Logistics could slow down Uganda's 2020 oil export plan

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KAMPALA. President Yoweri Museveni's determination to have Uganda enter the international oil market by 2020 is getting caught up in logistics, with preparatory work on the investment unlikely to be completed before the turn of the year.

Joint venture partners involved in the country's oil sector said they were unlikely to complete the final technical study for the Buliisa oil blocks by the December 31 ultimatum. The front end engineering design (FEED) study, called which started in February, usually takes between 12 and 18 months to complete. That places the completion date anywhere between March and August next year.

FEED

FEED focuses on technical specifications of the project and the cost estimates; initially put at $10 billion.

After it is completed, a detailed design will follow enabling partners Total E&P, Tullow Oil and China National Offshore Oil Company decide how much money they will put in the project. Fluor and CB&I are doing the study.

The 2020 evacuation target has gathered political undertones with President Museveni said to be keen to have the project running before the 2021 elections in which he is expected to contest, after Parliament last week voted to remove the age limit of 75 for presidential candidates. President Museveni is 73.



Beneficiaries. An oil rig in Buliisa. Although the delay in bringing oil to the ground could hold back revenues, it could turn out to be a blessing in disguise as international oil prices show signs of recovery. FILE PHOTO

Big infrastructural projects in East Africa have recently become ego trips for leaders. Kenya's President Uhuru Kenyatta was keen to have oil from Turkana hit the export market just before the general election in August this year. His ambition came unstuck because of logistical challenges but he managed to pull through the standard gauge railway between Mombasa on the Coast and Nairobi.

Tanzania's President John Magufuli has targeted the development of the Central Corridor — including the pipeline that will evacuate crude oil from Uganda — linking Dar es salaam to Bujumbura, Kigali and Kampala as one of his flagship projects.

Rwanda's president Paul Kagame targeted improvements in tourism and trade services leading to reforms that saw the Rwanda Convention Centre built and the country relax visa restrictions.

Although the delay in bringing oil to the ground could hold back revenues, it could turn out to be a blessing in disguise as international oil prices show signs of steady recovery from a trough that has persisted for more than three years. The partners, however, maintain that the market entry target is still feasible.

"All parties are fully committed and are endeavouring to achieve the targeted date of end 2020," said Total's spokeswoman Ahlem Friga-Noy.

THE CONTRACTOR

Competing: Fluor and CB&I are competing to be the contractor of the oil infrastructure after Technip was edged out in the first phase of the design completed in July. Thereafter, the preferred contractor will again be selected for the rest of the works, including establishing a 200,000 bop central processing facility.

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