



NATIONAL MEDICAL STORES

Passionate about Your Life

ANNUAL PERFORMANCE REPORT (01ST JULY 2018 TO 30TH JUNE 2019)

FY 2018/19

Vision

A population with adequate and accessible quality Medicines and Medical Supplies

Mission

To effectively and efficiently supply Essential Medicines and Medical Supplies to Health Facilities in Uganda

Core Values.

Customer Focus

Operational Excellence

Teamwork

Accountability

Integrity

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ABBREVIATIONS

BCM	-	Business Continuity Management
CSR	-	Corporate Social Responsibility
EMHS	-	Essential Medicines and Health Supplies
LMD	-	Last Mile Distribution
MIS	-	Management Information System
MoFPED	-	Ministry of Finance, Planning and Economic Development
MoH	-	Ministry of Health
NMS	-	National Medical Stores
FY	-	Financial Year
PERD Act	-	Public Enterprises Reform and Divestiture Act.
PFMA	-	Public Finance Management Act

OUR ADDRESSES

PRINCIPAL PLACE OF BUSINESS.

Plot 4-12, Nsamizi Road
P.O. Box 16
Entebbe.

REGIONAL CUSTOMER CARE OFFICES.

GULU REGION

Mak-kweri House, Kitgum Road, 2nd Floor,
Room 009
0776 744 204/0776 687 711
Email: clientservices@nms.go.ug.

KAMPALA REGION

ESAMI House, Bombo
Road
0782 121 820/0700 206 846
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MBARARA REGION

URA Building,
Stanley Road, 3B
0776 787 009/ 0703 430 098
Email: clientservices@nms.go.ug.

ARUA REGION

KKT Plaza, Plot 16-22 Duka Road, Room A109
0783 622 222/0786 016 236
Email: clientservices@nms.go.ug.

HOIMA REGION

Uganda Kolping Society, Rwentuma Road,
Hoima
0776 141 408/0774 324 232
Email: clientservices@nms.go.ug.

KABAROLE REGION

Reinah Tourist Hotel,
Kasese Road, Room 107
0789 121 820/0700 206 846
Email: clientservices@nms.go.ug.

MBALE REGION

Bugisu Cooperative Union (BCU),
Republic St., 2nd Floor Rm 202
0773 971 652/0782 208 948
Email: clientservices@nms.go.ug.

SOROTI REGION

Gweri Road, Plot 44B, (opposite Stanbic
Bank), 01st Floor
0772 623 366/0783 663 030
Email: clientservices@nms.go.ug.

MOROTO REGION

Lopet House, Kitale Road,
Plot 3, Moroto
077 016 286/0777 822 010
Email: clientservices@nms.go.ug.

AUDITORS

The Auditor General
Office of the Auditor General
P.O. Box 7083
KAMPALA.

SOLICITORS

K & K Advocates
SRK House, Plot 67
Lugogo Bypass
P.O. Box 6061
Kampala.

1.0 BOARD CHAIRMAN'S FOREWORD

It is with pleasure that I present the National Medical Stores Annual Report for the period 01st July 2018 to 30th June 2019. Throughout the year, NMS remained committed to fulfilling its statutory mandate of Procuring, Warehousing and Distribution of Essential Medicines and Medical Supplies to Government Health Facilities in Uganda.

This report is prepared as part of our accountability to our stakeholders. It contains detailed information about Governance and Performance of the Corporation. It includes both Financial and Non-financial information.

During the reporting period, NMS received all the Funds appropriated by Parliament and all these funds were absorbed. The inadequate resource envelope however, remained a challenge to our desire to provide all the needs of our customers who are the Public Health Facilities.

NMS continued with the Preventive Health Care Campaign as part of promoting good health and reducing the demand on medicine. This shall continue in the coming Financial Year.

As part of Systems improvement, NMS, with the support from USAID, started implementation of an Enterprise Resource Planning (ERP) System. The First Phase is expected to be completed by 30th June 2020. Once fully implemented, the ERP System (NMS+) will provide a seamless connection between NMS and its customers.


The Construction of a New Warehouse at Kajjansi was also commenced. As at 30th June 2019, 73% of the Project had been completed. It is expected that this Project shall be completed by December 2019.

NMS also piloted the Last Mile Delivery of Vaccines. This is part of continuous improvement of our services. Once finalized and implemented, Last Mile Delivery of Vaccines shall greatly contribute to Immunization coverage in Uganda.

As part of Corporate Social Responsibility, NMS provided support to the patients of Nodding Disease Syndrome in Northern Uganda, constructed three (3) VIP Latrines for Police Primary Schools in Masaka, Kireka and Jinja, and, in collaboration with National Drug Authority, collected and incinerated 910.91 tonnes of expired medicines from Health Facilities across the Country.

I wish to thank the Government of Uganda, through the Ministry of Health, for the continued to support NMS. I further wish to thank the Board of Directors, Management and Staff of NMS who have supported the Corporation to serve Ugandans.

We pledge to remain committed to serving our fellow Ugandans within the sources available to us.



Dr. Jotham Musinguzi
BOARD CHAIRMAN
8th August 2019.

2.0 CORPORATE GOVERNANCE

2.1 National Medical Stores (NMS) is a Statutory Corporation set up under the National Medical Stores (NMS) Act (CAP 207) with the mandate to Procure, Store and Distribute Essential Medicines and other Medical Supplies of good quality, primarily to the Public Health Facilities. Section 8 of the NMS Act vests the Governance of the Corporation in the Board of Directors.

2.2 BOARD OF DIRECTORS AND MANAGEMENT STRUCTURE

2.2.1 The 9th Board of Directors was appointed effective, 01st September 2018.

The membership of the Board of Directors during the reporting period was comprised as follows: -

- | | | |
|-----|------------------------------|---|
| 1. | Dr. Jotham Musinguzi | - Board Chairman |
| 2. | Dr. Christine D. J. Ondoa | - Chairperson, Public Relations, Human Resource & Administration Committee /Board Member. |
| 3. | Dr. Medard Bitekyerezo | - Chairman, Technical, Planning & Development Committee / Board Member. |
| 4. | Dr. Sam Orochi Orach | - Chairman Audit and Risk Management Committee /Board Member. |
| 5. | Mr. Justinian Niwagaba | - Chairman, Finance and Supply Chain Committee / Board Member. |
| 6. | Ms. Kate Nalukenge Kikule | - Board Member. |
| 7. | Dr. Hanifah Naamala Sengendo | - Board Member. |
| 8. | Mrs. Beatrice Amongi Lagada | - Board Member. |
| 9. | Dr. Timothy Musila | - Board Member. |
| 10. | Mr. Emmanuel Osuna | - Board Member. |
| 11. | Mr. Laban Mbulamuko | - Board Member. |
| 12. | Dr. Richard Mugahi | - Board Member. |
| 13. | Dr. Shaban Abdullah | - Board Member. |
| 14. | Mr. Kenneth Paul Omoding | - Board Member. |
| 15. | Mrs. Clare Nduhuura | - Board Member. |
| 16. | Mr. Moses Kamabare | - Board Member/ General Manager. |



Members of the 9th Board of Directors with the Hon. Minister of Health and PS. MOH

2.2 The Management of the Corporation was comprised as follows: -

1. Mr. Moses Kamabare - General Manager and Chief Executive Officer.
2. Mr. Apollo Newton Mwesigye - Secretary to the Board.
3. Mr. Johnny Byohangiirwe - Chief Human Resource and Administration Officer.
4. Ms. Lillian Audo - Chief Finance & Accounts Officer.
5. Mr. Paul Okware - Chief Stores & Operations Officer.
6. Mr. Anthony Ddamba - Chief Client Services Officer.
7. Mr. Alfred Natamba - Chief Procurement Officer.
8. Mr. James Masawi - Chief Internal Auditor.
9. Mr. Kakwemeire Atanasius - Chief Pharmacist.

