

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 reduced by 2.1% from 728,237 employees in July 2022 ¹ to 713,287 employees in August 2022 ² . Meanwhile, externalised labour reduced by 8.8% from 8,169 migrant workers in July 2022 ³ to 7,452 migrant workers in August 2022 ⁴ with 93.9% of the workers employed as housemaids in Saudi Arabia.
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 1.8% in August 2022 compared to the 1.5% rise recorded in July 2022. This was mainly attributed to the increase in the prices of bananas (matooke) and milk. Monthly EFU Inflation increased by 0.8% in August 2022 compared to the 0.3% rise recorded in July 2022.
Equity and Economic Inclusion	NSSF registered members increased by 4.7% from 2,054,933 members in 2019/20 to 2,150,721 members in 2020/21. The last Industry Report on the Pension Sector from URBRA, the 2021 Pension Digest, indicates that the Sector assets increased by 16.8% from 15.4 trillion in 2019/20 to 18.0 trillion in 2020/21, accounting for 12.2% of GDP. In addition, the sector coverage ratio increased from 18.4% (with 2,821,910 members) in 2019/20 to 18.6% (with 2,949,715 members) in 2020/21. This means that about 1 in every 3 Ugandans in the labour force (9.1 million, FY 2019/20) is a member of a Pension Scheme
Environmental Sustainability	Water quality and noise pollution remained the same for the period July and August 2022. Air quality reduced by 22.97% from 78.806 µg/m ³ in July 2022 to 96.9 µg/m ³ in July 2022. Natural incidences; Heavy rainfall in the Eastern Region of Uganda caused floods, flash floods, river overflow and landslides, resulting in casualties and damage. There was also an overflow of Nabuyonga, Namatala, Nashibiso and Napwoli Rivers, which mostly affected areas of Mbale City.
Productivity	The PIP Budget absorption decreased by 0.58% from 86% in FY2020/21 to 85.5% in FY2021/22. The slight decline is attributed to a reduction in absorption for GoU Release from 99% in FY2020/21 to 96.4% in FY2021/22. The average national monthly malaria incidence decreased by 12% to 3.6 per 1,000 persons in August 2022 from 4.1 per 1,000 persons in July 2022. A number of districts moved out of upsurge this month, Kabarole, Kagadi, Kamuli, Masindi, Pader, Abim, Bulambuli, Katakwi, Kwanja, Kyenjojo, Luuka, Mbarara & Rakai. ⁵
Competitiveness	The Liquefied Energy Fuels inflation declined by 3.2% in August 2022 from an increase of 6.2% registered in July 2022. The decline is attributed to the falling price of Crude Oil –estimated at \$84 a barrel in August 2022 down from about \$110 in April 2022.
Markets & Regulation	Business registrations rebounded by an 18.3% increase from 3,519 registrations in July 2022 to 4,163 in August 2022. The proposed massive business registration campaign by Uganda Registrations Services Bureau will result in exponentially higher numbers of business registrations in the country and resultantly reduce the incidence of informality.
Local Content	Trade balance deficit reduced by 19.7% from US\$ 359.5m in June 2022 to US\$ 288.5m in July 2022 ⁶ . This is explained by the significant reduction in imports of Machinery Equipment, Vehicles & Accessories imports (13.8%); and Plastics, Rubber, & Related Products (29.6%) respectively, between the months of June 2022 and July 2022.

¹ Uganda Revenue Authority (URA), “Pay As You Earn - July 2022.”

² Uganda Revenue Authority (URA), “Pay As You Earn - August 2022.”

³ Ministry of Gender, Labour and Social Development, “Migrant Workers Statistical Register for July 2022.”

⁴ Ministry of Gender, Labour and Social Development, “Migrant Workers Statistical Register for August 2022.”

