

AFRICA RISK CONSULTING

Uganda Monthly Briefing April 2017

Uganda Summary 1 April 2017

Unidentified gunmen kill Uganda Police Force (UPF) assistant inspector general Andrew Felix Kaweesi. The motive for the killing is unclear, but there is speculation it may be linked to his heavy-handed policing of the opposition. The Uganda Electricity Generation Co Ltd (UEGCL) board criticises the China International Water and Electric Corp (CIWEC) and Energy Infratech PVT Ltd for the quality of construction work at the 183MW Isimba dam. Parliament passes amendments to the 2013 Anti-Money Laundering Act, as the government looks to avoid a Financial Action Task Force (FATF) blacklisting.

Gunmen kill senior UPF officer

Unidentified gunmen killed the third highest **Uganda Police Force (UPF)** officer assistant inspector general **Andrew Felix Kaweesi** on 17 March.¹ It is unclear if the killing of Kaweesi was politically motivated. Four heavily armed gunmen on two motorbikes opened fire on Kaweesi's car as he left his home in **Kulambiro (Kampala)**.² The gunmen killed Kaweesi and two UPF police officers, one his guard **Kenneth Erau** and the other his driver **Godfrey Mambewa**.³ The gunmen were reportedly armed with **M4** rifles that Uganda's **Special Forces Command** and UPF counter-terrorism units use.⁴

The government has mobilised significant resources to identify and detain those responsible for Kaweesi's killing. **Grace Akullo**, director of the **Criminal Investigations Directorate**, is personally leading the investigation. Akullo has held regular meetings with security minister **Henry Tumukunde**, inspector general of police general **Kale Kayihura**, chief of defence forces general **David Muhoozi**, chief of military intelligence colonel **Abel Kanduho**, and **Internal Security Organisation (ISA)** head colonel **Bagyenda Kaka**.⁵ Security forces have detained a number of individuals, but reportedly these are known criminals they have picked up as they are conversant with illicit activities in Kampala, rather than actual suspects.⁶ Kaweesi's successor is **Assan Kasingye**, who Kayihura also appointed UPF chief political commissar.⁷

There is speculation that the killing of Kaweesi was political. Kaweesi had a high profile as he acted as the UPF spokesman. Before his appointment in August 2016, Kaweesi was the commander of the **Kampala Metropolitan Police**. In this post, he led the UPF's heavy-handed crackdown on opposition protests following the contested 2011 presidential election, and regularly detained opposition **Forum for Democratic Change (FDC)** figurehead **Kizza Besigye**.⁸ Kaweesi himself was reportedly considering a career in politics, and standing as a parliamentary candidate in the 2021 election.⁹ Both senior ruling **National Resistance Movement (NRM)** officials, including secretary general **Justine Kasule Lumumba**, and opposition officials, including **Forum for Democratic Change (FDC)** secretary general **Nathan Nandala-Mafabi**, attended Kaweesi's funeral in **Lubaga Cathedral** in Kampala on 26 March.

¹ New Vision, 17 Mar 2017.

² New Vision, 17 Mar 2017.

³ New Vision, 17 Mar 2017.

⁴ The Observer, 24 Mar 2017.

⁵ The Observer, 24 Mar 2017.

⁶ The Observer, 24 Mar 2017.

⁷ Daily Monitor, 23 Mar 2017.

⁸ New Vision, 17 Mar 2017.

⁹ The Observer, 24 Mar 2017.

There is equally speculation that the killing related to internal UPF politics. Kaweesi reportedly had enemies within the UPF as, at the time of his death, he was reportedly conducting an investigation into alleged corruption by senior police officers.¹⁰ There is also speculation that other officers saw his rapid rise up the UPF ranks as a sign that he may succeed Kayihura, whose position remains politically precarious (see *ARC Briefing Uganda November 2016*).¹¹

The killing of security officials in **Uganda** is rare. However, gunmen on motorbikes also killed **Uganda People's Defence Force (UPDF)** officer **Sulaiman Kiggundu** in November 2016 and senior public prosecutor **Joan Kagezi** in March 2016. The perpetrators of the Kiggundu and Kagezi killings were never identified. Despite the similarity in method, there is no information to link the three killings.

