

Uganda Adjusted Macroeconomic Indicators

“Moving Beyond GDP”



MACROECONOMIC POLICY DEPARTMENT

Introduction

- ❑ Traditional measures of economic activity, and the conventional national accounting framework measures, do not consider some of the broader impacts of economic activity, such as **the consumption of natural resources, pollution and environmental degradation.**
- ❑ GDP as the standard measure of economic growth in the System of National Accounts (SNA) does **not** take into **account Natural Capital depletion.**
- ❑ Consequently **“Going beyond GDP”** the System of Economic-Environmental Accounts (SEEA) promotes **adjusted macroeconomic indicators and estimates of countries wealth** which takes up natural capital use. The SEEA is consistent with the SNA (and therefore follows the appropriate statistical principles). However, it also incorporates a broader range of activities (costs and benefits) in the calculation of two key macroeconomic indicators:
 1. Adjusted net national income (ANNI), and
 2. Adjusted net savings (ANS).

Adjusted Net National Income (ANNI) – methodology

- ❑ ANNI adjusts the **conventional GDP / GNI measure** of income by deducting the amounts attributable to **asset depletion**.

Gross domestic product (GDP)

- *Add*: net receipts from compensation of employees from abroad
- *Add*: net property income from abroad
- *Add*: taxes less subsidies on production and imports

Gross national income (GNI)

- *Deduct*: consumption of fixed capital (CFC) (*depreciation*)

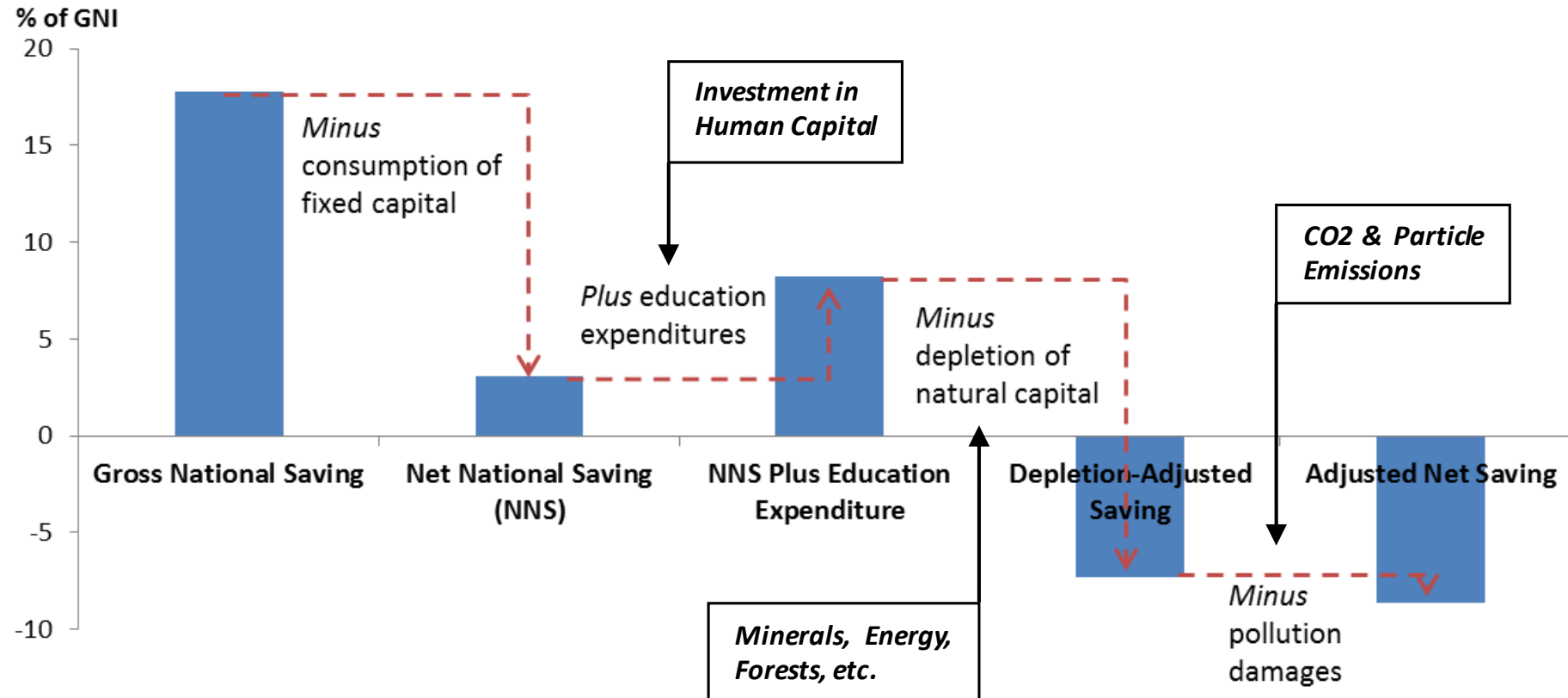
Net national income (NNI)

