

State of the Nation Address

By

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

**At the Opening of the
9th Parliament**

Kampala, June 8, 2011

H.E. the Vice President;
Rt. Hon. Speaker;
His Lordship the Chief Justice;
Rt. Hon. Deputy Speaker;
Rt. Hon. Prime Minister;
Rt. Hon. Leader of the Opposition;
Hon. Ministers;
Hon. Members of Parliament;
Distinguished Guests;
Ladies and Gentlemen.

Madam Speaker, under Article 101 (1) of the Constitution of the Republic of Uganda, the President is mandated, at the beginning of each Session of Parliament, to deliver to Parliament an address on the State of the Nation. This afternoon Madam Speaker, I am, therefore, here to do two things:

First, to fulfill that constitutional obligation by giving accountability of what has been done since the last address which I delivered on 2nd June 2010.

Secondly, I am here to apprise you Madam Speaker, Hon. Members of Parliament and the country about the plans and strategies of government for the next twelve months.

Rt. Hon. Speaker, permit me to congratulate all the Hon. Members of Parliament upon being elected to the 9th Parliament.

I congratulate you Madam Speaker and your Deputy upon your election to your respective prestigious positions. I congratulate the Leader of the Opposition upon his elevation to an essential office in democratic governance. I congratulate all those who have been elected at the various levels of responsibility.

The Political Scene

Madam Speaker, on 18th February 2011 we held the Presidential and Parliamentary Elections. These were followed by elections at the various levels. I congratulate all Ugandans upon the peaceful and active participation in the electoral process. I also congratulate the Electoral Commission upon a job well done. Where there was violence, it was the exception rather than the norm. I thank all Ugandans who participated and positively contributed to the success of the elections.

I call upon the Electoral Commission and all stakeholders directly concerned to study in depth the various reports that have come up on electoral process. The following must be of particular interest, among others:

- The management of the Voters' Register, which I believe will be improved with the issuance of the National Identity Cards in the near future. I intend to write an article elections in Uganda, tracing for those who do not know the history of voting in Uganda. The first direct elections in the whole country were held in 1961. One of the few outstanding issues to deal with, as far as elections are concerned, is the computerization of our identities so that we vote by our thumb prints electronically read.
- The printing of Voters' Cards and their security; and
- Voter education in light of a high percentage of spoilt votes.

Madam Speaker and Hon. Members, we should congratulate ourselves upon funding fully both the Presidential and Parliamentary elections. We did not ask for any external assistance in terms of funding for the elections. Over 300 billion shillings which was spent on the elections does not include 180 billion shillings which was spent on identity cards. All together, therefore, we spent about 500 billion shillings on the elections last year.

Madam Speaker, while we congratulate the winners in these elections, I wish also to thank the losers for their participation in the process. I implore them to continue to actively contribute to

the development process of our nation as they prepare to try again in the next elections. Those who felt strongly that they did not lose fairly should have sought redress in the courts of law.

Madam Speaker and Hon. Members, we must embrace all democratic principles within our respective political parties. Discipline is as important to democracy as it is for the management of our political parties.

Constitutionalism and the Rule of Law

Madam Speaker and Honourable Members, I would like to re-affirm the National Resistance Movement Government's total and firm commitment to the Rule of Law in the management of all public affairs of this country.

Madam Speaker and Honourable Members, let us all remind ourselves that while Chapter Four of our Constitution is elaborate on the Promotion and Protection of Fundamental and other Human Rights and Freedoms, those rights and freedoms are NOT ABSOLUTE hence the provisions of Article 43(1):

“In the enjoyment of the rights and freedoms prescribed in this Chapter, no person shall prejudice the fundamental or other human rights and freedoms of others or the public interest.”

Equally important, under Article 17 of the Constitution of the Republic of Uganda duties of a citizen include, among others, the duty to:

- (i) Respect the rights and freedoms of others;
- (ii) Protect and preserve public property;
- (iii) Co-operate with lawful agencies in the maintenance of law and order.

General limitation on fundamental and other human rights and freedoms are spelt out in Article 43 (1&2). Let us all exercise and enjoy our rights and freedom within the confines of the law.

State of the Economy

Madam Speaker and Honourable Members, on 8th June 2011, Uganda like the other four partner states forming the East African Community will be reading her Budget for the Financial Year 2011/2012. The Budget Speech will give a detailed background to the economic outlook of our country. I shall, here, point out a few highlights.

Real Sector Performance

Uganda's economy rebounded strongly in first half of Financial Year 2010/11 recording a growth rate of 9 percent in the July - December 2010 period. This phenomenal growth is manifest in the construction boom, for instance with Kampala almost joining up with Mukono and Entebbe. I am, therefore, amazed to hear some people doubting this growth.

Between July – September 2010 an annual growth rate of 5.1% was registered with a 15.1% annual growth rate in October – December 2010. Industry and Services sectors grew by 17.6% and 13.6% in the respective two quarters. Month-on-Month growth rate of economic activity in bricks and cement, saw milling, paper and printing, as well as food processing was 8% in December 2010.

This overall economic performance of 9.1 % in the first half of the current financial year was better than that registered during the entire Financial Year 2009/10 which was estimated at 5.2%, as Uganda emerged from the global economic crisis. The economic performance is still substantially higher than global and regional economic growth prospects estimated at 2.5% and 4.5 percent respectively.

The Ugandan economy was expected to grow by 6.6% for the whole of the Financial Year 2010/11, with forecast for future years exceeding 7 percent per annum.

External Sector

Madam Speaker, Uganda's balance of payments with the external world continued to be constrained as a result of slower growth of exports, tourism receipts and remittances in the face of increased imports. This phenomenon is characteristic for exports given the on-going recovery from the global economic crisis by some of Uganda's major trading partners; while imports are structurally dependant on domestic needs, such as oil and petroleum products. Though export

receipts increased in January 2011 to US\$ 211.6 million from US\$ 129 million in February 2010, imports were twice as much at US\$ 418.9 million, compared to export receipts of US\$ 328.8 million in February 2010. Formal non-Coffee exports receipts that registered the largest increments include sim-sim, tea, cotton and fish.

The national Foreign Exchange Reserves amounted to US \$ 2.662 Billion in January 2011 representing 4.6 months of import cover, compared to US\$ 2.812 Billion and US\$ 2.498 Billion in December and June 2010, respectively representing slightly more than five months of import cover.

The Inter-Bank Foreign Exchange mid-Rate in February 2011 was Shs. 2,341.9 per US Dollar compared to Shs 2,303.9 per US Dollar in December 2010 and Shs. 2,257.3 per US Dollar in June 2010. The continued depreciation of the Uganda shilling is in line with increased import demand in the face of weak export performance that has not fully recovered from the global economic crisis.

Monetary Sector

Weighted average interest rates have remained stable over the period under consideration. The lending rates in January 2011 were at 20.1% compared to the same level in June 2010 and the savings rate remained at 2.4% during January 2011. We shall have to study more closely the issue of the lending rates with the Minister of Finance so that certain distortions can be eliminated.

Treasury Bill rates exhibited increases between June 2010 and January 2011 as the Bank of Uganda sought to stem excess liquidity. Consequently, the interest rate on the 91- day Treasury Bill rate increased to 9.1 % compared to 4.3%; the 182-day Treasury bill interest rate rising to 9.4% compared to 5.3%; and the 364-day Treasury bill increasing to 9.8% compared to 6.2%. Private Sector Credit continued to grow at 35.9% between July 2010 and January 2011 amounting to an average of Shs. 689 billion per month compared to Shs. 438 billion per month between July 2009 and January 2010.

