

AFRICA RISK CONSULTING

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Uganda Summary 9 November 2023

United States (US) President Joe Biden (2020-present) announces on 31 October that Uganda will be removed from the Africa Growth and Opportunity Act (AGOA) trade programme over gross violations of human rights. Suspected Allied Democratic Forces (ADF) rebels kill three people including a British and South African national in the Queen Elizabeth National Park on 17 October. The US and United Kingdom warn citizens against travel to Uganda. Energy and minerals resources minister Ruth Nankabirwa on 31 October tables a bill in parliament that seeks to grant exclusive rights to Uganda National Oil Company Limited to supply fuel in the country.

Expulsion of Uganda from AGOA to hurt local economy

United States (US) President Joe Biden (2020-present) announced on 31 October that Uganda along with Gabon, Niger and the Central African Republic (CAR) would be removed from the Africa Growth and Opportunity Act (AGOA) trade programme, which offers favourable trade terms with the US, from 1 January 2024.¹ Biden cited that Uganda was removed for “gross violations of internationally recognised human rights”, seemingly a nod to the **Anti-Homosexuality Act (the act) passed in May.²**

The move was prelude by another US advisory issued on 20 October warning businesses, individuals, and other US persons, including health services providers, members of academic institutions and investors over potential risks they may face while conducting or contemplating to conduct businesses in Uganda after the passing of the act.³

President **Yoweri Museveni** (1986-present) has, however, remained defiant urging Ugandans not to be over-concerned about the suspension of Uganda from AGOA:

“Some of these actors in the Western World overestimate themselves and underestimate the freedom fighters of Africa. On account of some of the freedom fighters making mistakes of philosophy, ideology and strategy, some of the foreign actors, erroneously think that African countries cannot move forward without their support.”⁴

Despite Museveni’s defiance, the expulsion will hurt key export sectors in **Uganda’s** economy including coffee, cotton, and textiles.⁵ A **Kampala**-based economist told **Africa Risk Consulting Briefing (ARC Briefing)** that the suspension will greatly impact small businesses that have been exporting majorly duty-free agricultural products to the US market.⁶ He cited products that will be impacted include coffee, leather products, fish, cocoa and spices. ⁷ In 2022, Uganda exported goods worth \$10.6m under AGOA.⁸

¹ White House press release, 30 Oct 2023

² White House press release, 30 Oct 2023

³ Reuters, 24 Oct 2023

⁴ X, 6 Nov 2023

⁵ Uganda Analyst 6 Nov 2023

⁶ ARC Source, Kampala, 6 Nov 2023

⁷ ARC Source, Kampala, 6 Nov 2023

⁸ Africanews, 6 Nov 2023

A lecturer working with **Makerere University** in Kampala told ARC Briefing that ordinary citizens will also suffer as a result of the business advisory against doing business in Uganda and the suspension from AGOA:

*“They (government) are unbothered because it’s the ordinary people who will suffer. The first thing they did was to destroy the coffee factory in **Bugolobi** by turning it into the base for making AGOA apparel knowing well that coffee is the biggest foreign earner in the country”⁹*

An opposition member of parliament (MP) from central Uganda told ARC Briefing that the government should focus on addressing the issues that led to the suspension of the AGOA deal rather than trying to downplay the impact it will have on the economy.¹⁰

The termination of Uganda’s AGOA designation represents the latest blow to the country from the US and international financial institutions since the passing of the act. The **World Bank** halted all new loans to Uganda in August over the law.

Terror attack prompts fresh travel warnings

Suspected **Allied Democratic Forces (ADF)** rebels, which operated from bases in the neighbouring **Democratic Republic of Congo (DRC)**, killed three people including a **British** and **South African** national in the **Queen Elizabeth National Park** on 17 October.¹¹ The attack happened two days after Museveni issued a warning on 15 October of the likelihood of retaliatory terrorist attacks by the ADF rebels following the military air strikes on their camps in eastern DRC.¹² Museveni said in the warning, posted on **X**, that the military fighter-bombers carried out the airstrike on ADF rebels hideouts at four different points on the western border of **Bundibugyo-Semiliki** side (bordering Queen Elizabeth National Park), which killed several ADF members.¹³

The attack followed two other foiled attacks by the ADF.¹⁴ The first occurred on 6 October when ADF rebels attempted to invade the town of **Bwera** in **Kasese** district and the second was an attempted improvised explosive device (IED) attack which took place on 15 October, in the central district of **Butambala**.¹⁵

The attack in Queen Elizabeth National Park prompted the US and UK to release new travel advisories for Uganda on 6 and 7 November, warning that terrorists are very likely to carry out fresh attacks in Uganda.¹⁶ In two separate statements, the US and UK also urged their nationals to refrain from travelling to **Jinja** district where the park is located and an international cultural event is due to be held from 9 to 12 November.¹⁷

