

Global or national crisis? Ugandans' economic outlook continues to worsen

Afrobarometer Dispatch No. 539 | Makanga Ronald Kakumba

Summary

After just beginning to recover from the economic shocks of the COVID-19 pandemic, Uganda appears to be sliding into another economic crisis. The cost of living is on the rise as prices for essential commodities such as food, cooking oil, and soap have increased sharply, largely due to surging fuel prices (Observer, 2022). As of July 2022, annual inflation was reported at 7.9%, up from 2.9% at the beginning of the year. Many businesses are struggling to survive, and the value of the shilling against the U.S. dollar is dropping (Trading Economics, 2022; Monitor, 2022a).

Some experts and prominent government figures, including President Yoweri Museveni, have largely attributed the economic meltdown to the Russian invasion of the Ukraine (Independent, 2022). The opposition Forum for Democratic Change says the government is to blame for the country's dire economic situation (Monitor, 2022b).

The COVID-19 pandemic hit the economy hard starting in 2020, impacting businesses, revenue collection, economic activity, and jobs. Recovery began in early 2022, when all sectors were allowed to function at full capacity again. But inflation presents a new threat to economic health and livelihoods.

In response, the government has urged citizens to tighten their belts. In a televised national address, Museveni said that "government subsidies or removal of import taxes would only cripple the economy" (Africa News, 2022), indicating that his government would not intervene to ease the situation. Likewise, in a media interview, the secretary of the treasury described "subsidies, price controls, and tax cuts" as ineffective ways to address the current economic shocks (Monitor, 2022c).

How do ordinary Ugandans assess the situation? According to the most recent Afrobarometer survey in Uganda, completed in early 2022, citizens are growing increasingly discontent with the country's economic condition as well as their personal living conditions. A majority think the country is headed in the wrong direction.

Lived poverty has increased, and fewer than half of citizens are optimistic about the near future. Large majorities say the government is doing a poor job of managing inflation and the economy in general, narrowing income gaps, creating jobs, and improving living standards of the poor.

Afrobarometer surveys

Afrobarometer is a pan-African, nonpartisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Eight rounds of surveys have been completed in up to 39 countries since 1999. Round 9 surveys (2021/2022) are currently underway. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice.

With financial support from the Embassy of the Kingdom of the Netherlands in Uganda, the Afrobarometer team in Uganda, led by Hatchile Consult Ltd., interviewed 2,400 adult Ugandans between 7 and 25 January 2022. A sample of this size yields country-level results with a margin of error of +/-2 percentage points at a 95% confidence level. This was the 12th Afrobarometer survey in Uganda since 1999.

