

Telephone : 256 41 4707 000  
: 256 41 4232 095  
Fax : 256 41 4230 163  
: 256 41 4343 023  
: 256 41 4341 286  
Email : [finance@finance.go.ug](mailto:finance@finance.go.ug)  
Website : [www.finance.go.ug](http://www.finance.go.ug)



THE REPUBLIC OF UGANDA

Ministry of Finance, Planning &  
Economic Development  
Plot 2-12, Apollo Kaggwa Road  
P.O. Box 8147  
Kampala  
Uganda

In any correspondence on  
this subject please quote No. **BPD 267/268/01**

28<sup>th</sup> May 2020

Rt. Hon. Speaker,  
Parliamentary Building  
**KAMPALA**

### **SUPPLEMENTARY SCHEDULE 3 FY 2019/20**

1. As you are aware, COVID-19, has had a negative shock on the Ugandan economy, with key sectors such as tourism, exports, imports, remittances and the monetary sector among others, expected to be hit hardest.
2. This has necessitated that Government takes action in order to mitigate the negative Social Economic Impact of COVID-19, and to also ensure that the Economy remains resilient.
3. This has therefore warranted preparation of Supplementary Schedule 3 amounting to **UShs. 1,090.48 billion**, as detailed below:

#### **COVID-19 Related Supplementary Expenditure**

4. **Vote 014 - Ministry of Health: UShs 89 billion** towards additional funding requirements for dealing with the COVID-19 pandemic. This includes procurement of facemasks (**UShs 35 billion**), procurement of testing kits (**UShs 40 billion**), procurement of mobile tents and lavatories in preparation for school opening (**UShs 10 billion**) and support to border districts especially surveillance (**UShs 4 billion**).
5. **Vote 008 - Ministry of Finance, Planning and Economic Development: UShs 455.18 billion** for transfer to Uganda Development Bank to support the manufacturing sector that will be adversely affected by the COVID-19 pandemic. This expenditure will be financed by the recently acquired concessional loan from the IMF for COVID-19 response related expenditure.
6. **Vote 015 - Ministry of Trade, Industry and Cooperatives: UShs 100.00 billion** for transfer to Uganda Development Corporation to support businesses that will be adversely affected by the COVID-19 pandemic.

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#### **Mission**

*"To formulate sound economic policies, maximize revenue mobilization, ensure efficient allocation and accountability for public resources so as to achieve the most rapid and sustainable economic growth and development"*

7. Supplementary expenditure requests amounting to **US\$ 105 billion** to cater for Social Protection Interventions to address the effects of COVID-19 on vulnerable population, as highlighted below:
- Vote 010 – Ministry of Agriculture, Animal Industry and Fisheries:** **US\$ 10.00 billion** to enhance households' capacity for food security including the provision of inputs and support to the e-voucher system;
  - Vote 003 - Office of the Prime Minister:** **US\$ 45.00 billion** to support social services infrastructure such as schools, health units and water points that serve communities that have been worst hit by natural disasters; and
  - Vote 008- Ministry of Finance, Planning and Economic Development:** **US\$ 50.00 billion** for transfer to the Microfinance Support Centre Limited to support micro and small scale enterprises through SACCOs and Micro Finance Institutions.
8. **Vote 023 - Ministry of Science, Technology and Innovation: US\$ 17.18 billion** to support Scientists and Innovators engaged in COVID-19 interventions. Government took a decision to fund a number of interventions by Innovators categorized into four thematic areas of: Devices (ventilators, 3D printed face shields like masks); Diagnostics and Vaccines, Therapeutics and Hygiene; and Personal Protective Equipment (PPE), in the fight against COVID-19. This requires **US\$ 17.18 billion** to support all the Scientists and Innovators engaged in COVID-19 interventions.
9. Supplementary Expenditure request amounting to **US\$ 223.0 billion** towards clearance of domestic arrears as follows:
- US\$ 93.9 billion** toward recurrent domestic arrears which are the bulk of arrears by service providers to Government.
  - US\$ 73 billion** for payment of arrears to suppliers of Coffee seedlings.
  - US\$ 6.1 billion** for payment of arrears to suppliers of tea seedlings.
  - US\$ 50 billion** under various votes to clear the verified utility arrears to enable uninterrupted supply of utilities by the utility service providers in line with the Government program on COVID-19.
10. **Vote 145 – Uganda Prisons: US\$ 10.78 billion** to cater for costs arising out of the increasing numbers of prisoners as a result of contravening measures which were put in place to control COVID-19.

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## Other Supplementary Expenditure Requirements

11. **Vote 126 – National Information Technology Authority Uganda: Ushs 44.67 billion** to cater for External Financing for Implementation of the Regional Communications Infrastructure Programme (RCIP). The funds requested are to cater for the outstanding and projected obligations under Missing links and last mile connectivity, and contractual obligations under the RCIP project. In addition, it has been confirmed that World Bank disbursed **US\$ 13.66 million** to Bank of Uganda and it is sufficient to meet this supplementary request. Given that that above funding is External Financing and in order not to lose the funding before the close of the Financial Year, supplementary expenditure should be considered for this request.
12. **Vote 141 – Uganda Revenue Authority: UShs 45.67 billion** to cater for outstanding payments to SICPA Uganda Limited (payment for invoices dating from October 2019 to April 2020), to facilitate the implementation of the digital tax stamps for FY2019/20.

## Financing of the Supplementary Expenditure

13. Supplementary Expenditure Schedule No. 3 will be funded through additional/on-going borrowing from the World Bank/ International Development Association and International Monetary Fund (IMF).
14. In this regard, the Supplementary Expenditure under Schedule 3 FY 2019/20 is mainly to cater for expenditures that have arisen from the impact of COVID-19, with the exception of the Supplementary for NITA-U which is External Financing and URA which is a contractual obligation that Government must meet, in order to implement digital tax stamps.
15. The purpose of this letter therefore, is to inform you as above and to submit Supplementary Schedule No.3 FY 2019/20 for consideration by Parliament.

  
Matia Kasaija (MP)

**MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT**

cc Rt. Hon. Deputy Speaker of Parliament  
All Hon. Ministers of State for Finance, Planning and Economic Development  
The Chairperson, Budget Committee of Parliament

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