The US advisory also warns against travelling to an area immediately southwest of Kasese town which starts at the border with the DRC at **Kyabikere** and extends eastwards up to and including the A109 road and southwards to Queen Elizabeth National Park.¹⁸ The UK advisory warns citizens to avoid large gatherings, including large-scale worship, and music and cultural festivals in Uganda.¹⁹

Uganda's deputy military spokesperson **Deo Akiiki** told the local media on 2 November that the ADF unit commander, identified only as **Njovu** who led the attack and killing of tourists in Queen Elizabeth National Park was captured after a gunfight with the army.²⁰ However, an opposition shadow minister casts doubt on the ability of the security forces to prevent further terrorist attacks in Uganda,

⁹ ARC Source, Kampala, 6 Nov 2023

¹⁰ ARC Source, Kampala, 6 Nov 2023

¹¹ ARC Source, Kampala, 6 Nov 2023

¹² X, 15 Oct 2023

¹³ X, 15 Oct 2023

¹⁴ Uganda Analyst, 7 Nov 2023

¹⁵ Uganda Analyst, 7 Nov 2023

¹⁶ Uganda Analyst, 7 Nov 2023

¹⁷ Uganda Analyst, 7 Nov 2023

¹⁸ UK government travel advisory, 7 Nov 2023

¹⁹ UK government travel advisory, 7 Nov 2023

²⁰ Uganda Analyst, 7 Nov 2023

citing that the security forces have dedicated a considerable number of manpower and resources to containing political activities and opponents that would otherwise be used to maintain peace and security in the country.²¹

Uganda to monopolise fuel supply

Energy and minerals resources minister **Ruth Nankabirwa** on 31 October tabled a bill in parliament that seeks to grant exclusive rights to **Uganda National Oil Company Limited** to supply fuel in the country.²² Nankabirwa said the bill will cure the gaps in the existing law and will go a long way to mitigate the sudden shortages in oil products and the eventual increase in prices:

*“The existing law does not empower the Uganda National Oil Company Limited to supply all imports to the licensed oil marketing companies of petroleum products for the Ugandan market. This gap in the **Petroleum Supply Act** has threatened the security of supply of petroleum products in Uganda.”²³*

Uganda is currently a net importer of petroleum products, with more than 90% imported through the **Port of Mombasa in Kenya** and the rest through the **Port of Dar es Salaam in Tanzania**.²⁴ The importation is done independently by the licensed Ugandan oil marketing companies through the importation structures in Kenya and Tanzania.²⁵

Nankabirwa noted that this makes Uganda susceptible to occasional supply vulnerabilities where the Ugandan oil companies are considered secondary. These vulnerabilities pose additional challenges, resulting in Uganda receiving relatively costly products and ultimately impacting the retail pump prices.²⁶ The move has however drawn mixed reactions from the public with many arguing that the government is going against its policy of liberalisation in the petroleum supply.²⁷

In addition to the above, the government has subcontracted **Vitol**, a **Swiss**-based global energy and commodities giant, to be the sole supplier of fuel. Vitol has been embroiled in corruption scandals, prompting concern over its involvement.²⁸

UK-headquartered **The Financial Times** reported in December 2020 that Vitol agreed to pay over \$160m to authorities in the US and **Brazil** as it admitted to bribing officials in Brazil, **Ecuador** and **Mexico** in a bid to secure contracts.²⁹ Vitol also settled civil charges brought by the **US Commodity Futures Trading Commission** alleging that it attempted to manipulate two **S&P Global Platts** physical oil benchmarks in 2014 and 2015.³⁰

Opposition MPs argue that if passed into law, the move will hand over the fuel business into the hands of a foreign company that can go bankrupt at any time and expose the country to a serious crisis.³¹ An MP told ARC Briefing that she would oppose the bill unless the energy minister explained how Uganda would get out of a situation if this were to happen.³²

