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Cracks are emerging in Uganda's ruling National Resistance Movement (NRM) party as First Son and Land Forces commander Gen. Muhoozi Kainerugaba disguises the launch of his 2026 presidential bid in a series of public birthday fetes across the country. The future of cryptocurrency business in Uganda hangs in the balance as the Bank of Uganda (BoU) (central bank) moves to curtail trading in digital currencies. Uganda's economy rebounds as domestic economic conditions improve following the easing of mobility restrictions imposed to curb the spread of Covid-19.

Museveni's son launches early campaign

Cracks have emerged in Uganda's ruling **National Resistance Movement (NRM)** party as First Son and Land Forces commander Gen. **Muhoozi Kainerugaba** disguised the launch of his 2026 presidential bid in a series of public birthday fetes across the country. Kainerugaba announced on 2 May that he would reveal his political programme "soon", in what local media reports claim is the strongest signal yet that he will run in the 2026 presidential election.¹ Three events marking Kainerugaba's 48th birthday took place in the capital, **Kampala**, around 24 April, while his supporters in other parts of Uganda staged lively rallies which they said were in tribute to their future president.²

Local **Daily Monitor** columnist **Muniini K. Mulera** said Kainerugaba's birthday celebrations should be seen as a formal introduction of "the crown prince and heir to the Ugandan throne", and that President **Yoweri Museveni** (1986-present) had "entered his last lap of a long walk towards the realisation of a fifty-year-old dream to create dynastic rule".³ Kainerugaba, who commands Uganda's infantry forces, has been increasingly vocal in **Twitter** posts in which he mentions his wish to rule Uganda. In a bid to win the support of Uganda's youth, a sizeable proportion of the voting demographic, Kainerugaba spoke of increasing the sports budget in favour of young people when he "wins power in this country".⁴

Kainerugaba's move to succeed his 77-year-old father, President Yoweri Museveni, threatens to tear the NRM apart.⁵ Kainerugaba's supporters, led by NRM Member of Parliament (MP) **David Kabanda**, are pushing him to form a new **National Progressive Movement (NPM)** party, to cater for the aspirations of the younger generation yearning for political reform. In a Tweet on 2 May, Kabanda urged Kainerugaba to drive a new progressive movement, "free of intrigue that has characterised our current party":

*"[Kainerugaba] MK can work with [opposition **Democratic Party** president **Norbert**] Mao, some disappointed [opposition **Forum for Democratic Change**] leaders and even [the **National Unity Platform**] NUP party [led by opposition leader **Bobi Wine**]. All these need a new clean political vehicle acceptable to all of us."*⁶

Kainerugaba and his supporters are presenting their proposal as a generational shift to save the NRM from decay among Uganda's restless younger generation, which constitute over 70% of the

¹ The East African, 2 May 2022

² Associated Press 8 May 2022

³ Daily Monitor 26 Apr 2022

⁴ Associated Press, 8 May 2022

⁵ Associated Press, 8 May 2022

⁶ Source, Uganda political analyst

population and whose aspirations are not being met by the current political paradigm.⁷ However, NRM leaders are not united in support of the proposed new party. Appearing on a local television station in Kampala on 9 May, NRM spokesperson **Rogers Mulindwa** noted that the party cannot be rebranded to the National Progressive Movement as demanded by Kainerugaba's supporters:

*"National Resistance Movement is still here. Those who want to create new parties can go ahead because they have the freedom. This National Progressive Movement is Kabanda's idea. It's not Muhoozi's. If you want to change the party's name, there are procedures that have to be followed."*⁸

In a further sign of internal dissent within the ruling NRM party, government spokesman **Owono Opondo**, in an 8 May opinion piece published on the **Uganda Media Centre** website that he heads, warned that the NRM must avoid the temptation to use extra civil, political and constitutional means to deal with those legitimately challenging its grip on power.⁹ Opondo said many leaders in the NRM seem more focused on curbing disagreements than finding and pursuing a principled ideological line to serve the NRM and public interest:

*"[T]he MK48 [Muhoozi Kainerugaba's 48th birthday] crusade is reshaping public discourse whose duration is anyone's guess. There is need for NRM cadres to reinvigorate a culture of spirited debates in the marketplace of ideas because open criticism has declined, while obscurantism and dirty tricks become the dominant face of NRM politics."*¹⁰

Kainerugaba joined the army in the late 1990s, and his rise to the top of the armed forces has been controversial, with critics dubbing it the "*Muhoozi Project*" to prepare him for the presidency.¹¹ Museveni and Kainerugaba have denied the existence of such a scheme, but it appears a transition is now underway as Museveni serves what could be his last term without a recognisable successor within his government.¹²

