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**Thursday, 14 June 2018**

*Parliament met at 2.52 p.m. at Serena Conference Centre, Kampala.*

*The National Anthem*

*The East African Community Anthem*

PRAYERS

(*The Speaker, Ms Rebecca Kadaga, in the Chair.)*

*The House was called to order.*

PROCLAMATION BY THE SPEAKER OF PARLIAMENT

**THE SPEAKER:** *“WHEREAS under Article 95(2) of the Constitution of the Republic of Uganda, a Session of Parliament shall be held at such place within Uganda and shall commence at such time, as the Speaker may by proclamation, appoint;*

*AND WHEREAS the President of the Republic of Uganda has indicated to the Speaker his wish to address Parliament and the nation on the national budget for the financial year 2018/2019, under Article 101(2) of the Constitution and Rule 10(4)(a) of the Rules of Procedure of Parliament of Uganda;*

*COGNISANT of the fact that the financial year 2017/2018 will end on the 30th day of June 2018;*

*AWARE that it is expedient that the President addresses Parliament and the nation on the national budget for the financial year 2018/2019 at the Kampala Serena Conference Centre;*

*NOW, THEREFORE, in exercise of the powers conferred upon the Speaker, Article 95(2) of the Constitution, I hereby proclaim that Parliament shall sit at the Kampala Serena Conference Centre on the 14th day of June 2018 at 14:00 hours, to receive the presidential address on the budget for the financial year 2018/2019; and*

*AND FURTHER in exercise of the powers conferred upon the Speaker by the Constitution, the Parliament Powers and Privileges Act, Cap 258, and the Rules of Procedure of the Parliament of Uganda, it is hereby proclaimed and declared that the said Kampala Serena Conference Centre, including its forecourt, the yard and the gardens, be the precincts of Parliament for the aforementioned purposes.*

*Given under my hand at Parliament House, Kampala on the 24th day of May 2017.*

*Rebecca A. Kadaga (MP)*

*Speaker, Parliament of Uganda.”*

COMMUNICATION FROM THE CHAIR

**THE SPEAKER:** Your Excellency, the President of the Republic of Uganda, Mrs Janet Museveni; Your Excellency, the Vice-President, Mr Edward Sekandi; the Deputy Chief Justice; the Vice-Chairman of the NRM, Alhajji Moses Kigongo; the Rt hon. Prime Minister and Deputy Prime Ministers; Honourable Ministers; the Leader of the Opposition in Parliament; Ministers of State; Judges of the Courts of the Supreme Court, Court of Appeal and High Court; honourable Members of Parliament; members of the Diplomatic Corps; the Chief of Defence Forces; the Inspector General of Police; the Commissioner General of Prisons; the Governor, Bank of Uganda; leaders of political parties; religions leaders; the business community; and all our invited guests - my apologies, the Chief Justice was not robed so I could not see him – I welcome My Lord, the Chief Justice of Uganda and all invited guests.

Your Excellency and distinguished guests, last week, I reported on the inability of certain Members of Parliament to attend sessions for different reasons. I am reporting today that one of our members, who was present last week, will not be attending the budget reading today. I, therefore, invite all of you to stand in honour of two people, hon. Ibrahim Abiriga and his brother Mr Bugga Congo who died last Friday.

*(Members observed a moment of silence.)*

**THE SPEAKER:** Your Excellency and distinguished guests, last Wednesday, we convened here for the opening of the Third Session of the Tenth Parliament and you delivered to Parliament, an address on the State of the Nation. Today is another important occasion in the parliamentary calendar, as provided for by the Constitution. I welcome all of you and today we expect the President to report to Parliament, the estimates of revenue and expenditure for financial year 2018/2019 as provided for under Article 155(1) of the Constitution.

You may recall that during the State of the Nation Address, the President outlined the achievements registered in the preceding year, the plans and programmes, which the Government intends to take during this financial year as well as the legislative business Parliament is expected to receive from the Executive for consideration and approval.

The President’s intentions, as outlined in the State of the Nation Address will be translated into actions by the provisions of the budget, which is to be presented shortly. Parliament’s task will be to evaluate whether the pronouncements made last Wednesday in the State of the Nation Address match with the financial provisions in the budget and advise accordingly.

Your Excellency, I believe the country is anxiously waiting for the presentation of the budget and to hear what you have in plan for the people of Uganda. I know that this is to be done initially through the Minister of Finance, Planning and Economic Development whom you delegated that authority and later we shall invite you to expound on your proposals.

I now invite the Minister of Finance, Planning and Economic Development to make the presentation. *(Applause)*

PRESENTATION OF THE BUDGET SPEECH BY H.E THE PRESIDENT OF THE REPUBLIC OF UGANDA IN ACCORDANCE WITH ARTICLE 101(2) OF THE CONSTITUTION OF THE REPUBLIC OF UGANDA AND RULE 10(4)(a) OF THE RULES OF PROCEDURE OF PARLIAMENT

3.05

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Thank you. Your Excellency, the President of the Republic of Uganda; Your Excellency, the Vice-President of the Republic of Uganda; The Rt hon. Speaker of Parliament; His Lordship, the Chief Justice; the Leader of the Opposition; Honourable Ministers and Members of Parliament; Your excellences, the Ambassadors and Heads of Diplomatic Missions; distinguished Guests; and Ladies and Gentlemen.

Madam Speaker, in accordance with Article 155(1) of the Constitution of the Republic of Uganda, I present – on behalf of His Excellency, the President – the budget for financial year 2018/2019 to Parliament on 25 March 2018. The budget was duly approved by Parliament on 1 June 2018, for which I very much commend Parliament. Therefore, today, I am presenting just the highlights of the approved budget.

Madam Speaker, the financial year 2018/2019 budget has been formulated based on the socio-economic achievements made in the recent past and the challenges that we still face today. The right policies that the National Resistance Movement (NRM) Government has consistently developed and implemented over several years have led to key socio-economic development gains.

Madam Speaker, the NRM Government has – to state the obvious – since 1986, laid a firm foundation for Uganda’s socio-economic development. Witness the following:

1. Uganda is now at peace and without any civil conflict, which provides a suitable environment for investment. Security of persons and property reigns, although some criminal-minded individuals want to disrupt this peace;
2. The rule of law now permeates all spheres of life, with a sound Judiciary and the enforcement of contracts being guaranteed by commercial laws;
3. Economic stability has been consistently maintained with the economy growing at an average annual rate of 6.5 per cent for the last years, together with fairly low inflation;
4. Ugandan exporters now enjoy duty-free access to both the East African Community (EAC) and the Common Market for East and Southern Africa (COMESA) markets, a few non-tariff barriers notwithstanding; and
5. Energy and transport gaps, which are the major cost drivers for businesses, are being seriously addressed.

Madam Speaker, as a result of these basics, the quality of life of most Ugandans and the standard of living of households in Uganda have tremendously improved. For instance:

1. Incomes have increased with average per capita incomes nearly doubling in the last eight years, from Shs 1,354,000, in financial year 2009/2010, to Shs 2,684,000, in financial year 2017/2018, in spite of a rising population;
2. The number of Ugandan employees in the formal sector grew at an average annual growth rate of six per cent between 2010 and 2013 and the national unemployment rate declined from 11 per cent, in 2013, to nine per cent, in 2017;
3. Eighty six point one per cent of the population is within a five-kilometre access to health facilities, compared to 83.3 per cent in 2013;
4. More families are living in houses built with permanent materials, with 75 per cent of households living in iron-roofed shelters in 2017, compared to 68 per cent, in 2013;
5. Access to the national electricity grid has increased from 14 per cent, in 2013, to 22 per cent today. In addition, 18 per cent of the households use solar power and six per cent use paraffin lanterns. A further 21 per cent of households use batteries for lighting;
6. Access to improved sources of drinking water has increased from 68 per cent in 2013, to 78 per cent in 2017; and
7. There were 10.2 million pupils enrolled in primary schools in 2017, compared to 8.7 million in 2013. In addition, disparities between boys and girls in both primary and secondary education have also reduced with the sex ratio in primary schools increasing from 0.96, in 2013, to 0.99 in 2017 and in secondary schools, from 0.89 to 0.95 over the same period.

Madam Speaker, despite the demonstrable gains achieved by the mighty NRM Government over the years, Uganda still faces major development challenges, which include the following:

1. Sixty eight point nine per cent of Uganda’s households remain engaged in the subsistence economy. These households are highly vulnerable to risks such as drought – as we saw recently – that result from climate change. Forty three per cent of these households are engaged in subsistence agriculture, producing what they consume;
2. Whereas the income per person has increased, inequality between rural and urban areas has risen with rural poverty rising from 22.8 per cent, in 2013, to 25.8 per cent, in 2017, against a marginal increase in urban poverty, from 9.3 per cent to 9.4 per cent over the same period;
3. Agricultural sector growth has been low, growing at an average annual growth rate of less than two per cent over the last 25 years, compared to population growth of three per cent annually.
4. Small and medium enterprises, manufacturing firms and other private sector entrepreneurs are still faced with high costs of electricity, transport, limited and expensive financing and competition, mainly from cheaper goods from Asia.
5. Inadequate or inappropriate skilled labour failing to meet the manpower requirements for the job market.
6. Low entrepreneurial knowledge and limited application of technologies in production processes, particularly in agriculture and industry.
7. Limited availability of patient and appropriate long-term finance to start or boost SMEs and private sector investment.

Madam Speaker, in order to consolidate the progress the NRM Government has achieved and address the challenges we still face, I will elaborate the budget strategy later in my statement.

The financial year 2018/2019 budget theme is “Industrialisation for Job Creation and Shared Prosperity”. We adopted this theme this financial year in consultation with the East African Community partners. It will guide the budget in both preparation and execution for the next three financial years. In my presentation today, I will restrict myself to the following:

1. Reporting on the performance of the economy;
2. Presenting the budget strategy that addresses our development challenges and propels Uganda into middle income status;
3. Updating Parliament on the performance of key selected sectors in financial year 2017/2018 budget and priorities for the coming financial year; and
4. Highlighting the financial year 2018/19 revenue measures to enhance domestic revenue mobilisation and key priority expenditure allocations.

Financial Year 2017/18 Economic Performance and Medium-Term Economic Outlook

Madam Speaker, in the financial year 2017/2018, the economy has been influenced by both global and domestic developments.

Global Developments

Growth of the global economy is estimated at 3.9 percent in 2017 up from 3.2 percent in 2016. This is mainly due to recovery in advanced world economies and rising commodity prices including the price of crude oil, resulting in increased trade volumes.

