

A COLLECTION OF ECONOMICS MOCK ITEMS

1. JJEB-JINJA JOINT EXAMINATIONS BOARD
2. WAKISSHA - WAKISO SECONDARY SCHOOL
HEADTEACHERS' ASSOCIATION
3. KASSEC-KAYUNGA SECONDARY SCHOOLS
EXAMINATIONS COMMITTEE
4. KAMSSA JOINT MOCK EXAMINATIONS
5. UMTA- UGANDA MUSLIM TEACHERS' ASSOCIATION
6. UTEC- UGANDA TEACHERS EDUCATION CONSULT
7. ASSHU- ASSOCIATION OF SECONDARY SCHOOLS
HEADTEACHERS' OF UGANDA
8. TESSMEA – TESO SECONDARY SCHOOLS MOCK
EXAMINATIONS
9. GAUGE-CALLIPER EXAMINATIONS BOARD
10. UEBETA - UGANDA ECONOMICS AND BUSINESS
EDUCATION TEACHERS ASSOCIATION
11. STEM EXAMINATIONS BOARD MBARARA
12. TAEB-TORORO ARCHDIOCESE EXAMINATIONS
BOARD
13. RWENZORI REGION ASSESSMENT BOARD
14. WAKATA- WAKISO-KAMPALA TEACHERS'
ASSOCIATION
15. WENSSEC- WEST NILE SECONDARY SCHOOLS
EXAMINATIONS COUNCIL

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“Brains build economies”

SUMMARY STRUCTURE OF A LEVEL ECONOMICS ASSESSMENT (CBC)

Assessment aims at determining the learner's ability to analyze and interpret economic concepts in relation to how individuals, businesses and government make decisions in regard to use of scarce resources.

CONSTRUCTS VS TOPICS IN SYLLABUS

There four constructs as shown in the table;

NO.	CONSTRUCT	TOPICS
C ₁	Resource allocation	1. Introduction to economics 2. Price theory
C ₂	Economic strategy	3. Economic growth, development and development theories 4. Economic development strategies 5. International trade
C ₃	Economic planning and policy	6. National income 7. Public finance and fiscal policy 8. Money, Banking and inflation 9. Economic development planning
C ₄	Production and labour dynamics for production	10. Production and market structures 11. Population, labour unions and employment

PAPER ONE STRUCTURE

- It is divided into two sections

SECTION A

- Contains 2 compulsory items (questions) drawn from construct one (resource allocation)

SECTION B

- Contains 2 items drawn from construct 4 (population and labour dynamics) and learner chooses one item

PAPER 2 STRUCTURE

- It is divided into two sections also

SECTION A

- Consists of two compulsory items drawn from construct two of economic strategy.

SECTION B

- Consists of 2 items drawn from construct 3 (economic planning and policy) and learner chooses one item.

CONSTRUCT ONE
(RESOURCE ALLOCATION)

ITEM 1

In recent years, several urban authorities in Uganda have invested in public street lighting, drainage systems, security patrols, and road maintenance to improve public safety and support business activities. These public services have benefited both residents and traders by improving movement, reducing crime and creating a more conducive business environment. However, in one trading Centre in Jinja District, some streetlights have stopped functioning due to vandalism and poor maintenance. Some residents argue that they should not contribute towards protecting or maintaining the facilities because everyone can benefit from them whether they contribute or not. The local authorities are concerned about the situation and have organised a meeting to devise ways of sustaining the services following the deterioration of these services, traders have reported a decline in the number of customers visiting the trading Centre, particularly during evening hours. Many consumers now avoid the area because of security concerns and poor visibility at night. Nakato, a fruit vendor, has experienced a noticeable reduction in sales and is worried that the decline in customer turnout will further reduce demand for her products. Nakato and other traders are seeking for practical measures that can help her attract and retain customers despite the challenges facing the trading Centre.

Task:

- (a) Advise the local authorities in Jinja on measures they can adopt to address the objective of the meeting.
- (b) Suggest measures that Nakato and other traders could adopt to address their concern despite the challenges highlighted in the scenario

ITEM 2

Masa is a small holder farmer in Bukhulo Sub County, Sironko District, Eastern Uganda. He owns six acres of land. With this land he grows beans on 2 acres and maize on 4 acres, from which the harvest is 1 tonne of beans and 4 tonnes of maize grain respectively. The market prices for beans and maize are Shs. 3,000 and Shs. 1,000 respectively.

His friend Joshua advised him to grow beans on 4 acres and maize on 2 acres. Another friend Mike has also advised Masa to grow beans on 3 acres and maize on 3 acres. Unfortunately, Masa does not know which advice to adopt.

Meanwhile Masa has approached the Sub County Extension Service Office to help him determine the best alternative/option to enable him earn the maximum revenue, and the officer has advised Masa to consider market prices so as to achieve his goal.

Task

- (a) Assist Masa to prepare and interpret a transformation curve to address the Extension Service Office's advice.
- (b) Using the advice of the Extension Service Officer, help Masa to determine the best alternative that will enable him achieve his goal.

ITEM 3

Fahab is a fuel firm in Kumi Municipal Council in Eastern Uganda and he is competing with other fuel firms like Shell, Hass, etc. In the initial stages, the management of Fahab has observed that the firm is making insufficient profits and he is seeking the services of a business consultant who has advised the management to increase its production capacity to maximize sales and profits.

Meanwhile Oilcom, a fuel firm in the same Municipality, is in the same industry, competing with a few large firms with a large capital base, price rigidity and product differentiation. The management of Oilcom has observed with concern and has sought advice of

business experts so as to address its concern of stiff competition and small market. Its challenge is to fix a profit-maximization position that will enable it earn revenue that covers costs equally.

Task

- (a) Help Fahab fuel firm on how to address the advice of the business consultant.
- (b) Assist Oilcom to illustrate and determine the price and output levels that address its concerns or challenges.

ITEM 4

Nakaseke farm operates on a fixed piece of land on which they have coffee and matooke for sale. The two activities are done on the whole piece of land at any particular season. Despite having production of coffee and matooke at full potential, the farm manager is not contented with the sales attained from his produce. He is not sure of what to do in order to expand the farm's production possibility.

This farm manager together with all the other coffee farmers in Nakaseke have reported certain limitations such as poor roads, poor storage facilities, over-reliance on natural conditions, coffee prices being dictated by the traders who buy coffee from farmers, and over-reliance on growing only coffee production. Because of the above, whenever coffee production increases, the coffee prices fall and in other seasons when coffee production falls, coffee prices increase. The coffee farmers are seeking help on how they can solve the identified limitations in order to make coffee prices stable. You have been called upon to provide advice.

Task

- (a) Help the farm manager to achieve his aim about the farm's production possibility.

- (b) Advise the coffee farmers on how they can solve the challenge they are facing.

ITEM 5

L.K Company Limited is the only factory that makes soft drinks located in Kibria Town. It does not have competitors because other people lack capital to start this type of business in the area. The company employs many workers but the CEO of the company is not contented with the number of bottles produced by each worker per day. He does not know how to improve the situation.

The stakeholders of this company have demanded for an analysis about the number of bottles, the price level and the level of production costs that will enable the company get the highest possible level of profits. The CEO does not know what to do in order to acquire the required information.

Task

- (a) Help the CEO to come up with ways of improving the situation concerning the workers in the scenario.
- (b) How can the CEO determine the information required by the stakeholders?

ITEM 6

The Kikuube District Local Government has received UGX 8 billion from the central government to promote socio-economic transformation. However, the funds are insufficient to finance all the proposed projects. Community leaders have identified the urgent need to construct a modern health centre, rehabilitate feeder roads to farming communities, expand irrigation schemes, and equip government secondary schools with science laboratories. After several consultations, the district council decided to prioritize the irrigation project and road rehabilitation, leaving the other projects

to be implemented in the next financial year. Some residents have questioned the decision, arguing that healthcare and education should have received first priority.

Meanwhile, Fresh Harvest Uganda Ltd, a company dealing in the processing and packaging of fruits, has experienced a sharp increase in demand for bottled fruit juice following the government's campaign encouraging consumption of locally processed products. At the same time, prolonged drought in major fruit-producing districts has reduced the supply of mangoes and oranges to the factory. Consequently, the company has increased the price of its products, while supermarkets have reported shortages of fruit juice on their shelves. Consumer associations have appealed to the government to intervene and stabilize prices.

Task

- (a) Examine the resource allocation decision made by Kikuube District Local Government and propose measures that can ensure efficient utilization of scarce resources for sustainable socio-economic development.
- (b) Assess the market situation facing Fresh Harvest Uganda Ltd and advise the government and the company on the measures that can be adopted to stabilize prices and ensure a sustainable supply of fruit juice.

ITEM 7

The Government of Uganda has invested heavily in industrial parks in Namanve, Mbale, Gulu and Mbarara to promote industrialisation and create employment opportunities for the country's rapidly growing youthful population. Although several manufacturing firms have expanded production, employers report shortages of skilled labour, frequent industrial disputes, absenteeism and low labour productivity. Trade unions have demanded higher wages, improved working conditions and greater job security due to the rising cost of

living. The Ministry of Gender, Labour and Social Development has expressed concern that failure to address these challenges could undermine employment creation and industrial growth.

Meanwhile, Fresh Harvest Uganda Ltd, a company processing fruits into juices, has experienced a steady increase in demand from supermarkets, schools and neighbouring East African countries. To satisfy the growing market, the company plans to increase production by installing automated processing equipment and expanding its factory. However, management is uncertain whether to continue operating in its current highly competitive market or pursue strategies that would increase its market power. The Board of Directors has invited economic consultants to advise the company on the most appropriate production and market strategies for long-term profitability.

Task

- (a) Examine the labour market situation in the scenario and propose measures that can be adopted to improve employment, labour productivity and industrial harmony in Uganda.
- (b) Assess the production and market situation facing Fresh Harvest Uganda Ltd and advise the company on appropriate production and market structure strategies that will enable it to maximise output, competitiveness and long-run profits.

ITEM 8

Various combinations of two commodities namely textile and foodstuff can be produced in a country when all the available resources are efficiently employed using a given desired level of technology. This concept can be used to illustrate economic growth. A shift of the curve to the right denotes economic growth while a shift to the left means the size of the economy has reduced.

