

A POLITICAL-SECURITY RISK ANALYSIS OF UGANDA

by

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**submitted in partial fulfillment of the requirements for
the degree**

MASTER OF SECURITY STUDIES (MSS)

in the

FACULTY OF HUMANITIES

UNIVERSITY OF PRETORIA

PRETORIA

MAY 2003

Living at risk is like jumping off a cliff and
building your wings on the way down

Ray Bradbury

ACKNOWLEDGEMENTS/DANKBETUIGINGS

My dank en waardering gaan aan my vrou Anna-Marie vir die geduld, liefde en ondersteuning waarop ek altyd kon staatmaak gedurende die navorsing en skryf hiervan. Ook aan Annemarie en Jacqueline vir hul bydrae op voorgraadse vlak waar ek nie altyd genoeg tyd en aandag aan hulle kon spandeer nie.

Dank en waardering aan my studie-leier professor Anton du Plessis vir sy deurlopende raad, ondersteuning en geduld.

Ek bedank graag vir Martin Strauss vir die ondersteuning wat ek van hom ontvang het.

Thanks are also due to Jurgen for his copy editing – I might not have made much sense without it.

Aan al my familieleden en vriende wat gereeld navraag gedoen het oor my vordering - baie dankie vir jul belangstelling.

My innigste dank gaan aan die Skepper vir die nodige deursettingsvermoë en wilskrag wat my laat voortgaan het selfs toe ek gedink het dit is onmoontlik.

SUMMARY

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by

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DEPARTMENT: DEPARTMENT OF POLITICAL SCIENCES

DEGREE: MASTER OF SECURITY STUDIES

The aim of this study is to analyse political-security risk in Uganda. It emanates from the research question: *Does Uganda pose a political-security risk to prospective foreign investment or involvement?* The need to move beyond a political risk analysis without entering into a country risk analysis, poses the research problem to develop a political-security risk analysis framework and to apply it to Uganda. This problem generates three subsidiary questions: *How appropriate (or inappropriate) are existing risk analysis frameworks? Do existing frameworks contain generic elements that can provide a basis for a synthesised framework? To what extent is a country specific framework applicable to other countries?* Therefore, three sub-problems are addressed, namely to determine the appropriateness of selected frameworks; to identify generic elements to construct a synthesised framework; and to assess the applicability of this

framework for the analysis of political-security risk in other African countries.

Following a definition of the concepts risk, country risk, political risk and political-security risk (analysis), selected frameworks for risk analysis were analysed. The generic elements of these frameworks, namely *The Economist* (EIU), Business Environment Risk Intelligence (BERI), International Country Risk Guide (ICRG) and Political Risk Services (PRS) frameworks, were reduced to three categories and synthesised into a single framework which was applied to Uganda. The categories of risk indicators pertained to security, political and socio-economic risks respectively. These indicators and the allocated risk scores were used to construct a political-security risk index in respect of which the summed scores provided an index figure of risk that was interpreted in accordance with an interpretation scale.

In respect of Uganda, its more recent political history was described and the political, security and socio-economic circumstances prevailing in the country analysed. These conditions were assessed and measured against the indicated risk factors and according to the risk index. The summed political-security risk index score for Uganda was 55.5 out of a maximum of 100. In accordance with the interpretation scale, this constitutes an intermediate risk. Based on this Uganda is not, at present, the most suitable destination for foreign investment or involvement. This does not disallow investment or involvement but if indeed the case, it should be done with circumspection. The situation is volatile to the extent that it can rapidly change for the better or the worse, depending on trends concerning the risk categories, or more specifically a turn of events in respect of a particular key risk indicator.

Since the synthesised risk analysis framework is able to accommodate key variables pertaining to politics and security in African states, and since it has provided an indication of risk in respect of Uganda, it is suggested for application

to other African states. The need for modification, based on the particularities of other countries, is not excluded. It is also proposed that similar exercises be conducted at intervals of six months. This will indicate whether the variables used were, in fact, valid and reliable, and whether additional variables should be included. The repetition of the analysis also indicates risk trends and allows for the monitoring of risks, which will be conducive to risk management.

