

Oil Refinery Tender, Uganda

The rapid economic development of Africa is impossible without providing the continent with sufficient energy. In October 2013, the Ministry of Energy and Mineral Development of the Government of Uganda commenced a tender for the engineering and construction of a 60,000 bbl/d refinery. The start of commercial activity was to begin in 2017-2018. The projected refinery was supposed to ensure its dominant position in the East African market.

Project

The Uganda Refinery project included the development of a 60,000 barrels of oil per day refinery located in Kabaale – Hoima District, a 211-kilometre multi-products pipeline from Kabaale to a distribution hub in Namwambula – Mpigi District, a refined product storage terminal in Namwambula – Mpigi and a raw water pipeline from the Lake Albert to the Refinery in Kabaale.

Participants

In December 2013 Uganda shortlisted six companies from among the 15 top-tier international engineering companies that had applied for the multibillion-dollar tender: China Petroleum Pipeline Bureau, Marubeni Corporation from Japan, Petrofac from the UK, SK Energy from Korea, Vitol from the Netherlands and RT-Global Resources from Russia.

DP's Engagement

Our firm was engaged in May 2014, merely days after its inception, with just two partners in the new office and a newly hired junior lawyer from K&L Gates. DP was invited by a consortium consisting of RTGR, a leading Russian commercial bank and a top-tier Russian oil company. The firm was tasked with providing legal and general advisory support to the client, with the goal of winning the tender by the RTGR-led consortium.

Firm's Expertise

The client had chosen us based on partners' experience: prior to DP's formation, the firm's founders had worked at major US and English law firms having over twenty years of experience in cross-border transactions. Prior to engagement, the firm had had a vast-ranging experience in managing project teams and consulting on complex large-scale projects involving global investment banks, auditors and external consultants and advising on both Russian and foreign law in Russia and a number of other countries, including Britain, Germany, Hong Kong and the United States. Yet, participation in this project had become a new challenge for the firm. In addition to legal advice, the client needed assistance in negotiations with relevant authorities in Uganda and local banks, drafting multiple documents for submission to the tender committee, coordinating the positions of all participants, and also in advising the client on Western sanctions policy.

Winning the Tender

DP's participation in the project began in May 2014 and ended in the spring of 2016. Our client won the tender in February 2015 (<https://rostec.ru/en/news/4515537/>). Unfortunately, deteriorated geopolitical situation had eventually its toll on the project. Participation in the project was a unique experience and

opened doors to Africa for our company,. In addition to a standard tombstone souvenir with the names of the project participants, we keep a bottle of Ugandan rum in memory of numerous sleepless nights, negotiations and calls from three continents, and, most importantly, great people – members of the consortium team we had met along the way.