

## NPA Position Paper on the Implications of Coronavirus on Uganda's Economy and the Possible Interventions

### A. Background

Since December 2019, the world was hit by coronavirus, which has turned out to be a global pandemic. To date (by 21<sup>st</sup> April 2020)<sup>1</sup>, the disease had claimed **171,747 deaths** of a total of **2,503,067** reported coronavirus cases; and a recovery of **659,106 cases**. This shows that the disease has a global average death rate of **6.8 percent**, comparatively lower than other outbreaks like Ebola which had an average death rate of 50 percent. However, there exist disparities in this death rate among and within countries. Global attention has focused mainly on the number of reported cases and deaths with limited appreciation of the high recovery rates, the falling fatality trends in highly affected countries like Italy and Spain, and the post-coronavirus resumption of business in China.

**Coronavirus (COVID-19) is affecting 210 countries and territories, and 2 international conveyances<sup>2</sup> around the world (by 21<sup>st</sup>-April-2020).** Table 1 shows the top 10 affected countries, the most hit African countries and the East African Region figures (by 21<sup>st</sup>-April-2020). Whereas African countries have not been as substantially affected, especially in terms of infections and deaths, as compared to their counterparts in Asia, Europe and America; they are being affected in various other ways. Uganda has so far reported fifty-two (58) cases (by 21<sup>st</sup>-April-2020), with a recovery of 38 people and no death occurrences. Majority of Uganda's cases were by travelers from United Arab Emirates (UAE), whose situation has also been highlighted in the table.

**Table 1: Top most affected countries**

S/No.	Country	Total cases	Total Recovered	Total Deaths
1.	World (Global)	2,503,067	659,106	171,747
2.	USA	792,938	72,389	42,518
3.	Spain	204,178	82,514	21,282
4.	Italy	181,228	48,877	24,114
5.	France	155,383	37,409	20,265
6.	Germany	147,103	95,200	4,862
7.	UK	124,743	N/A	16,509
8.	Turkey	90,980	13,430	2,140
9.	Iran	84,802	60,965	5,297

<sup>1</sup> It is important to note that the figures keep changing because the pandemic is still active globally.

<sup>2</sup> The 2 international conveyances are; The Diamond Princess cruise ship harbored in Yokohama, Japan, and the Holland America's MS Zaandam cruise ship.

S/No.	Country	Total cases	Total Recovered	Total Deaths
10.	China	82,758	77,123	4,632
11.	Russia	52,763	3,873	456
12.	UAE <sup>3</sup>	7,755	1,443	46
<b>Top 10 African Countries</b>				
1.	Egypt	3,333	821	250
2.	South Africa	3,300	1,055	58
3.	Morocco	3,186	359	144
4.	Algeria	2,718	1,099	384
5.	Cameroon	1,163	329	43
6.	Ghana	1,042	99	9
7.	Tunisia	884	148	38
8.	Ivory Coast	879	287	10
9.	Djibouti	846	102	2
10.	Nigeria	665	188	22
<b>East African Countries</b>				
1.	Kenya	281	69	14
2.	Rwanda	147	80	0
3.	Uganda	58	38	0
4.	Tanzania	254	11	10
5.	Burundi	5	4	1
6.	South Sudan	4	0	0

Source: <https://www.worldometers.info/coronavirus/> (by 21<sup>st</sup> April, 2020) 12:51 GMT

Whereas various aspects have been written about coronavirus (COVID-19), there is still need to understand the impact of the coronavirus pandemic, especially on Uganda's economy and wellbeing; and how to best tailor intervention measures. This brief therefore concentrates on these possible effects, and the possible mitigative and cushion measures.

Whereas various aspects have been said and written about coronavirus (COVID-19), especially on how to mitigate its rapid spread; its wider economic impacts are yet to be assessed from a country to country perspective. There is still a critical need to understand the impact of the coronavirus pandemic, especially on Uganda's economy and wellbeing of its people to inform the design of appropriate policy interventions during and most especially after or the post COVID-19 recovery era. Uganda is yet to come out with a comprehensive economic response package like other countries.

## **B. Objectives of the COVID-19 Impact Assessment**

The major objective of this brief is to estimate the real and potential economic impacts of COVID-19 in the country. It is hoped that this will inform integrated planning and support the designing of a comprehensive tailored economic response to the pandemic. Specifically, this brief seeks to:

<sup>3</sup> UAE is included because it is the source of most of Uganda's infections

- (i) Estimate the real and potential economic impacts of COVID-19 in Uganda on the **real, fiscal, external and monetary sectors**, including the opportunities it presents;
- (ii) Draw lessons and experiences from local and international sources on effective economic response to the pandemic; and,
- (iii) Inform integrated planning and design of comprehensive tailored policy responses and interventions/measures during and after the COVID-19 pandemic recovery processes;

**These are as explained in the following sections**

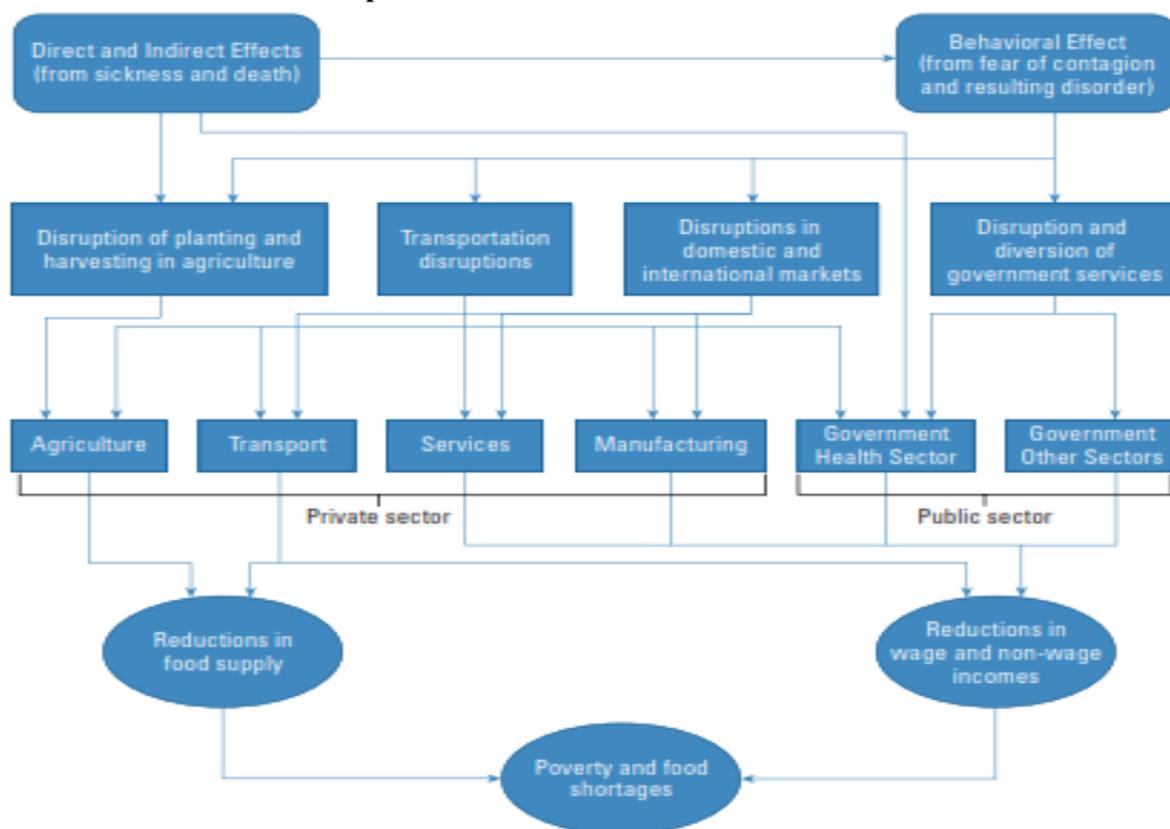
### **C. Assessment of the Real and Potential Economic Impacts of Covid-19 in Uganda**

**The major transmissions of the coronavirus pandemic effects are two-fold, i.e. disruption in the way of life and disruptions in the supply chains.** The pandemic disrupts the normal way of life and economic activities because people fear to contract the disease. As a mitigative measure, Governments usually undertake lockdown/shutdown measures. Additionally, production and supply chains are also disrupted across different levels.

**The impact of a pandemic on economic well-being operates through two distinct channels, that is: through the direct and indirect effects of the pandemic and through the behavioral effects resulting from the fear of contagion** (World Bank, 2014). First, the direct and indirect effects of the sickness and mortality, take-up health-care resources and subtract people, either temporarily or permanently from the labor force. Secondly, the behavioral effects resulting from the fear of infection, lead to fear of association with others: reduces labor force participation; closes places of employment; disrupts transportation; motivates some governments to close land borders and restricts entry of citizens from afflicted countries; and motivates private sector decision makers to disrupt trade, travel, and commerce by canceling scheduled commercial flights and reduces shipping and cargo services among other things. This ultimately leads to increase in poverty, a reduction in food security, and slow economic activity. The framework model through which such pandemics affects the economy is as shown in figure 1 below.

