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THE ROLE OF NATIONAL TRADING CORPORATIONS IN STIMULATING EAST AFRICAN ENTREPRENEURSHIP

Introduction

National trading corporations have been established in each of the three major East African regions with the primary purpose of stimulating, promoting and encouraging Africans to enter into commerce and industry. The Corporations were founded with the realization that without public support, Africans, individually or in partnerships, could not survive the intense competition from Asians and Europeans who for years have dominated commerce and industry in this part of the continent of Africa.

This paper undertakes to examine the goals, the structures, the credit policies and other commercial activities of the corporations. The chief purpose is to see how these activities affect East African entrepreneurs. Comparisons are also made of policies and structures of the two largest national corporations: The Uganda National Trading Corporation (UNTC) and the Kenya National Corporation (KNTC). Finally, an effort is made to provide a foundation for the subsequent consideration of the problem of planning and coordinating the activities of the national trading corporations.

For the sake of clarity, each corporation is treated separately, and then comparisons are made at the end of the paper.

The Kenya National Trading Corporation.

Organization and Objectives

The Kenya National Trading Corporation (KNTC) is a subsidiary of the Industrial Commercial and Development Corporation (ICDC), owned wholly by the Kenya Government. It was established in April 1965 through the initiative and leadership of the Minister of Commerce and Industries, with a small capital of £10,000.

The following objectives of KNTC give some indication of the corporation's attempts to encourage and stimulate African entrepreneurs. Among the major objectives are the following:

1. To promote the participation of African businessmen in the field of commerce by providing wholesale credit facilities.
2. To participate in export and import trade by channeling imported goods through African traders.
3. To act as an export agent for certain goods in those cases where State trading countries with which Kenya has trade agreements require such an arrangement.
4. To assist in lowering the living costs of the majority of Kenya people by lowering prices of essential consumer goods.
5. To establish and maintain an efficient and equitable distribution network for essential food-stuffs and other commodities.

Under the leadership of Mr. Peter Kenyanjui, the Company has been operated by a handful of young Kenyans. It has expanded with great economic success and is introducing many African entrepreneurs into commerce.

The Corporation is becoming the chief instrument for the Government's policy of encouraging wholesale trade. To date, it is the sole wholesale distributor of certain commodities, especially those which are consumed mainly by low and middle-income Africans.

Through a program of selecting able Africans to act as agents and distributors of selected crops and other products, many Africans are enabled to enter trade. This means that the Africanization of commerce is getting underway. In the past, African businessmen had to pay cash for whatever supplies they purchased. Very few Africans were able to get the ready cash, and even fewer could obtain bank loans. Moreover, prices were so high that no African could make any sizable profit. Very often there were more losses than gains. Under such circumstances, the African entrepreneur was frustrated and his initiative was stifled. The Corporation hopes to change this picture through its planned credit schemes.

A good example is the success with which KNTC has introduced Africans to the wholesaling and distribution of certain commodities, especially sugar. In August 1965, the Ministry of Commerce and Industries directed the Kenya National Trading Corporation to take over all the sugar distribution and to Africanize the sector within a minimum of time. The results are displayed in Table I.

These figures show the tremendous success of the Kenya National Trading Corporation insofar as the Africanization of the sugar wholesale market and distribution is concerned. From Table 1 it is clear that there was an increase in African participation from 28.9 per cent to more than 91 per cent in just eleven months. There has been comparable success with other commodities, such as maize, meal, wheat-flour, soap, matches, beer, certain textiles, secondhand clothes, and cooking oil, particularly.

TABLE I

AFRICANIZATION OF THE DISTRIBUTION OF SUGAR IN KENYA

Race	August 1965 Number of Distributors	August 1965 Per Cent of Trade	30th June 1966 Number of Distributors	30th June 1966 Per Cent of Trade*
African	81	28.90	205	91.08
Asian	80	57.92	15	3.86
European	11	5.48	7	1.45
Arab	6	1.89	8	0.96
Mixed	9	5.81	7	2.65
	187	100.00	242	100.00

*Figures taken from a speech by Mr. P. Kinyanjui before the Africa Club, Nairobi, on September 14, 1966.

Credit Schemes

Before the Kenya National Trading Corporation was founded, very few Africans had ever taken part in wholesale or retail business. The key handicap was that whoever attempted to go into business was forced to purchase goods with cash. The African had no access to overdraft facilities; he could not get loans from any of the banks; and under these conditions the African faced a hopelessly frustrating barrier.

In order to change this situation, the Kenya National Trading Corporation introduced a credit system that was well-nigh ideal for the Africans. Under this scheme, the approved African distributor was given a number of bags of sugar or rice. He did not have to pay any cash down. He merely signed for the goods he had taken, on promise to sell them as quickly as possible, pay back the money to the KNTC, and retain his profit. As soon as the distributor paid what he owed, the Corporation issued him more bags for further sale. Toward the end of 1966, KNTC had issued commodity loans of up to £50,000.

This scheme made it possible for a substantial number of Kenyans to get into wholesale and retail business. A good number of them are making substantial profit. (Appenix C lists some of the traders aided by the KNTC.)

Information about Prospective Distributors

At this juncture the question arises as to how African distributors are appointed. The procedure goes as follows:

Kenya National Trading Corporation sends circulars to District Commissioners and Trade Development Officers in each district for recommendation of traders who they think have the financial capacity and management ability to sell a particular product in that area profitably. Trade Development Officers are also asked to complete forms enclosed with the questionnaire giving such information as name of the business; business address; bank; form of business; whether a solo trader, a partnership, or a limited company; type of business, whether wholesale or retail; capital invasted; value of fixed assets; value of stock of goods held; monthly turnover; cash available; number of employees; storage space; transport, and other pertinent information.

Preliminary Application for Goods

Once the above information is received at KNTC headquarters, application forms are sent to those traders who, on the basis of recommendations and information available, display the greatest potentialities for success. The potential trader fills out the forms showing the amount of goods required, the possible value to be purchased monthly, the trading area, and the nearest KNTC depot from which the goods can be collected. This information is forwarded to District Development Officers who make recommendations to the District Commissioner. The District Commissioner endorses the applications and passes them on to the KNTC Officer at headquarters. The purpose of this preliminary fact-finding stage is to investigate whether there is sufficient demand and market for a particular product. Furthermore, it is the business of the district officers and Trade Development Officers to know the number of local distributors so that in their confidential recommendations they can indicate whether the number of distributors exceeds the local demand or whether added distributors are needed.

Double-Checking by KNTC Field Officers

The Kenya National Trading Corporation goes farther than accepting the reports from the traders, the Development Officer, and the District Commissioner. A double-check is carried out to verify the authenticity of the information obtained from the various sources. This is done by sending the Corporation's officers into the field. These investigators take a random sample of about 60 per cent of the traders in each district. The information which the KNTC officers gather from the field is then correlated with the information already obtained in each trader's file.

Bank Reports

With regard to the financial standing of applicants, KNTC requests confidential reports from various banks. Once again, the bank statements and the individual financial statements are compared. In this way KNTC is able to assess not only the applicant's finances, but also whether he is creditworthy.

Assessment of Market Possibilities and Limitations

For fear of oversupply, undersupply, or cut-throat competition among the African traders, KNTC makes use of information obtained from questionnaires to establish the market trends of the area. Supply and demand schedules for particular commodities are established. These schedules serve as guideposts for KNTC officials in allocating distributors to different locations. When it is found that the demand is greater than the possible supply requested by applicants, the distributors are advised to take more of the commodity than they had originally requested. On the other hand, if the supply is likely to exceed the local demand, fewer applications are approved and whenever necessary the distributors are given a fixed quota.

It may be noted here that prices are mainly fixed primarily by the usual market mechanism. Governments, however, may intervene in certain circumstances. Common instances are the prices of raw cotton, coffee, and tea, all of which are fixed annually by marketing boards and approved by the Government.

Appointment of Distributors

After thorough screening of the potential distributors and a satisfactory estimation of the size of the market, the Management Committee of KNTC appoints successful applicants as distributors.

The appointed distributors are then sent official order forms on which the traders fill out their immediate requirements, purchases and relevant sale contracts which bind them to take delivery of the goods made available to them. The firm orders and contracts are returned to KNTC headquarters, accompanied by the trader's check or other recognized legal tender acceptable to the Corporation. The goods are then transported by the traders to their areas for distribution and sale.

