

AFRICA RISK CONSULTING

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President Yoweri Museveni (1986-present) names his new cabinet, almost a month after being sworn into office for his sixth term as Uganda's president. The government re-imposes strict lockdown measures that include the closure of schools and suspension of inter-district travel to curb a surge in Covid-19 cases. Mobile money operations are split from telecommunications services, becoming a standalone business that the Bank of Uganda (central bank) will regulate as a financial service.

Museveni finally names his cabinet

President **Yoweri Kaguta Museveni** (1986-present) has finally appointed his new cabinet, close to a month after he was sworn into office on 12 May for his sixth term in office. The cabinet list that **State House** released on 8 June surprised many **Ugandans**.¹ Former prime minister **Amama Mbabazi**, seen as a possible successor to President Museveni, was widely expected to be appointed either as prime minister or vice president. However, Museveni replaced experienced minister **Edward Kiwanuka Ssekandi** with independent member of parliament (MP) **Jessica Alupo Epel** as vice president and appointed former health minister **Robinah Nabanja** as prime minister, edging out his close friend and former prime minister, **Ruhakana Rugunda**.² Commenting on the new cabinet, **The East African** journalist **Michael Wakabi** told **Africa Risk Consulting** that by filling key executive positions with inexperienced people, Museveni has concentrated his power:

"It does not make much sense to me. The appointment of so many inexperienced people in key positions means Museveni will be making most of the decisions for them and in doing so he will be concentrating power to himself by other means."

Kampala Pentecostal Bishop **Edmund Kizito** says the inexperienced cabinet reflects the complete disappearance of Museveni's "**Bush War** ideals" and shows he can no longer take criticism from his Bush War comrades:

"It also signals the death of even constructive engagement in cabinet; surely he is a man in retirement."

Political analyst **Timothy Kalyegira** says Museveni's cabinet lineup, which "*threw out intellectuals and replaced them with the lowbrow*", also took ruling **National Resistance Movement (NRM)** loyalists by surprise. Kalyegira says the choice of cabinet members indicates that President Museveni will be running the key positions himself.

The appointment of opposition **Forum for Democratic Change (FDC)** vice president **Joyce Ssebugwawo** as information, communication and technology minister was also unexpected. However, **Kampala** Lord Mayor **Erias Lukwago** told ARC that Museveni has in the past lured members of the opposition and later abandoned them.

¹ Source, Uganda analyst

² Source, Uganda analyst

Soroti West MP Jonathan Ebwalu told ARC that the appointment of Robinah Nabanja as prime minister indicates that President Museveni cares more about loyalty than competency.³ Ebwalu notes that only strong loyalists within the ruling NRM party have made it to the new cabinet:

*“Many of the people who either supported former Speaker of Parliament **Rebecca Kadaga** or were seen to be supporting her have not been appointed.”*

The election for the speaker of parliament on 24 May has caused a rift in the ruling NRM party. NRM supporters from **Busoga** sub-region are reportedly bitter that former speaker Kadaga lost the election thanks to President Museveni’s “*meddling*”.⁴ Many viewed Kadaga, who was speaker for the past ten years, as being independent in her decisions, which no doubt motivated Museveni to persuade MPs not to vote for her. Uganda’s **Observer** newspaper reports that Museveni called each MP and persuaded them not to vote for Kadaga.⁵ Museveni later admitted calling MPs on their cellphones as late as 2 am to convince them to abandon Kadaga’s camp and vote for former deputy speaker **Jacob Oulanyah**.⁶ Kadaga lost the election to Oulanyah and is now first deputy premier and minister for the **East African Community**.⁷

Uganda imposes second lockdown as Covid-19 cases surge

President Yoweri Museveni has re-imposed a strict lockdown that includes the closure of schools and the suspension of inter-district travel to help beat back a surge in **Covid-19** cases.⁸ In a televised address on 6 June, Museveni warned arcades and public transport operators to adhere to preventive measures to avoid a total lockdown after one week if they fail to observe the rules:

*“All schools and institutions of higher learning are to close for 42 days effective 8 am, June 7, 2021. All schools that have been opened should close...”*⁹

Museveni said sending home 15 million learners is a re-enactment of the March 2020 schools’ closure, and aims to eliminate concentration points that spur transmission of the coronavirus:

“There was a debate that if they [learners] go home, they may infect their people. There is that risk, but the risk of staying together [in school] is bigger than the risk of dispersing them to their homes.”