- *Deduct*: consumption of natural capital (energy, minerals, timber resource depletion)

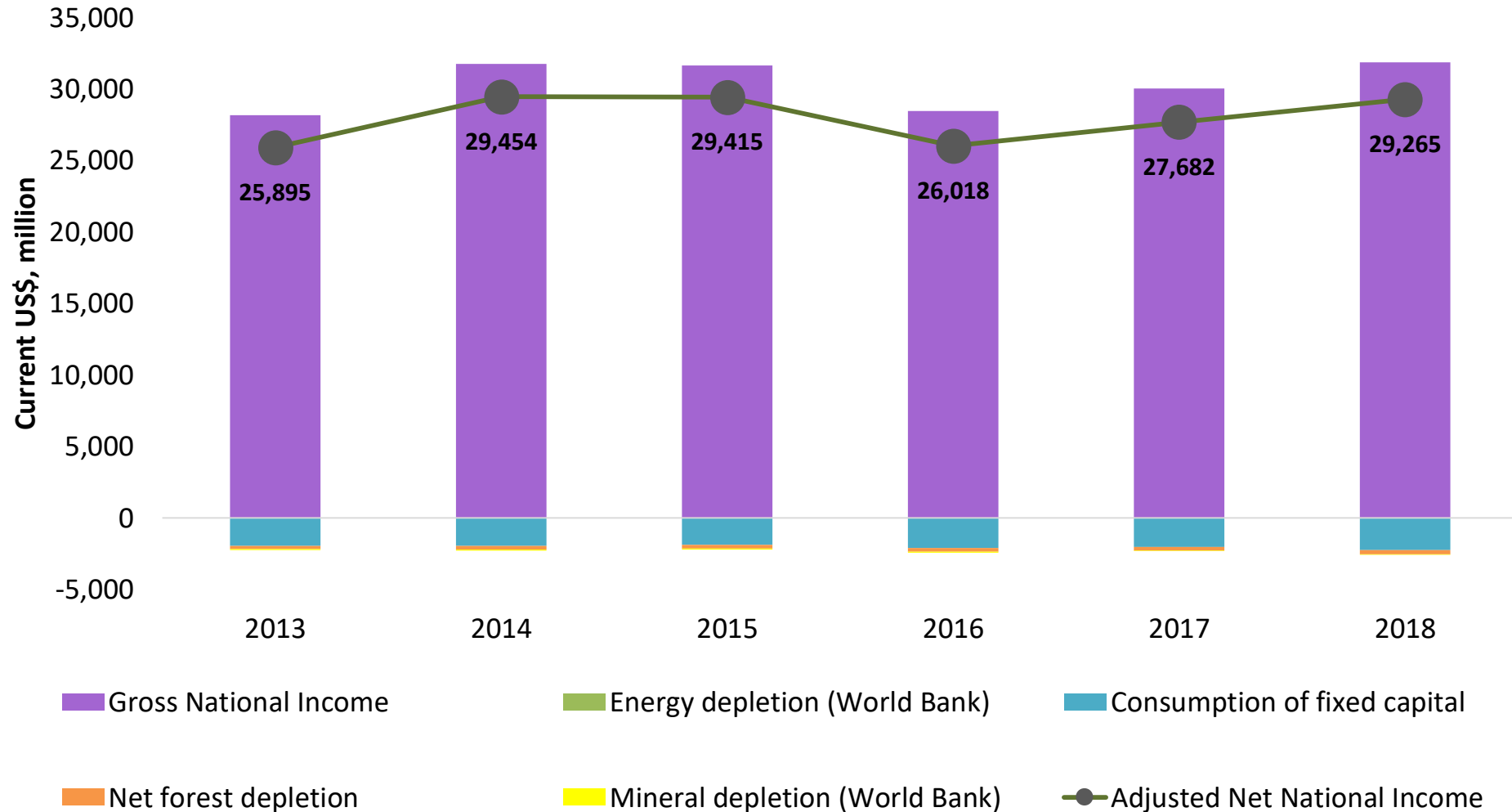
Adjusted net national income (ANNI)

Adjusted Net Savings (ANS) – methodology

- ANS adjusts the conventional measure of (gross) national savings for asset depletion; environmental damage and investment in human capital

