

## AFRICA RISK CONSULTING

### Uganda Monthly Briefing December 2020

#### Uganda Summary 10 December 2020

*Critics accuse the Ugandan government of manipulating its COVID-19 public health response for political gain ahead of the 14 January presidential elections. United States-based non-governmental organisation Human Rights Watch claims that the Ugandan government is using the Uganda Electoral Commission's COVID-19 guidelines to selectively ban mass rallies conducted by opposition presidential and parliamentary candidates. Uganda Railways Corporation (URC) is in negotiations with EximBank of China to obtain US\$1.7 trillion (\$2 billion) to start the 273-km Kampala-Malaba section of the future standard gauge railway. Uganda's economy will lose about US\$1.7 trillion (\$480m) as a result of a non-tariff barrier that Kenya has been enforcing since the beginning of 2020 to keep out some Ugandan products.*

#### COVID-19 restrictions infect politics ...

Uganda's January presidential election campaign has seen a heavy-handed security response to opposition protests, drawing accusations that the government is using its COVID-19 public health response for political gain.<sup>1</sup> United States (US)-based non-governmental organisation Human Rights Watch claimed on 20 November that the ruling National Resistance Movement (NRM) has manipulated Uganda Electoral Commission (UEC) rules to prevent opposition candidates from carrying out mass rallies.<sup>2</sup> The UEC on 16 June banned all mass rallies, allowing instead what it termed "scientific campaigns" (campaigns through electronic media) as a measure to control the spread of COVID-19. Human Rights Watch stated:

*"The authorities have consistently used Covid-19 guidelines as an excuse for violent repression of the opposition rather than to safeguard the democratic playing field for free and fair elections, the Ugandan government should instead focus on ensuring that the security forces respect the rule of law, are held accountable for abuses, and act in an impartial manner."<sup>3</sup>*

The local Independent newspaper reports that the government used its COVID health guidelines to arrest presidential candidates Robert Ssentamu Kyagulanyi (also known as Bobi Wine) and Amuriat Oboi on 18 November for allegedly flouting the regulation against having over 200 people at their rallies. Several people were killed in the protests that followed the arrests of the two presidential candidates,<sup>4</sup> although in an address on 4 December, President Yoweri Museveni (1986-present) said 54 people had died during the three-day riots.<sup>5</sup> A London School of Economics (LSE) report on 4 August noted that, unlike opposition politicians, NRM leaders rarely endure arrest and harassment by the security forces.<sup>6</sup>

Anti-COVID measures have seen government leaders, opposition parties and citizens use mandatory face masks for political messaging and defiance.<sup>7</sup> The LSE reports that partisan

<sup>1</sup> Source, analyst Uganda

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

<sup>3</sup> Human Rights Watch, 20 Nov 2020

<sup>4</sup> Independent, 23 Nov 2020

<sup>5</sup> Nile Post, 4 Dec 2020

<sup>6</sup> London School of Economics Report, 4 Aug 2020

<sup>7</sup> London School of Economics Report 4 Aug 2020

differences have emerged as politicians and political parties customise facemasks with their colours and symbols:

*“It appears, however, that [Kyagulanyi’s] **People Power** [movement] and opposition parties are simply trying to find innovative ways to politically mobilise and catch up with the NRM whose leaders continue defying mandatory social distancing to perform campaign activities ... although new to the game of masks as political dressing, the NRM seems to be flexing its financial muscle by ramping up the distribution of its yellow masks across the country.”<sup>8</sup>*

Taking their cue from the ruling NRM leaders, many Ugandans are wearing the yellow facemasks as a precaution against harassment by security forces, while some expect rewards from wearing them.<sup>9</sup> The LSE described the strategic wearing of masks among residents of **Kampala’s Katanga** slum:

*“Today you wear NRM to get money from them, tomorrow you wear People Power to get sugar from there ... that is how you survive in Kampala.”<sup>10</sup>*

The government reportedly also used the distribution of COVID relief food during Uganda’s lockdown to gain political profit, ordering that all relief aid must be channeled through the prime minister’s office.<sup>11</sup> The government deployed ministers and ruling party politicians to distribute the food.<sup>12</sup> In April, police arrested and beat opposition member of parliament **Francis Zaake** for distributing food to his constituents after the government had banned public and private transport, suspended non-essential services, and closed non-food markets to prevent the spread of COVID-19.<sup>13</sup> The government claimed Zaake had failed to channel his food donations through a government-organised task force.<sup>14</sup>

