

- 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 employment is steadily recovering to its pre-COVID-19 pandemic level. In March 2022, formal employment registered 724,985 employees <sup>1</sup> , with an increment of 2% from 711,107 employees in February 2022. However, migrant labour is still subdued, registering a 24.8% decline in March from 6,213 migrant workers in February 2022 to 4,672 workers in March 2022. This could be explained by the slow adoption by the recruiting companies of the new digital system implemented by the Ministry of Gender, Labour and Social Development.
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 1.4% for March 2022, from the 0.4% rise recorded in February 2022. Monthly EFU Inflation increased by 0.5% for March 2022, from the 0.6% rise recorded in February 2022. This was mainly attributed to the 2.8% increase in the Maintenance, Repair and Security of the Dwelling Inflation for March 2022 from the 0.6% rise recorded in February 2022.
Equity and Economic Inclusion	The number of SAGE beneficiaries increased by 13.6% from 304,555 beneficiaries in 2020 to 345,867 beneficiaries in 2021. Government commenced payment of SAGE grants to beneficiaries for January, February, and March 2022.
Environmental Sustainability	Air quality improved slightly by 28.16% from 95.61 µg/ m <sup>3</sup> in February 2022 to 68.69 µg/m <sup>3</sup> in March 2022. Government is making deliberate efforts to improve air quality that includes initiatives like installing air quality gadgets in different parts of GKMA and partnering with WHO and Tree Adoption Uganda to plant trees at health facilities in Kampala and Wakiso to absorb some of the waste gases.
Productivity	The average national monthly malaria incidence increased by 31% to 3.18 per 1,000 persons in March 2022 from 2.42 per 1,000 persons in February 2022. According to the Ministry of Health in Uganda, malaria accounts for 30-50 percent of outpatient visits at health facilities, 15-20 percent of all hospital admissions, and up to 20percent of all hospital deaths.
Competitiveness	Global disruptions in the supply chains of oil products adversely affected fuel pump prices leading to distortions in the cost of other production variables. The Liquefied Energy Fuels inflation steadily started reducing from 1.9% in February 2022 to 1.3% in March 2022 representing an average increase of 2.98%. Fuel prices in Uganda averaged Ushs 5,200 for petrol and Ushs 4,800 for Diesel.
Markets & Regulation	Commodity prices continued to rise amidst supply shortages of major food crops such as wheat partly due to the ongoing war between Russia and Ukraine and the high fuel prices. The IMF Primary Commodity Index rose by 18.5% from 203.2 in February 2022 to 240.7 in March 2022 . Business activity at the USE was subdued in the period under review, explained by the reduction in the All Share Index from 1,370.07 in February 2022 to 1,348.93 in March 2022. Business registrations significantly increased from 1,961 recorded in February 2022 to 3,926 businesses in March 2022, represented by a 100% increase.
Local Content	The trade balance deficit reduced by 8.7% from US\$271.3m in January 2022 to US\$ 247.7m in February 2022 <sup>2</sup> . Though exports had been increasing consistently from US\$ 307m in July 2022 to US\$337.2m in February 2022, <sup>3</sup> they have remained far too below those registered in the same period in Financial Year 2020/21, for each month. This has been due to a halt in exports of gold as Government continues to streamline the sector. On the flip side, there has been a consistent increase in imports in the same period, from US\$473.2m in July to US\$565.7m in February 2022.

<sup>1</sup> Uganda Revenue Authority (URA), 'Uganda Revenue Authority Pay As You Earn -March 2022.'

<sup>2</sup> Bank of Uganda, 'Monthly Macroeconomic Indicators-January, 2022'

<sup>3</sup> Bank of Uganda, 'Composition of Exports and Imports for January, 2022'

B) **Policy Response Measures:** This edition of the MIND will focus on Markets and Regulations as a thematic area, with a special focus on developments on the Uganda Stock Exchange All Share Index