**Most importantly, this transmission mechanism can also be traced through the structure of the economy in line with the national accounts, i.e.;** real sector effects; fiscal sector effects; monetary sector effects and external sector effects.

Figure 1: Channels of Economic Impact of Pandemics.



Source: World Bank (2014)

The OECD indicated that global growth in 2020 will reduce to 2.4 percent from an earlier projection of 2.9 percent. Similarly, the UNECA Report on Covid-19 (13<sup>th</sup> March, 2020) suggests that the coronavirus effects will decrease Africa’s growth rate from the current 3.2 percent to 1.8 percent. The Report adds that 1.4 percentage point decline is expected from effects of COVID-19 as at March 2020.

Specifically, this Brief classifies the transmission of the coronavirus effects through the structure of Uganda’s economy, i.e., real sector, fiscal sector, external sector and monetary sector. These effects will mostly be manifested in the immediate and intermediate timespan. These are as explained below.

### Real Sector Effects

1. **Anticipated economic growth rate will be negatively affected.** This will be the main impact of the pandemic and it is manifested across the output (value addition), income and expenditure GDP approaches. This slow growth is manifested in various channels like slow implementation, trade disruptions and supply chain disruptions. Other effects are experienced through reduced consumption levels, reduced investment levels, low government expenditure and unfavourable terms of trade.

Indeed, Growth rates elsewhere have been revised downwards, for example, the global growth rate has been revised from 2.9 percent to 2.4 percent while Africa's growth rate has been revised downwards from 3.2 percent to 1.8 percent. Similarly, Uganda's economic growth will be affected; owing to the fact that Uganda's average growth rate for the last 5 years was 5.2 percent with no such negative occurrences; the negative effects this pandemic has had on production, taxation, financial flows, employment, money markets and poverty among others; and the negative effect on Uganda's sources of growth (ranging from services, agriculture and manufacturing). National Planning Authority anticipates that growth rate may go as low as between **3 - 4 percent for FY 2019/20** and these effects will carry through to the next financial year as well.

2. **Negative Impact on the implementation of Development Plans:** Most of the development plan implementation is being affected negatively, and so affecting the realization of the envisaged development results. This is expressed in terms of labour force, lockdown effects and diversion of resources to mitigate the pandemic among others. These negatively affect the planned development interventions and the development goals of improving economic growth, reducing poverty and improving people's wellbeing.
3. **Reduced Domestic Trade Effects:** These are exacerbated by the shutdown of a number of economic activities, market places and transport among others.
4. **Negative Effects on the Services Sector and hospitality industries:** These have badly been hit given that they need easy customer movement to make money. Tourism, for example is a major revenue stream for many developing countries. In Uganda, tourism is a major forex earner contributing about 7.7% of the country's GDP and employing about 700,000 people; this is already affected. A case in point is the G77 South-South Conference which was supposed to take place in April in Uganda; hosting about 6,000 international delegates from 135 countries. (The conference was expected to discuss trade issues, investment and humanitarian aid among countries).
5. **Other essential Services like Education and Health care will be affected.** Education has already suffered universally with the closure of schools. In Uganda it is estimated that the entire school population from pre-primary to tertiary is 15 million. These were sent back home as part of the lockdown policies. Education offers many positive backward and forward linkages all of which are and will be affected. The health system will be affected, especially in the delivery of other essential health services which are not COVID-19 cases. The coronavirus will also bloat the health expenditure. Nonetheless, the pandemic is likely to create a more resilient health sector with better facilities and priority attention including resource allocation. There are on-going innovations in local production of masks,

testing kits and decentralization of testing laboratories. Other direct effects will be felt in a number of other services like transport and entertainment among others.

6. **Reduced Investment and increased joblessness:** The coronavirus pandemic has already created a slow-down in investment, leading to job losses. Relatedly, companies are trying to figure out where to get money to pay their employees at the end of the month due to the impact of the economic shutdown occasioned by efforts to fight the virus. This joblessness comes with its related disadvantages.
7. **Manufacturing sector effects:** Ugandan manufacturers obtain most of their raw materials and intermediate inputs from China and other foreign countries. For instance, SMEs which constitute 13 percent of Uganda's economy deal mostly with China. The coronavirus effects have disrupted the importation of such inputs and will therefore negatively affect manufacturing activity.
8. **Poverty and food insecurity effects:** While social distancing is necessary to help limit the spread of COVID-19, it may have implications on poverty and food security. The agricultural value chain is affected differently by this pandemic. Planting and harvesting may not be significantly negatively affected especially because the pandemic has coincided with a good rainy season. Nonetheless, agriculture is negatively affected in aspects like supply chain disruption for inputs and produce; and lockdown effects of transportation of factors of production like labour, esp. to plantation agriculture; among others. The urban areas will be affected, especially in terms of inadequate food deliveries which ultimately heightens food insecurity, health risks and wellbeing. Poverty effects are also exacerbated by the lack of production, joblessness and lack of incomes due to the lockdown effects. MoFPED estimates the additional population to fall back into poverty between 780,000 to 2.6 million.
9. **The Aviation industry will be negatively affected:** The Airlines business will be negatively affected by the reduced movements and shutting down of borders. This has a negative impact on the young Uganda Airlines as well and other secondary effects.
10. **Negative effect on the implementation of public investment projects;** especially for those which have a great deal of import components, particularly in the transport and energy sectors. The effects will also be witnessed from those projects that necessitate a big number of labourers to be undertaken. This is because such projects can't take place during these pandemic infected times.
11. **Nonetheless, the coronavirus pandemic may have seemingly positive rub-on economic effects, including:** Improvement in e-commerce and other innovative businesses, like say food delivery and ordering of other essentials online;

improvement in mobile money platforms and e-banking among others. This is therefore an opportunity for the country to intensify its digitization efforts and the related advantages therein.

12. **There is also an advantage for Uganda to undertake and implement the import replacement strategy**, esp. for the commodities that have a high import potential. This will help the country to manufacture a number of commodities that are affected by the slowed importation during the coronavirus episodes; and also enjoy the benefits that are associated with it.
13. **The farm level production chain of the agricultural sector is less likely to be disrupted much as the markets are distorted.** Unlike other sectors, the farmers have continued to tend to their gardens and the pandemic has coincided with a rainy season.

### Fiscal Sector Effects

1. **Unanticipated increases in health spending.** The health budget expenditure will increase by unprecedented margins as Government intervenes to curb the coronavirus pandemic. The private health expenditure will also increase. However, in the medium to the long run, expenditure on medical treatment abroad may reduce as the pandemic has demonstrated the critical importance of having a strong public health care system.
2. **Reduced revenue collection:** Uganda's revenue bases will be affected in terms of Consumption taxes, Direct taxes, Trade taxes, and Non tax revenues. MofPED analysed that there is likely to be a revenue shortfall of **Ushs. 82.4 billion** for the remaining period of FY 2019/20; and possibly a shortfall of **Ushs. 187.6 billion** in FY 2020/21, assuming slight coronavirus effects. The composition of Uganda's revenue collection (as of FY 2018/19) is shown in the table 2 below. The effects on taxation can also be analysed through the expenditure approach through: subdued domestic demand; subdued final consumption expenditure; subdued capital formation; and unfavourable external balance of goods and services. Most importantly, revenue losses could lead to unsustainable debt for the country.

