



# Background story: Agreement comes after a protracted process

By Vision Reporter

Following Uganda's discovery of crude oil in 2006, the Government came up with a plan on how the resource would be managed. It was decided that much

as the crude would be exported, there was need to refine some for the regional market. Refining the oil, however, would come at such a huge cost that the Government decided to invite partners for the project that was estimated in

billions of dollars.

A number of firms picked interest in the project but pulled out along the way. In 2015, a Russian company, RT Global Resources, that had won the bid pulled out. A South Korean firm, SK

Engineering, which had come second, declined the offer which forced the Government to restart the tendering process. The process started afresh and has resulted in the signing of the final deal.

# Uganda finally inks REFINERY DEAL

By Samuel Sanya

President Yoweri Museveni has challenged Western companies to take interest in helping Africa exploit its resource potential, saying the continent presents immense business opportunities.

"There is a lot of sleeping in Africa. You find people who should know but instead don't know," the President said. "And also there has been sleeping in the West, they don't care about what potential is in Africa."

The President made the remarks while witnessing the signing of the Project Framework Agreement (PFA) between the Government and the Albertine Graben Refinery Consortium (AGRC) yesterday at State House Entebbe. AGRC will ensure development, design, financing, construction, operation and maintenance of the \$4b (about sh15 trillion) oil refinery in Hoima district.

Museveni said China seems to understand Africa's potential and has been active in doing business with Africa but Western companies had been reluctant to take up projects and investing here.

"Africa is going to be a huge power house in terms of business," said the President. He said African leaders and the NRM government in particular had resolved some of the obstacles to doing business like fragmented markets and confiscation of private companies by past regimes.

Museveni, however, said the composition of the AGRC showed that Western companies were also waking up to realise Africa's potential.

"Africa and the West share a lot of history. There is need for them to use these past linkages to further economic business," Museveni said.

## Refinery consortium

AGRC comprises YAATRA Africa (Mauritius), Lionworks Group Limited (Mauritius), Nuovo Pignone International SRL (a General Electric Company located in Italy) and SAIPEM SPA (Italy).

Uganda is represented in the consortium by the Uganda National Oil Company (UNOC), which is a limited liability petroleum company owned by the Government.

## Construction in 18 to 24 months

Robert Kasande, the Ministry of Energy and Mineral Development permanent secretary, said with the signing of the agreement, some crucial activities would commence. They include pre-Final Investment Decision (FID), Front End Engineering and Design (FEED), Project Capital and Investment Costs Estimation (PCE),



Energy minister Irene Muloni exchanging documents with YAATRA Africa's Rajakumari Jandhyake after signing the deal at State House Entebbe yesterday. PPU photo

Environmental and Social Impact Assessments (ESIA).

Kasande said these studies will be completed within the next 18 to 24 months and construction commences around 2020. "This is a very important development for value addition. The refinery will open up a lot of opportunities in the petrochemical and manufacturing sectors," he said. "This is a step in the right direction," he added.

AGRC will be responsible for funding the pre-FID activities listed above as well as construction and operation of the refinery. They also must ensure Ugandans get jobs and skills out of the project.

The 60,000 barrels-a day refinery will be developed as a commercial undertaking focusing on the regional market for products like kerosene, petrol, diesel and heavy fuel oils.

AGRC will register a company called the Refinery Company in which the Government-owned UNOC will have shares through its subsidiary, the Uganda Refinery Holding Company.

## Envoys salute Museveni

The Italian Ambassador to Uganda, Domenico Fornara, commended President Museveni for his counsel, saying the project would enhance Uganda-Italy business relations.

Ambassador Deborah Malac of the US congratulated the Government upon conclusion of the selection process, saying she hoped more business opportunities would emerge for American companies after this project.

Energy minister Eng. Irene Muloni, said the signing ceremony marked the end of the selection process that commenced in January 2017.

She said her ministry had done extensive consultations before arriving at whom to assign the project, estimated to cost between \$3-4b.

Muloni saluted President Museveni for the guidance provided throughout the entire process.

Dr Josephine Wapakhabulo, the Chief Executive Officer of the Uganda National Oil Company, said the development of the refinery would trigger a number of other

### OTHER OIL INFRASTRUCTURE

- Central Processing Facility
- East African crude pipeline
- Finished goods pipeline
- Finished goods terminal

**NOTE:** The crude oil will be evacuated from the oil fields to a Central Processing Facility in Hoima, where impurities will be removed. From this point, a large percentage of the Crude Oil will be exported via the heated East African Crude Oil Pipeline from Hoima to Tanga in Tanzania and the rest will be piped to the refinery for value addition.

The refinery is expected to stop Uganda's dependency on petroleum imports

