

## A) Microeconomic Developments

Issue	Market Updates
<b>Employment</b>	Formal employment returns, as captured under the PAYE Register, reduced by 43.7% from 817,110 employees in May 2024 to 459,398 employees in June 2024. On the other hand, the number of migrant workers captured by the Immigration Department increased by 9.1% from 1,491 migrant workers in May 2024 to 1,627 migrant workers in June 2024.
<b>Living Standards</b>	Monthly inflation for Food & Non-alcoholic Beverages reduced by 0.8% in June 2024 compared to the 0.9% reduction registered in May 2024. Household Final Consumption Expenditure reduced by 15.6% from Ushs 29,292 billion in Q2 FY2023/24 to Ushs 24,720 billion in Q3 FY 2023/24. The quarterly inflation for residential properties of GKMA increased by 1.7% in Q4 FY2023/24, compared to the 0.1% rise registered in Q3 FY2023/24. The rise was attributed to an increase in the residential property inflation of Kampala Central and Makindye that increased by 5.5% in Q4 FY2023/24 from the 0.9% drop registered in Q3 FY2023/24.
<b>Equity and Economic Inclusion</b>	Out of Uganda's estimated working age population (23.4million), only 3.14million persons (15%) are covered by retirement benefits and pension arrangements. Exclusion from retirement benefits arrangements is attributed to many factors for example, many employees do not have any contracts or appointment letters to support their employment status. The NLFS 2021 indicated that 67% of employees in Uganda were employed on the basis of an oral agreement, with only 33% employed on the basis of written agreements. Only 14.5% of employers were paying NSSF for their employees.
<b>Environmental Sustainability</b>	Air quality in Kampala deteriorated significantly, with particulate matter rising by 118% from 17.73 $\mu\text{g}/\text{m}^3$ in May 2024 to 38.15 $\mu\text{g}/\text{m}^3$ in June 2024. The rainfall received in June 2024 was near-normal in most parts of the country.
<b>Productivity</b>	Malaria prevalence increased by 6.3% from 2.84 deaths per 1000 persons in May 2024 to 3.02 deaths in June 2024.
<b>Competitiveness</b>	Monthly inflation for Liquid Energy Fuels decreased by 0.5% in June 2024, compared to the 0.1% rise recorded in May 2024. Investment, as measured by the Gross Fixed Capital Formation (GFCF), increased by 7.8% from Ushs 9,305 billion in Q2 FY2023/24 to 10,030 billion in Q3 FY2023/24. On the other hand, export earnings grew by 2.6% from Ushs 3,307 billion in Q2 FY2023/24 to Ushs 3,392 billion in Q3 FY2023/24.
<b>Markets &amp; Regulation</b>	The IMF Commodity Price Index decreased by 1.24% from 169.4 in May 2024 to 167.3 in June 2024. Additionally, the All-Share Price Index decreased by 5.04% from 1058.4 in May 2024 to 1004.67 in June 2024. New business registrations decreased by 26.8% from 5,688 new businesses in May 2024 to 4,163 businesses in June 2024.
<b>Local Content</b>	Uganda's trade deficit widened by 17.4% from US\$ 309.0 million in April 2024 to US\$ 362.8 million in May 2024. This was attributed to an increase in import bills from US\$ 948.8million in April 2024 to US\$ 1,254.8million in May 2024, mainly driven by an increase in the importation of Vegetable products, Animal, Beverages, Fats and Oil category (from US\$ 97.64million in April 2024 to US\$ 300.75million in May 2024). On the other hand, coffee export earnings increased by 34.7% generating US\$1.14billion (with 6.13m bags exported) in FY2023/24 compared to US\$846million (5.8m bags exported) in FY2022/23.

**B) Policy Response Measures:** This edition of the MIND focuses on Living Standards as a thematic area, with specific emphasis on domestic water.

