

## AFRICA RISK CONSULTING

## Uganda Monthly Briefing July 2022

## Uganda Summary 9 July 2022

**Reports of intrigue among the top commanders of the Uganda People's Defence Force (UPDF) stir public anxiety as armed forces commander-in-chief President Yoweri Museveni (1986-present) attends the Commonwealth Heads of Government Meeting (CHOGM) in Rwanda. The future of Uganda's leading opposition political party, the National Unity Platform (NUP), is in jeopardy following a fresh leadership wrangle allegedly orchestrated by the ruling National Resistance Movement (NRM). Industry experts cast doubt on the reported discovery of 31 million tonnes of gold deposits in Uganda.**

## Rumours of infighting among army top brass raise concern ...

Reported intrigue among the top commanders of the **Uganda People's Defence Force (UPDF)** is raising concern in the **Ugandan** public. Local media reported on 24 June that deputy defence force chief Lt. Gen. **Peter Elwelu** had put all troops on **Class One Standby Order**, the highest level of combat readiness, and prohibited the movement of personnel and equipment.<sup>1</sup>

The timing of the order created speculation, as it was issued when armed forces commander-in-chief President **Yoweri Museveni** (1986-present) was in **Rwanda** attending the **Commonwealth Heads of Government Meeting (CHOGM)**. Observers drew parallels with the deposition of late former President **Apollo Milton Obote** (1966-1971; 1980-1985) in 1971 while he was in **Singapore** attending a Commonwealth Heads of Government Meeting, plunging the country into several years of anarchy under General **Idi Amin Dada Oumee** (1971-1979).<sup>2</sup>

Local media have reported tension in the top echelons of the UPDF, evoking memories of years of anarchy as internal strife beset army leadership.<sup>3</sup> Museveni's son and commander of the **Land Forces**, Lt. General **Muhoozi Kainerugaba**, appeared to confirm the existence of a high level of intrigue in the army in a 25 June **Twitter** post:

*"In the coming battle, let the people of Uganda and Rwanda support me... like I have fought for them. Let us deal with the traitors once and for all."*<sup>4</sup>

Upon returning from the CHOGM meeting on 26 June, President Museveni summoned all top commanders for a meeting in the western Uganda district of **Ntungamo**.<sup>5</sup> Local media reported that Museveni sought to reassure the armed forces that all was well in the army amid reports of lack of cohesion in its top leadership.<sup>6</sup> **ChimpReports**, an online news website with close links to the security forces, says the army acted on wrong intelligence provided by Rwanda that something untoward was about to happen in Uganda:

*"There was rush to order a standby of the armed sources but we managed to address the situation so people need to remain calm."*<sup>7</sup>

President Museveni has in the meantime warned military commanders, including Kainerugaba, to refrain from commenting about security and foreign policy issues on social media platforms.<sup>8</sup>

<sup>1</sup> Daily Monitor 24 Jun 2022

<sup>2</sup> Source, Uganda analyst

<sup>3</sup> Source, Uganda analyst

<sup>4</sup> Twitter post, 6 Jul 2022

<sup>5</sup> ChimpReports 28 Jun 2022

<sup>6</sup> ChimpReports 28 Jun 2022

<sup>7</sup> ChimpReports 28 Jun 2022

Kainerugaba frequently uses Twitter to comment on regional issues, contradicting government and army positions.<sup>9</sup> In one incident, he tweeted his support for **Ethiopia's Tigray** rebels, sparking a diplomatic row between **Kampala** and **Addis Ababa**, which is yet to be resolved.<sup>10</sup> Opposition members also accused Kainerugaba of using army resources to launch his presidential bid under the guise of celebrating his 48<sup>th</sup> birthday (see *ARC Briefing Uganda May 2022*).

