Foreign Direct Investment as a Tool for Poverty Reduction in Developing Countries

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A Study on Uganda

By

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Cambridge Scholars Publishing

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Dedication

To my wife, Agatha

Proverbs 31: 10-12

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FOREWORD

Poverty has been recognized as a threat to humanity for centuries. The United Nations Millennium Summit on poverty in 2000 introduced the Millennium Development goals (MDGs) as tools for poverty reduction in developing countries. Despite the achievements of the MDGs, nearly half of the world population lives on less than USD 3.20 per day. Accordingly, the challenge of poverty, and the approaches that can be adopted to reduce poverty, continue to elude the international community and governments of developing countries. In 2017, the World Bank poverty headcount indicates that over 65% of the total population of Sub-Saharan Africa is considered poor, about 50% of South Asia, and over 10% of Latin America and the Caribbean. This book provides a comprehensive analysis of poverty, based on Uganda. It is based on a PhD thesis of which I was a principal supervisor, while my colleagues, Dr. Ranjith Ihalanayake and Dr. Guneratne Wickremasinghe were co-supervisors. A research paper extract from the thesis received the Best Paper Award, at the 2017 Global Tourism Conference in Malaysia. The need for publishing this book became necessary after a number of invitations from publishers.

The book, as a pioneer, brings together foreign direct investment (FDI), tourism, economic growth, and employment, as well as migration, among others, as key poverty reduction foundation variables for developing countries. The book explores Uganda's poverty reduction off-track experience since Independence in 1962, when the nation was set to grow to prosperity. The key specific tributes of this book include first, the FDI Frog-Leap Theory as a paradigm that explains foreign investment inflows into developing countries. Secondly, the book provides models based on the Community Capital Absorption Capacity Development framework as a tool for poverty reduction in developing countries. Although the emphasis of this work is on FDI and poverty reduction, it contains much that will be of interest to those outside the field of poverty reduction. Indeed, researchers, academics, and students can find this work useful for conducting research, through a simultaneous equation that comprises endogenous and exogenous variables employing Vector Autoregressive methods, such as the Vector Error Correction Mechanism. Specifically, this book is suitable for a number of disciplines which include business, finance, economics, social sciences and political science.

Associate Professor Nada Kulendran
Victoria University, Melbourne Australia

PREFACE

The invitation to publish this book came from my doctoral studies supervisor, Associate Professor Nada Kulendran, after receiving communication from Cambridge Scholars Publishing of the need to publish my work. This was after achieving a Meritorious Pass for my doctoral studies, when a paper extract from my thesis received a Best Paper Award at the Global Tourism Conference, July 19-22 2017, in Terengganu, Malaysia, GTC_072. At that time I looked inadequate, and the task was an uphill one. Later, I noted that many developing countries in Sub-Saharan Africa (SSA) are currently faced with considerably low economic growth rates, and the most alarming high unemployment levels among the young people that have ever been witnessed, while poverty has continued to intensify. While, this condition prevails in developing countries, the role of FDI on economic growth, employment, and poverty, is often assumed to be positively related, with no empirical justification. This background created the motivation for this book being a pioneer, since there is little or no knowledge of the impact of FDI on economic growth, employment, and poverty in Uganda. Even in studies of developed and developing countries in the Association of Southeast Asian Nations (ASEAN) region, and Latin America, which are more proportionately represented in the empirical research, little attention is paid to the subject of this book.

In particular, considering Uganda as a least developed nation, the population is comprised of 60% youth.[1] Annually, there are about 700,000 new entrants from higher institutions into the labour market, while net job creation is only 10% (MFPED 2013). This causes unemployment among school leavers to stand at a record high of about 90%. Moreover, it could be expected that FDI projects would create a significant number of jobs for job seekers, especially youths, who graduate from higher institutions of learning, yet there is no evidence from MFPED to indicate that the 10% of jobs created in Uganda are due to FDI projects. In Uganda it is often assumed that economic growth, job creation, and poverty reduction, automatically accrue from FDI-related projects. To this end, two specific questions arise that this book answers: 1) To what degree has FDI contributed to economic growth and employment in Uganda? 2) To what extent has FDI led to poverty reduction in Uganda? These questions created the need for this country-specific book, which examines the role of FDI on economic growth, employment, and poverty reduction in Uganda.

