SPEECH

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THEME: CELEBRATING UGANDA'S STEADY PROGRESS TOWARDS ECONOMIC TAKE-OFF AND SELF RELIANT ECONOMIC GROWTH

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Uganda's economy has transformed to a level where the Country will be self-sufficient and achieve sustainable economic growth and job creation. Point five (5) of the NRM 10-Point Programme is "Building an independent, integrated and self-sustaining national economy". We have built a firm foundation to achieve this objective.

The agricultural sector has been transformed to a level where it will be a major source of wealth creation for all hard-working Ugandans. The rate at which the manufacturing base is expanding is unprecedented. 168 manufacturing industries and factories were built in the last Financial Year that ended in June, 2020. The value of new investments in the last year were at 1,191,230 US$ million. This will create sustainable jobs for all Ugandans especially for the youth and women.

As a result of diversification of our economy and expanding our export base, our economy has been able to withstand the potential negative impact of COVID-19. Our economy, last Financial Year, grew by 3.2 percent per annum, compared to negative growth rates in many other countries in Africa and around the world. If COVID-19 had not disrupted our economic activities, our economy would have achieved a growth rate of about 7% per annum last Financial Year. This resilience of our economy is by no means accidental. It has been a deliberate focused effort by the NRM Government to build an independent, integrated and self-sustaining national economy, that is able to feed its people, generate the resources it needs, both human and financial, provide security to its people and their property and develop a prosperous nation. We have made very important strides along this path and we shall not turn back to a chaotic Country that we inherited in 1986.

The main challenge hindering the pace of our prosperity include the high cost of capital with very high interest rates for the private sector. To address this, Government has increased the capitalization of Uganda Development Bank with UGX 1.045 Trillion this Financial Year. The second challenge remains the high cost of electricity for which we are working hard to complete the transmission lines to evacuate power from Karuma Dam to the manufacturing hubs inland and to export excess power to our neighbouring countries of DRC and South Sudan. The third challenge is low productivity of agriculture. In this regard Government is investing in irrigation infrastructure and supporting the private sector to increase local production of fertilisers. The fourth challenge is poor infrastructure connecting to our regional trade with DRC and South Sudan for which we have reached Agreements to jointly develop the required infrastructure, especially power and roads.

Private Investment

In terms of private investment, the number of licenced projects by the Uganda Investment Authority increased from 247 in Financial Year 2017/18 to 286 in Financial Year 2018/19. Planned capital investment increased from USD 877 million to USD 1,300 million in the same period. The number of jobs that would be created was estimated at 59,940 in Financial Year 2018/19, doubled the number in the previous year at 23,816. The manufacturing sector would employed

21,260 workers.

With the development of industrial parks and free economic zones, the number of new investments will increase exponentially, creating huge employment opportunities. The three growth and investment corridors which will guide public investment in the Country include: the Eastern growth corridor which will follow the current Single Meter Gauge Railway that runs from Bukedi-Bugisu-Teso-Lango-Acholi Sub-regions; the Albertine growth corridor which is composed of the Kigezi-Toro-Bunyoro Sub- regions; and the Northern growth corridor which encompasses areas of Kampala Metropolitan areas including Wakiso and Mukono, Greater Buganda and Ankole.

Public investments to be undertaken in this regard include: (i) electricity power sub-stations; (ii) extending industrial power lines; (iii) extending water for industrial use; and (iv) building road and ICT infrastructure. The immediate focus will be the Kampala Industrial and Business Park (KIBP) at Namanve, Mbale, Kapeeka, Bweyogerere, Kasese, Soroti, Luzira, Jinja and Mbarara. We shall expand to other areas as we collect more revenue.

External Inflows

The demand for our export goods remained strong even when there were disruptions in trade supply chains globally. This is because we have a very diversified export base. We recorded

US$ 3,823 million in export of goods in the Financial Year ending June, 2020; export of mineral products were worth US$ 1,221 million while coffee fetched us US$ 497.4 million. Fish was US$ 180 million, Maize was US$ 123 million. The Middle East, East African Community and COMESA account for almost 80 percent of our export demand. Workers remittances for Ugandans working mainly in Europe, USA and Middle East and Foreign Direct Investment (FDI) remained resilient despite the global impact of COVID-19.

