



Address by

H.E. Yoweri Kaguta Museveni
President of the Republic of Uganda

**STATE OF THE NATION ADDRESS BY H.E. PRESIDENT
YOWERI KAGUTA MUSEVENI, JUNE 01, 2010**

Kampala

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STATE OF THE NATION ADDRESS BY H.E. PRESIDENT YOWERI KAGUTA MUSEVENI, JUNE 2010

Mr. Speaker, in accordance with the provisions of Article 101(1) of the Constitution, I am here to deliver the State of the Nation Address 2010.

Indeed, this is not a mere ritual, but a significant aspect of good governance. I, therefore, stand here to give accountability of what has been done since the last address; and to appraise you of the plans and strategies for the next 12 months.

Before I go further Mr. Speaker, permit me once again to convey to you and the entire House my condolences and sympathies over the death of the following Members of Parliament:

- (i) Hon. Henry Balikowa — Member of Parliament, Budiope;
- (ii) Hon. Samuel Byanagwa — Member of Parliament, Rukiga;
- (iii) Hon. David Ringe Chan — Member of Parliament, Padyere.

Recently Mr. Speaker, many lives were lost as a result of natural disasters, the biggest occurring in Bududa, where the massive landslides claimed many lives and rendered many families homeless.

Many lives continue to be lost through road accidents, many of which could have been avoided. These accidents also badly maim people, thereby reducing their ability to look after families or contribute to national development. I commiserate with all Ugandans who have lost loved ones during this period.

Mr. Speaker and Hon. Members, I request you to stand up and observe a minute of silence in memory of the departed persons. May the Almighty God rest their souls in eternal peace.

Mr. Speaker, as is the practice in our region, in a few days time, the Budgets for the Financial Year, 2010/2011 will be presented to the respective Parliaments of the five East African Community member countries. Consequently, Mr. Speaker, I am happy to report on the State of Nation today.

State of the economy

Although some people expressed pessimism about my assertion regarding the resilience of Uganda's economy in the wake of the global economic crisis that rocked many other economies of the world, time has proved that what I stated then was correct.

The Ugandan economy has grown on average by 8.4% per annum over the last five years, which is a much faster rate than the remarkable 7.0% over the last 24 years.

This rate of growth has resulted into a six-fold increase in the size of the economy over the last 24 years. The revised total national output in 2009 is estimated to have been sh34.2 trillion, or almost US\$ 17b. This translates to a GDP per capita or average income per person of about US\$540, based on a population estimate of 31.5 million Ugandans in December 2009.

Economic growth over the last five years has been driven largely by the performance of the industrial and services sectors, which grew on average by 10.5% and 8.9 % per annum, respectively.

The Agricultural sector performed at an average annual growth rate of 1.4% over the last five years. The inadequate growth of the agriculture sector has been a result of the continued reliance on the weather and the insufficient linkages to value-addition and market opportunities. These issues shall be addressed.

Science and Innovation

The NRM Government has developed proactive science and technology development programmes with our own Ugandan scientists and innovators at Makerere University and the Uganda Industrial Research Institute (UIRI) to enhance technology and value-addition to agricultural produce.

The NRM Government has over the years made significant investment in science education which has produced many innovative Ugandan scientists, some of whom have got patents for their innovations with our support. Many have got formulae for value addition and scientific innovation.

In the Financial Year 2009/10 alone, sh48.23b was allocated to support these science groups. These resources have been provided for the Makerere University faculties of Food Science and Technology, the ICT and UIRI, as well as scientists in any of the Ugandan universities with any innovation.

These scientists are not only active in the full spectrum of value-addition; but are also active in bio-medical sciences, mechanical engineering, electronics, etc.

In order to retain the scientists we produce, I have directed the ministers of finance and public service to ensure that, starting with the coming Financial Year, a process is started to ensure for our scientists wages that are close to international levels of remuneration.

External sector performance

Export performance continued to expand, while import growth slowed markedly with the downturn, leading to a narrowing of the trade deficit. The small increase in the external current account (to a projected 5% of

GDP in FY2009/10, largely on account of lower official transfers) should be readily covered by higher FDI and multilateral disbursements.

The rebound in capital inflows pressured the shilling, which appreciated by 19% between June and November 2009. Gross international reserves (including the SDR allocation) stood at the equivalent of about 5.1 months of imports in December.

Total exports of goods and services for 2009 were equivalent to US\$3.6b compared to US\$3.4b a year before. This represents an increase of 5% in total export receipts during the period.

Informal cross-border exports increased by 40%, largely driven by the export of industrial products to Southern Sudan and DRC, which increased by 45% compared to the year before. In nominal terms, informal cross-border trade, on a net basis, was equivalent to US\$1.2b compared to US\$844m the year before.

In addition, workers' remittances rebounded strongly in the months July to December 2009, averaging about US\$76m per month on average, compared to about US\$39m per month on average between January and June 2009. Similarly, Foreign Direct Investment (FDI) had also fully recovered to an average of US\$50m per month by December 2009.

The total foreign exchange inflows for 2009, excluding FDI, are US\$4,297m (export of goods US\$ 2,700m, export of services US\$903m; and remittances US\$694m).

Inflation

Mr. Speaker, there has been a return to price stability in early 2010 following inflationary pressures which peaked at 14.9% in February 2009. Inflation gradually subsided over the course of 2009 to 8.8% by January 2010, as food prices, which were the main factor keeping overall inflation at double-digit levels, declined.

However, at 27.5% in January 2010, food prices remain high, thus

underscoring the urgency in ensuring that the measures to increase agricultural production are implemented quickly and effectively.

Other aspects that show improvement in the quality of life of Ugandans include telecommunications usage, which has improved with the liberalisation of the sector. In 2009, there were a total of 12.1 million mobile telephone subscribers and an estimated 2.5 million persons used the internet regularly in 2008. This compares with an installed telephone line capacity of only 62,000 lines and active connections of only 23,000 for a population of 18 million in 1993.

