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NATIONAL MEDICAL STORES

CLARIFICATION ON FUNDS RELEASED TO NATIONAL MEDICAL STORES (NMS) FOR PROCUREMENT, STORAGE AND DISTRIBUTION OF ESSENTIAL MEDICINES AND HEALTH SUPPLIES (EMHS)

Our attention has been drawn to a Press Release by Ministry of Finance, Planning and Economic Development which appeared in the *New Vision, Daily Monitor and The Red Pepper* of Thursday, 15th June 2017, and the Statements of the Hon. Minister of Finance, Planning and Economic Development while being hosted on CBS 89.3 FM Radio Program of Wednesday, 15th June 2017.

The Release misleads the General Public into believing that NMS got, and was meant to get, the sh.68billion from Ministry of Finance, Planning and Economic Development from the PTA Bank as part of the general funding from the Consolidated Fund.

Since the Author of this Press Release is an Economist, we can only say that, at the very best, he was "economical with the truth". On the part of NMS, we deal in medicines and we shall therefore "dispense the truth" as here under, as we believe that it is only the truth that will set us free:-

1. In the Financial Year 2010/11, FY 2011/12 and FY 2014/15, NMS suffered budget cuts totalling to sh.36,447,251,373/=. The non-release, in all the above cases, was in Quarter 4 when NMS would have already procured the Essential Medicines and Health Supplies (EMHS) for delivery to the Health Facilities.
2. In the Financial Year 2015/16, there was severe Depreciation of the Uganda Shilling against the United States Dollar (USD). This diminished both the funds appropriated under Vote 116 for FY 2015/16 and sums carried over in (1) above.
3. The above was brought to the attention of Ministry of Health and Ministry of Finance, Planning and Economic Development, and NMS requested for a sum of shs. 68billion in FY 2015/16 to be able to cover the gap created by the Depreciation of the Uganda Shilling.

4. In response to our request, on 30th November 2015, the Permanent Secretary/ Secretary to the Treasury informed NMS that the Ministry of Finance, Planning and Economic Development had "initiated a Funding Facility, currently before Parliament for approval, which will be used to address this issue"

This funding facility was the PTA Bank loan, which was later approved by Parliament on 26th April 2016. The record on the Hansard clearly indicates ugx. 68billion required to avert an impending crisis at NMS as one of the primary reasons why the loan "should be urgently" approved. If NMS was therefore not meant to get the ugx. 68billion as additional funds, then the Ministry of Finance, Planning and Economic Development misled Parliament.

5. On 10th May 2016, after waiting for the funds in vain, NMS reminded the Permanent Secretary/Secretary to the Treasury of the funding deficit of shs. 68billion.
6. On 6th June 2016, the Permanent Secretary/ Secretary to the Treasury in his letter advised NMS that the sh.68billion required would be available in FY 2016/17. NMS has not received this money as promised.
7. On 17th August 2016, the Permanent Secretary/Secretary to the Treasury in another letter to NMS stated that "Government had acquired a loan from the PTA Bank, which was ready for disbursement and requested NMS to submit Procurement Contracts for items in the Foreign Currency Requirements".
8. NMS provided the contracts by a letter dated 13th September 2016, and waited for disbursement of the money from PTA Bank. However the said funds have to-

date not been provided. This fact was brought to the Ministry of Health and the Permanent Secretary/ Secretary to the Treasury on 27th March 2017. It is important to note that the PTA Bank Loan, was approved by Parliament on the understanding that part of the Proceeds would go to NMS to cover the sh.68billion deficit.

9. The Hon. Minister of Finance, Planning and Economic Development while appearing on CBS 89.2 FM Radio on Wednesday, 14th June 2017 at 8pm, responding to our Public Relations Officer, informed the Audience that he had authorised and signed off a directive to the Permanent Secretary / Secretary to the Treasury to release USD 42million to NMS. We believe that:-

This letter/directive does not exist, but in case it exists; then,

- i. The record should be that NMS required only USD 20million (equivalent of Ug. Sh.68billion at the time) and not USD 42million.
 - ii. The Permanent Secretary / Secretary to the Treasury disobeyed the Hon. Minister's directive, like he had previously disobeyed an Executive Order dated 26th May 2016, communicating a directive from His Excellency, The President, to avail NMS sh.68billion by 31st May 2016 " to avert a Crisis in the Health Sector".
10. We wish to restate that if this money is not provided, over and above the Budget for FY 2017/18, all Health Centre IIs, IIIs and IVs, including those of UPDF, Uganda Police and Uganda Prisons, shall not receive Medicines in the FY 17/18 except ARVs, Vaccines, ACTs and TB medicines. We have stated the truth as we know it, as we remain "Passionate about Your Life".
"FOR GOD AND MY COUNTRY".

MANAGEMENT