



FROM THE COVID-19 RESPONSE TO RECOVERY AND RESILIENCE-BUILDING

JUNE 2020



INTRODUCTION

This policy brief accompanies the comprehensive study by the United Nations Country Team (UNCT) on the socio-economic impact of the COVID-19 pandemic in Uganda. It provides the first United Nations (UN) inter-agency effort to generate understanding of the impact of the pandemic at the country level and potential entry points for response, recovery and resilience building. Selected sectors and segments of the population were analysed in an effort to identify who might be the hardest-hit, or left behind, in the on-going government-led response efforts, and which are the most effective interventions to address the short, medium, and longer-term impacts.

The report aimed at providing insights to the following key policy questions:

1. What are the direct and indirect impacts of the COVID-19 pandemic on Uganda?
2. What are the social and economic implications of responses by government and non-state actors?
3. What are the potential short, medium and long-term implications for the country's development pathways as well as the 2030 Agenda?
4. Which opportunities are presented by the pandemic and how can they be leveraged to build a resilient economy?

In line with the above questions, the report provides insights on the overall potential socio-economic impacts of the COVID-19 through six closely inter-linked and mutually reinforcing chapters, on Macroeconomic Aggregates and Real Sectors; Agriculture and Food Security; Private Sector; Decentralised Service Delivery and Human Development; Poverty and Vulnerability; and, finally, long-term implications for the Sustainable Development Goals (SDGs).

This brief is structured as follows: Section 1 reviews the global, regional and national context of the COVID-19 pandemic. This is followed by Section 2 which presents the framework used to assess the impact of COVID-19 in Uganda. Section 3 outlines the key findings in the report. The opportunities that COVID-19 have triggered and which therefore need to be consolidated and leveraged to build a resilient economy are presented in Section 4. Selected specific policy recommendations from the full report, including those that will support the implementation of NDP III, are presented in Section 5. The brief concludes by presenting a synthesis of key points and also outlines the way forward.

CONTEXT

The outbreak of the novel coronavirus (COVID-19) was first reported from the city of Wuhan, China in December 2019 from where it spread globally at an alarming rate. Within nine (9) days of the first reported case on March 21, 2020, a total of 33 cases had been registered in Uganda. By June 19, cases had risen to seven-hundred and forty one (741), albeit with an impressive recovery record and no deaths, owing to the commendable containment measures taken by Government. The COVID-19 pandemic is however emerging as not only a public health emergency with immediate direct impacts on health outcomes, but also, there is a growing body of evidence globally that it will have long-lasting economic and social impacts. The impacts will result from the direct and indirect effects on health, preventive actions by individuals, governments and other non-state actors, and they will disproportionately affect vulnerable and marginalized populations.



