

## AFRICA RISK CONSULTING

### Uganda Monthly Briefing May 2019

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#### Uganda Summary 13 May 2019

*Parliament's Budget Committee declines to approve US\$59 billion (\$15.6m) for Uganda Airlines' operational budget over the lack of a substantive board. The Uganda Police Force arrests independent legislator Robert Kyagulanyi, also known as Bobi Wine, on allegations of holding an illegal demonstration in July 2018 against the social media tax. The Uganda Communications Commission (UCC) suspends 13 media houses over their broadcast of Bobi Wine's arrest. The opposition People Power movement appoints an official spokesman, former news anchor Joel Senyonyi, as it prepares for the 2021 election. The energy and mineral development ministry opens the second round of bidding for new oil blocks in western Uganda's Albertine Graben region.*

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#### Budget committee declines to fund Uganda Airlines

The **Budget Committee** of **Uganda's** parliament has declined to make operational funds available for the revival of the national airline, **Uganda Airlines**. The Budget Committee's decision may delay the launch of the airline, despite delivery of two **Bombardier** aircraft from **Canada** in April.<sup>1</sup> The Budget Committee announced its decision on 8 May to decline to avail US\$59 billion (\$15.6m) to Uganda Airlines because it lacks a substantive board.<sup>2</sup> The government applied for funding to support operational costs in the 2019/2020 year, which include salaries, fuel, marketing, and logistics.<sup>3</sup> The Budget Committee approved a supplementary budget of US\$280 billion (\$74m) towards payment of the Bombardier aircraft in March, but requested that government establish the substantive board.<sup>4</sup> The public works and finance ministries hold shares in the airline.<sup>5</sup>

The Budget Committee's decision comes amid mounting public scepticism over the viability of the revived national airline.<sup>6</sup> The President **Idi Amin** (1971-1979) government established Uganda Airlines in 1977, but the airline closed down in 2001 because of poor management, corruption, debt, and lack of profitability.<sup>7</sup> Former cabinet minister and pilot **Mike Mukula** said that Uganda Airlines had also failed because of undercapitalisation and political interference, especially pertaining to the appointment of board members.<sup>8</sup> Uganda-based pilot and political activist **Francis Babu** also indicated that,

*"At the time, they did not have sophisticated ways of running an airline. For example, tickets could be bought off the counter. Now you have to buy a ticket through a*

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<sup>1</sup> The Observer, 10 May 2019.

<sup>2</sup> The Observer, 10 May 2019.

<sup>3</sup> The Observer, 10 May 2019.

<sup>4</sup> The Observer, 10 May 2019.

<sup>5</sup> The Observer, 10 May 2019.

<sup>6</sup> Deutsche Welle, 12 May 2019.

<sup>7</sup> Deutsche Welle, 12 May 2019.

<sup>8</sup> Deutsche Welle, 12 May 2019.

*computer, and if you do not pay for it, they cannot give you a free ticket anymore like they used to.*<sup>9</sup>

Uganda had hoped to launch the revival of its national airline in July, beginning commercial flights with two 74-seater Bombardier aircraft.<sup>10</sup> The government has secured six regional routes, which include **Mogadishu (Somalia), Bujumbura (Burundi), Dar es Salaam (Tanzania), Juba (Sudan),** and **Nairobi and Mombasa in Kenya.**<sup>11</sup>

Concerns over the success of Uganda Airlines emanate mainly from the pervasive high-level corruption in public institutions.<sup>12</sup> The highly competitive nature of the commercial airline industry, coupled with high operational costs, requires prudent and expert management of the airline to avoid another collapse.<sup>13</sup>

### **Police arrest Bobi Wine and shut down media outlets...**

Members of the **Uganda Police Force (UPF)** arrested and detained opposition legislator **Robert Kyagulanyi** (also known by his stage name of **Bobi Wine**) on 29 April alleging that he participated in the social media protests in July 2018.<sup>14</sup> The arrest is part of the government's targeted attacks against the popular musician and leader of the opposition **People Power** movement, which is fast becoming Uganda's leading opposition organisation.<sup>15</sup> The UPF stated that Kyagulanyi led the protests against a tax on social media – "*over the top services*" – and mobile money transactions without police approval as required by law.<sup>16</sup> The tax, which imposes a daily levy of US\$200 (\$0.05) for mobile phone users to access social media platforms such as **Facebook, Twitter, and Whatsapp**, attracted considerable criticism in Uganda (see *ARC Briefing Uganda July 2018*).<sup>17</sup>

