

A) Microeconomic Developments

Issue	Market Updates
Employment	Formal Employment, as captured under the PAYE Register, increased by 32.8% from 593,851 employees in December 2023 to 788,801 employees in January 2024. On the other hand, the number of migrant workers captured by the Immigration Department reduced by 16.2% from 1,874 migrant workers in December 2023 to 1,570 workers in January 2024.
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 0.2% in January 2024 compared to the 1.3% drop recorded in December 2023. On the other hand, monthly EFU Inflation reduced by 0.5% in January 2024, compared to the 0.6% increase recorded in December 2023. Final household expenditure increased by 14.6% from Ushs 29,021 billion in Q3 FY2022/23 to Ushs 29,821 billion in Q3 FY2023/24.
Equity and Economic Inclusion	The number of members subscribing to at least one pension scheme increased by 4.19% from 3,015,807 members in FY2021/22 to 3,142,311 members in FY2022/2023 enabling a coverage ratio of 15%.
Environmental Sustainability	Air Quality in Kampala deteriorated significantly, with particulate matter increasing by 263.7% from 19.7 $\mu\text{g}/\text{m}^3$ in December 2023 to 71.65 $\mu\text{g}/\text{m}^3$ in January 2024. On the other hand, Natural disasters affected a total of 7,052 individuals in January 2024 from 38,547 households in December 2023. A total of 262 individuals were evacuated and 233 houses were partially damaged. 71 water facilities were affected, 20 people were hospitalized and 12 deaths were recorded.
Productivity	Budget Absorption for PIP projects improved from 85.5% in FY 2022/23 to 91% by half year FY2023/24. This performance is attributed to improvement in external funding disbursements.
Competitiveness	The monthly Liquid Energy Fuels Inflation decreased by 0.5% in January 2024 compared to the 0.7% recorded in December 2023. The trend is attributed to a 0.1% rise in diesel prices in January 2024 compared to the -1.3% reduction recorded in December 2023. Electricity tariffs have reduced in the period between January to March 2024. Industrial energy for medium industrial users decreased by 2.8%, and for large and extra-large industrial users decreased by 1.4%.
Markets & Regulation	The IMF commodity price index reduced by 3.28% from 164.5 in December 2023 to 159.1 in January 2024. The reduction is attributed to the continued fall in the prices of petroleum products. New business registration recorded a 61% increase from 2,722 in December 2023 to 4,383 in January 2024. This increase is on account of operationalization of the online business system which was launched in September 2023.
Local Content	Uganda's Trade deficit narrowed by 9.94% from US\$ 299.7 million in November 2023 to US\$ 269.9 million in December 2023. This was attributed to a reduction in import receipts from US\$ 914.7 million in November 2023 to US\$ 886.2 million in December 2023.

B) Policy Response Measures: This edition of the MIND focuses on PIP Budget Absorption

Objective	Interventions
<p>Improved budget performance and absorption</p>	<p>Effective financial management requires enhancing both budget performance and absorption. This is because, inadequate budget absorption can significantly hamper the ability to achieve desired outcomes in the economy. In response, Government has implemented a series of measures over time to enhance budget performance and absorption. These measures are aimed at ensuring that allocated funds are utilized efficiently and effectively, thus promoting fiscal discipline and accountability.</p> <ul style="list-style-type: none"> a) To enhance budget performance, all Ministries, Departments, Agencies (MDAs) and Local Governments are required to provide physical quarterly performance reports to both the Ministry of Finance and the Office of the Prime Minister. This process helps to keep track of the progress made by these entities and ensures transparency in their financial management. b) Strengthened project selection criteria. The main objective of this intervention is to prevent the admission of unready projects, which can lead to unnecessary spending and an increase in the size of the PIP. This measure aims to streamline the selection process and ensure that only the most promising and viable projects are included in the PIP. c) Government has provided a dedicated fund to cater for land acquisition and acquisition of right of way. The fund will address delays occasioned by the prolonged process of acquiring the right of way for infrastructure projects, leading to poor funds absorption. These delays have often resulted in time and cost overruns. d) Government has enhanced dialogue with development partners to facilitate the successful implementation of externally funded projects. Projects funded through external financing have often experienced delays in disbursement due to failure to meet pre-disbursement conditions. e) Evaluated the performance and use of DC Guidelines. The Ministry evaluated the utilization and effectiveness of the DC Guidelines in scrutinizing and authorizing new and ongoing projects. The updated guidelines stipulate that projects entering the PIP must have a capital composition of 78%. This endeavour seeks to gather the opinions of stakeholders regarding enhancements to the DC processes, procedures, practices, and guidelines. f) Commenced the development of 2nd phase of the Integrated Bank of Projects (IBP). The system acts as a central repository of all project information from inception to closure. Phase II involved interfacing the IBP with existing systems such as PBS, IFMS, PMIMS, AMP, PMMIS, and e-GP systems and the development of the Monitoring and Evaluation module.

C) Microeconomic Outlook: A reduction in electricity tariffs, along with stable fuel prices, is expected to improve the cost of living in the short term. Targeted Government investments, such as the PDM, are expected to eventually bolster household incomes in the long run.

**MICROECONOMIC ISSUES
IN THE NEWS & REPORTS**

JAN 2024

**PROJECT BUDGET ABSORPTION CAPACITY AND ELGON ZONAL
SUMMARY****Project Budget
Performance
and
Absorption**

According to the Multi-Year Commitments Report 2023, the Public Investment Plan for the Financial Year 2023/24 includes 358 projects with a total value of Ushs 13,002.6 billion. This amount comprises Ushs 5,246 billion from the Government of Uganda (40.3%) and Ushs 7,756.6 billion from external sources (59.7%).

