

CONSTRUCTION REVIEW ONLINE · ETHIOPIA · LNG

GCL and Jurong sign Ogaden LNG Phase 2 contract

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China's GCL Group and Jurong Group have signed a contract to advance the second phase of the Ogaden LNG project in Ethiopia's Somali Region, marking a concrete contractual step toward expanding the country's natural gas processing capacity. The agreement was executed on 16 October 2026 at Ethiopia's Ministry of Mines.

The Ogaden basin has long been identified as Ethiopia's primary onshore natural gas resource, and this signing moves Phase 2 beyond the preliminary-agreement stage into contracted development. The involvement of two Chinese industrial groups — GCL Group and Jurong Group — signals that project financing and execution responsibilities are being allocated between parties with distinct engineering and construction competencies, though the article does not specify the respective roles or the contract value.

For the broader East African LNG landscape, the Ogaden project represents one of the few landlocked LNG development programmes on the continent. Getting gas from the Somali Region to export or domestic end-users requires not only liquefaction infrastructure but also significant pipeline and logistics solutions. The article does not specify whether Phase 2 covers upstream gas gathering, liquefaction trains, or downstream distribution, leaving scope and scale details to be confirmed through official project disclosures.

Ethiopia's gas ambitions have historically moved slowly due to infrastructure deficits, security considerations in the Somali Region, and financing complexity. The contract signing at the Ministry of Mines level indicates government endorsement and

regulatory alignment, which are prerequisite conditions for international service and equipment suppliers to engage meaningfully. Norwegian and international oil and gas service companies should treat this signing as a confirmed contractual instrument — a meaningful step up from the MoU and reconnaissance-permit stage — while recognising that detailed procurement processes for specialist services have not yet been publicly announced.

Why this matters to partners and clients of Saga

This is a signed contract, so it is appropriate for Norwegian service companies to begin targeted monitoring of procurement announcements tied to Phase 2 scope definition. LNG process technology providers, modular plant fabricators, and pipeline engineering firms should register interest with GCL Group and Jurong Group project offices and with Ethiopia's Ministry of Mines to position ahead of subcontract and equipment tender releases. Until scope and timeline are confirmed in greater detail, direct procurement outreach is premature, but relationship-building with the two lead contractors is now warranted.

PARTNER ANGLES

- **LNG:** LNG modular plant and cold-box equipment suppliers should engage GCL Group and Jurong Group now to understand liquefaction train specifications for Phase 2 and register as potential equipment vendors.
- **Pipeline:** Gas gathering and trunkline engineering firms should monitor scope releases closely, as landlocked Ogaden gas will require significant pipeline infrastructure to reach liquefaction or domestic off-take points.
- **Subsea/FPSO:** No offshore or subsea angle is present in this onshore project; relevance is limited unless future phases involve coastal export infrastructure.
- **Drilling/Well Services:** If Phase 2 includes upstream appraisal or development drilling to underpin liquefaction feedgas volumes, well-services companies should track Ministry of Mines licensing disclosures for tender opportunities.
- **Service:** Project management, HSSE, and logistics consultancies with East Africa presence should approach both Chinese lead contractors early, as remote Somali Region operations will require specialist support services.



Saga Advisory

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

STAVANGER · CAPE TOWN