**Table 2: Uganda's composition of overall revenue collection (FY 2018/19)**

S/No.	Tax Category	Specific Tax	Percentage (%)
1.	<b>Consumption Taxes</b>	VAT on Imports	15.7
		Domestic VAT	15.0
		Excise Duty	9.0
		<i>Subtotal</i>	<b>39.7</b>
2.	<b>Direct Taxes</b>	PAYE	16.6
		Corporate Income Tax (CIT)	6.9

S/No.	Tax Category	Specific Tax	Percentage (%)
		Withholding Tax (WHT)	5.0
		Others	4.6
		<i>Sub-total</i>	<b>33.1</b>
3.	<b>Trade Taxes</b>	Petroleum Duty	12.0
		Import Duties	8.0
		Others	3.6
		<i>Sub-total</i>	<b>23.6</b>
4.	Non-Tax Revenue	Non-Tax Revenue (NTR)	<b>3.6</b>
	<b>TOTAL</b>		<b>100</b>

Source: Tax Policy Department (2019)

- 3. Re-channeling of Government resources to cushion the public from the coronavirus pandemic will reduce the available recurrent and development resources needed elsewhere. Nonetheless, Government will create room by cutting on some expenditure are re-allocating to priority areas like health; such cuts may include: utility and fuel bills for all government facilities (except hospitals) among others.**

### Monetary Sector Effects

- 1. Uganda Shilling Depreciation Effects:** According to Bank of Uganda, offshore investors of Government securities exited the market to seek safe-havens elsewhere. For example, between 21<sup>st</sup> February, 2020 and 13<sup>th</sup> March, 2020, offshore holding of government securities declined by UGX. 130 billion. This combined with the negative sentiments resulted into the depreciation of the Uganda shilling from 3,676.9 in February to 3,844 by 23<sup>rd</sup> March, 2020; representing a depreciation of about 4 percent. However, this is not limited to Uganda other currencies including the US dollar are likely to depreciate as well.
- 2. Redundant domestic capital;** There is likely to be a negative effect because of underutilization of resources as factories stay idle and labour (people) stay at their respective homes, exacerbated by the lockdowns.
- 3. There will be increased Non-Performing Loans, especially in the most affected services, which will ultimately affect the Banking Sector.** MoFED reported that if the ratio of the non-performing loans to total loans would worsen from 4.7 percent to 5.9 percent; negatively affecting the private sector growth.
4. There will be inflationary pressures due to supply side shortages (especially for food and pharmaceuticals among others) and the exchange rate depreciation.

## External Sector Effects

1. **Negative Effects on International Trade:** This is as evidenced in terms of both receipts and payments (Imports and Exports).
2. **Negative impact on Imports:** Global value chains which account for nearly half of global trade, are being disrupted by factory shutdowns and delayed resumption of operations. For example, China manufactures 20 percent of global intermediate goods and China is one of Uganda's significant trade partners. Uganda is also trade partners with various affected European countries and America. The Chinese importers for example, are cancelling orders because of port closures. Given that Uganda's imports are raw materials and capital goods, the effects in terms of Uganda's production and value-addition processes are going to be felt directly. There is however some hope, now that China has resumed business following the mitigation of the COVID-19 threat.
3. **Negative Impact on Exports:** Uganda's exports will decline on account of reduction in global demand, reduction in commodity prices (*esp. the fresh products like horticulture and floriculture products*) and reduction in tourist inflow among others. MoFPED reports that tourism earnings will decrease by 90% in the remaining quarter of FY 2019/20.
4. **Negative effect on the Balance of Payments Position.** MoFPED reports that the current account balance is projected to widen by US\$ 363.1 million (21.7%). This will consequently reduce the foreign exchange reserves from 4.2 future months of imports to about 3.5 months.
5. **Foreign financial flow effects:** This is because financial flows are expected to shift away from countries which are hit by coronavirus to those which do not have. With the lockdowns and closures, there is also expected to be a decline in the Foreign Direct Investments (FDIs) and Remittances.
6. **Oil demand shocks.** Generally, there is a reduced demand on oil globally. For example, OPEC met early March, 2020 to make an additional cut of 1.5 million barrels per day up to the end of June, 2020. Whereas the reduced oil prices may favour Uganda in terms of oil imports, it may not largely benefit due to the current depressed economic activity in the country. This is in addition to the unclear and lagged pass-through transmission mechanism of the world oil price to the pump price in Uganda, whose prices are sticky downwards. Conversely, Uganda may also be affected in terms of its oil production and the Final Investment Decision (FID) in the oil and gas.

7. **Loan Disbursements Effects:** MoFPED also highlighted that loan disbursements are likely to reduce because of the delays in project execution and supply sided disruptions.

## **D. Interventions against COVID19 effects on Uganda’s Economy and People’s Wellbeing**

This section highlights comprehensive interventions that should be undertaken to cushion the effects of the coronavirus on the economy. Some of these have already been undertaken while others are being proposed. The interventions proposed are also based on the structure of Uganda’s economy, i.e.; fiscal sector, monetary sector, external sector and real sector. These interventions also include the behavioural aspects from the fear of contagion and the social disorder that may ensue. Some of these measures have budgetary implications while others don’t.

### **I. Measures already undertaken by Government**

Government has already undertaken some of these measures through the leadership of His Excellency, President Yoweri Kaguta Museveni, and the guidance of the Ministry of Health. These measures have mainly been behavioural in nature so as to minimize on the concentration of people (social distancing); where the virus would have spread at a high speed. These are;

**a) Presidential Directives issued on 18<sup>th</sup> March, 2020;** and will be lasting for a period of one month, as the situation is studied further. These include;

- (i) Countrywide closure of schools;
- (ii) Countrywide closure of religious gatherings and places of worship;
- (iii) Countywide forbidding of mass meetings like political, cultural, conferences, and elections among others;
- (iv) Banning of all out-bound movement by Ugandans to or through category 1 countries (like Italy, France, South Korea, China, USA, United Kingdom, Netherlands, Switzerland, Sweden, Belgium, Germany, Spain, Norway, Austria, Malaysia, Pakistan and San Marino among others);
- (v) Flights were however banned later on after the index patient came in through from Dubai;
- (vi) Mandatory quarantine for those Ugandans returning from COVID-19 affected countries;
- (vii) Standard Operating Procedures (SOPs) for factories, hotels, large plantations, markets, taxi-parks were initially issued out.
- (viii) However, after 1 week (on 25<sup>th</sup> March, 2020), all public means of transport were stopped for a fortnight, and for those using private means, only 3 passengers were allowed (including the driver);
- (ix) Uganda-style weddings and ceremonies were postponed for 32 days;

- (x) Funerals to be attended to only by close relatives;
- (xi) Suspension of monthly markets for 32 days; and issuing of SOPs to the fishermen;
- (xii) Suspension of merry-making platforms like, discos, dances, bars, sports, music shows, cinemas and concerts.
- (xiii) Public Health behavioural campaigns intensified;

**The other measures undertaken include:**

- (i) Isolation Centres set up and Quarantine for those who test positive and those who are suspected to be sick or have the signs of COVID-19;
- (ii) Public Offices to work out ways to maintain only essential staff at the work places;
- (iii) Creating a central pool of vehicles at the District Local Government Headquarters for usage in case of emergencies;
- (iv) Provision of emergency phone lines by Ministry of Health, in case of any COVID-19 cases; and Improvement in the 24-hour call center to help out in this.
- (v) Security involvement and patrols intensified to see to it that the measures are being observed.
- (vi) Cross-Boundary trucks with cargo allowed to operate, but must have a maximum of 3 people.
- (vii) Setting up of the National Task force on Coronavirus to oversee on a daily aspects of coronavirus mitigation.
- (viii) Giving of some tax exemptions for those manufacturers willing to transform from alcohol production to sanitizer production.
- (ix) Distribution of food to vulnerable groups of people.

**b) Ministry of Health also issued out a number of pertinent Public Health Guidelines to mitigate the pandemic;**

**c) Bank of Uganda also pronounced itself on how it will mitigate the impact of the COVID-19, including;**

- (i) Ensure that the financial institutions supervised by BoU continue to operate effectively;
- (ii) Ensure that contingency plans by financial institutions guarantee the safety of customers and staff;
- (iii) Intervene in the foreign exchange market to smoothen out excess volatility arising from the global financial markets;
- (iv) Put in a mechanism to minimize the likelihood of sound business going into insolvency due to lack of credit;

- (v) Provide exceptional liquidity assistance for a period of one year to financial institutions supervised by BoU that may require it;
  - (vi) Waive limitations on restructuring of credit facilities at financial institutions that may be at risk of going into distress due to the COVID-19 pandemic;
  - (vii) Continue to engage Mobile Network Operations (MNOs) and commercial banks to;
    - a) Further reduce fees on mobile money transactions and other digital payment charges in order to limit the use of cash and bank branch visits;
    - b) Increase daily transaction and wallet size limits for mobile money transactions.
- d) Telecom companies also announced some exemption in mobile money charges.**
- e) Other measures, guidelines, relief measures have been undertaken by different stakeholders;** including MDAs, the private sector, relief agencies among others.

## **II. Proposals for Additional Measures to be Undertaken**

**There are three phases of interventions against the pandemic, these are: containment interventions; mitigation of the COVID-19 interim effects, especially for the lockdown period; and post economic recovery interventions.** The pandemic containment measures are majorly behavioural in nature, and majority of these have already been undertaken. However, a rapid surge in the number of cases will demand significant numbers of testing facilities, hospital beds, ventilators, medical equipment and additional health professionals.

The mitigation of the interim effects of COVID-19 and the post economic recovery measures are yet to be undertaken.

**This section summarises proposals from different stakeholders, like Uganda Development Bank (UDB) and Private Sector Stakeholders’.** The feasibility of these different proposals is also assessed in Uganda’s context. This is as illustrated in Table 3 below.

