda Vol. 1 No. 2 April Issue 1996

### 3. Other Staff Publications

- M.B. Obwona (1995) *Basic Statistics for Business & Economics*, pp 275
- \_\_\_\_\_ (1995) The Budget and the Economy, *Uganda Institute of Bankers Journal* Vol. 3, No. 2
- \_\_\_\_\_ (1995) Policy Analysis vs Policy Research, *EPRC Bulletin* Vol. 1, No. 1
- \_\_\_\_\_ (1995) Is Uganda's Current Account Deficit Sustainable? *Uganda Institute of Bankers Journal* Vol. 3, No. 2
- \_\_\_\_\_ (1996) Role of domestic Savings in the Development Process: What can Uganda learn from Japanese experience? *Uganda Institute of Bankers Journal*, Vol. 3, No. 2
- \_\_\_\_\_ (1996) On decomposing total factor productivity growth: The case of China before and after reforms, *American Journal of Agricultural Economics*, May/August Issue.
- F.A.Opio (1995) Does Economic Policy Research matter? *EPRC Bulletin*, Vol. 1, No. 1
- \_\_\_\_\_ (1995) The Prospects for Agricultural Development in the Year 2000 - *APCC - Monograph* Vol. 2 No.6, pp 25-30
- \_\_\_\_\_ (1996) Macro-economic Response to Structural Reforms in Uganda *GCA Monograph* No. 2, 1996
- \_\_\_\_\_ (1996) The Role of Regional Institutions under Liberalised Trade Regimes *EPRC Monograph* No. 3
- L.J. Okumu (1995) The concept of the Young Professional, *EPRC Bulletin*, Vol. 1, No. 1



## **Appendix Table 8. AUDIT REPORT**

### **REPORT OF THE AUDITORS TO THE BOARD OF MANAGEMENT OF THE ECONOMIC POLICY RESEARCH CENTRE**

We have audited the accounts set out on pages 3 to 20. The accounts are in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

#### **Respective responsibilities of directors and auditors**

The Board of Management is responsible for the preparation of the accounts which give a true and fair view of the Centre's state of affairs and its financial statements. Our responsibility is to express an independent opinion on the accounts based on our audit and to express our opinion to you.

#### **Basis of opinion**

We conduct our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts.

#### **Opinion**

In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of affairs of the Centre as of 30 June 1996 and of its support and revenue expenses and changes in the funds balances for the year then ended.

# NOTES TO THE ACCOUNTS - 30 JUNE 1996

## 1 NATURE OF THE ORGANISATION

Economic Policy Research Centre (EPRC) was incorporated on 31 March 1993 under section 16 (1) of the Companies Act as a company limited by guarantee and not having share capital. The board of trustees of this company is referred to as the Board of Management. It is an autonomous non-profit making organisation, financed by the African Capacity Building Foundation (ACBF), a subsidiary of the World Bank. The Centre is involved in high level economic policy oriented research and consultancies aimed at enhancing and building the national capacity for economic management policy formulation/analysis and decision making. EPRC's research priority focuses on savings and investments, poverty alleviation, tax structure, informal sector and trade policy.

## 2. ACCOUNTING POLICIES

### (i) Basic of accounting

The accounts have been prepared on cash basis.

### (ii) Local Currency Transactions

Transactions denominated in Uganda shillings are translated to US dollars at an average rate of exchange ruling at the date of the transaction.

### (iii) Fixed Assets

Tangible Fixed Assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of fixed assets on a straight line basis over their expected useful lives. The annual rates used for this purpose are:

	%
Buildings	-
Motor vehicles	25
Office equipment	12½
Computers	12½
Library set-up	12½