However, Kainerugaba faces legal scrutiny because Ugandan law prohibits serving army officers from engaging in partisan politics, with many saying that Kainerugaba has already crossed that line. Critics point out that other army officers, such as Generals **David Tinyefuza** and **Henry Tuukunde**, who discussed politics were humiliated with arrests and incarceration.¹³ Ugandan attorney **Gawaya Tegule** filed a petition with the **Constitutional Court** on 6 May seeking a declaration that Kainerugaba's political activities are unlawful. The petition also seeks to have Kainerugaba prosecuted for alleged treason, charging that his activities are destabilising.¹⁴

President Museveni has not said when he will retire. He has no rivals within the ruling NRM, leading many to believe that the military will have a say in choosing his successor.¹⁵

Central bank warns banks against facilitating trade in crypto assets

The future of cryptocurrency business in Uganda hangs in the balance, as the **Bank of Uganda (BoU)** (central bank) has moved to curtail trading in digital currencies.¹⁶ Ugandans have received cryptocurrency worth the equivalent of about \$4.8 billion between March 2019 and March 2022, according to blockchain data platform **Chainalysis**.¹⁷ The BoU, in a 29 April circular, warned payment service providers from enabling cryptocurrency transactions, saying that it had not licensed any payment provider or operator, including banks or fintechs, to sell or facilitate trade using

⁷ Source, Uganda political analyst

⁸ NBS TV, 9 May 2022

⁹ Uganda Media Centre, 8 May 2022

¹⁰ Uganda Media Centre, 8 May 2022

¹¹ Associated Press, 8 May 2022

¹² Associated Press, 8 May 2022

¹³ Uganda Analyst, 8 May 2022

¹⁴ Nile Post, 6 May 2022

¹⁵ Associated Press, 8 May 2022

¹⁶ Source, Uganda analyst

¹⁷ Reuters, 6 May 2022

cryptocurrencies.¹⁸ BoU acting director **Andrew Kawere** referred to the government's stand that cryptocurrency is not legal tender in Uganda and that providers found selling or facilitating trade will have their licences revoked:

*"Bank of Uganda has noted press reports and adverts advising the public that they can convert crypto currencies into mobile money and vice versa. We are also aware that such conversion cannot happen without the participation of the Payment Service Providers and or Payment System operators."*¹⁹

Finance minister **Matia Kasaija** said in 2019 that Uganda's government does not recognise cryptocurrency as legal tender and has not licensed any organisation to sell cryptocurrencies or to facilitate trade in cryptocurrencies.²⁰ Although the BoU does not seem to have attempted to criminalise holding or trading crypto, it appears keen to shut down all businesses and brokers seeking to provide crypto-related services in Uganda. The BoU warned that anyone dealing with such cryptocurrencies would face stern consequences:

*"Accordingly, this is to warn all licensed entities under the **National Payment Systems Act, 2020** to desist from facilitating cryptocurrency transactions. Bank of Uganda shall not hesitate to invoke its powers under Section 13(l) (b) & (f) of the **NPS Act, 2020** for any licensees that will be found in breach of the above directive."*²¹

Following the stand taken by the BoU, world money transfer service provider **WorldRemit** announced on 5 May that it is winding up business in Uganda and consequently, people in Uganda will no longer be able to use its services to send money abroad.²² A notice on the company's website informed customers:

*"From 6 June, WorldRemit will not be accepting any new money transfers or airtime top ups from Uganda. From 6 July, WorldRemit will be fully closing money sending services in Uganda, and our relationship with you will come to an end."*²³

WorldRemit's decision only affects those wishing to send money from Uganda.²⁴ Ugandans, especially those working and living abroad, who send money to their families in Uganda using WorldRemit, will not be affected by the latest development.²⁵

Worldremit had partnered with a number of local banks in Uganda to carry out digital currency transactions on its behalf.²⁶

Uganda's economy rebounds after lifting of Covid-19 restrictions

Uganda's economy has rebounded strongly as domestic economic conditions improve following the easing of mobility restrictions during the period October 2021 to February 2022.²⁷ The **World Bank** stated in a report dated 17 April that Uganda's economy is expected to continue gaining buoyancy amid a more positive **Covid-19** and vaccine outlook, and the recent signing of the final investment decision in the oil sector.²⁸

The report, however, notes that the worsening global environment, following **Russia's** military operations in **Ukraine**, may reduce Uganda's growth to below 6% in financial years 2023 and 2024 because of trade disruptions, higher commodity prices, and increased risk aversion that may slow