Objective	Interventions
<p><b>Increasing access to long term financing</b></p>	<p>The NDP III identified deficiency gaps in long-term financing as one of the leading challenges to enterprise growth and as such, businesses resort to using short-term financing for long-term projects. Furthermore, accumulated domestic arrears owed to the private sector exacerbates the financing challenge as little working capital is left for business expansion. Government, through the Capital Markets Authority has undertaken the following measures in the short to medium term:</p> <ol style="list-style-type: none"> <li>1. Launched in 2021, the Deal Flow Facility in partnership with Financial Sector Deepening Uganda and the European Union to prepare and enhance business access to long-term market-based financing for both public and private equity/debt. This facility aims at enabling enterprises to focus on business growth rather than short-term funding needs through active matchmaking of selected business enterprises to long-term investment capital.</li> <li>2. Carried out training on corporate governance to create awareness about capital markets among the public to drive market activity primarily through the Collective Investment Schemes. The Investor Education Program aims at creating awareness about capital markets. Furthermore, the training prepares medium to large businesses on how to attract investment partners for market-based financing, as well as building the capacity of market intermediaries in aiding the process of business access to market-based finance.</li> <li>3. Government through the Ministry of ICT and National Guidance introduced in 2020, a new telecom licensing framework that requires all telecom companies to float 20% of their total shares on the Uganda Securities Exchange within two years of being granted a National Telecom Operator license. This requirement aims at enhancing local ownership through shareholding in the operations of telecom companies in the country.</li> <li>4. Government is in the process of establishing a Bond Market in Uganda to raise debt capital to enhance firm growth opportunities as well as fund operations. Currently, the Ministry of Finance, Planning and Economic Development in collaboration with Capital Markets Authority (CMA) and Bank of Uganda (BOU), is working to establish a Fixed Income Development Committee as the apex committee responsible for the development of the Bond Market in Uganda.</li> </ol>

C) **Microeconomic Outlook:** The persistence of higher commodity prices continues to exert inflationary pressures on the economy increasing uncertainties due to global supply disruptions. However, growth is expected to pick up in the medium term on account of oil-sector related investments and improved productivity.

<b>USE Market Performance<sup>4</sup></b>	<p>The February 2022 market performance at the Uganda Securities Exchange shows an increase in activity.</p> <ol style="list-style-type: none"> <li>Trading volume for February 2022 reached 68.08 million shares compared to 41.9 million shares recorded in January 2022. Year on year analysis show an increase of 67 percent in value (turnover) from Ushs 1.9 billion in February 2021 to Ushs 3.2 billion in February 2022. This performance represents the ease with which shares can be liquefied to cater to immediate investment needs.</li> <li>Stanbic Bank dominated the activity at the counters with 37.92 percent followed by MTN Uganda at 28.87 percent while CIPLA had the least shares at 0.1 percent.</li> <li>Overall performance of both the Local Share Index (LSI) and the All-Share Index (ASI), stood at 280.38 in February 2022 from 313.54 in January 2022 and 1,337.09 in February from 1369.35 in January 2022 respectively.</li> <li>New Vision Printing and Publishing Company announced its semi-annual report and financial statement. In the report, overall turnover grew significantly by 52.24% mainly because of the Ministry of Education and Sports directive to have all Home learning materials and upper primary textbooks printed and distributed by New Vision.</li> </ol>
<b>Uganda Securities Exchange Listings<sup>5</sup></b>	<p>In fulfillment of the regulatory framework established in 2020 by the Ministry of Information and Communication Technology and National Guidance, requiring all licensed telecom companies to list 20 percent of their shares on Uganda's bourse, MTN Uganda announced its first Initial Public Offer (IPO) in October 2021. The IPO, the largest on the Uganda Securities Exchange, with a total of 4.5 billion shares, was priced at Ushs 200 per share. The IPO achieved a 64% target of the total subscribed shares generating Ushs 535 billion equivalent to 2.9 billion shares. This means that, by listing MTN on the USE, MTN Group reduced its ownership from 96 percent to 83.05 percent.</p>
<b>Private Equity and Venture Capital</b>	<p>The East Africa Private Equity and Venture Capital Association, in its February 2022 report indicated that it had injected about Ushs 117 billion private capital to 21 deals executed in the attractive sectors of the economy. The technology media and the manufacturing sectors received most of the investment. This investment augments the efforts made by the Financial Deepening Uganda programme on the Deal Flow Facility that aims to assist businesses in building internal capacities to become attractive and therefore be able to attract private capital financing for business growth.</p>

MIND is compiled by Economic Development Policy and Research Department (EDP&RD) in the Ministry of Finance, Planning and Economic Development

EDPRD: Simplified, seamless and speedy knowledge services for monitoring, assessment and communication of Uganda's economic development policy and its results

<sup>4</sup> USE Monthly Bulletin (Market Activity Performance Report)

<sup>5</sup> <https://www.mtn.com/mtn-uganda-lists-its-shares-on-the-use-and-commences-trading-today/>

