

## A) Microeconomic Developments

Issue	Market Updates
<b>Employment</b>	Formal Employment, as captured under the PAYE Register, increased by 21.7% from 593,503 employees in June 2023 to 722,310 employees in July 2023. However, the number of migrant workers captured by the Immigration Department, reduced significantly by 924% from 1,325 workers in June 2023 to 100 workers in July 2023.
<b>Living Standards</b>	Monthly Inflation for Food and Non-alcoholic Beverages decreased by 1.3% for the month of June 2023, compared to the 0.8% decrease registered in May 2023. On the other hand, monthly EFU Inflation decreased by 0.4% in June 2023, compared to the 0.1% decrease registered in May 2023. In addition, the Residential Property Price Index (RPPI) for Greater Kampala Metropolitan Area (GKMA) increased by 5.8% in Q4 FY2022/23, compared to the modest rise of 0.3% registered in Q3 FY2022/23. The increase is attributed to the rise in residential properties inflation for Central & Makindye area, which increased by 7.8% in Q4 FY 2022/23, compared to the 1.8% rise recorded in Q3 FY 2022/23.
<b>Equity and Economic Inclusion</b>	National Social Security Fund (NSSF) earned Ushs 31.5 billion from its investment in MTN Uganda, as dividends for the year ended 31 <sup>st</sup> December 2022. The payment is the single largest sum earned by the Fund to date, in addition to Ushs 9.32 billion earned last year from MTN. MTN Uganda is NSSF's largest equity investment at 14.6% of its total equity portfolio.
<b>Environmental Sustainability</b>	<p>The Air Quality in Kampala deteriorated by 43.9%, worsening from 28.0<math>\mu\text{g}/\text{m}^3</math> in June 2023 to 40.29<math>\mu\text{g}/\text{m}^3</math> in July 2023. On the other hand, noise pollution within Kampala increased by 10.4%, from 58.33 decibels in June 2023 to 64.42 decibels in July 2023.</p> <p>During the month of July 2023, natural disasters such as floods, and human epidemics affected a total of 2,040 individuals (affecting 300 households). In addition, 156 individuals from 30 households were internally displaced, signifying a 44.4% surge in the count of individuals affected by natural disasters.</p>
<b>Productivity</b>	The average monthly incidence of malaria decreased by 9.25% from 3.89 cases per 1,000 persons in June 2023 to 3.53 cases per 1,000 persons in July 2023. The decline was attributed to the second wave of Mass Mosquito Net Distribution Campaign in 12 selected districts and two cities across the country.
<b>Competitiveness</b>	The monthly Liquid Energy Fuels Inflation decreased by 0.5% in July 2023 compared to the 0.9% drop registered in June 2023.
<b>Markets &amp; Regulation</b>	International commodity prices, measured by IMF primary commodity price index slightly increased by 2.88% from 154.29 in June 2023 to 158.73 in July 2023. The USE All Share Price Index reduced by 1.07%, dropping from 1,028.7 in June 2023 to 1,017.7 in July 2023.
<b>Local Content</b>	Uganda's monthly trade deficit narrowed by 12.3%, reducing from US\$ 282.1 million in May 2023 to US\$ 247.43 million in June 2023. The reduction was attributed to an increase in export receipts from US\$758.8 million in May 2023 to US\$825.7 million in June 2023. In particular, coffee export receipts increased by 23.6% from US\$73.26 million to US\$90.56 million over the same period.

**B) Policy Response Measures:** This edition of the MIND focuses on Markets and Regulations as a thematic area, with a special attention in the area of Business Registration.