In addition, although Uganda's FDI inflows have significantly increased since 1985, some observations are worth mentioning. First, FDI is shown to have a positive effect on the host economy by accelerating economic growth, generating employment, and reducing poverty, in the long-run. However, in 2010, out of a total population of 33 million, the insecure non-poor (INP)[2] were about 13 million, representing 40% of the total population (MFPED 2012). Against this backdrop, UBOS indicates that poverty headcount has increased to 27%, following the Uganda National Household Survey 2016/17, from 17.7% shown in the 2012/13 surveys. Also, among households headed by subsistence farmers, the percentage of the poor increased, from 20.3% to 38.2% during the same period. Second, while this situation is happening in Uganda, empirical findings suggest contrasting findings about the contribution of FDI to host economies, especially in developing countries. The main reasons for contrasting results include total factor productivity, explained by the Solow-Swan Model, and other factors explained by the Malign Model, such as the absorptive capacity of the host nation, crowding out local firms, and capital flight, especially in regard to market-seeking FDI. Whereas countries expect a positive contribution to their economies, in some instances a negative relationship has been noted. For example, Attari, Kamal, and Attaria (2011) found a causal link between FDI and economic growth in the Pakistani economy, as did Athukorala (2003), on the impact of FDI on Sri Lanka's economic growth. Conversely, Mucuk and Demirsel's study (2013) on the effects of FDI on employment in seven developing countries, revealed contrasting results. FDI increased unemployment in Turkey and Argentina, but reduced it in Thailand. Further, FDI was positively related to employment in the long-run, but not in the short-run. As previously indicated, knowledge of the impact of FDI on economic growth, employment, and poverty, in Uganda is limited, so the key question that this book answers is: what is the impact of FDI on economic growth, employment, and poverty, in Uganda?

Further, for decades, FDI has been recognized as a tool for economic growth, employment, and poverty reduction. Considering the reforms, and accelerated FDI inflow increases, the milestones achieved could have had large

[1] Youth in Uganda is comprised of the population within the ages 14-30.

[2] In Uganda, 'insecure non-poor' refers to Ugandans who may not be poor, but who are vulnerable non-poor, and risk sinking rapidly into poverty if they lose their source of income, especially the employed. The World Bank defines the INP as persons living above the national poverty line, but on less than twice the national poverty line, distinguished on account of the volatility of their incomes, and the risk they face of becoming poor in the event of household shocks or economic hardship.

effects upon economic growth, employment and poverty in Uganda. Even if Uganda was a prosperous nation, a book would be necessary to explain the role of FDI on economic growth, employment, and poverty. Currently, PSIS surveys, and a few previous studies, concentrate on the causal relationship between FDI and economic growth. Based on these studies, it is assumed that foreign investment is positively related to the economy, as well as employment and poverty. Accordingly, there is a need to test the hypothesis with this book's key questions: Further, FDI as a source of physical capital is an important tool for investment and production, and spurs a nation's economic growth, thus leading to employment generation and poverty reduction. FDI would be the main source of capital for developing countries, including Uganda, which are without well-developed capital markets. For GDP to increase, investments have to increase, especially in the manufacturing sector, and agriculture, which is the backbone of developing countries. As FDI inflows increase in a nation, GDP, market size and consumption increase, as do employment, and poverty reduction, in the long-run.

Indeed, since Independence in 1962, Uganda, like other developing countries, joined the race to attract FDI inflows. After enacting policies such as the reforms that led to the establishment of the Uganda Investment Authority (UIA), in 1991, and perhaps due to macroeconomic stability and the establishment of policies that created an environment favorable to investment, Uganda has successfully become a leading favorable FDI destination in East Africa. Despite the accelerated foreign investment, there is little or no knowledge about the impact of FDI on economic growth, employment, and poverty, especially in Uganda. Therefore, this book arose because of a gap in empirical work on the extent and impact of FDI on economic growth, employment, and poverty in Uganda.

Structure of this book

This book begins by providing a brief introduction on FDI inflows. Following that, the book is comprised of three parts. Part One presents the theory and economic structure of the book. This part begins in Chapter Two, by presenting the colonization of Uganda. This is followed by the economic development and FDI inflows into Uganda during colonialism in Chapter Three. Later, Chapter Four examines the transition of the country's economy since Independence, in terms of broad economic indicators and its composition. The chapter provides an account of the country's economy since the adoption of economic reforms in the early 1980s, outlining trends in the growth of Uganda's socioeconomic indicators. Chapter Five discusses FDI inflows into Uganda by first indicating the historical background of foreign investments into the country and examining FDI nationalisation and FDI performance after the reforms, as well as the regulatory framework that provides a pro-investment environment. Second, the chapter provides an account of FDI inflows since the reforms, and explains the regulatory framework. Further, Part One presents foreign investment entry and operations in host nations in Chapter Six. After this, Chapter Seven presents the FDI theories that are presented in three sections. The first includes the definitions used in this book, followed by a historical background to the FDI phenomena. Later, the chapter discusses FDI theories in two broad sections: market-based theory, and international political economy theories. Since this book examines the impact of FDI on poverty in Uganda, the last part of this chapter explains the economic importance of FDI on host nations. Based on Uganda's experience and empirical findings, the chapter identifies what is termed the 'Frog-Leap' Theory, and explains FDI in the context of Uganda as a developing nation. This is due to the firm-home-host-international political economic factors that play a greater role on FDI inflows to Uganda. This is followed in Chapter Eight by a presention of the economic importance of FDI.

