

FY 2023/24

April Edition

Microeconomic Indicators and Developments

A) Microeconomic Developments

Issue	Market Updates
Employment	Formal Employment, as captured under the PAYE Register, increased by 9.3% from 460,407 employees in March 2024 to 503,129 employees in April 2024. On the other hand, the number of migrant workers captured by the Immigration Department reduced by 38.6% from 2,524 workers in March 2024 to 1,548 migrant workers in April 2024.
Living Standards	Monthly inflation for both Food & Non-alcoholic Beverages and EFU increased by 0.7% and 0.2% respectively in April 2024, compared to -0.8% and -0.4% recorded in March 2024. The power tariff for domestic consumers increased by 2.77% from Ushs 793.3 per unit in Q3 FY2023/24 to Ushs 819.4 per unit in Q4 FY2023/24. Household Final Consumption Expenditure reduced by 1.8% from Ushs 29,278billion in Q1 FY2023/24 to Ushs 28,746billion in Q2 FY2023/24.
Equity and Economic Inclusion	In details contained in the Excise Duty (Amendment) Bill 2024, all withdrawals of cash provided through a payment system or agent-banking but does not include withdraw services provided by a financial institution or microfinance deposit-taking institution, will be subjected to 0.5% excise duty effective 1 st July 2024. This amendment aims to broaden the tax base, enhance tax compliance and revenue.
Environmental Sustainability	Air quality in Kampala improved significantly, with particulate matter dropping by 18.6%, from 19.02 µg/m ³ in March 2024 to 15.48 µg/m ³ in April 2024. The rainfall received in April 2024 was above-normal in most parts of the country compared to March 2024. On the other hand, natural disasters affected a total of 37,866 individuals in April 2024, displacing 12,731 people from 11,015 households mainly in Elgon, Lango, Teso and Tooro sub-regions. A total of 1,721 houses were completely destroyed, 1,401 partially damaged and 147 water facilities and 16 schools affected.
Productivity	Malaria morbidity increased by 1.25% from 2.4 deaths per 1000 persons in March 2024 to 2.43 deaths in April 2024. The increase could be attributed to the heavy rains experienced in April 2024.
Competitiveness	Monthly inflation for Liquid Energy Fuels increased by 0.5% in April 2024, compared to -0.1 recorded in March 2024. Export earnings reduced by 6.4% from Ushs 4,611billion in Q1 FY2023/24 to Ushs 4,316billion in Q2 FY2023/24. Furthermore, Investment, as measured by the Gross Fixed Capital Formation, reduced by 2% from Ushs 10,064billion in Q1 FY2023/24 to Ushs 9,862billion in Q2 FY2023/24. On the other hand, the power tariffs for medium, large and extra large industries increased by 2.47%, 2.45% and 2.43% respectively in Q2 CY2024 from Ushs 448.7 per unit to Ushs 459.8, Ushs 379.2 per unit to Ushs 388.5 and Ushs 320.6 per unit to Ushs 328.4 respectively.
Markets & Regulation	The IMF commodity price index increased by 2.51% from 163.2 in March 2024 to 170.5 in April 2024. Additionally, the All-Share Price Index rose by 2.69% from 969.66 in March 2024 to 995.73 in April 2024. New business registrations increased by 5.27% from 5,253 new businesses in March 2024 to 5,530 in April 2024.
Local Content	Uganda's trade deficit increased by 45.8% from US\$ 276.5 million in February 2024 to US\$ 403.4 million in March 2024. This increase was attributed to a rise in the import bill (from US\$ 909.5 million to US\$ 1,037.8 million), mainly driven by a sharp increase in the import bill category of Vegetable products, Animal, Beverages, Fats and Oil (from US\$ 69.99 million to US\$ 161.24 million).

B) Policy Response Measures: This edition of the MIND focuses on Local Content as a thematic area.