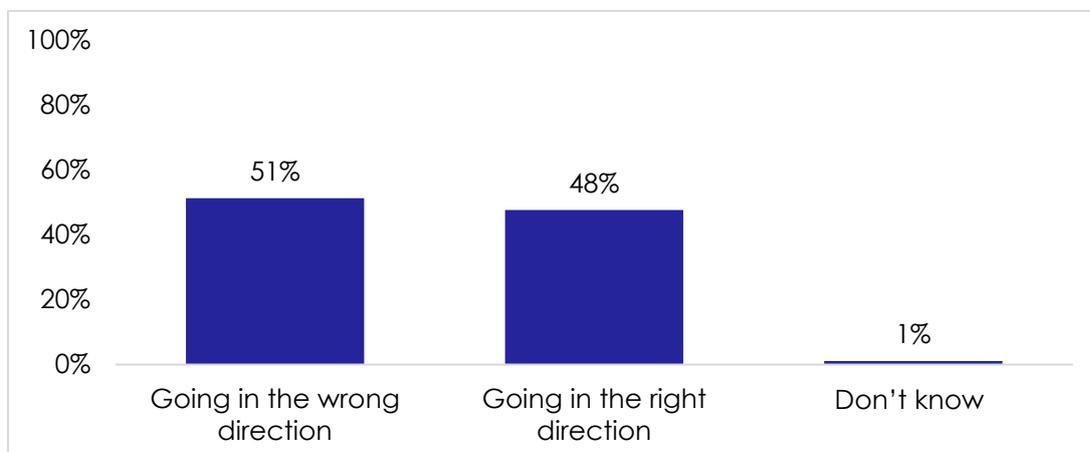
Key findings

- Fewer than half (48%) of Ugandans say the country is headed in “the right direction,” a 12-percentage-point decline from 2019 (60%).
- Ugandans are increasingly gloomy in their assessments of the country’s economic situation and their personal living conditions:
 - Two-thirds (66%) describe the country’s economic condition as “fairly bad” or “very bad,” a 20-percentage-point increase from 2019.
 - Nearly six in 10 (58%) say their personal living conditions are “fairly bad” or “very bad,” up 17 percentage points from 2019.
- Seven in 10 Ugandans (70%) experienced moderate or high levels of lived poverty during the previous year, a 10-percentage-point increase from 2017.
- Large majorities rate government performance as “fairly bad” or “very bad” when it comes to keeping prices stable (87%), narrowing gaps between rich and poor (84%), creating jobs (78%), improving living standards of the poor (75%), and managing the economy (66%).
- Only 42% of Ugandans expect economic conditions to improve over the coming year.

Overall direction of the country

Fewer than half (48%) of Ugandans say the country is headed in “the right direction,” while a slim majority (51%) think the country is going in “the wrong direction” (Figure 1).

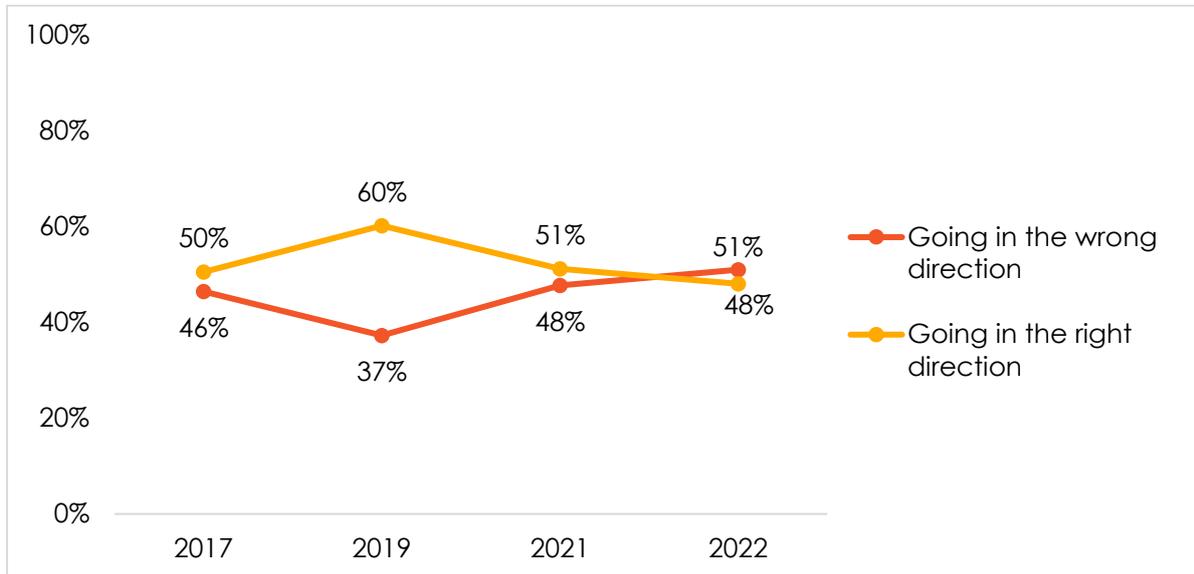
Figure 1: Overall direction of the country | Uganda | 2022



Respondents were asked: Some people might think the country is going in the wrong direction. Others may feel it is going in the right direction. So let me ask you about the overall direction of the country: Would you say that the country is going in the wrong direction or going in the right direction?

The share of citizens who see the country as headed in the right direction has declined by 12 percentage points since 2019, wiping out gains recorded between 2017 and 2019 (Figure 2).

