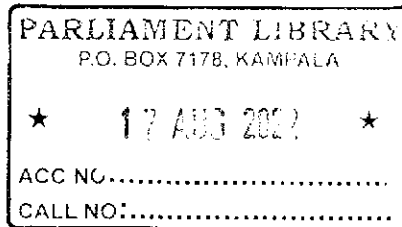




THE REPUBLIC OF UGANDA

**THE EAST AFRICAN CRUDE OIL PIPELINE
(EACOP) (SPECIAL PROVISIONS) ACT, 2021.**





THE REPUBLIC OF UGANDA

I SIGNIFY my assent to the bill.

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Yoweri Museveni
.....
President

Date of assent:..... 20/12/2021.....

Act *East African Crude Oil Pipeline (EACOP)* **2021**
(Special Provisions) Act

THE EAST AFRICAN CRUDE OIL PIPELINE (EACOP) (SPECIAL
PROVISIONS) ACT, 2021

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THE REPUBLIC OF UGANDA

**THE EAST AFRICAN CRUDE OIL PIPELINE (EACOP)
(SPECIAL PROVISIONS) ACT, 2021**

An Act to facilitate the implementation of the East African Crude Oil Pipeline Project in Uganda; to implement the obligations of Uganda under the Intergovernmental Agreement and the Host Government Agreement and for related matters.

DATE OF ASSENT:

Date of Commencement:

BE IT ENACTED by Parliament as follows:

PART I—PRELIMINARY

1. Commencement

This Act shall come into force on the date of its publication in the Gazette, except for sections 11(1) and 38 which shall be deemed to have come into force on 1st January, 2016.

2. Application

This Act applies to the East African Crude Oil Pipeline (EACOP) project in Uganda.

3. Purpose of Act

The purpose of this Act is to enable and facilitate the implementation of the EACOP project in Uganda.

4. Interpretation

In this Act—

“acceptable credit rating” means a rating for long-term unsecured and non-credit-enhanced debt obligations of A- or higher by S&P Global Ratings (a division of S&P Global Inc.), Fitch Ratings Ltd or AMBest or A3 or higher by Moody’s Investors Service Limited or any other as may be agreed to by the Parties under the Host Government Agreement;

“affiliate” means with respect to any entity, any other entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with that entity;

“agreed fiscal regime” comprises the regime of taxes and other charges, including the regime for imposing, administering and disputing taxes and other charges, pursuant to Ugandan law, as modified by Schedule 2 to this Act;

“Authority” means the Petroleum Authority of Uganda established by the Petroleum (Exploration, Production and Development) Act, 2013;

“business day” means any day, other than a Saturday, Sunday or an officially recognised public holiday, on which banks are open for general business in Uganda;

“contractor” means any person supplying goods, works, technology or services, including financial services, including inter alia, credit, financing, insurance or other financial accommodations, for the EACOP project to, or for the benefit of, the project company or the operator and, if applicable, in relation to early project activities, of an investor or its affiliate undertaking project activities, whether by contract or sub-contract, excluding however any physical person acting in his or her role as an employee of any other person;

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“decommissioning” means the process of safely ceasing operations resulting in complete or partial removal or making substantial changes in the use of the EACOP system or permanently disposing of or abandoning a facility or operation in a manner that is not deleterious to human health or the environment;

“decommissioning fund” means a cost reserve fund established pursuant to the decommissioning plan for the purposes of paying for the costs of implementing the decommissioning plan;

“decommissioning plan” means the latest version of the written plan describing the proposed actions associated with decommissioning of the EACOP system across Uganda and Tanzania to be undertaken by the project company, in the form prepared by the project company and approved by the relevant state Authority and the relevant Tanzanian state authority;

“dynamic flow meter” means an online meter capable of continuously measuring, displaying and storing the crude oil volume that is flowing across it at line conditions;

“EACOP” means the East African Crude Oil Pipeline;

“EACOP project” means, in relation to the EACOP system, the evaluation, development, design, construction, installation, financing, insuring, ownership, operation, including the transport of petroleum through the EACOP system, repair, replacement, refurbishment, maintenance, expansion, extension, including lateral, protection and, at the relevant time, decommissioning of the system and includes early project activities;