However, many have criticised the way in which the government has implemented the latest lockdown, claiming it may instead lead to a spike in Covid-19 infections and negatively impact businesses that are still recovering from the first lockdown. Former opposition FDC leader **Kizza Besigye** told ARC that the president erred in ordering the closure of schools, as returning children pose a risk to their parents who may contract the virus:

“[A]s a result, there has been a sudden assembly of huge numbers of people from different schools and locations at various transport hubs and this has created the optimal condition for spreading Covid-19 quickly countrywide.”

Most bus and taxi terminals have seen congestion as school children and others struggle to leave Kampala before 10 June, when the ban on transport across districts comes into effect.¹⁰

Parents have also criticised the order to close all schools for 42 days. Kampala parent **Albert Okolong** says he had just paid school fees for his daughter to return to school, only for the president to order closure of schools two days later:

³ Source, Uganda analyst

⁴ Source Uganda analyst

⁵ Observer, 6 Jun 2021

⁶ STV Television 4 Jun 2021

⁷ Observer, 6 Jun 2021

⁸ Reuters 7 Jun 2021

⁹ Daily Monitor, 7 Jun 2021

¹⁰ Source, Uganda analyst

“After 15 months at home, my daughter returned to school on Monday 31 May, studied for only three days and will be back home tomorrow, shillings 1,725,000 [\$488] is gone. Last year she was at school for only 44 days and another shillings 1,725,000 [\$488] in tuition fizzled into thin air, let alone the new uniform that was outgrown. How depressing it is!”¹¹

Traders also fear the new measures announced by Museveni will have a devastating effect on businesses that are still struggling with the effects of the first lockdown.¹² **Kampala Arcades Advocacy Forum** secretary **Francis Ddamulira** told ARC the directive has already affected the businesses that operate from arcades:

“Fear of the virus and the President’s order for people to stay at home is having a devastating impact on all businesses that are in arcades. Shops in arcades have all reported a fall in demand and many are failing to meet fixed costs like rent.”¹³

Uganda has recently registered a significant increase in cumulative cases of Covid-19. The health ministry reports that total cumulative infections in the population of roughly 42 million increased from 41,905 on 1 May to 52,935 cases as of 6 June,¹⁴ The health ministry has given 749,000 doses of Covid-19 vaccine, with 4,129 fully vaccinated against Covid-19 in Uganda to date.¹⁵

Mobile money split from telecommunication companies

Mobile money operations in Uganda have been split from telecommunication companies to become standalone businesses that the **Bank of Uganda (BoU)** (central bank) will henceforth regulate as financial service providers.¹⁶ The move removes mobile money services from telecom service operations, regulated by the **Uganda Communications Commission**. In a statement issued on 21 May, BoU governor **Emmanuel Tumusiime Mutebile** said the central bank has commenced licensing of payment system operators, payment service providers and issuer of payment instruments, as provided for under the **National Payment System Act 2020** and guided by the **National Payment System Implementing Regulations** gazetted on 5 March.¹⁷ The BoU has issued financial services operator licences to **Airtel Money**, which will trade as **Airtel Mobile Commerce Uganda** and **MTN**, which has placed its mobile money business under **MTN Mobile Money Uganda**.¹⁸

Joseph Sanjula Lutwama, programme director at private limited company **Financial Sector Deepening (FSD) Uganda**, says regulation of mobile money under the central bank will boost consumer confidence in the financial system:

“The new law provides more certainty in the regulation of retail payments. This will not only enhance consumer confidence in mobile money but also translate into greater growth in the payments industry.”¹⁹

The splitting of mobile money from telecoms companies follows growing government concern that large sums of money moving through mobile money platforms cannot easily be traced for origin and destination, allowing the platform to serve as a channel for terrorist financing and money laundering.²⁰ Financial fraud investigator and forensics expert **Mustapha Mugisa** says the government wants the new companies to be subjected to **Financial Intelligence Authority (FIA)** guidelines.²¹ Mugisa says separation of mobile money services from telecommunication services

