

THE REPUBLIC OF UGANDA



BUDGET SPEECH

Financial Year 2015/16

***Theme: Maintaining Infrastructure Investment and Promoting
Excellence in Public Service Delivery***

DELIVERED AT THE MEETING OF THE FIFTH SESSION OF THE 9TH
PARLIAMENT OF UGANDA

ON

THURSDAY, 11TH JUNE, 2015

BY

HONOURABLE MATIA KASAIJA

MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT

A. PREAMBLE

Your Excellency the President,

Your Excellency the Vice President,

Right Honorable Speaker of Parliament,

His Lordship the Chief Justice,

His Lordship the Deputy Chief Justice,

Right Hon. Deputy Speaker of Parliament,

Right Hon. Prime Minister,

Right Hon. Leader of the Opposition

Honorable Ministers,

Honorable Members of Parliament,

Your Excellencies, Ambassadors and Heads of Diplomatic Missions

Distinguished Guests,

Ladies and Gentlemen

B. INTRODUCTION

1. Madam Speaker, in accordance with Article 155(1) of our Constitution and the recently enacted Public Finance Management (PFM) Act 2015, I have the honour to present the budget for the Financial Year 2015/16, in exercise of the power delegated to me by H.E the President of Republic of Uganda. I take this opportunity to thank His Excellency the President for entrusting me with this noble duty. I also acknowledge my predecessor Madam Maria Kiwanuka for her stewardship and guidance during her tenure, and who laid the foundation for this budget. I also want to thank my staff at the Ministry for an exemplary effort in the preparation of this budget.
2. Madam Speaker, the Public Finance Management Act 2015, inter alia, requires that the budget is approved by Parliament prior to the

beginning of the financial year. The Act aims to, among others, ensure accountability, enhance reporting for public resources, and increases fiscal discipline. It also prescribes how Oil Revenues will be managed and invested. The Act provides for Parliament to approve a Charter of Fiscal Responsibility (CFR) that details a post-election Government's fiscal policy objective, including the sufficiency of revenue, and the maintenance of prudent levels of public debt.

3. Madam Speaker, the Financial Year 2015/16 Budget was consequently approved by Parliament on May 30th 2015 in accordance with Section 14 of the Public Finance Management Act 2015. I would like to take this opportunity to thank Parliament, under your able guidance and support, for passing the budget on time, despite the pressure of other business before the august House.

4. Madam Speaker, the budget seeks to attain a better future for Uganda and is anchored on the Second National Development Plan (NDPII), launched earlier today. Allocations have been made to fund strategic choices that will drive the socio-economic transformation of the country into a middle income country. As His Excellency the President implored us in the State of the Nation Address last week, the budget makes strategic choices that will support business and create jobs. It also seeks to improve the skills of graduates from our educational system, so that they are prepared to take on employment opportunities, and also create new businesses. Furthermore, it seeks to rebuild the health system to improve service delivery and ultimately deal with the disease burden.

5. Madam Speaker, Uganda continues to register positive economic growth, driven largely by an increase in private sector activity in agriculture, industry and services. Growth has also been a result of an increase in public infrastructure investment especially in energy and roads. Social services have also expanded significantly, particularly in education and health, in pursuit of Government's policy of universal access.
6. Despite significant success achieved in the past, there are still challenges that need to be addressed. The structure of our economy still consists of sizable informal sector that accounts for 49 percent of the economic output. The agriculture and industrial sectors, being the main productive base of the economy require major effort to spur continued growth and competitiveness.
7. Furthermore, our external sector suffers from an imbalance between growing imports compared to the poor performance of exports. Exports have been constrained largely due to political instability faced by some of our trading partners in the region, and an economic slowdown in Europe.
8. Madam Speaker, the competitiveness of our private sector remains constrained by infrastructure gaps due to unreliable electricity and an inadequate rail and road networks. These gaps ultimately increase the cost of doing business.
9. Madam Speaker, unemployment, especially of the youth graduating from educational institutions, is an increasing challenge that must be tackled urgently. As I have mentioned earlier, skills building is

one ways to make the youth suitable for the labour market, and also enable them establish Small and Medium Enterprises.

10. We also need to build an industrial sector base that adds value to newly discovered greatest potential, namely minerals. It is also of urgency that we build a solid industrial sector based principally on adding value where Uganda enjoys a strong comparative advantage, namely agricultural products. In this regard, the provision of affordable and reliable electricity is critical, in addition to dealing with other constraints to doing business.

11. Madam Speaker, in light of the foregoing , the budget strategy for next financial year has, therefore, been formulated to address the challenges I have just highlighted, while taking into account the prevailing macroeconomic conditions and future prospects. As such, the thrust of next year's Budget is continued closure of infrastructure gaps, as well as addressing socio-economic transformation. The theme for the budget for next year is hence ***“Maintaining Infrastructure Investment and Promoting Excellence in Public Service Delivery”***.

12. Madam Speaker, in my statement today I will do the following:-

- i. provide the economic performance and outlook going forward;
- ii. account for the use of resources provided in the budget for the financial year now ending;
- iii. provide the rationale for revenue measures and resource allocations in the next budget ; and
- iv. State policy actions underpinning both the revenue measures and expenditure allocations for the new budget.

C. FINANCIAL YEAR 2014/15 ECONOMIC PERFORMANCE AND ECONOMIC OUTLOOK

ECONOMIC PERFORMANCE

Real Sector Performance

Economic Growth

13. Madam Speaker, Uganda's economy has become more diversified, leading to new activities which were previously not captured in the national accounts. This diversification takes place continuously in economies that are growing, like Uganda's. Because of this, the size and structure of our economy has to be periodically re-assessed, which economists call re-basing. The recent re-assessment has shown that our economy is 17 percent larger than previously estimated, and it is now valued at Shs. 75.183 Trillion, which is approximately US Dollars 25 billion.
14. Madam Speaker, our economy is projected to grow by 5.3 percent in real terms this financial year, reflecting almost full recovery from the slowdown that happened in financial year 2012/13. Growth in the agriculture, forestry and fishing sectors combined is projected at 2.3 percent; while the industrial sector is projected to grow at 5.5 percent, and services at 5.7 percent.
15. Madam Speaker, in the agricultural sector, cash crops rebounded strongly from an average negative growth of 1.5 percent per year for the last five years to a positive growth of 6.6 percent in this year. Growth in manufacturing has picked pace after a contraction in financial year 2012/13, and is now estimated at 4.1 percent. Construction has continued to be a major driver of growth in the industrial sector and is estimated to expand by 6.6 percent,

principally on account of infrastructure investment. Information and Telecommunications has contributed significantly to Services sector growth, which has continued to register high growth rates estimated at 10.2 percent. This performance is driven by improved services, product innovation and other value added services such as mobile money and other modes of payments.

Inflation and Domestic Prices

16. Madam Speaker, it is the primary objective of the Government to maintain prices of consumer goods and services stable in order to keep the value of savings and maintain the economic welfare of the people we serve. When prices are increasing all the time, the standards of living decline and the value of savings is eroded.
17. Madam Speaker, I am happy to report that the rate at which prices are increasing has considerably slowed to an estimated average rate of 2.7 percent this year. The main factors for this are (i) the abundant food supply in the country, thanks to the increased efforts of our farmers and conducive weather, and (ii) falling global oil prices which fell by about 47 percent over the last 12 months ending March 2015, resulting in a slight decline in pump prices domestically. For instance, despite the weakening of the Uganda shilling, pump prices have fallen to an average of Shs, 3,400 per litre from about 3,850 for petrol, and to an average of Shs. 2,850 from Shs. 3,250 for diesel.

Monetary and External Sector Developments

Interest Rates

18. Madam Speaker, interest rates for borrowers remain high largely due to two factors: (i) the limited supply of long term capital in the

economy due to absence of a savings mechanism to mobilize long term capital, and (ii) the risk profile of borrowers which remains high, as demonstrated by high default rates and non-performing loans in the past.

19. To address these constraints, Government is implementing, among others, the National Identification Project whose integration with financial systems will aid the verification of the creditworthiness of borrowers. Government is also undertaking reforms in the financial sector, including pensions, to create efficient mechanisms to mobilize long term capital. In addition, Government will increase the capitalization of the Uganda Development Bank from the current Shs. 100 billion up to Shs 500 billion over the medium term.

Balance of Payments

20. Madam Speaker, as I earlier mentioned, our overall balance of payments has been negatively affected by the poor performance of exports to the region and a surge in import demand, as well as net outflow of short term capital in equity and government securities. Total export revenue for the period April 2014 to March 2015 are estimated at US\$ 2,701.6 million, compared to imports of US\$ 5,048.9 million over the same period. The surge in import demand has been inevitable, given an increase in infrastructure investments in oil, the road network and Karuma and Isimba Hydropower projects.

21. Consequently, the current account deficit for this year is projected to widen to 8.5 percent of GDP compared to 7.2 percent in the financial year 2013/14. During the 12-month period ending March 2015, preliminary estimates indicate that the overall balance of

payments position was a deficit of US\$475 million, compared to the surplus of US\$ 287.4 million that was recorded in the previous 12-month period ending March 2014. The current account deficit has been partially financed by transfers in the form of external grants to Government amounting to US\$ 299 million, workers' remittances amounting to US\$ 915 million, and foreign direct investments inflows of US\$ 1,200 million. However, this was not enough to close the deficit, resulting into a reduction in external reserves amounting to US\$ 266.5 million. **Despite the reduction, our reserves remain healthy at \$2,972.4 million, equivalent to 4.0 months of future imports of goods and services.**

22. Madam Speaker, to address this problem in the medium term Government will enhance export performance, by encouraging exports diversification through, among others, adding value to agricultural products. For example we have now got investors to add value to our coffee and cotton, for a start. This should significantly increase our export earnings.

