

AFRICA RISK CONSULTING

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Uganda abstains from voting on the United Nations General Assembly resolution condemning Russia for invading Ukraine. International economic relations experts warn that prolonged war between Russia and Ukraine could have serious political and economic effects in Uganda. Parliament's Committee on Commissions, Statutory Authorities and State Enterprises investigating the unfavourable terms of Uganda's agreement with China's Export-Import (Exim) Bank for a 2015 loan to upgrade Entebbe International Airport has ended its probe, concluding that the deal is binding. A proposal by Uganda's parliament to impose fines on people who refuse to be vaccinated against Covid-19 and jail terms for those who fail to pay has stirred controversy across the country.

Uganda abstains from UN vote on Russian invasion of Ukraine ...

Uganda, together with 16 other countries in **Africa**, abstained from voting on the **United Nations (UN) General Assembly** resolution on 3 March condemning **Russia** for invading **Ukraine**.¹ Uganda's permanent representative to the UN, **Adonia Ayebare**, said Uganda abstained to show neutrality as the incoming chair of **Non-Aligned Movement (NAM)**, which requires it to be neutral.²

However, Uganda has been working closely with Russia in areas of mineral development and security, which may have strongly influenced its decision to abstain from the UN vote.³ President **Yoweri Museveni** (1986-present), during a meeting with Russia's President **Vladimir Putin** (2000-2008; 2012-present) at the **Russia-Africa Summit** in **Sochi** (Russia) in 2018, said Uganda was "building an army by buying good Russian equipment, aircraft, tanks and so on".⁴ The two leaders agreed that Uganda would procure equipment on credit and allow Russian contractors to build a workshop in Uganda to maintain, overhaul and upgrade military aircraft.⁵

Uganda's commander of land forces, Lt. Gen. **Muhoozi Kainerugaba**, who is President Museveni's son, posted a message on social media platform **Twitter** on 28 February 28 in which he backed Russia's invasion of Ukraine:

*"The majority of mankind (that are non-white) support Russia's stand in Ukraine. Putin is absolutely right! When the **USSR** parked nuclear armed missiles in **Cuba** in 1962, the West was ready to blow up the world over it. Now when **NATO** does the same, they expect Russia to do differently?"⁶*

However, Uganda's foreign affairs ministry distanced itself from Muhoozi's comment. Foreign affairs minister **Okello Oryem** stated:

"That was his opinion to which he is entitled but that is not the position of the Ministry or the Foundation of the Ministry, President Yoweri Museveni, he (Muhoozi) doesn't speak for us."⁷

¹ Chimpreports, 3 Mar 2022

² Chimpreports, 3 Mar 2022

³ Uganda analyst, 9 Mar 2022

⁴ Chimpreports, 3 Mar 2022

⁵ Chimpreports, 3 Mar 2022

⁶ Uganda analyst, 3 Mar 2022

⁷ Uganda Radio Network, 3 Mar 2022

Oryem said Uganda does not support the act of aggression. Uganda's position is that parties in any conflict must engage in meaningful negotiations to find an amicable solution to a disagreement as opposed to war.⁸ On 24 February, the **African Union (AU)** condemned Putin's decision to invade Ukraine and called for an immediate cease-fire to preserve world peace.⁹

... as conflict has ripple effect on Uganda

International economic relations experts are warning that a prolonged war between Russia and Ukraine could have a serious political and economic impact on Uganda.¹⁰ The war is already contributing to a surging import bill and high imported inflation in Uganda as fuel prices soar.¹¹ The country has yet to recover from a January fuel crisis caused by a gridlock created at the Uganda-**Kenya Malaba** border post by truck drivers who parked their vehicles for weeks to protest the \$30 mandatory **Covid-19** test imposed by Uganda's health ministry.¹²

