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**Thursday, 13 June 2019**

*Parliament met at 3.15 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 RT HON. 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 2019/2020, 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 2018/2019 will end on the 30th day of June 2019;*

*AWARE that it is expedient that the President addresses Parliament and the nation on the national budget for the financial year 2019/2020 at the Kampala Serena Conference Centre;*

*NOW, THEREFORE, in exercise of the powers conferred upon the Speaker by Article 95(2) of the Constitution, I hereby proclaim that Parliament shall sit at the Kampala Serena Conference Centre on the 13th day of June 2019 at 14.00 hours, to receive the presidential address on the budget for the financial year 2019/2020;*

*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 27th day of May 2019.*

*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, my Lord the Chief Justice, the Rt Hon. Deputy Speaker of Parliament, my Lord the Principal Judge, the Vice-Chairman of the NRM, the Deputy Prime Ministers, Honourable Ministers, the Leader of the Opposition in Parliament, the Ministers of State, Justices of the Courts of the Supreme Court, Court of Appeal and High Court, members of the Diplomatic Corps, honourable Members of Parliament, the traditional leaders, religions leaders, Head of Public Service and Secretary to the Cabinet, the Chief of Defence Forces, the Inspector General of Police, the Commissioner General of Prisons, the Governor of the Bank of Uganda, the business community and all our invited guests;

Your Excellency, last week Thursday, we convened here for the opening of the Fourth 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 you and all the other dignitaries. Today, we expect the President to present to Parliament, the approved budget for Financial Year 2019/2020 as provided for under Article 155(1) of the Constitution.

You may recall that the President caused to be prepared and laid before Parliament the proposed annual budget for the Financial Year 2019/2020. The preparation of the annual budget involved consultations with the relevant stakeholders. Further, the Ministry of Finance, Planning and Economic Development on behalf of the President presented the annual budget for the Financial Year 2019/2020 on 28th March 2019.

Thereafter, the annual Budget was committed, in accordance with section 13 of the Public Finance Management Act, 2015 and the Rules of Procedure of Parliament, to the Committee on Budget of Parliament and to each sectoral committee, the part of the annual Budget, which falls within their jurisdiction.

Parliament received a proposal of the annual Budget and it consisted of the National Development Plan, the Charter for Fiscal Responsibility and the National Budget Framework Paper.

However, your Excellency, I must express my disappointment with the tardy manner in which the Budget of this year was handled. In the first place, the policy statements, which should have been with Parliament by 15th March, did not come in time; majority of them arrived on the 19th of April and nine ministries had to be named because of non-compliance.

In addition, it was quite disturbing that an addendum to the budget was presented to the House after the Appropriation Bill had been sent to the Committee on Budget. This caused us to sit again to handle the addendum. This is very untidy, Your Excellency and I hope that the Ministry of Finance, Planning and Economic Development will not repeat it in the coming financial year.

Despite that, the Ministry of Finance, Planning and Economic Development has complied with the provisions of the Constitution and the Public Finance Management Act and on your behalf, I request him to present to Parliament and to the nation the highlights of the approved Budget for the Financial Year 2019/2020.

Later, Parliament will carry out the oversight and advise whether in its assessment, pronouncements made in the State of the Nation Address are in tandem with the approved annual budget.

I believe that honourable members and the nation are anxiously waiting to hear what the Ministry of Finance, Planning and Economic Development is presenting to the country on your behalf. Let me invite the Minister of Finance, Planning and Economic Development to present the proposals.

PRESENTATION OF THE BUDGET SPEECH BY HIS EXCELLENCY 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

3.29

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Matia Kasaija):** Your Excellency, the President of the Republic of Uganda, Your Excellency, the Vice President, the Rt Hon. Speaker of Parliament, Rt Hon. the Deputy Speaker, Your Lordship the Chief Justice, Your Lordship the Deputy Chief Justice, the Rt Hon. Prime Minister and Leader of Government Business, the Rt Hon. Deputy Prime Ministers, the Leader of the Opposition, honourable cabinet ministers and members of Parliament, members of the diplomatic corps, distinguished guests, ladies and gentlemen.

In accordance with Article 155(1) of the 1995 Constitution of the Republic of Uganda and Section 13(13) of the Public Finance Management Act, 2015, I presented the Budget proposals for Financial Year 2019/2020 to Parliament on 28 March 2019. I applaud honourable members of Parliament for their dedication in reviewing the proposals and approval of the Budget on 24 May 2019.

My statement today, therefore, presents the economic and development context under which the Financial Year 2019/2020 Budget was prepared and highlights the priority actions that underpin the allocations that have been appropriated by Parliament.

Development Progress

Madam Speaker, in the Budget statement of the Financial Year 2018/2019, I reaffirmed the National Resistance Movement Government’s commitment to attain our cherished goal of a middle-income status for the country through interventions targeted at inclusive growth and socio-economic transformation.

Uganda has made substantial progress toward this goal as demonstrated by the following few examples:

i) Uganda’s economy has recovered and picked momentum, growing at over 6 per cent per annum over the last two years. (*Applause*)

ii) With the progress in economic growth, average incomes of Ugandans have increased to $ 825 per person in the financial year we are about to end, compared to $ 800 in the previous year, notwithstanding an increase in the population size to about 39 million Ugandans now.

iii) The quality of Uganda’s labour force has drastically improved with the proportion of labour force with tertiary education increasing from 7.5 per cent in 2013 to 13.6 per cent in 2017.

 In addition, the annual growth in formal employment has averaged 9.8 per cent between 2010 and 2017, higher than the average growth of the economy during the same period.

iv) The structure of the economy has also changed. The share of industry in the economy is now 21 per cent compared to 11.3 per cent in 1986 when we took over power, Mr President. Services have increased to 48.7 per cent from 32 per cent over the same period.

 In contrast, the share of agriculture has reduced from over 50 per cent in 1986 to now only 22 per cent in this financial year that we are soon ending.

v) Export performance has been excellent with diversification leading to non-traditional cash crops earning Uganda $ 2.84 billion last financial year compared to the traditional cash crops, which earned only $ 0.79 billion. *(Applause)* I am still demonstrating where we have come from.

vi) Trade with our East African Community partners has significantly improved generating a surplus of $ 557 million last year. The composition of exports has also changed positively with exports of light manufacturing products exceeding traditional merchandise.

vii) National grid electricity connections have increased to 1.3 million customers and the rural electrification access rate rising from one per cent, in 2001, to over 13 per cent, in 2019. *(Applause) Tukola.* *(Laughter)*

viii) Many new factories have been opened in the course of this closing financial year, with the result that the proportion of Ugandan products in the supermarkets has increased from 15 to 45 per cent. *(Applause)* Our target is to reach 50 per cent by the year 2019/2020.

Madam Speaker, the few examples I have mentioned are a direct outcome of the NRM Government’s deliberate policies, over the years, to promote socio-economic transformation.

Development challenges

Madam Speaker, despite these positive milestones, we however, are still faced with some major development challenges. Let me single out three; i)Unemployment, ii)Income Inequality iii) malnutrition and unhealthy lifestyles.

Unemployment

There are now approximately 600,000 entrants into the job market every year, as a result of the universalisation of health and education. This has created the need for new jobs to meet this demand. Currently, four out of ten Ugandan youth are out of work.

Furthermore, the quality of jobs is of concern. The 2016 Labour Force Survey indicates that 50 per cent of Ugandans work in the service sector, 35.6 per cent in agriculture and 14.4 per cent in industry. The informality of the agriculture and service sectors implies that about 80 per cent of our labour force is in the informal sector and therefore, not optimally employed.

With most Ugandans engaged in the rural economy, it is of paramount importance to increase labour productivity in agriculture and aggressively promote agro-processing, which in the end will be the basis for Uganda’s industrialisation and further job creation.

Income inequality

Income inequality has widened between rural and urban areas, as wealth has not been created faster in rural communities in comparison to urban areas. This explains why the President is now traversing the country to show our people how to create wealth. *(Applause)*  This is despite the country’s progress in narrowing regional income inequality, for example, in Northern and Eastern Uganda following Government’s affirmative action programmes.

As a consequence, rural-urban migration has increased with high urbanisation rates, causing challenges of congestion, housing shortage and population pressure on urban social services. These challenges have compromised the potential of Uganda’s urban areas to serve as engines of growth and structural transformation. World Bank studies estimate traffic congestion is costing Uganda over $800 million annually in lost national output.

Malnutrition and unhealthy lifestyles

Malnutrition adversely affects the quality of life of children and mothers, despite the variety and quantity of foods that Uganda can produce. Fifty three per cent of children under five years are malnourished and hence anaemic and 29 per cent of them are either stunted, wasted or both. Many women of reproductive age are also malnourished, with 32 per cent of them being anaemic.

In addition – this is for us here - inappropriate feeding, especially among the more affluent, is also a major cause of a surge in chronic non-communicable diseases, including coronary heart disease, cancer, diabetes, high blood pressure and obesity. Check yourselves. *(Laughter)*

These maladies are largely attributable to unhealthy life styles. Consequently, Uganda has been spending on average of $500 million on treatment of these preventable diseases. Improving the nutrition status of Ugandans accordingly requires:

1. Coordinated actions;
2. Mass sensitisation and education;
3. Lifestyle awareness.

Madam Speaker, the financial year 2019/2020 budget, therefore, focuses on interventions aimed at increasing the wealth and improving the livelihoods of all Ugandans. The NRM Government will continue to pursue a growth strategy that aims to create quality jobs and ensure that growth benefits every Ugandan. I will elaborate this strategy later in my statement.

Therefore, the theme for the financial year we are budgeting for accordingly remains, “Industrialisation for Job Creation and Shared Prosperity.”

Madam Speaker, the budget statement today will cover the following:

1. Economic performance in financial year 2018/2019;
2. Economic growth strategy for financial year 2019/2020 and the medium term;
3. Financial year 2018/2019 sector performance and priorities for financial year 2019/2020; and
4. Financing strategy for financial year 2019/2020.

Economic performance

Global and regional economy

Madam Speaker, on the global scene, Africa’s economic performance continues to recover. The East African Community region is the fastest growing economic bloc in Africa with growth projected at 6.2 per cent in 2019, increasing from 5.9 per cent, in 2018. *(Applause)*

This performance is mainly accounted for by the growth in the services and agriculture sectors, as well as increased consumption and investment. Rising incomes in Africa increase demand for exports within African countries themselves.

Uganda’s trade with other African countries is increasing and amounted to 59 per cent of the total goods exported in 2018. During the same year, the East African Community continued to be the largest destination for Uganda’s exports.

Total goods exported to the EAC amounted to $1,469 million, compared to imports of $911 million, registering a trade surplus of $557 million. *(Applause)*

The domestic economy

Economic growth

Madam Speaker, the economy has sustained the remarkable recovery witnessed in financial year 2017/2018. The economy is estimated to have grown by 6.1 per cent in this financial year ending. The size of the economy now is Shs 109 trillion, equivalent to $29.5 billion. The significant revival in economic growth was a consequence of increased private and public sector activity, improved weather conditions and a relatively stable global economy.

The agriculture sector maintained its recovery sustaining a 3.8 per cent growth rate in the financial year we are closing. Among the contributing factors, I will mention two:

1. the strengthened enforcement of fishing activity has resulted in recovery of fish captures;
2. provision of extension services and control of pests and diseases has also led to a bumper harvest in crops such as maize, beans, fruits, vegetables and sim sim.

I must, however, say though that the growth in the agriculture sector is still sub-optimal, given the natural resources that we have. So, there is still more *gakyali mabaga.*

During the Financial Year 2018/2019, the services sector grew at 7.2 per cent, the highest of all sectors. This good performance was largely driven by tourism and hospitality, the industry sector at 5.8 this year, continuing the rebound which started in the Financial Year 2016/2017.

