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Uganda People's Defence Forces (UPDF) spokesman Chris Magezi confirms in a statement on 19 September that the UPDF has, with immediate effect, suspended defence cooperation with Türkiye, without providing a reason. Bank of Uganda (BoU) (central bank) releases a circular on 15 September raising the cash reserve requirement for commercial banks from 11% to 13.5%, its second such increase this year, in a bid to reduce money supply in the financial system as the Ugandan shilling trades at historic lows against the United States (US) dollar and inflation continues to climb. President Yoweri Museveni (1986-present) attends the ground-breaking ceremony of the planned Dangote East Africa Refinery in Lamu (Kenya), confirming that while he supports the facility, Uganda will not take an equity stake, as it will continue to prioritise its own facility.

Uganda suspends military cooperation with Türkiye

Uganda People's Defence Forces (UPDF) spokesman **Chris Magezi** confirmed in a statement on 19 September that the UPDF had, with immediate effect, suspended defence cooperation with **Türkiye**, without providing a reason. The announcement came after the **Patriotic League of Uganda (PLU)**, a political pressure group associated with Chief of Defence Forces, General **Muhoozi Kainerugaba**, led a demonstration outside the Turkish embassy demanding the extradition of Ugandan dissident and blogger **Fred Lumbuye**.

Lumbuye has lived in Türkiye since 2013 and is facing 15 criminal charges in **Uganda**, including spreading false information and inciting violence. Lumbuye is a known critic of Muhoozi's father, President **Yoweri Museveni** (1986-present). Muhoozi posted on social media that he was grateful to the PLU members for their demonstration, adding *"…the Turks will comply with all our demands. If they don't, life will become untenable for them in Uganda"*. A court in Türkiye in 2022 ruled against a request from Uganda to extradite Lumbuye, and has maintained this stance.

Ties between the two countries have been increasingly strained on several fronts. In June, Muhoozi announced on social media that Uganda had cancelled a $3.2-billion contract with Turkish construction firm **Yapi Merkezi**, which was set to construct Uganda's Standard Gauge Railway (SGR), and ordered PLU members to hold demonstrations outside the Turkish embassy over the extradition of Lumbuye. Muhoozi postposed the demonstrations after a member of parliament (MP) intervened. Neither the works and transport ministry nor the SGR project secretariat confirmed the cancellation of the SGR contract, so it is assumed that Yapi Merkezi remains the contractor.

The Lumbuye issue appears to be a tactic for Muhoozi to place pressure on Türkiye over the **African Union (AU)** mission in **Somalia**. Uganda has approximately 4,500 soldiers deployed under the **African Union Support and Stabilisation Mission in Somalia (AUSSOM)**, and an additional 2,000 under a separate bilateral agreement. The **United States (US)** notified the AU in July that it would no longer financially support the **United Nations (UN)** office in Somalia supporting AUSSOM, creating uncertainty over the future of the mission.

Uganda earns about $1,000 per solider deployed in Somalia, generating approximately $60-$72m annually, and so the mission ending could lead to large financial losses. Türkiye's role in Somalia has also grown, with the country training Somali soldiers and supplying drones to help the Somali military improve its defence capabilities, essentially competing with Uganda's interests in the country.

Muhoozi's pressure tactic is ill-conceived, as Türkiye is a key bilateral partner for Uganda. His actions – such as the unilateral 'cancellation' of the Yapi Merkezi contract – do not appear to have official government support and it is unlikely that this suspension in defence ties will be a permanent position. Of greater concern is Muhoozi's bombastic approach to foreign policy, which could eventually lead to fissures in relations with partners, especially as his presidential bid becomes increasingly likely.

Central bank raises cash reserve requirement

The **Bank of Uganda (BoU)** (central bank) released a circular on 15 September raising the cash reserve requirement from 11% to 13.5% for commercial banks. This is the second such increase this year, in a bid to reduce money supply in the financial system as the Ugandan shilling trades at historic lows against the US dollar and inflation continues to climb. In March, the central bank increased the cash reserve requirement from 9.5% to 11%.

The cash reserve requirement requires banks to hold a percentage of customer deposits at the central bank rather than lend them out, reducing the amount of money circulating and creating a buffer for the central bank. This means less local currency will be in circulation, making the shilling more expensive against the US dollar and helping stabilise the exchange rate.