Exchange Rate and Foreign Reserves

23. Madam Speaker, the Uganda Shilling, has been weakening against the US Dollar as a result of mainly two major factors. First, the United States Dollar which has been gaining strength against other major international currencies in which we conduct trade. Second, as earlier mentioned, we import more than we export. Therefore, the increase in demand for foreign exchange to meet the import bill leads to a weak Uganda shilling.

24. In order to reduce exchange rate volatility, the Bank of Uganda has been intervening in the foreign exchange market, although not to determine its level. The policy of smoothening the exchange rate movements will continue, in order not to cause undue instability in the business climate.

Public Finance

Revenue Performance

25. Madam Speaker, total tax collections in this year are projected at Shs. 9,577 billion up from 8,031 billion in financial year 2013/14. This increase is a result of a package of tax policy measures implemented this year, improved tax administration, as well as increased economic activity.

External and Domestic Financing

26. Madam Speaker, donor financing this year is estimated at Shs. 1,765 billion, of which Shs. 113 billion is budget support, Shs. 559 billion in project grants, and Shs. 1,093 billion in concessional project loans. Domestic financing through issuance of Treasury Bills and Bonds has dropped to Shs. 1,386 billion from Shs. 1,775 billion in financial year 2013/14.

Expenditures

27. During this financial year, total Government expenditure is estimated at Shs 13,988 billion compared to Shs 11,456 billion in financial year 2013/14. Of this, recurrent expenditure is projected at Shs 7,550 billion and development expenditure at Shs 4,881 billion. Domestically raised revenues will fund 100 percent of the recurrent expenditures and 66 percent of development expenditure.

Statutory expenditure this year is projected to increase to Shs. 1,400.7 billion from Shs. 753.9 billion the previous year.

28. Total expenditure on externally funded development projects is expected to record a shortfall this year, as a result of delays in the disbursement of project loans and grants. These delays arise from weaknesses in project implementation in some areas, caused by limited understanding of disbursement procedures, late procurement and land compensation, and protracted approvals at various levels.

Fiscal Deficit

29. Madam Speaker, domestic revenue to GDP ratio is estimated at 13 percent this year. Total expenditure is estimated at 18.6 percent of GDP which is much lower compared to about 22 percent within the EAC countries. Domestic resources will finance 76.4 percent of the budget.
30. The overall fiscal deficit for this year ending is estimated at 4.5 percent of GDP, increasing from 3.9 percent. This increase is due to higher infrastructure spending, particularly on roads and energy. The fiscal deficit is being financed by domestic borrowing through Government treasury bills and bonds and external borrowing. This borrowing has not been inflationary, principally because the money has financed investments in the economy, which ultimately should enhance economic activity and business competitiveness.

Public Debt

31. Madam Speaker, the stock of outstanding public debt is projected to reach US\$ 7.6 billion by end of this financial year, compared to

US\$ 7.2 billion last year. 60 percent of Uganda's debt stock is external and 40 percent is domestic. The increase in public debt reflects the increased borrowing to finance infrastructure investment.

32. Although our public debt has increased faster compared to past trends, it is sustainable in relation to the size of the economy. Measuring public debt in relation to the size of the economy, is a standard practice to know whether or not our debt is sustainable. Based on this measure, our debt to GDP ratio is estimated at 30.4 percent, which is far below the Public Debt Management Framework 2013 threshold and the East African Community Monetary Union convergence criteria requirement of 50 percent. Public debt sustainability also signifies that Government can continue servicing its debt without default. Our public debt therefore remains sustainable and our economy is by no means under debt distress. This is the same conclusion reached by independent parties who undertake credit rating for Uganda, and the Debt Sustainability Analysis (DSA) conducted by the International Monetary Fund (IMF) and the World Bank.

33. Madam Speaker, Uganda's external debt portfolio consists largely of highly-concessional loans characterized by long maturities and very low fixed interest rates. This further explains why our public debt remains sustainable over a long period in the future. But if our access to the concessional window gets more constrained, Government shall continue to diversify its sources of debt financing. Non-concessional borrowing shall only be considered for the financing of projects that will provide an economic rate of return

greater than the cost of debt. Government will also continue to negotiate the most beneficial, and cost-effective terms and conditions.

ECONOMIC OUTLOOK

34. Madam Speaker, the economy is projected to grow at 5.8 percent next financial year, largely on account of the recovery in private sector consumption, as well as acceleration in both public and private investment. Over the last 2 years, as we are all aware, there has been significant increase in Government spending in infrastructure. This trend will continue in the next few years.

35. The medium term outlook for our economy is bright, with real Gross Domestic Product expected to continue its recovery path to an average of 6.5 percent in the next 5 years. This growth will be driven by increase in public investment in infrastructure, and a sustained rebound in private sector activities. Consumer prices increases are expected to remain within the 5 percent policy target.

36. Madam Speaker, the current account deficit is projected to widen slightly on account of import demand driven by higher non-oil private and public infrastructure related imports; and projected weak exports earnings. Uganda's international reserves are projected to improve gradually to achieve about 4.5 months of import of goods and services cover in the medium term.

37. Madam Speaker, prospects for the development of Uganda's oil sector remain positive. To date we have three active exploration licenses and one production license under a joint partnership of three international oil companies. In February this year,

Government announced the first bidding licensing round for six blocks in an effort to attract new companies in the exploration phase. The bidding process is ongoing and it is expected to be concluded by December 2015. When successful, this will lead to continued strong foreign direct investment and other financial inflows, with a positive effect on the exchange rate.

38. Madam Speaker, in line with the budget theme, our strategy next financial year and the medium term will focus on accelerating infrastructure development to address the constraints to private sector growth and increase efficiency in service delivery. The budget deficit for the coming financial year is therefore projected to increase to 7 percent of GDP compared to 4.5 percent for this year. Over the medium term, the deficit will average about 6 percent before it drops to about 4.5 percent in financial year 2019/20, in line with the East African Community Monetary Union Protocol.

39. Development expenditure is budgeted to grow by 58 percent next financial year, mainly driven by major infrastructure projects including the rehabilitation of Entebbe International Airport, new roads and the Karuma and Isimba hydropower projects. This represents 11.29 percent of GDP next year compared to 7.95 percent this year. Current spending, excluding interest payments, is budgeted to increase by 10 percent. This represents 8.4 percent of GDP next year, compared to 8.5 percent of GDP this year. Public Financial Management reforms will continue to enhance the efficiency of public expenditures.

40. To avoid an increase in relatively expensive domestic borrowing and reduce the fiscal burden of debt payments over the medium term, a

larger share of the fiscal deficit will be financed by external loans.

We will continue to pursue concessional loans as the preferred means of meeting our external financing requirements. Non-concessional external borrowing will be considered only for the financing of highly productive fixed capital investments.

D. BUDGET STRATEGY FOR FY 2015/16

41. Madam Speaker, the budget reflects the strategic choices that Government has made, in the face of numerous deserving, but competing priorities. This results from the inadequacy of tax revenues to meet all the deserving needs that Government is presented with, even after incurring debt.
42. Madam Speaker, the budget therefore must prioritize and make those choices that will provide the greatest sustainable economic and social benefits to society in the short, medium and long term. Therefore, while it is deserving to spend more resources on social services such as education and health, it is also prudent to increase funds to key infrastructure investment, such as roads and electricity. Government's continued focus on infrastructure investment will enhance regional integration, and develop Uganda's oil sector. This will unlock private sector activity, stimulate growth and generate much needed tax revenues to finance other deserving needs. However, even with the strategic choice to increase infrastructure spending, social sector spending will also continue. Next year, Government has allocated 11.1 percent and 6.9 percent of the total budget allocations to the education and health sectors, respectively.

43. Madam Speaker, next financial year's Budget will therefore focus on the following seven strategic areas:-

- i. Maintenance of National Security and Defense.
- ii. Facilitation of Private Sector Enterprise Development.
- iii. Effective Development and Maintenance of Infrastructure.
- iv. Commercialization of Agriculture and Improved Productivity in Primary Growth Sectors;
- v. Enhanced Capacity for Increased Domestic Revenue Mobilization;
- vi. Increased Social Service Delivery; and
- vii. Enhanced Efficiency in Government Management.

E. FY 2015/16 FISCAL FRAMEWORK

44. Madam Speaker, the total approved budget for next financial year is Shs 23,972 billion. Out of this, Shs 17,329 billion is allocated for spending by Ministries, Departments and Agencies (MDA's), which includes statutory expenditures amounting to Shs 1,148 billion. Shs 6,643 billion is debt repayments plus interest on total debt. The total debt repayment includes Shs 4,787 billion which is meant to pay maturing domestic debt; Shs. 200 billion for recapitalization of the Bank of Uganda; Shs. 1,370.5 billion and Shs 285.7 billion for domestic and external debt interest payments respectively.

Revenues

45. Madam Speaker, domestic revenues are expected to increase to Shs. 11,333 billion up from Shs. 9,799 billion. This will be achieved through a number of changes to the structure and coverage of taxes, and efficiency improvements in tax collection and compliance. I will

spell out these measures later on when I discuss the approved tax policy measures underpinning next year's resource framework.

Domestic Financing

46. Madam Speaker, new domestic debt to be raised through Treasury Bills and Bonds next year is expected to amount to Shs. 1,384 billion. These funds will help to finance Government's contribution to infrastructure investment projects.