The manufacturing sector is also beginning to pick up. It grew at 2.8 per cent this year compared to 1.7 per cent in the previous year. This is partly because of the newly commissioned factories, as I will mention later on. (*Applause*)

Domestic Prices

Madam Speaker, domestic prices remain stable. Average inflation was 3.4 per cent, well within the policy target of 5 per cent per annum. This is because of increased food supplies in the markets, relatively stable exchange rate and effective co-ordination of monetary and fiscal policies. Stable prices, as we all know, allow investment planning, improve investor confidence and preserve the value of savings. I can tell you my personal story about inflation when you have kept money somewhere. I will give you that story another time, in another forum.

Exchange Rate

The Uganda Shilling has also largely been stable against major currencies. It strengthened against the United States (US) dollar by an average of 0.6 per cent for the period between July 2018 and April 2019. The strengthening of the shilling against the US dollar was a result of higher export performance, improved disbursement of external support for Government programmes, continued Foreign Direct Investment (FDI) inflows, and robust remittances from Ugandans’ abroad.

Financial Sector and Private Sector Credit

Madam Speaker, the financial sector has continued to strengthen. Non-performing loans reduced to 3.4 per cent at the end of December 2018 compared to 5.6 per cent in December 2017. I thank the borrowers. As I said before, when you borrow money, you must return it. So, thank you for listening to us.

Private sector credit grew by 6.1 per cent between July and December 2018 with Trade and Construction Sectors receiving the largest share of credit, at 20.1 per cent and 19.8 per cent, respectively. Credit to Agriculture has registered the highest growth, though it still remains low at only 12.9 per cent of total credit extended as at December 2018.

Public Finance

Madam Speaker, domestic revenue collection too, has increased significantly. It is projected at Shs 16,711.66 billion in the financial year we are ending, of which Shs 16,181.66 billion is tax and Shs 530 billion is non-tax revenue. The surplus is Shs 352.66 billion over the target of Shs 16,359 Billion. (*Applause*) Thank you, Uganda Revenue Authority.

The ratio of domestic revenue to GDP is estimated at 15.2 per cent this financial year, compared to 14.6 per cent achieved last year. This is an increment of 0.6 of GDP in one financial year. We are moving and NRM never stops. We shall continue moving.

Government spending excluding domestic debt refinancing this financial year is projected to be Shs 24,297.85 billion, which is equivalent to 22.1 per cent of GDP.

Economic Growth Strategy

Madam Speaker, the Economic Growth Strategy that underpins the Financial Year 2019/2020 budget seeks to consolidate made interventions towards the attainment of shared prosperity. Ensuring shared prosperity requires that the benefits of economic growth reach all Ugandans. Our people must be provided with opportunities to create wealth and earn higher incomes. This strategy is built on the rapid industrialisation of our economy linked to high productivity and production in agriculture; while nurturing the potential of the key growth sectors of tourism, minerals, oil and gas. The growth of these sectors is what will provide gainful employment to the majority of Ugandans. Entrepreneurs, who have strong links with the productive households, are the key to unlocking the potential of these key sectors, leading to prosperity for us all.

The Economic Growth Strategy consists of three interlinked parts:

1. Expanding the industrial base of the economy;
2. Exploiting natural resource endowments with environmental protection in mind;
3. Providing affordable financing for production and business.

Expanding the Industrial Base of the Economy

Madam Speaker, the NRM Government has already successfully laid the foundation for Uganda’s industrialisation. (*Applause*) The key bottlenecks such as inadequate electricity and transportation infrastructure, the lack of basic education and health, have, to a large extent, been addressed. Consequently, the manufacturing sector is now able to meet domestic demand for basic products like cement, tiles, light steel products and consumables such as sugar and soap.

The next phase of manufacturing in Uganda will be to produce goods for exports and also replace many of the Uganda’s imported products.

Uganda’s industrialisation process in the future has accordingly been designed based on two strategic pillars. The first strategic pillar provides developed and serviced areas, where industrial production for several enterprises can take place.

The plan involves building fully planned and serviced industrial parks in 22 locations across the country.

The second strategic pillar supports the development of Product Value Chains which link nucleus entrepreneurs to out-grower farmers. These product value chains permit marketing of agricultural products, agro processing for value addition, as well as the efficient provision of finance and other inputs of production. It will also ensure the vast majority of Ugandans are productively engaged. We have already successfully established a few product value chains in agro-industry in citrus fruits, vegetable oil and dairy industries. The next move is to expand product value chains to other commodities across the country.

Exploiting natural resource endowments with environmental protection in mind

Madam Speaker, exploiting Uganda’s natural resource endowments provides opportunities for growth and the provision of incomes and a decent livelihood to the majority of our people. The three natural resource endowments Uganda has include vast arable land and fresh water resources; abundant wildlife and diverse environment and plentiful minerals, oil and gas deposits.

Appropriately exploiting these natural endowments requires being mindful of the adverse impact of over extraction, over-utilisation and wasteful use of benefits they provide. Addressing Climate change aggressively is therefore key to appropriately exploiting our natural resource endowments.

Commercialisation of Agriculture

Appropriate exploitation of Uganda’s arable land and fresh water resources, requires climate-smart commercialisation of agriculture. Because the majority of Ugandans are part of rural households, achieving inclusive growth requires that we use modern farming practices, advanced agricultural inputs and technology, post-harvest storage and improve product market access. This will positively change the livelihoods of over 68 per cent of Uganda’s households who are currently engaged in subsistence agriculture.

Commercialising agriculture has the greatest potential for increasing household productivity and incomes, while addressing unemployment in the rural communities. The use of product value chains based on the national agricultural zoning strategy will also facilitate agricultural commercialisation. Successful agricultural processors will be engaged to serve as a nucleus linked to farmers who sell their produce to the processor.

In addition, product value chains permit inputs such as extension services and finance to be delivered. This approach will lead to an increase in sustainable production at the farmer household level, while increasing productivity and incomes. In addition, the approach will nurture agro-based industries across the country, employing labour that will have been released from primary agriculture.

Climate Change

Madam Speaker, deforestation and destruction of wetlands adversely impacts the welfare of our people in the following way;

1. Water shortage or no water at all, for domestic use and production;
2. Increased temperatures and severe long droughts
3. Over-flooding or and increasing landslides in highlands, you know what has been happening on mountainous areas.
4. Destructive winds due to lack of windbreakers.

Re-forestation and restoration of wetlands must be undertaken as a matter of urgency and the destruction of wetlands and forest cover will be penalised through the enforcement of environmental laws and regulations. Local Governments must enact and enforce ordinances on tree planting, efficient waste management and wetland conservation. The ban on use of harmful materials such as environmentally destructive polythene bags, among others, will also be unequivocally enforced. I appeal to the private sector to adopt climate-smart technologies.

Tourism

Madam Speaker, Uganda’s natural and cultural heritages are critical to tourism. Utilising our natural heritage endowment by realising its tourism potential will provide Uganda significant benefits. Notwithstanding its current level of development, the tourism sector has made dramatic progress and now ranks as the highest foreign exchange earning sector in the Republic of Uganda. *(Applause)*

In 2018, foreign receipts from tourism reached $ 1.02 billion, with $1.6 million international tourist arrivals being recorded. Uganda is now a known international touristic destination of choice, which strongly justifies developing its tourism potential for benefits it will provide to Ugandans in particular and the economy in general.

Sustained growth of Uganda’s tourism, therefore, requires conservation of our natural and cultural heritage. Appropriate legislation will be enacted and vigorously enforced to preserve cultural sites and monuments and deter illicit trafficking of protected wildlife and antiquities. Tourist hubs and circuits will be developed for product development and the marketing of Uganda as touristic destinations of choice based on religious, natural and cultural heritage.

Infrastructure, including road and air transport, electricity and hospitality facilities, will be developed to enable efficient access to tourist destinations and adequate hospitality. World-class skills will be built in hospitality and tourists handling, wildlife conservation, tour and travel management, food and beverage services.

Minerals, Oil and Gas

Madam Speaker, extracting minerals, oil and gas will contribute to building a solid resource base for the economy, while providing jobs to many more Ugandans. The priority minerals to be exploited include; iron ore, limestone, phosphates, oil and gas, dimension stones, gold and rare earth metals.

The key strategic actions required to commercialise this sector include minimising speculation and hoarding of mineral licenses *-(Applause)-* enforcement of mining regulations; the airborne geo-physical mapping of Karamoja and provision of key roads and energy infrastructure.

Madam Speaker, in order to avoid wasting and leakage of the benefits from minerals, oil and gas resources, proceeds of extraction will be invested for both the current and future generations. In this regard, a petroleum revenue investment advisory committee has been appointed to guide this process in line within a clear and transparent policy. Uganda has also joined the Extractive Industries Transparency Initiative to publicly account for all proceeds of minerals, oil and gas sectors.

Affordable financing for the private sector

Madam Speaker, access to affordable finance is an important catalyst for the growth of viable private sector enterprises. Affordable long term finance from development financing, pensions and capital markets sources, facilitate private sector investment. Commercial bank lending rates remain high. This calls for Government interventions.

In this regard, the Uganda Development Bank will be further capitalised. I have allocated Shs 103.5 billion next financial year for this purpose although I wanted more. *(Applause)* In addition, to support private companies raise equity capital, the Capital Markets Authority will establish a centre to facilitate access to long term domestic –

**THE SPEAKER:** Order, honourable members. Listen to the Minister of Finance, Planning and Economic Development.

**MR KASAIJA:** Madam Speaker, thank you for protecting me. Let us listen to each other. In addition, to support private companies raise equity capital, the Capital Markets Authority will establish a centre to facilitate access to long term domestic and foreign capital on the stock exchange. The necessary legal and regulatory framework for the operation of the private equity funds will also be designed to attract more investment into Uganda’s private sector.

Madam Speaker, financial sector reforms, including agency banking, bancassurance, Islamic banking - which has raised a few fireworks but Bank of Uganda is supposed to explain - and enhanced access to Credit Reference Bureau services, will reduce operational costs of commercial banks. The use of movable assets as collateral for loans has also been facilitated with the enactment of the Security Interest in Movable Property Act, 2019. Members of Parliament, thank you for passing that Bill.

In addition, the Uganda Microfinance Regulatory Authority is now fully operational. This will enhance consumer and investor confidence in the microfinance industry and money lending business. The electronic chattels register will also be operationalised to ease access to credit. Furthermore, business clinics will be run by the Uganda Registration Services Bureau to enhance registration of informal businesses.

Small and Medium Enterprises require affordable credit. I have provided an additional Shs 40 billion to the Microfinance Support Centre for on lending at affordable interest rates, not exceeding 12 per cent per annum. It is not much but in our language we say, “*Akatono kazira mu liiso”;* it is little. Special programmes to enhance access to credit for youth and women entrepreneurs will also continue to be implemented. The skills programme for youth and the Uganda Women’s Entrepreneurship Programme have been allocated Shs 130 billion and Shs 32 billion respectively. *(Applause)* There are more funds that will come through. I hope His Excellency will be able to tell this august House what we discussed in the Cabinet the other day on these other special funds.

To de-risk lending to agriculture, the Uganda Agriculture Insurance Scheme (UAIS) subsidises agriculture insurance premiums paid by farmers. Agriculture insurance protects farmers against key agricultural risks, such as those resulting from natural disasters like droughts. This ultimately attracts affordable credit to agriculture. By March 2019, 77,000 farmers had accessed agriculture insurance across all regions of Uganda *–(Interjections)–* Check, please. This is *bwino* (facts). I talk from nothing but facts.

Madam Speaker, in order to develop a sound financial sector that supports sustainable and inclusive economic growth, we recently developed the Medium Term Financial Sector Development Strategy.