Oil products dealer **Stabex International Uganda's** head of operations, **Boniface Kipchirchir**, told local news media in **Kampala** that **Platts**, the price benchmark for the oil industry, rose from an average of \$648 per metric tonne of crude in December following the Russia-Ukraine border standoff to \$820 per tonne in February, translating into an increase of over US\$600 (\$0.17) per litre:

*"Russia is the major supplier of the **Far East** countries such as **China, New Zealand and Australia** among others."*¹³

Kipchirchir said the **Middle East** and **Gulf** countries, from which **East Africa** sources its crude oil, will be tempted to explore supplying markets in **Asia** and the Far East that will potentially be vacated by Russia:

*"The war is an opportunity for **Saudi Arabia** and other potential suppliers. Thus, this increase in demand due to the crisis will affect East Africa and **Africa**, [and] we expect the speculation to cause price increases."*¹⁴

Vivo Energy Uganda, the company that distributes and markets **Shell**-branded fuels and lubricants to retail and commercial customers in Uganda, capped the price at US\$5,000 (\$1.38) for petrol and US\$4,200 (\$1.05) for diesel for the three-week duration of the border blockage in January, but issued a price increase on 21 February for all its fuel stations in Uganda. The company raised its pump price by US\$80 (\$0.022) and US\$60 (\$0.017) for petrol and diesel respectively.¹⁵

Local media in Kampala quoted the energy ministry's commissioner for petroleum supply, **Frank Tukwasibwe**, as saying that the price of fuel has not come down because "it's being fixed according to the international prices that have gone up":

*"Even diesel which had remained low, went up. The scarcity now is because of forces beyond our control."*¹⁶

The rising crude oil prices as a result of the Russia-Ukraine conflict are likely to hurt Uganda more than its **East African** neighbours, which have price regulations.¹⁷ In Uganda, oil marketing companies (OMCs) operate in a fully liberalised market and set their own prices, while other East

⁸ Uganda Radio Network, 3 Mar 2022

⁹ Uganda Radio Network, 25 Feb 2022

¹⁰ NTV News, 28 Feb 2022

¹¹ East African, 24 Feb 2022

¹² East African, 28 Feb 2022

¹³ Daily Monitor, 28 Feb 2022

¹⁴ Daily Monitor, 28 Feb 2022

¹⁵ Uganda analyst, 6 Mar 2022

¹⁶ Daily Monitor, 28 Feb 2022

¹⁷ Uganda analyst, 8 Mar 2022

African countries regulate the industry and set fuel prices for dealers to charge motorists.¹⁸ Uganda consumes roughly 27,000 barrels of oil per day.¹⁹

The ripple effect of the conflict is being felt in other sectors, including coffee. Ugandan coffee exports to Russia are estimated at \$7m per year, while Uganda's imports of wheat from Russia, \$25.5m per year, have also been affected.²⁰ **Uganda Coffee Development Authority (UCO)** managing director **Emmanuel Iyamuleme** told **Africa Risk Consulting (ARC)** that the fuel crisis has also affected the coffee trade from a logistics perspective:

"There's a direct effect on coffee; the whole value chain of coffee is affected, our containers have been stuck at Uganda-Kenya Malaba border crossing. Even boda bodas [motorcycle taxis drivers] who transport coffee from the farms to the factory are stuck due to high fuel prices and scarcity."

The rising cost of fuel and runaway imported inflation is cause for concern to Ugandans in both the formal and the informal sectors.²¹ Kampala-based policy analyst **Mary Anne Nanfuka Kasule** told ARC that the Ugandan government must act fast by offering an explanation to Ugandans for the soaring cost of fuel and other commodities:

*"Short of that the disgruntlement that it has caused may lead to riots."*²²

Makerere University economist Dr. **Fred Muhumuza** told ARC that the current high prices of commodities in Uganda is imported inflation resulting from the disruption that the Russia-Ukraine conflict has caused on the supply chain in the Asian market.²³ Uganda buys commodities such as cooking oil from **Malaysia**, but the Russia-Ukraine conflict has affected supplies and led to high local prices.²⁴ Presidential adviser **Moses Byaruhanga** told ARC that Ugandans need to prepare for "the worst economic crisis":