External Financing

47. Madam Speaker, next year we expect to receive external financing equivalent to Shs. 5,649 billion in grants and loans, of which Shs. 1,095 billion is grants, Shs. 1,326 billion is concessional loans, and Shs. 3,228 billion is non-concessional loans. I thank our development partners for this good gesture.

F. SECTOR PERFORMANCE AND INTERVENTIONS

48. Madam Speaker, I now turn to sector performance for the financial year now ending, and the planned interventions for next year. I will summarize sector performance and the forthcoming interventions by thematic areas.

I. DEFENCE AND NATIONAL SECURITY

49. Madam Speaker, peace and national security is an important pre-requisite which we must not take for granted. As we all know, it forms the fundamental basis for all we seek to achieve. Government has actively enhanced the capacity of Uganda's armed forces in order to safeguard peace and security of Ugandans and their property. Consequently, the capacity of the Uganda People's Defence

Forces (UPDF) and other security agencies has been strengthened through the following interventions:

- i. Recruitment and Training of personnel;
- ii. Acquisition of advanced and modern equipment;
- iii. Undertaking peacekeeping, defence diplomacy and conflict resolution; and
- iv. Improving staff welfare through provision of accommodation, medical facilities, and access to credit.

50. Madam Speaker, the Uganda security forces have with distinction secured the country against terrorist attacks, and also executed peace keeping missions in some of our neighbouring countries. Ugandans wholeheartedly acknowledge the invaluable contribution of our Men and Women in defence and security services for the peace we are enjoying in Uganda.

51. Madam Speaker, an allocation of Shs 1,632.89 billion has been approved for the Security Sector in the budget for the next year. These resources will be utilized to further professionalize the armed forces and other security organs. Specific emphasis will be placed on the acquisition of modern weaponry, strengthening intelligence capability, training and welfare.

II. COMMERCIALIZING PRODUCTION AND VALUE ADDITION

Agriculture

52. Madam Speaker, Government recognizes the pivotal role of the Agricultural Sector in economic growth and development. The sector employs 66 percent of Uganda's labour force. The role of agriculture in the livelihood of most Ugandans, cannot be over-emphasized. The

goal of the NRM government is to expedite the transformation of this sector from subsistence farming to viable commercial enterprises.

53. Madam Speaker, the agricultural sector has performed strongly this year, as I reported earlier. Consequently production of various commodities has increased. For instance, fish production increased by 10.1 percent from about 420,000 Metric Tonnes to about 460,000 Metric Tonnes.

54. The ongoing major Government interventions include;

- i. providing seed, planting, breeding and stocking materials to famers;
- ii. reforming agricultural extension and advisory services;
- iii. funding agricultural research and animal genetic improvement
- iv. support to commodity value chains;
- v. Construction of 179 valley tanks with capacity of over 500,000 cubic meters across the country
- vi. Enforcing agriculture standards and regulations including the fisheries regulations;
- vii. Controlling of pests, vector and disease, especially Foot and Mouth Disease.

55. Madam Speaker, since 2012, Government has implemented the Commodity Based Approach (CBA) under which support is channeled to the 12 prioritized commodities, namely: maize, beans, rice, bananas, cassava, cattle, meat, fish, coffee, tea, fruits and vegetables. Specific interventions under each commodity chain has included the provision of improved planting and breeding materials, and supporting agricultural research and development.

56. Madam Speaker, for next year I have allocated Shs. 479.96 billion to the agriculture sector. The strategic interventions to be implemented under the Commodity Based Approach, include the following:-

- i. Provision of agricultural inputs to farmers;
- ii. Promotion of value addition for strategic commodities;
- iii. Funding research to increase productivity and disease resistance varieties;
- iv. Controlling of pests and diseases, with special emphasis on Banana and Coffee Bacterial Wilt and Foot and Mouth Disease;
- v. Construction of valley tanks and dams for livestock and crop irrigation; and
- vi. Providing affordable long term financing under the Agricultural Credit Facility (ACF) for production and agro-processing.

Value Addition and Industrial Development

57. Madam Speaker, this year, the Uganda Industrial Research Institute has made significant innovations for Small and Medium Enterprise (SME) for adding value to agricultural products and build the economy's industrial base. These innovations include the following:-

- i. Development of solar dryer prototypes including a wooden solar dryer of 100kg capacity to dry briquettes within 2 days;
- ii. Production of several antibiotics including Bacitracin, Nisin, Subtilin, Aspergill acid, and Surfactin, all of which have useful pharmaceutical applications;
- iii. Fabrication of value addition technologies including an energy efficient oven, ceramic bio-gas burner and a soap making machine;

- iv. Development of a thermo-stable vaccine against Newcastle Disease Vaccine, a major step in dealing with the most devastating disease in poultry farming.

58. Madam Speaker, the Uganda Industrial Research Institute has also provided support for the development of the following industries on a business incubation basis:-

- i. Premier dairies producing pasteurized Mega Milk at 180,000 litres per month;
- ii. Kabale potatoes processing and Research facility supporting 450 farmers producing potato chips;
- iii. Lira peanut processing and research facility supporting 150 farmers producing at 6.5 tons per month;
- iv. Mushroom Training and Research Center serving over 7,000 people in the districts of Kabale, Kisoro, Kanungu, Bushenyi, Kisoro, and Ntungamo;
- v. Pioneered support in the cosmetic industry with Aleosha and Amagara skin care products;

Under a pilot marketing arrangement, distributed 6 million doses of Vaccine against Newcastle disease in Mbale, Kibuku, Palisa, Bukedea, Kumi, and Iganga.

59. Madam Speaker, industrial and business Parks at Namanve, Luzira, Mukono and Mbale will continue to be operationalized to provide serviced areas for the development of manufacturing and other business enterprises. Government will complete the road networks and provide utilities such as water and electricity. In addition provision for warehousing and logistics including cold-

storage and market auctioning for the wholesale of agricultural produce, will be provided.

60. In addition to the initial focus on the Kampala Industrial and Business Park at Namanve, an allocation of Shs. 4.5 billion has been approved for the compensation of persons on the Mbale Industrial and Business Park, to pave way for its development.

61. Madam Speaker, Government will also develop Economic Processing Zones (EPZ's) in line with the Free Zones Act 2014. Economic Processing Zones (EPZs) are important tools for industrial and export promotion. Government has identified land in Kaweweta to set up an Export Processing Zone. Government is completing the procedures to secure ownership of the land and also concluding negotiations with prospective investors for its development. The Zone will consist of, among others, a world class modern abattoir, milk and fruit processing plants, an area for a modern farm, a textiles manufacturing plant, and refining local medicinal and aromatic herbs.

Tourism Development

62. Madam Speaker, Government has developed a 10 year tourism master plan and a 5 year sector Development Plan to guide the implementation of critical activities to drive tourism growth in the country. Consequently, a holistic tourism promotion strategy that builds on our comparative tourism advantage is being implemented by the Uganda Tourism Board. In addition, visa costs for tourists have been reduced with the introduction of the Single Tourist Visa to promote tourism through easing cross border transits within East Africa. This should increase tourist numbers, generate higher

foreign exchange inflows and enhance the employment potential of the Tourism and Hospitality industry.

63. Madam Speaker, in order to diversify tourism products based on communities, Regional Tourism Clusters were formed in Buganda, Busoga, Kigezi, Bugisu, Bunyoro, Toro, Northern Uganda and West Nile. These clusters identify, develop and market region-specific tourism products with close support of the Uganda Tourism Board. Further efforts are being made with the development of Satellite Wildlife Education Centers in Fort Portal and Mayuge and the construction of a Regional Museum at Soroti.

64. Madam Speaker, Government actions to revitalize the Tourism and Hospitality Industry in the medium term will include the following:-

- i. Undertake skills development to meet world class requirements for high standard of performance in the hospitality industry;
- ii. Complete the rating and ranking of hotels and restaurants;
- iii. develop strategic tourism infrastructure in partnership with the Private Sector ;
- iv. Enact and enforce sector regulation to ensure the maintenance of sector standards at internationally acceptable levels.

65. Madam Speaker, an allocation of Shs. 30.8 billion has been approved towards the Tourism sector to implement these activities.

Business Climate

66. Madam Speaker, in order to improve the business climate, Government has undertaken legal and regulatory reforms including: reforms in Land administration, business registration and licensing. These reforms have thus far resulted in the following:-

- i. a comprehensive inventory and review of all business licenses;
- ii. establishment of a business license e-registry as the sole repository of business licenses to create a one stop center linking to other agencies;
- iii. the launch of a business regulation feedback portal at the Private Sector Foundation Uganda; and
- iv. Completion of computerization of 21 land registries.

67. Madam Speaker, in the medium term Government will further rationalize business licenses and procedures to eliminate red-tape in business transactions. We will also enhance the efficiency of the judiciary to reduce commercial case backlog by introducing new technology, making procedures faster, including instituting small claims procedures.

III. STRATEGIC INFRASTRUCTURE DEVELOPMENT AND MAINTENANCE

Transport Infrastructure

Roads and Bridges

68. Madam Speaker, in the roads sub-sector, emphasis has been on upgrading of numerous gravel national roads to bitumen standard, and the rehabilitation and reconstruction as well as maintenance of national, district, urban and community access roads. For instance, over the last five years, the stock of paved roads has increased by 889 km; and 862 kilometers of paved roads have been reconstructed. Consequently, the following outcomes in the road sector have been achieved:

- i. The proportion of national paved roads in fair to good condition increased from 74 percent in financial year 2010/11 to 80

percent in financial year 2013/14, and this is projected to improve to 85 percent in this year; and

- ii. The condition of national unpaved roads in fair to good condition has increased from 64 percent to 67 percent over the same period, exceeding the NDPI target of 55 percent.

