P220/2
ECONOMICS
Paper 2
AUGUST, 2026
3*hours*

JINJA JOINT EXAMINATIONS BOARD

Uganda Advanced Certificate of Education

MOCK EXAMINATIONS – AUGUST, 2026

ECONOMICS

Paper 2

3 hours

INSTRUCTIONS:

This examination paper consists of **two sections; A and B.** It has four examination items

Section A has **two** compulsory items.

Section B has two items. Respond to **one** item.

Respond to **three items** in all

Any additional item responded to **will not be scored.**

 Turn Over

SECTION A

Respond to all items in this section.

ITEM 1

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: Use your knowledge in economics and;

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 2

According to 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 2026/20227 is 84.39 trillion Uganda shillings as compared to Ugsh: 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 2026/2027 budget, large amount of revenue has been allocated on consumption expenditure such as public debt serving, 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 Ministry of Finance, Planning and Economic Development on the policy measures that can be adopted to achieve National Budget objectives.

SECTION B

Respond to one item only in this section.

ITEM 3

Uganda Bureau of Statistics (UBOS) compiles data on the money value of final goods and services produced in the country every year. It shares this data with other government agencies such as Ministry of Finance, Planning and Economic Development. This data collected by UBOS portrays Uganda's economic performance both within and abroad. Unfortunately, to an ordinary citizen of the country, compiling the money value of final goods and services bears no significance. This is due to high level of ignorance and conservation.

Basing on Purchasing Power Parity, Uganda's GDP is estimated to be USD 197.1 billion and GDP per capita is projected to increase to USD 1420 as per 2026/2027 budget speech. Although this shows a high trend of GDP growth rate aggregate supply is still low in the country. This has resulted into increase in the general price level of goods and services which is a big challenge to the economic development of the country.

Task:

a) As an economics student what justification can you provide to change the mindset of the citizens in the scenario?

b) Advise government on the strategies that should be adopted to control the challenge in the scenario.

ITEM 4.

Uganda's economy has shown remarkable increase in the GDP growth rate from UgSh: 183 trillion in 2023/2024 to UGShs;202.7 trillion in 2024/2025.
Despite this growth rate according to world bank (2024), the tax contribution to Uganda's GDP ratio remains low at 13% due to the loopholes in taxation system.

Meanwhile, according to Uganda Bureau of Statistics (UBOS) the distribution of income in Uganda shows a wide economic divide across the country. The national core is concentrated among few individuals, regions and sectors. This is according to Uganda National Household Survey (2023/2024). This has created social class of those who have and those who do not have.

Task:

a) Explain the interventions that can be adopted to address the challenge identified by UBOS.

b) Propose strategies that can be used to minimize the loopholes observed by World Bank in the scenario.

END