Revenue Performance

Revenue collections amounted to Shs 3,281.2 billion against the target of Shs 3,277.4 billion at the

end of February 2011, representing growth of 20.1% compared to the same period last financial year and a marginal surplus of Shs 24 billion between July 2010 and March 2011.

Inflation

Annual Headline Inflation rate (all items) for the year ending April 2011 rose to 14.1% from 11.1% in March 2011. The main driver of price increases remained food price inflation, which increased by 39.3%. Fuel prices inflation stabilized remaining at 9.74% in April 2011. You should not think that reserve means only “*ebyagi*”, “*deero*”. You can have “*deero*” of money or of grain, but *deero* of money is easier to keep.

The recent increases in prices has been driven by a combination of domestic, regional and global factors, including:

1. *Poor Rainfall and Drought* that affected food production and, consequently, food prices;
2. *Loss of Value (depreciation) of the Uganda Shilling* -- The depreciation of the Uganda Shilling has been caused by the following three factors:-
 - a. Speculative tendencies in the run up to the 2011 General Elections;
 - b. Slower growth rates of exports, tourism receipts and remittances, even while imports kept increasing.
 - c. Continued increase in imports that are necessities, such as oil and petroleum products.

The Uganda shilling however, has been strengthening over the last few weeks as speculative pressures that emerged during the election period subside, giving relief for prices of imported goods and petroleum products. Government is committed to ensuring the stability of the Uganda Shilling, as was seen with the active intervention by the Bank of Uganda to mitigate volatility in the foreign exchange market.

3. *Imported Global Inflation*

Madame Speaker and Hon. Members of Parliament, The recent rise in prices can also be

explained by *Imported Global Inflation*: On the Regional and International scene, Uganda's major trading partners have recently been facing a surge in commodity prices particularly for oil and food prices. Indeed, world food prices have grown by 36 percent according to the World Bank.

In comparison, within the Eastern African Region Kenya registered increases in overall inflation of 9.9% in March 2011 with annual food and fuel related inflation rising by 15.9% and 15.89% respectively. This followed a 6.5% annual inflation Kenya registered in February 2011. Tanzania registered an annual inflation rate of 7.5% in February 2011 rising from 6.4 percent in January 2011. Ethiopia's annual inflation rate dipped to 16.5 percent in February from 17.7 percent in the January 2011 as food prices rose more slowly, food prices in Ethiopia rose by 12.8 percent during February 2011, slightly down from an increase of 13.6 percent in January 2011. Zambia's annual rate of inflation increased to 9.2 percent in March 2011 on account of increases in prices of non-food items food items such as fuel and transportation cost transportation, lighting and clothing, even though food prices declined as the harvest period commenced.

Government Measures to Deal with Inflation

Madam Speaker, Measures to mitigate current inflation trends are packaged into Short Term and Medium to Long Term actions, including the provision of energy and road infrastructure. In addition, critical measures that have a dampening impact on the rapid rise in both food and fuel prices have been put in place. Furthermore, it must be recognized that Government does not impose any tax on food items produced and consumed in Uganda; the only taxes on food are taxes on imported rice and sugar meant to protect local production and consequently jobs.

Agriculture

Madam Speaker and Honourable Members, agriculture remains the backbone of our economy. The NRM Government's goal has been to fundamentally transform the 3 million Uganda Households in subsistence Agriculture to commercialized agriculture. Structural transformation

entails moving away from rain-fed agriculture to irrigation, from the hand-hoe to mechanized agriculture; and from production for household consumption only to production for the market with associated value addition through agro-processing.

In the short, medium and long term, the NRM Government continues to undertake pivotal actions in a number of critical areas which I will now point out to you.

Production and Food Security

Government will increase farm production and productivity through use of fertilizer and improved planting seed variety and animal breeds. It will implement Household Food Security programmes through the National Agricultural Advisory Services (NAADS) that ensure households have enough food for themselves throughout the year. In the medium term, Government will reach 100 households for every parish. These 100 households are local examples to teach the others.

The NAADS Programme is currently covering all the 112 districts. NAADS activities are to be found in the country's 1,041 sub-counties, in its 176 urban councils and in the 5 divisions of our Capital City Kampala.

In November 2010, Parliament approved the second phase of NAADS as a sub-programme under the Agricultural Technology and Agribusiness Advisory Services (ATAAS). Benefiting from the latest agricultural knowledge, NAADS is set to increase agricultural productivity and farm household incomes. To date NAADS has:

- (i) delivered grants of assorted inputs, tools and equipment to selected farmers countrywide;
- (ii) It has developed and disseminated new implementation guidelines to all local governments and other stakeholders;
- (iii) It has established Village Farmer Fora (VFF) in 112 Districts;
- (iv) The program has put in place operational Village Community Procurement Committees

(VCPG) throughout the country.

(v) NAADS has recruited Sub-county NAADS Coordinators (SNCs), District NAADS Coordinators (DNCs) and Agricultural Advisory Service Providers (AASPs). I, however do not agree with this position. We must use the existing structure whereby each sub-county has got an agriculturalist with a University degree and a veterinary personnel with a University degree or diploma. There is no need to hire new coordinator, moreover using NAADS funds, when there is already the extension worker at the sub-county who is paid by the Government.

(vi) In order to supplement NAADS efforts Government has put Ug. Shs. 15 billion in financial institutions as Commercialization Partnership Challenge Fund;

(vii) In addition and under the aegis of NAADS, Government has developed a special intervention for the Acholi Sub-region to demonstrate modern farming in partnership with the Assembly of Acholi Clan Chiefs (Kerkwaro); Similar intervention for the youth have been initiated in the Teso Sub- region.

(viii) An ambitious National Rice Development Strategy (NRDS) aimed ultimately at self-reliance in rice production by 2013, but targeting to double rice production in five years, adds to initiatives to ensure food security for the country.

Irrigation and Water for Production

Government has advanced plans to Support Households with small scale rain harvesting and storage technology and large scale water reservoirs to stop reliance on rain-fed agriculture alone. To this end, Government has finalized designs to rehabilitate four irrigation schemes, namely: Mobuku, Olweny, Doho and Agoro to be completed in December 2012. On the issue of Micro irrigation, during my tour of prosperity for all last year, I came across a good practice in Oyam where a couple there were watering their crops by using the plastic bottle commonly used for mineral water. They would fill these bottles with water and just put a small hole, cover the bottle and put it next to a plant. That is simple drip irrigation, which can be done by everybody. I

commended that couple and I gave them, together with the people in their village, some support. You should teach some of those simple techniques and pass them on to the people.

Agricultural Finance

Support to modernise agriculture is backed by an Agricultural Credit Facility (ACF), in the 2010/11 Financial Year stood at Shs 90 billion. This money can be accessed from participating commercial banks at 12 percent p.a. Once borrowed, the farmer must pay back the loan over a period not exceeding 8 years.

Livestock

Under Livestock, Government efforts to prevent, control and eradicate animal diseases and vectors are underway in areas of Foot and Mouth Disease (FMD), Contagious Bovine Pleuro-Pneumonia (CBPP) and Contagious Caprine Pleuro-Pneumonia (CCPP). Government has supported the development of the Uganda Meat Producers Co-operative Union.

