



**The Republic of Uganda
Ministry of Energy and Mineral Development**

**PRESS CONFERENCE ON THE SIGNING OF KEY AGREEMENTS FOR THE
OIL AND GAS SECTOR**

TUESDAY, 13TH APRIL, 2021

KAMPALA SERENA HOTEL

**DR. KITUTU KIMONO MARY GORETTI (MP)
MINISTER OF ENERGY AND MINERAL DEVELOPMENT**

The Permanent Secretary, Ministry of Energy and Mineral Development;

The Executive Director, Petroleum Authority of Uganda;

The Chief Executive Officer, Uganda National Oil Company;

The General Manager, Total E&P Uganda Limited;

The General Manager, East African Crude Oil Pipeline Company Limited;

The President, CNOOC Uganda Limited;

Ladies and gentlemen of the press;

Good morning.

1. On Sunday, 11th April, 2021, Uganda witnessed a historic milestone in its journey to First Oil, which marked the launch of Uganda's oil and gas projects. The event, which culminated into the conclusion of key agreements, was graced by the two heads of state, His Excellency President Yoweri Kaguta Museveni and Her Excellency Samia Suluhu Hassan, the President of the United Republic of Tanzania.
2. One of the key agreements signed was the Uganda Host Government Agreement (HGA) between the Government of Uganda and the EACOP Company. It was an honour for me to sign on behalf of the Government of Uganda. Mr. Martin Tiffen, the General Manager, EACOP Co., signed the Uganda HGA on behalf of the company. The HGA concluded the legal framework and contractual obligations between Uganda as the host country, and EACOP Co. as the project company.
3. The second agreement was the Shareholders Agreement (SHA). The Shareholders Agreement (SHA) defines the rights and responsibilities of the shareholders in the EACOP Co. The shareholders are: the Uganda National Oil Company (UNOC) with 15%; the Joint Venture Partners (Total Holdings International B.V. with 62% and

CNOOC Uganda Limited with 8%) and the Tanzania Petroleum Development Corporation (TPDC). TPDC will take shareholding of up to 15%. The SHA is significant because it has constituted the EACOP Company, and will now guide the funding of shareholding, finance structure and general governance of the company.

4. The third agreement that was signed is the Tariff and Transportation Agreement (TTA). The TTA defines the rights and responsibilities of the shippers on one hand, and the transporter on the other hand. The TTA was signed between the transporter, EACOP Co., and the Shippers of the crude oil who are the Government of Uganda, UNOC, Total E&P Uganda Limited and CNOOC Uganda Limited.
5. The launch of the projects on Sunday paved way for EACOP Co. to award the main Engineering, Procurement and Construction (EPC) contracts. The award of these contracts is important because it opens up substantial opportunities for Ugandans and Ugandan companies to provide goods and services for the construction of the EACOP.
6. The conclusion of these key agreements for the EACOP is a major requirement for the announcement of the Final Investment Decision (FID). It is important to appreciate that there is no document that will be signed for, or called, "FID"; the project launch on Sunday, 11th April, 2021 at State House, Entebbe, is a demonstration of the commitment the respective Governments and oil companies have for the projects. With these agreements in place, the oil companies and Government will proceed with the approval and award of contracts to the main Engineering, Procurement and Construction (EPC) contractors. This will enable the construction work for the projects to proceed.

