

STATE OF THE NATION ADDRESS: MR. PRESIDENT, ADMIT FAILURES TO RE-PROGRAMME AND DEVELOP UGANDA

Dear Mr. President, thank you for the state of the nation address you made on May 31, 2016 before the 10th Parliament at the Serena Conference Centre. It is indeed good that you continuously account to Ugandans on the state of affairs in our country.

As you have often done, you talked about the expensive nature of Uganda's power owing to the high price of electricity generated from Bujagali hydropower dam. You also said that power generated from Karuma, Isimba and other dams will bring down the prices of electricity.

Additionally, you reported that Uganda now generates 850mws of power with surpluses of 500mws being recorded during off peak times. You said that we were going to add 1,000mws to our grid and promised that revenues from Uganda's estimated 6.5 billion barrels of oil would be used to spur development. Looking at the statistics presented, one would think that the situation in Uganda's energy sector is rosy and will indeed become rosier with more dams being built.

However, this is far from the truth. Mr, president, allow me to remind you about my letter of May 7, 2007, published in the *New Vision*, in which I appealed to you to make Bujagali hydropower dam different from the past development project failures.

In that letter, I told you that that without corrupt-free, strong institutions working for the good of all Ugandans, your projects, including those supposed to bring down power tariffs, will fail.

I requested you to stop political mismanagement of the procurement of the contractor process and financing of the dam. I predicted that Bujagali dam like the Nalubaale and Kiira dams would not provide value for money to citizens if the bad politics continued. I told you that, the country, under your leadership had spent over \$500m to build Kiira dam with 200mw capacity and renovate the Own Falls dam to increase its capacity from 60mws to 180mws. This was at the beginning of the Bujagali dam construction in 2007.

Yes, these were great projects, which we Ugandan taxpayers hugely invested in, but out of the planned 380mws from the two dams, we were generating only 174mws. As a result, the country was plunged into darkness with all the consequences loadshedding brings. The little power generated had to be priced expensively to cover for the power losses.

As a remedy, your government installed thermal generators with the promise from government that upon the commissioning of Bujagali dam, the thermal power plants would be decommissioned and Ugandans would start enjoying electricity at 6 US cents per kilo watt.

However, when Bujagali was commissioned in 2012 and most of the thermal generators decommissioned, the tariffs were increased from less UGX300/ to over 450/ and, today, the tariffs are at over 580/ per unit.

Now, we are in 2016 and in your May 31 State of the Nation address, you are regretting and blaming investors for the high tariffs of Bujagali. Yet we seemed to have failed to learn from our

past mistakes. Why? Because all the mistakes made during the Bujagali project design, procurement and construction were repeated in the Karuma and Isimba process and you want Ugandans to expect better results from the flawed processes of procuring developers for the Karuma and Isimba dams?

Nothing good can come out of such processes. This country will never generate and Ugandans will never enjoy affordable and reliable developments until leaders plan well and execute those plans in a manner that make economic sense as opposed to political sense. For instance, if a company provides wrong information in the bid for Karuma dam and you fail to blacklist it but instead, you shift it from the Karuma deal to the Isimba one and then you switch the one of Isimba to construct Karuma based on political convenience and because they are both Chinese companies, then, you are in danger. Such decisions have no room in economics.

Additionally, as a nation, we should feel ashamed that with a population of nearly 35 million, we are generating 850mw and we are proudly announcing that we have surplus electricity during night or day time. At the current electricity tariffs of over UGX580/ per kilo watt, even those Members of Parliament who were clapping for you during the State of the Nation address cannot use the said electricity for even 20% of their energy needs. They cannot afford it.

As such, we continue to destroy forests to acquire charcoal and firewood for cooking and other energy needs. And surely, if MPs cannot afford to use electricity, how then does the government expect the youth who are receiving the Youth livelihood funds, the rural farmers under NAADS to use such electricity to increase production through storage and value addition to contribute in fighting the so-called \$5.5 billion donation to the west?

We need to look, with humility, and appreciate the crisis we are facing and admit, not as a sign of weakness, that we need to urgently de-programme and re-programme our country to address the problems facing the citizens including the youth who are faced with an 83 percent unemployment rate and have to travel to the Middle East to work as slaves.

On our part, as citizens, we must reject any attempt to compare the current resource-rich Uganda which can access high levels of global technologies with the situation of pre-1986. We must reject that comparison. We have to compare ourselves with the best.

In Africa, we have South Africa which produces over 40,676mw, Algeria, which produces 6,468mw and Morocco which produces 4,687mw. Ethiopia produces over 2,300mw; Kenya produces over 1,490mw and Tanzania produces over 1,500mw. I am not saying that these countries' power situation is perfect but we need to aspire to the good they are doing. Their tariffs are cheaper than ours and to a big extent, the sectors are in the hands of government.

Indeed, in 2007, I told the President that no country on earth has ever been developed by the private companies without a big hand of government. Remember, even the good Chinese companies who are currently in Uganda doing everything from building railways, dams, roads to kiosks, most of them are either owned or funded by the government. But, it has taken the government over 20 years to understand that this country requires the Uganda Development Bank and many others to provide capital for equitable development.

A useful nation address should have clearly provided clear accountability of how much was delivered using UGX 26 trillion budget of 2015/2016 and the plans ahead for the 2016/2017 budget. How many real job opportunities were created for the youth? How many Ugandans gained access to reliable and affordable electricity?

The address should also have told us how government has used the over US \$1 billion already collected from the oil sector as capital gains tax. Indeed, we cannot believe future plans when corruption is at its worst.

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