Investment

Uganda's investment climate continues to be attractive and, on the whole, profitable. Statistics for the period, July 2009 to March 2010 indicate that 313 projects were licensed by the Uganda Investment Authority with a total planned investment of US\$1,344,755,319 projected to create 69,365 jobs.

The sector which attracted the highest planned investment was the manufacturing sector with US\$610,922,349. It is gratifying that the largest proportion of investment was from our local private sector with 174 projects worth US\$619,344,953 and projected creation of 52,094 jobs. China topped the list of foreign investors with 32 projects worth US\$243,641,949 and 5,535 jobs expected to be created.

Other countries with sizeable number of projects registered during the period were Kenya with 13 projects, India with 29 projects and the UK with 14 projects. Such investments are key to the modernisation of our country as well as the creation of employment.

I, therefore, reiterate my call to deal with and remove all the obstacles to investment in our country, be they occasioned by, individuals, interest groups or bad laws. One impediment to investments is corruption by officials asking for bribes and wanting to get free shares. You will hear of casualties if these shameless people do not stop their activities.

Agriculture

Mr. Speaker and Hon. Members, agriculture remains the backbone of our economy and an activity on which many people still depend for their livelihood especially in the rural areas. Consequently, in the crop sub-sector, the Government has provided high-yielding seeds, breeding and planting materials as grants in kind to farmer groups through the NAADS programme and other agriculture sector development projects.

In all this, the principal objective has been to increase productivity which in turn has translated into improved household incomes as a sign of Prosperity-for-All or “Bonna Bagaggawale.”

During the current Financial Year, the NAADS programme coverage was rolled on to cover all parts of the country. Currently, the programme is supporting 929 rural sub-counties and 137 urban councils within 80 districts.

Additionally, support to farmers through the NAADS programme has focused on strengthening the community value chain on which sh48.5b has so far been spent. This Financial Year, under the crop sector the following inputs, among others, have been provided to model farmers:

- i) 2,301,315 banana suckers to model farmers in central and western regions.
- ii) 1,380,810 coffee seedlings distributed to model farmers nationwide.
- iii) 147.9 metric tons of groundnut seed distributed to model farmers in Busoga and Acholi sub-regions.
- iv) 116 metric tons of rice seed distributed to model farmers in Busoga, Bunyoro and Acholi sub-regions.
- v) 3,762 bee hives to farmers in Lango and Acholi sub-regions.
- vi) 212 animal traction to farmers in Bunyoro and Acholi sub-regions.

Although the restructuring and change in approach have led to improved service delivery by NAADS, the misuse of funds by some NAADS’ officials, in

many cases done in collusion with some local leaders, still poses a challenge.

My appeal to you Hon. Members is that you should take interest in what NAADS is doing in your respective areas with a view to bringing to book errant and corrupt officials. The Government, with the support from the Japanese Government, has set up a Regional Centre of Excellence for research and training in rice production at the National Crops Research Institute, Namulonge. The Centre will undertake research and training in rice growing and harvesting skills in the entire region of East, Central and Southern Africa. Construction is ongoing and the centre is expected to be fully operational by December 2010.

In order to step up seed multiplication, the Ministry of Agriculture has partnered with the Uganda Prisons Service to achieve this goal. Consequently, 100 acres of land have been set aside for the production of 150 tons of high-yielding varieties of maize seeds to enable commercial farmers timely access to improved seeds.

In addition to the 6100 ha of land already acquired in Kalangala Islands to promote palm oil production, the Government has acquired 2,000ha in Buvuma Island for the same activity.

The oil mill in Kalangala became operational in February this year with the capacity to crush 30 tons of palm fruit per hour.

This financial year, the Government, with support from the Japanese, embarked on the Sustainable Irrigated Rice Production in eastern Uganda.

Under the programme, small-scale demonstration irrigation systems have been developed within the Busoga, Bukedi, Bugisu and Teso sub-regions.

In the West Nile sub-region, including Adjumani, the Government completed the construction of 22 markets, rehabilitated four district farm institutes, sunk 10 community boreholes and constructed 16 permanent bridges to

increase farmers' productivity and access to markets.

In the animal sub-sector, the Government will continue pursuing an integrated approach to the prevention, control and eradication of the major animal diseases. The Government has an ongoing collaboration with the Norwegian Government for developing animal health and meat hygiene services with a view to meeting all meat safety requirements for meat export, especially to the European Union.

The Government has established animal water reservoirs capacity of 2.4 million litres reflected by eight valley dams and two valley tanks in the districts situated along the cattle corridor.

Mr. Speaker, the following valley dams have been commissioned:

- i) Renjubu in Isingiro district
- ii) Makukulu in Lyantonde district
- iii) Kibanda in Rakai district
- iv) Dyangoma in Mubende district
- v) Kasejere in Kiboga district
- vi) Ajamaka in Kumi district
- vii) Atar in Apac district
- viii) Wangkwok in Kitgum district

The following valley tanks have also been commissioned:

- i) Imeri in Kamuli district and
- ii) Kasiira in Kumi district

Energy sector

Progress in the energy sector is as follows:

(i) The procurement and installation of an additional 20 mgw thermal power project in Tororo has brought the capacity of thermal power projects to 170 mgw (50 mgw at Kiira power plant in Jinja, 50mgw at Mutundwe in Kampala, and 50mgw at Namanve in Kampala).

The Government continues to provide a subsidy to make the tariff

affordable. Construction of another 50mgw heavy fuel oil thermal power plant in Jinja by Invespro is underway. When completed, this plant will replace the thermal power plant at Kiira which uses expensive diesel.

(iii) So far, on Bujagali Hydropower Project, civil works for the 250mgw power plant are estimated to be 65% complete. The first unit of this project will be commissioned in October 2011 and the target is to have full completion by April 2012.

(iii) Karuma Hydropower Project (700mgw):

Mr. Speaker, following Government's decision to optimise the capacity of this project to 700mgw from a capacity of between 200-250mgw initially planned, a firm was engaged in October 2009 to study the various options for achieving this capacity, to carry out a detailed feasibility study and engineering design as well as prepare bid documents.