Progress has been registered in the *dairy subsector* with increased volumes of milk produced with an annual growth rate of 8-10%. With new investments in the sub-sector thereby increasing processing capacity from 463,000 litres to 710,000 litres per day. The factory at Bugolobi used to process about 15,000 litres of milk per day. It was because of this low production capacity that I decided to give it to the private sector to run it. They are now processing 280,000 litres of milk per day and they need more milk. I have, therefore, written to the Ministry of Finance and that of Agriculture to see whether we cannot have at least 4 or 5 milk-yielding cows per homestead in Uganda. Out of about 7 million homesteads in Uganda, even if you take 6 million homesteads, each with six cows, that is 36 million cows. That is what I would like to aim at. We have now got about 14 million cows. At independence, Uganda had 7 million cows, but when NRM came to power in 1986 there were only 3 million, according to the Uganda Bureau of statistics. The population of cattle has gone up 4 times. However, I would like the population of especially the dairy cows to be pushed to about 36 million cows through government programs. A good milking cow can give you 20 litres a day. If somebody has got six cows, normally one third of them will be milking, two in this case. If each one is giving you 20 litres, of the 40 litres, you drink 10 in the home and sell 30 per day. With 6 million

homesteads, therefore, we shall be selling 180,000,000 litres of milk per day. As an added bonus, the cows will also give you manure. The many more factories which are coming into the country for milk need more milk as raw material. We have already gone to almost 700,000 litres of milk per day of processing; and yet when I sacked the group which was in the Dairy Corporation, they were processing only 25,000 litres of milk per day.

Fisheries Sub-sector

Madame Speaker and Hon. Members of Parliament, Under the Fisheries Sub-sector, Government, with support from the Chinese Government, finished construction and handover of the Aquaculture Technology Demonstration Centre at Kajjansi Aquaculture Research and Development Centre (KARDC) in December 2010. With an operational fish feed mill and a hatchery completed, Government support to aquaculture means that the country can produce enough fish fry (fish seed) to meet national and export demand. Government finalized rehabilitation and equipping of four (4) Aquaculture Development Centres.

Also, under the Fisheries Development project supported by the African Development Bank, Government completed construction of landing sites of Bwonda, Gorofa, Mwena, Kiyindi, Kitobo, Majanji, on Lake Victoria; and of Lwampanga and Bukungu on Lake Kyoga. Bugoto, Butiaba landing site on Lake Albert is near completion while work will start this year on Namasala and Kagwara landing sites on Lake Kyoga. Fisheries is one area where we can rapidly expand production. In 1986 there was not a single fish factory in Uganda. When I used the Italian grant to build Masese fish processing plant, it set a good example and factories flocked in. We now have about twenty Fish Processing Factories. Their annual income from export had gone to 140 million dollars per annum. However, their income now has gone to 80 million dollars because there is inadequate fish owing to bad fishing methods. The new Minister of State for Fisheries, the Hon. Nankabirwa, will have to stop this problem of eating very young fish. If you allow a fish to survive for 9 months, it will lay millions of eggs. Even by the third month, it has already started laying eggs and yet these people kill these fish before they have reached the third month of life. We are going to fight this practice and it can change many things in a very short time, thereby increasing raw materials for the factories.

Targeted Interventions:

Government has re-engaged various communities into meaningful production, under targeted interventions such as the Karamoja Integrated Disarmament and Development Programme; the Northern Peace Recovery and Development Plan (PRDP), and the Luwero-Rwenzori Development Plan. These programs are not well executed because of corruption of fellows involved and poor supervision. For me, however, the difficulty is to have the money; once the money is there but somebody is playing around with it, it is a simpler job to deal with. You should, therefore, supervise those projects well and prolong your political life. That's why there was a high turnover in the last parliament. So many people could not come back because they were not following up these projects. So whether you are in opposition or not, please supervise these projects and it will be good not only for you but also good for the country.

In the next five years, the NRM Government will implement pledges to the people of Uganda made in its 2010 Manifesto to specifically enhance the production efforts targeting 3 million households, approximately 180,000 model farmers, 90,000 commercial farmers and 550 nucleus farmers. Interventions will include:

1. Increasing production of improved seed and breeding stock through support to research;
2. Support for six (06) market oriented model farmers in every parish every year;
3. Supporting three commercial model farmers per parish annually;
4. The Operationalization of the Commercialization Challenge Fund (CCF), under NAADS will give a boost to agricultural rural finance. This money is meant to provide financial support to nucleus farmers under the public/private partnership (PPP) arrangement.
5. Increasing agricultural production and productivity by promoting the use of both organic and inorganic fertilizers. Government will soon address the pertinent matter of actualizing operationalizing of the phosphate fertilizer production at Sukulu Hills in Tororo;

6. Continuing the construction of multipurpose water reservoirs in catchment areas for human consumption, irrigation, farming and livestock, in the formerly war ravaged and conflict areas including the Teso and Karamoja sub-regions.
7. Enhance Marketing and *Agro-processing Capacity* by:
 - a. First and foremost, it will provide agro - processing technologies to organized groups e.g. hullers, milk cooling plants, maize mills at sub-county and eventually parish levels;
 - b. It will Continue to fund the Makerere University Food Science and Technology Department to enable graduates set up fruit, vegetable, and animal by-products and agro-processing enterprises in areas where they are in abundant supply; It will also fund the Uganda Industrial Research Institute (UIRI) so that it can continue to establish/support agro-processing ventures as was done for peanut butter production in Lira District, Fruit juice processing in Mpigi District, Meat processing in Busia District, and mushroom processing in Kabale District;
 - c. The fourth way to enhance agro processing and the marketing of Ugandan products will be through improved post harvest handling. Government plans to build storage capacity for food and other commodities at the farm level and also at sub-county, district and regional levels.
 - d. Finally, Government will establish 18 regional trade information centers to undertake market information dissemination and build linkages with grassroot agro-processing units at sub-county and district levels. These will be at Arua, Gulu, Kitgum, Lira, Moroto, Soroti, Mbale, Jinja, Iganga, Hoima, Luwero, Masaka, Kasese, Tororo, Mubende, Mbarara, Kabale, Fort Portal.

Above all, Government will guarantee national food security, while also enabling the people to move from subsistence to market-oriented farming for both the local and international market.

Energy and Mineral Sector

In the energy and Minerals sector, Madam Speaker and Hon. Members of Parliament, I would like to report on the progress of some of the projects undertaken as follows:

- (i) ***Bujagali Hydropower Project dam:*** Construction work for the dam, power house and the associated transmission line is nearly completed. The commissioning of the first turbine of 50 MW is still on course in October this year; and thereafter, the full commissioning of the 250 MW plant in April 2012. The delay in having the first Unit on line in June 2010 with final commissioning in April 2011 was as a result of unforeseen poor rock conditions at the gated spillway which had to be handled in a special way. Construction of the Bujagali Interconnection Project is also progressing well. This Project consists of a 220 KV transmission line from Bujagali to Kawanda and a 220/132 KV substation at Kawanda. This transmission line will evacuate power from Bujagali Hydropower Project to the National Grid.

- (ii) ***Karuma Hydropower Project (600 MW):*** A detailed feasibility study and engineering design has been concluded and the procurement process to acquire a contractor to undertake the construction has started. Construction works are expected to commence in July this year with financing from local resources.

