With his eyes on another five-year presidential term in 2011, President Yoweri Museveni has shaken up his cabinet, touted Uganda's future as an oil exporter and pressed for a military resolution to the conflict with the LRA. The only thing that could stop him from extending his 23 years of rule is fighting between the factions of the ruling National Resistance Movement. Museveni's long-term allies benefit from his grip on power, but a new generation in the ruling party wants changes to policies and leadership.

THE LEVERS OF POWER

President Yoweri Museveni has two main power centres. Firstly, the National Resistance Movement which still enjoys popular support across Uganda, especially in the vote-rich rural areas. The NRM mobilises support during elections, then suffocates it to stop it from building structures that would withstand manipulation. After removing constitutional term limits to allow himself to run in 2006, Museveni, 65, is free to stand again in 2011 and 2016. Some NRM insiders speak of removing the age limit, now at 75.

The second and most important power centre is the military. The lack of political ambition from Museveni's two most senior officers, General Salim Saleh and Gen. Elly Tumwine, has ensured stability in the forces and allowed him to promote younger loyalists. More promotions are expected in the Army as Museveni moves his well-trained, loyal young Turks, including his son Lieutenant Colonel Muhozi Kainerugaba, into command positions. The Chief of Defence Forces Gen. Aronda Nyakakairima, commander of the Air Force Colonel Moses Rwakitarate and the chief of Military Intelligence Col. James Mugira (who replaced another loyalist, Col. Noble Mayombo) are all staunch Museveni supporters. Army officers who have shown ambition or dissent have been isolated and crushed.

After 23 years in power, strains are showing. Museveni's most credible challenger remains Kizza Besigye, whom he defeated controversially in 2001 and 2006. Besigye, a retired colonel, beat former Army commander Major Gen. Gregory Mugisha Muntu to retain the leadership of the Forum for Democratic Change in mid-February. Besigye is favoured - but not guaranteed - to win the FDC ticket for 2011. He is likely to face competition from Gen. Muntu, a representative to the East African Legislative Assembly, as well as retired Col. Nuwe Amanya Mushega, once a cabinet minister and former Secretary General of the East African Community. After quitting the NRM and sitting on the fence for three years, Mushega finally joined the FDC and was elected Vice-President for western Uganda. Mushega is a man to watch. He is one of many ex-Museveni allies from western Uganda who can punch holes in the President's fief. He comes from Bushenyi, once a hotbed of support for former President Milton Obote.

A momentarily united opposition has also begun its campaign for 2011 by discrediting the Electoral Commission. On 7 April, FDC lawyers decided to challenge the EC, seeking to delay local by-elections by convincing the courts that it is unable to organise free and fair elections. Besigye and the opposition insist they want to 'dismantle' the 'partisan' EC before the 2011 polls.

Backed by intelligence and training from the United States and with the support of soldiers from Congo-Kinshasa and Southern Sudan, Uganda launched Operation Lightning Thunder against the Lord's Resistance Army on 14 December in Congo's Garamba National Park. Poor weather, presidential micro-management and the lack of fallback strategies resulted in a costly failure after LRA leader Joseph Kony escaped. Ugandan soldiers were left to hunt groups of LRA rebels dispersed around the bush. After a month's fighting, scores of LRA rebels were killed, 90 captured and over 800 Congolese civilians butchered by the rebels in reprisals, but no major victory. The operation failed to deliver the killer blow.

As soon as the operation had ended, there were reports that the LRA was receiving new supplies, suggesting that Sudan's President Omar Hassan Ahmed el Bashir's regime is still supporting the LRA. There are reports of another rebellion, reportedly led by a former Ugandan People's Defence Force officer-cum-timber trader, Peter Karim (not to be confused with a Congolese rebel also called Peter Karim). The leaked details of Lightning Thunder made shockwaves when it was revealed that it cost nearly US$200,000 a day. Chief of Defence Forces Nyakakairima, the public face of the campaign, must answer to Museveni and Parliament. In April, military chiefs were also accusing each other of having allowed junior officers to pilfer money because less than 20% of the annual allocations for pensions and benefits are being paid, with the rest vanishing.

Meanwhile, in April, Human Rights Watch launched a report on the government's Joint Anti-Terrorism Task Force which is responsible for the illegal detention of hundreds of innocent civilians. JATT tortures its detainees and there have been several mysterious deaths in detention. Headed by Brigadier James Mugira, JATT operates outside of constitutional regulations.

FAMILY RESHUFFLE

In February, Museveni reshuffled his cabinet, removing one family member and hiring a new one. Presidential wife Janet Kataha, a first-time member of parliament, was named Minister for Karamoja. A born-again Christian, Janet stirred things up when she said her appointment had come from God - and dared MPs to reject her. In March, Museveni told the BBC that appointing his family to government was a sacrifice, not a privilege. He pointed out that his brother Gen. Saleh (aka Caleb Akandwanaho), who was dropped from cabinet to avoid including too many family members, had been shot in the 1981-86 war that brought him to power. Senior army officers who have since fallen out with Museveni were quick to show their own battle scars. Microfinance Minister Saleh's sacking signals that the much-delayed 'Prosperity for All' microfinance programme, which was to be a big feature in Museveni's campaign, may be sidelined again.