2.3 Board of Directors

2.3.1 The Board of Directors bears the ultimate responsibility for the organization and administration of the Corporation. Its work and responsibilities are governed by the National Medical Stores Act, the Public Enterprise Reform and Divestiture Act (PERD Act) and the Corporate Governance Best Practices. During the period, the Board was comprised of Sixteen (16) members including the General Manager/Chief Executive Officer. Apart from the General Manager/Chief Executive Officer, all the other Directors are independent and non-executive.

2.3.2 General Manager

Section 11 of the NMS Act establishes the Position of the General Manager as the Chief Executive Officer of the Corporation. The General Manager is responsible for the Management of the funds, property and business of the Corporation and for the administration, organization and control of the staff.

2.3.3 Secretary to the Board

Section 12 of the NMS Act provides for the position of the Secretary to the Board. The Secretary to the Board takes custody of the seal of the Corporation and provides both Secretarial and Logistics Support to the Board of Directors. The Secretary to the Board also ensures timely provision of information to all Directors, drawing and serving notices of meetings, drawing Board Work Plans and taking of minutes at all Board and Board Committee meetings.

2.3.4 Functions of the Board

The functions of the Board are spelt out in Section 10 of the NMS Act. These are: -

- a. to formulate and review the policy of the Corporation having regard to its purposes as set out in this Act;
- b. to set targets for the annual performance of the Corporation both in terms of public service and financial results;
- c. to appraise and evaluate the performance of the management of the Corporation;
- d. to make recommendations to the Minister regarding the appointment, performance and dismissal of the general manager of the Corporation and the terms of his or her appointment;
- e. to appoint, appraise and discipline senior members of the staff of the Corporation;
- f. subject to the limitations of this Act, to determine the organizational structure and staffing of the Corporation;
- g. to establish its own procedures and to approve an operations manual for the internal operation of the Corporation on the basis of a draft submitted by the management committee and to approve proposals for modifications to the operations manual;
- h. to perform any other functions relating to the above functions as the Minister may direct.

2.3.5 Duties and Conduct of the Board

The Board exercises high standards of integrity and ethical conduct in carrying out its functions. To this end, each Board member ascribes to a Code of Conduct as a confirmation to his/her commitment to ethical conduct. The Code of Conduct articulates the following obligations for each Director: -

- a. To act in the best interests of the Corporation.
- b. To act within his/her powers and not act Ultra vires.
- c. To preserve and protect the confidentiality of the information entrusted to him /her by the Corporation.
- d. To disclose immediately any contractual interests whether direct or indirect.
- e. Not to divert to his advantage any business opportunity the Corporation may be pursuing.
- f. At all times, to act with utmost good faith towards the Corporation.
- g. Not to accept any benefits from Third Parties.
- h. To exercise reasonable care and skill in the performance of his duties.
- i. To exercise independent judgment and oppose any decision or act that may jeopardize the interests of the Corporation.

2.3.6 Meetings of the Board

The Board exercises its Powers through Board Meetings. A Scheduled Full Board Meeting was held each quarter. Special Board Meetings were held as and when there was business that could not wait for the scheduled Board meeting. During the FY 2018/19, Four (4) Scheduled Board meetings were held and three (3) Special Meetings were held. Attendance by each Board Member was as follows: -

No.	Board Member	Scheduled Board Meetings (out of 4) attended	Special Board Meetings (out of 3) attended
1.	Dr. Jotham Musinguzi	3/4	3/3
2.	Dr. Christine J.D. Ondoa	4/4	3/3
3.	Dr. Medard Bitekyerezo	4/4	2/3
4.	Dr. Sam Orochi Orach	4/4	3/3
5.	Mr. Justinian Niwagaba	3/4	3/3
6.	Dr. Timothy Musila	4/4	3/3

No.	Board Member	Scheduled Board Meetings (out of 4) attended	Special Board Meetings (out of 3) attended
7.	Dr. Shaban Abdullah	3/4	3/3
8.	Dr. Richard Mugahi	4/4	3/3
9.	Dr. Hanifah Naamala Sengendo	3/4	2/3
10.	Mr. Kenneth Paul Omoding	4/4	3/3
11.	Mr. Laban Mbulamuko	2/4	1/3
12.	Mrs. Beatrice Amongi Lagada	4/4	3/3
13.	Mr. Emmanuel Osuna	4/4	3/3
14.	Mrs. Kate Nalukenge S. Kikule	4/4	2/3
15.	Mrs. Clare S. Nduhuura (appointed effective 31 st January 2019)	1/4	1/3
16.	Mr. Moses Kamabare	4/4	3/3

2.3.7 Board Committees

The Board's work was complimented by Board Committees. During the period, the Board had the following Committees: -

- a. Audit and Risk Management Committee.
- b. Technical, Planning and Development Committee.
- c. Public Relations, Human Resource and Administration Committee.
- d. Finance and Supply Chain Committee.

2.3.8 Remuneration of the Directors

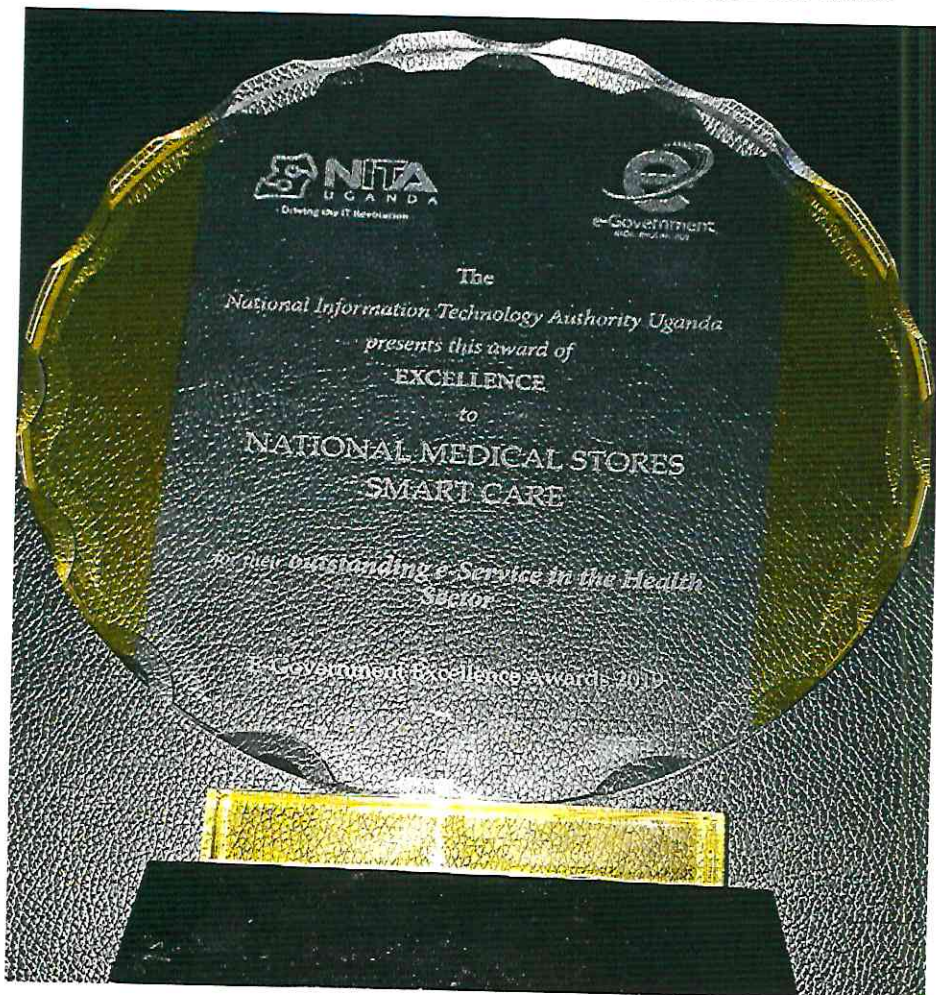
The remuneration of the Non-Executive Directors was in accordance with their appointment instruments. The Board Chairman was paid a gross sum of Ug. sh. 2,500,000/= per month, and each Director was paid a gross sum of Ug.sh. 2,000,000/= per month, as Retainer. This sum was subjected to taxation in accordance with the law.

