Status Report COVID-19

Exchange Uganda

Abstract

Report on the effects of COVID-19 in Uganda
Version 2.0
7th of May 2020

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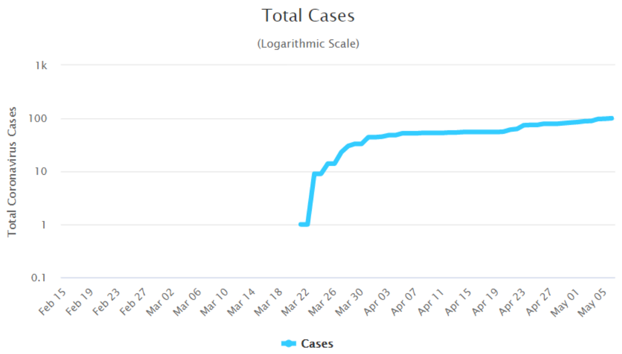
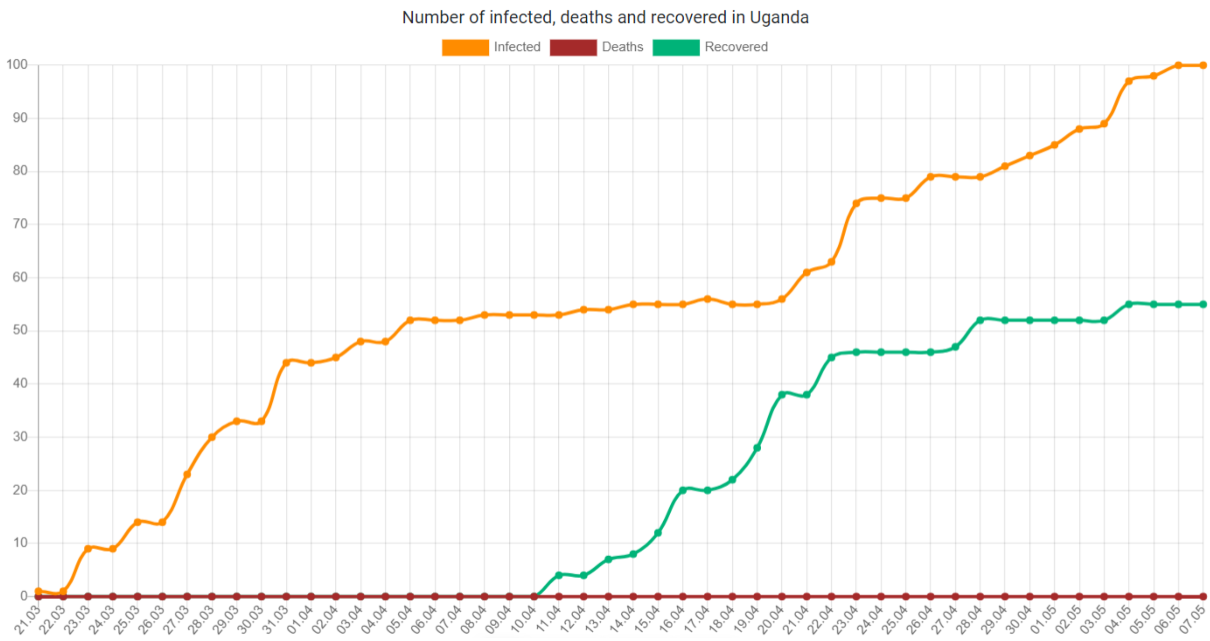
1. Statistics on COVID-19 in Uganda:

Total nr. of confirmed cases: **100**
Total nr. of confirmed active cases: **45**
Total nr. of confirmed recovered cases: **55**
Total nr. of confirmed deaths: **0**
Total nr. of confirmed tested cases: **47.620**



Source : https://www.worldometers.info/coronavirus/country/uganda/



Source : https://epidemic-stats.com/coronavirus/uganda

2. General overview of the COVID-19 situation in Uganda:

- Lockdown **eased but** extended to **20 MAY20**.
- **No incoming travel** allowed into the country until further notice.
- Projection for economic growth in FY2019/20 has been revised downwards from 6.0 percent. to between **5.2 – 5.7 percent** depending on the severity of the COVID-19 impact on Uganda.
- Most affected sector is **services**, drastic measures decreed to ensure its survival.
- Crisis might push extra up to **780,000 people below poverty line**.