Objective	Interventions
Enhancing Local Content	<p>The Third National Development Plan (NDPIII) is inclined to supporting industrialisation with the aim of creating employment, wealth and an inclusive society. This is expected to be achieved, in part, through enhancement of local content by supporting local participation on three fronts: ownership, employment and value addition.</p> <ol style="list-style-type: none"> 1. Ownership: Local participation of Ugandans in ownership of business enterprises is expected to ensure sustainability and adaptability to the local markets as well as controlling capital repatriation. Government is facilitating increase in local ownership through: <ol style="list-style-type: none"> a) Implementing the BUBU Policy that aims at increasing consumption of local products and increasing participation of the locally established firms in domestic trade. The Ministry of Trade, Industry and Cooperatives (MTIC) has continued to constructively engage supermarket chains in the country to implement the policy by providing shelf space in their stores to locally originating products. A recent pilot study conducted by MTIC in 2023 indicated that 62% of consumable goods and 58% of non consumable goods in urban supermarkets around Wakiso, Mukono and Masindi were locally made. b) Enforcing direct ownership and transfer of technology. The Petroleum Act 2013, for example, provides for foreign companies to enter into joint ventures with local companies that have at least 48% share capital in the joint venture to provide goods and services that are not available in Uganda. Since 2020, Petroleum Authority Uganda (PAU) has approved 68 joint ventures between foreign and local companies and 73 contracts of over USD 190million have been awarded, generating over 300 employment opportunities for Ugandans. c) Compelling telecom companies to list 20% of their shares on the Uganda Stock Exchange (USE), within two years of acquiring the National Telecom Operator (NTO) license. CMA approved two prospectuses of MTN Uganda and Airtel Uganda equities on the Uganda Securities Exchange (USE). The two listings bring a combined market capitalisation of approximately Ushs 1,105 billion. 2. Employment: Government set out to increase local participation through employment of Ugandans in national projects such as the oil pipeline, roads and the rail lines. In particular: <ol style="list-style-type: none"> a) The Petroleum Act 2013 emphasises prioritisation of Ugandans for jobs in the Oil and Gas sector. As at September 2023, a total of 12,813 (93%) of the 13,819 people employed in the Oil and Gas projects were Ugandans. Of these, 4,344 are from the project host communities. b) The Petroleum Authority of Uganda (PAU) launched the National Oil and Gas Talent Register (NOGTR) in 2019 to register all Ugandans who meet the eligibility criteria to work in the oil and gas industry. By December 2023, 8,856 talents had been registered. In addition, 2,111 (78%) of the 2,921 companies qualified on the NOGTR were Ugandan companies. c) Public Procurement and Disposal of Public Assets (PPDA) Guidelines 2018, prioritise nationals when awarding contracts. In FY2023/24, 465 Ugandan companies were awarded contracts worth US\$1.973 billion (40% of the awarded value) in the oil and gas sector, implying that Ugandan companies make up 74% of the contractors. 3. Value Addition: Government is promoting import substitution and export promotion strategies hinged on local manufacturing through value addition. Coffee, crude oil from simsim, sunflower, palm and gold exports have so far benefited from the export promotion drive, while tiles and furniture have benefited from the import substitution strategies.

C) Microeconomic Outlook: The construction of the proposed East African Crude Oil Pipeline (EACOP) is taking shape in Uganda and Tanzania, with an estimated 10,000 jobs expected to be created as the pace increases to finish the 1,443km duct within the next 24months. The new jobs will boost household incomes.