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“EACOP system” means the petroleum export pipeline system running from the inlet flange at Kabaale in Hoima District in Uganda to an export flange at the marine export terminal at Chongoleani, Tanga District in Tanzania, together with the onshore and offshore facilities, including storage, jetty, load-out facilities, heating and pumping installations, telecommunication system and all facilities and infrastructure ancillary thereto and includes any future expansion, extension or other addition thereto;

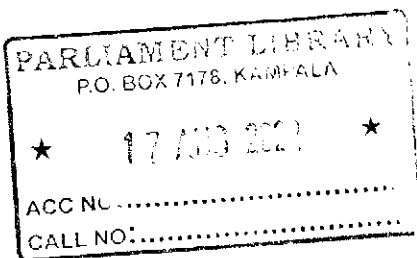
“EHSS standards” means—

- (a) the environmental standards listed in the approved environmental and social impact statement; and
- (b) the health, social and safety standards applicable to the EACOP project under the Ugandan law and referenced in the approved environmental and social impact statement, provided that in the case of any conflict, the standard most protective of health, social and safety concerns shall prevail;

“encumbrance” means any interest, right, demand, mortgage, lien, judgment, execution, pledge, charge, security interest, restriction, easement, claim, deficiency in title, prior estate, or encumbrance of any nature whatsoever, whether arising by operation of Ugandan law or otherwise;

“entity” means any company, corporation, limited liability company, partnership, limited partnership, enterprise, joint venture, unincorporated joint venture, association, trust or other juridical entity, organisation or enterprise duly organised by treaty or under the laws of any state or any subdivision thereof;

“existing Uganda oil fields” means the development areas pertaining to the petroleum production licences granted as



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of the date of the Intergovernmental Agreement or to be granted in the future in respect of Exploration Areas 1, 1A, 2 and the Kingfisher Development Area in the Albertine Graben in Uganda;

“final investment decision” means a positive unconditional and final decision to invest taken in relation to the EACOP project by the project company;

“finance parties” means—

- (a) the credit or financial institutions, including commercial banks, development finance and multilateral institutions, and export credit agencies, or other persons providing any credit, extension of credit, loan, financial accommodation, guarantee, hedging or other financing or credit product or service to any investor in connection with the EACOP project, including any refinancing or extension thereof; and
- (b) the persons providing any insurance, guarantee or debt service undertaking, howsoever described, in respect of the credit, extension of credit, loan, financial accommodation, guarantee, hedging or other financing or credit products or services referred to in paragraph (a) above,

in each case together with the agents and trustees of the parties, and including the shareholder related funders; and “finance party” means any one of them;

“first oil date” means the date of the first commercial delivery of petroleum at the exit point of the EACOP system;

“fiscal meter” means a dynamic flow meter and its associated equipment, including pressure and temperature transmitters, flow calculator, proving system, analysers

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used for the metering or measurement of crude oil in connection with the calculation of taxes or royalties in relation to the crude oil;

“Host Government Agreement” or “HGA” means the Host Government Agreement between the Government of Uganda and the project company concerning the East African Crude Oil Pipeline (EACOP) project;

“Intergovernmental Agreement” or “IGA” means the Intergovernmental Agreement between the Republic of Uganda and the United Republic of Tanzania concerning the East African Crude Oil Pipeline (EACOP) Project;

“investor” means—

- (a) the project company and any branch or subsidiary of the project company;
- (b) the sponsors, including their branches or subsidiaries established in Uganda or in Tanzania in relation to the EACOP project;
- (c) the state participants;
- (d) the shareholders; and
- (e) for each shareholder, one entity being either—
 - (i) an entity in the ownership chain between the shareholder and its ultimate parent, which is identified in a notice delivered to the State by the shareholder, supported by reasonable evidence of the ownership chain; or
 - (ii) in the absence of a notice from the shareholder under subparagraph (i), the ultimate parent of the shareholder;

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“key project parties” means each shareholder and shipper; and
“key project party” means any one of them;