- (iii) ***Renewable Energy Projects:*** Madam Speaker, construction on Mpanga Mini Hydro (18 MW) in Kamwenge was completed and the project was commissioned in April this year. Buseruka Mini Hydro (10 MW), Ishasha Mini Hydro (6.5 MW), Maziba (1 MW) and Nyagak (3.5 MW) will be commissioned before the end of this year.

Feasibility studies for Kikagati (10 MW) were completed and construction is to start before the end of July this year. Detailed feasibility studies were also completed for Olewa I (0.6 MW) and Olewa II (0.6 MW).

Procurement of a contractor for the rehabilitation of Maziba (1 MW) has been started while procurement of consultants to undertake feasibility studies for Nshungezi (22 MW), Ntono (2.5 MW), Ndugutu (0.5 MW) and Muzizi (20 MW) has been concluded.

(iv) ***Rural Electrification:***

A total of 30 *Rural Electrification* schemes will be commissioned in September this year. Apart from what has been completed, currently 19 rural electrification schemes are under construction and will be commissioned in November 2011.

Petroleum Sector

Madam Speaker and Honourable Members, to date, a total of over forty nine (49) exploration and appraisal wells have been drilled in the country. Out of those, forty four (44) have encountered oil and or gas in the subsurface. It is estimated that the discoveries made to date can support production of over 100,000 barrels of oil per day for twenty five years. This quantity of oil justifies large scale refining in the country.

In the short term however, the discovered gas resources together with test crude produced during appraisal will be used to generate electricity which will contribute to the country's electricity needs. Plans are under way to develop a gas-to-power project utilizing the discovered gas at Nzizi in Hoima District.

I am further pleased to report that exploration drilling was extended to Kihiihi-Kanungu areas in Exploration Area 4B in 2010. Currently, the appraisal of the fields in Exploration Areas 1 (Pakwach Basin) and Exploration Area 2 (Butiaba-Wanseko area) is in progress. A final evaluation of oil reserves using 3D seismic survey and appraisal drilling is in progress. Once completed, the development phase of creating infrastructure, like pipelines and oil processing plants, will follow and will in turn lead to the start of oil production in the country.

The feasibility study Government has undertaken for the development of a refinery in Uganda

has revealed that the refinery project is both technically and financially viable. Consequently, Government has commenced development of a refinery as a project of three to five years. Government is fast-tracking the construction of the refinery to process crude oil from the Albertine Graben (Mwitanzigye). While this is a medium term measure, it will ensure that the vagaries arising from being supplied with fuel from far-afield are mitigated; and also allow the building of larger fuel reserves than those held by oil companies today to deal with any shocks that may arise in supply. In the next 3 or 4 years, we are going to be using our own petroleum and diesel and kerosene and aviation fuel from here – Mwitanzigye. However, in these intervening years we need to solve the problems of getting fuel through Kenya which sometimes has got some problems. But we do not have to panic or get excited because Kenya is not the only route to the sea. There is also Tanzania, as well as the Southern Sudan route.

Madam Speaker and Honourable Members, in 2010 petroleum supply and other fuel products were generally smooth except the month of September when erratic supplies of petrol were experienced. However, the situation has significantly changed since the beginning of this year mainly because of the demand for oil internationally, regionally and locally has continued to grow surpassing supply.

As an illustration, here at home statistical data from Ministry of Energy and Mineral Development for February and March 2011 indicate that:

- (i) While PMS (Petrol) requirements for the month of March 2011 were 32,832,900 litres, only 22,381,247 litres were supplied leaving a deficit of 32%.
- (ii) Projected AGO (Diesel) requirements for March 2011 were 76,556,500 litres but only 40,722,383 litres were supplied leaving a deficit of 47%.

Madam Speaker, it is irresponsible and unpatriotic for some leaders to mislead the public that fuel prices in Uganda are the highest in the region. In our Region, comparable fuel prices in the month of April were as follows per litre:

	Petrol	Diesel
Uganda	Shs. 3,500	Shs. 3,000
Kenya	K. Shs. 112 (Ug. Shs. 3,192)	K. Shs 110 (Ug. Shs.3,135)
Rwanda	R. Fr. 1015 (Ug. Shs 3,857)	R. Fr. 1015 (Ug. Shs. 3,857)
Tanzania	T. Shs. 2006 (Ug. Shs. 3,210)	T. Shs. 2000 (Ug. Shs. 3,200)
Southern Sudan	S. Pound 4.5 (Ug. Shs. 3063)	S. Pound 3 (Ug. Shs. 2040)

Notwithstanding the discomfoting prices, the following positive developments are worth mentioning:

- i. First, the Jinja Storage Tanks with a capacity of 30 million litres as national strategic fuel reserves is being refurbished and restocked under a Public-Private Partnership initiative. Furthermore, in order to ensure availability of petroleum products in the country, all oil marketing companies are required to maintain stocks of up to 10 working days.
- ii. Secondly, in line with the Petroleum Supply General Regulations, 2009, Government issued new guidelines for licensing of operators in the petroleum sector regarding compliance with Health, Safety and Environmental Regulations. These ensure the systematic development of petroleum marketing facilities in the country. Last but not least, as a result of efforts towards quality and standard monitoring, non compliance levels reduced from 29% in 2009 to 4.2% in 2010.

Mining

In the mining sector, Madam Speaker and Honourable Members, the following are worth noting, among other developments in the Mining Sector:

- (i) During 2010, 123 Prospecting Licenses, 133 Exploration Licenses, 18 Location Licenses, 2 Mining Leases, 51 Mineral Dealers' Licenses and one Goldsmith's License were granted. This is attributed to the dissemination of the results of the airborne geophysical survey.
- (ii) In 2010 Government realized revenue to the tune of Ug. Shs. 3.631 billion as Non Taxable Revenue (NTR) accruing from royalties and mineral license fees. Royalties alone contributed Ug. Shs. 2.795 billion of the total revenue generated shared or to be shared at a rate of 80% for the Central Government, 17% for Local Governments of the mining districts and 3% to the lawful land owner. The major contributors to the revenue earned in 2010 were Tororo Cement Ltd., Hima Cement Ltd. and Kasese Cobalt Company Ltd.

Education

Madam Speaker and Hon. Members of Parliament, among the interventions undertaken under the ***Primary Education*** sector in Financial Year 2010/2011 were:

- i. Procurement of P4 and P5 curriculum;
- ii. Construction of teachers houses in 80 schools in Arua and Nebbi and admission of more pupils in schools in war-affected areas e.g Laroo school;

The signing of customised performance targets contracts by 95% of Head teachers and their deputies in all quality enhancement initiative districts; and

- iii. The Payment of hardship allowances to teachers in hard to reach areas.

Future prospects for FY 2011/12 include:

- i. In the year 2011/12, the sector aims to achieve a pupil teacher ratio of 56:1 in all government schools. This will be attained by deployment of teachers across all districts; The sector plans to strengthen routine inspection and head-teacher training in leadership management in all Government aided schools.

Under ***Secondary Education***, the following were done, among others:

- i. Payment of capital grants for both private and Universal secondary education;
- ii. Disbursement of funds for completion of 16 administration blocks for seed schools and for rehabilitation and expansion of 11 traditional schools.
- iii. It also witnessed the rehabilitation and commissioning of Sir Samuel Baker school and aiding of 66 private community secondary schools.