Part One ends by presenting the manner in which the variables employed in this book are modelled. Chapter Nine is concerned with modelling economic growth, employment, and poverty. The chapter begins by explaining the background to economic growth, focusing on the Solow-Swan Model, the Mankiw, Romer and Weil (MRW) Model, and the New Growth Theory (NGT). The chapter explains that, considering these theories, the augmented Solow-Swan Model (ASSM) is a better theory for explaining economic growth, employment, and poverty. This is because by augmenting the original Solow-Swan Model, the MRW Model and the NGT are incorporated into one model. The book finds that ASSM explains that innovations are tools for increasing economic growth, and employment, and reducing poverty, in the long-run. However, the theory indicates that this is subject to TFP and a nation's absorption capacity.

Finally, Part One presents Chapter Ten, which concerns modelling FDI and explanatory variables as a means of establishing the approaches that can be employed to measure their effects on the dependent variables (economic growth, employment, and poverty, based on the Solow-Swan Model). The other explanatory variables include tourism, openness, GE, inflation, human capital, labour force (LF), telecommunications, and civil war. The book concludes that, firstly, FDI and tourism are foreign flows into developing countries, such as Uganda, which supplement a nation's private-sector investment gap, and secondly, the book explains that FDI, tourism, human capital, and LF, are factor inputs. Thirdly, the book finds that following the Solow-Swan Model explains that these factor inputs depend on increasing TFP, so as to benefit a nation positively. Fourthly, the book finds that telecommunication is an innovation in the Solow-Swan Model, and as such, is a pro-poor technology for a developing nation such as Uganda. Finally, the chapter finds that openness and inflation are innovations in the Solow-Swan Model.

Part Two presents the theoretical framework and empirical analysis. This part begins in Chapter Eleven by presenting the theoretical framework and the scope of the book, and sources of data, and by defining the variables and their measurement approaches. This is followed by an explanation of the procedure through which the book was conducted; that is, empirical analysis measuring the impact of FDI and explanatory variables on Uganda's economic growth, employment, and poverty. The procedure was comprised of different stages that represent independent chapters. The first involved testing the time-series properties of the variables, which included explaining approaches such as the preliminary investigation of the relationship among variables, correlation analysis, unit root testing, and endogeneity analysis simulation methods. The second procedure presented the approaches adopted to measure the short-run and long-run relationships among the variables, including ex-ante forecasting, simultaneous equation specification, and validation approaches. The third procedure involved simultaneous equation simulation methods, diagnostic approaches, results presentation and interpretation, as well as Granger causality methods.

Chapter Twelve involves testing the time-series properties. First, all the series is transformed into logarithmic form, followed by constricting graphs, as a means of deepening the understanding of the relationship among variables. Later, correlation analysis, trend analysis and endogeneity tests are conducted, followed by unit root, employing ADF, Phillips-Perron (PP) and the Kwiatkowsiki-Phillips-Schmidt-Shin (KPSS) tests.

Chapter Thirteen estimates the short-run and long-run relationships among the co-integrating vectors employing Johansen's Maximum Likelihood (JML) Method. To capture a short-run relationship among the series, the book first establishes a simultaneous equation. Using VAR, which explicitly uses the JML Method through the VECM procedure, short-run relationships are captured, employing F-statistics, or the Wald Chi-square test.

Chapter Fourteen estimates the impact of FDI and other explanatory variables on economic growth, employment, and poverty in Uganda. The book first examines causality tests among interrelated variables. To capture these interrelationships, the book employs VECM, a procedure that opens an avenue through which causality can be tested among variables. The second section involves estimating the simultaneous equation developed in Chapter Nine, using OLS.