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isolated from the impact of the world financial crisis, but the country is preparing itself for the lowest growth rate in the last five years. Overall economic growth is supported by the construction and services sectors, as well as demand from Southern Sudan and eastern Congo-Kinshasa. However, the Uganda shilling has fallen more than 20% against the US dollar since December 2008, and the trade deficit is widening as exports drop in volume and value. Year-on-year export statistics for January show a 21% drop in the value of Ugandan exports. Remittances from Ugandans abroad, which rose to $800 mn. last year – more than the value of coffee, fish and flower exports – are also slowing. Capital flows are falling too, as the Uganda Securities Exchange index fell by over 25% in the last three months.

Uganda has a $550 mn. plan for roads and transport infrastructure which the IMF says should serve as a stimulus to the economy. Bbumba’s challenge is both to manage the slowdown in the economy – tax revenues are slumping – and the political demands of the day. As Museveni starts his campaign, expenditure on pet projects and public administration is set to rise. Travel allowances for top civil servants have been increased and a hefty retirement package has been provided for the President and Vice-President. Civil servants, including poorly-paid teachers and medical workers, are expected to demand increases when the budget is read, money the government may not have.

The Musevenis live in ostentatious luxury: the $33 mn. budget for State House is more than that of the Trade and Agriculture Ministries combined. From the Majestic State House in Entebbe, recently renovated for $54 mn., Museveni enjoys a bird’s-eye-view of Entebbe International Airport and his new $45 mn. Gulf Stream V private jet. Auditor General John Muwanga’s annual report released this month confirms that State House, the police and prison services are responsible for most budget overspending. Poor practices led to a loss of $26 mn. (USh 56 bn.) for the government.

Western creditors, who finance up to a third of Uganda’s budget, are growing restive about Museveni’s reluctance to step down and the possibility of violence at the next election, as in Kenya in 2007. Museveni has had a good run on the international scene in the last five years, hosting a Commonwealth Summit in 2007 and winning a non-permanent seat on the United Nations Security Council for 2009. Sending Ugandan peacekeepers to Somalia, where few others dared, also gave him regional geopolitical influence as did Uganda’s election to the head of the Organisation of the Islamic Conference. Yet the party might be over soon. Announcing the honouring of a £35 mn. (652.2 mn.) aid pledge, Douglas Alexander, British International Development Minister, warned that future aid to Uganda will rely on progress in improving governance and efforts to rebuild the war-damaged north.

Creditors are growing impatient over corruption and the costs of public administration. Washington is yet to indicate a shift in policy towards Uganda but a few changes of emphasis can certainly be expected. US President Barack Obama’s new Assistant Secretary of State for Africa, Johnnie Carson, who served as Ambassador to Kampala, Nairobi and Harare, may prove less indulgent than his predecessor, Jendayi Frazer. MPs are investigating why Kampala paid Washington-based lobbyists The Whitaker Group $300,000, outside of government procurement regulations, for a dossier about the Obama administration.

OIL WITHOUT BORDERS

The drama surrounding oil reserves on the Ugandan and Congolese sides of Lake Albert came to an end in April with London’s Heritage Oil and Gas and Ireland’s Tullow Oil still the main protagonists. Uganda’s confirmed reserves, currently less than a billion barrels, will not make the country a leading exporter but will substantially increase government revenue.

Three airstrips, a helicopter landing pad, a couple of primary schools and an army barracks have already been built on the shores of Lake Albert. A 200-kilometre highway linking the area to the capital, Kampala, is under construction. Plans are to produce up to 5,000 barrels of oil per day by the end of 2009 with a mini-refinery to supply kerosene, diesel and heavy-fuel diesel oil to run a 50–85-megawatt thermal power plant.

In mid-January, Ireland’s Tullow Oil and Britain’s Heritage Oil and Gas, which are partners in two wells [with Tullow holding another] announced that two recent finds, at Giraffe 1 and Buffalo wells, were ‘world class’ and had boosted reserves by 400 million barrels. Tullow Chief Executive Aidan Heavey announced the finds had exceeded expectations and the company was fast-tracking production plans.

March drilling on Block 2 was disappointing and results from the most prospective spot, Ngassa 2, are not expected until the second half of 2009. Word on the ground is that the finds could exceed those announced. Tullow has said it aims to sell off some of its Uganda interests but Heritage’s plans are less clear. CEO Tony Buckingham may want to sell his interests when oil prices rise again.

The cost of the necessary pipeline to Mombasa, Kenya, for export ranges from the official $1.5 bn. to $2 bn. Libya’s Tamioi said in March that it would extend its Eldoret-Mombasa pipeline to Kampala, and possibly Lake Albert, but with no details.

The specifics on sharing of oil revenues are controversial and shrouded in mystery. The government says it will take at least 80% with the rest going to the exploration firms, but it has refused to submit the production sharing agreement to Parliament. A leaked version shows a sliding-scale structure: the oil firms will take 70% of early revenues until they recover their costs and then share any profit, so the oil finds will not lead to a huge pre-2011 election cash infusion. The International Monetary Fund suggested using a separate account to monitor oil revenue, but the government is unenthusiastic.

On the Congo-Kinshasa side of Lake Albert, former Hydrocarbons Minister Lambert Mende revoked Tullow’s rights to Block 1 in February 2008. Claiming contract irregularities, the rights were awarded to an opaque, politically connected local company. New Hydrocarbons Minister Rene Issekamanga Nkela reversed the decision in early April and the rights reverted back to Tullow, paving the way for proposed joint exploitation by Kampala and Kinshasa. The deal seemed to be done but then Kinshasa informed Tullow that another strategic Congolese partner might be brought in and that the company would have to increase its offered signature bonus.
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