Future prospects for FY 2011/12 in Secondary Schools include:

- i. A major intervention in 2012 is the extension of free secondary education to cover A' level with effect from 2012
- ii. Other prospects include the Provision of grant aid for private community secondary schools;
- iii. In addition, it is in plan to Construct teachers' houses for specific seed secondary schools; Additional teachers' houses as well as classrooms, science laboratories, libraries and hostels in island or mountainous and other hard to reach areas are to be constructed under the universal Post-Primary Education and training(UPPET) World Bank funded project. It is also in plan to provide management training to all Board members and Parents-Teachers Association (PTA) members in all schools in the country.

Madam Speaker and Honourable Members, the Commission of Inquiry Unit on the mismanagement of UPE/USE funds started its work in January 2010. They have not yet to reported. I am waiting for their report.

Under ***Business, Technical, Vocational Education and Training (BTVET)***, capitation grants have been paid in Health Training Institutions Teachers' colleges, Technical Institutions and Colleges of Commerce, among others. Libraries have been equipped, dormitories and classrooms constructed in several institutions. The popularization of the BTVET Act 2008 will be continued, as will the rehabilitation and construction of physical infrastructure. All the above will continue in other areas and districts that are still in need.

Success has been registered in some of the following areas in ***Higher Education*** Madam Speaker, there has been transfer of funds to Kumi University, West Nile University and Kigumba petroleum college; provision of top up allowances to students on government to government scholarships in foreign countries; admission of 60,000 students in Universities and other tertiary institutions in Academic Year 2010/2011; Last but not least, another University is in the offing with the acquisition of 130.03 acres of land at Muni Hill for Muni University in West Nile.

Plans for the Financial Year 2011/2012 include, among others:

- a. Ensuring that internship and field attachments are undertaken by all public universities;
- b. Continue with the construction work at Uganda Petroleum Institute Kigumba and expand the admission of students;
- c. Set up a Task-Force to plan the establishment of the Open University of Uganda;
- d. Continue the construction of infrastructure at Muni University in readiness to open its gates in August 2012;
- e. Support students from Acholi and Lango region who do not qualify for government sponsorship but qualify to join University.

Teacher Instructor and Education Training

Notable achievements here were Commissioning of Shimoni Core Primary Teachers' College in 2011, teacher participation in harmonization of East African Teacher Education Curricular, as well as completion of construction of teachers' colleges and tutors' houses.

Plans for Financial Year 2011/2012 include completion and relocation of Shimoni

demonstration school infrastructure. Also at hand is the expansion, rehabilitation and construction of infrastructure for teachers colleges. Targeted are core Primary Teachers' Colleges, National Teachers' Colleges, Instructors' Colleges and Mulago Health Tutors' College.

Under *Special needs education, career guidance and counselling*, teacher training and orientation of administrators on specialized guidance and counselling was done in selected districts and Institutions.

Future plans include the development of guidance and counselling policy as well as a five year strategic plan. Also in plan is the constructions of special schools for both the blind and deaf in West Nile and Kibaale respectively; and the replacement of school leavers.

Among the notable achievements under the *National curriculum Development Centre* was the completion of the drafting of the Kiswahili curriculum for pre-primary and primary schools. The translation of the Early Childhood Development Care Givers guide in 16 languages was another major achievement; as was the development of supplementary readers for lower primary;

Plans for 2011/2012 Financial Year include the piloting the of the Kiswahili primary school curriculum and the development of educational materials for special needs deaf and blind children. A new A' level Secondary school syllabus featuring 19- subjects will be brought on board this year. The completion of National curriculum Development centre buildings is in prospect for the next financial year.

Health

As far as Health is concerned Madam Speaker, Government is totally committed to the improvement of health service delivery all over the country. Government plans to achieve this through the implementation of the 5 Year Health Sector Strategic and Investment Plan that focuses on intervention in priority areas aimed at reducing morbidity and mortality. Emphasis is laid on the delivery of a minimum healthcare package consisting of the following elements:

i. Health Promotion, Disease Prevention and Community

Health Initiatives, including epidemic and disaster preparedness and response. (In this regard, I wish to commend the Ministry of health on the way they controlled Ebola recently.)

(ii) Maternal and Child Health;

(iii) Nutrition;

(iv) Prevention, Management and Control of Communicable Diseases.

Significant achievements have been registered in malaria control and Reproductive Health through special interventions including distribution of mosquito nets and improvement in the referral system.

Health Infrastructure

Government has embarked on the rehabilitation and the re-equipping of all existing medical facilities. It is also embarking on the construction of new structures such as staff houses. A number of projects attest to this.

- (a) The following hospitals underwent partial rehabilitation: Nebbi, Apac, Tororo, Bududa, Kambuga, Rushere and Itojo.
- (b) The Health Centres of Lyantonde, Masafu, Bukwe, Kyenjojo, Katakwi and Buwenge are being upgraded to general hospitals.
- (c) Government has constructed Mental Health Units of 45 bed capacity each at 7 Regional Referral levels. Construction of Mbarara Referral Hospital to a 608 bed National Referral Hospital is in advanced stages.
- (d) Plans to decongest Mulago National Referral Hospital through construction of 3 satellite hospitals at Naguru in Nakawa Division, Kawempe in Kawempe Division and Kiruddu in Makindye division have been concluded.

- (e) Construction of staff accommodation in Health Centre IIs and Health Centre IIIs in Karamoja region with support from the Italian Government.
- (f) Rehabilitation and re-equipping of 2 Regional Referral Hospitals (Moroto and Mubende Hospitals), 17 General Hospitals and 27 Health Centre IVs using a loan from the World Bank is underway.

Supervision and Monitoring

A system of intensified supervision and inspection is addressing the issues of staff absenteeism, pilferage of drugs, staff and quality of care, among others. The Medicines and Health Services Monitoring Unit which I established in State House to further strengthen inspection has done a commendable job especially in exposing drug thieves, a number of whom are already being prosecuted.

Social Protection Programme

Madam Speaker and Hon. Members of Parliament, in September 2010, Government launched the expanded Social Protection Programme whose aim is to provide a mechanism for reducing chronic poverty and for enabling vulnerable groups to benefit from the opportunities of economic growth by engaging in productive activities.

The special grant for programmes for persons with disabilities was increased from Ug. Shs. 1.5 billion covering 48 districts in the Financial Year 2009/2010 to Ug. Shs. 3.0 billion for all districts in the Financial Year 2010/2011. The grant has been used to support the creation of employment opportunities for persons with disabilities through entrepreneurship training and provision of seed capital.

Labour and Employment

In November 2010, Cabinet approved the National Employment Policy which I officially

launched on Labour Day, 1st May 2011. The Policy identifies priorities and strategies for increasing employment opportunities for Uganda's labour force and improving productivity of the workers.

Under the Externalization of Labour Programme, by December 2010, a total of 9,960 Ugandans had secured employment outside the country through recruitment agencies licensed by Government. In December 2010 those workers remitted a total of US\$ 5,478,000.

To address the problem of unemployment and underemployment, Government through the Ministry of Gender, Labour and Social Development provided non-formal vocational and entrepreneurial skills training to 334 youths and seed capital grants to 167 youth groups in 19 districts.

During the next Financial Year, emphasis will be put on building capacity of Labour Market Information System to produce accurate and timely information on jobs, desired skills and job seekers, and other efforts to improve the quality of labour among others efforts. Availability of labour information will enable the labour force to access employment opportunities within Uganda, in the East African Region and beyond.

