

## AFRICA RISK CONSULTING

### Uganda Monthly Briefing April 2021

---

#### Uganda Summary 8 April 2021

**Auditor general John Mwanga reports that government officials have misappropriated US\$311 billion (\$85.2m) and in-kind donations meant for Uganda's Covid-19 response. Uganda's maize traders are finding it difficult to meet Kenya's new tougher requirements for imports that are meant to prevent an influx of grain with a high level of aflatoxin. The Ugandan government intends to start taxing vehicle owners through the introduction of an annual road licence fee.**

---

#### Auditor general alleges misappropriation of Covid funds

Government officials in **Uganda** have allegedly misappropriated millions of dollars and in-kind donations meant for the country's **Covid-19** response.<sup>1</sup> A report released by auditor general **John Muwanga** on 11 March indicates that a total of US\$311 billion (\$85.2m) disbursed to various government ministries and agencies when the country was battling the effects of the pandemic early last year is unaccounted for. The anomalies include direct procurement, no signed contracts, late delivery of goods, payments before receiving supplies, and failure to involve the contracts committees.<sup>2</sup> Muwanga reported:

*"I therefore could not establish whether the funds were put to proper use, as 94 out of 135 entities that received donations in kind did not undertake valuations contrary to the Treasury Instructions, 2017, while 69 entities did not record the donated items in the stores [and] this resulted into misstatement of financial statement balances."<sup>3</sup>*

Muwanga said the **Office of the Prime Minister (OPM)**, responsible for coordinating the Covid-19 response budget and activities, did not provide evidence for the funds disbursed to it for purchase of relief items for people affected by the Covid-19 epidemic.<sup>4</sup> The Covid-19 **National Task Force**, chaired by prime minister **Ruhakana Rugunda**, also received material and cash donations from various private and international entities and individuals. The OPM procured and oversaw distribution of items such as food and other supplies to vulnerable communities. Muwanga noted:

*"Items valued at 55.8 billion shillings (\$15.3m) that were distributed under the Office of the Prime Minister lacked sufficient evidence of acknowledgment to enable me verify the recipients."<sup>5</sup>*

Reacting to the report, former **Uganda Medical Association** president **Ekwaru Obuku** told **Africa Risk Consulting (ARC)** that top officials from the health ministry allegedly misappropriated the US\$25 billion (\$6.8m) contingency funds meant for purchasing face masks and instead used them to set up their own private Covid-19 testing laboratories:

*"Look at the new laboratories that have come up specifically to test for Covid-19, most of them are in affluent areas of **Kololo** and **Naksero**. Do your investigations if you don't find that they are owned by top ministry of health officials."*

A Kampala-based opposition party leader claims members of President **Yoweri Museveni's** (1986-present) family are among those who misappropriated Covid-19 funds:

---

<sup>1</sup> Monitor, 12 Mar 2021

<sup>2</sup> Source, Uganda analyst, 7 Apr 2021

<sup>3</sup> Source, Auditor General's report, Mar 2021

<sup>4</sup> Source, Auditor General's report, Mar 2021

<sup>5</sup> Source, Auditor General's report, Mar 2021

*“Among the bonanza beneficiaries are Mrs **Charlotte Keinerugaba** (wife of President Museveni’s son, General **Muhoozi Keinerugaba**.) and her sister, Mrs **Ishta Muganga**; both ladies being the daughters of Hon **Sam Kutesa**, Minister of Foreign Affairs.”<sup>6</sup>*

The source claimed that a company belonging to members of the first family, **Silverbacks Pharmacy Ltd**, was contracted to supply and install oxygen plants for **Mulago** and **Entebbe Hospitals** at a cost of US\$6.4 billion (\$1.7m) but did not deliver in time.<sup>7</sup>

Dr **Monica Musenero**, the presidential adviser on epidemics, asserts that the money was released in small disbursements and most of it used for treating Covid patients and buying Personal Protective Equipment (PPE).<sup>8</sup> Musenero says the health ministry spends on average US\$3m (\$822) to treat each Covid-19 patient every day.<sup>9</sup>

Uganda has to date recorded 40,734 cases of Covid-19 in its population of roughly 42 million, with 334 Covid-19 related deaths. **World Health Organization** data indicates that 129,634 people had been vaccinated by 8 April.<sup>10</sup> No Covid-19-related deaths have been reported in the past 30 days.