69. Madam Speaker, urban areas continue to suffer poor road infrastructure and increasing congestion, costing dearly the population, and ultimately the economy in terms of time and money. Consequently, Government is carrying out total reconstruction of the urban road networks in Mbale, Arua, Jinja, Hoima, Masaka, Entebbe, Soroti, and Kabale Municipalities. In Kampala City, a total of 1,207 km of the city road network have been constructed, rehabilitated or regularly maintained and more is planned for.

70. Madam Speaker, I am glad to report that several road projects have been completed during this year. These are:- Tororo - Mbale - Soroti and Jinja - Kamuli in Eastern Uganda, Hoima - Kaiso - Tonya and Buteraniro - Ntungamo in Western Uganda, Kampala - Masaka and Namanve Industrial Park Access Road in Central Uganda; and Vurra- Arua- Koboko - Oraba and Gulu- Atiak in Northern Uganda.

71. Madam Speaker, works on the following roads is progressing well:-

- i. Kawempe - Kafu, Mukono - Jinja, Kampala - Entebbe Expressway, Kampala Northern Bypass Phase 2, Mpigi - Kanoni, Luuku - Kalangala and Mukono - Katosi/Kisoga - Nyenga in Central Uganda;
- ii. Ntungamo - Katuna, Ishaka - Kagamba, Mbarara By-pass, Ntungamo - Mirama Hills in South Western Uganda;

- iii. Kamwenge – Fort Portal, , Kafu – Kiryandongo, Kiryandongo – Karuma, in Western Uganda;
- iv. Moroto – Nakapiripirit in North Eastern Uganda;
- v. Atiak – Nimule, Karuma – Kamdini, Kamdini – Gulu, Acholibur – Kitgum –Musingo, Olwiyo (Anak) – Gulu, Gulu – Acholibur in Northern Uganda.

72. Madam Speaker, a total of 167 km have been upgraded from gravel to tarmac out of the annual target of 250 km. In addition, 129 km of national roads were reconstructed/rehabilitated out of the annual target of 170km. With respect to paved road routine mechanized maintenance, a total of 2,664km were completed out of the annual target of 3,000km. In addition, a total of 11,448km of unpaved roads have undergone routine mechanized maintenance out of annual target of 12,500km.

73. Madam Speaker, an allocation of Shs. 3,328.79 billion to the transport sector has been approved for the next financial year, in order to improve the condition of transport infrastructure nationwide. This represents 18.2 percent of the total resource allocation for next financial year. Government shall accelerate the construction and completion of on-going road projects and maintenance of the national, district, urban, community access road networks and numerous bridges across the country.

74. Madam Speaker, the road sector is targeting the following outputs in the forthcoming financial year:

- i. Upgrading 400km of roads from gravel to tarmac roads;
- ii. Reconstructing and Rehabilitating 250km of old paved roads;

- iii. Undertaking routine mechanized maintenance on 3,000 kilometres of paved roads;
- iv. routine mechanized maintenance on 12,500 kilometers of unpaved roads; and
- v. Periodic maintenance on 2,000 kilometers of unpaved roads.

75. Madam Speaker, next year, the following roads projects will be completed:

- i. Atiak – Nimule (35km), Maracha and Koboko town roads (6.9km) and Mvara – Ediofe Cathedral road in Arua Municipality (10.1km) in Northern Uganda;
- ii. Kamwenge- Fort Portal (65km), Kafu – Kiryandongo (43km), Bundibugyo Town roads (6km) and in Western Uganda;
- iii. Rwentobo - Kabale – Katuna road (65km), Ishaka – Kagamba (35km) and Kabale Town road (2.3km) in South Western Uganda;
- iv. Moroto – Nakapiripit (92km) in North Eastern Uganda; and
- v. Masaka - Nyendo (8km), Seeta – Namugongo (7.2km), Kyaliwajala-Kira (3.5km), Naalya-Kyaliwajala (2.5km), Namugongo Ring road (1.8km) and Shrine Access (1.8km) and Nakasongola road (2km) in Central Uganda.

76. In addition, construction works will continue on the following roads:

- i. Kampala – Entebbe Express way with a spur to Munyonyo (51km), Mpigi – Kanoni (65km), Kampala Northern Bypass (17km); Kanoni – Sembabule – Villa Maria (110km), Mukono – Katosi/ Kisoga – Nyenga (74km) and Mukono – Kayunga –Njeru (94km) in Central Uganda;

- ii. Pakwach - Nebbi (54km), Karuma - Kamdini, Kamdini – Gulu (65km); Olwiyo (Anaka) – Gulu (70km); Gulu – Acholibur (77km); Acholibur – Kitgum – Musingo border (86km) and Lira - Akia & Lira Railway & Army Barracks Accesses (12km) in Northern Uganda;
- iii. Kiryandongo – Karuma in Western Uganda;
- iv. Mbarara Bypass (40km) and Ntungamo – Mirama Hills (37km) in South Western Uganda; and
- v. Musita – Mayuge – Lumino – Busia/Majanji (104km), Namunsi – Sironko – Muyembe (32km); Iganga – Kaliro (32km) in Eastern Uganda.

77. Madam Speaker, new road construction and maintenance projects to commence next year include;

- i. Tirinyi – Pallisa – Kumi/ Pallisa – Kamonkoli (111km); Mbale – Bubulo – Lwakhakha road (45km), Nakalama – Tirinyi – Mbale (101km), Mbale – Nkokonjeru (21km); Soroti - Arapai Railway Station (10km), Soroti State Lodge road (2km) Kamuli and Jinja Town roads (22.2km) and Ngora town road (2km) in Eastern Uganda;
- ii. Mityana - Mubende (89 km), Kibuye - Entebbe Airport (37 km) Kampala – Mukono (21km), Nansana – Busunju (47km); Masaka – Bukakata (41km) and Luuka – Kalangala (60km) Phase 2 in Central Uganda;
- iii. Fort Portal – Kyenjojo (50km), Fort Portal - Hima (55km); Hima-Katunguru (58 km); Hoima - Butiaba - Wanseko (111km), Bulima – Kabwoya (65km); Kabwoya – Kyenjojo (105km); Mubende –Kibale – Kagadi (104km), Kigumba – Masindi – Bulima (69km) in Western Uganda;

- iv. Rukungiri – Kihikihi – Ishasha/ Kanungu (78km), Ishaka - Rugazi –Katunguru (55km) and Kabale – Bunyonyi Lake road (8km) in South Western Uganda; and
- v. Karenga – South Sudan border (44km) in Northern Uganda; and
- vi. Soroti- Katakwi -Moroto – Lokitanyala (208km); Muyembe – Nakapiripirit (92km); Mbale - Nkokonjeru (21km) in Eastern Uganda.

78. Procurement for the contractors to undertake the following road projects will be commenced next year:

- i. Tororo – Mbale – Soroti maintenance and Lira – Kamdini construction and maintenance (altogether 341km) with support from the World Bank (WB);
- ii. Two Kampala Flyovers and road upgrading project with assistance from the Japanese Government (JICA);
- iii. Muyembe – Nakapiripirit (92km) funded by the Islamic Development bank (IDB);
- iv. Kabwoya-Buhuka (43km) and Karugutu – Ntoroko road (55km) with assistance from the UK Government;
- v. Rwenkunyie –Masindi Port – Apac – Lira – Acholibur (250km) under IDB funding;
- vi. Kapchorwa – Suam road funded by African Development Bank (AfDB); and
- vii. Kampala – Jinja Expressway (77km) under Public Private Partnership (PPP) arrangement.

79. Madam Speaker, feasibility studies and designs will also be carried out on the following roads:

- i. Luwero- Butalangu -Ngoma (83km), Lusalira - Kasambya - Nkonge - Sembabule (97km), Kanoni-Misingi - Mityana (61km), Bombo - Ndejje - Kalasa (19km), Kampala – Bombo Expressway (35km), Kampala – Mpigi Expressway (21 km) and Nakasero-Northern Bypass Express Route, Seeta - Kyaliwajjala - Matugga - Wakiso - Buloba-Nsangi road; Najjanankumbi - Busabala Road and Nambole – Namityango road in Central Uganda;
- ii. Karugutu - Ntoroko (55km), Muhororo - Ndaiga (31km), Kyenjojo (Kahunge) - Nyarukoma- Kigarale - Rwamwanja (34km); in Western Uganda,
- iii. Kabwohe - Bwizibwera/ Nsika - Ibanda-Kabujogera-Masyoro-Rwenjaza/Kyambura (85km); Rwamwanja - Kiruhura (34km), Hamurwa - Kerere - Kanungu/ Buleme - Buhoma - Butogota - Hamayanja - Ifasha - Ikumba (149km); Ishasha - Katunguru (88km); Kisoro - Mgahinga Gate (14km); Kisoro - Rubuguli - Muko (48km) Muhanga - Kisiizi -Rwashamaire (50km) in South Western Uganda;
- iv. Nabumali - Butaleja - Namutumba (90km); Magale - Bumbo - Lwakhakha road (14km); , Kumi - Ngora - Serere- Kagwara/ Soroti (75km), Soroti-Katakwi-Moroto, Mayuge-Mbaale-Nakivumbi-Bugiri-Namayingo-Lugala (90km), Busia - Tororo (24km), Simu-Kamu-Bulago-Masisa (with a loop to Bumaso in Buyaga) and Bubulo - Bududa circular road (28km) in Eastern Uganda; and
- v. Atiak-Adjumani-Afoji, Goli - Paidha - Zombo - Warr - Arua (59km), and Kitgum – Kapedo road in Northern Uganda.

