

## Original article

## Rivalry in East Africa: The case of the Uganda-Kenya crude oil pipeline and the East Africa crude oil pipeline

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## ABSTRACT

Uganda and Kenya agreed to jointly build the Uganda-Kenya crude oil pipeline (UKCOP) in 2014. The planned pipeline benefited from a history of common cross-border projects as well as a shared interest to monetize their respective oil reserves. Nevertheless, Uganda soon jettisoned the pipeline across Kenya in favour of the East Africa crude oil pipeline (EACOP) through Tanzania. This article identifies the root causes behind the demise of the UKCOP and the decision made to build the EACOP. Using data collected over seven years, including expert interviews, the results show that landlocked Uganda's overreliance on a politically volatile Kenya helped it to overcome its mistrust of Tanzanian sluggishness. Kampala's decision was further assisted by oil majors willing to source funding for a pipeline that avoided Kenya. The implications have directly affected the political economy of East Africa's oil exports and the relationship between its largest states.

## 1. Introduction

Kenya and Uganda are in the process of becoming oil exporters. The fact that Uganda is land-locked and Kenya's oil reserves are located inland and hundreds of kilometres from the coast means that both countries need to build pipelines to access international markets. The Uganda–Kenya Crude Oil Pipeline (UKCOP), which was to have linked Uganda's oilfields with those of Kenya and thence to the Kenyan port of Lamu, was to have benefited each state as well as the region through cost-sharing of infrastructure, revenues from oil exports and related development. Despite its significant promise and the deals signed by Nairobi and Kampala, the UKCOP foundered on regional rivalries and the clashing interests of political elites in Kenya, Uganda and Tanzania. Uganda's octogenarian president, Yoweri Museveni, decided on the construction of a pipeline that bypasses Kenya completely and terminates at the Tanzanian port of Tanga. A spurned Kenya, for its part, announced that it would build its own stand-alone pipeline to transport its oil reserves to the coast and, in 2018, became the first country in the region to export its oil.

This article attempts to explore the root causes behind the demise of the UKCOP and the decision made to build an alternative pipeline that

benefits fewer states – individually and collectively—and may cost more in the process, thus decreasing the overall value of oil exports. First, it explores the geopolitics of East Africa, paying particular attention to sea access, on the one hand, and landlockedness, on the other. Second, it provides a primer on the genesis of the UKCOP, contextualizing it within the region's unique political economy. Using a qualitative approach, semi-structured interviews were conducted (online and in-person) with experts from both industry and academia from inside and outside East Africa. They included a consultant engineer involved in feasibility studies related to pipeline infrastructure in the region, a business journalist, and an academic scholar who has published a number of articles related to East Africa's hydrocarbon reserves. The interview results were then analyzed and triangulated with literature such as media and scholarly articles related to the topic. The results of the research, begun in 2015, reveals further evidence of deep rifts within the East African Community (EAC), demonstrating, in the process, the deep-seated political rivalry between Kenya and Tanzania, on the one hand, and the exploitable insecurities of Uganda as a landlocked state, on the other. Third, we highlight the role of external parties, particularly oil majors, in affecting outcomes in their favour by exploiting historical mistrust across the EAC. Lastly, we analyse the politics of exclusion wrought by

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Uganda's decision to bypass Kenya and build a pipeline through Tanzania, and answer questions about the overall economic and political direction of the EAC.

## 2. Hydrocarbons, landlockedness and the UKCOP

Voluminous research has been conducted on sub-Saharan Africa's oil. This can be broken down into themes. For example, oil and development, the so-called oil curse (Malothra et al., 2004; Siakhwa, 2017; Olayunbo, 2019), as well as oil and governance systems, and how oil influences political directions (McFerson 2010; Phillips et al., 2016; Akonnor, and Ohemeng, 2020). Most of the literature has dealt with the continent's major reserves south of the Sahara such as those found in Nigeria's Delta State, Ghana's coastline and Volta Basin, or Angola's exclave of Cabinda (Edmond et al., 2019; Nwozor et al., 2020; Asare et al., 2021).

A growing body of literature addresses East Africa's oil, such as Poncian (2019) study of extraction and resource ownership in Tanzania, Pedersen and Bazilian (2014) study on the impact of oil in South Sudan's state building efforts, and Patey's (2020) findings on the connection between oil and political risks in East Africa such as resource nationalism, revenue sharing and insecurity. Because Uganda and Kenya are relative newcomers to the oil producers' club much less has been written. Nevertheless, many of the same themes listed above have been touched upon. Anderson and Browne (2011), for instance, delved into East Africa's oil politics just as Kenya and Uganda were beginning to explore potential joint export options. Vokes (2012) delved into Uganda's changing political climate and the role oil played in it, while other scholars highlighted the impact of oil on livelihood disruption and food insecurity in Uganda (Ogwang et al., 2018; Owang and Vanclay, 2021a). Part of the efficacy of this study is its focus on the infrastructural means of export, specifically the pipeline. To the best of our knowledge, very little has been written using political science and political economy frameworks on the UKCOP, its planning and promise as well as its demise.<sup>3</sup>

