

AFRICA RISK CONSULTING

Uganda Monthly Briefing April 2020

Uganda Summary 21 April 2020

President Yoweri Museveni (1986-present) extends Uganda's lockdown period by an additional 21 days to keep numbers of new infections of Covid-19 low. As of 19 April, Uganda has confirmed 55 cases of Covid-19 infection. The East African Community (EAC) donates two mobile testing units to Uganda. Opposition members of parliament criticise Uganda's legislators for allocating themselves \$2.6m to fund their individual efforts to curb the spread of coronavirus in their constituencies. Police arrest four officials from the prime minister's office on charges of defrauding the government's scheme for buying food for poor and disadvantaged communities affected by the coronavirus lockdown. The Bank of Uganda (central bank) lowers its Central Bank Rate to 8%, down from 9% in February, as the global economic standstill resulting from the Covid-19 epidemic hits Uganda's economy.

Museveni extends lockdown ...

President **Yoweri Museveni** (1986-present) extended **Uganda's** lockdown period by an additional 21 days, to 5 May, on 14 April.¹ Museveni said that the extension was necessary to ensure that the numbers of new infections of **Covid-19** remained low.² Health minister **Ruth Aceng** reported on 19 April that Uganda had 55 confirmed cases, with 20 recoveries and 35 patients still receiving treatment.³

*"Uganda has had relatively fewer Covid-19 infections because of a few main factors: there is relatively limited between Uganda and affected regions of the world, compared to the volume of travel in and out of a country like **South Africa**, for example. The government also moved relatively quickly to impose lockdowns before the rate of infections increased. In fact, most of the recorded infections have been observed in individuals who had flown in from outside of Uganda. We have also had a couple of cases where truck drivers from other **East African** countries also tested positive. The government is doing a relatively good job of testing and diagnosing all suspected cases so far."*⁴

Aceng noted on 19 April that Uganda had received a donation from the **East African Community (EAC)** secretariat of two mobile laboratories for testing and diagnosing Covid-19.⁵ The **United States (US)** government's **State Department** also disbursed \$3.6m to the Ugandan government on 17 April to support its efforts to fight the Covid-19 pandemic.⁶ The funding is part of the US government's global emergency, health, humanitarian and economic assistance fund worth \$508m to support countries around the world to fight the Covid-19 epidemic.⁷

...as criticism mounts against MPs' Covid-19 allowances ...

Uganda's parliament faces a public backlash to its decision on 15 April to allocate its members a total of US\$ 10 billion (\$2.6m) from the government's US\$ 304 billion (\$80.5m) supplementary budget to

¹ Reuters, 14 Apr 2020.

² Reuters, 9 Apr 2020.

³ Anadolu News Agency, 19 Apr 2020.

⁴ Source, analyst, Kampala

⁵ Anadolu News Agency, 19 Apr 2020.

⁶ PM Daily, 17 Apr 2020.

⁷ PM Daily, 17 Apr 2020.

fight the Covid-19 epidemic in their constituencies.⁸ The supplementary budget has renewed focus on institutionalised corruption in Uganda’s government.⁹ Parliamentary speaker **Helen Kadaga** justified the move saying that each legislator would receive US\$ 20m (\$5,200) to fund their efforts to curb the spread of the Covid-19 virus in their constituencies, including dissemination of information, medical care, food distribution and monitoring.¹⁰ Parliament had initially passed a US\$ 304 billion (\$80.5m) supplementary budget that the finance ministry had presented for fighting coronavirus, and legislators subsequently moved to secure the US\$ 10 billion (\$2.6m) fund for their individual use.¹¹

Opposition legislators have led the charge in criticising parliament’s decision. Former **Forum for Democratic Change (FDC)** leader and veteran opposition activist **Kizza Besigye** accused the ruling **National Resistance Movement (NRM)** party-dominated legislature of greed, and systematically using parliament at a time of crisis to allocate funds for their own personal use.¹² Independent legislator and representative of the **Ntungamo** municipality **Gerald Karuhanga** and opposition member of parliament for **Erute North**, **Jonathan Odur** filed a petition to the **Uganda High Court** on 20 April to block the planned disbursement of funds to legislators, describing the move as “selfish”.¹³ Popular musician and independent legislator **Robert Kyagulanyi** issued a statement criticising parliament’s decision, describing it as “insensitive to the plight of Ugandans”, whom Kyagulanyi says are bearing the brunt of the Covid-19 pandemic.¹⁴ Kyagulanyi said a large number of Ugandans are in dire need of food, healthcare and other essential amenities but the government has not done much to help them:

“Ugandans are therefore justified to be very angry at this selfish action by their ‘representatives’... We reject the notion that this money was meant to enable members of parliament carry out their roles in this period.”¹⁵

The development highlights the level of opportunism and institutionalised corruption endemic in Uganda’s government.¹⁶ The ruling NRM party systematically uses constitutional amendments, acts of parliament and supplementary budgets to its advantage, as well as strategies to maintain the ruling party’s dominance over the country’s political system.¹⁷

...and prime minister’s officials face allegations of fraud over Covid-19 aid

President Museveni announced on 9 April that agents from the **Anti-Corruption Unit (ACU)** at the president’s office had arrested four officials from the **Office of the Prime Minister (OPM)** on allegations of fraudulent conduct in procuring food aid intended for poor and vulnerable communities during the government’s lockdown to curb the spread of Covid-19.¹⁸ Although the allegations highlight high-level corruption in Uganda’s government, the swift police reaction demonstrates the government’s determination to efficiently manage its response to the epidemic.¹⁹

ACU agents arrested permanent secretary in the OPM **Christine Guwatudde Kintu**, accounting officer **Joel Wanjala**, assistant procurement commissioner **Fred Lutimba**, and Covid-19 relief management head **Martin Owor**.²⁰ Investigators reported that the officials had inflated procurement prices for the food and declined to purchase from suppliers whose goods – particularly maize flour

⁸ Daily Monitor, 17 Apr 2020.

⁹ Daily Monitor, 17 Apr 2020.

¹⁰ Daily Monitor, 17 Apr 2020.

¹¹ Daily Monitor, 17 Apr 2020.

¹² PM Daily, 20 Apr 2020.

¹³ PM Daily, 20 Apr 2020.

¹⁴ Softpower, 16 Apr 2020.

¹⁵ Excerpt from Bobi Wine’s statement, quoted by PM Daily, 20 Apr 2020.

¹⁶ Source, analyst, London

¹⁷ Source, analyst, London

¹⁸ Reuters, 9 Apr 2020.

¹⁹ Reuters, 9 Apr 2020.

²⁰ VOA, 9 Apr 2020.

and beans – were significantly cheaper.²¹ This led to over \$500,000 prejudice to the government.²² The ACU has charged the officials with abuse of office, prejudicing their employer, causing financial loss, facilitating fraudulent accounting, and conspiring to commit fraud.²³ The charges carry at least five years' imprisonment.²⁴ Anti-corruption unit head Lt. Colonel **Edith Nakalema** stated:

*"We have some clear evidence of the well-known, able and credible suppliers who offered lower prices and the accounting officers in OPM rejected [them]. Instead, they took on the higher ones. Some of the people who were given contracts to supply [the foodstuffs] are not even pre-qualified, and that's the President's concern."*²⁵

Prominent Uganda-based economist **Fred Muhumuza** said that President Museveni's swift response to the corruption allegations signalled a notable shift in strategy, given the endemic levels of corruption in the OPM and government in general:

*"We [expected] this scandal to come out later in the year, [but] for it to happen now, it means there is some experience in the president's office in dealing with corruption. Gone are the days when you would just buy food and you think the price is not known by other people, which has been used as evidence [of the corruption]."*²⁶

High-level systemic corruption is an on-going feature of the ruling NRM administration.²⁷ Most of the corruption cases either go unreported or investigated.²⁸ This case attracted immediate attention and prosecution because the officials involved are primarily technocrats and lack intimate connections with the governing regime's power brokers.²⁹ However, such high-level corruption cases have a negative impact on Uganda's image and threaten its ability to secure foreign aid, particularly during the on-going Covid-19 pandemic.³⁰

Bank of Uganda lowers Central Bank Rate

The **Bank of Uganda (BoU)** (central bank) lowered its central bank rate on 6 April from 9%, which it had announced in February, to 8% for the month of April.³¹ The move is in response to the on-going global economic downturn that has resulted from the Covid-19 pandemic.³² Dropping the interest rates is a strategy for reducing commercial banks' funding costs, reducing borrowing costs, boosting consumer demand, and facilitating economic growth during periods of economic decline.³³ In a statement, the BoU said:

*"The COVID-19 pandemic has led to a severe contraction in economic activity due to a combination of global supply chain disruptions, travel restrictions, measures to limit contact between persons, and the sudden decline in demand. Consumer-facing sectors have been severely affected by social distancing measures and heightened uncertainty, while the manufacturing sector has declined on account of disruptions to the inflow of raw materials."*³⁴

Nevertheless, the **International Monetary Fund (IMF)** has indicated that Uganda's economy is likely to withstand the adverse impact of the crisis better than the rest of the East African Community (EAC)

²¹ Reuters, 9 Apr 2020.

²² VOA, 9 Apr 2020.

²³ VOA, 9 Apr 2020.

²⁴ VOA, 9 Apr 2020.

²⁵ The head of the anti-corruption unit at State House, Lt. Colonel Edith Nakalema, quoted by VOA, 9 Apr 2020.

²⁶ Uganda-based economist, Fred Muhumuza quoted by VOA, 9 Apr 2020.

²⁷ Source, analyst, London

²⁸ Source, analyst, London

²⁹ Source, analyst, London

³⁰ Source, analyst, London

³¹ The East African, 15 Apr 2020.

³² The East African, 15 Apr 2020.

³³ The East African, 15 Apr 2020.

³⁴ Except from the BoU's statement, quoted by The East African, 15 Apr 2020.

countries.³⁵ The IMF's **Global Outlook Report for 2020** indicates that Uganda will experience a 3.5% rate of economic growth in 2020, which is a decline from 5% growth in 2019.³⁶ However, this is a more optimistic forecast than that for fellow EAC economies:

- **Kenya's** growth is predicted to drop to 1% in 2020 from 5.6% in 2019;
- **Tanzania's** growth is predicted to drop to 2% in 2020 from 6.3% in 2019.³⁷

Uganda will nevertheless experience severe economic conditions that include increased unemployment and higher poverty levels resulting from reduced economic activity.³⁸ The country's major economic activities, such as agriculture, tourism, manufacturing, mining and the budding oil sector, will suffer losses as a result of the decline in local and global trade and mobility.³⁹ Uganda will need to rely on foreign financial assistance, such as donor funding and loans, although these will not be guaranteed as the global economy enters into recession.⁴⁰

Planner

3 Aug 2020 **Kampala (Uganda)** International Conference on Technology and Management
 18 Sep 2020 **Kampala (Uganda)** Business Growth Conference
 23 Sep 2020 **Kampala (Uganda)** Uganda International Oil and Gas Summit
 2020 **(Uganda)** Final Investment Decision on oil and gas sector
 2021 **(Uganda)** Uganda General Election

Chronology

20 Apr 2020 **Kampala (Uganda)** *PML Daily*. Opposition legislators **Gerald Karuhanga** and **Jonathan Odur** file a petition at the **Uganda High Court** seeking to block the allocation of \$2.6m to individual legislators, describing parliament's decision as "self-seeking";

20 Apr 2020 **Kampala (Uganda)** *The Observer*. The minister of state for foreign affairs has rejected the offer of opposition legislator **Robert Kyagulanyi**, aka **Bobbi Wine**, to assist government with evacuating 285 **Ugandans** stranded in **China**;

19 Apr 2020 **Kampala (Uganda)** *Independent*. President **Yoweri Museveni** threatens to import food from **Mexico** if traders continue to hoard essential items in order to increase prices;

19 Apr 2020 **Kampala (Uganda)** *Anadolu Agency*. The **East African Community (EAC)** secretariat donates two mobile laboratories to the government of **Uganda** for the testing and diagnosis of **COVID-19** patients;

17 Apr 2020 **Kampala (Uganda)** *Daily Monitor*. **Uganda's** parliament faces criticism over its allocation of US\$10 billion (\$2.6m) for individual legislators ostensibly to fund efforts to prevent the spread of the **COVID-19** virus;

17 Apr 2020 **Kampala (Uganda)** *PML Daily*. The **United States State Department** has donated \$3.6m to the Ugandan government's efforts to fight the spread of the **COVID-19** virus;

15 Apr 2020 **Kampala (Uganda)** *The Independent*. The **International Monetary Fund (IMF)** projects that Uganda's economy will be more resilient in the aftermath of the **COVID-19** epidemic, compared to the rest of the **East African Community (EAC)** countries;

³⁵ The Independent, 15 Apr 2020.

