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The majority of The Democratic Alliance (TDA) opposition parties back Amama Mbabazi as the alliance's candidate in the February 2016 presidential election. With Kizza Besigye also standing, having two opposition candidates increases the likelihood that no candidate will win the 50% of the vote necessary to avoid a second round run-off. Security forces increase harassment of opposition leaders Mbabazi and Besigye. Uganda and Tanzania's state-owned Tanzania Petroleum Development Corp (TPDC) explore the possibility of a crude oil export pipeline to the Port of Tanga. Work is to begin soon on \$3.58 billion freight railway linking Uganda and Tanzania.

Majority of The Democratic Alliance backs Amama Mbabazi

The opposition coalition **The Democratic Alliance (TDA)** has seemingly fractured after failing to settle on a candidate to contest the February 2016 presidential election. The majority of opposition parties have offered their backing to former ruling **National Resistance Movement (NRM)** secretary general **Amama Mbabazi** and his **'Go Forward'** political group. Seven of the nine members of the TDA including the **Uganda People's Congress (UPC)**, the **Democratic Party** and the **Uganda Federal Alliance**, have come out in support of Mbabazi.¹

*"Mbabazi is the only one who can give [President Yoweri] Museveni [1986-present] a good run for his money. Mbabazi is financially well-off and it looks like he is already funding lots of candidates on the ground. Mbabazi has close links with many senior guys in the ruling NRM party. Mbabazi understands the electoral system."*²

Mbabazi's rival as election candidate, **Kizza Besigye**, secured only the backing of his own **Forum for Democratic Change (FDC)** party and the small **Conservative Party**.³ This left Besigye with little option but to withdraw from the coalition.⁴ Besigye has confirmed that he and the FDC will now stand against the TDA in the election. Besigye said he could not back Mbabazi due to the length of time he has served in the NRM government, the absence of any support team behind Mbabazi, and Mbabazi's wavering commitment to electoral and political reform.⁵

*"Voters see Besigye as a serial loser and seem to want fresh blood to deter Museveni from returning to office. It was an open secret that the TDA wants to field Mbabazi but it failed to convince Besigye to step down. Besigye is not going to swallow his pride yet."*⁶

The FDC offers the most sophisticated opposition structure in Uganda and its refusal to back Mbabazi is a blow to his chances of defeating President Museveni.

*"The FDC is the biggest potential threat long-term to the NRM, as it is made up of experienced former NRM dissidents..."*⁷

¹ Daily Monitor, 21 Oct 2015.

² Source, local government official, Kampala

³ Daily Monitor, 27 Sept 2015.

⁴ NTV Uganda, 27 Sept 2015.

⁵ VOA, 28 Sept 2015.

⁶ Source, local government official, Kampala

⁷ Source, former Western diplomat, East Africa

The FDC would also lend Mbabazi credibility as an opposition leader after years of serving in the NRM.

“Most people in the TDA are disgruntled ruling party supporters. It will make it hard for them to convince people that they have now seen the light after ‘eating at the high table’ for all those years. Mbabazi without the FDC is nothing.”⁸

Nevertheless, the situation remains fluid. Negotiations over what Mbabazi can offer the parties that back him continue.⁹ If Mbabazi is unable to meet their competing aspirations his backers may switch their loyalties to Besigye.¹⁰ The parties themselves are also prone to factionalism ahead of the election. UPC leader **Olara Otunnu** has faced rivals within his party making overtures towards Besigye.¹¹ Besigye himself cannot bank on the total support of the FDC with a faction still loyal to former party president **Mugisha Muntu** (a young, former army officer) and to former opposition leader in parliament **Nathan Nandala-Mafabi**.¹² The FDC has notably pushed back its primaries from October to 1-7 November.¹³

Having two opposition candidates increases the likelihood that no candidate, including Museveni, will win the 50% of the vote necessary to avoid a second round run-off.

“There is a possibility of Museveni failing to get the 50%. Uganda currently has 15 million voters on the national register. For the second round scenario to happen, Besigye must retain the two million votes that he got in the 2011 elections and attract more. Mbabazi only then needs to attract some of the five million voters who did not turn up in the last elections – most of whom came from opposition strongholds – while also eating into the ruling NRM vote base.”¹⁴

A second round would prove detrimental to Uganda’s political and economic stability.