*"We have to tighten our belts; government can't intervene to stabilise as our reserves in the **Bank of Uganda [BoU]** [central bank] can't sustain us beyond eight months. The price of fuel has gone up by 30%, freight charges from the Far East have gone up from \$200 in 2020 to now \$500 in February 2022 and if you remove taxes to stabilise prices of commodities, then the economy will collapse."*²⁵

Uganda bound by "bad" China loan

In further bad news for Uganda's economy, a parliamentary committee investigating the terms of the country's agreement with **China's Export-Import (Exim) Bank** for a \$200m loan to upgrade **Entebbe International Airport** has ended its probe noting that the deal is binding.²⁶ Uganda's **Civil Aviation Authority (CAA)** told Ugandan members of parliament in November that the terms of the agreement were not good and would affect operations (see *ARC Briefing Uganda Dec 2021*), adding their voice to an earlier assertion by the auditor general, who pointed out that the escrow account required in the terms of the loan agreement would put a strain on the financial health of the airport.²⁷ Local media reported on 27 November that Uganda risks losing Entebbe Airport to

¹⁸ Daily Monitor, 28 Feb 2022

¹⁹ Uganda Refinery project

²⁰ Uganda analyst, 8 Mar 2022

²¹ Uganda analyst, 8 Mar 2022

²² Uganda analyst, 8 Mar 2022

²³ Uganda analyst, 8 Mar 2022

²⁴ Uganda analyst, 8 Mar 2022

²⁵ Uganda analyst, 8 Mar 2022

²⁶ Daily Monitor, 7 Mar 2022

²⁷ Daily Monitor, 7 Mar 2022

China over a \$200m loan the government contracted in 2015 to expand the facility.²⁸ China reportedly rejected Uganda's request to renegotiate some clauses in the 2015 loan agreement.²⁹

United States-based research group **AidData** released a report on 28 February criticising China's **Exim Bank** for imposing stringent and unfair terms on the \$200m loan to expand Entebbe Airport.³⁰ The AidData report notes that the loan agreement included over 10 clauses that are deemed "unfriendly" and as good as mortgaging the airport and eroding Uganda's sovereignty.³¹ Most troubling for CAA executives is a clause obliging the government to open an escrow account in **Stanbic Bank** where Exim Bank must monitor and approve all transactions.³² According to the 20-year contract, Uganda is expected to deposit airport revenue in the escrow account and give priority to repayment of the loan before investing in any venture. AidData executive director **Bradley Parks** says this limits the Ugandan government's fiscal autonomy.³³

According to the loan agreement, if Uganda fails to repay its debt, Exim Bank can debit the escrow account without having to go to court.³⁴ Repayment must be in Chinese currency, but if made in any other currency, must be converted at the prevailing rate.³⁵ The agreement gives Exim Bank the authority to approve the airport's budgets and inspect books of accounts, and allows the **China International Economic and Trade Arbitration Commission (CIETAC)** in **Beijing** to resolve any dispute under Chinese law.³⁶

Parliamentary **Committee on Commissions, Statutory Authorities and State Enterprises** chair **Joe Senyoni** told local media in Kampala that it is impossible for the government to withdraw from the agreement, given the dire consequences.³⁷ However, attorney general **Kiryowa Kiwanuka** said Uganda could withdraw if it wanted, but "there are consequences of doing so", without elaborating.³⁸ Part of the agreement is a clause stipulating confidentiality:

*"The borrower (Uganda) shall keep the documents, terms, conditions of the agreement strictly confidential and must seek permission for disclosure."*³⁹

President Yoweri Museveni stated in December that no airport had been mortgaged as was reported in the media (see *ARC Briefing Uganda Dec 2021*). Museveni said Uganda had the capacity to pay the Chinese debt and there was no cause for alarm.⁴⁰