MICROECONOMIC ISSUES IN THE NEWS & REPORTS

APRIL 2024
LOCAL CONTENT AND BUNYORO ZONAL SUMMARY

Local Content in the Roads Sector	<p>According to the UNRA Performance Report for FY2022/23, a total of 32.84% by value of signed contracts worth Ushs 1.9trillion were awarded to local providers through applications of the local content reservation schemes, accreditations for construction materials and margins of preferences in favour of the local and resident providers. Affirmative actions were taken to increase the level of participation of local firms in the roads sub-sector by:</p> <ol style="list-style-type: none"> Ring-fencing procurements of contracts for local content including mechanized maintenance of unpaved and paved roads and periodic maintenance of paved and unpaved national roads. In addition, UNRA obtained Accreditation from PPDA for reservation of selected feasibility study and detailed engineering consultancy services for road upgrading projects to local consultancy firms. Improving dissemination of performance of implementation of local content by the Authority and also the available opportunities.
Bunyoro sub-region: Economy, Public Services, Industry and Local Content	<p>Bunyoro sub-region is located in the Western part of Uganda. With a population increase of 36% between 2014 and 2021, the sub-region accounts for 6.3% (2,576,700 people) of the national population (2021). On average, households in the sub-region comprise of 4.9persons. About 47% of the population in Bunyoro sub-region is in the Subsistence Economy, while 89.1% is engaged in the informal sector.</p> <p>State of the Economy: The Poverty Rate in the sub-region significantly reduced by 43.3% from 17.3% in 2016/17 to 9.8% in 2021/20. The sub-region recorded the third lowest poverty rate nationally after Kampala (1.6%) and Buganda South (6.9%). Similarly, Income Inequality in the sub-region decreased by 10.1% from 0.386 in 2016/17 to 0.347 in 2019/20. On the other hand, Bunyoro sub-region registered the second highest unemployment rate (17.3%) nationally.</p> <p>Public Services, Trade, Industry and Local Economic Development: Bunyoro sub-region is endowed with mineral and petroleum resources and is the principal prospective area for oil resources in the Albertine region estimated at 6.5billion barrels, out of which 1.4billion barrels are technically recoverable. The sub-region produced 890 thousand tons of limestone and 1.5 million tons of pozzolana in 2023. In addition, Uganda's 2nd largest International Airport (Kabaale Airport), estimated at 90% completion is located in Bunyoro sub-region. The Airport will be a crude oil export hub and an anchor for warehousing and logistics. Furthermore, the construction of Hoima City Stadium in Bunyoro sub-region has commenced. The stadium is expected to help Uganda meet its commitments for the 2027 Africa Cup of Nations (AFCON).</p> <p>Bunyoro sub-region hosts the Albertine Region sustainable Development Project (ARSDP), which finances the upgrading of selected institutes that support the objectives of the skilling Uganda strategy, including Uganda Petroleum Institute in Kigumba (UPIK), Uganda Technical College of Kichwamba (UTC) and a new third institute in Nwoya district. In particular, UPIK is part of the Tilenga Academy with curriculum and infrastructure for knowledge and skills transfer for Ugandan trainers, teachers and professors in the Oil and Gas Sector. The sub-region, through this Project, will facilitate local participation through skilling of Ugandans for employment in the Oil and Gas Sector.</p>