Two very important purposes are served by this seemingly lengthy screening process: (1) it is sound commercial practice and (2) the training and education are of great value to the trader. The traders have to keep books of accounts and stock records; they must at any time be able to present their monthly sales and cash flows; they must have a properly conducted bank account; and they have to possess or rent satisfactory storage facilities as well as having reliable means of transport--both essential to the smooth and economical operation of a wholesale business.

Commercial Activities of KNTC

Kenya National Trading Corporation is not only aiding Africans to get started in commerce. It also operates as any other commercial corporation does whose primary purpose is to make a profit. The Corporation has a unique monopoly feature. Whenever KNTC decides to incorporate a crop or commodity into its business, the government declares a monopoly for the Corporation. In this way the Corporation originally was able to acquire a monopoly in the distribution of sugar. In 1966, a total of 1,132,752 bags of sugar with a value of £7,500,000 were handled by the corporation. The monthly average consumption for the year was in the range of from £650,000 to £700,000. For this particular year, the Corporation earned a £99,000 commission on sugar, while the sub-agents earned nearly £200,000.

Rice was the second crop to be imported and distributed by KNTC. In its first year 4,000 tons were purchased and distributed by African agents, for which a net profit of £113,000 was realized by the Corporation.

The Corporation also handles some textiles; but this line is still too complicated for Africans to operate efficiently. Nevertheless, the Africans distributed imported khaki drill, khangas, and secondhand clothes, making a total turnover valued at about £500,000.

Similar successes were made in the distribution of blankets and such other items as soap and vegetable oil. The Corporation is also handling selected hardware, mainly galvanized pipes, shovels, and door bolts. In addition to these items, KNTC is now purchasing and distributing through African agents such items as cotton, gunny sacks, tetron suiting material, Chinaware, nylon raw materials, beef-by-products, and canned fruit. Each of these has brought an appreciable economic profit.

The Corporation itself is giving an excellent example of an African-run Corporation engaging in large-scale import-export transactions. During its first year of operation in 1955-66, the Corporation handled the commodities listed in Table 2.

In this table it is seen that the Corporation handled business worth about £10,000,000 during the 1965-66 year. Such an amount realized in a single year is a sign of success, especially when one considers that the Corporation started with an initial capital of only £10,000. It may be stated here that even though the figures for 1966-67 were not available at the time the writer was in Nairobi, it was known that a net profit of more than £150,000 was being made for the year.

The significance of this success is twofold: (1) it signifies that the Corporation is making a remarkable profit in its first year of operation, and (2) it gives ample proof

TABLE 2

KENYA NATIONAL TRADING CORPORATION IMPORT-EXPORT VALUE FOR 1965-66

	Quantity	Value in £
Export:		
Coffee	875 tons	304,875
Tea	1,000 tons	382,945
Sisal	187 tons	16,269
Cotton	8,623 bales	306,361
	Total value	1,010,450
Import:		
Rice	4,100 tons	368,391
Textile: Second-hand clothes	510,739 pieces	107,541
Khaki drill	2,110,588 yards	250,919
Nylon raw material	-	334,033
Khangas	100,500 scores	189,627
Ready-to-wear	850 pieces	4,400
Miscellaneous		350
	Total value	1,255,261
Local Distribution:		
Sugar	1,132,750 bags	7,582,080
Textile nylon		85,000
Beef by-product		20,810
Miscellaneous		1,100
	Total value	7,688,990

of the great potential of the African as a good business-man. The Government, too, should be encouraged over having initiated these Corporations to promote different commodities, for these commodities earn revenues for the country and form an ideal training ground for young

African entrepreneurs.

The training of entrepreneurs does not end at home. The Corporation so far has imported from and exported to the U.S.A., United Kingdom, Farnce, Czechoslovakia, Australia, Canada, India, Pakistan, United Arab Republic, China, Japan, and Holland. Representatives of the Corporation have been able to make business contacts in all these foreign capitals. These contacts and the insights they furnish about how business is run in other countries provide an excellent training ground for the KNTC officers. This kind of "on-the-job training" makes it possible for KNTC to accumulate a number of young skilled entrepreneurs who eventually will take up their own business ventures. In fact, it would seem that the Corporation might well adopt a deliberate policy of training a surplus of officers so that at any time some of them could be advised to leave the Corporation and to start a business on their own. Indeed, such people would undoubtedly be given state support, at least during the initial stages through extending credit, free consultative services, and other necessary economic and advisory assistance.

The Uganda National Trading Corporation (UNTC)

Purposes and Policies

The Uganda National Trading Corporation (UNTC) succeeded the African Business Promotion Company by an act of the Parliament in 1966. According to the National Trading Act, the Corporation was founded to perform the following functions:

1. To engage in commerce and trade.

2. To organize and effect exports and imports of all such goods and commodities as the Board may, with prior approval of the Minister, from time to time determine, and

the purchase, sale and transport of the general trade in such goods and commodities in Uganda or elsewhere.

3. To promote or aid in promotion of, subject to proper and adequate safeguards to be determined by the Board, any person being a citizen of Uganda in trade and business.

4. To do all such other things as are incidental or conducive to the attainment of the above objects.

These goals, like those of the Kenya National Trading Corporation, can be summarized by saying that the main purpose of the Corporation is to try to break the existing monopoly exercised mainly by Asians and Europeans in the import-export business and in wholesale trade, thereby enabling African businessmen to assume their rightful role in the commercial and industrial sectors of the country.

As mentioned earlier, the Uganda National Trading Corporation did not start from scratch, as did the Kenya National Trading Corporation. UNTC succeeded the earlier African Business Promotion organization. Because of its more extensive activities, the Corporation was granted an additional working capital of £35,000. Most of the officers of the original ABP continued to work for NTC. Similarly, all the credit, assets and liabilities of ABP were transferred to NTC.

Like the Kenya National Trading Corporation the Uganda National Trading Corporation's chief functions are to reduce the number of middlemen between the manufacturer or the importer and the African wholesaler or retailer. In its efforts to achieve this goal, the Corporation does some import and export of certain lines for which it has a monopoly. It has also established a number of loan and credit schemes which qualified African entrepreneurs can obtain to enable them to take part in the government-sponsored commercial activities.

The Corporation so far has acquired a monopoly to distribute rice, salt, ghee, onions and saucepans. Effective as of March 8, 1968, the list has been expanded to include imported beer and spirits, wines, cement, Ugil shirts, fishnets, soap, cottonseed oil, groundnut oil, steel windows and hoes. The list will undoubtedly be expanded even more as time goes on.

The Corporation also serves as the chief clearing house for the government. During the second half of 1967, the Uganda Government appoints NTC to handle and to distribute consumer goods imported from Russia and China as part of a £1 million grant. Goods from Russia include cars, oil products, ferrous rolled metal, textiles, newsprint, fires and tubes, domestic appliances, soaps, washing products, among others. Imports from China by a similar agreement include textiles, light industrial products, metal, foodstuffs, chemicals, machinery, instruments, arts and crafts. In return for these imports, Uganda, through the National Trading Corporation, exported coffee and cotton to the two countries.

Handling of imported as well as locally-manufactured goods has necessitated the acquisition and/or construction ofdepots for storage and distribution-center purposes. The Corporation already has built depots in Kampala, Mbale and Gulu. Other depots are planned for Tororo, Soroti, Arua, Hoima, Kasese and Jinja. And, given the necessary funds, the aim is to have a depot in every major town.

In its activities of importing and exporting goods, the Corporation has exerted a direct positive effect on the African entrepreneur. In the first place, the African is able to get goods at a reasonable price and thus has a better chance of making a profit. Second, the building of depots in each district should reduce transport expenses, in which case the African businessman for the first time should be in a position to compere with his Asian and European counterparts.

It is planned that by the end of 1968, the Corporation will be operating twelve depots. In each of these depots there will be field officers, showrooms and stores. When these depots are completed, it will be possible for the Corporation to supply thousands of rural African traders with the goods they need locally and at fair and proper wholesale prices.

