

**AFRICA RISK CONSULTING****Uganda Monthly Briefing June 2022**

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**Uganda Summary 9 June 2022**

**Concern grows in Uganda that mounting tension between Rwanda and the Democratic Republic of the Congo (DRC) over allegations of Rwandan support for rebel groups in eastern DRC could affect stability in the region. Security forces crack down on members of the opposition Forum for Democratic Change (FDC) who are carrying out a series of protests in capital Kampala against the soaring cost of basic commodities. The health ministry reports that cases of Covid-19 are rising again in Uganda.**

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**Concern over mounting tension between Rwanda and DRC**

As tensions mount between **Rwanda** and the **Democratic Republic of the Congo (DRC)**, there is growing concern in **Uganda** that it could be dragged into the conflict.<sup>1</sup> The tension comes barely two months after DRC became the seventh member of the **East African Community (EAC)**, bringing the regional bloc to 300 million people stretching from the **Indian Ocean** to the **Atlantic Ocean** (see *ARC Briefing Uganda Apr 2022*).<sup>2</sup> The six other members of the EAC had hoped that an array of infrastructure deals, including roads and electric power lines, would boost trade and prosperity across the region.<sup>3</sup> They had also agreed to create a joint **East African** military force to eradicate the dozens of armed groups that impede development and security in the **Great Lakes** region.<sup>4</sup>

The EAC dream is far from being achieved. Tensions have risen in recent weeks between the DRC and Rwanda over alleged official support for militias that are wreaking havoc in eastern Congo.<sup>5</sup> The DRC accuses Rwanda of supporting the **M23**, a Congolese **Tutsi** grouping that recently re-launched attacks against the **Forces armées de la république démocratique du Congo (FARDC)** (Congolese army) (see *ARC Briefing DRC May 2022*).<sup>6</sup> Rwanda, for its part, accuses the FARDC of supporting remnants of the **Forces démocratiques de libération du Rwanda (FDLR)**, responsible for the 1994 genocide against the ethnic Tutsi.<sup>7</sup>

M23 has been a thorn in the side of DRC-Rwandan relations since it emerged in 2003 at the tail end of the second great Congolese civil war that drew in neighbours such as Uganda, Rwanda, **Zimbabwe, Namibia** and **Angola**.<sup>8</sup> Uganda-based **Sunday Monitor** columnist **Timothy Kalyegira** predicted on 3 April that the presence of Ugandan troops in DRC was bound to deepen tensions not just between DRC and Rwanda, but also between Rwanda and Uganda. Kalyegira described the timing of an M23 attack on DRC's eastern region of **North Kivu** on 27 March, the day before DRC was scheduled to be admitted to the EAC, as "suspicious", stating:

*"There is just too much political and ethnic baggage in the Great Lakes region for its new members to contribute meaningfully to economic integration with the original states of Kenya, Tanzania, and Uganda."*<sup>9</sup>

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<sup>1</sup> Source, Uganda analyst

<sup>2</sup> The Economist, 2 Jun 2022

<sup>3</sup> The Economist, 2 Jun 2022

<sup>4</sup> The Economist, 2 Jun 2022

<sup>5</sup> Source, Uganda analyst

<sup>6</sup> The East African, 5 Jun 2022

<sup>7</sup> The East African, 5 Jun 2022

<sup>8</sup> The East African, 5 May 2022

<sup>9</sup> Monitor, 5 Jun 2022

Kalyegira noted on 5 June that the four-year tension between Rwanda and Uganda, during which Rwanda closed its border, forced Uganda to turn towards, and strengthen its relations with, the DRC, partly to offset the loss in trade with Rwanda and partly to find a road route around Rwanda if relations between Kampala and Kigali remain strained.<sup>10</sup> Uganda embarked on building a major new road leading into eastern DRC from Uganda's **Rwenzori** area, which **Kigali** is likely to view as evidence that Uganda sides with DRC rather than Rwanda.<sup>11</sup>

Kampala-based research consultant **Gilbert Awekofua** told **Africa Risk Consulting (ARC)** that the tensions in the DRC could be a result of Rwanda fearing to lose its influence on local militias in the mineral rich eastern Congo:

*"You saw a few days ago the security chiefs of the region met in the town of **Goma** [DRC] but the security chief of Kenya was the key player in the meeting and as such, can start becoming a game changer in the security of Eastern Congo."*

Awekofua says Kenya is increasingly taking a leading role in the conflict, seeking a market in DRC for its goods, and is likely to contribute resources to fight the various rebel groups that are draining the resources of DRC, Rwanda and Uganda:

*"Kenya has better economic muscle. Its granary is far bigger than that of Uganda. It's also bigger than that of Rwanda. So it can drop something substantial."*

Ugandan business magazine **256** editor **Michael Wakabi** expresses fear that renewed tensions in eastern DRC will affect the westward expansion of the EAC bloc:

*"[E]ventually even Uganda will become suspect and President **Felix Tshisekedi** [2019-present] of DRC will come under growing public pressure to sever links with Uganda and Rwanda."*

Kampala lawyer **Tony Raymond** says the tension involving Rwanda, which recently mended its relationship with Uganda, complicates Uganda's attempts to renegotiate war reparations with the DRC. The **International Court of Justice (ICJ)** on 9 February ordered Uganda to pay \$325m to the DRC as reparations for Uganda's invasion of the DRC in the 1990s (see *ARC Briefing Uganda Feb 2022*).<sup>12</sup>

### **Security forces arrest opposition leaders protesting rising cost of living**

Security forces have cracked down on members of the opposition **Forum for Democratic Change (FDC)** who are carrying out a series of protests in Kampala against the skyrocketing costs of basic commodities. The protests, led by veteran opposition politician and four-time presidential contender **Kizza Besigye**, are aimed at forcing the government to intervene and bring down the prices of basic goods such as soap and cooking oil. Security agencies responded to the protests by rounding up and incarcerating the ringleaders, including Besigye and three female members of parliament.<sup>13</sup>

Uganda's inflation rate jumped to 6.3% in May, up from 4.9 % in April, according to data from the **Uganda National Bureau of Statistics**.<sup>14</sup> Staple food prices have continued to increase in recent months and are higher than prices recorded in 2021 and five-year average levels across most of Uganda. Prices of staple sorghum and maize are now significantly above average in several key reference markets across the country.<sup>15</sup>

<sup>10</sup> Daily Monitor, 5 Jun 2022

<sup>11</sup> Daily Monitor, 5 Jun 2022

<sup>12</sup> VOA News, 9 Feb 2022

<sup>13</sup> Daily Monitor, 23 May 2022

<sup>14</sup> UBOS, 2 Jun 2022

<sup>15</sup> Relief Web, 6 May 2022

The **Bank of Uganda (BoU)** (central bank), in an attempt to smooth inflationary pressures, announced on 2 June that it is raising its lending rate by 1 percentage point to 7.5 % from 6.5%.<sup>16</sup> BoU deputy governor **Michael Atingi-Ego** attributed the high spikes in commodity prices to disruptions in the global supply chain.<sup>17</sup> Atingi noted that high business costs are likely to spread into consumer prices, thereby pushing inflation higher in the coming month.

Opposition **National Unity Platform (NUP)** party leader **Robert Kyagulanyi Ssentamu** (also known as **Bobi Wine**) has joined those calling for government to intervene and stabilise the prices of basic consumer goods.<sup>18</sup> In a pre-recorded video released on 7 June, Kyagulanyi offered interventions to control the current economic crisis:

*“Government can control this by setting prices on the fuel as long as they have the breakdown which reveals costs from when the fuel is purchased to when it’s consumed by the end user. They are acting as if the **Petroleum Act** does not give them this mandate.”<sup>19</sup>*

### Uganda’s Covid-19 cases up

Uganda’s health ministry reports that cases of **Covid-19** are rising once again. In a **Tweet** on 5 June, health minister **Ruth Aceng** said the country has started experiencing an increase in the number of daily infections, as seen in June 2021 when the **Omicron** and **Delta** variants hit the country.<sup>20</sup> Results of Covid-19 tests performed on 7 June confirmed 124 new cases, bringing cumulative confirmed cases in Uganda’s population of 47 million to 165,927, with 3,598 deaths attributed to Covid-19.<sup>21</sup>

The health ministry has administered at least 21,044,430 doses of Covid vaccines as of 7 June, sufficient to have vaccinated about 23.8% of the country’s population assuming two doses per person.<sup>22</sup> Aceng said the health ministry would intensify its Covid vaccination campaign, without putting in place travel restrictions or lockdowns:

*“We will optimise the existing control & mitigation tools at personal and community levels.”<sup>23</sup>*

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<sup>16</sup> New Vision, 2 Jun 2022