The amount of goods and services producers are willing to offer for sale in the market depends upon several factors. Asiku is the largest

supplier of beef and dairy products in Pawor Town Council. He rears hundreds of cattle on his 5-acre farm using local herdsmen. After realizing that his supply was not meeting the local demand, he contacted the District Production Officer of Madi Okollo to help him address the challenge because the drop in sales was also affecting his profit margin.

Task

- (a) Analyse the factors that cause the curve to shift to the right and to the left.
- (b) Advise the District Production Officer on the measures he can propose to help Asiku resolve the challenge he is facing.

ITEM 10

According to the National Housing and Population Census Report (2024), Karamoja Sub-region has the highest proportion of households living within the subsistence sector at 70.9%.

Odengwar's household produces few commodities for home consumption only and he is unable to provide all the basic needs of his family. This is the situation in most households. The Chairman LCV of Karenga District has tasked the District Planning Officer to find ways of getting more households into the money economy.

Meanwhile, Majid is the only hardware dealer in Karenga Town Council. Consumers have realized that he charges higher prices than those in Moroto Town Council, yet it is difficult for them to transport the products from there. The consumers, through their association, have complained to the District Commercial Officer about this exploitation. The District Commercial Officer now has the task to ensure that normal prices prevail in the market.

Task

- (a) As a student of Economics, suggest measures that can be adopted to solve the challenge of many households being in the category stated in the above scenario.

(b) What intervention can the District Commercial Officer put in place to address the concerns of the consumers in the region?

ITEM 9

In Uganda, both the government and private individuals participate in the ownership of resources and production of goods and services. While private businesses are free to make production decisions, the government regulates their activities, checks standards and ensures consumer protection. However, people have expressed concern over the rising prices and substandard quality of some brands of laundry soap on the market. They have therefore requested an economic advisory team to assess the possible effects of the proposed intervention and recommend appropriate measures.

Meanwhile, in response to the rising price of laundry soap, the Ministry of Trade proposed introducing a maximum price of Shs. 4,000 per bar, down from Shs. 5,500. Manufacturers and traders argued that the proposed price would make it difficult for them to recover production costs. The Ministry is concerned that if the policy is implemented, it may discourage production, reduce market supply and create shortages. It therefore requested an economic advisory team to recommend measures for addressing the emerging market problem.

Task

- (a) Using the scenario, advise the Parliamentary Committee on Trade on measures that can be adopted to improve the performance of the prevailing economic system.
- (b) Advise the economic advisory team on measures that should be considered before implementing the proposed pricing policy.

ITEM 11

The management of Murchison Falls National Park observed fluctuations in the number of tourists visiting the park over the past four years due to changes in entrance fees. To determine the most

suitable entrance fee that would maximise revenue for management of the park, the management experimented with different fees and recorded the following data:

Entry fee per tourist (Shs)	Number of tourists	Total Revenue (TR)	Average Revenue (AR)	Marginal Revenue (MR)
120,000	5,000			
100,000	6,500			
80,000	7,800			
60,000	9,200			

Although lower entrance fees attracted more visitors, management was unable to determine the fee that would generate the highest total revenue. Consequently, the Finance Manager requested the accounts department to analyse the revenue information and recommend the most suitable entrance fee.

Since Murchison Falls National Park is the only wildlife protected area with unique animals in that location, it proposed charging different entrance fees to Ugandan citizens, students, East African residents and foreign non-residents, since these categories varied in their ability to pay. However, members of the Board were concerned that the proposed pricing policy might fail if the necessary conditions were not put in place. They therefore requested a Tourism Consultant to advise on the conditions required for the successful implementation of the proposed pricing policy.

Task

- Using the information provided in the scenario, recommend to Murchison Falls National Park the entrance fee that would generate the highest total revenue by completing the table.
- Advise the Tourism Consultant on the conditions necessary for the successful implementation of the proposed pricing policy.

ITEM 12

Various countries operate their economies basing on different forms of resource allocation. However, in Uganda, many people are uncertain of the mechanism of resource management being followed in Uganda, though it is evident that many of them engage in production of various commodities. This arrangement has been abused by individuals in the business community, which has compelled the state to take charge entirely of resource management. Nationals are hesitant about this decision. The Minister for Finance has called for a meeting with the stakeholders to address the issue.

Further still, Ugandans engage in trading activities including trading in maize flour and beans. However, many traders of maize flour and beans are concerned due to the fact that many traders have persistently been able to put just a few of these items on the market. This has raised the attention of the Minister for Trade, who has called for a meeting with these traders to address the issue.

Task

- (a) Prepare a presentation to convince the nationals about the government decision.
- (b) Suggest strategies that can be taken to address the issue at hand.

ITEM 13

A ceramics factory in Entebbe has always hired many people for their services in different capacities. Many of these people hired by the factory have always stayed for quite a long period of time without thinking otherwise, although they have always been seduced by their friends working elsewhere to join them. This has always bothered their friends and they have consulted you on this matter.

In the same factory, many goods are manufactured. Each good is named after the factory name and they serve similar purposes with those produced by many other factories by other businessmen in the ceramics family in Uganda. However, some people in Uganda are against the existence of such ventures. This has raised the concern of

the Minister for Trade, who has called for a meeting with district chairpersons and other stakeholders about the issue.

Task

- (a) Suggest measures that can be taken by friends to handle the problem in the scenario.
- (b) Prepare a write-up to convince the people in the scenario.

ITEM 13

Okello Millers is a sole firm with patent rights to produce and sell maize flour in Gulu District and neighbouring areas. Over the years, the population of the district has increased and the demand for maize flour has grown due to the rising number of households, schools, restaurants, and relief agencies that depend on the product as a staple food. As the only supplier in the area, Okello Millers has enjoyed a large market share and has consistently earned super normal profits. The owner now intends to use part of these profits to establish a new branch in another district. The Head of Planning Department has identified two possible locations.

Location A (Pakwach)

- (i) Located near major maize-producing areas.
- (ii) Land for factory construction is relatively cheap.
- (iii) Electricity supply is reliable.
- (iv) The area is far from the firm's major markets.

Location B (Arua City)

- (i) Located close to a large and growing market.
- (ii) Has good road networks and communication facilities.
- (iii) Labour is readily available.

(iv) Land and rental costs are relatively high.

(v) Maize suppliers are located far away, increasing the cost of obtaining raw materials.

The owner has enough capital to establish only one branch and wants the location that will maximize profits in the long run.

Meanwhile, residents of Obongi District are increasingly dissatisfied with Okello Millers. They argue that the firm charges excessively high prices for maize flour despite facing no competition. They also complain about declining product quality and inconsistent packaging standards. Since Okello Millers is the only supplier in the area, consumers have limited alternatives. Consequently, residents have petitioned the District Commercial Officer (DCO) to intervene and protect their interests.

Task

- (a) With justification, recommend the most suitable location for the new branch.
- (b) Propose measures that can be adopted by the District Commercial Officer to address the concerns raised by the residents of Obongi District.

ITEM 14

The economic system in Uganda allows private and public ownership, control and allocation of the productive resources. This system has led to increased production of a variety of goods and services, created employment opportunities and revenue to the government. However, despite all these positive contributions, the growth of the private sector has brought a big concern in the economy, for example overcharging people by profit-greedy private business owners. The masses have decided to put government under pressure to take over ownership of all productive resources and direct all economic activities on behalf of the citizens by borrowing

a leaf from countries like the Republic of China and Republic of Cuba, among others, where such a system has yielded positive results.

In addition to that, during the 1st quarter of the year 2026, the demand for meat in Kampala decreased from 2,000,000 kilograms to 1,500,000 kilograms. This was due to a sudden increase in price from UGX 16,000 to UGX 20,000. This decline in demand has caused a serious concern to the meat dealers.

Task

- (a) Propose an economic system that would meet the desires of the masses and analyse its implications on the economy.
- (b) Analyse the situation and compute the relevant elasticity and give your comment on the result.

ITEM 15

The central districts of Uganda have mainly concentrated on production of selected agricultural produce such as coffee, bananas plus cereals like beans and maize, this leaving other products to be handled by other regions of the country. This has come along with a number of issues.

Additionally, because of the privatization move in Uganda that started in 1992 being implemented under the Public Enterprise Reform and Divestiture (PERD) programme, many firms that were producing unique goods and services without close substitutes and those that were few in the industry, such as fuel stations, have changed their ways of operation. Many firms today produce differentiated products, characterized by freedom of entry and exit, brand loyalty by consumers, make their own prices and advertise persuasively and extensively. But the challenge is that most of their owners do not know how to determine output, price and profits made by these firms for appropriate decision making.

Task

- (a) Provide an assessment of the implications of the concentration described in the scenario.
- (b) In line with the current market structure described in the scenario, use an illustration to guide the firm owners on how to determine output, price and profits in the long run.

ITEM 16

The government of Uganda rolled out a programme of building Seed schools, health centres and hospitals, as well as providing safe water to all districts across the country, with the aim of increasing access to public goods and improving the social welfare of citizens. Despite government effort to achieve this, many challenges have persisted, hence negatively affecting the implementation of the programme. Such challenges include low level of accountability by officials at local governments, frequent occurrence of natural calamities, bad roads, limited funding and insecurity in some parts of the country. Many citizens are concerned about the failure of government to provide these basic services and are seeking practical solutions.

Meanwhile, Mr. Opio and Mr. Ocom are two popular businessmen in Agago Town dealing in retail items and other household goods. At the beginning, the demand for their products was high, but of recent they started experiencing a decline in demand. This was attributed to a number of factors. It was observed that they started reducing the quality of their products, they were charging high prices for their products, they were selling very limited varieties of items which were not of people's tastes and preferences, they would open their shops late in the day at 10:00 a.m. and close at 3:00 p.m., thus limiting the time of operation, they were also very harsh to the clients. Above all, their terms and conditions were not friendly to their clients, strictly selling on a cash basis.

Task

- (a) As a student of Economics, suggest measures that government should take to address the concerns of the citizens.
- (b) Propose strategies that should be adopted to address the challenges faced by Mr. Opio and Mr. Ocom.

ITEM 17

In Uganda, the majority of the firms dealing in processing agricultural products, manufacturing, among others, mainly operate on small scale. Such firms are mainly located in urban areas, existing alongside medium and large scale firms, hence facing stiff competition. These firms wish to grow and expand the scale of operation so as to enjoy economies of scale. However, this is not possible due to a number of obstacles. The owners of small-scale firms are appealing to the government of Uganda for assistance.