**Table 3: Proposals from different Stakeholders**

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
<i>Uganda Development Bank Proposals</i>							
1.	Create mechanism to identify businesses most affected and mode of support to be provided.				Feasible but mechanism & mode of support to be specified		
2.	Review and prioritise Government budget towards mitigating the expected impact from the pandemic				Highly Feasible	None	
3.	Create a National Economic Recovery Steering Committee to tailor and oversee the coronavirus post recovery efforts				Highly Feasible and multisectoral nature brings in a number of balanced technical capacities	Cheap	
4.	Tax Incentives & VAT Refunds to be made more efficient				Feasible but specifics needed		
5.	Donations to be sought from private sector to compliment Government effort to support vulnerable groups who cannot cope with the impact of these crisis						<i>Done and ongoing</i>
6.	Constitution of the proposed High-Level Forum at MoFPED; and include a TOR of handling the coronavirus crisis				Feasible but its role may not be well streamlined if the TOR on handling the coronavirus is included (especially if the National Economic Recovery		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					Steering Committee has been instituted)		
7.	<b>Emergency Loans Support Facility Fund of the Government to be managed by the UDBL.</b> This fund can be used for a loan program for SMEs and industries (other than agricultural industries) adversely affected by the impact of coronavirus crisis.				Feasible but the targeting needs to be an evidence-based assessment than by politics and favouritism (Assessment to be based on firms with a high potential for import substitution, public health, size, and compliant firms with the UDB protocols among others)	Requires some funding	
8.	<b>Guarantee Fund managed by the UDBL</b> for covering partial risk of the commercial banks and other lenders to motivate them to lend to SMEs as their risk profile has increased in the wake of coronavirus crisis.				Feasible but dependent on the available funds. <i>Additionally, a Government oriented insurance company should be incorporated into these to assess/handle the</i>	Requires some funding	

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					<i>risks as UDB does the funding.</i>		
9.	<b>President's Food Supply Fund</b> which shall be used as a blend of loan and grant to ensure food security throughout the crisis and beyond.				Feasible but targeting needs to be thought; not to be mixed with politics	Funding can be complemented to by other stakeholders	<i>Done and ongoing</i>
10.	UDBL is actively engaged with the Bank of Uganda in bringing commercial banks and other financial institutions on board to align their corporate strategies and goals with the national development agenda.				Feasible	<b>No cost</b>	
<b>Private Sector Stakeholder Proposals</b>							
<b>a) Interventions for informal sector economy workers</b>							
1.	Government should design a Social Assistance Grant for the needy informal workers				Feasible but suffers distribution challenges; and most of the supply chains may be closed because of lockdown effects. Targeting is also difficult (But can leverage National IDs and Mobile money numbers	Requires some sizeable funding	

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
2.	Alternatively, GoU should directly purchase food from the various villages of Uganda and distribute it to homes of the needy.				Highly feasible and is temporal;  Very critical for the urban poor and other highly vulnerable areas  Has advantages to the suppliers and the food recipients; will help for survival and curb down crime; but challenges in targeting	Requires some sizeable funding	<i>Started and still ongoing</i>
<b>b) Proposed Interventions by Manufacturers</b>							
1.	Payment for goods and services offered to GoU (Domestic Arrears) and VAT refunds				Feasible (Depending on the funds available). Will help to provide liquidity to the private sector	Ushs. 1.3 trillion	
2.	URA and NSSF should allow businesses on a case-by-case basis to defer, for reasonable period, the payment of income tax.				Feasible but should follow an evidence-based assessment		<i>NSSF has adopted this</i>
3.	BoU should ease pressure on the Uganda currency to enable manufacturers access raw materials.					Requires some funding	

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
4.	<b>Access industrial inputs on relaxed terms.</b> To achieve this, a delay of payment of import duty for 30 days will be helpful.				This can be done for only those entities executing the import substitution strategy (with commodities that have a high import potential). The terms also need to be discussed in details		
5.	<b>Deferment of PAYE/NSSF:</b> GoU should consider deferring PAYE applicable to the industrial and hospitality sectors provided the beneficiaries undertake not to render redundant their current employees as at the end of March 2020. Businesses should also be allowed to <b>defer payment of NSSF obligations for an initial period of three (3) months during which the deferred payments must not incur any penalty.</b>				Feasible	Temporal delay in PAYE & NSSF	
6.	Deferment of Tax Payment Liabilities for 3 months (up -to June 2020)				Feasible subject to specific discussions	Temporal delay of tax liabilities	
7.	Waiver of Taxes on essential commodities for a period pf 2 months; on condition that the producers of said essential commodities lower the prices of the final products.  <i>(These products include: Soap, Sanitisers, Bottled Water, Citrus Juices, Medical equipment, staple packaged foods such as flour, rice, bread and dairy products).</i> There is excise on water and juices; while the rest pay VAT				A waiver may not be entirely possible but a reduction can suffice (Should be discussed further)		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
8.	Special considerations required for floriculture and horticulture industry, which employs over 10,000 people. This subsector has suffered direly from disruptions in supply-chain; and market normalisation is only anticipated in 2021				The interventions need to be discussed further		
<b>c) Tourism and Hospitality</b>							
1.	To waive VAT tax on all accommodation immediately and tourist related services.				This can be discussed further between the relevant sector players, URA and MoFPED		
2.	GoU should defer payment PAYE and Concession fees for 6 months				This can be considered (say for 3 months)		
3.	The industry requests an extension of this year's tariffs' review to 2021 (pertaining to the Gorilla Permit cancellation policy by UWA)				UWA should be consulted more on this		
4.	Limit on the number of reschedules (maximum 2) to be relaxed.						
5.	Tourism sector should be informed of all upcoming international conferences				Feasible and Relevant	Done at no cost	
6.	UTB marketing budget, (equivalent to USD 3 Million post-pandemic for marketing sector in order to regain market share)				Relevant; but may not necessarily be USD 3 Million		
7.	Grant unpaid leave to staff and at some point, review existing employment contracts. (This is because it will be difficult to maintain their workforce and pay their full salaries)				Feasible but Consultation needed with the Ministry of Gender, Labour and Social Development		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6 months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					(MGLSD) is paramount		
8.	Request for a 40% rate review on the electricity charges to enable the hotels cope with impact of the pandemic				Not so feasible considering Electricity tariff dynamics		
<b>d) Media</b>							
1.	For an effective and sustained media campaign to keep awareness on top, <b>GoU should buy media space, airtime across all platforms (Radio, TV, print, online) to a tune of UGX 20 billion for the next 3 months.</b> This will be managed jointly by the media owner's association with proper accountability backed by invoices and media schedules.				First of all, Government should leverage on the free media airtime available  However, this proposal is part of the supplementary already tabled before Parliament  <i>(Nonetheless, this budget should be revised downwards)</i>	UGX 15 billion	<i>Supplementary passed but with revised figures downwards</i>
2.	GoU MDAs should pay all arrears owed to media houses, some which date as back as 2018				Feasible and should be prioritised within the remaining part of this FY and		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					throughout FY 2020/21		
3.	Set a Zero VAT rate on media services till at least 1st July 2020				The rates can be revised; esp. for the period of the lockdown but not to zero		
4.	Uganda Communications Commission (UCC) should defer media house license fees payments till 1st July 2020.				Feasible but those which can pay should pay on time  (A payment scheme can be worked out to this effect)	Temporary delay of Media House licence Payment	
5.	UBC carriage fees should also be deferred to enable the 306 radio stations and 39 TV stations focus all resources to the fight against COVID-19.				Feasible but those which can pay should pay on time  (A payment scheme can be worked out to this effect)	Temporary delay of carriage fees' Payment	
6.	In the event of a total lockdown, media houses should be exempted to keep working to keep the public informed.				Already done		
<b>e) Financial Institutions</b>							
1.	BoU should allow banks to make more than two (2) loan restructures.				Feasible (The legal implications should be explored more)		<b>Done</b>