3. Overview of the measures taken for the general public to contain COVID-19:

MEASURES TAKEN:

1. Closed all the Educational Institutions which accounted for 15 million young Ugandans;

2. Suspended communal prayers in Mosques, Churches or in Stadium and other open-air venues;

3. Stopped all public political rallies, cultural gatherings or conferences;

4. Banned Ugandans from moving to or through category one (I) countries that had had a large number of corona cases;

On the 7th of March these countries were China, France, Germany, Iran, Italy, South-Korea, Spain, USA, UK The Netherlands, Sweden, Norway, Austria, Malaysia, San Marino and Belgium.

5. Allowed returning Ugandans from abroad provided they underwent mandatory quarantine, at their cost, for 14 days at a venue identified by the Ministry of Health;

6. Allowed the non-agricultural gathering points to continue but with SOPs (Standard Operating Procedures) put out by the Ministry of Health; and these gathering points were: factories, hotels, large plantations, markets, taxi-parks, etc.;

7. Discourage the hexagonal, extravagant Ugandan-style weddings; Weddings allowed only for a maximum of 7 people;

8. Burials could not be postponed, but should be for a maximum of 10 people (close family members);

9. The 33 million farmers, according to the 2014 census, there was no problem because they are dispersed in their farms, plantations, etc.; the only issues to deal with here were the monthly or weekly cattle auction markets (ebikomera); and obutare (food markets); these were suspended;

10. Suspended all public passenger transport vehicles and those were: taxis, coasters, buses, passenger trains, tuk-tuks (tricycles) and boda-bodas;

11. The discos, dances, bars, sports, music shows, cinemas and concerts were all suspended;

12. Encouraged hygiene and enlightened behaviors of not coughing or sneezing in public, no spitting, washing with soap and water or using sanitizers, regularly disinfecting surfaces such as tables, door handles, etc. and not touching your eyes, nose or mouth with contaminated and unwashed hands;

13. Encouraged good nutrition to strengthen the body defense system.

14. Also prohibited from entry were the pedestrians – people walking on foot from the neighboring countries.

15. In order to scale down the numbers of the populations in the markets, only food sellers remained in the markets; the non-food sellers suspended their activities.

OTHER MEASURES TAKEN:

1. Prohibited all people to people movement by everybody including those using their private vehicles, bodabodas, tuk-tuks, etc.

2. The shopping malls, arcades, hardware shops, which gather a lot of people to sell and buy non-food items were suspended for 14 days starting with the 1st of April 2020. **Now extended to 20/05/2020**

3. All the non-food shops (stores) also closed. Only food stores, stores selling agricultural products, veterinary products, detergents and pharmaceuticals remained open following Ministry of Health SOPs.

4. The Super-markets remained open but with clear SOPs that should restrict numbers that enter and leave the site at a given time and the handling of trolleys within the super-markets.

5. The established Food Markets in Kampala and the other towns continued to be open following SOPs: the distance of four meters to the front, to the left, to the right and to the rear – between seller and buyer and also seller and seller observed in all the markets. Sellers not going home during the 14 days. They arrange to stay nearby for that duration. **This measure was extended to 20/05/2020.**

6. Saloons, Lodges were shut for 14 days from the 1st of April 2020.**This measure was extended to 20/05/2020 while garages were opened.**

7. The factory owners to arrange for the crucial employees to camp around the factory area for the 14 days. If they cannot do that, let them suspend production for 14 days.

8. Construction sites to continue if they can be able to encamp their workers for 14 days. Otherwise, they should suspend construction for the 14 days.