# AUDIT TABLE A

## CONSOLIDATE STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN FUNDS BALANCES FOR THE YEAR ENDED 30 JUNE 1996

	Note	1996 US\$	1995 US\$	1994 US\$
<b>SUPPORT AND REVENUE</b>				
Grants from ACBF		264,582	445,600	183,289
Grants from Uganda Government		79,888	54,434	-
Other	8(a)	82,103	9,208	569
		426,573	509,242	183,858
<b>EXPENDITURE</b>				
Personnel salaries and benefits	10	145,552	95,529	25,572
Research and Publications	10	94,724	18,636	764
Operations and maintenance	10	37,636	34,855	31,354
Contingency	10	39,999	32,046	7,667
		317,881	181,066	65,357
Surplus of income and expenditure		108,692	328,176	118,501
Accumulated fund at the beginning of the year		446,677	118,501	-
Accumulated Fund at the end of the period		555,369	446,677	118,501

# AUDIT TABLE B

## CONSOLIDATED BALANCE SHEET - 30 JUNE 1996

	Note	1996 US\$	1995 US\$	1994 US\$
<b>FIXED ASSETS</b>	4	423,971	398,687	39,731
<b>CURRENT LIABILITIES</b>				
Debtors and payments	5	14,439	-	2,265
Cash and bank balances		131,882	58,042	79,839
		146,321	58,042	82,104
<b>CURRENT LIABILITIES</b>				
Creditors	6	14,923	10,052	3,334
<b>NET CURRENT ASSETS</b>		131,398	47,990	78,770
		<b>555,369</b>	<b>446,677</b>	<b>118,501</b>
Financed by:				
Accumulated fund	7	555,369	446,677	118,501

the Accounts were approved by the Board of Management on .....

.....DIRECTOR

.....DIRECTOR

Separate Reports of the auditors are available



**AUDIT TABLE C****CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30 JUNE 1996**

	1996 US\$	1995 US\$	1994 US\$
<b>OPERATING SURPLUS</b>	108,692	328,176	118,501
<b>ADJUSTMENT FOR ITEMS NOT INVOLVING THE MOVEMENT OF FUNDS</b>			
Depreciation	25,209	16,554	-
Funds generated from operations	133,901	334,730	118,501
<b>OTHER SOURCES OF FUNDS:</b>			
Refund from suppliers of Pick-up double cabin registration number 293 UAX	3,203	-	-
<b>APPLICATION OF FUNDS:</b>			
Purchase of fixed assets	53,695	375,510	39,731
<b>(INCREASE)/DECREASE IN WORKING CAPITAL</b>			
Debtors	14,439	(2,265)	2,265
Creditors	(4,871)	(6,718)	(3,334)
	73,841	(21,797)	79,839
<b>INCREASE/(DECREASE) IN LIQUID FUNDS</b>			
Bank and cash balances	73,841	(21,797)	79,839

## AUDIT TABLE D

### 3. DISBURSEMENT FROM FUNDING AGENCY "AFRICAN CAPACITY BUILDING FOUNDATION"

	US\$	US\$
Total approved grant		1,500,000.00
Disbursement there from during 6 months to 30.6.94	183,289.17	
During 12 months to 30.6.95	445,599.51	
During 12 months to 30.6.96	<u>264,582.31</u>	
Total disbursement		<u>893,470.99</u>
30.06.96 balance not yet disbursed		<u><u>606,529.01</u></u>

Under Article II Section 2.01 of the grant agreement, signed on 9 July 1993, the approved grant of US\$ 1,500,000 is to be disbursed over 4 years. Also section 2.04 states that the grant account shall be closed, and the recipient's right to withdraw from the grant account terminated on the closing date - 6 July 1997 or such later date as ACBF after consultation with the recipient (EPRC), may establish.



# AUDIT TABLE E

## 4. FIXED ASSETS

	Vehicles	Computers	Office Equipment	Furniture	Library set-up	Building	Total
Cost	US\$	US\$	US\$	US\$	US\$	US\$	US\$
1 July	38,353	32,479	26,247	36,564	3,810	277,788	415,241
Adjustment	*(3,203)						(3,203)
Additions	-	2,423	1,633	5,116	23,103	21,420	53,695
30 June 1996	35,150	34,902	27,880	41,680	26,913	299,208	465,733
Depreciation							
1 July 1995	4,166	4,060	3,281	4,570	476	-	16,553
Charge for the year	8,788	4,363	3,485	5,210	3,364	-	25,209
30 June 1996	12,954	8,423	6,766	9,780	3,840	-	41,762
Net book value:							
30 June 1996	22,197	26,479	21,114	31,900	23,073	299,208	423,971
30 June 1995	34,187	28,419	22,966	31,994	3,334	277,788	398,687
Budget allocation to each asset category	20,000	90,000	25,000	20,000	40,000	200,000	395,000