### ... and the economy is not immune either

In addition to political manipulation of anti-COVID measures, the lockdown restrictions that the government announced on 30 March, together with subsequent extensions, have significantly disrupted the market and production supply chain.<sup>15</sup> This has particularly affected the informal sector, which employs many urban poor people, the majority of whom are women and youths.<sup>16</sup> According to the **Uganda Urban Labour Force Survey 2009**, informal firms account for 57% of Kampala’s employment,<sup>17</sup> while the **Uganda Bureau of Statistics (UBOS)** estimated in 2016 that of the 13.67 million people engaged in Uganda’s informal sector, 55% operate in Kampala alone.<sup>18</sup>

The finance, planning and economic development ministry estimates that millions of people could be pushed below the poverty line in the worst-case scenario. The **United Nations Development Program (UNDP)-Uganda** recently estimated that 3.3 million Ugandans fell into poverty as a result of the global crisis and lockdown measures and 9.1% of monthly GDP was lost during the lockdown.<sup>19</sup> Most affected are casual labourers, hawkers, *boda-boda* riders, tailors, hairdressers, market stall operators, food vendors, urban refugees and migrants.<sup>20</sup> Severe limitations on international transport have also reduced exports and tourism, and restricted access to key industrial inputs.<sup>21</sup> At the same time, the collapse in the world economy has lowered remittances from Ugandans living abroad.<sup>22</sup>

<sup>8</sup> London School of Economics Report, 4 Aug 2020

<sup>9</sup> London School of Economics Report, 4 Aug 2020

<sup>10</sup> London School of Economics Report, 4 Aug 2020

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

<sup>12</sup> Source, Uganda analyst

<sup>13</sup> Human Rights Watch, 20 Nov 2020

<sup>14</sup> Human Rights Watch, 20 Nov 2020

<sup>15</sup> Ministry of Finance Report, May 2020

<sup>16</sup> Ministry of Finance Report, May 2020

<sup>17</sup> Ministry of Finance Report, May 2020

<sup>18</sup> UBOS 2016 statistics

<sup>19</sup> International Growth Centre, 19 Oct 2020

<sup>20</sup> Ministry of Finance & Economic Development report

<sup>21</sup> International Growth Centre, 19 Oct 2020

<sup>22</sup> International Growth Centre, 19 Oct 2020

The Ugandan government announced on 1 June that it would implement a medium-term economic stimulus package in financial year 2021 to boost economic growth and lead the economy out of the projected economic slowdown resulting from the COVID pandemic.<sup>23</sup> The package seeks to restore household incomes, re-ignite business activity through the provision of tax deferments, an increase in government spending, lowering interest rates and provision of access to credit to support Micro Small and Medium Enterprises (MSMEs), amongst others.<sup>24</sup>

For now the future for businesses in Uganda remains bleak. **Jumia (Uganda)** CEO **Ron Kawamara** acknowledges that 2021 will be a tough year:

*"The number one priority for me, and for most businesses, is to survive and fight another day."*<sup>25</sup>

### Uganda to borrow \$2 billion to revamp railway

The **Uganda Railways Corporation (URC)** is in negotiations with **EximBank of China** to obtain US\$1.7 trillion (\$2 billion) to commence construction of the 273-km **Kampala-Malaba** section of the future standard gauge railway (SGR).<sup>26</sup> URC CEO **Stanley Ssendegeya** said he expects the funding to be on board *"in a year or less"* and construction to begin in *"the first or second year after negotiations"*.<sup>27</sup> The announcement indicates a departure from the Ugandan government's earlier statement that it would revert to the old metre gauge after **Kenya** had failed to secure the funding required to complete the stretch to Malaba.<sup>28</sup> Ssendegeya said:

*"We are not going to wait for Kenya to arrive at Malaba. We are going to work co-currently. As they (Kenya) build towards Malaba, we shall also be building from Kampala."*<sup>29</sup>

Ssendegeya also indicated that URC has a plan to allow clients to buy trains that would be solely used by their companies:

*"We are also going to talk to key clients if they can invest in dedicated assets, if you can buy a locomotive, we dedicate it to your business, it is yours and we give you a line."*<sup>30</sup>