9. The essential services are: the medical, agriculture and veterinary, telecommunication, door-to-door delivery, financial institutions, all media, Private Security companies, cleaning services, garbage collection, fire-brigade, fuel stations, water departments and some KCCA staff should continue to operate.

URA -the taxes collector- also not close business on account of not paying taxes in these 14 days. These employers to see whether they can encamp some staff near the workplace for the 14 days.

10. Gatherings of more than 5 persons were prohibited.

11. Health issues like mothers in childbirth or very sick people, permission to be sought from the RDC to use private transport to take such a person to hospital. Additionally, government vehicles that do not belong to Army, Police, Prisons or UWA, to be deployed to help in those health emergencies.

12. Government workers to stay at home for the 14 days, except for the Army, the Police, the Health workers, the Electricity, Water and Telephone workers but following SOPs.

13. Government has given food to needy.

4. The impact of the situation on domestic and international travel:

CURRENT AND COMING RESTRICTIONS: The current and coming restrictions with their definition, timing and when these will be lifted, any specific new rules for tourist and business travel and visa insurance.

1. Stopped all passengers coming into Uganda by air, land or water; this affected in-coming planes, buses, taxis or boats;

2. Cargo planes and cargo vehicles, within Uganda and between Uganda and the outside, continued with only the crews for the aircrafts and 3 persons per cargo vehicle.

3. Except for cargo planes, lorries, pick-ups and trains, starting with the 31st of March 2020, at 1900 hours, a curfew throughout the whole of Uganda was imposed.

4. The freezing of movement will last 14 days from the 1st of April 2020. **This was extended to 20/05/2020.**

5. The second category of concentrations are the shopping malls, arcades, hardware shops, which gather a lot of people to sell and buy non-food items. These were suspended for 14 days starting with the 1st of April 2020.

6. Some restrictions were scheduled to expire on the 14th of April 2020.

7. Other restrictions especially regarding travel by Air in and out of the country given 32 days were scheduled to expire by 21st April 2020 depending on the evolution of the pandemic.

8. In his address to the nation today (14/4/2020) at midday, the president extended the lockdown by 21 days – up to 5th of May 2020.

5. New Measures easing the lockdown as on 04/05/2020

- Agriculture will continue
- No opening Airport and other air transport except for cargo
- Bussing for factories allowed and cycling allowed
- Wholesalers allowed to open
- Hardware shops allowed to open
- Insurance providers to work
- Metal and wood workshops opened
- Repair workshops and garages opened
- Lawyers allowed to work
- Restaurants opened but only takeaways
- Masks will soon be mandatory

6. The impact of the crisis on the local economy:

CURRENT AND COMING IMPACT: priorities defined, and protection or impetus measures taken by the government for specific economic activities.

Real Sector

1. Given the current situation, the projection for economic growth in FY2019/20 has been revised downwards from 6.0 percent to between 5.2 – 5.7 percent depending on the severity of the COVID-19 impact on Uganda.

2. The biggest impact is on the services sector. Travel restrictions are already affecting the tourism sector including hotels, accommodation and transportation. Supply chain disruptions are hampering trade, and this is expected to continue until the virus is contained at the global level.

3. Travel restrictions at the global level have also affected the flow of imports into the country leading to disruption in supply of inputs into the Industry sector. This will affect industrial output.

4. The low activity in industry and services sectors will result into loss of jobs further leading to a decline in economic growth and an increase in the level of poverty. The number of people that could be pushed into poverty is estimated at approximately 780,000.

External Sector (Balance of Payments)

5. Tourism is severely affected by a sharp drop in tourists coming to Uganda following extensive travel restrictions in the USA, Europe and Asia. Tourism earnings are expected to decline significantly in the last four months of the financial year.

6. Exports are expected to decline in the last four months of the financial year, on account of a sharp reduction in global demand and travel restrictions imposed by Uganda's key trading partners in the Middle East, European Union and Asia.

