MARKETS

Kenya pipeline IPO: What is in it for Uganda?

For Uganda, Kenya's pipeline IPO is more than an investment; it is a test of energy security and long-term fuel supply resilience.

Energy security. |

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When fuel trucks line up along the highways, few motorists think about the steel arteries that feed them. Yet beneath the tarmac lies a dependence that shapes Uganda's petroleum lifeline, which runs through Kenya's pipeline network, operated by the Kenya Pipeline Company (KPC).

That reliance has come into sharper focus following Kenya's decision to float shares in KPC, a move that could redefine how fuel flows into Uganda, and who ultimately controls the infrastructure that delivers it.

Framed by Kenyan as both a financial reform and a strategic repositioning, the KPC Initial Public Offering (IPO) seeks to unlock capital, modernize infrastructure, and integrate regional energy markets more deeply, which, for Uganda, presents a delicate balance of opportunity and risk.

The IPO was unveiled to Ugandan stakeholders at an engagement in Kampala, where Kenya's National Treasury Cabinet Secretary, Mr John Mbadi, described the move as "historic and necessary," arguing that state ownership has reached its limits in driving growth.

Under the proposal, the Kenyan government will divest 65 percent of its stake in KPC, while retaining 35 percent, transitioning the company from a fully state-owned enterprise into a publicly listed one. Submissions close on February 18, with final approvals expected by March 9.

"This is not just about raising money," Mbadi told stakeholders. "It is about ensuring KPC remains competitive in a fast-changing global energy market."

More than 90 percent of Uganda's fuel imports move through Kenya, with KPC's pipeline forming the backbone of that supply.

Any shift in ownership, governance, or pricing structures, therefore, carries implications that extend well beyond Kenya's borders.

Mbadi acknowledged this dependence, noting that Uganda and other neighbouring countries remain heavily reliant on KPC's infrastructure, and that the IPO would be the largest public offer ever undertaken in Eastern and Central Africa.



Uganda's heavy reliance on Kenya's pipeline network puts the Kenya Pipeline Company IPO at the centre of regional energy security, supply resilience, and cross-border infrastructure investment decisions. PHOTO/FILE

The Nairobi Securities Exchange, ranked second only to Egypt by market capitalization last year, has not hosted a listing of this scale since the Safaricom IPO in 2008.

For Uganda's energy planners, however, the focus is less on capital markets and more on supply security.

The Ministry of Energy welcomed the IPO as an opportunity to strengthen regional supply chains and attract cross-border investment into infrastructure that Uganda alone cannot easily finance.

Energy Permanent Secretary Ms Irene Batebe described Uganda's relationship with Kenya as "solid and strategic," particularly as both countries seek to guarantee a reliable, affordable, and sustainable fuel supply.

"The role of oil marketing companies is critical in ensuring petroleum products reach every corner of Uganda reliably, safely, and affordably," Batebe said. "The KPC IPO presents an opportunity to expand infrastructure that benefits the entire region."

Uganda's recent experience has underscored the fragility of fuel supply. Global price shocks, logistical bottlenecks, and occasional disruptions have exposed the risks of over-reliance on a single corridor.

To mitigate this, Batebe pointed to the proposed extension of the Eldoret–Kampala pipeline as a priority project, with potential expansion to Kigali. Such a development would not only strengthen Uganda's supply security but also position the country as a regional energy transit hub.

At the same time, Uganda continues to maintain alternative supply routes through Tanzania, despite higher transportation costs, as insurance against disruptions along the northern corridor.

The IPO's structure reflects an effort to spread both ownership and influence. At least 5 percent of the shares will be reserved for KPC staff, while oil marketers, individual investors, institutional players, and regional participants will also be allocated shares.

Uganda, which contributes more than 30 percent of KPC's revenue, is expected to be a significant participant, both as an investor and in future governance arrangements.

KPC Managing Director Mr Joe Sang said Uganda's petroleum market is projected to reach 2.9 billion litres by the end of this year, nearly a 10 per cent increase. He noted that collaboration with the Uganda National Oil Company (UNOC) has already improved reliability, with volumes delivered to Uganda's reserves doubling compared to mid-2024.

Key figures

30%

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