



**UGANDA NATIONAL EXAMINATIONS BOARD**  
**Uganda Advanced Certificate of Education**

**P220/2 ECONOMICS**

**SCORING GUIDE**  
**FOR THE SAMPLE PAPER**

### **Item 1( a)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- prepare a presentation to guide the government on the strategies that can be adopted to solve the concerns in the scenario.
- present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 12 responses = 8 and above will be a high achiever.

### **Possible Responses**

Strategies that can be adopted by the government of Uganda so that farmers are convinced to continue with their activity are analyzed below;

- Provide incentives through giving soft loans, and improved seeds and animal breeds.
- Widening the market for agricultural output both local and foreign.
- Promote cooperative movements/Marketing boards to strengthen storage and marketing
- Extension services to farmers to educate them on better farming methods
- Improve infrastructure to reduce transport costs and increase accessibility to market
- Ensure political stability in all areas.
- Technological advancement/Mechanization.
- Provide irrigation services to ensure continuous production and increase yields / reduce overreliance on nature.
- Carrying out agricultural research to improve output.
- Improving land tenure system which increases access to land for agricultural production.
- Diversification in agriculture to offset the effects of hot fluctuation.

### **Item 1 (b)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- prepare a presentation to guide the government on how to overcome the fluctuating prices in the scenario.

Present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 9 responses = 6 and above will be a high achiever

### **Possible Responses for Solutions to fluctuating prices.**

- Processing products for export market or adding value to exports
- Signing / strengthening commodity agreement to ensure stable prices in the foreign Market for a long period of time
- Diversification of export base to ensure steady market e.g., fish, horticulture
- Promoting regional integration – widening the market both local and foreign to guard against fluctuations in the Market.
- Boosting foreign direct investment and remittances
- Infrastructure improvement that is Transport ICT, energy
- Establishing internal resources to reduce on external borrowing.

- Managing the limits within which foreign exchange can fluctuate.

### **Item 2 (a)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- analyse and explain measures that can help government to address concerns of National Planning Authority (NPAs) in the scenario.
- present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 8 responses = 6 and above will be a high achiever

### **Possible Responses**

**a)** Measures that can help government to address concerns of National Planning Authority (NPAs)

- Strengthening institutional capacity through training to promote efficiency and accuracy.
- Enhancing resource mobilization and allocation i.e.
- Introducing performance-based budget.
- Improving governance and leakage to reduce leakages and diversion of funds.
- Effective monitoring and evaluation with clear indicators and checklist for economic plan.
- Improve the political will and stakeholders' engagement to partly promote implementation and ensure ownership to avoid duplication.
- Using advanced technology to reduce delays, monitor projects and provide timely feedback for project and service delivery.
- Implement plans in phases and prioritize focus on key sectors before expanding to other sectors.

### **Item 2(b)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- states the formula and calculate the amount of taxes to be paid by Nagawa in the scenario.
- present at least 2/3 of the expected responses. For example, a learner who computes 2/3 of 6 taxes = 4 correctly and above will be a high achiever.

### **Possible Responses**

**(i) Customs' Value** = (Cost of insurance + freight) × Exchange rate

$$= (2000 + 200 + 500) \times 3700$$

$$= 2500 \times 3700$$

$$= \text{UGX } 9,250,000$$

**(ii) import duty** = Import duty rate × Customs' value

$$= 25/100 \times 9,250,000$$

$$= \text{UGX } 2,312,500$$

**(iii) VAT** = VAT rate × VAT value (Customs value + Import duty)

$$\begin{aligned}\text{VAT} &= (9,250,000 + 2,312,500) \\ &= 18/100 \times 11,562,500 \\ &= \text{UGX } 2,081,250\end{aligned}$$

**(iv) Withholding tax** = withholding tax rate × Customs value

$$\begin{aligned}&= 6/100 \times 9,250,000 \\ &= \text{UGX } 555,000\end{aligned}$$