Meanwhile, in Busia District in Eastern Uganda lives a Chinese investor with his friend dealing in production of iron sheets. At first, their company was doing very well, earning an average of 10 million shillings as profit per month; however, in the past four months, he began realising a decline in profits from 10 million shillings to 6 million shillings per month. It was observed that the Chinese investor started producing low-quality iron sheets after realising that he was the only producer and supplier of iron sheets in the region. Due to lack of competition he charged high prices and employed very few workers whom he underpaid and kept on firing and replacing. The region also started experiencing shortages in supply of iron sheets during the time of factory breakdown and routine maintenance. The above situation caused concerns from the people of Busia, who then approached the district authorities to forward their issues to the government.

Task

- (a) Propose interventions that government should undertake to address the concerns of the owners of small-scale firms in Uganda.
- (b) Suggest measures that the government should take to address the concerns of the people of Busia District.

ITEM 18

In Uganda, productive resources are individually owned and the allocation of those productive means is by the free interplay of market forces of demand and supply. As government plays a limited role in the economy, vital public and merit goods are in short supply because the private sector invests only in profitable ventures. Members of Parliament on the Social Services Committee have tasked the Ministry of Finance, Planning and Economic Development to rectify the situation.

Okot is an investor in Nwoya District who specializes in the production of sugar. He supplies most of the sugar consumed in the District using sugarcane from his plantation of 30 acres of land. He is concerned that he is unable to maintain his share of the market because of increasing competition amidst the low productivity of local sugarcane. He has requested the District Production Officer to guide him on how to address this challenge. You have been approached by the Ministry of Finance, Planning and Economic Development.

Task

- (a) Propose measures that can be taken to address the concerns of the members of Parliament.
- (b) Suggest the possible guidance that can be given to Mr. Okot in the scenario.

ITEM 19

According to the 2024 National Housing and Population Census, Karamoja is the least populated sub-region in Uganda with 54 persons per square kilometre. This negatively impacts the prospects for economic growth and development because of low levels of economic activities and narrow markets. The Chairperson LC5 of Kaabong District has written to the district officials charging them with the responsibility of attracting more people.

Meanwhile, in Abim, another district within the sub-region, the climatic conditions are harsh and the youth get employed far from the sub-region. This leads to low incomes and high crime rates. This has attracted the attention of the Resident District Commissioner, who has approached the Ministry of Gender, Labour and Social Development to address the issue. You have been approached, using your knowledge of Economics.

Task

- (a) Suggest strategies that can be adopted by the district officials to solve the challenge being faced in Kaabong District.
- (b) Analyse the possible interventions that the Minister of Gender, Labour and Social Development can undertake to address the concerns of the residents in the scenario.

ITEM 20

The government of Uganda has increasingly embraced market-oriented economic reforms since the 1990s. This enables individuals and firms to make economic decisions, leaving prices of goods to be determined by forces of demand and supply. The government has liberalized the economy to have a more vibrant private sector but still holds responsibility to avail the citizens with public goods such as roads, street lights in urban areas, national defence as well as maintaining law and order. This is not an easy task for the government because some citizens are dissatisfied with these

government services to the extent of staging demonstrations and threatening to join rebel groups because they are inadequate, yet citizens need more of these goods for peace and prosperity.

Meanwhile, the principal farmers in Ankole region deal in a variety of agricultural products like coffee, maize, tea, and beans, but the prices of these products keep on changing from time to time. This has made investment in agriculture uncertain and has frustrated small-scale farmers.

At a meeting with government officials from the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF), farmers have raised their concern and threatened to abandon agriculture for other activities. As a student of Economics:

Task

- (a) Propose the possible measures that can be implemented by the government to address the concerns of the citizens in the scenario.
- (b) Suggest strategies that can be adopted to address the concerns of farmers in the scenario.

ITEM 21

Ntake Bakery is a prominent bread factory that produces high quality bread which is sold in different parts of the country. In the factory, workers are assigned various tasks like sorting bread, processing, packaging, quality inspection and distribution. As the scale of production expanded, management observed changes in the speed of work, output levels and product quality. In a meeting with staff, the supervisor noted that the arrangement of assigning specific tasks to different workers greatly influenced the effectiveness of operations, but some workers remained dissatisfied with this arrangement. This compelled management to invite a labour expert at the meeting to make a presentation about its benefits to the factory and its employees.

Meanwhile, in western Uganda, Tooke Processing Factory is the largest producer of processed banana products and dominates the local and national market because of its extensive network. Many farmers prefer selling their bananas to the factory and many people depend on the factory for its supplies because of its established market. However, during a stakeholders' meeting by the District Commercial Officer, some consumers and businessmen were concerned about the increasing dominance of the factory as the sole supplier in the market and called for government intervention to reduce dominance of the factory.

Task

- (a) Educate the workers about the expected benefits of the work arrangement presented in the scenario.
- (b) Suggest the measures that can be taken by the government to address the concern in the scenario.

ITEM 22

The Government of Uganda has invested heavily in industrial parks in Namanve, Mbale, Gulu and Mbarara to promote industrialisation and create employment opportunities for the country's rapidly growing youthful population. Although several manufacturing firms have expanded production, employers report shortages of skilled labour, frequent industrial disputes, absenteeism and low labour productivity. Trade unions have demanded higher wages, improved working conditions and greater job security due to the rising cost of living. The Ministry of Gender, Labour and Social Development has expressed concern that failure to address these challenges could undermine employment creation and industrial growth.

Meanwhile, Fresh Harvest Uganda Ltd, a company processing fruits into juices, has experienced a steady increase in demand from supermarkets, schools and neighbouring East African countries. To satisfy the growing market, the company plans to increase

production by installing automated processing equipment and expanding its factory. However, management is uncertain whether to continue operating in its current highly competitive market or pursue strategies that would increase its market power. The Board of Directors has invited economic consultants to advise the company on the most appropriate production and market strategies for long-term profitability.

Task

- (a) Examine the labour market situation in the scenario and propose measures that can be adopted to improve employment, labour productivity and industrial harmony in Uganda.
- (b) Assess the production and market situation facing Fresh Harvest Uganda Ltd and advise the company on appropriate production and market structure strategies that will enable it to maximise output, competitiveness and long-run profits.

CONSTRUCT 4

(POPULATION AND LABOUR DYNAMICS FOR PRODUCTION)

ITEM 23

Uganda's population age structure is predominantly youthful, reflecting a long history of persistently high fertility. According to the 2024 National Population and Housing Census, approximately 33.6 million people (73.2 percent) of Uganda's population are below the age of 30 years, making the country one of the youngest populations globally.

At a national youth development forum organised by the Ministry of Gender, Labour and Social Development (MGLSD), participants raised an outcry on the challenges posed by the rapidly growing youth population. However, development experts at the forum called upon all economic players to take advantage of the immense opportunities and enormous contribution the youthful population can make to Uganda's economic transformation and social development.

At the same forum, it was observed that numerous construction projects and factories in many urban areas of the country such as Arua City increased demand for youthful casual workers who are remunerated on the basis of the work completed rather than time spent working. While supervisors argue that the system is meant to increase productivity and speed up completion of work, some workers have expressed dissatisfaction. They claim that the piece-rate system forces them to rush tasks, sometimes compromising quality and safety standards. At a labour relations meeting of construction companies in Arua, a group of workers raised an outcry, demanding a review of the payment system. They argued that the current system was unfair and did not compensate them for the effort put into their work. However, management maintained

that the payment system is more appropriate for construction activities and enables timely completion of projects. This sparked a debate among stakeholders on the suitability of such a system in the construction industry.

TASK

- (a) Explain the views of development experts on the contribution of the youthful population as described in the scenario.
- (b) Help management educate workers on the suitability of the system described in the scenario.

ITEM 24

Busoga sub-region in the eastern part of Uganda is one of the areas with high birth rates of around 6.1 births per woman. This is partly due to low costs of raising children, high levels of poverty, illiteracy, ignorance, conservatism and over-dependence on subsistence agriculture in this region. The government of Uganda is tasked to design possible interventions to the problem.

The statisticians from UBOS in their report stated that, because of this high birth rate, there has been a rapid increase in the number of unemployed youths who have also become another burden to the country. The UBOS officials advised the government to continue the campaign aimed at reducing the number of youth who have no jobs. You have been approached as an economics learner to advise accordingly.

TASK

- (a) Design the interventions that can be used to address the problem that is tasked to government.
- (b) Which strategies can government further use to achieve the advice given by UBOS officials?

ITEM 25

K.M Bakery is a large-scale bakery firm in Jinja which employs about 500 workers. These workers started an organization that joins all of them and they usually pass through this organization to ask for better conditions at the bakery.

They have also always negotiated with the bakery managers through the organization leaders about increasing the workers' payment. These negotiations have been done three times but unfortunately, they have never got an increase in payment.

During the organization meeting, Chozen, a newly recruited employee, informed them that they should look for other ways of asking for an increase in payment rather than depending on negotiation alone. However, he did not elaborate more about these different ways and the leader of the workers' organization is confused.

The Minister of Gender, Labour and Social Development, who commented about the above issue, urged employers to respect workers' demands and increase their payment. This will contribute to increase in aggregate demand, which will help the economy to reduce cyclical unemployment.

She further advised that the government also has to work besides the private sector in order to overcome this type of unemployment in Uganda, but she did not explain how. You have been approached as an expert in economics to advise accordingly.

TASK

- (a) Help the workers' organization leader to overcome confusion.
- (b) Advise the government on how the Minister's advice can be implemented.

ITEM 26

UBOS report of 2024 indicated that Kamuli District experienced a steady increase in population over the last 10 years of approximately 11.1%. Local leaders attributed much of this growth to high birth rates and low interest in family planning services. The influx in the population has overstrained the infrastructure and social services in the area, creating a concern to the residents. As a result, the district planner has organised a consultative meeting to devise measures to address the rising population.

In the same district, agriculture has remained the main economic activity, with most residents engaged in the production of maize, rice and sugarcane. Although farming provides employment during planting and harvesting seasons, many young people remain without work during the off-season. The District Production Officer is concerned that the increasing number of job seekers outside busy seasons has caused idleness among the residents. A stakeholders' meeting has therefore been convened to identify practical solutions to the many unemployed residents.

