

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 recorded the highest monthly number of employees (803,538) in September 2022 ¹ . This marked an increase of 12.7% from 713,287 employees in August 2022 ² . Remittances haven't yet risen back to their pre-pandemic level (US\$ 1,291.65m) in 2019/20. However, the rate at which they are declining has reduced from 7.04% in 2020/21 to 1.76% in 2021/22.
Living Standards	Monthly Inflation for Food and Non-alcoholic Beverages increased by 3.5% in September 2022 compared to the 1.8% rise recorded in August 2022. Monthly EFU Inflation increased by 0.3% in September 2022 compared to the 0.8% rise recorded in August 2022.
Equity and Economic Inclusion	The number of agent banking providers exponentially grew from 11,262 agents in 2020 to 23,000 agents in 2021 and 26,858 agents in 2022.
Environmental Sustainability	Air quality reduced by 7.02% from 96.9 µg/m ³ in August 2022 to 103.7 µg/m ³ in September 2022. Water quality and Noise pollution also reduced by 9.7% and 2.11% between July and August respectively. The number of people affected by Natural disaster incidences increased from 12,202 in July to 25,494 in August 2022. This was caused by heavy rainfall that caused floods and landslides especially in the Eastern region. Government has launched the resource mobilisation drive for the National Disaster Risk Management Plan and is speeding up the adoption of technologies such as early warning systems, detection technologies and other initiatives to ensure that people in disaster-prone areas get timely information on emerging disasters and take action to save their lives and livelihoods.
Productivity	The average national monthly malaria incidence decreased by 2.5% to 3.51 per 1,000 persons in September 2022 from 3.6 per 1,000 persons in August 2022. The number of districts with a malaria upsurge also reduced from 71 districts in June 2022 to 40 districts in September 2022.
Competitiveness	Liquefied Energy Fuels (LEF) inflation declined by -1.2% in September 2022 from a 3.2% registered in August 2022. The continued reduction in fuel prices across the country and globally is associated with the decline of LEF inflation.
Markets & Regulation	Global commodity prices as represented by the IMF Primary Commodity Index registered a 9.13% reduction from 241 in August 2022 to 219 in September 2022. This is majorly attributed to the reduction in metal, energy, and petroleum prices. On the other hand, the All Share Index at the Uganda Stock Exchange improved from 1219.3 in August 2022 to 1259.05 in September 2022, thereby posting a 3.3% improvement.
Local Content	Trade balance deficit reduced by 4.2% from US\$ 324.3m in July 2022 to US\$ 310.7m in August 2022 ³ . This reduction was on account of total exports that grew by 47.8% compared to 23.8% growth in total imports between July 2022 and August 2022. This rise was particularly attributed to the resumption of gold exports (US\$171.03m) in August 2022 since they were halted in June 2021. Hotel occupancy has reduced by 15.4% from 52% in August 2022 to 44% in September 2022. This is mainly attributed to the ebola scare in the country declared by the Ministry of Health.

¹ Uganda Revenue Authority (URA), "Pay As You Earn - September 2022."

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

³ Bank of Uganda, "Monthly Macroeconomic Indicators-August 2022"

- B) Policy Response Measures:** This edition of the MIND focuses on Local Content as a thematic area with particular emphasis on increasing local participation in the economy. It highlights, policy measures and interventions Government is undertaking to enhance local content in Uganda.

