What Museveni's re-election means for Uganda's oil sector

The President-elect says oil proceeds would be channelled into productive sectors rather than consumption.

BY ISMAIL MUSA LADU

President Museveni's re-election in the 2026 General Election does more than secure him a seventh term in office. It guarantees continuity of leadership at a decisive moment for Uganda's oil and gas sector, with commercial production of "first oil" now projected to begin around the middle of this year.

In his first address as President-elect after being declared winner by the Electoral Commission at the weekend, Mr Museveni struck a confident tone, while dismissing suggestions by some of his challengers on how oil revenues should be spent. Speaking from his Rwakitura country home in Kiruhura District, western Uganda, he said oil proceeds would be channelled into productive sectors rather than consumption.

"Our focus is to use oil to build durable wealth," Mr Museveni said, noting that priority areas would include science, education, manufacturing, and infrastructure such as power generation. He added that Uganda's oil resource has a limited lifespan and must therefore be used strategically to transform the economy.

President Museveni alongside other local and government leaders tour the Kingfisher oil field in Kikuube District on January 24, 2023. PHOTO/FILE

Projection

Once production begins, Uganda is projected to earn about $2 billion annually from crude oil sales over an estimated 25-year production period.

However, Mr Africa Kiiza, a development anthropologist and PhD Fellow at Hamburg University, argues that although President Museveni's manifesto provides insight into how the government plans to manage oil revenues, expectations around first oil and exports should be treated cautiously.

"The government says first oil will come in July and exports three months later, but that claim should be taken with a pinch of salt," Mr Kiiza told *Daily Monitor.*

He also questioned the assertion that oil revenues have been ring-fenced strictly for infrastructure and productive investment, describing it as "rather inaccurate" given Uganda's governance challenges.

"For a country riddled with systemic corruption, promises alone—without strong anti-corruption measures—make oil money highly vulnerable," he said.

15%
UGANDA'S STAKE

Mr Kiiza cited the controversial Shs6 billion presidential "handshake" paid in 2016 to a team of officials involved in a tax arbitration case in London as an early warning sign.

"That incident, which happened even before first oil, showed the institutionalisation of corruption and dishonesty within the oil sector," he argued.

Who benefits from Uganda's oil?

Ownership structures in Uganda's oil projects also raise questions about how much value the country will ultimately retain.

According to Mr Kiiza, Uganda, through the Uganda National Oil Company (UNOC), holds only 15 percent equity in the upstream projects, compared to 62 percent for TotalEnergies and 8 percent for China National Offshore Oil Company (CNOOC).

"This ownership structure signals where most profits will go—foreign firms," he said.

Combined with weak oversight, he warned, this imbalance risks replicating the "resource curse" seen elsewhere in Africa, where governments earn limited revenue while host communities shoulder environmental and social costs.

Beyond governance concerns, analysts argue that Mr Museveni's continued focus on oil may be misaligned with global energy trends.

According to the International Energy Agency, global energy investment is expected to reach $3.3 trillion in 2025, with about $2.2 trillion going into clean energy. Oil, gas and coal combined are projected to attract just $1.1 trillion.

In Mr Kiiza's view, this means Uganda's development strategy under President Museveni must become less oil-centric.

"Without diversification into renewables, green industry, modern grids, agriculture and manufacturing, oil will add little beyond headline growth figures," he said, warning that long-term development gains could remain limited.

Despite these concerns, government officials and sector experts say Museveni's re-election provides predictability that investors value.

Dr Fred Muhumuza, a development economist and policy analyst, said continuity ensures that existing policies and agreements remain intact.

SECTOR AT A GLANCE

- **Discovery**: Oil potential identified in the 1920s.
- **Production start**: Expected mid-2026, though timelines remain fluid.
- **Key fields**: Tilenga and Kingfisher.
- **Pipeline**: 1,443km EACOP to Tanga, Tanzania,
- **Refinery**: Targeting late 2029/ early 2030

"Unless new technical or financing challenges emerge, there will be no major shift in how government approaches oil and gas development," Dr Muhumuza said, adding that the real test will be reflected in actual budget allocations.

Oil and gas expert Siragi Magara echoed similar views, saying Museveni's continued leadership stabilises relationships with international partners such as TotalEnergies and CNOOC.

"With continuity at the top, achieving first oil as planned in 2026 remains possible," Mr Magara said. "Significant progress has already been made in financing, and investors who were previously hesitant may now commit."

He added that stable leadership helps ensure that production schedules and strategic plans remain on course.

Aware of oil's limits

In his address, President Museveni appeared to acknowledge the finite nature of oil revenues, emphasising that proceeds from the roughly 25-year lifespan of Uganda's oil reserves should be invested in sectors that outlive oil.

He said manufacturing, science, technology, education and infrastructure would be prioritised to ensure long-term economic transformation.

Whether that vision materialises, analysts say, will depend less on political rhetoric and more on governance reforms, fiscal discipline, and Uganda's ability to adapt to a rapidly changing global energy economy.

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