Part Two ends by conducting ex-ante and ex-post forecasting in Chapter Fifteen, based on the systems equation established by presenting a forecast of the endogenous variables employed in this book. In particular, ex-ante forecasting is conducted through impulse response and variance decomposition, using the Monte Carlo procedure via Cholesky-dof adjusted ordering. The book finds that short-run and long-run relationships exist among the series. Finally, ex-post analysis is conducted. Further, the implications of FDI Frog-Leap Theory are presented in Chapter Sixteen. Later, factor inputs are noted to be characterised by diminishing returns and low absorption capacity, due to poverty in developing countries. Accordingly, in Chapter Eighteen, the Community Capital Absorption Development (CCACD) framework is established as a plausible solution to poverty in a developing nation such as Uganda. This is followed in Chapter Nineteen by presenting labour migration and brain-drain as tools for poverty reduction in developing countries. Finally, in Chapter Twenty, the book presents conclusions, limitations, and areas for further research.

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Firstly, I take this opportunity to express my sincere deep gratitude to Associate Professor Nada Kulendran, who received the invitation to publish this book and later forwarded it to me for action. In addition to this, Professor Kulendran deepened my analytical thinking and the focus of this book. I benefitted greatly from his great insight, knowledge, and criticism of my work, which enhanced the quality of the book. Also, sincere thanks to Dr. Ranjith Ihalanayake for his guidance, encouragement and comments, which have enabled me to publish this book. In addition, I extend my gratitude to Dr. Guneratne Wickremasinghe for constructive and comments on reviews and econometrics. I further extend my gratitude to Dr. Teresa De Fazio, Dr. Miguel Gil, Dr. John Faith Magolo and Mrs. Betty K. Warwarek, for detailed and constructive comments on various parts of this book.

On a separate note, sincere thanks go to my father Yeseri Kalireku (RIP). He loved me. Due to his inability to continue school after Primary Four, where he stopped, he always said, "If I had tuition, I would be a Professor." To this end, he encouraged me to reach great heights in my academic profession. To my mother, Racheal Nanyanga, I extend sincere thanks, for her being such a passionate, kind, loving, and supportive mother.

Further, and most importantly, to my wife Agatha. She has stood with me to build our family, and more so during the time of writing this book. To my children (Joshua, Andrew, Timothy, and Benjamin), you have sacrificed your best in encouraging me to stand out. I thank you for the support. I further extend thanks to Miss Kezia Nabalayo for taking care of Joshua, who is still at home in Uganda. Also, thanks are extended to my brothers, Mr. Richard BAK Kumbuga, and Mr. Hannington K.T Langa, for taking care of our mother Rachael while I am away in Australia writing this book. In addition, sincere gratitude is extended to Elite Editing Australia for editing and formatting the thesis based on Standards D and E of the *Australian Standards for Editing Practice,* that has resulted in this book. Further, I extend sincere thanks to Castleforge Books Ltd, in particular Ms Victoria Barry for editing and proofreading this book. Finally, I take this opportunity to extend sincere gratitude to Cambridge Scholars Publishing for inviting me to publish this book.

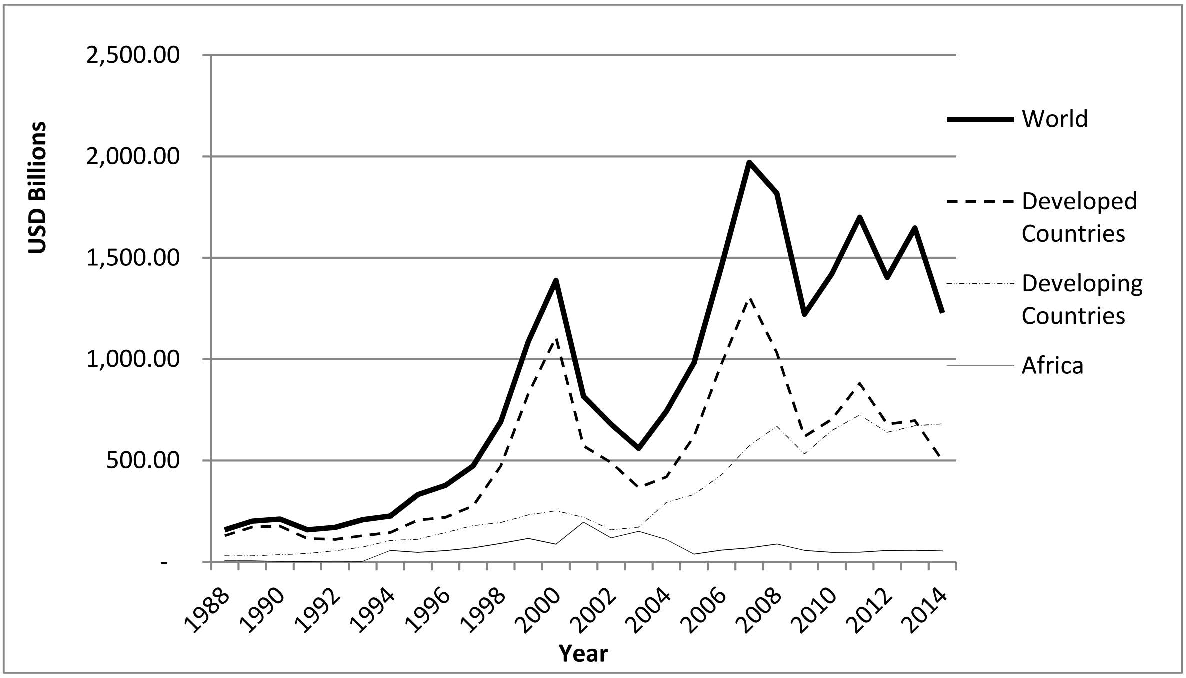
Thank you all. God bless you.

