

AFRICA RISK CONSULTING

Uganda Monthly Briefing January 2023

Uganda Summary 12 January 2023

The Bank of Uganda (BoU) (central bank) warns of adverse effects on the economy if oil production fails to materialise by 2025, citing a heavy burden on debt repayments in the absence of anticipated oil revenue. The United States (US) and Ugandan governments' relationship appears to be improving following the invitation of President Yoweri Museveni (1986-present) to attend the US-Africa Leaders Summit in Washington DC (US) in December. The positive developments cause concern among opposition leaders who hoped the US would hold the Ugandan government accountable for alleged human rights abuses. Free speech activists in Uganda welcome the Constitutional Court's annulment of the Computer Misuse Act, which they claim restricted free speech.

Bank of Uganda warns of tough times if oil production fails to materialise

The **Bank of Uganda (BoU)** (central bank) has warned of adverse effects on **Uganda's** economy if oil production fails to materialise by the expected 2025 period.¹ Uganda expects to reap an economic bonanza from the \$10 billion **Lake Albert** oil project, which is expected to start delivering crude oil from the **Tilenga** and **Kingfisher** fields to the **Tanzanian** port of **Tanga** in 2025 via a new 1,433-km pipeline capable of moving 216,000 barrels per day.² The Ugandan government hopes to access much-needed revenues, forecast at around \$2 billion a year at current oil prices. The projects would also provide jobs for an increasingly young population in a country with one of the highest youth unemployment rates in **sub-Saharan Africa**, currently at 13.3%.³ The government has also anchored its hopes for better economic performance driven by the oil industry for the 2024/2025 financial years, with a projected 6% growth rate through foreign investment in the oil and gas sector.⁴

However, the BoU is warning of significant economic risk if oil production fails to materialise by 2025.⁵ Acting BoU governor **Michael Atingi-Ego** told parliament on 10 January that there would be a heavy burden on debt repayment given an increase in the budget deficit if the oil production does not happen by the planned 2025.⁶ Atingi-Ego warns that drastic weakening of the shilling against the dollar will hurt Uganda's economy if oil production fails to start as planned.

Energy minister **Ruth Nankabirwa** told **Africa Risk Consulting Briefing (ARC Briefing)** that the oil project is on course and that the ministry expects to commission the first drilling on 24 January.⁷ Nankabirwa said the drilling programme is going as planned following the arrival of a new oil rig that is capable of drilling up to eight kilometres deep. However, she claimed Western opposition has delayed the project:

*"They [Western countries] had a lot of opposition to fossil fuels, so they caused us to delay, by sponsoring project-affected people, to oppose the oil pipeline project, but the war in **Ukraine***

¹ NTV Uganda, 10 Jan 2023

² Energy Intelligence, 28 Oct 2022

³ World Bank, 30 Apr 2019

⁴ NTV Uganda, 10 Jan 2023

⁵ NTV Uganda, 10 Jan 2023

⁶ NTV Uganda, 10 Jan 2023

⁷ ARC source: Energy minister, Kampala, 10 Jan 2023

caused [a] global energy crisis and as a result, they resorted to dirty coal as a source of energy and are now supporting our oil project.”⁸

Nankabirwa noted that President **Yoweri Museveni** (1986-present) has managed to source funding from the **United States (US)** for the construction of the oil refinery and that Uganda is on course to pump its first oil by 2025 unless another pandemic strikes and prevents the movement of foreign workers:

*“The president managed to get the American group, **Albertine Graben Energy Consortium (AGEC)**, to agree on a final investment decision for the \$4.5 billion **East Africa Energy Security and Transition Investment Project**, which will see the oil refinery built this year.”*

The refinery is to be financed in a Public Private Partnership arrangement of 60:40 ratios in which the government’s 40% equity share is equivalent to two trillion shillings (\$543m).⁹