“A rerun however is very difficult to call but, [if] it happens, the momentum will be with the opposition since Museveni will be at his weakest point where he would then use money, violence and outright rigging to beat the opposition.”¹⁵

There is already concern that harassment of opposition leaders is increasing ahead of the elections. Security forces in October have demonstrated their “*penchant for intimidation, if required*”¹⁶ in support of Museveni. Security forces placed Besigye under house arrest in **Kasangati** on 15 October.¹⁷ Security forces detained Besigye before he travelled to **Jinja** and **Iganga Districts** to open FDC campaign offices.¹⁸ Security forces had previously detained Besigye on the **Masaka-Mbarara** highway on 11 October as he travelled to address an opposition rally in **Rukungiri District**.¹⁹ Security forces on the same day detained other senior FDC officials including chairman **Wasswa Birigwa** and deputy secretary general **Harold Kaija**, and sealed off **Rukungiri Stadium**, the site of the planned FDC rally.²⁰ The **Uganda Police Force (UPF)** has regularly used the **Public Order Management Act 2013** to curb the rallies of Besigye and Mbabazi. **Human Rights Watch (HRW)** has alleged numerous incidents in which the UPF has disrupted opposition rallies. HRW alleges that on 9 and 10 September, police in **Soroti (Soroti District)** and **Jinja (Jinja District)** used teargas to disperse crowds gathered

⁸ Source, member of parliament, Kampala

⁹ Daily Monitor, 27 Sept 2015.

¹⁰ Source, journalist, Kampala

¹¹ Source, journalist, Kampala

¹² Source, former Western diplomat, East Africa

¹³ Daily Monitor, 22 Oct 2015.

¹⁴ Source, journalist, Kampala

¹⁵ Source, journalist, Kampala

¹⁶ Source, former Western diplomat, East Africa

¹⁷ Independent, 15 Oct 2015.

¹⁸ Standard, 15 Oct 2015.

¹⁹ Independent, 15 Oct 2015.

²⁰ Independent, 15 Oct 2015.

to hear Mbabazi speak.²¹ The UPF states that Besigye and Mbabazi cannot conduct political activities in public until the **Electoral Commission** confirms their candidacies. The official period for campaigning begins on 9 November.

Uganda agrees to consider Tanzania export pipeline

There is continued uncertainty about oil sector infrastructure, a long-standing concern of international oil companies. Uganda energy ministry permanent secretary **Fred Kabagambe-Kaliisa** said on 12 October that the government and the **Tanzania** state-owned **Tanzania Petroleum Development Corp (TPDC)** have agreed to study a revised route for the proposed crude oil export pipeline.²² The memorandum of understanding raises questions about the future of the route that Uganda and **Kenya** agreed in August. Museveni and Tanzanian counterpart **Jakaya Kikwete** (2005-present) discussed the Tanzanian pipeline route on the sidelines of the **United Nations** general assembly in September.²³ The talks notably excluded Ugandan energy minister **Irene Muloni** and officials from the newly incorporated **Petroleum Directorate**, suggesting that Museveni is taking personal responsibility for the project.²⁴

The consideration of a revised route suggests that international oil companies remain dissatisfied about export options ahead of final investment decisions expected before 2017. **Total E&P Uganda** originally proposed the competing Tanzania route.²⁵ Total's proposed route runs from **Hoima** through Tanzania to the northern seaport city of **Tanga**.²⁶ The Tanzanian government is investing in the **Port of Tanga** to allow the offloading of petroleum products. Total is party to the agreement between the Ugandan energy ministry and the TPDC.²⁷ A government statement said that Uganda is evaluating whether the Tanzania route provides the lowest unit transportation cost option. The study will therefore include an evaluation of end-user tariffs.²⁸

The pipeline that Uganda and Kenya agreed in August runs from the **Albertine Graben** oil region (Uganda) to **Lokichar** in **Turkana County** (Kenya) to the under-construction **Port of Lamu** (Kenya)²⁹. Total is reportedly concerned that its partner in Uganda, **Tullow Uganda Ltd**, has a vested interest in a pipeline that passes through northern Kenya where parent company **Tullow Oil Plc** has interests in oil fields.³⁰ There is uncertainty about whether **China**-based **China National Offshore Oil Corp (CNOOC)** has a preference for the pipeline route. Broader instability amongst Chinese state-owned oil companies is negatively affecting CNOOC – the only international oil company with a production licence.³¹ The instability is the result of the corruption investigation that resulted in the arrest in October of **Su Shulin**, former chairman of Chinese state-owned **China Petroleum & Chemical Corp (Sinopec)** and **Sam Pa** linked to the **Queensway Group** of companies.³² Analysts warn of deferred decision making due to the continuing corruption investigation.

