

A) Microeconomic Developments

Issue	Market Updates
Employment	Formal Employment, as captured under the PAYE Register, decreased by 26% from 752,040 employees in August 2023 to 555,389 employees in September 2023. However, the number of migrant workers captured by the Immigration Department reduced by 8.5% from 200 migrant workers in August 2023 to 183 migrant workers in September 2023.
Living Standards	Monthly Inflation for Food and Non-alcoholic revealed a drop of 1.1% in the month of September 2023, following a 1.5% decrease registered in August 2023. On the other hand, monthly EFU Inflation decreased by 0.1% for September 2023, contrasting with the 0.9% rise recorded in August 2023. The Residential property quarterly inflation for Greater Kampala Metropolitan Area (GKMA), increased by 0.1% for quarter one FY 2023/24 from the 5.8% rise registered in quarter four FY 2022/23. This increase can be attributed to the inflation in residential properties in Wakiso district, Central, and Makindye area, which saw rises of 1.2% and 0.8%, respectively, in quarter one of FY 2023/24.
Equity and Economic Inclusion	The number of mobile money agents increased by 33.7% from 468,476 agents in June 2022 to 626,662 agents in June 2023. Similarly, the volume of mobile money transactions increased by 19.1% from 419,913,749 transactions in June 2022 to 500,345,765 transactions in June 2023.
Environmental Sustainability	The Air Quality in Kampala deteriorated significantly, showing an 18.6% increase, worsening from 26.81 $\mu\text{g}/\text{m}^3$ in August 2023 to 31.79 $\mu\text{g}/\text{m}^3$ in September 2023. The rainfall outlook for September 2023 indicated the above-normal rainfall (enhanced rainfall), particularly in various regions of the country, including the Lake Victoria Basin and hilly areas in Rwenzori and the Eastern region. During September 2023, natural disasters impacted a total of 2,557 individuals and 662 households. At the sub-regional level, Teso sub-region registered 617 individuals who were affected by floods, followed by Elgon (545 individuals), Kigezi (514 individuals), West Nile (457 individuals), and South Buganda (279 individuals)
Productivity	The PIP Budget Absorption capacity decreased marginally by 0.58%, shifting from 85.5% in FY 2021/22 to 85% in FY 2022/23.
Competitiveness	The monthly Liquid Energy Fuels Inflation experienced a notable decrease of 5.3% in the month of September 2023 compared to the 0.1% drop recorded in August 2023. Specifically, Petrol inflation exhibited a decrease of 17.6% in September 2023, marking a shift from the negative 24.5% recorded in August 2023. Additionally, Diesel inflation moderated to negative 19.2% in September 2023, in contrast to the negative 22.7% figure reported in August 2023.
Markets & Regulation	The USE All Share Price Index saw a 3.42% decline, falling from 980.61 in August 2023 to 947.09 in September 2023. The decline is attributed to the decrease in market capitalization of cross-listed counters (CENT, EABL, EBL, KA, and KCB)
Local Content	The monthly trade deficit widened by 42%, increasing from US\$ 283.3 million in July 2023 to US\$ 402 million in August 2023. The deficit is attributed to a higher increase in import receipts (from USD 981.98m in July 2023 to USD 1,210.94m in August 2023).

B) Policy Response Measures: This edition of the MIND focuses on Environmental Sustainability as a thematic area, with a special emphasis on Natural Disaster incidences and Seasonal Changes in rainfall.