### ... as opposition NUP under threat of leadership takeover

The future of Uganda's leading opposition political party, the **National Unity Platform (NUP)**, is in jeopardy following a fresh leadership wrangle, allegedly orchestrated by the ruling **National Resistance Movement (NRM)**.<sup>11</sup> A rival group, led by NUP founder **Moses Nkonge Kibalama**, has established rival headquarters of the NUP in an effort to wrestle back party leadership from the faction led by **Robert Ssentamu Kyagulanyi** (also known as **Bobi Wine**).<sup>12</sup>

The rival group has made several allegations against Kyagulanyi's leadership, including lack of transparency, failure to provide accountability, failure to respect and follow the NUP constitution, and mismanagement of party affairs.<sup>13</sup> NUP founder and rival group leader **Moses Kibalama** told **Africa Risk Consulting (ARC)** that the group decided at a delegates' conference on 22 May to find new headquarters, away from the group led by Bobi Wine, who are based in Kampala suburb **Kamwokya**:

*"The decision which we took to change the party headquarters from Kamwokya to **Rubaga** is the result of the resolution of our party delegates, conference which resolved to end the relationship between **People Power Movement** led by Bobi Wine and the National Unity Party leadership."*

Kibalama said he wrote to the **Electoral Commission (EC)**, notifying it of the changes to the party leadership, but in a letter dated 22 June, EC Secretary **Leonard Mulekwah** maintained that Kyagulanyi is still the party president, contrary to the claims made by Kibalama's faction. Mulekwah reminded Kibalama that prior to his resignation in 2020, he chaired a meeting that concluded the election of office bearers, and handed over the party presidency to Kyagulanyi, who was subsequently voted by the NUP's **National Executive Committee (NEC)**. However, many observers accuse the ruling NRM of funding Kibalama to cause strife in the leading opposition party.<sup>14</sup>

Kibalama founded the **National Unity, Reconciliation and Development Party (NURP)**, which later merged with Bobi Wine's **People's Power** pressure group in 2020 to form the NUP.<sup>15</sup> However, Kibalama took Bobi Wine to court in 2020, demanding to get his party back after he allegedly failed to pay the agreed \$5m for handing his party over to him. However, the **High Court of Uganda** dismissed the case on 21 October 2020.

### Doubts cast over Uganda's "mega gold discovery"

Industry experts have cast doubt on the reported discovery of 31 million tonnes of gold deposits in Uganda.<sup>16</sup> President Yoweri Museveni broke news of the discovery on 7 June, in his **State of the Nation Address (SONA)** but provided little detail, claiming that the gemstones would fetch the country more than \$12 trillion.<sup>17</sup> However, experts say that without independent verification of

<sup>8</sup> Daily Monitor, 28 Jun 2022

<sup>9</sup> East African, 7 Jul 2022

<sup>10</sup> East African, 7 Jul 2022

<sup>11</sup> Source, Uganda analyst

<sup>12</sup> Daily Monitor, 26 Jun 2022

<sup>13</sup> Source, Uganda analyst

<sup>14</sup> Source, Uganda analyst

<sup>15</sup> Nile Post, 7 Jul 2022

<sup>16</sup> Mugglehead Magazine, 9 Jul 2022

<sup>17</sup> Daily Monitor, 8 Jun 2022

the results of both the geophysical and geochemical studies, there is no way to determine the veracity of the claim.<sup>18</sup>

Mineral and energy policy analyst **Don Bwesigye** points out that President Museveni might have confused ounces with tonnes when announcing the mega discovery.<sup>19</sup> Bwesigye likened Museveni's announcement to the "fool's gold" references common in the mining industry, describing fool's gold as a sparkling yet worthless mineral pyrite that 19<sup>th</sup>-century gold miners mistook for gold.<sup>20</sup> According to statistics from the **US Geological Surveys**, 244,000 metric tonnes of gold, which is approximately 268,400 tonnes of gold, have been discovered worldwide. Of that number, only 187,000 metric tonnes (205,700 tonnes) have been produced, leaving a remainder of 57,000 metric tonnes (62,700 tonnes) of reserves. This implies that Uganda's gold discoveries surpass global gold discoveries by 115.5 times.<sup>21</sup> **United States**-based alternative investment news website **Mugglehead Magazine** also casts doubt on the credibility of Uganda's gold discovery:

*"It's difficult to tell without the required data found through research, feasibility studies, exploration, and competent persons' resource evaluation."*<sup>22</sup>