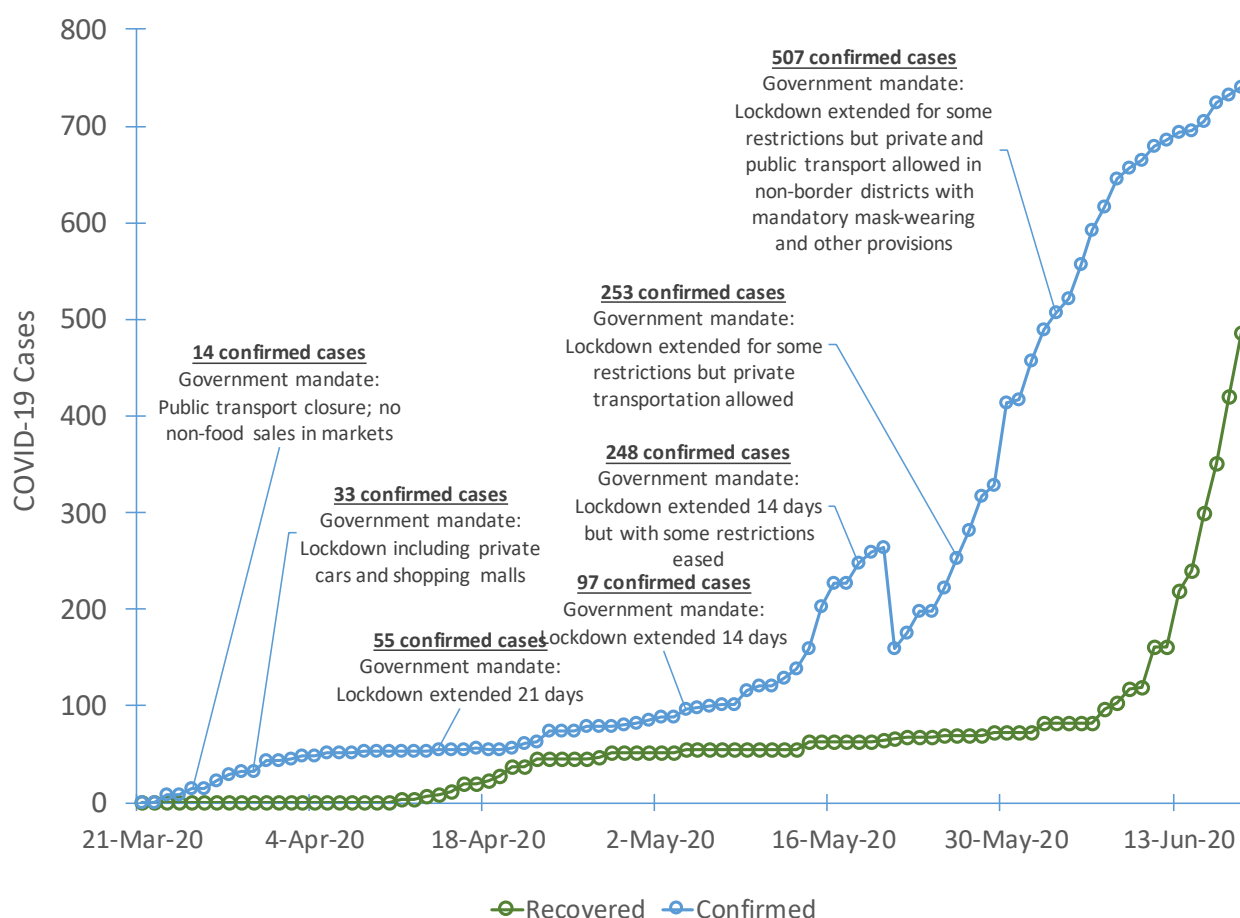


Figure 1: Trend of cases of COVID-19 in Uganda and Government Mandates

Source: UN Study on COVID 19.

The anticipated cost of the pandemic prompted the Government of Uganda to introduce unprecedented measures to contain the pandemic; which measures have yielded commendable results in the short term. For example, the widespread restriction of travel and closure of activities prone to high levels of human interaction have contained the spread of the virus, the unavoidable disruption of economic activity notwithstanding. Social protection measures enacted, including food distribution in urban areas, have prevented the escalation of some vulnerabilities in the population, which is largely engaged in informal activity. The recovery package announced during the budget reading on June 11, 2020 entails, in part, expansion of existing social protection programmes for the elderly beyond the current 15 pilot districts; seed capital for special interest groups and cash-for-work programmes, which will be critical in rebuilding livelihoods. Complementary efforts by state and non-state actors have sustained dialogue on recovery, supported the continuity of government business, supported the private sector, especially small businesses, among several other efforts.

At the onset of the pandemic, the Ministry of Finance Planning and Economic Development (MoFPED) presented a statement elaborating the envisaged impact of the pandemic. The statement has shaped government response and has been complemented by sustained dialogue across sectors. While these efforts have been pivotal in setting the stage for action, there has been a need to undertake more comprehensive and in-depth analyses to provide robust evidence necessary for planning. Within the United Nations System, there has been a global call by the Secretary-General on the need to assess the socio-economic impact of the pandemic guided by the 2030 Agenda for Sustainable Development and its central thrust to 'Leave No One Behind' (LNOB).

A FRAMEWORK FOR ASSESSING THE IMPACT OF COVID-19 IN UGANDA

In response to the Secretary General's call, the United Nations Country Team has undertaken a comprehensive study on the socio-economic impact of COVID-19 in Uganda. Beyond the assessment of the direct and indirect impact of the pandemic, the report goes further to examine the social and economic implications of responses by government and all actors and the potential short, medium and long term implications for the country's development pathway. Particular emphasis has been placed in the report on selected sectors of the economy and segments of the population which are deeply affected by the outbreak. The report therefore complements existing interventions for rebuilding and sustaining household welfare and economic activity to facilitate quick and sustainable recovery. Moreover, a unique attempt is made to assess the potential implications of the COVID-19 response by Government on the achievement of the Sustainable Development Goals (SDGs) and recommending caution where elements of the response could result in SDG regression.

The report also examines the efficacy of social protection measures for mitigating the impacts of the pandemic and highlights interventions that could achieve maximum impact. It extensively assesses the structure of Uganda's private sector ecosystem and the potential implications of the pandemic for businesses, including tourism and manufacturing. Not least, focus is made on selected sectors that have immediate bearing on the entire population and providing entry points to enable the country to keep the most vulnerable and marginalized in view.