Enablers of the Growth Strategy

Madam Speaker, effective implementation of the Economic Growth Strategy I have just talked about requires that certain pre-conditions are in place. These pre-conditions include peace and security, - *(Applause)*- good governance and an efficient judicial system, together with macroeconomic stability. Additional enablers required for economic growth include:

1. Reliable, efficient and affordable electricity supply;
2. Water, transport and communications infrastructure;
3. A healthy, well-educated and skilled workforce; and
4. Effective Government machinery - like the one of National Resistance Movement (NRM). *(Applause)*

The NRM Government has since 1986 striven to provide these pre-conditions, which have, to a large extent, been met.

Financial Year 2018/2019 Sector Performance and Financial Year 2019/2020 Priority Interventions

Madam Speaker, I now turn to the specific priority interventions that will be implemented in the forthcoming year in furtherance of the Economic Growth Strategy, while reporting respective developments that have been recorded during the financial year now ending. These interventions include:

1. Enhancing key primary growth sectors;
2. Increasing infrastructure access and reliability;
3. Human capital development; and
4. Maintaining peace, security and good governance.

Enhancing Key Primary Growth Sectors

Industrialisation

Madam Speaker, Government has already commenced the establishment of an industrial base, as I said before. The iron and steel industry now has 24 steel industries and its installed capacity has doubled to 1.7 million tonnes per annum from 866,000 tonnes five years ago. The cement industry has expanded to five cement factories, more than doubling annual production to 4.43 million tonnes from two million tonnes five years ago. We shall talk about the prices later.

Agro-processing factories have been commissioned in Teso and Luweero for citrus fruits, dairy in Ankole, vegetable oil in Kalangala, and tea in Toro and the Kigezi sub-regions. The Uganda Development Corporation (UDC) has acquired a 32 per cent stake in Atiak Sugar Factory, which will serve as a nucleus facility for an out-growers scheme in Atiak and Lamwo districts. Uganda Development Corporation has also extended ten-year equipment lease financing arrangements to tea factories in western Uganda, namely the Kigezi Highland Tea Company Limited, Kayonza Growers Tea Factory, and Mabale Growers Tea Factory Limited.

One private and three public industrial parks are already operational at Kapeeka, Namanve, Luzira and Bweyogerere. The Kampala (Namanve) Industrial Business Park is 40 per cent complete and will be fully serviced in the medium term. *(Applause)* The park already boasts of 33 operational factories with an estimated 15,000 jobs created. 87 factories are under construction and 120 are at pre-investment stage. During the year, the following strategic factories were commissioned at Namanve Industrial and Business Park: Orion Transformers and Electric Limited, which manufactures electricity transformers, switch gears, and smart meters; Alfasan Company Limited, which manufactures veterinary and human medicines; and Steel and Tube, which produces steel products.

At the Luzira Industrial and Business Park, nine industrial plants are operational with 7,000 employees. The Bweyogerere Industrial Park has four operational industrial plants in agro-processing and other manufacturing with 5,000 employees. At the Soroti Industrial Park, the Soroti Fruit Factory was commissioned during the year, although we still need to get raw materials. Therefore, the politicians from that area, together with technical people from the Ministry of Agriculture, Animal Industry and Fisheries, need to help us guide our people regarding the type of oranges to be grown.

In addition to the above public industrial parks, at Lio Shen Industrial Park in Kapeeka where Government is providing infrastructure, five factories out of the targeted 10 are operational now. *(Applause)* These include Ho and Mu Food Technology (U) Limited, which dries fruits for exports - they need more mangoes – and Goodwill Ceramics (U) Company Limited, which manufactures tiles using more than 90 per cent of local inputs. *(Applause)* I am inviting honourable Members of Parliament to find time and go there. Seeing is believing. For those of you who have not been there, go and see what is happening then we shall talk from a position of knowledge and we can debate it.

Development of the Mbale, Soroti, Iganga, Mbarara and Jinja industrial parks is ongoing. Other industrial parks will also be developed by providing basic infrastructure including roads, electricity, water, and information technology and communications infrastructure. Fourteen free zones to promote exports have also been licensed in Arua, Jinja, Kalungu, Mpigi, Mukono, Wakiso, Tororo, Kampala, and Buikwe – *(Interjections) -* We are coming, do not worry. I told you that in the National Resistance Movement, we go slowly. Time is not going. Are you about to die? Sorry, Madam Speaker.

In order to speed up industrial growth, the budget for the Financial Year 2019/2020 will undertake the following priority actions:

1. Fast-track feasibility studies, including engineering designs for all the proposed industrial parks;
2. Develop service industrial parks and workspaces;
3. Reform Technical and Vocational Education and Training (TVET) to provide the skills required in the job market;
4. Establish the Industrial Skills Production Centre at Kampala Industrial Area (Namanve) to provide skills development, innovation and knowledge transfer critical for researchers, industrialists, innovators and youth, in particular. The centre will also address technology gaps in Uganda while boosting value addition;
5. Promote and expand the Uganda Industrial Research Institute's (UIRI) Industrial and Technological Incubation Centre. In addition, UIRI will establish regional and model value addition centres;
6. Provide an additional Shs 10 billion to the Soroti Fruit Factory for working capital requirements to purchase the required raw materials;
7. Support applied research – from you people telling our people down there to do the right thing - innovation and industrial development at the Presidential Initiative on Banana Industrial Development (PIBID), the Presidential Initiative on Science and Technology (PIST), and the Kiira Electric Vehicle Project, among others *– (Interjections) -* You saw it on the screen and we shall tell you the cost. You do not say everything at the same time. Everything has a time; don’t you know that?

In addition, preparatory work to establish regional science and technology parks, municipal innovation hubs, value addition and technology transfer centres, material science programme and petrochemical industry will be commenced.

1. Reduce the minimum investment threshold that allows developers of free zones and industrial parks to be eligible for tax incentives from US$ 100 million to US$ 50 million;
2. Reduce the minimum investment threshold that allows operators within industrial parks to be eligible for tax incentives to US$ 10 million for foreigners and US$ 1 million for local investors. *(Applause)*

Madam Speaker, I have provided Shs 428.68 Billion next financial year for:

1. Electrification of industrial parks (Shs 147 billion);
2. The development of supportive export infrastructure in export processing zones and industrial parks (Shs 103 billion); and
3. Science, technology and innovation (Shs 178 billion). *(Applause)*

Commercialising Agriculture

Madam Speaker, Government’s efforts to modernise and commercialise agriculture are bearing positive outcomes, as I have already said. For instance, the volumes and value of export of strategic commodities has registered notable improvements.

Coffee export volumes in 2018 increased by six per cent to 4.5 million bags valued at US$ 492 million compared to 4.2 million valued at US$ 490 million exported in 2017. *(Applause)* Oil palm production in Kalangala in 2018 increased by 55 per cent to 37,800 tonnes valued at Shs 21.4 billion compared to the 2016 production of 24,300 tonnes valued at Shs 13.4 billion. Milk production in 2018 increased by 19 per cent from 2.1 billion litres in 2015 to 2.5 billion litres in 2018. *(Applause)*

The volume of fish exports has also increased by 27 per cent. The support to fisheries enforcement interventions by the gallant Uganda People’s Defence Forces (UPDF) has led to the opening of four fish factories: Gomba in Jinja, Iftra in Kampala, Marine and Agro in Jinja, and Ngege in Kampala. The established production capacity of all these factories is 330 tonnes per day.

The actions that Government has taken to support the significant outcomes I have illustrated include the following:

1. Distribution of key planting, breeding and stocking materials including the establishment of almost 110,000 acres of citrus orange and about 144,000 acres of mango *– (Interjections) -* Go to Nwoya and see - 22,000 acres of tea in Kigezi, Ankole, Rwenzori, Mubende, West Nile and Bunyoro sub-zones; and 16,500 acres of cocoa. Breeding and genetic development continued with the multiplication of beef and dairy cattle, goats, pigs and poultry.
2. Construction of four medium sized irrigation schemes have been completed at Agoro (650ha) in Lamwo, Doho I (1,000ha) in Butaleja, Mubuku I (516ha) in Kasese and Olweny (600ha) in Lira District. Construction of the major irrigation schemes have progressed and are at different stages of completion: Doho II in Butaleja is at 48.6 per cent; Mubuku II in Kasese at 22.5 per cent; Wadelai in Nebbi District at 18.2 per cent; Torchi in Oyam District at 57 per cent; Ngenge in Kween District at 54.1 per cent; and Rwengaaju in Kabarole District at 50 per cent.
3. Completed construction of ten small scale irrigation systems at Zonal Agricultural Research and Development Institutes (ZARDIs) at Pallisa, Bukedea, Katakwi, Tororo, Kamuli, Bugiri, Soroti, Abim, Kaabong and Mayuge districts. The demonstration will benefit 300 registered farmer groups.

iv) Construction of solar-powered irrigation systems at seven more Zonal Agricultural Research and Development Institutes at Bulindi, Rwebitaba, Abi, Buginyanya, Nabiun, Mukono and Ngetta are being finalised. In addition, 15 solar water pump systems for small scale irrigation were established in 13 districts of Katakwi, Kamuli, Bukedea, Buikwe, Kayunga, Mpigi, Lyantonde, Kiruhura, Mbarara, Kamwenge, Rubirizi and Mukono. *(Applause)*

v) Regional mechanisation centres were opened in the south western region at Buwama and the north eastern region at Agwata. *–(Interjections)-* Madam Speaker, can I be protected from people who are speaking a language I do not understand? I do not believe in sectarianism. In addition, several valley tanks were constructed and/or rehabilitated in the drought-prone and cattle corridor districts countrywide. The number of valley tanks increased by 83, from 155 in December 2017 to 238 in December 2018, with total holding capacity increasing from eight million –

**THE SPEAKER:** Order, honourable members!

**MR KASAIJA:** The number of valley tanks increased by 83 from 155 in December 2017 to 238 in December 2018, with total holding capacity increasing from eight million to nine million cubic meters during the same period. This has improved the number of farmers accessing and utilising water for irrigation, aquaculture and livestock from five to eight per cent. Two hundred and eighty tractors were distributed to farmers to further boost mechanisation.

vi) The Agriculture Credit Facility cumulatively disbursed Shs 332 billion by 31 March 2019, to finance 551 eligible projects. This enabled borrowers to establish large capacity agro-processing facilities, expand grain trade and investment in warehousing and expanding farm infrastructure.

Madam Speaker, in order to further support commercialisation of agriculture, the following key priority actions will be implemented in the forthcoming budget:

1. Provision of storage facilities and linking farmers to agro-processing facilities to support agro-industrialisation. *(Applause)* Post-harvest facilities will be built in Bunyangabu, Kibuku, Kumi, Kyenjojo, Ntoroko and Nakaseke districts.
2. Delivery of quality inputs and services including seed and planting materials, mechanisation, fertilizer, agricultural credit and extension services.
3. Provision of irrigation infrastructure at large scale such as the Wadelai, Torchi, Mobuku II, Doho II and Ngenge projects;
4. Providing small-scale solar powered irrigation systems for last mile irrigation; that is getting water from the main canal and taking it to the farm.
5. Construct five micro-irrigation schemes in Alebtong, Kabarole, Katakwi, Ntoroko and Gomba under the Local Economic Growth Support (LEGS) project.
6. Strengthen inputs and product standards certification to improve production and enhance the quality of products to enable market access both regionally and internationally.
7. Continue the enforcement of rules and regulations on major water bodies to prevent overfishing and promote sustainable capture fishing and aquaculture.
8. Enhance agricultural research and development in new crop varieties for national strategic commodities including coffee, maize, beans, cassava, rice, cotton, oilseed and cocoa.
9. Undertake research in pest and disease control, including efficacy trials for three new acaricides namely Vectoclor, Bantick and Eprinometim. That is a name of an acaricide. If you are not an agricultural person, then, please, you can come and we teach you or you keep quiet.