Figure 2: Overall direction of country | Uganda | 2017-2022

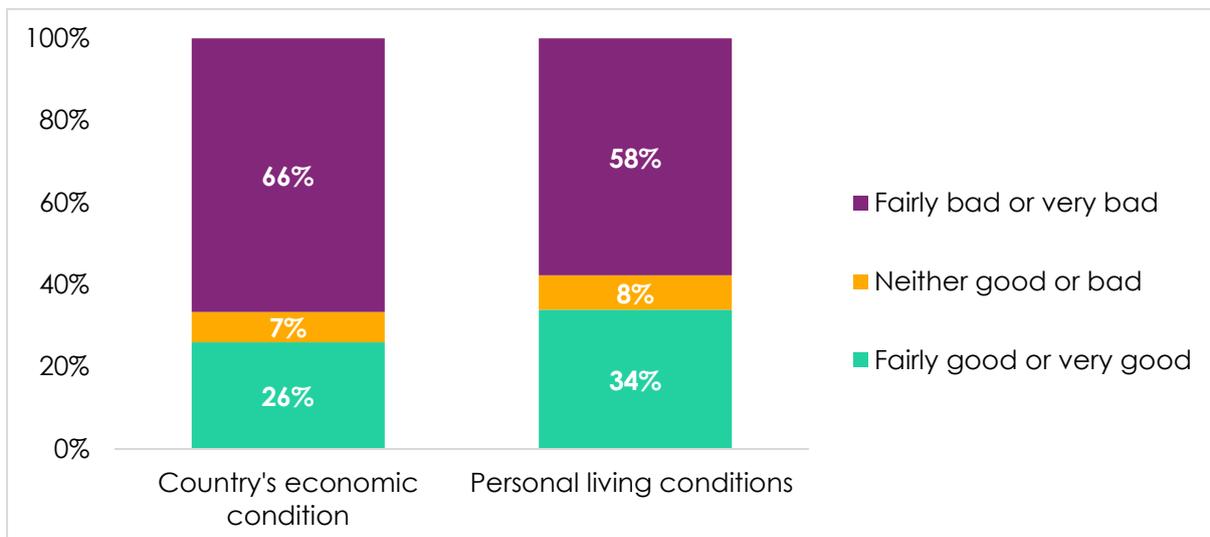


Respondents were asked: Would you say that the country is going in the wrong direction or going in the right direction?

Worsening economic and personal living conditions

Two-thirds (66%) of Ugandans describe the country's economic condition as "fairly bad" or "very bad," while only a quarter (26%) consider the economic situation good. Similarly, nearly six in 10 Ugandans (58%) say their personal living conditions are "fairly bad" or "very bad"; only 34% rate their living conditions favourably (Figure 3).

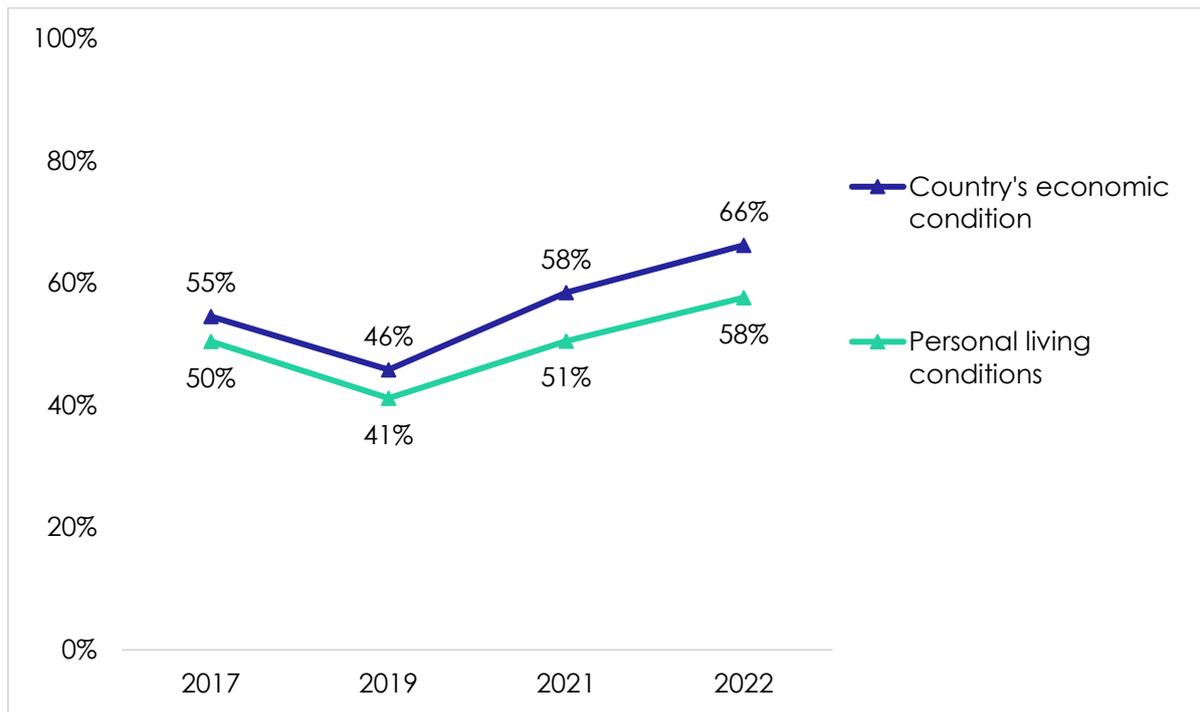
Figure 3: Country's economic condition and personal living conditions | Uganda | 2022



