

P220/1
ECONOMICS
2026
3 hours



UGANDA NATIONAL EXAMINATIONS BOARD
Uganda Advanced Certificate of Education

ECONOMICS

Paper 1

3 hours

INSTRUCTIONS TO CANDIDATES

*This examination paper consists of two sections; **A** and **B**.*

*It has **four** examination items.*

*Section **A** has **two compulsory** items*

*Section **B** has two items. Respond to **one**.*

*Respond to **three items in all**.*

*Any additional Item responded to will **not** be marked.*

SECTION A

This section is compulsory.

Item 1

Motor cycle (boda –boda) industry is the primary mode of transport for both rural and urban communities in Uganda. According to Boda-boda Youth Employment Globalisation in Uganda paper (2021), the industry employs about 1.2 million youth in Uganda. Many youth have joined the boda-boda business because it operates freely with minimal restrictions from government. The Local Authority in your district is concerned that if the boda-boda business is not controlled, it will negatively affect the people.

Meanwhile, Jja who owns a medium size wheat mill, produces and sells wheat flour to neighbouring households and shops in the area. The demand for the wheat flour has overtime increased from 3 to 5 tonnes per day due to its high quality. This has made it easy for him to increase the price per kilogram from shillings 4500 to shillings 6800. Despite the increase in price, the demand for the wheat flour is also increasing. Jja is concerned about meeting the increasing demand for his product.

Task:

- (a) Evaluate the business and propose to the Local Authorities the strategies for addressing their concerns.
- (b) Assess the trend of Jja's business and advise him on the measures he can adopt to solve his challenge.

Item 2

Bega, a farmer in Kayunda District, grows maize and beans for home consumption on two acres of land. Most of the work on Bega's farm is done by his family members using simple tools like pangas and hoes. However, due to the increasing cost of living, Bega is planning to expand his production and sell part of his output to meet his family needs but is uncertain of how to achieve it.

In the same district, demand for essential commodities has increased and consequently led to establishment of highly competing firms. The firms persuasively attract customers through branding, product differentiation and promotinal strategies. However, the firms speculate that this competition is likely to have an impact on price and their profit levels. Some of the firms are uncertain of the quantity of output to produce, and the price at which to sell their products in order to maximise profits in the long run.

Task:

- (a) Examine Bega's plan and advise him on measures he should take to achieve his goal.
- (b) Based on the market structure in the scenario, use illustrations to guide the firms how to determine output, price and profits.

SECTION B

Respond to one item from this section.

Item 3

Mpala City is experiencing rapid population growth due to high birth rates and increased rural urban migration. The Mpala City Authority (MCA) has expressed concern about the impact of this population trend on the social infrastructure especially inadequate water, electricity supply, housing, and high cost of food. MCA is seeking for interventions to reduce these challenges.

The high cost of living in Mpala City has forced workers of the Mercy Textile factory to constantly demand for higher wages. Due to the rising labour costs, management of the textile is planning to instal modern factory machinery to reduce on the number of workers it currently employs. This has got workers worried and are seeking guidance to respond to the management's plan.

Task:

Use the knowledge acquired from your economics study to;

- (a) formulate strategies to reduce the challenges experienced in Mpala City.
- (b) assess the situation in Mercy Textiles factory and guide workers how to respond to the management's plan.

Item 4

According to African development Bank Policy on Population (2021), Mauritania is one of the countreis with low population density in Africa. The sparce population hinders economic development due to limited domestic labour force, high per capita costs for infrastructure, unchecked rural-urban migration that overwhelm the towns, social and economic exclusion and shortage of skilled human capital. Consequently, thes limit labour for industrialisation, prohibits high infrastructure development and cause difficulty in delivering accessibl public services.

The Youth (ages 15-24) face the most severe challenges if unemployment raise up to 17.9% (Uganda Bureau of Statistics(UBOS,2025). Most of the youth working in Ugandan factories face severe challenges such as poor working conditions, low wages, working long hours, lack of job security and limited access to formal contracts (UBOS Labour Market Survey Report, 2025). The youth feel exploited and are seeking guidance on how to address their challenges.

Task:

Use the knowledge acquired in your economics study to;

- (a) examine the situation in Mauritania to formulate strategies that can be taken to address the concerns.
- (b) assess the youth's concerns and propose measures that can be adopted to solve their challenges.