TASK

- (a) Advise the district planner on measures that can be adopted to address the concern of the residents in the scenario.
- (b) Suggest measures that stakeholders can adopt to reduce the challenge experienced by the youths in Kamuli District.

ITEM 27

The Uganda Bureau of Statistics' National Population and Housing Census 2024 reported that Uganda's population had increased to 45.9 million people, with over 75% of the population below the age of 35 years. While this youthful population provides the country

with a large potential labour force, many of them continue to face limited employment opportunities, inadequate skills and low productivity. The Ministry of Gender, Labour and Social Development got concerned about the situation and established a committee to recommend measures that can transform Uganda's youthful population into a productive resource for economic development.

Meanwhile, a newly established garment factory in Jinja City deployed a large number of these youths. Since most of them had little industrial experience, management decided to pay them according to the number of hours worked each day. Although this system assured workers of a regular income, the factory experienced numerous challenges arising from it.

Consequently, the factory management requested an Industrial Relations Consultant to advise on measures that can improve the effectiveness of the wage payment system.

(a) Using the scenario, propose measures that the committee should present to transform the age group highlighted in the scenario into a productive resource for economic development.

(b) Advise the Industrial Relations Consultant on the measures that can be adopted to make the payment system effective.

ITEM 28

Uganda Bureau of Statistics conducted a population census recently and it was a success. In the report read by its official at Statistics House, it was discovered that in Uganda the number of people is increasing at approximately 2.4% each year. Much as this has positively impacted on the market for items on the market, Economics experts noted that this trend could be disastrous in the near future on the country's development. This raised concern of the

Minister of Finance and thus called for a meeting with officials from Uganda Bureau of Statistics and other stakeholders.

In the same line, the increasing number of people in Uganda has positively impacted on the number of workers. However, during the presentation of a report by the official from Uganda Bureau of Statistics, it was mentioned that many of those people who serve in various institutions, only a few are members of workers' associations since they yield less. This has drawn the attention of government officials in charge of workers' status to organise a dialogue with stakeholders to address the issue early enough.

As an economics expert,

TASK

- (a) Suggest measures that can be taken by the Minister of Finance to address the issue at hand.
- (b) Propose strategies that can be taken by government officials to solve the problem in the scenario.

ITEM 29

In Uganda of recent, the Uganda Bureau of Statistics conducted the physical counting of people. It was reported that the number of people in the country was rising steadily. This was greatly contributing to an increase in the total amount of commodities bought domestically. However, the population trend raised the attention of Economics specialists in Uganda and they have called for an open workshop with officials from the Ministry of Finance and other stakeholders from UBOS to address the challenge.

In the same report it was noted that Uganda is composed of a big number of employable people; however, many youths still lack what to do and have resorted to committing crimes. This has bothered the

Minister for Gender and has organised a workshop with the officials of the Ministry of Finance and other stakeholders for a dialogue.

TASK

As an economics student,

(a) Suggest strategies that can be taken to address the issue in the scenario.

(b) Propose measures that can be taken to solve the issue in the scenario.

ITEM 30

Uganda's population increased from 25,545,090 in 2020 to 45,905,417 in 2024.

This shows a rapid rise that has far-reaching negative implications on social and economic infrastructure, employment, utilization of resources and standard of living. Economic analysts have observed that the current trend of population growth is not sustainable and have tasked officials in the Ministry of Finance, Planning and Economic Development, in partnership with the Population Planning and Economic Development Secretariat, to design measures that can optimize population.

Meanwhile, rising youth unemployment is a matter of concern for Uganda as a nation. Much of this crisis arises because of unpredictable climatic factors that have made it difficult to create jobs in the agricultural sector and agro-processing industries. As a result, the majority of the youth work for just a few months and become redundant for much of the year. Youth leaders have written to the State Minister for Labour to implement strategies that can help to alleviate this challenge.

TASK

- (a) Suggest measures that officials in the Ministry can put in place to alleviate the challenge in the scenario regarding population.
- (b) As an economist, make a presentation that can guide the State Minister as she sets out to address the concerns of the youth on employment.

ITEM 31

Uganda has recorded steady economic growth over the past decade, supported by expansion in agriculture, telecommunications, construction and the services sector. The discovery of commercial oil, growth in digital financial services and increased investment in infrastructure have further strengthened economic activity. However, many communities continue to experience high poverty levels, inadequate social services, youth unemployment and low household incomes. While government reports indicate that Gross Domestic Product (GDP) has continued to increase, some citizens argue that the benefits of economic growth have not translated into meaningful improvements in their standards of living.

At the same time, the Ministry of Finance is reviewing national income statistics to improve planning and policy formulation. Economists have observed that a large proportion of Uganda's economic activities take place in the informal sector, where many businesses are neither registered nor taxed. As a result, some productive activities are not adequately reflected in the country's national income estimates, making it difficult to accurately assess economic performance and development.

TASK

- (a) Evaluate the usefulness and limitations of national income statistics in measuring Uganda's economic performance and guiding government policy.
- (b) Assess the relationship between economic growth and economic development in Uganda and recommend measures that can ensure that economic growth leads to broad-based improvements in the welfare of the population

ITEM 32

Uganda has experienced rapid growth in the use of mobile money, agency banking and digital financial services over the past few years. Many individuals and small businesses now use electronic payment systems to save, transfer money and conduct business transactions. However, commercial banks have reported a slowdown in private sector borrowing following increases in lending interest rates. At the same time, inflationary pressures resulting from rising food and fuel prices have prompted the Bank of Uganda to tighten monetary policy in an effort to maintain price stability.

Meanwhile, several small and medium-sized enterprises (SMEs) in districts such as Mbale, Mbarara and Arua have complained that accessing affordable credit has become increasingly difficult. Business owners argue that high lending rates and strict collateral requirements have limited their ability to expand production, purchase modern equipment and create employment opportunities.

The government is considering measures to improve financial inclusion while maintaining macroeconomic stability.

TASK

- (a) Evaluate the role of money and the banking system in promoting economic development in Uganda.

ITEM 33

According to Uganda Bureau of Statistics (UBOS), World Bank and United Nations data, Uganda's population has been growing at an average rate of 3–3.2% per year for the last 10 years.

This puts Uganda in position 6 in the world among countries with the highest population growth rate. But considering the 2024 census data where the growth rate dropped to 2.75%, Uganda is 22nd in the world among countries with the highest population growth rate. This is attributed to early marriages among the youths, high fertility rate of women, high population rate, limited use of family planning devices, among others.

The parliamentary committee on Gender, Labour and Social Development has invited you to a workshop to analyze that data.

More so, the growing population size that results from the high growth rate in Uganda is causing a lot of concern. Many people are engaged in primary production but if you go to rural areas today, you find people in trading centres playing board games locally known as Mwesho, Ludo, others are in bars. When you ask them why they are not at work, they tell you that it's a sunny season so they can't engage in work on their farms and that they are waiting for a rainy season to become busy again.

TASK

(a) Analyze the implications of the data on the economic development of Uganda.

(b) Propose remedies that government should use to overcome the problem described in the scenario.

ITEM 34

In Uganda many workers in different working areas normally organise themselves into associations with the objective of advocating for the rights of the members such as better pay, better working conditions and protection against unfair dismissals.

Among these associations Makerere University Academic Staff Association (MUASA), Uganda Law Society (ULS) and Uganda Medical Workers' Association (UMWA) have tried to achieve their intentions on many occasions. Their counterpart associations are so weak and only dream of achieving these intentions; their members are grappling with low pay, inhuman working conditions, sexual harassment and unfair dismissals.

Additionally, in many urban areas in Uganda many people are involuntarily lacking jobs due to the massive movement of people from rural areas to urban areas to look for jobs, limited information about the existing jobs in urban areas, low rate of industrialization and discrimination in the labour market among others. This situation has caused concern among the urban council leaders because of the evils that come with it such as high crime rate, slum development and so on. The urban leaders in Central Uganda have organised a workshop to discuss the way forward and they have invited you to provide the required assistance to them.

TASK

- (a) Assess the situation and suggest what the weak associations need to do to be able to realize their intentions.
- (b) Evaluate the situation and suggest the remedies that can be adopted to combat the situation.

ITEM 35

Mr. Mukalazi is a producer of tiles in Namanve Industrial Area Park. Over time, he has been producing on a large scale and supplying to the market around Mukono; however, of recent he observed a serious decline in the quality and quantity produced per worker. This has caused public outcry and complaints from customers, which has affected the sales and profits. Mr. Mukalazi was concerned and sought services of an expert. After investigations, the expert found out that Mr. Mukalazi relied on unskilled and semi-skilled workers, who are not satisfied with the conditions of work. Mr. Mukalazi would like to get help on how to improve the performance of his factory.

Meanwhile, the youth around Namanve Industrial Park and the surrounding areas are not actively engaged in production. This has created alarming threats to the community and the community members have decided to approach the Member of Parliament (MP) to come up with strategies of helping the youth become productive.

You have been invited as a student of Economics.

TASK

- (a) Advise Mr. Mukalazi on the measures he can undertake to handle the situation he observed in the factory.
- (b) Propose possible strategies the Member of Parliament can use to help the youth around Namanve become productive.

ITEM 36

Uganda's population is growing rapidly at about 2.9% and is expected to double in 25 years according to the statistics of the Population and Housing Census of 2024. 48% of this population is below 15 years, signifying that Uganda has one of the youngest populations in the world. This has caused concerns to many stakeholders who have expressed their fears to the Ministry of Labour, Gender and Social Development to address the situation.

At the same time, urbanization in Uganda is rising due to expansion of the industrial sector and service sector. Additionally, a large population of the labour force in Uganda is unskilled and semi-skilled, which has slowed down its contribution towards the country's development in terms of productivity. The Private Sector Foundation has observed that this is limiting their production capacity and they have approached the State Minister for Investment to help them address this challenge.

TASK

- (a) Using information in the scenario, prepare an essay to the Minister of Labour, Gender and Social Development analyzing the implications of the Uganda demographic structure on production.
- (b) Propose to the State Minister for Investment the measures that can be taken to address the concerns of the Private Sector Foundation investors.

