

- 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 increased by 0.2% from 769,752 employees in April 2022 to 771,547 employees in May 2022. ¹ Externalized migrant labour decreased slightly by 3.2% from 9,826 workers in April 2022 ² to 9,512 in May 2022. ³
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 3.5% for the month of May 2022, climbing from the 3.1% rise recorded in April 2022. Monthly Inflation for EFU decreased by 0.2% for the month of May 2022, down from the 2.1% rise recorded in April 2022. Quarterly Inflation for Residential Property declined by 1.4% in Q3 compared to the 3.4% rise registered in Q2. The quarterly change was mainly due to a decrease in the Inflation of properties in Wakiso, Nakawa, Kampala Central & Makindye by 2.8%, 7.5% and 1.0% respectively.
Equity and Economic Inclusion	The number of public pension beneficiaries increased by 0.15% from 85,523 in January 2022 to 85,651 in February 2022. Furthermore, following the amendment of the NSSF Act to allow mid-term access for qualifying members, a total of Ushs 420 billion has so far been paid out to about 21,500 beneficiaries.
Environmental Sustainability	Air quality worsened by 27.59% from 56.83 $\mu\text{g}/\text{m}^3$ in April 2022 to 72 $\mu\text{g}/\text{m}^3$ in May 2022. Conversely, noise pollution remained at a high of 60.83. Water quality also registered no improvements in May 2022.
Productivity	The average national monthly malaria incidence increased by 31%, from 2.7 per 1,000 persons in April 2022 to 3.8 per 1,000 persons in May 2022.
Competitiveness	The Liquefied Energy Fuels inflation – which measures the rate of change of fuel prices, rose from 4.3% in April 2022 to 6% in May 2022 on account of the rising global oil prices. This has ultimately contributed to the increase in transport inflation which rose from 1.2% to 3% within the same period.
Markets & Regulation	The USE All Share Index contracted by 3.5%, from 1294.72 recorded in April 2022 to 1249.07 in May 2022. This was partly influenced by the inflationary pressures that subsequently lowered investor confidence. Globally, there has been relative instability in commodity prices. However, the IMF Commodity Price Index remained constant at 226 since April 2022. On the other hand, there has been a 2.37% increase in business registrations, after an observable reduction between March and April 2022.
Local Content	Trade balance deficit reduced by 14.2% from US\$ 265.6m in March 2022 ⁴ to US\$ 227m in April 2022 ⁵ . Although both exports and imports reduced in April 2022 the reduction in imports (10.2%) ⁶ was higher than the reduction in exports (6.8%), thus leading to a more favorable trade balance than in the previous month.

¹ Uganda Revenue Authority (URA), “Uganda Revenue Authority Pay As You Earn – March & February 2022”

² Ministry of Gender, Labour and Social Development, “Migrant workers statistical register for April 2022”

³ Ministry of Gender, Labour and Social Development, “Migrant workers statistical register for May 2022”

⁴ Bank of Uganda, “Monthly Macroeconomic Indicators – March 2022”

⁵ Bank of Uganda, “Monthly Macroeconomic Indicators – April 2022”

⁶ Bank of Uganda, “Composition of Imports for April 2022”

B) Policy Response Measures: This edition of the MIND focuses on Environmental Sustainability as a Thematic Area with a particular emphasis on the seasonal changes in rainfall patterns. It highlights, policy measures and interventions of Government, including those that are being implemented and those under consideration in order to address the seasonal changes in rainfall patterns and bring climate awareness to the people.

