MAKERERE UNIVERSITY

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DETERMINANTS OF HOUSEHOLD SAVINGS IN UGANDA

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ABSTRACT

Uganda like many other developing countries is faced with a large Savings-investment gap to spur and sustain a desirable rate of economic growth. This gap has been due to low level of domestic savings thus forcing the economy to heavily rely on external resources in of grants, loans and Foreign Direct investments. This measure heavily criticized for it makes developing economies heavily dependent on other economies, something that is not sustainable as these donor countries are currently faced with economic and social shocks back home, not forgetting that this dependence has left developing countries heavily indebted.

There is now a growing concern to mobilize resources locally for investment. This study discuses the Uganda's household ability, willingness and Opportunities to save and presents several policy implications that can boost local resource mobilization. The various Socio-economic and demographic factors that influence household saving in Uganda have been fully examined in this report. This contributes to existing literature through the analysis of each factor/ variable using the Uganda national Household Survey of 2012/2013.

The study employs both descriptive statistics and ordinary least square to estimate the household saving function as specified in the model. The empirical results indicate that household saving rate in Uganda increases with increase in household income and reduces with increase in the household sizes