Madam Speaker, I have provided Shs 1,054.6 billon to the agriculture sector next financial year.

Tourism Development and Promotion

During the financial year now ending, the key interventions that the sector has implemented include the following:

1. Two domestic tourism promotion drives (Tulambule) were conducted in western and eastern Uganda with enhanced focus on popularising tourism sites and encouraging Ugandans to visit and experience Uganda’s beauty.
2. Museums at Kabale, Wedelai, Soroti, Fort Lugard, Bweyogerere, Nyero, Kapir, Mukongoro and Moroto have been maintained.
3. Uganda Tourism Board participated in eight expos and 14 events in the international, regional and domestic markets.
4. Breeding programmes for various bird species such as the shoebill and peafowl were conducted.

In the next financial year, the following actions will be prioritised in the sector:

1. Aggressive marketing of Uganda’s tourism in key markets, for example South Asia and Europe.
2. Tourist product development, for example religious, historical, cultural, natural heritage and agro-tourism including farm visits.
3. Destination marketing to identify and sell key tourist circuits such as Kidepo, Bwindi, Kibale and products including historical sites like Fort Patiko and Bigo Byamugyenyi.
4. Reduce the minimum investment threshold that allows investors in hotels and tourist facilities operators to be eligible for tax incentives from US$ 15 million to US$ 10 million only.
5. Upgrade and renovate key tourism infrastructure including airfields and priority roads to improve accessibility; electricity and internet infrastructure; and highway stopovers along the tourism routes.

Madam Speaker, I have allocated Shs. 193.7 billion to the tourism sector this coming financial year. *(Applause)*

Development and Commercialisation of Minerals, Oil and Gas

In the minerals, oil and gas sector, preparations for the commercialisation of oil and gas resources continued during the year. The Lead Investor for the Oil Refinery commenced detailed designs that will inform the final investment decision to be taken by September 2019. The detailed designs for the East African Crude Oil Pipeline were completed and the first investment decision is due to be taken after negotiations of final agreements.

With respect to mineral development, substantial progress has also been recorded. Three gold refineries have been set up to refine gold to 99.9 per cent. These are the African, Simba and Bullion Gold Refineries. The Sukulu Phosphate and Steel Project first phase to process fertilizers was commissioned in October 2018. The Sukulu Project’s steel, glass sheet, brick and cement plants are due for commissioning in July 2019.

Several new cement factories were built during the year while others have been expanded, including Simba, Tororo, Hima and Kampala cement plants. Total production capacity of cement now stands at 6.8 million tonnes compared to only 2.3 million tonnes in 2015 and 1.6 million tonnes in 2011. This has resulted in increased jobs, lowered cement prices, reduced construction costs, and consequently reduced cement imports.

Madam Speaker, during the next financial year, the following interventions will be undertaken:

1. The airborne geophysical survey of Karamoja region.
2. The divestiture of Kilembe Mines on a fast-track basis with an emphasis on prospective investors with capacity to carry out further exploration, following repossession by Government from the previous investor.
3. The exploration of the 18 priority mineral target areas for rare earth and metallic minerals to a level of certified mineral resource.
4. The review of the licensing rules and regulations to eliminate speculative and non-performing licences and allow opening up of the sector for reputable exploration and mining companies.
5. The establishment of a certified mineral assy laboratory to test samples for exploration and mining companies affordably and in a timely manner.
6. The development of a mineral sector strategy emphasising the marketing of Uganda’s mineral potential to prospective investors.

Increasing Infrastructure Access and Reliability

His Excellency the President extensively elaborated during the State of the Nation Address the progress we have made and the way forward in the transport and energy infrastructure. I will therefore, present highlights in this area:

Transport Infrastructure

The paved road network now is 5,111 kilometres, equivalent to 25 per cent of the national road network, exceeding the NDP II target of 5,000km. *(Applause)* A total of 97 per cent of the national paved road network and 83 per cent of the unpaved roads were reported to be in fair to good condition. This was above the NDP II target of 85 per cent for paved roads and 70 per cent for unpaved roads.

Next financial year, the target for completed national paved roads is going to be 6,000km. Rural roads connectivity and low-cost sealing of district roads will be prioritised. Road maintenance and rehabilitation of District, Urban and Community Access Roads (DUCAR) and national roads will be undertaken using the Force Account approach to cut on costs*.* The rehabilitation of the national airport, the meter gauge railway in the short-term, and the revamping of water transport facilities, including the navigational capacity on Lake Victoria, will also be undertaken. The construction of the Kabaale International Airport in Hoima District, the operationalisation of the Uganda National Airline, and the acquisition of two more Bombardier regional aircrafts have been prioritised in the next financial year. *(Applause)*

Land acquisition and counterpart funding has also been given priority in the budget, particularly for the new Kampala Port at Bukasa, the completion of the Katuna One Stop Border Post (OSBP), and development of upcountry aerodromes. Land acquisition for three oil roads, namely Hoima–Butiaba–Wanseko; Masindi–Biiso, Masindi–Bugungu, and Buhimba–Kakumiro–Mubende has been fully provided for in the budget, while loan negotiations for the construction works are being concluded.

To enhance access to tourism sites, an additional Shs 57.8 billion has been provided to Uganda National Roads Authority (UNRA) to embark on the south-west tourism circuit. The other tourism roads will be sequenced over the short and medium term. In addition, support will be provided for the rehabilitation of aerodromes to facilitate domestic flights.

A total of Shs 6.4 trillion has been provided to the works and transport sector in the coming financial year.

Energy Infrastructure

The total installed electricity generation capacity is now 1,200MW, with the completion of several hydropower generation projects including Isimba Hydropower Dam. High voltage electricity transmission grid infrastructure now totals to 2,258km. Detailed progress of specific energy infrastructure projects was well elaborated in His Excellency the President’s State of the Nation Address.

With respect to electricity infrastructure in industrial parks, substations in Iganga, Luzira, Mukono and Namanve have been completed, which will enable increased consumption of electricity. With respect to power distribution, the distribution concession with Umeme Limited will be renegotiated and extended to ensure further investment and lower electricity tariffs.

With the rate at which we are industrializing, including the increase in demand for power by the population for various uses, we plan to have more power production to avoid entering into a shortage. The Ayago (840MW), Oriang (392MW), Kiba (330MW) and Uhuru (600MW) hydropower projects will be developed in the medium to long term, in partnership with the private sector.

In line with our strategy to ensure power access, the Electricity Connection Policy will continue to subsidise the cost of electricity connections. Over 300,000 connections are targeted annually. This initiative will realise growth in access to electricity to 30 per cent by the end of 2020 and 60 per cent by 2026. Furthermore, the use of renewable energy such as solar systems for lighting rural homes and for the national grid is being implemented. Currently, 40MW of solar power has been installed nationwide and feeds into the national grid.

A total of Shs 3 trillion has been provided to the energy sector next financial year. *(Applause)*

Information and Communication Technology

In the information and communication technology sector, the total optical fibre network covers 49 per cent of all the districts and 24 per cent of subcounties and all the border points. The number of internet users has increased from 13 million in 2015 to 18.8 million in 2017, translating to a penetration rate of 45.4 per cent. A total of 297 Government services have been automated, 71 of which are being provided online. The automation of Government services has led to a reduction in the processing times and an improvement in service delivery. *(Applause)*

Madam Speaker, the national backbone infrastructure for ICT will eventually be extended to cover all districts. In addition, internet costs will be reduced through the implementation of the new national broadband policy. The policy will compel telecommunication companies to provide services to people countrywide. This will enhance improved service delivery both in Government and the private sector.

Shs 146.2 billion has been provided next financial year to the ICT sector.

Human Capital Development

Education, Skills Training and Sports

The provision of universal primary and post primary education has led to 92 per cent of all parishes and 71 per cent of all subcounties having a Government aided primary and secondary school respectively. *(Applause)* All major regions of the country have a public university. Consequently, the literacy rate of persons aged 10 years and above currently stands at 74 per cent.

During financial year 2018/19, scholastic materials were distributed to all public primary schools, improving pupil to book ratio from 14:1 to 2:1. Traditional secondary schools of Kyenjojo, St. Balikuddembe Mitala Maria, Kigezi College, Sir Samuel Baker and Ntare School were extensively rehabilitated. - *(Interjections)-* Yes, charity begins at home. *(Laughter)* Teacher absenteeism at Universal Primary Education (UPE) schools in 20 pilot districts has reduced from about 15 per cent in 2015 to four per cent in 2019 with the use of biometric fingerprint readers.

In terms of skills training, critical infrastructure for technical and vocational training has been built. Currently, 55 per cent of all districts have technical and vocational institutions. Consequently, enrolment into Business, Technical and Vocational Training (BTVET) institutions now stands at 129,000. Centres of excellence have also been built at Uganda technical colleges at Elgon, for civil works and building technology; Lira, for drainage, bridges and road construction; Bushenyi - for food manufacturing and food processing; and Bukalasa Agricultural College for crop and animal husbandry. Technology incubation centres where fresh graduates can translate business ideas into viable business enterprises have been established at Mbarara, Gulu and Makerere public universities

In sports, the construction of the national high altitude centre in Kapchorwa is 68 per cent complete and the Nakivubo Stadium is undergoing reconstruction. I congratulate the Uganda Cranes for qualifying for the Africa Cup of Nations for the second time running.

During the next year, the following interventions in formal education will be undertaken:

1. Improve instructional practice, especially for early grades, in the use of reading materials, to enhance early grade numeracy and literacy;
2. Improve teacher monitoring and inspection by rolling out biometric fingerprint readers to improve school teacher attendance and eliminate absenteeism;
3. Enhance school management, accountability and learning conditions including school classrooms, offices, water and sanitation facilities, and teacher housing;
4. Establish and enforce minimum standards on teacher numbers, instructional materials, classrooms and sanitary facilities across schools;
5. Operationalise seed secondary schools currently under construction with adequate staffing and other necessities;
6. Provide technical institutions with adequate instructors, instructional materials and guided curriculums to meet market demands.

Madam Speaker, Shs 3.4 trillion has been provided to the education sector next financial year. *(Applause)*

Health

In the health sector, continued progress has been registered in disease prevention and treatment; provision of essential medical supplies; and the development of critical health infrastructure. For instance, malaria prevalence among children under five has reduced significantly from 30 per cent in 2015 to 17 per cent in 2018. This is majorly as a result of the distribution of 26.5 million long-lasting insecticide nets and indoor residual spraying undertaken in 26 districts in the east and northern regions.

I have seen these nets being used for purposes they are not meant for in some places. They are being used to brew *kwete*. *(Laughter)* I will shame you because I saw some of these things in your constituencies - *(Interjections)* - I travel; I do not sit in the office. It is up to us to educate our people so that they too live a meaningful life.

Antiretroviral Therapy (ART) coverage has improved from 73 per cent in 2016/17 to 86 per cent this year, contributing significantly to treatment of HIV and reduced mother-to-child transmission. Preventive interventions, including immunisations, have improved, with measles immunisation coverage, for example, increasing to 88 per cent.

 As a result of equipping and improved staffing at health facilities, health service provision has improved at all levels; for instance, 81 health centres IV offer caesarean section and blood transfusion out of a total 186 centres. In addition, the number of maternal deaths recorded at health facilities has also reduced by 30 per cent from 148 per 100,000 in financial year 2016/17, to 104 per 100,000 deliveries this year. Health worker staff attendance has improved from 51 per cent in June 2016 to 93 per cent in February 2019 in 20 pilot districts where biometric fingerprint readers are used to monitor staff attendance.