Under this arrangement, the long-andured, needless and expensive middlemen should be reduced to a minimum. Currently the African retailer purchases his supplies, perforce, from his wealthier Asian competitors, and pays an inflated price. The African semi-wholesaler gets the supplies at a price that leaves very little margin for profit. By the time he sells his stock to his fellow African mini-retailer the latter has little chance of making any profit. If he puts the price a little higher, the customers soon find out that the prices are lower at an Asian shop nearby, and they flock to the latter's shop, leaving the African retailer with no customers. Even if the Asian shop happens to be within a distance of five miles, the Africans consider it worth the trouble to walk the distance to save a few cents. This is the most common reason for the failure of most Africans to maintain their shops.

Sould the NTC scheme get off the ground, the African in rural areas should be able to purchase his supplies at prices that are even lower than those the Asian pays, since it is understood that the Corporation charges for handling could be covered within a 5 per cent profit margin. In this way the Affican entrepreneur will become more competitive, and will be able to make enough profit to expand his business.

African Wholesale Companies

A line of strategic importance with respect to the building up of business skills and arousing entrepreneurial outlook among African folk is the Corporation's policy of initiating and encouraging the establishment of African wholesale companies. It is the Corporation's purpose to held the formation of at least one wholesale company in each district. These companies consist of groups of African traders who reside in the area. The wholesale companies are not a part of NTC. But, once one is established, it becomes the agent and main distributing center for goods that come under the monopoly of the Corporation. The wholesale companies, in turn, are supposed to sell to African retailers at a reasonable price.

The establishment of wholesale companies provides yet another important training ground for budding entrepreneurs. Each company is a separate entity. It has its own directors, shareholders and a whole organization comparable to any other company. When individuals or groups of small businessmen band together to form a larger company. This is a step toward acquiring commercial skills for all those involved in the consolidation. These men and women soon get into the habit of buying shares, and this is one of the best ways of saving and directing funds to profitable investment activities. Moreover, the very fact of being a share-holder gives a man a feeling of responsibility. Such a feeling encourages members to work harder for the success of the company. What is more important, the member traders form the nucleus of their own wholesale company. Each of them soon realizes that when he sells goods purchased from his own company, he is making a double profit, one for his own small shop and the other for the wholesale company of which he is a shareholder. The chain reaction extends even if these companies make a profit, the National Corporation, too, makes a profit and is able to expand its aid to more African entrepreneurs.

Among its many services, the NTC also aids in the formation of wholesale companies by giving free legal advice and by helping to draft constitutions. In the absence of the Corporation, potential wholesale company owners would be forced to pay high fees to various private law firms. Indeed, as is seen in a later part of this report, the Corporation provides technicians to perform preliminary economic calculations; occasionally, its field auditors are made available to African traders on request.

Sub-Distributors

In addition to encouraging and initiating wholesale companies, NTC appoints sub-distributors among individual traders and companies. There are more than 36 of these sub-distributors (see Appendix B)[1]. The Corporation distributes commodities for which it has a monopoly to the sub-distributors in such a way that some of the companies take all of the commodities, while others take one or two of the commodities. The reason for this seems to be that where there is a large and well-established wholesale company it can take all the commodities. On the other hand, in an area where there are several equally small companies each is given one or two commodities. A good example of this is seen in the case of Karamoja African Wholesale Company, Ltd., which has a monopoly on the distribution of salt, ghee, rice and onions, while the Gulu wholesale Traders, Ltd. distributes only ghee.

One major defect in the sub-distributor scheme is that the Corporation requires the sub-distributors to pay in cash before they can take goods. This requirement puts a heavy limitation on the African traders. Most African traders cannot afford to purchase enough stock. Those who try, begin by taking a very small amount of supplies only

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1 Appendix D shows that the number of sub-distributors has grown to over 200 since September, 1968.

to find that after the whole stock is sold there is little profit. What is even worse, the African often turns to the Asian to borrow cash to pay for the goods. Since the Asian can get overdraft or loans from banks, he gives the money to the African to buy and sell the goods on condition that the latter act as an agent. In this way, the African, supposedly the owner of a shop, earns only a monthly commission and the Asian pockets the whole profit.

Credit Schemes

Since 1964, when the African Business Promotion was founded, five different credit schemes have been utilized to help the African businessman. A total of some £1,060,000 has been guaranteed, of which £1,041,000 was actually issued. This fairly large sum was loaned to African traders under the following schemes: credit guarantee, bills discounting, hire-purchase, confirming and bank loan guarantees. A word of explanation about these schemes will show how each one operates.

Credit guarantee. The credit guarantee scheme is a device to help the African trader to acquire sufficient stock to carry on his business. It also helps to make the selected traders creditworthy under the NTC guarantee. Under this scheme, on approved application,[2] an African trader or small group of African businessmen is given a guarantee of a certain amount of money. Having signed the agreement, the trader is given a letter of introduction from NTC to the nearest wholesaler of his choice. The letter states the maximum sum of money which the NTC guarantees for 30 to 60 days, to cover the cost of supplies issued to the trader. For this, the Corporation charges only a one per cent commission.

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2 Requirements for qualifying for credit guarantee are discussed more fully in a later section of this paper.

Once the retailer or small wholesale African company receives the goods, he is supposed to sell them as fast as possible, pay back the money to the company from which he obtained the goods, and take more supplies if he wishes. If he fails to pay in time, the wholesale company charges the NTC. The Corporation pays the wholesaler and takes steps to see that the money is recovered. So far, defaults or written-off bad debts have been a very small percentage. This, however, does not tell the whole truth, i.e., that a relatively high percentage fail to pay on time and that, although the money is recovered eventually (either through repayment in small installments, or through the sale of securities), the fact remains that annoyance and inconvenience are caused by failure to pay at the agreed time. A good illustration of this inconvenience is that of the 144,154.65 Shs. issued to 50 defaulting companies, only 28,406.95 Shs. has actually been received and the balance of 115,747.70 Shs. is being recovered at a slower rate. The officer in charge of the NTC credit section was confident that most of the money would be recovered. Nevertheless, even taking into account the current amount of default, which is about 6 per cent of the total amount issued under the credit guarantee scheme, the situation looks encouraging.

Two questions now arise: What causes the African traders to fail to pay back the loans on time? And what are the real as well as the possible effects? The causes for failure are basically of three main characteristics: inflated prices, dead-stock or slow-moving; and unfair competition.

The African retailer or small wholesaler company takes his <u>credit guarantee</u> to an Asian wholesale company. The Asian company, on the pretext that the goods are to be supplied on credit, sells them to the African at a very much higher or exaggerated price. The African has no other alternative but to take the goods. He hopes that he can put the price even higher and be able to pay back the loan in time and also to extract some profit. Soon the trader finds himself sliding backward, for theprices he is charging are too high for the people in his neighourhood to pay. In sheer frustration, he must embark on a long-range program of delayed repayments.

Worse still, there are usually many Asian shops in the same neighborhood. These men are not happy to see an African intruder in their midst. Since the Asian is able to get supplies at a lower wholesale price, the retailer can afford to charge a much lower price than the African. As soon as the customers realize the difference in prices, they buy where the price is lower. The African trader begins to lose business. He is in a dilemma: if he lowers his prices he will take heavy losses; if he keeps his initial prices, there will be no demand. In this way, foreign businessmen place him under conditions of unfair and ruthless competition that virtually slams the door against the African in unprotected retail and wholesale businesses.

Coupled with inflated prices and unfair competition is the problem of dead-stock. Practically every African the writer interviewed gave instances of Asian wholesale companies that issue goods for which they know there is no demand. Once the goods are taken away, the trader cannot dispose of them within the 30 or 60 day limit, no matter how hard he tries. Obviously, he cannot pay on time. The wholesale company which issued the goods makes its claim to NTC which, according to agreement, has to pay in cash.

This practice of unloading "dead-stock" on the unsuspecting African trader has had far-reaching effects. In the first place, NTC must spend its meagre capital in paying off the credit guarantee. In the final analysis , the position of the Corporation is turned into that of agent for the existing Asian and European wholesale companies. These companies make good profits while NTC incurs losses. In consequence, the Corporation cannot extend credit to as many traders as it needs to.

It seems that in actual operation, the credit guarantee scheme is rather defective and that a revision is called for. Instead of guaranteeing credits, the Corporation should select a small number of goods, either imported or manufactured locally. The Corporation should then be given exclusive rights for distribution throughout the country. The approved African wholesale companies would then be supplied with the goods on credit.