2.3.9 Key Achievements

During the period, the following achievements were, among others, registered: -

- a. Approval of the Financial Statements for the financial year ended 30th June 2018. These were submitted to the Auditor General for an independent audit.
- b. Approval of the Corporation's Annual Performance Report for the Financial Year 2017/18. The same was submitted to the line Ministers.
- c. Conducted Field Visits to Health Facilities across the Country from 12th-16th November 2018. The Report, with Policy Recommendations, was forwarded to the Hon. Minister of Health.
- d. Mid-Term Review Performance of the NMS Strategic Plan 2015/16-2019/20.
- e. Attained 92% Stock availability for 41 Tracer Medicines at the Central level. This was against a target of 80% set by Ministry of Health for the FY 2018/19.
- f. Attained 81% stock availability of 41 Tracer Medicines at Health Facilities. This was against a target of 75% set by Ministry of Health.
- g. Recruited a Substantive Chief of Finance and Accounts Officer.
- h. Held successful 25 Years of NMS Anniversary Celebrations on 21st December 2018.
- i. Superintended over the Construction of the NMS New Warehouse. Design and construction was at 73% as at 30th June 2019. Excepted to be completed by December 2019.
- j. Upgraded ISO Certification to ISO 9001:2015 on 28th August 2018. The Certification is valid till 05th June 2021.
- k. NMS emerged the best performing Central Government Procurement and Disposal Entity with a Score of 91.3% for FY 2017/18.

- l. Commenced Implementation of an ERP (NMS+) Project. The Project Implementation is expected to take Five (5) years. The First Phase will take 18 months, and was expected to be completed by 01st July 2020.
- m. The NMS Smart Care Tool won the E-Government Excellence Awards of 2019 in the Health Sector Category organized by the National Information Technology Authority – Uganda (NITA-U). This was due its ability to offer real time visibility on all deliveries of essential medicines and medical supplies made to all Public Health Facilities in Uganda and enables feedback on the same in real time.



- n. NMS was recognized as a second best Government Entity in implementing the Buy Uganda Build Uganda (BUBU) Policy.



- o. NMS was recognized for exceptional performance and contribution towards Viral Hepatitis Response in Uganda and the whole world.



- p. NMS was recognized for its outstanding contribution to strengthening the Morphine Supply Chain in Uganda.



2.3.10 Internal Control

The Board ensured that a sound control function was in place to safeguard the Corporation's assets and business. This was done by: -

- a.** Strengthening laid down internal procedures and regulations. Policy documents were reviewed, updated and approved to be used as governance instruments in the operations of the Corporation.
- b.** Strengthening the independent Internal Audit function, which reports directly to the Audit and Risk Management Committee of the Board. The Internal Audit continued to review internal control systems and reporting on their effectiveness and recommending areas of improvement.

2.3.11 Risk Management

Within the framework of the Corporation's operating activities and functions, an Enterprise Risk Management Framework was continually implemented. Procedures aimed at identifying and evaluating the risks that may affect internal control were enacted and implemented. Risk Champions were facilitated to spearhead their respective departments in risk identification and management. Risk identification is now part of the Key Result Areas of each staff.

During the period, fifteen (15) risk assessments were conducted on key operational areas and findings implemented.

2.3.12 Business Continuity Management

National Medical Stores (NMS) is committed to continuous supply of Essential Medicines and Medical Supplies to all Public Health Facilities in Uganda at all times, including during times of crisis, through the best use of available resources, proper planning and in accordance with legislative requirements. The Board put in place a framework to ensure that in the event of service interruption, essential services are maintained and normal services restored as soon as possible.

The Board monitored the effectiveness of the approved Business Continuity Policy and Business Continuity Plan. The Policy communicates Business Continuity Management (BCM) framework, responsibilities and guiding principles for NMS to effectively prepare for, and achieve its strategic BCM aim, through times of major crises, service interruption or a disaster.

3.0 FINANCIAL PERFORMANCE

In line with the requirements of the NMS, PERD and PFMA, the Corporation kept proper accounts and records of all its transactions and affairs.

3.1 The financial statements of the Corporation are prepared, in accordance with the International Public Sector Accounting Standards (IPSAS). The following accounting policies were used:

a) Basis of accounting

The Financial Statements were prepared under the historical cost convention as modified by the revaluation of assets.

b) Revenue recognition

Revenue comprised the value of medicines and medical supplies dispatched to health facilities. A service fee was also charged on the Government of Uganda and the Development Partners for services offered.

c) Property, Plant and Equipment

The property, plant and equipment were stated at cost or valuation, less accumulated depreciation. Depreciation was calculated on a straight line basis, in accordance with the matching concept. The annual rates used for this purpose are as indicated below:

Freehold land	0%
Leasehold land	Amortized over lease term
Buildings	5%
Motor vehicles	25%
Office Equipment	20%
Computers & Software	33.3%
Furniture & Equipment	12.5%

d) Inventory

Inventory was stated at the lower of cost and net realizable value. Cost was determined on weighted average basis, comprising all costs of purchase and other costs incurred in bringing the inventory to its present location and condition.

e) Provisions

Provisions were recognized where the Corporation had a legal or constructive obligation as a result of past events and it's probable that an outflow of resources will be required to settle the obligation that can be reliably measured.

f) Foreign currencies

Assets and liabilities expressed in foreign currencies were translated into Uganda shillings at rates ruling at the balance sheet date. Transactions denominated in foreign currency were converted at the rates ruling at the dates of the transactions. The resulting differences from translation were posted to the Statement of Financial Performance.

3.2 OPERATING PERFORMANCE INDICATORS

The 8th Board of Directors, at its **8th Special meeting held on 12th April 2018**, adopted Budget Estimates for FY 2018/19. The Budget was approved by the Ministry of Finance, Planning & Economic Development on **13th July 2018 in accordance with the provisions of Section 11 of the Public Enterprises Reform and Divestiture Act.**

The table below shows the focus areas in accordance with Vote Outputs:

No.	OUTPUT	BUDGET ALLOCATION (UGX ' Billions)
1	085906 - Supply of EMHS to Health Centre II (Basic kit)	11.2
2	085907 - Supply of EMHS to Health Centers III (Basic kit)	20.4
3	085908 - Supply of EMHS to Health Centers IV	12.8
4	085909 - Supply of EMHS to General Hospitals	19.5
5	085910 - Supply of EMHS to Regional Referral Hospitals	18.2
6	085911 - Supply EMHS to National Referral hospitals	16.4
7	085913 - Supply EMHS to specialized units	17.1
8	085914 - Supply of Emergency and donated medicines	2.5
9	085915 - Supply of reproductive health supplies to all Health Facilities	16.0
10	085916 -Procure Immunization supplies including Hepatitis B Vaccines	19.0
11	085917 – Supply of Lab commodities to accredited facilities	10.3
12	085918 – Supply of ARVs to National Referral hospitals, Regional Referral Hospitals, General Hospitals and Local Government	86.9
13	085919 – Supply of ACTs to National Referral hospitals, Regional Referral Hospitals, General Hospitals and Local Government units	10.2
14	085920 – Supply of anti-TB drugs to National Referral hospitals Regional Referral Hospitals, General Hospitals and Local Government units	6.6
	TOTAL RECURRENT - MEDICINES	267.1
15	085921 – Administrative Support Services – Wage And others	9.9
	TOTAL – RECURRENT BUDGET	23.1
		300.1

3.3 STATEMENT OF FINANCIAL PERFORMANCE

3.3.1 Revenue

The Revenue from Government of Uganda's contribution towards essential medicines and health services (EMHS) was Ug.shs.300.1billion, representing 108% performance against the annual budget of Ug. shs. 276.9 billion. The Corporation dispatched Third Party Items amounting to UGX 641.9 billion during FY 2018/19.