Respondents were asked: In general, how would you describe: The present economic condition of this country? Your own present living conditions?

Negative assessments of the country's economic condition and personal living conditions have been growing steadily since 2019 after declining between 2017 and 2019 (Figure 4). The proportion of those who say the country's economic condition is bad climbed from 46% in 2019 to 58% in 2021, then increased by another 8 percentage points in 2022. In parallel, the share of Ugandans who describe their personal living conditions as bad increased by 10 percentage points between 2019 and 2021, then another 7 points over the past year.

Figure 4: Negative assessments of country's economic condition and personal living conditions | Uganda | 2017-2022



Respondents were asked: *In general, how would you describe: The present economic condition of this country? Your own present living conditions?*

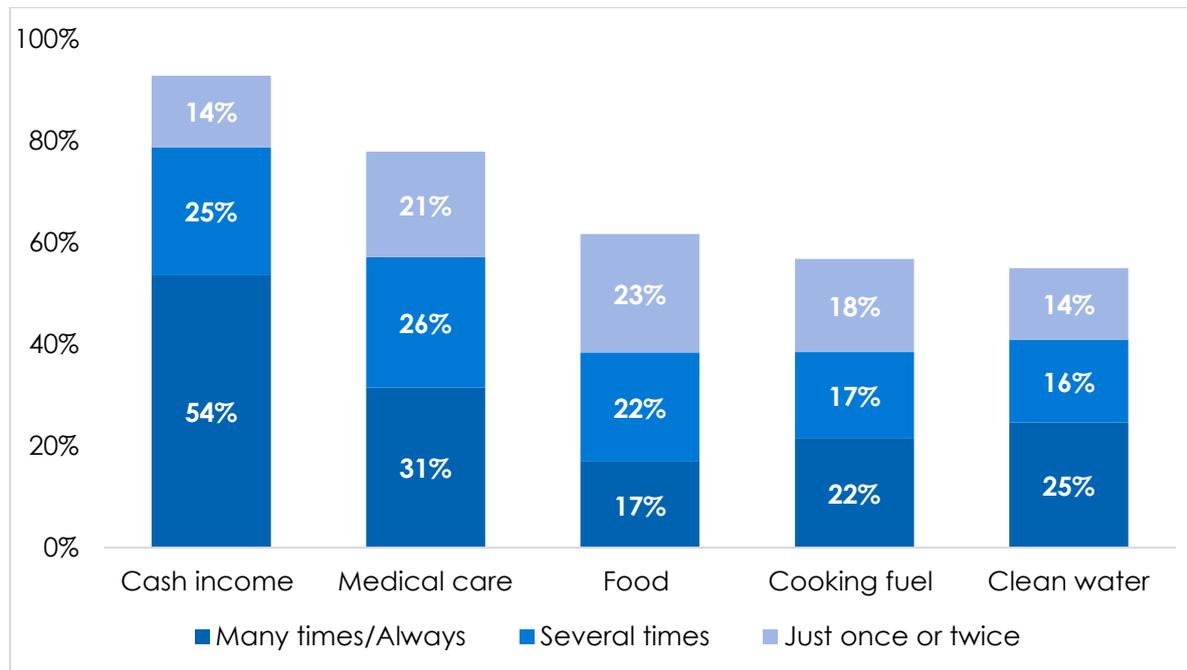
Ugandans' concerns about the country's economy and their own living conditions are reflected in their experience of "lived poverty," Afrobarometer's experiential measure based on how often people go without five basic necessities of life: enough to eat, enough clean water, medicines or medical care, enough cooking fuel, and a cash income (Mattes, 2020).