Uproar over proposal for mandatory Covid-19 vaccination

A bill before parliament that allows the government to impose fines on people who refuse vaccination against **Covid-19** and jail those who fail to pay such fines has caused uproar throughout Uganda.⁴¹ The health committee of parliament is currently scrutinising **Public Health (Amendment) Bill 2021**, which seeks to make coronavirus vaccinations mandatory for all Ugandans.⁴² The bill proposes a fine of US\$4m (\$1,139) or a jail term of up to six months for those who fail to get vaccinated against Covid-19.⁴³

²⁸ Source, Uganda analyst, 6 Dec 2021

²⁹ Source, Uganda analyst, 6 Dec 2021

³⁰ The East African, 7 Mar 2022

³¹ The East African, 7 Mar 2022

³² The East African, 7 Mar 2022

³³ AFP, 28 Feb 2022

³⁴ The East African, 7 Mar 2022

³⁵ The East African 7 Mar 2022

³⁶ The East African, 7 Mar 2007

³⁷ Daily Monitor, 7 Mar 2022

³⁸ Daily Monitor, 7 Mar 2022

³⁹ The East African, 7 Mar 2022

⁴⁰ AFP, 28 Feb 2022

⁴¹ Uganda analyst, 9 Mar 2022

⁴² Parliament of Uganda, 1 Mar 2022

⁴³ Parliament of Uganda, 1 Mar 2022

The proposed bill has dominated discussions on social and traditional media.⁴⁴ The **Uganda Medical Association (UMA)** issued a statement on 9 March opposing mandatory vaccination and jail terms for offenders.⁴⁵ The legal fraternity has also opposed it on grounds that it infringes people's right to give informed and voluntary consent.⁴⁶ The **Uganda Law Society (ULS)** wants the government to drop the proposal for mandatory Covid-19 vaccination, suggesting that the bill should consider circumstances under which an individual may reject vaccination.⁴⁷ In a presentation to parliament on 1 March, advocate and ULS member **Justinian Kateera** noted:

*"Our view is that there should be informed consent before any medical procedures are taken."*⁴⁸

Citing international health rights and international human rights law, Kateera said the bill needs to protect and promote human rights even in the face of pandemics or critical public health issues:

*"When subjected to medical examinations, the authorities should seek prior consent and carry out procedures that are non-intrusive. The preventive measures should comply with generally accepted standards of human rights."*⁴⁹

Diamond Trust Bank executive director **Mbabazi Emejeit** told parliament that the punitive measures for non-compliance with Covid-19 vaccination should be less stringent:

*"A person may have refused mandatory vaccination because they have other health conditions; we have seen people we know who passed away because they were vaccinated when they did not know they had underlying conditions."*⁵⁰

Mbabazi said the bill should provide for parents to consent on behalf of their children if they are to receive any vaccination, as provided in the constitution:

*"The bill is open about rights of children and does not provide consent of parties. This is contrary to article 34 of the constitution which provides that laws should be implemented to ensure that children have rights to be cared for by their parents or those entitled by the law to care for them."*⁵¹

Parliamentary Committee on Health chair **Charles Ayume** told ARC that in instances where the country is grappling with public health issues with severe impacts such as Covid-19, the government has a duty to enforce compliance in prevention and treatment:

*"What happens when we say that people should decide when there is a public health issue with a ripple effect and can lead to severe mortality and morbidity? If we let the public determine when and how certain things should be, I think as a committee, we shall have failed."*⁵²

As of 9 March, Uganda had vaccinated 14,157,777 against Covid-19 and reported a total of 163,454 confirmed cases of Covid-19 in its population of 47 million people to the **World Health Organization (WHO)**, with 3,590 Covid-19-related deaths.⁵³