Objective	Interventions
<p><b>Increased access to safe and clean domestic water</b></p>	<p>Access to safe water reduces morbidity and mortality and enhances the quality of life. According to the 2022 Multidimensional Poverty Index (MPI) Report, the percentage of the population deprived in terms of access to improved water reduced by 5.8% from 34% in 2016/17 to 32% in 2019/20. Over the NDP III period, Government intends to further reduce the percentage of the population deprived of access to improved water and sanitation services. To achieve this, Government has:</p> <ol style="list-style-type: none"> <li><b>1. Expanded National Water and Sewerage Corporation (NWSC) services</b> to increase access to clean water and sanitation services in urban centres. <ol style="list-style-type: none"> <li>a) NWSC expanded its coverage from 27 urban centres (towns, cities and municipalities) in 2013 to 273 urban centres as of June 2023, covering 97 districts.</li> <li>b) The customer base has also increased from 775,794 customers in June 2021 to 857,347 customers in June 2023, representing a growth of 10.5%.</li> <li>c) The total water piped network increased by 52% from 14,466km in 2018 to 22,000km in 2023.</li> </ol> </li> <li><b>2. Enforced water quality control and safety measures to protect water sources from contamination</b> by establishing the National Water Quality Reference Laboratory located in Entebbe, Uganda. The laboratory employs rigorous treatment and testing techniques to ensure that potable water meets international standards required by the World Health Organization. In addition, Government constructed regional laboratories in Mbale (supporting Kyoga Water Management Zone); Mbarara (supporting Victoria Water Management Zone); Lira (supporting Upper Nile Water Management Zone) and Fort Portal (supporting Albert Water Management Zone). A recent laboratory report indicates that the average water quality, by PH, for Kampala water stood at 7.06 in June 2024, within the required national standard (6.5-8.5) for portable water. This is an improvement from the 7.38 PH recorded in May 2024.</li> <li><b>3. Facilitated construction of sewerage facilities to improve sewerage coverage</b> with support from development partners. Sewerage coverage in towns currently stands at 23%, below the NDP III target of 30%. Government completed the Construction of the Nakivubo Wastewater Treatment Plant at Bugolobi with the capacity of 45,000m<sup>3</sup>/day. In addition, Government facilitated the Kampala Sanitation Program Phase I (KSPI) to provide improvements in the urban hygiene and sanitation for the city residents. The Program, among other things, facilitated the construction of a Pre-treatment station in Kinawataka with a capacity of 9,000m<sup>3</sup>/day to carry out preliminary treatment of the wastewater from Nakawa, Ntinda, Banda, Kyambogo, Butabika, Mutungo, Mbuya and Bukoto, before pumping it to the Nakivubo Water and Waste Treatment Plant for full treatment.</li> <li><b>4. Promoted climate resilience in water resource management for sustainability.</b> Government is currently sinking production wells to provide alternative water sources in towns which are prone to drought. In addition, a number of initiatives are being implemented to address the environmental concerns such as source protection, tree planting, community engagement and school children involvement in water and sanitation issues.</li> </ol>

**C) Microeconomic Outlook:** The recent steps that Government is undertaking to diversify the economy project positive signs to bolster economic resilience in the medium term. For instance, the domestic gold purchase program is a strategic move to build foreign reserves, support the mining sector and reduce reliance on volatile external financing.

**MICROECONOMIC ISSUES  
IN THE NEWS & REPORTS**

JUNE 2024

**DOMESTIC WATER AND BUSOGA ZONAL SUMMARY****Domestic  
water  
coverage at  
a National  
glance**

According to the National Water Supply Atlas:

- a) 57% (5,310,012) of 9,306,994 people in urban areas have access to domestic water and 67% (24,201,369) of 35,949,306 in rural areas have access to water as at June 2023. This is a significant increase from 4,527,294 and 20,418,439 people in urban and rural areas respectively with access to domestic water as at June 2016.
- b) The number of functional water sources in urban areas increased by 38% from 9,672 functional water sources in 2016 to 13,299 sources in 2023. Similarly, functional water sources in rural areas increased by 13% from 94,129 functional water sources in 2016 to 105,903 sources in 2023.
- c) The total number of piped water schemes increased by 51% from 52,503 total connections in 2016 to 57,202 connections in 2023. Similarly, the total number of household connections increased by 56% from 4,942 house connections in 2016 to 7,690 connections in 2023.