**(v) Environmental levy** = Nil.

**(vi) Total taxes payable** = Import duty + VAT + withholding Tax

$$\begin{aligned}&= 2,312,500 + 2,018,250 + 555,000 \\ &= \text{UGX } 4,985,750\end{aligned}$$

### **Item 3(a)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- analyse and suggest measures that can be adopted to address challenges identified by UBOS in the scenario.
- present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 10 responses = 7 and above will be a high achiever

### **Possible Responses**

- Provision of universal free subsidized key sectors of upriser
- Progressive tax system
- Agricultural modernization – development / improvement for people to access income.
- Small and Medium enterprise support for job creation to skilled, semiskilled and unskilled labour
- Promoting trade and industry to create jobs and expand markets
- Transparency in resource allocation improving accountability / fighting corruption –
- Promoting community participation – to involve community in decision making and planning in order to ensure policies reflecting the local needs.
- Supporting low-income earners through government programs such as PDM, Emyooga, etc.
- Infrastructural development for economic activities that bring out employment
- Financing disadvantaged regions for development e.g. Ministry of Karamojong affairs

### **Item (3b)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- analyse the scenario and advise policy makers on strategies for solving challenges in the scenario.
- present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 10 responses = 7 and above will be a high achiever

### **Possible Responses**

- Subsidize producers to reduce costs of production and increase supply.
- Increase local production of goods and services by offering incentives to the private individuals.
- Gov't should set up its own industries to increase local production.
- Increase level of agriculture output through irrigation schemes, fertilizers, etc.
- Import capital goods to set up industries to increase production.
- Proper allocation of resources to productive activities.
- Reduce government expenditure on non-productive activities. Prioritize government expenditure on only productive activities.
- Boosting Infrastructure like Energy, roads, this reduces production costs and boosts production.
- Limit borrowing to finance only priority areas / activities / sectors to reduce emergency
- Agricultural improvement / transformation / modernization aiming at boosting the agricultural sector.
- Implement policies that stabilize price e.g. price control. Market regulation, encouraging competition, etc.

### **Item 4(a)**

To attain the highest level of achievement, the candidate is expected to:

- read the scenario
- analyse and suggest measures that should be taken to enable the team in the scenario to collect accurate national income data.
- present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 10 responses = 7 and above will be a high achiever

### **Possible Responses**

- Training more people in handling statistics/improve skills of data collectors / hire more skilled
- personnel to collect data
- Acquiring more equipment / machines / data collection gadget / improve technology to reduce human errors cross-checking figures from multiple sources to validate estimates
- Establishing mechanism for periodical updates and revisions to correct errors and include new information.
- Allow external reviews by regional statistical bodies to ensure credibility.
- Well defined boundary of production to avoid double counting
- Maintain political stability in all areas to ensure security of life and equipment of data collectors
- Improve infrastructure to ease movement of data collectors.
- Attach a lump sum monetary value on previously unpaid for services e.g. house hold services of house wives.
- Enforce laws to capture income of nationals abroad

**Item 4(b)**

The candidate is expected to:

- Read the scenario
- Examine and propose actions Bank of Uganda should take to address the challenge in the scenario.
- Present at least 2/3 of the expected responses. For example, a candidate who gives 2/3 of the 10 responses = 7 and above will be a high achiever

**Possible Responses**

- Raise the central bank rate to increase the interest rate to reduce lending by commercial banks
- Open Market operations i.e. selling more government securities E.g. bonds, treasury bill etc. to absorb surplus money from the public to encourage growth of Capital Markets
- Increasing the legal reserve requirement to reduce excess liquidity in commercial banks
- Aligning the government borrowing with monetary policy goals i.e. reducing excessive deficit financing
- Raise the cash ratio to reduce excess loanable funds
- Raise the Margin requirement to make it very expensive for people to borrow.
- Persuade banks to control excess lending or to lend only to priority sectors
- Request for supplementary resources from commercial banks in periods of excess supply of money
- Direct action to non-responsive commercial banks e.g. refusal to clear their cheques, refusal to re-discount bills of exchange
- Regulate issuing of currency (printing of currency) to match the available economic activities