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Uganda Gains Veto Rights and Board Seats in Kenya Pipeline Company

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Uganda has secured significant governance influence over the Kenya Pipeline Company (KPC), obtaining two board seats and veto power over key corporate decisions following its acquisition of a 20.15% strategic stake in the firm. The Uganda National Oil Company purchased the stake during KPC's initial public offering earlier this year, in which Kenya floated 65% of its shares on the Nairobi Securities Exchange. The boardroom restructuring took effect July 28, with Uganda's Permanent Secretary for Finance, Dr. Ramathan Ggoobi, and Permanent Secretary for Energy, Irene Bateebe, formally seated as directors.

Under the revised governing terms, Uganda holds veto authority over a range of critical corporate decisions, including executive appointments — specifically the hiring and firing of the chief executive officer — as well as pipeline tariff adjustments, dividend policy, corporate restructurings, and changes to share capital. The arrangement gives President Yoweri Museveni's government effective leverage over infrastructure that serves as a primary fuel supply corridor for landlocked Uganda, which imports approximately 90% of its daily petroleum requirements through Kenya's pipeline network.

The pipeline runs from the port of Mombasa on Kenya's coast into Kenya's interior and onward to landlocked neighbouring nations, making it a critical energy artery for the broader East African region. Supporters of the deal frame Uganda's involvement as a pragmatic step to secure reliable fuel access and reduce transport costs across the region. However, local analysts and political opponents in Kenya have raised concerns that ceding veto rights over executive leadership and tariff-setting decisions to a foreign government materially compromises Kenya's sovereignty over a strategic national asset.

The governance changes arrive at a particularly sensitive moment for KPC, which has been managing a leadership transition and actively seeking a permanent chief executive following recent executive turnover. With Uganda's two appointees now holding board seats and veto authority over CEO selection, any incoming executive candidate will effectively require Kampala's approval. This structural shift is expected to influence KPC's commercial direction, particularly decisions around tariff structures and dividend policy — areas of direct financial consequence to Uganda as both a major shareholder and the pipeline's largest transit customer.

For the wider East African energy landscape, the deal signals a deepening of cross-border infrastructure interdependencies. Uganda's move to formalise influence through equity ownership rather than purely bilateral transit agreements represents a notable evolution in how landlocked states are seeking to manage energy security. The longer-term implications for pipeline expansion planning, tariff renegotiation, and the governance of shared infrastructure across the region remain closely watched by regional energy stakeholders.

Why this matters to partners and clients of Saga

Norwegian service companies should monitor this deal as a leading indicator of governance complexity in East African pipeline infrastructure — tariff instability or leadership uncertainty at KPC could affect investment timelines for pipeline expansion and maintenance contracts. Companies with pipeline integrity, inspection, and operations management capabilities may find opportunities if KPC pursues infrastructure upgrades under its new dual-sovereign governance structure. The situation warrants watchful positioning rather than immediate action, pending clarity on KPC's strategic direction under its restructured board.

PARTNER ANGLES

- **Pipeline:** KPC's restructured governance and leadership transition may accelerate pipeline modernisation and integrity management procurement, creating an entry point for Norwegian pipeline inspection and maintenance service providers.

- **Service:** Tariff renegotiation and dividend policy debates between Kenya and Uganda could delay or reshape KPC's capital expenditure plans, requiring service companies to build relationships with both sovereign stakeholders before bidding.
- **Subsea/FPSO:** Increased East African cross-border energy governance complexity reinforces the strategic value of monitoring regional infrastructure interdependencies, particularly as Uganda's oil production timelines remain tied to export route stability.
- **LNG:** The Mombasa-to-interior pipeline corridor is a reference point for future fuel logistics planning in East Africa; Norwegian LNG and gas infrastructure advisors should track how Uganda's stake influences potential gas pipeline discussions in the region.

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Saga Advisory

General: info@saga-advisory.com · saga-advisory.com

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