



THE REPUBLIC OF UGANDA

---

## **SPEECH**

**BY THE**

**RT HON. DR. RUHAKANA RUGUNDA  
PRIME MINISTER OF THE REPUBLIC OF UGANDA**

**AT THE OPENING OF THE  
5<sup>TH</sup> JOINT SECTOR REVIEW FOR THE ENERGY AND MINERAL  
DEVELOPMENT SECTOR**

**SPEKE RESORT HOTEL, MUNYONYO  
15<sup>TH</sup> – 16<sup>TH</sup> OCTOBER 2015**

**15<sup>TH</sup> OCTOBER 2015 – 9:00AM**

The Honorable Minister of Energy and Mineral Development  
Honourable Ministers and Ministers of State  
Honourable Members of Parliament  
Your Excellency the High Commissioners, Ambassadors and  
Representatives of our Development Partners  
The Permanent Secretary and Staff of the Ministry of Energy and  
Mineral Development  
District Chairpersons  
Resident District Commissioners  
Chief Administrative Officers and Town Clerks  
Distinguished Participants  
Ladies and Gentlemen

**1.** It is my pleasure to preside over the opening ceremony of this 5<sup>th</sup> Joint Sector Review for the Energy and Mineral Development Sector. I am aware that this forum will review the Sector Performance for the Financial Year 2014/15, the progress made on the jointly agreed undertakings made in 2014 and the challenges and operational issues facing the sector. The Review will also enable you to discuss and agree on the strategies to guide implementation of government programs in the rest of this Financial Year and also generate inputs into the budget preparations for the Financial Year 2016/17.

2. I note that the Theme for this year's Review is **“Energy and Mineral Resources, Creating Opportunities for Sustainable Development and Social Transformation”**. The NRM Government policy objective on energy is to ensure adequate and reliable supply of energy as well as universal access to modern energy services (like electricity) to support industrialization, social and economic growth, while the policy objective on the mineral sector is to promote mineral exploration in order to increase ore reserves and to promote value addition of mineral ores in order to stimulate industrial growth and to create employment for our people. As you all know, in the Petroleum sector, the Government Policy Goal is to use the country's oil and gas resources to contribute to early achievement of poverty eradication and create lasting value to society. In other words, we want to use our natural resources as engines of growth.

3. Ladies and Gentlemen, you will all appreciate that investment cannot come into the country if there is no supporting infrastructure like electricity, roads and railways that lower the cost of doing business. Infrastructure development like electricity generation, transmission and distribution can only be enhanced when we, as Government, save money to invest and also create a conducive environment for our development partners both financing and developers to provide reasonably priced capital for project development.

**4.** Government recognizes that the energy and mineral development sector has great potential in creating employment in the country. In this regard, investment in energy, oil and gas, and mineral sector remains a top Government priority. For the FY 2015/16, a total of UGX 2.723 trillion was provided as a budget allocation to the sector. Government is committed to providing additional resources to the sector as the financial situation improves, to match the demand arising from population growth and economic development needs.

**5.** Government commenced construction of Karuma and Isimba hydropower projects and the associated Transmission Infrastructure. These two projects will add 783MW into the power pool. In addition, under the Global Energy Transfer Feed in Tariff (called GETFIT) program, Government is undertaking the development of fifteen (15) small-scale renewable energy generation projects which will also add 125MW.

**6.** It is important to note that Government is implementing an ambitious grid extension program under the Rural Electrification Program, which will cover all the district headquarters by the end of this Financial Year 2015/16. This program should extend power to productive centers like factories and trading centers and social services such as health centers, educational institutions and water supply points.

**7.** In the Oil and Gas sector, the industry is steadily moving to the development phase of the petroleum value chain. The resources in place have grown steadily from 300 million barrels in 2006 to the current estimate of 6.5 billion barrels in Place. The experts tell me that between 1.4 and 1.7 billion barrels of these resources are estimated to be recoverable. These resources are expected to increase since only 40% of the prospective area has been explored.

**8.** In line with Government policy of value addition, Government developed a National Content Policy and Strategic Plan for oil and gas sector. Government has put in place a framework for the development of an appropriate commercialization plan for the country's oil and gas resources. The envisaged plan comprises, i) the development of an oil refinery; and ii) the export of crude oil through a pipeline or any other viable options. Our target is to achieve first oil production in 2018.

**9.** On mineral development, the NRM government has intensified efforts to strengthen capacity of the mineral sector and to review relevant legislation so as to address sectoral constraints and enable the sector to be attractive to investment.

**10.** Government's focus in the mineral sector is on areas of geo-scientific surveys, human resources development, equipment and

tools for acquisition and management of geo-scientific data, and analytical laboratories. Adequate information on the country's mineral resource potential is now available, and a mining cadastre and registry system to enhance transparent licensing is operational.

**11.** Government is committed to developing the energy and mineral infrastructure in line with the required international practice, including competitive participation by investors, service providers and contractors. We, therefore, encourage potential investors, private sector developers, and our financial partners to give support to develop energy and mineral projects as private or under a public – private partnership arrangement.

**12.** One crosscutting challenge which government has experienced is the acquisition of land for infrastructure development projects. There are delays arising from land owners who either oppose accessing their land or dispute the land rates recommended by the office of the Chief Government Valuer. These disputes lead to escalating costs of the projects. I, therefore, urge the Minister responsible for lands to come out with a solution to this problem. I also wish to urge the local authorities to actively facilitate the acquisition of land for infrastructure projects in their areas so that there is timely implementation of the projects.

**13.** Let me at this juncture, point out that the current macroeconomic challenges that the country is facing are affecting investment in the energy sector, which is threatening the sustainability. Consequently Government has examined all available options to stabilize the energy sector, and these include:

- (i) **Keeping the tariff at the existing level.** This option leaves a shortfall that affects the ability of the country to pay for power generation.
- (ii) **Introducing a power generation subsidy.** This option will affect the development of ongoing power infrastructure generation, transmission and distribution projects including rural electrification where the available resources are being put.
- (iii) **Adjusting the tariff as Government addresses the macroeconomic challenges at hand.** This is the most feasible option which is of a short term nature.

**14.** As I conclude, I wish to commend the Ministry for the good progress in implementation of its set targets and for having a forum which enables us to achieve sound principles of good governance. I wish to emphasize that feedback is a critical element of service delivery.

**15.** I take this opportunity to thank the political leaders of the Ministry, development partners, the technical team of the Ministry, Agencies, the Private sector, Non-Governmental Organizations, Local leaders, the media and all of you, for attending this Review. I would like to urge you to ensure that with the resources provided this year, more effort is put to achieving better results by the next Sector Review.

**16.** With these few remarks, I declare this two-day Joint Sector Review workshop open and wish you fruitful deliberations.

I thank you.

**FOR GOD AND MY COUNTRY**