Domestic Development

Economic Growth

Economic output is estimated to grow by 5.8 per cent during this financial year, higher than the performance of 3.9 per cent last year. The size of the economy is now Shs 101.8 trillion, equivalent to $ 27.9 billion. This growth was the result of the following:

1. Services sector which grew at 7.3 per cent compared to 5.4 per cent last financial year. This performance was mainly as a result of improvement in the financial, information and communications and trade sub-sectors.
2. Industrial sector which expanded by 6.2 per cent compared to 3.4 per cent last financial year due to good performance in construction and agro-processing and recovery in the mining and quarrying sub-sectors.
3. The agriculture sector whose growth doubled during the year to 3.2 per cent compared to 1.6 per cent last year. The improved performance was mainly due to better weather conditions, control of pests and diseases and targeted Government interventions, particularly seed distribution and provision of better extension services.

Domestic Prices

Despite the increase in the global price of oil this year, inflation has remained stable and in single digit. Annual headline inflation is projected to average 3.6 per cent. This is mainly due to the increased supply of agricultural output, coupled with sound economic policy management.

Private Sector Credit and Interest Rates

Madam Speaker, the stock of outstanding private sector credit increased from Shs 11.9 trillion in March 2017, to Shs 12.8 trillion in March 2018, recording an annual growth of 7.8 per cent, which is higher than 6.1 per cent a year earlier. The recovery of private sector credit signifies improvements in economic activity, business confidence and increased private sector demand for credit, partly due to lower interest rates.

This recovery in private sector credit would have been stronger if the banks were not overly risk-averse. The Central Bank Rate (CBR) was reduced from 11.5 per cent in March 2017 to 9 per cent in March 2018, with lending rates falling from 22.5 per cent to 20.1 per cent over the same period. Non-performing loans nearly halved from 10.5 per cent of gross loans in December 2016 to 5.6 per cent in December 2017. I congratulate people who have borrowed money and returned it to the banks.

International Trade

Export earnings rose by 9.6 per cent to $3.93 billion in the period July 2017 to March 2018 from $3.59 billion a year earlier. This increase was mainly on account of a rise in the export volumes of beans, coffee, tea and maize. Over the same period, exports to the rest of the EAC grew from $792.3 million to $943.5 million while exports to Europe grew from $415.8 million to $466.1 million.

Madam Speaker, on the other hand, imports increased by 16.4 per cent valued at $5.7 billion in the period July 2017 to March 2018 from $4.9 billion over the same period the previous year. This was attributed to the increase in the prices of oil imports and increased inflow of capital goods to support domestic investment, particularly in oil and gas, electricity and roads.

International Reserves and Exchange Rate

Despite some disruptions in our export markets in the region, international reserves continue to accumulate. By March 2018, our reserves stood at $3.6 billion, which could finance five months of our future imports. I thought that was a very good point and that we are doing very well.

The Uganda Shilling was relatively stable against the US dollar during the first half of 2017/2018. The shilling marginally weakened against the US dollar by only 0.6 percent having moved from a monthly average of Shs 3,601.5 in July 2017 to Shs 3,623.3 in December 2017. This outcome on the exchange rate was mainly due to, among others, increased export receipts, especially from coffee and tea. However, since March 2018, the shilling has lost ground against the US dollar on account of increased demand from the energy, oil and manufacturing sectors.

Domestic Revenues

Madam Speaker, despite the revenue shortfall this year, domestic revenues have improved on the account of increased capacity to collect the taxes. During the financial year that just ended, tax and non-tax revenue is estimated at Shs 14.5 trillion, equivalent to 14.2 per cent of our Gross Domestic Product (GDP). Again, things are improving.

Madam Speaker, transferring the administration of Non-Tax Revenue to Uganda Revenue Authority has significantly improved revenue collection from this source, which is now estimated at Shs 430 billion this year, compared to only Shs 354 billion last year.

Expenditures

Madam Speaker, total Government expenditure during this financial year is estimated to amount to Shs 27 trillion, which is equivalent to 26.5 per cent of GDP. I know some of these things do not make a lot of meaning for non-economists. Do not worry. When we come to Parliament, if you have difficulty, we shall explain. *(Laughter)*

Development expenditure this year amounted to 44 per cent of the budget. The absorption of externally borrowed funds doubled to about 75 per cent, although disbursements were less than programmed, leading to underperformance of the development budget. This improvement is attributed to the continuous implementation of reforms in public investment management and strengthened supervision of projects. Government is working with the development partners to increase the capacity of ministries, agencies and local governments in these areas.

Budget Deficit and its Financing

Madam Speaker, the fiscal deficit this year is estimated at 4.8 per cent of GDP, a 0.9 percentage point increase over the last year. This is a result of an increase in development expenditure and other investments, which rose to 8.8 per cent of GDP, up from 7.9 percent last year. The deficit was financed largely by both concessional and non-concessional loans and to a lesser extent, through domestic borrowing, which increased from Shs 612 billion last year to now Shs 1,690 billion this year.

Public Debt

This worries quite a number of people. Madam Speaker, as at March 2018, public debt stood at $10.53 billion, of which $7.18 billion is external and $3.35 billion is domestic. The ratio of public debt to GDP now stands at 38.1 percent in nominal terms. This is much lower than the threshold of 50 per cent beyond which public debt becomes unsustainable –(*Interjections*)- in one of our languages, we say “*Entasiima”* (ungratefulness).

Our public debt is therefore sustainable over the short- to medium-term, even when we include the financing required for priority projects that are now in the pipeline.

Madam Speaker, in line with the Medium-Term Debt Strategy, our borrowing strategy is to contract concessional loans while restricting commercial loans to the financing of infrastructure and self-financing projects. This will help to ensure long-term debt sustainability.

Medium-Term Economic Outlook

How do we see the economy moving in the short-term? Madam Speaker, the outlook for the economy is very positive. Economic activity is projected to expand by at least six percent next financial year and increase to seven percent per annum in the medium-term. This higher growth will be supported by stronger cash crop yields through reorganised agricultural activities, ICT, financial services and efficiency gains from public infrastructure investments.

In addition, oil production, regional integration and the completion of many infrastructure projects will further support this higher growth. Government will pursue fiscal and monetary policies that maintain macroeconomic stability and support inclusive growth, while safeguarding debt sustainability.

Fiscal policy will continue to support ongoing infrastructure investment and social service delivery. To achieve this, the Domestic Revenue Mobilisation Strategy (DRMS) targets of a Revenue-to-GDP ratio of 16 percent over the medium-term will be pursued. In the long-term, our desired Revenue-to-GDP ratio is 18 to 20 per cent.

Structural reforms will focus on enhancing the budget process, public investment management, preparing for oil production including putting in place a strong governance framework for the sector and strengthening the financial sector.

Financial Year 2018/2019 Budget Strategy

Madam Speaker, the financial year 2018/2019 budget strategy seeks to consolidate the gains made by the NRM Government towards the attainment of middle income status. This objective will meet the aspirations of the Ugandan people and ensure the optimal utilisation of our natural resources. These goals have been captured in the NRM Manifesto, the Vision 2040 and the National Development Plan II, which aim to achieve prosperity for Ugandans through job-creation and inclusive development.

The budget strategy seeks to address the developmental challenges that I elaborated on earlier and deliver the aspirations of Ugandans in the following key result areas:

1. Commercialisation of agriculture.
2. Industrialisation and productivity enhancement.
3. Financing private sector investment.

Madam Speaker and colleagues, whereas the next financial year’s budget will consolidate ongoing investments in the key priorities of security, infrastructure and human capital development, the budget strategy is mainly aiming at spurring agriculture, industrialisation and private sector development. (*Interjections*) Thank you very much. You know when I hear that, I feel also good. *(Laughter)*

Commercial Agriculture

Madam Speaker, commercialising agriculture raises incomes of Uganda households. It addresses the challenge of subsistence farming and enhances agricultural productivity, as farmers integrate with agro-manufacturing industries. Integration between agriculture and manufacturing boosts the supply and reliability of agricultural raw materials for the industrial sector, creating jobs for the non-farming communities. This will entail the following:

1. Organising farmers into producer cooperatives or groups linked to nucleus commercial farmers, who will be encouraged to add value to farmers’ produce, put up efficient storage and minimise post-harvest losses. Those who are farmers know these things pretty well.
2. Providing agricultural extension services to improve farming practices and increasing the uptake of appropriate research and technologies.
3. Reducing reliance on rain-fed agriculture and mitigating impact of climate change through irrigation, including the use of solar-powered irrigation pumps and rain water harvesting.
4. Completing the rural electrification programme to rural growth centres.
5. Strengthening enforcement of regulations for standards and quality assurance.
6. Facilitating market access for agricultural products through export development.
7. Implementing the National Agriculture Finance Policy that will streamline and guide financing of agriculture and attract investments into the sector.
8. Provision of medium and long-term financing from the Agricultural Credit Facility (ACF), the Microfinance Support Centre, and the Uganda Development Bank (UDB); and
9. Fully implementing the subsidised agriculture insurance programmes under the Uganda Agriculture Insurance Scheme (UAIS) which will provide loss protection from natural disasters for farmers.

Industrialisation and Productivity Enhancement

Madam Speaker, competitive industrial development increases the capacity of manufacturing firms to increase productivity. This will entail the following:

1. Supporting entrepreneurs in making investments in the manufacture of industrial products;
2. Provision of serviced industrial parks, free zones and dedicated work spaces; we have already started. We are in Kapeeka, Namanve and Mbale and soon we will go to other places.
3. Continuing infrastructure development to reduce costs of electricity, allow efficient market access through reliable road and rail infrastructure development and Information and Communications Technology (ICT) development;
4. Enhancing regional market access and trade within the East African Community by implementing uninterrupted border operations, building border markets and removing non-tariff barriers;
5. Diversifying export earnings by developing new export product markets both in Europe and Asia;
6. Aligning and build skills required for the job market;
7. Supporting science and technology innovation; we need this very badly;
8. Provision of business and industrial development services such as easy business registration and investor licensing by reducing bureaucracy and incubation of start-up manufacturing enterprises; and
9. Supporting the use of appropriate technologies.

Madam Speaker, agro-industrialisation is an important aspect that will unlock Uganda’s natural potential in agricultural production while further developing the formal manufacturing sector.

In addition, it presents an avenue for promoting inclusive and equitable growth, given the dominance of agriculture as the source of livelihood to most Ugandans especially in the rural areas.

It also provides sustained and reliable market for agricultural production, while providing jobs to the growing urban population.

Agro-industrialisation is, therefore, a key strategic objective that creates the necessary conditions for Uganda’s structural transformation into a high value-added manufacturing economy.