US-Uganda relationship warms up again

The relationship between the US and Ugandan governments appears to be improving following the US invitation of President Museveni to attend the **US-Africa Leaders Summit** held in **Washington D.C. (US)** on 13-15 December.¹⁰ This was Museveni’s first visit to Washington in five years amid lingering tensions over his authoritarian style of leadership.¹¹ Sanctions on Uganda’s military top brass and civilian leaders, as well as a fallout over the brutal crackdown by Museveni’s 37-year-long administration on political opposition, have strained diplomatic relations with the US in the last four years.¹² Museveni’s relationship with the US has deteriorated over the past decade, giving hope to pro-democracy groups that Washington is slowly abandoning one of its long-time allies in the region.¹³

However, Uganda-based analysts see Museveni’s attendance at the summit as an attempt by both sides to soften the diplomatic tension between the two countries.¹⁴ Supporters of the ruling **National Resistance Movement** viewed his attendance as an opportunity for warming relations with the US.¹⁵ A member of the NRM Central Executive Committee (CEC) told ARC Briefing that the US has tried to work with Ugandan opposition leaders but realised they could not ignore Uganda because of the influence it has in the region:

*“The resurgence of the **M23** rebels in the **Democratic Republic of Congo** and the involvement of **Rwanda** in the conflict might have forced them to reconsider their position of trying to work against the interest of Uganda.”¹⁶*

The official said the US’ earlier stance of reportedly working with opposition leader **Robert Kyagulanyi Sentamu** (also known as **Bobi Wine**) had “betrayed Uganda”, which deployed troops in **Somalia** in 2007 at the request of the US.¹⁷ A senior Ugandan cabinet minister told ARC Briefing that following Museveni’s visit, the US has hinted at strengthening its relationship with Uganda in economic and security matters. The minister said the new relationship “spells doom” for the opposition, which was banking on US support to oust Museveni.¹⁸

⁸ ARC source: Energy minister, Kampala, 10 Jan 2023

⁹ Uganda National Oil Company (UNOC), Annual shareholders report 2017

¹⁰ Source: Uganda analyst 9 Jan 2023

¹¹ Africa Report, 28 Nov 2022

¹² Independent, 17 Dec 2022

¹³ Africa Report 28 Nov 2022

¹⁴ Africa Report 28 Nov 2022

¹⁵ Source: Uganda analyst 9 Jan 2023

¹⁶ ARC source: Ruling party member, Kampala, 9 Jan 2023

¹⁷ ARC source: Ruling party member, Kampala, 9 Jan 2023

¹⁸ ARC source: Cabinet minister, Kampala, 9 Jan 2023

The warmer relationship between Uganda and the US has led to concern in the leading opposition party, the **National Unity Platform**, which was banking on the US to hold to account Ugandan government officials accused of human rights violations.¹⁹ A member of parliament (MP) from central Uganda told ARC Briefing that the new relationship between the government and the US would lead to more human rights abuses and strengthen Museveni's grip on power beyond 2026 when his current term ends.²⁰ The **US State Department** noted in its 2021 report on the state of human rights around the world that significant human rights issues in Uganda included unlawful or arbitrary killings by government forces, including extrajudicial killings, forced disappearance and torture.²¹ The report noted that the Ugandan government is "*reluctant to investigate, prosecute, or punish officials who committed human rights abuses*".²²

However, the US has continued to invest heavily in Uganda, spending almost \$1 billion annually, much of which goes to the health sector through international organisations and local nongovernmental organisations (NGOs).²³

Court nullifies law against free speech

Free speech activists in Uganda are celebrating the constitutional court's annulment of the **Computer Misuse Act 2011**, which they claim restricted free speech.²⁴ Justices of the constitutional court unanimously declared Section 25 of the Computer Misuse Act "*null and void, as it is inconsistent with the constitution*" on 10 January.²⁵ The five judges said the section curtails freedom of speech and cited its vague, broad and ambiguous descriptions of what constitutes offensive communication as grounds for the annulment.²⁶ Justice **Kenneth Kakuru** noted in the lead judgement:

*"I find that the impugned section is unjustifiable as it curtails the freedom of speech in a free and democratic society."*²⁷

