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Besides holding the veto to hire and fire the Kenya Pipeline Company (KPC) chief executive officer, Uganda secured further concessions in operations of the company, including approval of tariff increases, dividend policy, employee restructuring, and rights issues.

KPC shareholder rights or Articles of Association were amended after Uganda bought a Ksh20b (Shs579b) stake in the firm following its initial public offering (IPO), which ran from January 19 to February 24.

Under the revised Articles, Kenya gave Uganda concessions, including two board seats in the firm, after the neighbouring country threatened to walk away from the IPO because of a lack of authority in the running of the firm.

While on the board, Uganda will have to approve the hiring and firing of the chief executive officer, KPC fuel transport tariffs, part of the board changes, and changes to the firm's dividend policy.

"So long as the National Treasury Cabinet Secretary and the government of Uganda are eligible to nominate directors, the following matters shall require the approval of a National Treasury and a Government of Uganda Director...the periodic review of the pipeline transportation and secondary storage tariff for purposes of submission for relevant regulatory approvals," reads part of KPC's amended Articles of Association.

any employee restructuring of a redundancy programme implemented within three years following the initial public offering."

Uganda also got a say on other reserved matters, including the issue of new shares in the company, an alteration of Articles, and the removal of Kenyan or Ugandan government directors from the company's board.

KPC's revenues are significantly influenced by tariffs, periodically set by the Energy and Petroleum Regulatory Authority (Epra), mostly covering three-year cycles.

Epra's last review approved a tariff of Ksh5.44 (Shs157.48) per cubic meter per kilometre, while the regulator currently sits on a proposal to increase the tariff by 2.4 percent for the upcoming three-year period from July 2025 to June 2028.

KPC counts its tariff as a regulatory risk and highlights the implications of delays or restrictions in securing tariff revisions.

"Delays or restrictions in securing tariff adjustments, whether due to public opposition or political pressure, could limit KPC's ability to recover rising costs or fund infrastructure investments," KPC said in its IPO information memorandum.

"Historical resistance from stakeholders such as oil marketing companies and consumer groups to significant tariff increases underscores the risk that tariffs may not fully reflect inflationary pressures or currency depreciation, potentially compressing margins and reducing earnings."



Uganda's bold KPC investment secured major boardroom influence, tariff oversight, and chief executive officer veto powers, reshaping regional energy governance and strengthening Kampala's stake in East Africa's petroleum future. PHOTO/FILE

Uganda gets more powers in Kenya pipeline operations

KPC booked revenues of Ksh38.5b (Shs1.1 trillion) in the financial year ended June 2025 against Ksh14.7b (Shs425.5b) costs of services.

The mid-stream company in the oil and gas sector saw its net profit for the period rise slightly to Ksh7.49b (Shs216.8b) from a flat Ksh7.4b (Shs214.2b) previously.

As of December 2025, KPC and the Kenya Petroleum Refineries Limited,

a subsidiary of the pipeline company, had a total workforce of 1,549 employees, 87.2 percent or 1,351 of whom are permanent.

KPC highlighted previously that it had made significant progress in achieving key human resources strategic objectives, including alignment to strategy execution, performance, and integrity.

The employees of KPC bought shares worth Ksh99.1m (Shs28.6b) in the con-

cluded IPO despite having a greater share allocation worth Ksh5.3b (Shs153.4b).

The government of Uganda swooped in to anchor the IPO by buying shares worth Ksh34.7b (Shs1 trillion), beating their initial allocation of Ksh21.1b (Shs610.8b) worth of shares.

Uganda leveraged its acquired 20 percent ownership in KPC to get a guarantee of two board seats in the company and the right over the future hiring and firing of the chief executive officer.

KPC's IPO successfully met its target of raising Ksh106.3b (Shs3.07 trillion) from the government's 65 percent stake in the company, even as the offer was largely dominated by local and regional institutional investors, as individuals, foreigners, and oil marketing companies (OMCs) largely kept off.

An estimated 465 local institutional investors led by the National Social Security Fund (Kenya), the Public Ser-

Key highlights

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- While on the board, Uganda has to approve the hiring and firing of the chief executive officer, KPC fuel transport tariffs, part of the board changes, and changes to the firm's dividend policy.
- Uganda also has a say on other reserved matters, including the issue of new shares in the company, an alteration of Articles, and the removal of Kenyan or Ugandan government directors from the company's board.

vice Superannuation Fund (Kenya), and Uganda's State-owned oil company, the Uganda National Oil Company (UNOC), snapped up shares that other investor categories had left on the table.

Without the strong showing from the institutions, Uganda and other high-net-worth investors, the IPO would have collapsed and hurt government's drive to diversify its sources of revenues from taxes and public debt.

The IPO needed to raise at least Ksh53.1b (Shs1.53 trillion) from more than 250 investors for it to proceed.

Uganda was handed a chance to determine the next KPC chief executive after the resignation of Joe Sang, who quit last month amid a fuel scandal that saw three senior public officers step down.

KPC's board cannot hire or fire the chief executive officer without concurrence from Uganda directors, which effectively gives Kampala some sway over who will steer the petroleum logistics firm post-IPO.

The board said it was looking for a highly experienced person who would guide the company through the 'post listing phase, including heightened governance, disclosure, investor relations; and regulatory obligations.

Cracks have emerged in the boardroom of KPC over whether the firm should have initiated the recruitment of a new managing director without a fully reconstituted board that includes Uganda's representatives, as required under the newly listed company's charter.

The candidate must have 15 years of experience, with at least 10 years in senior management.

The Kenya Pipeline Company seeks applications from suitable and highly qualified professionals to fill the position of managing director.

A vacancy announcement notice published earlier this month noted that the position serves as the company's chief executive officer, accountable to the board of directors.

Key numbers

65%

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20%

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