

AFRICA RISK CONSULTING Uganda Monthly Briefing May 2021

Uganda Summary 10 May 2021

The United States (US) government announces visa restrictions on Ugandan officials who it believes have undermined Uganda's democratic process. Uganda projects public debt will surge to nearly half its annual economic output by June this year, driven by fresh borrowing to fund financial stimulus packages for its Covid-hit economy. Ugandans are rejecting the government's Covid-19 vaccination drive; only 16% of health workers have been vaccinated, a month after the government launched its vaccination exercise.

Uganda decries US sanctions

In further cooling of relations between **Uganda** and its Western allies, the **United States (US)** has announced visa restrictions on Ugandan officials who it believes have undermined the democratic process in the country.¹ The visa ban decision, announced on 16 April, is based on recent political events in Uganda where security forces killed an estimated 54 people during protests triggered by the arrest of former presidential candidate **Robert Kyagulanyi Ssentamu** (also known as **Bobi Wine**) in November.² The visa restrictions come as President **Yoweri Kaguta Museveni** (1986-present) prepares to take his oath at a swearing-in ceremony on 12 May, and could spell trouble for his new cabinet.³

Announcing the restrictions, US Secretary of State **Anthony Blinken** said the restrictions applied to:

"...those believed to be responsible for, or complicit in, undermining the democratic process in Uganda, including during the country's January 14 general elections and the campaign period that preceded it".⁴

Uganda's state minister for foreign affairs, **Henry Oryem Okello**, says the sanctions were rushed and based on reports from non-governmental organisations (NGOs) and lobbyists in **Washington (US)** without proof. Oryem claims the US is interfering with Uganda's sovereignty by meddling in its internal affairs:

"Every single mistake we made during the elections has been made by Washington and London [United Kingdom], too, during elections, but America puts itself like the policeman of the world and takes drastic measures in total violation of international law."⁵

Oryem told **Africa Risk Consulting (ARC)** that Washington acted unusually by not using official channels to communicate the visa ban decision. Oryem said he was surprised to see an official from the US Embassy in **Kampala** announcing on national television that the US had imposed sanctions on government officials, without having communicated the decision to the foreign affairs ministry:

"Usually they contact me in what is called a heads-up in diplomatic circles, where I would meet an official from the Embassy and he would alert me what they intend to do but this time I am only reading of the sanctions on social media."

¹ The East African, 17 Apr 2021

² Independent, 26 Apr 2021

³ Source, Uganda analyst

⁴ United States Department of State, 15 Apr 2021

⁵ Source, Uganda analyst

Members of civil society organisations (CSOs) have, however, welcomed the sanctions arguing that they are the most effective way to hold officials accountable for rights violations. **Centre for Constitutionalism in Uganda** executive director **Sarah Birete** says Uganda cannot hide behind the principle of sovereignty to violate the rights of its citizens while the international community just watches. Birete said the “*right thing*” for Uganda to do is to punish the perpetrators:

*“Citizens have witnessed extra-judicial killings, arbitrary arrests, torture and forced disappearance and this evidence is there for the world to see.”*⁶

Kampala lawyer **Mukasa Mbidde** says the named officials will not feel the sanctions because the US did not invoke the **Magnitsky Act**,⁷ which would have seen their property and interests sanctioned by the US **Treasury Department**. Mbidde notes some of the officials on the sanctions list did not commit human rights violations but are accused of smuggling illicit goods such as drugs, gold and wildlife.⁸

The travel ban is the latest in a series of restrictions that the US government has imposed on high-profile Ugandan security officers, government officials and their family members. Other Western allies and donors, particularly the **European Union**, have mooted similar moves in recent months, signalling deteriorating bilateral relations.⁹

The ban is likely to affect military officers destined for training in the US and other officials travelling for official and personal reasons.¹⁰

Uganda mulls suspension of loan repayments amid growing default risk

Uganda may approach its major creditors, including **China** and the **World Bank**, to negotiate a possible suspension of loan repayments amid a growing default risk.¹¹ Uganda's total public debt surged to US\$65.82 trillion (\$18 billion) as of December 2020, a 35% increase from a year earlier when it was US\$49 trillion (\$13.3 billion).¹² Measures taken to combat the **coronavirus** hit the economy hard, stifling tax collection and resulting in fresh borrowing to cover revenue shortfalls. Finance ministry data shows that external creditors hold \$11.6 billion, representing 64.98%, of the country's debt.¹³

The finance ministry's acting commissioner in charge of debt policy and issuance, **Moses Zziwa**, warns that the rise in public debt brings Uganda closer to its threshold and poses a significant risk for the country.¹⁴ Zziwa notes that public debt is projected to rise to 51.9% of gross domestic product (GDP) in financial year 2021/2022,

“... because government will borrow to finance those key infrastructural projects, especially of transport, oil and gas sectors.”

