

AFRICA RISK CONSULTING

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Uganda Summary 11 August 2023

The World Bank announces on 8 August that it will pause all new lending to Uganda citing that Uganda's recently enacted anti-LGBTQ law contradicts its values. Uganda is heavily reliant on external funding and will need to revise its 2023/2024 budget to account for the impact of this. President Yoweri Museveni's (1986-present) decision to lead a delegation to attend the 2nd Russa-Africa summit has drawn criticism from back home where many are questioning the benefit Uganda will gain from it. Four-time presidential candidate and founding opposition Forum for Democratic Change (FDC) president Dr Kiiza Besigye alleges on 8 August that the current FDC president and secretary general received funding from the state to weaken and frustrate efforts by the FDC to oust Museveni in the 2021 general election. The allegations leave the future of the major opposition party in jeopardy.

World Bank halts funding to Uganda

The **World Bank** announced on 8 August that it will pause all new lending to **Uganda** citing that Uganda's recently enacted anti-LGBTQ law contradicts its values.¹ The World Bank dispatched a team to Uganda in May to determine the impact and what additional measures would be needed to ensure projects were being implemented in line with the bank's social, and environmental, standards. These new measures will be tested before any new funding is released.

Uganda was critical of the institution's decision, with foreign affairs minister **Okello Oryem** accusing the bank of hypocrisy, stating that it still lends to many **Middle Eastern** and **Asian** countries that also have similar laws.² President **Yoweri Museveni** (1986-present) denounced the decision but also tried to play it off by noting that Uganda was already trying to reduce borrowing. He also said that if Uganda needs to borrow it would turn to other sources, and with oil production expected in 2025, the country will have the necessary reserves.³

This is the latest backlash in response to Uganda's enactment of the law. **United States (US)** President **Joe Biden** (2020-present) initially threatened to cut off nearly \$1 billion in funding to Uganda and directed the **National Security Council** to evaluate the implications of the law on all aspects of US engagement with Uganda, including the ability to safely deliver services under the **US President's Emergency Plan for AIDS Relief (PEPFAR)** and other forms of assistance and investments such as the **African Growth and Opportunity ACT (AGOA)**. The US also announced on 16 June that it would take steps to impose visa restrictions on Ugandans believed to be responsible for, on complicit in, undermining democracy in Uganda.⁴

Junior finance minister **Henry Musasizi** focused on the ramifications of the World Bank's decision in a parliamentary session on 10 August, noting that the parliament will have to vote on a revised 2023/2024 budget that will account for the changes in external funding. The World Bank's currently \$5.2 billion portfolio will not be impacted by the decision; however, it has potential impacts on projects which had been approved but have outstanding funding. Other members of the World Bank

¹ Reuters, 9 Aug 2023

² Reuters, 9 Aug 2023

³ Reuters, 9 Aug 2023

⁴ US Department of State, 16 Jun 2023

group – the **International Finance Corporation (IFC)** and **Multilateral Investment Guarantee Agency (MIGA)** – have also confirmed they would only proceed with projects on a select basis.⁵

Despite Museveni and Oryem’s hardline approach to the decision, information minister **Chris Baryomunsi** told the media on 9 August that consultations between the World Bank and the government over the law are ongoing.⁶ Regardless of ministerial or presidential opinions, the World Bank’s already massive portfolio in Uganda is an indication of how reliant Uganda has become on external funders, especially the World Bank.

