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Opposition coalition The Democratic Alliance (TDA) is divided on its choice of candidate for the 2016 presidential election. The frontrunners are Forum for Democratic Change (FDC) candidate Kizza Besigye and former ruling National Resistance Movement (NRM) secretary general Amama Mbabazi. Interior minister general Aronda Nyakairima dies from a suspected heart attack. The government confirms the shareholding of the Uganda National Oil Co Ltd (NatOil). Energy minister Irene Muloni holds 51% of shares, and finance minister Matia Kasaija holds the remaining 49%. The South Sudan government requests that the Ugandan People's Defence Forces (UPDF) begin its withdrawal.

The Democratic Alliance fails to choose presidential candidate

Opposition coalition **The Democratic Alliance (TDA)** has failed to settle on a candidate to contest the 2016 presidential election due to the competing aspirations of its senior members. The TDA was expected to announce its unity candidate on 21 September following a week of negotiations in **Kampala**.¹ However, the TDA failed to unite behind frontrunners **Forum for Democratic Change (FDC)** candidate **Kizza Besigye** or former ruling **National Resistance Movement (NRM)** secretary general **Amama Mbabazi**.² Talks between the two factions continue, but it is increasingly unlikely that the TDA will prove able to accommodate the competing political aspirations of its leadership and provide a meaningful challenge to President **Yoweri Museveni** (1986- present).³

The FDC, as the largest member of the TDA, had assumed that its candidate would lead the coalition into the election. Mbabazi, however, has quickly established a support base since confirming his membership of the TDA on 12 September.⁴ This is despite disagreement between Mbabazi and the TDA's leadership over whether or not a TDA-led government should remain in office only as long as required to implement electoral reform. The TDA candidate selection committee seemingly nominated Mbabazi as its presidential candidate before reversing its initial decision following opposition from the FDC.⁵

The TDA faction backing Mbabazi claims he retains sufficient support amongst NRM members to challenge Museveni. This is despite Museveni himself not viewing Mbabazi as credible.

*"I have sat in meetings with the two of them, and Museveni always spoke down to Mbabazi. He never had any respect for him even as prime minister."*⁶

Through his wife, **Jacqueline Mbabazi**, chair of the **NRM Women's League**, Mbabazi has continued to build connections in the NRM despite his expulsion as secretary general in December 2014. Mbabazi is from western Uganda like the majority of the NRM's leadership, but he has pockets of support across Uganda. This, however, may not be sufficient to cause the mass defection of NRM members of parliament (MPs) needed to undermine Museveni. Museveni may also use the threat of legal charges to deter Mbabazi from challenging him. Mbabazi in 2014 claimed that authorities were

¹ New Monitor, 21 Sept 2015.

² New Monitor, 21 Sept 2015.

³ Source, journalist, Kampala

⁴ New Monitor, 21 Sept 2015.

⁵ Observer, 15 Sept 2015.

⁶ Source, former western diplomat, Uganda

investigating him amid allegations of fraud and money laundering.⁷ There are longstanding allegations that as prime minister Mbabazi benefited from corruption in the oil and gas sector.⁸

The TDA faction advocating for Besigye cites his longstanding role as an opposition figurehead. They persistently suggest that Mbabazi would return to the NRM if Museveni offered him a position as his running mate.⁹ Mbabazi, having never stood against Museveni, is an unknown electoral quantity.¹⁰ The FDC elected Besigye as the party's presidential candidate on 2 September.¹¹ Besigye defeated current FDC president Major General **Mugisha Muntu** to secure the party's nomination at the FDC delegates' congress in Kampala.¹² Besigye reportedly secured approximately 70% of the vote at the FDC party congress.¹³ Despite allegations of electioneering, Muntu has pledged to respect the FDC vote.¹⁴ Analysts suggest that Besigye's victory is due to his familiarity with the FDC's support base.¹⁵ This may be Besigye's largest electoral weakness. Besigye on 8 September said it was "*time for change*".¹⁶ However, Besigye – having stood and lost three times – lacks credibility.

*"Besigye has become almost as much of a fixture on the political scene as Museveni, and his increasingly righteous stubbornness and evident personal bitterness have eroded his legitimacy as an agent of change."*¹⁷

Besigye lacks support amongst Uganda's youth whose main concern is unemployment.

*"It's obvious that the economy is people's main concern. But ultimately he doesn't really offer an alternative economic analysis."*¹⁸

Besigye also does not have the networks or support to challenge the ruling NRM in its rural heartlands.

*"What Museveni does best of all is win elections. Besigye still has no profile outside Kampala and other urban centres. Besigye is not too old to contest an election, but he is too old to win one."*¹⁹

The TDA might put forward Besigye and Mbabazi on a joint platform if the appointments committee could persuade one to be the other's running mate. The other potential TDA candidates include **Pressure for National Unity (PNU)** leader **Gilbert Bukenya**, **Democratic Party** leader **Nobert Mao** and the **Conservative Party** leader **Ssemusu Mugabo Nsonga**.