### Maize traders hit by Kenyan curb on aflatoxin

Ugandan maize traders are finding it difficult to meet **Kenya’s** tougher new requirements for grain imports. In early March, Kenya banned all imports of maize from Uganda and **Tanzania**, citing aflatoxin levels higher than the limit the **Kenya Bureau of Standards (KBS)** allows.<sup>11</sup> Aflatoxin is a fungal toxin that commonly contaminates maize and other types of crops during production, harvest, storage or processing.<sup>12</sup> Exposure to aflatoxin can cause both chronic and acute hepatocellular injury. In Kenya, acute aflatoxin poisoning results in liver failure and death in up to 40% of cases.<sup>13</sup> Kenya’s maximum allowable level of aflatoxin is capped at 10 parts per billion.<sup>14</sup>

Kenya’s agriculture cabinet secretary, **Peter Munya**, said traders are yet to conform to the guidelines to allow them to ship in the grain. As a result, there have been no grain imports from Uganda for almost a month since Kenya introduced the new conditions.<sup>15</sup>

Ugandan members of the public and some members of parliament (MPs) are putting pressure on the government to retaliate by banning the importation of Kenyan products.<sup>16</sup> A Ugandan MP from the border district of **Busia** says the solution to the trade impasse lies with Uganda carrying out a similar move by banning the importation from Kenya of some consumer goods. The MP claims Kenya’s move is the climax of a trade war in progress since Kenya banned milk and poultry products from Uganda in January 2020:

*“There are over 10,000 Kenyan companies trading in Uganda. Kenyans are trading well in Uganda but it’s not easy for Ugandans to trade in Kenya; it’s high time for the Ugandan government to respond.”<sup>17</sup>*

Others have welcomed Kenya’s move to ban maize imports that contain aflatoxin, saying it will protect Ugandans, too. **Soroti**-based social worker **Samuel Emeru** said Kenya was justified in banning the importation of products containing toxins:

<sup>6</sup> Source, Uganda analyst, 8 Mar 2021

<sup>7</sup> Source, Uganda analyst, 8 Mar 2021

<sup>8</sup> Source, Uganda analyst, 7 Mar 2021

<sup>9</sup> Source, Uganda analyst, 8 Mar 2021

<sup>10</sup> Source, Uganda analyst, 8 Mar 2021

<sup>11</sup> Daily Monitor, 5 Apr 2021

<sup>12</sup> Centres for Disease Control, accessed 8 Apr 2021

<sup>13</sup> Centres for Disease Control, accessed 8 Apr 2021

<sup>14</sup> Daily Monitor 5 Apr 2021

<sup>15</sup> Daily Monitor 5 Apr 2021

<sup>16</sup> Source, Uganda analyst

<sup>17</sup> Source, Busia MP, 8 Apr 2021

*“Haven’t you seen farmers using rat poison and powder to preserve maize? Then you hear stories of pigs being fed on anti-retroviral drugs to fatten them – the examples are many.”<sup>18</sup>*

A Kampala-based quality assurance officer says the anger Ugandans are expressing towards Kenya following the ban is misplaced.<sup>19</sup>

*“We won’t use the standards or lack of them in our country, where consumers are not protected from all sorts of harmful products, to lay blame on a government which cares for its citizens. Take for example when **Uganda National Bureau of Standards** banned some cosmetics for containing harmful ingredients; it took just one meeting later and the same products were back at the market.”<sup>20</sup>*

The **Uganda Manufacturers Association (UMA)** notes that Kenya’s move to block access of Ugandan products on its market started in 2017, when Uganda reported its first ever trade surplus with **East Africa’s** largest economy.<sup>21</sup>

*“Since then, Kenya has intensified non-tariff barriers with fears of possible takeover of the trade balance of power, yet such acts contradict the **East African Common Market** commitments.”<sup>22</sup>*

Uganda’s total exports to Kenya in 2019 stood at \$190m while total exports projected in 2020 are down to \$73m.<sup>23</sup>