Museveni’s Moscow meeting attracts criticism back home

Museveni’s decision to lead a delegation to attend the **2nd Russa-Africa Summit** has drawn criticism from locally, where many are questioning the benefit **Uganda** will gain from it.⁷ Museveni travelled with a Ugandan business delegation to Russia to attend the summit held in **St. Petersburg** on 27 and 28 July, where a wide range of issues including business and security was discussed.⁸

The **Kremlin** stated on 27 July that during his speech, Museveni encouraged Russian businessmen to come and invest in Uganda, highlighting some ongoing projects and other investors already involved in Uganda:

*“We have got the pipeline to the ocean for crude oil, in which we are involved with **TotalEnergies**, the **French** company, and some **Chinese** companies, but **Russian** companies can also come in and invest in the East Africa crude pipeline because it can transport the oil of not only Uganda but even **South Sudan** and **Congo, Congo-Kinshasha**”⁹*

The statement further read that Museveni agreed with Russian companies on building a nuclear power station for generating electricity in Uganda and invited Russian companies to invest in phosphates, potassium, and ammonia.¹⁰ However, back home, Museveni’s attempt to attract Russian investors has been met with scepticism, with observers arguing that it is ill-timed as **Western** nations, which are Uganda’s major funders, are opposed to the ongoing war in **Ukraine**.¹¹ Many of Uganda’s Western partners have also expressed disdain over the recently enacted anti-homosexuality law.

A member of parliament (MP) who represents a constituency in **Kampala** told **Africa Risk Consulting Briefing (ARC Briefing)** that by going with an entourage to the summit, Museveni is trying to “*blackmail*” the West into supporting Uganda again and curb the supposed Russian influence in the **Great Lakes** region:

“The meeting is majorly symbolic and meant to send a message to the West that they risk losing Uganda otherwise what is it that Russia is going to sell to Uganda?”¹²

Another political leader from **Nakawa West** (Kampala) expressed unhappiness at Museveni for using the same trip to open the **Uganda Trade Hub** (also known as **Uganda Connect**) in **Serbia**’s capital **Belgrade**:

“That talk of attracting Serbian investors to buy our coffee is just a hoax, the other day they were distributing 18 million hand hoes to the farmers, and then you talk of developing and processing coffee when you are still using rudimentary methods of farming”.¹³

⁵ Reuters, 9 Aug 2023

⁶ Africanews, 11 Aug 2023

⁷ Uganda analyst, 6 Aug 2023

⁸ Daily Monitor, 28 Jul 2023

⁹ Kremlin, 27 Jul 2023

¹⁰ Kremlin, 27 Jul 2023

¹¹ Uganda analyst, 6 Aug 2023

¹² MP, Kamapala, 6 Aug 2023

¹³ Political leader, Nakawa West, 6 Aug 2023

However, **Youth Aid Africa** executive director **Alexander Kyokwijuka** told ARC Briefing he supports Museveni's efforts arguing that Russia and Serbia are new markets which Uganda should tap into. Kyokwijuka also observed that the visit is consistent with Uganda's non-alignment stand on the war.¹⁴

In 2021, Russia exported to Uganda special purpose motor vehicles, wheat and computers worth \$90.2m while Uganda earned \$18.1m from exporting coffee, raw tobacco and tea.¹⁵ These figures are low in comparison to others and indicate the potential for the relationship to grow, however, if Uganda aligns itself too much with Russia, it could see further blowback from western development and aid partners.

Uganda's leading opposition party in disarray

Four-time presidential candidate and founding opposition **Forum for Democratic Change (FDC)** president Dr **Kiiza Besigye** alleged on 8 August that the current FDC president **Amuriat Oboi** and secretary general **Nandala Mafabi** received funding from the state to weaken and frustrate efforts by the FDC to oust Museveni in the 2021 general election.¹⁶ According to Besigye, Mafabi had approached him and asked that he safe keep US\$ 300m (\$80,429). Besigye says he repeatedly questioned the source of money and was eventually told by senior FDC members that the money came from **State House** (Museveni's residence).

Besigye further outlines that several subsequent meetings were held on the matter, to no avail, until 2022 when the **Special Elders Committee (SEC)** launched an investigation into the matter.¹⁷ The SEC submitted its report on 28 July but cleared Mafabi and Oboi of any wrongdoing, leading Besigye to go public.