“labour standards” means—

- (a) Ugandan law relating to labour rights; and
- (b) the following internationally recognised labour rights agreements and standards—
 - (i) Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
 - (ii) Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
 - (iii) Forced Labour Convention, 1930 (No. 29);
 - (iv) Abolition of Forced Labour Convention, 1957 (No. 105);
 - (v) Equal Remuneration Convention, 1951 (No. 100);
 - (vi) Discrimination (Employment and Occupation) Convention, 1958 (No. 111);
 - (vii) Minimum Age Convention, 1973 (No. 138); and
 - (viii) Worst Forms of Child Labour Convention, 1999 (No. 182),

provided that in case of conflict between Ugandan law relating to labour rights and the international labour rights agreements and standards set out above, for the purposes of defining the labour standards, the standard most protective of the worker shall prevail; and “labour standard” means any one of them;

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“land” means—

- (a) all land, foreshores, seabeds, riverbeds and lakebeds;
- (b) the water columns above all seabeds, riverbeds and lakebeds; and
- (c) the air space above and subsurface areas below all of the foregoing, in each case, for construction and facilities;

“land rights” means all rights over land in Uganda required to carry out the project activities and implement the EACOP project, including rights required for—

- (a) the examination, testing, evaluation, analysis, inspection, construction on, use, possession, occupancy, control, assignment, repairs, maintenance and enjoyment of the land;
- (b) access to the EACOP system; and
- (c) any short-term requirements, including during construction;

“land rights instrument” means an instrument granting a title or rights to the project company over any required project land;

“level 1 construction phase contractor” means each contractor rendering goods, services and works in Uganda, and contracting directly with the project company during the construction phase of the EACOP project;

“management staff” means supervisory, professional senior management staff with a diploma or degree, qualified or possessing the relevant number of years of experience;

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“metered volume” means that volume of Petroleum that has been measured by a metering system at the point of entry of the EACOP system;

“Minister” means the Minister responsible for petroleum activities;

“national content” means—

- (a) the use of Ugandan expertise, goods, and services and Ugandan Parties in project activities;
- (b) the combined value added or created in the Ugandan economy through the utilisation of Ugandan human and material resources for the provision of goods, works and services for the EACOP project; and
- (c) the combined value added or created in the Ugandan economy through recruitment, employment and training of Ugandan citizens; technology transfer; local supplier development; support for local education and training, and support for research and development in Uganda;

“national content plans” means the specific requirements in relation to national content for each of the construction phase and the operations phase of the EACOP project, and the conduct of project activities in relation to Uganda during any such phase;

“offtaker” means any person that has entered into an agreement to purchase petroleum that has been transported through the EACOP system;

“oil producing areas” means any existing Uganda oil fields and any other oil field producing petroleum to be transported through the EACOP system;

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“operator” means the person or persons responsible from time to time for implementing, managing, coordinating or conducting for or on behalf of the project company all or any portion of the day-to-day project activities including serving as an operator of all or any portion of the EACOP system, whether as an agent for or contractor to the project company and for the avoidance of doubt, where no person or persons has or have been appointed by the project company in this capacity, the project company shall act as the operator;

“payment-in-kind” means the use of crude oil as payment for transportation tariff and related services in accordance with the agreements for transportation of petroleum and the Host Government Agreement;

“person” means any natural person, any state or any entity;

“petroleum” means any liquid hydrocarbons, including crude oil, condensate, unfinished oil or natural gas liquid produced from the oil producing areas;

“post-decommissioning finalisation report” means the final report in relation to the EACOP system, prepared in accordance with the Environmental, Health and Safety Standards, evaluating and confirming the final reinstatement works, verifying compliance and completion of the work in relation to all sites affected;

“project activities” means the activities conducted by the project participants in connection with the EACOP project;

“project authorisations” means any permit, consent, licence, authorisation, approval or registration required at any time by any project participant in connection with the EACOP project;

“project company” means the East African Crude Oil Pipeline

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(EACOP) Limited and its successors and assignees in relation to its interests in the EACOP project;