Interior minister Aronda Nyakairima dies

Interior minister general **Aronda Nyakairima** died on 12 September while returning from an official trip to **South Korea**.²⁰ The death of Nyakairima is likely to cause unsubstantiated speculation as his name appeared in a list of three government officials at risk of assassination. Opposition figurehead **David Sejusa**, the then coordinator of intelligence services, in May 2013 published a letter claiming that Museveni was willing to assassinate officials opposed to his son Brigadier **Muhoozi Kainerugaba Museveni ("MKM")** succeeding him. Nyakairima was transiting through **Dubai (United Arab Emirates)** when he died.²¹ Nyakairima's body was repatriated to Uganda. The cause of

⁷ East African, 7 Nov 2014.

⁸ Source, political analyst, Kampala

⁹ Source, journalist, Kampala

¹⁰ Source, journalist, Kampala

¹¹ Daily Monitor, 2 Sept 2015.

¹² Daily Monitor, 2 Sept 2015.

¹³ Daily Monitor, 2 Sept 2015.

¹⁴ Daily Monitor, 4 Sept 2015.

¹⁵ VOA, 3 Sept 2015,

¹⁶ Daily Monitor, 8 Sept 2015.

¹⁷ Source, political analyst, Kampala

¹⁸ Source, political analyst, Kampala

¹⁹ Source, journalist, Nairobi

²⁰ The Independent, 12 Sept 2015.

²¹ The Independent, 12 Sept 2015.

death was seemingly a heart attack.²² The government is yet to announce Nyakairima's successor. Nyakairima served as interior minister from 2013. Prior to his role as interior minister, Nyakairima was **Ugandan People's Defence Forces (UPDF)** chief of defence forces. He was a 'historical' in the **National Resistance Movement (NRM)**, having joined its military wing, the **National Resistance Army**, in 1982.²³ Nyakairima held various positions in military intelligence, and served in Museveni's presidential protection unit (now the **Special Forces Command**).²⁴ Nyakairima joined parliament as a UPDF representative in 1986.

Government confirms NatOil shareholding

The government on 17 August confirmed the shareholding of the **Uganda National Oil Co Ltd (NatOil)**.²⁵ The incorporation of NatOil with the **Uganda Registration Services Bureau** in June was a significant development as it will represent the government's commercial interests within the oil and gas sector. According to its corporate records, NatOil has two shareholders. Energy minister **Irene Muloni** holds 51% of the NatOil's shares on behalf of the energy ministry, and finance minister **Matia Kasaija** holds the remaining 49% on behalf of the finance ministry.²⁶ An earlier proposal had the energy minister holding 99%. The government did not provide any explanation for the revision, but Museveni has never allowed Muloni to exercise much control over decision making in the oil sector. A former head of the **Uganda Electricity Distribution Co. Ltd**, Muloni has no oil sector expertise.

"Muloni... is in a particularly weak position given that her remit for the oil sector is supposedly only temporary pending the establishment of an oil ministry."²⁷

Energy ministry permanent secretary **Fred Kabagambe Kaliisa** and **Ernest Rubondo**, head of the newly established **Petroleum Directorate** (and the former head of the **Petroleum Exploration and Production Department**) are the main decision makers in the sector.²⁸ The energy ministry established the Petroleum Directorate in April, along with an energy directorate and a minerals directorate.²⁹ This is in line with the **National Oil and Gas Policy 2008** and the **Petroleum (Exploration, Development and Production) Act 2013**. The Petroleum Directorate will lead on policy making in the sector and the awarding of exploration licences. The Petroleum Directorate contains three departments: upstream, midstream and downstream.³⁰ The **Petroleum Authority of Uganda** will act as the independent regulator of the sector. It is uncertain whether the Petroleum Exploration and Production Department will continue to exist under the new structure and – if so – what its exact functions are. NatOil will represent the state in all commercial oil and petroleum activities.

NatOil's shareholding shows the close control that the government will enjoy over NatOil despite it being managed as a private company.³¹ NatOil is of strategic importance as Uganda's production sharing agreements provide for it to hold 15% interest in licences once production starts. Companies hold this carried interest until production begins. This licensing model was used in the round that closed in June (see *ARC Briefing Uganda July 2015*). NatOil will also hold a 40% stake in the **Hoima** oil refinery through a subsidiary. The commercial importance of NatOil has encouraged Museveni to ensure a degree of personal control over NatOil, appointing close associate **Emmanuel Katongole** as chairman.

²² The Insider, 12 Sept 2015.

²³ The Insider, 12 Sept 2015.

²⁴ The Insider, 12 Sept 2015.

²⁵ The Observer, 17 Aug 2015.

²⁶ The Observer, 17 Aug 2015.

²⁷ Source, political analyst, Kampala

²⁸ Source, oil sector analyst, Kampala

²⁹ Oil in Uganda, 16 Apr 2015.