⁵ MOH. Weekly malaria reports

⁶ Bank of Uganda, “Monthly Macroeconomic Indicators-July 2022”

- B) Policy Response Measures:** This edition of the MIND focuses on Employment as a thematic area with particular emphasis on addressing **Informality in Employment**. It highlights, policy measures and interventions Government is undertaking to reduce informality in employment in Uganda.

OBJECTIVE	INTERVENTION
<p>Reducing informality in employment</p>	<p>Employment creation through sustainable industrialization is one of the outcome targets the third National Development Plan (NDPIII) is set to achieve. Sustainable industrialization is anchored on high production and productivity in agriculture through development of value chains while nurturing the economic potentials in other sectors such as Oil and Gas, Minerals and ICT. Labour market information shows the Working Age Population (WAP) is 21.4 million people, of which 74.4% are Working (engaged in production of goods and services for others or final use) and 25.6% are Not Working. Of the working population, 8.3 million people are employed; and 7.4 million people are engaged in subsistence agriculture. Informal employment is 83.3% and formal employment (1.2m), as per the Pay As You Earn (PAYE) register, is only 16.7% of the employed persons (8,282,158) in 2019/20.⁷</p> <p>The Uganda Bureau of Statistics classifies employees to be in informal employment if their employment relationship is, in law or in practice, not subject to social protection (i.e. no provision for pension or contribution to National Social Security Fund) or entitlement to paid annual or paid sick leave.⁸ Despite contributing 54% of national Gross Domestic Product (GDP) in 2019/20, labour productivity in the informal sector is still low given that informal labour forms the bulk of the total labour force. Since formal employment is associated with higher productivity, formalising jobs in the informal sector has potential for increasing GDP. Government is undertaking the following measures to formalise jobs in both the informal sector (6.9m)⁹ and subsistence agriculture (7.4m)¹⁰:</p> <ul style="list-style-type: none"> a) Digitization of business registration services and processes to reduce the cost and time of registration of a business. b) Development of the National Employment Strategy geared towards operationalising of a Labour Management Information System to help collect, monitor and analyse labour statistics. c) Development of the National Business Development Services (BDS) Framework, 2022 to improve the performance of enterprises in accessing markets and productive assets that will improve their competitiveness and sustainability. This will lead to employment of more people. d) Increased access to post-primary education and labour-market relevant education to hasten the youth's transition into the workforce.¹¹ e) Tax education and registration sensitisation campaigns by URA, KCCA and URSB to encourage informal business to register so as to benefit from Government interventions such as Skilling programmes, soft credit schemes and inclusion in the National Local Content database. f) Creating workspaces and industrial parks to attract SMEs into organised business environments and also formalise the labour force.

c) Microeconomic Outlook:

The cost of living has continued to rise due to the rising inflation. Inflation rose by 1% in August 2022, just as it did in July 2022. The rise in monthly inflation was driven by food and non-alcoholic beverages (1.8%); and similar inflation rate for transport in August 2022.¹² Inflation is projected to remain high due to a probable lengthy dry season that could affect agricultural production and resultantly reduce households' welfare in the interim.

⁷ Uganda Bureau of Statistics (UBOS), "Uganda National Household Survey 2019/20."

⁸ Uganda Bureau of Statistics, "National Labour Force Survey 2016/17," 46.

⁹ Computations from the URA PAYE register

¹⁰ Uganda Bureau of Statistics (UBOS), "Uganda National Household Survey 2019/20."

¹¹ World Bank, "Uganda: Jobs Strategy for Inclusive Growth."

¹² Uganda Bureau of Statistics, "Uganda Consumer Price Index (2016/17=100)."