⁴⁴ Uganda analyst, 9 Mar 2022

⁴⁵ Uganda analyst, 9 Mar 2022

⁴⁶ Uganda analyst, 9 Mar 2022

⁴⁷ Parliament, 1 Mar 2022

⁴⁸ Parliament, 1 Mar 2022

⁴⁹ Parliament, 1 Mar 2022

⁵⁰ Parliament, 1 Mar 2022

⁵¹ Parliament, 1 Mar 2022

⁵² Uganda analyst, 9 Mar 2022

⁵³ WHO, accessed 9 Mar 2022

Planner

13 Mar 2022 **Kampala (Uganda)** International Conference on Wireless Networks and Mobile Communication (EUIWNMC);

24 Mar 2022 **Kampala (Uganda)** World Congress on Industrial Biotechnology (WCIB);

1 Apr 2022 **Kampala (Uganda)** International Conference on Business Analytics and Operations Research (ICBAOR);

1 Apr 2022 **Kampala (Uganda)** World Congress on Information Technology and Computer Science (WCITSC);

Chronology

8 Mar 2022 **Kampala (Uganda)** *Nile Post*. Ugandan troops in **Somalia** have been given a new mandate ahead of the expiry of the **African Union Mission in Somalia (AMISOM)** later this year, after serving for 15 years;

8 Mar 2022 **Kampala (Uganda)** *KFM Radio*. The **Bank of Uganda** (central bank) warns of a rise in inflation if global commodity prices continue to rise;

7 Mar 2022 **Kampala (Uganda)** *East African*. A parliamentary committee investigating the terms of Uganda's agreement with **China's Exim Bank** for the **Entebbe Airport** loan has ended its probe, noting that the deal is binding; the agreement includes a clause stipulating that "the borrower (**Uganda**) shall keep the documents, terms, conditions of the agreement strictly confidential and must seek permission for disclosure";

6 Mar 2022 **Kampala (Uganda)** *Daily Monitor*. Doctors under their umbrella **Uganda Medical Association (UMA)** request the **Health Monitoring Unit** not to focus their investigation regarding allegations of corruption solely on **Mulago Hospital** but also other health departments in the country;

5 Mar 2022 **Kampala (Uganda)** *Soft power*. **Uganda-Rwanda** border is set to re-open on 7 March following a decision by the government of Rwanda to re-open all its land borders.

4 Mar 2022 **Kampala (Uganda)** *KFM Radio*. The ministry of health has directed the **National Drug Authority (NDA)** to close with immediate effect all private pharmacies in government hospitals;

3 Mar 2022 **Kampala (Uganda)** *Press Release*. President **Yoweri Museveni** posts a message on social media platform **Twitter** that he met with the **Russia's** ambassador to Uganda, **Vladlen Semivolos**, to discuss "issues of mutual interest";

3 Mar 2022 **Kampala (Uganda)** *Chimp Reports*. Uganda abstains from voting on the **United Nations General Assembly** resolution condemning **Russia** for invading **Ukraine**;

2 Mar 2022 **Kampala (Uganda)** *Nile Post*. Members of parliament state that they want government to take action on the high costs of essential household commodities and stall rising prices;

1 Mar 2022 **Kampala (Uganda)** *Independent*. Local construction firm **Excel** will earn \$23.2m in building well pads, a 2.5-km fence, access roads and water intake points in the **Kingfisher** oil development project under **CNOOC Uganda** on the shores of **Lake Albert**, and is expected to deliver the assignment, commenced on 11 February, within the 20-month timeframe;

28 Feb 2022 **Kampala (Uganda)** *Africa Business Radio Podcast*. **United States**-based research lab **AidData** says a top **Chinese** lender has imposed "aggressive" repayment terms on a \$200m loan to expand Uganda's international airport, criticising the bank for forcing the government to repay its debt before funding public services;

27 Feb 2022 **Kampala (Uganda)** *Press Release*. Results of **Covid-19** tests performed on 27 February

confirm nine new cases, bringing total cumulative confirmed cases to 163,275;