It is important to note that analyses and projections in the report are made under conditions of high uncertainty, volatility and data gaps given that the COVID-19 crisis continues to evolve. While efforts were taken to ensure quality and provide robust analyses, the rapid nature of the estimates implies that the conclusions should not be seen as perfect predictions of how the COVID-19 crisis will play out in Uganda. Rather, they should be seen as an evidence-based picture of the range of possibilities that the country may face and hence devise strategic recommendations during response, recovery and resilience-building periods.

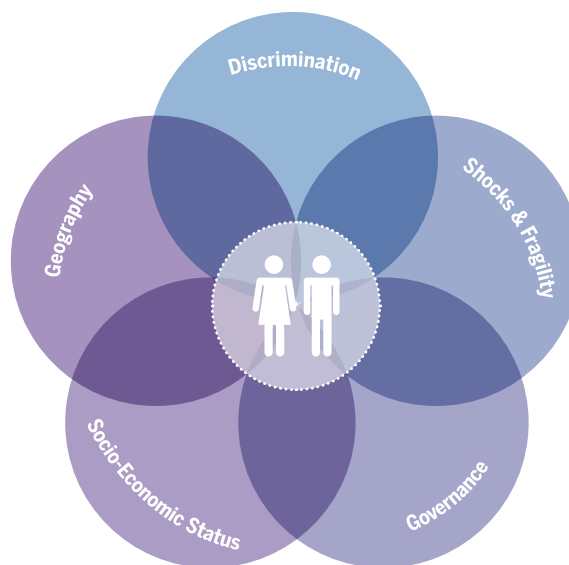


Figure 2. Key factors in Leaving No One Behind

Source: UNDP, 2018

The outbreak is envisaged to impact on Uganda through several transmission channels (see Figure 3). These include direct (public health channels caused by the virus itself) and indirect effects (caused by the response to the virus, including containment measures). These transmission channels can also be viewed through the lens of the 'Leave No One Behind' (LNOB) framework (Figure 2). The impact may vary by location, socio-economic status and level of vulnerability and resilience to shocks as well as the level of effectiveness of governance systems. For example, vulnerable, marginalized, and fragile groups such as women and children, the

elderly, disabled, and refugees, face heightened protection risks. Assessing the impact through the LNOB lens allows for enriched understanding of measures that could be put in place to protect the vulnerable and marginalized.

In establishing the impact of the pandemic, the report uses a mix of qualitative and quantitative approaches in each chapter. These include, but are not limited to: the application of the Global Trade Analysis Project (GTAP) model and the Social Accounting Matrix (SAM) Multiplier Model to assess the macroeconomic implications of the pandemic; collection and analysis of survey data to capture behaviours of firms and businesses across sectors, combined with historical data and key informant interviews with industry actors to investigate the impact on, and envisaged recovery of, the real economy and Micro, Small and Medium Enterprises (MSMEs). The integrated Sustainable Development Goals (iSDG) model has also been used to build scenarios on the potential impact of government response on the achievement of the SDGs, while micro-simulation using national household surveys has been used to assess the envisaged poverty and vulnerability dynamics and efficacy of social protection measures.