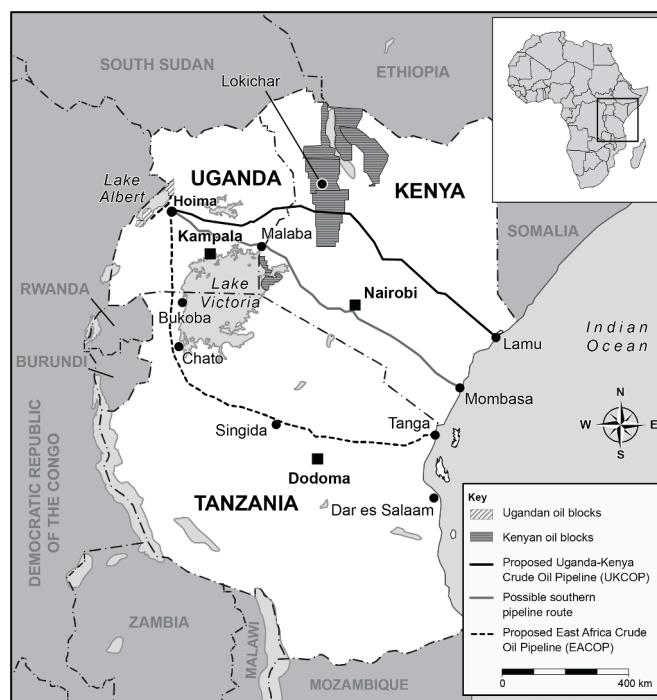
The road from oil discovery to oil export can be a long and winding one. Cross-border development of oil fields, for example, remains the exception rather than the rule in the export of hydrocarbons. Qatar and Iran as well as Algeria and Libya, to name a few, exploit their shared hydrocarbon reserves separately. This is at odds with upstream oil export infrastructure where an upstream country may link its hydrocarbon export prospects with downstream states. Upstream Turkmenistan, for instance, is cooperating with Azerbaijan to link its gas to Azerbaijan's own reserves and thus export it through the Baku-Ceyhan Pipeline via Georgia and Turkey. Iraqi Kurdistan, landlocked like Azerbaijan and Turkmenistan,<sup>4</sup> exports its oil reserves through pipelines running through Turkey and Syria, albeit with no similar link-up to Syrian oil.

Landlockedness, or a state's lack of direct access to the sea, has certainly impacted these cases. What we term the 'tyranny of borders' has also impacted Uganda's economic and political trajectory since independence, to include its attempts to exploit, extract and export its oil reserves.<sup>5</sup> Several studies, for instance, demonstrate that the majority of

the world's 44 landlocked states suffer from substantially reduced trade potential on account of greater transportation costs, geographic distance from trading hubs such as ports and reliance on what can be sub-par infrastructure in neighbouring states (Paudel, 2014; Kashiha et al., 2016). Because landlockedness limits a state's choices it necessarily poses several strategic conundrums and has led to oddities such as landlocked Ethiopia possessing a navy and shipping line as well as attempts to break out of its reliance on one neighbour by supporting port development in another (Cannon and Rossiter, 2017).

## 3. The UKCOP: a primer

The UKCOP, as proposed in 2014, was intended to transport Uganda's and Kenya's oil to the Indian Ocean for export. It was to begin in Hoima, on the shores of Lake Albert in western Uganda and connect with Kenyan oilfields in the northwest of the country near Lokichar. From there, it would run southeast and terminate at a new port to be constructed near Lamu, an old Swahili trading town on the Indian Ocean. The pipeline was also to potentially include a spur to South Sudan's huge oil reserves. The integral nature of the spur to the original plans should not be discounted, as South Sudan's oil is much cheaper to extract and of higher quality. Planners therefore assessed the addition of South Sudan's oil would offset costs significantly for Kenya and Uganda, further reduce South Sudan's reliance on Sudan for oil exports, and result in the shipment of 130,000 barrels of oil per day (bpod) in addition to Kenya's and Uganda's oil. The UKCOP, when fully operational, would have made East Africa a sizeable oil exporter with the potential revenue, jobs and development reportedly associated therewith (Doya and Rascouet, 2015)



<sup>3</sup> The few exceptions are Opondo (2019) and Aalberg (2019).

<sup>4</sup> Both countries border an inland sea, the Caspian, making them landlocked like Uganda, which borders Lake Victoria

<sup>5</sup> The tyranny of borders is particularly prescient in Africa given the ad hoc nature of border development by drawing 'lines in the sand' by European colonial powers. Similar to the tyranny of geography, Uganda's tyranny of borders can be said to have put some limits on its economic, political and social development given its reliance on neighboring states' political goodwill.