Justice Kakuru also noted prosecuting people for the content of their communication is a violation of what falls within the guarantees of freedom of expression in a democratic society.²⁸ Freedom of expression activists have welcomed the judgement after accusing the government of using the act to muzzle free speech.²⁹ **Merab Ingabire** the director of **Solidarity Uganda**, civil society organisation in Kampala's **Bukoto** zone, said the government enacted the law to silence critical voices on social media, with several political activists "*languishing in jail*" because of the political views they shared on social media.³⁰ The leader of the opposition in parliament, **Mathias Mpuga**, described the ruling on **Twitter** as the best new year's gift to the country:

*"A law on offensive communication was going to further curtail media freedoms and generally the civic space. I hope our battle for expanding the frontiers of the civic space shall continue to grow."*³¹

Section 25 of the Computer Misuse Act No. 2 of 2011 provided that any person who "*wilfully and repeatedly uses electronic communication to disturb or attempt to disturb the peace, quiet or right of*

¹⁹ Source: Uganda analyst, 9 Jan 2023

²⁰ ARC source Member of parliament, Kampala, 9 Jan 2023

²¹ US State Department, Nov 2021

²² US State Department, Nov 2021

²³ Africa Report 28 Nov 2022

²⁴ Source: Uganda Analyst, 10 Jan 2023

²⁵ Constitutional Court ruling, 10 Jan 2023

²⁶ Constitutional Court ruling, 10 Jan 2023

²⁷ Constitutional Court records, 10 Jan 2023

²⁸ Constitutional Court records, 10 Jan 2023

²⁹ Constitutional Court records, 10 Jan 2023

³⁰ Constitutional Court records, 10 Jan 2023

³¹ Twitter, 10 Jan 2023

privacy of any person with no purpose of legitimate communication whether a conversation ensues”, commits a misdemeanour and is liable on conviction to imprisonment not exceeding one year.³²

³² Constitutional Court records, 10 Jan 2023

Planner

- 13 Jan 2023 **Kampala (Uganda)** International Conference on Environment and Life Science
- 24 Jan 2023 **Kampala (Uganda)** International Conference on Sustainable Water Management (ICSWM)
- 24 Jan 2022 **Kampala (Uganda)** World Congress on Information Technology and Computer Science (WCITSC);

Chronology

- 11 Jan 2023 **Kampala (Uganda)** *AFP*. Uganda declares an end to an **Ebola** virus outbreak that emerged almost four months ago and claimed the lives of 55 people;
- 8 Jan 2023 **Kampala (Uganda)** *Nile Post*. Finance minister **Henry Musasizi** says investigations into non-payment of December salaries for civil servants will be carried out;
- 7 Jan 2023 **Kampala (Uganda)** *KFM Radio*. Government proposes that both government-aided and private school institutions pay the same fees for school requirements in day and boarding sections;
- 6 Jan 2023 **Kampala (Uganda)** *Nile Post*. At least 16 people have been confirmed dead and scores critically injured after a bus rammed into a stationary trailer along the **Kampala-Gulu** highway;
- 5 Jan 2023 **Kampala (Uganda)** *Daily Monitor*. Government and **Russia**-based **Joint Stock Company Global Security** plan to roll out the controversial digital surveillance of car number plates from 1 March;
- 4 Jan 2023 **Kampala (Uganda)** *Independent*. **National Social Security Fund (NSSF)** board recommends that the **Inspectorate of Government** office takes over investigations into alleged abuse of office, corruption, and mismanagement of NSSF funds by outgoing executive director **Richard Byarugaba**;
- 31 Dec 2022 **Kampala (Uganda)** *Independent*. Police confirm that nine people were killed on the night of 30-31 December in a stampede at **Freedom City Mall** in **Namasuba** along the **Kampala-Entebbe** Road;
- 29 Dec 2022 **Kampala (Uganda)** *Nile Post*. **Uganda Revenue Authority (URA)** directs all individuals earning revenue from entertainment activities, including artists, performers, authors, producers, promoters, event managers, recreational space owners, bar owners and hotel owners, to obtain a Tax Identification Number (TIN), with failure to comply possibly resulting in fines and imprisonment;
- 28 Dec 2022 **Kampala (Uganda)** *Independent*. Opposition **Forum for Democratic Change (FDC)** leader **Patrick Oboi Amuriat** condemns the increased attacks on security forces and demands an official explanation from President **Yoweri Museveni**;
- 25 Dec 2022 **Kampala (Uganda)** *Independent*. President **Yoweri Museveni** rallies citizens to step up the fight against **HIV/AIDS** to reduce the number of deaths associated with the virus, which reached 17,000 in 2022;
- 24 Dec 2022 **Kampala (Uganda)** *Parliament*. Government tables the 2023 **National Budget Framework Paper** totalling Shs49.9 trillion (\$13. billion), paving way for the budget approval process by parliament;
- 23 Dec 2022 **Kampala (Uganda)** *KFM Radio*. Government tables a bill before parliament that seeks to amend the **Employment Act 2006** to provide for recruitment agencies to streamline the process of recruitment of employees for engagement abroad and introduce a clause on employment of migrant workers within **Uganda** and regulation of jobs that may not be offered to non-citizens;
- 22 Dec 2022 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni** signs a waiver on the requirement for visas for **Congolese** citizens entering **Uganda**;

