

- A) **Microeconomic Developments:** This Section provides a summary commentary on the eight thematic areas under the Micro-Economic Indicator (MIND) framework. The indicators are provided in the Dashboard on page 4.

Issue	Market Updates
Employment	Formal sector employment registered a 1.5% increase from 796,962 employees in December 2022 to 808,664 employees in January 2023. The number of Migrant workers also significantly increased by 33.1% from 5,701 workers in December 2022 to 7,588 workers in January 2023.
Living Standards	<p>Monthly Inflation for Food and Non-alcoholic Beverages increased by 0.4% in January 2023 compared to the 0.6% rise registered in December 2022. On the other hand, monthly EFU Inflation increased by 0.9% in January 2023 compared to the 0.4% drop recorded in December 2022. In addition, the power tariff for domestic consumers dropped from Ushs 820.9 per kWh in December 2022 to Ushs808.9 per kWh in January 2023. The cooking tariff (81 to 150 units) was maintained at Ushs412.0 per kWh to motivate people to use electricity for cooking instead of charcoal or firewood.</p> <p>Furthermore, there was an 18% increase in the number of crimes reported to Police, rising from the 196,081 cases in 2021 to 231,653 cases in 2022. The increase was due to the full reopening of the economy after the COVID-19 lockdown and growing confidence to report a crime to Police.¹</p>
Equity and Economic Inclusion	The number of agent banking providers grew exponentially, rising from 11,262 agents in 2020 to 23,000 agents in 2021 and 26,858 agents in 2022. In August 2022, Cairo Bank joined the agent banking platform as the 23 rd bank on the Shared Agent Banking Platform. In addition, 9,538 PDM SACCOs (representing 90% of the total SACCOs) had received Parish Revolving Funds amounting to Ushs238.45 billion, as at 9 th February 2023. However, only 327 beneficiary households have accessed the funds so far.
Environmental Sustainability	Water quality and noise pollution remained constant during the months of December 2022 and January 2023. During the month of January 2023, most parts of the country experienced dry weather conditions. Air quality worsened by 7% from 114.68µg/m ³ in December 2022 to 122.7 µg/m ³ in January 2023.
Productivity	The average national monthly malaria incidence stood at 3.8 per 1,000 persons in January 2023, the same rate as December 2022.
Competitiveness	The Liquefied Energy Fuels inflation declined by 2.9% in January 2023 from 3.1% in December 2023. The Electricity Regulatory Authority released the Q1 2023 electricity tariffs which show a slight reduction in tariffs, especially for medium to extra-large industries. Tariffs for medium industries were reduced by 2% from Ushs 482.3 kWh in Q4 2022 to 472.3 kWh in Q1 2023; while tariffs for large industries were reduced by 0.57% from Ushs 388.2 kWh to Ushs 386.3 kWh; and tariffs for extra-large industries reduced by 0.58% from Ushs 328.5 kWh to Ushs 326.6 kWh.
Markets & Regulation	Commodity prices fell by 6.1%. Crude oil prices significantly reduced by 13.6% between December 2022 and January 2023, sending the price of a barrel at about US\$81. The decline is partly attributed to the contractions in global oil demand arising from the COVID-19 restriction in China. On the other hand, the All Share Index rose by 1.08% to 1,217.76 in January 2023 from 1,204.74 in December 2022.
Local Content	The trade balance deficit widened by 7.8% in December 2022 from US\$ 299.9m in November 2022 to US\$ 322.5 in December 2022. This was due to a higher increase in the import bill (from US\$ 635.6m to US\$ 694.3m) which more than offset the growth in export earnings (from US\$ 335.8m to US\$371.8m). The 10.7% growth in export earnings for the month of December 2022 was attributed to increased receipts for maize and mineral products, etc.

¹ Annual Crime Report, 2022

- B) Policy Response Measures:** This edition of the MIND will focus on Competitiveness as a thematic area, with special focus on developments around efforts geared towards lowering power tariffs for households, firms and industry.