\* The adjustment above refers to a refund from the suppliers of the pick-up double cabin No. 293 UAX being offset against cost

# AUDIT TABLE F

## CASH AND BANK BALANCES

	1996	1996	1995	1995	1994	1994
	SHS	US\$	SHS	US\$	SHS	US\$

### (A) ACBF FUNDING

1. Nile Bank - US Dollar A/C No. 1070110876051	44,870,424	47,795	27,608	29	52,168,300	54,914
2. Nile Bank - Ug. Shs A/C No. 1070110876001	4,594,350	4,894	5,169,590	5,357	23,147,314	24,365
3. Petty Cash	87,883	94	203,083	210	306,543	322
4. Deposit for fuel at Wampewe Avenue	-	-	276,160	286	225,800	238
	49,552,657	52,783	5,676,441	5,882	75,847,957	79,839

### (B) ENDOWMENT ACCOUNTS

5. Nile Bank - US Shs Account  
No. 1070116483001

- i) Ug. Government grant (Note 9)
- ii) Generated by EPRC

34,355,752	36,595	44,171,800	48,089	-	-
29,385,203	31,300	5,129,803	3,001	-	-

63,740,955 67,895 49,301,603 51,090 - -

6. Nile Bank US\$ Account  
No. 1070116483051  
Generated by EPRC

10,518,427 11,204 1,045,095 1,070 - -

74,259,382 79,099 50,346,698 52,160 - -

Overall total - cash and bank

123,812,039 131,881 56,023,139 58,042 75,847,957 79,839



## NOTES TO THE ACCOUNTS

6 CREDITORS	1996 US\$	1995 US\$	1994 US\$
Accrued audit fees	6,000	7,254	3,334
Accrued Pay As You Earn	8,923	1,746	-
Spider - Supplies of Furniture	-	954	-
Amount refundable to ACBF	-	98	-
	<u>14,923</u>	<u>10,052</u>	<u>3,334</u>

## 7. STATEMENT OF ACCUMULATED FUND

	1996 US\$	1995 US\$	1994 US\$
Surplus for the year	446,677	118,501	-
At 30 June	108,692	328,176	118,501
	<u>555,369</u>	<u>446,677</u>	<u>118,501</u>

## 8. OTHER INCOME

	1996 US\$	1995 US\$	1994 US\$
Bank interest received	201	1,188	341
Photocopying	150	140	-
Fax/Telephone	427	-	-
Consultancy	44,986	3,164	-
Sale of bulletins	170	-	-
Conference room hire	3,350	-	-
Renting out Boardroom	2,279	501	-
Renting canteen	4,154	-	-
Renting out office space	22,307	-	-
Deposit from contractors	-	-	228
Grain on exchange	4,076	-	-
	<u>82,103</u>	<u>569</u>	
Refund of overseas travel expenses of the Executive Director	-	4,215	-
	<u>82,103</u>	<u>9,208</u>	<u>569</u>

## 9. GRANT FROM GOVERNMENT OF UGANDA

	1996 Shs	1996 US\$	1995 US\$	1994 US\$
Balance brought forward	44,171,800	48,089	-	-
Total grant received	75,000,000	79,888	54,434	-
Transfer to ACBF Account	(75,134,605)	(76,829)	-	-
Paid to building constructor	(9,681,443)	(11,350)	(6,345)	-
Balance not yet utilised	<u>34,355,752</u>	<u>39,798</u>	<u>48,089</u>	<u>-</u>

## ECONOMIC POLICY RESEARCH CENTRE - ORGANIZATION CHART