Assuming that the Corporation would select goods which are quick to sell and which are in high demand by Africans, the Corporation could charge a proper uninflated wholesale price, and the traders would have a much better chance of disposing of the goods quickly and paying back the loan on time. Even in cases of inevitable delays, the Corporation would not incur such exorbitant losses as it does now, since there would be a one-channel process. Moreover, it would be possible for the Corporation to get goods on credit from the manufacturers and supply them on credit to the African wholesale distributors at a low price. The latter, in turn, would dispose of the goods to African retailers. Having purchased the goods at low prices the retailers could also charge a relatively lower price. This would draw in many African customers. With a marked increase in effective demand, the retailers would be able to make profit with which to expand their purchases from the wholesalers. And the more the retailers buy, the more the wholesalers will demand from NTC, and the more the Corporation will be able to expand its credit facilities to African traders.

It must be observed also that, if one can safely assume that the wholesalers will choose to sell the goods to retailers at a reasonably low price, the latter could also sell the goods to their customers at a lower price. This would mean that more Africans would be able to afford the goods

they now must do without because they cannot afford to pay today's prices. Once the price of goods are within the means of the majority of the population, the result will be an expanded effective demand, an increase in profits for both retailer and wholesaler, and a financially healthy National Trading Corporation.

Bills-discounting scheme. A second and very important credit scheme is known as the bills-discounting scheme. This is a device to help African traders who are interested in offering tenders for supplying materials to hospitals, schools and colleges, prisons and other institutions. Usually payments from such institutions are prohibitively slow. No African trader can afford to buy goods or food-stuffs to supply, say, a hospital for the first month. His funds are limited. When payment is delayed and he cannot get an overdraft from any bank, he fails to continue supplying to the institution. And immediately his tender is taken up by another company, usually by an Asian company.

Under the bills-discounting arrangement, NTC pays 90 per cent of any account to an African trader who produces a certified delivery note or invoice. The institutions which buy the supplies make direct payment to the Corporation. When the money is received, NTC deducts 1.25 per cent of the remaining 10 per cent as their commission and the trader takes home the remaining 8.75 per cent.

In this way tendering becomes almost a cash-down business. The African trader has the crucial requirement for operational capital and he can maintain continuous supplies to the satisfaction of his customer as well as the sources of his supplies. Practically every trader inter-viewed in Uganda was appreciative of the scheme, and all wished to see it extended to other lines of business, especially to building and construction, a much more profitable line, and one which so far is tightly monopolized by the Asians and Europeans.

<u>Confirming scheme</u>. The confirming scheme is a device to encourage and give aid to the few African traders who are entering the import business. Most of these Africans are not known outside the capital city of Uganda, Kampala. Foreign exporters in London, New York, Tokyo, Moscow, Paris or Peking would hesitate to accept an order from an unknown African. This is partially due to the fact that Africans are so new to the import trade that very few of them understand the intricacies of foreign trade. They cannot afford to pay the customary agency fees in foreign capitals, and they lack sufficient securities to guarantee payment on delivery.

To reduce these deficiencies, the African importer passes his orders through NTC. The Corporation makes contact with its foreign agencies for the particular goods. The order is made, and the Corporation guarantees payment on delivery. Once the goods arrive, they are issued to the trader on 60-day credit terms. Here again, the trader is able to sell the imported goods without having to pay cash down. The Corporation charges a 2 per cent commission and a small interest is also paid to the bank which provides the initial capital.

The number of Africans helped under this scheme is understandably very small. Only seven individuals and companies have made use of these facilities since 1964. A total of £7,250 has been guaranteed, of which £5,471 was actually issued, and £554 (or 10 per cent) is being recovered slowly. The latter item is not written off as a bad debt, but was not paid within the required time.

The confirming scheme should lead to profitable trade. If the African traders are well advised, and they import fast-selling goods, they should be able to charge competitive prices and make good profit without exhausting their meagre capital. Indeed, it should be the duty of the NTC officers to make local demand studies for various products, and to advise the African importers concerning purchases that would be profitable or not.

Hire-purchase guarantee. Under the hire-purchase guarantee, NTC helps African businessmen to acquire trucks or lorries which are essential to the progress of their business. The Corporation acts as a guarantor in the hire-purchase agreement, and finance companies extend credits. The trader buys the vehicle at a low rate of interest and is allowed to pay in easy installments. Before the trader can be given the guarantee, however, he must pay at least 25 per cent of the value of the vehicle in cash, or trade in another vehicle which is worth the required down payment.

So far, the Corporation has guaranteed credits amounting to £94,915, of which £7,485 (about 8 per cent) is under default. Defaults in this case often result from accidents when the vehicle is involved in a collision or poor handling. In every case the owner's expenses have risen at a higher rate than his profits, and he has failed to pay his installments. When this has happened, the company which financed the purchase of the vehicle has claimed its payment from NTC. The Corporation pays, and then must try to recover the money through legal means or by selling the trader's securities at auction. The 8 per cent default rate, however, is not a total loss to the Corporation, for most of the money is eventually recovered. Moreover, considering the poor roads in some sections of the country and the low general level of education attained by the drivers, the present rate of default is to be expected. The fact remains that these delays in payments discourage the Corporation from expanding its credit facilities more liberally to African businessmen.

Commercial bank loans. In some special and exceptional circumstances the Corporation acts as a guarantor of loans made by the Uganda Commercial Bank to African traders.

The trader must first be highly recommended by NTC officials and he will be considered only if other credit facilities cannot suffice. Very few African traders have been helped in this way, but it is nevertheless an indication of what the Corporation can do to expand credit and loans to Africans. This system enables a greater number of African traders to become creditworthy so that eventually they might be able to obtain loans from other banks, or even become eligible to use the bank's overdraft facilities. Of even greater importance, these loans would gradually reduce NTC's burden of being the exclusive source of credit to the thousands of would-be entrepreneurs in Uganda.

Requirements and Qualificantions for NTC Credit Schemes.

The four credit facilities (credit-guarantee, hire-purchase, bills-discounting, and confirming scheme) are extended to traders who qualify by fulfilling the following requirements:

1. Credit-guarantee. A trader can qualify for this facility if: (a) he has been in business at least one year; (b) he is keeping his books well and shows a simple balance sheet; (c) he shows a monthly turnover of at least 35 per cent of stock in-trade, and the value of the stock is not less than 4,000 Shs.; and (d) he has tangible securities in the form of land, buildings or personal guarantee by a person of high standing. In the case of corporate companies life insurance policies must be held by all the directors as additional security; and all major assets, such as buildings and machinery, must be covered by insurance policies.

In this connection, several points command special interest. The requirement that a trader must have been in business for at least a year gives recognition to the need of Africans for more experience as entrepreneurs; it also indicates that many African entrepreneurs are just getting started in commerce. At present, if a longer period of experience were required, very few Africans could qualify. On the other hand, a period of less than a year would be too short to guarantee minimum efficiency.

A second point refers to the security requirement which calls for a property or life insurance policy. This requirement has a very important educational value, in the African traders are beginning to insure not only their lives but their valuable premises as well. This is valuable to them in two ways: it encourages savings, and it gives both borrower and lender a feeling of greater security.

A further point of significance is that, even if a trader does not have insurance or other tangible securities, he still can get a credit-guarantee if he is introduced by a person of high standing in his community.

2. Hire-purchase guarantee. Under this type of guarantee, the applicant must convince NTC officials that he is a prospective transporter of his or other people's goods. This he does by producing a copy or copies of contracts. He is asked to outline fully all the activities on which the vehicle is to be employed. The applicant must raise 35 per cent of the cost of the vehicle before his loan can be considered by the corporation. And the vehicle is not allowed to go out of the shop unless it is covered by a comprehensive insurance policy for a minimum period of 18 months.

Similar to the credit-guarantee scheme, the hire-purchase guarantee demands tangible securities: the owner must have a life insurance policy, and the premises where the vehicle is kept must all be insured.

3. Bills-discounting scheme. In order to qualify for this scheme, the prospective applicant must be a man of integrity and must show evidences that he is a supplier to

recognized institutions, such as prisons, hospitals, schools and hospitals. And these institutions must support the applicant in writing.