80. Madam Speaker, construction of the following strategic bridges across the country will continue: Second Nile Bridge at Jinja;

Pakwala, Nyacyara, Goli, Nyagak- 3 (Nebbi), Enyau-3 and Alla (Arua), Apak Bridge on Lira - Moroto road, Ntungwe Bridge on Ishasha - Katunguru road (Kanungu), Mitano Bridge on Rukunguri - Kanungu road, Kabaale (linking Kyankwanzi to Ngoma in Nakaseke), Kasozi (Lugogo) Bridge (linking Ngoma - Buruli), Nalakasi Bridge on Ariamoi-Kotido-Kaabong-Kapedo road, Lopei Bridge on Moroto -Ariamoi-Kotido road, Nyamugasani Bridge on Kinyamaseke-Kisinga-Kyarumba-Kibirizi road, Maliba-Nkenda Bridge on Bugoye- Nyakalingijo road in Kasese, Ruboni Bridge which provides access to Mt Mageritta tourist site in Kasese, Cido Bridge on Nebbi-Goli road, Leresi Bridge on Butaleja-Leresi-Budaka road, Seretiyo and Nyaliti Bridge on Kapchorwa-Suam road, Ora Bridge on Okokko - Anyiribu road, Aji Bridge on Ullepi Offaka - Nyiribu road, Kangole Bridge on Katakwi - Moroto road, Kaabong Bridge and, Kabuhuuna Bridge on Nguse River in Kibaale District. The design of Kiakia, Ora, Mutukula, Semilik, and Murungo Bridges will also be undertaken.

81. Madam Speaker, procurement for the construction for an additional 20 strategic Bridges will be completed. These include: Awa, Olemika, Ora 1 and 2 Bridges on Pakwach-Inde-Ocoko road, Nyakambu Bridge on Kabwohe - Bwizibwera road, Koch Bridge on Keri - Midigo - Kerwa road, Osu Bridge on Arua - Biliafe - Otrevu road, Odrua Bridge on Arua-Vurra Custom-Paidha Goli road, Nariamabune Bridge on Ariamoi-Kotido-Kabong-Kapedo road, Malaba 2 and 3 Bridges, Okane and Halukada Bridges on Tororo - Busia road, Maziba (Omukabaare) Bridge on Old Kabale Road (i.e. Kigata - Kabunyonyi - Nyakigugwe) road, Kagandi (Kaku) Bridge on Natete - Busanza - Mpaka road, Kiruruma Bridge on Katojo - Kihhi

road, Dungulwa Bridge, Rwembyo and Kajwenge Bridges on Kinyamaseke-Kisinga-Kyarumba-Kibirizi road, and Kamira Bridge on Kabwohe – Bwizibwera road.

82. Madam Speaker, since 2009, road maintenance equipment units were provided to Local Governments to enable them to carry out regular maintenance of district roads and also allow opening new community access roads. Because this equipment has not been properly maintained, commencing next financial year, Government will detail and enforce operational procedures for equipment management.

83. Madam Speaker, in order to protect road reserves, Government will also establish a road reserve protection unit comprising of police and UNRA officials to patrol and demolish structures set up in road reserves, gazette these road reserves, freeze any future development on these reserves and install mark posts to demarcate them.

84. Madam Speaker, Government will enforce zero tolerance for corruption at weighbridges by dismissing and prosecuting corrupt officials manning weighbridges. This is because weighbridges continue to be abused and have not deterred axle overloading which is seriously damaging our newly constructed roads. In addition, the law will be amended to make it more punitive to transporters who overload. The Hon. Minister of Works and Transport will issue a statutory instrument banning the transporting of wet sand.

Railway Transport

85. Madam Speaker, Government is committed to revitalize the railway network in order to lower cost of freight, especially for bulky

commodities. Government will fast track the construction of the Standard Gauge Railway (SGR). To-date, we have made modest progress in a number of areas. The preliminary studies for the Kampala-Kigali and upgrade of Tororo-Pakwach/Gulu-Nimule railway line to standard gauge railway line are underway.

Water Transport

86. Madam Speaker, Inland/water transport has great potential for development of an inexpensive, energy-efficient and environmentally friendly transportation system. Government initiatives under the water transport sub-sector have mainly focused on construction and rehabilitation of the inland water landing sites, procurement of ferry services, improving the safety through surveys and mapping of inland transport routes.

87. In the forthcoming year and over the medium term, Government will focus on improvement of existing marine infrastructure so as to reduce the cost of transportation and increase connectivity. Specifically, Government will focus on increasing the volume of passenger and cargo traffic by marine transport. In addition, a number of legislative interventions will be initiated as measures to provide safe, secure and environmentally friendly inland water transport. In the next year, new ferries will be commissioned for Wanseko – Panyamur, Namasale – Lwampanga and Sugulu Islands (Bugiri district) while rehabilitation of Kiyindi ferry will be completed. Procurement for a ferry on Lake Bunyonyi will also commence.

Air Transport

88. Madam Speaker, over the next five year period, Entebbe International Airport as Uganda's principal international gateway, will be upgraded to improve the quality of operation and maintenance. The scope of works upgrade includes, among others, construction of a new cargo center, new passenger terminal, strengthening runways, and the replacement of navigations aids. The cost of the Airport rehabilitation amounts to US\$ 325 million, and this money has already been secured. In addition, several regional aerodromes, including the Jinja one, and an airport at Kabale (Hoima) to ease the development of the oil refinery will be fast-tracked.

Energy Infrastructure

89. Madam Speaker, over the medium term, Government will address the high energy costs and unreliable power supply faced by the consumer especially those engaged in production.

90. Madam Speaker, electricity generation capacity in Uganda has increased from 595MW in 2011 to 851.53 MW in 2014, including 100MW of thermal power on stand-by. This generation capacity includes: Nalubale (180MW), Kiira (200MW), Bujagali (250MW), Electromaxx (50MW), Jacobsen (50MW), Kakira (50MW) and Kilembe Cobalt (KCCL (9MW). Other small stations include Kinyara (5MW), Mubuku (5MW), Ishasha (6.5MW), Mpanga (18MW), Bugoye (13MW), Kabalega (9MW), Nyagak 1 (3.5MW), Kisiizi (0.35MW), Kuluva (0.12MW), Kagando (2MW) and off grid thermal plants (2MW).

91. Arising out of the above interventions, the National electricity access has increased from 11 percent in 2011 to 14 percent in 2014.

During the same period, rural electricity has increased from 4 percent to 7 percent. Power losses in the Distribution Network now stand at 20 percent from 27 percent in 2011. The total Grid electricity Supply increased by 5.4 percent from 3,039 Giga Watt hours (GWh) in 2013 to 3,203 Giga Watt hours (GWh) in 2014. Under the Rural Electrification Programme, a total of 1568 kms of Medium Voltage lines and 688 kms of Large Voltage lines have been completed and commissioned in FY 2014/15. Ongoing projects total to 1,938 kms of Medium Voltage lines and 1,633 kms of Large Voltage distribution lines. These will be completed in the coming financial year. In terms of connections, new customer connections made under the Rural Electrification Programme during this year include 46,000 new connections on the grid and 1,968 new solar Photo Voltaic (PV) connections.

92. Madam Speaker, in the forthcoming year, Government will fast-track the construction of the Karuma and Isimba Hydropower Projects (600MW and 183MW respectively), other mini-hydro power projects such as Muzizi HPP, construction of at least Five Small Hydropower plants (Nyamwamba 9.2MW, Siti 1 5MW, Waki 5MW, Rwimi 5.4MW, Kikagati 16MW and at Nengo Bridge 7.5MW) as well as construction of transmission lines under the Rural Electrification Programme. Feasibility studies for other hydropower projects are on ongoing.

93. Madam Speaker, commencing next Financial Year, Government will also construct a total of 2,002 Km of transmission lines across the country. These include Bujagali-Tororo-Lessos (220kV), Mbarara – Mirama Hill - Birembo (220 kV), Mbarara – Nkenda (132kV), Tororo –

Opuyo –Lira (132kV), Kawanda – Masaka (220kV), Nkenda – Fort Portal – Hoima (220kV) Isimba Interconnection Project (132kV), Karuma – Kawanda (400kV), Karuma - Lira (220kV); Mutundwe – Entebbe (132kV) and new substations at Gulu and Agago with line bays at Lira.

94. Madam Speaker, Government is resolute in investing in the necessary infrastructure to facilitate the exploitation of the abundant renewable energy sources including hydropower, geothermal, and nuclear, so as to increase power generation capacity to 2,500MW in 2020. However, our long term vision is to achieve the required 41,738 Mega Watts by year 2040. In addition, Government is targeting to increase per capita electricity consumption to 588kWh by 2020 and 3,668 kWh by 2040. This will address the energy constraints in order to lower production costs and ultimately improve on the country's competitiveness.

Oil, Gas and Mineral Development

95. Madam Speaker, as we are all aware, the legal framework for the management of Oil and Gas Resources has been finalised. These include the enactment of the Petroleum (refining, gas conversion, transmission and midstream storage) Act 2013, the Petroleum (Exploration, Development and Production) Act 2013 and the Public Finance Management Act 2015. The relevant institutions, including the establishment of the National Oil Company and the Petroleum Authority of Uganda, are also being finalized to ensure prudent management of the Oil and Gas resources.

