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**DEVELOPMENTS AND INVESTMENT  
OPPORTUNITIES IN UGANDA'S PETROLEUM  
SECTOR**

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD



MINISTRY OF ENERGY AND MINERAL DEVELOPMENT

# DEVELOPMENTS AND INVESTMENT OPPORTUNITIES IN UGANDA'S PETROLEUM SECTOR

Presented by

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AFRICA OILGASMINE ORGANISED BY UNCTAD  
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# PRESENTATION OUTLINE

1. Introduction
2. Status of the Sector
  - Commercialisation Plans
  - Refinery Development
  - Transportation and Storage Facilities
3. National Participation
4. Investment Opportunities and Incentives
5. Conclusions

# 1. INTRODUCTION

- Africa is home to some of the world's fastest-growing economies, some (e.g Ghana) of them lifted by new oil and gas finds.
- The East African region is emerging as a premier destination for oil and gas exploration and development.
- Petroleum discoveries have been made in South Sudan, Uganda, Tanzania, Mozambique and Kenya.
- East Africa consumes about 200,000 barrels of petroleum products per day and demand is increasing at an average rate of 7% per year.
- All petroleum products are currently imported into the region at over US\$5 billion per year representing over 25% of the total import bill of the region.



# INTRODUCTION

## KEY FACTS ABOUT UGANDA

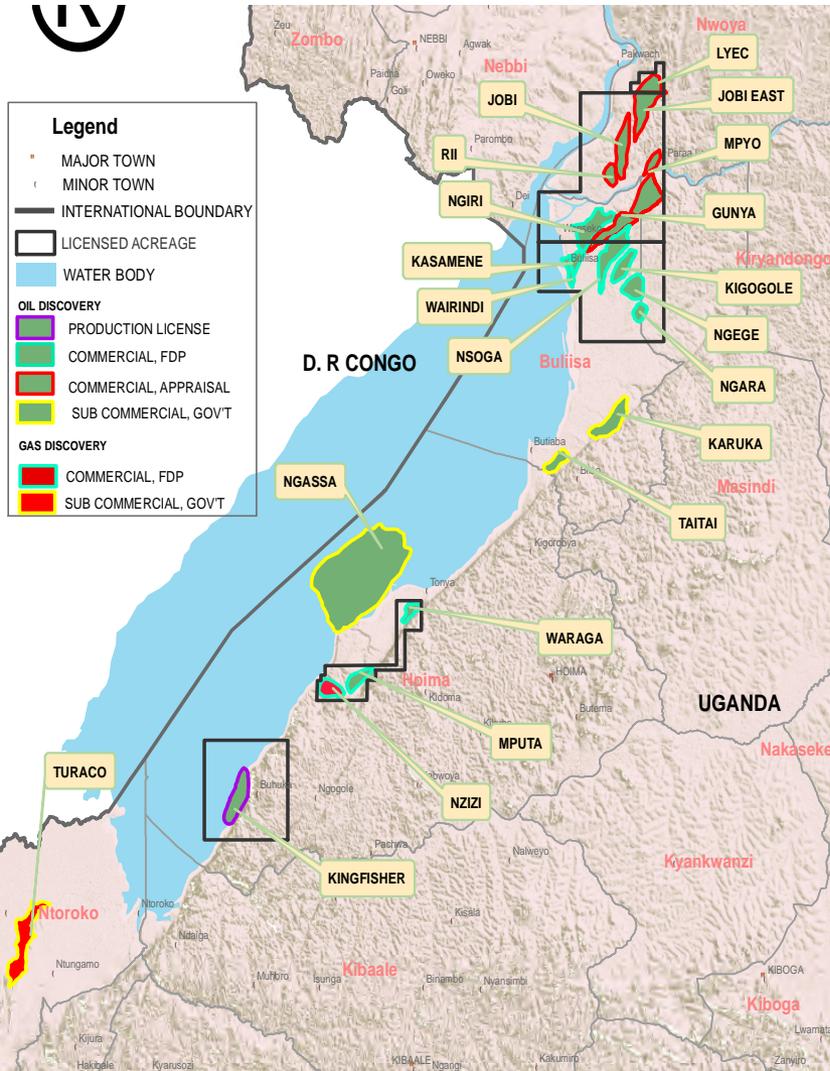
- **Location:** East Africa
  - **Land area:** Approx. 241,038km<sup>2</sup>
  - **Coastline:** 1,600km from coast
- **Total Population (2012):** 36.35 million
  - **GDP [Current US\$] (2012):** 19.88 billion
  - **GDP per capita (2012):** US\$ 547
  - **GDP growth rate (2013):** 5.2%
  - **GNI per capita, PPP (2012):** US\$1,120
  - **Government:** Parliamentary Democracy
- **Natural Resources:** Copper Cobalt, Gold, Limestone, Petroleum, among others
  - **Imports:** Petroleum products, machinery manufactured goods, chemicals transportation equipment
  - **Exports:** Coffee, Tea, Cereals, Cotton, Flowers, fish, Gold, Tobacco and Hides among others