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
2.	BoU should consider reducing the Cash Reserve Ratio (CRR) for commercial banks from the current 8% to at least 5%.				A reduction can be done but not to 5% (This can be discussed further with BoU)		<i>Done</i>
3.	Allow for non-performing accounts arising from this crisis not to be downgraded from a provisioning point of view				Feasible (The legal implications should also be explored)		
4.	Waive penalties in regard to breach of NPA thresholds				Feasible		
5.	Buy back some bonds to increase liquidity				Feasible		<i>BoU indicated that it will do</i>
6.	Increase access to repo/secondary market.				The normal procedure can be maintained		
7.	Allow for temporary closure of bank premises where a COVID-19 case has been identified and staff have been exposed.				Good and feasible submission for public health aspects		
8.	Concessions in case of any late or none submissions of regulatory reports during the crisis.				Not advisable (But can be discussed further BOU)		
9.	Concessions in case of delayed response to regulatory requests.				Not advisable (But can be discussed further BOU)		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
10.	Assurance of business continuity for the clearing house				Feasible; with further discussions with BoU		
11.	Flexibility around the fixed timelines for clearing, payments room				Feasible subject with discussions with BoU		
12.	Run some more stress tests.				Feasible and Recommended		
13.	The banks also call upon the GoU to provide fiscal policy administrative reliefs. They specifically believe that for their interventions to work, GoU should defer payment tax obligations by at least 6-12 months for those who qualify.				Feasible but for discussions with BoU, URA & MoFPED, for direction		
<b>f) Real Estate Sector</b>							
1.	Tax Exemptions on account of Rent-Free periods to Tenants				Rent should be deferred (say for 3 months) instead of being free. Additionally, tax payment can be deferred (say for 3 months) instead of total exemptions.  More so, for the effectiveness of this intervention, a mechanism should		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					<p>also be worked with BoU and the commercial banks for those under the mortgage arrangement of real estate.</p> <p>Alternatively, these tax thresholds can be revised downwards for the time being.</p> <p>More discussions can be undertaken with the relevant stakeholders.</p>		
2.	Waive VAT on utility bills though utilities are payable				<p>VAT can instead be revised some percentage points downwards (say 1%, 2% or as may be agreed) for 3 months</p> <p><i>(Should only be applicable to those who are tax compliant and can</i></p>		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					<i>prove this with evidence of filed tax returns for the last 6 months)</i>		
3.	Waive Property Rates and Taxes and Ground Rents for the period March, April and May 2020; which will be pro-rated and deducted off the annual amount, since these are paid annually				Feasible  <i>(Should only be applicable to those who are tax compliant and can prove this with evidence of filed tax returns for the last 6 months)</i>		
4.	Restructuring of loans				Feasible		<i>BoU adopted this</i>
5.	Flexibility on repayment terms over the next 12 months				Feasible		<i>BoU adopted this</i>
6.	Reduction of Central Bank Rate and mandatory and immediate adjustment of commercial bank lending rates to borrowers				A reduction can be done (This can be discussed further with BoU)		<i>BoU announced this in its Monetary Policy</i>

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					BoU can also engage in moral suasion with the commercial banks to reduce the rates.		<i>Statement for April</i>
7.	Banks to lower USD interest rates in line with the US Federal Reserve (LIBOR).				Feasible. (BoU & UBA to follow up)		
<b>g) Petroleum</b>							
1.	Staying of aging fees for all products in Kenya Pipeline Company (KPC) to store products longer without penalty				Feasible. Discussions should be carried out with KPC		
2.	Interventions are required to stabilize the rapid depreciation of the shilling.				Feasible. BoU to follow up		
3.	Need to reinforce security at critical infrastructure like service stations and depots				Feasible and Relevant. Defence and Security Organs to follow up		
4.	Accept partial warehousing owing to foreseen reduced need of product in country				Feasible; with further discussions with the relevant stakeholders		
5.	Ease the enhanced procedures to clear cargoes by URA & KRA – to prevent warehousing rent				Feasible; Modalities can be discussed further with URA & KRA		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
6.	Suspend tax on Hand Sanitizers being imported for free distribution.				We should capacitate the domestic producers to produce these products		
7.	Clearance for service and industry related staff movement through granting access for specific vans				Feasible		
<b>h) Pharmaceutical Sector</b>							
1.	To grow Uganda's pharmaceutical industry, GoU should introduce an Import Duty to protect existing manufacturers and encourage new investors to come in and invest here.				Feasible Pharmaceutical sector is one of the those suitable for implementation of the import substitution strategy		
2.	Reduce corporate tax to 10% for the year 2020 which would allow pharmaceutical business to invest and sustain their business which is critical aspect to fight COVID-19.				Feasible The tax can be revised as deemed fit by responsible Authorities		
3.	Waiving of VAT on pharmaceutical products				Feasible But decisions can be agreed upon on either lowering VAT or waiving it altogether		
4.	Give priority to import clearance for pharmaceutical products and medicines to boost the current needs arising due to COVID-19.				Feasible and Relevant in the interim		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
5.	Request for a waiver of PAYE for pharmaceutical industry employees for a period of 12 months.				<p>This is feasible subject to revisions of intervention. It can be agreed whether PAYE is waived for just reduced and for a certain period. (It surely can't be 12 months).</p> <p>A uniform decision should be made for all workers across the country.</p>		
6.	Minimising protocols in National Drug Authority for release of Import goods:				The quality of drugs shouldn't be compromised		
7.	Security enhancement for the pharmaceutical establishments:				Feasible. Defence and Security Organs to follow up		
<b>i) Proposed Macroeconomic Interventions</b>							
1.	Need to revise the estimates for Q4 FY 2019/2020 and Q1 & Q2 for FY 2020/21 to reduce GoU expenditure on non-essential outputs.				Highly Feasible	Budget Neutral (No cost)	
2.	Carry out budget reallocations to critical activities to avoid seeking additional borrowing.				Feasible		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
					Borrowing should be the last line of resort in these times, after all budget neutral actions, reallocations and reprioritizations have been made		
3.	Adjustment of tax policy measures to ease the cash flow pressure on households and businesses				This is agreeable in principle; but the specific tax adjustments should be decided upon		
4.	Increasing the PAYE threshold from the current UGX 235,000 to about UGX 400,000				Feasible (The PAYE threshold revision can also be revised based on evidence)		
5.	Adopt global practice in many countries that requires businesses to file tax returns on a quarterly rather than monthly basis (as the case is in Uganda for VAT and Excise Duty)				Should be discussed with URA for a Government decision		
6.	Offer a waiver of PAYE as per the threshold limit (e.g. UGX 1.0 million) or a temporary relief for a certain level (e.g. below 500,000) so it can be used for the people to support their cash flow in these times.				Feasible The details of this should be discussed and agreed upon		
7.	In return to these interventions, companies that have to lay off employees due to reduced business activity should simply send them on leave with half pay				Feasible Details should be discussed and agreed		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
8.	Payment of arrears and VAT refunds to the private sector should be prioritized				Feasible		
9.	Bank of Uganda should follow up on its Statement to encourage commercial banks and firms to restructure loans (including those already restructured to the maximum number of times, with a view of reducing the interest rates (allows less payments per month) and lengthen the repayment period (allows the bank to still recover the anticipated interest income).				Feasible and Relevant. Bank of Uganda should follow up		
10.	The restructuring of loans should also consider reintroduction/extension of grace period where only the interest is paid.				Feasible Bank of Uganda to follow up		
11.	As part of the medium- to long-term measures, the discussions on merging public companies should be revived. The process will feed into the recovery and rebuilding of resilience of the economy.				Decision was stayed by Cabinet. Cabinet will therefore decide as deemed fit		
12.	Review of URA targets and tax relief the most affected sectors				Feasible		
13.	<b>Revisit the priorities in the FY 2020/21 Budget Framework Paper to ensure that priority is put on food security by increasing warehousing facilities, cooperatives, and farmer organisation</b>				Feasible  <b>The priorities should also include boosting the country's health capacity</b>		
<b>j) Other Interventions</b>							
1.	To support the GoU to cope up with the current partial lockdown, the private sector has organised a drive to collect funds to supply essentials like PPE, Oxygen and other medical aid and another one				Feasible and Relevant.		

S/N	Proposed Intervention	Timelines			Feasibility & Relevancy	Cost	Status
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)			
	to collect food packages to be distributed to vulnerable families in Kampala and Wakiso district through the Red Cross with the help of the LC1.				It is a welcomed initiative		
2.	Export Opportunities for the commodities that Uganda has in excess supply. Such goods include sugar, milk, plastics, stationery, textiles (protective gears and security wears), foods and beverages, fats and oils, soaps etc.				Feasible & in line with the import substitution strategy		
3.	Working with the GoU, through its investment arm, the Uganda Development Corporation (UDC), the private sector particularly the members of UMA are ready to actually BUBU and substitute the imports. Most manufacturing firms produce below capacity. Targeted incentives passed through UDC will enable UMA members to increase production and fully utilise the capacities they have already established. Then new opportunities will be explored and with partnership with the UDC, the manufacturers will work with the GoU to produce or at least assemble the goods imported from China, India, Turkey, Korea, Japan and other dominant import sources.				Feasible Discussions should be carried out among relevant stakeholders like: MoFPED, UMA, UDC, NPA among others  (In line with the Import substitution Strategy)		
4.	<i>Most of these interventions should be directed to those businesses that are tax compliant and can prove this with evidence of filed tax returns for the last 6 months</i>						

### **III. NPA Proposals for Additional Measures**

As already discussed, the interventions to the pandemic are three-fold including: containment of the pandemic; mitigating the effects of the pandemic for the time it is prevalent; and post economic recovery measures. These are explained along the lines of: public health; fiscal sector; real sector; monetary sector and external sector. The NPA specific proposals are as explained below.

