

ECOFIN AGENCY · KENYA · PIPELINE

Dangote grabs 24.76% Kenya Pipeline stake for \$327m

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Aliko Dangote has acquired a 24.76% stake in Kenya Pipeline Company (KPC) for \$327.2 million, marking a significant move by the Nigerian billionaire to anchor an East African fuel distribution network around his planned industrial assets. The acquisition gives Dangote a material foothold in one of the region's primary petroleum transport arteries, positioning him ahead of what he envisions as an integrated supply chain stretching from Nigeria to the East African coast.

The KPC stake is designed to complement two larger bets Dangote is making in the region. The first is a planned refinery at Lamu, Kenya's northern coastal hub, with a projected cost of \$16 billion. The second is a \$1.5 billion pipeline investment intended to move refined product and crude across East Africa. Together, the three components — refinery, pipeline equity, and KPC stake — represent a vertically integrated downstream and midstream play that, if executed, would give Dangote substantial control over fuel supply from production to retail across multiple East African markets.

The deal has not landed without friction. The partial privatization of Kenya Pipeline Company has drawn controversy domestically, with competition concerns raised about the concentration of strategic infrastructure in private hands — particularly those of a single foreign investor with ambitions to dominate regional fuel logistics. KPC operates Kenya's national pipeline network and fuel storage system, assets considered critical to national energy security. Critics argue that ceding a quarter of the company to a single billionaire undermines the public interest rationale that historically justified state ownership of such infrastructure.

For the East African energy market, the implications are considerable. If Dangote's Lamu refinery advances to construction and operation, Kenya Pipeline's infrastructure becomes a natural offtake channel, giving the refinery built-in access to inland distribution without relying on third-party operators. The \$1.5 billion pipeline investment adds a further layer, potentially extending reach into landlocked markets such as Uganda, Rwanda, and beyond — countries that currently depend heavily on imported refined products trucked overland from Mombasa or Dar es Salaam. Consolidating those logistics under a single ownership structure could reshape regional fuel pricing and supply security dynamics for years.

At this stage, the KPC transaction is a completed equity acquisition. The Lamu refinery and the \$1.5 billion pipeline remain planned investments — neither has reached final investment decision or contract award. The scale of ambition is clear; execution risk across all three elements remains substantial, particularly given the regulatory, financing, and political complexity of large-scale energy infrastructure in East Africa.

Why this matters to partners and clients of Saga

The Lamu refinery and the associated \$1.5 billion pipeline are still at the planning stage — no FID or open tender has been announced — so Norwegian service companies should monitor developments and begin early relationship-building with Dangote's project development teams rather than pursuing procurement outreach now. When the refinery and pipeline projects mature to EPC or FEED tendering, there will be potential opportunities in pipeline engineering, terminal design, and associated process infrastructure. Tracking the regulatory approvals and financing milestones for the Lamu refinery will be the clearest signal for when to escalate engagement.

PARTNER ANGLES

- **Pipeline:** Monitor the \$1.5 billion East African pipeline investment for future FEED and EPC tender opportunities in pipeline design, coating, and integrity services as project definition advances.

- **Subsea/FPSO:** If the Lamu refinery sources crude via offshore offtake or marine terminal infrastructure, subsea and marine loading specialists should track the project's upstream and port integration components.
- **LNG:** East African refinery and pipeline buildout may create demand for associated gas handling and storage solutions; monitor whether Dangote's Lamu plans incorporate LNG or gas processing elements.
- **Service:** Well services and inspection companies with downstream expertise should position early with Dangote's East Africa project teams, as integrated refinery-pipeline projects of this scale require extensive third-party technical services across the project lifecycle.

[Original source: Ecofin Agency →](#)

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