7. Imports will also be affected by travel restrictions and a reduction in demand within the local economy. The majority of Uganda's imports come from Asia, particularly China which has been the most affected country. Overall, imports are expected to decline by 44% in the last four months of this financial year. However, this provides an opportunity for the country to produce some of the imports locally in line with our import substitution and export promotion strategy. We therefore need to put more effort in the implementation of this strategy in order to reduce our dependence on imported inputs and final goods in the case of such emergencies.

8. Worker's Remittances and Foreign Direct Investments (FDI) will also be affected by the slowdown in the global economy. In the last four months of the financial year, FDI and remittances are projected to each decline significantly.

9. Loan Disbursements are projected to decline by 50 percent in the last five months of the financial year because of the likely delays in projects execution and a disruption in the supply of inputs for the projects.

Overall Balance of Payments Position

10. Due to the travel restrictions, scarcity of goods and lower inflows (tourism, remittances, exports and FDI), the balance of payments is likely to deteriorate leading to a likely depreciation of the exchange rate and consequently inflation. This has already contributed to the depreciation of the exchange rate of 1 percent between February and 10th March 2020.

Impact of the coronavirus on the banking system

11. The impact of the coronavirus on the banking system has an indirect effect through non-performing loans (NPLs). The sectors that are likely to be most affected include trade, tourism, transportation and construction. Private sector credit extension to these sectors constitutes 45 percent of the total private sector credit. If NPLs in these sectors increase by 50 percent due to fallout from the COVID-19 outbreak, the ratio of non-performing loans to total loans would worsen from 4.7 percent to 5.9 percent which has negative impact on private sector credit growth as well as economic growth.

Fiscal Sector

12. Revenue collections will register an additional shortfall of about Shs 82.4 billion for the remaining period of the FY2019/20 (March-June) and about Shs 187.6 billion in FY2020/21 assuming that the corona virus does not enter Uganda or that it is quickly contained hence avoiding widespread infections within the population. The coronavirus will mainly impact international trade taxes (reduction in value of imports) as well as consumptive taxes (VAT and Excise duty) due to the slowdown in the industry and services sectors.

Impact on Public Investment Projects

13. There is likely to be a slowdown in the rate of execution of Government's development projects, especially in the transport and the energy sectors due to the impact on project financing as well as the likely impact on required inputs that are imported.

In addition, there is a risk to private sector financing for Public-Private Partnership (PPP) projects, which could delay completion of planned projects.

Expected interventions:

1. To deal with this economic shock, both fiscal and monetary policy adjustments would be required. The fiscal policies will play a critical role in mitigating the negative impact of the pandemic on economic activity and the challenges in the affected sectors particularly health, while monetary policies will help to reduce the impact of the deterioration of the Balance of Payments.

2.To deal with the possible negative impacts on our balance of payments, the Government will seek support from the International Monetary Fund to support the Central Bank in ensuring that international reserve buffers remain strong and that the exchange rate remains stable.

3.To deal with the financing gap in the Government budgets for FY 2019/20 and FY 2020/21, Ministry of Finance will seek for a budget support loan on concessional terms worth US$ 100 million for FY2019/20 and US$ 90 million for FY2020/21 from the World Bank.

4. As one of the policy responses, Government to put more effort in the implementation of the import substitution and export promotion strategy. This will reduce dependency on imported inputs and final goods in case of trade disruptions and other global economic shocks.

5. Ministry of Finance to meet the private sector and financial institutions to enhance implementation of the import substitution and export promotion strategy and to discuss Government's short, medium- and long-term policy responses aimed at dealing with the negative impacts of the COVID-19 on the economy and future economic shocks.

6. Bank of Uganda has directed Supervised Financial Institutions (SFIs) to defer the payments of all discretionary distributions such as Dividends and Bonus payments for at least 90 days effective March 2020 depending on the evolution of the pandemic.