More than nine in 10 citizens (93%) say they went without a cash income at least once during the year preceding the survey, including 54% who say this happened "many times" or "always" (Figure 5).

Nearly eight in 10 (78%) report going without medical care, including a majority (57%) who say this occurred at least several times, while more than half experienced shortages of food (62%), cooking fuel (57%), and clean water (55%).

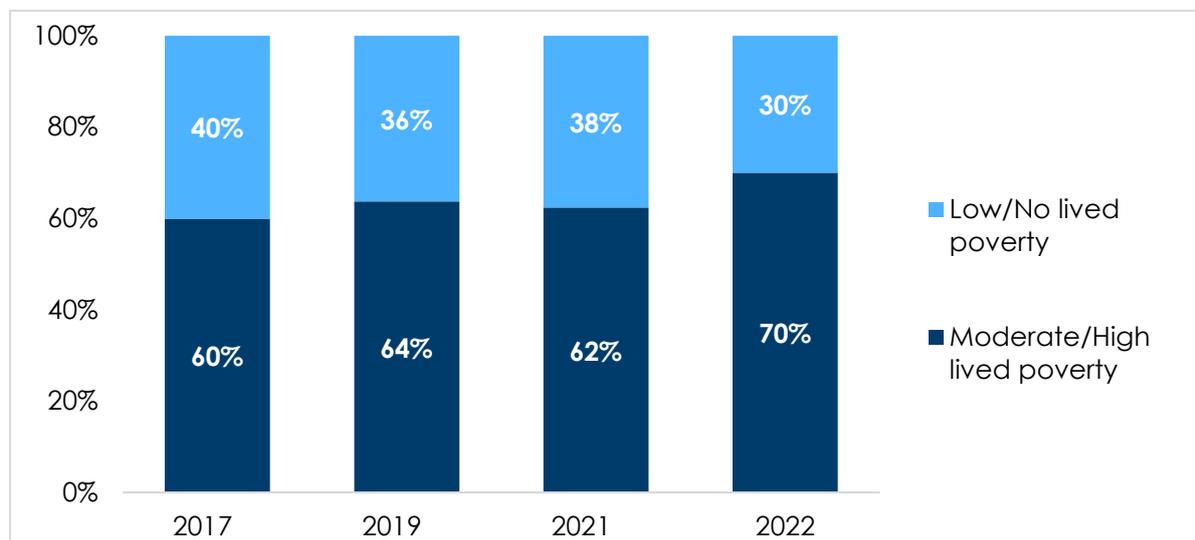
An average of the responses to the questions on deprivation of necessities is calculated to create Afrobarometer's Lived Poverty Index, whose scores range from 0 (no lived poverty) to 4 (high lived poverty). Seven in 10 Ugandans (70%) experienced moderate (42%) or high (28%) lived poverty during the past year, a 10-percentage-point increase from 2017 (60%) (Figure 6).

Figure 5: Going without basic necessities | Uganda | 2022



Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicines or medical treatment? Enough fuel to cook your food? A cash income?

Figure 6: Levels of lived poverty | Uganda | 2017-2022



Respondents were asked: Over the past year, how often, if ever, have you or anyone in your family gone without: Enough food to eat? Enough clean water for home use? Medicines or medical treatment? Enough fuel to cook your food? A cash income?