SOURCE: The Work Bank



# 2. STATUS OF THE OIL AND GAS SECTOR IN UGANDA



## 2.1 RESOURCES

- Commercial discovery of oil confirmed in 2006.
- 21 oil and/or gas discoveries
- 17 fields taken forward for appraisal
- 6.5 billion barrels of oil in place
- 1.4 billion barrels estimated to be recoverable
- 500 bcf of Gas
- Appraisal of 13 fields completed;
- One Production License (Kingfisher) approved during September 2013
- 40% of Albertine Graben explored; 80% of the Albertine Graben is unlicensed
- Progressing towards development and production in the fields whose appraisal has been completed.

Discoveries in the Albertine Graben (Source: PEPP)



THE REPUBLIC OF UGANDA  
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# 2. STATUS OF THE OIL AND GAS SECTOR IN UGANDA



## 2.2 COMMERCIALISATION PLANS

### SHORT TERM

- Use of crude oil and gas for power generation

### MEDIUM TERM

- Phased development of a 60,000 BOPD refinery
- Commercialization of the gas produced with oil
- Development of a crude oil export pipeline

### LONG TERM

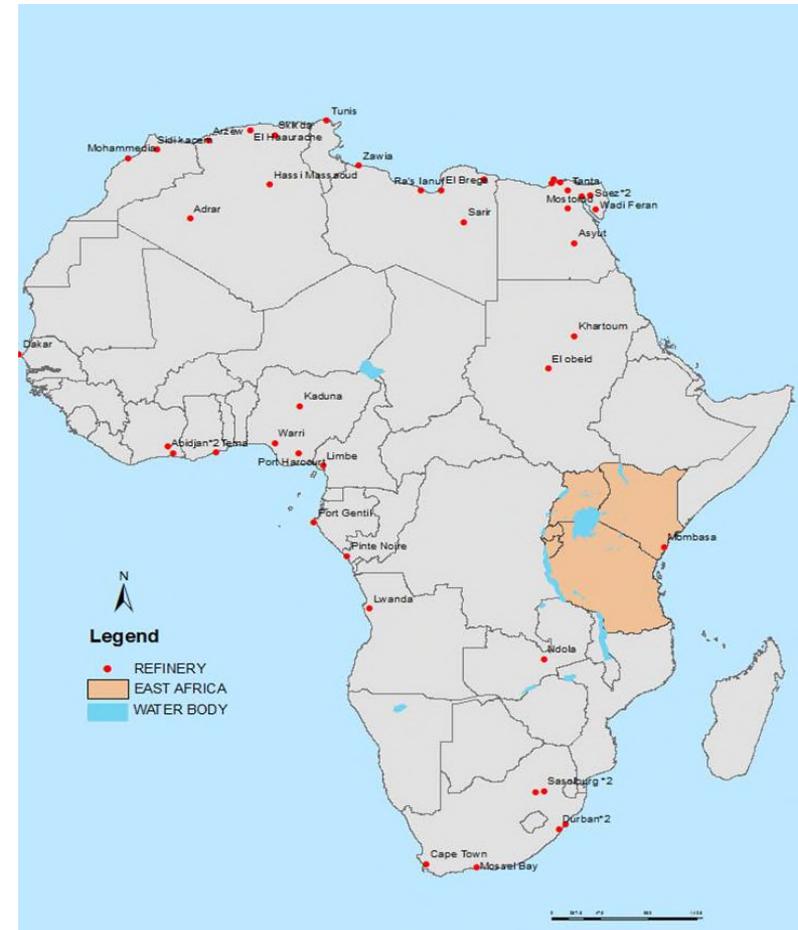
- Expansion of the refinery
- Development of petrochemical and energy-based industry