*"The Hon. Robert Kyagulanyi, who has repeatedly shown blatant disregard for the law, was arrested at **Mulago** roundabout. He faces additional charges of holding an illegal assembly and procession, after he was accused of organizing his supporters to escort him along the way... The police are granted powers and discretion in policing rioters who did not conform with the **Public Order Management Act.**"<sup>18</sup>*

The arrest of Bobi Wine followed the UPF's cancellation of his music shows on 23 April.<sup>19</sup> Although the UPF gave non-compliance with safety standards as the reason for cancelling the concert, the move is more likely part of government efforts to prevent Kyagulanyi from using his concerts, which are very popular with Uganda's youth, as platforms for promoting the People Power movement's politics and spreading its message against President **Yoweri Museveni's** (1986-present) regime.<sup>20</sup> His music underwrites his political popularity and is his main source of income.<sup>21</sup> Police released Kyagulanyi from the **Luzira** prison on bail on 2

<sup>9</sup> Francis Babu, quoted in Deutsche Welle, 12 May 2019.

<sup>10</sup> Deutsche Welle, 12 May 2019.

<sup>11</sup> Deutsche Welle, 12 May 2019.

<sup>12</sup> Source, analyst, London.

<sup>13</sup> Source, analyst, London.

<sup>14</sup> CNN, 29 Apr 2019.

<sup>15</sup> CNN, 29 Apr 2019.

<sup>16</sup> The Guardian, 30 Apr 2019.

<sup>17</sup> The Guardian, 30 Apr 2019.

<sup>18</sup> Uganda Police Force statement, quoted in CNN, 29 Apr 2019.

<sup>19</sup> CNN, 29 Apr 2019.

<sup>20</sup> Al Jazeera, 29 Apr 2019.

<sup>21</sup> Al Jazeera, 29 Apr 2019.

May.<sup>22</sup>

The **Uganda Communications Commission (UCC)** issued a directive on 2 May suspending 13 radio and television stations that had covered Kyagulanyi's arrest, as well producers and heads of news and other programmes, accusing them of broadcasting "*extremist or anarchic messages*".<sup>23</sup> Although the UCC did not specify the offending programmes, it was clearly reacting to the live news bulletins pertaining to Kyagulanyi's arrest on 29 April.<sup>24</sup> The affected stations are **Akaboozi FM, BBS TV, Beat FM, Bukedde TV, Capital FM, CBS FM, Kingdom TV, NBS TV, Pearl FM, Salt TV, Sapientia FM, and Simba FM.**<sup>25</sup> Several diplomatic missions in Uganda criticised the suspension of the media houses.<sup>26</sup> The **European Union (EU)** delegation and heads of missions of **Austria, Denmark, France, Germany, Ireland, Italy, the Netherlands, Sweden, the United Kingdom and the United States,** among others, issued statements expressing concern over the continued violation of human rights in Uganda.<sup>27</sup>

The government's arrest and detention of Kyagulanyi are intended to frustrate his political activism, which is bringing increased attention to flaws in Museveni's administration.<sup>28</sup> Although police are unlikely to detain him for prolonged periods, Kyagulanyi will remain encumbered by legal cases to frustrate and weaken him politically.<sup>29</sup> However, the government-sanctioned attacks on opposition activists and media houses will lower Uganda's standing in global indicators.<sup>30</sup> The 2019 edition of the **World Press Freedom** rankings, published by **Reporters Without Borders (RWB)**, indicates that Uganda is ranked 125 out of 180 countries, a drop from 117 in the previous rankings.<sup>31</sup>

### ... as People Power appoints official spokesman

The People Power movement appointed prominent former **NTV** news anchor **Joel Senyonyi** as its official spokesman on 7 May.<sup>32</sup> This is a significant step in formalising the structures of the movement ahead of elections in 2021.<sup>33</sup> In announcing Senyonyi's appointment, Kyagulanyi indicated that it had become necessary for the People Power movement to have a designated spokesperson to regularise the pressure group's communications:

*"After a long struggle for change by the members of People Power Movement, with each of us making statements which have sometimes been contradictory, we decided to choose one person amongst us to manage all our communications..."*<sup>34</sup>

Kyagulanyi highlighted Senyonyi's past involvement in speaking out against President Museveni's record of poor governance:

*"Joel Senyonyi is an intelligent young Ugandan, accomplished professional, and devoted patriot...with an impeccable record in speaking out against injustice, bad governance, and the many evils that bedevil our society. It gives me great pleasure to see intelligent*

<sup>22</sup> Cnn, 2 May 2019.