Objective	Interventions
Increased access and utilization of electricity	<p>The NDP III recognizes the impact of high power tariffs and unreliable power supply as major impediments to the growth of the manufacturing and services sectors. These impediments result in higher costs of production and limit the sector’s competitiveness. To address the constraint of affordability and unreliable power supply, Government has undertaken the following measures:</p> <ol style="list-style-type: none"> 1. Established mechanisms to reduce end-user tariffs. In January 2022, the Electricity Regulatory Authority issued a revised Tariff Structure. The reviewed structure included the following measures: <ol style="list-style-type: none"> a) A pilot for a special Tariff of 5 US Cents per kWh for Industrial Parks, commencing with the Lao Shen Industrial Park in Kapeeka and MMP Industrial Park in Buikwe district. The pilot will be rolled out to other industrial parks after assessing its impact. b) Introduction of a special tariff for Domestic Consumers to encourage Cooking with Electricity in homes. This is intended to reduce the use of charcoal for cooking and lessen health-associated costs due to use of charcoal. It is also intended to complement efforts aimed at conservation of the environment. The cooking tariff, introduced under a declining block tariff structure, allows for differentiated tariff levels based on the amount of electricity consumed. c) A declining block tariff structure for large and extra-large industrial consumers to lower the cost of production. The declining block tariff structure is applied to energy consumed above the threshold determined by the Electricity Regulatory Authority. This initiative aims at reducing production costs and increasing production and thereby increase electricity consumption. d) Government is continuing with the implementation of the Electricity Free Connection Policy (ECP), which facilitated over 350,000 connections by June 2022. The ECP and the scale-up projects are on-going. e) The Electricity Amendment Act 2022² was enacted into law in May 2022, and became effective in June 2022. The Act provides for the sale of electricity in bulk by a holder of a generation licence to a holder of a distribution licence, transmission licence or directly to a specified class or category of customers. Introduction of other players in power supply increases competition and gives the customers the opportunity to choice a supplier with favorable power tariffs. The provision justifies Government’s deliberate decision to not to renew the concession agreement with UMEME by March 2025. 2. Expanded the transmission and distribution network to key growth economic zones such as industrial parks, mining areas and free zones. <ol style="list-style-type: none"> a) Development of a number of power transmission and distribution infrastructures is ongoing across the country targeting areas of production and industrial parks. As of June 2022, four substations of Mukono, Iganga and Namanve South were completed and commissioned.

C) Microeconomic Outlook:

The macro-economic outlook in the near term has brightened with base effects associated with high prices of imported commodities including fuel, diminishing. In addition, supply chain disruptions are easing over time. The main driver of inflation remains the lagged impact of climate change and drought which is putting upward pressure on food prices. However, with the near-normal rainfall forecast for March to May 2023, the impact on agricultural activity and food security arising from the risk of drought will be offset.

²[Laws - ERA - Electricity Regulatory Authority](#)

MEDIA WATCH POST	MICROECONOMIC ISSUES IN THE NEWS & REPORTS
JAN 2023	AFFORDABLE ELECTRICITY TARIFFS
Vandalism of Electricity Infrastructure in the Country³	<p>Public Investments in the energy sector have increased over time with the purpose of increasing power generation, transmission and distribution. These investments have resulted in increase in Uganda’s power generation capacity which currently stands at about 1,300 MW and over 3,000 km and 53,000km of transmission and distribution network respectively.</p> <p>However, vandalism of energy infrastructure is undermining efforts by Government to ensure reliable and affordable access to electricity. Government has lost over Ushs. 260 billion to vandalism, which has negative implications on public investment and service delivery. Government has accordingly put in place provisions within the Amended Electricity Act 2022 to deter electricity theft and vandalism. Specifically, the Act provides a maximum sentence of UGX 1 billion, or 25-year jail sentence, or both, for anybody convicted of network vandalism.</p>
Government reduces the cost of electricity connections⁴	<p>In December 2022, the Electricity Regulatory Agency reduced electricity connection costs from Ushs. 720,000 for a no-pole connection to Ushs. 470,000, with the option of meeting the connections in two ways.</p> <p>For instance, a customer can pay upfront Ushs. 470,000 or pay upfront Ushs 200,000 and then be granted a credit facility of Ushs. 270,000 recovered by UMEME or any other designated utility company as a proportion of each bill payment made by the customer over an eight-year period. The reduction responds to the need to increase the proportion of the population with to access electricity to 60% by 2030.</p>
Tariff Review Report for the Second Quarter of 2022⁵	<p>The Electricity Regulatory Authority periodically conducts tariff reviews to consider the changes in the economic indicators/assumptions. The assumptions include consumer price index, exchange rate movements, international fuel prices and energy generation mix. The review, therefore, considered among other the following assumptions:</p> <ol style="list-style-type: none"> i. Electricity demand would grow at an average of 11.6% in 2022 with total energy purchased by UETCL expected to be 1,398.81 GWh in the second quarter of 2022 ii. Average water release at Nalubaale dam projected at 1,000 cubic meters per second. This translates into an average generation capacity of 150MW for Nalubaale dam and 163.8MW at Bujagali Energy Limited. <p>These assumptions formed the basis for the annual base electricity end user tariffs in 2022 for the different categories of electricity users. Therefore, average tariffs for Domestic User were Ushs 745.7 per kWh, commercial users Ushs. 597.2 per kWh, medium industries Ushs 472.9 kWh, Large Industries Ushs 355 kWh, Extra-large industries Ushs 300 and street lighting Ushs 370 kWh.</p>
<p>MIND is compiled by Economic Development Policy and Research Department (EDP&RD) in the Ministry of Finance, Planning and Economic Development</p>	
<p>EDPRD: We generate and manage knowledge for formulation and communication of Uganda’s economic development policy and its results</p>	