³⁰ Oil in Uganda, 16 Apr 2015.

³¹ Source, oil sector analyst, Kampala

“Katongole is definitely a close friend of the president though I don’t know their exact relationship. Museveni opens his plants and attends celebrations for all the company’s milestones. Katangole is definitely in the president’s camp.”³²

Katongole is also a close associate of former vice president Gilbert Bukenya, a probable challenger to Museveni in the presidential election.³³ Despite his political exposure, the appointment of Katongole is a measured one.

*“Museveni wants the NOC to run as a successful business so he did exactly the right thing in appointing a successful international businessman. Katongole’s **Cipla Quality Chemicals** has a number of large international and government contracts and is well run.”³⁴*

A frontrunner to become NatOil general manager **Kiryowa Kiwanuka** is also connected to Museveni.³⁵ Lawyer Kiwanuka heads law firm **Kiwanuka & Karugire Advocates**. Kiwanuka & Karugire partner **Edwin Karugire** is married to Museveni’s daughter **Natasha Museveni** and has handled legal cases for the president and the ruling NRM.³⁶ As with Katongole, Kiwanuka is conversant with the oil sector. Kiwanuka served as legal counsel to **United Kingdom**-based **Heritage Oil and Gas** between 2003 and 2010.³⁷ Kiwanuka & Karugire still provides legal services to companies in the Ugandan oil sector.³⁸ The other leading candidate for NatOil general manager is **Robert Kasande**, a senior aide at the energy ministry who is overseeing the developing of the Hoima oil refinery.³⁹

It is notable that the UPDF is not represented on the NatOil board. The other NatOil board members are **Geoffrey Andama**, **Francis Nagimesi**, **Biwaga Stella Marie**, **Tubwita Grace**, **Eng. Irene Paulene Batebe** and **Francis Twinamatsiko**. Parliament approved the NatOil board nominations in 2014 but they could not take office until the company’s formal incorporation.

South Sudan requests UPDF withdrawal

The **South Sudan** government has requested that the UPDF begin its withdrawal marking the beginning of an end of its deployment in the country. President **Salva Kiir** (2011- present) on 23 September called on the UPDF to withdraw in line with the August peace agreement he agreed with **Sudan People’s Liberation Movement/Army in Opposition (SPLM-IO)** leader **Riek Machar**.⁴⁰ The withdrawal is scheduled to begin on 27 September and end on 10 October. The UPDF entered South Sudan in January 2014 in support of Kiir. The proposed withdrawal follows Museveni visiting **Khartoum (Sudan)** on 15 September.⁴¹ The visit is indicative of improved relations between Uganda and Sudan which may increase the probability of the faltering August **South Sudan** peace agreement holding. Uganda and Sudan have a historically poor relationship. Museveni backed forces opposed to Sudanese president **Omar al Bashir** (1989-present) during the civil war that ended in 2005. Personal animosity between Museveni and Bashir partly explains the UPDF intervention.⁴²

Implications

It is unlikely that either Besigye or Mbabazi would sacrifice their presidential ambitions to become the other’s running mate. There are conflicting thoughts about the impact of having one as the TDA candidate and the other as an independent. Having two opposition presidential candidates could

³² Source, oil sector analyst, Kampala

³³ www.africaintelligence.com

³⁴ Source, oil sector analyst, Kampala

³⁵ Source, oil sector analyst

³⁶ www.kandk.co.ug

³⁷ The Independent, 10 Aug 2014.

³⁸ www.kandk.co.ug

³⁹ www.africaintelligence.com

⁴⁰ Sudan Tribune, 23 Sept 2015.

⁴¹ New Vision, 15 Sept 2015.

⁴² Source, security analyst, Nairobi

fracture the opposition vote, allowing Museveni an easy election win. However, two candidates also increases the possibility that no candidate wins 50% of the vote, forcing a second round between the two front runners. Either way, the skewed electoral system means that Museveni remains the firm favourite to win.

Unsubstantiated speculation about Nyakairima's death highlights the continued political sensitivities about both the election and Museveni's eventual succession. The choice of Nyakairima's successor is significant. His successor will manage the security services during the election period and the response to any protests over alleged electoral fraud or an unpopular managed succession.

Oil companies will welcome the incorporation of NatOil as evidence that the government is taking seriously their concerns about the absence of an adequate regulatory and institutional framework. Whether it is an effective commercial oil company will depend on securing financing, private sector expertise, and senior management able to resist political pressure.

The peace agreement in South Sudan is unlikely to hold amid continued fighting between government and SPLM-IO forces and a plethora of loosely organised militias. Continued conflict in South Sudan, a key export destination for Uganda worth over \$200 million a year, makes the situation there an economic rather than security threat. If the UPDF does withdraw from South Sudan, it will likely maintain a presence near the mutual border. If the security situation in South Sudan deteriorates, Uganda's economic links and Museveni's desire to be a significant regional diplomatic and military state mean that a UPDF return is possible.

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