### Government plans to introduce road licence fee

The Ugandan government intends to start taxing vehicle owners through the introduction of an annual road licence fee.<sup>24</sup> Finance minister **Matia Kasaija** tabled proposals for the new tax law on 1 April, which will see motor vehicle owners pay an annual licence fee by 31 January.<sup>25</sup> The **Traffic and Road Safety Act (Amendment) Bill, 2021** seeks to impose a licence to permit ownership of “a motor vehicle, trailer or engineering plant”. Owners of these vehicles will be required to possess the road licence in order to use the vehicles on the road, in addition to a driver’s licence.<sup>26</sup> Failure to have a road licence could result in a two-year jail sentence, a UShs two million (\$548) fine, or both.<sup>27</sup> The works and transport minister will determine by regulation an annual fee for the licence.<sup>28</sup> Failure to pay the annual fee will lead to a fine of UShs 200,000 (\$58), accumulating every day from the date the fee was due for payment, 31 January.<sup>29</sup>

The proposed tax has drawn anger from members of the public who say they are already overtaxed.<sup>30</sup> However, a Kampala banker noted that several years ago all motor vehicles were required to have a valid annual motor vehicle licence and each car was required to have mandatory third-party insurance coverage.<sup>31</sup> When President Museveni removed the graduated tax in 1997, he also removed the requirement for motor vehicle licences, arguing that instead of paying for a road licence for a vehicle that may be rarely used, it was more equitable to levy a fee on fuel. Fuel taxes increased as a result.<sup>32</sup>

<sup>18</sup> Source, social worker, 8 Apr 2021

<sup>19</sup> Source, Uganda analyst, 8 Apr 2021

<sup>20</sup> Source, Kampala-based quality assurance officer, 8 Apr 2021

<sup>21</sup> Source, UMA, 8 Apr 2021

<sup>22</sup> Source, UMA, 8 Apr 2021

<sup>23</sup> Source, Uganda Export Promotions Board

<sup>24</sup> Source, Parliament of Uganda 31 Mar 2021

<sup>25</sup> Source Parliament of Uganda 31 Mar 2021

<sup>26</sup> NTV Uganda, 31 Mar 2021

<sup>27</sup> Daily Monitor 2 Apr 2021

<sup>28</sup> NTV Uganda, 31 Mar 2021

<sup>29</sup> NTV Uganda, 31 Mar 2021

<sup>30</sup> Source, Uganda analyst, 8 Apr 2021

<sup>31</sup> Source, Kampala banker, 6 Apr 2021

<sup>32</sup> Source, Kampala baker, 8 Apr 2021

*“Now the same people who have brought the bill in parliament are wanting to have the motor vehicle licence brought back into effect without revising the levy on fuel. This is double taxation and must be condemned.”<sup>33</sup>*

An official from the **Uganda Taxi Operators’ Association (UTODA)** says UTODA members hope that MPs will block the bill when it comes up for debate in parliament, threatening strike action to protest what they describe as double taxation.<sup>34</sup>

The government is also proposing seven additional taxes to be levied on beer, non-alcoholic drinks, house rent, mining, fishing and tobacco.

### Planner

- 14 Apr 2021 **Kampala (Uganda) Bank of Uganda** Monetary Policy Committee Meeting
- 20 Apr 2021 **Kampala (Uganda) Research Society-International** conference on nanotechnology and smart materials, design artificial intelligence, manufacturing and engineering
- 21 Apr 2021 **Kampala (Uganda) ASAR-International** conference on global economy in business, management, social science and humanity perspective
- 22 Apr 2021 **Kampala (Uganda) SAIRAP-International** Conference on Finance, Bank & Economics

