

- 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 remained relatively the same with a slight reduction (0.3%) from 679,787 employees in September 2021 to 677,588 in October 2021. Migrant labor increased by 44.7% from 4,704 workers in September 2021 to 6,808 in October 2021 ¹ . The increase is explained by the accumulation of workers who were trained before lockdown. Training institutions have not been able to train migrant labor workers since the second lockdown in May 2021.
Living Standards	Monthly food inflation registered a 0.4% decrease for the month of October 2021 from the 1.2% rise recorded in September 2021 due to a drop in the prices of non-alcoholic beverages. Monthly EFU Inflation registered a 0.5% increase for the month of October 2021, compared to the 0.4% rise recorded in September 2021.
Equity and Economic Inclusion	The number of public pension beneficiaries increased by 0.8% from 83,373 members in September 2021 to 84,063 members in October 2021. In October 2021, Makerere University Council resolved to withdraw 910 staff from the National Social Security Fund (NSSF). This came three months after the Hon. MFPED approved the University's Retirement Benefits Scheme as a superannuation scheme to offer retirement benefits services to employees of the University in July 2021.
Environmental Sustainability	The air quality improved from 76.5 µg/m ³ in September 2021 to 70.04 µg/m ³ in October 2021.
Productivity	The monthly incidence of malaria increased to 2.4 per 1,000 persons in October 2021 from 2.2 per 1,000 persons in September 2021. In an effort to fight malaria, Government signed agreements with buyers for provision of subsidized affordable anti-malaria drugs to the private sector and will continue with the routine of distributing long lasting insecticidal nets distribution, anti-malaria drugs and Malaria Rapid diagnostic tests to the health facilities.
Competitiveness	The Electricity Regulatory Authority announced new electricity tariffs for the months of October to December 2021. The reduction benefited mainly medium scale industries which realised a 4.99% drop in tariff from Ushs 526.9 in Q1 to Ushs 500.6 in Q2. The reduction is a manifestation of Government's commitment on industrialisation, of which, small and medium scale industries command the largest share. The Liquid Energy Inflation has been increasing at a decreasing rate since August 2021, from 1.9% to 1.3% in October 2021.
Markets & Regulation	Global commodity prices have been rising, increasing by 11.48% in October 2021 up from 5.44% registered in September 2021. This is driven by the increase in energy prices and agricultural products, consequently raising production costs for firms. Trade activities at the Uganda Securities Exchange declined due to the hold up on the supply of shares in the market. This accordingly, resulted in the contraction of the All Share Index by 2.17% from 1,520.94 in September 2021 to 1,487.79 in October 2021.
Local Content	The monthly trade balance deficit reduced by 9.8% from US\$ -248.8m in August 2021 to US\$ -215.3m in September 2021 ² . This was driven mainly by the relative reduction in imports of chemical and related products from US\$ 67.9m in August 2021 to US\$ 44.2m in September 2021, while coffee exports remained relatively strong at US\$ 66.6m in September from the US\$ 75m in August 2021 ³ , boosting overall export performance.

¹ Ministry of Gender, Labour & Social Development, "Ugandan Migrant Workers Deployed per Job Category and Destination Countries for September and October 2021."

² Bank of Uganda, "Monthly Macroeconomic Indicators."

³ Bank of Uganda, "Composition of Imports and Exports for September."

B) Policy Response Measures: This edition of the MIND will focus on Living Standards as a thematic area, with focus on food inflation. To reduce food inflation, Government has continued to implement policies to ensure food security across the country.