96. Madam Speaker, as part of the Refinery development programme, land acquisition for the proposed Oil Refinery at Kabaale in Hoima

is almost complete. The Environmental baseline study for the Oil Refinery project has also been concluded. The major priority next financial year will be commencement of detailed engineering studies for the Oil Refinery, following the selection of a Lead Investor on a Private-Public Partnership (PPP) basis. Government shall also fast track infrastructure development for the commercialization of oil, including the development of an airport, as already alluded to earlier, near the Oil Refinery project site at Hoima.

97. Madam Speaker, Government will also continue the exploration and production of oil and other valuable minerals such as Iron Ore and Phosphates, and also concretize the development of the Crude Oil Pipeline to the Indian Ocean and petroleum products pipelines.

Information and Communication Technology (ICT) Infrastructure

98. Madam Speaker, improving access to efficient and affordable ICT services is key to promoting private sector investment, by significantly reducing the cost of internet services and which also stimulates the growth of other related sectors of the economy. The ICT sector currently employs about 1.3 million people and generated up Shs 416.7 billion in 2014 up from Shs 332 billion in 2013. It contributes almost 2 percent to national output. The number of mobile telephone subscribers now stands at 19.5 million, while internet subscriptions increased from 3.4 million in 2013 to 4.3 million in 2014. The volume of various value added services such as Mobile Money transfers and other data related services are becoming more popular. All these are attributed to the improved ICT infrastructure.

99. Madam Speaker, the operationalization of the national backbone has started yielding positive results. By January 2015, thirty (30) public offices were connected to the National Backbone Infrastructure (NBI) and received high speed internet bandwidth. This intervention has led to a reduction in Government expenditure to the tune of UGX 5.287 billion per annum. In the coming year, an additional 60 offices will be connected to further reduce public expenditure on connectivity by UGX 9.347 billion.

100. Madam Speaker, the National Information Technology Authority (NITA-U) is currently consolidating the hardware and software licenses with the objective of accelerating delivery of Government services. Other developments include the connection of Public Universities to the National Backbone Infrastructure (NBI) to enable access to high speed internet connectivity and facilitate e-learning and technological research.

101. In addition, a One Network Area for telecom services for partner states under the Northern Corridor Integration Project was established. As a result, calls originating and terminating in Uganda, Kenya, Rwanda and South Sudan are charged at the local call rates, hence, reducing the cost of cross-border business transactions from USD 18 cents to USD 10 cents per minute.

102. Madam Speaker, Digital Broadcasting Migration that increases the efficiency of the use of the broadcasting spectrum has commenced with a pilot phase covering Kampala. Digital Migration in broadcasting will be rolled out nationwide, under a Public Private Partnership arrangement.

103. Madam Speaker, next year interventions in Information and Communications Technology will include the following:-

- i. Complete the third phase of the National Backbone Infrastructure (NBI);
- ii. extended to include Short Messaging Services (SMS) and Data Services by December 2015;
- iii. connect more MDAs to the NBI to reduce the cost of internet connectivity and promote e-Government;
- iv. strengthen the legal and institutional framework for ICT use and IT information security;
- v. establish a fully integrated one stop centre for investment linking the National Identity Card System, the Integrated Financial Management System, Government Payroll System, (IPPS) and Computerized Education Management System (CEMAS), among other interventions;
- vi. operationalize the second phase of the National Backbone Infrastructure; and
- vii. commence the construction of the National ICT Park and Innovation Centre at Namanve.

IV. HUMAN CAPITAL DEVELOPMENT

104. Madam Speaker, enhancing the skills and the welfare of Uganda's human resource enables sustainable supply of skilled, healthy and capable Ugandans to support private sector and social development. As I mentioned earlier, Government is committed to enhance service delivery in the education, health and water sectors by addressing challenges in human resources management, enhancing performance, and strengthening supervision, monitoring and inspection.

Education and Skills Development

105. Madam Speaker, Government has continued to improve access to education by implementing the Universal Primary Education (UPE), Universal Secondary Education (USE) and Universal Post Ordinary Level Education and Training (UPOLET) programmes. In the financial year now ending, UPE enrolment amounted to 6.4 million pupils; and the USE/UPOLET programme enrolled 873,476 students, of whom 46.2 percent were female.

106. Madam Speaker, financing for higher education under the Students Loan Scheme commenced with 1,201 students for 26 programmes in 13 Chartered Universities under 9 major disciplines receiving loans against 2,125 applicants. Under Skilling Uganda, the Sector disbursed funds towards completion of construction works of workshops and classrooms at Kihanda and Namasale Technical Schools, civil works of classrooms and workshops at Namisindwa Technical School in Manafwa and St. Joseph's Kyalubingo in Kamwenge were undertaken. Construction of 8 Primary Teachers Colleges is ongoing at Paidha, Arua, Canon Lawrence, Bukedea, Kapchorwa, Bundibugyo, Buhungiro and Ibanda. In fulfillment of the pledge by His Excellency the President, teachers' salaries were increased by a further 15 percent and Shs. 206 billion was disbursed towards this purpose.

107. Madam Speaker, Government is committed to enhance access and quality of education and skills development. In the next financial year, an allocation of US\$ 2,029 Billion has been approved. The key priorities to be financed in the FY 2015/16 include the following;

- i. Increase in the Capitation and School Facilities Grants by an additional UShs.39.78 billion to ensure better effectiveness of the UPE, USE/UPOLET programmes;
- ii. Construct 293 Primary schools in the country;
- iii. Train 4,000 Head Teachers and orient 10,000 School Management Committees (SMCs) in Leadership and Management Skills. In addition, 12,000 teachers and head teachers will be trained in delivering literacy and numeracy in primary 1 to primary 3 in 27 worst performing districts
- iv. Provide instructional materials and teaching aids for UPE, USE and UPOLET;
- v. Enhance vocational and skills development by implementing the Skilling Uganda Project with additional funding of Shs 5.9 billion;
- vi. Increase access to tertiary education by expanding the Student Loan Scheme with an additional allocation of Shs. 6billion for loans to 1,000 new degree students and 200 diploma students;
- vii. Support to the Teachers SACCO with an additional Shs. 5 bn in order to increase access to affordable financial and credit facilities;
- viii. Kick-start construction of the National High Altitude Centre in Kapchworra and embark on preliminary design works for Akii-Bua Olympic Stadium in Lira with an additional allocation of Shs.5bn; and
- ix. Increase of salaries for Lecturers in all Public Universities with an additional funding of UShs.50bn. This enhancement will raise the Professor's pay from the current shs.4.1 million to UShs.6.3 million per month.

108. Madam Speaker, this year, Government launched the Youth Livelihood Programme in order to create jobs for the youth. By December 2014, a total of 36,144 youth had received technical and financial support to enable them establish projects. As a consequence, a total 2,788 youth projects worth UGX 19.6bn have been supported under the programme.

Health Service Delivery

109. Madam Speaker, over a number years, health service delivery has improved as a result of Government interventions with the support of our development partners. From 2006 to 2014:

- i. Infant Mortality rate reduced from 76/1,000 to 54/1,000 Live Births;
- ii. Under Five (5) mortality reduced from 137 per 1000 live births to 90 per 1000 live births
- iii. Child stunting has decreased from 38 percent to 33 percent;
- iv. Vaccination against Diphtheria has increased from 76 percent in the year 2011 to 93 percent;
- v. Vaccination against Measles has improved from 56 percent to 91 percent;
- vi. Antiretroviral therapy coverage increased from 53 percent to 77 percent, and
- vii. The Contraceptive Use Prevalence Rate has increased from 24 percent to 30 percent.

110. Madam Speaker, this year Government, with support from the World Bank, is reconstructing and rehabilitating nine (9) major hospitals. These are: Moroto, Mityana, Nakaseke, Kiryandongo, Nebbi, Anaka, Moyo, Entebbe and Iganga. Over the

last five years, Government has rehabilitated and expanded facilities at Jinja, Masaka, Hoima, Gulu, Lira, Mbale, Fort Portal, Gulu, Soroti, Arua, Kabale, Moroto and Mbarara hospitals.

111. The construction of Kawempe and Kiruddu hospitals is also progressing and expected to be completed by mid-2016. Once completed, these facilities will go a long way in decongesting Mulago Hospital. The construction, expansion, rehabilitation and equipping of Mulago Hospital is also underway and will be completed by December 2016. Construction of the Out Patient Department (OPD), theatre, accident and emergency departments in Hoima and Kabale hospitals with support from JICA, is also underway and shall also be completed by 2016.

112. Madam Speaker, in order to minimize the challenges arising out of staff absenteeism, the construction of additional staff houses is ongoing at various lower level health facilities. Government's target is to increase the percentage of staff housed from 17 percent today to 30 percent by 2018. Consequently, staff houses have been constructed in Kabale, Masaka, Hoima and Arua, Regional Referral Hospitals. Construction of staff houses is on-going in Mulago, Soroti, Hoima, Fort Portal hospitals.

113. Madam Speaker, Government has also undertaken skills development for health workers. Under a Bursary scheme, training and bonding has taken place for 500 midwives, 200 health workers in medicines logistics management, 107 in data management and 296 in integrated diseases surveillance.