Transport

Road Sector

On the Transport sector Madam Speaker and Hon. Members, the Uganda Shs. 283.9 billion passed by Parliament as the Uganda Road Fund for road maintenance has been disbursed to the Uganda National Roads Authority (UNRA) and the District, Urban and Community Access Roads agencies respectively for road maintenance.

By December 2010, the percentage of paved national roads network in fair to good condition was 75% against the annual target of 80%. The achievement of routine mechanized maintenance of paved roads was 1,716 Km out of the annual target of 2,000 Km. The

achievement of periodic maintenance of paved roads (resealing) was 86 Km out of the annual target of 127 Km.

Madam Speaker, the detailed design for the Second Nile Bridge at Jinja commenced along with the construction and rehabilitation of Aswa Bridge on Gulu-Kitgum road. Rehabilitation was also undertaken on the Awoja Bridge on Mbale-Soroti road.

The following, among others, are planned for the Financial Year 2011/2012:

- (a) Tarmacking of a total of 150 km of gravel national roads along with the rehabilitation of 150 km of paved national roads.
- (b) Dualling of Kibuye-Busega-Mpigi, Kampala-Northern bypass and Kampala-Jinja will commence along with a Design Review for the proposed Kampala-Entebbe Express Highway.
- (c) Under the District, Urban and Community Access Roads (DUCAR) Network, apart from routine maintenance, 3.5 km of roads in Kampala Capital City will be ungraded to paved standard along with 15 km of low cost seals elsewhere. 150 km of district and tourism roads will be also rehabilitated. Contractors, labour-based societies and district non-engineering staff will be trained.

Madam Speaker, the enactment of the Kampala Capital City Authority means that the Central Government is now fully responsible for roads in the City of Kampala. Government will, therefore, in due course cause a three year programme to address road and traffic improvements within Kampala city. I must tell you that the new executive director whom I appointed for Kampala is already doing a good work. She has excavated brand new equipment which we had long ago given to city council, but which they were not using to maintain the roads but now my executive director is using that equipment. You will see the big difference.

I appeal to all Kampala residents especially those in Bwaise, Kalerwe, Kawempe, Ndeeba, Nateete, Nalukolongo, Kisenyi and Kyebando to stop dumping garbage in the drainage system which block the smooth flow of water resulting into floods.

Rail and Water Transport

Water

Repair of MV Kaawa and dry dock was started. Design for MV Kabalega II, Port Bell and Jinja piers is to start later this year. The ferry for Lwampanga-Namasale will commence operations. Procurement of a new ferry to replace the old one at Laropi will commence. Socio-economic surveys on Lake Victoria, Albert and Kyoga were conducted.

Railways

The feasibility study for repairing and upgrading Tororo-Pakwach railway line was completed and the study for Kampala-Kasese line is on-going.

During the Financial Year 2011/2012 the feasibility study for upgrading Kampala-Kasese railway line will be completed and the study for the Kenya-Uganda standard gauge railway line will also commence.

Air transport

Under Air transport, phase II construction for the terminal building at Arua is currently being carried out. So is the perimeter wall fencing of Gulu Airport. In the coming Financial Year, almost simultaneously, works on Kasese Airport development project will start with work on the terminal building at Masindi aerodrome. A bilateral air service agreement between Uganda and the Democratic Republic of Congo will be finalized.

With regard to *Road safety*, Madam Speaker and Hon. Members, the increasing number of road traffic accidents have been attributed mostly to over speeding on the improved roads, as well as carelessness and inconsiderate use of the roads. I appeal to all motorists and other road users to avoid over-speeding, drunken-driving and use of drugs which have been major contributors to the occurrence of accidents. All road users must observe traffic rules. The Police must step up the

enforcement of the Traffic and Road Safety Act as well as the Regulations made under it.

Information and Communications Technology (ICT)

Madam Speaker and Hon. Members, indicators of the ICT sector's contribution to the economic growth in terms of GDP, investment, employment and tax revenue have all improved as highlighted below:

- (i) Investment from the private sector for the Financial Year 2010/2011 is estimated to be US\$ 300 million compared to US\$ 270 million in 2009. Most of the investment has been in form of infrastructure and network improvement by the new and existing service providers.
- (ii) Gross turnover, sales from the communication sector for 2010 is estimated at US\$ 936. The revenue is predominantly from the telecommunications subsector driven by increased competition, the landing of the undersea cable systems in the coast of East Africa and the national terrestrial fiber rings starting to reach various parts of the country. New services such as mobile banking are also taking root.
- (iii) In terms of Government revenue, it is estimated that the communications sector generated close to Ug. Shs. 300 billion during 2010, an increase of close to 20% from the previous year.
- (iv) The ICT sector has become one of the leading sources of employment, with close to 14,000 persons directly employed by both service providers and Government by December 2010; and more than 800,000 indirectly employed.
- (v) By December 2010, the estimated number of fixed and mobile voice telephony customers was more than 12.8 million compared to 28,000.
- (vi) The increase in competition coupled with the announcement of reduced interconnection rates by the Regulator in July 2010 triggered what is now being referred to as "price wars" in the telecommunications market, leading to reduced call prices.

(vii) *Data and Internet* -- Like the voice market, the internet market was very vibrant during 2010. By the end of September 2010, international bandwidth uplink stood at 3,433 mbps (mega bytes per second) compared to a mere 850 mbps in December 2009, an increase of more than 300%. The improvement is attributed to the increased competition since the landing of the three cable systems (Seacom, TEAMS and Eassy) on the East African coastline and increased competition and infrastructure at the national level.

Mobile Broadband Access -- By the end of 2010 it was estimated that there were more than 600,000 mobile internet subscriptions compared to 310,000 in December 2009. This monumental growth is attributed to price drops for both bandwidth and mobile modems.

(viii) *Broadcasting and Multimedia Subsector* -- By December 2010, the number of private FM frequencies issued had risen from 202 to 210, of which 156 are operational. 54 FM stations were assigned frequencies but are yet to get on air. Out of the 46 TV stations assigned frequencies, 26 of are on air.

Madam Speaker and Honourable Members, it is essential that we put in place effective measures to prevent and fight cyber crime.

For the Financial Year 2011/2012 the following will be undertaken, among others:

- (a) Expansion of Tetra Communications System;
- (b) Digital Television and Data casting (Migration from analogue to digital);
- (c) Investment in new business ventures in Posta especially in IT-led initiatives including setting up information centres to enhance electronic communications, instant money transfer and counter automation;
- (d) Setting up a National Data Centre to provide centralized storage and security of all Government Information.
- (e) Operationalization of ICT Security and cyber laws.

Land

Government is committed to sustainable land use and land tenure security. The following have been achieved, among others:

- (i) Enactment of the Land (Amendment) Act, 2010, which has enhanced the security of occupants on registered land in accordance with Article 237 of the Constitution. The Act has been translated into 19 local languages and distributed widely.
- (ii) 80 District Land Boards have been given training on the determination of annual nominal ground rent (*Busuulu*).
- (iii) The School of Survey and Land Management at Entebbe which had been closed for over ten years was re-opened to build human resource capacity in land sector.
- iii. Construction of the National Land Information System Centre on Plot 9 Lourdel Road commenced and construction will be completed before the end of this year. When the Centre becomes operational, it will be a One-Stop-Centre on land information in the country.
- (v) Construction/renovation of Regional Land offices covering the following Districts, Arua, Gulu, Lira, Masindi, Kabarole, Masaka, Mukono, Kibaale, Mbarara and Wakiso was completed.
- (vi) The Uganda National Land Policy which provides a framework for land management and administration will soon be discussed by Cabinet.