#### **1) Containment of the Pandemic Measures**

**These are largely health measures that should be undertaken to keep the pandemic under control.**

- i. Government has already undertaken a number of measures to this effect, including the:** The Lockdown; Presidential Directives; Ministry of Health Guidelines; Ministry of Public Service Guidelines; Support from UPDF Departments among others. These have helped to contain the situation and should therefore be continued

**Additional measures to help in the containment of the pandemic include:**

- ii. To reduce the strain on health resources (health centres and human resource) for the other diseases other than coronavirus affected cases, the following should be done;**
  - ✓ Identified schools (and some stadia) should be turned into health facilities for the time when the pandemic is still in place.
  - ✓ Fifth (5<sup>th</sup>) year university medical students should be deployed to work on the normal health cases while the experienced doctors and medical staff are deployed to work on the corona cases.
  - ✓ Recalling of retired health professionals to help out in fighting the pandemic
- iii. Government should partner with the private health care workers centers in the fight against the pandemic.** These can temporarily be integrated into the mainstream health system and should follow Government Standard Operating Procedures. Alternatively, the other general health aspects can be channeled to the private health sector, as Government handles the coronavirus cases. Additionally, Government should institute strict pricing caps to these practitioners.

## 2) Mitigation of the Pandemic Effects and Post Economic Recovery Measures

**These have been discussed together in this section because they in many cases intersect or interact with each other.** However, prioritization is also specified at the end of the section on what needs to be done immediately and what should be done in the intermediate to long term time spectrum.

### a) Proposed Real Sector Interventions

- i. **The National Task Force on Coronavirus should** be multi-sectoral in nature and should include a number of relevant stakeholders, to think out on a daily basis, the measures on how to curb the COVID-19 virus. This should be supported by other Task Forces at Decentralized Levels. Similarly, a multi-sectoral **National Economic Recovery Steering Committee** should be constituted under the leadership of MoFPED to develop and oversee measures to help the country minimize negative impacts of COVID-19 and recover quickly from the epidemic. This Committee should (as deemed fit) constitute mainly economic management entities including but not limited to: OPM; OP; State House; MOFPED; National Planning Authority (NPA); Economic Policy Research Centre (EPRC); Parliament; BOU; URA; Ministry of Health; MTIC; UBOS, MAAIF; MoLG; Ministry of Disaster Preparedness; UDB; UDC; MTWA; MoES; Uganda Bankers' Association; Private Sector Associations; Farmers' Federation; and Security.
- ii. **Creation of a Uganda Coronavirus Relief Fund (UCVRF):** This should be contributed to by both Government, the private sector and the international community. This fund should be used to bolster health spending and also support the needy during the coronavirus pandemic period, with priority to the urban poor and other areas with a high level of vulnerability. The LC system should be leveraged for targeting the beneficiaries.
- iii. **In the immediate and medium terms, this pandemic gives an opportunity for the execution of the import replacement strategy.** Interventions should therefore be targeted in the commodities that have a high potential for import replacement and COVID-19 mitigating products including: public related products like sanitizers and soaps; PPEs; pharmaceuticals; assembly of motor vehicles and/or electronic products; manufactures of metals e.g. simple spare parts; iron and steel; textile yarn, fabrics, made-up articles; paper, paperboard, and related articles; prefabricated buildings e.g. sanitary, plumbing, fixtures and fittings; furniture and parts thereof; beddings and mattresses; starch; and manufacture of ceramics "tiles and china" kitchen ware. The details of these are as shown in table 4 below. The import replacement has a multiplicity of advantages like: improvement of production; improved terms of trade in the intermediate and long term; employment; and tax revenue among others.

**Relatedly, the Buy Uganda Build Uganda Policy and campaign should be intensified during this period.** The BUBU preferential commodities and policies should be prioritised. The public should be rallied to buy domestically and only import what can't be produce locally.

<b>Table 4: List of Imports with High Potential for Substitution</b>					
<b>Description</b>	<b>Value of Imports</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>AGRO-BASED PRODUCTS</b>					
1. Textile yarn, fabrics, made-up articles, & related products	113.74	106.92	94.03	126.73	15.75
2. Cereals and cereal preparations	260.18	293.83	216.03	208.70	288.83
3. Fixed vegetable fats and oils, crude, refined or fractionated	223.15	258.42	202.99	225.42	270.70
4. Sugars, sugar preparations and honey	148.52	111.31	104.2	84.43	126.22
5. Beverages	44.90	48.89	43.69	33.47	25.76
6. Vegetables and fruit	21.41	29.78	32.68	41.02	54.93
7. Coffee, tea, cocoa, spices, and manufactures thereof	14.59	37.80	27.50	22.41	32.42
8. Crude animal and vegetable materials,	6.36	6.99	11.56	10.34	11.16
9. Feeding stuff for animals (not including un-milled cereals)	4.06	4.76	7.15	8.27	11.48
10. Oil-seeds and oleaginous fruits	3.54	4.19	5.71	6.13	9.56
11. Fish, crustaceans and molluscs and preparations thereof	3.07	4.15	2.91	3.96	13.50
12. Dairy products and bird's eggs	7.52	7.50	5.56	3.59	3.77
13. Hides, skins and fur skins, raw	2.57	4.48	5.71	2.58	3.58
14. Live animals other than animals of division 03	2.16	4.06	3.97	3.66	4.37
15. Meat and meat preparations	2.58	2.71	2.87	2.21	2.99
16. Processed anim. or veg. fats & oils; animal or veg. waxes	3.02	5.01	2.19	1.74	0.97
17. Animal oils and fats	0.42	0.16	0.50	0.38	0.60
<b>FORESTRY and TIMBER PRODUCTS</b>					
18. Furniture & parts thereof; bedding, mattresses and supports etc.	19.94	21.77	20.21	19.20	17.59
19. Cork and wood	1.20	4.77	2.05	1.82	1.33
<b>MINERAL-BASED IMPORTS</b>					
20. Iron and steel	259.06	252.2	276.17	207.81	282.02
21. Manufactures of metals,	106.45	131.0	85.99	101.98	79.16
22. Fertilizers manufactured (other than those of group 272)	49.74	23.26	32.86	33.48	26.45
23. Crude fertilizers & minerals (excl. coal, petrol, precious stones)	28.42	5.62	40.20	45.80	43.72
24. Metalliferous ores and metal scrap	6.46	2.15	15.52	14.45	16.27
<b>OIL AND GAS BASED IMPORTS</b>					
25. Petroleum, petroleum products and related materials	1,311.4	1,416	1,009.4	776.32	1,017.76
26. Gas, natural and manufactured	14.35	15.92	9.67	8.51	9.91
<b>ASSEMBLY AND LIGHT MANUFACTURED GOODS</b>					
27. Electric current	11.02	7.18	8.98	5.72	1.94
<b>Total for import substitutable commodities (USD mil.13,074.7)</b>	<b>2,823.6</b>	<b>3,020</b>	<b>2,420.0</b>	<b>2158.2</b>	<b>2,653.04</b>
<b>Total Value of all imports for five years (USD Mil. 28,173.8)</b>	<b>5,871.6</b>	<b>6,139</b>	<b>5,592.3</b>	<b>4,894.3</b>	<b>5,676.58</b>

- iv. **The President and Government should rally the public, especially in the rural areas to continue with agricultural production.** This is on the background that the current seasons favour production, but also the country will rely on agriculture to rebound from the coronavirus effects. Where possible, Government should provide incentives and inputs towards this agricultural production. The economy will also benefit from a multiplicity of advantages connected to the agriculture subsector.
- v. **Relatedly, Operation Wealth Creation (OWC) and NAADS should prioritise the distribution of mainly foods related inputs and channel away from other inputs.** This is because food is the priority in post Coronavirus times. These should also be of high quality to ensure improved output.
- vi. **Creation and stocking of Food Banks.** This should be done under the leadership of the Ministry of Agriculture, Industry and Fisheries (MAAIF).
- vii. **Provision of incentives for food producers and producers of essential health products;** so as ensure sufficient food reserves in key basic food items and public health respectively.
- viii. **Government should increase funding of the Agricultural Sector across the entire value-chain.** This is because the sector is critical to cushion people from vulnerabilities, like the coronavirus pandemic. Government should therefore increase its funding in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and all the attendant MDAs. This should also be done across the entire value-chain. If prioritised, agriculture is important for both import substitution and export promotion. Aspects like cooperatives, agricultural financing, and agro-processing should be funded and incentives provided where possible.
- ix. **Digitisation should be emphasized and mainstreamed in a number of sectors across the country.** These will help in the execution of a number of things; for example, in the education sector for conducting classes, trade, e-commerce, public policy execution, media, entertainment among others. Government should also strive to increase resources dedicated to digitisation.
- x. **Establish mechanisms for public, private partnerships thus ensuring continuity of business ventures and industries.** The partnership on the side of government could be providing equity to such entities to enhance their survival, production and growth.