## 2.3 REFINERY DEVELOPMENT

- EAC strategy, 2008 recommended development of a refinery in Uganda.
- Feasibility study, 2010/11 concluded that devt of a 60,000bopd refinery was economic & profitable.
- Acquisition of 29 sq.KM of land for refinery development through implementation of a Resettlement Action Plan (RAP) is ongoing.
- Environment baseline survey completed
- Refinery to be developed on a PPP basis
- SK Group (South Korea) and RT-Global Resources (Russia) to present Final Offers and lead investor will be selected by the end of 2014.
- The first phase of the refinery (30k bopd) expected in 2017/18 and 60Kbpd two years later



Refinery Distribution in Africa (Source: CITAC)

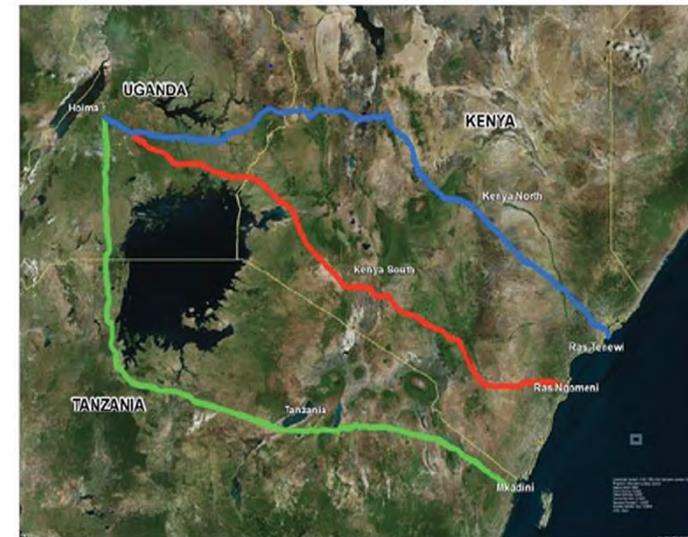


## 2.4 TRANSPORT AND STORAGE INFRASTRUCTURE DEVELOPMENT

a) Crude oil (Feeder Pipelines) to refinery to be developed as part of the upstream projects

b) Refined Products Pipelines from Refinery

- Hoima to Kampala 205km long, pipeline to be developed as part of refinery project
- Eldoret-Kampala (Buloba) Pipeline Feasibility study undertaken; a 325km long pipeline;
- Kampala-Kigali Pipeline: Feasibility study is being undertaken.



c) Crude Export Pipeline

- Selection of lead consultant to carry out a Feasibility Study and Preliminary Engineering Design of the crude export oil pipeline is ongoing.

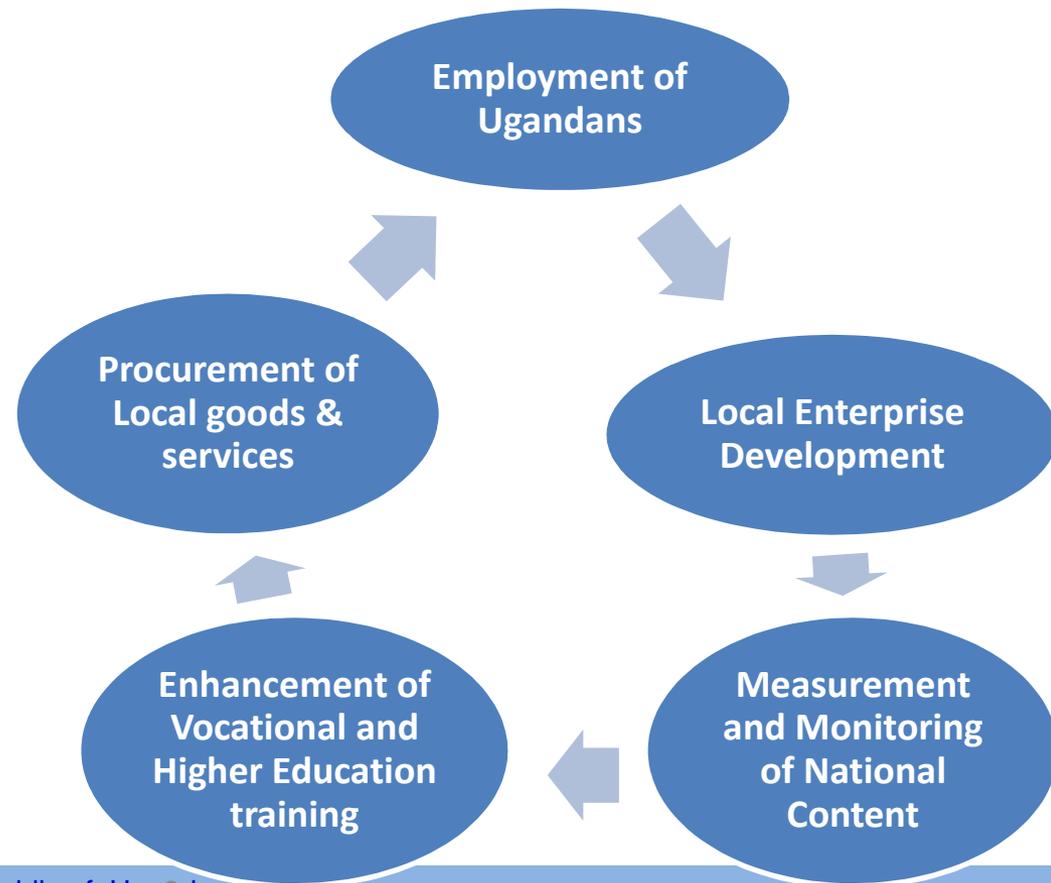
d) Development and Upgrade of other infrastructure in AG: Roads, Electricity, Water, Airport, land use planning, among others