“project participant” means each investor, operator, contractor, shipper, finance party and offtaker;

“project related assets” means all the investments, property and other assets relating to the EACOP project, including the EACOP system, any other tangible or intangible assets of the project company, the shares in, or loans to the project company, and the tangible or intangible assets of or the shares in, or loans to, any project participant;

“required project land” means any land in Uganda, in respect of which the project company has determined that it needs to acquire and hold land rights for the purposes of the EACOP project;

“reserved petroleum” means petroleum from the existing Uganda oil fields that shall be—

(a) supplied to the refinery to be developed in Uganda in an amount determined by the refinery not exceeding 60,000 barrels per day until the date that a cumulative volume of 1046 million barrels of petroleum has been produced from the existing Uganda oil fields; and

(b) thereafter, 60,000 barrels per day and any other amount as may be agreed by the State and the project company;

“shareholder” means any entity holding directly any form of equity in the project company;

“shipper” means any person that has contracted with the project company for the transport of petroleum through all or any portion of the EACOP system;

“sponsors” means—

- (a) one or more of the Uganda upstream partners (other than Uganda National Oil Company Limited (UNOC)) that holds or whose affiliate holds any form of equity or other ownership interest in the project company;
- (b) any private person that may become a Uganda upstream partner and holds or whose affiliate holds any form of equity or other ownership interest in the project company;
- (c) each respective affiliate of each such Uganda upstream partner (other than Uganda National Oil Company Limited (UNOC)) or each such private person which in each case holds any form of equity or other ownership interest in the project company; and
- (d) one or more of Total S.A. or CNOOC Limited that holds or whose affiliate holds any form of equity or other ownership interest in the project company;

“State” means the government of the Republic of Uganda;

“state agreement” means any agreement, contract, concession, or other document creating contractual rights, excluding the Host Government Agreement and the Intergovernmental Agreement, to which, on the one hand, the State or any state authority and, on the other hand, any project participant is or later becomes a party relating to the project activities;

“state authority” means the central government of the State and each and every aspect of government or authority at every level in Uganda, including all central, regional, municipal, local and judicial bodies, whether or not part of or controlled by any superior legal authority, all instrumentalities, branches and subdivisions of the foregoing, and any state entity and shall include any and all executive and regulatory

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bodies, agencies, departments, ministries, authorities, officials, courts, entities, agents and representatives in Uganda that have the authority to govern, regulate, implement or enforce Ugandan law, levy or collect taxes, duties, contributions or other similar mandatory charges, grant licences or permits or approve or otherwise similarly affect, directly or indirectly, the EACOP project or the rights or obligations of project participants in respect of the project activities, notwithstanding any change at any time in structure, form or otherwise;

“state entity” means any entity in which, directly or indirectly, the State has a controlling equity, ownership or similar economic interest, or which the State directly or indirectly controls;

“state participants” means—

- (a) Tanzania or a Tanzanian state entity nominated by the Government of Tanzania;
- (b) Uganda, a state entity nominated by the Government of Uganda, Uganda National Oil Company Limited (UNOC) or any affiliate of UNOC; and
- (c) any other state entity or Tanzanian state entity,

provided in each case that such state or entity, as applicable holds any form of equity or other ownership interest in the project company;

“substantial nature” means—

- (a) in respect to a pipeline installation, increasing or decreasing the capacity of the pipeline installation by 25 percent or more or replacing the entirety of the core technology used in the pipeline installation; and
- (b) in respect to a pipeline route, placing the pipeline system outside the approved 30 meter corridor;

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“technical standards” means technical standards, parameters, codes, guidance, recommended practices and specifications deriving from those applicable under Ugandan law or those issued by recognised international standards organisations;

“technology transfer” means all activities and mechanisms carried out by the project participants aimed at maximising knowledge and skills transfer to the State and Ugandan parties;

“transportation” means the transportation of petroleum through any legal arrangement or entitlement through the EACOP system, including any related storage and loading on ships and “transport” and “transported” or similar formulations shall have a corresponding meaning;