This hydropower plant will be constructed using funds from the Energy Fund as a public private partnership, with the Government taking the lead. Construction is scheduled to begin in 2011.

(iv) Isimba hydropower project 100 mgw: A consultant to carry out the feasibility study for the project was procured and construction is expected to start later this year. This project is the third plant to be developed in the medium term.

Renewable energy projects Construction of Bugoye mini-hydro power plant (13mgw) in Kasese was completed and commissioned in October 2009. The plant now sells power to the grid.

Mr. Speaker, construction is on-going on the following:

- i) Mpanga (18 mgw) in Kamwenge
- ii) Ishasha (6.5 mgw) in Kanungu
- iii) Buseruka (10 mgw) in Hoima.

These plants will be commissioned later this year, adding a total of 34.5 mgw of renewable energy to the national grid.

Hydropower devt master plan

Mr. Speaker, Government is carrying out a hydropower development master plan study targeting sites above 50 mgw mainly along the River Nile. The objective of the study is to prepare a hydropower development master plan that is in line with the long-term power and transmission development plans. It aims at prioritising potential hydropower sites basing on technical, environmental, economical and financial aspects; to prepare primary designs thereof and to build Government capacity in this field.

Grid expansion programme

Construction of the Bujagali Interconnection Project is in progress. The project consists of a 220kW transmission line from Bujagali to Kawanda and a 220/132kW substation at Kawanda. In order to expand the national grid transmission network, several other transmission projects are being developed.

Energy efficiency programmes

Under this arrangement Mr. Speaker, energy auditing is being carried out in a number of public institutions and a couple of industries. From the findings of the energy audits, the Government will provide the investments to reduce energy waste in the institutions audited.

This measure is expected to reduce energy demand by about 10mgw. To date, over 700,000 improved household stoves and 700 institutional stoves have been disseminated in 16 districts (Bushenyi, Rakai, Kayunga, Wakiso, Mukono, Tororo, Mbale, Kabale, Moyo, Yumbe, Arua, Lira, Apac, Kiruhura, Kamwenge and Kamuli) leading to reduction of wood fuel use, a measure intended to preserve the environment.

Petroleum sector

Mr. Speaker, oil exploration activities have intensified in the Albertine Graben in western Uganda and the country now has adequate reserves to commence commercial production. In order to plan for production in an orderly manner, the Government has put in place a National Oil and Gas Policy which provides the guiding principles in the petroleum value chain and institutional framework for prudent management of resources and the revenues accruing out of the production.

The new Petroleum Legislations, one on Resource Management and the other on Revenue Management are being prepared to operationalise the policy. A total of 35 exploration and appraisal wells have so far been drilled, out of which 33 encountered oil and/or gas in the subsurface.

A total of 15 fields have been discovered to date with recoverable volumes of about 1.0 billion barrels of oil equivalent.

Mr. Speaker, I reiterate our stand that given our commitment to value-addition, commercial developments will be in refining the oil and processing gas within the country. In the short-term, however, the discovered gas resources, together with test crude produced during appraisal, will be used to generate electricity to help meet the country's electricity needs.

Mr. Speaker, so far, Uganda has not exported any drop of its discovered oil. I, therefore, appeal to those who have been peddling lies that oil is already being secretly sold abroad, to stop those unfounded accusations, which have the potential to incite violence.

Mr. Speaker, in line with the Government Policy of promoting small and indigenous investors into the sector, a number of investors were attracted to the industry. To this effect five new companies were issued with petroleum operating licenses during 2009. This brought the total number of oil companies licensed to operate in Uganda to 75.

Recently Mr. Speaker, there has been a lot of talk about the Jinja storage

tanks, especially when we experienced a limited spell of fuel shortage due to some challenges with the logistics in Kenya. Unfortunately, most of the talk was speculative and not based on facts. I would like to reassure the country that Government has never lost interest in the storage tanks, whose capacity of 30 million litres exists to hold national strategic reserves. The facility was only temporarily closed to enable its refurbishment. Plans are underway to integrate the tanks into the Kenya-Uganda oil pipeline system and to build four new regional storage facilities in the east, north and western parts of the country.

Mr. Speaker, the Government is still committed to developing the Kenya-Uganda oil pipeline in spite of the challenges experienced in both countries on land acquisition and the need to redesign the infrastructure to cater for the future export of petroleum products from Uganda. These issues are being addressed to pave way for construction.

Mindful of the importance of quality products, in November 2009, the Government launched the fuel working programme. The programme promotes quality assurance and protects the market by ensuring that smuggled and transit products are not sold in the country. Monitoring is regularly carried out to ensure that petroleum products sold in Uganda meet the required standards.

Road sector

Mr. Speaker, sequel to last year's report on the road sector, the following roads illustrate the progress:

- (i) Reconstruction of Jinja-Bugiri was completed.
- (ii) Kampala Northern Bypass was completed in September 2009.
- (iii) Soroti-Dikolo-Lira was completed in December 2009.
- (iv) Fort Portal-Bundibugyo-Lama border, the contract was signed and work which is expected to be completed in 2013 has already started.
- (v) Gulu-Atiak-Bibia/Nimule, design work was completed and procurement of

the contractor started in December 2009.

(vi) Ntungamo-Mirama Hill/Kagamba-Ishaka, design work was completed and work starts in November this year.

(vii) Vurra-Arua-Koboko-Oraba, work is to start by August this year;

(viii) Nyakahita-Ibanda-Fort Portal, the design work has been completed.

(ix) Matugga-Semuto-Kapeeka Road, work is expected to be completed by September 2010.

(x) Muyembe-Namalu-Moroto, design work was completed and work will start in November this year.

(xi) Gayaza-Zirobwe-Wobulenzi Road, work which commenced in March 2008 will be completed in July 2010.