CHAPTER ONE

INTRODUCTION

Economic growth, employment, and poverty reduction are key concerns for nations across the globe. The need to increase economic growth, and create jobs, as a means of reducing poverty, is even more crucial for developing countries. For developing countries, poverty deprives communities of basic human needs, such as food, shelter, and clothing. Governments are constantly devising ways of reducing poverty in their countries, such as through increasing domestic revenue, and donor support. However, least-developed countries, such as Uganda, are locked in a double constraint. First, they have low domestic revenue and donor financial support for infrastructure and social service delivery. Second, they have low private-sector capital and investment capacity due to poverty. In this respect, foreign direct investment (FDI) becomes an important source of private finance (Chea 2011, Sy and Rakotondrazaka 2015, UNCTAD 2015). Arising from the role FDI plays in host nations, global FDI inflows increased from United States Dollars (USD) 158 billion in 1988, to USD 1,228 billion in 2014, as indicated in Fig. 1.1.

Figure 1.1 Global FDI Inflows 1988-2014 (USD billions)



Source: UNCTAD: World Investment Reports (UWIR) 1988-2014

Fig. 1.1 indicates that, though FDI inflows have concentrated in developed countries, the importance of FDI inflows to developing countries as private capital is undeniable. FDI inflows[3] into developed countries increased from USD 129 billion in 1988 to USD 499 billion in 2014. During the same period, FDI inflows into developing countries rose from USD 30 billion to USD 681 billion in 2014. Regarding Africa, FDI increased from USD 4.80 billion to USD 54 billion during the period 1988-2014. Also**,** FDI inflows are increasing in developing countries, but decreasing to some degree in developed countries.

To attract FDI, developing countries have established pro-investment policies that help firms to open subsidiaries in all parts of the world with relative ease. In this regard, policy makers in developing countries such as Uganda

[3] See Appendix 1.1 for more detail

attract FDI to accelerate economic growth, job creation, and poverty reduction. This is based on the premise that FDI is a way of obtaining capital and technology that is not available in the host country (Olusanya 2013).

Efforts to transform Uganda's economy can be traced to 1900, during colonial times. The British government provided grants that were used to transform the country from an agrarian society. After Independence in 1962, economic transformation became the responsibility of the Government of Uganda (GOU). To improve the living standards of Ugandans, the GOU embarked on economic reforms to attract FDI to enhance economic growth, increase employment, and reduce poverty. Efforts to attract FDI to Uganda began soon after Independence, through the enactment of the Foreign Investment (Protection) Act (FIPA) of 1964. These policies culminated in the signing of the Uganda–India Trade Agreement, which allowed Indians to establish business enterprises in Uganda. World Bank development indicators revealed that Gross Domestic Product Growth Rate (GDPGR) increased from 4.1% per annum in 1962 to 7.79% per annum in 1970. Meanwhile, Gross Domestic Product (GDP) per capita increased from USD 62.02 to USD 133.40 during the same period.

