

AFRICA RISK CONSULTING

Uganda Monthly Briefing September 2023

Uganda Summary 7 September 2023

Uganda Police Force (UPF) foil a terror attack at the Miracle Centre Cathedral in Kampala on 3 September. The UPF arrest a suspect, Kintu Abdulahuman, who reveals that the cathedral attack is part of a wider coordinated attack, prompting police to search and recover five other improvised explosive devices (IEDs). The police link the attack to the Allied Democratic Forces (ADF) rebel group. Experts warn that the World Bank's suspension of funding to Uganda has potential significant implications for the economy, development projects, and overall financial stability. Three ministers engage in a parliamentary spat on 23 August over alleged corruption in the awarding of a lucrative multi-million-dollar car number plate deal awarded to a Russian company.

Foiled terror attack highlights security risks

The **Uganda Police Force (UPF)** disrupted a reported terror attack at the **Miracle Centre Cathedral** in the **Rubaga Division** of **Kampala** on 3 September arresting a suspect, **Kintu Abdulahuman**, who was allegedly found in possession of a remote-control boom for detonating the improvised explosive device (IED).¹ Upon interrogation, Abdulahuman admitted that he was one of six terrorists behind a series of coordinated attacks. Abdulahuman led the UPF to the group's rented rooms in the **Luungujja** zone where three other IEDs were recovered.² Police subsequently recovered another two IEDs – one planted at the **Peaceful Guest House** in **Ngobe-Bunamwanya** and another in **Mabiito** area within the **Nateete Central B** zone – and arrested another five suspects.³ Security forces are currently deployed in crowded places like churches malls and taxi parks, following the attack.⁴

The police have linked the foiled bomb attack to the **Allied Democratic Force (ADF)** rebel group. The ADF originally operated in Uganda before fleeing to eastern DRC two decades ago, still operating from this region.⁵ The ADF is linked to the **Islamic State (IS)** and has previously carried out deadly bomb attacks in Uganda. Most recently, on 16 June, ADF militants crossed the border and killed 42 people, including 37 students from **Mpondwe Lhubiriha Secondary School**.⁶ This was Uganda's worst attack since two bombings in **Kampala** in 2010 killed 76 people in a strike claimed by the **al-Shabab** group, which is based in **Somalia** and aligned with **al-Qaeda**.⁷

Other recent attacks in Uganda include:

- 16 November 2021 - terrorists used two explosive devices in central Kampala killing 4 and injuring 33 people. The police disarmed two further explosive devices;
- 23 October 2021 - terrorists used an explosive device to attack a restaurant in **Kamamboga**, a suburb in the northeast of **Kampala** killing one person and injuring several others;
- 25 October 2021 - terrorists used an explosive device on a coach travelling on the Kampala to **Masaka** road near **Mpigi** killing one person.⁸

¹ Uganda Police Force, 4 Sep 2023

² Uganda Police Force, 4 Sep 2023

³ Uganda Police Force, 4 Sep 2023

⁴ Uganda analyst, 7 Sep 2023

⁵ Uganda Police Force, 4 Sep 2023

⁶ Reuters, 3 Sep 2023

⁷ Reuters, 3 Sep 2023

⁸ United Kingdom Government website, accessed 3 Sep 2023

The attacks have also prompted **Western** governments, including the **United Kingdom (UK)** and the **United States (US)** to urge their nationals to reconsider travelling to Uganda due to the high risk of terror attacks. The US embassy in Kampala issued a warning on 4 September about the IED attacks and noted that there were unconfirmed reports of potential additional devices, which there were. In his statement, the embassy noted:

*“We remind you that the US Department of State’s travel advisory for **Uganda** is at a Level 3 (Reconsider travel) for terrorism. There remains a threat of terrorist attacks in Uganda and throughout the region. As anyone can be a victim, US citizens should remain alert and avoid large public gatherings”⁹*

These alerts come after the US embassy 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-**LBGTQ+** legislation.⁷ The UK soon followed suit on 2 July, issuing an alert on the UK government website warning that terrorists are very likely to try to carry out attacks in Uganda. At that point, defence spokesperson **Felix Kulaigye** told the local media that despite the travel advisory, the country is safe. After the issuing of the two travel advisories, the **Ugandan People’s Defence Force (UPDF)** UPF increased patrols across the country, targeting busy and crowded areas that could be easy targets for terror attacks.