*"The arrests will likely continue. The national oil companies are nervous. No one is doing long term thinking beyond trying to ensure they still have jobs."*³³

The choice of location is already contentious. Uganda and Kenya have differing interests. Uganda is prioritising the coming online of the planned refinery before commercial production begins so it has

21 HRW, 18 Oct 2015.

22 Energy Monitor Worldwide, 13 Oct 2015.

23 Indian Ocean Newsletter, 9 Oct 2015.

24 Source, former Western diplomat, East Africa

25 East African, 10 Aug 2015.

26 East African, 21 Sept 2015.

27 Energy Monitor Worldwide, 13 Oct 2015.

28 Energy Monitor Worldwide, 13 Oct 2015.

29 East African, 10 Aug 2015.

30 East African, 21 Sept 2015.

31 Senior, oil sector analyst, London

32 Financial Times, 14 Oct 2015.

33 Financial Times, 14 Oct 2015.

little incentive to expedite the pipeline.³⁴ Kenya in turn stands to gain the most from high transit fees. These competing interests are complicating negotiations over the financing and operation of the pipeline.³⁵ The Kenyan agreement rejected a possible southern route that would have run along an existing fuel products pipeline through **Nairobi** (Kenya) to the **Port of Mombasa**. A government study estimated that the northern route would cost Kenya and Uganda \$4.7 billion compared to \$5.26 billion for the longer southern route. The study estimated that pumping oil through the northern route would cost oil companies \$15.2 per barrel compared to \$15.6 per barrel through the southern routes. Nevertheless, international oil companies are concerned about insecurity in northern Kenya and the possibility of an **al Shabaab** attack on oil infrastructure. Kenya is anxious that it would lose substantial revenue if the pipeline goes through Tanzania. It is especially politically contentious in Kenya as members of President **Uhuru Kenyatta's** (2013- present) ethnic **Kikuyu** group have acquired tracts of land in the Lamu area to benefit from increased property values resulting from the port and the pipeline.³⁶

The potential revision to the oil pipeline route comes amid reports that the **East African Community (EAC)** states are proving unwilling to take up the 40% of shares in the **Hoima** oil refinery that the Ugandan government reserved for them.³⁷ Kenya acquired a 2.5% stake for \$13m in 2014 but has proved unwilling to increase this to the 8% that Uganda reserved for each EAC state.³⁸ The Ugandan government will make up the shortfall. The proposed 60,000 barrels of oil per day refinery is expected to come online in 2018.

Work to begin on Tanzania railway

A Tanzanian government official has said that the construction of a freight rail link connecting Tanzania and Uganda will begin soon.³⁹ Despite EAC ambitions to deepen regional infrastructure integration, financing shortfalls and planning delays have slowed progress. **Amantius Msole**, deputy permanent secretary in the Tanzanian EAC cooperation ministry, said on 18 October that the two countries would finish the feasibility study and engineering design for the planned railway by the end of October.⁴⁰ The \$3.58 billion deal includes upgrading the existing 400km **Arusha to Musoma** (Tanzania) railway before extending it to **Kampala** (Uganda).⁴¹ The route will include transporting freight across **Lake Victoria** by ship. Tanzania and Uganda will also jointly finance the construction of the proposed **Mwambani Port** (Tanzania) and the expansion of **Kampala Port** on Lake Victoria. Msole did not provide a timeframe for the completion of the project.⁴² In June, the Tanzanian government imposed a 1.5% infrastructure development levy on imports to raise \$14.2 billion to finance new rail projects.⁴³

Implications

Having never stood for election before, Mbabazi is an unknown electoral commodity. However, he is more likely than Besigye to pose a threat to Museveni as he can attract support from disgruntled NRM supporters. Nevertheless, Museveni's use of established patronage networks and politicised security forces, as well as the distorted electoral system means Museveni should win the February election. A second round would increase the risk of electoral fraud and a wider crackdown on the opposition to ensure a Museveni victory.

³⁴ Petroleum Intelligence Weekly, 27 Jul 2015.

³⁵ Petroleum Intelligence Weekly, 27 Jul 2015.

³⁶ www.africaintelligence.com

³⁷ East African, 10 Oct 2015.

³⁸ East African, 10 Oct 2015.

³⁹ East African, 17 Oct 2015.

⁴⁰ East African, 17 Oct 2015.

⁴¹ East African, 17 Oct 2015.

⁴² East African, 17 Oct 2015.

⁴³ www.railjournal.com

The revision of the seemingly final decision over the pipeline route will unnerve oil companies seeking predictability, especially at a time of low oil prices. The southern route through Tanzania would reduce security risks around the pipeline, making securing financing and insurance easier. Delays to the development of support infrastructure will result in slow upstream development including the Hoima refinery.

The Tanzania railway signals Uganda's continued commitment to infrastructure investment. The government's priorities after 2016 – if oil prices recover – will be getting commercial oil production online, and addressing bottlenecks in energy and infrastructure.

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