In terms of regional and national health infrastructure, the construction, expansion, rehabilitation and equipping of Mulago National Referral Hospital and its transition into a super-specialised facility is at 97 per cent completion and will be commissioned in December, 2019. *(Applause)*

I have given the ministry more money, out of the supplementary request that Parliament approved, to finish that job.

The construction of a 320-bed Specialised Women and Neonatal Hospital at Mulago National Referral Hospital was completed and commissioned in November, 2018. It is functional and offers first class services to women and new-borns.

The Specialised Regional Centre for Paediatric Surgery Hospital is under construction in Entebbe and will be commissioned by December, 2019. *(Applause)*

Kawolo Hospital has been rehabilitated and will be commissioned in July, 2019, while rehabilitation of Busolwe Hospital will commence next financial year. These projects will also address reproductive health, in addition to provision of emergency care.

Madam Speaker, in the next financial year, the following interventions will be prioritised:

1. Improving the functionality of lower level health facilities by providing additional resources for operations and upgrading 124 health centres II to health centres III in 99 Local Governments. This is in line with the NRM manifesto of having a health centre III in all the subcounties.

1. Streamlining the health referral system to reduce pressure on the super-specialised Mulago National Referral Hospital.
2. Constructing staff houses and maternity wards in 81 health centres supported by the World Bank Reproductive Maternal Child Health Services Improvement Programme.

1. Improving supply of medicines and health supplies and strengthening controls for more efficient drug management across the country.
2. Improving human resources for health by training local health professionals and strengthening village health teams.

Madam Speaker, Shs 2.6 trillion has been provided to the Health sector for the next financial year. *(Applause)*

Nutrition

Madam Speaker, to address malnutrition and the significant prevalence of stunting in children and anaemia among expectant mothers, the education, health, agriculture, gender and social development ministries will be jointly tasked to implement the following measures, starting next financial year:

1. Ensure industrial food fortification with vital nutrients for major staples and cooking oils consumed in public institutions such as schools, hospitals and the country’s security forces.
2. Require all schools to establish and maintain vegetable gardens for both educational purposes and as a source of vital nutrients in school diets.

1. Revitalise nutritional education conducted by village health teams, community development workers and the public and private media.
2. Train and support small-scale millers with appropriate technologies to enable food fortification as well as enforce regulatory food fortification standards.

These interventions will require the revision of the Uganda Nutrition Action Plan and the prioritisation of food and nutrition security in the NDP III.

Safe water and sanitation

Madam Speaker, the following progress was registered in safe water provision and sanitation during the financial year now ending:

1. Rural water coverage is now at 71 per cent, while the urban water coverage stands at 80 per cent.
2. A total of 38,200 villages, representing 66 per cent of the total villages in the country, have been served with clean water – *(Interjection) –* we do not tell lies in NRM. If we were telling lies, we would not be in power.
3. Rural sanitation coverage stands at 79 per cent, while sanitation coverage in urban areas is at 87.4 per cent.

Madam Speaker, during the next financial year, the following interventions will be undertaken in safe water provision and access to sanitation:

1. Extending piped water systems and environmentally-friendly waterborne toilet facilities.
2. Construction of sewerage treatment plants and eco-friendly toilet facilities in rural growth centres.
3. Undertaking countrywide rehabilitation of water facilities including wells, valley tanks/dams, shallow wells and boreholes.
4. Strengthening the operation and maintenance of water facilities in collaboration with water user committees.

Madam Speaker, Shs 1.1 trillion has been provided to the water and environment sector in the next financial year. *(Applause)* The allocation will be spent mainly on:

1. Provision of water for production (Shs 218.5 billion);
2. Access to safe water in rural communities (Shs 100.9 billion);
3. Access to safe water in urban areas (Shs 463.1 billion).

Maintaining peace, security and improving governance

Madam Speaker, the maintenance of peace, security, law and order has laid a strong foundation for economic growth and development in Uganda over several decades. *(Applause)*

Improved governance and public administration management has been registered, notwithstanding challenges such as regional global threats including terrorism, money laundering and corruption, particularly in the public service and constrained effectiveness of our judicial system that faces case backlog.

In order to maintain peace, security and good governance, the following interventions will be implemented by Government over the next financial year and the medium term:

1. Continuing to professionalise the Uganda People’s Defence Forces (UPDF) through equipment and training. To this effect, security has been allocated an additional Shs 1.5 trillion to enhance its capacity.
2. Commencing the implementation of the electoral roadmap for the 2021 general elections in pursuit of democracy and good governance for which Shs 223 billion has been allocated through the responsible institutions.

iii) Continue to strengthen anti-corruption institutions, policies and systems in order to crackdown on corruption in Public Service, minimise fraud and money laundering and financing of terrorism in the country – when I talk about corruption, people keep quiet.

iv) Enhance efficiency in the justice system by addressing case backlog through automation of case management, roll out plea bargaining, mediation and small claim procedures. I have provided the Judiciary with an additional Shs 53 billion.

v) Commence construction of the Supreme Court, for which Shs 20 billion has been provided, as a start.

vi) Enhanced pay for judicial officers, state attorneys and prosecutors for which Shs 22 billion has been provided.

vii) Fast track implementation of Safe City infrastructure by rolling out installation of CCTV to municipalities and urban centres.

viii) Reduce prison congestion by operationalising Kitalya mini-max prison and five other reception centres. The National Community Service Programme will also serve as an alternative to incarceration.

ix) Install electronic gates and kiosks at major border points, including Malaba, Busia, Katuna, Mutukula, Atiak and Mirama Hills.

Improving Public Investment Management and Public Sector Effectiveness

Madam Speaker, in order to strengthen the Public Investment Management System (PIMS) in the country, Government has adopted the following measures:

i) Require all projects under preparation to adhere to the Public Investment Management System (PIMS) framework, to ensure alignment to the National Development Plan and are socially and economically viable;

ii) Fully roll out implementation of the online Integrated Bank of Projects (IBP) system; and

iii) Prioritise allocation to on-going projects to ensure their completion on time, within the budget and scope.

Madam Speaker, we will continue to undertake joint portfolio reviews on all on-going projects with development partners and civil society to assess project implementation. These reviews enable identification of reasons for slow implementation and development of remedial action.

The following measures to enhance the effectiveness of the public sector will also be implemented in the coming financial year:

i) Introduce the Electronic Government Procurement (e-GP) System to improve efficiency, transparency and accountability in public procurement.

ii) Launch the Resource Enhancement and Accountability Programme (REAP), which requires strengthening of transparency and accountability in Public Finance, among others.

iii) Complete the rollout of the Integrated Financial Management System (IFMS), Treasury Single Account Framework and the e-cash solution to all Government departments, at Local Government levels, to enhance efficiency, transparency and accountability.

iv) Enhance asset management in Government for greater economy and efficiency.

Financing strategy for Financial Year 2019/2020 and the Medium Term

Madam Speaker, the financing strategy for the next financial year and the medium term is underpinned by the recently developed domestic revenue mobilisation strategy that seeks to enhance Uganda’s revenue. The financing strategy is also anchored on a prudent debt financing strategy consistent with a sound fiscal and monetary policy framework.

Domestic revenue mobilisation strategy

Madam Speaker, the domestic revenue mobilisation strategy will strengthen tax administration and restore public confidence in the tax system. The strategy aims to raise the ratio of revenue to GDP to 18 per cent over a five year period.

Therefore, the following interventions will be implemented over the next five fiscal years:

i) Review tax policies for greater simplicity, efficiency and sustainable revenues, taking into account citizens’ welfare and regional integration, bilateral and multilateral commitments.

ii) Involve taxpayers more fully into the tax policy formulation process, to restore public confidence in the tax system.

iii) Promote an attractive business environment to potential investors, including the provision of a business-friendly tax environment and eliminating distortions to private sector investment decisions.

iv) Support investment in human capital by granting incentives to businesses, which provide apprenticeship in priority sectors, accredited training and education based at the workplace.

v) Eliminate revenue leakages and enforce tax obligations by re-examining rules and restricting tax exemptions to those that have significant public good.

vi) Enhance Uganda Revenue Authority’s administrative efficiency through additional staff recruitment, better training and modernisation and expansion of ICT capacity.

vii) Enhance compliance through registration, improved taxpayer services and education.

viii) Develop a simplified tax regime for small and medium enterprises, including informal sector businesses to encourage tax compliance while preserving Uganda’s entrepreneurial spirit.

ix) Strengthen the revenue raising capacity of local governments by broadening the range of revenue instruments available to them and make them less dependent on Central Government transfers.

Revenue Projections

Madam Speaker, domestic revenue projections for next financial year amount to Shs 20,449 billion. Of this, tax revenues amount to Shs 18,877 billion while Non-Tax revenues (NTR) to Shs 1,571 Billion.

Madam Speaker, next financial year, URA will collect all Government revenues including Appropriation-in-Aid (AIA). For Government departments that have been collecting Appropriation-in-Aid, appropriate budget should be undertaken and resources shall be duly allocated. The revenue target for the next financial year, including AIA therefore, translates into a revenue effort of 16.8 per cent of GDP, in the National Development Plan (NDP II) target of 16 per cent for Financial Year 2019/2020.

Parliament approved tax measures for Financial Year 2019/2020, which will come into effect from 1 July 2019. Modest adjustments to tax legislation have been made to streamline incentives and protect viable and competitive sectors. Tax laws have also been amended to support compliance, enhance competitiveness in the region while closing loopholes that may lead to revenue leakage. The details of these measures are contained in the respective Tax Amendment Acts.

Madam Speaker, the following are some of the highlights of the tax measures:

i) The Excise Duty Act was amended to provide for registration of manufacturers, importers and providers of excisable goods and services. This will also reinforce other tax reforms like digital tax stamps.

ii) Income derived from leasing or letting facilities in industrial parks has been exempted from income tax for 10 years from the date of commencement of construction. *(Applause)*

iii) Withholding tax on long term bonds has been reduced from 20 to 10 per cent to encourage investment in long term Government securities but at the same time reduce financing costs to Government.

iv) The Stamp Duty Act was amended to provide for a uniform stamp duty payable on bank guarantees, insurance performance bonds, indemnity bonds and similar debt instruments in order to reduce the cost of debt financing and ease tax compliance and administration.

v) In addition to VAT exemption on agro-processing, rice mills and agricultural sprayers have also been exempted from VAT.

vi) Introduction of a 6 per cent withholding rate for VAT will now be applicable.

vii) To promote investment and industrialisation, import tariffs on products, which are not locally manufactured, have been increased. If you are a businessman you know what that means.

Tax administrative reforms

Effective tax administration is necessary for sustainable revenue collection. The Uganda Revenue Authority will, therefore, strengthen its capacity to effectively collect taxes.

This will involve recruitment of additional staff, skills development in specialised areas such as audit, investigations and risk analysis and the modernisation and expansion of ICT capability.

The following interventions in tax administration will be implemented next financial year:

i) Use of electronic fiscal devices to improve compliance in VAT.

ii) Use of a digital tax stamps solution to avert under-declaration of excise and customs duties.

iii) Enhance rental income tax collection.

iv) Purchase and deploy scanners at major ports of entry into Uganda, to facilitate faster clearance of goods and curb mis-declaration; and

v) Expand deployment of the electronic cargo tracking system to eliminate dumping of imports on the Ugandan market.

Madam Speaker, the resource envelope for Financial Year 2019/2020 totals Shs 40,487.9 billion of which tax and non-tax revenue amounts to Shs 20,895.6 billion.

Domestic financing amounts to Shs 2,829.8 billion while external financing consists of project support of Shs 9,433.6 billion and general budget support Shs 675.2 Billion. Domestic re-financing amounts to Shs 6,452.6 billion and Appropriation in Aid is Shs 201.1 billion.