Nevertheless, with a military coup in 1971, and the eventual expulsion of Indians under the 1972 Decree, followed by international sanctions, earlier efforts to attract FDI became ineffective. GDPGR declined to -2% per annum, and fell further to -11% in 1979. During the same period, the GDP per capita growth rate declined from 4.56% per annum to -14.23% per annum. After the overthrow of President Amin in 1979, new initiatives led by the International Monetary Fund (IMF) and the World Bank were introduced to rescue Uganda from the economic and social doldrums (Kuteesa et al. 2006, Okidi 2000, Okidi et al. 2005, Reniers 2011). Such initiatives included the establishment of the UIA, the flotation of the Ugandan Shilling, and rationalisation of tax structures, aimed at attracting FDI. Since the reforms, FDI inflow increased from USD 30 million in 1985 to USD 1,146.13 million in 2014.

Despite Uganda's increasing FDI inflow since the reforms in the early 1980s, most studies have concentrated on providing evidence of the determinants and contribution of FDI to economic growth in countries such as Uganda, Nigeria and Tanzania, Kenya and Rwanda. Even in studies of developed and developing countries, in the ASEAN region and Latin America, which are more proportionately represented in the empirical research, little attention is paid to the subject of this book. Few studies have explored the impact of FDI on economic growth, employment, and poverty in Uganda. In this regard, a lacuna exists in empirical work which raised the motivation for this book. Therefore, the overarching objective of this book is to examine the role of FDI on economic growth, employment, and poverty reduction in developing countries, with specific reference to Uganda. Specifically, the book firstly explains the impact of FDI on Uganda's economic growth, and secondly, identifies the degree to which FDI has contributed to employment in a country such as Uganda. Further, the book reveals the extent to which FDI has led to poverty reduction in Uganda.

Through policy implications, the book explains the implications of the Frog-Leap Theory on a developing nation such as Uganda. Finally, the book provides mechanisms through which a developing nation can reduce poverty among communities. Specifically, it explains how poverty can be reduced in a developing country. Most importantly, it introduces the Community Capital Absorption Development (CCACD) framework as a tool for poverty reduction. Later, the book presents labour migration and brain-drain as tools for poverty reduction in developing countries.

1.1 Beneficiaries of This Book

Developed countries, such as Britain, and newly industrialised countries like Hong Kong, Singapore, Korea, Taiwan and Botswana, are often considered to have succeeded in attaining high levels of economic growth by attracting FDI. These countries experienced a rapid rate of growth through FDI, and Uganda needs to achieve higher levels of economic growth and employment generation, in order to reduce poverty, and to progress from a least-developed, highly indebted, poor country, to a middle-income country. This book can be used by a wide range of sectors in developing countries, such as policy makers, investors, communities, and academics. Firstly, policy makers; for example, in Uganda, the Ministry of Finance, Planning and Economic Development (MFPED) and the National Planning Authority (NPA) can find the policy implications of the book useful in formulating policies for both domestic and foreign investors. To this end, policymakers are encouraged to develop relevant and effective policies to attract FDI into strategic industries, which benefit communities and help the unemployed find jobs. Also, through the book, effective pro-investment policies can enable a nation such as Uganda to become a more favourable destination for FDI and accelerate economic growth, employment, and poverty reduction.

Secondly, the policies in the book can benefit both foreign and local investors, as well as communities. Local investors benefit through entrepreneurial development arising from FDI spill-over effects, such as technology transfer, new skills and know-how, which facilitate the establishment of new projects. Thirdly, the unemployed, especially the young people, through this book, can either find jobs in FDI-related projects, or in projects established by local entrepreneurs, thus accelerating economic growth and alleviating the unemployment crisis in a nation such as Uganda. In the long-run, income and welfare will increase, thus enabling communities, especially the rural and urban poor, to move out of poverty. Finally, the book adds to knowledge through its empirical quantitative perspective, which focuses on five endogenous variables. The book explores FDI and its impact on economic growth, employment, and poverty, in Uganda. Also, it investigates tourism and its impact on Uganda's economy. To this end, researchers, academics, and students can find this book useful as a guide for conducting research, through a simultaneous equation that comprises endogenous and exogenous variables employing Vector Autoregressive methods, such as Vector Error Correction Mechanism (VECM). Specifically, this book is suitable for a number of disciplines which include finance and economics, business, social sciences and political science.