# 3. NATIONAL PARTICIPATION

- Government strongly encourages NATIONAL PARTICIPATION as one of the optimum ways to ensure sustainable development.
- Concluded a study on the opportunities and challenges for Ugandans' participation in the oil and gas sector. Copy of the study is on [www.petroleum.go.ug](http://www.petroleum.go.ug).
- Recommendations of the study are being implemented , including:

## a) Development of a policy and legal framework for National Participation

- Provided for in Upstream and Midstream laws;
- Draft regulations on National Content are under discussion
- Draft National Content Policy through a consultative process



## 3. NATIONAL PARTICIPATION

### **b) Establishment of a National Content Unity in the Ministry**

- ✓ Continuous monitoring of Industry to ensure implementation of NC

### **c) Mobilization of local service providers; Association of Uganda Oil and Gas Service Providers**

- ✓ Growth of value of the IOC's spend on contracts with local service providers from 12% in 2010 to 28% in 2013.
- ✓ Training of SMEs by the Association

### **d) IOCs undertook an Industrial Baseline Study whose implementation is ongoing**

- ✓ Dissemination of study to stakeholders
- ✓ Establishment of an industry enhancement center

### **d) Regulation of expatriates; requirement to develop Nationalisation Plans for expatriate positions.**

- ✓ Approval of organisation structures for oil companies.
- ✓ Employment; 52% of Direct and 95% of Indirect and Induced are Ugandans.