Objective	Intervention
<p>Reverse the adverse effects of climate change challenges</p>	<p>Uganda remains very vulnerable to the impacts of climate change. The Uganda National Meteorological Authority states that the average temperatures in Uganda have increased by 1.3°C since the 1960s, and the annual rainfall has also decreased at an average rate of 3.4 mm per month, equivalent to 3.5mm per decade. To address the challenges associated with climate change, especially seasonal changes in rainfall, Government is implementing a range of interventions that are highlighted below:</p> <ul style="list-style-type: none"> a) The NDP III proposes to mainstream climate change resilience in programmes and budgets, with clear budgets lines and performance indicators. The Natural Resources, Environment, Climate Change, Water and Land Management Programme in NDP III aims to stop, reduce and reverse environmental degradation and the adverse effects of climate change; and improve utilization of natural resources for sustainable economic growth and livelihood security. b) Uganda committed to developing climate-resilient and low-carbon health systems at the COP26.⁷ This is in response to growing evidence of the impact of climate change on people's health. c) Uganda Development Bank is positioning itself to fill the current green financing gap and boost the level of green investment. The bank has established a Green Finance Unit, developed an enabling policy environment for green investments, and is strengthening collaborations for climate action.⁸ d) The World Health Day 2022 was celebrated under the theme 'Our Planet, Our Health'. It focused on the emerging dangers on the health of the population due to climate change. Uganda committed to awareness raising and strengthening of health facilities in order to tackle the effects of climate change. e) Government is set to roll out a 10-year environment restoration Plan that targets to restore the degraded environment. Restoration of the ecosystem is fundamental to achieving the Sustainable Development Goals, mainly those on climate change, water and biodiversity conservation. f) In the months of January to May 2022, Government has continued to issue updates on rainfall patterns, early warning messages and provide updates regarding natural disasters g) The Ministry of Works and Transport continuously assesses the state of the roads and bridges and provides regular updates to users to minimize weather related road accidents. h) Kampala Capital City Authority (KCCA) started and is set to install at least 30 more air quality monitors around the city as a way of addressing air pollution.

c) Microeconomic Outlook: Rising commodity prices have become a global phenomenon largely on account of the going Russia- Ukraine conflict. The cost of living remains high on account of continued increase in price of essential commodities such as soap, food, cooking oil and fuel. The growth of the Composite Index of Economic Activity (a high frequency indicator of economic activity) declined to 0.8% in the 3 months ending April 2022 from 2.4% in the 3 months ending Jan 2022. This is a signal of a slowdown in economic recovery.

⁷ COP26 is the 26th Annual Conference of the Parties Summit were World leaders in 2021 arrived in Scotland, alongside tens of thousands of negotiators, Government representatives, businesses and citizens for twelve days of talks on how to tackle the global climate change.

⁸ Green financing provides for investment, operation and risk management in the fields of environmental improvement, climate action and recourse use efficiency.

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MAY 2022
Seasonal Changes In Rainfall
Major disaster warnings likely to happen due to the influence of the rainfall outlook⁹

- a) According to the May 2022 update by Famine Early Warning System Network (FEWS NET), below-average rainfall is likely to impact production and reduce on the expected improvements in food security. The cumulative first season (March to May) rainfall was only 45-75 percent of normal level across the northern half of the country as of May 20, (CHIRPS). The season started late in most areas and has been challenged by dry spells. Given this and a potential early cessation of rainfall in most areas, grain filling is likely to be poor and harvests in June/July are expected to be below average and generally delayed by 30-50 days.
- b) Over 48 Districts in Teso, Karamoja, Bugisu, Busoga, Kigezi and Bunyoro sub-regions are at high risk of waterlogging, windstorms and landslides during the months of March to May 2022. This has created a need for emergency relief items to support the exposed communities.
- c) In May 2022, MAAIF reported the invasion of the African Armyworms in more than 30 districts. This was first reported in Luweero but has spread faster due to climate change.

Effects of seasonal changes in rainfall on the population

- a) About 12% (5.4 million people) of Uganda's 40.9 million people are chronically hungry. Famine Early Warning Systems show that food shortage is likely to escalate from stress to crisis and this is likely to persist until July 2022. The food crisis is consistent with climate change prediction of less reliable first rains (March-May) and more reliable second rains (September-December)
- b) Uganda experiences impacts of climate change, which include changing weather patterns, drop in water levels and increased frequency of extreme weather events like floods, as well as drought, whose social-economic impacts make communities vulnerable. Ushs 628billion has been allocated in the budget for Financial Year 2022/23 for actions to mitigate and adapt to climate change including increase the national forest cover from the current 12.4 percent to 15 percent.
- c) Many districts have been grappling with internally displaces persons due to flooding and rising water levels ¹⁰since 2019/2020 to March 2022, in the areas of Kampala, Kayunga, Masaka, Apac, Kasese and many others, and this has equally affected the road infrastructure in those localities.
- d) Gender experts have asked the government to ensure that women receive support to cope with the hazards of climate change. The UN Population Fund observed that during extreme weather such as droughts and floods, women tend to work more to secure household livelihoods.