“technical staff” means skilled and semi-skilled staff certified under a technical training scheme and with verified competency including pipeline, refinery, chemical, electrical and instrumentation, process engineers and technicians, geoscientists, chemists, personnel trained and qualified in Environmental, Health and Safety Standards and technical standards matters, petroleum economists and cost engineers;

“Ugandan company” has the meaning ascribed to it in the Petroleum (Refining, Conversion, Transmission and Midstream Storage) (National Content) Regulations, 2016;

“Ugandan law” means the law that is binding and legally in effect in Uganda, including—

- (a) the constitution of Uganda, any legislation, directive, order, promulgation, issuance, enactment, decree, regulation or other similar act of the State or a state authority; and

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(b) any international agreement, including the East African Community Treaty or measures taken pursuant to the agreement, having binding and legal effect;

“Ugandan parties” means citizens of Uganda and registered entities owned by Ugandans and Ugandan companies;

“Ugandan state participant” means the Uganda National Oil Company or its wholly owned and controlled subsidiaries;

“Uganda upstream partners” means CNOOC Uganda Ltd., Total E&P Uganda B.V. and Uganda National Oil Company Limited (UNOC), and their successors and assignees in relation to their interests in the existing Uganda oil fields; and “Uganda Upstream Partner” means any one of them;

“upstream project” means, in relation to the existing Uganda oil fields, the evaluation, development, design, construction, installation, financing, insuring, ownership, operation, repair, replacement, refurbishment, maintenance, expansion, extension, protection and, at the relevant time, decommissioning of all related facilities and infrastructure.

PART II—TRANSPORTATION TARIFF

5. Transportation tariff

(1) The tariff to be charged by the project company for the provision of transport and related services in relation to the EACOP system shall be, in relation to petroleum produced at the existing Uganda oil fields—

(a) up to the date when the sum of the production of crude oil from the existing Uganda oil fields as measured at the fiscal meters at Kabaale in Uganda plus the metered volume of the other petroleum transported through the EACOP

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system in relation to which the tariff charged by and paid to the Project Company is equal to the tariff for petroleum produced at the existing Uganda oil fields reaches one billion and forty six million (1,046,000,000) barrels, an amount equal to twelve United States Dollars and seventy seven cents (US\$12.77) per barrel and adjusted each year starting from the first anniversary of the date of the first commercial delivery of petroleum at the exit point of the EACOP system at an annual increase of the lower of—

- (i) the US consumer price index; and
- (ii) two percent (2%) per annum,

the details of which shall be more fully set out in agreements for the transport of petroleum; and

- (b) thereafter, an amount established in accordance with the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013.

(2) Notwithstanding section 35 (b), (c) and (d) of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013, the tariff determined in accordance with subsection (1) (a) shall not be subject to further approval by any State authority.

(3) Subsection (2) is without prejudice to the requirement for the Authority to confirm the adjusted tariff determined in accordance with subsection (1)(a), pursuant to the Host Government Agreement.

(4) The project company shall notify the Authority of the amount of the adjusted tariff and provide the supporting information and calculation for the adjusted tariff and the Authority shall confirm, within ten business days, that the adjusted tariff is in compliance with subsection (1)(a).

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(5) For the avoidance of doubt, the computation of the tariff under subsection (1) (b) shall not include the initial capital and operating expenditure covered under the fixed tariff regime prescribed in subsection (1) (a).

(6) The tariff for all other petroleum shall be an amount determined in accordance with this Act and the Host Government Agreement.

PART III—SECURITY

6. Security

(1) Notwithstanding section 74 and 34 (6) of the Public Finance Management Act, 2015, security of any description, including charges or other encumbrances over the shares in the project company and any shares owned by the Ugandan state participant over the EACOP system, or any other project related assets may be granted to, registered, perfected and enforced by the finance parties or any agent or trustee on their behalf.