114. Madam Speaker, despite the progress being registered, Uganda's high population growth rate, driven by the high fertility rate, poses challenges for health care delivery. Women and children remain the most vulnerable groups to diseases. In order to reduce the disease burden faced by Ugandans, Government has undertaken the following actions:-

- i. Developed a rapid response mechanism outbreaks of epidemics such as Ebola, Marburg, Yellow fever, and Cholera, in addition to establishing a Laboratory for diagnosis of Viral Hemorrhagic Fever and an Emergency Operation Centre (EOC).
- ii. Implemented an aggressive Malaria Reduction Strategic Plan with a target to eliminate malaria deaths and reduce incidences of malaria to 30 cases per 1000 population, by 2020.
- iii. Reduced HIV/AIDS new infections from 147,000 in 2011 to 137,000 in 2013. HIV prevalence is now estimated at 7.3 percent.
- iv. Increased the number of health centers offering Prevention of Mother to Child Transmission (PMTCT) from 2,138 in 2013 to 3,248 facilities in 2014.
- v. Increased the proportion of pregnant women living with HIV accessing Anti-Retro Viral treatment (ARVs) from 33 percent in 2007 to 87 percent in 2014 as a result of Increased testing for HIV in pregnant women from 30 percent in 2008 to 95 percent in 2014.
- vi. Significantly reduced the number of HIV infection in new born children from 28,000 in the year 2009 to a projected 8,000 as at the end 2014.
- vii. Increased the number of accredited health facilities that provide ARVs from 475 in 2011 to 1,603 by December 2014;

This includes 100 percent of public hospitals, 91 percent Health Center IVs are providing ART and 87 percent of Health Centre IVs are also providing pediatric ART.

- viii. Reduced by half the number of people dying from Tuberculosis (TB) from 9,900 in 1990 to 4,700, thereby achieving the Millennium Development Goal (MDG) Six target.

115. Madam Speaker, Government is also strengthening the capacity of specialized health facilities such as the Uganda Heart Institute and the Uganda Cancer Institute to tackle the increasing cases of medical conditions that require specialized care, and reduce on the cost of referrals for medical treatment abroad.

116. Madam Speaker, in the next year, an allocation of Shs. 1,270.8 billion has been approved to the Health Sector. Interventions in the Health will included the following:-

- i. Construction of specialized Maternal and Neonatal unit in Mulago hospital with funding from the Islamic Development Bank (IDB).
- ii. Continue the construction, expansion, rehabilitation and equipping of Mulago Hospital will continue and expected to be completed by December 2016.
- iii. Procurement ten (10) ambulances for the planned Ambulance System for Kampala metropolitan area.
- iv. Rehabilitate and upgrade Rukunyu, Maracha, Kansunganyanja, and Rwashamaire health centers;
- v. Procure assorted essential medical equipment and furniture for ten (10) General Hospitals, 10 Health Centre IVs, 30 Health Centre IIIs and 20 Health Centre IIs countrywide;

- vi. With support from the Italian Government, we shall construct 69 housing units at Health Centre IIIs in districts of Kaabong, Abim, Kotido, Moroto, Amudat, Napak and Nakapiripirit in the Karamoja region;
 - vii. Continue rehabilitation of the following hospitals:-Adjumani, Kitgum, Kabarole, Kiboga, Kapchorwa, Kamwenge Pallisa, Itojo, Kitagata Bugiri, Atutur, Apac, Abim, Bundibugyo, Kaberamaido and Masindi
 - viii. Reconstruct Kawolo and Busolwe Hospitals with the aid of a Spanish Debt Swap Grant; This will include extensions of Out Patient/Casualty units, building obstetric theatres, expansion of the delivery suites, and improvement of maternity wards;
 - ix. Rehabilitate expand and equip Yumbe and Kayunga Hospitals with support from the Saudi Fund/Opec Fund for International Development (OFID) and Arab Bank for Economic Development in Africa (BADEA). This will include construction of Staff houses and provision of ambulances.
 - x. Enhance the treatment against Hepatitis B with an allocation of Shs. 10 billion.
117. Madam Speaker, Government will directly seek to address the health of mothers and children. Providing comprehensive antenatal care and malaria prevention for pregnant women, in addition to HIV voluntary counseling and testing services and nutritional supplements will go a long way in this quest. With the enhanced provision of Emergency Obstetric Care medical supplies, in addition to improving referral and support supervision, maternal mortality rates are projected to fall from 438 per 100,000 live births to 220 per 100,000 live births with these interventions.

Government also aims reduce infant mortality rates from 54 per 1,000 live births to 44 per 1,000 live births.

Water and Sanitation

118. Madam Speaker, in the Water and Sanitation sector, Government has since 2011 undertaken several projects in both urban and rural areas. Urban water supply has been enhanced with the completion of construction of Kiganda, Kakumiro, Nkoni, Kinogozi and Najjembe piped water systems. Construction works on Kyamulimbwa, Kinoni/Rugando, Purongo, Patongo, Ibuje, Opit, Dokolo, Ovujo, Oceru, Suam, Matany, Kachumbala, Mbulamuti, Namutumba and Buwuni are also ongoing. The rehabilitation of Kampala City Water Network at Ggaba has also increased daily water production to at least 240,000 litres per day.

119. Madam Speaker, rainwater harvesting systems have also been completed in Namayingo, Kaliro, Mukono and Sheema districts, with the participation of Non-Governmental Organisations (NGOs). In addition, 20 production wells have been drilled for mini-piped schemes and 45 Local Government staff trained in operation and maintenance. In addition, 177 boreholes have been drilled during the financial year.

120. Madam Speaker, an allocation of Shs. 547.3 billion has been approved for the Water and Sanitation sector. Key interventions will be on increasing access to safe water in rural and urban areas; increasing sanitation and hygiene in rural and urban areas; and increasing functionality of water supply systems. Government will continue to provide safe water and hygienic sanitation countrywide. Specific actions will include the following:-

- i. Construction of gravity flow and piped water schemes in several areas such as Buboko-Bukoli, Bududa- Nabweya, Lirima, Kahama, Kanyampanga, Nyarwodho and Bukwo among others.
- ii. Rehabilitation of broken down (de-commissioned-Minor & major repairs) hand pumps, valley tanks and Drilling of new boreholes countrywide;
- iii. Construction and rehabilitation of piped-water systems as well as sewerage and sanitation facilities countrywide;
- iv. Construction of windmill-powered watering systems in Karamoja;
- v. Upgrade water supply systems in Rural Growth Centres (RGCs), like Nyamaranda in Kibale District, into small piped systems to replace hand pump boreholes.

121. Madam Speaker, in an effort to provide improved urban hygiene, sanitation and protection of Kampala's natural environment there will be an expansion of sewer network coverage within the metropolitan Kampala. The construction of Kinawataka sanitation infrastructure will also be commenced.

122. Madam Speaker, Government's objective in the Water and Sanitation sector is to increase rural and urban access to safe water supply to 65 percent and 100 percent, respectively in financial year 2019/20; as well as increase sewerage coverage to 30 percent in towns with population greater than 15,000 people.

V. EFFECTIVE SERVICE DELIVERY

123. Madam Speaker, efficiency improvement is in the implementation of Government programmes to ensure effective delivery. Despite the achievements we have recorded in the

infrastructure, agriculture and social service sectors, service delivery is faced by numerous management challenges. In Social Services, Education and Health sectors suffer from staff absenteeism, ghost staff, mismanagement of facilities and supplies. In infrastructure, the Transport, Energy and Water sectors suffer poor project formulation, design, implementation, monitoring and evaluation as well as corruption in the award and management of contracts such as what has happened to the Mubende-Kagadi road. There are also still challenges related to coordination and monitoring of Government programmes at various levels of Government.

124. Madam Speaker, to address the persistent delays and eliminate ghosts in payment of retirement benefits, Government decided to decentralise the budgeting and payment of Pension and Gratuity starting with staff who have retired this year. I wish to inform you that we have fully decentralised all the funds for Pension and Gratuity hitherto budgeted for under the Ministry of Public Service, to the respective MDAs where the staff retired from. The Ministry of Public Service will continue to play the role of providing policy guidance and oversight.

125. Madam Speaker, we have noted delays in payments to vendors arising from capacity challenges at some MDAs. This has now been sorted out and we expect smooth payments to vendors, as we do for wages and salaries.

126. Madam Speaker, Government will undertake reforms in project management to avoid unnecessary costs and delays in implementing public investments and ensure Government projects

are executed efficiently. Among others, these reforms will include providing new guidelines for project preparation and contract management.

127. Madam Speaker, in order to enhance the effectiveness of Public Service delivery, the following key policy interventions will be implemented:-

- i. Enforce a Performance Management Framework that clearly links defining budget allocations to Sector Outcomes and Outputs and in order to improve effectiveness and efficiency of Public Service Delivery;
- ii. Strictly monitor and enforce performance contracts, and administer strong sanctions to Accounting Officers who fail to adhere to set guidelines. Specifically, going forward, renewal of appointment for Permanent Secretaries, Chief Administrative Officers, Heads of Government Departments and all Accounting Officers will take into account a proven track record of sound implementation of Government programmes/projects and after a stringent vetting process.
- iii. To address the problem of ghost workers, Government has compiled a biometric database of all its employees which is linked with the National Identification system. Accordingly, effective next financial year, all Public Servants will be required to have the National Identity Card before accessing the Government payroll.
- iv. Government shall vigorously enforce implementation of the Sanctions against officials who fail to provide timely accountability and those who continue to burden government with arrears.

- v. Prioritise clearance of all domestic arrears including Salary, Pension and Gratuity arrears. Going forward, installation of pre-paid meters for utilities for MDAs who have not already done so will be enforced so as not to undermine the development of the private sector.
- vi. Strengthen procurement and contract management with emphasis on infrastructure projects through outsourcing project management, and scrutiny of contract variations.
- vii. Enhance Public Investment Management by improving project selection, appraisal and analysis; and make it mandatory for preparation of prefeasibility studies for all projects and PPPs, before the project is approved and sanctioned for funding.
- viii. Ensure expeditious submission of loan requests to both Cabinet and Parliament, and urge expeditious approval to enable project effectiveness.