26 Feb 2022 **Kampala (Uganda)** *East African*. Revelations by President **Yoweri Museveni's** son, Lt-Gen **Muhoozi Kainerugaba**, on 19 February that a rebel group accused by **Rwanda** of fomenting sour relations between the two countries had a footprint in Uganda, could finally yield the next step in mending ties;

25 Feb 2022 **Kampala (Uganda)** *Press Release*. **United States** ambassador to Uganda **Natalie Brown** announces a financial support of \$27m for Uganda's vaccination efforts;

24 Feb 2022 **Kampala (Uganda)** *Parliament*. Scientists working on a **Covid-19** vaccine in Uganda tell legislators on the **Presidential Affairs Committee** that trials will commence in March;

23 Feb 2022 **Kampala (Uganda)** *Aljazeera*. The lawyer representing award-winning Ugandan author **Kakwenza Rukirabashaija**, who fled Uganda after being charged with insulting President **Yoweri Museveni**, says his client has arrived in **Germany** along with this son to seek medical treatment after being "tortured" in jail;

22 Feb 2022 **Kampala (Uganda)** *Africanews*. The parliamentary committee on health has begun scrutinising **Public Health (Amendment) Bill 2021**, which seeks to make coronavirus vaccination mandatory and making Ugandans who refuse **Covid -19** vaccination likely to face a six-month jail term if they fail to pay a proposed fine of 4 million Ugandan shillings (\$1,139) for remaining unvaccinated against Covid-19;

21 Feb 2022 **Kampala (Uganda)** *Independent*. Fire razes **Elegu Market** at the **Uganda-South Sudan** border;

20 Feb 2022 **Kampala (Uganda)** *Press Release*. Results of **Covid-19** tests performed on 18 February confirm 28 new cases, bringing total confirmed cases to 163,032;

18 Feb 2022 **Kampala (Uganda)** *Reuters*. Uganda has blamed its 2 February withdrawal from an **International Coffee Organisation (ICO)** agreement this month on what it calls unfair tariffs and other barriers that restrict export of processed coffee to **Europe** and elsewhere;

16 Feb 2022 **Kampala (Uganda)** *East African*. Uganda has dropped the mandatory requirement for **Covid-19** testing at its main entry point in **Entebbe International Airport** following a cabinet decision that noted that few new cases are being recorded at the airport and the threat of new coronavirus variants and community transmissions has reduced;

15 Feb 2022 **Kampala (Uganda)** *Daily Monitor*. Health minister **Jane Ruth Aceng** says Uganda is past the third wave of **Covid-19**;

14 Feb 2022 **Kampala (Uganda)** *Upstream Online*. **China**-headquartered contractor **Offshore Oil Engineering Company (COOEC)** has finalised a contract with operator **CNOOC Uganda** to provide engineering, procurement and construction services for the ground facilities at the **Kingfisher** oilfield in the **Albertine** basin in western Uganda;

13 Feb 2022 **Kampala (Uganda)** *Volcano Discovery*. A moderate mag. 4.7 earthquake hits Uganda's tourism city **Fort Portal** (Western Region);

12 Feb 2022 **Kampala (Uganda)** *Trading Economics*. **Bank of Uganda** (central bank) leaves its benchmark interest rate at a record low of 6.5% saying the current stance is consistent with meeting the inflation target of 5% in the medium term while supporting economic recovery, noting that risks to growth remain tilted to the downside while inflationary pressures remain modest;

11 Feb 2022 **Kampala (Uganda)** *Nile Post*. Foreign affairs minister Gen **Jeje Odongo** has held talks with **Germany's** ambassador to Uganda, **Matthias Schauer**, following accusations the envoy contravened diplomatic protocol when he wrote to Court over the situation of novelist **Kakwenza Rukirabashaija**, who is charged with offensive communication.

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Getting in touch

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

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