(2) The project company and each key project party may—

(a) secure in favour of any finance party or any agent or trustee of the finance party, including by way of assignment, all or any of its rights under the Host Government Agreement and the finance party or any agent or trustee of the finance party may enforce that security, provided that—

(i) the Minister has granted his or her consent, which shall not be unreasonably withheld or delayed, to a security in favour of the finance party or any agent or trustee of the finance parties over the licence to construct or operate the EACOP system; or

(ii) if no security has been given over the licence to construct or operate the EACOP system, the Minister

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has granted consent, which shall not be unreasonably withheld or delayed to the security over the rights under the Host Government Agreement;

- (b) agree with any finance party or any agent or trustee of the finance parties that in case of a default under the finance agreement, its rights and obligations under the Host Government Agreement may be novated to a finance party or any agent or trustee of the finance parties or to a third party, in all cases acceptable to the State pursuant to the direct agreements to be concluded between the State or the relevant state authority, as applicable, the finance parties and the project company or the project participant, as applicable.

(3) Where the shares or assets of the Ugandan state participant are used as security of any description under sub sections (1) or (2) by the Project Company, the Ugandan State Participant shall submit a report to Parliament in relation to the security within 30 days from the date of acquisition of the security.

(4) Where the project company or any key project party requires a consent or other project authorisation from the State or any state authority to grant to the finance parties or any agent or trustee of the finance parties, in relation to limited or non-recourse project finance debt or bond financing for the EACOP project, security with respect to the EACOP system or the rights and interests of the project Company or any project participant in relation to the EACOP project including rights arising under any state agreement or project authorisation—

- (a) the required consent or other project authorisation shall not be unreasonably withheld or delayed; and

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- (b) if security in favour of the finance parties or any agent or trustee of the finance parties over—
- (i) the licence to construct or operate the EACOP system has been consented to by the relevant state authority, which consent shall not be unreasonably withheld or delayed; or
 - (ii) the Host Government Agreement has been consented to by the State which consent shall not be unreasonably withheld or delayed,

then no further consent or project authorisation shall be required in relation to the granting of any other security in favour of the finance parties or any agent or trustee of the finance parties with respect to the EACOP system or the rights and interests of the project company or any project participant in relation to the EACOP project, including rights arising under any state agreement or project authorisation.

(5) Any finance party or any agent or trustee of the finance parties shall have the right to enforce the security, where applicable upon the terms and conditions set out in any direct agreements to be concluded among the State of the relevant State authority as applicable, the finance parties and the project company or the project participant, as applicable.

(6) Section 50 of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013 shall not apply to the EACOP Project.

PART IV—TITLE TO PETROLEUM AND PAYMENT IN KIND

7. Title to petroleum

Notwithstanding the provisions of any Ugandan law, the Ugandan State participant shall hold the legal and beneficial ownership of petroleum allocated to it arising from the 15% state participating interest in

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Act applicable petroleum agreements at the exit point from the upstream project at Kabaale to enable it to exercise its rights and perform its obligations under—

- (a) the relevant petroleum agreements;
- (b) the agreements for the transport of petroleum;
- (c) the Host Government Agreement; and
- (d) any other agreements entered into for the implementation of the agreements referenced in paragraphs (a) to (c).

8. Payment-in-kind

(1) Notwithstanding sections 3, 57 (1) (5), (5a) and (6), 59(3) and 74 of the Public Finance Management Act, 2015, where the State or the Uganda National Oil Company is a shipper, they may pay the transportation tariff charged by the project company for the provision of transport and related services by way of payment-in-kind, the details of which will be agreed in agreements for the transport of petroleum.

- (2) The project company may—
 - (a) acquire petroleum in connection with any payment-in-kind arrangements agreed with the State or the Uganda National Oil Company, in their capacity as shippers, for the payment of the transport tariff under the agreements for the transport of petroleum; and
 - (b) sell the petroleum referred to in paragraph 2 (a) to other shippers or third party purchasers.

in each case, without any gain or loss for the project company, the State or the Uganda National Oil Company which would not have been received, suffered or incurred if the transportation tariff had been settled in cash by the State and the Uganda National Oil Company and not by way of payment-in-kind.