While the attacks on 3 September were foiled by the UPF, there are still clearly gaps in the security force’s tackling of terrorism which may give confidence to any potential groups if they wish to attempt another attack. The increased ADF activity is also a worrying trend that could be viewed as retaliation for Uganda’s involvement in **Operation Shujaa**, a joint DRC/Ugandan effort to dismantle the ADF.

World Bank suspension of funding to affect Uganda’s investor confidence

Experts have warned that the **World Bank**’s suspension of funding to Uganda could have significant implications for the economy, development projects, and overall financial stability.¹⁰ The institution announced on 7 August that it would halt any new funding to Uganda, citing that the recently enacted anti-LGBTQ law contradicts its values. AS on 31 December 2022, the World Bank’s portfolio in Uganda stood at \$5.4 billion, comprising 22 national and 4 regional projects. The urban sector dominates the portfolio with a share of 25%, followed by energy at 15%. The portfolio also includes \$791m (most of which is in grant form) from the **Window for Host Communities and Refugees** focused on supporting the implementation of Uganda’s integrative refugee policies.¹¹

The bank’s website indicates that its most recently approved projects through its **International Development Association** unit include the **Uganda Climate Smart Agricultural Transformation Project** approved on 22 December 2022 for \$354.7m, the **Generating Growth Opportunities and Productivity for Women Enterprises Project** approved on 17 June 2022 for \$217m, and the **Greater Kampala Metropolitan Area Urban Development Program** (\$566m), approved on 31 May 2022 for \$566m.¹²

Government officials including President **Yoweri Museveni** (1986-present) were quick to downplay the suspension of funding, stating it can be substituted with money from oil which Uganda will start producing by the start of 2025:

⁹ US Embassy Kampala, 3 Sep 2023

¹⁰ Uganda Analyst, 6 Sep 2023

¹¹ World Bank, Sep 2023

¹² World Bank, Sep 2023

“To dare think that Ugandans can be intimidated by the threat of withdrawal of loans and aid that are moreover peripheral to our transformation efforts is the epitome of mistake making, to say the least”.¹³

Museveni further warned that he would not capitulate to foreign intimidation and blackmail, but a Kampala-based development finance expert told **Africa Risk Consulting Briefing (ARC Briefing)** that the suspension of the funding has significant impacts on the economy and new development projects:

*“Though the suspension of financing is not meant to halt ongoing projects, it will delay the initiation of new projects, leading to a slowdown in development efforts, which might force the government to adjust its budget and **National Development Plan III/IV**, potentially affecting public services and social programmes.”¹⁴*

He further noted that the World Bank’s partnership with Uganda has often boosted investor confidence in the country through the **Multilateral Investment Guarantee Agency (MIGA)**, which has a portfolio of a combined gross exposure of \$463.8m as of 31 December 2022 and that suspension of such guarantees will reduce investor confidence, discouraging foreign direct investment flows in Uganda.¹⁵

A lecturer of political science from a Kampala-based university told ARC Briefing that he does not believe the decision has to do with the anti-homosexuality bill, but rather Uganda’s other poor indicators:

“Our scores are below average across the board; from democracy, governance, human rights, fighting corruption, you name it. That bill is just being used as a scapegoat. How many organisations have exited the country in the last 24 months? It’s a vote of no confidence on the ruling government”.¹⁶