The genesis of the crude oil pipeline, stretching 530 km across Uganda and another 850 km across Kenya, was brought about by the discovery of exportable quantities of oil reserves in both countries.<sup>6</sup> Due to the waxy nature of the oil in both countries - it remains solid below 40°C (104°F) - the proposed pipeline would be heated and utilise pump stations along the way.<sup>7</sup> Upon completion, the UKCOP would have been the longest heated crude oil pipeline the world.

In early 2014, the members of the Tripartite Infrastructure Initiative, composed of Uganda, Kenya and Rwanda,<sup>8</sup> invited bids for a consultant to oversee a feasibility study and initial design for the construction of the pipeline. This was awarded to the Japanese firm, Toyota Tsusho Corporation, in November 2014. Toyota Tsusho was asked to designate the most feasible pipeline route through Kenya based on the findings of their study. This involved the contractor exploring the practicability of a northern or southern pipeline route in Kenya. The northern route would cross the sparsely populated territories of Kenya's north and terminate at the newly planned port of Lamu. The southern route would jog south through the Rift Valley, transit Nairobi and terminate at the port of Mombasa, potentially utilizing existing pipeline infrastructure in the process.

When Toyota Tsusho released its feasibility study in 2015, it called for pipeline construction to follow the northern route. Toyota Tsusho supported its decision by citing the need to exploit Uganda's and Kenya's existing economies of scale. Additionally, it cited the benefits of tapping into the integrated Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) transport corridor project, which, according to plans, would include a new port at Manda Bay, an airport, an oil refinery and other infrastructure at an estimated combined cost of more than US\$25 billion.

There are indications that Toyota Tsusho may have felt some pressure from Nairobi to support the northern route. Kenya's government openly favoured the northern route as it not only fit into the planned LAPSSET Corridor project, but likely would offset or support costs associated with developing northern Kenya (Cannon, 2016). Kenya's president, Uhuru Kenyatta, eyeing a second term, hoped to benefit at the ballot box by highlighting that the northern pipeline route would bring investments, jobs and other associated benefits. 'Kenya favours the northern route through Lokichar, because as part of the Lamu Port, South Sudan, Ethiopia Transport (LAPSSET) project, it would transform infrastructure and the way of life of the people in the towns and counties across its path,' Manoah Esipisu, the president's spokesperson said on March 20, 2016.

International oil companies were divided on the issue, reportedly stoking tensions between Nairobi and Kampala. Tullow Oil, for its part, publicly supported the northern route. 'Tullow is clear that the synergies from a joint pipeline means that the lowest cost option remains a route that links Uganda's and Kenya's oil resources' (Aglionby, 2016). However, it privately pushed for the southern route through Nairobi, thus avoiding areas of insecurity farther north (Michira, 2015). China National Offshore Oil Corporation (CNOOC), the other major extractor of

Uganda's oil, remained publicly neutral. For its part, French oil and gas giant Total SA, parent company of Uganda's Total E&P, rejected the northern route for the UKCOP, noting insecurity related to terrorism and banditry as well as its expense given the necessity of building roads and water infrastructure prior to pipeline construction as well as concerns over the rugged, technically challenging terrain (Abdallah, 2016). Instead, Total publicly pushed for a pipeline route that would bypass Kenya completely, routing Uganda's oil from Hoima south to the west of Lake Victoria, and then southeast toward the Tanzanian port of Tanga. This marked the genesis of two competing pipeline visions: the UKCOP versus the East African crude oil pipeline (EACOP), also referred to as the Uganda-Tanzania crude oil pipeline. Nothing less than the interaction of political and economic processes—the political economy of East Africa's oil—would decide which pipeline was built.

#### 4. The political economy of East Africa's oil

The security challenges in northern Kenya are legion, complex, and trans-boundary. Arguably the most visible security threat comes from the al-Qaeda-affiliated terrorist group, al-Shabaab (Cannon, 2019). The not-unfounded fear of some oil majors was that al-Shabaab would attack and disrupt the building and operations of the UKCOP. A combination of terrain, distance and cost were also of considerable importance. Total, for instance, opposed the Kenyan route not just for security concerns—Lamu and its environs have been attacked on several occasions by al-Shabaab—but also the rough terrain, with slopes above 25 degrees (Musisi and Muhumuza, 2016). Distance-wise, the routes are nearly equidistant, with the Hoima-Tanga route reportedly 1443 km and the Hoima-Lokichar-Lamu route through northern Kenya at a slightly longer 1476 km (Cannon, 2016). According to Chatham House (2016), the projected cost of the UKCOP to Lamu was reportedly near US\$5 billion; the Tanga route nearly US\$1 billion less. In addition, reports indicate the Kenyan government speculatively planned to charge Uganda US\$12.60 to US\$15.90 per barrel of oil transported through the northern route passing from Hoima to Lokichar and Lamu in Kenya. Using the Hoima to Tanga route, Uganda would be tentatively charged US\$15.78 per barrel in tariffs by Tanzania (Abdallah, 2017). However, Tanzania promised to reduce that figure and reports indicate that Uganda will likely be charged US\$12.20 per barrel.<sup>9</sup> The issue of land and compensation also contributed to higher projected costs in Kenya compared to Tanzania (Vasquez, 2019).