The ferry for Kumi-Katakwi on Lake Bisina has been paid for, while the procurement process is ongoing for others. Procurement for the ferry for Lwampanga to Namasole is in the final stage of awarding contracts, to be signed in July 2010.

The Government has decided that works on rural roads be carried out by the local governments through "Force Account" or employment of direct labour instead of tendering out the work to contract firms. The decision was taken after establishing that the "Force Account" method was not only less costly, but also efficient if supervised properly. Road equipment units will be availed to the local governments for that work.

Water and environment sector

Mr. Speaker, the water and environment sector has continued with the implementation of its major activities, which include development of new water supply facilities, rehabilitation of the old and existing systems and improvement of their functionality.

Currently, the rural and urban coverage stands at 63% and 61% respectively. In the medium-term, the sector will raise rural and urban coverage to 65% and 68% respectively.

The following are the major sector achievements realised by FY 2009/2010 as

at December 2009:

(i) Rural Water Supply and Sanitation — Construction of eight water supply schemes, in Lugore in Gulu, Labara in Gulu, Madi-Opei in Kitgum, Minakulu in Oyam, Adwari in Lira, Orum in Lira, Magoro in Katakwi and Ayero in Apac.

(ii) Urban water and sanitation - designs for the water supply systems to serve Kabuga in Kamwenge district, Kakuuto in Rakai district and Kagongo in Ibanda district were finalised, while construction in Rugaaga, Kabira and Mutara were completed. For sanitation, 75 Ecosan toilets were constructed in Kakuuto, Kasensero Kakyanga-Kirumba, Buyomba, Kibiito, Rugendabara, Hima, Nyakigumba and Rubona.

(iii) Water for Production – Construction work on the following is near completion i.e. 90% of the work:

(a) Kagango dam, Kagamba valley tank and Obwengerero valley tank in Isingiro district.

(b) Kawomeri dam in Abim district.

(c) Olelpec and Olamia valley tanks.

Mobilisation was completed on the following sites:

(a) Arechat and Kobebe dams in Moroto district;

(b) Akwera in Lira district;

(c) Longorimit dam in Kaabong district.

The shoddy work that has been done on dams in Karamoja is being investigated. The Minister of State for Karamoja physically visited the sites, took photographs and wrote a report. This report enabled us to know the state of these works, at least from the consumers' point of view. Many of the dams were not functional, yet money had been paid. Cheap valley dams have been constructed at sh20m in all the eight sub-counties in Katakwi district, each with a capacity for seven million litres. I have dams on my land for which I used sh40m. One of them holds 100 million litres of water. My cattle on that dam have never lacked water even in the worst of droughts.

Water resources management

Mr. Speaker and Hon. Members, Uganda actively participated in all meetings on the sharing of the Nile resources. Uganda and a number of countries in

the region has signed the agreement which came out of those negotiations.

It is our hope that both Egypt and Sudan will eventually come on board because the agreement, which has just been concluded, is fairer to all of us than the one which was made during the colonial period.

Natural resources management

Mr. Speaker, the Government will continue to spearhead the proper management of natural resources of the country for both the present and future generations. Consequently, the following have been done among others:

(i) A total of 379 community watershed management and 60 tree planting groups have been formed, registered and strengthened as the main implementers under the Farm Income Enhancement and Forest Conservation Project

(ii) The Government has embarked on a rigorous programme to restore degraded river banks, lake shores and hilltops. Already 497 hectares of land have been planted with 244,200 trees in a bid to restore the degraded Lake Victoria shoreline. This has covered the districts of Rakai, Masaka, Mpigi, Wakiso, Mukono, Jinja, Kamuli, Bugiri and Busia.

(iii) Since the Government is aware of environmental concerns and potential impacts resulting from the oil and gas related activities, all oil and gas projects have been subjected to environmental and social impact assessment to ensure that there are no adverse environmental impacts. So far, 69 oil and gas related projects across the country have been reviewed to ensure their compliance with environmental standards.

(iv) The Government has produced the Environmental Oil Spill Sensitivity Atlas for the Albertine Graben documenting Uganda's changing environment resulting from local activities and global phenomena. The sensitivity atlas provided environmental planners with tools to identify resources and risk, establish protection priorities and identify timely appropriate response and clean up in case of an oil spill.

(v) The Government has constructed and equipped nine municipal solid

waste compositing plants in Lira, Soroti, Mbale, Jinja, Mukono, Fort Portal, Mbarara, Kabale and Kasese. An additional eight sites, including Arua, Gulu, Hoima, Mityana, Entebbe, Busia and Tororo, have been selected for the next phase.

Mr. Speaker, recognising the critical importance of wetlands in the regulation of weather and climate, the Government has embarked on a rigorous programme to ensure sustainable management of Uganda's wetlands, including the restoration of the degraded ones and protection of others from encroachment. Nobody is going to be allowed to destroy our wetlands. Using political methods, we are going to guide the people that are in the wetlands to learn how not to destroy the core integrity of these vital assets. I will handle this myself, as I will the forest reserves.

Recently, I addressed the Army Council in Karamoja. In that address, I told them two major points. Point number one was that the NRM has always aimed at transforming Uganda from a Third World to a First World country, even when we were still a liberation movement.

Point number two was that the problem we faced, when we took power, was that we did not have money of our own to fulfill our vision on account of very low tax collection levels.

Figure 1A below (*ommitted from this text*) is a table showing levels of tax collections since 1986 to date:

As you can see, tax collection has gone up 1,000 times since 1986. What does this mean?

It means that, at last, we are almost self-sufficient in terms of funds. With careful prioritisation, we can fund our crucial projects. We can no longer be held at ransom by external funding.

I will give two examples: Roads and energy. Let me start with energy. By 1986, we were only generating 60mgws. One factory like Nytil at that time would have required 20mgws. 'Fortunately', most of the factories were not working.