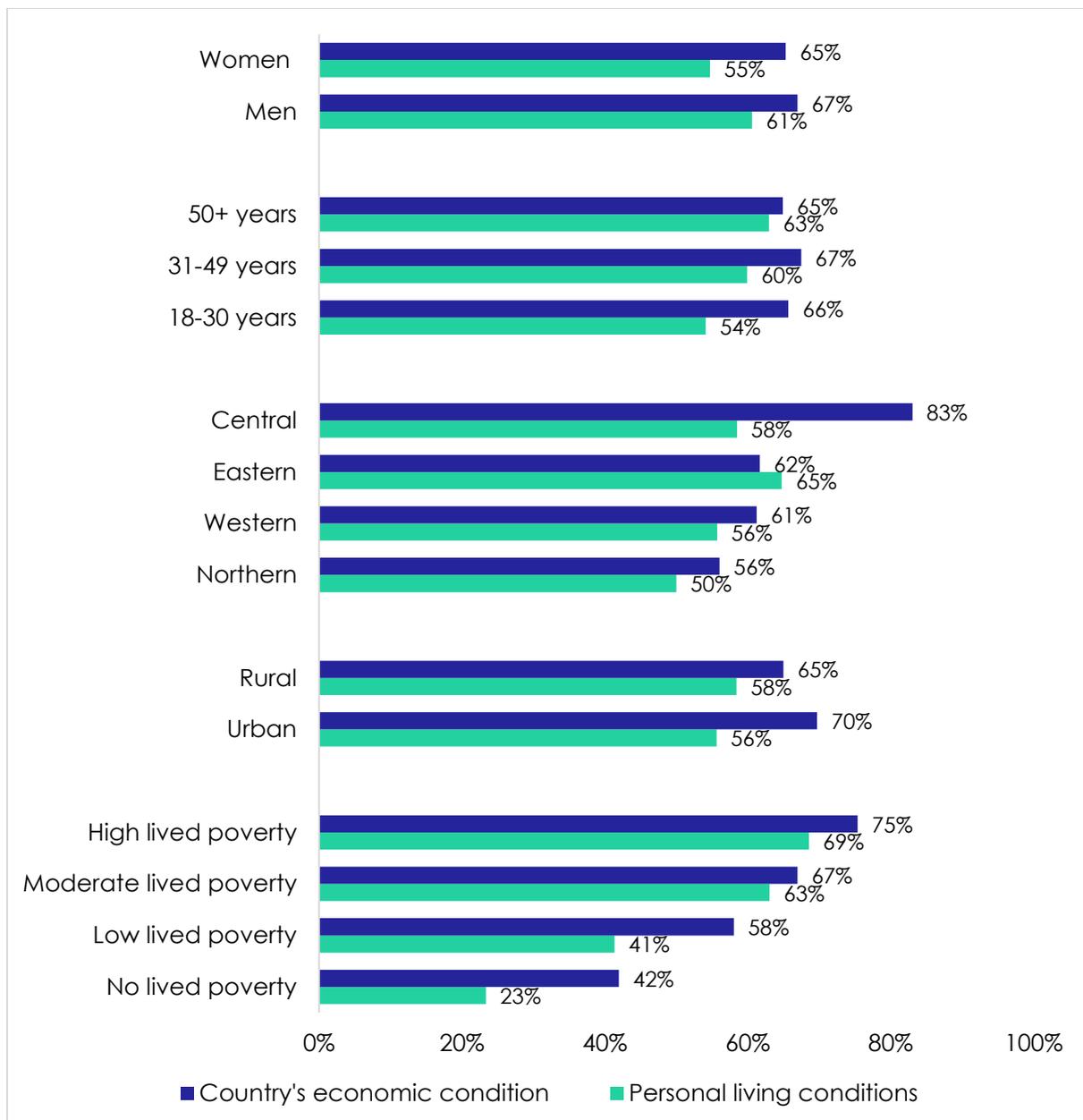
Negative assessments of the country's economic condition and personal living conditions increase sharply with respondents' level of lived poverty. The poorest are three times as likely as the best-off to describe their living conditions as bad (69% vs. 23%), and almost twice as

likely to see the economy as bad (75% vs. 42%), suggesting that the economic crisis has disproportionately affected the poor (Figure 7).

Citizens in the Central Region (83%) are far more likely to describe the economy as bad than residents of the Eastern (62%), Western (61%), and Northern (56%) regions. Older citizens are more likely to report poor living conditions than young respondents (63% of those aged 50 years and above vs. 54% of those aged 18-30).