In April 2016, the combination of these factors reportedly played a large part in the shelving of plans to build the UKCOP across northern Kenya (Mwesiga, 2016). Instead, the EACOP would send Uganda's oil to Tanga and bypass Kenya completely. Kenya would need to transport its oil by road to Mombasa or build its own pipeline to Lamu in order export its significantly smaller reserves of oil.

Though security, distance and costs associated with the UKCOP in northern Kenya were factors in the decisions made to relocate the pipeline, our research findings indicate that a mix of domestic, regional and international factors played an equal if not more important role in the demise of the UKCOP.

##### 4.1. Uganda's strategy

Uganda was the setting for some of the largest onshore oil discoveries on the African continent in 2006. The subsequent discovery of oil reserves in Kenya, in 2012, coupled with other developments including steep declines in the price of crude oil, initially convinced Uganda's leadership to acquiesce to the idea of a joint pipeline with Kenya and a smaller refinery to cater for local and regional demand. Discussions

<sup>6</sup> In late 2014, Kenya estimated its crude oil reserves to be about 1 billion. Uganda estimates its reserves at 6.5 billion barrels

<sup>7</sup> The pipeline must be built underground and utilise electricity to keep oil warm. Every so often the pipeline must surface to a heating station that uses oil to fire-heat the crude being transported through the pipeline. This will use approximately one per cent of the oil flowing through the pipeline. A major concern regarding the UKCOP or any other pipeline built to transport Uganda's and Kenya's waxy crude is cooling. More specifically, if the pipeline ever cools down through a malfunction or some other issue the oil will congeal, becoming a 'Gummi worm' potentially hundreds of kilometres long. This malfunction would render the pipeline permanently inoperable. Interview with consultant engineer involved in feasibility studies of pipeline routes in East Africa, May 28, 2018.

<sup>8</sup> The TII was renamed the Northern Corridor Integration Projects (NCIP) after South Sudan became a full member.

<sup>9</sup> There are multiple figures reported depending on the source. At the time of the UKCOP's demise, Kenya's proposed tariff was nearly \$17 per barrel, compared to Tanzania's \$12 per barrel (Chatham House 2016)

ensued on the UKCOP, with a special focus on routes, transit fees and security arrangements for the pipeline. As the Kenyan government pushed for the northern route to Lamu, Uganda announced a feasibility study for an alternative pipeline to Tanzania which was followed by Total's own study. Subsequently, Uganda announced it had settled on building the pipeline through Tanzania.

In making the decision, Uganda emphasised two factors: cost and speed of completion. The argument was that the Tanga route would be cheaper, and that Uganda had come to an agreement with Tanzania on lower transit fees. The lower costs of the Tanga route were to be a product of various factors including the fact that unlike Lamu, where a new port would be established, the port at Tanga only needed upgrading. According to Tom Ogwang, a lecturer at Uganda's Mbarara University of Science & Technology, issues related to land compensation in Kenya made the UKCOP route more expensive and complicated. In contrast, land in Tanzania is owned by government. Strategic considerations associated with Uganda's landlockedness and its reliance on Kenya also loomed in Kampala's decisionmaking about pipeline routes.

Most of Uganda's imports come via the Kenyan port of Mombasa and are then transported overland, and Kenya remains Uganda's biggest trading partner in the region. Uganda's landlockedness has translated into a historical reliance – what Kampala has come to see as overreliance – on Kenya given the primacy of the port of Mombasa and overland logistics that often comes at a steep cost. For instance, Uganda was almost completely cut-off from the outside world in 2008 due to post-election violence in Kenya that blocked road transport in both directions. Kenya blocked imports of Ugandan manufactured products through non-tariff barriers that it erected in 2020. This resulted, according to the Bank of Uganda, in the cumulative loss of about US\$121 million for Uganda by 2021 (Anami et al., 2021). Thus, following the discovery of oil, Museveni prioritised building a large refinery that would cater to both local and regional demand for oil. The aim was to harness the strategic value of oil in order to transform Uganda from its landlocked dependence on Kenya into a largely self-sufficient state in terms of oil, one that would reposition itself into a regional hub for crude oil production and supply (Patey, 2017).

Politically, strategically, and economically, Tanzania offered Uganda another outlet—a non-Kenyan path to the sea—even though Uganda had its own problems vis-à-vis Tanzania and its significant tariffs that restrict trade. According to the Kenyan business journalist, Edwin Okoth, beneath the rhetoric of dialogue of a joint pipeline between the two countries, there has always lurked an element of 'sibling rivalry.' This shaped how Uganda and Kenya approached their respective efforts to extract and export oil. Both countries, for example, sought to be the first to export oil, a job made easier for Kenya, notwithstanding its discovery of oil six years after Uganda, given its port at Mombasa, existing infrastructure and access to international markets. Despite a history of joint projects and Kenya's superior infrastructure and ability to raise capital, Museveni viewed Tanzania's interest favourably and assembled a team who found that the route to Tanga was cheaper than Kenya's proposed route to Lamu.