3.3.2 Charges for Services Delivered

- a. The charges for services delivered yielded UGX 35.9 billion, performance of 157% as compared to the annual budget of UGX 22.8 billion. This relates to the level of activity that was handled by the Corporation in form of third parties supplies, most of which were supplies procured by the Uganda Global Fund.
- b. During the period, Global Fund commodities were front loaded to mitigate the possible stock out of critical items like ARVs and ACTs (Anti-Malarial). This explains a higher performance by the revenue stream. Other Third Party Partners during the period included USAID, UNICEF and Clinton Health Access Initiative.

3.3.3 Contribution from third parties

During the FY 2018/19, the Corporation received Ug. Shs. 641.9 billion worth of supplies from Development Partners delivered to the NMS warehouse. These included Malaria medicines and diagnostics, TB medicines, antiretroviral drugs (ARVS), Cotrimoxazole, HIV test kits, Laboratory supplies, and sundries. These supplies were delivered through supplier agents and inter-warehouse stock transfer arrangement of the Ministry of Health.

3.3.4 Other Revenue

The Corporation realized other revenue of UGX 303 million which represents 108% level of performance when compared to the annual budget of UGX 280 million. This revenue was mainly earned from interest on bank balances held with the commercial banks, proceeds from disposal of out of use assets and sale of bid documents.

The total revenue earned from all the four revenue streams discussed above by the end of FY 2018/19 was UGX 978.3 billion (excluding non-cash flow items) representing 102% revenue performance against the annual target of UGX 959.8 billion.

3.4 PROCUREMENT OF MEDICINES

The Corporation spent UGX 274.1 billion for procurement of essential medicines and health supplies (EMHS), representing 108% performance against the annual budget of UGX 254.8 billion.

This performance was proportionate to the budgeted amount for cost of procurement during the year under review and collates to the dispatch activities during the period.

3.5 ADMINISTRATIVE AND OPERATIONAL EXPENSES

These expenses include Staff expenses, Motor Vehicle expenses, Storage Packaging Distribution, Rent and Rates, Utilities, Marketing and Public Relations among others. A total of UGX 39.7 billion was incurred in administrative and other expenses during the reporting period, excluding non-cash flow items like depreciation, exchange losses and value of non-viable stock.

Most of the expenses kept within the confines of the budget. Performance against the Budgeted accounts can be summarized as follows: -

S/NO.	ITEM	% OF THE BUDGETED SUMS FOR THE REPORTING PERIOD
1.	Staff expenses	94
2.	Motor Vehicle expense	92
3.	Storage Packaging and Distribution	63
4.	Administration costs	79
5.	Rent, Utilities and maintenance	84
6.	Marketing and publications	94
7.	Professional fees including legal fees	57
8.	Quality Assurance	57

During the period July 2018 – June 2019, the exchange rate of the Shilling oscillated at an average of **UGX 3,740.06** to 1 US Dollar, causing a net exchange gain of UGX 228.4 million reported in the financial statements (the gain of UGX 1.4 billion compared with the loss of UGX 1.2 billion).

Total costs, including cost of procurements of medicines and medical supplies for both Government of Uganda and Development Partners but excluding non-cash flow items, amounts to UGX 929,865,051,954.

FIGURE 1: EXCHANGE RATE MOVEMENT FROM JULY 2018 TO JUNE 2019



3.6 SURPLUS

The Corporation registered a surplus of UGX 19.5 billion (excluding non-cash flow items i.e. depreciation/amortization and exchange loss).

Below is the analysis of the Corporation's annual financial performance against the budget.

3.6.1 STATEMENT OF FINANCIAL PERFORMANCE AS AT 30TH JUNE 2019

PARTICULARS	ACTUAL AMOUNT (UGX)	BUDGETED/PLANNED AMOUNT (UGX)	VARIANCE	LEVEL OF PERFORMANCE %
Contribution From GOU	300,141,484,700	276,207,309,430	(23,177,017,928)	108
Contribution From T/Party	641,950,790,020	659,702,606,160	17,751,816,140	97
Charges For Services Delivered	35,944,649,015	22,849,692,623	(13,094,956,392)	157
Other Revenue	303,283,197	280,000,000	(23,283,197)	108
Exchange gain	1,420,102,862	0	(1,420,102,862)	0
TOTAL REVENUE	979,760,309,795	959,796,765,555	(18,543,441,378)	102
TOTAL REVENUE (Excl. Exchange gain)	978,340,206,933	959,796,765,555	(18,543,441,378)	102
Cost of Procurement of EMHS	274,068,439,324	254,807,309,430	(19,261,129,894)	108
Cost Of Donated items	641,950,790,020	659,702,606,160	17,751,816,140	97
Staff Expenses	16,565,714,400	17,554,894,176	989,179,776	94
Motor Vehicle Expenses	3,669,944,913	3,995,412,588	325,467,675	92
Storage and Packaging	3,424,211,942	5,440,127,240	2,015,915,298	63
Quality Assurance Expenses	393,534,678	599,057,000	205,522,322	66
Administration Expenses	10,004,478,442	11,179,178,400	1,174,699,958	89
Rent, Utilities & Maintenance expenses	1,497,564,453	1,789,578,000	292,013,547	84
Marketing & Public Relations	3,707,093,478	3,946,602,564	239,509,086	94
Professional Fees	430,518,399	752,000,000	321,481,601	57
Exchange Losses	1,191,649,191	3,000,000,000	1,808,350,809	40
Bank Charges	24,529,233	30,000,000	5,470,767	82
Depreciation	2,855,841,371	3,829,734,095	973,892,724	75
Non-viable stock	1,391,602,980	0	(1,391,602,980)	0
Operational expenses	45,156,683,480	52,116,584,063	6,959,900,583	87
TOTAL EXPENSES	961,175,912,824	966,626,499,653	5,450,586,829	99
TOTAL EXPENSES (Excl. Non-cash items)	955,736,819,282	959,796,765,555	4,059,946,276	
NET SURPLUS FOR THE YEAR	22,603,387,650		(22,603,387,650)	

The figure for the total expenses excludes non-cash items i.e. depreciation, value of non-viable stock and exchange loss.

3.6.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2019

PARTICULARS	Note	30/06/2019	30/06/2018
		UGX'000	UGX'000
Non-Current Assets	1	70,938,476	55,139,558
Current Assets			
Cash & Bank	2	28,612,846	33,534,232
Receivables	3	16,238,141	9,817,931
Prepayments and other receivables	4	21,985,395	8,641,322
Inventories (NMS Stock)	5	136,643,137	99,309,062
Inventories (TPT Stock)	5	245,377,499	214,216,175
CDC Balance	10	8,091,650	8,091,650
Total Current Assets		456,948,668	373,610,373
Total Assets		527,887,145	428,749,931
Equity & Liabilities			
Accumulated surplus	6	100,825,110	65,449,864
Revaluation Reserve	7	16,480,112	16,480,112
Capital Grants	8	28,706,869	29,711,731
Government Subventions	9	7,089,751	7,089,751
		153,101,843	118,731,458
Non-current liabilities			
Staff Gratuity Fund	11	292,014	746,418
		292,014	746,418
Current Liabilities			
Payables	12	113,547,830	77,905,926
Deferred Revenue	13	4,829,958	10,442,932
Advance Deposits	13	10,738,000	6,707,021
Third Party Stock to dispatch	5	245,377,499	214,216,175
Current Liabilities		374,493,286	309,272,054
Total Liabilities		374,785,300	310,018,472
Total Equity & Liabilities		527,887,145	428,749,931

From the above, the net worth of the Corporation as at 30th June 2019 was UGX 153,101,842,579.