OBJECTIVE	INTERVENTION
<p>Enhancing Local Content</p>	<p>The third National Development Plan (NDPIII) is inclined to supporting industrialisation with the aim of creating employment, wealth and an inclusive society. This is expected to be achieved, in part, through enhancement of local content by supporting local participation in ownership, employment and adding value in the various value chains. Thus, Government is undertaking the following measures to ensure full local participation on three fronts: ownership, employment and value addition.</p> <ol style="list-style-type: none"> 1. Local participation of Ugandans in ownership of business enterprises is expected to ensure sustainability and adaptability to the local markets as well as control of capital flight especially in form of dividend payments to shareholders. As the State increases its role in guiding and facilitating development as envisioned in National Development Plan (NDP) III, Government is facilitating increase in local ownership through: <ol style="list-style-type: none"> a) Compelling telecom companies to list 20% of their shares on the Uganda Stock Exchange (USE), within two years of acquiring the National Telecom Operator (NTO) license. b) Efficiently managing companies in which Government holds shares on behalf of Ugandans to sustainable profitability and then list them on the stock exchange for Ugandans to purchase shares. These include Uganda Airlines, Uganda Telecommunications Company, Uganda National Oil Company (UNOC). c) Enforcing direct ownership and transfer of technology. The Petroleum Act 2013, for example, provides for foreign companies to enter into joint ventures with local companies that have at least 48% share capital in the joint venture to provide goods and services that aren't available in Uganda. 2. Government has set out to increase local participation through employment of Ugandans in national projects such as oil pipeline, roads and the rail lines. For example, the Petroleum Act 2013 emphasises prioritisation of Ugandans for jobs in the Oil and Gas sector. The Petroleum Authority of Uganda (PAU) launched the National Oil and Gas Talent Register (NOGTR) in 2019 to register all Ugandans who meet the eligibility criteria to work in the oil and gas industry. Relatedly, the Public Procurement and Disposal of Public Assets (PPDA) guidelines 2018, prioritises nationals when awarding contracts. Although the contracts awarded by value to nationals have reduced from 74% in 2020/21 to 61% in 2021/22, it is still a positive signal by the government. 3. Government is promoting import substitution and export promotion strategies hinged on local manufacturing through value addition for various commodities. Coffee, crude oil from simsim, sunflower, palm and gold exports have so far benefited from the export promotion drive, while tiles and furniture have benefited from the import substitution strategies. The Parish Development Model (PDM) will also support sustained production patterns and value addition. Increased production of improved commodities will result in higher volumes of export that will reduce the import bill.

C) Microeconomic Outlook:

Monthly headline inflation has continued to rise by 1.5% in September 2022 from 1% August 2022. This is attributed to food and non-alcoholic beverages inflation⁴. This has had a negative impact on the household welfare given that food is a key expenditure item for all households. With the unpredictable weather patterns, food inflation is expected to remain high in the foreseeable future.

⁴ Uganda Bureau of Statistics, "Consumer Price Indices and Inflation for September 2022."

Streamlining Competition	<p>Expansion of markets requires development of a regulatory framework to promote healthy business competition and protect consumers' welfare⁵. Uganda is in the process of approving the Competition Bill 2021. Cabinet approved the Bill and it will soon be submitted to Parliament for debate. The bill aims to promote and sustain fair competition while preventing uncompetitive practices such as bid-rigging or collusive tendering in markets in Uganda.</p> <p>Cabinet approved the Competition and Consumer Protection Policy in 2014 on the backdrop of the enactment of the EAC Competition Act. The Policy provides the framework upon which the Bill will be enacted into law. The policy focuses on four main groups of behaviour of firms:</p> <ol style="list-style-type: none"> horizontal arrangements - mainly arrangements between firms to maintain and control prices; vertical arrangements - including exclusive dealing, resale price maintenance, geographical limitations on activities and tied dealing; misuse of market power by monopolies and large firms, and control of mergers and acquisitions to ensure that they do not impair overall competitive conditions in the market.
Supporting Policy, Legal and Regulatory Frameworks	<p>Parliament passed the Local Content Bill 2022 on 6th September 2022 to promote local participation in all sectors of the economy with the exception of the oil and gas sector. The Bill imposes local content obligations on a person using public money, utilising Uganda's natural resources or carrying out an activity requiring a licence to prioritise Ugandan citizens, Ugandan and resident companies in public procurement⁶. This Bill is geared towards enabling transfer of skill and technology to Ugandan entities; and prioritising goods and service manufactured in a member state of the East African Community.</p> <p>The Oil and Gas sector has been treated differently given the investment requirements in the sector. The 2018 National Content Policy for the petroleum subsector prioritises skills and capabilities development of Ugandan labour and enterprises in order to benefit from the oil and gas resources in Uganda. It also encourages the use of locally produced or available goods and services. The policy as well provides for 1% deduction on the value of all upstream contracts to be deposited in the Local Content Development Fund. The fund is purposed to support the financially constrained local enterprises with cheaper credit to be able to compete for contracts in the sector. This will increase the participation of local firms in the oil and gas sector.</p> <p>The 2014 Buy Uganda Build Uganda (BUBU) Policy and the Public Procurement and Disposal of Public Assets (PPDA) Act have provided a platform to use Special Preference Schemes and investments in supplier development programmes⁷; provided an opportunity to develop strategies for the various sectors and projects such as the Standard Gauge Railway (SGR) project. The Local Content Strategy of the SGR aims to mainstream at least 40% of the value of works to local participants and 9 out of 10 employees to be Ugandans⁸.</p>