ITEM 37

According to the National Development Plan (Uganda Vision 2040), one of the key targets is to “build an educated, skilled and productive labour force” so as to harness several opportunities. To achieve this, the government of Uganda is putting greater effort in skilling Ugandans, especially the youths, by setting up several technical and vocational institutions at the sub-county levels. Many graduates from these training institutions are being absorbed in several production units/firms across the country. However, their contribution in production and to national development is still very low and is attributed to the increasing excess capacity among firms in Uganda. The employers are concerned about the situation as it reduces probability of businesses and are seeking solutions to this challenge.

Meanwhile, across the country, there is a growing number of educated youths who are jobless, lacking the relevant skills on job creation, with no access to start-up income. These young men and

women are now a threat to their communities. This has caused concern from the local government leaders and politicians who are seeking for urgent government interventions to curb this situation.

TASK

(a) As a student of Economics, suggest policy measures to address the concerns of the employers in the scenario.

(b) Propose to the government the possible interventions to handle the concern of the local leaders and politicians in the scenario.

ITEM 38

According to Uganda Bureau of Statistics and the United Nations Population Fund (UBOS and UNFPA), Uganda's population growth is still rapid, estimated at 2.7% per year, with the greatest percentage being the young of the total population (estimated at 50.5%). This trend of population growth has posed several challenges such as pressure on land in some areas, pressure on social services like schools and hospitals and a high dependency burden, among others. According to planners, if no attention is taken to check this trend, achieving future plans will be hindered and therefore there is need for urgent actions by the government.

Meanwhile, there have been agitations from several labour unions in Uganda for government to improve the working conditions and wages for the different sectors. The failure to heed to their concerns has often led to several strikes. This has often made government to call for negotiation meetings but realising the weaknesses of these meetings has been due to several weaknesses within the labour unions. The weaknesses of these unions has made government reluctant to implement their concerns and politicians and other stakeholders are concerned and appealing to Labour unions to improve on their organisation and coordination so as to achieve their targets.

TASK

As a student of Economics:

- (a) Propose measures that should be taken by the government of Uganda to manage the concerns raised by planners.
- (b) Advise labour unions on the strategies that should be taken to address the concerns of the politicians and stakeholders in the scenario.

ITEM 39

In Nakaloke, a town in Mbale City, the equilibrium rent for a 2-bedroom house is UGX 500,000 per month. However, to help low-income families, the government has decided that the highest rent for a two (2) bedroom house should be UGX 300,000. At UGX 300,000, 20,000 families desire houses and yet at that rent landlords are only willing to offer 8,000 houses.

TASK

- (i) What do you understand by the scenario?
- (ii) How many low-income families would miss accommodation?
- (iii) As an economics student, why do you think your government could have undertaken such a move?
- (iv) Why do you think it is going to be difficult for your government to achieve that strategy?

ITEM 40

Chong Yo has a population of 2 million people, 45% of it are below 15 years, 5% are below 65 years and 50% are between 15 years and 64 years. Birth rate (BR) is very high due to early marriages and Death Rate (DR) is falling because of better clinics. Every year 40,000 young people finish school.

TASK

- (i) Calculate the dependence rate.
- (ii) What type of population structure is this?
- (iii) What defects would you, as an economics student, envisage from such a population structure?
- (iv) What policy measures would you advise your government to undertake to counteract the issues in the above scenario?

ITEM 41

In Uganda, a big portion of the population is below 18 years (UBOS report 2024) and many young people are joining the workforce each year. Many people marry when they are still young and limited and ineffective use of family planning methods has led to a big challenge of a high rate of population growth of about 3%. Planners have been concerned about this trend of population growth in Uganda, which is expected to double in 25 years, and need government intervention to avoid quick expansion of the population.

Meanwhile, the search for better job opportunities, higher incomes, improved infrastructure and access to social services has accelerated the movement of people, including the youth, from rural to urban areas such as Kampala, Mbarara, Gulu, Mukono and Jinja. As a result of this movement from rural areas to urban areas, many urban areas are experiencing rapid population growth, pressure on social services and traffic congestion. However, the meeting of joblessness in urban areas as a result of rural-urban movement has hence become a concern to the planners which need more government involvement.

TASK

- (a) Make a presentation to the planners on the measures government can take to address the concern in the scenario.
- (b) Advise the government, as an economist, on the strategies that it may use to address the concern of the planners in the scenario.

ITEM 42

The National Population and Housing Census of 2024 in Uganda indicates that Uganda's population is dominated by the youth. According to the census report by Uganda Bureau of Statistics (UBOS 2024), Uganda is a young country with 50.5 percent of the population aged below 17 years while the age group 18–20 (youth) forms 22.7 percent of the count. This youthful population has been viewed by development experts as an important resource to transform the economy and achieve a higher rate of economic growth. However, with such a population structure, the local leaders have become concerned about the pressure that it can create on services and have called upon the government to find ways that can harness the demographic dividend for national development.

Meanwhile, economists have observed that it is not easy for a large and growing labour force to be absorbed in various sectors of the economy for employment. Even for people who get employed, output produced per unit of labour employed is low. In the agricultural sector, many people cultivate small plots of land where a limited number of people is needed and as a result it has become hard to produce significant output due to reliance on limited agricultural land for survival. Business owners and development planners are concerned that the increasing labour force does not benefit firms, and agricultural producers have called upon government to put in place strategies to increase output per worker by investing more resources in a large and young population to make it more productive.

TASK

As a student of Economics:

- (a) Justify the call by the planners for government involvement in investing more resources in the large and young population.
- (b) Propose strategies that can be adopted to address the concerns raised in the scenario.

MESM

CONSTRUCT 2

ECONOMIC STRATEGY

ITEM 43

Agriculture remains one of the most important sectors of Uganda's economy. Recent reports indicate that the sector contributes about 25% of Gross Domestic Product (GDP). Despite government intervention through the Plan for the Modernization of Agriculture (PMA), National Agricultural Advisory Services (NAADS), Operation Wealth Creation (OWE) and the Parish Development Model (PDM), many farmers still face challenges such as inadequate irrigation facilities, limited mechanization, poor storage facilities and insufficient access to affordable credit.

Meanwhile, Uganda continues to depend mainly on primary commodity exports such as coffee, tea, cocoa, vanilla and tobacco, among others. Coffee remains the country's leading export commodity. In June 2025, the average coffee export price declined from about US Dollars 4.76 per kilogramme to US Dollars 19 per kilogramme in July 2025.

The price of other agricultural exports has likewise been declining. At the same time, the country continues to import petroleum products, industrial machinery, pharmaceuticals and transport equipment whose prices have remained high on the world market.

Policy makers in the Ministry of Trade, Industry and Co-operatives are concerned that these developments may adversely affect Uganda's external trade performance.

The Ministry of Trade, Industry and Cooperatives has invited you as an economics student to participate and contribute in the stakeholders' meeting.

Task

- a) Analyse the agricultural situation presented in the scenario and suggest strategies that can be taken to modernize the sector.
- b) Evaluate the external trade situation highlighted in the scenario and advise on the measures that can be adopted to improve Uganda's trade position.

ITEM 44

The Government of Uganda has formulated several development plans including Vision 2040 and successive National Development Plans (NDPs) aimed at transforming Uganda into a modern and prosperous economy. However, officials from the National Planning Authority (NPA) have expressed concern that many development projects experience delays in implementation, cost overruns and inadequate monitoring. Consequently, many development plans have remained largely on paper and unimplemented despite huge resources invested in their preparation.

To adequately finance these development programmes, government has intensified efforts to mobilize domestic revenue. However, revenue collection continues to be constrained by tax evasion, smuggling, corruption and numerous tax exemptions. Reports indicate that tax exemptions cost government trillions of shillings annually while a substantial proportion of economic activities remain outside the formal tax system.

You have been invited by officials from the National Planning Authority (NPA) and Uganda Revenue Authority (URA) to contribute ideas on the issues highlighted above.

Task

- a) Recommend the measures that can be adopted to enable the National Planning Authority (NPA) improve the effectiveness of economic planning.
- b) Recommend to the Uganda Revenue Authority (URA) the measures it can adopt to address the challenges of low tax revenue.

ITEM 45

Over the last five years (2020–2025), Uganda has recorded an average economic growth rate of 5.3% per annum (UBOS report 2025). To achieve that and more growth, Uganda has always been seeking transfer of assistance from other countries through various ways. This assistance has helped Uganda achieve growth in different areas. This external assistance, however, has not been effectively utilized to enable Uganda achieve a desired growth target of 10 percent by 2030. Economic analysts have advised that a lot has to be done to enable Uganda effectively utilize this assistance in order to achieve the 2030 target.

Economic analysts have also advanced arguments on how to guide Uganda's next phase of growth and development. They are proposing opening up markets within the East African Community to take advantage of the Customs Union Agreement which came into force in 2005. Many Ugandans, especially exporters, however, are not convinced about the importance of the signed agreement and believe that it may not do much to boost their earnings from the regional market and may not enable Uganda gain much. The Ministry of Trade, Industry and Commerce has become concerned and has organized a sensitization workshop to convince them to accept the effective implementation of the signed agreement. You have been approached as a student of economics.

Task

- a) Present strategies that can be employed by government to implement the advice of the economic analysts.
- b) Propose arguments the Ministry of Trade, Industry and Commerce can use to convince the traders to accept the signed agreement

ITEM 46

Mama Sarah is a farmer using hand hoes, family labour and ox ploughs in which she invested less than USD 800. She produces about 25 bags of maize per season using about 25 workers. Her income is low, the costs of production are high and her income is too low to sustain her needs. Her elder daughter Sarah, who is at university, has interacted with her friend in the UK and discovered that they use better methods of production than her mum. She is looking for a way of convincing her mum to adopt the methods used in the UK.

Meanwhile, Uganda's expenditure on imported goods has been far greater than what she earns from her exports. This has brought a problem of persistent foreign exchange shortages and pressure on foreign reserves of the country. This has forced the country to go without some of the imports. Upon learning of this, the President has invited all Cabinet Ministers at State House Entebbe to forge a way forward.

Task

- a) You as a friend to Sarah, how would you convince Sarah's mum to change her methods of production?
- b) Propose measures to be taken by Cabinet to rectify the situation that has called for a meeting.

ITEM 47

According to the Uganda Coffee Development Authority, Uganda's coffee exports are booming. Between March 2024 and February 2025, the country exported 6.57 million bags of coffee, earning USD 1.72 billion, a 70% increase in value compared to the previous year. In February alone, Uganda exported 555,756 bags worth USD 167.78 million, with prices rising due to global supply disruptions in Brazil and Vietnam. While Robusta remains the dominant variety, Arabica is rapidly gaining ground.