Other differences by demographic group are less pronounced, though men see their personal living conditions somewhat more negatively than women (61% vs. 55%).

Figure 7: Country's economic condition and personal living conditions | by demographic group | Uganda | 2022



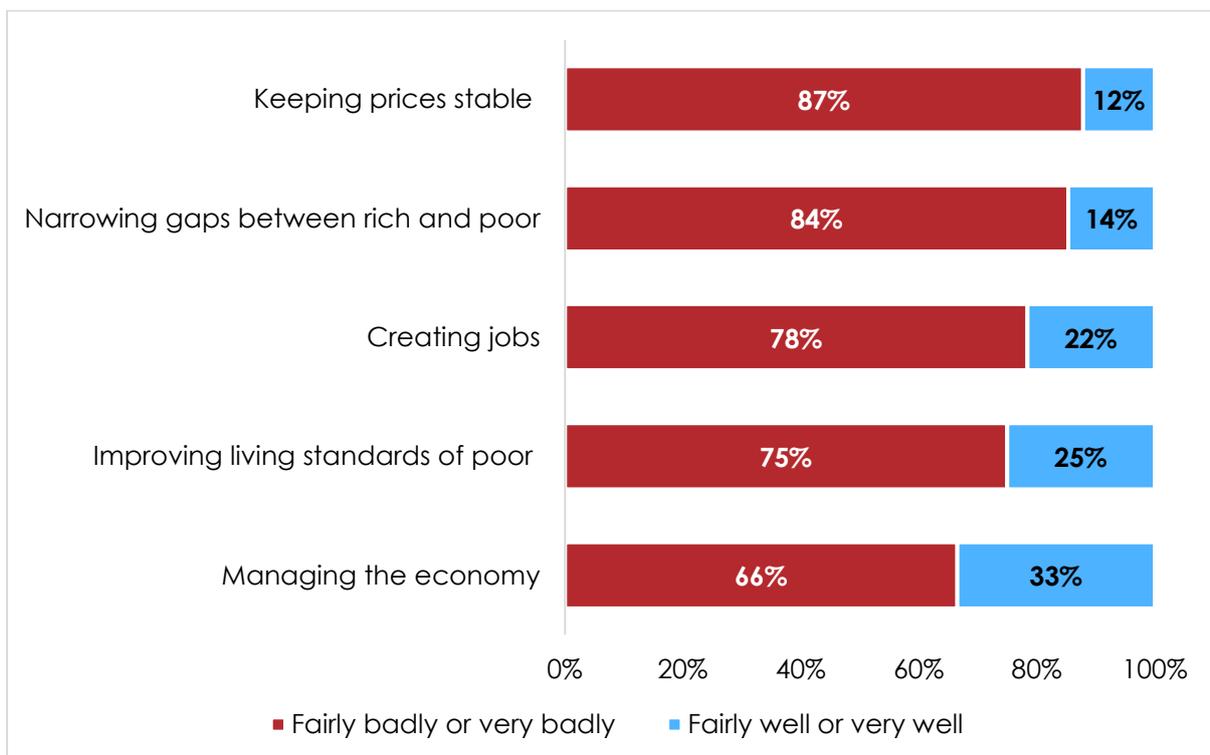
Respondents were asked: In general, how would you describe: The present economic condition of this country? Your own present living conditions? (% who say "fairly bad" or "very bad")

Government performance on economic issues

Amid rising prices for fuel and basic commodities and increasingly negative assessments of economic and personal living conditions, vast majorities of Ugandans think the government is doing a poor job on key economic issues.

Three-fourths or more of Ugandans say the government is performing “fairly badly” or “very badly” on keeping prices stable (87%), narrowing gaps between rich and poor (84%), creating jobs (78%), and improving the living standards of the poor (75%). Overall, two-thirds (66%) give the government a failing grade on managing the economy (Figure 8).

Figure 8: Government performance on key economic issues | Uganda | 2022



Respondents were asked: How well or badly would you say the current government is handling the following matters, or haven't you heard enough to say?

