Significant reductions in economic activity are evident in the most promising sectors such as tourism and services, manufacturing, and trade, in addition to transport.

**REAL SECTORS**

**MANUFACTURING**

The pandemic and response measures have negatively affected the manufacturing sector through closure of plants, factories and industries.

Some firms in the beverage industry lost more than 60% of demand due to lockdown, and experienced plummeting of sales by 80%.

**TOURISM**

The tourism sector will register a loss of more than USD $5 billion in the next 5 years (2020-2025).

The induced impacts on tourism-related sectors are likely to be greater as they include all backward linkages with local producers.

Vulnerable local communities that benefit from tourism revenue sharing from the National Parks may lose a minimum of UGX 12 billion by 2025. All nodes of the tourism value chain will be affected over the next 5 years (2020-2025).

**AGRICULTURE AND FOOD SECURITY**

Overall, subsistence farmers’ food production was not severely impacted by the lockdown. Rural households largely rely on own-produced food.

There has been a spike in prices of cereals, wheat, and basic staple food commodities such as maize, beans and rice, given their long shelf-life and convenience in bulk storage, but also due to growing demand by government. The poor and net food-buyers are most affected by disruptions in food supply chains and access to affordable food.

Access to dietary diversity and nutritious foods has decreased, mostly for highly vulnerable groups and marginalised communities such as refugees, women and children, unemployed or informally employed youth, elderly, and people living with disabilities or pre-existing medical conditions like HIV/AIDS, and Indigenous communities.

**ENVIRONMENT AND NATURAL RESOURCES**

Air pollution in Kampala has declined, improving its average monthly Air Quality Index from the “Very Unhealthy” range into an “Unhealthy for Sensitive Groups” or “Moderate” category of Air Quality Index (AirNow, 2020).

However, the increases in poverty and unemployment may result in increased deforestation, protected area encroachment, and poaching.
Restrictive measures on MSMEs are sending 46% of workers employed in informal businesses in the manufacturing sector into poverty or business closure, followed by 43% in the hospitality industry and 41% in trading and services.

Greater Kampala will account for about 50% of the total loss of income and closure of informal businesses.

The regional shares of the total national impact on informal MSMEs are closely correlated with the number of informal enterprises and their viability.

Up to 60% of informal MSMEs are likely to go out of business but the impact on their structure and business potential will be limited.

The total fiscal gap at Local Government level is projected at UGX 15.7 trillion, with District Governments accounting for 88% of the total loss.

The increase in unemployment and loss of incomes could increase poverty among wage earners and casual labourers by 15.7 percentage points.

The increase in poverty among wage earners could be felt most in Eastern and Northern regions, due to many households already highly vulnerable to poverty and with low resilience in this regions.

National poverty rates could rise between approximately 2 and 8 percentage points depending on the scenarios under consideration.

The size of the middle class could reduce by 5.2 percentage points, sending many of those households into the non-poor insecure.

The increase in unemployment and loss of incomes could increase poverty among wage earners and casual labourers by 15.7 percentage points.

Close to 67% of population has a high risk of exposure to more than four COVID-19 risk factors. These include, among others: levels of overcrowding, living with an older person (aged 60+), no access to water, lack of or sharing sanitation facilities with others, and lack of handwashing facilities near toilets.

Loss of Local Govt. Own Source Revenue

A 3-month period of strong containment measures followed by a gradual relaxation and recovery over the next 3-4 months could severely hit property tax, user fees and other fees, which collectively account for 82% of Own Source Revenue in districts, 73% in municipalities and 78% in town councils.

Reallocating the budget in the current envelope without additional resources could result in a 17.8% drop in the net change in the potential achievement of SDG1, eliminating poverty, -9.2% for gender equality (SDG5), and -6.7% for infrastructure and industry development (SDG9).

Cautious borrowing could cushion the economy and improve industry, innovation, and infrastructure (SDG 9), reduce inequality (SDG10), and improve the outlook for zero hunger (SDG2) among other SDGs.