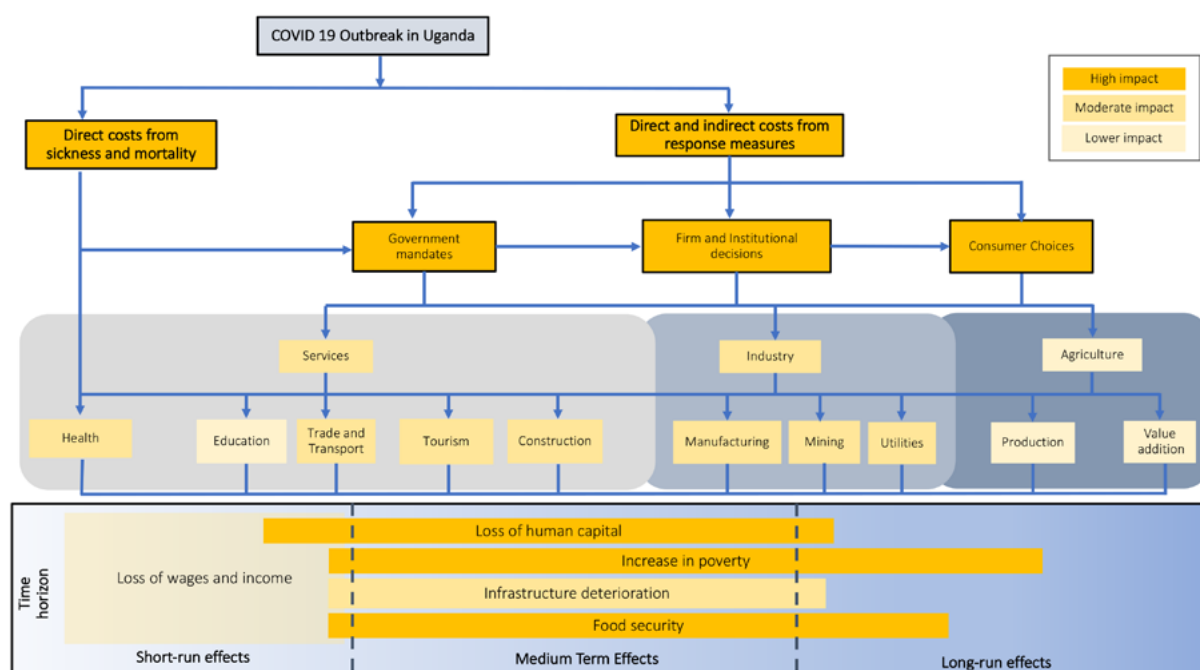


Figure 3: Transmission channels for potential socio-economic impact of COVID-19 in Uganda.

Source: Adapted by UNDP-Uganda based on Evans and Over (2020).

KEY FINDINGS

While all sectors of the economy will be impacted by the COVID-19 pandemic, the crisis will disproportionately affect service and manufacturing sectors. Some of the effects may include: a direct loss of US\$5 billion in the tourism sector during the next 5-year period (2020-2025); further deterioration of fiscal deficit due to the dampening of domestic revenue collection and increased spending needs for response and recovery efforts; a decline in remittances and export cash flows, and deterioration of Foreign Direct Investment (FDI) following the impending global recession.

National poverty rates could rise between approximately 2 and 8 percentage points. This could disproportionately impact on categories such as older persons, women, households with a high ratio of persons with specific needs in addition to those with refugee or migrant status and marginalized groups such as Indigenous communities. The increase in unemployment could increase the poverty rate among wage earning households by 15.7 percentage points. Targeted Social Protection programmes (e.g. cash transfers) have been found to have significant potential to cushion the impact of COVID-19 on poverty and inequality. Thus, social protection investment is not only aimed at protecting the lives of the most vulnerable and marginalized and providing a cushion to avoid households and vulnerable groups

from reliance on negative coping strategies, but rather is a critical investment that can provide beneficial returns to the economy by reducing vulnerability to shocks, building equity and maintaining labour productivity.

While SDGs are impacted across the board, potential impacts are likely to be most severe for the following SDGs: Eliminating Poverty (SDG1), Zero Hunger (SDG2), Good Health and Well-Being (SDG3), Gender Equality (SDG5), and Decent Work and Economic Growth (SDG8). The effects will be more severe if the Government undertakes significant reallocations within the budget to finance response and recovery, as opposed to borrowing. In other words, the analysis indicates that shifting money previously allocated in the budget for various development objectives could derail progress towards several SDGs, indicating that this is a good time to mobilize external resources.

Agriculture is not immune; there could be a delay before longer-term effects are witnessed. There have been disruptions in food supply chains threatening food and nutritional security. Emerging effects to the agricultural sector pertain to labour shortages, disruption in the supply of farm inputs for both crops and animals, increase in post-harvest losses, especially for perishables due to reduced demand

and price collapse; a temporary spike in prices of cereals and dry products due to panic buying and convenience for bulk storage by households. Severe impact has been felt in the poultry and fishing industries owing to sharp decline in demand and challenges in accessing inputs. Net food-buying households are severely impacted, compounded by loss of household incomes, while subsistence farmers with access to food from own production could maintain minimal food requirements despite critical hits on income.







The reduction in incomes of informal Micro Small Enterprises (MSEs) has taken a heavy toll; for example, 46 percent of workers employed in informal businesses in the manufacturing sector are likely to have slid into poverty, with a similar trend in the hospitality industry (43 percent), and trading and services (41 percent), with a disproportionate impact on women. Informally employed women working in markets have been heavily impacted. Only about 15 percent of formal enterprises could sustain more than three months of operation on their current cash flow, and for seven in every ten businesses (70 percent), recovery is expected to take more than three months, thus affecting employment and business operations.


