20 Dec 2022 **Kampala (Uganda)** *WFP*. **United Nations World Food Programme (WFP)** welcomes a contribution of \$5.48m from the **European Union's** civil protection and humanitarian aid operations department (**ECHO**) to provide life-saving food assistance in the form of cash transfers for more than 850,000 refugees in Uganda, and emergency food assistance and treatment for malnutrition for an additional 183,288 people in the **Karamoja** region;

19 Dec 2022 **Kampala (Uganda)** *Kfm Radio*. **World Health Organisation (WHO)** expresses confidence in **Uganda's** capacity to fight and end the **Ebola** outbreak, which has claimed over 20 lives, including health workers, in just one month;

18 Dec 2022 **Kampala (Uganda)** *Health Journalist Network*. Records indicate that only 453,000 people have taken a booster dose against **Covid-19** out of an eligible population of 28.5 million;

17 Dec 2022 **Kampala (Uganda)** *Reuters*. President **Yoweri Museveni** lifts all **Ebola**-related movement restrictions in the disease's epicentre in **Mubende** district, stating progress has been made in curbing the deadly disease;

16 Dec 2022 **Kampala (Uganda)** *European Centre for Disease Control & Prevention*. **World Health Organization (WHO)** announces there have been 142 confirmed cases of **Ebola**, of which 55 died and 87 recovered;

15 Dec 2022 **Kampala (Uganda)** *World Bank*. The 20th edition of the **Uganda Economic Update (UEA)**, a twice-yearly analysis of Uganda's near-term macroeconomic outlook, foresees sustained recovery driving real Gross Domestic Product (GDP) growth to 5.5% during the fiscal year 2022/23 from 4.7% in the fiscal year 2021/22;

12 Dec 2022 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni** backtracks on an earlier decision in October to end roadblocks on highways around the country following complaints by traders, businessmen and investors over delays caused by the roadblocks;

11 Dec 2022 **Kampala (Uganda)** *Nile Post*. Leader of the opposition in parliament, **Mathias Mpuuga** says President **Yoweri Museveni's** criticism of former Presidents **Idi Amin** and **Milton Obote** on human rights issues should not blind **Ugandans** to the atrocities committed by armed gangs under his command;

10 Dec 2022 **Mogadishu (Somalia)** *AU*. Members of parliament from **Uganda** commit to supporting initiatives that will boost the welfare and operational capabilities of the Uganda troops deployed in **Somalia** under the **African Union Transition Mission in Somalia (ATMIS)**;

8 Dec 2022 **Kampala (Uganda)** *Daily Monitor*. **European Union (EU)** sanctions **Alain Goetz**, the owner of **Uganda's** gold refinery in **Entebbe**, the leader of **Allied Democratic Forces (ADF)** rebels **Meddie Nkalubo**, the spokesman of the **M23** rebel group and five others over insecurity in the eastern **Democratic Republic of Congo (DRC)**;

About Africa Risk Consulting:

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