Budget deficit and its financing

Madam Speaker, in the next financial year, the budget deficit as a ratio of GDP is projected at 8.7 per cent compared to 5.8 per cent this year. This is as a result of increased spending on infrastructure projects such as oil and tourism roads, the national airline and power transmission lines.

This deficit, as usual, will be financed largely through external borrowing and to a lesser extent, through domestic borrowing.

Public debt

Madam Speaker, on public debt - which worries many people - the stock of Government debt rose to Shs 42,760 billion, equivalent to $ 11.5 billion as at the end of December 2018. At end of December 2017, it was Shs 37,208 billion, equivalent to $ 10.2 billion.

External debt constitutes 66.5 per cent of the total debt and this amounts to Shs 28,427 billion equivalent to $7.7 Billion. Domestic debt constitutes the balance.

Debt sustainability

I would like to assure the country that our debt remains sustainable in the medium to long term. As of December 2018, debt was at 41.8 per cent of GDP in nominal terms and at 31.7 per cent of GDP in present value terms, well below the threshold of 50 per cent debt to GDP ratio contained in the Charter for Fiscal Responsibility and the East African Community Monetary Union Protocol.

Uganda compares very favourably with its peers because most of our debt has been contracted on concessional terms. Our debt has financed priority and productive sectors, which will generate positive economic returns. The ability to pay back is in us.

Government will continue to exercise caution while taking on new debts. The rate of debt accumulation is expected to reduce, in the medium term, as flagship infrastructure projects are completed.

To ensure debt sustainability in the short, medium and long term, Government will:

i) Continue to prioritise borrowing for mainly infrastructure development projects to address the existing infrastructure gaps for industrial enhancement, power transmission and distribution, transport and water for production.

ii) Improve loan absorption as well as the effective utilisation of the borrowed resources, including investing in export-oriented areas to boost exports, which also increase our capacity to service external debt.

iii) Apply more stringent vetting of projects to be financed by loans, including prioritising only projects that enhance the productive capacity of the economy, demonstrating high economic returns and help generate future growth;

iv) Minimise the financing risks arising from commercial loans and associated volatility in exchange rates and interest rates; and

v) Enhance domestic revenue mobilisation to reduce the levels of Government borrowing.

Madam Speaker, while debt financing is used to finance critical public projects, some non-patriotic members of our society unfortunately continue vandalising project assets, mainly in the electricity and transport sectors.

This does not only undermine the generosity of the tax payers from the countries of our development partners but also curtails the effective utilisation of the assets when the projects are completed.

I, therefore, appeal to the public and the citizens of this country to respect these assets and desist from acts of vandalism; they are not Kasaija or the President’s assets. They are assets of Uganda. We need to use them and when we go to meet our Creator; we will leave them for the children, the *Bazukulu*. *(Applause)*

Madam Speaker, the Financial Year 2019/2020 Budget seeks to deliver inclusive growth and develop the vast majority of our people. It seeks to further build on the significant gains we have already achieved in socio-economic transformation, by ensuring gainful jobs, increased incomes and greater wealth for Ugandan households.

Madam Speaker, the NRM Government has built a firm foundation for all to seize boundless opportunities. I implore the youth and women of Uganda to seize these opportunities that will build their skills, permit them to engage in productive work and also establish business enterprises, where they can.

I call upon farmers to cooperate and participate in the process of agro-industrialisation in order to fully benefit from higher rewards to their efforts. This will enable households to improve production and productivity. As a consequence, incomes will rise and new jobs will be created. This will lead to sustainable growth and development to make Uganda more beautiful and nice to live in, both for ourselves and our *bazzukulu* now and those in the future generations.

I beg to submit, Madam Speaker. *(Applause)*

**THE SPEAKER:** Thank you very much, honourable Minister of Finance, Planning and Economic Development, for your elaborate presentation.

Your Excellency the President, honourable members and our guests, as I stated earlier, Article 155 (1) of the Constitution confers the obligation of presenting the National Budget to Parliament on the President. The Minister of Finance, Planning and Economic Development is a delegate who is performing that on his behalf.

Now that we have heard from the minister, it is essential that we hear from the President who assigned him that responsibility but who remains ultimately responsible for the Budget and its impact. I know that the President will want to make some remarks thereon.

However, as I pointed out to the House on 31 May 2019 and also on Thursday 6 June 2019, I reiterate theprovisions of Article 98 (1) of the Constitution, which provide that the President shall be the Head of State, Head of Government, Commander in Chief and the Fountain of Honour.

I wish to draw further your attention to rule 10 (4) of the Rules of Procedure, which provides that the President, while occupying the Chair of State in the House, may make a presidential statement, which shall be heard in silence and not followed by any comment or question. *(Applause)*

Let me now invite the President to make his remarks.

5.27

**H.E. THE PRESIDENT OF THE REBUBLIC OF UGANDA (Gen. Yoweri Kaguta Museveni):** Thank you very much. Your Excellency the Vice President, the Rt Hon. Speaker of Parliament, His Lordship the Deputy Chief Justice, the Deputy Speaker – *(Applause)* – The Rt Hon. Deputy Prime Ministers, Honourable Ministers, Members of Parliament, their Excellences the Ambassadors, distinguished guests, ladies and gentlemen – Oh, the Rt. Hon. Leader of the Opposition – *(Laughter)*

You have heard that Ebola, which has been contained in Democratic Republic of Congo by the people who are in charge of that area, has crossed into Uganda but our people are there. I would like to advise that avoid shaking hands for now. *(Laughter)* There is no harm. People will not die if you do not greet them.

On the issue of vandalising public assets, I am not a preacher like the minister to just call upon the people to change their ways that the kingdom of heaven is about to come. Now that we have got the cameras, anybody seen vandalising the assets will be arrested and will pay for whatever damage he has done. *(Applause)*

Also, any vehicle, which knocks the road fences will pay because at Mbarara High School, we had caution money. We would pay some money and keep it with the headmaster. In case you damage something, then they deduct. Therefore, anybody who damages what they call road furniture – I do not know why they call it that – but public assets, if identified, will pay. There is no problem. We do not have to go on preaching, no. They will pay – *(Interjection)* – Well, that is good for you.

Since I addressed the nation on 6 June 2019, a number of other Ugandans have died including my clan sister, Nyina Omukama Christine Biira Mukirania of the Rwenzururu Kingdom. Let us stand up for a minute of silence to remember them.

*(Members rose and observed a moment of silence)*

**GEN. MUSEVENI:** The Banyankore had an elaborate judicial system that encouraged harmony and conflict avoidance, unlike the present system that we inherited from the West that tends to increase conflict and is adversarial. Consequently, the Banyankore systems had a lost list of offences that one had to avoid.

When I addressed you last week at the State of the Nation Address, I deliberately committed two of those offences against the Banyankore jurisprudence. One of the offences I committed was *okutsyorira* the members of the Opposition and *okurengyeza* the others. Therefore, these are the two offences; *okutsyorira* and *okurengyeza* and I will explain to you what they are.

*Okutsyorira* is like if one’s wife’s mother had been a prostitute but that person has noticed good qualities in his future wife and they get married, her family background notwithstanding, according to the Banyankore’s jurisprudence, it is totally forbidden for one, when angry, to say, “after all, your mother was a prostitute”. *(Laughter)* If you do that, that is an offence of o*kutsyorira*. Even when it is true her mother was a prostitute, the Banyankore’s question then was, “What use will be served by taunting her with that history? Why don’t you give her the chance to live her own life?”

It was, therefore, an offence and in an inter-clan tribunal, one had to *kuhoonga -* pay the fine of a cow or cows because of doing that –*(Interjections)*– for that one, we shall see because the case is still being heard. *(Laughter)*

In the Western system, they would call that a fair comment. If you go to the Western system and said, “this person *okutsyorira* me,” they would like to know what the person said. If you say, “He said my mother was this and that”, they would then inquire if it is true. So, if it was true, then that is a fair comment and there is no problem. *(Laughter)* However, with the Banyankore system, even if it is true, you have no right to bring it up because it has no useful purpose. The court would only concern itself with establishing the facts. However, some of the facts are not helpful to the society.

Similarly last week, I admit that I committed the offence of o*kutsyorira* the Opposition when I said they were neither Government nor Opposition but they were doing some – I used some strong words there, which I do not want to repeat here. *(Laughter)* - *(Interjections)* – I withdraw it? Thank you. I quoted some facts like the modern quotes to prove my points.

The points I put before the public court were that for 24 years of Uganda’s independence, I was in the Opposition. I was in DP from 1960 to 1970. I was briefly in UPC from September 1970 to January 1971 - only for five months. I was in FRONASA from 1971 to 1980, UNLA from 1971 to 1980, PRA-NRA-NRM from 1981 to 1986. So, for 24 years of Uganda’s independence, I was actually in the Opposition. Therefore, I am an expert on Opposition issues. *(Laughter)*

However, it was viewed in those years that I help most, first, the citizens of North Ankole and later, the wider Uganda and even Africa, in some modest ways. With the local community - the Banyankore - the main challenge was to wake them up from tradition and help them see the importance of modernisation as we keep the positive elements of tradition. That was a big problem.

Honourable members, you had better pay attention to these issues. This is a modern world and people need money. However, you find people are seated in tradition without looking for money. One day, I was going to Kisozi very early in the morning. At Buloba – Buloba is only 10 miles from Kampala – I saw a group of more than 40 people with nets, dogs and beds - that they were going to hunt. *(Laughter)* What were they going to hunt? They were going to hunt some animal called *omusu*. *(Laughter)* I said, “How much does *omusu* weigh?” They told me it weighs about five kilogrammes. They would spend the whole day – once they kill the *omusu,* how would they share it amongst themselves? *(Laughter)*

So, it is really not correct not to help our people to know that they are living in the modern world and that they need to know how to live in that modern world. The challenge, which I confronted in Ankole, was to wake the Banyankore from their traditions and tell them how to survive in the modern world.

Our communities’ tradition of exogamous marriages as opposed to endogamous marriages must be maintained because it avoids inbreeding called *obutembane* in Runyankole.

However, the Banyankore’s custom of drinking milk without boiling it - I had to face my wrath when I came to know that a Frenchman, Louis Pasteur, discovered organisms that cannot be seen by our naked eyes known as bacteria that do both evil and good - depending on their types - but they are found in food, water and et cetera. Some of the bacteria cause diseases like Streptococcus that causes cellulitis that our Baganda people wrongly call *eddogo (*caused by an ill-wisher laying *etalo* for one). They say if a charm is put somewhere and you jump over it, your feet will swell. They think that is witchcraft when, in fact, it is a medical problem known as cellulitis.

I told you about that last week; how I found in one of the areas one of my biggest supporters leg was swollen and I asked, “What is wrong, *mzee*?” He responded, *“banteze ettalo.”(Laughter*)

I checked with my medical team and asked what this was. This is right; it is just bacteria and you just need an antibiotic and the fellow was cured and this is near Kampala. People still believe that cellulitis is *eddogo* or witchcraft. However, some of the bacteria such as lactococcus cause milk to ferment from fresh milk to *amakamo* which the English call “sour milk” because they do not have words.

At the age of 14 in the year 1959, I left my local area of Ntungamo Kafunzo where a man by the names of Tashobya has mysteriously taken possession of my land and built a very big school there. I went “abroad” to Mbarara for the first time to stay away for some months from home.

The *Ntungamoists* regarded Mbarara only 40 miles away as so far away that they would say, “*Kworiza kugaruka n’ebiro bya Mbarara*.” It will take you a long time like somebody going to Mbarara yet it was just 40 miles away.

In Mbarara High School, Sunday was visitation day and we could go out of school to visit relatives etc. My first Sunday, I visited a family that was known to my parents, the second Sunday I visited Mbarara Government stock farm which the Banyankore were calling as Farm *y’omuzungu* - the Whiteman’s farm.