Objective	Interventions																																						
Improved Food Security across the country	Domestic food prices are an important determinant of access to food. Changes in food prices have immense consequences for overall household welfare. Prices of basic commodities shot up significantly in most areas during the months of September and October 2021 as shown below.																																						
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Source: Uganda Bureau of Statistics (UBOS), 2021																																							
To reduce food inflation and ensure food security across the country, Government has continued to:																																							
a) Enhance food production and productivity by promoting the uptake of generated technologies for crops, livestock and fisheries through farm demonstrations to improve agricultural productivity and value addition. Government has committed to recruit more agricultural extension workers to ensure that all farmers at sub county and parish level access extension services.																																							
b) Organize and coordinate farmers at Parish/ward level in line with the value chain of the enterprises selected for each parish to form parish-based commodity clusters. Under the Production, Processing and Marketing pillar of the Parish Development Model (PDM), Government will also link the organized farmer groups/associations to the zonal industrial hubs and Industrial Parks to promote agro-industrialization.																																							
c) Promote effective logistics management, dissemination of research findings on soil testing, high-yielding varieties and pest control to address production and productivity constraints through Operation Wealth Creation (OWC). Government has also promoted climate smart agriculture by strengthening surveillance, forecasting and early warning systems in order to reduce the impact of natural disasters.																																							
d) Facilitate appropriate post-harvest handling of cereals and grains to avoid high food losses that result from poor post-harvest handling practices such as poor drying and high moisture content at storage time. This intensifies hunger situations, poverty and food insecurity. Annually, post-harvest losses stand at 2.8m MT of maize, 214,000MT of millet, and 230,000MT of rice. For horticulture produce, the losses are even higher.																																							
e) Promote commercialization of Agriculture through provision of medium and long term financing to projects engaged in agriculture, agro-processing, modernization and mechanization through the Agricultural Credit Facility (ACF). Government established the Uganda Agriculture Insurance Scheme (UAIS) in FY 2016/17, as a Pilot whose objective is to cushion farmers from risks associated with losses arising from natural disasters; and also attract financing to agriculture. Agriculture Insurance encourages commercial banks to lend to the agriculture sector given that the risk associated with agriculture is mitigated through appropriate insurance cover, which thus improves access to agriculture loans.																																							
f) Strengthen social protection measures such as cash and voucher assistance to enhance the resilience of rural food economies and households affected by shocks.																																							

C) Microeconomic Outlook:

The October 2021 rains were below average. Therefore, the second season of crop production is expected to be slightly delayed and the harvest is expected to be slightly below normal in November and December 2021. Higher demand for food stuffs from hotels, restaurants and schools is expected once the economy is fully reopened in January 2021.

MICROECONOMIC ISSUES IN THE NEWS & REPORTS

October 2021

Food Inflation in Uganda

Household Expenditure in Uganda	<p>Ugandan households, on average, spend more than 40% of their income on food and non-alcoholic beverages⁴. However, the share of expenditure on food decreased by 4% between 2016/17 (45.5%) and 2019/20 (42.9%). The second highest expenditure share is that of housing, water, electricity, gas and other fuels category (17.4%) in 2019/20 compared to 16.4% in 2016/17. Other groups that registered increases in the same period include transport (2.7% increase) and communication (1.8% increase).</p>
Fuel Prices in Uganda	<p>Fuel prices contribute to the price of food to some extent, since it affects the transport costs. The increase in prices of diesel and petrol in Uganda since October is attributed to the global rise in prices of crude oil. The global oil prices climbed above US \$80 a barrel by late September 2021. Oil prices may continue to rise amid surging demand and tight supplies. Global comparisons indicate that the price of gasoline in Uganda is relatively consistent with increases seen in other countries. The average price of gasoline, as at 8th November 2021, in Uganda was Ushs 4,284 per litre; Kenya (Ushs 4,248 per litre), Tanzania (Ushs 3,816 per litre), Rwanda (4,104 per litre) and DR Congo (Ushs 3,571 per litre)⁵.</p>
Annual Agricultural Survey 2018 Report	<p>The Annual Agricultural Survey, 2018 confirmed that the agricultural sector is the largest employer in Uganda, and remains essential to ensure the livelihood of the Ugandan population. Approximately 7.4 million households operate agricultural land and/or rear livestock. 80% of the agricultural households engage in crop and livestock production both for own consumption and to generate income, while 9% of the households engage in those activities only for own consumption. As such, agriculture remains the backbone sector for household incomes for a large portion of the population.</p> <p>The report also states that the primary food crops grown in Uganda are maize (55%), beans (54%), banana-food (47%) and cassava (29%). Ugandan soil fertility has reduced and hence needs enhancements since households applying fertilizers are few. The survey unfolds the presence of a gap between men and women in terms of tenure rights over agricultural land. Yet, women work on the land more than men.</p>
Report on “The State of Food Security and Nutrition in the World 2021”	<p>Conflict, climate variability, extremes and economic downturns (exacerbated by the COVID-19 pandemic) are behind recent rises in hunger and slowing progress in reducing all forms of malnutrition⁶. Their adverse influence is made all the more difficult by high and persistent levels of inequality. In addition, millions of people around the world suffer from food insecurity and different forms of malnutrition because they cannot afford the cost of healthy diets.</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