However, finance minister **Matia Kasaija** projects a brighter future for the economy. Kasaija argues that while public debt has been increasing at an alarming rate, most of the investments for which money was borrowed will soon begin to generate domestic revenue and the government will reduce its borrowings as domestic revenue increases.¹⁵

⁶ Source, Uganda analyst

⁷ Formally known as the Russia and Moldova Jackson–Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012

⁸ Source, Uganda analyst

⁹ The East African, 17 Apr 2021

¹⁰ The East African, 17 Apr 2021

¹¹ Reuters, 26 Apr 2021

¹² Daily Monitor, 26 Apr 2021

¹³ Parliament budget committee 2 May 2021

¹⁴ Daily Monitor, 26 Apr 2021

¹⁵ Daily Monitor, 26 Apr 2021

“Even me, I don’t like borrowing but in this case, we don’t have any options, but to borrow to finance some of these big projects.”¹⁶

Opposition **Forum for Democratic Change (FDC)** president **Patrick Oboi Amuriat** says the debt burden is *“a disaster”*:

“This borrowing has gone beyond unacceptable levels. Our economy is on its way to collapse and at the current rate, we are soon going to be declared a highly indebted poor country. We need to stop consumptive expenditure such as creating new administrative units.”¹⁷

Makerere University economics lecturer Dr **Fred Muhumuza** says Uganda is entering a debt trap where it borrows to pay back debt.¹⁸ Muhumuza warns that borrowing more to service old debt, using 20% deductions from the national budget, could impact service delivery:

“Borrowing also means all revenues are looking backwards and any little money borrowed means you are entering a debt cycle.”

Uganda obtained large credit lines from the World Bank, the **International Monetary (IMF)** and other lenders in 2020 to meet funding pressures triggered by the economic crisis induced by the **Covid-19** pandemic.¹⁹ The loans swelled an already fast-rising debt pile for the country that had long worried some, including the **Bank of Uganda** (central bank) and the IMF.²⁰

Covid-19 vaccination roll-out stalls amid vaccine hesitancy

Ugandans continue to shun the government’s **Covid-19** vaccination exercise in large numbers. The government launched its vaccination programme on 11 March following the delivery of the first batch of 864,000 doses of the **AstraZeneca** vaccine secured from the **COVAX** facility.²¹ Health minister **Jane Ruth Aceng** said frontline workers, including health officials, members of the armed forces and teachers, would be considered as priority and vaccinated during the first phase of the vaccination exercise.²² However, health ministry records accessed by ARC indicate that more than 84% of health workers in Uganda had not been vaccinated against Covid-19 by the end of April, more than eight weeks after the vaccination exercise commenced.²³ Only 24,000 health workers had taken the vaccine by the end of April, far below the health ministry’s target of 150,000 vaccine doses administered from 10-14 March.²⁴

Uganda National Expanded Programme on Immunization programme manager **Alfred Driwale** says uptake of the vaccine among all priority and vulnerable groups has been low.²⁵ Ministry officials describe the low uptake among health workers as *“worrying”* and a scenario that is likely to increase vaccine hesitancy in the country:

“The numbers show us that we need to go back to the ground and sensitize people about the vaccine, not just health workers but all the prioritized groups.”²⁶

Dr **Joyce Moriku Kaducu**, minister of health in charge of primary health care, says vaccine hesitancy among health workers will leave communities *“afraid”* of taking the vaccines. Kaducu said the low number of health workers vaccinated needs to be addressed:

¹⁶ Matia Kasajja quoted in the Daily Monitor, 26 Apr 2021

¹⁷ Source, Uganda analyst

¹⁸ Source, Uganda analyst

¹⁹ Reuters, 26 Apr 2021

²⁰ Reuters, 26 Apr 2021

²¹ Observer, 26 Apr 2021

²² UNICEF, 11 Apr 2021

²³ Ministry of Health, 6 May 2021

²⁴ Ministry of Health, 6 May 2021

²⁵ Observer, 26 Apr 2021

²⁶ Alfred Driwale quoted on Uganda Radio Network, 6 May 2021

"Health workers are trusted people in communities, people follow them. How can you expect communities to warm up to the vaccine when health workers who need it most are not getting it?"²⁷

Vaccine refusal is not limited to health workers. According to health ministry data, the lowest rate of vaccination is among security personnel, where only 1% of the target group received vaccines.²⁸ Similarly, only 7,000 – roughly 1% – of the 550,000 teachers targeted for vaccination have reported for inoculation.²⁹ Teachers have reportedly cited long distances to the vaccination centres as their reasons for avoiding vaccination.³⁰