- xi. On a broad spectrum, this should be seen as an opportunity for Government to implement the seemingly “hard” development policies.** These policies include responding to public policy like: the limit of Motorcycles (*Boda-Bodas*) and Public Service Vehicles (Taxis) in the city; Registration of the urban poor households for future policy decisions; environmental protection; health tax and insurance; immigration and work permits; and local content among others.

## **b) Proposed Fiscal Sector Interventions**

- xii. Boosting health spending:** At this point in time, Uganda’s public health systems should be strengthened, to uplift the vulnerable sections of society in case of a rapid spread of the outbreak.
- xiii. Research and Development (R&D) funding should be increased, especially in the medical fields.** The pandemic gives a good lesson that there should be dedicated funds for aspects: such as viruses; vaccines; bio-medicines; possible spill over and/or maintenance of the virus reservoirs in domestic animals; public health; behavioural traits and economic intelligence among others. Research and Development funding lines should therefore be increased in Ministry of Health, Ministry of Science (MoH), Technology and Innovations (MoSTI) and Economic Intelligence among others. In the short term, **Makerere University scientists should be supported to scale up production of the testing kits and also a special budget for the Uganda Virus Research Institute (UVRI) to scale up their highly demanded services.**
- xiv. Securing the required additional Budget Support:** Analysis from MoFPED has already indicated that there is need for additional budget support of approximately Ushs. **370 billion** (approximately US\$ 100 million in FY2019/20) and UShs. **350 billion** (approximately US\$ 90 million in FY 2020/21) due to revenue shortfalls and additional expenditure needs to deal with the challenges in the health sector and related support to people whose livelihoods will be affected.
- xv. Strengthening Safety Nets:** Government should design a relief cash transfer system and provide free medical services for most vulnerable people to help contain the outbreak and also limit its financial harm.
- xvi. Provision of food relief and other hygiene-related products** like sanitisers, soap and water should be undertaken, especially in urban areas and the other

vulnerable areas. The LC system should be leveraged in the provision of this food relief.

- xvii. Relatedly, Government should purchase all food items like grains from the large business-people and suppliers who have it in their warehouses across the country, and then provide it to the poor or those who are lacking from food.** This has two double-advantages of providing food to those who don't have but also providing income to the food producers and intermediaries.
- xviii. Reprioritization of the Budget:** MoFPED should carry out a budget analysis and re-channel resources to the currently high priority corona-virus mitigating areas like health aspects and agriculture among others.
- xix. Payment of Government Domestic Arrears:** Government should prioritise the payment of its domestic arrears totaling to a tune of Ushs.1.3 trillion. In case of inability to pay in full; then the payment can be phased for payment in the current financial year (FY 2019/20) and the next (FY 2020/21). This will help the private sector to keep in business and have the ability to fight the hard-economic effects of coronavirus.
- xx. Government should also invoke the Force Majeure provisions and Frustration law principles (section 66 of the Contracts Act, 2010) of the contractual obligations, in which it is involved.** Such force majeure and frustration of a contract take place where there supervenes an event (e.g. coronavirus pandemic) which so significantly changes the nature of the outstanding contractual rights and or obligations from what the parties could reasonably have contemplated at the time of its execution, that it would be unjust to hold them to the literal sense of its stipulations in the new circumstances. **However, the same intervention should also be reviewed from the side of the private sector who supply Government.**
- xxi. Deferring occupation and business taxes for employees and some businesses respectively, esp. for those businesses that employ a sizeable number of employees (say 50 or 100, or as deemed fit).** The private business proposals can also be leveraged upon for details.
- xxii. Creating and Operationalizing a Business Stabilization Fund to support the private sector** and Providing technical assistance to business owners seeking relief from Government. This can be operationalised through a **reasonable recapitalization of the Uganda Development Bank Limited (UDBL)** to provide cheap and reasonable financing to selected SMEs adversely affected by the pandemic conditions, manufacturing entities and those firms

that have a high potential for import substitution firms. This can be operationalised following UDBs proposals on Emergency Funding and Guarantee Funding as already mentioned. For effectiveness of this intervention, the SMEs' financing decision should be based more on evidence-based assessments than on politics and favouritism.

- xxiii. Guaranteeing of wages for those unable to work due to the crisis to favour consumption, investment and job security.** Government should guarantee wages of the public servants during the time even in the period where they work away from stations. Additionally, a mechanism should be worked out with the private sector for them to guarantee wages of their staff. This can be done by allowing the businesses to defer tax for a certain agreed period (say 3 months) on their NSSF, income or VAT payments. This should be explored further by the relevant authorities.
- xxiv. Tax exemptions/Deferment on essential commodities and utilities like electricity and water can also be provided,** initially for an interim period of 30 days as the situation is studied further, with a possibility of an extension if the situation doesn't stabilize.
- xxv. Rent arrangements can also be deferred by about two to three (3) months; these can then be paid back in agreed installments after the pandemic has cleared.** However, this same intervention, in certain scenarios, should be balanced in terms of monetary policy for the mortgage-arrangement real-estate (where there is financing of a mortgage). Mortgages can be re-structured as well. Additionally, the Land Lords and Building owners shouldn't be charged rental tax during that period, instead URA should work out a mechanism for payment of this tax later.
- xxvi. Alternatively, Land-Lords and Building Owners should exempt tenants rent during a period of three months.** In return, Government (URA) should also exempt these Land Lords and Building Owners from rental tax during the same period.
- xxvii. Studied VAT exemptions to manufacturers,** esp. in the Health & sanitation related products (sanitizers and soaps), agricultural products, manufacturing and targeted services among others.
- xxviii. In the interim, a special regime in the income tax system instruments should be adopted** (corporate income tax (CIT), personal income tax (like PAYE, withholding taxes, rental income tax).

- xxix.** People earning below a specified threshold (to be determined) shouldn't be taxed for a specified period, say 30 days initially, as the situation is being studied. Proposals by the Private Sector can be explored more.
- xxx.** PAYE rates should be revised downwards as deemed fit for a specified period, say 30 days initially, as the situation is being studied.
- xxxi.** **Alternatively, tax payments may be delayed for a specified period** (Say 2 or 3 months). However, the feasibility of this should be studied further because it may result into accumulation of taxes in arrears which then becomes a burden to the businesses and the affected entities. It may result on defaulting on taxes, thus could cause their closure by URA.
- xxxii.** **There should also be some resources for the security organs to maintain law and order from the masses, especially in such times where there may erupt civil disobedience.**

### **c) External Sector Interventions**

- i. Government should continue seeking out global cooperation and international assistance. Such include;**
  - a) A case of such was the assistance from Asian Businessman and philanthropist, Jack Ma in form 100,000 face masks; 20,089 test kits; 741 personal protective equipment; and 1,111 face shields. Other such interventions should be explored.
  - b) Utilising financing and Grant windows by international lending organisations like World Bank and IMF among others
- ii. Export Promotion Strategies:** In the immediate after-math of coronavirus pandemic, Government should work out a mechanism of supporting exporters of targeted products. This is because the global market provides a ready market that the country can benefit from.
- iii. Bank of Uganda should also intervene in the exchange rate market so as to help in the stabilization of the exchange rates, from global financial market volatility.**

#### **d) Proposed Monetary Sector Interventions**

- i. Bank of Uganda has already pronounced a number of measures to mitigate against the disorderly financial market movements, restore financial stability and boost growth.
- ii. **However, BoU should also highlight the specific measures in how these measures will be undertaken, for example;**
  - a) Waive limitations on restructuring of credit facilities in financial institutions (say from 2 to 4 times); and
  - b) Double the period for banks to declare Non-Performing Assets (NPAs) from 90 days to 180 days.
- iii. **BoU should further scale down the Central Bank Rate (CBR) by 1 or 2 percentage point (to between 7% and 8%) as may be deemed appropriately.** Notwithstanding the rigidity of interest rate transmission pass-through in Uganda, further reducing the CBR will help to reduce the commercial rates in this period when demand and production are at their lowest. Thereafter, commercial Banks should be followed up to see that they reduced the lending interest rates as well.
- iv. **Government should also fast-track the revival of the Government owned commercial bank.** This could have been vital in such times.