In a bid to boost Uganda's economy, Museveni has sought to ramp up investment in the country's mining sector to develop its reserves of copper, iron ore, cobalt, phosphates and gold.<sup>23</sup> Refining gold locally is expected to lead to the generation of 3,000 direct jobs while improving social service deliveries to local communities. Uganda's parliament enacted a new mining law in February, pending Museveni's approval, which will lead to the creation of a state mining company through which investors will be required to sign a production-sharing agreement, allowing the company to acquire a 15% stake in mining operations within the country.<sup>24</sup> Mining and quarrying currently contributes 2.3% to Uganda's gross domestic product (GDP), while gold mining contributes 0.7%.<sup>25</sup>

In its 16 June editorial, the local **Daily Monitor** newspaper speculated that President Museveni could have intentionally "gone off script" to put a smile on the faces of his economically stressed citizens by declaring the world's largest gold discovery and the country's middle-income status.<sup>26</sup> During his 7 June SONA, Museveni announced that Uganda has achieved middle income status, with GDP per capita at \$1,046 at the end of the 2021/22 financial year, exceeding the **World Bank** threshold by just ten dollars:<sup>27</sup>

*"The Ugandan economy, by the budget time in the next few days, will be standing at \$45.7 billion by the exchange rate method and at \$131.6 billion by the PPP method. This means that the GDP per capita is now \$1,046. You remember, the entrance points for the lower middle-income status, is \$1036. We have now passed that figure. Congratulations. However, to be declared a middle-income country, you need to sustain this for two to three consecutive years."*<sup>28</sup>

However, on the last day of financial year 2021/22, the World Bank released the **19th Uganda Economic Update**, which showed that the country was yet to achieve the required figures to join the **Middle-Income Countries**, Middle Income Status. The report puts Uganda's per capita income at \$850, as opposed to the \$1,046 stated by President Museveni.<sup>29</sup> According to the World Bank, GDP –

<sup>18</sup> Mugglehead Magazine, 9 Jul 2022

<sup>19</sup> Daily Monitor, 16 Jun 2022

<sup>20</sup> Daily Monitor, 16 Jun 2022

<sup>21</sup> Mugglehead Magazine, 9 Jul 2022

<sup>22</sup> Mugglehead Magazine, 9 Jul 2022

<sup>23</sup> Energy Capital, 6 Jul 2022

<sup>24</sup> Energy Capital, 6 Jul 2022

<sup>25</sup> The Africa Report, 12 Oct 2021

<sup>26</sup> Daily Monitor, 16 Jun 2022

<sup>27</sup> The Africa Report, 7 Jul 2022

<sup>28</sup> East African Business Week, 8 Jun 2022

<sup>29</sup> The Independent, 10 Jul 2022

the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period – is no longer used to determine the status of the economy, but instead **Gross National Income (GNI)**, which considers GDP plus economic activities undertaken outside the country by Uganda nationals, excluding activities of foreigners resident in the country.<sup>30</sup> The World Bank statement created widespread social media criticism of the president, many seeking to know where he had obtained his figures.<sup>31</sup>

Rising food and energy prices intensified by a weaker Uganda shilling have worsened Uganda's inflation outlook.<sup>32</sup> **Uganda Bureau of Statistics** data indicate that the annual inflation rate in Uganda climbed further to 6.8% in June, from 6.3% in May, reaching its highest point since May 2017.<sup>33</sup> The **Bank of Uganda** (central bank) increased its key policy rate, the **Central Bank Rate (CBR)**, to 8.5% from 7.5% on 5 July to contain rising inflation and maintain economic stability.<sup>34</sup>

## Planner

20 Jul 2022 **Kampala (Uganda)** ASAR-International Conference Business and Management (ICBM)

21 Jul 2022 **Kampala (Uganda)** International Conference on Applied Mathematics (ICAPMA)

22 Jun 2022 **Kampala (Uganda)** International Conference on Education and Technology (IC-ET)

## Chronology

7 Jul 2022 **Kampala (Uganda)** *Daily Monitor*. Works and transport minister **Edward Katumba Wamala** announces the appointment of **Jenifer Bamuturaki** as new substantive CEO of **Uganda Airlines** in line with a presidential directive dated 24 April;

6 Jul 2022 **Kampala (Uganda)** *Independent*. Energy and mineral development minister **Ruth Nankabirwa** has launched the distribution of 13-kg **Liquefied Petroleum Gas (LPG)** cylinders, burners and other accessories, targeting one million households in a bid to promote safe and clean cooking;