While the Ugandan's findings may have been sound, the results contradicted previous feasibility studies which found, as noted above, that the costs and length of the competing pipelines were a minor factor in the overall decision. As such, Museveni may have been reacting less to the positive report of his team and more to Uganda's overreliance on Kenya and the other favourable developments that privileged the Tanga route over the UKCOP.

#### 4.2. Tanzania's strategic offensive

During the presidency of Jakaya Kikwete (2005-2015), Tanzania's relations with its neighbours were punctuated by disagreements (Chemelil, 2016). Tanzania was therefore cast as an impediment to regional integration in the EAC's integration project (Ng'wanakilala, 2013). The result was the formation of the informal coalition of Kenya,

Uganda, and Rwanda with the aim of fast-tracking regional integration through infrastructure. The regional geopolitical context circa 2012-2015 was thus favourable for the UKCOP as well as infrastructure projects like a standard gauge railway that would connect Kenya, Uganda, Rwanda (Ogwang and Vancley, 2021b). That both Kenya and Uganda had oil reserves provided further impetus for a regional pipeline.

Even more prickly and isolationist than Kikwete, President John Magufuli (2015-2021) initially sought to overcome Tanzania's reputation by improving ties with its neighbours. This was a direct challenge to Kenya's historical dominance of the region and generally met a positive reception in other EAC states. Magufuli skilfully exploited Uganda's traditional concerns about Kenya and highlighted the benefits of a Tanzanian pipeline by sending dedicated business and diplomatic delegations from Dodoma to Kampala. During their visits, they played up Tanzania's lack of insecurity and the relative ease of land acquisition in Tanzania as compared to Kenya. They also argued that Tanga Port required no dredging to be operational – even though Tanga was reportedly underutilised and possessed inadequate capacity to handle large volumes of cargo, to include oil (Kang'ereha, 2018).

Tanzania's success in getting Uganda to build its pipeline through its territory was the product of effective lobbying but also represented the product of shifts in the regional geopolitical context after Magufuli came to power in 2015. The decision by Uganda to build an oil pipeline through Tanzania, for instance, fostered an emerging energy partnership between the two countries with discussions taking place about Tanzania building a pipeline to supply Ugandan industries with Tanzanian natural gas. In 2016, Rwanda's president, Paul Kagame, made agreements with Tanzania by severing plans to connect Rwanda's railway lines to Kenya's standard gauge railway, a key link in Nairobi's northern transport corridor. In doing so, Kagame – like Museveni in Uganda – emphasised that his country's decision was based on considerations of cost and speed of completion (Onyango, 2019). The EAC's 'coalition of the willing' further splintered as Uganda and Rwanda accused each other of fomenting plots aimed at the destabilization of their respective states (Donelli, 2022). It was these shifts in the regional context that strengthened Tanzania's in convincing Uganda to pipe its oil to Tanga. Nevertheless, it was the adept lobbying and promise of significant funding by external non-state actors that really turned the trick for the EACOP and, in the process, spelled the end of the UKCOP.

#### 4.3. The role of Total

Total played a pivotal role in opposing the northern route in Kenya for the UKCOP and in pushing for the alternative Tanga route.<sup>10</sup> Total offered to build the Tanga pipeline and promised to source funding (Musisi and Muhumuza, 2016). The pledge of secured funding was particularly appealing to Uganda because fiscal challenges had previously delayed other infrastructure projects in the country such as dams and transport corridors.

The company carried out a feasibility study on the Tanga route in early 2015, which found the new route less challenging. By March 2016, Total reported it had raised US\$4 billion to build the Tanga pipeline. Reacting to the Ugandan government's feasibility study, Total E&P Uganda's Corporate Affairs Director stated, 'We commend the thorough work conducted by the Government of Uganda in the process of analysing and selecting the best route to transport the Ugandan oil and to ensure the maximisation of its values' (Musisi and Muhumuza, 2016).

The important role Total played in influencing the choice of the route was underscored by Patey (2020) who noted that oil majors are

<sup>10</sup> The important role of Total is recognised both in the literature (see, for example, Patey 2020) and among interviewees such as Tom Ogwang, Mbarara University, and Charles Wanguhu, Coordinator, Kenya Civil Society Platform on Oil and Gas (KCSPOG).

powerful actors that can influence regional relations as part of trans-boundary projects. Oil companies have significant resources that they can leverage to include the diplomatic backing of their governments of origin, vast financial resources, and expertise in complex oil operations. Total is the major financier, producer, and developer in the development of Uganda's crude oil fields. The company's important position in Uganda is a product both of its wealth of experience in complex oil production and the fact that efforts by Uganda, in recent years, to attract new players into the country have faltered (Barigaba, 2020).