Domestic Manufacturing

Production of manufactured goods increased as follows: Sugar production is at 540,000 Metric Tonnes, with consumption at 380,000 Metric Tonnes and surplus at 190,000 Metric Tonnes; Cement has reached 8m Metric Tonnes. Steel production recorded 289,183 metric Tonnes in 2018 but was slightly lower in 2019 at 219,194 metric Tonnes. Beer and soft drinks recorded slightly lower production mainly due to under-declaration. However, this problem will be addressed with the installation of Digital Stamps infrastructure in major manufacturing factories.

Transport Development

The NRM Government has invested heavily in transport to improve the Country’s connectivity through a vast network of good roads and restoration of Uganda Airlines. We now have a total of 5,550km of paved roads. In addition, Government commenced construction of strategic roads in the Albertine

region to facilitate production of Oil and Gas, as well as commencement of Hoima Industrial Park which is aimed at building a strong industrial base in the region to support local economic development.
Some of these strategic roads include:-

- Masindi-Park Junction and Paara-Buliisa (159km);
- Hoima-Butiaba- Wanseko (111 km)
- Buhimba-Nalweyo-Bulamagi & Bulamagi-Igayaza-Kakumiro (93km); and
- Masindi-Biiso, Hohwa-Nyairongo-Kyarusheesha-Butoole and Kabaale-Kiziranfumbi (97km)

Other roads nearing completion (at least 75% completion) include: Bulima-Kabwoya (66Km); Kyenjojo-Kabwoya (100Km); Mubende-Kakumiro-Kagadi (107Km); Bumbobi-Lwakhakha (44.5KM); Soroti-Katakwi-Akisim (100KM); Akisim-Moroto (50KM); Kapchorwa-Suam (73Km); and Kyenjojo-Fort-Portal (50Km).
The procurement of a contractor to rehabilitate the Tororo-Gulu Railway line has also been concluded. This will provide an efficient, reliable, cheaper means of transport of cargo and to support economic activity along the corridor.

The Governments of Uganda and the Democratic Republic of Congo signed an Agreement to work together on three (3) key road networks connecting the two countries. These roads are:

Goli-Mahagi-Bunia; Mpondwe-Beni; and Bunagana-Rutshure-Goma. The total length is 1,182 Km.

Energy and Mineral Development

The construction of Isimba and Karuma Hydro Power Plants and several other investments in the energy sector have significantly contributed to power generation and power security. The current installed generation capacity is 1,254 MW. This will increase to 1,800 MW once Karuma is completed in December this year. This means, therefore, that the constriction of the transmission lines to evacuate this power must be completed without further delays. These lines include Karuma-Kawanda (400KV), Karuma-Olwiyo (400KV), and Karuma-Lira (132KV).

Cabinet approved the Mineral Policy last year and a new law on mining and minerals will soon be in place to promote and streamline the regulation of mineral exploration, development, production and value addition. Currently, mining activities have been organised and registered in Karamoja, Mubende, Namayingo, Ntungano, and Isingiro Districts.

Science, Technology and Innovation

Government has prioritized investment in science and innovation as part of our strategy for self-reliance and modernization. Under the Kiira Motor Corporation project, two electric buses have so far been developed and the construction of the vehicle assembly plant in Jinja is currently on-going. This is expected to be completed by June, 2021.

Education and Health

This year's school education calendar has been disrupted by COVID-19. However, new methods of learning are being tested to ensure that our children continue to learn. To improve learning in UPE schools, Government will strengthen supervision and ensure accountability for school outcomes.
As regards health, Government will increase focus on proper nutrition especially in the early years of child development, in addition to improving further the health infrastructure and ensuring provision of medicines in health facilities across the country.

Uganda's significant Economic Opportunities

Uganda's economic outlook is positive. The COVID-19 pandemic has helped us to, once again, demonstrate the economic capacity and opportunity that our country has. The measures undertaken to prevent the further spread of the disease have helped those who could not see the opportunities and comparative advantages of Uganda to now see them clearly especially, in the areas of local production, import replacement to enable us use our foreign currency for more strategic issues, increase exports and creation of jobs.