Although the SGR project currently falls under the ministry of works, Ssendegeya said there are plans to incorporate its activities under the URC, which recently regained direct control of Uganda's railway system after government cancelled a 20-year concession in terms of which it handed the network over to a consortium of companies under Kenya's **Rift Valley Railways**.<sup>31</sup>

Uganda launched its section of the SGR in October 2014 after completion of the feasibility study and designs of the railway line. However, the project failed to take off due to lack of financing and Kenya's failure to complete the line to Malaba.<sup>32</sup> Online **256 Business News** editor **Michael Wakabi** notes the Ugandan side of the SGR project is insignificant if Kenya does not work on its **Naivasha-Malaba** section.<sup>33</sup>

*"Without that connection it will be a hanging line and completely uneconomical because of track length, standardising the metre gauge would be economically more efficient because you can achieve good speeds of 70 km per hour which is not bad for cargo."*<sup>34</sup>

**Makerere University** economist Dr **Fred Muhumuza** claims that the SGR could become a white elephant and will add little value to the Northern Corridor, since there are not enough exports coming

<sup>23</sup> Initiative for Social & Economic Rights, Aug 2020

<sup>24</sup> Initiative for Social & Economic Rights, Aug 2020

<sup>25</sup> The Africa List Business Barometer, Dec 2020

<sup>26</sup> Daily Monitor, 16 Nov 2020

<sup>27</sup> Daily Monitor, 16 Nov 2020

<sup>28</sup> Daily Monitor, 16 Nov 2020

<sup>29</sup> Daily Monitor, 16 Nov 2020

<sup>30</sup> NTV news, 28 Oct 2020

<sup>31</sup> Daily Monitor, 16 Nov 2020

<sup>32</sup> Daily Monitor, 16 Nov 2020

<sup>33</sup> Source, Uganda analyst

<sup>34</sup> NTV news, 28 Oct 2020

from the region.<sup>35</sup> Muhumuza said imports do not create jobs and the country will therefore have difficulty in generating revenue to pay back the infrastructure loans.<sup>36</sup>

### Uganda loses \$480m in trade war with Kenya

Uganda's economy will lose about US\$1.7 trillion (\$480m) as a result of a non-tariff barrier that Kenya has been enforcing to curtail exports from Uganda.<sup>37</sup> The move coupled with the closure of the border with **Rwanda** has increased Uganda's trade deficit by \$1.2 trillion from \$2.4 trillion in 2017/2018 to \$3.7 trillion in 2018/2019 financial year.<sup>38</sup> Since the start of 2020, Kenya has intensified its crackdown on Ugandan products such as poultry, sugar and milk, which has affected livelihoods of more than 100,000 farmers, particularly in the dairy sub-sector.<sup>39</sup>

**Uganda Manufacturers Association (UMA)** executive director **Daniel Birungi** expressed concern about Kenya's decision to block Ugandan exports for the past two years and intensifying the restrictions in the past 12 months. The UMA warns it will file charges against Kenya at the **East African Court of Justice** if the unfair trade practices are not resolved by the end of December. Birungi described the policy as "*institutionalised harassment*" of Kenyan and Ugandan traders dealing in Uganda goods:

*"This is being done with a view to discourage dealing in Uganda originating goods, especially poultry, milk, sugar and in addition to impromptu stop overs and rampant raids on Ugandan warehouses or warehouses with Ugandan goods, unnecessary issuance of quotas to Ugandan made sugar which contradicts the [East African Community] EAC Common Market Protocol and unending verifications whose findings always vindicate Uganda."*<sup>40</sup>

President Museveni said in January that he would not hit back at Kenya for blocking Ugandan products from its market.<sup>41</sup>

*"I saw people say retaliate; I will not accept because President [Uhuru] Kenyatta [2013-present] is a very friendly person, very clear-headed on business because he is a businessman himself. He's also very clear-headed on African issues."*<sup>42</sup>

Uganda is Kenya's most important partner in the region. Kenya's imports from Uganda more than doubled between 2016 and 2017 from KSh9.28 billion (\$83.2m) in 2016 to KSh42.04 billion (\$380.4m) in 2017, while imports from Uganda to Kenya stood at KSh41.94 billion (\$376.1m) in 2018.<sup>43</sup> Exports to Uganda from Kenya dropped from KSh62.16 billion (\$556m) in 2016 to KSh61.88 billion (\$547m) in 2018.<sup>44</sup>