7. Government and the Companies estimate that First Oil will be within four (4) years, with the actual construction starting this year. However, other processes are already ongoing including the acquisition of land for the pipeline and the EPC management activities. It is important for the people of Uganda to take note of, and position themselves to benefit from, the extensive activities already going on.
8. The Ministry of Energy and Mineral Development developed the Local Content Policy in 2018 to streamline the implementation of the national content regulations within the Petroleum Laws. There are also ongoing opportunities by the Government and the JVPs for skills development, specialised training and enterprise development, all aimed at building the capacity of Ugandans and Ugandan companies to competitively work in, or supply goods and services to the sector.
9. It is a requirement for all companies that would like to supply goods and services in Uganda's oil and gas industry to register on the National Supplier Database (NSD) through the Petroleum Authority of Uganda website. Similarly, Ugandans who would like to work in the sector are encouraged to get onto the National Oil and Gas Talent Register (NOGTR), for easy access and visibility of the jobs in the sector.
10. The signing of the agreements and the launch of the oil and gas projects, more so during the ongoing COVID-19 pandemic, are an assurance of commitment from our investments Partners towards the sustainable development of Uganda's petroleum resources. Uganda's oil and gas project is the only major project in Sub-Saharan Africa to be sanctioned since the pandemic started, which attests to the profitability of the projects, and the country as a favourable investment destination.
11. The significant investment into Uganda's economy that has now been unlocked includes the implementation of the Tilenga Project in Buliisa and Nwoya districts

(approximately US\$4 billion); the Kingfisher Project in Hoima and Kikuube Districts (approximately US\$1.5 billion); and, the East African Crude Oil Pipeline (EACOP) that will cross the ten (10) districts of Hoima, Kikuube, Kakumiro, Kyankwanzi, Gomba, Mubende, Lwengo, Sembabule, Kyotera and Rakai in Uganda (approx. US\$3.6bn). This is in addition to what Government is already investing in the required support infrastructure, including Hoima International Airport (over US\$500m) and 700 kilometres of oil roads (approx. US\$900m).

12. Some of the specific benefits that will accrue to Uganda and Ugandans from the launch of the projects include the following:
 - a. De-risking all the other upcoming projects including the refinery and the new exploration projects – the development of the Upstream projects guarantee the supply of feedstock into the refinery, while the pipeline and the refinery provide evacuation options for future oil discoveries in the new exploration areas;
 - b. Employment of Ugandans – This will be through direct employment of about 14,000 people by the companies, indirect employment of about 45,000 people by the contractors, and induced employment of about 105,000 people as a result of utilisation of other services by the oil and gas sector. Of the direct employment, 57% are expected to be Ugandans, which is expected to result in an estimated USD 48.5 million annual payment to Ugandan employees;
 - c. Participation of Ugandan enterprises in the provision of goods and services – At least 28% of the USD 15 billion (equivalent to USD 4.2 Bn) investment during the development and construction will go to Ugandan Companies through provision of various goods, services and works;
 - d. Currently, contracts worth USD 167 million out of the USD 1.362 billion Recommendations to Award (RTAs) for the Tilenga and Kingfisher projects

that have been presented to the Petroleum Authority of Uganda before FID, are to be awarded directly to Ugandan companies. This only accounts for nineteen (19) out of the over thirty (30) work packages to be awarded by the Licensees. However, it is important to note that there will be many more subcontracts given to Ugandan companies through subcontracting by the Level-1 contractors;

- e. Capacity building and technology transfer through subcontracting and joint venturing – With the involvement of world-class oil service companies and the expected Joint Venture and sub-contracting opportunities, Ugandan companies are expected to greatly benefit from the expected partnerships. As witnessed during the exploration phase, we expect Ugandan companies to progressively gain capabilities to provide technical services that have hitherto been a preserve of the more experienced foreign companies; and,
 - f. In addition, the GDP of the country, expected to reach USD 40.1 Billion in 2020/21 will significantly be boosted through sectoral linkages by close to USD 9 Billion (22% increase of the current GDP) by the end of the construction phase.
13. In conclusion, the conclusion of the oil agreements is a key milestone for the country. Government of Uganda commits to ensuring that processes leading to First Oil bring enhanced value for the country, while maintaining a good return on investment for the investors.

THANK YOU; FOR GOD AND MY COUNTRY

DR. KITUTU KIMONO MARY GORETTI (MP)

MINISTER OF ENERGY AND MINERAL DEVELOPMENT

APRIL 2021