

A) Microeconomic Developments

Issue	Market Updates
Employment	Formal Employment, as per the PAYE register, registered a 10.57% increase from 588,656 employees in March 2023 to 650,881 employees in April 2023. The number of Migrant Workers decreased; dropping from 7,588 workers in January 2023 to 1,902 in February 2023; further reducing to 1,471 in March 2023 and 1,248 workers in April 2023. The drastic reduction is attributed to the removal of the Labour desk at Entebbe Airport, which has substantially impacted on data collection. The data is now collected by Immigration Officers under Ministry of Internal Affairs.
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 1% for the month of April 2023 compared to the 1.4% rise registered in March 2023. Household Final Consumer Spending (HFCE) picked up in Q2 FY 2022/23, growing by 5.5%, compared to the 1.4% growth in Q2 FY 2021/22. Quarterly Residential Property Price Index (RPPI) increased by 0.3% for Q3 FY2022/23 compared to the 0.5% drop registered for Q2 FY2022/23. The power tariff for domestic consumers reduced from Ushs 808.9 per Kwh in March 2023 to Ushs 805.0 per KWH in April 2023. The water tariff reduced from Ushs 3,735 per 1000mls in March 2023 to Ushs 3,727 per 1000mls in April 2023.
Equity and Economic Inclusion	In a bid to enhance financial inclusion through the Parish Development Model (PDM), a total of 2,353 PDM SACCOs had disbursed Ushs 15.785 billion to 27,816 HHs across the country, as at the end of April 2023.
Environmental Sustainability	Air quality improved by 32.4% from 22.58 $\mu\text{g}/\text{m}^3$ in March 2023 to 15.26 $\mu\text{g}/\text{m}^3$ in April 2023. Similarly, noise pollution reduced by 6.07% from 62.10 decibels in March 2023 to 58.33 decibels in April 2023. Furthermore, the number of individuals affected by natural disasters increased substantially from 7,546 individuals in March 2023 to 19,311 individuals in April 2023. These natural disasters stemmed from various events (floods, accidents, droughts, landslides, and severe winds accompanied by hailstorms).
Productivity	The average monthly incidence of malaria dropped by 3.29% from 2.43 cases per 1,000 persons in March 2023 to 2.35 cases per 1,000 persons in April 2023.
Competitiveness	Liquid Energy Fuel Inflation decreased by 0.7% in April 2023 compared to the 0.4% drop recorded in March 2023. The power tariff for Medium Industrial Consumers increased by 2.2% from Ushs 472.3 per Kwh to Ushs 461.8 per Kwh. Similarly, the tariff for large Industrial Consumers increased by 0.5% from Ushs 386.3 per KWH to Ushs 384.4 per KWH. In addition, the tariff for Extra Large Industrial Consumers increased by 0.5% from Ushs 326.6 to Ushs 325. Investment, as measured by the Gross Fixed Capital Formation (GFCF), increased by 8.7% in Q2 FY 2022/23, compared to the 5.7% growth in Q2 FY 2021/22, accounting for 25.4% of GDP.
Markets & Regulation	The IMF Primary Commodity Price Index increased by 2.69% from 167.4 in March 2023 to 171.9 in April 2023. On the other hand, the USE All Share Price Index reduced by 1.09% from 1,140.5 in March 2023 to 1,128.1 in April 2023. New business registrations increased marginally by 0.8%, up from 4,230 in February 2023 to 4,264 in March 2023, before declining by 7% to 3,964 in April 2023. The increase between February and March 2023 is attributed to mass awareness campaigns carried out in the districts of Zombo, Mbarara, and Mbale. However, due to the Easter and Ramadhan periods, fewer individuals registered their businesses in April 2023.
Local Content	The trade balance deficit reduced by 15.38% from US\$ 297.7 in February 2023 to US\$ 251.9 in March 2023, largely on account of increased export earnings from US\$ 349.4 million in February 2023 to US\$ 674.5 million in March 2023.

B) Policy Response Measures: This edition of the MIND focuses on Employment as a thematic area, with specific focus on the Informal Sector (Informal businesses and informal employment).