Uganda is clearly taking advantage of strong global demand and favorable market conditions. As one of Africa's largest coffee exporters, coffee farming generates significant foreign exchange through international trade. Despite the benefits realized, the sector is not without challenges. The European Union, as one of Uganda's coffee export destinations, is insisting on reducing coffee importation from Uganda, citing various issues which may adversely affect the coffee exports. The Government of Uganda is ready to address the challenges identified so that it does not lose such a market. It has organized a stakeholders' workshop to address the challenges at hand. You have been approached as a student of economics for advice.

Task

- a) Prepare a presentation analyzing the challenges that might have forced the European Union to threaten abandoning the coffee cited in the scenario.
- b) Propose to the government the necessary interventions to sustain the strategy in the scenario.

ITEM 48

In the year 2025, the Ministry of Finance, Planning and Economic Development (MoFPED) report, Uganda's Gross Domestic Product (GDP) grew by 5.2% in 2024. Despite this growth, a large proportion of the population continues to experience poor welfare and economic actors have raised concern and called for government interventions.

Meanwhile, in recent years, Uganda has been greatly relying on the selling of unprocessed products but has failed to access markets abroad and yet buys manufactured goods expensively. The producers of unprocessed products have raised concern and called for government actions.

As a student of Economics;

Task

- a) Guide government on the possible interventions it can undertake to address the concerns of the economic actors in the scenario.
- b) Propose to government the actions it will undertake to settle the concerns of the producers.

ITEM 49

The National Planning Authority (NPA) of Uganda has rolled out a number of development plans targeting different sectors and different regions to achieve the different development targets. The report from Uganda Bureau of Statistics (UBOS 2024) reveals that only 62% of the targets had been met by the end of 2024 financial year. Economists are bothered about the continued failure to meet planned targets by the government.

Meanwhile, Uganda faces a widening budget deficit due to rising public expenditure largely financed through taxation. Policy makers

are concerned that public revenue remains insufficient to meet development goals and seek ways to increase revenue without overburdening households and businesses.

Task

- a) Guide the economists on possible interventions they should undertake to overcome their concerns in the scenario.
- b) Advise the policy makers on measures that can be adopted to address their concern without increasing the burden on households and businesses.

ITEM 50

The Government of Uganda through the National Planning Authority rolled out the “EMYOOGA” programme under the Operation Wealth Creation to boost incomes especially among the low-income earners in the different constituencies. Each constituency is allocated UGX 560,000,000 in seed capital which is divided among 18 specialized enterprise-based SACCOs as per the implementation guidelines. Well-managed SACCOs are eligible to get top-up funds from the Microfinance Support Center. The recent survey by Uganda Bureau of Statistics, however, discovered that this EMYOOGA programme has not been able to fully meet the targets of its establishment. Government says a lot has to be done to ensure that this programme achieves the targets for which it was established and is calling for possible ways to achieve this.

One of the beneficiaries of these EMYOOGA funds was Mwebaze Bakery in Kira Municipality Constituency. Their Chief Executive Officer (CEO), Mwebaza, is not conversant with taxation issues. URA has threatened to close the bakery because of non-payment of the required Pay As You Earn for her employees for the month of May 2026 and she is worried. The following records have been observed from her books of accounts.

Task

a) Present strategies government can use to achieve the targets of its identified programme.

ITEM 51

In recent years, the agricultural sector in Uganda has demonstrated robust expansion, serving as a primary catalyst for rural transformation and national economic growth. Agriculture contributes 25% to the Gross Domestic Product (GDP), employs 80% of the rural population, and provides raw materials to over 60% of domestic manufacturing firms. The sector is characterized by rich agro-ecological zones, increasing adoption of climate-smart irrigation technologies, expanding regional export corridors within the East African Community (EAC), and widespread rollout of localized value-addition hubs. Rural households that integrate modern farming practices with local processing units have successfully elevated their household income and established reliable supply linkages with commercial food processors and agro-exporters.

Task

- a) Using the structural workflow above, explain how strategic capital investment in agro-processing infrastructure creates strong industrial linkages and drives income expansion across rural communities.
- b) Explain four strategic policy measures the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) should implement to accelerate value addition, optimize crop yields, and maximize agricultural export potential in Uganda.

ITEM 52

The Government of Uganda, through the National Planning Authority (NPA), is executing targeted macroeconomic transformation initiatives, including the Parish Development Model

(PDM), to transition rural households into high-productivity commercial enterprises.

Ms. Nagawa, a commercial distributor based in Mukono, imported a high-capacity, low-emission commercial transport vehicle manufactured 3 years ago from Japan. The official invoice listed a Free on Board (FOB) price of \$2,500. Freight charges to the border post amounted to \$350, and marine insurance was secured at \$150.

Upon arrival at the Malaba border entry point, the Uganda Revenue Authority (URA) assessed her import using an official exchange rate of UGX 3,700 per USD. The tax structure applicable to her import class includes:

- Import Duty: 25% of CIF Value
- Value Added Tax (VAT): 18% of (CIF Value + Import Duty)
- Withholding Tax: 6% of CIF Value
- Environmental Levy: 0% (Exempt for modern vehicles aged 0–9 years)

Task

a) Based on the operational features described in the scenario, explain four strategic measures the government can implement to sustain efficient, direct funding flow, and project execution success across local development programs.

b) Using the financial data provided in the scenario, calculate the total CIF value of the vehicle in both USD and Ugandan Shillings (UGX). Compute the exact tax amount payable for each component (Import Duty, VAT, Withholding Tax, and Environmental Levy). Determine the total final tax liability Ms. Nagawa must pay to URA to clear her vehicle.

ITEM 53

Uganda has been actively working to boost local production and reduce its reliance on items bought from abroad. This has seen a significant rise in production of commodities like sugar, rice, cement, milk, fruits, fruit juice and soap among others that were previously imported. Through the “Buy Uganda Build Uganda” (BUBU) initiative, government is focusing on Ugandans as the major source of market for the locally produced items and is hopeful that eventually it will boost even the export sector and earn foreign exchange in the long run. Many traders, especially those buying and selling commodities across the national borders, are however not happy with this strategy and think it will not aid Uganda realise meaningful growth. The Minister of Trade, Industry and Cooperatives has become concerned and would like to convince these traders to accept the government strategy.

Despite adopting the above strategy, Ugandans’ love for products from abroad is still very high. It still purchases a lot of textiles mainly from India, electrical appliances from China and machinery plus vehicles mainly from Japan as well as many second-hand items from different countries. The Parliament of Uganda is concerned about the negative consequences of this habit and has tasked the parliamentary committee on trade to collect views and present strategies that will be adopted by Parliament to control that tendency. You have been approached as an expert in Economics.

Task

- a) Present proposals the Ministry of Trade, Industry and Cooperatives will use to convince traders to accept the government decision.
- b) Develop strategies the Parliament can adopt to solve the challenge identified.

ITEM 54

In recent years, Uganda has recorded noticeable changes in the size and structure of its economy. Different sectors are expanding though not at the same rate. These changes have been brought about by both domestic and external efforts. Public institutions such as the Bank of Uganda have continued to play a role in influencing economic activities. Developments in physical facilities and energy supply appear to contribute to the pattern of production and exchange.

Despite these developments, the outcomes have not been uniform across all groups and regions, while some sections of the population seem to benefit more than others.

Task

- a) Explain the factors responsible for economic growth in the scenario.
- b) Evaluate the costs and benefits of the above scenario to the Ugandan economy.

ITEM 55

Uganda spends substantial amounts of foreign exchange on importing manufactured industrial goods, resulting in increased expenditure abroad and pressure on its balance of payments.

In an effort to reduce dependence on imports and promote self-reliance, the government has adopted a strategy of establishing domestic manufacturing industries to produce goods which were previously being imported.

However, despite the strong justification for promoting the strategy, it has faced many challenges that have limited its success and slowed the achievement of its intended objectives.

Task:

- a) As a student of Economics, what arguments would you advance in supporting its implementation in the scenario?
- b) Discuss the challenges that limit the implementation of the strategy mentioned in the scenario above.

ITEM 56

Although Uganda has recorded steady economic growth in recent years, many rural communities continue to experience persistent poverty, youth unemployment, high rates of rural-urban migration and low standards of living. In Karamoja and parts of Busoga, many households still depend on subsistence farming and have limited access to quality healthcare, education, clean water, electricity and good roads. Community leaders have expressed concern that these conditions continue to slow socio-economic transformation and have requested policy makers to recommend practical measures for sustainable development.

Meanwhile, the Ministry of Education and Sports, together with development partners, has extended access to education through programmes such as UPE, USE and vocational training. However, many graduates have remained unemployed and lack the practical and innovative skills needed to create jobs, which has raised concerns on the effectiveness of the education system to transform the country. During a national education dialogue, the Minister of Education and Sports tasked participants to propose measures that can be adopted to make education more relevant in accelerating sustainable economic transformation.

Task

- a) Advise the policy makers on measures that can be adopted to address the concern of the community leaders.
- b) Propose measures that can be presented by the participants to complete the Minister's assigned task.

ITEM 57

Uganda approved a national budget of approximately Shs 72.4 trillion for FY2025/26 to finance priority programmes in transport, education, healthcare and agriculture. However, by the end of the third quarter, only 68% of the planned budget had been released, and several government projects had not been developed according to plan. Additionally, different ministries kept requesting supplementary expenditure, which raised concern on the effectiveness of budget performance. The in-charge Minister, therefore, appointed an economic advisory team to recommend appropriate measures for improving budget performance and ensuring effective implementation of government programmes.

Meanwhile, the Government of Uganda continues to implement the Fourth National Development Plan (NDP IV) to transform the economy. However, performance reviews by the National Planning Authority (NPA) showed that several development projects experienced delays due to inadequate funding and weak monitoring and evaluation. Concerned, the Authority has invited your team to propose appropriate measures for improving the formulation and implementation of development plans.

Task

- a) As a member of the economic advisory team, present your recommendations to the Ministry of Finance, Planning and Economic Development with regard to the highlighted concern in the scenario.
- b) Advise the National Planning Authority (NPA) on the measures to address the concern it raised.