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

⁹ Statement on the Disaster situation in the country, OPM-01/03/22.

¹⁰ Media statement on Disaster preparedness (1st March 2022).

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	771,547 (0.2%)		Productivity	Literacy Rate (Grade 6) ⁹	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	9,512 (-3.2%)			Morbidity Rate (Malaria Incidence) ^a	Monthly	3.8 (31%)	
		LIPW ² (Average)	Monthly	98,783 (-1)			PIP Budget Absorption (GoU, IFMS %) ^b	Yearly	86% (19.6%)	
	Incomes	Per-capita GDP (US\$): 2020/21	Yearly	1046(12.2%)		Power Tariff (Ushs per Unit)	Medium	Quarterly	439.1(12.2%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)			Large		355.0 (0%)	
Remittances (US\$,M) 2021		Yearly	1,102.03 (-14.7%)		Extra Large		300.2(0%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M ³)	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 ^c	Yearly (-1)	6,094 (443.13%)	
		Data (Ushs, 1GB)	Monthly	5,000			Fuel Prices (Liquid Energy Fuel Inflation)	Monthly	6.0	
	Education Expenditure ³ (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	3.5 (11.0)		Investment Registration (Days)		Yearly	2		
	EFU ⁴ Inflation (%)	Monthly	-0.2 (4.4)		Business Registration (Days)		Yearly	1		
	Residential Property Price Index (RPPI) for GKMA	Quarterly(-1)	102.35 (-1.4%)		Electricity Connection (Days)		Monthly	30 (0%)		
	Crime Rate (per 100,000):2021	Yearly	457(0.1%)		Water Connection (Days)		Monthly	3 (0%)		
	Equity and Economic Inclusion	Private Pension: Active Members ^f	Yearly (-1)	811,699 (39.5%)			Markets and Regulations	Tax Refund (Months)	Monthly	N/A
Private Pension: Registered Members		Yearly	2,054,933 (5.1%)		Communication Rates	Voice (Ushs Per Sec)		Quarterly	4 (33.3%)	
Public Pension (Beneficiaries)		Monthly(-3)	85,651 (-0.15%)		Data ^d (Unlimited)	Monthly		550,000(0%)		
SAGE (Beneficiaries)		Yearly	345,867 (13.56%)		IMF Primary Commodity Price Index	Monthly		226.5		
Agent Banking (Transactions) (2021)		Yearly (-1)	11,262(48.3%)		Average Monthly Net Salary (After Tax)	Yearly (-1)		628,611		
Environmental Sustainability	Water Quality (PM _{2.5}) ⁸	Monthly	Low, 20.00		Local Content	Retail Sales/EFRI ⁵	Quarterly	19.07%		
	Air Quality (PM _{2.5})	Monthly	Moderate, 72.0 (27.59%)			USE All Share Price Index	Monthly	1249.07 (-3.5%)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 60.83 (7.3%)			New Business Registrations	Monthly	2203 (-44%)		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			Hotel Occupancy Rate	Quarterly	41% (5.12%)		
	Natural Disaster Incidences	Monthly	N/A			Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%		
						MUG Shelf-Presence ⁶	Yearly	N/A		
						Trade Balance ^e (US\$, Millions)	Monthly	-265.6 (2.63%)		
						Contracts Awarded to Local Providers ⁷	Yearly (-1)	74%(26.7%)		

*Unless indicated all quarterly figures are for Q3, FY2021/22.¹ Active PAYE Register Jobs | ²Labour Intensive Public Works | ³Primary Education expenditure in Kampala | ⁴Energy, Fuel, and Utilities | ⁵Electronic Fiscal Receipting and Invoicing System | ⁶Made in Uganda (MUG) | ⁷By Value | ⁸Particulate Matter (April 2021) | ⁹Persons aged 10 years and above | ^a Cases per 1,000 population | ^b Cumulative Absorption in Q1 (31st Sep, 2021) | ^c December 2020 | ^dAverage monthly price of data bundles for MTN (170GB) and Smile (150GB).
Source: kompare.ug | ^e September 2021 | ^f NSRF: As at December 2020.