Oil companies, nevertheless, may have certain interests in the form of their investments that could contribute to influencing their support for certain routes for potential pipelines. Total's proactive stance vis-à-vis the EACOP can, in part, be explained by Total's 2017 decisions to explore oil in and around Lakes Tanganyika, Eyasi, Wembere and Rukwa. Both Eyasi and Wembere lie along the pipeline route. The EACOP, feeding south and east, will thus link more easily to Total's other oil interests in the Rift Valley system.<sup>11</sup> Accordingly, Total lobbied aggressively for the Tanga pipeline—and continued to raise capital for the venture—until a final deal was signed in April 2021.

The US\$5 billion pipeline from Hoima to Tanga was described by Museveni as 'a triple victory (*Ushindiya mara tatu*) for Tanzania and Uganda: military, political, and economic' (@KagutaMuseveni, 2021).<sup>12</sup> Expectations soared that both states would receive investment totalling nearly US\$16 billion to develop and transport Uganda's oil to Tanga during the period 2021–2026. Indeed, Total and CNOOC expect to be producing 200,000 barrels of oil per day by 2025, from the discovered reserves in and around Lake Albert (Africa Intelligence, 2021).

While the funding and details of the EACOP remained confidential, and opposition to the pipeline continued to build in Uganda, Museveni believed he had won a triple victory for Uganda. While the military part of the victory is unclear given the context, Uganda has gone some distance in breaking free from the strategic detractions associated with its landlockedness and reliance on Kenya. Nairobi, in contrast, lost not only a potential pipeline to export its oil, the termination of the UKCOP torpedoed the single biggest fiscal support for its plans associated with the LAPSET Corridor.

#### 4.4. Impacts on Kenya

The choice of the Tanga route caught Kenya by surprise. Charles Wanguhu, a coordinator and the Kenya Civil Society Platform on Oil and Gas (KCSPOG), surmised that Kenyan officials had largely taken Uganda's commitment to the joint pipeline for granted. This was likely a product of various factors, according to Tom Ogwang at Mbarara University. These included confidence in the coalition of the willing that had promoted close infrastructural development between Uganda, Rwanda and Kenya, and the assumption on the part of Kenyan policymakers that a spur connecting the joint pipeline with South Sudan would "sell" the idea of the joint pipeline.

The demise of UKCOP had several ramifications for Kenya. First, Kenya lost many of the various potential economic benefits that would have come with the construction, management, and export of oil, such as the potential to produce employment. Kenya's long-term objective to position itself as a major regional hub for energy also suffered a blow. Kenya's leaders had hoped to make their country the link binding the EAC (particularly South Sudan, the newcomer, along with Ethiopia) to international markets (Vasquez, 2019). The UKCOP had, after all, been conceived as a component of the ambitious LAPSET mega infrastructure project alongside several others. The failure of the UKCOP coupled with a decreased interest in LAPSET by Ethiopia and South Sudan

further undermined Kenya's regional ambitions. A Kenyan official estimated that the loss of the joint pipeline project would cost Kenya over US\$3 billion in losses because of various increased costs (Patey, 2020).

Second, the abandonment of the UKCOP project significantly impacted Kenya's efforts to monetise its crude oil reserves through extraction and export. Oil majors are less inclined to view Kenya's limited oil reserves and the high risks and costs associated with the proposed pipeline in a positive light now that the EACOP will be built to Tanga. Even prior to the drop in oil prices in 2013–2014, export of Kenya's relatively smaller reserves of waxy crude was predicated largely on the construction of a joint pipeline with spurs to South Sudan in order to attract funding and investment. Kenya now finds itself in the challenging situation of building and largely funding its own pipeline. To add insult to injury, Total, which operates at blocks 10BB and 13T in Turkana (500 million recoverable barrels), has suggested that Kenya should forego its own pipeline and instead link its oil to the EACOP (Africa Intelligence, 2020). Nairobi, given Kampala's actions, has little wish to see Museveni's dream come closer to fulfilment by piping its own oil through Uganda via the Total-funded EACOP.

The UKCOP, as originally conceived, was a project that potentially had many positive considerations. The similarity in the waxy crude oil of the two countries meant that it was feasible to share the same oil infrastructure thus cutting down on costs. The combined volume of oil from Uganda and Kenya and the possible link with oil from South Sudan was seen as likely to attract funding. There is also a history of Kenya and Uganda collaborating on common, cross-border projects, and a shared commitment – alongside Rwanda – for faster regional integration. Uganda's traditional fears about overreliance on Kenya and, correspondingly, Kenya's dominance in East Africa had been successfully laid to rest in the past. Magufuli's charm offensive was impressive for its novelty and its alacrity. Historically, however, Nairobi's leaders and diplomats had stolen a march on Tanzania when it came to projects with Uganda.