During the coming Financial Year, the following will be undertaken, among others:

- (i) Implementation of the Uganda National Land Policy.
- (ii) Implementation of the Land Information System in the initial six land offices of

Kampala, Mukono, Jinja, Masaka, Wakiso and Mbarara.

- (iii) Legislation for operationalisation of the Uganda Land Commission as a statutory body.

Regional and International Matters

Madam Speaker and Honourable Members, Uganda has continued to enjoy excellent relations with her neighbours and has continued to play a constructive role on matters of regional and international peace and security. Within the East African Community the following were achieved:

- (i) Since July 2010 the East African Community has become the first common market in the whole of Africa making it a big milestone.
- (ii) In November last year, the East African Community Summit agreed to embark on negotiating the East African Community Monetary Union. This process is now underway and expected to culminate into an East African Community Monetary Union Protocol by 2012.
- (iii) The East African Community has continued to place great emphasis on Food Security in the region and the need to address the impact of climate change.
- (iv) Uganda continues to participate in the negotiations under the COMESA-EAC-SADC Tripartite Free Trade Area Agreement to boost trade in the Eastern and Southern Africa region.
- (v) The East African Community partner states concluded a Protocol on Foreign Policy Coordination, aimed at strengthening regional collaboration and harmonization through multilateral diplomacy, economic and social activities, as well as in diplomatic and consular matters on behalf of the partner states.

- (vi) Uganda hosted both Regional and International conferences during the year under review. Most prominent among these were the International Criminal Court Review Conference in June 2010 as well as the 2010 AU Ordinary Summit.
- (vii) Madam Speaker, Uganda shall strengthen our relationship with the new State of Southern Sudan in terms of both security and trade.
- (viii) In recognition of the meaningful contribution Uganda is making in the area of maintenance of international peace and security, the United Nations decided to expand its operations at Entebbe International Airport by establishing a Regional Service Centre for UN peace-support missions deployed in the region. With the establishment of this centre, a number of peace support functions hitherto carried out elsewhere in the region such as in the Democratic Republic of Congo, Burundi and Sudan are being relocated to Entebbe. Uganda is consequently benefitting a lot from this development in terms of procurements, employment, investment and tourism opportunities.

All the foregoing possible developments have been achieved because of the peace and stability the country has continued to enjoy. It is therefore incumbent on all of us to ensure that we do not carry out any activity that would tarnish Uganda's image thereby sending wrong signals to the regional and international community.

Justice, Law and Order

Madam Speaker and Honourable Members, I wish to reaffirm Government's total commitment to the promotion and maintenance of the rule of law and order. In order to strengthen the rule of Law and order, Government has undertaken to carry out a number of activities, whose outcome I share with you below:

- (i) Government's strengthening of the Police has seen a drop in the National crime rate. A total of 19 District Police Stations, 34 blocks of residential accommodation, 8 Anti-Stock Theft Unit Zonal Offices in addition to the Police Training School at Kabalye were

constructed during the year under review.

- (ii) Within the Police, the following specialized units have been established:
 - (a) Very Important Persons Protection Unit (VIPPU);
 - (b) Field Force Unit;
 - (c) Environment Police;
 - (d) Aviation Police;
 - (e) Land Protection Unit;
 - (f) Integrated Highway Patrol Unit;

- (iii) The Uganda Police Force has adopted Community Policing as a pro-active approach aimed at prevention and detection of crimes such as terrorism, murders, iron bar attacks and child kidnaps. Every Ugandan is a stakeholder in fighting crime therefore, each one of us should cooperate with police in this endeavour.

- (iv) In addition to the operationalization of Mbale Regional Forensic Laboratory as well as near completion of Gulu Regional Laboratory, construction of Mbarara Regional Forensic Laboratory will soon commence.

- (v) *Case disposal in courts:* Over the past year, out of the 25,077 cases filed in the courts at all levels country wide, 23,683 were disposed of. The launch and implementation of pilot CASE BACKLOG QUICK WINS PROGRAMME has resulted into a drastic reduction in the average length of stay on remand from 27 months in 2009 to 15 months in 2010/2011. The ratio of convicts to remands has increased from 44.4% to 47% countrywide; and in some cases like Luzira Upper Prison there are more convicts than remands for the first time in 28 years.

- (vi) In order to address the challenge of staff numbers the following actions stand out, among others:
 - (a) Appointment of 10 Judges;
 - (b) Recruitment of 700 prison warders and twenty five cadets now undergoing

training;

- (c) Recruitment of 5,000 Police Constables and 500 Police Cadets now undergoing training.

These recruitments will improve the Prison warder-Prisoner ratio to 1:4 from 1:5 previously and the Police population ratio to 1:709 people from 1:786 in the previous year.

- (vii) The establishment of Duty Free Shops in both the Uganda Police Force and the Uganda Prisons Service has and continues to improve the welfare of the staff especially those who want to put up houses for themselves.
- (viii) From the prisons farms, Government was able to save Shs. 2.4 billion on feeding prisoners.
- (ix) Under the settlement of statutory obligations, by the end of this Financial Year, a total of Ug. Shs. 52.9 billion will be paid in respect of Court Awards, Uganda Human Rights Commission Awards and Compensation (Ex-gratia Awards).
- (x) The acquisition of a passport now takes ten working days compared to 30 days previously.

During the coming Financial Year, Government will continue to build on the success so far registered with a view to improving further the capacity and professionalization of both the Uganda Police Force and the Uganda Prisons Service.

The recommendation of the Judiciary to Parliament to increase the number of Judges of the High Court from 50 to 82; Court of Appeal from 8 to 15 inclusive of the Deputy Chief Justice; and Supreme Court from 7 to 11, will be considered.

Peace and Security

Madam Speaker and Honourable Members, while peace and security have been maintained, the country was faced with two unfortunate incidents last year: the burning of the Kasubi Royal Tombs and the 11th July terrorist attack on people who were watching and enjoying the finals of the World Cup. The burning of the Royal Tombs destroyed a very important national and international cultural site but fortunately the tombs themselves were saved, by the prompt action of the fire brigade; while the heinous attack by the terrorists left 76 people dead and 116 injured. Madam Speaker and Honourable Members, I request you to allow this wonderful assembly to stand up and observe a minute of silence in memory of all those who lost their lives during those attacks. May the Almighty God rest their souls in eternal peace.

Madam Speaker and Hon. Members, Government offered a moderate contribution towards the burial expenses of those who died and those who underwent treatment in the various hospitals in and around Kampala. The suspects who were apprehended in connection with the terrorist attacks will be subjected to the due process of the law.

Government, in consultation with the Mengo establishment, agreed to set up a Commission of Inquiry to investigate and probe the evil act of the burning of the Kasubi Tombs. The Judicial Commission of Inquiry under the Chairmanship of Justice Stephen Engwau completed its work and has already submitted its Report. The Report is going to be thoroughly studied to enable Government to decide on the next course of action and will also be made public in due course. I would like to express gratitude to UNESCO's support in rebuilding this world heritage site.

The Uganda People's Defence Forces (UPDF) has been equipped to reasonable levels to enhance its fighting capability, mobility and deployability capabilities. Besides the fact that the UPDF is currently a bi-service Force comprising of Land and Air Forces with a higher Defence Headquarters, other specialized elements namely the Marines and the Special Forces have been created. It is also worth appreciating that for some time now the UPDF has built capacity to help the Police deal with internal riots and national disasters.