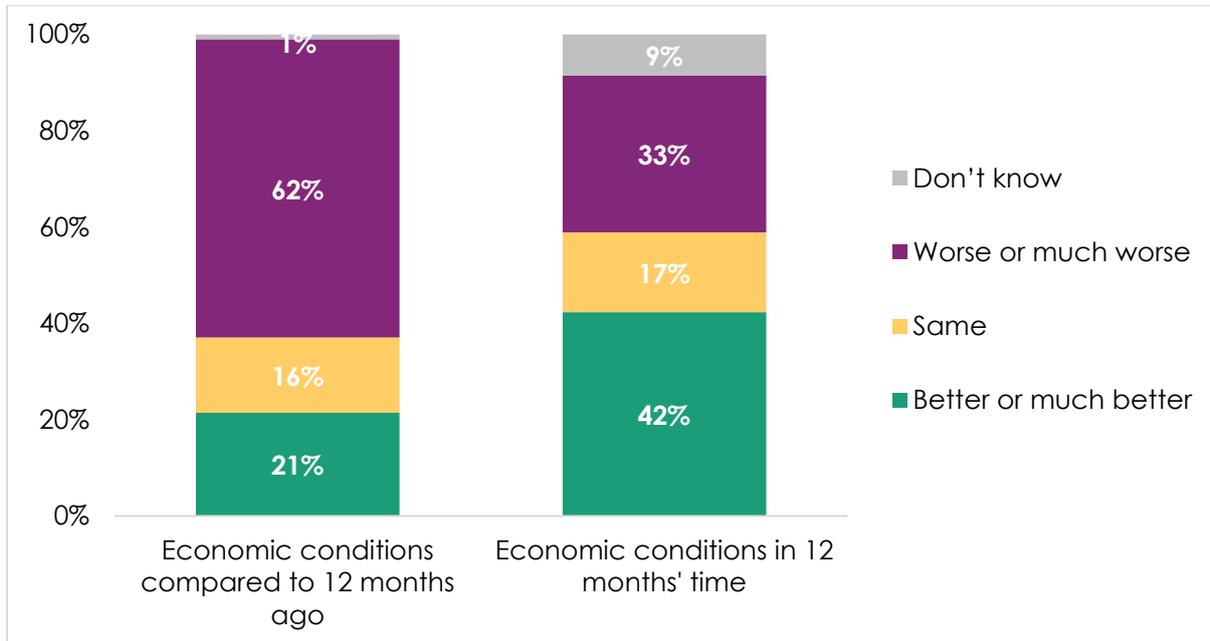
Will the economic situation get better?

Assessing the evolution of the country's economic condition over the past 12 months, a period marked by the COVID-19 pandemic, almost two-thirds (62%) of Ugandans say things got “worse” or “much worse,” while only 21% say they improved (Figure 9).

And fewer than half (42%) are optimistic that economic conditions will get better over the next 12 months, while 33% think the situation will worsen.

These projections are correlated with respondents' evaluations of government performance. In other words, citizens who are pessimistic about the country's future economic situation are also more likely to disapprove of the government's performance on key economic issues than their more optimistic counterparts.

Figure 9: Country's economic condition compared to 12 months ago and in 12 months' time | Uganda | 2022



Respondents were asked:

*Looking back, how do you rate economic conditions in this country compared to 12 months ago?
 Looking ahead, do you expect economic conditions in this country to be better or worse in 12 months' time?*

Conclusion

Ugandans' assessments of the national economy and their personal living conditions are negative – and growing more so. Even before the current crisis of rising prices, lived poverty was increasing, and fewer than half of citizens expected things to improve in the near future. Overwhelmingly, Ugandans see their government as failing on key economic issues.

These findings challenge the government to identify approaches that will prevent more families from falling into poverty and enable the country's battered economy to continue its recovery from the ravages of the COVID-19 pandemic.

Do your own analysis of Afrobarometer data – on any question, for any country and survey round. It's easy and free at www.afrobarometer.org/online-data-analysis.

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Afrobarometer, a nonprofit corporation with headquarters in Ghana, is a pan-African, non-partisan research network. Regional coordination of national partners in about 35 countries is provided by the Ghana Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, and the Institute for Development Studies (IDS) at the University of Nairobi in Kenya. Michigan State University (MSU) and the University of Cape Town (UCT) provide technical support to the network.

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