6 Jul 2022 **Kampala (Uganda)** *Nile Post*. Ugandan shipping and logistics company **Marine Time Cargo** has partnered with **Democratic Republic of the Congo (DRC)**-based air cargo company **Kavatsi Airline-Logistics** as Ugandan companies start to tap into opportunities created by DRC joining the **East African Community**;

5 Jul 2022 **Kampala (Uganda)** *Daily Monitor*. The **Bank of Uganda** (central bank) has increased its key policy rate, the **Central Bank Rate (CBR)**, to 8.5% from 7.5% to contain rising inflation and maintain economic stability;

5 Jul 2022 **Kampala (Uganda)** *The Energy Year*. **Uganda National Oil Company (UNOC)** chair **Emmanuel Katongole** says the company plans to grow its market share in all areas of the oil and gas value chain;

5 Jul 2022 **Kampala (Uganda)** *The Independent*. **Uganda Bureau of Statistics (UBOS)** and **World Bank** disagree on the methodology used in determining the country's economic status;

4 Jul 2022 **Kampala (Uganda)** *Nile Post*. **East African Crude Oil Pipeline Company (EACOP) Limited**, spearheading the development of Uganda's crude oil export pipeline, has applied for a construction licence to enable it to kick-start the development of the 1,443-km, 24-inch diameter heated and buried crude oil pipeline that will start from **Kabaale, Hoima** in Uganda to **Chongoleani, Tanga** in Tanzania;

<sup>30</sup> Uganda Radio Network, 5 Jul 2022

<sup>31</sup> Uganda Radio Network, 5 Jul 2022

<sup>32</sup> Bank of Uganda, 5 Jul 2022

<sup>33</sup> Daily Monitor, 1 Jun 2022

<sup>34</sup> Daily Monitor, 5 Jul 2022

4 Jul 2022 **Kampala (Uganda)** *KFM Radio*. The **Uganda People's Defence Forces** have dismissed a report in **Ethiopian** media claiming that Uganda is funding **Tigray** rebels to overthrow the Ethiopian government;

3 Jul 2022 **Kampala (Uganda)** *The Independent*. **MTN Uganda** shareholders are due to get their first dividends since the company listed on the **Uganda Securities Exchange**, with the register for those eligible closing 1 June;

2 Jul 2022 **Kampala (Uganda)** *Bloomberg*. The Uganda shilling gains value after the **Bank of Uganda** (central bank) becomes the first in **Africa** to convene an unscheduled rate meeting since **Russia's** invasion of **Ukraine** upended global supply chains and caused inflation to surge, prompting speculation that it may hike its key interest rate;

1 Jul 2022 **Kampala (Uganda)** *The Independent*. The **Integrated Food Security Phase Classification (IPC)** reports that 58 people in the north-eastern Uganda district of **Kotido** died of hunger between May and June due to the food crisis in the **Karamoja** sub-region as about 518,000 people, approximately 40% of the population in the sub-region, are facing high levels of food insecurity;

30 Jun 2022 **Kampala (Uganda)** *Parliament*. **Uganda Bureau of Statistics** data indicate that the annual inflation rate in Uganda climbed further to 6.8% in June, from 6.3% in May, reaching its highest point since May 2017;

30 Jun 2022 **Kampala (Uganda)** *World Bank*. New global shocks, including the impact of the war in **Ukraine**, has dampened optimism regarding expected acceleration of growth and a clearer outlook for oil production with the signing of the **Final Investment Decision** in February;

29 Jun 2022 **Kampala (Uganda)** *Mining Review Africa*. President Yoweri Museveni announced on June 7, that it has discovered 31 million metric tons of gold waiting to be mined in the country after several surveys were conducted;

29 Jun 2022 **Kampala (Uganda)** *Ministry of Health press release*. Health ministry signs a Memorandum of Understanding with **United Kingdom**-based **Cambridge University Hospital** that will enable Ugandan specialists to work alongside clinicians in Cambridge to build better capacity to functionalise the intensive care units in Ugandan regional referral hospitals;

28 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. **Uganda National Teachers' Union (UNATU)** threatens to take the government to court if it goes ahead with plans to dismiss and replace striking arts teachers;