<sup>35</sup> The East African, 28 May 2016

<sup>36</sup> The East African, 28 May 2016

<sup>37</sup> Daily Monitor, 8 Dec 2020

<sup>38</sup> Trade Mark East Africa Report

<sup>39</sup> Daily Monitor, 8 Dec 2020

<sup>40</sup> Daily Monitor, 8 Dec 2020

<sup>41</sup> Business Daily Africa, 17 Jan 2020

<sup>42</sup> Business Daily Africa, 17 Jan 2020

<sup>43</sup> Business Daily Africa, 17 Jan 2020

<sup>44</sup> Business Daily Africa, 17 Jan 2020

## Planner

- 21 Dec 2020 **Kampala (Uganda)** International Conference on Plant & Soil Science (ICPSS-20);
- 22 Dec 2020 **Kampala (Uganda)** International Conference on Global Economy in Business, Management, Social Science and Humanity Perspective(GEMSH-20)
- 14 Jan 2021 **(Uganda)** Presidential elections

## Chronology

- 11 Dec 2020 **Washington (United States)** *NBS TV*. **United States** secretary of state **Mike Pompeo** announces his government is designating 17 **Ugandan** government officials and their immediate family members over human rights violations;
- 10 Dec 2020 **Kampala (Uganda)** *Independent*. The health ministry has ordered 9 million doses of the **COVID-19** vaccine amid surging new infections in Uganda, saying the vaccines will cover 20% of the population, with plans underway to secure additional vaccine doses;
- 10 Dec 2020 **Kampala (Uganda)** *Daily Monitor*. A source at **Mulago National Referral Hospital** says the facility is facing a crisis of oxygen supply for patients in Intensive Care Units (ICUs);
- 10 Dec 2020 **Kampala (Uganda)** *Daily Monitor*. The government says it is not ready to reopen schools for primary, secondary classes, forcing over 13.5 million learners who have spent eight months away from school due to the **COVID-19** pandemic to delay their return to their studies;
- 9 Dec 2020 **Kampala (Uganda)** *Independent*. The **United States** has warned Uganda to live up to its obligations to hold free and fair elections as opposition candidates battle with security forces across the country over elections rallies;
- 8 Dec 2020 **Kampala (Uganda)** *CNN*. Ugandan music star turned presidential candidate **Robert Kyagulanyi Ssentamu**, also known as **Bobi Wine**, says he was nearly killed twice in recent weeks and calls on the international community to hold Uganda's government accountable ahead of January elections;
- 6 Dec 2020 **Kampala (Uganda)** *Independent*. President **Yoweri Museveni** threatens to recall **Uganda People's Defence Force (UPDF)** officers attached to the **Fisheries Protection Unit (FPU)** over claims that some officers are extorting fishermen with illegal fishing gear and undermining the core principles of their operations;
- 5 Dec 2020 **Kampala (Uganda)** *Daily Monitor*. The ruling **National Resistance Movement (NRM)** party has dispatched 24 teams to kick-start door-to-door campaigns for NRM party flag bearers in the forthcoming general elections;
- 4 Dec 2020 **Kampala (Uganda)** *New Vision*. **Uganda Communications Commission (UCC)** executive director **Irene Kaggwa Sewankambo** announces UCC regulations preventing candidates from hosting a radio or television show station during Uganda's election period;
- 3 Dec 2020 **Kampala (Uganda)** *WHO*. Uganda receives a consignment of five bi-directional COVID-19 "Smart Texting Walk-Through" booths, 26,400 RNA extraction kits and 26,400 PCR diagnostic kits worth over USh1 billion (\$270,000) from the **Korea International Cooperation Agency (KOICA)** and the **World Health Organization (WHO)** to aid in the fight against **COVID-19**;
- 2 Dec 2020 **Kampala (Uganda)** *Aljazeera*. Ugandan music star turned presidential candidate **Robert Kyagulanyi Ssentamu**, also known as **Bobi Wine**, suspends his election campaign after campaign team members were injured and his car shot at during clashes between security personnel and his supporters;
- 2 Dec 2020 **Kampala (Uganda)** *The Independent*. Banking institutions have since April restructured loans with clients worth USh6.7 trillion (\$182m) after the **Bank of Uganda** (central bank) granted permission in April to banking institutions to provide credit relief through restructuring of loans as

the COVID-19 pandemic affected repayment;