Financing Private Sector Investment

Madam Speaker, addressing constraints to financing the private sector is key to sustainable investment. The following strategy seeks to increase the availability of capital for long-term investment:

1. Continue to capitalise the Uganda Development Bank and support its borrowing from international development financial institutions to enable the private sector to borrow at low interest rates; we have not gone as fast as we wanted but we are progressing steadily;
2. Further provide affordable credit through the Microfinance Support Centre to Small and Medium Enterprises (SMEs); we are going to put more money in the microfinance centre so that those small enterprises can borrow;
3. Implementing the Capital Markets Master Plan to guide mobilisation of long-term financing for businesses and Government infrastructure, including the listing of public and private companies on the Uganda Stock Exchange to raise equity financing;
4. Strengthening the Uganda Microfinance Regulatory Authority (UMRA) to eliminate fraud in SACCOs and deal with the unethical practices by some money lenders. I wish I had time but please, Madam Speaker, allow me to elaborate on this point.

When I was in the Ministry of Internal Affairs, there were masqueraders who would come and say, “Bring me Shs 200 million and I will give you back Shs 400 million in two weeks”. Our people fell prey to that.

One man in Kabale District was hoodwinked into that trap. He gave in his Shs 400,000 which he had accumulated over a long period of time – you can imagine the peasants down there. The people whom he gave the money disappeared into thin air and he hanged himself. This is to show you how serious this matter is *- (Interjections) -* I think you are right, it was Caring for Widows and Elderly (COWE).

1. Remove deficiencies in Uganda’s Anti-Money Laundering and Combating of Financing of Terrorism (AML/CFT) Regime in order to ease correspondent banking, foreign direct investment and other investments and financial flows between Uganda and the rest of the world.

Sector Performance and Strategic Priorities

Madam Speaker, I now turn to key sector performance for the financial year 2017/18 budget, details of which are in the background to the budget.

In this regard, I would like to focus on the performance and respective priority interventions that have been approved in the forthcoming budget.

Agriculture

Madam Speaker, marked progress has been recorded as a result of Government interventions in coffee and fish, to mention, but a few. Coffee exports have increased from 3.6 million 60-kilogramme bags recorded in financial year 2015/16 to 4.14 million bags recorded between July 2017 and May 2018.

Increased enforcement of good fishing practices on our water bodies has reversed the declining fish stocks and catches. Consequently, fish exports have increased from 18,050 metric tonnes in 2015 to 19,500 metric tonnes in 2016. I have not yet got the figures for 2017 but I am sure it must be going up.

Aquaculture is growing at 6 per cent per annum. During the year, other developments in the agriculture sector include the following:

1. The NAADS/ Operation Wealth Creation Programme continued the distribution of tea, fruit and cocoa seedlings as well as beans, grain seed including maize, rice and sim-sim to over 3.7 million households. In addition, 15,500 households received improved breeding stock -

**THE SPEAKER:** Can we have some order?

**MR KASAIJA:** Thank you, Madam Speaker. In addition, 15,500 households received improved breeding stock for poultry, goats, dairy and beef cattle;

1. The National Agricultural Research Organisation (NARO) developed and released three Coffee Wilt Disease resistant varieties, three banana hybrids and three fortified bean varieties.

In order to enhance water for production, the following interventions were implemented during this financial year:

1. Five newly constructed irrigation schemes were commissioned as follows: 1,178 hectares at Doho II in Butaleja District, 480 hectares at Mubuku II in Kasese District, 1,000 hectares at Wadelai in Nebbi District, 500 hectares at Torchi in Oyam District and 880 hectares at Ngenge in Kween District;
2. Completed construction of 50 small scale irrigation demonstrations and water harvesting sites in selected districts under nine Zonal Agriculture Research and Development Institutes;
3. Constructed 155 valley tanks with a total capacity of eight million cubic metres in drought prone or cattle corridor districts of Nebbi and Gulu in Northern Uganda; Nakasongola, Mukono, Nakaseke, Wakiso, Mpigi, Mubende, Kayunga, Lyantonde, Gomba, Kalungu, Luweero, Buikwe and Mityana in Central Uganda; Katakwi, Kumi, Kamuli, Jinja, Soroti, Buyende and Bugiri in Eastern Uganda; and Kiruhura, Isingiro and Fort Portal in western Uganda;
4. Completed the construction of seven small scale solar powered irrigation schemes in the districts of Bugiri, Amuria, Soroti, Isingiro, Mbarara, Lwengo, Oyam and Alebtong; and
5. Finalised contracts for design of five multi-purpose storage dams at Kyenshama in Mbarara District, Ojama in Serere District, Makokwa and Kyahi in Gomba District, Geregere in Agago District and Nakaale in Nakapiripirit District.

In order to achieve higher levels of commercialisation and productivity in agriculture, the key sector priorities Government will focus on next financial year include:

1. Enhancing extension services by recruiting an additional 1,968 extension workers that are needed to achieve the recommended extension worker/household ratio of 1:500;
2. Establishment of regional mechanisation centres in a phased manner of three years commencing with Northern Uganda. These centres will build infrastructure for water for agricultural production and provide maintenance for agricultural machinery on a cost recovery basis; and
3. Rehabilitating the National Semi-Arid Agricultural Research Institute at Serere and the Zonal Agricultural Research and Development Institute at Rwebitaba.

I have allocated Shs 893 billion to the Agricultural Sector next financial year.

Tourism

Madam Speaker, the tourism sector today earns $1.4 billion compared to $498.3 million in 2008. By 2020, tourism is targeted to earn $2.7 billion annually and tourist visitors are expected to reach four million per year, compared to 1.3 million today.

The sustained conservation of our tourism resource is what will guarantee the viability of the sector. Government, has therefore, intensified land patrols in the national game parks in order to protect tourism resources.

In addition, Government has engaged communities in proximity to the national parks to ensure heritage conservation. We would like to see people live happily and in agreement with the animals around them.

Over the last year, Uganda was show-cased as a tourist destination at three international expos including the China Expo, the World Travel Market (WTM) London and the International Tourism Fair in Spain (FITUR).

The procurement of Market Destination Representation firms has also started to yield tangible results. For instance, the number of tourists from the United States alone, increased by 17 per cent in 2016. Additional market representation is being procured to cover other markets like the United Kingdom, Germany, China, United Arab Emirates and Japan.

Promoting domestic tourism is also Government’s priority. Domestic tourism promotional campaigns (*Tulambule*) and education outreaches on culture, tourism and wildlife conservation were held. The *“Tulambule”* campaign, in addition to the Pearl of Africa Tourism Expo 2018, Miss Tourism competitions 2017, and activities for Buganda, Busoga and Kigezi clusters continued to register success with more Ugandans increasingly participating across the country.

In order to further harness Uganda’s tourism potential and enhance access to tourist sites, maintenance work has been undertaken for a total of 368 kilometres of roads in various national game parks and reserves. This has improved the experience at these game parks.

To further unlock the tourism sector’s potential next year, the following priorities will be implemented:

1. Consolidate the gains realised by Market Destination Representation firms, showcasing Uganda as a tourist destination in six international fairs;
2. Redevelop tourist infrastructure including the renovation of the Uganda National Museum, building walkways at several sites on Mt Rwenzori and constructing a 40-bed accommodation facility at Murchison Falls, Lake Mburo and Kidepo Valley;
3. Using PPP arrangements, to develop Kalagala and Itanda tourism sites, as well as the Dolwe Islands Cultural Site;
4. Develop and expand Namugongo Martyrs Shrine;
5. Reduce conflicts between humans and wildlife by maintaining existing 210 kilometres and excavation of an additional 100 kilometreelephant trenches in Queen Elizabeth National Park, Murchison Falls National Park and Kibaale National Park to prevent the animals getting very close to the humans and then they conflict. When they conflict, you know the consequences. They will either kill you or you will kill them;
6. Developing Uganda as a regional hub for biodiversity and cultural tourism as well as providing incentives for conferences, meetings and exhibitions;
7. In addition to international tourism, promote domestic tourism through targeted marketing interventions, such as the *“Tulambule”* campaigns; and
8. Improving standards and quality in Uganda’s tourism sector through registering, inspecting and classifying tourism facilities to enhance service delivery.

Madam Speaker, I have allocated the Tourism Sector Shs 32 billion next financial year. That is a big improvement when it was about – and I will give more as time goes on.

Minerals, Oil and Gas

During the year, the minerals sub-sector attracted $1.63 billion in capital investment by the private sector in key projects including:

i. The Guangzhou Dong Song phosphate plant at Sukuru in Tororo planned for commissioning by the end of this financial year, and for the steel branch by 2019, with a total investment of US$ 620 million;

ii. African Panther who have commenced mining and processing of tin in Isingiro;

iii. Increased limestone and cement production by four cement factories, namely, Tororo Cement, Hima Cement, National Cement, and Kampala Cement, together with a combined investment of US$ 500 million.

1. Consolidated African Mineral Resources has invested about US$ 5 million to process 60 metric tonnes of high grade graphite.

Madam Speaker, in order to strengthen the performance of the minerals subsector, Government will next financial year undertake the following priority actions:

i. Enact a new legal, fiscal and regulatory framework to govern the mining industry;

ii. Establish and operate a mineral certification system in Entebbe to increase mineral products trade in the great lakes region and to gain global competitiveness;

iii. Extend the National Seismological Network by at least two stations per year and strengthen the earthquake research facility and monitoring network station in Entebbe;

iv. Fully operationalise the Mineral Protection Police Unit to curb illegal mining and undertake the biometric registration of all Artisanal and Small Scale Miners (ASMs).

Madam Speaker, Government has taken a number of important steps toward facilitating oil production. These include the following:

i. Oil companies that were granted licences to start production have completed field development plans and are now in advanced stages of completing engineering designs for the oil fields;

ii. Government completed acquisition of the refinery project land and to date, 98.3 per cent of the Project Affected Persons (PAPs) have been fully compensated and those opting for relocation received their new houses;

iii. The lead investor - the Albertine Graben Refinery Consortium (AGRC) - in partnership with Government will carry out the engineering designs for the oil refinery over the next 15 months, after which construction will commence;

iv. After completion of the project agreements between the Governments of Uganda and Tanzania and the oil companies to develop the proposed East African Crude Oil Export Pipeline, the construction of the crude oil pipeline is expected to commence next financial year;

v. Construction of the Hoima Airport commenced in January 2018, while contracting for the 600 kilometres of oil roads infrastructure, critical for the production of oil, will be completed by the end of this month;

Madam Speaker, the commercialisation of oil provides enormous opportunities to Ugandans for jobs, and the private sector with respect to the supply of required inputs and services. Building capacity of local companies to participate in commercialisation of oil is therefore a key concern. Government has provided the necessary procurement rules and regulations to ensure the promotion of local content in the oil and gas sector. I appeal to the private sector to fully take advantage of this policy.