By 5 May, only 387,024 people had been vaccinated against Covid-19 in Uganda.³¹ As of 9 May, Uganda had confirmed 42,355 cases of Covid-19 in its population of roughly 42 million, with 334 Covid-19-related deaths.³²

Planner

12 May 2021 **Kampala (Uganda)** President **Yoweri Museveni** will take oath for another five-year term as Uganda's president

13 May 2021 **Entebbe (Uganda)** World Congress on Medical and Biological Engineering

24 May 2021 **Kampala (Uganda)** International Conference on Emerging Trends in Science, Engineering and Technology

Chronology

10 May 2021 **Kampala (Uganda)** *Daily Monitor*. Ministry of works and transport announces that motorists will start paying a road toll for the **Entebbe Expressway** in July;

9 May 2021 **Kampala (Uganda)** *URN*. The government has hired international public relations firm **Mercury International UK Limited**, a subsidiary of **Mercury Public Affairs**, to improve its image on the international scene;

8 May 2021 **Kampala (Uganda)** *The Independent*. The current strength of the Uganda shilling against the **United States** dollar raises fears in the business community of a negative impact on operations; By mid-April, the shilling had appreciated by 2.9% compared to the same period in 2020, according to the **Bank of Uganda** (central bank);

7 May 2021 **Kampala (Uganda)** *The Independent*. Police say they are looking for a group of people who hurled petrol bombs at two motor vehicles in **Kireka** along the **Kampala-Jinja** highway;

6 May 2021 **Kampala (Uganda)** *US Embassy Kampala*. The **United States Embassy** has warned of a likelihood of clashes emerging between opposition supporters and security forces during the swearing in ceremony for President **Yoweri Museveni** scheduled for 12 May;

5 May 2021 **Kampala (Uganda)** *KFM Radio*. Ugandan tech start-up **Tugende** says it has secured \$3.6m in its Series A financing extension round;

4 May 2021 **Kampala (Uganda)** *KFM Radio*. A total of 4,042 guests have been invited to President **Yoweri Museveni**'s swearing-in ceremony, contravening **Covid-19** standard operating procedures and measures that currently restrict the number of participants in public gatherings to 200;

3 May 2021 **Kampala (Uganda)** *US Embassy Kampala*. The Ugandan government is encouraging all travellers from the **United States** (and all Category 2 countries, which include the **United Kingdom**,

²⁷ Observer, 26 Apr 2021

²⁸ Ministry of Health, 9 May 2021

²⁹ Uganda Radio Network, 2 May 2021

³⁰ Uganda Radio Network, 2 May 2021

³¹ Ministry of Health, 9 May 2021

³² Ministry of Health, 9 May 2021

UAE, Turkey, South Africa, Ethiopia, South Sudan and Tanzania) to postpone non-essential travel to Uganda;

2 May 2021 **Kampala (Uganda)** *Uganda Radio Network*. Uganda police say at least 25 Ugandans are on the red list of the **International Criminal Police Organization (Interpol)** for committing transnational crimes;

1 May 2021 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** has asked workers and policymakers to further discuss the issue of **National Social Security Fund (NSSF) Amendment Bill 2020**, which allows savers to have midterm access to their money;

30 Apr 2021 **Kampala (Uganda)** *Reuters*. Ugandan health officials have detected the **Indian** variant of the **coronavirus**, igniting fears that it could suffer a resurgence of cases;

30 Apr 2021 **Kampala (Uganda)** *Reuters*. Uganda says it has introduced a 12% tax on internet data, potentially hiking prices for online access while consumers are already paying some of the world's highest internet costs;

29 Apr 2021 **Kampala (Uganda)** *Uganda Radio Network*. Health officials in the western Uganda district of **Kikuube** have confirmed an outbreak of **Crimean Congo** haemorrhagic fever in the district;

28 Apr 2021 **Kampala (Uganda)** *The Observer*. The **High Court** orders the government to produce detained **United States** national **Guy Smith** and explain why it has detained him for more than 48 hours without a court appearance after police in March released a statement saying they had detained Smith for plotting subversive activities against the Ugandan government;

27 Apr 2021 **Kampala (Uganda)** *Uganda Radio Network*. The **High court in Kampala** has upheld a decision by the **Uganda Communications Commission (UCC)** demanding USh 51 billion (\$14.14m) in licence fees from telecommunications company **MTN-Uganda**;