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector <sup>1</sup>	Monthly	724,985 (2%)		Productivity	Literacy Rate (Grade 6) <sup>9</sup>	Yearly (-1)	76.1%(24.2%)	
		Informal Sector	Yearly (-3)	8,824,252			Numeracy Rate (Grade 6)	Yearly (-1)	50.9%(-1.7%)	
		Migrant Workers	Monthly	4,672 (-24.8%)			Morbidity Rate (Malaria Incidence) <sup>a</sup>	Monthly	3.18 (31%)	
		LIPW <sup>2</sup> (Average)	Monthly	98,783 (-)			PIP Budget Absorption (GoU, IFMS %) <sup>b</sup>	Yearly	86% (19.6%)	
	Incomes	Per-capita GDP (US\$): 2020/21	Yearly	954(5.4%)		Medium	Power Tariff (Ushs per Unit)	Quarterly	472.9(5.5%)	
		Income Poverty (%)	Yearly (-1)	20.3% (-1.1)			Large	355 (0%)		
Remittances (US\$,M)		Yearly	1,102.03 (-14.7%)		Extra Large		300.2(0%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M <sup>3</sup> )	Quarterly	3,516 (0%)		Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly(-1)	10,000 (1.63%)	
		Power/Domestic	Quarterly	747.5 (0%)			Commercial Case Backlog <sup>c</sup>	Yearly (-1)	6,094 (443.13%)	
		Data (Ushs, 1GB)	Monthly	5,000			Fuel Prices (Liquid Energy Fuel Inflation)	Monthly	(1.3%)	
	Education Expenditure <sup>3</sup> (HH,Ushs)	Yearly (-1)	1,338,000(13%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-1)	15,000 (-34.2)		Transit Times (Mom-Kla, Days)		Monthly	5 (41.1%)		
	Food Inflation (%)	Monthly	1.4 (4.4)		Investment Registration (Days)		Yearly	2		
	EFU <sup>4</sup> Inflation (%)	Monthly	0.5 (1.9)		Business Registration (Days)		Yearly	1		
	Residential Property Price Index (RPPI) for GKMA	Quarterly(-1)	103.82 (3.4%)		Electricity Connection (Days)		Monthly	30 (0%)		
	Crime Rate (per 100,000):2020	Yearly(-1)	502(8.9%)		Water Connection (Days)		Monthly	3 (0%)		
	Equity and Economic Inclusion	Private Pension: Active Members <sup>f</sup>	Yearly (-1)	811,699 (39.5%)			Markets and Regulations	IMF Primary Commodity Price Index	Monthly	240.7 (18.5%)
Private Pension: Registered Members		Yearly	2,054,933 (5.1%)		Average Monthly Net Salary (After Tax)	Yearly (-1)		628,611		
Public Pension (Beneficiaries)		Monthly(-2)	85,523 (-0.64%)		Retail Sales/EFRI <sup>5</sup>	Quarterly		19.07%		
SAGE (Beneficiaries)		Yearly	345,867 (13.56%)		USE All Share Price Index	Monthly		1,348.93(-1.5%)		
Agent Banking (Transactions) (2021)		Yearly (-1)	11,262(48.3%)		New Business Registrations	Monthly		3,926 (100.2%)		
Environmental Sustainability	Water Quality (PM <sub>2.5</sub> ) <sup>8</sup>	Monthly	Low, 20.00 (3.3%)		Local Content	Hotel Occupancy Rate	Quarterly	39% (8.9%)		
	Air Quality (PM <sub>2.5</sub> )	Monthly	Moderate, 68.69 (28.16%)			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 65.62 (2.32%)			MUG Shelf-Presence <sup>6</sup>	Yearly	N/A		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			Trade Balance <sup>e</sup> (US\$, Millions)	Monthly	247.7 (-8.7%)		
	Natural Disaster Incidences	Monthly	N/A			Contracts Awarded to Local Providers <sup>7</sup>	Yearly (-1)	74%(26.7%)		

\*Unless indicated all quarterly figures are for Q2, FY2021/22.<sup>1</sup> Active PAYE Register Jobs<sup>2</sup> Labour Intensive Public Works<sup>3</sup> Primary Education expenditure in Kampala<sup>4</sup> Energy, Fuel, and Utilities<sup>5</sup> Electronic Fiscal Receipting and Invoicing System<sup>6</sup> Made in Uganda (MUG)<sup>7</sup> By Value<sup>8</sup> Particulate Matter (April 2021)<sup>9</sup> Persons aged 10 years and above<sup>a</sup> Cases per 1,000 population<sup>b</sup> Cumulative Absorption in Q1 (31<sup>st</sup> Sep, 2021)<sup>c</sup> December 2020<sup>d</sup> Average monthly price of data bundles for MTN (170GB) and Smile (150GB).  
Source: kompare.ug<sup>e</sup> September 2021<sup>f</sup> NSSF: As at December 2020.