Madam Speaker and Honourable Members, I would like to advise those championing the riots in the name of protesting against high fuel prices and other commodities prices to stop.

The ulterior motives behind those riots are already known by all the concerned agencies of Government. Consequently, any riots will be handled firmly and decisively basing on the provisions of Article 43 of the Constitution on the enjoyment of the fundamental and other human rights and freedoms.

Madam Speaker, I am happy to inform this August House that apart from the continued support to peace and security, the UPDF in its Five Year Development Plan will renovate and rehabilitate the dilapidated national railway networks. The engineering brigade of the army was trained and they are going to repair the whole of this railway, working with the CITADEL company -- the concessionaire. Not only can they repair the railway, they can even build a brand new one. The army, therefore, is not only for fighting but also for Nation building.

Corruption

Madam Speaker and Honourable Members, the NRM Government's commitment to zero-tolerance to corruption remains strong and resolute, the legislations and institutions that have been put in place to fight it underline this resolve.

The following have been achieved:

- (i) The Leadership Code Act, 2002 has been amended. The Amendment Bill which also makes provision for an Independent Tribunal as spelt out in the Constitution will soon be discussed by Cabinet.
- (ii) The Whistleblowers Protection Act aimed at protecting those who volunteer information in corruption cases was enacted last year. The outcome of this legislation has been a great encouragement to the public in the fight against corruption.
- (iii) The anti-Corruption Court has been doing very well in handling the corruption cases expeditiously.
- iv. Corruption being rampant in the procurement processes, the Public Procurement and

Disposal of Public Assets Act is under amendment with a view to plugging the loopholes which have been used by the corrupt.

In the forthcoming Financial Year the following will be undertaken:

- (i) Intensification of awareness of the public to participate effectively in the fight against corruption.
- (ii) Enactment of the anti-money laundering legislation.
- (iii) Passing of the proceeds of crime legislation, to empower Government to confiscate the assets of the corrupt.
- (iv) I will constitute a Committee to investigate political leaders and senior public officers implicated in corruption-related scandals.
- (v) The IGG, DPP and CID will conclude all the investigations related to CHOGM funds; where evidence has been compiled prosecution of the culprits will be undertaken expeditiously.

Work of Parliament

As it may be recalled, the 5th Session of the 8th Parliament was convened on 4th June 2010. It ended on 13th May 2011. During that period, Parliament was able to transact business as follows:

(i) Bills passed	22
(ii) Motions for Resolutions.....	34
(iii) Sessional Committee Reports presented	13
(iv) Ministerial Statements presented and debated	23
(v) Other Statements presented	06
(vi) Papers presented	42
(vii) Questions for Oral Answer responded to	13
(viii) Other Business	02

The Bills passed included, among others:

- (a) The Regulation of Interception of Communications Bill,
- (b) The Kampala Capital City Bill,
- (c) The Electronic Signature's Bill,
- (d) The Public Procurement and Disposal of Public Assets (Amendment) Bill,
- (e) The Institution of Traditional or Cultural Leaders Bill,
- (f) The Emoluments and Benefits of the President, Vice President and the Prime Ministers' Bill.

I thank the 8th Parliament for what it was able to accomplish. Since there are quite a number of Bills still pending, my request is that the Business Committee looks at them with a view to sorting out the most urgent ones for prompt handling.

The Public Service

The people of Uganda expect and are indeed entitled to the best service delivery from the public servants who are paid from the public coffers.

With our policy of decentralization, most of the service delivery is by local governments. Presently, the total amount of money allocated to local governments through Central Government transfers stands at Ug. Shs. 1.47 trillion, which is about 26% of the total National Budget. Ministries and local leaders must ensure that there is enough guidance, supervision and inspection so that there is value for every shilling sent to local governments. Honourable Members of Parliament should take more keen interest in what is going on in their constituencies as far as service delivery is concerned.

I have already sent specific instructions to the Rt. Hon. Prime Minister aimed at putting in place measures for improved service delivery. Coupled with this is the ongoing review of the Ministerial Structures aimed at not only rationalizing the present structures but also to plug any loopholes that have been undermining service delivery.

Madam Speaker and Honourable Members, one of the outstanding achievements in this area is the payment of the massive pension arrears which arose from:

- i. The revision of the pensions to make them more meaningful following the currency reforms of the late 1980s.
 - ii. Pension arrears also arose from non- payment of dues to Ugandans formerly employed by the then EAC when it collapsed in 1977. Whereas Kenya and TANZANIA paid their Nationals, Uganda did not. All those pensions have now been paid.
- (iii) Nonpayment of pensions and gratuities to members who retired from the former armies or the families of those who have passed away.
- (iv) Nonpayment of pensions to those who were employees of the local governments and hence a responsibility of those local governments. Government took over the responsibility in response to the outcry of the people concerned whose strong belief is that they worked for Government and that the technical distinction between Central Government and local governments should not jeopardize what they believed was genuinely due to them.

Having cleared the bulk of those pension arrears, Government continues to receive and deal with residual cases as they come in. I have decided to bring out all these facts in order to dispel rumours that have been peddled around especially by those in the Opposition that the NRM Government does not care about pensioners because it had refused or had stopped paying pensions. How odd rather than being blamed, the National Resistance Movement Government should be commended for not only revising the pensions which had been negatively affected by the currency reforms, but also for taking over all pension obligations left by previous governments.

Government is conscious of the concerns about the low salaries and wages paid to public servants. In due course, Government through the Ministry of Public Service will come up with a Revised Pay Reform Policy which should address all issues related to pay which, among others,

include:

- (i) Attraction and retention of scarce skills;
- (ii) Unjustifiable pay differentials among persons with the same skills and doing similar jobs;
- iii. Special allowances for Hard-to-reach, hard-to-stay areas.

Government will finalize the establishment of a Contributory Pensions Scheme to replace the present one which is non-contributory. Government will also decide on the appeal by local governments to make the payment of pensions to employees of local governments a responsibility of the centre.

Conclusion

As I conclude this year's State of The Nation Address, Madam Speaker and Hon. Members of Parliament, I wish to reiterate that on February 18th 2011, Ugandans gave the National Resistance Movement the mandate to run the affairs of this country for another five years. The NRM Election Manifesto, which is in consonance with what is spelt out in Uganda's National Development Plan (2010/11 – 2014/15), is now the principal agreement between the NRM Government and the people of Uganda. It will be translated into policies and programmes for implementation every financial year.

The National Resistance Movement, the vanguard in restoring constitutionalism, democracy and peace in this country, shall not support any schemes which some individuals or groups would like to design to get to power outside the constitutional framework.

Let us remind ourselves of the following provisions of the Constitution:

- (i) Article 3 (i) "It is prohibited for any person or group of persons to take or retain control of the Government of Uganda, except in accordance with the provisions of this

Constitution.”

- (ii) Article 3 (4) “All citizens of Uganda shall have the right and duty at all times – (a) to defend this Constitution and, in particular to resist any person or group of persons seeking to overthrow the established constitutional order ...”

Every Ugandan should always be conscious of the fact that nobody owes us a living. Madam Speaker and Honourable Members, Every Ugandan has the responsibility to actively participate in the socio-economic transformation process of Uganda an irreversible process that NRM has set in motion.

I say all this For God and My Country.

Thank you very much.