<sup>23</sup> CPJ, 2 May 2019.

<sup>24</sup> CPJ, 2 May 2019.

<sup>25</sup> CPJ, 2 May 2019.

<sup>26</sup> Journal du Cameroun, 3 May 2019.

<sup>27</sup> Journal du Cameroun, 3 May 2019.

<sup>28</sup> Source, analyst, London.

<sup>29</sup> Source, analyst, London.

<sup>30</sup> Source, analyst, London.

<sup>31</sup> The Independent, 12 May 2019.

<sup>32</sup> Softpower, 7 May 2019.

<sup>33</sup> Softpower, 7 May 2019.

<sup>34</sup> Softpower, 7 May 2019.

*young Ugandans join this struggle to liberate our country from oppression and dictatorship.”<sup>35</sup>*

Senyonyi has been a media professional for 13 years and at the time of his appointment was a news anchor for private television station, NTV.<sup>36</sup> He holds a degree in statistics from the **Institute of Statistics and Applied Economics** and is currently studying law at **Makerere University**.<sup>37</sup> He participated in protests against the social media tax, alongside Kyagulanyi and another prominent young journalist, **Raymond Mujuni** in July 2018.<sup>38</sup> Senyonyi has also been involved in electoral politics, unsuccessfully running for office as the **Kampala Central Youth Member of Parliament** on the opposition **Forum for Democratic Change (FDC)** ticket in 2011.<sup>39</sup>

Senyonyi’s appointment is likely to galvanise the People Power movement, given his popularity as a relatively young media personality.<sup>40</sup> He will have considerable appeal to the People Power movement’s urban youth base.<sup>41</sup> His appointment also reflects the movement’s recognition of the need to regularise its institutional structures for cohesion and order, in preparation for the 2021 elections.<sup>42</sup>

### Government opens second round of competitive bidding for oil blocks

The energy and minerals development ministry opened a second round of bidding on 8 May for five oil exploration blocks in western Uganda’s oil-rich **Albertine Graben** area.<sup>43</sup> The bidding round represents the expansion of Uganda’s oil sector, amidst ongoing preparations for the production of oil by 2022.<sup>44</sup> Energy minister **Irene Muloni** announced during the **East African Petroleum Conference and Exhibition**, held in Mombasa from 8-10 May, that the government will offer 4,928 square kilometres of oil blocks for competitive bidding.<sup>45</sup> The government also plans to capitalise on currently high oil prices, which are likely to motivate investor interest.<sup>46</sup>

The energy ministry indicated that the auction would conclude with the award of exploration licences to successful companies by December 2020.<sup>47</sup> Muloni noted that exploration costs in Uganda are relatively low, costing less than a dollar per barrel compared to the world average of \$2 per barrel.<sup>48</sup> Uganda launched the country’s first oil block auction in 2015, offering six oil blocks.<sup>49</sup> **Australia-based Armour Energy Limited** and **Nigeria-based Oranto Petroleum**, which participated in the auction, have since signed production sharing agreements (PSAs) with the energy ministry.<sup>50</sup>

<sup>35</sup> Watchdog Uganda, 8 May 2019.

<sup>36</sup> Watchdog Uganda, 8 May 2019.

<sup>37</sup> Softpower, 7 May 2019.

<sup>38</sup> Watchdog Uganda, 8 May 2019.

<sup>39</sup> Watchdog Uganda, 8 May 2019.

<sup>40</sup> Source, analyst, London.

<sup>41</sup> Source, analyst, London.

<sup>42</sup> Source, analyst, London.

<sup>43</sup> Reuters, 9 May 2019.

<sup>44</sup> Reuters, 9 May 2019.

<sup>45</sup> Oil Review Africa, 10 May 2019.

<sup>46</sup> Oil Review Africa, 10 May 2019.

<sup>47</sup> Oil Review Africa, 10 May 2019.

<sup>48</sup> Oil Review Africa, 10 May 2019.

<sup>49</sup> Reuters, 9 May 2019.

<sup>50</sup> Reuters, 9 May 2019.