We now have installed capacity for 600mgw and, with Bujagali's completion, we shall be generating about 850mgw. However, we are aiming at 3,800mgw in the next five years. This will give a kWh per capita of 600. Thereafter, the master plan is to aim at 17,000 mgw in the next 15 years. That is the level of Malaysia now. These will be funded, if necessary, by ourselves. That is why we set up the Energy Fund. We now have US\$350m in the Energy Fund. This fund has already helped to start Bujagali. Bujagali would never have started on time if we did not have our own money.

The people we had given the concession to were facing problems with their financiers asking about butterflies, some spirits, etc. We gave a loan and an ultimatum to them. "Here is US\$75m, start now or we shall re-enter the site and build the dam ourselves". They started. Their financiers cooperated and they paid back our loan.

Recently, there was delay on Nyagak mini-dam. We took over the site, put US\$8m and it will be finished by December 2010.

We used US\$8m to hire a consultant to do design work for Karuma. In the past, even to get a design of a dam or a road we had to beg or borrow. This is no longer the case for any vital project.

We have been having demands from our people to extend electricity lines to different parts of the country. These demands were beginning to spoil our politics. Yet we could not meet these demands through borrowing and begging.

With the Energy Fund, I recently directed that all the major transmission gaps that have been existing must be filled. Hence, by the end of this year, the following lines will be connected:

1. Katakwi-Iriri-Moroto-Katikekile
2. Muyembe-Namalu-Nakapiripirit-Amudat
3. Gulu-Atiak-Adjumani-Moyo
4. Myanzi-Kiganda-Mubende
5. Migyera-Nakitoma-Kafu

6. Muhanga-Kamwezi
7. Muhanga-Rwamucuucu
8. Kashambya-Rugyeyo-Kyempene-Nyakishenyi
9. Lwala-Kaberamaido-Dokolo-Amolatar-Namasale
10. Lira-Aroi-Dokolo
11. Ibanda-Kabujogyera-Kamwengye

Construction works will soon start on the following power lines:

12. Nebbi-Nyaruru-Pakwach-Panyamuru with a tee-off to Parombo
13. Nyapeya-Zombo-Zeu-Wara-Vurra
14. Arua-Marach-Koboko
15. Arua-Rhino Camp
16. Bukwiri-Kyankwanzi
17. Kakumiro-Birembo-Nyarweyo;
18. Masindi-Biso-Buliisa-Wanseko;

The same problem existed for the roads. There were many roads that the people were rightly demanding which we could not deliver through borrowing and begging. These were, again, creating misunderstandings between us and the people. Given our increased self-sufficiency, however, we are now doing or going to tarmac the following roads using our own money:

1. Kampala-Masaka
2. Mbarara-Ntungamo-Kabale-Katuna (EU is doing Masaka-Mbarara portion)
3. Mukono-Kyetume-Katosi-Kisoga-Nyenga
4. Muyembe-Namalu-Nakapiripirit-Nanduget-Moroto;
5. Mbarara-Kabingo-Kikagate
6. Nyakahita-Ibanda-Kamwengye-Fort Portal (we will co-fund this with ADB)
7. Ishaka-Kagamba-Ntungamo-Mirama Hill
8. Rukungiri-Bwambara-Kihihi-Ishasha and Kihihi—Kanungu;
9. Kyenjojo-Muziizi-Hoima-Masindi
10. Kapchorwa-Bukwo-Suam
11. Mbale-Bubulo-Magale-Bumbo-Lwakhakha
12. Rwekunya-Masindi Port-Lira-Puranga-Kitgum-Kidepo

13. Mpigi-Kanoni-Kabulasoke-Maddu-Sembabule
14. Nyendo-Bukomansimbi-Sembabule
15. Matugga-Semuto-Kapeeka;
16. Nakasongola-Saasira
17. Hoima-Kaiso Tonya

As I said in my address to the Army Council, Uganda is now undelayable and unstoppable. I salute the World Bank for offering to tarmac Gulu-Atiak-Bibia and Arua-Koboko-Oraba roads. We had included the two roads on our list for self-funding.

I would now like to advise our development partners from Europe and the USA, if they really want to help Africa as they keep saying, to concentrate on energy, roads and the railway and to some extent, on education and health.

We do not need help on elections. This is a simple exercise.

Dealing with energy and roads as Uganda is beginning to do in a big way, will lower the costs of doing business in Uganda, make investments more profitable and, therefore, attract more of those investments. We are able to do all this in such a short time when our tax collection is only 12.5% GDP.

You can imagine how much more we shall be able to do when our tax collection is 20% of GDP. Therefore, brethren do not fear; be of good cheer ... (John 16:33).

Social sector

Education

Quality and accessible education remains a high priority area of the Government.

(i)Primary education sub-sector

Mr. Speaker, registration in primary schools continue to increase reaching a total of 8,197,267 in FY 2008/2009 from 3,068,625 in 1997.

Gender parity in the enrolment has improved, with an increase in the

proportion of girls in total enrolment at primary level.

(a) A total of 45,000 Primary Four teachers have been trained on how to handle pupils transiting from P3 to P4. From P1 to P3, the thematic approach is being implemented with the local language as the medium of instruction. In P4, the subject-based approach is being implemented and the medium of instruction is the English language.

(b) In FY 2008/2009, the Government paid Primary Leaving Examination fees for 463,631 pupils enrolled in UPE schools across the country.

(c) Mr. Speaker, Gulu Comprehensive School for traumatised children (now called Laroo Boarding Primary School for war-affected children) is fully equipped with the requisite materials for teachers and learners.

At present, the school has 460 learners who are offered accelerated learning through the seven-year primary school curriculum in addition to teaching them vocational subjects such as carpentry, brick/block laying, building, cloth cutting and tailoring, among others.

(d) In order to increase the commitment of head teachers to their supervisory roles, the Customised Performance Targets have been introduced. Those constitute agreements signed between the local governments and the head teachers and deputy head teachers.

Under the agreement targets aimed at quality education and service delivery are set to be met within an agreed time frame. By mid-December 2009, 85% of head teachers in 12 sampled districts had signed the CPTS.