<sup>17</sup> New Vision, 2 Jun 2022

<sup>18</sup> Daily Monitor, 8 Jun 2022

<sup>19</sup> Daily Monitor, 9 Jun 2022

<sup>20</sup> Africanews, 6 Jun 2022

<sup>21</sup> Ministry of Health, 7 Jun 2022

<sup>22</sup> Reuters tracker, 7 Jun 2022

<sup>23</sup> Daily Monitor, 5 Jun 2022

## Planner

21 Jun 2022 **Kampala (Uganda)** International Conference on Identity Politics (ICIP)

21 Jun 2022 **Kampala (Uganda)** International Conference on Advance Accounting and Finance (ICAAF);

23 Jun 2022 **Kampala (Uganda)** International Conference on Future Businesses (ICFUBU);

24 Jun 2022 **Kampala (Uganda)** International Conference on Advance Banking (ICADBA);

2026 **(Uganda)** National elections

## Chronology

7 Jun 2022 **Kampala (Uganda)** *Nile Post*. **National Unity Platform (NUP)** party president **Robert Kyagulanyi Ssentamu**, in an address delivered through social media, asks the government to suspend taxes on crude vegetable oil and wheat;

7 Jun 2022 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** announces in his **State of the Nation Address** that Uganda has reached middle-income status despite an onslaught of crises in the past three years;

6 Jun 2022 **Kampala (Uganda)** *The Independent*. Health minister **Jane Ruth Aceng** warns that Uganda is experiencing an increase in the number of daily **Covid-19** cases compared to stable trends observed since January;

6 Jun 2022 **Kampala (Uganda)** *Amnesty International*. International human rights organisation **Amnesty International** calls on **Ugandan** authorities to release six politicians and activists arrested “solely for protesting the high cost of living” and to respect the rights to freedom of expression and peaceful assembly;

5 Jun 2022 **Kampala (Uganda)** *Nile Post*. President **Yoweri Museveni** has called for negotiations between **Russia** and **Ukraine** in a **Zoom** call on 2 June with former Russian president and current **United Russian Party** chair **Dmitry Medvedev**;

4 Jun 2022 **Kampala (Uganda)** *The Independent*. Coffee processors in the central district of **Bukomansimbi** say government’s decision to directly charge coffee factories the 1% direct tax on coffee buyers and processors introduced in the 2018/19 budget framework as a way to ensure inclusive tax contribution by all Ugandans is likely to force them out of business;

4 Jun 2022 **Kampala (Uganda)** *NTV*. There is rising concern in western Uganda district of **Kasese** after authorities reported five cases of **Covid-19** infections there;

2 Jun 2022 **Kampala (Uganda)** *The Independent*. **MTN Uganda** shareholders are due to get their first dividends since the company listed on the **Uganda Securities Exchange**, with the register for those eligible closing 1 June;

2 Jun 2022 **Kampala (Uganda)** *Nile Post*. **Bank of Uganda** increases **Central Bank Rate** from 6.5% to 7.5% in a bid to control rapidly increasing inflation;

1 Jun 2022 **Kampala (Uganda)** *The Independent*. Oil companies report that land acquisition ahead of oil and gas developments in the **Albertine** region stands at 99%, but some landowners cannot be traced, and oil companies are considering the use of government and courts to carryout valuation of their land to facilitate compensation;

31 May 2022 **Kampala (Uganda)** *Parliament*. Finance minister **Matia Kasaija** has apologised for the US\$10.6 billion (\$2.8m) supplementary budget for the **Uganda Land Commission (ULC)** to pay land claimants in **Buganda** and **Bunyoro** sub-regions in financial year 2020/2021;

29 May 2022 **Kampala (Uganda)** *BBC*. President **Yoweri Museveni** urges Ugandans to turn to a diet

of cassava as an antidote to the rocketing price of wheat during the current worldwide cost of living crisis;

28 May 2022 **Kampala (Uganda)** *KFM Radio*. **Financial Intelligence Authority** allays fears of **Financial Action Task** blacklisting **Uganda** amid growing public concern that international systems could soon blacklist the country for failure to put in place measures to effectively prevent financial crimes like money laundering;

27 May 2022 **Kampala (Uganda)** *Parliament*. State minister for finance in charge of general duties **Henry Musazi** tells parliament that Uganda's economy is projected to grow at 6% in financial year 2022/2023, propelled by the oil and gas sector following the signing of the final investment decision;

26 May 2022 **Kampala (Uganda)** *Daily Monitor*. **Bank of Uganda** (central bank) says **Afriland First Bank** has asked to voluntarily exit Uganda slightly over two years after it was granted a licence in September 2019, and has not administered any credit or loans in the 16 months it has been in Uganda;

25 May 2022 **Kampala (Uganda)** *Daily Monitor*. Former presidential candidate **Kizza Besigye** is remanded to **Luzira Prison** after refusing to pay US\$30m (\$8,000) cash for his bail following his arrest over renewed protests against government inaction to cushion Ugandans against the skyrocketing commodity prices;