Objective	Interventions
<p>Approach to Disaster Preparedness and Management</p>	<p>The Natural Resources, Environment, and Land Management Programme of NDP III aims to reduce the adverse effects of climate change and improve utilization of existing natural resources for sustainable economic growth and livelihood security. However, wetland degradation and unplanned human settlement have catalytically increased the negative impact of climate change. The following interventions by Government have been undertaken to minimize the effects.</p> <ol style="list-style-type: none"> 1. In February 2023, the National Environment Management Authority issued the following administrative measures to strengthen the implementation of environmental laws for individuals and companies in a bid to safeguard the environment. <ol style="list-style-type: none"> a) All projects, whose implementation requires an Environment Sustainability Impact Assessment (ESIA) and Environment Risk Assessment (ERA) should acquire an ESIA or ERA certificate before commencement. The failure to undertake these assessments by companies or individuals will attract express penalties ranging from Ushs. 1 billion for individuals and Ushs. 6 billion for corporate bodies or imprisonment. b) Destruction, damage, or disturbance of wetlands in a manner that is likely to cause adverse effects on the ecosystem attracts a fine of Ushs 3,000,000. In addition, irresponsible waste management attracts a fine of Ushs. 6,000,000. 2. The Development Committee has also adopted the requirement for projects entering the Public Investment Plan, to have an ESIA Certificate. 3. The National Policy for Disaster Preparedness and Management 2011 was developed. It establishes an integrated and multi-sectoral approach to disaster preparedness and management (floods, Landslides, and Mudslides, epidemics, etc) <p>The overall policy goal is to reduce vulnerability levels, risk mitigation, disaster prevention, preparedness, effective response and recovery in a manner that integrates disaster risk management with development planning and programming.</p> 4. The National Climate Change Act 2021 was enacted. The Act is purposed to give effect to the UN Framework Convention on Climate Change and mandates the Minister responsible for Water and Environment to create a Framework Strategy for Climate Change, National Climate Change Action Plan, and District Climate Action Plans. 5. Cabinet issued a Policy Directive prohibiting the allocation of industrial land to investors in wetlands. The Directive states that investors who had been given land in wetlands should be reallocated elsewhere. It further states that the affected factories will be compensated. 6. Government continues to support the adoption of irrigation to mitigate against over-reliance on rainfed agriculture to increase crop production. The Uganda Intergovernmental Transfer Program provides irrigation equipment to farmers through a cost-sharing arrangement. 7. Government has developed water for production facilities as well as micro and small irrigation schemes for communities to increase crop and livestock production. This is aimed at reducing the losses to farmers as a result of no or little rainfall.

C) Microeconomic Outlook: The onset of the rainy season is expected to result in bumper harvests. The good harvest is expected to drive food prices further down. On the other hand, the resurgence of global supply chain distortions is likely to increase global prices.

MICROECONOMIC ISSUES IN THE NEWS & REPORTS

SEPT 2023
MITIGATION OF ADVERSE EFFECTS OF CLIMATE CHANGE
Uganda Multi-hazard Report – September 2023¹

The International Organization for Migration's monthly Multi-hazard response report for September 2023 indicated that a total of 662 households and 2,557 individuals were affected by disasters such as hailstorms, fires, and floods/landslides in the different parts of the country.

1. At the sub-regional level, Teso sub-region registered 617 individuals who were affected by floods, followed by Elgon (545 individuals), Kigezi (514 individuals), West Nile (457 individuals), and South Buganda (279 individuals).
2. The disasters mostly affected 59% of adults (19-64 years), followed by children (30%) under 18 years and the elderly (11%).
3. Of the 2557 individuals, 43% were affected by hailstorms, followed by landslides/mudslides (32%), and floods (24%) among others.
4. Cumulatively, 97,727 individuals have been affected by the different disasters since January 2023.
5. The report further indicates that crop farming was the highest economic activity affected – posing a greater impact on food security in those sub-regions.

September to December 2023 Rainfall Outlook

The September to December Rainfall outlook issued by the Uganda National Meteorological Authority, depicted near-normal to above-normal rainfall for most parts of the country and advises as follows:

1. An increase in agricultural production is expected. Therefore, the use of good agronomic practices is important.
2. Flooding in Teso Subregion, landslides in Elgon, and hailstorms in Lango, Busoga, and some parts of Bunyoro are expected with a high likelihood.

BMAU Briefing Paper FY 2021/22²

The 2021/22 briefing paper by the Budget Monitoring and Accountability Unit noted that the Natural Resources, Environment, Climate Change, Land and Water Management Programme performed at 71.4%. this performance mainly was driven by the good performance of the Land and Water Resources Management sub-programmes. The Programme performed as follows:

3. Issued 363 water permits to ensure the availability and reliability of quality water resources. The issuance of permits is a mechanism to control pollution and over-exploitation of water resources.
4. Demarcated 553.3km of degraded wetlands and 108km of river banks as well as restoring 7,898ha of critical wetlands.
5. Restored 11,329ha out of the targeted 20,560ha of degraded Central Forest Reserves and 12,875.5ha of degraded wetlands.