The reduction in Central Government releases of non-wage recurrent budget to Local Governments (LGs) is likely to affect service delivery. This will be compounded by the loss of LG revenue from property income, sale of goods and services as well as other statutory fees and fines, leading to a combined fiscal gap of UGX 15.7 trillion (approx. US\$4.15 billion).

Additionally, impacts on health and the knock-on effects of the response in the health sector may negatively impact the welfare of Ugandans, especially those who have pre-existing health conditions or are otherwise vulnerable or marginalized. This will also impact overall human development. Thus, supporting LGs to ensure continuity of health service delivery is critical.

The analyses in the report and key findings indicated above will have critical implications for Uganda's national development planning and budgeting (Table 1). A particular focus should be on addressing the potential impacts of COVID-19 on the third National Development Plan (NDP III) (see Table 1) whose initial period of implementation starts in July 2020.

Table 1: Potential Impacts of COVID-19 on Expected Results of Selected NDP III Programmes

NDPIII NATIONAL OUTLOOK	SELECTED NDPIII ASSUMPTIONS AND EXPECTED RESULTS	LIKELY IMPACT OF COVID-19
Economic growth and macroeconomy 	Real GDP growth estimated to range between 6.2 to 7.0 percent during this period supported by continued productivity enhancement.	 Growth expected to decline to 2.5% in 2020 and 3.5% in 2021 according to UNDESA, and 3.5% in 2020 and 4.3% in 2021 according to IMF. Refer to Chapter 2.
	The Economic Growth Strategy that underpins the NDP III is built on the need for rapid industrialization of the Ugandan economy linked to high productivity and production in agriculture while nurturing the potential of the tourism, minerals, and oil and gas sectors.	 The situation is dire for the tourism sector, which is likely to lose more than USD \$5 billion in revenue over the next five years, and the situation is also dire for manufacturing and trade sectors (Chapter 2).
	About 520,000 jobs will be created annually during the NDPIII period.	 Formal and informal MSMEs are experiencing layoffs and job cuts as a result of COVID-19. Informally employed women and casual labourers are especially hard-hit. Rather than creating additional jobs, the beginning of the NDPIII period will need to focus on bringing back jobs, particularly for the most vulnerable and marginalized groups (Chapters 2, 4 and 6).
	The revenue strategy over the NDP III period will focus on improving compliance and efficiency in tax revenue collections through implementation of the Domestic Revenue Mobilization Strategy (DRMS).	 Loss of household incomes and decline in private sector activity, in addition to Government tax cuts as part of the June 11 stimulus and decline in international trade, will decrease tax collection. (Chapter 2)
	Concessional loans from multilateral creditors will continue to be an important source of financing for NDPIII, averaging at 1.7% of GDP over the period.	 As domestic revenue is expected to be heavily impacted, mobilizing of external resources will continue to be critical in the post-COVID-19 era but will also require a careful look at debt sustainability. (Chapters 2 and 7)