24 May 2022 **Kampala (Uganda)** *WHO*. **World Health Organization (WHO)** validates Uganda's elimination of **Human African Trypanosomiasis (HAT)**, otherwise known as sleeping sickness, as a public health problem;

23 May 2022 **Kampala (Uganda)** *VOA*. President **Yoweri Museveni** claims **Europeans** have caused an "artificial problem" leading to the higher cost of produce, forcing Ugandans to spend twice as much on necessities such as fuel and food;

22 May 2022 **Kampala (Uganda)** *Daily Monitor*. President **Yoweri Museveni** accuses the West of continuing wars, claiming that such conflicts "have disrupted global economies and supply chains";

21 May 2022 **Kampala (Uganda)** *Uganda Radio Network*. **Uganda National Bureau of Standards (UNBS)** cautions the public against deceptive traders taking advantage of unstable commodity prices to overcharge or manipulate the quantity and quality of commodities on the market;

20 May 2022 **Kampala (Uganda)** *Parliament*. Parliament passes the US\$48.1 trillion (\$12.8 billion) budget for financial year 2022/23 with post-**Covid-19** economic recovery high on the agenda under the theme "Industrialization for Inclusive growth, Employment and Wealth Creation";

19 May 2022 **Kampala (Uganda)** *Daily Monitor*. Uganda's trade ministry projects that total trade between Uganda and **Democratic Republic of the Congo (DRC)** is expected to grow by 15% annually for the next five years, with latest statistics showing that by 2021, trade between the two countries stood at \$687m, up from \$ 479m in 2017;

18 May 2022 **Nairobi (Kenya)** *Business Daily*. **Uganda** has struck a deal with **Kenya**, its main route for petroleum imports; **Kampala** had in April demanded fixed monthly transit petroleum product quotas to ease shortages amid anxiety over a fuel crisis;

17 May 2022 **Kampala (Uganda)** *Aljazeera*. Uganda's military says it will pull troops from neighbouring **Democratic Republic of the Congo** in two weeks, after a joint operation against **Islamist** insurgents since late last year;

16 May 2022 **Kampala (Uganda)** *Parliament*. Prime minister **Robinah Nabbanja** directs **Rwenzori Rare Metals Limited** to halt rare earth mineral mining activities in response to claims of potential land conflicts brewing due to sale of land purported to host the rare minerals;

15 May 2022 **Kampala (Uganda)** *Daily Monitor*. Former deputy inspector general of police **Julius Odwe** accuses President **Yoweri Museveni**, in a letter addressed to him, of working to the detriment of the **Uganda Police Force** by continually deploying **Uganda People's Defence Force (UPDF)**

officers to senior positions;

14 May 2022 **Kampala (Uganda)** *Daily Monitor*. **Tanzania's** President **Samia Suluhu** is pushing for a return of Ugandan traders and investors to Tanzania with a host of incentives, including reduction in tariffs, investment in transport along the **Central Corridor** and addressing trade barriers that have kept business away from the **Dar es Salaam** port;

13 May 2022 **Kampala (Uganda)** *Independent*. **Public Accounts Committee** of Parliament has observed that government institutions are using the **Covid-19** pandemic to justify the mismanagement of public funds;

12 May 2022 **Kampala (Uganda)** *Parliament*. Deputy speaker of parliament **Thomas Tayebwa** has directed the ministry of energy and mineral development to explain why government has not completed several electricity projects across the country;

11 May 2022 **Kampala (Uganda)** *Daily Monitor*. State minister for energy and mineral development **Sidronius Opolot Okasai** calls for calm as Uganda engages **Kenya** over the trade restriction that is likely to worsen fuel prices in Uganda, with the Kenyan government directing oil marketing companies to ration the supply of fuel in favour of Kenya's internal use;

11 May 2022 **Kampala (Uganda)** *East African*. President **Yoweri Museveni** has publicly criticised Ugandan power utility **Umeme**, which recently saw its after-tax profit dip 69%, placing its concession renewal in doubt;

10 May 2022 **Kampala (Uganda)** *Business Daily*. **Kenya's** petroleum principal secretary **Andrew Kamau** says Kenya shared a record of available stocks of diesel and super for Uganda in May's allocation quotas, easing fears of a looming fuel shortage in Uganda;

9 May 2022 **Kampala (Uganda)** *Press Release*. **Australian** government has issued a travel advisory for **Uganda**, advising its citizens to exercise a high degree of caution in Uganda overall, amid the threat of terrorist attack, civil unrest and criminal activity;

### 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.

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