

**SPEECH**

**BY**

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## **ECONOMIC TRANSFORMATION AND JOBS-CREATION.**

The story of Uganda in the matter of economic transformation, in recent times, starts with 1900, when the British declared Uganda a protectorate after the defeat of our inefficient Kings. At that time, Uganda was a pre-capitalist traditional economy based on subsistence agriculture of crops and livestock, artisanship (emyooga), fisheries and some services such as healing (kuragura). The mode of exchange was Okuchurika (barter trade), with a little use of cowrie shells (ensiimbi), as money.

By 1962, the British had created a small enclave economy, just like they had done in the other colonies. An enclave economy, meant a small island of modernity surrounded by a sea of underdevelopment. That is why they were called enclave (island). The small island of modernity and money economy, was comprised of the 3Cs and 3Ts. The 3Cs were: Cotton, Coffee and Copper and the 3Ts were: Tobacco, Tea and Tourism. The agricultural products and the minerals (Copper), were being exported as raw-materials — no or little value addition. This meant, on the average, getting about 10% of the value of the product and exporting all the jobs, value addition brings. Apart

from the mistake of having no or little value addition, the enclave economy covered only 4% of the homesteads by 1962. However, in 1971, Idi Amin took over the Country and by 1986 when the NRM came to power, the enclave economy had been destroyed. Only coffee and tobacco, were still limping on.

Therefore, the NRM had to start with a ruined little enclave economy and the sea of the underdeveloped homesteads and population. Since that time, we have achieved the following:

- (a) Minimum economic recovery by bringing back some of the 3Cs and 3Ts;
- (b) Expanding the 3Cs and 3Ts where possible; coffee exports were 3million bags in 1986 and they are now 9million bags;
- (c) Diversifying the economy by commercializing milk, beef, leather, maize, fruits, fish, etc etc;
- (d) Adding value to the raw-materials; and
- (e) Launching the knowledge economy of making vehicles, vaccines, computer manufacturing etc etc.

In diversifying the economy, we had to struggle with the big portion of the population that was outside the money

economy and were only producing for home consumption. By 2013, these were still 68% of the homesteads. Apart from the earlier programmes, we had to bring in the Army, under Operation Wealth Creation (OWC), to distribute free seedlings to the homesteads as well breeding stock. Later on, we phased out the Army and started the formation of SACCOs of wealth creators per parish. We guide that these wealth creators, select enterprises with ekibaro — they should select enterprises that are in tandem with the size of land of the wealth creator. The ones with big land, are flexible and either do extensive agriculture (doing a low value enterprise) but do it on a big scale or use intensive agriculture (doing high value enterprises on small pieces of land). Activities that fall in the latter category are: coffee, fruits, dairy farming, piggery, poultry, fish farming and growing food crops. Recently, our People have added cocoa and palm oil.

Using intensive agriculture, a one acre model can create jobs for fifteen People. Uganda has got 40 million acres suitable for agriculture. If we use only 7 million of these acres, 105 million jobs will be created. This is more jobs than the whole population of Uganda of 46 million People.

This is just for agriculture — commercial agriculture as opposed to subsistence agriculture — Okukolera Ekidda Kyoonka (working only for the stomach). However, the wealth and jobs are not only to be got from agriculture. There are three other sectors: industry and artisanship; services; and ICT. As of now, agriculture is employing 3,610,064 People, Industry 1,416,548 People, Services 5,042,188 People and ICT is employing 46,172 People.

In order for the four sectors to be fully developed so as to create wealth and jobs, they need low-cost transport (the railway and lake transport), electricity, an educated and healthy workforce, stopping exporting raw-materials, low-cost of money for borrowing to do business, a big market of Africa and beyond, etc. Those obstacles have been described as strategic bottlenecks in a number of our documents. The bottlenecks are 10.

By removing these bottlenecks, you will create capacity for social-economic transformation, not a mere quantitative growth. “Sustainable growth” without transformation, is a recipe for perpetual under-development.

I thank everybody.

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