**Table 5: Prioritization Schedule of Proposed Interventions**

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
	<b>a) Pandemic Containment Measures</b>					
1.	<p><b>iv. To reduce the strain on health resources (health centres and human resource) for the other diseases other than coronavirus affected cases;</b></p> <ul style="list-style-type: none"> <li>✓ Identified Schools (and some stadia) should be turned into health facilities for the time when the pandemic is still in place. (UPDF is building some temporary medical facilities)</li> <li>✓ Fifth (5<sup>th</sup>) year university medical students should be deployed to work on the normal health cases while the experienced doctors and medical staff are deployed to work on the corona cases.</li> <li>✓ Recalling of retired health professionals to help out in fighting the pandemic</li> </ul>				High	Not Expensive
2.	Government should partner with the private health care workers and centers to help in the fight against the pandemic. These can temporarily be integrated into the mainstream health system and should follow Government Standard Operating Procedures. Alternatively, the other general health aspects can be channeled to the private health sector, as Government handles the coronavirus cases. Additionally, Government should institute strict pricing caps to these practitioners.				High	
<b>Mitigation of Pandemic Effects during Containment AND Post Recovery Measures</b>						
3.	The National Task Force on Coronavirus ( <i>Already in Place</i> )				High	
4.	<b>National Economic Recovery Steering Committee</b> should be constituted under the leadership of MoFPED (Potential Members include: OPM; OP; State House; MOFPED; National Planning Authority (NPA); Economic Policy Research Centre (EPRC); Parliament; BOU; URA; Ministry of Health; MTIC; UBOS, MAAIF; MoLG; Ministry of Disaster Preparedness;				High	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
	UDB; UDC; MTWA; MoES; Uganda Bankers' Association; Private Sector Associations; Farmers' Federation; and Security.					
5.	<p><b>Creation of a Uganda Coronavirus Relief Fund (UCVRF):</b> This should be contributed to by both Government, the private sector and the international community. This fund should be used to bolster health spending and also support the needy during the coronavirus pandemic period, with priority to the urban poor and other areas with a high level of vulnerability. The LC system should be leveraged for targeting the beneficiaries.</p> <p><i>(People and entities are already contributing but process should be formalised)</i></p>				High	Done
6.	Implementation of the Import Replacement Strategy				High	
7.	The President and Government should rally the public, especially in the rural areas to continue with agricultural production.				High	Cost Free
8.	Operation Wealth Creation (OWC) and NAADS should prioritise the distribution of mainly foods related inputs. These should also be of high quality to ensure improved output.				High	
9.	Creation and stocking of Food Banks				High	
10.	Provision of incentives for food producers and producers of essential health products like soaps & sanitizers				High	
11.	<p><b>Government should increase funding of the Agricultural Sector across the entire value-chain.</b> This is because the sector is critical to cushion people from vulnerabilities, like the coronavirus pandemic. Government should therefore increase its funding in the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and all the attendant MDAs. This should also be done across the entire value-chain. If prioritised, agriculture is important for both import substitution and export promotion. Aspects like cooperatives,</p>				High	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
	agricultural financing, and agro-processing should be funded and incentives provided where possible.					
12.	Digitisation should be emphasized and mainstreamed in a number of sectors across the country. These will help in the execution of a number of things; for example, in the education sector for conducting classes, trade, e-commerce, public policy execution, media, entertainment among others. Government should also strive to increase resources dedicated to digitisation.				Moderate	
13.	<b>Establish mechanisms for public, private partnerships thus ensuring continuity of business ventures and industries.</b> The partnership on the side of government could be providing equity to such entities to enhance their production and growth.				Moderate	
14.	<b>On a broad spectrum, this should be seen as an opportunity for Government to implement the seemingly “hard” development public policies.</b> These policies include responding to public policy like: the limit of Motorcycles (Boda-Bodas) and Public Service Vehicles (Taxis) in the city; Registration of the urban poor households for future policy decisions; environmental protection; health tax and insurance; immigration and work permits; and local content among others.				Moderate	
15.	Boosting health spending				High	
16.	Research and Development (R&D) funding should be increased, especially in the medical fields. The pandemic gives a good lesson that there should be dedicated funds for aspects: such as viruses; vaccines; bio-medicines; possible spill over and/or maintenance of the virus reservoirs in domestic animals; public health; behavioural traits and economic intelligence among others. Research and Development funding lines should therefore be increased in Ministry of Health, Ministry of Science (MoH), Technology and Innovations (MoSTI) and Economic Intelligence among others. In the short				High	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
	term, Makerere University scientists should be supported to scale up production of the testing kits and also a special budget for the Uganda Virus Research Institute (UVRI) to scale up their highly demanded services.					
17.	Securing the required additional Budget Support (USD 190M)				Moderate	
18.	Strengthening Safety Nets (Cash Transfers and Medical Assistance)				High Priority, esp. for the medical assistance	
19.	Provision of food relief and other hygiene-related products like sanitisers, soap and water should be undertaken, especially in urban areas and the other vulnerable areas. The LC system should be leveraged in the provision of this food relief.				High	
20.	Government should purchase all food items like grains from the large business-people and suppliers who have it in their warehouses across the country				High	
21.	Reprioritization of the Budget				High	Budget Neutral
22.	Payment of Government Domestic Arrears				High	
23.	Government should also invoke the <b>Force Majeure provisions and Frustration law principles</b> (section 66 of the Contracts Act, 2010) of the contractual obligations, in which it is involved.				High	
24.	<b>Deferring occupation and business taxes for employees and some businesses respectively, esp. for those businesses that employ a sizeable number of employees</b> (This can be done, following some of the proposals by the specific business and feasibility with Uganda's Economic Management Entities like MoFPED, NPA, URA, BoU, OP, OPM, State House)				High	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
25.	<b>Creating and Operationalizing a Business Stabilization Fund to support the private sector. This should be through the Uganda Development Bank, following its proposals on Emergency Funding and Guarantee Funding</b>				High	
26.	Guaranteeing of wages for those unable to work due to the crisis to favour consumption, investment and job security (Proposals by the Private Sector can be referred to)				Moderate	
27.	Tax exemptions/Deferment on essential commodities and utilities like electricity and water can also be provided, initially for an interim period of 30 days as the situation is studied further, with a possibility of an extension if the situation doesn't stabilize.				High	
28.	Rent arrangements can also be deferred by three months; these can then be paid back in agreed installments after the pandemic has cleared. However, this same intervention, in certain scenarios, should be balanced in terms of monetary policy for the mortgage-arrangement real-estate (where there is financing of a mortgage). Mortgages can be re-structured as well.  <b>Additionally, the Land Lords and Building owners shouldn't be charged rental tax during that period, instead URA should work out a mechanism for payment of this tax later.</b>				High	
29.	<b>Alternatively, Land Lords and Building Owners should exempt tenants rent during a period of three months.</b> In return, Government (URA) should also exempt these Land Lords and Building Owners from rental tax during the same period.				High	
30.	Studied VAT exemptions to manufacturers, esp. in the Health & sanitation related products (sanitizers and soaps), agricultural products, manufacturing and targeted services among others.				Moderate	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
31.	In the interim, a special regime in the income tax system instruments should be adopted (corporate income tax (CIT), personal income tax (like PAYE, withholding taxes, rental income tax).				High	
32.	People earning below a specified threshold (to be determined) shouldn't be taxed for a specified period, say 30 days initially, as the situation is being studied. Proposals by the Private Sector can be explored more.				High	
33.	PAYE rates should be revised downwards as deemed fit for a specified period, say 30 days initially, as the situation is being studied.				High	
34.	Alternatively, tax payments may be delayed for a specified period (Say 2 or 3 months).				Moderate	
35.	Government should continue seeking out global cooperation and international assistance.				High	
36.	Utilising financing and Grant windows by international lending organisations like World Bank and IMF among others				High, esp. for Grants	
37.	Export Promotion Strategies (through supporting Exporters)				High	
38.	Bank of Uganda should also intervene in the exchange rate market so as to help in the stabilization of the exchange rates, from global financial market volatility.				High	
39.	BoU should follow its Policy Statement on Coronavirus by highlighting the specific measures in how these measures will be undertaken				High	
40.	Waive limitations on restructuring of credit facilities in financial institutions (say from 2 to 4 times)				High	
41.	Double the period for banks to declare Non-Performing Assets (NPAs) from 90 days to 180 days.				High	
42.	BoU should buy back some bonds to increase liquidity				High	
43.	BoU should further scale down the Central Bank Rate (CBR) by 1 or 2 percentage point (to between 7% and 8%) as may be deemed appropriately.				Moderate	

S/N	Proposed Intervention	Timelines			Priority Scale	Cost
		Immediate (3-6months)	Medium term (7 months-3 years)	Long term (beyond 3 yrs)		
	Thereafter, commercial Banks should be followed up to see that they reduced the lending interest rates as well.					
44.	Government should also fast-track the revival of the Government owned commercial bank. This could have been vital in such times.				High	