3.7 ABSORPTION OF FUNDS ON VOTE 116

The Corporation received an amount of Ug. Shs. 296,964,466,777 under Vote 116 recurrent budget during the Period broken down as in the Table below:

No	Vote output code	Description	Amount Received UGX	Amount spent UGX
1	085906	Supply of EMHS to HC 11 (Basic Kit)	10,270,177,000	10,270,177,000
2	085907	Supply of EMHS to HC 111 (Basic Kit)	18,731,200,000	18,731,200,000
3	085908	Supply of EMHS to HC IV	11,759,440,000	11,759,440,000
4	085909	Supply of EMHS Orders to General Hospitals	17,900,440,000	17,900,440,000
5	085910	Supply of EMHS Orders to Regional Referral Hospitals	16,774,360,000	16,774,360,000
6	085911	Supply of EMHS Orders to National Referral Hospitals	15,056,352,000	15,056,352,000
7	085913	Supply of EMHS to Specialized Units	15,735,339,449	15,735,339,449
8	085914	Supply of Emergency and Donated Medicines.	2,304,273,259	2,304,273,259
9	085915	Supply of Reproductive Health Items.	15,014,783,741	15,014,783,741
10	085916	Immunization Supplies Including Hepatitis B Vaccine	17,480,000,000	17,479,999,998
11	085917	Supply of Laboratory Commodities	10,120,000,000	10,120,000,000
12	085918	Supply of ARVs to accredited facilities	97,931,005,800	97,931,005,800
13	085919	Supply of Anti-Malarial medicines to accredited facilities	19,219,934,500	19,219,934,500
14	085920	Supply of TB medicines to accredited facilities	6,639,999,999	6,639,999,999
15	085921	Administrative costs	22,027,160,042	22,027,160,042
	Total Recurrent Release		296,964,466,777	296,964,466,773

Budgets were prepared and monitored using the Programme Budgeting System (PBS). However, the execution was done on the Integrated Financial Management System (IFMS) and the fifteen outputs for Vote 116 were in accordance with the distinct health care deliverables. **The Vote absorption rate at the end of 30th June 2019 was at 99.9%.**

3.8 DEBTORS MOVEMENT SUMMARY AS AT 30TH JUNE 2019

DEBTORS	CHARGE RATE	BAL B/F 1-July-2018	CHARGES	COLLECTIONS	BAL C/F 30 th June 2019
UNFPA	10.0%	400,769,832	0	0	400,769,832
CLINTON HEALTH ACCESS INITIATIVE	8.0%	151,581,267	75,471,679	0	151,581,267
MINISTRY OF HEALTH	10.0%	7,943,426,507	0	0	7,943,426,507
UGANDA GLOBAL FUND	8.5%	5,798,527,264	27,603,737,037	(21,217,419,816)	12,153,194,778
USAID	8.5%	0	6,977,315,441	(6,977,315,441)	-
UNICEF		0	1,288,124,858	(1,288,124,858)	-
UGANDA AIDS COMMISSION	10.0%	75,185,022	0	(8,519,394)	66,665,628
NMS GENERAL BRANCH		205,315,961	0	0	205,315,961
CDC PROJECT	22.5%	8,775,551,759	0	0	8,775,551,759
TOTAL		23,350,357,611	35,944,649,015	(29,036,207,375)	29,770,567,080

3.9 PAYABLES' BALANCE

Settlement of the creditors is dependent on the funds available. The total payables at the end of the period stood at UGX 112.9 billion and of these, UGX 111.3 billion (98.5%) represents amounts due to suppliers of essential medicines and health supplies (EMHS). Considering the release of Ugx 128.1 billion in Q1 FY 2019/20, It's anticipated that all creditors will be cleared.

3.10 External Audits FY 2017/18

- i. The External Audit of the Financial Statements for FY 2017/18 was successfully conducted and concluded. The Auditor General gave NMS an **Unqualified** Report.
- ii. NMS emerged the **best performing** Central Government Procurement and Disposal Entity with a score of **91.3%** according to the Public Procurement and Disposal of Public Assets Authority Audit for FY 2017/18.

4.0 CLIENTS SERVICES

4.1 In its Clients Service Delivery, the Corporation aimed at: -

- 4.1.1 Assessing facility requirements by conducting needs analysis, quantification and procurement planning and other operational customer focused researches;
- 4.1.2 Managing the receipt and entry of facility Orders, Client Complaints, issues and queries and;
- 4.1.3 Building capacity and project NMS presence in facilities through regular Client Service Visits.

4.2 Procurement Planning for FY2019/20

In order to rationalize and prioritize the list and quantity of Essential Medicines and Health Supplies (EMHS) to procure, store and distribute, NMS worked with Health Facilities to plan for FY2019/20 following the policy guidelines of Ministry of Health and using the Indicative Planning Figures (IPF's) from the Ministry of Finance, Planning and Economic Development.

To aid the process of procurement planning, NMS developed and uses the ***“Morbidity Based EMHS Quantification Tool”*** that assists Health Facility Managers to more objectively and accurately plan, order and account for EMHS.

4.3 Order Processing

NMS processed a total of 155,587 orders during the Financial Year.

4.4 Complaint Management

1,535 complaints were registered (out of 155,587 orders processed) in the period yielding a Discrepancy Rate of 1%.

4.5 Feedback Management and Client Field Visits

In the period, 2,777 Health Facility Visits were conducted against a target of 2,700 visits. The findings of these Visits were continually used to improve Service Delivery.

4.6 Key engagements with Clients and Ministry of Health

4.6.1 Needs Analysis and Procurement Planning FY2019/20.

Key findings

- i. The overall Public Sector Supply Chain Commodity need for FY19/20 was UGX 1.45 trillion.
- ii. GOU commitment on EMHS increased from UGX 276.96bn in FY18/19 to UGX 363.96bn in FY19/20.
- iii. Partner commitments are expected to increase from UGX 619.9bn in FY18/19 to UGX 894.8bn in FY19/20.

4.6.2 Customer Engagement Exercise

NMS engaged with Clients all over Uganda in 7 different Regional meetings, and interacted with DHO's, HCIV-In charges, GH Medical Superintendents, Pharmacists, Stores staff and Regional Referral Hospital Directors. The engagements helped to review FY18/19 performance, finalize the FY2019/20 Procurement Plans and communicate the priorities for FY2019/20.

5.0 PERFORMANCE AGAINST THE PROCUREMENT PLAN

5.1 Procurement of Essential Medicines and Medical Supplies

Requirements for all Essential Medicines and Medical Supplies were on framework contracts and stock was delivered by issuing Call-off Orders as and when stock was required.

5.2 Electronic Contracts Monitoring

All NMS Contracts are electronically managed and monitored using the Contract Management Tool (CMT). This enabled efficient Call-off Order management, monitoring supplier performance and contract validity. This also enabled timely initiation of new procurements and minimized incidences of stock-outs.

5.3 Compliance with the “Buy-Uganda-Build-Uganda” Policy

NMS complied with the PPDA guidelines on Reservation Schemes for Local Manufacturers. All locally manufactured items were sourced directly from the manufacturers. Local Manufacturers, through their Association-Uganda Pharmaceutical Manufacturers Association (UPMA), are continually encouraged to update NMS whenever new items are introduced in their product portfolio.

The Table below compares the values of stock received from Local Manufacturers with that received from importers.