A member of the **National Executive Committee (NEC)** of the party told ARC Briefing that the row is tearing the party apart – dividing it into those who want to protect the interest of the party and those who have been bribed by the state to weaken the party from within.¹⁸ The NEC member further explained that another issue, which is under contention in the party, is a decision taken by Mafabi and Oboi to organise countrywide elections of party leaders without carrying out an update of the voter register.¹⁹

The scandal will inevitably weaken the FDC ahead of the next elections, ultimately achieving what was set out to do by providing the money.²⁰ Museveni promised in 2016 that there would be no opposition parties in Uganda by 2021 and as of today the two oldest parties **Uganda People's Congress (UPC)** and the **Democratic Party (DP)** have all signed pacts with the ruling government to the disappointment of their party supporters.²¹

Planner

15 Aug 2023 **Kampala (Uganda) Bank of Uganda (BoU) Monetary Policy Committee (MPC) Meeting**

31 Aug – 1 Sep **Kampala (Uganda) Uganda to host the East African Business Summit**

Jul 2024 **Kampala (Uganda) Demarcation of electoral areas**

Jan 2025 **Kampala (Uganda) Updated voter registration**

¹⁴ Alexander Kyokwijuka, 6 Aug 2023

¹⁵ OEC, 2021

¹⁶ Daily Monitor, 8 Aug 2023

¹⁷ Daily Monitor, 8 Aug 2023

¹⁸ Uganda analyst, 8 Aug 2023

¹⁹ Uganda analyst, 8 Aug 2023

²⁰ Uganda analyst, 8 Aug 2023

²¹ Uganda analyst, 8 Aug 2023

2 - 3 Oct 2025 **Kampala (Uganda)** Presidential nominations

12 Jan – 9 Feb 2026 **Kampala (Uganda)** Elections

Chronology

8 Aug 2023 **Kampala (Uganda)** *Nile Post*. **Uganda Meteorological Authority (UMA)** issues a weather advisory indicating that Uganda will have an **El Nino** season all year and that vast parts of the country will experience slightly increased rains and below-average rains from August to December;

7 Aug 2023 **Kampala (Uganda)** *Daily Monitor*. **Advocates Coalition for Development and Environment (ACODE)** and **Global Financial Integrity** report that Trade Based Money Laundering (TBML) is increasingly becoming one of the leading forms of Illicit Financial Flows (IFF) in Uganda;

6 Aug 2023 **Kampala (Uganda)** *Independent*. **United Nations** high commissioner for human rights **Volker Turk** officially closes the agency's offices in Uganda and concludes all operations following the government's decision not to extend their mandate;

5 Aug 2023 **Kampala (Uganda)** *Nile post*. President **Yoweri Museveni** meets former **Kenyan** president **Uhuru Kenyatta** in an unannounced visit that is reportedly aimed at defusing tension between Kenyatta's successor **William Ruto**;

4 Aug 2023 **Kampala (Uganda)** *Reuters*. Uganda starts construction to restore a **United Kingdom**-built railway line after it failed to get funding from **China** for another **Standard Gauge Railway (SGR)**. The line will cut the cost of shipping goods to the country's north, **South Sudan** and the **Democratic Republic of the Congo**;

3 Aug 2023 **Kampala (Uganda)** *Independent*. **Electoral Commission** releases the roadmap leading to the 2026 general elections. Nominations for the presidential candidates are to take place on 2 and 3 October 2025 and the election on 12 January 2026;

2 Aug 2023 **Kampala (Uganda)** *Independent*. **Uganda Securities Exchange (USE)** reports the total value of companies listed has dropped by 10.5% in the last quarter;

1 Aug 2023 **Kampala (Uganda)** *Daily Monitor*. Government announces a 50% reduction in the price of internet, from 70\$ per megabits per second (Mbps) to \$35 Mbps;

1 Aug 2023 **Kampala (Uganda)** *Bloomberg*. Local advocacy group **Civil Society Budget Group** urges President **Yoweri Museveni** to fill a leadership vacuum created at the **Bank of Uganda** after Governor **Emmanuel Tumusiime Mutebile** died over a year ago;