⁵ Okadia et al., "Designing an AfCFTA-Driven Continent-Wide Competition Policy Around the Regional Economic Communities."

⁶ The National Local Content Act, 2022

⁷ Public Procurement and Disposal of Public Assets, "Public Procurement and Disposal of Public Assets (Amendment) Act 2021."

⁸ Standard Gauge Railway Uganda, "Local Content Strategy."

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector ¹	Monthly	803,538 (12.7%)		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	9,830 (31.9%)			Morbidity Rate (Malaria Incidence) ^a	Monthly	3.5 (-2.5%)	
		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 (-1)	439.1(12.2%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1%)			Large		355.0 (0%)	
Remittances (US\$, M) 2021		Yearly	1,133.94 (-1.76%)		Extra Large			300.2(0%)		
Living Standards	Utilities (Retail Tariff Rates)	Water (M ³)	Quarterly	3,735 (6.2%)		Competitiveness	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	-1.2	
	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	3.5(18.4)		Investment Registration (Days)		Yearly	2		
	EFU ⁴ Inflation (%)	Monthly	0.3(6.1)		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%)		
	Equity and Economic Inclusion	Private Pension: Active Members ^e	Yearly (-1)	1,105,870 (36.2%)			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 (-7)	85,651 (-0.15%)		Data ^e (Unlimited)	Monthly	550,000(0%)			
SAGE (Beneficiaries)		Yearly	345,867 (13.56%)		IMF Primary Commodity Price Index	Monthly	219 (-9.13%)			
Agent Banking (Agents 2022)		Yearly	26.858 (16.8%)		Average Monthly Net Salary (After Tax)	Yearly (-1)	628,611			
Environmental Sustainability	Water Quality (PM _{2.5}) ⁸	Monthly	Very Low, 16 (9.7%)		Markets and Regulations	Retail Sales/EFRIS ⁵	Quarterly	19.07%		
	Air Quality (PM _{2.5}) ⁹	Monthly	High, 103.7 µg/m ³ (7.02%)			USE All Share Price Index	Monthly	1,259.05 (3.3)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 67 (2.11%)			New Business Registrations	Monthly	4,163(18.3%)		
	Seasonal Changes in Rainfall	Monthly	Normal Plus			Hotel Occupancy Rate	Monthly	44% (-15.4%)		
	Natural Disaster Incidences ¹⁰	Monthly (-1)	25,494 (109%)			Plant Utilisation Rates (SME-Large Firms)	Yearly (-1)	53.6%		
					Local Content	MUG Shelf-Presence ⁶	Yearly	N/A		
						Trade Balance (US\$, Millions)	Monthly (-1)	-310.7 (-4.2%)		
						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 above | ¹⁰ Total number of individuals affected by Natural Hazards | ³Cases per 1,000 population | ³ Cumulative Absorption in Q1 (31st Sep, 2021) | ⁵ December 2021 | ⁶ Percentage Average | ⁷ Change Average monthly price of data bundles for MTN (170GB) and Smile (150GB). Source: kompare.ug | ⁸ NSSF: As at December 2021