27 Jun 2022 **Kampala (Uganda)** *KFM Radio*. Leading opposition **National Unity Platform (NUP)** condemns the **National Electoral Commission (NEC)** over its decision to suspend women council elections citing lack of funds to facilitate the process;

26 Jun 2022 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni** says he will continue to meet army officers countrywide, following rumours that there is general unsettlement in the army;

25 Jun 2022 **Kampala (Uganda)** *Statehouse press release*. President **Yoweri Museveni** meets with **China**-based biotech company **Sinovac's** Ugandan representative, **Philip Ruan**, at **State House, Entebbe**, with the company pledging to construct a vaccine and biotech centre in Uganda;

24 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. The army leadership places all **Uganda People's Defence Forces (UPDF)** soldiers on standby Class One, the highest level of combat readiness;

23 June 2022 **Kampala (Uganda)** *Independent*. President **Yoweri Museveni** has reportedly pledged not to renew the **Umeme** power concession when it expires in 2025, despite negotiations between him and Umeme seeing both sides agree to solve the most contentious issue in the concession – the Rate of Return (ROR) to the investor – which is currently 20%;

22 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** agrees to lift the suspension on the activities of the **Democratic Governance Facility (DGF)** in Uganda after directing

in January 2021 the suspension of its activities;

21 Jun 2022 **Kampala (Uganda)** *Focus Economics*. Preliminary data from **Focus Economics** show Uganda's annual GDP growth accelerated to 4.6% in the 12 months to June 2022, up from 3.5% in the previous fiscal year, although expansion remained below its pre-pandemic level;

20 Jun 2022 **Kampala (Uganda)** *Nile Post*. Government announces mandatory testing of all Ugandans going abroad, especially to **Middle East** countries for work and those returning home because of the same purpose, in the wake of increases of organ harvesting;

19 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. Despite full reopening of **Rwanda's** border with **Uganda**, unresolved contentious issues have prevented an increase in the flow of goods;

17 Jun 2022 **Kampala (Uganda)** *Nile Post*. The **Electoral Commission (EC)** announces 17 June as the final day for registration of women in preparation for the conduct of women councils and committees' elections in 2022;

16 Jun 2022 **Kampala (Uganda)** *KFM Radio*. **Bank of Uganda** (central bank) deputy governor **Michael Atingi Ego** says Uganda has registered an increase in electronic and digital financial service transactions in the last year, with mobile money transaction values improving by 33% and internet and mobile banking transfers by 82% and 146% respectively;

15 Jun 2022 **Kampala (Uganda)** *The East African*. **United States**-based **New York University's Congo Research Group (CRG)** and **Democratic Republic of the Congo (DRC)**-based research institute **Ebuteli** state that Uganda's crackdown on **Allied Democratic Forces** rebels in eastern DRC, a mission launched jointly with **Kinshasa**, was driven in part by a desire to protect Ugandan oil interests;

14 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. The finance ministry says Uganda's economy expanded to US\$162.1 trillion (about \$45.7 billion) in the financial year ending 30 June 2022;

13 Jun 2022 **Kampala (Uganda)** *Nile Post*. **Uganda Revenue Authority (URA)** reports it has recovered US\$75 billion (\$19.9m) from its enforcement operation codenamed **Zabike** carried out in the first two weeks of June, aimed at curbing smuggling, and impounded over 50 cargo trucks carrying smuggled goods;

12 Jun 2022 **Kampala (Uganda)** *Nile Post*. **Turkish** national and **Gulsan Construction Company** general manager **Mehmet Ozgur Bilir** has been charged with human trafficking and assault among other charges;

11 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. Uganda has yet to disclose details of **Production Sharing Agreements**, a critical provision of the **Extractives Industry Transparency Initiative (EITI)**, two years after joining the initiative;

10 Jun 2022 **Kampala (Uganda)** *Parliament Media*. Members of parliament have committed to support reintroducing the **Human Rights Defenders Bill**, which seeks to recognise, promote and enhance the protection of the work and activities of human rights defenders;

9 Jun 2022 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni**, army commander in chief, sets camp in the eastern and north-eastern region to command operations against re-insurgence of cattle-rustlers in **Karamoja** region;

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