

AFRICA RISK CONSULTING

Uganda Monthly Briefing July 2023

Uganda Summary 7 July 2023

Suspected Allied Democratic Forces (ADF) members cross from their base in the Democratic Republic of Congo on 16 June and attack Mpondwe Lhubiriha Secondary School, located two kilometres from the DRC border. The attack leaves 42 people dead, including 37 students. The United States embassy in Kampala issues an updated travel advisory alert on 12 June warning its citizens to reconsider travel to Uganda due to crime, terrorism, and its harsh anti-LGBTQ+ legislation. The UK follows suit and on 2 July issues its own terror alert, warning that terrorists are very likely to try to carry out attacks in Uganda. Uganda's Project Framework Agreement (PFA) with the Albertine Graben Energy Consortium (AGEC) expires on 30 June, leaving the government to search for fresh investors for the \$4.5 billion oil refinery project. The government suspends the multimillion-dollar digital car number plate scheme meant to be implemented by the Russian company Joint Stock Company Global Security (JSCGS).

Suspected Allied Democratic Forces kill 42 in school attack

Suspected **Allied Democratic Forces (ADF)** members crossed from their base in the **Democratic Republic of Congo** on 16 June and attacked **Mpondwe Lhubiriha Secondary School**, located two kilometres from the DRC border, killing 37 students and five other community members and kidnapping six students to help them carry supplies back to their bases.¹ The ADF is an Islamist rebel group, previously operational in Uganda and now based in DRC, which the government considers a terrorist organisation.

According to the area's army commander Major General **Dick Olum**, the rebels had been hiding in the area for two days before attacking the school, a discovery which sparked outrage from residents and local leaders.² The **Kasese** district woman member of parliament (MP) **Florence Kabugho** told parliament on 23 June that the rebels spent an hour at the school hacking the students to death, burning the dormitories and ransacking a nearby trading centre without a response from a police post located 800 meters away.³

This is also not the first instance of ADF-related violence in recent years – on 23 October 2021, a bomb exploded in a café killing one person and injuring three others in **Kampala**. Two days later, a suicide bomber detonated on a bus, killing himself and injuring at least 27 passengers.⁴ The **Islamic State**, to which the ADF is affiliated, claimed responsibility for the attacks, and the police reported that an ADF member was the suicide bomber.

A journalist based in Kasese told **Africa Risk Consulting Briefing (ARC Briefing)** that the rebels attacked the school with ease because of failure in intelligence gathering by the different security outfits deployed in the district.⁵ The journalist alleges that most people who have deployed in the area as intelligence officers are handpicked ruling party cadres, who have not undergone training in intelligence gathering.⁶ The area is vulnerable given its proximity to the DRC, which raises questions over why the preparation for such an attack, and ultimate response, was so dismal. The **Uganda Peoples' Defence Force (UPDF)** is also involved in helping the DRC's armed forces in repelling armed groups operating in eastern DRC, which would also open Uganda up to retaliation.

¹ BBC, 17 Jun 2023

² Daily Monitor, 17 Jun 2023

³ Parliament, 13 Jun 2023

⁴ ISS Africa, 5 Nov 2021

⁵ ARC source, journalist, Kasese district

⁶ ARC source, journalist, Kasese district

Both the **United States (US)** and the **United Kingdom (UK)** governments have since issued travel advisories warning their citizens not to travel to Uganda because of the likelihood of terrorist attacks and due to its harsh anti-LGBTQ+ legislation (see below).

Terror alerts hurt local tourism industry

The US embassy in Kampala issued an updated travel advisory alert on 12 June warning its citizens to reconsider travel to Uganda due to crime, terrorism, and its harsh anti-LGBTQ+ legislation.⁷ The alert notes that violent crime, such as armed robbery, home invasion, and sexual assault, presents a serious threat to those visiting and residing in Uganda and can occur at any time, especially in larger cities, including **Kampala** and Entebbe and along Uganda's western and northern borders.⁸ The alert was released a few days before the rebels attacked a secondary school (see above). The alert also cautioned citizens that the **Anti-Homosexuality Act**, passed in May, raises the risk that LGBTQ+ persons, and those perceived to be LGBTQ+, could be prosecuted and subjected to life imprisonment or death based on provisions in the law.⁹

The UK soon followed suit and on 2 July issued a terror alert on the UK government website warning that terrorists are very likely to try to carry out attacks in Uganda.¹⁰ Defence spokesperson **Felix Kulaigye** told the local media on July 2 that despite the travel advisory, the country is safe. Since the issuing of the two travel advisories, the UPDF and **Uganda Police Force (UPF)** have increased patrols across the country, targeting busy and crowded areas that the terror alert said could be easy targets for terror attacks.