Electricity

Over the years, Government has invested heavily in power generation, as we all know. Substantial progress has been made with total energy generation growing by eight per cent since 2009. This energy mix of generation capacity includes small and large hydro plants and thermal power generators. As a result, current power generation is estimated at 930 megawatts. We have more power than we are absorbing now. An additional 783 megawatts will be added to the national grid in the next two years on completion of the 600-megawatts Karuma and 183-megawatts Isimba power projects.

Madam Speaker, it is now critical to invest in the power transmission and distribution network to supply power to industries and other consumers. The energy mix will also be further diversified to scale up provision of renewable energy such as solar to off-grid areas.

In the next financial year, priority will therefore be given to expansion of the transmission and distribution network to industrial zones and rural growth centres, to support our industrialisation programme. In addition, we shall replace parts of the dilapidated network that accounts for about 30 per cent of power losses. Other interventions in the energy sector will include the promotion of efficient utilisation of energy and enforcing actions against vandalism and illegal connections.

Roads

Increasing the stock of road infrastructure remains a key priority and significant progress has been made this year. The Fort Portal-Kamwenge and the Mbarara Bypass roads were completed and handed over, adding a total of 107.5 kilometres of new paved roads to the national network.

In addition, partial works were completed, totalling 806 kilometres of roads that are being upgraded to tarmac. These include:

i. Gulu-Acholibur, 76.61 kilometres done;

ii. Olwiyo-Gulu Road, 42.28 kilometres done;

1. Acholibur-Kitgum-Musingo Border, 78.66 kilometres done;
2. Mbale-Bubulo-Lwakhakha Road, 3.15 kilometres done;
3. Kabwoya–Bulima, 41.84 kilometres done;
4. Kyenjojo-Kagadi-Kabwoya, 37.73 kilometres done;
5. Mubende-Kakumiro-Kagadi Road, 29.76 kilometres done; I have interest in that one for those of you who know me.
6. viii. Mpigi-Kabulasoke-Maddu Road, 60.44 kilometres done;
7. Kanoni-Sembabule, 88.57 kilometres done;
8. Mukono-Katosi-Nyenga Road, 67.27 kilometres done. If it had not been for the other problem we should have completed it by now.
9. Musita-Lumino-Busia-Majanji Road, 32.58 kilometres done;
10. Akisim-Soroti-Katakwi-Iriri, 53.98 kilometres done;
11. Kampala-Entebbe Express Highway, 46.77 kilometres done - tomorrow we are there;
12. Kampala Northern Bypass Phase II, only 6.74 kilometres done - if there were no problems of compensation;
13. Nakapiripirit-Moroto, including Moroto Municipality, 65.10 kilometres done;
14. Ntungamo-Kagitumba/Mirama Hill Road, 36.48 kilometres done;
15. Nshwerenkye-Rushere, 10.9 kilometres done;
16. Kashenyi-Mitooma Headquarters and Kitabi Seminary, only 3.44 kilometres done, but more is coming.

In order to keep the existing roads in good condition, a total of 311 kilometres of roads were rehabilitated as at March 2018. The roads whose rehabilitation is complete include:

1. Namunsi-Sironko–Muyembe, 32.0 kilometres - I saw it when I went there for a function; it is beautiful.
2. Muyembe-Kaserem in Kapchorwa, going up to the hill, 31.0 kilometres.
3. Kampala-Nansana-Busunju, 48.1 kilometres; it is also doing very well.
4. Kamuli Town Roads - Madam Speaker should testify other than me. *(Laughter)*
5. Iganga-Kaliro, 32.0 kilometres.
6. Mukono-Kalagi-Kayunga and Bukoloto-Njeru, 95 kilometres.

Colleagues, until we have done the Jinja Express Highway, if you are going to Jinja, I would advise you to use that route; it is the best. It is a long distance but you move faster and more comfortably.

Madam Speaker, today, the total length of paved roads in Uganda stands at 5,350 kilometres, compared to 987 kilometres in 1986, and those roads were bad. *(Applause)* Thank you for appreciating the National Resistance Movement (NRM) Government work. Mr President, when I hear people say that NRM has not done anything - What do they want us to do? Do they want us to bring heaven on earth?

With respect to bridges, nine major bridges were completed. These include: Achwa, Apak, Cido, Goli, Kabale, Leresi, Manafwa, Ndaiga and Nyamugasani bridges. The Second Nile Bridge is substantially completed and is due for commissioning in August 2018. *(Applause)*

Madam Speaker, next financial year priorities will include:

i. Road maintenance in order to preserve key investments already made. That is a very serious issue.

ii. Using the recently acquired road equipment for regions and districts for the maintenance of district and community murram roads. We went to Japan with the President, signed a contract and those machines have been supplied, I think, to each and every district – 80 per cent? Well, when we come for the debate in Parliament, the Minister of Works and Transport will talk about it.

iii. Construction of 600 kilometres of oil roads, upgrading to tarmac of another 400 kilometres of roads, rehabilitation of 200 kilometres of existing roads, and construction of 15 bridges. Colleagues, if I have not mentioned your road, it is because last time I mentioned virtually all the roads that were to be made. However, we wanted to make sure that the speech is not too long; you are likely to fall into this.

iv. Rehabilitation of tourism roads and the development of the road network in industrial parks, including Mbale and Kapeeka industrial parks.

v. Start construction of the Sigulu Island ferry on Lake Victoria and the Bukungu-Kagwara-Kaberamaido ferries and rehabilitate the former Bukakata–Luuku ferry.

vi. Commence feasibility studies and designs for roads and bridges for which construction will begin in the financial year 2019/20.

Madam Speaker, in order to ensure that our roads infrastructure remains in good condition as already stated above, I have allocated Shs 607 billion to cater for maintenance of national, district, urban and community roads.

Railways

The Uganda Railways Corporation took over theoperation of the meter-gauge railway, following the terminationof the Rift Valley Railways concession. Railway services onthe eastern route were resumed in February 2018, in additionto reinstating the passenger rail service in the KampalaMetropolitan Area between Namanve and Kampala stations.

Government remains committed to develop the Standard Gauge Railway. Eight per cent of the right of way for the Standard Gauge Railway (SGR) has been acquired with 228 project affected persons in Tororo having been paid.

Next financial year, additional land on the eastern route will be procured to facilitate the Standard Gauge Railway right of way. In addition, 42 railway wagons will be rehabilitated, bad spots along the Port Bell-Kampala and Kampala-Malaba line will be repaired. Marking of the railway reserve boundaries will also be undertaken.

Air Transport

Madam Speaker, the redevelopment of Entebbe International Airport has progressed well. The new cargo centre is 30 per centcomplete and 20 per cent works for the modification of the passengerterminal building is done. In addition, 15 per cent of the rehabilitationworks for expansion of Apron 1 is also done.

Madam Speaker, during the next financial year, the national airline will be revived. Technical studies have been completed and aircrafts will be acquired to commence regional air services first. The revival of the national airline will enhance Uganda’s competitiveness by reducing the cost of air transport and ease connectivity to and from Uganda. It will also support faster harnessing of opportunities in tourism, agriculture and minerals, oil and gas.

Madam Speaker, I have allocated Shs 4.8 trillion to the works and transport sector next financial year.

Information and Communication Technology

Madam Speaker, during the year, the information, communication and technology subsector registered significant progress. The cost of internet bandwidth for Government has reduced from US$ 300 per megabit per second (Mbps) per month in 2016 to US$ 70 in 2017. This translates into a 76 per cent decrease over one year. To date, 297 Government services have been automated and are online, which has improved efficiency in public service delivery, reduced human interaction and subsequently saved Government four million working hours during the last year. We had all better become *dotcoms*.

The cost of internet bandwidth for private sector and citizens has also reduced from an average of US$ 375 to US$ 237 between 2016 and 2017. This translates into a 37 per cent decrease. With respect to telecommunication services, the number of internet users increased by 45 per cent, from 13 million in 2015 to 18.8 million in 2017. Active telephone subscribers are now 22.4 million and the number of Mobile Money subscribers increased from 2.8 million in 2011 to 23 million in 2017. Phone penetration (or tele density) has grown by 53 per cent in 2015 to 66.9 million in 2017. Internet penetration per 100 people stood at 49 per cent in 2017.

The ICT sector outcomes in a greater part are due to the following interventions:

i. Extension of the National Backbone Infrastructure (NBI) to 53 more Government ministries and agencies, bringing the total number connected to 342 sites;

ii. Laying of almost 2,350 kilometres of fibre optic cable, and the construction of 18 transmission sites, in addition to a National Data Centre (NDC) and a state-of-the art Network Operations Centre (NOC) for services monitoring;

iii. Construction of a 500 seater state-of-the-art innovation hub due for completion by August 2018;

iv. Establishment of a one area network for telephone services under the Northern Corridor Infrastructure Project (NCIP), where all calls to and from Uganda, Kenya, Rwanda and South Sudan are charged up to US 10 cents per minute;

Madam Speaker, in the financial year 2018/19, Government will undertake the following actions:

i. Reserve a percentage of procurement of ICT services for competent local innovators; *(Applause)*

ii. Enforce the use by all Government ministries and agencies of e-procurement platform developed under PPDA and NITA-U guidance;

iii. Enforce the use of common ICT services, including data sharing, e-payments, unified messaging, the programme-based budgeting system across the whole of Government in order to eradicate duplication of ICT systems;

iv. Extend the National Backbone Infrastructure to hard-to-reach areas and unserved sub counties in order to increase broadband penetration;

v. Develop regional ICT innovation hubs to stimulate incubation of ICT innovations and transform them into usable products – especially those required by industries, and also use ICT innovation hubs as Business Process Outsourcing (BPO) centres;

vi. Extend ICT infrastructure to the four industrial parks of Namanve, Luzira, Mukono and Iganga;

vii. Complete restructuring of Uganda Telecom company.

Madam Speaker, I have allocated Shs 149 billion for the ICT sector next financial year.

Education

Madam Speaker, there has been an improvement in access to education; 95.9 per cent of primary-going children can now access schools within a five-kilometre reach. The current primary school enrolment stands at 10.2 million pupils. I am tempted to repeat this: Madam Speaker, there has been an improvement in access to education; 95.9 per cent of primary-going children can now access schools within a five-kilometre reach. *(Applause)* At that age, we would walk six miles to school and back home. The current primary school enrolment now stands at 10.2 million pupils. When I hear five-kilometre reach, if my father were to return -

Madam Speaker, youth who stop their education at primary and secondary levels do not have skills that match industrial job requirements. Non-formal training programmes have been undertaken to enable acquisition of practical skills for youth without formal education. During the year, 14,620 youths, of whom 8,580 are female, have been trained in agriculture, construction, manufacturing, tourism and hospitality skills.