**Busoga  
Sub-  
Region:**

Economy,  
Public  
Services,  
Industry and  
Domestic  
Water

**Busoga sub-region** is located in the Eastern part of Uganda. The sub-region's population size stands at 4.37 million people (9.51% of the national population as of May 2024). On average, households in the sub-region comprise of 4.8 persons. About 55.2% of the population in Busoga sub-region is in the subsistence economy, slightly higher than the national average of 39.2%.

1. **State of the Economy:** The poverty rate in the sub-region significantly decreased between 2016/17 and 2019/20 from 37.5% to 29.4% respectively. The decrease was attributed to increased access to government programmes, new roads, electricity and improved health care services. On the other hand, income inequality in the sub-region decreased by 1.7% from 0.359 in 2016/17 to 0.353 in 2019/20. The unemployment rate in the sub-region stands at 9.5%, slightly below the national average of 11.8%. The percentage of the employed population in the informal sector stands at 89.8%, above the national average of 88%.
2. **Public Spending and Service Delivery:** The sub-region has one NSSF, URA and Lands office located in Jinja town. In addition, the sub-region has two high court circuits located in Jinja and Iganga.
3. **Local Economic Development:** The leading value chains in Busoga Sub-region are sugar, rice and fish. The sub-region is home to a number of sugar factories such as Kakira Sugar Works, Mayuge Sugar Factory, Kamuli Sugar Limited, Victoria Sugar Limited, Bugiri Sugar Factory, Sugar Corporation of Uganda in Lugazi, among others. The gazetted Industrial and Business Parks (IBPs) under development include Jinja IBP, Kamuli IBP, Iganga IBP and MMP private IBP in Buikwe district.
4. **Domestic water in Busoga sub-region:** The percentage of households with an improved water source in Busoga sub-region increased by 0.75% from 92.7% in 2016/17 to 93.4% in 2019/20 (UNHS). On the other hand, the monthly expenditure on piped water more than doubled from Ushs 6,000 in 2015 to Ushs 15,000 in 2021 (NSDS). Government, through the Busoga Consortium for Development, has upgraded water infrastructure in the sub-region. This includes the development of a modern fish harbor and water transport hub at the Masese Landing Site in Jinja. This project aims to boost the fishing industry by providing modern facilities for fish processing, storage, and marketing, as well as promoting water transport to facilitate trade and mobility within the sub-region and beyond.