4. Confirming scheme. To obtain credit under this scheme, an African trader would be venturing into imports from abroad. He has to raise 20 per cent of the initial payment and be able to finance the expenses involved in opening a letter of credit. The goods to be imported must not include those under the monopoly of NTC. Furthermore, the prices must be low enough, and the market for the goods must indicate sufficient local demand. As in the other types of credit guarantees, there must be tangible securities, including insurance policies and/or a guarantee by a known person of high standing.

These requirements have significant implications. They offer a form of training through practice. Would-be African traders are required to form good habits of saving by buying insurance, and by having to finance up to 25 per cent of the initial cost of purchases. The trader, thus, must choose to sacrifice certain luxuries in favor of accumulating the money he needs for his business ventures. The requirement that he be introduced by a man of high standing in the community is a feature that creates in him a sense of integrity among the businessmen.

We have already noted that these credit schemes have enabled a number of Africans to enter the field of retail and wholesale trade. The number of Africans who have entered the field of commerce is still very small; nevertheless, it is on an upward trend. In all, the NTC has so far extended credits under different schemes amounting to almost 23 million Shs. Before this, in its three years of operation, the African Business Promotion put more than 20 million Shs. worth of business into the hands of the Africans through short-term financing schemes. The schemes being continued by the NTC are showing substantial success. Since 1958, when only about 18 per cent of the nation's retail business was handled by Africans, it is estimated that today the ratio has risen to 42 per cent, representing trade worth some £23 million; and the figure is steadily rising. These trends are encouraging, particularly where we reckon that barely ten years ago the volume of trade in the African hands was almost nil.

Other Services

The Corporation plays another fundamental role in offering various services which could be grouped as training and commercial discipline. There is a trade supervisor in each district whose chief responsibility is to advise district businessmen on technical problems. He convenes traders' meetings, explains the policies of the Corporation, and helps those who want to form joint companies or wholesale companies. The supervisor also functions as the coordinating officer between the traders and Corporation headquarters. The Corporation also employs a small number of field auditors whose services are available to traders who invite them. These auditors, it appears, would be more useful if all traders who utilize the Corporation's facilities were compelled to have their books audited annually.

Probably of even more fundamental importance are the seminars which the Corporation organizes. Occasionally seminars are held for traders at District headquarters. In these seminars, specialists (including those from the United Nations) teach such subjects as industrial law, human relations, financial management, budget control, marketing and sales techniques, elementary book-keeping and other relevant topics. Average attendance is between 40 and 50 businessmen.

As a supplement to all these services, the Corporation publishes a monthly bulletin which deals with many subjects of interest to traders. Articles range from the activities of the Corporation, to such matters as the techniques of starting a shop, how to run a hotel, how to prepare a balance sheet, how to detect slow-selling or fast-selling lines, various credit systems and the advantage of credit facilities, how customers are best handled, advertising techniques, and related topics. The bulletin also publishes a monthly summary of trade reports, pointing out such things as the major exports and their prices, and the balance of payments situation of the country. These publications are supplied free of charge and are written in a style that any trader who had completed six years of school could read and understand.

Commercial Activities

The Corporation, UNTC, undertakes business activities for small commercial firms, and engages in import and export enterprises. The imports comprise mainly such consumer products as ghee, butter, salt and rice. Its exports consist largely of commodities which are manufactured locally. Chief among these are sugar, hoes, cement, gypsum, textiles, Ugil shirts, matches, iron sheets, Uganda batis, steel rods and steel bars, waragi (local spirit of the vodka class) and other items.

The major imports are summarized in Table 3, which lists the commodities, the countries of origin, and the value of the commodities.

Imports amounting to more than 6 million Shs. were made during the first half-year the Corporation was in existence—a truly remarkable record.

On the export side, the Corporation's chief market is Congo and Rwanda. The leading export commodities are locally-manufactured sugar, cement, hoes, salt and pangas.

As is shown in Table 4, in its first nine months of operation the Corporation's exports reached a value of over 6 million Shs.[3] It is seen in this table that only four major commodities account for most of Uganda's exports for this period. But the total volume of exports to Congo, Rwanda and Burundi reached about 6.5 million Shs. Other goods not shown in Table 4 included gypsum, textiles, Ugil shirts, matches, iron-sheets, Uganda batis (iron-sheets), steel rods and steel bars, and waragi.

There can be no doubt that the volume of trade between Uganda and Congo-Rwanda could have been larger if it had not been for the military troubles which disrupted the Eastern Congo. Once the region returns to normal, NTC should expect to enlarge its exports.

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3 National Trading Corporation, "National Trading Corporation Exports," Monthly Bulletin No.10 (Kampala: Government Press, 1967), p.3. During the last ten months of 1967, NTC exports to Rwand, Burundi and Congo amounted to more than £323,700.

TABLE 3

UGANDA NATIONAL TRADING CORPORATION IMPORT VALUES, JULY-DECEMBER 1967

Commodity	Country of Origin	Total Value, July-December 1967 Value in Shs.
Pure Ghee Substitute	Holland	260,080
Butter Ghee	Kenya	282,600
Butter Ghee	Tanzania	141,300
Kimboga Ghee	Kenya	513,165
Salt	Aden	350,500
Rice	Cambodia	4,440,000
Rice	India	84,040
	Total	6,071,685

Source: Files of the Uganda National Trading Corporation, Kampala, July-December 1967.

TABLE 4

UGANDA NATIONAL TRADING CORPORATION EMPORTS TO RWANDA AND CONGO (K), JANUARY-DECEMBER 1967

Commodity	Main Export to Rwanda and Congo (K) January-December 1967 Value in Shs.
Sugar	1,078,005.00
Hoes	429,200.00
Cement	327,975.00
Salt	212,100.00
Pangas (big knives)	6,000.00
Total	2,053,280.00

Source: National Trading Corporation, "National Trading Corporation Exports," Monthly Bulletin No. 10 (Kampala: Government Press, 1967), p. 3.

These activities of import-export enterprises have had some positive influence on the African traders. In the first place, the few Africans who are engaged in the trade are making appreciable profits. In the second place, and possibly the most important is that these people are being exposed to valuable training in international business transactions. The value of this training also applies to the NTC officials who are doing most of the transactions, because these are young men, most of whom have acquired university degrees, or the equivalent in actual commerce, economics and business experience. These men, too, are getting first-hand experience in the skills of commercial management. One can assume that, as the Corporation expands its activities, more opportunities will be available to more young officers to join the Corporation. In time there should be an accumulation of men and women who have acquired industrial skills. From this pool it can be expected that some entrepreneurs will have the requisite knowledge to branch off and open up their own enterprises.

To date, it may be observed, the Corporation is not exerting the influence that was expected of it. It seems that its purchasing policies are not engineered to the maximum stimulation of African entrepreneurs. This is so mainly because the Corporation pays cash to the manufacturers. In turn, the private traders must pay cash to the Corporation before their orders can be approved. This requirement puts a heavy limitation on the amount of possible African participation in the business. In fact, in Uganda exporters are almost exclusively Asians and Europeans. The only exception is a very small, indeed negligible, number of Africans who belong to the Uganda National Traders Association. The Association takes part in the export business so the few Africans do have some small share in the trade. There is no doubt that if the Corporation's purchasing policy were different, many more Africans would enter the import-export business.

Concluding Statement

National Trading Corporations are some of the major post-independence economic institutions in East Africa. The Corporations have influenced the African entrepreneur in two major areas: (1) through direct financial assistance in various forms of credit and loan facilities; and (2) through education. The latter consists of many forms, such as offering workshops and training courses periodically, initiating habits of saving, arranging for people to learn on the job, encouraging such commercial activities as organizing wholesale companies, and coming into contact with import and export problems.

The Corporations were founded by the respective governments to promote the participation of African businessmen in the field of commerce by providing wholesale and credit facilities. This has been probably the most strategic development for improving the economy of East African nations since the end of colonial rule. Nevertheless, to date, African businessmen have had very limited access to commercial banking and credit facilities. In order to change this situation, a number of credit schemes have been devised. In Kenya, successful applicants are given credit in kind. This scheme has been successfully employed in the distribution of a number of basic commodities, such as sugar, more than 90 per cent of which is now in African hands. In Uganda a number of credit schemes have been devised--the credit guarantee, the confirming scheme, the hire-purchasing scheme, and the discounting scheme. Each is aimed at assisting Africans to participate in commercial activities. A substantial minority of Africans have utilized the Facilities to start a good number of small African wholesale and retail companies.