Madam Speaker, the education sector has undertaken the rehabilitation of dilapidated primary schools and installation of lightning arrestors for 140 schools in the most lightning-prone districts, namely, Mubende, Ssembabule, Bushenyi, Lwengo, Bukomansimbi and Lyantonde.

Madam Speaker, to improve infrastructure in higher education,civil works for teaching facilities in the following public universities were completed:

i. Faculty of Business Computing at Makerere University Business School;

ii. Refurbishment of the Dairy Value Chain at Kabanyoro;

iii. Refurbishment of old laboratories at six colleges at Makerere University;

iv. Construction of a laboratory and lecture block, library and computer block and the rehabilitation of existing workshop block at Busitema University main campus.

v. Construction of a new laboratory block at the Busitema University Nagongera Campus;

vi. Renovation of the Faculty of Engineering workshops and laboratories at Kyambogo University; and

vii. Rehabilitation of the Laboratory for Applied Sciences and construction of a three-storeyed library at Mbarara University of Science and Technology.

Madam Speaker, during the year, construction of the high altitude centre in Kapchorwa progressed well. We continued to support sports and Uganda successfully competed at the 2018 Commonwealth Games in the Gold Coast, Australia, winning three gold medals, one silver medal and two bronze medals. I commend Uganda’s contingent for this stellar effort.

Madam Speaker, in the next financial year, the following priorities will be implemented:

i. Commence, with support of the World Bank, civil works in selected primary schools, provide instructional materials and construct secondary schools in sub counties where they do not exist;

ii. Procure instructional materials, including bilingual dictionaries, for use in teaching in local languages in primary schools;

iii. Operationalise, through teacher provision, 100 secondary schools in 92 local governments in pursuit of establishing a government secondary school in sub counties without any;

iv. Accredit to international standards six technical colleges and technical institutes at Arua, Buhimba, Mubende, Kiryandongo, Nyamitanga and Iganga; and continue civil works at technical college centres of excellence at Elgon, Lira, Bushenyi and Bukalasa Agricultural College;

v. Complete construction works at Uganda Petroleum Institute Kigumba and Uganda Technical College Kichwamba.

vi. Procure an oil rig under Uganda Petroleum Institute Kigumba in order to enhance practical skills acquisition in the oil and gas subsector.

vii. Finalise civil works for workshops, incubation centres, teaching facilities and laboratories in eight beneficiary universities - Kyambogo, Gulu, Busitema, Makerere, Muni, Mbarara, Makerere University Business School and Uganda Management Institute;

viii. Advance loans to 1,000 undergraduates and 200 diploma students admitted in academic year 2018; and 2,950 undergraduate and 200 diploma continuing students under the students’ loan scheme.

Madam Speaker, construction of the first phase of the establishment of Soroti University has been completed and the**1**university will be open to students next academic year withthe August/September 2018 intake.

Kabale University has also now been fully operationalised. The Busoga and Mountains of the Moon universities will also be taken on as public universities next financial year, together with the establishment of the Gulu University Agriculture Constituent College in Karamoja.

Madam Speaker, I have allocated Shs 2.8 trillion to the education sector next financial year.

Health

Madam Speaker, attaining a good standard of health for all Ugandans is another major priority of this Government. The following interventions were undertaken in Financial Year 2017/18:

i. Twenty-six million long lasting insecticide treated mosquito nets were distributed nationwide, achieving 94 per cent coverage, although some people are using them for other things - but that is beside the point. Indoor residue spraying was also undertaken in 11 districts of the Acholi and Lango sub-regions in Northern Uganda.

ii. The HIV prevalence rate declined to six per cent down from a prevalence of 7.3 per cent in 2011. New HIV infections have continued to decline with a 40 per cent decline in new infections between 2015 and 2017.

iii. To prevent hepatitis B, 37 districts have been covered in West Nile, Mid-North, Teso and Karamoja sub-regions. Eleven districts among the eastern districts of Busoga sub-region are currently being covered;

iv. Child survival has improved with the infant mortality rate declining to 43 per 1,000 in 2016 from 54 per 1,000 live births in 2011. The under-five mortality rate also reduced significantly, declining from 90 per 1,000 live births to 64 per 1,000 live births over the same period. We shall discuss with the Minister of Health about nodding disease.

v. The construction, expansion, rehabilitation and equipping of Mulago National Referral Hospital is in final stages and will be completed this coming financial year. The 320-bed Specialised Maternal and Neonatal Healthcare Unit at Mulago National Referral Hospital is also expected to be completed by December, this calendar year.

vi. The Cancer Institute has been expanded into a centre of excellence with the acquisition of advanced cancer treatment equipment including a linear accelerator. The Uganda Heart Institute now has advanced cardiac management facilities to handle at least 1,000 operations per year.

Madam Speaker, next financial year, healthcare provision will emphasise prevention rather than cure. Interventions at household and community levels will include better nutrition, good hygiene practices and healthy lifestyles. The Community Health Extension Workers (CHEWs) programme will be established to take services closer to the community, deliver household centred healthcare services through health promotions, sensitisation and prioritisation of disease prevention.

Health interventions will be placed on improving maternal and new-born child health and equipping the health facilities to diagnose and treat diseases. Other priority interventions will include the following:

 i. Strengthening the human resource in healthcare provision to ensure that there is attraction, motivation and retention of healthcare professionals. Salary enhancement will contribute towards attainment of this goal;

ii. Scale up preventive care by undertaking immunisation initiatives including hepatitis B, malaria control and HIV/AIDS prevention and treatment;

 iii. Upgrade 124 health centres II to health centres III in 99 local governments, with support from the World Bank;

 iv. Commence the construction of the International Specialised Hospital of Uganda at Lubowa, whose financing arrangements have now been completed. We are going to have a specialised international hospital in Uganda at Lubowa so that we can stop this medical tourism.

 v. Continue the construction of the specialised Regional Centre for Paediatric Surgery in Entebbe, which is expected to be completed in the coming financial year; and

vi. Twenty-nine staff houses will be constructed with the support of the Italian government, at health centres III in Karamoja sub-region in the districts of Kaabong, Abim, Kotido, Moroto, Amudat, Napak and Nakapiripirit.

Madam Speaker, I have allocated Shs 2.3 trillion to the health sector in this coming financial year.

Water and Sanitation

Increasing access to clean and safe water is also a critical objective for Government. Water access in rural areas has improved with rural water coverage now estimated at 71 per cent compared to 68 per cent recorded in 2016. The sanitation coverage in both rural and urban areas has improved from 79 per cent last year to 80 per cent this financial year. Interventions that have enabled these outcomes include:

i. One hundred and twenty water wells were drilled and 480 hand pumps were distributed in water-stressed areas in the districts of Nakasongola, Kayunga, Kamuli, Kyankwanzi, Agago, Kaabong, Hoima, Kyegegwa, Kiruhura, Kitgum, Mubende, Pader, Wakiso, Kasese, Budaka, Mpigi, Nwoya and Lyantonde;

ii. Seventeen water supply and sanitation systems were commissioned in Kashaka-Bubare, Nsiika, Nakapiripirit, Kapelebyong, Ocapa, Kyere, Buyende, Kasambira, Nyamarunda, Gombe, Kyabaddaza, Kabembe-Kalagi-Nagalama, Namulonge-Kiwenda and Kikyusa;

iii. We constructed water works at Kapeeka and the expansion of Soroti, Bushenyi and Masindi water systems.

Government’s objective for the Financial Year 2018/2019 is to increase access to safe water in rural areas from 71 per cent today to 79 per cent. Indeed, some of us think that in our rural areas, nobody should walk more than a kilometre to fetch a jerrycan of water. We want people to concentrate on work but not to look for water – *(Interjection)* - We are coming, honourable Member; Rome was not built in a day. Those of us who have been here - We might go into “L*ugambo”* – *(Laughter)*

Government’s objective for the Financial Year 2018/2019 is to increase access to safe water in rural areas to 79 per cent compared to 71 per cent today. Urban water access is targeted to increase to 100 per cent. The target for sanitation is to reach 86 per cent next year. In order to achieve this, interventions include:

i. Continued construction of nine gravity flow schemes in Bukedea, Orom, Rwebisengo-Kanara, Bukwo, Nyabuhikye, Lukalu, Kabasanda, Lirima, Shuuku-Masyoro and Nyarwodho II;

ii. To commence the construction of works for the Katosi water treatment plant and Katosi-Kampala transmission mains;

iii. To complete the construction of 27 piped water systems in various centres of Namwiwa, Bulegeni, Bulopa, Kayunga-Busaana, Busiika, Bamunanika, Kiwoko, Butalangu, Kakunyu, Kiyindi, Kikandwa, Kasambya, Butenga-Kawoko, Kyankwanzi, Butemba, Kagadi, Lwemiyaga, Karago I, Moyo, Elegu/Bibia, Padibe, Lacekot, Paimol and Apala, Patiko, Cwero, Olilim, Abia, Rukungiri, Katwe-Kabatoro, Koboko, Pallisa, Kumi, Ngora-Nyero and rehabilitation of Ayala water supply system;

iv. Continued construction of 26 town water supply schemes in Idudi, Acowa, Binyiny, Bulangira, Karago II, Kibugu, Lwebitakuli, Igorora, Moyo, Elegu/Bibia, Padibe, Odramacaku, Pakele, Dzaipi, Atiak, Apala, Olilim, Patiko, Cwero and Abia to 75 per cent completion level;

v. Construction of 24 sewerage and sanitation facilities (public and household), in the towns of Namwiwa, Bulopa, Kiboga, Nakasongola, Kibugu, Igorora, Karago, Lwebitakuli, Lwemiyaga and the Kanungu Cluster;

vi. Complete construction of Kinawataka Sewer Network, Nakivubo Waste Water Treatment Plant, and Kinawataka pre-treatment and pumping station.

vii. Continue the upgrade of Ggaba Water Treatment Complex to increase capacity from 180,000 cubic metres to 230,000 cubic metres per day.

Madam Speaker, other major interventions under the water and environment sector will focus on protection of the environment and ecological systems across the country through protection of water catchment areas, forestry restoration, demarcation and protection of wetlands, lake shores and river banks, strengthening weather and climate information systems and integration of climate change mitigation measures in all Government programmes and projects. We need to conserve our environment.

Madam Speaker, I have allocated Shs 1.3 trillion to the water and sanitation sector in the coming financial year.

Social Empowerment

Madam Speaker, in order to empower key social groups, Government has implemented affirmative programmes for the youth, women and the elderly. The Youth Livelihood Programme has funded over 14,200 projects benefitting 165,500 youth, of which 45 per cent are females. The projects funded are majorly in the agriculture sector, which is 38 per cent; trade, 29 per cent; and services, 17 per cent. The Uganda Women Entrepreneurship Fund has financed over 6,000 projects benefitting 76,000 women. Forty-two per cent of the projects are in wholesale and retail trade and 33 per cent in agriculture.