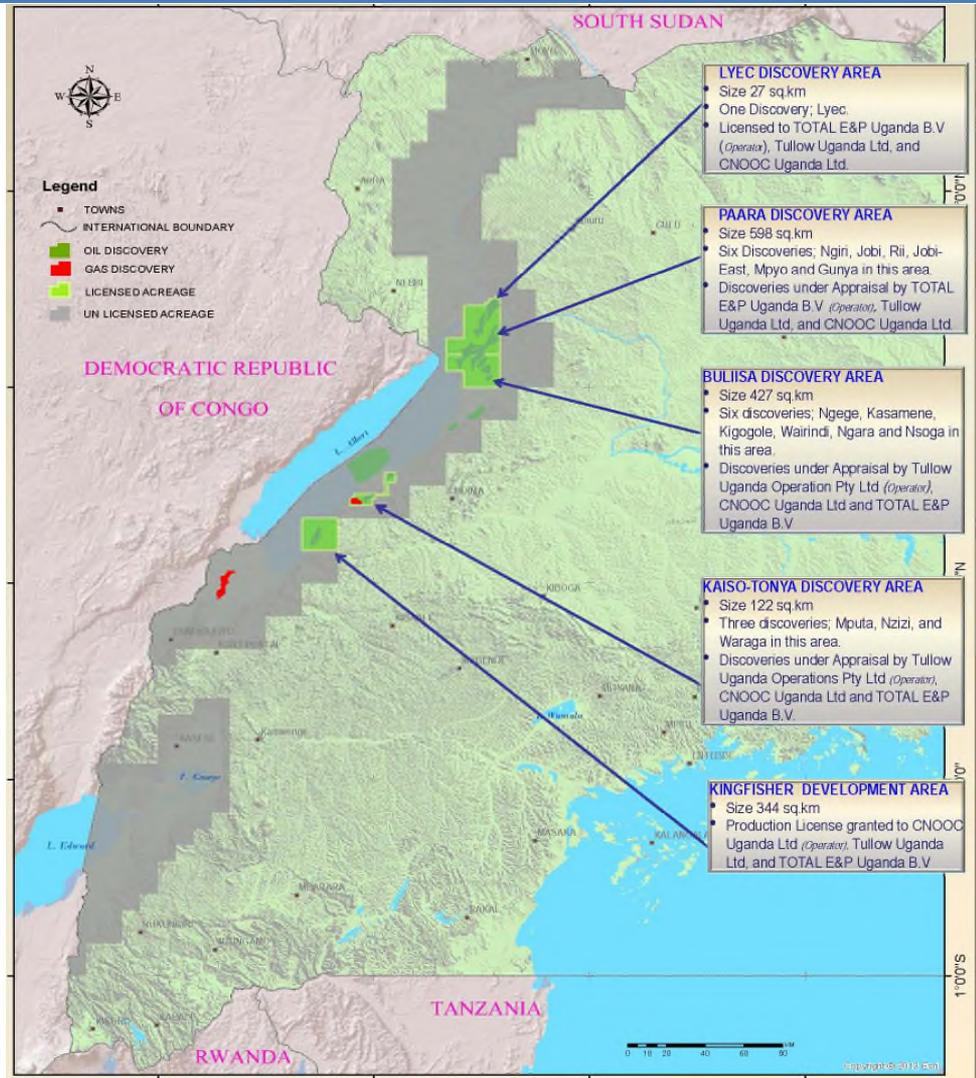
### **e) Capacity building and skills development with an emphasis on Vocational Skills Development.**

- ✓ Establishment of 3 vocational training institutions in Uganda
- ✓ Commencement of Petroleum Geoscience courses at undergraduate and graduate level

# 4. INVESTMENT OPPORTUNITIES



- Licensing of acreage through competitive bidding;
  - 80% of the AG unlicensed
  - First licensing round to cover areas with good data coverage
  - Data packages available to potential bidders
- Joint Ventures and farm-in arrangements in existing and new licences;
- Geophysical surveys, particularly nonexclusive seismic surveys in the unlicensed areas
- Oil and Gas field services including operation and maintenance of rigs and other drilling related services



Status of Licensing in Uganda's Albertine Graben

# INVESTMENT OPPORTUNITIES



- Capital for the emerging infrastructure such as refining and transportation of petroleum commodities and products;
- Service provision and contracts in the fields of Engineering, Procurement & Construction to take forward the development of this infrastructure;
- Development of a Petrochemical Industry;
- Logistical services;
- Construction and Fabrication;
- Waste management and Treatment;
- Power generation using gas and some crude oil by Independent Power Producers.

# INVESTMENT INCENTIVES

- Government policy encourages private sector investment into the oil and gas industry.
- Encourages partnerships between foreign and Uganda companies especially for service provision.
- Investment Incentives include:
  - favourable legal & fiscal framework,
  - access to existing technical information,
  - improving infrastructure in the country,
  - Political and Economic Stability across the country, among others.



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## 5. CONCLUSION

- Uganda's oil and gas sector is evidently growing in terms of resources, the regulatory and institutional framework to manage the resources; and the infrastructure to support their development.
- Government of Uganda welcomes investors and encourages the development of the country's natural resources through mutual benefit and in a spirit cooperation.
- National participation is key in ensure sustainable development
- Government policy encourages private sector investment into the oil and gas industry.

**THANK YOU.**

**WELCOME TO THE 7<sup>TH</sup> EAST AFRICAN  
PETROLEUM CONFERENCE AND EXHIBITION  
(EAPCE)**

**4<sup>th</sup> to 6<sup>th</sup> MARCH 2015  
KIGALI, RWANDA**

**[www.eapce15.eac.int](http://www.eapce15.eac.int)**

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