The credit guarantee scheme in Uganda appears to be in need of revistion. The scheme places the African entrepreneur in the position of agent for the European or Asian wholesale companies with which he deals, which neans that the foreign wholesaler pockets most of the profits, while the benefits which accrue to the African are small. Wholesalers devise other sharp practices, as well, for seeing to it that the African shop-keeper cannot dispose of his goods in time to repay his loans. The Corporation must pay his obligation, and the businessman becomes one of the defaulters. Under this system, neither the businessman nor the National Corporation benefits. In spite of certain imperfections, however, there is no doubt that the credit schemes have stimulated and encouraged African entrepreneurship.

One of the key features of the National Trading Corporations is their monopoly privileges. The government decides on the type of commodities which are to be distributed exclusively by the Corporation throughout the country. Such a decision is usually made by the Minister of Commerce and Industries, and the Corporation does the implementation. Once the decision is made, any businessman who wants to sell the goods must apply through the National Corporation. As a matter of policy, only Africans are allowed to act as agencies or sub-distributors. This policy has encouraged many African entrepreneurs to take part in commercial activities. The monopoly feature is aimed at enabling Africans to obtain goods at low competitive terms. In both Uganda and Kenya the list of commodities included under monopoly distribution is growing larger and larger.

This policy of monopoly acquisition is so strategic that it requires long-term planning. This requires, as an initial step, a careful study of the types of goods which can easily be handled by African entrepreneurs. Then, more complicated lines of trade should be studied, and put on the waiting list. At the same time, would-be African businessmen should be surveyed, and given training for specific lines of trade. As soon as a number of African businessmen have acquired and demonstrated some skills, more complicated lines of trade can be made available to them, utilizing the NTC's distribution monopoly. With a long-term plan and a systematic scheme of acquiring monopoly distribution of fast-selling goods, all done steadily, step by step, a greater number of entrepreneurs can be expected to enter commercial and industrial activities.

Purchasing policy is another feature which is in need of revision. At present, the National Trading Corporations must pay cash down for any commodities they receive from manufacturing firms. This means that all African sub-distributors must also pay cash to NTC before their orders can be approved. Very few African businessmen have the cash to pay for all the goods they need. And so, the African trader makes arrangements for delayed payments to the wholesaler, who turns out to be an Asian. Unable to meet his payments on time, the African then becomes merely an agent for the Asian--and the purpose of the law is defeated.

It seems that one solution to the problem would be for the National Trading Corporations, themselves, to get the supplies from the manufacturing firms on credit terms. The distributors would make better profits; in turn, the Corporations through commission charges would accumulate more capital which it could use to expand its activities in the stimulation of African entrepreneurial participation.

Indeed, the National Trading Corporations have become significant commercial institutions. They are engaging in import and export enterprises, and in the distribution of locally-manufactured goods. The two corporations have already shown an over-all profit, and there is every reason to believe that they will expand their activities and exert a powerful influence on the national economy. The deeper value of their success lies in the example which the Corporations are setting for the African entrepreneur, demonstrating the value of education, planning and personal integrity.

On the whole, if one should be asked whether the National Trading Corporations are achieving their goal of promoting the participation of Africans in commercial enterprises, the answer would be, without qualifications, <u>Yes</u>. Considering the small capital available to the Corporations and the short period since their foundation, the number of Africans who have entered commerce through the help of the Corporations is encouraging.

In brief, the National Trading Corporations perform a twofold role in improving entrepreneurial activity among Africans: (1) they serve as catalysts, and (2) they furnish training grounds for acquiring commercial skills. The role of catalyst is performed by giving financial assistance under various credit schemes. With respect to their second role, they perform a vital training function by organizing courses, offering free consultant services, and organizing and promoting African wholesale companies. There is no doubt that these corporations have a great potential for the stimulating entrepreneurship in East Africa. What is badly needed before the Corporations can expect maximum results is planning both the long-term and short-term coordination of their various functions and activities. When this is done, there will be less waste, more profit, and greater participation by Africans in commercial and industrial enterprises.

APPENDIX A

NATIONAL TRADING CORPORATION QUALIFYING REQUIREMENTS FOR CREDIT SCHEME

From: Assistant Manager, Credit, Finance and Training

To: Chief Executive Manager

Kampala
20th November, 1967

QUALIFYING REQUIREMENTS FOR NATIONAL TRADING CORPORATION'S FOUR SCHEMES

A. <u>CREDIT-GUARANTEE SCHEME:</u>

a. The applicant must have been in business for not less than one year.

b. The applicant must be in possession of reasonablly well kept books of accounts. Companies or Partnerships should produce the latest Balance Sheets, duly certified by qualified Accountants.

c. The applicant should have an average monthly turnover of not less than 35 per cent of the stock-in-trade. In any case, the value of the stock should not be less than 4,000/-

d. The applicant should be able to offer tangible security in the form of land, building(s) or personal guarantee of a person of high standing. The Life Insurance should be additional to other securities and, in case of corporate bodies, directors must also themselves give personal guarantees. In any case, the value of securities should not be less than the amount applied for. In the case of companies, both the goods and the shop building must be covered by an insurance policy.

e. After being recommended for the facility, the applicant should be required to submit a Monthly Return showing the latest position in regard to:

   i. Total value of goods taken from a supplier(s)

   ii. Amount of money paid to the suppliers after the first 60 days.

iii. The outstanding amount in arrears (if any).

Failure to do so should lead to immediate withdrawal of Credit Guarantee.

f. The suppliers should be required to notify the Corporation or its representative (in up-country) immediately the trader with the credit-guarantee defaults, rather than wait for two or more months as has been the case hitherto.

B. <u>HIRE PURCHASE SCHEME:</u>

a. The applicant should be a prospective transporter of his own goods or somebody's goods. He should also produce a copy or copies of contracts, if so employed.

b. The applicant should supply details of costings at the time of applying. These should be closely scrutinized before acceptance.

c. Activities on which the vehicle is to be employed should be fully outlined.

d. The applicant should be in a position to raise the initial percentage of 35 per cent.

e. A comprehensive insurance policy must cover the Hire Purchase Agreement period or 18 months, whichever is the shorter.

f. In addition to vehicle as security, other tangible securities should be offered, in the form of cash deposit in the bank, land/buildings insurance policy or personal guarantee by a person of high standing. In case of corporate bodies, directors must also themselves give personal guarantees.

g. The applicant should prove that he has taken out an insurance policy of his own (life insurance).

h. Unless prior arrangements are made with the financiers for deferment of payments of an instalment, National Trading Corporation is to direct financiers to effect seizure of the vehicle on default of two consecutive instalments.

i. The applicant will have to undertake to get the vehicle inspected every six months (by a recognized vehicle valuer) and will be required to put down fees for the inspection and valuation on being informed that his application has been accepted. If the inspection and valuation of the vehicle reveals that the value of the vehicle is below its book-value, the Corporation may repossess the vehicle.

j. In case of a bus operator, the applicant should be expected to produce a letter from the Transport Licensing Board, specifying the route he will be operating on.

C. <u>BILL DISCOUNTING SCHEME:</u>

a. Applicant must be a well recognized businessman of hith standing and integrity.

b. Applicant must be dealing with recognizable Government bodies or institutions, such as schools and colleges, He must also be able to produce written documents supporting his contract.

c. In order to ensure that money payable to the Corporation was not paid to African businessmen after their invoices had been paid, the Management should write to heads of departments or institutions asking them to see that payment was made to the Corporation under the deed of assignment.

D. <u>CONFIRMING SCHEME:</u>

a. The applicant must put down 20 per cent and meet expenses involved in opening a Letter of Credit.

b. The scheme must be confirmed to purchase of goods not handled by the Corporation.

c. The prices must be competitive and the commodity salable.

d. Forecasts of marketability must support the application.

e. The applicant should offer a tangible security in the form of land/building insurance policy or personal guarantee of a person of high standing.