	The overall current account balance (including grants) is set to improve from a deficit of 8.2% of GDP in FY 2020/21 to 5.1% in FY 2024/25.		The loss of remittances and exports poses a major threat to Uganda's balance of payments. (Chapters 2, 4 and 6)
SELECTED NDPIII PROGRAMMES			
Agro-industrialization 	The expected results of this programme include increasing export value of selected agricultural commodities, increasing the agricultural sector growth rate, increasing labour productivity in the agro-industrial value chain, creating jobs in agro-industry, and increasing the proportion of households that are food secure.		Although agriculture was not as hard-hit as other sectors, several challenges have been encountered such as price fluctuations and difficulty in accessing inputs. These, in turn, will impact productivity and value addition, meaning that the agro-industrialization programme may need to focus on catching up at the beginning of the NDPIII period. (Chapter 3)
Tourism Development 	Among other expected results, this programme seeks to increase tourism arrivals and revenues as well as employment in the tourism sector.		The tourism sector has been extremely hit by the COVID-19 travel restrictions and containment measures. The sector will require immediate support and resuscitation and might negatively impact NDPIII tourism sector targets. (Chapter 2)
Private Sector Development 	Anticipated results of this programme include reduction of the informal sector, strong and competitive Micro, Small and Medium Enterprises, increased proportion and value of public contracts and sub-contracts that are awarded to local firms, and increased volume of private sector investment in key growth areas.		Formal and informal enterprises have been heavily affected. Immediate support is needed to resuscitate MSMEs, including support to informally employed women. (Chapter 4)
Manufacturing 	This programme seeks to increase the share of manufactured exports to total exports, growth in the industrial sector contribution to GDP, and increased share of labour force employed in the industrial sector.		The manufacturing sector has felt significant impact, with firms cutting down on production and labour. Import substitution is being explored but due to COVID-19 restrictions, this is likely to face challenges as well. (Chapter 2)
Human Capital Development 	The Human Capital Development (HCD) programme's expected results include increased proportion of labour force transiting to gainful employment; increased years of schooling; improved child and maternal outcomes; increased life expectancy; access to safe and clean water and sanitation; and increased access by population to social protection.		The gaps in human development between different sub-regions and socioeconomic and demographic groups in Uganda will widen, partly impacting poor, vulnerable, and marginalized groups. The impact on education due to the closure of schools may also widen this gap. The policy recommendations in the report strongly support expanding social protection. (Chapters 5 and 6)
Innovation, Technology Development and Transfer 	Among other expected results of this programme, Gross Expenditure on Research and Development (R&D) and business enterprise sector spending on R&D will be increased, as well as improvement of the country's global innovation index.		The COVID-19 pandemic and containment measures have resulted in new innovations and applications of technology, such as e-working and e-platforms. (Chapters 5 and 6)
Regional Development 	This programme seeks to support regional economic growth and development, focusing on sub-regions that have been left behind, such as those in Eastern and Northern regions.		The pandemic may result in widening economic disparities between sub-regions and worsening of vulnerability for those populations that are already vulnerable and marginalized. The policy recommendations offer insights into how this can be addressed. (Chapters 5 and 6)
Development Plan Implementation 	This programme is intended to increase GDP growth rate and revenue and result in improvements in alignment of plans and budgets.		The massive disruptions will affect at least the initial one to two years of the NDPIII period. A robust response and recovery plan is required to cushion the NDPIII. (Chapters 2 and 7)

Note: The Likely Impact of COVID-19 column indicates areas where the report has found: 1) direct negative impact on the expected results of NDPIII or 2) the direction of the expected impact could go either way or 3) areas where the containment measures have already led to new innovations. Rather than providing a comprehensive picture, this analysis is based on selected sectors but it remains pertinent in pointing to areas that the plan could emphasise to prevent derailing the originally envisaged direction of NDPIII.

POLICY RECOMMENDATIONS

MACRO ECONOMY AND REAL SECTORS



Ensure that national development planning and budgeting accommodates new realities:

There is need to urgently draw a Comprehensive Costed Recovery Plan and a COVID-19 “exit strategy.”

This should involve a multi-sectoral team led by Ministry of Finance, Planning and Economic Development (MoFPED) to inform the actions of both Government and non-state actors. Other than the health sector, the Plan should make special consideration for the most directly-affected sectors such as tourism and logistics to protect employment. The National Planning Authority (NPA) and MoFPED should factor in how the pandemic will affect NDPIII assumptions over the next five years and take appropriate action in building the resilience of the economy. Given that the NDP III will need to be accompanied by action plans, the latter could integrate elements of the proposed comprehensive recovery plan.

Build the capacity of firms to enhance resilience of the manufacturing sector by supporting the re-tooling of human resource capacities and production processes:

This should be done by diversifying input markets to act as buffer against crises and to insulate the manufacturing sector against any short-circuiting of input supply chains; adopt digital technologies to build vibrant production-marketing-distribution-consumption value chains; access low cost long-term financing by, in part, incentivizing the financial sector to develop tailored services.

Develop a comprehensive tourism recovery plan, advancing fundamental changes such as creative interventions to support businesses:

Proposed measures should include restoration of travellers’ confidence, (with emphasis possibly placed on domestic tourism); stimulation of demand including in non-traditional countries, and extending support to critical private tourism products such as cultural centres and forests, for a minimum of two years, and social protection for communities that benefit from tourism services in order to protect wildlife. These measures will cushion against collapse and re-allocation to alternative economic uses.



FORMAL AND INFORMAL PRIVATE SECTOR

Develop a comprehensive recovery package to support businesses’ essential needs. Such a package could entail: 1) supporting informal businesses to transition to e-commerce platforms and home delivery applications to retain and increase their customer base; 2) establishing a fund for facilitating uptake of innovative and/or digital-based business ideas and technology innovations; and 3) continued and vigorous enforcement of eviction freezes due to non-payment of rent including waiver or deferment for spaces leased by the Local Government and at the same time, guaranteeing landlords. Although Government has put in place laudable measures as a result of the June 11 budget speech, additional support particularly to the informal sector will be critical.