#### 5. Elite capture, divergent political realities, and time horizons

The research indicates that fractious politics, heightened elite contestation and issues of land compensation in Kenya, along with longer time horizons in Uganda all combined to tilt the balance in the Tanzanian pipeline's favour. Governance of Kenya's oil sector, for instance, was negatively affected by an increase in elite contestations and efforts at elite capture. Kenya is an example of countries where raised expectations around oil windfalls contributed to an increase in attempts by elites to gain influence over the oil sector. Following the discovery of oil in Uganda and the ensuing rush by oil companies into East Africa, Kenyan political elite networks began to take an interest in Kenya's nascent oil sector. After the discovery of oil in Kenya, several oil blocks were quickly dished out to companies with no experience in oil exploration but linked to powerful individuals (Tyce, 2020).

The oil sector in Kenya has been an arena of contestation among political elites – individuals with superior political status due to economic, educational, ethnic, or other social characteristics – for many years, and this had several negative impacts on governance of the oil sector. The discovery of oil in Kenya in 2012, followed by the unveiling of devolution in Kenya in 2013, contributed to an increase in elite contestations at the 'core-periphery (national-county), corporate-periphery (oil firm-county) and intra-periphery (within the county) levels in Turkana.' (Orr, 2019). In addition, elite contestation spiked among the various political elite networks in Nairobi, often along tribal/party lines. Elite contestations across all levels led to delays in the passing of a petroleum law as well as political battles that led to breakdowns in communication and cooperation within Kenya's main regulatory agencies involved in the oil sector (Ibid). In turn, elite contestation in Turkana contributed to disagreements and unrest that led to Tullow Oil suspending work in 2013 and 2018. Efforts at elite capture, defined by Bardhan (2002) as the process by which elites take advantage of their

<sup>11</sup> Interview with consultant engineer involved in feasibility studies of pipeline routes in East Africa, May 28, 2018.

<sup>12</sup> *Ushindiya mara tatu* means triple victory in Kiswahili, the lingua franca of East Africa.

positions to amass a disproportionately large share of resources or a flow of benefits, also contributed to efforts by powerful political interests to capture projects in the oil sector. Reports that interests linked to a powerful Kenyan politician were seeking to position themselves to directly benefit from the UKCOP are believed to have further convinced Uganda to abandon the project (Tyce, 2020). In sum, the shifting alliances of Kenya's political elite meant that elite capture of lucrative infrastructure was also contested. In addition, Museveni's Kenyan counterpart today may be gone tomorrow on account of regularly held elections. This could result in significant delays to megaprojects such as oil pipelines as a new cycle of elite contestation commences.

It is particularly interesting to note the stark difference between the nature of politics across Kenya and Uganda. Political leaders in both states operate on different time horizons. Time horizons are '... a metaphor for how heavily actors value the future relative to the present' (Krebs and Rapport, 2012: 530). In Kenya, for instance, there is a high degree of functional policymaking given elected officials' short time horizons. That is, because Kenyan politicians may regularly be removed from office via scheduled elections, they weigh the future less in present decision-making. Accordingly, they may make calculations about projects by asking themselves 'What can I get from this project?' Or 'What does it do for me?' For Museveni and his trusted advisors and family members, future gains of great value can be calculated because they can think and plan for tomorrow. This is on account of the more centralised and autocratic political system in Uganda, which dates to the early years of independence, and has been accentuated by Museveni. He has nearly four decades of experience showing that Uganda's elections will not end his rule, thus allowing for longer time horizons than his Kenyan counterparts. This outlook has directly affected the methods by which Uganda has operationalised its oil extraction efforts and has resulted in the militarization of parts of western Uganda, for example (Vokes, 2012).

Uganda's approach to managing its oil also differs markedly from that of other African peers such as Ghana. This is primarily a product of the underlying political settlement in Uganda which, unlike in Ghana, gives Uganda's political elite the luxury of longer time horizons (Hickey et al., 2020). Uganda has therefore been more inclined to engage in hard bargaining with oil companies such as Total. The result has been that it is widely acknowledged as having gained some of the most favourable terms compared to its regional peers (Patey, 2020). This same bargaining approach has also been seen in Uganda's negotiations for a regional pipeline in Kampala's discussions with both Kenya and Tanzania. In sum, these developments worked against Kenya and played into Tanzania's courting of Uganda, and Uganda's deep-seated concerns about its overreliance on Kenya.

The issue of land management and land rights in Kenya and how these would impact the cost and the duration of the UKCOP formed another important variable in Uganda's calculations. The different legal frameworks of management of land in Kenya meant that there would be different challenges to overcome in the choice of either the southern or northern routes for the proposed the UKCOP. The preference by the Kenyan government for the northern route for the pipeline, according to both Ogwang and Okoth, may have been influenced, in part, by considerations about land compensation. The Kenyan Constitution, specifically Article 40(3), provides for compensation for land that is compulsorily acquired for a public purpose such as an oil pipeline. In addition, Article 40(4) provides for compensation to occupants in good faith of acquired land-even if they may not hold a title to the land. Given the preponderance of Kenya's population lies far to the south of the proposed UKCOP's northern route, the prospect of relatively simpler and less costly land compensation certainly must have appealed to Kenyan policymakers. Nevertheless, as Achiba and Lengoiboni (2020) demonstrated, devolution in Kenya coupled with the reproduction of historical colonial misconceptions of communal tenure and elite capture make the issue of land appropriation for a pipeline, whether in northern or southern Kenya, far from straightforward.