In response to Kaweesi's killing, president **Yoweri Museveni** (1986-present) pledged to install closed circuit television (CCTV) cameras in major urban centres and on highways.¹² The UPF has welcomed Museveni's proposal, saying it will reduce urban crime levels.¹³ However, finance minister **Matia Kasaija** has subsequently said that the government lacks the funds to finance the installation of CCTV cameras.¹⁴ In 2016, the **Uganda Police Directorate of Research** completed a nationwide assessment of potential locations for CCTV cameras. However, the cost and quantity of CCTV cameras required is not publically available. It is also unclear if they would improve police efficiency with regard to investigating and prosecuting violent crime. The UPF recorded 1,068 murders in 2015, but only secured 15 prosecutions.¹⁵

Museveni has also ordered a crackdown on "*suspicious*"¹⁶ motorcycle taxis, known locally as boda-bodas.¹⁷ Museveni called on people to take unilateral action to "*stop and sort them out*".¹⁸ Boda-bodas were reportedly used in 12 assassination attempts over the past seven years, with assailants apparently using them as they allow assailants to easily merge with legitimate traffic during their getaway.¹⁹ Museveni has previously rejected pressure to increase regulation of the boda-boda sector. As reportedly the second largest employer in Uganda, it is a significant political constituency.²⁰

Kaweesi's killing may remain unsolved. It is likely to contribute to perceptions of increasing lawlessness in Uganda and strengthen claims of security force inefficiency. The opposition will look to politicise the case, claiming the NRM has damaged the credibility of the UPF by using them to police opposition activities rather than to uphold the law.

UEGCL criticises progress at Isimba dam

The **Uganda Electricity Generation Co Ltd (UEGCL)** board publically criticised construction work at the 183MW **Isimba** hydroelectric power project following a regular site visit on 10 March.²¹ It is increasingly unlikely that construction of the Isimba dam will finish in 2018 as scheduled. The Isimba dam is a flagship project under the government's **National Development Plan II (2015/2016-2020/2021)**. The UEGCL board, which is administrating the construction of the dam, accused the contractor **China International Water and Electric Corp (CIWEC)**, a subsidiary of state-owned **China Three Gorges Corp**, of unilaterally making alterations to the dam, and of violating its contractual obligations on 13 March.²² UEGCL board member **Gilbert John Kimanzi** notably claimed

¹⁰ The Observer, 24 Mar 2017.

¹¹ The Observer, 24 Mar 2017.

¹² New Vision, 17 Mar 2017.

¹³ The Observer, 23 Mar 2017.

¹⁴ The Observer, 23 Mar 2017.

¹⁵ Daily Monitor, 7 Feb 2017.

¹⁶ Daily Monitor, 21 Mar 2017.

¹⁷ Daily Monitor, 21 Mar 2017.

¹⁸ Daily Monitor, 21 Mar 2017.

¹⁹ Daily Monitor, 21 Mar 2017.

²⁰ Daily Maverick, 27 Mar 2017.

²¹ The Observer, 13 March 2017.

²² The Observer, 13 March 2017.

that CIWEC did not have a technical engineer permanently on site as required.²³ The CIWEC technical engineer was also reportedly not on site to oversee the repair of cracks that have appeared in the dam itself and temporarily forced the suspension of work in April 2016. Cracks may delay CIWEC's planned diversion of the **Nile River** currently scheduled for May. The UEGCL also accused CIWEC of using substandard inputs for the dam's gates that will control the water flow to the turbines. Reportedly, the rollers and cylinders for the dam's gates are carbon steel rather than the more expensive stainless steel as provided for in the contract.

UEGCL chair **Proscovia Margaret Njuki** described the quality of work as “*alarming*”.²⁴ During the site visit, UEGCL board members also argued with managers of **India-based Energy Infratech PVT Ltd**, the company supervising the construction of the dam on behalf of UEGCL.²⁵ The board members reportedly alleged that Energy Infratech managers had unduly close relationships with CIWEC, undermining their independence.²⁶

“A visit, such as this, will put the contractor and the owner’s consultants to task to explain how well the job is progressing in terms of schedule, cost and adherence/compliance to agreed specifications. To put it plainly, the board did make its reservations known to Energy Infratech. It also gave them a period for rectification and tasked the UEGCL Project team to exercise their full oversight mandate as granted by the contract administration powers.”²⁷

The UEGCL is considering imposing sanctions on CIWEC and Energy Infratech if they do not address their concerns.

“If, at the next [quarterly] visit, there is little progress or change in the areas pointed out, perhaps then, UEGCL shall resort to the contractually indicated administrative sanctioning measures. All in all, UEGCL remains ever committed to deliver on these flagship hydro power projects in time, within budget and to agreed specifications.”²⁸

UEGCL secured full administrative oversight for the Isimba and **Karuma** dams in November 2016. This followed a turf war between UEGCL and the energy ministry over responsibility. The energy ministry originally commissioned Energy Infratech to supervise the project. UEGCL, which will manage the plants once online in 2018, has contracted **Australia-based SMEC Holdings Ltd** and **Switzerland-based AF Consults** to undertake similar supervisory work.²⁹ SMEC and AF Consults lost the original contract to Energy Infratech in 2013. This resulted in rival reports about progress at the hydroelectric projects. While UEGCL secured responsibility for the Isimba and Karuma dams, it retained Energy Infratech as supervising consultant. Since then, the energy ministry has surrendered all responsibility to the UEGCL. According to an energy ministry official,

“The UEGCL has noted the progress so far made, but has also observed a few issues requiring urgent attention by the contractor if the project should stay on course. These include the absence of some much needed specialised expertise on site and non- conformity to agreed repair methods for previously observed cracks. Remember in November 2016 UEGCL board, was given full administrative power to monitor the project to ensure there’s quality and compliance. So as a ministry, we continue to look up to them for guidance on the next course of action.”³⁰

The **Export Import Bank of China (China Exim)** financed the \$586m Isimba dam, with concerns about construction exacerbating anti-**Chinese** investor sentiment, including inside parliament.