Import Substitution Opportunities

I recently guided the Country, that in order for us to build a stronger and more resilient economy, we must address eight fundamental human needs namely; Food, Clothes, Shelter, Defence, Human Resource Development (Health and Education), and infrastructure (electricity, roads, railway, ICT, Telecommunications). With these in place, other sub-sectors will emerge and these include; tourism, hospitality (hotels, bars, night clubs, casinos etc.) as well as entertainment (concerts, sports etc.). The COVID-19 pandemic, therefore, provides great opportunities for us to accelerate our import substitution and export promotion drive in the context of enhanced investments in the eight fundamental human needs, based on the strong comparative advantages we have.

The guiding principle in Uganda’s import substitution and export promotion strategy, is creating production efficiency using locally available resources (including human resources), minimizing costs and maximizing profitability while increasing production and productivity of enterprises. It also means producing high quality products at low cost. This will result in high demand locally, regionally and globally for our products.

Unfortunately, we import items which we can and have capacity to produce here locally. For example, in 2019, we imported live animals and animal products worth USD 24 million; vegetable products including cut flowers, potatoes, legumes (beans, soya, etc.), USD 340 million on animal or vegetable fats and oils worth USD 240 million; pharmaceutical products worth USD 300 million; mineral products including salt, sulphur, plastering materials, lime and cement worth USD 127 million; mineral fuels, mineral oils and products of their distillation, bituminous substance, mineral waxes worth 1,250 million; fertilizers worth USD 41 million; plastics and related products worth USD 370 million; paper and paper board and their pulp worth USD159 million; textiles and textiles articles worth USD 290 million; and iron, steel, copper, aluminium and zinc worth USD 483 million.

The reason I have mentioned all these items is that we have their raw materials and can be produced here, to replace their importation. Some of them do not require huge capital investments. But even if they were expensive for our private sector, we can have joint ventures with outside companies or with Government in form of Public-Private Partnerships. We are simply sleeping on the huge wealth potential that we have. Joint ventures are good to attract the necessary technologies that we do not have and to acquire skills in highly specialised areas.

I am glad that some manufacturers have responded positively in the wake of COVID 19 pandemic to produce the essential items that we need, including hand sanitizers, masks, increased production of pharmaceutical products, etc. We now have the opportunity to forcefully harness our comparative advantages in agriculture, manufacturing, ICT, mineral development, oil and gas, scientific research, innovation, etc. by employing our youth and using our local raw materials to produce goods and services for local consumption, as input into local manufacturing and for export.

There is almost unlimited potential in agriculture as a base for agro-industrialization which we must harness. For example, Uganda produces 5 million tonnes of maize annually. From maize we can obtain animal feeds for livestock and poultry, bakery and confectionery, ethanol, starch for pharmaceuticals on which the country currently spends US$ 20 million per year. Another case is cassava which the Country also annually produces 4.1 million tonnes. Apart from addressing the Country's food needs, many by-products can come from cassava. I am told that out of cassava, there are 39 industrial products.

Export Opportunities

There are areas where opportunities have opened up to increase our exports. For example, the demand for Uganda's horticulture and coffee exports to Europe has gone up, and so have pharmaceutical products in the EAC region, which we must take advantage of. Between February and March, 2020, coffee prices rose on account of rising global demand with processors front loading orders to avoid logistical constraints of COVID-19. The demand for Uganda's flowers has equally gone up with more orders coming in as production elsewhere has drastically declined due to the COVID- 19 shut down in those Countries.

Therefore, even with the COVID-19 pandemic, the demand for some items will remain high both in the domestic and external markets. I have already mentioned Coffee and Horticultural exports but there are also:-

- Foods including, fruits and vegetables;
- Pharmaceutical and sanitary supplies;
- ICT solutions and services for businesses cutting labour costs;
- Intermediate goods in construction, especially in the low-cost housing segment; and
- Low cost clothing and foot-ware made out of our cotton and leather.

Finally, with this potential, therefore, the long term impact of COVID -19 on our Country is to strengthen our resolve to be self-reliant by producing sufficient amount of goods and services to meet our local demand and to increase our exports.

I wish you happy celebrations and I thank you all.