In contrast, Uganda's leadership has effectively, if not altogether controversially, accessed land for other projects in the past because of the centralised nature of the political system and the accrual of power by Museveni since 1984 (Muriisa and Specioza, 2019). Land compensation is even more straightforward in Tanzania where, according to Ogwang, land is *de jure* owned by the government. Thus, while cognizant of Kenya's devolved political system, Ugandan leaders may have not fully understood the constraints faced by Kenya's leadership related to the issues of land acquisition and compensation. Alternatively, they simply banked on what will likely be a less complicated process of land expropriation and compensation in neighbouring Tanzania.

## 6. Conclusion

This article explored the factors behind the demise of the UKCOP and Uganda's decision to build a pipeline for its oil through Tanzania. From Kenya's perspective, Uganda had limited choices and the northern route of the UKCOP through Kenya was perceived as a suitable outlet for Uganda's oil. Kenyan policymakers presumed Uganda would choose their favoured route because they assumed Museveni and his ruling cadre had no other viable choice. Though they severely miscalculated, the demise of UKCOP was far from a *fait accompli*, but rather a combination of several factors. These included savvy lobbying by Magufuli and his diplomats. Uganda played the willing suitor to Tanzania not because Museveni had better relations with Tanzania's ruling cadre or with Magufuli, in particular. Rather, Uganda's landlockedness and the strategic conundrums it brings led to its rejection of Kenya's offers for a pipeline to Lamu. Museveni deemed Uganda's core national interests (as well as his own) would be better served by a pipeline to Tanzania's port at Tanga rather than to Kenya's planned port at Lamu. For landlocked Uganda, its diversification of access to the sea and a concomitant reduction of its dependence on Kenya for imports and exports has been a long-term objective. Uganda's geographic straitjacket thus led to Kenya's exclusion from the pipeline club in the EAC. In turn, Kenya's desire to see South Sudan's oil transported via its pipelines took a hit, along with its plans to develop its northern corridor. A history of mistrust, then, coupled with differing political systems and Kenyan smugness about Uganda's lack of options were, in turn, compounded by external non-state actors such as Total's offers of much-needed financing if Uganda's oil was piped through Tanzania.

The role of Total, in particular, points to the significant influence that major international oil companies are still capable of wielding despite significant shocks to the industry since 2014 and growing support for renewable energy. That companies like Total can do so is a product of the significant resources at their disposal including financial resources, expertise in the complex oil production process and the diplomatic backing of their governments. The result is that the EACOP will almost certainly be built despite the delays produced by the COVID-19 pandemic circa 2019-2021 and oil price volatility. A Final Investment Decision, for instance, was signed by Uganda and Tanzania in February 2022, followed one day later by a US\$10 billion deal reportedly signed between the two countries and Total and CNOOC. These moves open the way for construction and development of the EACOP.

The public fallout between Uganda and Kenya has remained muted. Beyond some public handwringing in the Kenyan press, no explanations or condemnations have been publicly issued by Nairobi. Instead, Kenya has tried to truck its oil to the coast and has spoken of building its own pipeline, but that proposition has failed to garner interested funders, to date. But below the surface, Kenyans still seem to smart over Uganda's spurning of its pipeline route, and government officials – as we learned in our attempts to interview them – refused to speak about the issue owing to its sensitive nature. Ugandan officials, for their part, acted in a similar fashion. Kenya and Uganda will continue to disagree – publicly at times – but their relations are too intertwined and complex to sever completely.

Plans for the UKCOP emerged within a specific geopolitical context

in which the goal of faster regional integration within the EAC brought Uganda, Kenya, and Rwanda closer together, for a time, while relations with Tanzania cooled. Fast forward a few years and the regional geopolitical context had changed: Tanzania had broken out of its isolation, Uganda and Rwanda were at loggerheads, and Kenya was overconfident in its role as East Africa's gateway. Uganda thus found itself with a viable alternative to Kenya in shipping its oil to international markets. Powerful leaders, some in power for decades, and their perceptions of neighbouring states within the EAC – in play since independence and replete with path dependency and historical baggage – continued to be the single biggest factor informing decisions made in the respective capitals of Kampala, Dodoma, and Nairobi. While Kenya will almost certainly maintain its role as East Africa's transport lynchpin for the foreseeable future, our research has shown that the overall economic and political direction of the EAC increasingly favours linkups between other EAC states that may exclude Kenya.

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