The shilling has declined steadily this year. Imports have grown more expensive due to the **Iran** war, tourism earnings have declined due to **Ebola** restrictions, and export growth is lower than anticipated. The rate stood at USh 3,619/$ at the end of 2025, reaching USh 3,930/$ at the time of the 18 September circular and was trading as low as USh 4,040/$ on 5 October driven by strong US dollar demand and offshore investors unwinding portions of their bonds.

Central bank governor **Michael Atingi-Ego** addressed the issue during the 9th **Annual Bankers Conference**, noting that the shilling is a market-determined currency, and that global oil prices and headwinds have adversely impacted the exchange rate. He added that this was witnessed in 2022 during global interest rate hikes after the **Russia-Ukraine** conflict broke out, again in 2023 when the **World Bank** froze funding to Uganda and most recently in 2024 when **Kenya** issued a $1.5 billion **Eurobond**, drawing regional capital away from Uganda.

Reducing the amount of money available for lending also limits credit access for the private sector, again reducing the flow of money in circulation, which can help to control inflation. Uganda's annual inflation rate stood at 4.6% in September, its highest level since June 2023, driven by higher fuel and import costs.

US-headquartered **Fitch Solutions** has forecast that the central bank will raise its central bank rate from 9.75% to 10% in the last quarter of 2026 as it pursues monetary policy options to stop the shilling's slide and control inflation. However, if the shilling's depreciation continues, the bank will need to either sell reserves or raise the reserve requirement again.

Atingi-Ego reinforced that the central bank can still intervene to stabilise the exchange rate. However, the central bank has had to increase the cash reserve requirement five times since 2022 to achieve macroeconomic stability, underscoring persistent economic vulnerabilities.

Lamu refinery drives regional competition

Museveni attended the ground-breaking ceremony of the planned **Dangote East Africa Refinery** in **Lamu** (Kenya) confirming that while he supports the facility, Uganda will not opt to take an equity stake as it will continue to prioritise its own facility. The planned refinery, the East African compliment to Dangote's refinery in **Nigeria**, has added to the regional competition between **Tanzania**, Kenya and Uganda, all budding oil and gas producers. Notably, Uganda opted not to export its crude oil through the port of Lamu, instead choosing Tanzania's port of **Tanga**, but this decision is now under pressure as the refinery project gets underway.

Museveni noted at the ground-breaking ceremony that while Uganda welcomes the project, the country has its own planned 60,000 barrel-per-day (bpd) facility in **Hoima** that remains the priority. Museveni also referenced that Uganda and Tanzania have signed an agreement with **Swiss** and **Dutch**-headquartered **Vitol** for a refinery in Tanga, which. However, compared to the Lamu refinery's planned 700,000 bpd, the Hoima facility seems insignificant. Furthermore, the Hoima facility is waiting on final investment decision (FID) and the Tanga refinery is still at the feasibility stage while the Lamu refinery already has a 40-month construction and commissioning target.

Museveni argued that focus on Hoima will generate jobs and taxes for Ugandans, and that operating multiple successful refineries in the region will work as regional demand for petroleum products increases. However, there have been significant delays since the Hoima refinery was planned in 2015. Uganda has cycled through three project partners – **Russia**'s **RT Global Resources**, **South Korea**'s **SK Engineering** and a consortium of **United States (US)** and **Italian** firms, **Albertine Graben Energy Consortium** – before agreeing with **Abu Dhabi**-based **MBM Alpha Investments** in 2025 that it would take a 60% stake and the **Uganda National Oil Company (UNOC)** the remaining 40%. FID has been pushed from this year to early 2027 though, and it is not clear if this timeline will be respected.

While the Lamu refinery has been the regional focus, there has been some momentum in Uganda's oil infrastructure developments. Museveni presided over the ground-breaking of the 320-million-litre, $250m **Kampala Storage Terminal** in **Mpigi District** on 17 September, which will support the Hoima facility. The terminal was first envisioned in a 2017 master plan, and with commissioning expected by 2029, is over a decade in the making, which highlights the significant delays in moving infrastructure projects forward. While Museveni has sought to posture Uganda's decisions and oil sector-related development as on track, the delays in the terminal, Hoima facility, and much faster pace of development of the Dangote refinery indicates that the country is lagging, which could turn investors towards its regional competitors. Uganda's challenge is staying commercially relevant as the region moves forward in building its energy infrastructure.