¹¹ Source, Uganda analyst

¹² Source, Uganda, analyst

¹³ Source, Uganda analyst

¹⁴ Ministry of Health, 6 Jun 2021

¹⁵ Ministry of Health, 9 Jun 2021

¹⁶ Daily Monitor 24 May 2021

¹⁷ Daily Monitor 24 May 2021

¹⁸ Daily Monitor, 24 May 2021

¹⁹ Independent, 26 May 2021

²⁰ Independent, 26 May 2021

²¹ Independent, 26 May 2021

allows more effective regulatory oversight, as the law under which telecoms companies are regulated does not provide for the FIA mandate.²²

*"[MTN's mobile money service] MoMo has been real disruption, and several players have come up to leverage from the ecosystem. The telecom industry is already complicated. So new provisions are to enable effective regulatory oversight, especially the high money laundering risks and fact that MoMo is operating like financial institutions but doing more volumes."*²³

Mobile loans have gained traction in Uganda because they are easy to obtain. Loans are instant and do not require borrowers to provide collateral security.²⁴

Planner

13 Jun 2021 **Kampala (Uganda)** International Conference on Aerospace Science and Aviation Technology (ICASAT);

24 Jun 2021 **Kampala (Uganda)** World Congress on Industrial Biotechnology (WCIB);

1 Jul 2021 **Kampala (Uganda)** International Congress on Cell Science and Molecular Biology (IC-CSMB)

Chronology

8 Jun 2021 **Kampala (Uganda)** *Daily Monitor*. Labour ministry data indicates that an average of 12,000 Ugandans leave for the **Middle East** annually in search of employment, a number that has been growing since 2010 as the Middle East becomes a major source of employment opportunities and remittances;

7 Jun 2021 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni** suspends schools and communal/religious gatherings for 42 days starting 7 June in a bid to contain the spread of **coronavirus** after the health ministry reports a large surge in cases and community infections;

6 Jun 2021 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** says in his **State of the Nation Address** that he wants descendants of his **National Resistance Army (NRA)** fighters to occupy strategic government positions, and take the country forward;

5 Jun 2021 **Kampala (Uganda)** *Daily Monitor*. Government has budgeted more than US\$1.3 trillion (\$366m) to combat the second wave of the **coronavirus** pandemic that hit Uganda in May;

4 Jun 2021 **Kampala (Uganda)** *Xinhua*. Government halts planned reopening of schools for lower classes and a special term for semi-candidates over the second wave of the **Covid-19** pandemic;

3 Jun 2021 **Kampala (Uganda)** *Nile Post*. Mass vaccination at **Kololo Ceremonial Grounds** is halted to ready the grounds for President **Yoweri Museveni's State of the Nation Address (SONA)**;

2 Jun 2021 **Kampala (Uganda)** *Independent*. **Kenya's** consumer credit platform, **Lipa Later**, announces it has expanded into the Ugandan market, enabling customers to access credit to purchase products from retailers and supermarkets in monthly instalments;

2 Jun 2021 **Kampala (Uganda)** *Bank of Uganda*. **Bank of Uganda (BoU)** (central bank) **Annual Supervision Report 2020** indicates that **Covid-19** pandemic induced disruptions to economic activities did not adversely affect the performance of **Supervised Financial Institutions**;

1 Jun 2021 **Kampala (Uganda)** *Nile Post*. Unknown assailants shoot and injure works and transport minister **Gen Katumba Wamala**, killing his daughter and driver;

31 May 2021 **Kampala (Uganda)** *Independent*. Regional lender **Equity Group Holdings** reports a 64% surge in profits for the quarter ended 31 March, despite the multi-faceted **Covid-19** pandemic

²² Independent, 26 May 2021

²³ Independent, 26 May 2021

²⁴ Source, Uganda analyst

crisis of health and economic disruption and humanitarian challenges;

30 May 2021 **Kampala (Uganda)** *BBC*. **BBC Africa Eye** investigation shows evidence that a police truck drove through Kampala on 18 November and shot seven unarmed people;

29 May 2021 **Kampala (Uganda)** *Ministry of Health*. **National Environment Management Authority** executive director **Tom Okurut** says the organisation will soon charge airlines for using the country's airspace in collaboration with the **Civil Aviation Authority**;

28 May 2021 **Kampala (Uganda)** *Uganda Bureau of Statistics*. Annual headline inflation for the year ending May 2021 is recorded at 1.9% compared to 2.1% for the year ended April 2021, with the decrease mainly attributed to a decrease in food and non-alcoholic beverage inflation to -3.5%;