Planner

9 Nov 2023 **Kampala (Uganda)** International Conference on Music in Society (ICMSOC) Research Fora

²¹ Uganda Analyst, 7 Nov 2023

²² Parliament, 31 Oct 2023

²³ Parliament, 31 Oct 2023

²⁴ Parliament, 31 Oct 2023

²⁵ Parliament, 31 Oct 2023

²⁶ Uganda Analyst, Nov 7 2023

²⁷ Uganda Analyst, 7 Nov 2023

²⁸ Parliament, 31 Oct 2023

²⁹ Financial Times, 3 Dec 2020

³⁰ Financial Times, 3 Dec 2020

³¹ Uganda Analyst, 7 Nov 2023

³² Financial Time, 3 Dec 2020

14 Nov 2023 **Kampala (Uganda)** International Conference on Peace and Conflict Resolution (ICPCR) ASAR

15 Nov 2023 **Kampala (Uganda)** World Congress on Infectious Diseases (WCID) Sairap

23 Nov **Kampala (Uganda)** International Conference on Future Businesses (ICFUBUS)

5 Dec 2023 **Kampala (Uganda)** International Conference in Islamic Economy (ICIE) Science Cite

Chronology

7 Nov 2023 **Kampala (Uganda)** *Independent*. Parliament's physical infrastructure committee expresses disappointment at the "extremely slow" engineering works on the multi-billion **Kampala-Mpigi** expressway project, which started construction in 2016;

6 Nov 2023 **Kampala (Uganda)** *Nile Post*. Energy and mineral resources ministry **Ruth Nankabirwa** holds a meeting with **Tanzanian** President **Samia Suluhu** on Uganda's proposed policy for bulk importation and supply of petroleum products to reduce fuel prices;

4 Nov 2023 **Kampala (Uganda)** *HRW*. Nine student climate activists in Uganda appear before a Kampala court charged with "common nuisance" for their activism against the planned **East African Crude Oil Pipeline** Project (**EACOP**);

3 Sep 2023 **Kampala (Kampala)** *Daily Monitor*. Third deputy prime minister **Rebecca Kadaga** attacks **Kenya** and **South Sudan** for frustrating Ugandan business operators with what she calls unfair trade practices;

3 Nov 2023 **Kampala (Uganda)** *Independent*. Government launches digital number plates, three years after President **Yoweri Museveni** officially issued a directive authorising the **Russian** firm, **Joint Stock Company Global Security**, to execute a compulsory digital surveillance system;

2 Nov 2023 **Kampala (Uganda)** *Times Live*. Special presidential advisor **Odrek Rwabwogo** criticises the **United States** for removing Uganda and other **African** countries from its **African Growth and Opportunity Act (AGOA)** trade programme;

30 Oct 2023 **Kampala (Uganda)** *Reuters*. **European Union (EU)** says it will invest €60m (\$63m) to upgrade one of Uganda's largest hydropower plants;

29 Oct 2023 **Kampala (Uganda)** *Global Fund*. The **Global Fund to Fight AIDS, Tuberculosis and Malaria** expresses deep concern about the harmful impact of the **Anti-Homosexuality Act 2023** on the health of its citizens and its impact on the AIDS response that has been so successful up to now;

27 Oct 2023 **Kampala (Uganda)** *Nile Post*. The Ugandan rice market is in turmoil as tensions rise over the temporary ban on the entry of trucks carrying rice from **Tanzania**. This ban, imposed at the **Mutukula** border post, has left numerous trucks stranded for over a week, sparking fears of an unreasonable increase in rice prices;

26 Oct 2023 **Kampala (Uganda)** *Daily Monitor*. Private security firms petition the speaker of parliament to save their businesses from new fees and unfair competition from Uganda's armed forces. They claim a new firm owned by **Uganda People's Defense Forces** is pushing them out of business;

23 Oct 2023 **Kampala (Uganda)** *Daily Monitor*. **Uganda** and the **Democratic Republic of Congo** have agreed to abolish visa requirements for their citizens to boost cross-border trade;

21 Oct 2023 **Kampala (Uganda)** *The Citizen*. Uganda will destroy 1,700 tonnes of maize after **East African Community (EAC)** standard tests find high aflatoxin levels in the maize worth \$2m;

17 Oct 2023 **Kampala (Uganda)** *Reuters*. Energy and mineral resources minister **Ruth Nankabirwa** says the country expects to announce the winning bidder among four groups competing for a new 60,000 barrel per day (bpd) oil refinery in November;

16 Oct 2023 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** says police foiled a terrorist attack on churches by the **Allied Democratic Forces (ADF)** rebel group;

14 Oct 2023 **Kampala (Uganda)** *The East African*. **Norway** announces it will close its embassy in Uganda next year as part of comprehensive reforms in its foreign services;

12 Oct 2023 **Kampala (Uganda)** *Reuters*. The Uganda shilling remains stable as some dollar inflows from offshore investors who participated in this week's treasury bills auction met importer demand;

11 Oct 2023 **Kampala (Uganda)** *Human Rights Watch*. **United States**-headquartered **Human Rights Watch** says environmental defenders and anti-fossil fuel activists in Uganda routinely face arbitrary arrests, harassment, and threats for raising concerns over the planned **East African Crude Oil Pipeline** Project (**EACOP**);

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

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