List of Abbreviations

ADB	Africa Development Bank
ADF	Augmented Dickey-Fuller
ADLM	Autoregressive Distributed Lag Model
ADR	Alternative Dispute Resolution
AIC	Akaike Information Criterion
ANC	Africa National Congress
ARCH	Autoregressive Conditional Heteroscedasticity
ASEAN	Association of South East Asian Nations
ASSM	Augmented Solow-Swan Model
BITs	Bilateral Investment Treaties
BOP	Balance of Payment
BOU	Bank of Uganda
BPG-HT	Breusch-Pagan-Godfrey heteroscedasticity tests
BRICS	Brazil, Russia, India China and South Africa
CBP	Custodian Board Properties
CCACD	Community Capital Absorption Capacity Development
CCS	Capacity Community Support
CET	Common External Tariff
CMC	Common Man's Charter
CMS	Church Missionary Society
CNCP	Conflict-Needs-Cause-Proposal
COMESA	Common Market of East and Southern Africa
CPI	Consumer Price Index
CRS	Corporate Social Responsibility
CSFs	Critical Success Factors
CSO	Civil Society Organizations
CUSUM	Cumulative Sum Control Chart
DAC	Development Assistance Committee
DAPCB	Departed Asians Property Custodian Board
DNTR	Domestic non-tax revenue base
DNTS	Domestic National Transfer System
DRM	Domestic Revenue Mobilization
DTA	Double Taxation Agreement
DTL	Domestic Tax Laws
DTVCM	District Tourism Village Centre Management Committee
DW	Durbin-Watson
EAC	East African Community
EACCU	East Africa Community Customs Union
EAC-DTA	East African Community Double Taxation Agreement
EACMA	East African Customs Management Act
EAEC	European Atomic Energy Community
EAPLC	East African Power and Lighting Company
EDI	Electronic Data Interchange
EEC	European Economic Community
EEI	Exit and Entry Infrastructure
EISM	Economic Investment Sphere Model
ELGS	Export-led Growth Strategy
ERA	Electricity Regulatory Authority
ERP	Economic Recovery Program
ESS	Economic and social services
EU	European Union
EUL	Eskom (Uganda) Limited
EWD	Economic War Declaration
FDI	Foreign Direct Investment
FGT	Foster-Greer-Thorbeke
FHH-IPE	Firm-Home-Host-IPE
FIPA	Foreign Investment (Protection) Act
FPE	Final Prediction Error
FPI	Foreign Portfolio Investment
FTA	Free Trade Area
FWS	Free-Will System
GATS	Trade in Services Agreement
GATT	General Agreement on Trade and Tariffs
GDP	Gross Domestic Product
GDPGR	Gross Domestic Product Growth Rate

GE	Government Expenditure
GFC	Gender Focused CCS
GNDI	Gross National Disposable Income
GOU	Government of Uganda
GPRIC	Global Poverty Reduction Investment Conference
GVC	Global Value Chain
HCA	Head Count Approach
HDI	Human Development Indictors
HDM	Harrod-Domer model
HIPC	Highly Indebted Poor Country
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
H-O	Hecksher-Ohlin
HQ	Hannan-Quinn
IBEAC	Imperial British East Africa Company
CSID	International Centre for Settlement of Investment Disputes
ICT	Communication Technology
ICT	Information Communication Technology
IJV	International Joint Venture
ILIC	Inland Infrastructure Connectivity
ILO	International Labour Organization
IMF	International Monetary Fund
INP	Insecure-non-poor
IMF	International Monetary Fund
IOT	Industrial Organisation Theory
IPE	International Political Economy
IPI	International Portfolio Investment
ISS	Import Substitution Strategy
ISS	Import Substitution Strategy
IV	Instrument Variable
JB	Jarque-Bera
JML	Johansen Maximum Likelihood
KPSS	Kwiatkowski, Phillips, Schmidt and Shin
KSW	Kakira Sugar Works
KY	Kabaka Yeka
LC	Local Content
LCR	Local Content Requirements
LF	Labour Force
LFP	Labour Force Participation
LFPR	Labour Force Participation Rate
LI	Laspeyres Price Index
LM	Langrange Multiplier
LPI	Laspeyres Price Index
LR	Likelihood Ratio
MAI	Multilateral Agreement on Investment
M-As	Mergers and Acquisitions
MCPs	Micro Community Projects
MFN	Most Favoured Nation
MFPED	Ministry of Finance Planning and Economic Development
MFS	Money Financial Services
MGLSD	Ministry of Gender, Labour and Social Development
MIGA	Multilateral Investment Guarantee Agency
MMA	Mobile Money Agent
MMOs	Mobile Money Operators
MNEs	Multi-National Enterprises
MMOs	Mobile money operators
MNFs	Money Financial Services
MP	Money Payment
MPI	Multidimensional Poverty Index (I)
MPK	Marginal Product of Capital
MRAs	Mutual Recognition Agreements
NGT	New Growth Theory
MRW	Mankiw, Romer and Weil
MTWA	Ministry of Tourism, Wildlife and Antiquities
MV	Money Velocity
NWSC	National Water and Sewerage Corporation
NATS	National Transfer System
NEMs	Non-equity modes