²³ The Observer, 13 March 2017.

²⁴ The Observer, 13 March 2017.

²⁵ The Observer, 13 March 2017.

²⁶ The Observer, 13 March 2017.

²⁷ Source, UEGCL official, Kampala

²⁸ Source, UEGCL official, Kampala

²⁹ Daily Monitor, 30 Mar 2016.

³⁰ Source, energy ministry official, Kampala

“The source of the funding for the Isimba dam is very crucial because the Chinese, who are the funders, endorsed the contractor and went ahead to award it the tender; this blocked competitive bidding and deprived Ugandan taxpayers of value for money. After the Chinese awarded the tender they went ahead and brought all technical manpower from China. Also there is the issue of corruption as there is no transparency in the procurement process and the Ugandans who are supposed to ensure compliance are also instead interested in finding out how they can benefit individually from the project. The Ugandans who were entrusted with the project had to include corruption in the budgeting process.”³¹

There is pressure within parliament to suspend work on the Isimba dam, though the government is unlikely to assent to anything that would delay a flagship project.

“The Isimba power project should be stopped and the Chinese told to get another contractor and supervisor. For our own staff also heads have to roll, there’s no way we can watch this happening and they expect to be pardoned. They were deployed by the government to ensure quality work but because of corruption, they have chosen to keep quiet and watch as shoddy work is being done. Finally, to me the contract should be terminated and a committee of experts setup to review the work so far done.”³²

Construction of the Isimba dam started in April 2015, with construction expected to take 40 months.³³ Despite political infighting and concerns about the quality of work, the project is currently ahead of schedule. Civil and electromechanical works are 76% completed, concreting works 88%, and financial commitments to CIWEC 40% met as of end of February. Despite these developments, there are concerns that repairs to substandard work or the need to import new equipment will slow progress.

The timeline for the Isimba dam is likely to slip. This will further raise concerns amongst donors and international financial institutions about the government’s capacity to deliver complex infrastructure projects. Delays to Uganda’s large-scale power projects will jeopardise the government’s growth forecasts and increase concerns about the sustainability of its debt profile.

Parliament strengthens AML framework

Parliament on 16 March passed amendments to the **2013 Anti-Money Laundering Act**.³⁴ The government is tightening its regulations to avoid a **Financial Action Task Force (FATF)** ‘blacklisting’ which would damage Uganda’s sovereign credit rating and the financial strength of domestic financial institutions. The FATF is an intergovernmental body that develops and promotes policies to combat money laundering and terrorist financing.³⁵ The amendments were in line with FATF recommendations to strengthen Uganda’s anti-money laundering (AML) framework.³⁶ The **World Bank, International Monetary Fund** and **East and Southern Africa Anti-money Laundering Group (ESAAMLG)** has also called on Uganda to ensure its AML framework meets international standards.³⁷ The amendments notably require increased disclosures for all transaction of over 100m Ugandan shillings (USh) (\$27,839). The government will establish the **Uganda Anti-Money Laundering Committee** to ensure compliance with its AML framework. On the same day, parliament announced plans to amend the **Anti-Terrorism Act 2016** to strengthen its counter terrorism financing (CTF) provisions.³⁸ This again is in line with FATF recommendations. The FATF considers Uganda a high risk and non-cooperative jurisdiction.³⁹ It retained this rating as recently as 24

³¹ Source, member of parliament, Kampala

³² Source, member of parliament, Kampala

³³ The Observer, 13 March 2017.

³⁴ Daily Monitor, 16 Mar 2017.

³⁵ www.internationalbanker.com

³⁶ Daily Monitor, 16 Mar 2017.

³⁷ www.256businessnews.com

³⁸ Daily Monitor, 16 Mar 2017.

³⁹ Daily Monitor, 16 Mar 2017.

February.⁴⁰ The government missed deadlines in December 2016 and January 2017 to submit evidence to the FATF that it is addressing their AML/CTF concerns. Uganda's **Finance Intelligence Authority (FIA)** warned in February that the FATF would blacklist it by June if an FATF visit the previous month found the government had not made the requisite regulatory amendments.⁴¹

It is unclear if the new AML amendments are sufficient for Uganda to avoid an FATF blacklisting. Regardless, greater financial sector governance and an improved compliance supervisory framework will reduce legal and financial risks for investors.

⁴⁰ Daily Monitor, 16 Mar 2017.

⁴¹ Daily Monitor, 16 Mar 2017.

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