ITEM 58

Industrialization is a core pillar of Uganda Vision 2040. Industrial production grew by 41% according to the UBOS report 2025–2026. Despite this growth, the manufacturing sector has continued to

struggle with limited ability to produce enough finished goods for the domestic market, leading to persistent reliance on consumer and capital goods imported from other countries. This has become a great concern to stakeholders and planners who have convened a meeting to deliberate on how to get out of this situation.

In addition, information released from Ministry of Finance, Planning and Economic Development reveals that Uganda's import bill has continued to grow faster than the export earnings. Uganda's import bill grew by 36.2% from \$103,690 million in March 2025 to \$145,387 million in March 2026. This has caused a substantial trade deficit and periodic foreign exchange shortages, which has become a concern to economists and planners in the ministry. The Minister of Finance has organized a workshop to analyze this economic situation, which could worsen the depreciation of the Uganda shilling if not well handled.

Task

- a) Propose measures that should be adopted to address the concern of planners and stakeholders in the scenario.
- b) Advise the Minister of Finance and Economic Development on the strategies that can be adopted to overcome the challenge in the scenario.

ITEM 59

The National Development Plan (NDP) is a medium-term plan by the government that outlines a country's development goals, priorities and strategies for a given time, usually 5 years. The Government of Uganda launched the Fourth National Development Plan (NDP IV) on 5th June 2025 at Kololo, with the overall goal of accelerating economic growth and improving the welfare of all Ugandans. Despite the ambitious targets set out in the plan, implementation through the annual plans has been at a slow pace. Development partners have raised concern about this and have

called upon policy makers to identify strategies for accelerating the progress of implementing NDP IV.

In addition, the tax–GDP ratio remains relatively low and many eligible taxpayers are not fully meeting their tax obligation. This has raised concern among policy makers on how to overcome this.

Task:

- a) Advise the Minister of Finance on measures that should be taken to solve the challenge in the scenario.
- b) Propose strategies that can be put in place to address the concerns of the policy makers.

ITEM 60

Uganda is expanding its industrial hubs in most cities of the country. Local manufacturing industries are growing at a high rate, thereby reducing the demand for goods previously purchased from abroad. This is government policy of industrialization echoed by the Ministry of Trade, Industry and Cooperatives’ slogan “Buy Uganda, Build Uganda.”

However, Uganda still continues to import products which have price inelastic demand such as machinery, petroleum products, vehicles among others. The exports of the country are basically unprocessed and semi-processed agricultural and mineral products commanding low prices. This is a big challenge to the country as far as the benefits of international trade are concerned.

Task:

- a) Analyse and justify government initiative for the strategy in the scenario.
- b) Explain the factors responsible for Uganda’s position in international trade.

ITEM 61

According to the National Budget Speech for the fiscal year 2026/2027 by the Ministry of Finance, Planning and Economic Development, the projected domestic revenue is 45.6 trillion Uganda shillings as compared to Uganda shillings 35.7 trillion in 2025/2026. But the projected expenditure for 2026/2027 is 84.39 trillion Uganda shillings as compared to UGX 72.38 trillion for 2025/2026. This trend of government revenue–expenditure has continued to persist for a long period of time and it has negative impact on the economy of Uganda. Before the 2026/2027 budget, large amounts of revenue had been allocated to consumption expenditure such as public debt servicing and payment of civil servants among others.

In the previous budget, reasonable allocation of the revenue was for the development of projects such as Standard Gauge Railway, Jinja–Kampala Highway, road construction in Greater Kampala and all parts of the country. However, the actual work on some of these projects has failed to commence, thereby limiting the achievement of the intended objectives of the National Budget.

Task

- a) Analyse and propose the strategies that can be adopted to overcome the challenges of the budget trend in the scenario.
- b) Advise the Ministry of Finance, Planning and Economic Development on the policy measures that can be adopted to achieve National Budget objectives.

CONSTRUCT 3

ECONOMIC PLANNING AND POLICY

ITEM 62

The recently released report by UBOS (2025) revealed that the gap between the incomes of households in urban centres and those in rural districts continued to widen. The report indicated that households in major urban centres earned considerably higher incomes than those in many rural districts where investment opportunities remain limited despite the country's economic progress. Local leaders have therefore called upon policymakers to propose practical ways of reducing the widening income gap between regions.

Meanwhile, Uganda's banking sector is rising significantly, with many SACCOs and microfinance institutions developing into banks. However, a financial review carried out revealed that there is a lot of money in circulation due to the strong desire by many individuals to keep substantially large amounts of money with them. Banks are worried that this tendency may destroy the banking sector if not checked and are seeking solutions to it. The Ministry of Finance, Planning and Economic Development has organized a talk show on UBC radio to convince people to reduce such tendency.

Task

- (a) Analyse the interventions that policymakers can undertake to address the request of local leaders in the scenario.
- (b) Present measures the Ministry of Finance can undertake to address the challenge in the scenario.

ITEM 63

According to the Uganda Bureau of Statistics annual report of 2025, wealth is unevenly distributed in Uganda, with areas such as Kampala, parts of Ankole and Buganda having the richest people, while regions like Karamoja, Busoga and parts of West Nile have the poorest people. District leaders from the poorer regions have expressed concern about the growing economic inequalities. Economic experts have observed that the poorer regions have less access to investment opportunities, which limits economic growth, and seek government intervention.

Furthermore, in recent years government spending has been increasing and, as a result, money has been directly put into the economy. This has led to a situation of too much money in circulation chasing few goods. However, economic analysts have observed that this situation has adverse effects on the economy and therefore seek central bank intervention to stabilize the economy.

Task

As an expert in economics:

- (a) Advise government on the measures it should adopt to address the concerns of the economic analysts in the scenario.
- (b) Propose interventions the central bank should use to address the challenge in the scenario.

ITEM 64

Every country measures the monetary value of all the goods and services produced each year. The amount received is then divided by the total population of that country to obtain the average income received by each citizen in the country. When this figure is high, it implies improved welfare, while a low figure implies poor welfare in the country. The average figure for Uganda is estimated at USD 1,300 while that for the USA is about USD 93,000. This has made many Ugandans admire going to the USA. Every day, the US embassy is flooded by Ugandans badly in need of going to the US, and this is causing serious concern at the embassy.

Meanwhile, some citizens wish to stay in Uganda, but Uganda's banking sector faces many challenges. The lending-borrowing process is highly inefficient, and this is hindering proper running of businesses and profitability of the banking sector. The managers of the various commercial banks have organized a conference to forge a way forward. You have been invited to this

conference, which Ugandans who missed out on the US visas will attend since they would like to borrow from commercial banks.

Task

- (a) Analyse the reasons why the belief by Ugandans about welfare in the USA may not be correct compared to their country.
- (b) Sensitize the bank officials on how to achieve their desired objectives.

ITEM 65

Uganda has continued to record positive economic growth over recent years. According to recent economic reports, real GDP growth has averaged about 5–7 percent annually, supported by growth in agriculture, industry and services.

Government has invested heavily in transport infrastructure, electricity generation, industrial parks, education and health services to transform Uganda into a middle-income economy.

Despite these achievements, many Ugandans continue to experience low incomes, unemployment, underemployment, inadequate housing and limited access to quality social services. Consequently, some policymakers have questioned whether increased national income has translated into significant

improvement in welfare for the majority of the population.

At the same time, increased government expenditure and expansion of money circulation have raised concerns about inflationary pressures. Officials from the Bank of Uganda are therefore reviewing the effectiveness of monetary policy as an instrument of economic management in maintaining price stability.

You have been invited by officials from the Uganda Bureau of Statistics (UBOS), Bank of Uganda (BOU) and the Ministry of Finance, Planning and Economic Development (MFPED) to participate in discussions on the issues highlighted above.

Task

(a) Analyse the situation highlighted in the scenario and suggest measures that can ensure economic growth translates into improved welfare for the majority of Ugandans.

(b) Recommend to the Bank of Uganda (BOU) the measures it can adopt to improve the effectiveness of its monetary policy as an instrument of economic management.

ITEM 66

Recent labour market reports from the Uganda Bureau of Statistics indicate widening disparities in income and wealth among individuals and sectors of Uganda's economy. For example, Members of Parliament of Uganda earn about UGX 40 million in wages and allowances per month; some senior managers in many commercial banks, telecommunication companies and state enterprises earn more than UGX 15 million per month; employees in the oil and gas sector earn several million shillings monthly. Secondary school science teachers earn about UGX 4 million, while primary school teachers earn less than UGX 1 million per month. In contrast, many subsistence farmers and casual labourers survive on incomes less than UGX 10,000 per day.

To address these disparities, government has expanded programmes such as the Parish Development Model (PDM), Emyooga and other community empowerment initiatives. However, policymakers have observed that the increase in purchasing power generated by some of these programmes has not been matched by a corresponding increase in output, contributing to rising prices of goods and services.

Officials from the Ministry of Finance, Planning and Economic Development (MFPED) and Bank of Uganda (BOU) have invited you to participate in a policy dialogue.

Task

- (a) Propose measures that can help the government to promote a more equitable distribution of income and wealth.
- (b) Advise the policymakers on the strategies that can be taken to stabilize prices in the country.

ITEM 67

The Uganda government, in an attempt to boost domestic production and consequently economic growth, embarked on an effort to raise production in all sectors and regions with the aim of boosting nationwide production. The government hired a team of economic experts to collect and organize data in monetary terms on the final products produced from all sectors in 2024 for effective planning and fair resource distribution.

Some experts gathered information on the output produced in the different sectors. Others gathered information on the incomes earned by individuals in the different sectors, while the third group gathered information on the expenses people make to acquire the final goods and services. To their disappointment, UBOS discovered that the different sources did not provide the same grand total figure on the money value of all final goods and services in that year as they expected. UBOS is concerned and would like Kinterventions to be put in place to address that challenge.

One of the sectors contributing significantly to income growth in Uganda is the banking sector, which has risen significantly, with many SACCOs and microfinance institutions developing into banks. However, a financial survey carried out by the Uganda Bankers' Association (UBA) revealed that the rate at which deposits in the banks are made, so that they finally make total income rise, is still low. UBA suggests that a lot has to be done on the side of government and bankers to ensure that deposits by clients into banks increase easily.

Task

- (a) Present interventions that can be put in place to solve the challenge UBOS identified.
- (b) Show the suggestions that government can put in place to address the concerns of UBA.