In FY2022/23, a budget of Ushs 14,566 billion was allocated for the implementation of various projects under the Public Investment Plan (PIP). Out of this, Ushs 11,167 billion was released and Ushs 10,148 billion was disbursed. This represents a budget performance of 77% and an absorption capacity of 91%. The absorption capacity has improved from 86% in the previous financial year, due to an increase in external funds releases, which have historically been low.

**Elgon sub-
region:**Economy,
Industry and
Public Services

Elgon sub-region, located in the eastern part of Uganda, has nine (9) districts (Mbale, Manafwa, Sironko, Bududa, Namisindwa, Kapchorwa, Kween, Bulambuli). With a population growth rate of 4.3% between 2020 and 2021, the sub-region accounts for the highest zonal population of 5,869,600 people (13.8% of the national population in 2021). On average, households in the sub-region comprise of 5.1 persons. About 62.4% of the population in Elgon sub-region is in the Subsistence Economy. The sub-region is a major producer of Arabic coffee. In January 2024, Arabic coffee accounted for 16% and 20% of total export volume and value.

The poverty rate in the sub-region decreased by 62% from 34.9% in 2016/17 to 13.2% in 2019/20, below the national average of 20.3%. On the other hand, Income Inequality in the sub-region, as measured by the Gini Coefficient increased by 14% from 0.327 in 2016/17 to 0.373 in 2019/20, the second highest after Tooro sub-region (0.471). The dependency ratio of the sub-region increased to 105% in 2013 from 101% in 2016/17 and declined to 90% in 2019/20.

The unemployment rate in the sub-region doubled from 9.2% in 2016 to 18.9% in 2021. The sub-region has the fourth highest share of people engaged in the Informal Sector (89%), slightly higher than the national average of 88%. Electricity connection to the national grid is among the lowest, at 9.6% compared to Buganda South and Busoga sub-regions at 42.8% and 13.3% respectively.

In FY2023/24, the sub-region has 34 ongoing PIP (Public Investment Plan) projects representing 9.5% of the total PIP projects. Out of these, 6 projects are specific to the sub-region (Human Capital Development, Infrastructure Development and Private Sector Development) and 28 projects are generic to the sub-region.

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status													
Employment	Jobs	Formal Sector ¹	Monthly	788,801 (32.8%)	▼	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	1,570 (-16.2%)	▼		Morbidity Rate (Malaria Incidence) ¹²	Monthly	2.89 (-3.98%)	▼											
	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	448.7(-2.8%)	▲											
Remittances (US\$,M)		Yearly	1,133.94 (-1.76%)	▲	Large		397.2(-1.4%)	▼													
	Extra Large				320.6(-1.4%)		▼														
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	797.3(-0.96%)	▼		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	29,821 (14.6%)	▲	Customs Clearance (Hours)		Monthly	5.13 (0%)	▲												
Equity and Economic Inclusion	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)	▼	Transit Times (Mom-Kla, Days)	Monthly	4.8 (4.2%)	▼													
	Food Inflation (%)	Monthly	0.2(-0.0)	▲	Investment Registration (Days)	Yearly	2	▲													
	EFU ⁴ Inflation (%)	Monthly	0.5(7.4)	▼	Export Growth	Quarterly	-4.2%	▼													
	Residential Property Price Index (RPPI) for GKMA	Quarterly	105.44 (0.7%)	▲	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	Markets and Regulations	Investment Growth (GFCF)	Quarterly	11.1%	▲	Communication Rates	Voice (Ushs Per Sec)	Quarterly	4 (33.3%)	▲										
								Data ¹⁶ (Unlimited)	Monthly	550,000(0%)	▲										
Private Pension: Active Members							Yearly	733,588 (12.5%)	▲	IMF Primary Commodity Price Index	Monthly	159.1 (-3.28%)	▼								
Private Pension: Registered Members							Yearly	2,344,737 (5.9%)	▲	Average Monthly Net Salary (After Tax)	Yearly	628,611	▲								
Public Pension (Beneficiaries)							Yearly	407,515 (-0.61%)	▼	Retail Sales/EFRIS ¹⁷	Quarterly	84% (31.5%)	▲								
SAGE (Beneficiaries)	Yearly	323,315 (-2.8%)	▼	USE All Share Price Index	Monthly	902.28 (-2.5%)	▲														
Agent Banking (Volume of Transactions, Mn)	Yearly	8.8 (2.3%)	▲	New Business Registrations	Monthly	2,722 (-49.8%)	▼														
Environmental Sustainability	Local Content	Hotel Occupancy Rate (Kla)	Quarterly	44% (-15.4%)	▼	Water Quality (PM _{2.5}) ⁵	Quarterly	Low ,27.21(29.8%)	▲												
										Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%	▲								
														Noise Pollution (Decibels, Kampala)	Monthly	High ,62.96(7.9%)	▲				
																		Seasonal Changes in Rainfall	Monthly	Above Normal	▲
MUG Shelf-Presence ¹⁸	Yearly	N/A	▲																		
Trade Balance (US\$, Millions)	Monthly	-269.9 (9.94%)	▲																		
Contracts Awarded to Local Providers ¹⁹	Yearly	77.12%(26.4%)	▲																		

*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 (150GB) | ¹⁷ Electronic Fiscal Receipting and Invoicing System | ¹⁸ Made in Uganda (MUG) | ¹⁹ By Value.