Protect current employment through a stimulus package to support informal Micro, Small and Medium Enterprises (MSMEs):

A stimulus package or support to those informally-employed persons, or persons with own MSMEs, would help offset inevitable economic hardship. This could amount to a direct subsidy to informal MSMEs, including market vendors as well as farmers and agricultural workers. In addition, offering free or subsidized vocational and skills training for employees who may experience structural unemployment because of the pandemic. The intention should be to skill them for activities which enjoy higher demand. Results indicate that this measure would be effective in supporting informal workers and keeping many Ugandans out of poverty.





DECENTRALISED SERVICE DELIVERY

Promote e-Governance, including at Local Government (LG) level: Government at all levels should embrace the use of digital technologies in offering their services. Such new modes of operation will make staff more productive; fast-track response in times of crises; enhance revenue mobilisation efforts; improve monitoring of service delivery; and, enhance coordination with central government operations.

Create adequate fiscal space for LGs to implement emergency response measures, ensure continued delivery of basic services, support local economies and prepare for recovery: Introduce a flexible financial mechanism to allow a timely and comprehensive response by Local Governments in order to boost basic service delivery in the post-COVID-19 period. This is particularly critical considering the knock-on effects for the health sector and delivery of health services, in the emergency phase through to the recovery phase. Although the Government has already moved in this direction by allocating operational funds to District Task Forces, neither the amounts nor the type of eligible expenditures fits the challenge faced by LGs. Additional resources required for the LG response should come from re-prioritization of central, LG budgets, and external resources.



POVERTY AND VULNERABILITY

Control the spread of the virus in the shortest time possible to reduce the negative impact of the pandemic on the lives of Ugandans and the economy: Effective and swift measures will help to contain the pandemic impact, in terms of both loss of lives and morbidity, and to reduce the time it takes to re-establish normalcy in economic and social development activities. Furthermore, acting immediately will effectively help reduce the medium- and longer-term impacts on SDGs, particularly poverty, hunger, health, and inequality.

Expand social protection to support vulnerable and marginalized populations, going beyond emergency transfers: Ensure that social protection is shock-responsive, by: 1) working with state and non-state actors to develop a costed rapid Social Protection Plan; 2) re-purposing and scaling up existing social protection programmes complemented with rapid assessment by LGs to identify the most vulnerable and marginalized, and assessing the most effective delivery mechanism; and 3) establishing a physical and automated platform for coordination and resource mobilization for support to the vulnerable and marginalized groups.



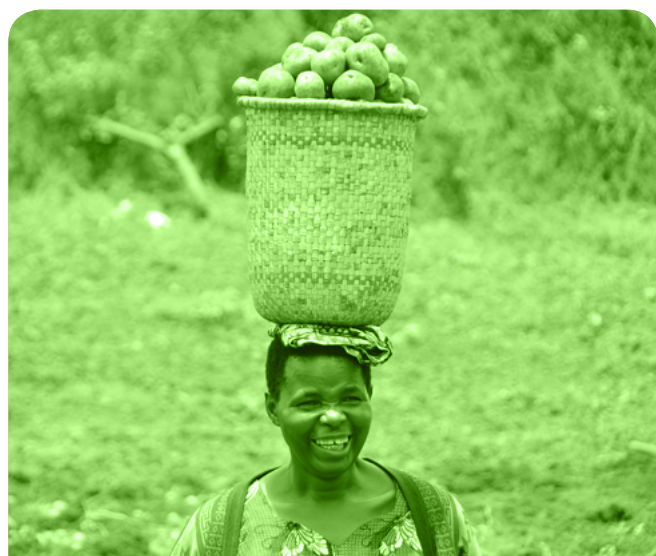


AGRICULTURE AND FOOD SECURITY

Strengthen the production, storage and conservation capacity to ensure food availability: Measures to be taken should include:

1) scaling up the distribution of agricultural inputs and provision of animal health support to ensure continuous food production and income generation in the most vulnerable areas (special focus should be on zones prone to drought, desert locusts, and flooding); 2) supporting livelihoods diversification and home-based food production; 3) reducing post-harvest losses through improved storage capacities, small scale processing and conservation of perishables; 4) supporting food production in refugee settlements and host communities to improve access to food and healthy diets for the vulnerable; 5) providing subsidies on some critical inputs and promote group delivery of agricultural inputs to address the high cost of inputs especially the imported ones, due to rise in exchange rate and disruptions of global supply chains from source markets; 6) leveraging ICT in the purchase and delivery of inputs as well as the registration and accreditation of agro-inputs dealers; 7) adopting e-extension and fully integrating ICT in the provision of extension services and ensuring effective utilization of electronic and outdoor media channels such as phones, radio, television, posters, fliers and brochures.