Madam Speaker, in order to improve the livelihoods of senior citizens, the Social Assistance Grant for Empowerment (SAGE) was established to support the elderly. The programme is currently being implemented in 47 districts. Over 157,000 senior citizens are benefitting. The elderly on the programme spend most of their grants on food, healthcare and education with significant improvements in the nutritional status, health and well-being of recipients and their household members.

I have provided Shs 66 billion next financial year for the Youth Livelihood Programme to fund over 5,000 youth enterprises, benefitting 61,000 youth. I have also provided Shs 39 billion to support about 2,700 women enterprises targeting 35,000 women.

Improving Governance and Service Delivery

Madam Speaker, the justice system is central in the promotion of human rights, the fight against corruption and improving the business environment. During the year, case backlog was reduced from 24 per cent to 19 per cent, equivalent to 29,207 cases.

The construction of justice centres, which provide a one-stop centre for operations of the Uganda Police, Directorate for Public Prosecutions and the Judiciary, were completed in Mitooma, Kyenjojo and Lamwo. In addition, the Kitalya Maximum Security Prison is 62 per cent complete.

In the next year, priorities to increase access to justice include the automation of court administration system, construction of four new justice centres in Amudat, Kyegegwa, Butambala and Namayingo districts and the regional Justice Law and Order Sector House in Fort Portal. Construction of the Justice Law and Order House at Naguru will also be fast tracked.

In addition, the Safe City Project involving installation of Close Circuit Televisions (CCTVs) will be implemented to improve security. A Regional Forensic Referral Centre (RFRCs), the Crime Record Management System (CRMS), and enhanced training of investigators will also be implemented to improve the capacity of the Uganda Police to deal with crime.

Madam Speaker, with respect to citizenship and immigration, over 23 million Ugandans have been registered, with 17 million receiving their national identity cards. Next financial year, e-passports and the automation of work permits, visas and passes will be implemented to improve the quality of our immigration services.

Government agencies will be rationalised to avoid duplication and overlap of mandates to increase effectiveness. To further curb corruption, sanctions including dismissal and prosecution of officials who are engaged in corrupt practices will be further strengthened. I have directed the Secretary to the Treasury to continue demanding that accounting officers provide accountability; failure of which, non-compliant accounting officers will have their appointments revoked in accordance with the Public Finance Management Act, 2015.

Madam Speaker, salary and pension reforms that have been implemented over the last three years have yielded tremendous results. The monthly payment of salaries and pensions has been streamlined. Almost all pension and gratuity arrears have been cleared apart from those of the military and ex-service men. However, there are some indisciplined accounting officers who continue to recruit staff without budget funds or who divert funds meant to pay salaries, wages, pensions and gratuity arrears. I have directed the Secretary to the Treasury to ruthlessly deal with these accounting officers who divert money to pay other things.

Madam Speaker, implementation of Government projects continues to be undermined by lack of readiness by ministries, agencies and local governments. Delays in procurements, late acquisition of right of way, and poor contract management are major causes of low absorption of funds. In order to improve management of public projects next financial year, all ongoing projects will be reviewed and those which are not consistent with the National Development Plan will be removed from the Public Investment Plan. The approval of projects will be pegged to those that are well appraised and ready for implementation before they are allocated resources in the budget. Project monitoring will also be strengthened to ensure timely execution and value for money.

Madam Speaker, to reduce the cost of public administration, particularly on rent, construction of the Dar es Salaam Chancery was completed. Construction of the Uganda Embassy in Bujumbura also commenced. The Uganda Revenue Authority offices are nearing completion; I was there recently.

Next financial year, construction of Parliament will continue and civil works for the Inspectorate of Government, the Public Procurement and Disposal of Assets Authority, Uganda Road Fund headquarters and the Government Office Campus at Bwebajja will commence.

Creation of new administrative units such as new agencies, public universities – I have to be very careful on this one - local government structures, including subcounties and town councils, continue to strain meagre public resources. Government will review this policy with the view of halting creation of new administrative units to allow funding for priority programmes in infrastructure development and service delivery.

Madam Speaker, over the years, – let me speak slowly so that I am not misunderstood - the level of financing of local governments to deliver basic services has been considered inadequate and inequitable. To mitigate against this, inter-governmental fiscal transfers will be reformed to enhance adequacy and equity of resources sent to local governments. Next financial year, the education and health sectors will be piloted in this reform. Furthermore, a new local government assessment system will be implemented to review performance and identify areas for improvement.

Madam Speaker, direct transfer to education and health institutions, subcounties, town councils and municipal divisions is being implemented. This removes delays in receipt of funds by implementing units and minimises diversion of funds. However, some local government accounting officers with grants that are not under the direct transfer policy do not transfer funds to the cost centres in a timely manner. Next financial year, disciplinary action will be taken against those accounting officers who do not immediately transfer funds to cost centres.

Madam Speaker, in order to improve the focus on results, programme-based budgeting was instituted and successfully rolled out during the year to all ministries, agencies and Local Governments. Programme-based budgeting directly links results to outputs and related budgets in order to provide accountability for resources that have been provided.

Medium Term Revenue and Expenditure Framework

Domestic Revenue Mobilisation

Madam Speaker, Uganda’s tax revenue efforts at 14 per cent of GDP remains low and inadequate to finance our development needs. Accordingly, the Domestic Revenue Mobilisation Strategy will address policy, technical and administrative issues in enhancing tax and Non-Tax Revenue (NTR) collection. The strategy will be completed in September this year to guide implementation in financial year 2019/2020.

Revenue Performance

Madam Speaker, total tax and non-tax revenue is estimated to amount to Shs 14.4 trillion this financial year. Over the past decade, tax revenue has been growing at an average rate of 17 per cent per annum, rising from Shs 3.1 trillion in financial year 2007/2008.

Madam Speaker, non-tax revenue collections for this year is estimated at Shs 430.4 billion against the target of Shs 380 billion. This performance is attributed to efficiency in NTR collections as a result of the decision by Government that all non-tax revenues be collected by Uganda Revenue Authority effective 1 July 2017. The decision enhanced transparency in NTR collections as well as ease of monitoring.

Revenue Outlook

Madam Speaker, Parliament reviewed and approved tax measures in accordance with Article 152 of the Constitution. These include technical amendments aimed at bringing more clarity to the laws to minimise unnecessary disputes between taxpayers and the authority, dealing with issues of tax avoidance in addition to modest adjustments in tax rates meant to generate revenue and also keep some taxes in consonance with inflation.

Consequently, total domestic revenue is projected at Shs 16.4 trillion in financial year 2018/2019, an increase of Shs 1.9 trillion over this financial year. This will raise the ratio of revenue to GDP from 14.2 per cent this year to 14.6 per cent.

Investment Incentives

Madam Speaker, Government has introduced incentives to promote both domestic and foreign investment. These incentives focus on industrialisation with the objective of job creation, value addition to local raw materials, export promotion, and promotion of tourism.

Among others, these include incentives for investments in the development of industrial parks or free zones, establishment of new factories, and development of hotels and tourist facilities. Details can be found in the tax Bills.

Tax Administration

Madam Speaker, Government has been implementing a policy on tax-inclusive budgeting for both recurrent and development expenditures. However, some accounting officers do not remit taxes to Uganda Revenue Authority after deducting Pay-As-You-Earn (PAYE) or other withholding taxes. This practice is illegal. Therefore, any Government institution, which does not remit taxes to Uganda Revenue Authority, will be treated as any other tax defaulter and URA is hereby authorised to deal with all such defaulters. To reiterate, accounting officers will be held personally responsible for tax default in accordance with the law.

Madam Speaker, one of the major challenges undermining our tax effort is tax evasion. For example, about 30 per cent of eligible Value Added Tax (VAT) is not collected, translating into a loss of about four per cent of tax to GDP. The VAT evasion involves the fraudulent use of non-existent transactions, claiming input tax against purchases and expenses that were not incurred, and issuance of invoices for business transactions for which there is no genuine supply/movement of goods or services.

So far, URA has recovered Shs 605 billion from companies evading tax and another 2,100 companies are undergoing comprehensive review to determine their liabilities not yet paid. If you read the newspapers recently, those companies were advertised. Other measures include cancellation of the tax registration of taxpayers involved in VAT fraud and revocation of all tax clearance certificates issued to the taxpayers involved, including blacklisting them for Public Procurement and Disposal of Public Assets (PPDA) purposes.

Madam Speaker, to strengthen tax administration, URA will continue to implement the following measures:

i. Strengthening business intelligence and risk management functions to detect non-compliance;

ii. Expanding the revenue management system to other revenue geographical areas beyond Kampala;

iii. Enhancing tax arrears management;

iv. Increasing tax intelligence operations to curb smuggling;

v. Deployment of container scanners at the major entry stations to facilitate faster clearance of goods;

vi. Increasing risk-based post clearance audits targeting specific sectors;

vii. Implementing strict procedures for collection of rental tax;

viii. Implementing use of digital tax stamps to enhance compliance in payment of duties on excisable goods.

Tax Appeals Tribunal

Madam Speaker, the Tax Appeals Tribunal is a quasi-judicial body charged with dispensing justice in the field of tax. The Act was amended to provide for mediation as a mechanism for resolution of tax disputes. The tribunal has also been empowered to award damages and interest and to allow the registrar to handle provisional applications during the conduct of legal cases.

Resource Envelope

Madam Speaker, the resource envelope for financial year 2018/2019 is as follows:

i. Domestic Revenue will amount to Shs 16,358.8 billion of which Shs 15,938.8 billion will be collected by URA as tax revenue and Shs 420 billion as non-tax revenue.

ii. Domestic borrowing will amount to Shs 1,783.4 billion.

iii. Budget support will amount to Shs 289 billion.

iv. External financing for projects will amount to Shs 7,734.5 billion of which Shs 6,148.9 billion is in loans and Shs 1,585.6 billion is grants.

v. Appropriation-in-Aid (AIA) collected by Government departments will amount to Shs 1,063.5 billion.

vi. Domestic debt re-financing will amount to Shs 5,271.5 billion.

Madam Speaker, the total resource envelope has been allocated to budget expenditure and amounts to Shs 32,702.8 billion.

Conclusion

Madam Speaker, the NRM Government’s bold steps taken to invest in security and infrastructure development have set the stage for faster and sustained economic growth in Uganda. The financial year 2018/2019 budget goes further to support areas that will deliver inclusive growth, especially in agriculture and its value chain, as this is the anchor for our quest for industrialisation.

Re-orienting existing agriculture sector programmes will spur the much needed transformation. Adopting new technologies and reducing dependence on rain-fed agriculture by using solar powered pumps for irrigation, will trigger all-year round production. This will enable households to improve production and productivity. As a consequence, incomes will rise and new jobs will be created thus leading to sustained growth and development.