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	503,129 (9.3%)		Productivity	Literacy Rate (Grade 6) ¹¹	Yearly	21.7%(66.8%)	
		Informal Sector	Yearly (-1)	8,796,480			Numeracy Rate (Grade 6)	Yearly	41.2% (-19.1)	
		Migrant Workers	Monthly	1,548 (-38.6%)			Morbidity Rate (Malaria Incidence) ¹²	Monthly	2.43 (1.25%)	
	Incomes	Per-capita GDP (US\$): 2022/23	Yearly	1,093 (0.46%)			PIP Budget Absorption (GoU, IFMS %) ^b	Yearly	91% (6.4%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)		Power Tariff (Ushs per Unit)	Medium	Quarterly	459.8(2.47%)	
		Remittances (US\$,M)	Yearly	1,133.94 (-1.76%)			Large		388.5(2.45%)	
Extra Large							328.4(2.43%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M ³)	Quarterly	3,727(0.2%)		Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly	3,500	
		Power/Domestic	Quarterly	819.4(2.77%)			Commercial Case Backlog ¹⁴	Yearly (-1)	6,178 (1.38%)	
		Data (Ushs, 1GB)	Monthly	5,000 (25%)			Fuel Prices (Liquid Energy Fuel Inflation) ¹⁵	Monthly	0.5%	
	Household Expenditure (HFCE), Ushs Bn	Quarterly	28,746 (-1.8%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)		Transit Times (Mom-Kla, Days)		Monthly	4.8 (4.2%)		
	Food Inflation (%)	Monthly	0.7 (-1.0)		Investment Registration (Days)		Yearly	2		
	EFU ⁴ Inflation (%)	Monthly	0.2 (7.9)		Export Growth		Quarterly	-6.4%		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	105.57 (0.1%)		Electricity Connection (Days)		Monthly	28 (-6.7%)		
	Crime Rate (per 100,000):2023	Yearly	511 (-2.3%)		Water Connection (Days)		Monthly	3 (0%)		
	Equity and Economic Inclusion	Private Pension: Active Members	Yearly	733,588 (12.5%)			Investment Growth (GFCF)	Quarterly	-2.3%	
Private Pension: Registered Members		Yearly	2,344,737 (5.9%)		Communication Rates	Voice (Ushs Per Sec)	Quarterly	3 (33.3%)		
Public Pension (Beneficiaries)		Yearly	407,515 (-0.61%)		Data ¹⁶ (Unlimited)	Monthly	550,000(0%)			
SAGE (Beneficiaries)		Yearly	323,315 (-2.8%)		Markets and Regulations	IMF Primary Commodity Price Index	Monthly	170.5(4.47%)		
Agent Banking (Volume of Transactions, Mn)		Yearly	8.8 (2.3%)			Average Monthly Net Salary (After Tax)	Yearly	628,611		
Environmental Sustainability	Water Quality (PM _{2.5}) ⁵	Quarterly	Low ,27.21(29.8%)			Retail Sales/EFRIS ¹⁷	Quarterly	84% (31.5%)		
	Air Quality (PM _{2.5}) ⁶	Monthly	Moderate,15.48µg /m ³ (-18.6%)			USE All Share Price Index	Monthly	995.73 (2.69%)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 62.96 (9.78%)			New Business Registrations	Monthly	5,530 (5.27%)		
	Seasonal Changes in Rainfall	Monthly	Above Normal		Local Content	Hotel Occupancy Rate (Kla)	Quarterly	29.1% (-33.9%)		
	Natural Disaster Incidences ⁷	Monthly	37,866			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
Equity and Economic Inclusion	Private Pension: Active Members	Yearly	733,588 (12.5%)			MUG Shelf-Presence ¹⁸	Yearly	N/A		
	Private Pension: Registered Members	Yearly	2,344,737 (5.9%)			Trade Balance (US\$, Millions)	Monthly	-403.4 (46.1%)		
	Public Pension (Beneficiaries)	Yearly	407,515 (-0.61%)			Contracts Awarded to Local Providers ¹⁹	Yearly	77.12%(26.4%)		
	SAGE (Beneficiaries)	Yearly	323,315 (-2.8%)							
	Agent Banking (Volume of Transactions, Mn)	Yearly	8.8 (2.3%)							

*Unless indicated all quarterly figures are for Q2, FY2023/24. ¹ Active PAYE Register Jobs | ² Labour Intensive Public Works | ³ Average household expenditure on Primary education | ⁴ Energy, Fuel and Utilities | ⁵ Particulate Matter (July 2022) | ⁶ 0-50 is good | ⁷ Total number of individuals affected by Natural Hazards | ¹¹ Persons aged 10 years and above | ¹² Cases per 1,000 population | ¹³ Cumulative Absorption in Q2 (31st Dec 2022) | ¹⁴ December 2021 | ¹⁵ Percentage Average change | ¹⁶ Average monthly price of data bundles for MTN (170SGB) and Smile (150SGB) | ¹⁷ Electronic Fiscal Receipting and Invoicing System | ¹⁸ Made in Uganda (MUG) | ¹⁹ By Value.