The Programme, however, continues to face encroachment on forest land, wetlands, and low manpower to adequately enforce environmental laws and regulations.

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

¹ <https://reliefweb.int/report/uganda/uganda-multi-hazard-infographic-responsesdrr-platform-published-10th-october-2023>

² <https://www.finance.go.ug/sites/default/files/Publications/BMAU%20Briefing%20Paper%2021-22-The%20Natural%20Resources%2C%20Environment%2C%20Climate%20Change%2C%20Land%20and%20Water%20Management%20Programme%20-%20What%20were%20the%20highlights%20for%20the%20Financial%20Year%202021-22.pdf>

The%20Natural%20Resources%2C%20Environment%2C%20Climate%20Change%2C%20Land%20and%20Water%20Management%20Programme%20-%20What%20were%20the%20highlights%20for%20the%20Financial%20Year%202021-22.pdf

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	555,389 (26%)		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	183(-8.5%)			Morbidity Rate (Malaria Incidence) ¹²	Monthly	2.94 (-24.4%)	
	Incomes	Per-capita GDP (US\$): 2022/23	Yearly	1,088 (4.3%)			PIP Budget Absorption (GoU, IFMS %) ^b	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 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	0.1	
	Household Expenditure (HFCE), Ushs Bn	Quarterly	29,096 (1.6%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Education Expenditure ³ (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	1.1 (5.1)		Export Growth		Quarterly (-1)	37.3		
	EFU ⁴ Inflation (%)	Monthly	-0.1 (3.0)		Electricity Connection (Days)		Monthly	28 (-6.7%)		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	104.66 (0.11%)		Water Connection (Days)		Monthly	3 (0%)		
	Crime Rate (per 100,000):2022	Yearly	523(18%)		Investment Growth (GFCF)		Quarterly (-1)	10.2%		
					Communication Rates		Voice (Ushs Per Sec)	Quarterly	4 (33.3%)	
							Data ¹⁶ (Unlimited)	Monthly	550,000(0%)	
Equity and Economic Inclusion	Private Pension: Active Members	Yearly	1,088,658 (48.27%)		Markets and Regulations	IMF Primary Commodity Price Index	Monthly	168.4 (4.23%)		
	Private Pension: Registered Members	Yearly	2,213,257 (2.9%)			Average Monthly Net Salary (After Tax)	Yearly	628,611		
	Public Pension (Beneficiaries)	Monthly	85,651 (0%)			Retail Sales/EFRIS ¹⁷	Quarterly (-1)	63.9% (16.1%)		
	SAGE (Beneficiaries)	Yearly	332,793(-3.78%)			USE All Share Price Index	Monthly	947.09 (-3.4%)		
	Agent Banking (Agents)	Yearly	26,858(16.8%)			New Business Registrations	Monthly	4,955 (6.3%)		
Environmental Sustainability	Water Quality (PM _{2.5}) ⁵	Quarterly	Low, 20.97 (31.1%)		Local Content	Hotel Occupancy Rate (Kla)	Quarterly	44% (-15.4%)		
	Air Quality (PM _{2.5}) ⁶	Monthly	High, 31.79 µg/m ³ (18.6%)			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 64.42 (10.4%)			MUG Shelf-Presence ¹⁸	Yearly	N/A		
	Seasonal Changes in Rainfall	Monthly	Above Normal			Trade Balance (US\$, Millions)	Monthly	402 (-42%)		
	Natural Disaster Incidences ⁷	Monthly	2,557 (-11.9%)			Contracts Awarded to Local Providers ¹⁹	Yearly	77.12%(26.4%)		

*Unless indicated all quarterly figures are for Q4, 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 Receipting and Invoicing System | ¹⁸ Made in Uganda (MUG) | ¹⁹ By Value.