There I saw for the first time modern farming practices, dipping cattle to kill ticks, rotational grazing etc. The cattle, both indigenous and exotic, looked very fat and growing fast. When I went home for the April holidays, the first thing I told my father was the better farming practices I had seen in Mbarara.

My journey to transforming my family - you must transform your family. You cannot say that you are a leader; this or whatever you are and you have got recitalist people living with you. Therefore, I sat with my family by sensitising - *(Interjection)* - not money, just words because I did not have money to give. You are talking of money, this one I do not buy because I am telling you what I did and not telling what I had or read but what I did. Do not say that it was dead; even now *olwo lwekwaso.*

My journey of transforming my family and relatives - some of my relatives were in Tanzania. There, a big man that is a Member of Parliament now for Bukanga; I do not know whether he is here. The man called hon. Kangwangye; [Hon. Member: “He is in Tanzania”] –*(Laughter)-* That boy is my nephew but their family had gone to Tanzania in 1959. I tried to get them back in the 60s but they could not come because they were in the game parks. You know Tanzania has got a lot of game parks where they go to graze. However, eventually in 1988, they came back, went to school and now he is a big man - a Member of Parliament.

Therefore, as we struggle with those people - he may be back in Tanzania *–(Laughter)*

My journey of transforming my family, relatives, community, Uganda and even contributing to Africa as transformation had begun. Starting with 1959 to 1986, a period of 27 years, I was not in any Government position except for the two years of the short lived UNLM. However, I was in the Opposition most of the time.

Nevertheless, it was during that time that I started - there was death *-(Interjection)-* yes it is true there was no teargas but there was death. *(Applause)* Teargas is a non-lethal way of controlling troublemakers. However, for the UPC - indeed there was no teargas. Things were definitely at fight. (Applause)

Nevertheless, it was during that time that I started working on changing the people around me, changing Uganda through the student movement, contributing to Africa by visiting the liberated areas of Mozambique in 1968 while still a university student.

With the social economic transformation of North Ankole, although I belonged to the Opposition, DP, I worked under and with sound positive elements of UPC which was controlling the Government. One, I did not want UPC to interfere with my mission of transforming my people from nomadism subsistence farming etc. to foresight modern farming to education for their children, better health and housing etc.

As DP supporters, we had a fight to win the 1962 elections but the UPC and *Kabaka Yekka* using hooliganism to attack people, cutting people’s coffee, gerrymandering constituencies etc. had been declared winners by Mr Peagram, the departing British Director of Elections. As a pro people activist, I could not stop working on the modernisation of my people because UPC and *Kabaka Yekka* had undemocratically grabbed power assisted by the incompetent election machinery of the British.

As long as the new rulers did not stop people from attending classes in school systems and they did not stop us from sensitising our people about modernisation, we continued.

Our method of work was to use small meetings to pass on the non-political purely developmental messages of the four steps: Stop nomadism, go from subsistence farming to commercial farming, do so with e*kibaro - ekibaro* is *cura, otita, aimar. Cura* is Luo; and later on, we started talking about stopping land-fragmentation with inheritance. There was no message about politics that would invite the clampdown from Uganda People’s Congress (UPC) after they had destroyed their opportunistic allies, the *Kabaka Yekka*.

In fact, after our studies in the universities, many of us joined Government departments. I joined UPC in September 1970 and even encouraged the Nyabushozi area people to join.

Political parties are a means to an end; they cannot be an end themselves. *(Applause)* The end is to transform the people, the family, the area, the country and Africa by making everybody join the modernity of the four sectors: commercial agriculture with *cura*, industries like the minister was showing you here, services and Information, Communication and Technology (ICT).

To have subsistence farmers in your area continuously and call yourself a leader is to be the mockery of leadership. That is not *okutsyorira* (gibe) but advice; *okuhabura*. *(Laughter)*

We actually wanted to help UPC deliver but their internal weaknesses could not allow them. When UPC, which had some ideas about politics, collapsed in 1971 and was replaced by the more incapable and dangerous Idi Amin – *(Laughter)* – never mind, I will sort out issues with the grandson of Idi Amin – we had to go to another level; the armed resistance. We are very dangerous people because whatever we do, we mean it. Those who miscalculate never listen to what we say. They do not know that what we say is what we mean and vice versa. We never have two languages. If UPC had wanted, we would have helped them and they would have succeeded but they did not; they chose the other way.

Therefore, when Idi Amin came in, we assessed. We met and said there was no alternative but to sort out the issue once and for all. We went to the armed resistance level. Even here, our methods were principled and carefully thought out. We were fighting using guns but we never used terrorism; attacking soft targets, the non-combatants. When you attack people in a bar, do you think you are a fighter? *(Laughter)*

We never used assassination. In the Nile Mansions here, I vetoed a plan to assassinate Oyite Ojok by our fighters. During all the time of fighting, I rejected plans to assassinate Idi Amin, Obote, among others.

These methods of using violence carefully, even when you have to, are not only principled but also strategic. I am now able to work with the children and grandchildren of Idi Amin, Milton Obote, Okello Lutwa, Oyite Ojok and Kayiira –if his children were here. Certainly, I was in touch with his wife - and those of Ben Kiwanuka because there is no personal enmity between those families and I. *(Applause)*

Would that be the case with these young generations had I assassinated their parents beyond the usual loss of war? Would they be able to work with me? We were fighting but I never went to hunt anyone to kill them as an individual.

Before the war, we were very careful not to arouse the suspicion of UPC, which would cause them to interfere with our socio-economic transformation efforts. I remember, for instance, the incident in Kazo Primary School where all the elders of what is now Kiruhura District were gathered to discuss the plans of building Kazo Secondary as a parents’ school. The issue of fundraising came up; this was in 1967 when I was aged 22 years. I warned them not to collect funds without the knowledge of the UPC Government otherwise, they may think that we are raising money to fight them.

When I checked, I found that there was even a law known as the Public Collections Act, 1966. I had to come with two elders to the police headquarters in the current Parliament Building and we got the permission of the police.

Therefore, we had to act legally and transparently so that the UPC would not suspect us. If they did, of course they were even more dangerous and would act irrationally and kill us – *(Interjections)* Teargas is a minor non-lethal and disciplining means.

The UPC Government had negative elements but it also had positive ones. For example, the programmes of His Excellency John Babiiha of modernising the livestock industry by introducing tick control measures, water harvesting by way of dams, creating beef ranches such as the Ankole-Masaka Ranching Scheme, tse-tse eradication programmes, among others.

The main weakness of these programmes was that they were only for the elite and the traditional farmers were left out completely. This aspect of criticising, however, was better that at least the elite were doing modern farming even when the traditional farmers were still forgotten.

Previously, both the elite (*Abaasoma*), what we call *Joo-kwano* in Acholi, and the traditional farmers (*Abataasoma*) were left out of the modern farming; all of them. A half-full glass was now better than an empty one.

My engagement with *Mzee* Babiiha was to convince the *Jokwano* (*Abaasoma*) that the traditional cattle keepers, with sensitisation, could also do modern farming. Although the elite tended to underrate the traditional cattle keepers and their potential for change, *Mzee* Babiiha actually supported our efforts.

That is what serious opposition means. At no time, during the 27 years of my political and socio-economic efforts, did we try to *kulemesa*; fail the governments that were in power: the British, UPC I, Idi Amin, UNLF, UPC II or Okello Lutwa. The groups I belonged to never worked to *kulemesa* (fail).

When we were fighting - That is not called *okulemesa*; it is called *okulwana*. (*Interjections)* You can see that they cannot even understand the language. *(Laughter)* How do I communicate with these people?

Instead, we were always trying to use the positive points that existed in the respective Government even when we were fighting. Idi Amin built the Hima Cement Factory and the Salt Processing Factory at Katwe Kabatooro. *(Applause)* However, we never tried to grab those factories even when we were fighting Idi Amin with guns. It is because of our lives that Uganda needs more factories, not less; whether the NRM is in power or not. *(Applause)*

When the NRM eventually came to power, after many years of struggle, the country and the NRM were actually in some small ways helped by those factories; those factories helped us when we came into government – *(Interjections)* – you don’t know; NRM never loots.

Nile Mansions and the Conference Centre were also actually built by Idi Amin, where you are seated now. *(Applause)* Obote had only dug the foundation but he collapsed before they completed it. It is Idi Amin who completed it. Uganda House was built by Idi Amin. The Post Office Building, where the NRM Secretariat was for many years, the Nalukolongo Railway Workshop, etcetera were built by Idi Amin *– (Interjections) –* full stop*. (Applause)*

Nevertheless, we had to oppose Amin because he had fallen below the threshold of the minimum patriotic African standards of leadership because we assessed him and debated whether to fight him or not? Our conclusion was that we should fight him because he was an obstacle. If you do not know what NRM is, study more about it. Many people miscalculate because they do not know what NRM means.

What was the threshold?

The patriotic African standards of leadership i.e. patriotism – we call this our minimum program – patriotism, Pan Africanism, socio-economic transformation and democracy; he had no right to do that.

However, whatever little good he did, we had to preserve it. *(Applause)* Yet, these days, you hear of groups that talk of *“okwokya* Kampala*”* –*(Interjections)* - the NRM cannot *okwokya* Kampala or wanting to burn the petrol station.

Indeed, the late Dr Andrew Kayiira tried to blow up a petrol tanker that he had parked between the Nile Mansion and the present Hotel Royale, when all of us were inside the Nile Mansion. You know when we got rid of Lule, Kayiira went with him. He went and hijacked petrol tankers, which were going to Burundi and parked them just next to Nile Mansion because the street was relaxed and he fired an RPG to blow all of them up so that the whole Nile Mansion would burn and we all die there; as well as destroy the Nile Mansion.

Of course, he did not even know how to fire an RPG. *(Laughter)* That was during our years. We woke up and asked what was happening. Of course, we went for him but you can see the ideological and strategic bankruptcy.

The UPC Government of between 1962 to 1971, which we did not support politically, made some of the elements of the threshold for acceptability, especially on principle number two of Pan Africanism. Obote had frustrated the East African Federation but he was not totally hostile and we were indeed beginning to work under him to continue to push that effort.

On socio-economic transformation, the UPC was tarmacking some roads, building some schools and hospitals. It is on patriotism and democracy that they completely failed. It was because of the two positive points that they somehow possessed that we were ready to work with them and under them to see how far we could push matters in the desired direction. Since they were panicking or not well informed about security and defence, ideologically limited, and therefore, pushiest (wanting to do things using shortcuts) we were careful not to make them misunderstand us as people who intended to fight them. To do so, would be ideologically and strategically bankrupt on our side because they would then deny us the opportunities to preach transformation, like we did between 1966 and 1971.

When, therefore, I see groups who say they are opposition, but preach disruption, support arson, do not use the many opportunities that are available to sensitise people under them to metamorphose social-economically, yet some of them are drawing huge salaries from the Consolidated Fund –(*Applause*)- I am tempted to use a strong negative word to describe them; but I will keep it to myself for now.

That is when, therefore, during the State of the Nation address, I committed an offence of *“Okutsyorira”* the Opposition.  Under the Banyankore-Bahororo-Banyakitara jurisprudence, I would, nevertheless, most likely escape punishment (*ekiheneso*) because the community is shouting in unison that “*bakatukabya*” (we are tired of the negativity of those people). *(Applause)* That is what the Karimojong were actually telling me. This was a formal declaration in their speech. Go and read - can we have a copy of that speech?

Regarding the *Kurengyeza* – in English, they would probably call it a cryptic remark. It is like a boy who noticed his mother seated carelessly around the fire *- (Laughter) -* and without revealing the actual reason, he suggested that while she warmed herself, it was always good to also stand up and stretch the legs – *(Laughter)* - so that she does not stay too long on the fire. That is how the boy handled that situation. He did not want to tell his mother that she had sat carelessly but he told her that when she warms herself, it is also good to stand up and stretch her legs.