Key terms

risk

risk analysis

country risk

political risk

political-security risk

country risk analysis

political risk analysis

political-security risk analysis

synthesised risk analysis framework

foreign direct investment

SAMEVATTING

‘N POLITIEK-SEKURITEIT RISIKO-ANALISE VAN UGANDA

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Die doel van hierdie studie is om politiek-sekuriteit risiko in Uganda te ontleed. Hieruit volg die navorsingsvraag: *Bied Uganda ‘n politiek-sekuriteit risiko vir voornemende buitelandse investering of betrokkenheid?* Die behoefte om verder as ‘n politieke risiko-analise te gaan, sonder om ‘n staatsrisiko-analise te onderneem, bied die navosingsprobleem om ‘n politiek-sekuriteit risiko-analise raamwerk te ontwikkel en om dit op Uganda toe te pas. Hierdie probleem genereer drie aanvullende vrae: *Hoe toepaslik (of ontoepaslik) is bestaande risiko-analise raamwerke? Bevat bestaande raamwerke generiese elemente wat die basis vir ‘n gesintetiseerde raamwerk kan bied? In welke mate is ‘n staatspesifieke raamwerk toepasbaar op ander state?* Drie sub-probleme word dus aangespreek, te wete die bepaling van die toepaslikheid van geselekteerde raamwerke; die identifisering van generiese elemente ten einde ‘n gesintetiseerde raamwerk te skep; en die beoordeling van die toepaslikheid van hierdie raamwerk vir die ontleding van politiek-sekuriteit risiko in ander Afrikastate.

Na die definisie van die konsepte risiko, staatsrisiko, politieke risiko en politiek-sekuriteit risiko (analise), is geselekteerde risiko-analise raamwerke ontleed. Die

generiese eienskappe van hierdie raamwerke, te wete *The Economist* (EIU), *Business Environment Risk Intelligence* (BERI), *International Country Risk Guide* (ICRG) en *Political Risk Services* (PRS) raamwerke, is reduceer tot drie kategorieë en in 'n enkele raamwerk saamgevoeg wat op Uganda toegepas is. Die kategorieë van die risiko-aanwysers hou verband met onderskeidelik politieke, veiligheid en sosio-ekonomiese risiko. Die aanwysers en die toegewysde risiko-waardes is gebruik om 'n politiek-sekuriteit risiko-indeks saam te stel waarvan die gesommeerde tellings 'n indeks-waarde van risiko voorsien het wat volgens 'n interpretasieskaal interpreteer is.

Ten opsigte van Uganda is die meer resente politieke geskiedenis van die staat beskryf en is die heersende politieke, veiligheid- en sosio-ekonomiese toestande in die staat ontleed. Hierdie toestande is beoordeel en gemeet teen die aangeduide risiko-aanwysers en volgens die risiko-indeks. Die gesommeerde politiek-sekuriteit risiko-indeks telling vir Uganda was 55.5 uit 'n maksimum van 100. Volgens die interpretasieskaal verteenwoordig dit 'n intermediêre risiko. Hiervolgens is Uganda nie, op die oomblik, die mees aangewese bestemming vir buitelandse investering of betrokkenheid nie. Dit diskwalifiseer nie investering of betrokkenheid nie, maar indien wel die geval, moet dit omsigtig gedoen word. Die situasie is plofbaar in die mate dat dit vinnig ten goede of ten kwade kan verander, afhangende van tendense rakende die risiko kategorieë, of meer spesifiek veranderde omstandighede rakende 'n spesifiek sleutelaanwyser van risiko.

Aangesien die gesintetiseerde risiko-analise raamwerk daarin slaag om kernveranderlikes oor die politiek en veiligheid van Afrikastate te akkommodeer, en aangesien dit wel 'n aanduiding van risiko in Uganda kon verskaf, word voorgestel dat dit ook op ander Afrikastate toegepas kan word. Die behoefte aan aanpassing, met inagneming van die eiesoortigheid van ander state, is nie uitgesluit nie. Dit word ook voorgestel dat soortgelyke analyses met tussenposes van ses maande herhaal word. Dit sal 'n aanduiding verskaf van die mate waartoe die veranderlikes wat gebruik is, geldig en betroubaar is, en of

bykomende veranderlikes ingesluit behoort te word. Die herhaling van die ontleding sal ook tendense aandui en die monitering van risiko moontlik maak; aspekte wat risiko-bestuur sal bevorder.

Sleutelsterme

risiko

risiko analise

staatsrisiko

politieke risiko

politiek-sekuriteit risiko

staat risiko-analise

politieke risiko-analise

politiek-sekuriteit risiko-analise

gesintetiseerde risiko-analise raamwerk

buitelandse direkte investering

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