The two terror alerts have however affected the local tourism business in Uganda as visitors are reportedly cancelling their travel plans to Uganda.¹¹ A director with the leading local tour company in Uganda told ARC Briefing that most of the tourists have cancelled their bookings following the terror alerts.¹² He appealed to the government to put terrorism countermeasures in place to win the confidence of foreign visitors who intend to travel to the country.¹³

Uganda's oil project hits snag

The prospects of Uganda starting oil production in 2025 may not be realised after its **Project Framework Agreement (PFA)** with the **Albertine Graben Energy Consortium (AGEC)** expired on 30 June, leaving the government to search for fresh investors for the \$4.5 billion project.¹⁴ Members of the AGEC include **United States**-headquartered companies **Yaatra Africa** and **Baker Hughes** and **Italian** company **Saipem SPA**.¹⁵ The PFA was previously extended twice, due to the **Covid-19** pandemic but the government chose not to extend it again as AGEC was unable to deliver on key aspects of the PFA.

The energy ministry released a statement on 2 July noting that AGEC had made good progress on project-related developments including refinery configuration, front-end engineering and design, and environmental impact assessments, but that AGEC specifically failed to mobilise the critical financing necessary for the project:

*"The Government of Uganda is now open to receiving offers from public sector capital providers to participate in this nationally and regionally strategic project"*¹⁶

⁷ US Embassy website, 12 Jun 2023

⁸ US Embassy website, 12 Jun 2023

⁹ US Embassy website, 12 Jun 2023

¹⁰ UK Government website, 3 Jul 2023

¹¹ Uganda Analyst, 4 Jul 2023

¹² ARC source, tour director, Kampala

¹³ Uganda Analyst, 4 Jul 2023

¹⁴ The East African, 3 Jul 2023

¹⁵ The East African, 3 Jul 2023

¹⁶ The East African, 3 Jul 2023

The financing of the refinery will be done through a 70:30 debt-equity ratio, with the majority of the capital required to be raised by the private partners in the object. In March, the government signed an agreement with **Algeria's** state-owned energy firm **Sonatrach Petroleum Corporation** to collaborate on downstream and upstream development of Uganda's oil sector, including the refinery, an indication that the government already had doubts over AGEC then.¹⁷ The government is reportedly now considering turning to the **East African Community (EAC)** to find its investors and potentially even partnering with other state-owned agencies from the region.

The refinery, to be located in **Kabaale** in **Hoima** district, is expected to produce 60,000 barrels per day (bpd) and help refine Uganda's estimated reserves of 6.5 million barrels of oil. However, this most recent development will delay the process of exploiting this resource, which was discovered in 2006, even further.

Government suspends execution of car number plate scheme by Russian Company

The government has suspended the multimillion-dollar digital car number plate scheme that meant to be implemented by the **Russian** company **Joint Stock Company Global Security (JSCGS)**.¹⁸ The government entered into a 10-year agreement with JSCGS in July 2021 to set up an intelligent transport monitoring system to allow law enforcement agencies to detect, prevent and solve crimes committed with the use of motor vehicles and motorcycles (*see ARC Briefing Uganda Jun 2023*). Under the project, all new vehicles registered in **Uganda** from 1 July 2023 would receive new digital number plates with an embedded chip that can be read, identified and tracked by CCTV cameras.

The government was forced to suspend the scheme following an order by the government inspectorate and the failure of the company to deliver the consignment in time for the implantation. The failure of JSCGS to supply the new number plates prompted a 30 June emergency meeting chaired by security minister **Jim Muhwezi** and attended by top officials of the works and security ministries as well as the **Uganda Revenue Authority (URA)** to suspend the scheme.¹⁹

MPs, the public, and rights activists had earlier raised concerns over issues of privacy and the US\$ 735,000 (\$200) cost of acquiring the new digital plates.²⁰ The tax body also raised red flags over the preparedness of responsible agencies and the contracted firm to roll out the project.²¹

An official from **Kampala Capital City Traders Association (KACITA)** told ARC Briefing that the move by the government to roll out the digital number plates scheme was rushed:

*"There hasn't been any form of sensitization of consumers and stakeholders and the implementation date is too soon, if implemented, this will cause a lot of business stampede as well public outcry."*²²

President **Yoweri Museveni** (1986-present) in his 2021 State of the Nation address ordered the works ministry to install digital number plates on all motor vehicles and motorcycles to track criminals who use motor vehicles and motorcycles to commit crimes.