⁴ Uganda National Household Survey (UNHS 2019/20)

⁵ Global petrol prices website

⁶ Report on “The State of Food Security and Nutrition in the World 2021” by Food and Agricultural Organization (FAO)

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status				
Employment	Jobs	Formal Sector ¹	Monthly	677,588 (-0.3%)	Productivity	Literacy Rate (Grade 6) ⁹	Yearly (-1)	76.1%(24.2%)	▲			
		Informal Sector	Yearly (-3)	8,824,252		▲						
		Migrant Workers	Monthly	6,808 (44.7%)		▲						
		LIPW ² (Average)	Monthly	98,783 (-)		▲						
	Incomes	Per-capita GDP (US\$): 2020/21	Yearly	932(1.7%)		▲	Competitiveness	Power Tariff (Ushs per Unit)	Medium	Quarterly	500.6(4.99%)	▲
		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 ³)	Quarterly	3,516 (0%)	▲	Av. Freight Costs (US\$, Mom-Kla, 40ft)		Monthly	3,800 (0%)	▲		
		Power/Domestic	Quarterly	747.5 (0%)	▲	Commercial Case Backlog ^c		Yearly (-2)	1,122 (36%)	▼		
		Data (Ushs, 1GB)	Monthly	5,000	▲	Fuel Prices (Liquid Energy Fuel Inflation)		Monthly	1.9(375%)	▲		
	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		9 (0%)	▲			
	Food Inflation (%)	Monthly	-0.3 (3.1)	▼	Investment Registration (Days)	Yearly		2	▲			
	EFU ⁴ Inflation (%)	Monthly	1.1 (-0.9)	▲	Business Registration (Days)	Yearly		1	▼			
	Residential Property Price Index (RPPI) for GKMA	Quarterly	114.8 (5.6%)	▲	Electricity Connection (Days)	Monthly		30 (0%)	▲			
	Crime Rate (per 100,000):2020	Yearly	502(8.9%)	▼	Water Connection (Days)	Monthly		3 (0%)	▲			
	Equity and Economic Inclusion	Private Pension: Active Members ^f	Quarterly	811,699 (39.5%)	▲	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	84,063 (0.8%)	▲	Data ^d (Unlimited)	Monthly		550,000(0%)	▲			
SAGE (Beneficiaries)		Quarterly	304,555 (0%)	▲	Markets and Regulations	IMF Primary Commodity Price Index	Monthly	192.4(11.48)	▲			
Agent Banking (Transactions) (2020)		Yearly (-1)	34,200,000 (178%)	▲		Average Monthly Net Salary (After Tax)	Yearly	628,611	▲			
Environmental Sustainability	Water Quality (PM _{2.5}) ⁸	Monthly	Low, 15.22 (6.4%)	▲		Retail Sales/EFRI ⁵	Monthly	19.07%	▲			
	Air Quality (PM _{2.5})	Monthly	Moderate, 70.04 (-8.4%)	▼		USE All Share Price Index	Monthly	1487.79 (-2.17%)	▼			
	Noise Pollution (Decibels, Kampala)	Monthly	High, 64.13(0.8%)	▲		New Business Registrations	Monthly	2,330(-19.4%)	▼			
	Seasonal Changes in Rainfall	Monthly	Normal Plus	▲	Local Content	Hotel Occupancy Rate (Kla)	Quarterly	18% (100%)	▲			
	Natural Disaster Incidences	Monthly	N/A	▲		Plant Utilisation Rates (SME-Large Firms)	Quarterly	53.6%	▲			
				MUG Shelf-Presence ⁶		Yearly	N/A	▲				
				Trade Balance ^e (US\$, Millions)		Monthly	-215.3 (-9.8%)	▼				
				Contracts Awarded to Local Providers ⁷		Yearly	74%(26.7%)	▲				

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