Objective	Interventions
<p>Reduce the size of the Informal Sector</p>	<p>The NDP III targets to decrease the size of the informal sector in Uganda from 51% in FY 2020/21 to 45% by 2024/25. This target aligns with Government’s broader efforts to promote formalization, improve productivity and competitiveness and ensure social protection for workers in the country.</p> <p>From the National Labour Force Survey (NLFS), 2021 informal sector employment is estimated at approximately 88% of the working population. It is also characterized by small or undefined work places, unsafe and unhealthy working conditions, low levels of skills and productivity, low or irregular incomes, long working hours and limited access to information, markets, finance, training and technology. In order to facilitate the generation of more decent and formal jobs in the economy, and to encourage business formalization in Uganda, Government is:</p> <ol style="list-style-type: none"> a) Facilitating the development of a National Business Development Services (BDS) Framework to support sustainable enterprise growth across the country. The BDS Framework will enable the building of resilient and competitive MSMEs and support existing strategies such as the PDM and EMYOOGA. In addition, Government is supporting the transition of MSMEs to medium complaint entities through the Informality Management for Compliance and Revenue Mobilization (IMCORE) Program. Under this Program, Government identified and developed a database of 30,000 MSMEs, where 10,000 MSMEs will be logically selected and supported to transition to compliant formal entities. b) Establishing programmes geared towards voluntary and involuntary registration of businesses e.g. the Taxpayer Register Expansion Programme (TREP). TREP is a joint initiative implemented by URA, URSB, KCCA and Ministry of Local Government. By the end of Q3 FY2022/23, 941,535 taxpayers had been registered under TREP, representing 147.8% of the annual target (637,015 taxpayers). By 31st December 2022, the taxpayer register had 3,067,983 tax payers, representing a growth of 17.19%, from 2,618,008 tax payers in June 2022. TREP will continuously aid business formalization, thus reducing the size of the informal sector. c) Facilitating Uganda Business and Technical Examinations Board (UBTEB) which offers certification and accreditation for technical and vocational skills. This enables informal workers improve their skills and increase their prospects for formal employment. d) Promoting Local Content, particularly in the Oil and Gas Sector. Government has ring-fenced 16 fields in the Oil and Gas Sector for local content and established the National Local Content Fund for capacity building. This will inspire more local firms to formalize in order to leverage opportunities in the Oil and Gas Industry. e) Improving the policy environment for informal workers through initiatives such as the Uganda Green Jobs Programme, which seeks to promote sustainable and decent employment in the informal sector. f) Implementing Regulations 3(2) and 7(2) of the Companies Act, which require all companies to disclose beneficiary owners’ particulars.

C) Microeconomic Outlook: The microeconomic outlook in the near term projects positive signs with a rebound in agricultural production owing to good weather experienced in April 2023. The high food inflation is expected to reduce with on boarding of the current season’s harvests.

MICROECONOMIC ISSUES IN THE NEWS & REPORTS

APRIL 2023
THE INFORMAL SECTOR IN UGANDA

Informal Employment in Uganda	<p>According to the 2021 National Labour Force Survey (NLFS):</p> <ol style="list-style-type: none"> i) The proportion of the employed population in informal employment increased by 3.5% from 85% in 2016/17 to 88% in 2021. ii) Majority (99%) of the informal sector workers are engaged in Agriculture, forestry and fishing, while 94 % are in production and 86 % are in the services sector. iii) At Regional level, informal employment in agriculture was highest in Ankole and Kigezi at 95%, followed by Karamoja (94%) and Lango (88%). iv) The median monthly earning of male workers with informal jobs in rural areas was Ushs100,000, which is lower than that of their urban counterparts (Ushs120,000) and the total median (Ushs140,000). For female workers with informal jobs, the median monthly earning was Ushs12,000 in rural areas, Ushs132,000 in urban areas, and Ushs152,000 as the total median. These results suggest significant rural-urban and gender inequality in income, derived from Informal employment. v) About 72% of those involved in informal employment work more than 40 hours a week, implying that existing labour laws are not being followed by employers. vi) 75% of persons involved in informal employment work with oral contracts. This points to the need for increased awareness on the merits of work agreements. vii) 57% of informal sector employees were exposed to dust, fumes and chemicals. 41.5% were exposed to dangerous tools, 37% to snake and insect bites (poisonous) and 31.4% to awkward working positions (standing, kneeling, crouching). viii) Only 22% use protective gears during work in the informal sector. Whereas Government enacted the Occupational Safety and Health Act to reduce work-related hazards, enforcement this Act has been poor.
Assessment of Informal Businesses in Uganda	<p>The Assessment of Informal Businesses Report 2022, is a publication by EPRC in collaboration with MoFPED. The key findings of this Report include:</p> <ol style="list-style-type: none"> i) Only 28% of the total population of businesses are fully formal (registered both legally and for tax purposes). ii) Most businesses (72%) in Uganda operate between fully formal and fully informal. iii) Majority of the businesses (70%) with either legal or fiscal informality are registered with Local Governments; and less by URSB (8%) and URA (1%). iv) Informal businesses contribute up to 29% of GDP. More so, there is an untapped revenue potential of Ushs 407 bn by businesses with turnover above Ushs 150 m. v) There is a high mortality rate for informal businesses, seeing as close to 64% of informal businesses are 6 years or younger.
Access to Social Protection Mechanisms	<p>Access to social protection mechanisms is a crucial element of decent work, as it mitigates the social and economic risks associated with vulnerability. According to the NLFS, 2021 only a quarter of employees pay for NSSF. 76% do not contribute towards any form of social protection. Relatedly, the 2021 URBRA Pension Digest indicates that the Pension sector coverage ratio is still low, at 18.6% with 2,949,715 members in 2021. This means that only about only 1 in every 6 Ugandans in the labour force is a member of a Pension Scheme.</p>