¹⁸ Bank of Uganda 29 Apr 2022

¹⁹ Bank of Uganda 29 Apr 2022

²⁰ Daily Monitor 2 May 2022

²¹ Business Insider 4 May 2022

²² Worldremit 5 May 2022

²³ Worldremit 5 May 2022

²⁴ Uganda Analyst 9 May 2022

²⁵ Uganda Analyst 9 May 2022

²⁶ Source, Uganda analyst, 9 May 2022

²⁷ World Bank report, 17 Apr 2022

²⁸ World Bank report, 17 Apr 2022

investments.²⁹ Costlier inputs such as fertilisers and transport are projected to pose challenges for agricultural production, food security, and household incomes that are still recovering.³⁰

Data from the **World Health Organization** indicates that by 9 May there were no new Covid-19 infections in Uganda, with a total of 164,149 confirmed cases since the beginning of the outbreak, and 3,598 deaths attributed to Covid-19 in Uganda's population of 47 million.³¹ The World Bank noted in its 17 April report that the third wave of Covid-19 infections in Uganda was milder and is now over. It projects that with about 30% of the 22 million target population (aged 18+) fully vaccinated by late February, the government is likely to reach its objective of fully vaccinating 49% of the population by June.³²

Planner

13 May 2022 **Kampala (Uganda)** World Conference on Soil, Water, Energy and Air (EUWCSWEA)
 22 May 2022 **Kampala (Uganda)** World Conference on Financial Accounting (WCFA);
 24 May 2022 **Kampala (Uganda)** International Conference on Sustainable Water Management (ICSWM)
 14 May 2022 **Kampala (Uganda)** International Conference on Wireless Networks and Mobile Communication (EUIWNMC);
 1 Jun 2022 **Kampala (Uganda)** Annual Congress on Soil and Water Conservation (ACSWC);
 2026 **(Uganda)** Presidential elections

Chronology

10 May 2022 **Kampala (Uganda)** *Daily Monitor*. **Entebbe International Airport** has registered an increase in the number of daily passengers with an average of 3,864 per day in April, up from 3,793 in March 2022;

9 Aug 2022 **Kampala (Uganda)**. The **Constitutional Court** has summoned **Land Forces** commander Lt Gen **Muhoozi Kainerugaba**, President **Museveni's** son, to respond to a petition in which he is accused of expressing his presidential ambitions while serving as an army officer;

8 May 2022 **Kampala (Uganda)** *Nile Post*. **Uganda's** minister of defence and veteran affairs, **Vincent Bamulangaki Sempijja**, and his **Tanzanian** counterpart, **Stergomena Tax**; sign a Memorandum of Understanding on cooperation and security for the crude oil pipeline;

7 May 2022 **Kampala (Uganda)** *Independent*. Members of Parliament on the budget committee report that billions of shillings disbursed to districts for the countrywide **Parish Development Model (PDM)** programme are still lying idle just months to the end of the financial year;

6 May 2022 **Kampala (Uganda)** *Nile Post*. Kampala lawyer **Gawaya Tegulle** brings President **Yoweri Museveni's** son, Gen **Muhoozi Kainerugaba**, to court for using his 48th birthday celebrations as a launch pad for his presidential bid;

6 May 2022 **Kampala (Uganda)** *Reuters*. Senior **Bank of Uganda (BoU)** (central bank) official says the BoU is considering whether to issue a digital currency and has not banned cryptocurrencies, but has concerns about risks from the technology including consumer protection and financial inclusion;

5 May 2022 **Kampala (Uganda)** *Tech Crunch*. Financial regulator warns payment service providers

²⁹ World Bank report, 17 Apr 2022

³⁰ World Bank report, 17 Apr 2022

³¹ WHO, 9 May 2022

³² World Bank, 17 Apr 2022

over enabling cryptocurrency transactions in **Uganda**;

5 May 2022 **Kampala (Uganda)** *The East African*. A plan to introduce a bill that seeks to downsize the parliament by almost half causes a stir within the ruling party as several legislators say the proposed law should be discussed and supported to improve governance;

5 May 2022 **Kampala (Uganda)** *Parliament Press Unit*. Parliament blames the **Uganda National Bureau of Standards (UNBS)** for frustrating the implementation of digital stamps amid a backlog;

4 May 2022 **Kampala (Uganda)** *Press release*. World money transfer service provider **WorldRemit** announces it is winding up business in Uganda and people in Uganda will no longer be able to use its services to send money abroad effective 6vMay;

3 May 2022 **Kampala (Uganda)** *Reuters*. **Uganda's** largest telecommunications firm, **MTN Uganda**, part of **South Africa**-based **MTN**, reports Q1 pretax profits are up by a fifth from the same period of last year, partly boosted by higher data sales;

3 May 2022 **Kampala (Uganda)** *The Independent*. **World Press Freedom Index** says Uganda is the second worst country in the **East African** region in which to be a journalist;

2 May 2022 **Kampala (Uganda)** *The East African*. First son and commander of the country's land forces, **Muhoozi Kainerugaba**, says he will reveal his political programme "soon", in what local media reports claim is the strongest signal yet for his running in the 2026 presidential election;