7.Uganda's Central Bank has reduced the Central Bank Rate (CBR) by 1% point to 8%. This is intended to ensure adequate access to credit and the normal functioning of Financial Markets.

PRIVATE SECTOR FOUNDATION OF UGANDA RECOMMENDED STRATEGIES TO HELP THE PRIVATE SECTOR RECOVER FROM COVID-19 LED ECONOMIC RECESS:

The journey towards resuscitating the economy of Uganda through Ministry of Finance and the following intervention areas were proposed for Government consideration;

1. Pay all domestic arrears to increase liquidity in the economy

2. Domestic Tax:

a). Deferment of Payroll Tax payments to ease business cash flows for the next 6 months

b) Payment of Outstanding VAT refunds

c) Proposal of Turnover-tax in the current budget proposal should be postponed to next FY (21/22).

d) Tax on rental properties be frozen for six months effective April 2020 and no taxes should be increased on rental properties

e) Lower taxes on products produced with locally sourced raw materials.

For example, excise duty on fruit juices

3. Financing:

a). Restructure Uganda Development Bank (UDB) to manage the new development bank dynamics

b) Capitalise UDB so that they can effectively support the financing requirements of Ugandan entities.

c) UDB should aggressively support the Value chains (Upstream & Downstream)

d) Support the tourism sector with a line of financing through UDB

e) Improve on the Administration of the Agriculture Credit Fund

f) Recapitalize and procure more cargo aircraft for Uganda Air Cargo to ensure foreign market expansion.

Note:

It is important that 50% of the Board positions are occupied by the private sector.

4. Production:

a) Promote Producer groups & cooperatives and an efficient Warehouse Receipt System to ensure food security.

b) Support incubation to ensure value addition for both domestic and export markets

c) Enhance the Buy Uganda-Build Uganda initiative (BUBU)in order to ensure import substitution and make the young population will find it attractive to go into manufacturing and value addition.

5. NSSF Offers Businesses Amnesty:

In support of the Government of Uganda's interventions to combat the effect of COVID-19, the National Social Security Fund (NSSF) has put in place measures to ease the cash flow burden of affected employers/ businesses in the private sector. In its notice, NSSF indicated that with effect from 31st March 2020, it will allow Ugandan businesses facing economic distress to reschedule their NSSF contributions for three (3) months without accumulating penalty.

Affected businesses are advised to send an email to amnesty@nssfug.org to work out the detailed modalities. A business that does not apply for this amnesty will be expected to continue honoring its statutory obligation to remit NSSF contributions by the 15th day of every month.

Sources of information:

1) Ministry of Finance reports.
2) Bank of Uganda reports.
3) President Address to the Nation.
4) Price Water Coopers reports
5) Belgium Embassy Uganda Factsheet Covid-19 Uganda.

7. The consequences for private entrepreneurs:

CURRENT AND COMING CONSEQUENCES: per sector, and measures decreed to support these, if any (deferral of loan installments, rent, price of commodities and payments, …

Stanbic Bank's Purchase Managers Index (PMI) for Uganda declined to 45.3 in March 2020 from 56.2 in February 2020. This was the first contraction in the sector since January 2017 as both output and new orders declined for the first time in 38 months, due to the impact COVID-19[1] pandemic. The PMI tracks performance of the private sector on a monthly basis. Economists, in Uganda and beyond, agree that the pandemic is going to have far-reaching negative impacts on the global and national economies. This section of the report presents an overview of the likely consequences of COVID-19 on the various sectors in which Exchange vzw is active.

7.1. Tourism (including Hotel) Sector

Even before Uganda had registered any case of COVID-19, the top five hotels in the country had registered an estimated loss of USD 2,089,129 in cancelled bookings alone due to global travel restrictions and anxieties. The confirmation of some cases of COVID-19 in the country led to a ban on social, political and religious gatherings in as well as a total lockdown on all borders and travel by sea, land and air. People were also encouraged to stay at home as much as possible to effect social distancing. These measures caused unfathomable damage to a sector which is Uganda's leading foreign exchange earner.