MANUFACTURER NAME	VALUE OF STOCK(UGX)
Abacus Parenteral Drugs Limited(APDL)	6,158,601,590
ASTEL Diagnostics Ltd	1,827,950,500
Cipla Quality Chemical Limited	139,177,175,450
Kampala Pharmaceutical Industries Ltd	6,228,612,450
RENE Industries Ltd	5,871,084,243
Saraya Manufacturing (U)Limited	104,904,800
Mutuma Commercial Agencies	762,144,000
Southern Range Nyanza Ltd	3,417,068,000
Kwality AfroAsia Ltd	143,421,465
MANS Plastics Ltd	260,220,500
TOTAL	163,951,182,998
% of the total value of stock received in the FY	51%

The figure below shows a comparison of the value of imported stock against locally manufactured products:



NMS therefore spent more (**51%**) on locally manufactured products compared to the imported ones (**49%**)

6.0 AVAILABILITY AND DISTRIBUTION OF EMHS

6.1 Stock Availability

The Corporation purposed to ensure that, through regular monitoring of stock levels, adequate quantities of medicines were available at all times.

Availability of EMHS was based on the consolidated procurements plans of all public health facilities in the country. Stock replenishment was based on minimum stock levels that must be maintained to ensure a continuous supply of medicines.

The National Pharmaceutical Sector Strategic Plan III 2015/16-2019/20 set targets for stock availability for 41 tracer items at the Central level.

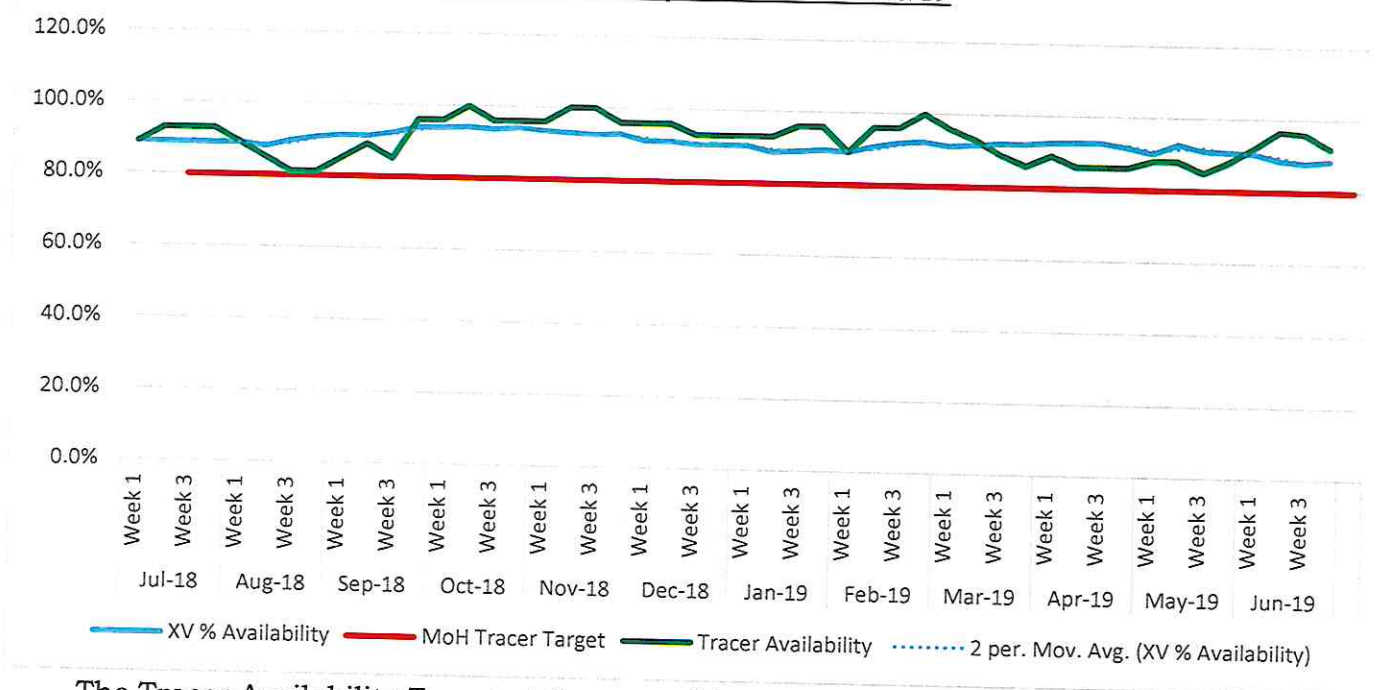
The table below shows that NMS surpassed the National Pharmaceutical Sector Strategic Plan (MOH) targets for all the tracer items: -

Period	MOH Target		Average achieved by NMS per Quarter			
			Q1	Q2	Q3	Q4
FY 2015 / 2016	65%		65.6%	72.8%	80.2%	66.7 %
FY 2016 / 2017	70%		73.4 %	78.0 %	85.3	80.6
FY 2017 / 2018	75%	Tracer Availability	87.0%	86%	91.3%	88.3%
	80%	XV Availability	83.4%	90.5%	90.1%	88.6%
FY 2018 / 2019	80%	Tracer Availability ¹	88.3%	92.3%	93%	92%
	85%	XV Availability ²	90.1%	91.4%	91%	91%

¹ The Tracer Availability Target at the central level is set by MoH in the NPSSP III

² The XV Availability Target is set in the NMS strategic Plan

Stock Availability Trend – FY 2018/19



The Tracer Availability Target at the central level is set by MoH in the NPSSP III
 1 The XV Availability Target is set in the NMS Strategic Plan

6.2 Value of Stock Received in FY 2018/19

The tables below represent the value of stock that was received by NMS in FY 2018/19:

GoU Funding

Budget Holder	Description	Total
HVL	GoU funding for ARVs, ACTs and Reproductive Health Items	157,673,620,592.31
LAB	GoU funding for laboratory supplies	17,185,369,829.38
NMS	Essential medicines	136,153,987,296.36
VAC	Vaccines and related supplies	13,904,848,597.50
Grand Total		324,917,826,315.55

Note:

The Budget for FY 2018/19 was UGX 300,094,159,000/-. The UGX 24bn received over and above this annual allocation was stock for Q1 of FY 2019/20 received in Q4 of FY 2018/19. This stock is meant to ensure that NMS has sufficient stock to fill client orders once the FY begins on July 01st.

TPT Funding

Budget Holder	Description	Total
ICCM	Integrated community case management	9,069,915,685.70
TPT	Third Party Commodities – majorly provided by the Global Fund and GAVI	566,467,618,301.83
UMFSNP	Uganda Multisectoral Food Security and Nutrition Project	3,322,313,306.98
USG	United States of America procured items	109,040,594,507.69
Grand Total		687,900,441,802.20

Funding Source	Total
Government of Uganda funding	324,917,826,315.55
Development Partners	687,900,441,802.20
Grand Total	UGX 1,012,818,268,117.75

Thus the total value of all Essential Medicines and Medical Supplies (EMHS) received and handled at NMS was sh. 1,012,818,268,117.75. The Government of Uganda Contribution of Shs. 324,917,826,315.55 was only 32% of the total value.

6.3 Distribution Fleet

With the support of the Global Fund, **four (4) Distribution trucks** were received from TASO on 21st December 2018. The NMS fleet is now comprised of **25 distribution trucks**.

Given the increased volume of business, the ideal number of distribution trucks to match the business needs for the **FY 2018/19 is 35 trucks.**

The current aging status of the NMS distribution Fleet is as follows;

Truck	Count of Registration Numbers	Average of Age as at 30-06-2019
HINO	2	8.8
Isuzu	1	16.8
Isuzu NPR66P	1	10.8
Mercedes Benz-Actros	1	13.8
Mercedes Benz-Actros 2031	1	12.8
NISSAN DIESEL	1	13.8
RENAULT K330	8	2.3
Scania P310	4	7.3
Scania P360	1	10.8
Scania XLEP6X	1	7.8
Scania XLER6X	1	7.8
TATA	1	13.5
RENAULT C380	2	3.8
Grand Total	25	10.0

***The average age of the NMS Fleet is 10 years**



The Hon. Minister of Health flags off 4 trucks financed by Global Fund (provided by TASO) on 21st December 2018

6.4 Last Mile Delivery

- a. One Third Party Logistics Firm was under contract to undertake Last Mile Delivery and ensure that medicines are delivered to the door of every Public Health Facility in the Country, during the period.
- b. In an effort to strengthen LMD, 112 Cross Dock Containers [Shipping Containers] were procured and installed at District headquarter so as to improve the chain of custody throughout the supply chain. The shipping containers were transported to Districts using funding from USAID.
- a. Nine (9) extra shipping containers were also procured for delivery to new districts created in FY 2018/19. These shall be transported to the respective districts in FY 2019/20.