³ <https://energyandminerals.go.ug/dalvan-museum-street-art-view-2/>

⁴ Gov’t reduces cost of new electricity connections - New Vision Official

⁵ Tariff Reviews - ERA - Electricity Regulatory Authority

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	808,664 (1.5%)	▲	Productivity	Literacy Rate (Grade 6) ¹¹	Yearly (-2)	76.1%(24.2%)	▲
		Informal Sector	Yearly (-1)	8,796,480	▲		Numeracy Rate (Grade 6)	Yearly (-2)	50.9% (-1.7)	▼
		Migrant Workers	Monthly	7,588 (33.1%)	▲		Morbidity Rate (Malaria Incidence) ¹²	Monthly	3.8 (0%)	▲
		LIPW ² (Average)	Monthly	N/A	▲		PIP Budget Absorption (GoU, IFMS %) ^b	Yearly	85.5%(-0.5%)	▲
	Incomes	Per-capita GDP (US\$): 2021/22	Yearly	1,046 (12.2%)	▲		Power Tariff (Ushs per Unit)	Medium	Quarterly	472.3(-2%)
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)	▲	Large		386.3 (-0.57%)	▲	
Remittances (US\$,M)		Yearly	1,133.94 (-1.76%)	▲	Extra Large	326.6(-0.58%)		▲		
Living Standards	Utilities (Retail Tariff Rates)	Water (M ³)	Quarterly	3,735(6.2%)	▲	Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly	3,500	▲
		Power/Domestic	Quarterly	808.9 (1.5%)	▼		Commercial Case Backlog ¹⁴	Yearly (-1)	6,178 (1.38%)	▲
		Data (Ushs, 1GB)	Monthly	10,000	▲		Fuel Prices (Liquid Energy Fuel Inflation) ¹⁵	Monthly	-2.9	▼
	Education Expenditure ³ (HH,Ushs)	Yearly (-2)	440,000(13%)	▲	Customs Clearance (Hours)		Monthly	5.13 (0%)	▲	
	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)	▼	Transit Times (Mom-Kla, Days)		Monthly	5 (41.1%)	▲	
	Food Inflation (%)	Monthly	0.4(22.9)	▼	Investment Registration (Days)		Yearly	2	▲	
	EFU ⁴ Inflation (%)	Monthly	0.9(5.5)	▲	Business Registration (Days)		Yearly	1	▼	
	Residential Property Price Index (RPPI) for GKMA	Quarterly	98.52(-0.5%)	▼	Electricity Connection (Days)		Monthly	30 (0%)	▲	
	Crime Rate (per 100,000):2020	Yearly	523(18%)	▼	Water Connection (Days)		Monthly	3 (0%)	▲	
	Equity and Economic Inclusion	Private Pension: Active Members	Yearly (-1)	1,105,870(36.2%)	▲		Markets and Regulations	Tax Refund (Months)	Monthly	N/A
Private Pension: Registered Members		Yearly (-1)	2,150,721(4.66%)	▲	Communication Rates	Voice (Ushs Per Sec)		Quarterly	4 (33.3%)	▲
Public Pension (Beneficiaries)		Monthly	85,651 (-0.15%)	▼	Data ¹⁶ (Unlimited)	Monthly		550,000(0%)	▲	
SAGE (Beneficiaries)		Yearly	345,867(13.56%)	▲	IMF Primary Commodity Price Index	Monthly		182.1 (-6.1%)	▼	
Agent Banking (Agents)		Yearly	26,858(16.8%)	▲	Average Monthly Net Salary (After Tax)	Yearly		628,611	▲	
Environmental Sustainability	Water Quality (PM _{2.5}) ⁵	Quarterly	Low, 20.97 (31.1%)	▲	Local Content	Retail Sales/EFRIS ¹⁷	Quarterly	55%	▲	
	Air Quality (PM _{2.5}) ⁶	Monthly	High, 122.7 µg/m ³ (6.99%)	▲		USE All Share Price Index	Monthly	1,217.76 (1.08%)	▲	
	Noise Pollution (Decibels, Kampala)	Monthly	High, 62.10 (7.3%)	▲		New Business Registrations	Monthly	1,622 (-70.6%)	▼	
	Seasonal Changes in Rainfall	Monthly	Normal Plus	▲		Hotel Occupancy Rate (Kla)	Quarterly	44% (-15.4%)	▼	
	Natural Disaster Incidences ⁷	Monthly	1,540 (80.7%)	▼		Plant Utilisation Rates (SME-Large Firms)	Quarterly	53.6%	▲	
					MUG Shelf-Presence ¹⁸	Yearly	N/A	▲		
					Trade Balance (US\$, Millions)	Monthly	-322.5 (7.8%)	▲		
					Contracts Awarded to Local Providers ¹⁹	Yearly	61%(-17.6%)	▼		

*Unless indicated all quarterly figures are for Q1, 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 Q1 (31st Sept 2021) | 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.