¹⁷ The East African, 3 Jul 2023

¹⁸ KFM, 30 Jun 2023

¹⁹ Daily Monitor, 30 Jun 2023

²⁰ Uganda Analyst 5 Jul 2023

²¹ Daily Monitor, 30 Jun 2023

²² ARC source, KACITA official, Kampala

Planner

13 Jul 2023 **Kampala (Uganda)** World Congress on Pollution Control (WCPC);

24 Jul 2023 **Kampala (Uganda)** International Conference on Nanoscience and Nanotechnology (IC2N);

1 Aug 2023 **Kampala (Uganda)** International Conference on Education and New Learning Technologies (EDULEARN);

Chronology

6 Jul 2023 **Kampala (Uganda)** *Daily Monitor*. Armed security officials allegedly pre-tick ballot papers for the local council re-election in the northern Uganda district of **Oyam** and chase away voters;

4 Jul 2023 **Kampala (Uganda)** *Nile Post*. The opposition **Forum for Democratic Change (FDC)** party calls on the government to bring its armed forces back from other countries to defend the nation's borders against terrorism;

2 Jul 2023 **Kampala (Uganda)** *KFM Radio*. President **Yoweri Museveni**, who doubles as the commander in chief of the armed forces, approved the retirement of 110 **Uganda People's Defence Force (UPDF)** soldiers including former police inspector general **Kale Kayihura** who is on the **United States** sanction list;

1 Jul 2023 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** says despite some mistakes including the attack on **Uganda Peoples Defence Forces** soldiers in **Somalia** that left 54 dead and the attack by **Allied Democratic Forces** rebels on a school in **Kasese** that left 44 dead, Uganda largely remains safe and secure;

30 Jun 2023 **Kampala (Uganda)** *Nile Post*. Uganda will in the coming months start selling power to neighbouring **South Sudan**, despite the blackouts locally;

29 Jun 2023 **Kampala (Uganda)** *Nile Post*. **Uganda Peoples Defence Forces** soldiers under the **African Union Transition Mission in Somalia (ATMIS)** hand over one of their Forward Operating Bases (FOB) to the **Somalia National Army** as part of the ongoing efforts for the withdrawal from Somalia;

28 Jun 2023 **Kampala (Uganda)** *Reuters*. **Uganda National Oil Company (UNOC)** CEO says oil production from the **Tilenga** project in the first half of 2025;

27 Jun 2023 **Kampala (Uganda)** *Nile Post*. Grain dealers under their umbrella body, the **Nation Millers Association**, suspend food export to **South Sudan** over the trade crisis at the **Nimule** border, where more than 70 maize-laden trucks have been stranded for nearly two months after South Sudan raised quality concerns;

26 Jun 2023 **Kampala (Uganda)** *Independent*. **Uganda Law Society** calls for careful consideration and further deliberation before enacting laws related to Islamic banking in Uganda, emphasising the importance of addressing various legal and practical challenges associated with the proposed legislation;

25 Jun 2023 **Kampala (Uganda)** *Independent*. **French** energy giant **TotalEnergies** says drilling of oil wells at the **Tilenga** project is expected to commence in mid-July;

23 Jun 2023 **Kampala (Uganda)** *Independent*. **International Monetary Fund** concludes its fourth review of Uganda's **Extended Credit Facility (ECF)** arrangement, paving way for an immediate disbursement of \$120m. This brings total disbursements under the arrangement to \$750m;

22 Jun 2023 **Kampala (Uganda)** *Nile Post*. Government launches the \$217m **Generating Growth Opportunities and Productivity for Women Enterprises (GROW)** project aimed at supporting women entrepreneurs in the country, with funding support from the **World Bank**;

19 Jun 2023 **Kampala (Uganda)** *Reuters*. Government says it plans to increase the alcohol consumption age from 18 to 21;

15 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. Finance Minister **Matia Kasaija** says the economy is projected to grow by 5.5% in 2023 compared to 4.6% last year;

12 Jun 2023 **Kampala (Uganda)** *Anadolu*. President **Yoweri Museveni** dismissed rumours of his death as a result of **Covid-19**, saying he is on his fifth day of the infection and is feeling much better;

11 Jun 2023 **Kampala (Uganda)** *Independent*. Forty-five governments from around the world including **Uganda** have endorsed doubling the average global rate of energy efficiency improvements by the end of the decade;

10 Jun 2023 **Kampala (Uganda)** *Independent*. Rehabilitation of the **Kampala-Mukono** rail line is progressing according to timelines, despite the refusal by some individuals to vacate the line's reserve.

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistle-blower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.africariskconsulting.com

Getting in touch

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

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)