Before COVID-19, the tourism sector had enjoyed a relatively good five years with visitor numbers growing by 19% from 1.27 million in FY 2014/15 to 1.5 million in FY 2018/19. Forex earnings by the sector in this period grew by 22% from USD 1.31 billion to USD 1.6 billion – making the sector Uganda's number one forex earner. At USD 1.6 billion, tourism earnings for the FY 2018/19 were bigger than the combined earnings from Uganda's leading 17 agriculture exports combined.

[1] COVID-19 is the novel coronavirus disease that emerged in 2019 and has turned into a global pandemic.

Sector Outlook post COVID-19

According to Jean Byamugisha, the Executive Director of UHOA[2], the effects of the coronavirus on the hotel industry is unprecedented. With most hotels having zero occupancy, it is not possible to meet running costs (bills and salaries). If the situation continues unchanged for the coming months, many hotels may be forced to close. On March 17th, tourism sector representatives met the Finance Minister and presented the following requests which they feel would enable them to remain afloat:

- VAT relief for a minimum of 12 months.
- Deferring of corporate tax payment for 2019 to the end of 2020 instead of mid financial year.
- Waiver of PAYE[3] for a minimum of 12 months.
- Intervene through Bank of Uganda by reducing interest rates or extending grace periods for sector players that may not be able to service their loans in a timely manner.
- Create and fund a sector-wide crisis management committee that will lead sector recovery efforts after the pandemic has been contained.
- Negotiate a 40% reduction on electricity tariffs for all hotels.

Both UHOA and UTB[4] believe that if the government can accept the above recommendations, the sector can stay afloat.

7.2. Manufacturing Sector

Although the president has directed that factories can continue operating, the on-going lock down with its accompanying restrictions on movement implies that the level of operations is very low. A March 10, 2020 Baker-McKenzie report highlights that many African countries face a 'twin supply-demand shock' due to a decrease in imports of manufacturing inputs and supplies from China and reduced demand from exports in key sectors in various export markets. Reports from the Uganda Ministry of Trade, Industry and Cooperatives indicate that China is our leading import market, accounting for at least 16 per cent or US$5.5 billion of Uganda's total imports bill.

The continued persistence of the corona crisis will curtail the sourcing of raw materials and capital goods, such as machinery, for Uganda's domestic manufacturing sector. UMA[5] has already cautioned the public that the price of goods produced by its members will most likely go up over the coming months should the Corona Virus pandemic persist. As of now, government has not yet put measures in place to cushion the manufacturing sector against the adverse effects of COVID-19. The exception was with manufacturers of spirits that received tax (excise duty) exemption following their offer to convert some of their stock into sanitizers. This was after the country had experienced a stock out of the hitherto largely imported brands of sanitizers.

On the 20th of March 2020, UMA convened a members' meeting at which an expert from KPMG gave guidelines on how manufacturers can remain afloat amidst the prevailing challenges. The guidelines included the following:

- Employee protection.
- Scenario analysis.
- Supply chain management.

[2] Uganda Hotel Owners Association
[3] Pay as You Earn
[4] Uganda Tourism Board
[5] Uganda Manufacturers Association

- Sales, marketing and customer engagement.
- Adopt strong corporate social responsibility (CSR) practices.

At this same meeting, the association made plans to meet policy makers and discuss issues that are critical to the sectors survival. These issues revolved around URA taxes, exchange rates, interest rates on loans and COVID-19 related CSR. At the time of compiling this report, it was not clear if UMA officials had already met and had discussions with policy makers or not.

What has been the real impact of COVID-19 on Uganda's manufacturing sector?

Uganda's manufacturing sector is already being impacted by COVID-19. Factory closures in China have resulted in supply chain disruptions for manufacturers in Uganda, with delays, raw material shortages, raised costs and reduced orders. With the widespread nature of the virus, it is difficult to envisage how supply chains could be adjusted rapidly to meet demands.