The announcement came as a group of civil society organisations (CSOs) in Uganda issued a statement criticising members of parliament for failing to ensure the government’s compliance with oil revenue regulations using their oversight powers.<sup>51</sup> The government withdrew USh200 billion (\$53m) from the **Petroleum Fund** in March, reportedly to fund budget deficits in the 2018/19 fiscal year, without parliamentary approval.<sup>52</sup> The CSOs include the **Africa Institute for Energy Governance (AFIEGO)**, the **National Association of Professional Environmentalists (NAPE)**, **World Voices Uganda (WVU)**, **Centre for Constitutional Governance (CCG)**, **Guild Presidents Forum on Oil Governance (GPF OG)**, **Green Organisation Africa**, **Girl Power Foundation**, **Kanungu Youth And Women Empowerment Group**, **Oil refinery Residents Association (ORRA)**, and **Kakindo Orphans**.<sup>53</sup> In their communiqué, the CSOs said,

*“This is against provisions of the **Public Finance Management Act of 2015**, which provides for how oil revenues are supposed to be spent. The main objective of the meeting therefore was to discuss and agree on how civil society organisations can work with relevant stakeholders to pressure government to refund the Shs 200 billion [\$59m] that was withdrawn by government from the Petroleum Fund in March 2019, contrary to the law.”<sup>54</sup>*

The CSOs said that the abuse of oil funds began in 2011, when President Museveni asked the **Bank of Uganda (BoU)** (central bank) for \$740m to buy fighter jets, using money from the oil fund.<sup>55</sup> The government has earned over \$1 billion from signature bonuses, but the CSOs argue that the government is unable to account for much of the funds.<sup>56</sup> Uganda’s oil industry is potentially lucrative, and oil revenue is likely to account for the largest proportion of the country’s export revenue.<sup>57</sup> However, public institutions are susceptible to political influence, and this is likely to result in the funds not being used to improve human livelihoods in Uganda.<sup>58</sup>

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<sup>51</sup> Eagle Online, 2 May 2019.

<sup>52</sup> Eagle Online, 2 May 2019.

<sup>53</sup> Eagle Online, 2 May 2019.

<sup>54</sup> Excerpt from the civil society organisations’ communiqué, quoted by Eagle Online, 2 May 2019.

<sup>55</sup> Eagle Online, 2 May 2019.

<sup>56</sup> Eagle Online, 2 May 2019.

<sup>57</sup> Source, analyst, London.

<sup>58</sup> Source, analyst, London.

## Planner

26 Jun 2019 **Kampala (Uganda)** Uganda Trade Expo;  
 19 Sep 2019 **Kampala (Uganda)** Uganda Oil and Gas Summit;  
 2 Oct 2019 **Kampala (Uganda)** Uganda International Trade Fair;  
 2020 **Final Investment Decision** on oil and gas sector;  
 2023 **(Uganda)** Uganda general election;

## Chronology

12 May 2019 **Kampala (Uganda)** *The Independent*. **Uganda** drops eight points from 117 to 125 out of 180 countries on the **World Press Freedom** rankings, published by **Reporters Without Borders**;

10 May 2019 **Kampala (Uganda)** *The Observer*. Members of parliament decline to approve US\$59 billion (\$15.6m) to fund **Air Uganda's** operational costs because the airline does not yet have a substantive board;

9 May 2019 **Kampala (Uganda)** *The Independent*. The energy and mineral development ministry launches a new round of bidding for oil exploration blocks, as government expands the oil sector;

3 May 2019 **Kampala (Uganda)** *Journal du Cameroun*. **European** heads of mission in **Uganda** issue statement criticising the government's suspension of media houses that reported on the arrest of popular independent legislator **Bobi Wine**;

2 May 2019 **Kampala (Uganda)** *CPJ*. The **Uganda Communications Commission (UCC)** suspends 13 media houses over live broadcasts of the **Uganda Police Force's** arrest of independent legislator, **Bobi Wine**;

2 May 2019 **Kampala (Uganda)**. *The Monitor*. President **Yoweri Museveni** meets with the chief executive officer of **France**-based oil company **Total E&P** to discuss various issues pertaining to ongoing preparations for oil production in 2022;

2 May 2019 **Kampala (Uganda)** *Eagle Online*. Civil society organisations issue communiqué criticising the government's withdrawal of funds from the **Petroleum Fund** without parliamentary approval;

2 May 2019 **Kampala (Uganda)** *The Independent*. Finance and economic development minister **Matia Kasaija** inaugurates the **Petroleum Revenue Investment Committee** that will oversee the management of oil revenue;

29 Apr 2019. **Kampala (Uganda)** *CNN*. The **Uganda Police Force** arrests and detains independent legislator **Bobi Wine** over allegations of holding an illegal demonstration against the social media tax in July 2018;

26 Apr 2019 **Kampala (Uganda)** *The East African*. **Uganda's** members of parliament increase their allowances by 39%, citing increased cost of living;

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