30 Jul 2023 **Kampala (Uganda)** *Independent*. Uganda is set to host the **East African Business Summit** from 31 August to 1 September, where issues such as nontax barriers that still exist in the **East African Community (EAC)** member states will be discussed;

28 Jul 2023 **Kampala (Uganda)** *Reuters*. **MTN Uganda**, a unit of **South Africa's MTN Group**, launches the first 5G networks in Uganda;

27 Jul 2023 **Kampala (Uganda)** *Relief news*. A total of five confirmed cases and seven deaths have been recorded in Uganda since 7 July when a cholera outbreak was confirmed;

26 Jul 2023 **Kampala (Uganda)** *Reuters*. **France's TotalEnergies** says it has begun commercial drilling at its **Tilenga** petroleum project with expected oil production in 2025;

25 Jul 2023 **Kampala (Uganda)** *Independent*. **United Kingdom (UK)** court of appeal rules that the **Crane Bank-DFCU** dispute over assets can be tried in UK. A UK High court initially dismissed the Crane Bank Limited claim on grounds that it was based on the actions of **Bank of Uganda** and therefore considered the acts of the state of Uganda;

23 Jul 2023 **Kampala (Uganda)** *Independent*. Members of parliament express concern that government has identified a company to manage the lucrative national lottery without regulations in place;

22 Jul 2023 **Kampala (Uganda)** *Observer*. At least 25 **Eritrean** and **Ethiopian** nationals have been rescued from alleged traffickers in two separate operations at **Entebbe** airport and the **Busia** border point;

21 Jul 2023 **Kampala (Uganda)** *Chimpreports*. The private media industry protests the budget execution circular released by treasury secretary **Ramathan Ggoobi**, which blocks private media firms from benefiting from government advertising;

20 Jul 2023 **Kampala (Uganda)** *Parliament*. Parliamentary speaker **Anita Among** suspends sittings indefinitely due to an impasse over the local council one (LC1) election. Village LC1 chairpersons' terms expired on 10 July with no election taking place to elect new chairpersons, which can cause crisis in villages across Uganda;

19 Jul 2023 **Kampala (Uganda)** *KFM Radio*. The **United Nations (UN)** department of safety and security issues an advisory to its staff regarding insecurity along **Entebbe Express Way** and Kampala's northern bypass;

17 Jul 2023 **Kampala (Uganda)** *NUCAFE*. The cost of Robusta coffee hits a record price with a kilogram selling at USh 9,000 shillings (\$2.50), the highest in the history of the coffee business in Uganda;

16 Jul 2023 **Kampala (Uganda)** *Nile Post*. Members of parliament call for a shift from meter gauge railway to standard gauge to help cut costs and avoid wastage of resources associated with implementing both gauges;

15 Jul 2023 **Kampala (Uganda)** *Independent*. Concern emerges over the cost of holding elections in Uganda - the average global cost of conducting elections is \$5 per voter but in Uganda, it has risen from \$7.1 in 2011 to \$8.7 in 2016 and \$12 in 2021;

14 July 2023 **Kampala (Uganda)** *Reuters*. President **Yoweri Museveni** accuses former **Democratic Republic of Congo** president **Joseph Kabila** of giving sanctuary to Islamist fighters and allowing them to exploit minerals and timber and use the proceeds to build their strength;

13 Jul 2023 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** says that the **Allied Democratic Forces (ADF)** rebels have broken into smaller groups that have become more difficult to detect and called for more alertness and strengthening of intelligence gathering;

10 Jul 2023 **Kampala (Uganda)** *HRW*. **United States**-headquartered **Human Rights Watch** says **French** energy giant **TotalEnergies'** planned oil pipeline in **East Africa** has devastated thousands of people's livelihoods in Uganda and will exacerbate the global climate crisis.

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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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