In the FY 2010/2011 the following will be carried out, among others:

(a) Payment of examination fees for a total of 500,000 pupils expected to sit PLE at the end of 2010. No headmaster should, therefore, charge parents and pupils this fictitious charge.

(b) Payment of hard-to-reach allowances to 2,398 teachers stationed in the

hard-to-reach areas of Kalangala, Mukono (Buvuma and Koome Islands), Karamoja region (Moroto, Kotido, Nakapiripirit, Moroto and Kotido districts) and Kasese district. The allowance is 30% of the basic salary.

(c) Construction of 480 teachers' houses in schools located in West Nile sub-region under the Dutch-funded CROWNS project.

(ii) Secondary education sub-sector

Mr. Speaker, Universal Secondary Education, now covering Senior One to Senior Four, is being implemented in 844 Government-aided schools, up from 791 in 2006; private schools partnering with Government are now 642, up from 363 in 2006.

The total number of beneficiary students had increased from 161,396 in 2006 to 452,137 by the end of 2009. A total of 5,797 qualified secondary school teachers were recruited in addition to 14,277 teachers who were already on the payroll.

Expansion was carried out on six seed secondary and six traditional secondary schools. The Digital Science project has been implemented in 200 secondary schools, while refresher training courses have been carried out for 6,000 science and mathematics teachers under the SESEMAT Program.

In the Financial Year 2010/2011, Mr. Speaker, the following, among others will be carried out in the secondary education sub-sector:

(a) Provision of pedagogical infrastructure to 763 Universal Secondary Schools. Those facilities will include 4,000 new classrooms, 405 multi-purpose science laboratories, 144 libraries, 41 administration blocks, 71 teachers' houses and 2,129 five-stance latrines within a period of three years.

(b) Construction of 15 new secondary schools within a period of three years as a strategy to increase access to secondary education under African Development Bank IV Project.

(c) Procurement and distribution of 6,260 science kits to a total of 844 Government secondary schools and 642 private secondary schools.

(d) Rehabilitation and expansion of 42 traditional secondary schools with a view to converting them into centres of excellence.

(e) The target is to have, at least, one Government secondary school per sub-county by 2015 for purposes of USE

(iii) Business technical, vocational education and training (BTVET)

sub-sector

In this sub-sector, Mr. Speaker, among the many successes the following are notable:

(a) Universal Post Primary Education and Training (UPPET) under which 46 public and 16 private BTVET institutions are benefiting from the programme; enrolment continues to go up. The highest increase, 86% in enrolment, was in Government-aided BTVET institutions while the private BTVET institutions had 4%.

(b) Construction of a hostel block at the public health nurses college at Kyambogo and Mulago School of Nursing.

(c) Procurement and supply of infrastructural equipment to:

- i) Arua School of Nursing and Midwifery;
- ii) Bobi Community Polytechnic in Gulu district
- iii) Uganda College of Commerce Pakwach in Nebbi district
- iv) Dokolo Technical School in Dokolo district.

Mr. Speaker, the priority activities in the BTVET sub-sector during the FY 2010/2011 include:

(a) Construction and equipping of five technical institutes in the districts of Lyantonde, Adjumani, Bukedea, Kyenjojo and Kiboga using the Saudi Fund for Development;

(b) Construction and equipping two nursing institutions at Kaabong and Hoima;

(c) Reviewing the BTVET curricular to respond to the labour market needs;

(d) The plan is to have, at least, one technical institute, polytechnic, Technical or vocational institution per district by 2018.

(iv) Higher education sub-sector

Mr. Speaker, to date, Uganda has a total of 27 universities, out of which five are publically owned and 22 privately owned. The Government appreciates the contribution the private sector has made in this sub-sector.

In the FY 2010/2011, Mr. Speaker, the priorities for the higher education sub-sector include, among others:

☐ Kick-starting the construction of Lira Constituent College of Gulu University in a phased manner

☐ Final preparations for the establishment of West Nile University in Arua district.

☐ Kick-starting the preparations for the operationalisation of the loan scheme in all public universities;

☐ Preparation of comprehensive science and technology infrastructure needs assessment program of public universities for mobilisation of capital development funds.

☐ Sh950m has been released in FY/2009/2010 for Busoga University. The balance of sh1.5b to be provided in the medium-term.

In special needs education/career guidance and counselling (SNE/CC & C), the main achievements included:

(i) Establishment of a new department for career guidance and counselling

(ii) Training of two teachers per institution (i.e. secondary, technical, national teachers college and health training) located in the north, North-east and West Nile on career guidance.

Mr. Speaker, in the FY 2010/2011 the Department of Career Guidance and Counselling will, among other things, focus on:

☐ Construction of two special schools for the blind.

☐ Provision of special needs education scholarships.

☐ Development of a policy on career guidance and a five-year strategic plan.

☐ Dissemination of career information on marketable courses to students to counter the high and increasing youth unemployment.

Health

Mr. Speaker, a 'healthy nation is a wealthy nation'. Consequently, the

importance of enhancing the functionality of health facilities by rehabilitation and consolidation to increase accessibility to health service cannot be over-emphasised. The following, Mr. Speaker, are some of the key achievements in the health sector:

(i) Rehabilitation of existing hospital facilities which started in FY 2008/2009 is continuing. So far, all eleven regional referral hospitals have been provided with funds for capital development for rehabilitation and refurbishing of infrastructure in the hospitals.

(ii) Partial rehabilitation and upgrading of medical facilities to general hospitals is ongoing.

The following hospitals are undergoing rehabilitation: Nebbi, Apac, Tororo, Bududa, Kambuga, Rushere and Itojo. The health centres of Masafu, Kyenjojo, Buwenge, Katakwi, Bukwo and Naguru are to be upgraded to general hospitals.

On the other hand, funds have been secured for major rehabilitation works and upgrading of Mubende and Moroto hospitals to regional referral hospitals.