26 Apr 2021 **Kampala (Uganda)** *The Independent*. Parliament has tasked the defence and veterans affairs ministry to explain the status of the **Uganda People's Defense Forces (UPDF)** in **Somalia** following renewed unrest resulting from the president's attempts to extend his mandate;

25 Apr 2021 **Kampala (Uganda)** *The Independent*. The **Uganda People's Defence Forces (UPDF)** claims groups of individuals are plotting violence, threatening to disrupt President **Yoweri Museveni's** 12 May swearing-in ceremony;

24 Apr 2021 **Kampala (Uganda)** *Nile Post*. Members of parliament on the Human Rights Committee have called for the unconditional release of the political prisoners at **Kitalya Maximum Prison**;

23 Apr 2021 **Kampala (Uganda)** *Reuters*. The finance ministry says Uganda's 2021/22 (July-June) budget is expected to be 44.778 trillion shillings (\$12.45 billion), up from an earlier planned 41 trillion shillings (\$11.4 billion);

22 Apr 2021 **Kampala (Uganda)** *The Independent*. Police investigations show hackers successfully sent 5.5 billion shillings (\$1.5m) to 755 fraudulently registered **MTN** simcards while 5 billion shillings (\$1.3m) were received on 877 **Airtel** simcards with **Stanbic Bank's** online vendors' accounts losing USh3.1 billion (\$859,622), **Bank of Africa** USh814m (\$225,720) and Airtel's **Absa** float lost USh610 (\$169,151);

21 Apr 2021 **Kampala (Uganda)** *Parliament*. Ugandans engaged in the agricultural sector are poised to receive stimulus packages following the approval of a request authorising government to guarantee **Uganda Development Bank (UDB)** to borrow \$65m;

20 Apr 2021 **Kampala (Uganda)** *Daily Monitor*. Following the recent conclusion of key oil agreements related to the **East African Crude Oil Pipeline (EACOP)** project, Uganda is at the **Final Investment Decision (FID)** to develop the necessary infrastructure for crude oil production;

19 Apr 2021 **Kampala (Uganda)** *The Independent*. Human rights experts appointed by the **United**

Nations have called on the Ugandan government to immediately stop the brutal crackdown on its political opponents that began in the lead-up to the January general elections;

18 Apr 2021 **Kampala (Uganda)** *Daily Monitor*. The **United States Embassy** in Kampala says it cannot provide details of individuals affected by the sanctions because visa records are confidential;

17 Apr 2021 **Kampala (Uganda)** *KFM Radio*. Members of parliament accuse government again of negligence after failing to account for missing people, but internal affairs minister Gen **Jeje Odongo** says 58 people on the list of 423 missing people presented by the opposition **National Unity Party** in parliament, have been released or are on remand;

16 Apr 2021 **Kampala (Uganda)** *Nile Post*. The **United States** government announces sanctions against some Ugandan officials over human rights violations orchestrated during and after the 2021 elections;

15 Apr 2021 **Kampala (Uganda)** *Africanews*. Results of **COVID-19** tests done on 15 April confirm 30 new cases bringing the total of confirmed cases to 41,340;

14 Apr 2021 **Kampala (Uganda)** *KFM Radio*. The **Bank of Uganda (BoU)** (central bank) has maintained the Central Bank Rate (CBR) at 7% as BoU governor **Tumusiime Mutebile** says the bank has noted a steady economic recovery that is stronger than earlier projected;

13 Apr 2021 **Kampala (Uganda)** *DW*. Ugandans are making disparaging comments on social media about the multibillion-dollar oil pipeline deal that the country has signed with **Tanzania** and **France**-based oil company **Total** as secrecy surrounding the deal raises fears of corruption;

12 Apr 2021 **Kampala (Uganda)** *Africanews*. President **Yoweri Museveni** signs the **East African Crude Oil Pipeline** project agreement with his **Tanzanian** counterpart, **Samia Hassan Suluhu**, paving the way for construction of a 1,440 km crude oil pipeline from Uganda's **Albertine** region to Tanzania's seaport of **Tanga**;

11 Apr 2021 **Nairobi (Kenya)** *Energy Voice*. **France**-based oil company **Total** has taken a final investment decision (FID) on the **Lake Albert** development, putting Uganda on the path to first oil in early 2025; The approval covers the **East African Crude Oil Pipeline (EACOP)** and the two upstream components, Total-operated **Tilenga** and **China**-based **CNOOC Ltd**-operated **Kingfisher**;

10 Apr 2021 **Kampala (Uganda)** *Observer*. At least 400 former employees of **Crane Bank Ltd** have petitioned the **High Court** in Kampala seeking orders to compel **dfcu bank** to produce documents that the bank allegedly withheld after their dismissal;

About Africa Risk Consulting:

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