27 May 2021 **Kampala (Uganda)** *Xinhua*. State-owned **Uganda Airlines** is set to start direct flights to **Johannesburg (South Africa)** in a move to expand connections on the **African** continent, with the first of four-times-weekly flights from **Entebbe** to Johannesburg scheduled for 31 May;

26 May 2021 **Kampala (Uganda)** *Human Rights Watch*. **Human Rights Watch and Initiative for Social and Economic Rights (ISER)** reports that the unprecedented economic impact of the **Covid-19** pandemic, together with school closures and inadequate government assistance, is pushing children into exploitative and dangerous child labour;

25 May 2021 **Kampala (Uganda)** *The Independent*. The **National Social Security Fund** grew by 16% from USh12.66 trillion (\$3.5 billion) in March 2020 to USh14.62 trillion (\$4.1 billion) in March 2021 despite the **coronavirus** pandemic;

24 May 2021 **Kampala (Uganda)** *Thomson Reuters*. Uganda's government is set to require public agencies to allocate part of their budgets to climate change measures if they want state funding, hailing the move as a large step toward meeting the nation's green goals;

23 May 2021 **Kampala (Uganda)** *Uganda Media Centre*. President **Yoweri Museveni** says corruption is failing the country's development agenda and asks newly elected members of parliament to support the fight against corruption in government;

22 May 2021 **Kampala (Uganda)** *Nile Post*. Ruling **National Resistance Movement** party's **Central Executive Committee** fails to reach consensus regarding the fate of **Rebecca Kadaga** and **Jacob Oulanyah** in the parliamentary speakership race;

21 May 2021 **Kampala (Uganda)** *Xinhua*. President **Yoweri Museveni** says oil revenues must be invested in avenues that create jobs and wealth;

20 May 2021 **Kampala (Uganda)** *The Independent*. **France**-based oil company Total commences work on its **Tilenga Industrial Area of Kasenyi (Buliisa District)** as President **Yoweri Museveni** and **Tanzania's** President **Samia Suluhu** sign the long-awaited **Host Government Agreement (HGA)**;

19 May 2021 **Kampala (Uganda)** *Crisis News 24*. Ugandan officials maintain **Covid-19**-related domestic restrictions and state that international travellers must provide a negative **polymerase chain reaction (PCR)** Covid-19 test taken no more than 120 hours before travel;

18 May 2021 **Kampala (Uganda)** *Crisis News 24*. Police say they have arrested 11 suspected petrol bomb attackers during a security operation in Kampala;

17 May 2021 **Kampala (Uganda)** *Reuters*. The government says it has agreed with the **Democratic Republic of the Congo (DRC)** to share intelligence and coordinate a new push by **Kinshasa** to combat **Islamist** rebels blamed for worsening violence in DRC's east;

16 May 2021 **Kampala (Uganda)** *Daily Monitor*. Lawyers and rights activists demand that the government urgently prosecute killers of protestors in November riots, following revelations that "stray bullets" killed 42 people;

15 May 2021 **Kampala (Uganda)** *KFM Radio*. President **Yoweri Museveni** says during a meeting with **Burundi's** President **Evereste Ndayishimiye** that Uganda is ready to support Burundi in exploiting its oil prospects;

14 May 2021 **Kampala (Uganda)** *Crisis News 24*. Medical interns represented by the **Federation for Uganda Medical Interns** threaten an indefinite strike from 17 May to protest the alleged underpayment of interning doctors and graduate nurses;

12 May 2021 **Kampala (Uganda)** *Daily Monitor*. Eleven **African** heads of state arrive in Uganda to attend the swearing-in ceremony of President **Yoweri Museveni**;

11 May 2021 **Kampala (Uganda)** *Bank of Uganda*. **Bank of Uganda (BoU)** (central bank) refutes article published in state-owned **New Vision** newspaper of 10 May claiming the BoU has US\$144 billion (\$40.6m) in a dormant **German** bank account;

10 May 2021 **Kampala (Uganda)** *New Vision*. The **Bank of Uganda (BoU)** (central bank) has US\$144 billion (\$40.6m) lying dormant in a German bank, **Deutsche Entwicklungsgesellschaft**, and making payments from government accounts, with insufficient funds leading to a deficit of US\$ 1.7 billion (\$479,693);

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