1 May 2022 **Kampala (Uganda)** *Daily Monitor*. Parliament rejects the proposal made by junior finance minister **Henry Musasizi** to accord another five-year income tax holiday to the **Bujagali Power** project, on the basis that the previous 15-year tax holiday had not resulted in a significant reduction in power costs;

30 Apr 2022 **Kampala (Uganda)** *Daily Monitor*. Attorney general **Kiryowa Kiwanuka** says a Memorandum of Understanding that Uganda signed with **Uganda Vinci Coffee Company (UVCC)** provides protection to local coffee processors and farmers, arguing that UVCC will buy the coffee beans at a premium price, equal to or higher than the price set by the **Uganda Coffee Development Authority (UCDA)**, or at the prevailing international price;

29 Apr 2022 **Washington (US)** *Parliament Media*. Parliament has rejected a proposal to provide additional funding to facilitate the US\$14.2 billion (\$3.9m) presidential model villages' project in the next financial year;

27 Apr 2022 **Kampala (Uganda)** *Parliament Media*. General **Kiwanuka Kiryowa** and finance minister **Matia Kasaija** have defended the controversial coffee contract between the government and **Italy**-headquartered **Uganda Vinci Coffee Company (UVCC)**;

26 Apr 2022 **Kampala (Uganda)** *Africa Report*. **Rwanda's** President **Paul Kagame** pays an official visit discuss with regional stability with President **Yoweri Museveni** amid lavish birthday celebrations for Museveni's son, **Muhoozi Kainerugaba**;

25 Apr 2022 **Kampala (Uganda)** *ReliefWeb*. The health ministry reports seven suspected cases of yellow fever as of 25 April, although only one laboratory-confirmed case of yellow fever has been reported from **Wakiso district (Central Region)**;

24 Apr 2022 **Kampala (Uganda)** *Government Press release*. President **Yoweri Kaguta Museveni** and **Rwanda's** President **Paul Kagame** have agreed to push for joint regional peace and stability by addressing the situation in the **Democratic Republic of the Congo** as the **East African Community** bloc;

23 Apr 2022 **Kampala (Uganda)** *US Embassy Press release*. The **United States Mission in Uganda**, through the **U.S. Agency for International Development (USAID)** and the **Centers for Disease Control and Prevention (CDC)**, launches a new project aiming to reduce malaria infections in Uganda by 50% over the next five years;

22 Apr 2022 **Nairobi (Kenya)** *Reuters*. The seven countries of the **East African Community (EAC)** agree to set up a regional military force to try to end decades of bloodshed caused by militant activity in eastern **Democratic Republic of the Congo**;

21 Apr 2022 **Kampala (Uganda)** *Government Press Release*. The government of Uganda, with support from the **World Bank**, is preparing the **Uganda Energy Access Scale-up Project (EASP)** to scale up access to electricity for households, refugee and host communities, industrial parks, commercial enterprises and public institutions, in line with Uganda's **Vision 2040** and other government policies;

19 Apr 2022 **Kampala (Uganda)** *US Embassy Uganda*. The **United States** issues a level 3 travel advisory urging its citizens to reconsider travel to Uganda due to crime and terrorism;

17 Apr 2022 **Washington (United States)** *World Bank press release*. **World Bank** reports that **Uganda's** economy rebounded strongly as domestic economic conditions improved following the easing of mobility restrictions during the period October 2021–February 2022;

16 Apr 2022 **Kampala (Uganda)** *Nile Post*. Ugandan author **Kakwenza Rukirabasheija** says he has paid US\$ 40 million (\$11,164) as obliged by court to stop his four sureties from being arrested;

15 Apr 2022 **Kampala (Uganda)** *Independent*. Oil and gas-related investors, mainly Tier 2 and 3 contractors in the industry, say most of Uganda's commercial banks are unwilling to lend them funds, especially to new investors;

14 Apr 2022 **Kampala (Uganda)** *Nile Post*. The finance ministry says the government cannot help to solve the problem of skyrocketing commodity prices in Uganda, since this is a global problem;

13 Apr 2022 **Kampala (Uganda)** *Parliament*. Lawmakers reject a statement by minister of state for trade **Harriet Ntabazi** on skyrocketing prices of essential commodities, saying it falls short of providing immediate interventions;

12 Apr 2022 **Kampala (Uganda)** *Reuters*. Government says it is inviting expressions of interest from investors to restart a vast copper mine in the west that also holds significant cobalt deposits;

11 Apr 2022 **Kampala (Uganda)** *Upstream Online*. **China-based CNOOC Ltd** has applied for new exploration acreage in Uganda; the **Pelican-Crane** block could deliver backup resources for its **Kingfisher** oilfield project;

About Africa Risk Consulting:

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