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	650,881 (10.57%)		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	1,248 (-15.2%)			Morbidity Rate (Malaria Incidence) ¹²	Monthly	2.35 (3.29%)	
	Incomes	Per-capita GDP (US\$): 2021/22	Yearly	1,046 (12.2%)			PIP Budget Absorption (GoU, IFMS %) ^b	Yearly	85.5% (-0.5%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)		Power Tariff (Ushs per Unit)	Medium	Quarterly	461.8 (2.2%)	
		Remittances (US\$,M)	Yearly	1,133.94 (-1.76%)			Large	384.4 (0.5%)		
Extra Large	325 (0.5%)									
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	805.0 (-0.48%)			Commercial Case Backlog ¹⁴	Yearly (-1)	6,178 (1.38%)	
		Data (Ushs, 1GB)	Monthly	4,000			Fuel Prices (Liquid Energy Fuel Inflation) ¹⁵	Monthly	0.7	
	Household Expenditure (HFCE), Ushs Bn	Quarterly (-2)	31,333 (5.5%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Education Expenditure ³ (HH,Ushs)	Yearly (-2)	440,000(13%)		Transit Times (Mom-Kla, Days)		Monthly	5 (41.1%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)		Investment Registration (Days)		Yearly	2		
	Food Inflation (%)	Monthly	1.0 (18.5)		Export Growth		Quarterly (-2)	22.3%		
	EFU ⁴ Inflation (%)	Monthly	0.0 (2.2)		Electricity Connection (Days)		Monthly	28 (-6.7%)		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	98.83(0.3%)		Water Connection (Days)		Monthly	3 (0%)		
	Crime Rate (per 100,000):2022	Yearly	523(18%)		Investment Growth (GFCF)		Quarterly(-2)	8.7%		
Equity and Economic Inclusion	Private Pension: Active Members	Yearly (-1)	1,105,870(36.2%)		Markets and Regulations	Communication Rates	Voice (Ushs Per Sec)	Quarterly	4 (33.3%)	
	Private Pension: Registered Members	Yearly (-1)	2,150,721(4.66%)			IMF Primary Commodity Price Index	Monthly	171.9 (2.69%)		
	Public Pension (Beneficiaries)	Monthly	85,651 (0%)			Average Monthly Net Salary (After Tax)	Yearly	628,611		
	SAGE (Beneficiaries)	Yearly	345,867(13.56%)			Retail Sales/EFRIS ¹⁷	Quarterly	63.9% (16.1%)		
	Agent Banking (Agents)	Yearly	26,858(16.8%)			USE All Share Price Index	Monthly	1,128.1 (-1.09%)		
Environmental Sustainability	Water Quality (PM _{2.5}) ⁵	Quarterly	Low, 20.97 (31.1%)		Local Content	New Business Registrations	Monthly	3,964 (-7%)		
	Air Quality (PM _{2.5}) ⁶	Monthly	High, 15.268µg/m ³ (32.4%)			Hotel Occupancy Rate (Kla)	Yearly	44% (-15.4%)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 58.33 (60.7%)			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			MUG Shelf-Presence ¹⁸	Yearly	N/A		
	Natural Disaster Incidences ⁷	Monthly	19,311 (155.9%)			Trade Balance (US\$, Millions)	Monthly	-251.9 (-15.38%)		
						Contracts Awarded to Local Providers ¹⁹	Yearly	61%(-17.6%)		

*Unless indicated all quarterly figures are for Q3, FY2022/23.¹ 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 (1705GB) and Smile (150GB) | ¹⁷ Electronic Fiscal Receiving and Invoicing System | ¹⁸ Made in Uganda (MUG) | ¹⁹ By Value.