

Uganda's slow oil and gas infrastructure development

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Following the withdrawal of the Russian-led consortium RT Global Resources, from the oil refinery construction in July, the Ugandan government is looking for a new investor to partner in the project by mid-2017.



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This year marked a decade since the government announced the discovery of commercially viable oil and gas resources along Uganda's western frontier.

But even with the 6,5bn barrels of crude oil confirmed so far of which about 1,7bn barrels is ready for production, Ugandans are still waiting for the day they will earn petroleum dollars-- thanks to a combination of factors.

For starters, depressed international oil prices over the last two years have made investors hold back their money meant for venturing into new oil and gas frontiers like Uganda, choosing to wait for the industry to recover, which has had ramifications for Uganda's nascent oil sector.

But the government appears to have taken full advantage of the uncertainty in the industry by going ahead to make laws, policies and regulations as well as put in place institutions that could ensure the industry is well governed once production starts.

Crude oil pipeline route

In April, the government finally chose the Indian Ocean port of Tanga in Tanzania as its preferred end point for its \$4bn crude oil pipeline, following two years of protracted negotiations involving officials from Uganda, Kenya, Tanzania and the oil companies.

A route survey has been ongoing and is expected to be completed by the end of this year while the contract for the front end engineering design for the pipeline has also been awarded and is expected to be ready by the end of 2017. The government also says negotiations of an intergovernmental agreement between Tanzania and Uganda are progressing well.

Source: allAfrica

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