A member of parliament (MP) from eastern Uganda told ARC Briefing that the country cannot do without the **World Bank** loans and soon it will capitulate and reverse the law or else Uganda *“shall be on our knees begging shortly”*. The MP also noted that the law was unnecessary and that the prevailing laws were good enough.¹⁷ The local media reported on 9 August that the government intends to revise its 2023-2024 budget to take into account the blocked World Bank financing, but there has been no movement on this with no further indication of how the government will plug any potential budget shortfalls.¹⁸

Ministers engage in parliamentary spat over Russian deal

Internal affairs minister **Kahinda Otafire** engaged in a parliamentary spat with internal security minister **Jim Muhwezi** and works minister **Katumba Wamala** over alleged corruption in the awarding of a multi-million-dollar car number plate tender to **Russian**-headquartered **Joint Stock Company Global Security (JSCGS)**.¹⁹

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 deal was suspended after the company failed to deliver any of the necessary equipment by 30 June but remains a point of contention amongst cabinet.

¹³ Daily Monitor, 17 Aug 2023

¹⁴ Development financier, Kampala, 6 Sep 2023

¹⁵ Development financier, Kampala, 6 Sep 2023

¹⁶ Lecturer, Kampala, 6 Sep 2023

¹⁷ MP, Kampala, 6 Sep 2023

¹⁸ NTV Uganda, 9 Aug 2023

¹⁹ Parliament, 23 Aug 2023

Otafire, while appearing before the parliamentary committee on physical infrastructure on 23 August, revealed that he is not aware which exact people in government signed the contract with JSCGS, which was to install digital car number plates.²⁰ Otafire also told the committee that the police who are supposed to be involved in the process are not aware of what is happening.²¹ Otafire, who said he came out to warn the country of the dangerous deal, also challenged Wamala to show proof that the company that he is defending is genuine.²²

In response, Muhwezi criticised his Otafire, expressing disappointment that he appeared before the committee without conducting even basic inquiries about the project.²³ Muhwezi stated that the contract permitting the Russian firm's involvement was signed by the president and the works and transport minister with the internal affairs ministry acting as an implementing ministry through the UPF.

A member of the parliamentary committee on physical infrastructure told ARC Briefing that top government officials including those from the office of the president have an interest in the number plate deal. The MP explained that during their visit in March this year to Russia on a fact-finding mission they discovered that the JSCGS, which has close links with the Russian military, had no experience implementing a similar project anywhere in the world. He says their committee tried to investigate the anomaly following a petition by the **Kampala Capital City Traders Association (KACITA)** but was ordered by the government to halt the investigations.

Planner

5 Oct 2023 **Kampala (Uganda) Bank of Uganda** (central bank) **Monetary Policy Committee** meeting

16 – 17 Sep 2023 **(Uganda)** Nominations for parliamentary election candidates

2 – 3 Oct 2025 **(Uganda)** Nominations for presidential election candidates

12 Jan – 9 Feb 2026 **(Uganda)** Presidential, parliamentary and local elections

Chronology

7 Sep 2023 **Kampala (Uganda) Nile Post**. Parliament directs the security, defence and internal affairs ministers to explain the state of national security in the wake of improvised explosive devices, bombs and the terror alert;

6 Sep 2023 **Kampala (Uganda) Independent**. Prices at pump stations around **Kampala** hit the highest levels since November 2022, with a litre of petrol costing US\$ 5,100 (\$1.36) and diesel US\$ 4,800 (\$1.28);

5 Sep 2023 **Kampala (Uganda) Nile Post**. Police dismiss rumours that terror alerts issued recently are politically motivated, calling upon citizens to take the alerts seriously;

4 Sept 2023 **Kampala (Uganda) UIA**. **Uganda Investment Authority** chairperson **Morrison Rwakakamba** tells members of the **Canada-African Chamber of Business** and **The National Club of Toronto** that Uganda has vast investment opportunities in minerals including gold, iron, copper, cobalt, nickel, rare earth elements, vermiculite, and limestone;

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;