6.5 Shelf life of Distributed EMHS

The NMS Policy on shelf life states that the minimum shelf life to serve client orders shall be 4 months. During the FY 2018/19, the average shelf life of EMHS distributed was as follows:

Budget Holder	Description	Average Remaining Shelf Life in Months
HVL	GoU Procured ARVs, ACTs, Anti-TBs, and Reproductive items	24
ICCM	Integrated community case management	27
ICCM-IGF	Integrated community case management – Global fund procured items for the program	21
LAB	GoU Procured laboratory items	26
NMS	GoU Procured EMHS	30
TPT	Third Party Commodities – majorly provided by the Global Fund and GAVI	24
UMFSNP	Uganda Multi-sectoral Food Security and Nutrition Project	27
USG	United States of America procured ARVs	25
VAC	GoU Procured Vaccines	28
Grand Total	Average Shelf life of Dispatched Items	26

During the FY 2018/19, the average shelf life of EMHS distributed was **26 months approximately 2.1 years.**

6.6 Vaccines Logistics

- a. NMS has been engaged in vaccine logistics since July 2012 and distributes vaccines on a monthly basis to all Districts in the Country ever since.
- b. Vaccines coverage forecasts and targets were developed by UNEPI, UNICEF, WHO and NMS. Distribution of the regular vaccines for the FY 2018/19 was as follows;

Vaccine	FY 2019/20 Target	Cumm. Doses distributed	%	2018						2019					
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
BCG	7,448,002	5,966,000	80%	804,000	91,000	710,000	528,000	632,000	514,000	410,000	574,000	380,000	407,000	441,000	475,000
OPV	8,774,160	7,900,800	90%	1,042,000	49,600	986,900	458,900	1,024,000	462,000	640,200	698,200	630,000	710,000	464,000	735,000
Measles	2,144,208	2,958,000	138%	266,500	44,000	377,000	182,500	620,000	172,000	176,000	181,500	226,500	264,000	229,500	218,500
Td	5,859,038	3,879,100	66%	305,500	10,800	65,300	660,300	275,900	293,500	300,000	436,000	457,900	408,000	341,500	324,400
DPT-HepB-Hib	6,379,247	4,521,060	71%	613,200	48,000	395,760	409,200	488,400	367,440	389,760	616,320	247,440	295,680	310,080	339,780
HPV	960,731	1,239,220	129%	31,500	9,090	296,410	74,250	123,850	69,740	18,300	28,530	295,410	162,870	62,590	66,680
IPV	2,483,370	1,783,700	72%	273,400	16,900	188,400	171,600	157,600	50,100	181,150	176,350	105,800	120,800	183,400	158,200
PCV	5,776,655	4,549,240	79%	539,800	52,000	441,000	400,000	518,800	163,240	450,200	512,600	268,400	508,400	332,800	362,000
Rota	4,503,533	3,298,850	73%	436,250	46,650	430,900	230,050	271,200	267,600	199,500	397,100	256,200	418,550	171,050	173,800

6.7 LMD for Vaccines – [vLMD]

- a) NMS and the Ministry of Health [UNEPI] conducted a pilot study for the Last Mile Delivery of vaccines with the aim of optimizing the distribution of vaccines to health facilities in Uganda. The study commenced in Q4 of FY 2017-2018 in the 3 districts of Wakiso, Nakaseke and Nakasongola, and continued into the 1st half of FY 2018/19.
- b) The Objectives of the Study were:
 - i. Ensure Equitable Allocation of Vaccines to Facilities.
 - ii. Maintain Vaccine Quality during distribution.
 - iii. Create a Sustainable & Timely Vaccines Distribution Process.
 - iv. Implement an End-to-End Visibility System.

- c) The study was funded by GAVI and was executed by FiT [Freight in Time] a subsidiary of UPS a leading global logistics firm. It was envisaged that the study shall borrow from best practice in the private sector as a means to optimize the vaccines distribution supply chain within districts.
- d) The study aimed to address issues that were raised in the recently conducted EVM [Effective Vaccine Management] in the country especially in the areas of vaccine management at the district level of the supply chain. These included;
 - i. Maintenance of cold chain equipment and vehicles.
 - ii. Stock management systems and procedures.
 - iii. Distribution between each level in the supply chain.
 - iv. Information systems and supportive management functions.

e) Vaccines Last Mile Delivery Results so Far

Maiden Last Mile Delivery of Vaccines was done in July 2018, for all the three pilot districts namely Nakasongola, Wakiso and Nakaseke. Vaccine ordering from facility level was tested using “Logistimo” ERP.

It was observed that despite the availability of the UNEPI guidelines on vaccines ordering and stock management, most health workers were not complying with these protocols. Therefore, the LMD pilot had to carefully and gradually initiate health workers into a **“system thinking perspective”** so as to fully realize objectives of the vLMD.

f) Issues raised so far

- i. Delivery of vaccine supplies was dependent on accurate stock information that would inform the next order quantity. **The major observation was that over 70% of the facilities lacked the required data tools to capture stock transactional information.** It was agreed that, the delivery teams should focus helping facilities capture the required information.

- ii. The vLMD pilot did not monitor **LPG deliveries** and as a result it was a huge challenge for facilities to accept stock without LPG. FiT has been requested to make an addendum to the proposal to include delivery of LPG. The draft will be shared once available.
- iii. **Staff turnovers at facility levels** affected the speed and quality of implementation. It was noted that persons who were previously trained were easily shifted to other roles outside EPI work. The new strategy is training on-site targeting all health workers who interface with EPI activities.

6.8 Progress on the Construction of the New NMS Warehouse

- a. Warehouse Construction commenced on 3rd July 2017. ***As at 30th June 2019, 73% of the works had been completed. The Project is expected to be completed and handed over by December 2019.***
- b. Payment to the Contractor was as follows:

Certificate No.	Paid By	Amount - UGX	Sub-total - UGX	Sub-total - USD
Certificate No. 1	Global Fund	22,513,710,645		
Certificate No. 2	Global Fund	5,570,439,894	28,084,150,539	<i>\$7,590,311</i>
Certificate No. 3	NMS	8,809,130,201		
Certificate No. 4	NMS	2,074,631,602		
Certificate No. 5	NMS	6,927,451,796	17,811,213,599	<i>\$4,813,842</i>
		UGX 45,895,364,138		<i>\$12,404,152</i>

Global Fund Contribution: UGX 28,084,150,539
 NMS Contribution: UGX 17,811,213,599
 Amount Paid by NMS on behalf of other partners: UGX 14,141,213,599
 Project Balance: UGX 23,694,342,920



7.0 HUMAN RESOURCES

7.1 The staff establishment was kept within the optimum levels as indicated in the table below: -

Grade	Approved	Current Strength	Vacant Positions
Executive	1	1	0
Grade 1	1	1	0
Grade 2	7	7	0
Grade 3	9	8	1
Grade 4	32	31	1
Grade 5	3	2	1
Grade 6	62	54	8
Grade 7	6	5	1
Grade 8	5	3	2
Grade 9	2	1	1
Grade 10	77	74	3
Grade 11	30	29	1
Grade 12	29	29	0
TOTAL	264	245	19

8.0 MANAGEMENT INFORMATION SYSTEM (MIS)

National Medical Stores secured support worth US\$ 10.3million from the United States Government through USAID towards the implementation of an ERP System (NMS +). The System entails implementation of Oracle E-Business Suite ERP along with the requisite hardware and software at NMS Head Office and all health facilities over a period of 5 years. Preparations for Implementation were currently underway.

