

MORE CRUDE OIL EXPECTED THAN EARLIER ANTICIPATED

By Martin Kitubi

As the completion of the East African Crude Oil Pipeline (EACOP) draws closer, the Government and its partners are turning the focus on the development of the refinery project.

Sources revealed that Uganda and its partners target to deliver the refinery Final Investment Decision (FID) by March 29, 2026.

The development means the Government and its partners will launch the refinery groundbreaking in March, which will mark the development stage for the refinery.

In a bid to deliver on this target, energy minister Ruth Nankabirwa revealed that the country has concluded two key agreements to facilitate the refinery FID.

One of the key agreements concluded includes the Crude Suppliers Agreement, which gives the Ugandan refinery priority to access crude oil from both Tilenga and Kingfisher projects, once operationalised.

"The refinery works will soon begin because the implementation agreement has been signed and the crude oil suppliers' agreement is done," Nankabirwa said on the second day of her visit to Tanzania yesterday to assess the readiness of the EACOP infrastructure ahead of first oil come July this year.

Nankabirwa, who will spend five days in Tanzania, said the refinery project is critical to Uganda's oil journey.

According to the minister, the ongoing oil well drilling at both Tilenga and Kingfisher projects has shown that they will

GOVT, PARTNERS **CONCLUDE** FINAL OIL SUPPLIERS' AGREEMENT



Uganda's crude oil storage terminal under construction in Tanga, Tanzania. Inset are energy minister Nankabirwa (right) and Tanzanian deputy energy minister Salome Makamba at Tanga

produce more crude oil than was previously anticipated, and that it will provide more feedstock to the refinery and EACOP. Uganda will develop the oil refinery with its partner Alpha MBM, a Dubai-based firm. The Uganda Refinery Holding Company, a subsidiary of the Uganda National Oil Company (UNOC), will hold a 40% participating interest in the oil refinery project, while Alpha MBM will have a 60% stake. The 60,000 barrels per day refinery will be built at the Kabalega Industrial Park in

Hoima, the same area that hosts EACOP Pump Station One and Uganda's second international airport.

WHAT NEXT

Following the conclusion of negotiations for the Crude Suppliers' Agreement, the Ugandan government and its partners will now shift attention to concluding the refinery Shareholders' Agreement.

Sources who participated in negotiations explained that this agreement has since been drafted and negotiations will be

concluded by March 29, 2026.

Once sealed, the parties will then head to the FID announcement, which will unlock another \$4b (sh14.4 trillion) investment for the refinery project. According to the project schedule, the refinery will start producing refined products in the 2029/2030 financial year.

WHAT HAS BEEN DONE

So far, some of the achievements under the refinery project include securing the refinery land at Kabaale and the refinery

configuration was approved in June 2019 as a Residual Fluid Catalytic Cracker. The refinery project includes construction of a water intake station at Mbegu, a pipeline to supply water to the refinery from Lake Albert, a 211-km multi products pipeline from Hoima to Mpigi district and Mpigi Remote Refinery Terminal in Namwabula, Mpigi.

In March, 2025, UNOC and Alpha MBM signed the refinery project Implementation Agreement, which stipulated the obligations for each party as

well as timelines within which it will be executed.

The duo has completed the refinery Front-End Engineering Designs (FEED), which estimated the project cost at \$4b. Unlike with EACOP, the Government and its partner agreed on a financing model as 100% equity financing to speed up work. This implies that, instead of running to financial institutions for loans to fund the project, both UNOC and Alpha MBM will foot the bills 100%.

In addition, UNOC and its partner agreed on the refinery operating model approved as a tolling model, where UNOC will provide feedstock to the refinery company, which will then process it for a fee.

WHAT SECTOR SAYS

Sector players, including the Association of Uganda Oil and Gas Service Providers (AUOGAS), have welcomed the development.

Emma Magarura, the AUOGAS chief executive officer, said: "The conclusion of the refinery agreements is good for the oil sector. The industry, especially local companies, will get more contracts."

As part of the ongoing EACOP tour in Tanzania, Nankabirwa, together with the Tanzanian deputy energy minister, Solome Makamba, yesterday visited the Marine Storage and Terminal facility in Tanga Region, Tanzania, to appraise progress and assess the readiness of this critical export infrastructure.

The storage terminal is a key component of the EACOP downstream export system and comprises four crude oil storage tanks with a total storage capacity of approximately two million barrels.