²⁰ Parliament, 23 Aug 2023

²¹ Parliament, 23 Aug 2023

²² Parliament, 23 Aug 2023

²³ NBS TV, 24 Aug 2023

31 Aug 2023 **Kampala (Uganda)** *Independent*. Education and sports minister says government will intervene against exorbitant school fees and requirements noting that fee increments will no longer be arbitrary and that all schools will require permission from a ministry official first;

30 Aug 2023 **Kampala (Uganda)** *Independent*. Mobile phone-based payments for goods and services in **Uganda** remain low relative to subscriber numbers; a situation service providers say must be tackled to drive the cashless economy. While the country boasts more than 30 million mobile phone subscriptions, just about 20 million subscribe to mobile money platforms, and a far smaller number use their mobile wallets to pay for goods and services;

29 Aug 2023 **Kampala (Uganda)** *Nile Post*. Minerals minister **Peter Lokeris** says government expects to increase jobs in the minerals sector by 63% to 2.6 million in the 2024/2025 financial year (FY) from 1.6 million in 2017/2018;

28 Aug 2023 **Kampala (Uganda)** *Daily Monitor*. Opposition **National Unity Platform** leader **Robert Kagulanyi** (also known as **Bob Wine**) starts a countrywide political tour;

27 Aug 2023 **Kampala (Uganda)** *UNBS*. The **Uganda National Bureau of Standards (UNBS)** starts batch sampling and laboratory analysis tests of maize flour exports to facilitate trade between Uganda and **South Sudan**;

25 Aug 2023 **Kampala (Uganda)** *Reuters*. President **Yoweri Museveni** bans the importation of used clothing into Uganda, citing that it stifles the development of local textile industries and that the clothes belonged to “*dead Westerners*”;

23 Aug 2023 **Kampala (Uganda)** *Daily Monitor*. Electricity distributor **Umeme Limited**'s net assets dropped in value by Ush 256.77 billion (\$68.9m) in the 12 months to June 2023, eating into the potential capital gains that shareholders will receive in compensation when its concession to distribute electricity in the country ends in 2025;

22 Aug 2023 **Kampala (Uganda)** *Observer*. Parliament passes contentious **Narcotics and Psychotropic Substances (Control) Bill 2023** which now allows the licenced farming and use of marijuana strictly for medical use, and sets harsh penalties for a multitude of offences related to substance abuse;

18 Aug 2023 **Kampala (Uganda)** *Reuters*. **Stanbic Bank Uganda**, the country's biggest bank by assets, reports a 20.7% rise in pre-tax profit in the first six months of 2023 reaching Ush 263.4 billion (\$70.62m), helped by higher interest income;

17 Aug 2023 **Kampala (Uganda)** *Reuters*. Agriculture ministry announces plans to expand its market for milk following frustrations with **Kenya**;

15 Aug 2023 **Kampala (Uganda)** *East Africa*. **Bank of Uganda (BoU)** cuts its policy rate by 50 basis points to 9.5%, the first cut in more than two years. The cut also comes after annual inflation fell to in August. down from 10.4% in January, and below the bank's 5% target;

13 Aug 2023 **Kampala (Uganda)** *UBC*. President **Yoweri Museveni** holds bilateral talks with **Kenyan** President **William Ruto**;

12 Aug 2023 **Kampala (Uganda)** *Nile Post*. Uganda is still facing difficulties in its efforts to get off the global **Financial Action Task Force's (FATF)** grey list due to issues related to anti-money laundering and terrorist financing;

10 Aug 2023 **Kampala (Uganda)** *NTV*. Minerals minister **Peter Lokeris** says the government has discovered a vast potential of metallic mineral deposits in different parts of the country as the government plans to extensively extract more mineral resources across the country in a bid to boost the economy;

9 Aug 2023 **Kampala (Uganda)** *Parliament*. Finance minister **Henry Musasizi** says the government is engaging with the **World Bank** on its decision to cut financing of projects in **Uganda**.

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 whistleblower support on one end to crisis media management and regular monitoring on the other.

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.

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)