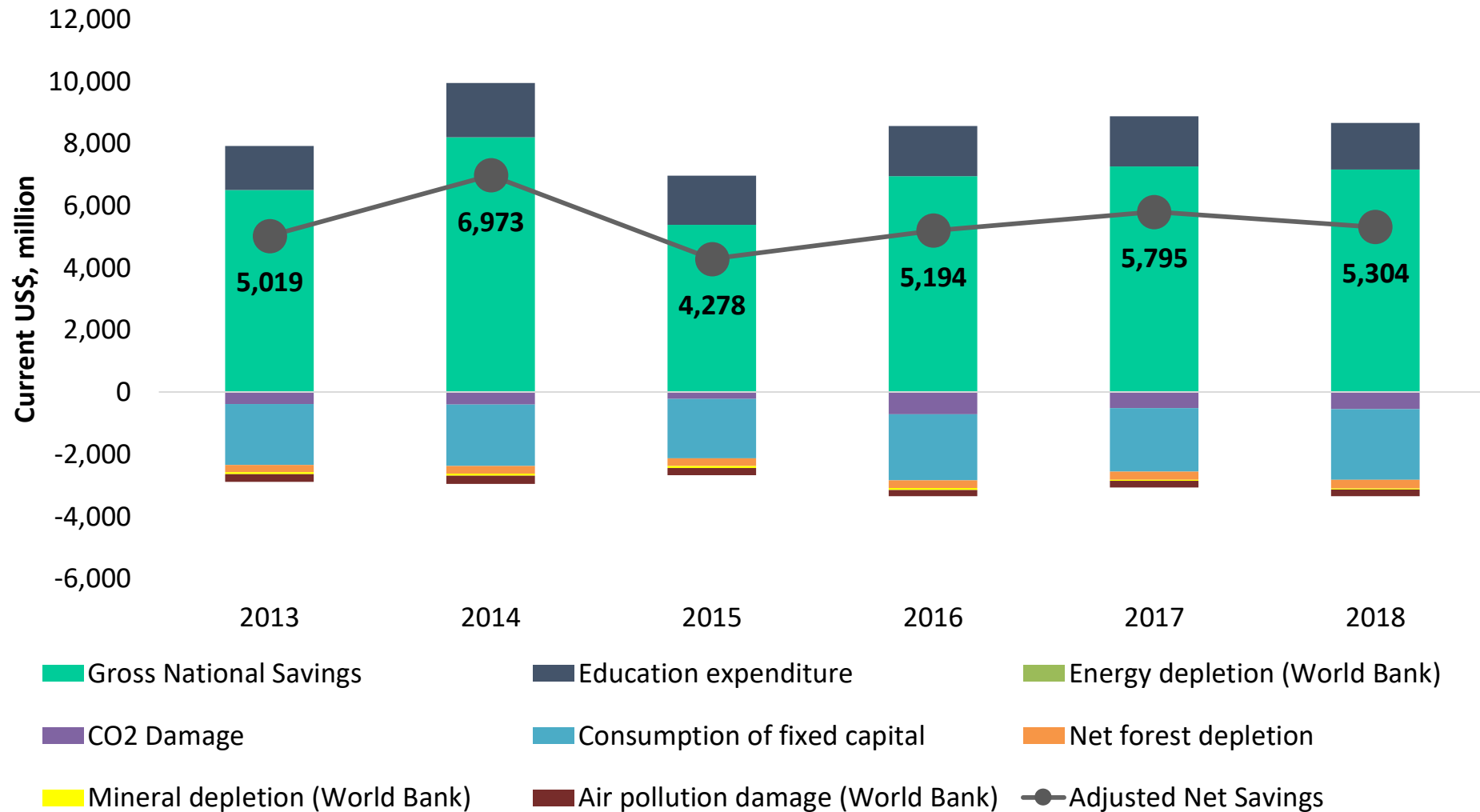


Adjusted Net National Income (ANNI) – findings



ANNI increased by 5.7 percent between 2017 and 2018, similarly compared to 6.4 percent increase registered between 2016 and 2017 period.

Adjusted Net Savings (ANS) – findings



ANS has declined by 8.5 percentage points from 2017 to 2018. This decline stands in stark contrast to the increase of 11.6 percentage points from 2016 to 2017 period.

Policy Recommendations

- ❑ Based on these results, the report suggests three key recommendations that will help to steer the country **towards a more sustainable economic development path**. These include;
 1. increasing domestic saving and the stock of physical capital;
 2. increasing human capital and its productivity; and
 3. reducing emissions and deliberately increasing vegetation and forest cover.



Thank you for listening.