A disruption in global supply chains as a result of factory closures in China is already having a negative impact on small and medium enterprises in Uganda. These are the enterprises that trade mainly with China and are in the trade and retail sector. This sector constitutes 13% of Uganda's economy. Nearly 20% of all the goods traded in this sector are imports from China. The main imports from China are textiles and apparels, electronics, building and construction material, pharmaceuticals, heavy machinery, raw materials, iron and steel, as well as household consumer goods.

7.3. Agro-Industry Sector

The effects of quarantines and lockdowns due to COVID-19 have undoubtedly placed an enormous strain on the structure, function and performance of market systems including that of agriculture. In many ways, the coronavirus pandemic has already affected agricultural produce value chains. For instance, by now farmers should have planted crops for the first season. However, due to lack of inputs as a result of the supply chain disruption and uncertainty about the future, it is most likely that many farmers have not planted any crop and some of them are surviving on the would-be seeds for planting. Besides, support services such as extension services and credit facilities have been constrained.

Along with the rest of the population, farmers are observing social distancing in their fields, drastically reducing the number of people per farm which limits the manpower available for land preparation. Without adequate access to enabling financial systems, smallholder farmers often rely on manual labor to prepare their fields, due to the cost of acquiring and maintaining mechanized tools and equipment. Human and animal drudgery and time wastage are amongst the challenges that face farmers every day. With the current situation, the impacts of COVID-19 will surely be felt the hardest by the smallholder farmers that have been the backbone of the economy since the agrarian revolution.

The food supply chain is a complex web that involves producers, consumers, agricultural and fishery inputs, processing and storage, transportation and marketing, etc. As the virus spreads and cases mount, and measures tighten to curb the spread of the virus, there are countless ways the food systems at all levels will be tested and strained in the coming weeks and months. As of now, disruptions are minimal, as food supply has been adequate, and markets have been stable so far.

Although less food production of high value commodities (i.e. fruits and vegetables) is already likely, they are not as yet noticeable because of the lockdowns and disruption in the value chain. In the fisheries and aquaculture sector, the implications can vary and be quite complex. For wild-capture fisheries, the inability of fishing vessels to operate (due to limited or collapse of market as well as sanitary measures difficult to abide to on board of a vessel) can generate a domino effect throughout the value chains in terms of supply of products, in general, and the availability of specific species. In addition, for wild-capture fisheries and aquaculture, problems in logistics associated with restriction in transportation, border closures, and the reduced demand in restaurants and hotels can generate significant market changes – affecting prices.

We are already seeing, however, challenges in terms of the logistics involving the movement of food (not being able to move food from point A to point B), and the pandemic's impact on livestock sector due to reduced access to animal feed and slaughterhouses' diminished capacity (due to logistical constraints and labour shortages). As a result of the above, as of April and May we expect to see disruptions in the food supply chains.

Blockages to transport routes are particularly obstructive for fresh food supply chains and may also result in increased levels of food loss and waste. Fresh fish and aquatic products, which are highly perishable and therefore need to be sold, processed or stored in a relatively limited time, are at particular risk. Transport restrictions and quarantine measures are likely to impede farmers' and fishers' access to markets, curbing their productive capacities and hindering them from selling their produce.

Shortages of labour could disrupt production and processing of food, notably for labour-intensive industries (e.g. crops or fishing). Spikes in prices are not expected in major staples where there is supply, stocks, and production is capital intensive, but are more likely for high value commodities, especially meat and fish in the very short term and perishable commodities. On the other hand, where production is available and demand collapses like in some fisheries, prices are expected to collapse too.

The need to upgrade standards for hygiene, working conditions and living facilities on agricultural activities as well as throughout the fish value chain, needs to be reconsidered in light of the pandemic.