G. TAXATION AND REVENUE MOBILISATION

128. Madam Speaker as you are aware, the main thrust of tax policy is to progressively enhance revenue mobilization to fully finance the budget. This is to be accomplished while ensuring that taxation is not a hindrance to private sector investment, savings, production and social welfare. In pursuit of this goal, our efforts are geared towards increasing the tax to GDP ratio by at least 0.5 percentage points of GDP every Financial Year and to attain a target of 16 percent by 2018. Some of the challenges that inhibit the pace of revenue growth include among others; a large informal sector that constitutes 49 percent of GDP, a poor taxpaying culture among many Ugandans and lack of collaboration among Government Ministries, Departments, Agencies and Local Governments.

129. Madam Speaker, to address the challenges affecting revenue mobilization, government will continue to make policies and enact laws that will facilitate investment and revenue growth. Successful completion of the National Identification Project is fundamental in supporting tax administration. This must be complemented by ensuring that all Government Ministries, Departments, Agencies and Local Governments share information with Uganda Revenue Authority. Government will also continue to invest in Uganda Revenue Authority to enhance its capacity to effectively deliver on its mandate by improving systems, providing sufficient office space to accommodate all URA offices, and train its staff.

130. Madam Speaker, this is the thrust that has formed the tax measures approved by Parliament for the next financial year, the details of which are given in the various tax laws. However, I want to highlight the following key areas because they are the most prominent measures to generate revenue for next financial year.

Adjustments in the excise duty rates

131. Madam Speaker, modest adjustments were approved in excise duty rates on some items such as fuel, beer, cigarettes and wine and ready to drink spirits.

132. Madam Speaker, excise duty of 10 percent was introduced on confectioneries and furniture and 5 percent on motor vehicle lubricants.

Formalization of business

133. Madam Speaker, Uganda's informal sector is relatively large estimated at 49 percent of GDP, yet it contributes minimally to revenue. The informality cuts across agriculture, wholesale and retail trade, construction, transport, etc. Madam Speaker, commencing next Financial Year, we are going to use the withholding tax system through designated agencies to collect taxes from these businesses. For the transport sector specifically, there will be a mandatory payment of tax for all Public Service Vehicles and Goods Motor-Vehicles at time of renewal of annual licenses. This will only be on renewal and not at first registration.

Taxation of the Petroleum and Mining Sector

134. Madam Speaker, in order to unlock investment in the petroleum and mining sector, we have made changes to the Value Added Tax Act to allow licensees to register for VAT during the exploration and development stages of their operations. This will enable them to obtain relief from VAT payable on goods and services supplied to them. Previously licensees were not allowed to register because they do not make taxable supplies during the exploration and development stages, which is a requirement for refund of VAT on inputs.

135. Madam Speaker, the Income Tax Act now provides for a comprehensive regime for the petroleum and mining sectors so that the sectors are taxed in accordance with the commercial rules under which they operate. In addition, the Act now provides for the tax rate applicable to non-residents providing goods and services to the licensee.

VAT Threshold

136. Madam Speaker, the VAT threshold has been maintained at Shs. 50 million since the inception of VAT in 1997. This threshold has been overtaken by events such as the growth in the economy, exchange rate depreciation and inflation. The VAT threshold has been revised to Shs. 150 million to take into account these changes.

Cash basis accounting for VAT purposes

137. Madam Speaker, the threshold for persons that use a cash basis accounting system was increased from Shs. 200 million to Shs 500 million in recognition that businesses with a turnover of less than UGx. 500 million transact mostly in cash.

Presumptive regime

138. Madam Speaker, the presumptive tax regime has been simplified by categorizing business and fixing the taxes payable. We have also increased the threshold for the presumptive regime from a gross turnover of UGx. 50 million to UGx. 150 million. This will reduce the cost of compliance among small businesses and increase certainty of tax.

Thin Capitalization rules

139. Madam Speaker, to encourage firms to access financing from foreign sources so as to expand business, the Thin Capitalization rules have been amended to allow firms to deduct interest on loans if the loans do not exceed their share capital by 150 percent.

Removal of excise duty on international calls - One Area Network for EAC region

140. Madam Speaker, to implement the One Area Network for the EAC region effective 1st January 2015, the excise duty of 9 US Cents on international calls from the Northern Corridor countries has been removed, which means that calls should be relatively cheaper from within the Northern Corridor countries. This is aimed at enhancing communication and improve business environment.

Environmental levy

141. Madam Speaker, for environmental concerns, a temporary action has been taken to increase the environmental levy on used motor-vehicles from 20 percent to 35 percent for motor vehicles of 5-10 years old and to 50 percent for those above 10 years. However, this excludes Goods Vehicles.

Non Tax Revenue

142. Madam Speaker, Non-Tax Revenue items and rates administered by Government Ministries Departments and Agencies have been reviewed to generate additional revenue. Madam speaker, passport fees have been increased by Shs.30,000 to shs.150,000 and a special passport fees at Shs.300,000 has been introduced for any person who wishes to get a passport expressly within 24 hours.

EAC Pre-Budget Consultations

143. Madam Speaker, under the East African Community framework the Ministers of Finance held pre-budget consultative meetings to discuss issues of common interest in the spirit of furthering regional integration. The Ministers agreed on a number of measures with regard to the EAC common external tariff, details of which will be contained in the Gazette to be issued by the EAC

Secretariat. Some of the significant decisions for Uganda include: Authority to import road tractors for semitrailers at a duty rate of 0 percent instead of 10 percent; motor vehicle for the transportation of goods with gross vehicle weight exceeding 5 tones but not exceeding 20 tones at a rate of 10 percent instead of 25 percent; motor vehicles for transport of goods with gross weight exceeding 20 tones at 0 percent instead of 25 percent; buses for the transportation of more than 25 persons at a rate 10 percent instead 25 percent. The benefits are valid for a period of one year; therefore the private sector is encouraged to take advantage of these benefits before the expiry of this period.

Tax Incentive Regime for Investment

144. Madam Speaker, some existing and potential manufacturers and investors have petitioned Government seeking improvements to the current tax incentives regime for investment. I intend to holistically address this issue without distorting the overall taxation. I will be meeting with investors regularly to discuss options to improve the tax incentive regime for investment and the appropriate changes to be implemented.

Tax Administration

145. Madam Speaker, as part of the strategy to enhance compliance and revenue collections, Uganda Revenue Authority will undertake the following measures:

- i. Implement the Joint Compliance Campaign for the fast growing priority sectors with high revenue contribution such as wholesale, retail, real estate and manufacturing.
- ii. Undertake taxpayer sensitization and education on tax policy changes.

- iii. Strengthen the international taxation function with respect to Audit capacity of international transactions and exchange of information with other tax jurisdictions.
- iv. Expand Taxpayer Registration and Expansion Program (TREP) outside greater Kampala, Mbarara, Wakiso, Mukono, Arua and Lira.
- v. Automate the exchange of information and enforcement collaboration between the MDA's within greater Kampala.
- vi. Expand the implementation of the Single Customs Clearance Process.
- vii. Enhance information management systems to facilitate faster clearance of goods by rolling out the Electronic Cargo Tracking System (ECTS) to Mombasa, implementing centralized Document Processing and implementing a centralized automated valuation database.

International Agreements

146. Madam Speaker, dynamics of taxation have globally evolved to the extent that companies plan and consequently evade taxes. To curb such practices, Government has ratified the following agreements: The East African Community Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion in respect to Taxes; The Agreement for the Establishment of the African Tax Administration Forum (ATAF) on Mutual Assistance in Tax Matters; and The OECD Convention on Mutual Administrative Assistance.

147. I hereby lay the said agreements before Parliament in accordance with Section 4 of the Ratification of Treaties Act Cap 204.

I. CONCLUSION

148. Madam Speaker, in conclusion, I wish to commend this budget to all Ugandans in our quest at creating a better Uganda both now and in the future. The strategic choices we have made in the budget for next year concretize the foundation for the prosperity of future generations. Uganda's Vision 2040 aspires for "A transformed Ugandan Society from a Peasant to Modern and Prosperous Country by 2040". We need to harness the natural endowments we are blessed with.

149. Madam Speaker, for Ugandan households, the budget has provided funds for education, health, water and agriculture, among many others. These areas have the highest impact on the livelihoods of Ugandans. For both rural farmers and the business community, addressing infrastructure gaps reduces the cost of doing business. For the population, it seeks to improve social welfare for the general population by providing better healthcare, including for women, and enhancing skills development to improve human capital.

150. For unemployed youth, the budget presents an opportunity to equip you with appropriate skills for employment and the creation of both jobs and entrepreneurship. For women entrepreneurs, the budget funds an initiative to support your business ventures. Opportunities abound in key growth sectors like agriculture, industry, trade and tourism, which you, the youth and women, must seize. For the Ugandan worker, Pension reforms will secure incomes in your retirement.

151. For the private sector, this budget is aimed at reducing the cost of doing business and be competitive in an expanded East

African Community Market. I therefore implore you to take advantage of this to make profits, expand your businesses, create jobs and ultimately contribute significantly to the growth of the economy.

152. Madam Speaker, all this is meant to lead to a modern and prosperous country and improve the overall quality of life.

Thank You, Madam Speaker,

FOR GOD AND MY COUNTRY.