Planner

9 Oct 2026 **(Uganda)** 64th Independence Day

13 – 16 Oct 2026 **Kampala (Uganda) Uganda Economic Forum 2026**

2026 **(Uganda)** Commercial oil production at **Kingfisher** project expected to start

Nov 2026 **Kampala (Uganda) Bank of Uganda** (central bank) **Monetary Policy Committee (MPC)** meeting

Feb 2027 **(Tanzania & Uganda)** First crude oil shipment via **East African Crude Oil Pipeline (EACOP)** expected

Q1 2027 **(Uganda)** Commercial oil production at the **Tilenga** project expected

Chronology

7 Oct 2026 **Kampala (Uganda)** *CNBC Africa*. The **Capital Markets Authority** approves investors within the country to participate in **Nigeria**-headquartered **Dangote Petroleum Refinery**'s initial public offering (IPO);

5 Oct 2026 **Kampala (Uganda)** *Nation.* Inspectorate of government arrests Uganda's consul general in **Mombasa** (**Kenya**), ambassador **Herbert Kiguli**, over allegations of causing a financial loss of over USh 494m ($121,325);

5 Oct 2026 **Kampala (Uganda)** *All Africa*. The treason trial of opposition politician **Kizza Besigye** resumes before the high court in Kampala, with his physical presence still uncertain as he continues to recover from severe health issues;

2 Oct 2026 **Kampala (Uganda)** *Channel Africa.* Government officially updates its border entry protocols, removing the requirement for inbound international travellers to present a Yellow Fever vaccination certificate;

1 Oct 2026 **Kampala (Uganda)** *Reuters.* **London Stock Exchange Group (LSEG)** data indicate the Ugandan shilling is trading at its weakest-ever level against the **United States (US)** dollar, trading as weak as 3,965/3,975 to the dollar;

30 Sep 2026 **Kampala (Uganda)** *All Africa*. President **Yoweri Museveni** says he will engage with **Tanzania**'s President **Samia Suluhu Hassan** to establish what led to the relocation of the planned **East African** oil refinery from Tanzania's **Tanga** to **Lamu** in **Kenya**;

30 Sep 2026 **Kampala (Uganda)** *Daily Monitor*. **South Africa** introduces electronic visa services for Ugandan travellers, a move welcomed by Ugandans as a positive step towards easing immigration restrictions between the two countries;

24 Sep 2026 **Kampala (Uganda)** *Monitor.* Uganda launches a $254m **South Sudan-Uganda Power Interconnection Project (SUPIP)** which will create a new market for Uganda's electricity;

24 Sep 2026 **Kampala (Uganda)** *Reuters.* Finance ministry reports total public debt rose by 14.8% in the 12 months to June 2026 compared to the previous period, as the government increases domestic debt issuances to finance its budget deficit;

20 Sep 2026 **Kampala (Uganda)** *Africanews.* **Uganda People's Defence Forces (UPDF)** suspends military cooperation with **Türkiye**, over Türkiye's ongoing refusal to extradite prominent political blogger and fierce critic of President **Yoweri Museveni**, **Fred Lumbuye**;

21 Sep 2026 **Dar es Salaam (Tanzania)** *The Citizen*. **Tanzania Petroleum Development Corporation (TPDC)** managing director **Mussa Makame** says Tanzania and **Uganda** are expected to begin their first crude oil shipments in February 2027 as the **East African Crude Oil Pipeline (EACOP)** is officially 92.7% complete;

17 Sep 2026 **Kampala (Uganda)** *Monitor*. Uganda's government projects face significant delays, with 87% reportedly behind schedule, including the **Standard Gauge Railway**, **Kampala-Jinja Expressway**, **Busega-Mpigi Expressway** and **Entebbe Airport Rehabilitation** phase one;

15 Sep 2026 **Kampala (Uganda)** *Press release*. Uganda calls for stronger regional cooperation through the **Intergovernmental Authority on Development (IGAD)**, the eight-country trade bloc and regional economic community, to address interconnected political, security, humanitarian and climate challenges in the **Horn of Africa**;

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