1 Dec 2020 **Kampala (Uganda)** *Aljazeera*. A rubber bullet injures a music producer for Ugandan **Robert Ssentamu Kyagulanyi** (also known as **Bobi Wine**) during clashes between security personnel and the politician's supporters;

30 Nov 2020 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** says he will not allow criminals who are supported by foreign interests to "disturb Uganda", justifying the arrest of presidential candidate **Robert Ssentamu Kyagulanyi** (also known as **Bobi Wine**) and the shooting that followed riots that swept Kampala and other parts of the country;

30 Nov 2020 **Kampala (Uganda)** *The Independent*. President **Yoweri Museveni** says the government will compensate families of the 54 people killed during recent city protests;

29 Nov 2020 **Kampala (Uganda)** *Daily Monitor*. The **Uganda Civil Aviation Authority (UCAA)** has opened part of the first floor of the new **Entebbe International Airport** terminal building to give departing passengers adequate space at check-in counters while observing necessary Standard Operating Procedures (SOPs);

28 Nov 2020 **Kampala (Uganda)** *Relief Web*. Heavy rains have caused severe floods in **Mbarara District** and landslides in **Kasese District**, both located in **South Western** region;

27 Nov 2020 **New York (US)** *Global Information Network*. **Uganda's** security minister, General **Elly Tumwine**, issues a shoot to kill order against rioters as political rallies heat up in advance of Uganda's January presidential and parliamentary election;

26 Nov 2020 **Kampala (Uganda)** *Daily Monitor*. Security authorities say they are looking into "security mistakes" that led to the killing of innocent people in Kampala and other parts of the country during protests following the arrest of **National Unity Platform (NUP)** party presidential candidate **Robert Kyagulanyi**, also known as **Bobi Wine**;

25 Nov 2020 **Kampala (Uganda)** *Independent*. Uganda and 12 other **African** countries have launched a new clinical trial that aims to respond to the urgent need to identify treatments that can be used to treat mild and moderate cases of **COVID-19** early and prevent spikes in hospitalisation that could overwhelm fragile and already overburdened health systems on the continent;

24 Nov 2020 **Kampala (Uganda)** *Reuters*. **Reporters Without Borders (RSF)** condemns a wave of attacks against journalists and media outlets in Uganda in recent days during an increasingly turbulent presidential election campaign;

23 Dec 2020 **Kampala (Uganda)** *Daily Monitor*. The government has deported at least two heads of **United States** and **European Union** funded non-governmental organisations in Uganda in the last two months on accusations of pursuing or supporting an agenda for regime change;

22 Nov 2020 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Tibuhaburwa Museveni** announces he will embark on live weekly televised national addresses throughout the campaign season;

21 Nov 2020 **Kampala (Uganda)** *Independent*. **Uganda's Electoral Commission** issues a revised presidential campaign programme after a week of disruptions following riots that began after police arrested presidential candidates **Robert Kyagulanyi** and **Patrick Oboi Amuriat** ;

20 Nov 2020 **Nairobi (Kenya)** *HRW*. **United States**-based non-governmental organisation **Human Rights Watch** says the arrest and detention of presidential candidate **Robert Kyagulanyi** is a sign of the growing repression of opposition politicians ahead of Uganda's national elections scheduled for January 2021;

19 Nov 2020 **Nairobi (Kenya)** *The New York Times*. **Ugandan** national police report at least 16 people had been killed and hundreds arrested in protests that erupted across the country after two presidential candidates were arrested while campaigning ahead of the January election in which

President **Yoweri Museveni** is vying for a sixth term in office;

17 Nov 2020 **Kampala (Uganda) Ecofin Agency. Uganda Railways Corporation (URC)** CEO **Stanley Sendegeya** says the government is in negotiations with **China's EximBank** to obtain \$2 billion to start the 273-km **Kampala-Malaba** section of the future standard gauge railway;

16 Nov 2020 **Kampala (Uganda) APO**. Results of **COVID-19** tests on 15 November confirm 237 new cases bringing cumulative cases to 16,257 and total COVID-19 deaths to 150;

13 Nov 2020 **Kampala (Uganda) BoU. Bank of Uganda (BoU)** in exercise of its powers under Section 99 (1) & (2) of the **Financial Institutions Act, 2004** has placed **Crane Bank Ltd (CBL)** under liquidation and ordered the winding up of its affairs, and will be the liquidator of CBL.

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Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

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