Nos	Network Operators
NGO	Non-Government Organization
NGT	New Growth Theory
NLLS	Non-Linear Least Square
NLLS/ARMA	Non-Linear Least Square/Autoregressive Moving Average
NPA	National Planning Authority
NRM	National Resistance Movement
NRS	National Revenue Sources
n-SEG	n-shaped Economic Growth (n-SEG) curve
NT	National Treatment
NTEs	Non-Traditional Exports
NTMs	Non-tariff Measures
NTOVCC	National Tourism Village Co-ordination Centre
NTRS	National Tax Registration System
NTS	National Tax Structure
NWSC	National Water and Sewerage Corporation
ODA	Official Development Assistance
OECD	Organization of Economic Cooperation and Development
OLS	Ordinary Least Square
OSC	One-Stop-Centre
PAYE	Pay as You Earn
PCB	Properties Custodian Board
PEAP	Poverty Eradication Action Plan
PGA	Poverty Gap Approach
PGI	Poverty Gap Index
PIC	Pro-Investment Integrated Coded system
PIT	Portfolio Investment Theory
PIVI	Poverty Intensity Vulnerability Index
PLC	Product Life Cycle
PP	Phillips-Perron Test.
PPG	Public and Publicly Guaranteed bilateral concessional
PPP	Public Private Partnership
PriPP	Private partnerships
PSIS	Private-Sector Investment Surveys
RCM	Catholic Roman Missionaries
RFS	Rural Farmland Sector
RIS	Rural Inputs Services
RMSE	Root Mean-Square Error
RSE	Rural Sector Employment
RTA	Regional Trade Agreement
RVCO	Rural Value Chain Output
SADC	South Africa Development Community
SAGE	Social Assistance Grants for Empowerment
SAP	Structural Adjustment Program
SCIG	SME-CCS Integrated Growth
SCOUL	Sugar Corporation of Uganda Limited
SEATINI	Southern and Eastern Africa Trade Information and Negotiations Institute
Ushs	Uganda Shillings
SIC	Schwarz Information Criterion
SMEs	Small and Medium Enterprises
SOE	State Owned Enterprise
SQP	Squared Poverty Gap
TEs	Traditional Exports
TEs	Traditional Exports
TFP	Total Factor Productivity
TSSIA	Three Simultaneous Sector-Integrated Approach
TOT	Terms of Trade
TVC	Tourism Value Chain
TOVCs	Tourism Village Centres
TRIPS	Trade Related Intellectual Property Rights
TS	Tourism Support
TSRCD	Three-Sector Rural Community Development
TSRM	Tax System Review Mechanism
TUIS	Tourism Utility Infrastructure Services
TVC	Tourism Value Chain
UBOS	Uganda Bureau of Statistics
UCB	Uganda Commercial Bank

UCSB	Uganda Credit and Savings Bank
UCTAD	United Nations Conference on Trade and Development
UDC	Uganda Development Corporation
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Limited
UEGCL	Uganda Electricity Generation Company Limited
UEPB	Uganda Export Promotion Board
UETCL	Uganda Electricity Transmission Company Limited
UIA	Uganda Investment Authority
UK	United Kingdom
UN	United Nations
UNBS	Uganda National Bureau of Standards
UNCTAD	United Nations Conference on Trade and Development
UNFPA	United Nations Population Fund
UNLA	Uganda National Liberation Army
UNLF	Uganda National Liberation Front
UPC	Uganda Peoples' Congress
UPE	Universal Primary Education
UR	Uganda Railway
URA	Uganda Revenue Authority
URSB	Uganda Registration Services Bureau
USA	United States of America
USD	United States Dollars
USE	Universal Secondary Education
USE	Urban Sector Employment
USSE	Universal Secondary School Education
UTB	Uganda Tourist Board
UWA	Uganda Wildlife Authority
UWIR	UNCTAD World Investment Reports
VAR	Vector Autoregressive
VAT	Value Added Tax
VCP	Vicious Circle of Poverty
VECM	Vector Error Correction Mechanism
WDI	World Bank Development Indicators
WDP	Worthington Development Plan
WHT	Withholding Tax
WIPO	World Intellectual Property Organization
WOEs	Wholly Owned Enterprises
WTO	World Trade Organization
YFC	Youth Focused CCS
2SLS	Two-Stage Least Square