7.4. Circular Economy, Sustainable and Renewable Economy

Renewables projects are particularly vulnerable to impacts of COVID-19 since China is a significant producer of solar photovoltaic panels and turbines. The crisis, however, also presents an opportunity for energy consumers to identify alternative, simple and cost-effective energy solutions to address challenges of increased usage of energy due to the lockdown and quarantine. For instance, distributed renewable energy (DRE) solutions like stand-alone solar and mini-grid systems, represent a clean, cost-effective, rapidly deployable and reliable option to provide electricity to residential units and healthcare centers, transforming lives whilst strengthening global efforts to achieve UN Sustainable Development Goal 3 – good health and wellbeing and 7 – affordable and clean energy.

Households can look to utilizing 'cleaner' and more energy efficient cooking fuels like use of briquettes (easily made from cow dung or cassava flour or clay soil, smashed charcoal and water) that burn longer than charcoal and therefore, will reduce the amount of charcoal or firewood usage and save costs. Homes can also resort to utilizing improved clean cook stoves which are more energy efficient, emit fewer emissions and are safer than the traditional cook stoves or three-stone-fires to meet their cooking needs.

It should be noted, however, that the challenges posed by restrictions on movement and social distancing may preclude suppliers of clean energy from exploiting these opportunities. Like all other sectors of the economy, the circular/renewable energy sector is surely facing the blunt of the COVID-

19 pandemic. Another area of the circular economy that has potential for growth is waste processing and waste management. With the bigger number of people at home due to lockdowns and quarantine, the amount of waste being generated by an average family is presently higher than the usual. Also, waste management businesses have been permitted to continue operating as usual as long as they respect the curfew that starts at 7:00 pm. The circular economy/renewable energy sector can explore different strategies through which this potential business opportunity can be taken full advantage of.

7.5. Services Sector

Globally, analysts are painting a bleak picture for IT services companies and application software vendors as they struggle to pick up business in the face of global coronavirus lockdown. In Uganda, the economic strain resulting from COVID-19 and government measures to prevent its spread is already hitting services companies hard. As service providers try to fulfill contracts, prospective projects are getting or have been cancelled.

When it comes to the IT services sector (where Exchange vzw has one client and other prospective ones), the impact of COVID-19 has been deep, immediate and is likely to be long-lasting. While most sectors can find an upside (see discussion under renewable energy), there is little optimism for IT services. With the country in lockdown, IT services staff cannot access their clients' sites. For a country like Uganda, working remotely is not a viable option due to unreliable and expensive broadband connectivity.

Amidst all this, it is going to be challenging for service companies to raise salaries to pay their employees and this may lead to massive job cuts within the services sector. The government and development actors should come up strongly and devise mitigating measures to ensure that the IT services sector does not get crippled by the COVID-19 pandemic.

8. Conclusion and Recommendation

COVID-19 is a global pandemic and thus, its immediate and long-term impact will transcend borders. Whereas the immediate effect is on lives of those affected, the economic impact posed by this pandemic will also be far-reaching. Policy makers and development actors have to work together to ensure that the world and national governments do not slip into a recession of unprecedented magnitudes.

For the case of Uganda, being a developing country means that much of the COVID-19 impact is amplified. The private sector is already battling shocks ranging from a fear of how loans are going to be serviced, how rent is going to be paid, to how workers are going to be paid, among others. The government is in talks with the different sector heads to come up with mitigating measures but its present capacity to enact these measures is obviously limited. Under different circumstances, the government would be appealing to development partners and other more developed countries to step in and help. As it is, every country is now grappling with its own COVID-19 challenges with little resources left to bail out other countries.

The task ahead is a herculean one but there is hope that if all actors collaborate, it will be possible to rescue the economy bit by bit. With the pandemic still raging, much of the focus is on day-to-day survival. We can, however, already start planning on how we shall move beyond the impacts once the pandemic has been overcome. For the private sector, this is critical and the role of actors like Exchange vzw should be seen to be amplified now more than ever. For Uganda, a crippled private sector will pose a real threat not only to attainment of SDGs but also to lives of citizens.