### Chronology

- 8 Apr 2021 **Kampala (Uganda) Nile Post. Senegalese-American** musician **Aliaune Damala Badara Thiam** (also known as **Akon**), currently in Uganda on a business trip, says he is not bothered by accusations of working with leaders who have overstayed their time in power;
- 7 Apr 2021 **Kampala (Uganda) Daily Monitor.** Police investigations uncover a group of people they allege have been trafficking girls of ages ranging in age from 18-25 years from **Burundi** through **Uganda** to the **Middle East**;
- 6 Apr 2021 **Kampala (Uganda) KFM Radio.** Late **Catholic Church** Archbishop Dr. **Cyprian Kizito Lwanga** receives a 17-gun salute at a state funeral organised by the government;
- 5 Apr 2021 **Nairobi (Kenya) Daily Monitor.** No maize trader has met the new tougher requirements for **Kenya’s** imports from **Uganda** that are meant to prevent influx of grain with high incidence of aflatoxin, raising fears of a shortage in the country;
- 5 Apr 2021 **Kampala (Uganda) Statehouse press release.** President **Yoweri Museveni** says the government will identify land to enable **Senegalese-American** musician **Aliaune Damala Badara Thiam** (also known as **Akon**) to set up investments in Uganda;
- 4 Apr 2021 **Kampala (Uganda) Nile Post.** Opposition **National Unity Platform (NUP)** leader **Robert Kyagulanyi Ssentamu** (also known as **Bobi Wine**) says circumstances surrounding the death of **Catholic Church** Kampala archbishop **Cyprian Kizito Lwanga**, found lifeless in his home, remain unclear and raise questions;
- 4 Apr 2021 **Kampala (Uganda) The Independent.** **Kenya’s** decision to re-open its market for Ugandan produce, mainly grain, has increased demand for other produce from the country, leading to an increase in the price of other agricultural products including tomatoes, onions, carrots and green peppers;
- 3 Apr 2021 **Kampala (Uganda) The Independent.** Kampala Catholic Archdiocese archbishop Dr **Cyprian Kizito Lwanga** is found dead at his residence in **Lubaga**;
- 2 Apr 2021 **Kampala (Uganda) Nile Post.** The Ugandan government raises its concern with its **South Sudanese** counterpart over the spate of killings of Ugandans plying their business in South Sudan

<sup>33</sup> Source, Kampala banker, 8 Apr 2021

<sup>34</sup> Source, UTODA official, 6 Apr 2021

after unknown gunmen shot dead four Ugandan drivers on **Yei-Juba** highway;

2 Apr 2021 **Kampala (Uganda)** *New Vision*. **American** rap artist and singer **Akon** visits Uganda in search of investment opportunities to extend his business footprint in **Africa**, including a planned futuristic city, and meets with President **Yoweri Museveni** to discuss investment opportunities in sectors such as energy, tourism and infrastructure development;

1 Apr 2021 **Kampala (Uganda)** *Parliament of Uganda*. Government, through finance minister **Matia Kasaija**, tables proposals for the new tax laws, which will see motor vehicle owners pay an annual licence fee by 31 January;

31 Mar 2021 **Kampala (Uganda)** *Press release*. **Netherlands**-based faith-based development organisation **Cordaid** leads its partners, the **Circular Refugees Consortium**, in launching a **Waste to Clean Energy** project in Uganda, a one-year partnership to facilitate the generation of biogas for cooking and other key energy needs for refugees and host communities in the **Imvepi** refugee settlement in northern Uganda;

30 Mar 2021 **Kampala (Uganda)** *UCC press release*. **Uganda Communications Commission (UCC)** threatens to stop over 30 radio stations from broadcasting over failure to renew their operating licences and clear outstanding compliance issues;

29 Mar 2021 **Kampala (Uganda)** *Nile Post*. ICT and national guidance minister **Judith Nabakooba** warns media houses against “mocking” government efforts to vaccinate the population against **Covid-19** following media questioning of the safety of the **AstraZeneca** vaccine;

28 Mar 2021 **Kampala (Uganda)** *Daily Monitor*. **Uganda Revenue Authority (URA)** issues its “shame list” with the names of 282 individuals and organisations who are top tax defaulters in Uganda and warning of possible prosecution against listed taxpayers that fail to clear their outstanding tax liabilities amounting to billions of shillings;

27 Mar 2021 **Kampala (Uganda)** *Daily monitor*. A group of civil society organisations (CSOs) has urged parliament to launch “a full independent inquiry” into human rights violations during and after the 14 January presidential polls, particularly extra-judicial killings and continued illegal detention of hundreds of opposition supporters;

25 Mar 2021 **Kampala (Uganda)** *Daily Monitor*. Traders and clearing agents in **Busia Township (Kenya)** block the border for several hours as they protest the continued ban on the importation of maize from Uganda;