³⁶ The Independent, 15 Apr 2020.

³⁷ The Independent, 15 Apr 2020.

³⁸ Source, analyst, London

³⁹ Source, analyst, London

⁴⁰ Source, analyst, London

- 15 Apr 2020 **Kampala (Uganda)** *The East African*. The **Bank of Uganda (BoU)** has lowered the **Central Bank Rate (CBR)** from 9% in February to 8% in April because of the economic downturn induced by the **COVID-19** virus;
- 14 Apr 2020 **Kampala (Uganda)** *Softpower*. **Uganda** experiences a nationwide power outage after a moving island clogs the **Nalubaale Hydro Power Station**;
- 14 Apr 2020 **Kampala (Uganda)** *Reuters*. President **Yoweri Museveni** extends the **coronavirus** lockdown by an additional 21 days up to 5 May to curb the spread of the **COVID-19** epidemic;
- 9 Apr 2020 **Kampala (Uganda)** *VOA*. The **Anti-Corruption Unit (ACU)** of the president's office arrests and charges four officials from the prime minister's office over allegations of defrauding the government's scheme to purchase food for disadvantaged communities affected by the **COVID-19** induced lockdown;
- 8 Apr 2020 **Kampala (Uganda)** *AA*. President **Yoweri Museveni** announces the new measures in an address to the nation, adding he will act harshly against those who disregard his instructions;
- 7 Apr 2020 **Kampala (Uganda)** *Kampala Sun*. Agriculture minister **Vincent Ssempijja** urges farmers to start planting to ensure food security even if new locust swarms could destroy the crops given that supplies needed to fight the pests are diverted to curbing the **covid-19** outbreak;
- 6 Apr 2020 **Kampala (Uganda)** *Kampala Sun*. **Bank of Uganda** (central bank) reduces its benchmark interest rate by 1 percentage point to 8%, the lowest level since the central bank introduced the policy rate in 2011 at 13%;
- 6 Apr 2020 **Kampala (Uganda)** *AA*. **Intergovernmental Authority on Development** donates \$100,000 to **Uganda** to fight the spread of **coronavirus**;
- 2 Apr 2020 **Kampala (Uganda)** *Xinhua*. Health ministry rolls out a comprehensive health plan to combat the spread of **covid-19**, accompanied by the **World Health Organisation** and the **United States Center for Disease Control and Prevention**;
- 30 Mar 2020 **Kampala (Uganda)** *Kampala Sun*. President **Yoweri Museveni** orders a 14-day nationwide lockdown in a bid to curb the spread of **covid-19**;
- 27 Mar 2020 **Kampala (Uganda)** *Business Day*. Police say two men are in hospital after being shot for violating restrictions on transport in a bid to curb the spread of **covid-19**;
- 25 Mar 2020 **Kampala (Uganda)** *The East African*. President **Yoweri Museveni** warns traders against taking advantage of the **covid-19** pandemic by inflating prices of food and other basic supplies in **Uganda**;
- 22 Mar 2020 **(East Africa)** *Bloomberg*. **United Nations Food and Agriculture Organisation** says the **covid-19** pandemic is hampering the fight against locusts in **East Africa** as the delivery of pesticides and equipment is delayed;
- 22 Mar 2020 **Kampala (Uganda)** *Kampala Sun*. Health ministry confirms the first case of **covid-19** in **Uganda**, a man who flew to Uganda from **Dubai**, as government closes its borders;
- 19 Mar 2020 **Kampala (Uganda)** *Daily Monitor*. Finance minister **Matia Kasaija** tells parliament that projected economic growth for this financial year has lowered by 0.3 to 0.8 percentage points due to **covid-19**, and that at least 780,000 **Ugandans** may be pushed into poverty;
- 18 Mar 2020 **Kampala (Uganda)** *New Vision*. President **Yoweri Museveni** announces strict measures to stop the spread of **Covid-19** in **Uganda**, including a ban on public gatherings, closure of schools and suspension of religious gatherings;
- 12 Mar 2020 **Kampala (Uganda)** *Kampala Sun*. Government restricts visitors from some countries with what it terms high cases of **COVID-19**, including **China, France, Germany, Iran, Italy, South Korea** and **Spain**;

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