**MEDIA
WATCH
POST**
**MICROECONOMIC ISSUES IN THE
NEWS & REPORTS**
**AUGUST
2022**
ADRESSING INFORMALITY IN EMPLOYMENT
**Streamlining
Labour Export**

Externalization of labour is one of programmes introduced in 2005 by Government to stop trafficking of Ugandans. According to data from the Ministry of Gender Labour and Social Development¹³, the number of migrant workers has grown from 2,539 in 2016 to 201,637 migrant labourers abroad in June 2022. The highest number of migrants workers migrate to the Middle East, particularly Saudi Area (156,281), with majority selling their labour as security guards (150,770). In order to curb labour trafficking and mistreatment of Ugandan migrant workers abroad, Government has tightened the process of externalisation of labour¹⁴ and instituted various reforms. These include:

- a) Development of an External Employment Management Information System (EEMIS) that is used to collect and analyse labour information on demand and supply of migrant workers abroad.
- b) Tightened licensing requirements for recruitment agencies accompanied with strong sanctions for those that breach the requirements; and enforcement of mandatory pre-departure trainings for all migrant workers to acquaint themselves with the contracts and cross-cultural adjustments.
- c) Revoked the Employment regulations 2005 and replaced them with Statutory Instruments 2021 No. 47 that protects the rights of migrant workers through stringent licensing requirements and placement procedures.
- d) Creation of a 24-hour External Employment Helpdesk at Entebbe International Airport to curb irregular externalization and forgeries.
- e) Signing of Bilateral Labour Agreement with the Kingdom of Saudi Arabia; a memorandum of understanding with United Arab Emirates and revocation of the bilateral agreement with the Hashemite Kingdom of Jordan.
- f) Carried out awareness creation activities on safe, orderly and regular labour migration in the regions of Acholi, West Nile, Bugisu, Mid-Western Greater Ankole and Greater Masaka regions

**Amplifying the role
of Business
Development
Services**

Ministry of Finance, Planning and Economic Development together with Enterprise Uganda, have developed the National Business Development Services (BDS) Framework through a wide stakeholder engagement. The Framework, launched on September 21, 2022 aims to strengthen the management capacities of indigenous enterprises through mass provision of BDS that will resultantly, improve firm capabilities and drive growth, jobs and wealth creation. The BDS Framework sets out to:¹⁵

- a) Promote local content to realize the aspirations of the BUBU policy
- b) Promote import substitution by effectively competing with imported goods
- c) Support local enterprises to create wealth and jobs through schemes such as Parish Development Model (PDM), Operation Wealth Creation (OWC), Presidential initiative on jobs and Wealth creation (EMYOOGA), Uganda Development Bank (UDB), Agricultural Credit Facility (ACF) and SME Recovery Fund, skilling Uganda programme and Youth livelihood.
- d) Promote export-oriented interventions to help enterprises take up opportunities created through trade negotiations under EAC, COMESA and AfCFTA.

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

¹³ Hon. Betty Amongi Ongom, "Press statement on externalization of Labour."

¹⁴ Banura, "How Labour Export Has Been Streamlined."

¹⁵ Enterprise Uganda, "National Business Development Services Strategy Framework."