While I was lambasting the Opposition, I was politely telling the others that the acid-test of leadership in the under-developed, pre-capitalist societies of the 3rd world, is the ability to wake up communities to go from negative traditions to the money economy with *ekibaro (cura, otita, aimar*)*.* Where this has been done, such as in South Korea and recently China, societies have become affluent, which has not been done like in central and South America, Africa etcetera. You can see the misery of the people on the televisions – these people who Trump is trying to keep out. Those people have leaders but their leaders do not know what to do so those countries are stuck *–(Interjections)-* well, I do not have people going to America through the borders. I regard it as a big mistake to be part of a society when I am a leader and I fail to guide people, ideas wise, about socio-economic metamorphosis.

The kurengyeza, therefore, is a benign activity that will not attract *ebiheneso* (punishments). The transformation of the people in the cattle corridor has enabled them to build better houses, use solar power, do water harvesting, sponsor children in universities with private sponsorship and so on.

During the dry seasons, these people have been hiring, at their own cost, water tankers from road companies to bring water and refill the dry dams themselves. Once you transform the households, you empower the country. *(Applause)*

I am insisting on this because it is good for the minister to come here and budget but this budget is mainly coming from the 32 per cent of the homesteads. The 68 per cent, I told you about the other time do not contribute to this budget. Yes, they consume – they take medicine but they do not contribute. That 68 per cent includes people who are of influence. They are the ones who vote for you. The big money comes from other people.

We also need to be careful with our traditions. Europe was greatly assisted by the “Enlightenment and Rationalist Movement" that started from the classical times of Plato and others. The British Archaeological Society Personnel, Dr Sutton, did excavations in Ntutsi and Bigo-Byamugyenyi. He found that those settlements were bigger than the city of London at that time.

These were the dynasties earlier than the dynasties colonalism found here, which we know such as: the dynasties of Balangira in Buganda, Babiito in Tooro and Bunyoro, Bahiinda in Ankole-Karagwe-Buhaya-Kigoma, etc.

These were the dynasties of Batembuuzi and Bachweezi.  These Kingdoms have, therefore, been here for a very long time ─ certainly, more than one millennium - 1000 years.

There is a country which did not exist that time. This is the USA.  It is only 400 years old if you start with 1623 when the first European settlers arrived in that area. It is now the most powerful country in the world ─ more powerful than all the old kingdoms of Europe, not to mention the ones of Africa.

Therefore, the traditionalists, like the careerists I just talked about above, need to be careful. Do not continue *okugumaza*; divert the attention of my people or even to obstruct them. We need a thorough talk as to which traditions are still rational in view of modern science.

Actually, science is not modern.  It is ancient; but the people did not know all the mysteries of God through science. We now know that *ettalo* is not *eddogo*.  Please, let everybody spread this.  Africa needs integration for survival ─ economic and strategic security.  Let everybody emphasise that, instead of trying to create parochial chiefdoms.

Recently, we saw the debate on our late comrade Prof. Nsibambi and his heir who is our daughter, Rhoda Nsibambi. Prof. Nsibambi had told me about his determination to make his daughter his heir. *(Applause)*

I am a traditionalist but one who wants a strong Africa. That is what I told the Buganda Lukiiko in my speech of the 2nd August 1993, when I opened that body.  Africa cannot be strong with the traditions that disable her.  Therefore, all traditions must be audited with that in mind.

I saw lawyer Mulira arguing legally about this issue. With me, when dealing with issues, I never start with legality, but with legitimacy. Is it legitimate, is it reasonable, is it rational for girls to inherit their parents’ wealth and responsibilities in some circumstances? *(Applause)*

In the modern context, the answer is an unequivocal: “Yes”. Yes, the Banyankore in the past never allowed girls to inherit for very good reasons of that time. The Banyankore, like the other tribes of this area, are exogamous and also patrilineal.  Exogamous means you marry outside your clan not to marry within. When you marry within, they call it endogamous. There is exogamous as well as patrilineal.

Moreover, sometimes, the clans were at war with one another. Since the girl had to marry outside the clan, was it wise to allow her to take the heritage to the clan of her marriage? What if this clan was to fight us tomorrow? That was the logic at that time. What if that clan was to turn against us? Those were the considerations of that time and they were legitimate.

Today, however, the considerations are different. The main challenge is to produce modern wealth ─ commercial agriculture, factories, hotel, ICT companies, etcetera.

Is it reasonable for tradition to force a Mulwana or a Nsibambi who, in his life, has built up a string of multi-billion shillings’ business companies to bequeath all this to a lousy nephew *– (Laughter) –* because he is a male or to leave the powers of selecting the heir to the clan members, some of whom may not have bothered to wake up to the need for modernisation. *(Applause)* Unless, of course, we do not know well what a *Musika* (the heir) is supposed to do.  In Ankole, the *busika* meant inheriting the property and even the wife.

Recently, I had to atone for the injustice of my grandfathers, who, in the 1930s, had given all the cows of one of their brothers, Kachuuya, to his brother, Kabuguma (my direct grandfather) because Kachuuya had died as *enchweekye* (to die childless), his two daughters (Kobushuuru and Kakwangire) notwithstanding.

My grandfather who died in the 1930s had two girls but my direct grandfather and the great grandfather to Kakwangire, the other Tanzanian *– (Laughter) –* because their brother died and he had only girls, they said that he was *enchweekye* (childless). The girls were not children. They took his cows and gave them to my grandfather. He inherited his brother’s cows. When my grandfather died, he gave the same cows to my uncle in 1941. The only thing the girls had to do was to go to my uncle’s home *–nibakweeta okuhikira – muryaguma nimuhikira - muluganda mwekiri? (Interjections)* Oh, it is in Rukonjo? Bakonjo speak some distorted Runyankole *- (Laughter)*

Since the girls could not fight the clan and tribal wars, they were not regarded as children.  Although my father is not the one who inherited those particular cattle, I called my 90 year-old aunt, Kakwengire and gave her her father’s heritage with some interest.*(Applause)*

The way the law is, now, is reasonable. It gives absolute powers to the creator of the wealth to dispose it the way he/she deems fit–*(Applause)* –except for the children who are still minors. I think those are entitled to something and the spouses are also entitled to something.

What Africa lacks is wealth creation on a serious scale and not negative traditions and heirs. The latter two are in plenty. We should not discourage the views of wealth creators by interfering with the will of the dead. The living wealth creators may then say, “Why should I toil if my wealth is going to be messed up by the clan?”

I had a good modus vivendus with my late father. He still believed in *Kujugisa* (bride price) for the girls who were still under his direct care. I rejected *kujugisa* for his grand-daughters, my daughters. Instead, I would give my girls cows to escort them to their marriages. *(Applause)* That was the best way; I lived with my father. He was able to do whatever he wanted and I was also able to do what I wanted. That was the best way; live and let live.

My discussion today is that in this budget, we can continue talking about the roads and other things but with these families, which are outside the money economy, it is a very big handicap. These people can be brought into the money economy *–(Applause) –* they do not need money but sensitisation – *(Interjections) –* do not tell me about empowerment. How much money do they drink per day? The other day, in the evening when I was going to my village, Baralege from Lira, on my way, I passed through those villages Barlonyo and many others and people were seated outside drinking. When you would look through the car window, they were all drinking. Are they drinking without *– (Interjections) –* but it is money.

You heard the budget. My appeal to all the leaders - political, religious and cultural - is to work to modernise the families or family under your influence by convincing them to join the money economy with *ekibaro (cura, otita, aimar).*

In my up-country trips, I have pledged to create three new additional wealth and job creation funds. These will be: the Zonal Fund for import substitution through value addition and export promotion. I used a Runyankole word “*Emyooga”* which means a specialised trade. If you are a blacksmith or carpenter, that is *Omwooga*. I tried to think of another word but you can look at this and maybe get a better one.

Recently, we were in Kassanda District and we identified 15 *Mwooga*. The fund we are going to create will provide money for each*Mwooga* per district *– (Applause) –* that SACCO will be open to anybody who is doing that *Mwooga* in that district if he wants.

Initially, we had selected 13 *mwooga* but during my upcountry tour, they added another two, which has caused a problem with – the *mwooga,* the Boda Boda Association, Women Entrepreneurs Association, Carpenter Association, Salon Operators Association, this is a big issue. I have no problem with my hair and I do not need any assistance –*(Laughter)*– but my granddaughters insist that this is a very big activity. I tried to learn what it is about and they said that one operator can handle five heads in a day. Beyond that, one gets very tired. Since we are 41 million and more than 50 per cent are women, so how many will handle all those heads? *(Laughter)* It is really big business.

Therefore, there will be the Saloon Operators’ Association, Taxi Operators’ Association, Restaurant Association, Welders’ Association, Market Venders’ Association, Youth Leaders’ SACCO, PWDs Association, Produce Dealers’ Association, Mechanics Association, and Tailors’ Association. When I was in Masindi, the media people said they too need a SACCO, I had not thought about that. Finally, the performing arts – the musicians and actors also asked for their own on Heroes’ Day. *(Interjection)* Bobi Wine is an indisciplined one. *(Laughter)* There are more disciplined people.

I would also like to start a SACCO for all the elected leaders. We have a big number of elected leaders. If you consider the LCI committee, these are 11 people and there are more than 61,000 villages in Uganda. These are almost 700,000 people. Those leaders have apparently been excluded from wealth creation because when they go there, they are told that they are leaders and so cannot join in and so they have nowhere to go. We have all those leaders in the LCI system, and then we have the councillors at the sub county, then the NRM leaders in the structure.

I invite the other parties, if they have structures, they are most welcome *(Applause).* It, however, must be a registered party *(Laughter)* I do not want to be arrested for aiding and abating illegality by working with groups, which are not registered.

We shall also form a fund for these leaders so that they too can have their own bank *(Applause).* Even when one is retired from elective leadership, he should remain therein so that we can give them support. I will see how to make it work, I will bring a supplementary if necessary. *(Laughter)*

The value addition fund will be at the zonal level. This is the Shs 130 billion that the minister read here. That is for import substitution and export promotion. It will be at the zonal level – Lango, Acholi, West Nile and so on and the other two funds will be at the district levels. They will be open to all people in each of the categories if they choose to join.

Thank you for listening to me. *(Applause)*

**THE SPEAKER:** Honourable members of Parliament and our guests, I would like to thank the President for completing his constitutional obligation relating to the budget. Your Excellency the President, honourable members and our guests, when we close here, you are all invited to the Parliamentary Gardens here at Serena Conference Centre.

Certain processes and formalities have to be completed during the beginning of the financial year and I draw the attention of the Minister of Finance, Planning and Economic Development and the Permanent Secretary and Secretary to the Treasury that in compliance to Article 164 of the Constitution and the provisions of the Public Finance Management Act 2015, the ministry should present to Parliament the names of all the accounting officers of the ministries, institutions and departments of Government for the Financial Year 2019/2020.

I also notify the whips of the parties in Parliament to handle the extenuation of Members to the sessional committees.

By way of notice, I inform the members of the Business Committee that the committee will convene on Tuesday, 18 June 2019 at 11 a.m. to consider the programme of business for the First Meeting of the 4th Session of the 10th Parliament.

Honourable members and our guests, I would like to thank you for honouring our invitation. Let us proceed to the Parliamentary Gardens for a party, which the Ministry of Finance, Planning and Economic Development has organised for us.

House adjourned to Tuesday, 18 June 2019 at 2.00p.m.

*(The House rose at 6.39 p.m. and adjourned until Tuesday, 18 June 2019 at 2.00 p.m.)*

*The East African Community Anthem*

*National Anthem*