I implore the country’s leadership at all levels to mobilise the population to seize the opportunity to meaningfully engage in production for their improved welfare, we being the examples.

Madam Speaker, I beg to submit. For God and my Country. *(Applause)* I would like to take this opportunity to wish the Muslim Community Eid Mubarak.

**THE SPEAKER:** Thank you very much, Minister of Finance, Planning and Economic Development. I have two matters to raise.

First of all, as a God fearing country, we are excited to hear you are going to support Uganda Martyrs Shrine Namugongo. I hope it is not in the distant future. You said you will bring proposals to support Archbishop Luwum Memorial in Mucwini, the Hannington Memorial Site in Kyando, St Mulumba Site in Kyebando and St Gonzaga Site in Bugonza. All these were Uganda Martyrs.

In addition, honourable minister, your silence on the Social Assistance Grant for the Elderly (SAGE) Programme and Nodding Disease Syndrome is suspicious, especially since we worked on this budget together and made specific provisions. We shall demand answers about your silence on these issues.

Your Excellency the President, distinguished guests, as stated earlier, Article 155(1) of the Constitution confers obligation to present the National Budget to the Parliament on the President. However, the President delegated the Ministry of Finance, Planning and Economic Development to handle that assignment. The minister is a delegate and does not hold the ultimate power and responsibility. For that reason, having heard from the delegate, we would like to hear from the President who remains ultimately responsible for this budget.

Before I invite him, I would like to again draw to the attention of Members and the audience provisions of Article 98(1) of the Constitution, which provides that the President shall be the Head of State, Head of Government, Commander-in-Chief and the Fountain of Honour.

Further, I would like to draw your attention to rule 10(4) of the Rules of Procedure of Parliament, which provides that while the President occupies the Chair of State in the House, he may make a presidential statement, which shall he heard in silence and not followed by any comments or questions. Let me now take this opportunity to invite the President to make his remarks. *(Applause)*

4.56

**THE PRESIDENT OF THE REPUBLIC OF UGANDA (Gen. Yoweri Kaguta Museveni):** Thank you. Your Excellency the Vice President, Rt hon. Prime Minister, His Lordship the Chief Justice, all the other leaders, honourable ministers, Members of Parliament and members of the public -

As you heard, we are really getting there. *(Applause)* It has been a long struggle because we did not have the minimum requirements for sustained growth and transformation; now we are getting there.

First of all, you heard that we have got more electricity than what we consume and that the surplus electricity is increasing - you saw the figures here. It is good to suffer from constipation of electricity because in the past, we had different types of problems.

I do not agree with those who are worried. You know, some of these planners do not see far; some of them are worried about too much electricity. That cannot be the case because as soon as people hear Uganda has more electricity than it consumes, investors will rush here to use it, since they want electricity. Therefore, the struggle is to make sure that this electricity is affordable and attracts investors; you should know that investors are not your uncles and “*Ssengas”* who love you. Investors come here to make profit. In order to make a profit, there is need for low cost of doing business and one of the costs is electricity. If electricity is low, then investors will be rushing here. *(Applause)*

Further, we also have low cost of transport. We have not yet solved this issue fully - yes, the roads are very good and they are many. However, these roads are for passengers to travel comfortably. What the manufacturer needs is transport of cargo, not human beings who move from one side to another. As I said in the State of the Nation Address, the issue of transport will be solved by railway and water transport. This is what will give us low cost of transport.

Similarly, there is low cost of labour. This is not a problem compared to the rest of the world because our cost of labour is much lower. The other struggle, which the minister referred to, is low cost of money to borrow. You heard what he said that we are going to use Uganda Development Bank (UDB). We shall have the four areas which include: low cost of electricity, transport, money and labour. This is how we are going to be more competitive to attract people who are coming to make money by manufacturing here, thus creating jobs for our children and produce more goods and services for the regional market and export. Those are the strategies of lowering the costs.

I would like to thank the Sixth Parliament because they listened to my advice. In 2006, I told them we were in danger and if we continued the way we were operating – those comrades made contribution *–(Interjections)-* everybody has made a contribution and everybody is wonderful; however, this particular one was done by that Parliament in 2006. They listened to my advice. I could see we were really getting in danger when we had load shedding. Whenever I would be driving from Entebbe to Kampala in the night, it would all be darkness. However, these days, when I am driving, you see all the hills lit; it is so pleasant when you see it at night.

These are the sectors that we are going to target in this budget, and this is where you the leaders have a stake. The first area, as I mentioned in my State of the Nation Address, is the commercialisation of agriculture. Those people of yours are simply engaged in “*cam cam”* (eating); “*pur me cam”* (subsistence agriculture), which is agriculture for only eating. You need to pull those people out because that is where the poverty we are talking about is. This 20 per cent, who are on the poor side, are mainly caused by those people.

Therefore, commercialisation of agriculture – do not talk about too many things. Concentrate on that in your constituency; parish by parish. How many homesteads are still “*Abakolera olubuto lwoka”* (Working for the stomach only)?

What do you call the stomach, hon. Jimmy Akena? How do you say it, my daughter? “*Tic mi ic”* (Working for the stomach). “*Cam”* is eating. This “*tic me ic”* is the biggest drainerbecause those people do not have money and they are the ones creating problems for you. As a Member of Parliament, instead of being a leader, you are like a welfare society. You are like an ATM - *(Laughter)* – because you have got supporters who do not have their own income.

In proper politics like in the United States of America, for candidates to stand, their supporters contribute money for them. Somebody says I want to stand, the first question is, “Do I have enough sponsors?” If the sponsors are not enough, you abandon it; you leave them. You hear people saying that they did not get enough sponsorship. A popular candidate will get more sponsorship but here, it is the other way around - *(Laughter)-* the candidate is the one to fund the voters; it is really a disaster.

It comes from that original problem; “*tic me ic”* people who are working only for the stomach. Therefore, this budget is struggling with that. However, the budget is not the problem because, for instance, we really have a lot of money. Money is not the problem. The problem is the mind-set. That is where the problem is, because we are actually wasting a lot of money.

How much have you paid for National Agricultural Advisory Services (NAADS) this year? [*Mr Matia Kasaija rose*] Imagine? For one year, Shs 450 billion for NAADS only. This is a lot of money, not to buy cars; we buy seedlings and so on. However, the problem is that with this Shs 450 billion, the seedlings we buy are like grants to the receiver. You give, it is a grant. It is not a loan that you give. If it was a revolving fund whereby we give you Shs 400 billion in one year; instead of simply giving and forgetting because once you give to Museveni, that is the end. Whether Museveni works or not, that money is finished there.

As we think more about this in the coming financial years, this is a lot of money. Suppose it was a revolving fund? *(Applause)* Instead of being a grant, suppose it was a revolving fund of Shs 400 billion in one financial year? This does not include the Women Fund and the Youth Livelihood Fund. If you include all those, it must be something like Shs 600 billion.

Imagine if we capitalise Uganda Development Bank (UDB) in one year with Shs 600 billion and the next year we add another Shs 600 billion; this would be the richest bank on the continent. The other day, I saw a friend of mine from Nigeria. He is called Elumelu. He was on CNN and all over the place. He even came to see me in Entebbe. It was a big deal. I asked him what he had done. He said he has created a fund for the whole of Africa. I asked how much it is and he said it is $100 million for five years.

I said, “But Mr Elumelu, I have created a fund for only Uganda, not the whole of Africa for $150 million each year.” If you total this money up, this was the NAADS, the Women Fund and the Youth. If you put it in dollar terms, it is about $180 million in one year for Uganda alone. In the five years of my friend Elumelu, it will be half a billion of my money.

Therefore, the problem is not the money now. The problem is the mind-set of the people. You need to talk to those people patiently. Talk to them, convince them and have a few cases of success which will influence others.

In this new budget, as I said in my State of the Nation Address, we are also going to start using fertilisers and irrigation in progressive stages. That factory is about to be completed. With irrigation and fertilisers, production in agriculture can go up by 150 per cent. When I move around, I see these maize gardens. You can see the plants are not very strong because they do not have enough nutrition and water. With irrigation, of course, we shall produce more times in a year because we do not have winter here. That is one of the elements in the budget; commercialisation of agriculture. The whole of agriculture should be targeted for commercialisation.

The other element is converting the youth who have no property or jobs and are simply in the trading centres. This boy or girl has no job and property but is a resource. You saw in this budget that actually, our import bill – I do not know why the minister did not bring it out clearly. Our import bill is decreasing. In the past, we used to import goods worth $7 billion each year even when the economy was still smaller. However, these days, I hear our import bill is $4 billion and now it has gone to $5 billion. However, this is smaller than what we used to import because we are now making more products here. You heard our exports to East Africa have gone from $700 million to $900 million.

So, we need to push that more. You youth, who have no property and jobs, come and we give you support so that you run a maize mill together in a group but not as one person. In the State of the Nation Address, which I gave you here the other day, I have put more figures. You will see. Our production of maize is now five million tons but much of it is being exported as unprocessed grains. I tried to find out how many - it is there in the State of the Nation Address. I tried to find out how much of the maize we are processing. Apparently, we are processing about one point something million tons. So, the other three point something million tons are going out unprocessed.

Then, I calculated - it is in the State of the Nation Address, I calculated that if all these tons of maize were to be processed, how many maize mills would be needed? I found that we would need 5,000 maize mills and each one will employ five people. So, for those children who have no property and jobs, with a little bit of support, they will now get baptised and converted to a new situation where they will become property owners, job creators and value adders.

So, we need to do this effort very systematically; start with the maize, go to leather - all this leather which is going out - I had a problem with my friend, Basajjabalaba, who was taking the skins to Italy. I asked him, “Why are you taking the skins of my cows to Italy unprocessed?” I added, “Why don’t you process them here?”

So, I put a tax on him and said if you export unprocessed skins, I will punish you with an export tax. It is because I would like all these skins to be treated here. There should be no skin exported unprocessed. You go to the skins, fruits and timbers - by the time we finish all these, we will find all these youths who have no property and jobs will have changed and become property owners, value adders and job creators. So, that is the second emphasis.

So, this year, we need to assess and next financial year, decide whether we should continue to use the grant approach. All we are now using is grant. I think grant is not the most efficient method though. This money for one year, if it was turned into a revolving fund, it would be a huge internal bank but the problem is created with the people you work with. For example, there is some group I gave some support and after, they said Museveni does not know what he is doing. They brought experts of microfinance - I think from the Minister of State for Finance, Planning and Economic Development (Microfinance), hon. Kasolo. He is a big minister there. Now, once the experts came, they changed my people. They said that Museveni does not know what he is talking about.