Issues	Indicators	Frequency	Status		Issues	Indicators	Frequency	Status		
Employment	Jobs	Formal Sector <sup>1</sup>	Monthly	459,398 (43.7%)		Productivity	Literacy Rate (Grade 6) <sup>11</sup>	Yearly	21.7%(66.8%)	
		Informal Sector	Yearly (-1)	8,796,480			Numeracy Rate (Grade 6)	Yearly	41.2% (-19.1)	
		Migrant Workers	Monthly	1,627 (9.1%)			Morbidity Rate (Malaria Incidence) <sup>12</sup>	Monthly	3.02 (6.3%)	
	Incomes	Per-capita GDP (US\$): 2022/23	Yearly	1,093 (0.46%)			PIP Budget Absorption (GoU, IFMS %) <sup>13</sup>	Yearly	91% (6.4%)	
		Income Poverty (%)	Yearly (-2)	20.3% (-1.1)		Power Tariff (Ushs per Unit)	Medium	Quarterly	459.8(2.47%)	
		Remittances (US\$,M)	Yearly	1,133.94 (-1.76%)			Large		388.5(2.45%)	
Extra Large							328.4(2.43%)			
Living Standards	Utilities (Retail Tariff Rates)	Water (M <sup>3</sup> )	Quarterly	4,224 (13.3%)		Competitiveness	Av. Freight Costs (US\$, Mom-Kla, 40ft)	Monthly	3,500	
		Power/Domestic	Quarterly	819.4(2.77%)			Commercial Case Backlog <sup>14</sup>	Yearly (-1)	6,178 (1.38%)	
		Data (Ushs, 1GB)	Monthly	5,000 (25%)			Fuel Prices (Liquid Energy Fuel Inflation) <sup>15</sup>	Monthly	-0.5%	
	Household Expenditure (HFCE), Ushs Bn	Quarterly	24,720 (-15.6%)		Customs Clearance (Hours)		Monthly	5.13 (0%)		
	Healthcare Expenditure (HH, Ushs)	Yearly (-2)	15,000 (-34.2)		Transit Times (Mom-Kla, Days)		Monthly	4.8 (4.2%)		
	Food Inflation (%)	Monthly	-0.8 (-0.4)		Investment Registration (Days)		Yearly	2		
	EFU <sup>4</sup> Inflation (%)	Monthly	0.0 (6.2)		Export Growth		Quarterly	2.6%		
	Residential Property Price Index (RPPI) for GKMA	Quarterly	107.35 (1.7%)		Electricity Connection (Days)		Monthly	28 (-6.7%)		
	Crime Rate (per 100,000):2023	Yearly	501 (9.6%)		Water Connection (Days)		Monthly	3 (0%)		
	Equity and Economic Inclusion	Private Pension: Active Members	Yearly	733,588 (12.5%)			Investment Growth (GFCF)	Quarterly	7.8%	
Private Pension: Registered Members		Yearly	2,344,737 (5.9%)		Communication Rates	Voice (Ushs Per Sec)	Quarterly	3 (33.3%)		
Public Pension (Beneficiaries)		Yearly	407,515 (-0.61%)		Data <sup>16</sup> (Unlimited)	Monthly	550,000(0%)			
SAGE (Beneficiaries)		Yearly	323,315 (-2.8%)		Markets and Regulations	IMF Primary Commodity Price Index	Monthly	167.3 (-1.24%)		
Agent Banking (Volume of Transactions, Mn)		Yearly	8.8 (2.3%)			Average Monthly Net Salary (After Tax)	Yearly	628,611		
Environmental Sustainability	Water Quality (PM <sub>2.5</sub> ) <sup>5</sup>	Quarterly	Low, 27.21(29.8%)			Retail Sales/EFRIS <sup>17</sup>	Quarterly	84% (31.5%)		
	Air Quality (PM <sub>2.5</sub> ) <sup>6</sup>	Monthly	Low, 38.15µg/m <sup>3</sup> (118.0%)			USE All Share Price Index	Monthly	1004.67(-5.04%)		
	Noise Pollution (Decibels, Kampala)	Monthly	High, 62.96 (9.78%)			New Business Registrations	Monthly	4,163 (26.8%)		
	Seasonal Changes in Rainfall	Monthly	Near Normal		Hotel Occupancy Rate (Kla)	Quarterly	29.1% (-33.9%)			
	Natural Disaster Incidences <sup>7</sup>	Monthly	46,457 (22.6%)		Plant Utilisation Rates (SME-Large Firms)	Yearly	53.6%			
Local Content	MUG Shelf-Presence <sup>18</sup>	Yearly	N/A		Trade Balance (US\$, Millions)	Monthly	-362.8 (17.4%)			
	Contracts Awarded to Local Providers <sup>19</sup>	Yearly	77.12%(26.4%)							

\*Unless indicated all quarterly figures are for Q4, FY2023/24. <sup>1</sup> Active PAYE Register Jobs | <sup>2</sup> Labour Intensive Public Works | <sup>3</sup> Average household expenditure on Primary education | <sup>4</sup> Energy, Fuel and Utilities | <sup>5</sup> Particulate Matter (July 2022) | <sup>6</sup> 0-50 is good | <sup>7</sup> Total number of individuals affected by Natural Hazards | <sup>11</sup> Persons aged 10 years and above | <sup>12</sup> Cases per 1,000 population | <sup>13</sup> Cumulative Absorption in Q2 (31<sup>st</sup> Dec 2023) | <sup>14</sup> December 2021 | <sup>15</sup> Percentage Average change | <sup>16</sup> Average monthly price of data bundles for MTN (170SGB) and Smile (150SGB) | <sup>17</sup> Electronic Fiscal Receipting and Invoicing System | <sup>18</sup> Made in Uganda (MUG) | <sup>19</sup> By Value.