Objective	Interventions
<p><b>Increased formalisation of MSMEs</b></p>	<p>The NDP III targets to reduce the informal sector from 51% to 45% of GDP. To this effect, Government instituted reforms aimed at creating awareness about the benefits of formalization and lowering registration fees among others. Government has undertaken the following measures to encourage business registration and formalization.</p> <ol style="list-style-type: none"> <li>1) Automated registration of businesses and Trademarks. The online system:               <ol style="list-style-type: none"> <li>a) reduces the time and effort for business registration</li> <li>b) improves regulatory oversight</li> <li>c) increases access to business information</li> <li>d) improves competitiveness of the investment environment.</li> </ol> </li> </ol> <p>The initiative has resulted in:</p> <ol style="list-style-type: none"> <li>a) The reduction of time taken to register a business name to 30 minutes</li> <li>b) Registration of a company to 4 hours.</li> <li>c) A total of 23,789 new companies and 27,104 business names being registered in FY 2021/22</li> <li>d) Furthermore, Trademark and Industrial design end-to-end processes were made instant. This resulted in the registration of 1,593 local trademarks, 1,850 foreign, 80 copyrights, and 26 industrial designs.</li> </ol> <ol style="list-style-type: none"> <li>2) URSB has also expanded its offices to increase access to registration services. The regional offices include Hoima, Masaka, Mbarara, Mbale, Arua and Gulu. This is aimed at enhancing the ease of doing business and encourage business registration.</li> <li>3) The Companies Act 2012 was amended in 2022 to encourage the use of technology in company registration as a measure of easing the cost of doing business. The amendment also aligned the Act to international obligations on beneficial ownership registration and provided for re-registration of a company limited by guarantee as a company limited by shares as well as providing for the Registrar to cancel the registration of companies that are no longer in business.</li> <li>4) Developed and launched the National Business Development Services (BDS) Strategy in 2022 to strengthen local enterprise's management capacities. The Strategy envisages to:               <ol style="list-style-type: none"> <li>a) Provide mass BDS to enterprises to improve their business acumen;</li> <li>b) Management eventually become competitive to drive growth; and</li> <li>c) Facilitate 90,000 MSMEs to register their businesses with URSB;</li> <li>d) Reduce the share of informal enterprises from 51% to 45% through targeted interventions and graduate 1,000 MSMEs to large enterprises</li> <li>e) Create 310,000 jobs resulting from enterprises accessing BDS.</li> </ol> </li> </ol>

**C) Microeconomic Outlook:** Government has embarked on a mission to enhance the country's business environment, streamline the ease of doing business, and significantly increase the formal registration of businesses. This is expected to foster economic growth and development through improved business practices and formalization of the economy.

# MICROECONOMIC ISSUES IN THE NEWS & REPORTS

**JUL 2023**
**IMPROVING BUSINESS FORMALISATION**
**URSB Annual  
Report 2021/22<sup>1</sup>**

The 2021/22 URSB Annual Report highlighted the following:

1. The number of new companies registered in FY 2021/22 stood at 18,198 against 25,675 in FY2020/21, representing a decrease of 29.1%. Similarly, new business names registered were recorded at 27,591 against 34,319 in FY2020/21, representing a decrease of 19.6%. Introduction of reservation fees and automation of the business registration platform partly contributed to the decline in new business registrations.
2. The number of companies filling returns increased by 33.2% from 15,737 in FY2020/21 to 20,954 in FY2021/22.
3. The following legislations relating to business registration were carried out. The Companies Act 2012 was amended in 2022. Similarly, the amendment of the Insolvency Act 2011, Copyright and Neighboring Rights Act commenced as well as the review of the Security Interest in Moveable Property Act 2019.

Furthermore, in 2023, URSB notified all companies to file outstanding annual returns exceeding five years to avoid being struck off the Register.

**Assessing  
Informal  
Businesses in  
Uganda<sup>2</sup>**

1. A Study conducted by the Ministry of Finance, Planning and Economic Development in 2022 indicates that 28.7% of GDP comes from informal businesses, of which 70.6% is from micro businesses owned by women.
2. Informal businesses in Uganda are characterized by high mortality rates – 64% are 6 years and below; value addition – about 57% of businesses are engaged in retail trade; little linkage between informal and formal business – only 12% of informal businesses supply inputs to formal businesses
3. Informality has persisted mainly because of the country's historical political turbulence, the structure of Uganda's economy that produces few jobs, and a lack of information on registration fees paid by non-registered businesses, high recurrent costs on compliance, and the number of days it takes to register. Only 11% of informal businesses belong to business associations and yet they are critical in aiding formalisation of the informal sector.
4. The Study recommends: a) registration requirements by the different agencies be unified into one registration form to avoid multiple registrations as well as create a centralized digital platform; b) business associations should actively participate in awareness programmes to build awareness among their members; c) formalization efforts should target older businesses while at the same time, basic business support services should be extended to younger informal businesses to improve their productivity.

MIND is compiled by Economic Development Policy and Research Department (EDP&RD) in the Ministry of Finance, Planning and Economic Development

EDPRD: We generate and manage knowledge for effective formulation, implementation and communication of Uganda's economic development policy

<sup>1</sup> <https://ursb.go.ug/storage/publications/downloads/ursb-annual-report-2021-22-1674066237.pdf>

<sup>2</sup> <https://www.finance.go.ug/sites/default/files/Publications/Assessment%20of%20Informal%20Businesses%20in%20Uganda.pdf>