24 Mar 2021 **Kampala (Uganda)** *BOU*. **Bank of Uganda (BoU)** (central bank) deputy governor. **Michael Atingi-Ego** says a Memorandum of Understanding between the BoU and **Netherlands**-headquartered financial markets development company **Frontclear Africa** signed in 2019 to facilitate money market development, is now at an advanced stage;

23 Mar 2021 **Kampala (Uganda)** *Parliament of Uganda*. Parliament is to fast track the consideration of the **Employment Amendment Bill, 2019** which makes provisions for the regulation of employment of domestic workers and casual employees in Uganda;

22 Mar 2021 **Kampala (Uganda)** *AP*. Ugandan police say they have arrested and detained **United States** citizen **Guy Smith** over alleged involvement in “subversive activities” against the government;

21 Mar 2021 **Kampala (Uganda)** *The Independent*. Permanent health secretary **Diana Atwine** acknowledges that the health ministry could have flouted procurement procedures while dealing with the **COVID-19** pandemic but says this was inevitable in order to save lives;

20 Mar 2021 **Kampala (Uganda)** *Crisis 24 news alerts*. Ugandan authorities declare a 14-day national mourning period through 31 March following the death of Tanzania’s president, **John Pombe Magufuli**;

19 Mar 2021 **Kampala (Uganda)** *VOA*. Lawyers representing President **Yoweri Museveni** say they

have filed a case against independent newspaper **Daily Monitor** after it carried a story first published by **The Wall Street Journal** claiming that President Museveni and his inner circle were offered **COVID-19** vaccines from **China's** state-owned drug maker **Sinopharm** before the first doses arrived in Uganda;

18 Mar 2021 **Kampala (Uganda)** *African Development Bank Group*. The **African Development Bank** and the Uganda government have signed a \$229.5m financing agreement for the first phase of the **Kampala-Jinja Expressway** project, which will cut travel time and boost trade along an important artery linking Uganda with its neighbours;

17 Mar 2021 **Kampala (Uganda)** *Nile Post*. Chief Justice **Alfonse Owiny-Dollo** has said there was no evidence to support allegations against him of bias in handling the presidential election petition filed by **National Unity Platform** leader **Robert Kyagulanyi Ssentamu**, also known as **Bobi Wine**, as lawyer **Male Mabirizi** alleged;

16 Mar 2021 **Kampala (Uganda)** *Daily Monitor*. Landlords and property managers say lockdown measures to mitigate the spread of **Covid-19** have hit the real estate sector hard, to the extent that some buildings have no tenants;

15 Mar 2021 **Kampala (Uganda)** *AP*. Opposition figure **Robert Kyagulanyi Ssentamu**, also known as **Bobi Wine**, is arrested while leading a protest against the detention of many of his supporters in the aftermath of the presidential election.

14 Mar 2021 **Kampala (Uganda)** *Daily Monitor*. Security agencies have stepped up operations to prevent demonstrations protesting the **Uganda Electoral Commission** declaration of **Yoweri Museveni** as winner of the 14 January presidential elections;

13 Mar 2021 **Kampala (Uganda)** *Daily Monitor*. **European Union (EU)** parliament recommends sanctions against Ugandan individuals and organisations it claims are responsible for human rights violations during the recent general election, which it describes as undemocratic and not transparent;

12 Mar 2021 **Kampala (Uganda)** *KFM Radio*. Civil society organisation **Unwanted Witness Uganda** urges the government to revise the **Over the Top Tax (OTT)** on internet users;

11 Mar 2021 **Nairobi (Kenya)** *Human Rights Watch*. **United States**-based rights organisation **Human Rights Watch** calls on **Ugandan** authorities to take immediate steps to end the on-going abductions by suspected state agents and cease the unlawful detention without trial of opposition supporters;

10 Mar 2021 **Kampala (Uganda)** *AP*. Ugandan authorities have lifted restrictions on social networks imposed ahead of January's presidential election, but **Facebook** remains blocked;

9 Mar 2021 **Kampala (Uganda)** *UNHCR*. **UN High Commissioner for Refugees Filippo Grandi** concludes a visit to **Yumbe** district, reaffirming UNHCR's commitment to supporting a comprehensive refugee response 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.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### 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.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)