APPENDIX B

TABLE 5

UGANDA NATIONAL TRADING CORPORATION: SUBDISTRIBUTORS OF COMMODITIES OVER WHICH THE CORPORATION HAS EXCLUSIVE MONOPOLY TO IMPORT AND DISTRIBUTE

(in £)

Region Company	Status	Began	Net Assets Original	Net Assets Present	Average Cross Stock	ABP or NTC Assistance*	Annual Sales
EASTERN REGION:							
1. Karamoja: Karamoja African Wholesale Co., Ltd (Moroto)	Public	1966	60,000	59,630	60,000	100,000	600,000
2. Teso: Teso African Wholesale (Soroti)	Public	1965	60,000	92,500	1,350,000	10,000	1,404,000
3. Mbale: Bugishu Wholesale Company, Ltd.	Public	1965	50,000	6,000	200,000	30,000	2,600,000
4. Tororo: Tororo United Traders Co., Ltd.	Public	1964	21,000	1,860	1,560,000	100,000	3,900,000
NORTHERN REGION:							
5. Lango: Lango Wholesale Traders Co., Ltd.	Public	1964	41,680	80,000	1,500,000	50,000	1,435,000
6. Kitgum: East Acholi Wholesale Co., Ltd.	Public	1965	46,000	134,000	1,138,000	20,000	1,200,000
7. Bunyoro: Uganda Agahikaine, Ltd.	Public	1964	210,000	260,000	1,000,000	1,200,000	

APPENDIX C

TABLE 6

DISTRIBUTION APPOINTMENTS OF AFRICAN TRADERS BY KENYA NATIONAL TRADING CORPORATION

(in £)

Name of Trader	Capital	Assets	Turnover	Value of Maize Meal Order	Value of Wheat Flour Order	Value of Soap Order
NAIROBI DISTRICT:						
1. Ali Mohamed Sheik & Bros.	5,000	3,000	10,000	2,300	14,500	5,000
2. Muiru General Store	3,000	1,000	45,000	6,350	5,808	3,332
3. Riruta Center Store	4,045	1,045	4,000	1,000	660	-
4. Lanrogag Wholesalers	3,000	5,000	10,000	6,070	3,700	7,250
5. Friends General Store	1,000	-	2,500	1,060	1,060	1,250
6. Mbuni Dry Cleaners, Ltd.	10,000	7,500	2,500	-	-	9,000
7. Karuri Wholesalers	9,750	6,650	2,500	9,600	17,095	17,645
8. Riteta Provision Store	200	38	3,000	3,870	3,870	7,013
9. Nandi Railway African Co-op. Society, Ltd.	5,000	-	12,250	1,353	450	465
10. E.H. Njoka & Sons	4,000	700	3,000	6,000	4,100	-
11. Gathiga K.G. Store	2,275	9,250	3,000	4,100	4,719	3,678
12. Umoja General Store	1,290	70	3,100	2,210	923	861
13. Ndunduri General Store	2,100	700	1,250	640	1,540	745
14. Muthetheiru Provision Store	2,000	500	2,900	5,175	1,796	468
15. Simba Trading Co.	5,000	2,000	1,000	5,510	2,270	381
16. Pilot Wholesale Store	3,000	5,000	10,000	2,250	1,850	1,500
17. Kende African Wholesale & Retail	1,310	400	6,000	1,230	419	-
18. Kariuki Grocery Store	9,750	500	8,800	13,050	7,582	2,678
19. Mamboleo Trade Services	1,250	100	2,500	2,625	1,390	3,695
20. Masii Store	375	500	3,000	7,825	16,700	4,788
21. Lagum Distributors, Ltd.	5,400	8,743	15,000	3,388	1,098	1,998
22. Dagoretti Country Store	13,045	30,245	10,000	2,500	1,310	227

Appendix B (Continued)

NORTHERN REGION:							
8. Toro: Uganda African Wholesale Co., Ltd.	Public	1964	74,500	793,000	900,000	12,000	852,000
9. Toro: Bwambale & Co., Ltd.	Private	1950	150	268,000	1,656,000	50,000	170,000
10. Ankole: Muhumuza & Co., Ltd.	Public	1963	150,000	120,000	360,000		1,800,000
11. Ankole: Ankole African Independence Traders, Ltd.	Public	1962	140,000	80,000	72,000	40,000	1,800,000
12. Kigezi: African Wholesale Co., Ltd.	Private	1963	170,000	225,300	1,200,000	20,000	1,380,000
BUGANDA REGION:							
13. Masaka: Sabiti Lubega	Private			80,000	960,000	Confirming	1,000,000
14. Masaka: Katwe Masaka Stores	Partnership	1954	400	92,000	54,000	-	432,000
15. Masaka: Kugumikiriza Store	Private	1955	700	76,500	40,000	20,000	624,000
16. Masaka: Agali Awamu Co.,Ltd.	Public	1963	100,000	200,000	57,000	20,000	33,600
17. Toro: Joseph R. Mainuka (Kasese)	Private	1949	3,000	66,000	240,000	20,000	12,000,000
18. Bunyoro: J.W.D. Masigwa and Sons (Masindi)	Family	1950			150,000	72,000	24,000

*ABP - African Business Promotion; NTC - National Trading Corporation

Note: The figures shown are estimates and may be out of date by now. In many instances the companies or individuals were reluctant to reveal trade statements, either because no proper accounts or balance sheets were kept, or for other unstated reasons. The available figures indicate the volume of trade handled by the companies. It may be assumed that figures not available would be similar, on the average, to those shown.

Appendix C (Continued).

NAIROBI DISTRICT:						
51. M. Gikonyo	5,000	1,500	-	-	-	5,490
52. Kambaa & Bros. Wholesaler	2,500	-	-	8,378	375	-
53. John Mwangi	2,000	1,000	400	724	919	49
54. Joseph Nginyo	750	450	200	1,540	2,815	-
RIFT VALLEY:						
55. Thomson's Fall Trading Co.	1,500	1,000	1,200	450	500	450
56. Jogoo General Stores	1,400	3,500	2,500	440	300	350
57. Goodwill Trust, Ltd.	2,000	100	7,000	620	1,335	107
58. Shrikisha Co.	7,500	6,159	4,750	327	1,107	1,000
59. Kajiado Stores	15,000	5,000	6,250	1,449	1,196	-
60. Turbo Grocers	5,000	2,875	13,500	-	-	-
61. Kigera Produce Store	2,500	5,600	5,000	98	701	-
62. Londiani Store(Agencies?)	2,500	-	3,000	793	400	258
63. Karangae Ole Kesier	200	20	4,000	84	265	-
64. Kipsigla Co-operative Society	22,750	7,795	27,500	325	1,050	7,575
65. Kitete Young Grocers	2,500	500	500	823	1,044	985
66. Trans. Nzoia Wholesalers	5,000	1,250	6,000	-	-	500
67. J.K.A. Yatorr	150	159	250	105	1,020	785
68. Joseph K. Cherop	2,825	2,570	225	865	505	50
69. Peter Mwaura	1,390	120	450	428	165	250
70. Kamau Nganga	750	300	225	-	-	300
71. H.W. Kibinge	1,640	1,390	400	34	83	-
72. Furah Store	900	3,125	200	50	50	50
73. Wanandi Trading Co.	45	150	19	22	63	250
74. Morrison and Sons	450	100	250	740	270	-
75. Njenga Njoroge	100	250	200	-	500	250
76. Masai Store, Ltd.	10,000	4,900	1,500	1,700	500	-
77. Alice Kahaki & Co.	1,250	2,500	1,500	1,020	1,920	-
78. Andrew Kagombe	1,250	2,200	1,050	429	157	820
79. Alex N. Oloo	400	100	600	250	250	300

Appendix C (Continued)

EASTERN PROVINCE:

80. Joel Maingi	250	7,500	1,500	245	-	90
81. Peter Makau	1,250	5,000	2,300	893	196	141
82. United Wholesalers	2,000	1,950	1,150	1,600	1,750	3,625
83. Kibari Rungeye	2,500	4,100	1,500	500	2500	300
84. Mohamed & Ali	3,750	750	2,050	450	450	725
85. Stephen M. Kisilu	150	3,750	500	340	445	1,500
86. Mwanza and Bros.	4,000	7,600	1,250	500	-	500
87. William Kimulu	7,500	-	1,250	680	480	-
88. Lawrence Kairanja & Bros.	4,500	7,500	1,933	840	5,140	1,302
89. Salim Ahmed & Bros.	5,000	2,500	2,000	1,079	91	499
90. Karava General Store	1,200	1,100	1,500	340	430	1,000
91. N.M. Maluli	1,500	1,500	750	300	200	500
92. Maundu Ndetu	780	400	1,500	150	350	30
93. Njeru Ngonge	2,000	-	956	99	134	880
94. Kyambati Mareli	1,000	3,250	4,000	5,300	3,000	2,525
95. Massi Special House & Bros.	1,500	4,500	5,000	1,910	690	260
96. Kalawa Flour Mill & General Store	1,600	800	12,000	600	700	1,250
97. Kitemange Ndema	2,500	2,500	5,000	-	-	-
98. Sunny Musila (Kangundo Bros.)	11,190	4,250	5,000	1,500	1,500	2,500
99. Mutemi Mwinzi	2,500	-	5,000	500	230	1,000
100. Kairanja Mukindira & Co.	2,500	250	6,000	210	280	500
101. L.M. Lili	150	1,379	3,000	1,910	945	1,190
102. John Kilu Mosa & Bros.	12,500	10,750	8,600	2,620	1,175	400
103. Kitui Wanch Traders & Co.	2,250	-	2,500	1,305	540	550
104. Ukambani Distributors	500	-	3,750	1,000	1,000	1,500
105. Benson K. Kamba	6.5	-	15,000	1,737	759	1,000
106. Mbugua Njoroge & Co.	250	20	3,350	1,980	725	168
[illegible]	1,000	550	3,000	500	500	-

Appendix C (Continued)

EASTERN PROVINCE (continued):

111. Mutia Nzomo & Bros.	1,300	5,050	2,800	4,678	3,152	1,300
112. Shariff Mohamed Noor	1,000	6,000	600	1,600	1,898	538
113. D.L. Mutisa	7,500	13,500	5,000	250	-	100
114. Masii Store	1,500	4,000	2,500	396	315	500
115. Makului Bus Transport Services, Ltd.	7,650	18,280	7,250	1,248	565	10
116. Musau Mwamia	25,000	17,250	10,000	1,995	662	400
117. Samuel Musila	2,000	4,750	17,500	296	160	50
118. Kimani Kimango Bros.	750	21,500	6,000	792	204	114
119. Musau Mwamia & Co.	1,500	1,750	20,000	4,000	1,000	1,000
120. Wanamuchi Aguuli	1,000	4,000	3,500	800	448	229
121. Embu Distributors, Ltd.	570	16,525	3,000	1,045	875	1,552
122. Issa Adam	900	9,100	4,500	77	975	790

CENTRAL PROVINCE:

123. Uplands Trading Co.	5,250	5,250	15,000	2,175	770	400
124. Haji A. Sheikh Ali	5,000	5,500	7,500	3,858	2,037	5,000
125. M. Andrea & Co.	1,000	8,750	4,250	2,000	-	3,000
126. Kiambu Clothing & Grant Enterprises	250	-	3,000	1,500	500	750
127. Chuchu Watatu & Charles Kigwi	5,000	7,050	2,500	1,000	200	500
128. Feed & Seed Supply Co.	750	-	3,800	1,000	300	1,100
129. Nganga Kamau	1,250	3,750	2,500	1,830	990	705
130. Kagaa Transport Co.	4,250	-	5,500	808	1,501	1,302
131. Kikuyu General Store	500	-	2,750	822	325	22
132. Moses & Bros.	1,750	1,000	2,500	535	365	-
133. Uhuru General Shop	500	2,500	6,000	1,750	1,250	800
134. Premier General Shop	3,500	1,500	2,500	742	490	-
135. Mwangi Mbothu	5,355	6,600	1,750	685	122	-

Appendix C (Continued)

CENTRAL PROVINCE (cont.):

136. Wahinya Kangere	-	3,300	1,250	823	125	150
137. Samuel Kimani	1,500	3,410	1,000	1,800	450	600
138. Waiyaki Kimuthia	600	785	750	200	50	150
139. Tinganga Cash Store	500	7,270	600	6,533	1,000	5,475
140. Nganga Kamithi	50	1,900	600	500	100	750
141. Kigomo General Merchandise	900	1,200	600	550	210	-
142. Wenyenji Wamatu	1,750	1,100	1,000	3,109	2,599	-
143. Gatundu Provision Store	1,000	300	900	279	302	153
144. Kihungi Kamau & Sons	150	75	1,250	600	550	727
145. Geoffrey Mwangi Gakumo	250	45	1,000	300	150	-
146. Mbogo Mwangi	250	1,750	2,100	200	422	238

WESTERN PROVINCE:

147. Christopher Mahangwa	1,050	26	1,500	-	670	675
148. Mohamed Waziri	3,000	1,100	1,750	175	439	489
149. Erastus Simiyu Butula	3,000	1,500	1,500	750	1,360	4,000
150. Mohamed Salimu	500	200	750	165	500	1,000
151. Reuben Wanyonyi	600	750	750	164	273	567
152. Reuben Lavai	1,000	1,580	1,000	125	500	500
153. William Ligabo	5,500	50	500	330	105	421

NYANZA:

154. Gesima Power Mills Ltd.	4,052	9,428	21,497	473	-	475
155. Fountain Service Store	5,500	5,500	12,000	1,500	500	1,000
156. Posho Trading Corp., Ltd.	5,000	5,000	5,000	1,000	200	-
157. E. O. Josiah	1,500	12,300	8,000	300	200	500
158. Wangoma Ogwai & Co.	3,000	5,500	5,000	2,000	500	1,000

Appendix C (Continued)

NYANZA (cont.):

159. Okwiny & Sons, Ltd.	6,500	7,000	5,000	300	-	200
160. Bondo Associated Traders, Ltd.	3,000	3,000	3,750	1,000	582	1,780
161. Silas Abong'o	400	10,500	3,000	1,000	500	300
162. Nasu Ali	2,500	2,600	2,500	-	-	-
163. Yala River Wholesalers	5,000	5,600	7,500	-	-	-
164. Matara Trading Co.	1,500	11,500	10,000	4,500	4,000	1,000
165. United Land Water Transport	10,000	20,000	10,000	4,500	4,000	1,000
166. Roya Enterprises, Ltd.	3,500	-	2,500	1,500	500	3,000
167. Patroba Anyugi & Co.	250	-	2,500	-	-	3,800

COAST REGION:

168. Mbololo Hill Provision & Canteen	4,500	5,350	3,000	9,685	500	2,500
169. S.K. Fondo & Sons	5,950	5,750	3,000	5,475	1,250	1,250
170. T.M. Mohammed & Sons	7,000	10,200	2,500	1,000	500	750
171. Coast Region Distributor	1,000	1,550	10,500	4,500	200	500
172. Malindi General Store	3,750	850	5,000	8,000	200	7,500
173. Kaloleini Farmers Cooperative Society, Ltd.	7,000	3,250	7,500	10,000	5,000	2,500
174. Taifa General Agencies	2,500	3,100	12,000	25,000	-	25,000
175. A. Dossa Jee & Sons	-	17,050	15,000	8,120	1,870	2,860
176. Al Haji Sheikh Said Bin Hamud	5,000	3,700	4,750	254	423	284
177. Mwanake Kala & Sons	1,600	56,750	14.000	4.709	581	
178. James Kitsno						
179. Kwale Distributors						
180. Islam Ali Bros.						

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Appendix C (Continued)

Appendix C (continued)

COAST REGION (continued):						
181. Haji Elias & Yusufu & Sons	5,000	2,000	3,750	3,900	1,000	1,770
182. Rumwa Provision Store	100	100	1,000	1,458	1,900	8,839
183. Felix R.M. Kitonga	7,500	2,500	6,000	745	1,470	337
184. D.M. Kioko	750	-	750	1,500	750	-
185. E.L. Musumuli	10,000	11,300	2,150	400	500	120
186. Kuria Wathome	1,250	2,500	1,000	2,502	1,500	2,500
187. Coast Product Develop Co.	1,500	1,912	2,250	55,700	28,875	500
188. Mwei Karani	700	1,200	1,900	1,380	450	1,500
189. Omar Saleh Baahandi	125	2,063	750	130	122	50
190. Joseph M. Mwunyangu	500	2,000	2,000	350	350	500
191. Moka Ngure	500	750	1,500	250	250	500

Note: Data obtained from the Kenya National Trading Corporation, June 1967.