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector <sup>1</sup>	Monthly	722,310 (21.7%)		Productivity	Literacy Rate (Grade 6) <sup>11</sup>	Yearly	21.7%(66.8%)	
		Informal Sector	Yearly (-1)	8,796,480			Numeracy Rate (Grade 6)	Yearly	41.2% (-19.1)	
		Migrant Workers	Monthly	100 (-92.4%)			Morbidity Rate (Malaria Incidence) <sup>12</sup>	Monthly	3.89 (11.1%)	
	Incomes	Per-capita GDP (US\$): 2022/23	Yearly	1,088 (4.3%)			PIP Budget Absorption (GoU, IFMS %) <sup>b</sup>	Yearly	85.5% (0%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)		Power Tariff (Ushs per Unit)	Medium	Quarterly	461.8 (0%)	
		Remittances (US\$,M)	Yearly	1,133.94 (-1.76%)			Large		384.4 (0%)	
				Extra Large			325 (0%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M <sup>3</sup> )	Quarterly	3,727(0.2%)		Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly	3,500	
		Power/Domestic	Quarterly	805.0 (-0.48%)			Commercial Case Backlog <sup>14</sup>	Yearly (-1)	6,178 (1.38%)	
		Data (Ushs, 1GB)	Monthly	4,000			Fuel Prices (Liquid Energy Fuel Inflation) <sup>15</sup>	Monthly	0.9	
	Household Expenditure (HFCE), Ushs Bn	Quarterly	29,096 (1.6%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Education Expenditure <sup>3</sup> (HH,Ushs)	Yearly (-2)	440,000(13%)		Transit Times (Mom-Kla, Days)		Monthly	4.8 (4.2%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)		Investment Registration (Days)		Yearly	2		
	Food Inflation (%)	Monthly	-1.2 (8.0)		Export Growth		Quarterly (-1)	37.3		
	EFU <sup>4</sup> Inflation (%)	Monthly	2.7 (3.3)		Electricity Connection (Days)		Monthly	28 (-6.7%)		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	104.54(5.8%)		Water Connection (Days)		Monthly	3 (0%)		
	Crime Rate (per 100,000):2022	Yearly	523(18%)		Investment Growth (GFCF)		Quarterly (-1)	10.2%		
Equity and Economic Inclusion	Private Pension: Active Members	Yearly	1,088,658 (48.27%)		Markets and Regulations	Communication Rates	Voice (Ushs Per Sec)	Quarterly	4 (33.3%)	
	Private Pension: Registered Members	Yearly	2,213,257 (2.9%)				Data <sup>16</sup> (Unlimited)	Monthly	550,000(0%)	
	Public Pension (Beneficiaries)	Monthly	85,651 (0%)			IMF Primary Commodity Price Index	Monthly	158.73(2.88%)		
	SAGE (Beneficiaries)	Yearly	332,793(-3.78%)			Average Monthly Net Salary (After Tax)	Yearly	628,611		
	Agent Banking (Agents)	Yearly	26,858(16.8%)			Retail Sales/EFRIS <sup>17</sup>	Quarterly (-1)	63.9% (16.1%)		
Environmental Sustainability	Water Quality (PM <sub>2.5</sub> ) <sup>5</sup>	Quarterly	Low, 20.97 (31.1%)		Local Content	USE All Share Price Index	Monthly	1,017.68 (-1.07%)		
	Air Quality (PM <sub>2.5</sub> ) <sup>6</sup>	Monthly	High, 40.29 µg/m <sup>3</sup> (43.9%)			New Business Registrations	Monthly	4,660 (-7.7%)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 64.42 (10.4%)			Hotel Occupancy Rate (Kla)	Quarterly	44% (-15.4%)		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
	Natural Disaster Incidences <sup>7</sup>	Monthly	2,040 (44.4%)			MUG Shelf-Presence <sup>18</sup>	Yearly	N/A		
					Trade Balance (US\$, Millions)	Monthly	-282.1 (28.5%)			
					Contracts Awarded to Local Providers <sup>19</sup>	Yearly	77.12%(26.4%)			

\*Unless indicated all quarterly figures are for Q4, FY2022/23. <sup>1</sup> Active PAYE Register Jobs | <sup>2</sup> Labour Intensive Public Works | <sup>3</sup> Average household expenditure on Primary education | <sup>4</sup> Energy, Fuel and Utilities | <sup>5</sup> Particulate Matter (July 2022) | <sup>6</sup> 0-50 is good | <sup>7</sup> Total number of individuals affected by Natural Hazards | <sup>11</sup> Persons aged 10 years and above | <sup>12</sup> Cases per 1,000 population | <sup>13</sup> Cumulative Absorption in Q2 (31<sup>st</sup> Dec 2022) | <sup>14</sup> December 2021 | <sup>15</sup> Percentage Average change | <sup>16</sup> Average monthly price of data bundles for MTN (1705GB) and Smile (150GB) | <sup>17</sup> Electronic Fiscal Receipting and Invoicing System | <sup>18</sup> Made in Uganda (MUG) | <sup>19</sup> By Value.