(iii) Twenty seven hospitals were provided with ambulances to facilitate referrals. Twenty three health centre IVs were equipped with theatre equipment and ultrasound machines, bringing the total number of equipped health centre IVs to 129. The health centres were also provided with multipurpose vehicles for referral of complicated cases for better management.

(iv) Plans are underway to rehabilitate and equip Mulago National Referral Hospital to enable it handle cases that have hitherto been referred abroad. Once completed, there will be substantial reduction on expenses for both Government and private persons. In order to decongest Mulago National Referral Hospital, two general hospitals are being constructed in Kampala and Makindye divisions of Kampala district.

(v) On reproductive health, Mr. Speaker, the current policy is to establish health centre IVs with the capacity to bring comprehensive emergency obstetric care nearer to the people. This is being done jointly with other ministries through:

- ☐ Equipping of the facilities with delivery beds
- ☐ Construction of maternity units and equipping them
- ☐ Provision of ambulance services to enable fast referral of expectant mothers for better handling.
- ☐ Increased efforts to strengthen family planning services in order to improve on the quality of life of babies, their mothers and family;
- ☐ Antenatal care, maternity and postnatal care provided at all the various health centres, general hospitals, regional referral hospitals and national referral hospitals.

(vi) Mr. Speaker and Hon. Members, given the limited supply of hydro-electric power in our rural areas, solar installations for lighting and providing energy for medical equipment have been made at eight health centre IVs, 68 health centre IIIs and 79 health centre IIs in Arua, Koboko, Maracha-Terego, Nebbi, Yumbe, Pallisa, Budaka, Kumi, Bukedea, Kotido, Abim and Kaabong districts.

Funding has also been secured to install solar systems in another 156 health centres (13 health centre IVs, 67 health centre IIIs and 76 health centre IIs) in Kibale, Mityana, Mubende, Kabale, Moroto, Nakapiripirit, Adjumani, Kitgum, Apac, Amuru, Kaberamaido and Dokolo districts.

The intervention also include provision of lighting in staff houses to improve the livelihood of staff in remote areas and enhance attraction and retention of staff.

(vii) Mr. Speaker, in a bid to improve procurement and supply of drugs to health facilities, the Government recentralised this activity to the National Medical Stores to centrally procure drugs and other supplies for the entire country with a view to creating efficiency in the procurement process, distribution and availability of medicines and supplies to the population.

Mr. Speaker, in order to fight the rampant theft of drugs by health workers, in addition to the embossment: "UG NOT FOR SALE" for the common user drugs, I recently established a unit under State House to keep track of service delivery in terms of drug supplies and delivery to the population in health centres and hospitals.

Although the unit has only been working for a short period, it has done a good job and those caught stealing the drugs are already appearing before the courts of law.

There have also been cases of district health officials having 'ghost' health centres which receive drugs! This is criminal. I am, therefore, directing the Inspector General of Police to investigate all these cases of 'ghost' health centres and hold criminally liable all those officials who have been involved in this malpractice.

I am also aware that the Mulago Hospital had by May 2010 not ordered for sh2b worth of drugs from the National Medical Stores, when I am sure there is need for the drugs at the Hospital.

I also hear that other districts are presenting incomplete orders in order to defeat the new system of centralised drug purchase. This is in addition to continued inflation of the costs of drugs that are still purchased by district and referral hospitals through specification of trade names rather than using the prescribed actual scientific or generic names, and ordering drugs outside the basic essential drug kit.

I also understand that health officials are smuggling drugs across the borders because we have closed the loophole by embossing them. In order to streamline drug procurement further, I am directing the ministers of health and finance to ensure that all drugs are budgeted under the National Medical Store in the Financial Year 2010/11.

I have also directed the Minister of Health to ensure that all prescription is on quadruplicates showing names of patient, their villages or places of residence, sickness and drugs prescribed. One copy stays at the health Centre, another is taken by the patient, another goes to the district and

another to the headquarters.

I will soon start visiting health centres and district and referral hospitals without notice to assess the extent to which health services are being delivered.

Members of Parliament should also be regularly carrying out on-the-spot assessments of public service delivery and raise red flags appropriately to ensure that these thieves are caught and dealt with.

(viii) In the health sector, Mr. Speaker, Uganda received a breakthrough when Quality Chemicals Ltd., a local company partnership with another foreign company, started making ARVs in Uganda.

In the long run, the cost of those drugs will come down considerably, allowing increased access to the drugs by people with HIV/AIDS.

Many countries have sent delegations to visit the factory. Since WHO recently approved the production of the drugs for consumption worldwide, the Company will be able to export its products to many countries especially within Africa.

The Government has all along supported and will continue to support the noble cause of Quality Chemicals Company.

Last but not least, Mr. Speaker, there are several “Not for profit” hospitals, founded mainly by religious bodies, which have done a commendable job in providing health care to the people. Government will continue to support them in form of grants which are extended to them every financial year.

Justice law and order

Mr. Speaker and Hon. Members, economic and social development cannot flourish without sound justice, law and order. The Government is therefore, committed to the promotion and maintenance of the rule of law and order in its entirety. Among others, the following are worth noting:

(i) Restructuring of the Police Force at both strategic and operational levels

focusing on leadership, recruitment, training equipment, discipline and quality of service. All this is aimed at professionalising the Force. The operationalisation of the new structure is ongoing. The Government has already approved annual recruitment of 4,000 Police constables and 500 cadet officers aimed at attaining the UN recommended ratio of 1:500 to enhance service delivery. The recent drop in crime rate announced by Police, though gratifying, should not make us complacent.

(ii) Provision of serviced Police accommodation under Public/Private Partnership (PPP) is being pursued vigorously by Government. Once through, this project is estimated to create 259,000 unskilled jobs and 38,000 skilled jobs during the construction period 2011 – 2014.

(iii) The Department of Government Analytical Laboratory has been upgraded to a directorate which will enhance the analytical capacity of the laboratory through recruitment of highly qualified staff and acquisition of modern equipment. Completion of Mbale Regional Laboratory is to be commissioned soon, while the construction of Gulu Regional Laboratory is nearing completion. The two laboratories will enable the districts to access analytical services more easily.