Ensure continuity and stability of food system functions to support food supply by: 1) re-invigorating the National Strategic Food Reserve System, and instituting Community Food/Seed Banks; 2) establishing an appropriate mechanism to shift school feeding programmes to other channels (churches, parishes, NGOs, food banks, traditional leaders, etc.) to ensure continuity of food access to school-aged children during containment; 3) operating digital-facilitated operations to facilitate food deliveries, distribution times and dietary recommendations and hygienic measure to reduce risk of contamination.



SDG ACCELERATION

A cautious mobilisation of external resources to stimulate all sectors, combined with re-purposing of wasteful expenditures, as opposed to re-allocation of resources from development programmes could reduce the negative impact of the pandemic on the SDGs: Development partner support in mobilizing innovative sources of financing is critical in advancing Government efforts.

Expand investment in interventions under the SDG accelerators (Environment, Governance, and Industry), identified in NDP III: The expanded investment in the accelerators would encourage progress for the entire spectrum of SDGs. Specifically, fast-tracking the strengthening of governance systems provides leverage for improving performance on the SDGs and thinking beyond the emergency containment phase and transition phase, into the sustainable recovery phase of the response.



ENVIRONMENTAL SUSTAINABILITY AND GREEN GROWTH

Investments in environment, natural resource management and disaster risk reduction will be an imperative in the recovery and overall resilience-building in the country: COVID-19 in Uganda exposed both opportunities and vulnerabilities in relation to environment and the menace of climate change. With economic restrictions and the lockdown, the country saw an improvement in air quality by 40 percent in Greater Kampala. However, the COVID-19 crisis occurred simultaneously with other disasters, such as the desert locust invasion and flooding caused by heavy rainfalls, which has also led to major power disruptions. Additionally, the pandemic has seen to the increased degradation of natural resources such as the encroachment on wetlands and forests as well as illegal hunting and poaching of wildlife. These concurrent shocks have exposed vulnerabilities in the country's capacity to address multiple and simultaneous disasters. Moving towards "building back greener," efforts should be made to substantively invest in reducing the country's exposure to risks and vulnerabilities associated with ecosystem degradation, as well as investments in national systems and processes that enhance national capacity to respond to multiple disasters.

SUMMARY AND CONCLUSION

This policy brief provides a snapshot of key messages of the UNCT study on the impacts of the COVID-19 pandemic on Uganda. It compliments several existing and on-going assessments by the state and non-state actors. There is no doubt that the COVID-19 crisis will have far-reaching impacts on the entire economy and society, although some areas will be hit disproportionately harder. The report has placed focus on sectors that directly impact households or have indirect impacts on households while also providing policy and programme recommendations to enable recovery and ensure that the country keeps sight of its development aspirations. The report makes clear that beyond recovery, the country will have to emphasize building an economy in which all critical sectors are resilient to shocks of this nature, and which may occur simultaneously with other shocks. It is also clear that there will be no return to business as usual, which necessitates the call for harnessing opportunities presented by the growing innovation space for business and government, strengthening and sustaining partnerships, and building institutional coherence to facilitate the functionality of the public and private sectors in response to crises. The likelihood that the negative impacts of the pandemic could last throughout the UN-declared 'Decade of Action' calls for more agile, comprehensive and coordinated action, leveraging existing innovative development pathways.

It is clear that the pandemic will negatively impact the results earlier envisaged for NDP III, hence, the report is expected to inform the re-prioritization of the NDP III and the development of a costed recovery plan that addresses the impact and emerging realities occasioned from COVID-19 and the simultaneous disasters such as the desert locust invasion. For example, NDP III relied on high expectations for a growth trajectory, improvement in the current account balance, and strides in the tourism sector along with additional gains in human development (such as in education, health and employment). However, the findings indicate that each of these could be derailed. To ensure that the country stays on the planned course, the report provides several recommendations for possible bold investments that could be made, especially in the short and medium term but also with the longer-term recovery in view, and areas where national resilience-building can further be supported. Although the proposals call for significant investments in addition to the current government response articulated during the recent budget reading, the benefits of acting now, at whatever cost, far outweigh the cost of limited response.

Finally, the report comes at a time when the UN has concluded its Sustainable Development Co-operation Framework (2021-25), which sets the vision for how the UN will partner with the Government and people of Uganda in the next five years. The UN will thus continue to accompany the Government through the Co-operation Framework and related Country Programme Documents of UN entities in supporting Uganda's national development priorities in light of COVID-19.



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