The first 18 months shall see the System implemented at NMS Head Office and selected high-level health facilities. The next phases will extend the System to all public health facilities to enable them to have self service capability in terms of procurement planning, order placement, feedback provision, report preparation and basic analytics among others.

During this reporting period, we have been able to achieve a lot in terms of overall progress on various aspects of the project. In view of the key NMS+ milestones, the project is still on target, we have successfully covered the Inception phase and are well into Elaboration phase. We are due to start the NMS+ construction phase in July 2019. Status reports are shared with the appropriate committees, in the ERP governance structure.

9.0 STAKEHOLDER INTERACTION

As part of accountability, the Board took a deliberate Policy to identify and forge a close relationship with Key Stakeholders. This was a continuous process. The aim was to identify, understand and respond to stakeholder concerns, as well as explaining to the stakeholders, NMS' decisions, actions and performance. The ideas raised during these engagements were utilized to improve Service Delivery.

During the period, stakeholder engagements were held with: -

- i. The Rt. Deputy Speaker of Parliament, Rt. Hon. Jacob Oulanyah, on 16th October 2018.



Rt. Deputy Speaker of Parliament with the Board Members on 16th October 2018 at NMS

- ii. Members of Watoto Church on 2nd November 2018.
- iii. CCM/Global Fund/GAVI team at the new NMS Warehouse in Kajjansi and then at the Head Office on 12th November 2018.
- iv. Women and Youth groups from various Districts on 11th December 2018.
- v. Members of the Medical fraternity on 12th December 2018.
- vi. Religious leaders including the Archbishop of Church of Uganda, Most Rev. Stanley Ntagali, on 13th December 2018.



- vii. Various key stakeholders to celebrate NMS @ 25 at Imperial Royale Hotel on 21st December 2018.
- viii. Media fraternity at NMS premises on from 10th December to 12th December, 2018, and on 21st December 2018 at Imperial Royale Hotel, Kampala.
- ix. On 27th November 2018 supported victims of the mudslides in Bududa in conjunction with The Bamasaba Community in Kampala with UGX 3 million that was used to procure sanitary pads and soap.
- x. Co-sponsored breakfast meeting worth UGX 850,000 in conjunction the Palliative Care Association of Uganda during World Hospice Day on 13th October 2018.
- xi. Hosted the Minister of Health, Minister of Foreign Affairs, Indian High Commissioner, PS MOH and the Indian Association of Uganda on 23rd January 2019.
- xii. Hosted the Inter-Ministerial Task Team in NMS new warehouse in Kajjansi on 15th February 2019.
- xiii. NMS hosted the US Ambassador during the launch of the USAID funded Enterprise Resource Planning for NMS on 15th February 2019.
- xiv. NMS hosted members of Ethiopian Pharmaceutical Enterprise who were on a learning/benchmarking visit on 16th May 2019.

10.0 CORPORATE SOCIAL RESPONSIBILITY

The Board and Management are conscious of the environment and society. Specific programs were designed, undertaken and finalized to promote a healthy environment. The following Corporate Social Responsibility activities were undertaken during the FY 2018/19: -

- i. Conducted a CSR activity in Rubanda District from 2nd to 5th October 2018 to treat over 300 people (the Batwa community of Bufundi sub-county) affected by jiggers by applying benzyl benzoate emulsion (BBE) and petroleum jelly. NMS also supported the victims with food items.



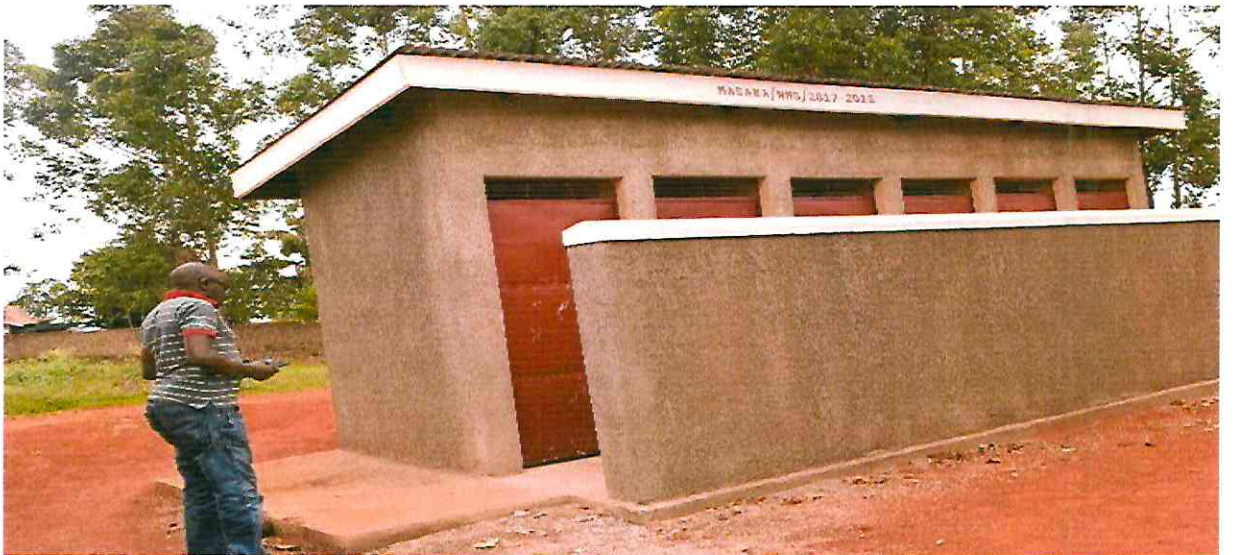
NMS staff treat victims of Jiggers - Batwa Community

- ii. NMS supported victims of Nodding disease in Omoro District with the supplementary treatment using REPLENISH, mattresses, blankets and Shs. 10million for the SACCO formed by families of nodding disease victims.



NMS supported victims of Nodding disease in Omoro District with the supplementary treatment using REPLENISH, mattresses, blankets among ors.

- iii. Constructed three (3) VIP latrines for Masaka Police Children P/S, Kireka Army P/S and Jinja Police P/S worth UGX 88,693,939.



- iv. In Collaboration with National Drug Authority collected and incinerated 910.91 tons of expired medicines from Health Facilities (both Public and Private) across the country.
- v. NMS supported Friends of Charity on **28th February 2019** with shs.1,500,000 during the charity run for elderly persons.
- vi. NMS supported the muslim community with Iddi El Fitri gifts **worth 3.5million.**

11.0 PREVENTIVE HEALTH CARE

Initiated and continued to campaign for Preventive Health Care. This campaign will be continued in the next FY 2019/20. It's the Board's conviction that Preventive Health Care has the potential to decrease Government Expenditure on Essential Medicines and Health Supplies (EMHS).

12.0 COMPLIANCE

During the Period, the Board was conscious of its responsibilities to all NMS' stakeholders. The Board complied with the Law, conducted its affairs in accordance with the best principles and Practices of Corporate Governance, and to the best of the knowledge of the Board and Management, no person, employee or agent acted on behalf of the Corporation with the knowledge or authority of the Board or Management, committed any offence under any law or indulged in any unethical behavior or any practice or activity contrary to national laws or international conventions.

13.0 CHALLENGES

The period was characterized by a multitude of challenges. Some, especially those related to Management Information System and Warehousing Space are being addressed, as already reported herein, with the support from Development Partners. The remaining challenges related to inadequacy of funds for Procurement of needed medicines, Policy issues related to Third Party Products, Challenges of change in treatment guidelines and Human Resource Structure challenges at district and health facility level, have been documented and shall be discussed with the Hon. Minister of Health, for possible redress.