(iv) With the prevailing peace in the country, a decision was taken to embark on the welfare of the security personnel and their families. To this effect, funds have been set aside for the establishment of duty free shops across all security forces.

(v) The recent appointment of justices of the Supreme Court and judges of the High Court has already yielded fruit by having a considerable number of cases which were pending being disposed of.

Mr. Speaker, the very recent commissioning of the project by the Chief Justice to clear the case backlog within six months is a very welcome development which should be commended.

Peace and security

Mr. Speaker, the positive picture I reported in my last State of the Nation Address has not only continued to obtain, but has improved even further in many areas. In this respect more and more persons who were internally

displaced are settling back in their original home areas and the Peace, Recovery and Development Plan is now operational. We shall not allow Kony to return to Uganda alive. He tried to send his group led by two commanders namely Aropu and Kararang. Aropu's group was wiped out and he himself surrendered; Kararang was killed. The havoc he occasionally wreaks in Congo or CAR will be stopped.

The world should not just sit back and watch. The step the US has taken is a welcome development. It is now clear that the LRA has now been destroyed and no longer poses any threat to Uganda, with the on-going mop-up operations that the Uganda Peoples Defence Force (UPDF) is undertaking together with neighboring countries. This marks the culmination of the National Resistance Movement and UPDF's successful war against tumultuous years of grief and wanton mismanagement.

Up to now, we have killed 380 terrorists, captured 58 terrorists, rescued 630 abductees, captured 342 weapons of all types, 11 laptop computers, 44 military radios and 118 terrorists have surrendered. Kony's group is greatly degraded and they will be wiped out completely in CAR.

Work of Parliament

Mr. Speaker and Hon. Members, I commend you for the work you are doing both as the legislative arm of the Government as well as an oversight body. The work accomplished since the last State of the Nation Address included:

- (i) The passing of 20 Bills;
- (ii) 26 Ministerial Statements;
- (iii) 26 Questions for Oral Answer responded to by ministers;
- (iv) 13 Bills are still pending.

Among the Bills Parliament has passed during the period under review, the following are of particular significance:

- (i) The Land (Amendment) Bill 2007
- (ii) The Whistle Blowers Protection Bill, 2008
- (iii) The Contracts Bill, 2009;
- (iv) The Domestic Violence Bill, 2009(v) The Prevention of Female Genital

Mutilation Bill

(vi) The Emoluments of the President, Vice-President and Prime Minister Bill, 2009

(vii) The International Criminal Court Bill, 2006.

Regional and international matters

Mr. Speaker, Uganda has continued to enjoy excellent relations with her neighbours and has performed effectively on the Security Council where it has been representing Africa as a non-permanent member. Uganda has continued to attract both regional and international conferences as evidenced by the following, among others:

(i) The 2010 International African Water Association Congress, March 15– 19, 2010.

(ii) The 3rd East African Community Investment Conference, April 28 – 30, 2010.

(iii) The Smart Partnership Dialogue, July 26 – 29, 2009;

(iv) Special African Union Summit on Refugees, Returnees and IDPS, October 19 – 23, 2009;

(v) The 2010 AU Ordinary Summit slated for July 19– 27, 2010

(vi) The ongoing International Criminal Court Review Conference.

Other areas

Presidential pledges

Mr. Speaker, I would like to state clearly that the principal agreement between the Movement and the people of Uganda is the 2006 election manifesto upon which the people gave the Movement the mandate to run the affairs of this country.

On assumption of power, the commitments in the election manifesto became policy which we have been implementing systematically since then. Consequently, the pledges I may make during my tours do not in any way substitute the commitments in the Manifesto. On the contrary, they are

simply a supplement to the fundamental commitments in the Manifesto and their implementation may be immediate or gradual depending on what is required and what is available.

Mr. Speaker, I will use the agriculture ministry as an example. By March 2010, I had made 166 pledges through that ministry. Out of these, 95 had been fulfilled at a cost of sh1.6b, work had started on 38 pledges at a cost of sh666.5m, while funds were being mobilised to handle the remaining 33 pledges.

Elections slated for Early 2011

Mr. Speaker and Hon. Members, in 2006 Uganda held its first election under a multi-party dispensation after having operated under a Movement system for a number of years. In less than a year's time we shall have the second presidential and parliamentary elections under the multi-party dispensation. Already, a number of activities are taking place in preparation for those elections early next year.

My appeal is that we should all be working towards consolidating democracy further and avoid anything that may undermine what has been achieved so far.

I appeal to all Ugandans to do two things in respect of the forthcoming elections: if you had registered before, go, and check on the voters register to ensure that your name is there. If you have never registered, especially young people that have just turned 18 years, go and register now. All the people that had registered before had their photographs and other details taken. Those that are registering now have both their photographs and thumbprints taken. The photographs and the thumbprints, using the centralised memory of the computer, will eliminate those that have been cheating through multiple registrations.

Conclusion

Mr. Speaker and Hon. Members, on 19th April 2010 I launched the first five-year National Development Plan (NDP) in many decades. The plan was

evolved through a comprehensive consultative process that was spearheaded by the NPA. The plan will guide all of us as we continue on the journey to develop and transform our country. I, therefore, appeal to all those who are in positions of leadership to read and internalise the major aspects of the plan and explain them to the people.

Mr. Speaker, while a lot has been done and achieved, a lot remains to be done. It is the primary duty of all Ugandans to do what is necessary with the assistance from outside only coming to supplement our efforts. That is the way to go because perpetual begging and borrowing from others have never been sustainable ventures if one is thinking about actual economic and social development.

I am glad that the recently launched NPA 2010-14 addresses many of the critical issues that the NRM Government has consistently emphasised as critical to ensure the social economic transformation of our society. It is, therefore, important that the priorities stated in the NDP 2010, which have been the hallmark of the NRM Government, continue to guide the implementation of Government programmes.