ITEM 68

The government of Uganda, in the recent five years, set aside a lot of funds towards the acquisition of assets that are used to produce other assets on top of producing goods and services. The rate at which expenditure on the acquisition of these productive assets is increasing; the Gross Domestic Product (GDP) in Uganda has, however, been low over the last three years. The government of Uganda is concerned and would like immediate interventions to increase the rate at which expenditure on such acquired assets can multiply and eventually increase GDP.

Meanwhile, the production of goods and services from acquisition of such assets has increased recently. Many people in Masaka and western Uganda entered large-scale production of foodstuffs to take advantage of the rising market in Kampala and the neighbouring districts. The breakdown of Katonga Bridge on Masaka Road, which is the major transport route for these foodstuffs, has been a blow to both the farmers and the consumers in Kampala and neighbouring districts. The prices of these foodstuffs and consequently the cost of living have risen continuously for over eight months due to the cut-off of supply. People are planning to demonstrate over this continuous rise. The Ministry of Trade is concerned about this trend and would like immediate interventions to solve the challenge.

Task

You have been approached as a student of economics.

- (a) Propose strategies the government/Ministry of Finance can use to overcome the challenge in the scenario.
- (b) Assist the Ministry of Trade with the necessary interventions to address the issue identified.

ITEM 69

Uganda's industrial transformation strategy has catalyzed notable expansion across agro-processing, specialized manufacturing and modern service sectors. This economic trajectory is driven by strategic

investments in energy infrastructure, expanding industrial parks, strong foundational skills and institutional support for domestic micro, small and medium enterprises (MSMEs). As financial institutions widen their credit networks and digital financial services expand into rural areas, broader segments of the population are participating in high-value production and income-generating enterprises.

Task

(a) Explain four structural economic strategies policymakers can execute to enhance inclusive growth, widen private-sector credit access and accelerate wealth creation across low-income communities.

(b) Using specific economic principles, explain how monetary policy, fiscal policy, supply-side interventions and trade policies can be deployed to maintain price stability, stimulate domestic aggregate supply and preserve consumer purchasing power in Uganda.

ITEM 70

The Uganda Bureau of Statistics (UBOS) is modernizing national income accounting through advanced digital data collection frameworks, high-resolution satellite mapping, integrated administrative data registers and real-time transaction tracking across business establishments. Concurrently, the Bank of Uganda (BOU) and commercial banking institutions are

expanding financial-sector depth through automated clearing networks, flexible credit guarantee schemes and target-driven liquidity management instruments.

Task

- (a) Outline four positive modern techniques and data-integration frameworks that UBOS can utilize to enhance accuracy, comprehensiveness and efficiency in compiling national income and GDP statistics.
- (b) Explain four policy instruments deployed by the Central Bank to maintain banking-sector stability, expand loan availability for productive enterprises and accelerate overall economic growth.

ITEM 71

The Uganda government, in an attempt to increase domestic production and consequently economic growth, embarked on an effort to raise production in all sectors and regions with the aim of boosting nationwide production. The Uganda Bureau of Statistics (UBOS) hired a team of economic experts to collect and organize data in monetary terms on the final products produced in all sectors in 2024 for effective planning and fair resource distribution.

Some experts gathered information on the output produced in the different sectors. Others gathered information on the incomes earned by individuals in the different sectors, while the third group gathered information on the expenses people make to acquire the

final goods and services. To their disappointment, UBOS discovered that the different sources did not provide the same grand total figure on the money value of all final goods and services in that year as they expected. UBOS is concerned and would like interventions to be put in place to address that challenge.

Task

(a) Present interventions that can be put in place to solve the challenge UBOS identified

ITEM 72

During the budget presentation for the financial year 2024/2025, the Minister of Finance and Economic Development highlighted some of the challenges that the country had faced. He noted that due to aggregate demand exceeding aggregate supply at full employment level of income, the economy experienced rising commodity prices, a rise in demand for imports by citizens and a rise in factor prices. According to Uganda Bureau of Statistics, the general price level rose by 32% compared to the previous financial year. Economists in Uganda are concerned about this undesirable imbalance between aggregate demand and aggregate supply at full employment level of income.

However, to achieve macro-economic stability in Uganda, many economists advise that the Central Bank should implement restrictive monetary measures so as to control the rising general price level in the economy.

Task

- (a) As a student of Economics, advise the government of Uganda on the measures that should be taken to address the concern of the economists in the scenario.
- (b) Propose suitable policies that should be taken by the Central Bank to achieve the concern of the economists.

ITEM 73

According to the Ministry of Finance, Planning and Economic Development, Uganda's national output of final goods and services has shown moderate growth, estimated at US Dollars 53 billion in 2024 (World Bank data). According to the President of Uganda, this has been due to the relative peace in the country, improved labour productivity, access to cheaper capital, among other factors.

According to the policymakers, despite the improvement, this remains low and hence calls for more effort to increase the national output of final goods and services. The policymakers have urged government to pay attention to the increase in the level of output of final goods and services.

Meanwhile, the commercial banks in Uganda are aiming at increasing the creation of new deposits from each deposit made by their clients; however, this move has been frustrated by a number of factors. Economists are concerned about the low rate at which the new deposits

are created and hence undermining the growth of the banking sector in Uganda.

Task

- (a) Propose other measures that the government of Uganda can adopt to address the concern raised by the policymakers.
- (b) As a student of Economics, advise the commercial banks on the measures that can be taken to address the concern of the economists in the above.

ITEM 74

The government recently announced a massive investment of 2 trillion UGX in a new railway station and several regional industrial parks. Development experts at the Ministry of Finance predict that initial expenditure will lead to a much larger final increase in aggregate national income as the money circulates through the economy, creating jobs and stimulating business.

However, because of leakages in the economy like high spending on imported materials, it reduces the overall impact of the project. Therefore, the operation of increasing investment expenditure is less effective in creating the overall change in national income, which is a concern for the development experts who are seeking a solution to make the operation more effective and successful.

Meanwhile, the financial sector in Uganda is growing, with many SACCOs and microfinance institutions developing into deposit-taking institutions under regulation by the Bank of Uganda. However, the financial review carried out revealed that many loan applications are rejected by these institutions, giving different excuses. It has also been observed by financial experts that there is still a lot of money in the hands of the public because many individuals have a strong desire to keep a substantially large amount of money with them instead of investing or keeping it in banks. They are worried that this act by many Ugandans is going to destroy the financial sector and are seeking solutions to it.

Task

- (a) Advise the government on the measures that can be adopted to address the concern of the development experts in the scenario.
- (b) Propose strategies to overcome the challenges raised by financial experts.

ITEM 75

The Uganda government, in an attempt to boost domestic production and consequently economic growth, embarked on an effort to raise production in all sectors and regions with the aim of boosting nationwide production. The government hired a team of economic experts to collect and organize data in monetary terms on

the final products produced in all sectors for a whole year for effective planning. Some people, however, rejected them and concealed a lot of vital information, saying that they see no importance in gathering this information and think that hiring this team of experts is a waste of money and time. The Uganda Bureau of Statistics (UBOS) is concerned and has organized a sensitization workshop to convince the masses to accept this vital activity.

Meanwhile, the Government of Uganda has increased its expenditure to expand productivity in all sectors of the economy. Despite this attempt, the increasing prices of fuel in the economy do not seem desirable because they increase the cost of production and maintain their profit margins. Firms and businesses shift the increasing costs to consumers in the form of charging high prices, which may affect the growth of output in the economy. This has raised concern among development experts and they have called upon the government to intervene to maintain the general price level at a low rate which has been caused by increasing costs of production.

Task

- (a) Justify the government initiative to perform the duty assigned to the economic experts.
- (b) Propose strategies that can be used by the government to address the concern of development experts in the scenario.

ITEM 76

By March 2026, the Bank of Uganda (BOU) noted a rise in headline inflation to 6.2%, driven by high global oil prices and increased domestic credit to the private sector. To curb this, the BOU raised the Central Bank Rate (CBR) to 11%. Meanwhile, the Ministry of Finance is implementing the National Development Plan IV (NDP IV), which requires significant funding. The 2025/2026 budget reveals a deficit, with the government planning to borrow UGX 8 trillion domestically.

Economic analysts warn that government domestic borrowing might crowd out the private sector, as commercial banks prefer lending to the state rather than to local farmers and traders.

Task

- (a) As a financial analyst at a commercial bank, analyse the effect of domestic crowding out on the growth of Uganda's private sector.
- (b) Propose fiscal policy measures to reduce the budget deficit without hurting economic growth.

ITEM 77

The National Planning Authority has just launched the Fourth National Development Plan (NDP IV). This is the first of three plans that will deliver Uganda's tenfold growth strategy of doubling GDP every five years. The total cost of the plan is UGX 593.6 trillion for five years

and there is a growing concern on how government will finance this plan to achieve its target.

After the 2026/27 budget speech, the Minister of Finance, Hon. Henry Musasizi, told Parliament: “Our tax to GDP ratio is still at 13.5% yet we need 20% to fund NDP IV without ever borrowing. This can be achieved if all Ugandans conform to the tax laws of the country.” A joint task force by NPA and MFPED has been formed to gather views from fresh young economics students.

Task

- (a) Suggest ways in which government will be able to finance the UGX 593.6 trillion above for implementation of projects.
- (b) Provide strategies that can be taken by government to ensure strict adherence to the tax laws to achieve the above objective.

ITEM 78

The government of Uganda rolled out growth in acquisition of assets that are used to produce other assets on top of producing goods and services. The rate at which the acquisition of these productive assets is increasing has, however, been low over a period of time. The government of Uganda is concerned and would like immediate interventions to increase the rate at which such assets are acquired.

Meanwhile, the production of goods and services from acquisition of such assets has increased recently. Many people in Masaka and western Uganda entered large-scale production of foodstuffs to take advantage of the rising market in Kampala and the neighbouring districts. The breakdown of Katonga Bridge on Masaka Road, which is the major transport route for these foodstuffs, has been a blow to both the farmers and consumers in Kampala and neighbouring districts. The prices of these foodstuffs have significantly risen for over eight months due to the cut-off of supply. People are planning to demonstrate over this continuous rise. The Ministry of Trade is concerned and would like immediate solutions to the challenges.

Task

- (a) Propose strategies the Ministry of Finance can use to overcome the challenge in the scenario.
- (b) Assist the Ministry of Trade with the necessary interventions to address the issue identified

END