In my microfinance, you must have a loan officer. This is somebody whose job is to give loans. He has no other job; he does not grow crops. Therefore, you must have a loan officer who must be paid. Then, you must rent an office and have a safe there. So, because of that, they were going to charge three per cent interest on this money per month. I told them they were then worse than the commercial banks because three per cent per month is 36 per cent per year.

So, my efforts of microfinance are going to degenerate in supporting traders. Traders are the ones who can manage that three per cent. A *matooke* trader can get a loan, fill the lorry and bring the *matooke* to Kampala and pays back the loans. Therefore, three per cent is no problem for him because he pays back per lorry. However, for the manufacturer and farmer, three per cent is not possible.

Therefore, hon. Kasolo, you need to go on the ground. So, I told my people to chase away hon. Kasolo because in the other microfinance of the villages, the ones you call “T*wezikye”*, (let us bury ourselves), and “*Bol ni cup”*; they do not have loans officers. They run them by themselves so that they do not have administrative cost that now distort the loan formulas.

Then, the other point in the budget is of course, to attract Foreign Direct Investments (FDIs) and we talked about it. I can guarantee you that with low costs of electricity, transport, money and labour, factories are going to flock here. In the State of the Nation Address, I told you that the factories in Uganda are now more than 4,000. When I started Uganda Manufacturers Association (UMA) with the late Mulwana, their membership was about 700. However, they are now 4,000 factories without talking about service companies. The service companies are now 8,000.

So, we are getting more and more FDIs and the only thing we have to get rid of is corruption in the Uganda Investment Authority and Ministry of Lands, Housing and Urban Development. That is what we need to get rid of. Otherwise, we are moving very well.

These people who are coming here will add value to our agricultural products. In the State of the Nation Address, I told you about dairy. You can imagine Uganda is now self-sufficient in dairy products but also exporting dairy products and earning $130 million, which is actually more than even what we are getting from tea. We must be getting like $90 million from tea. From export now, we are earning more from milk than we are earning from the traditional tea.

That value addition to the agricultural products; maize, fruits, cotton – the other day, I had the opportunity to quarrel with one of the officials because he misinformed the Prime Minister of Ethiopia who was briefing us. He said that Uganda was going to export cotton to Ethiopia. I said whose cotton? (*Laughter*) We didn’t resolve our issue. You are not going to export my cotton to Ethiopia; I want to make it here into clothes. Yes, I can help in one or two years but in the end, all the cotton must be transformed into textile here.

Minerals

Uganda now is processing gold at Entebbe. I think if you look at the figures, one of the biggest exports in Uganda, apart from coffee, is gold. The export of gold is now about $360 million. Therefore, we want value addition to all these products: gold - we have already started in gold - cement, steel, copper, columbite–tantalite*,* niobium. Remember, we are going to make electric cars. Electric cars need niobiumand lithium batteries. Uganda has all these minerals. However, uninformed Uganda is exporting niobium and lithium to others to make the batteries and then they sell them to us. I am now saying, please, wake up. Don’t give any licence for export of niobium**.** Let us make the batteries here. Let us trust somebody to make these lithium batteries here so that our electric cars are cheaper because we have both; the mineral and sun.

Forest products and fresh water resources - the fish – would all be the areas of value addition.

One problem we talked about is crime in the towns which has come up. I was hearing Members of Parliament saying that we need a ministerial statement from the minister. What I propose – I heard that there was an arrangement where the President would address Parliament on a matter of national importance. I do not know whether that is correct or not. If that one is there, I would propose that let us do it when we are ready. I will come and give you an analysis of this situation, what we are planning to do about it and what we are doing about it.

I know people are very angry, they are very sad and they are worried. For me, I am sad, angry but I am confident that we are going to defeat these pigs. This is a biblical statement. It is not from me but from Jesus. You ask Jesus. Jesus is the one who said in Mathew 7:6 that do not put your pearls before pigs because they do not appreciate value. Instead of giving the pig gold, give it “O*musiringanyi”* (worm). The pigs like eating worms. When you bring gold, the pig receives it but does do not see any value. However, if you bring the earthworm, the pig will be very happy. These are pigs. We have dealt with pigs before and actually, these are smaller pigs to deal with and you will see. By the end of the day, all those who have been involved will be exposed and crushed. We shall crush them. *(Applause)*

They have provoked – the other time I talked of somebody who “touched the…” *(Laughter)* Now, there is one thing I am not going to accept anymore: police bond. I do not want to hear of police bond. *(Applause)* Somebody is suspected of killing our people for no good reason and you give him or her police bond? No way! *(Applause)*

The other thing – and I am glad His Lordship the Chief Justice is here – is bail. Bail for killers is not acceptable. *(Applause)* I do not want a conflict between institutions. Since I am always very soft, all these institutions are always stepping on us. However, I am here in two capacities – President of the country and leader of the resistance. *(Applause)*

That is why I did not come in your tie. I was debating whether I should come in uniform or this one. I said this one is humbler and, so, I came in this one. *(Laughter)* To kill our people? Pigs!

Please, Madam Speaker, give me time next week and I come and address the issue of these crimes. It is not as complicated as it seems but we lost some time. There was a gap but we shall kill it.

Finally, the minister addressed one issue, which I see people mishandling in the papers. There are evil papers like *Daily Monitor –(Interjections)–* *Red Pepper*? Those are just stupid. *(Laughter)* There is a difference between stupidity and evil. They have been talking of the debt-GDP ratio – that “Uganda is very indebted, we are borrowing too much, the debt will be too much, even our children will die from paying debts”.

However, the minister talked about it here somewhere where he pointed out that the debt ratio is now at 38 per cent far below the 50 per cent where there is danger.

He said that the total debt is like Shs 10 billion which are long term, a man from the IMF came here because of the debt problem.

I asked him whether he knew that this country is being managed by people who know what they are doing. The young man could not answer me very well. He said he thought he would come and give me his view.

I told him to go back and tell his General Manager to stop wasting IMF money by giving him transport to come here. We know what we are doing.

I had wanted to borrow money from China to build Ayago dam. Karuma will give us 600 mw but Ayago would give us 830 megawatts I almost concluded an agreement with Chinese to build Ayago also but when we got the idea about the Standard Gauge Railway, I told these people that we cannot borrow for both.

We decided to choose the later and let Ayago wait. I am here I know how to manage cows, goats; I am an expert in managing shortages. I started with 27 guns and won a war.

That talk by the *Daily Monitor* the paper of Agha Khan who is getting a lot of money from here must stop; otherwise I will do something about it.

There is a radio called NBS it is always telling lies today they announced the death of hon. Anite who is here. Those evil people will go down as we go up.

I congratulate the minister and the whole country but we are sad about these killers but we shall deal with them. Thank you very much.

**THE SPEAKER:** Your Excellency, the President, distinguished guests, I would like to thank the President for fulfilling the constitutional obligation relating to the budget. When we close you are all invited to the Parliamentary Gardens here at Serena International Conference Centre.

Your Excellency certain processes and formalities have to be completed during the beginning of the financial year. I draw the attention of the Ministry of Finance, Planning and Economic Development and of the Secretary to the Treasury that in compliance with Article 164 of the Constitution, and of the Public Finance Management Act, the ministry should present to the House the names of all the accounting officers of the ministries, institutions and department of Government for the Financial Year 2018/2019.

I am giving notice that these names will be received on the 10th July 2018 at 2.00 p.m. on that same day we shall constitute the sessional committees of Parliament.

In that regard, I am also notifying the whips of the parties in Parliament to handle the extenuation of members to sessional committees.

Your Excellency and honourable members by way of notice I am also informing the members of the Business Committee that we shall meet on Tuesday, 19 June 2018 at 11.00 a.m. to consider the programmes of business for the first meeting of the 3rd Session of the 10th Parliament.

I am also giving notice that on the 20 June 2018, you are invited to attend a sensitisation meeting on service providers for the medical insurance for the new financial year. There will be an exhibition and presentation by the service providers.

Tomorrow we shall be hosting a delegation of the People’s Republic of China led by His Excellency Wang Yang chairman of the national committee of the Chinese People’s Political Consultative Conference at 9.00 a.m.

The honourable members who have parked their vehicles on the ground floor are required to transfer them to the multi-level parking to enable it to be reserved for the guests who are arriving tomorrow.

Honourable members and our guests, I would like to thank you for honouring our invitation let us now proceed to the Parliamentary Garden for a cocktail. In the meantime the House is adjourned to Tuesday, 19 June 2018 at 2.00 p.m.

Your Excellency, the request to speak to the House is very welcome because we have been demanding for it for the last two months. Space will be created for you to come and address the country about the security of Uganda. Thank you very much.

*The East African Community Anthem*

*The National Anthem*

**THE SPEAKER:** Honourable members, His Excellency, the President would like to say something more. Please take your seats.

6.45

**GEN. MUSEVENI:** I know that you, members of Parliament, are very strict with procedure and sitting and standing but since the formal Parliament is ending, I can regard you as the friendly “*Wanainchi”*.

The one point I forgot to mention about crime is lack of vigilance. In all these cases, like in the case of hon. Ibrahim Abiriga - apparently these killers came, lingered in that trading centre, were seen before and some of the people talked to the police or something of that sort. However, it was all lax and was not followed up. In the case of Assistant Inspector of Police (AIP) Kaweesi, it was the same story. The boda-bodas first came early and waited for him to come out.

Therefore, as we are building up our technical capacity to see these things, I would like to use this opportunity to ask you to also use the human capacity to immediately report something suspicious to the police. The police are also dead –*(Laughter)*– we are getting them from death. However, you should ring the political leaders. For instance, in this case, they should have rung somebody like hon. Robert Ssebunya (MP for Nansana Municipality). If the police are slow, why don’t you ring your political leader you know; the Member of Parliament or the Chairman LC V? The police is slow because they were told but they did not respond very fast. If in this case those people had rung hon. Ssebunya and told him there are people who are suspicious - then he could have intervened and made the sleepy police wake up.

In all these cases, there are signs before; the clues that come up. In the army, there is what we call “a choke point” where you wait for somebody knowing that he has no other way but to pass here. If you waylay him in Wandegeya, he may not pass there but he must pass through this choke point. This is where these people waited for hon. Abiriga. If there was vigilance by the whole community, they would have seen them and mobilised themselves.

We have mobile phones you can use to ring any time. You can even put it on the social media; you use the social media for bad things; why don’t you use it for a good reason?You can put it there such that people get mobilised. That is what I would like to advise our people about. As we increase the technical capacity with the machines, human beings can also play their role. Let me interfere with the protocol of Parliament but God forgives sinners. *(Laughter)*

*(The House rose at 5.45 p.m. and adjourned until Tuesday, 19 June 2018 at 2.00 p.m.)*