DASHBOARD: August 2022

Version 1.0

Issues	Indicators		Frequency	Status		Issues	Indicators		Frequency	Status	
Employment	Jobs	Formal Sector ¹	Monthly	713,287 (-2.1%)		Productivity	Literacy Rate (Grade 6) ¹¹		Yearly (-2)	76.1% (24.2%)	
		Informal Sector	Yearly (-3)	6,900,509			Numeracy Rate (Grade 6)		Yearly (-2)	50.9%(-1.7%)	
		Migrant Workers	Monthly	7,452 (-8.8%)			Morbidity Rate (Malaria Incidence) ^a		Monthly	3.6 (-12%)	
		LIPW ² (Average)	Monthly	98,783 (-1)			PIP Budget Absorption (GoU, IFMS %) ^b		Yearly	85.5% (-0.5%)	
	Incomes	Per-capita GDP (US\$): 2021/22	Yearly	1,046(12.2%)		Competitiveness	Power Tariff (Ushs per Unit)	Medium	Quarterly (-1)	439.1(12.2%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)				Large		355.0 (0%)	
		Remittances (US\$, M) 2021	Yearly (-1)	1,102.03 (-14.7%)				Extra Large		300.2(0%)	
Living Standards	Utilities (Retail Tariff Rates)	Water (M ³)	Quarterly	3,735 (6.2%)			Av. Freight Costs (US\$, Mom-Kla, 40ft)		Monthly (-2)	10,000 (1.63%)	
		Power/Domestic	Quarterly	747.5 (0%)			Commercial Case Backlog ^c		Yearly (-2)	6,094 (443.13%)	
		Data (Ushs, 1GB)	Monthly	5,000			Fuel Prices (Liquid Energy Fuel Inflation) ^d		Monthly	3.2	
	Education Expenditure ³ (HH, Ushs)		Yearly (-2)	440,000			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	1.8(15.7)			Investment Registration (Days)		Yearly	2	
	EFU ⁴ Inflation (%)		Monthly	0.8(6.2)			Business Registration (Days)		Yearly	1	
	Residential Property Price Index (RPPI) for GKMA		Quarterly (-1)	113.10 (10.5%)			Electricity Connection (Days)		Monthly	30 (0%)	
	Crime Rate (per 100,000):2021		Yearly	457 (0.1%)			Water Connection (Days)		Monthly	3 (0%)	
							Tax Refund (Months)		Monthly	N/A	
Equity and Economic Inclusion	Private Pension: Active Members ^a		Yearly (-1)	1,105,870 (36.2%)		Markets and Regulations	IMF Primary Commodity Price Index		Monthly	228.7 (-0.65)	
	Private Pension: Registered Members		Yearly (-1)	2,150,721 (4.66%)			Average Monthly Net Salary (After Tax)		Yearly (-1)	628,611	
	Public Pension (Beneficiaries)		Monthly (-6)	85,651 (-0.15%)			Retail Sales/EFRI ⁵		Quarterly	19.07%	
	SAGE (Beneficiaries)		Yearly	345,867 (13.56%)			USE All Share Price Index		Monthly	1219.23 (2.0%)	
	Agent Banking (Transactions) (2021)		Yearly (-2)	11,262(48.3%)			New Business Registrations		Monthly	4,163(18.3%)	
Environmental Sustainability	Water Quality (PM _{2.5}) ⁸		Monthly	Very Low, 14.58 (-27.1%)		Local Content	Hotel Occupancy Rate		Quarterly (-1)	41% (5.12%)	
	Air Quality (PM _{2.5}) ⁹		Monthly	High, 96.9 µg/m ³ (22.9%)			Plant Utilisation Rates (SME-Large Firms)		Yearly (-1)	53.6%	
	Noise Pollution (Decibels, Kampala)		Monthly	High, 65.62 (7.9%)			MUG Shelf-Presence ⁶		Yearly	N/A	
	Seasonal Changes in Rainfall		Monthly	below Normal			Trade Balance (US\$, Millions)		Monthly (-1)	-339.0 (21.9%)	
	Natural Disaster Incidences ¹⁰		Monthly (-1)	12,202			Contracts Awarded to Local Providers ⁷		Yearly	61% (-17.6%)	

*Unless indicated all quarterly figures are for Q4, FY2021/22.¹ Active PAYE Register Jobs² Labour Intensive Public Works³ Average household expenditure on Primary education in Uganda ⁴Energy, Fuel, and Utilities ⁵Electronic Fiscal Receipting and Invoicing System⁶Made in Uganda (MUG) ⁷By Value⁸Particulate Matter (July 2022) ⁹0-50 is Good, 51-100 is Moderate, 101-150 is Unhealthy for sensitive groups and 151-200 is Unhealthy ¹¹Persons aged 10 years and above¹⁰ Total number of individuals affected by Natural Hazards ^aCases per 1,000 population ^b Cumulative Absorption in Q1 (31st Sep, 2021)^c December 2021 ^dPercentage Average ^e Change Average monthly price of data bundles for MTN (170GB) and Smile (150GB). Source: kompare.ug ^fNSSF: As at December 2021