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(3) The provision of guarantees or other assurances, including the creation of security over a shipper's assets, whether by operation of law or contract, may be agreed by the project company and the shippers other than in respect to the State for so long as the State and the Uganda National Oil Company are shippers and pay the transportation tariff by way of payment-in-kind or pursuant to other arrangements agreed with the project company in the applicable agreements for transport of petroleum.

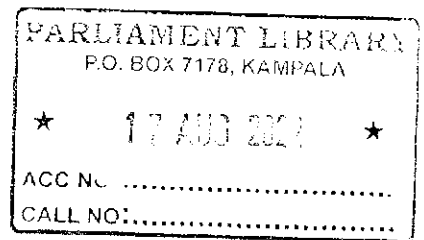
PART V—ANTITRUST AND OTHER COMPETITION
RELATED MATTERS

9. Antitrust and other competition related matters

(1) The regime applicable to the EACOP Project in relation to antitrust and other competition matters shall be the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013, this Act and Ugandan law.

(2) The fulfilment by the project company, the project participants, the State and any state authority of the provisions of the Host Government Agreement shall be deemed compliance with subsection (1) including provisions relating to—

- (a) determination of the tariff and other conditions of access to the EACOP system;
- (b) entering into and implementing agreements for the formation and management of the project company; or
- (c) determining the persons with which to enter into contracts for the transport of petroleum.



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PART VI—PROJECT AUTHORISATIONS

10. Project authorisations

(1) Where the project company or a project participant has applied for an extension, renewal or re-issuance of a project authorisation within the period specified under the terms and conditions of the project authorisation and Ugandan law, the project authorisation shall be deemed to continue in force and shall not expire or terminate, until the end of the period during which the relevant state authority is reviewing the application.

(2) A bond, security, guarantee or other credit support shall not be required for the issuance of any project authorisation, except that in relation to an application for a licence to construct and a licence to operate a pipeline under section 10 (6) (a) of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013, the undertakings by the project company under the Host Government Agreement shall constitute the only form of security or bond required.

(3) The renewal of a project authorisation shall not be refused on the ground that, at the time of the renewal, the project company or other project participant has violated any Ugandan law or any condition in the project authorisation, except where, at the time of renewal, the applicant has and continues to violate Ugandan law under which the project authorisation is issued or any condition in the project authorisation and has not corrected or taken reasonable steps to correct the violation after notification by the relevant state authority.

(4) A project authorisation shall not be subject to termination, lapse, revocation or suspension for any reason other than a reason specified in the Host Government Agreement, the relevant project authorisation or Ugandan law including—

- (a) an occurrence of force majeure;

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- (b) any granting or enforcement of any security interest in relation to the EACOP project in favour of any finance party or any agent or trustee of the finance party; or
- (c) any transfer of any direct or indirect ownership interests in the project company which does not contravene section 41 and the Host Government Agreement.

(5) Where the State or a state authority believes that there may be grounds for the termination or suspension of a project authorisation, the State or relevant state authority shall not commence any procedure or take any action potentially leading to the termination or suspension, including sending any notice for termination or suspension, unless—

- (a) the State or the relevant state authority has given the holder of that project authorisation and the project company, a notice describing the situation and the grounds for the action, at least thirty business days prior to taking the procedure or action; and
- (b) following the issue of the notice referred to in paragraph (a), the holder of the project authorisation and the project company have been provided a period of at least thirty business days in which—
 - (i) to rectify the grounds specified in the notice or provide reasonable evidence that there are no grounds;
 - (ii) to conduct bona fide discussions with the relevant state authority with a view of avoiding the termination or suspension; and
 - (iii) notwithstanding subsection (4), in case of a licence to construct or operate the EACOP system in Uganda, the licence is being suspended for a known and persistent failure or refusal by the project company to respect the terms of the Host Government Agreement

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or Ugandan law, causing danger to persons, property or the environment or being terminated for circumstances that would entitle the State to terminate the Host Government Agreement.

(6) In relation to an application for a construction licence, the only consents and permits to be submitted by the project company under section 10 (6) (ab) of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013 are those listed in Form 4, item 7 of Schedule 1 to the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Regulations 2016.

(7) The project company shall not be required to obtain a licence under section 8 of the Trade Licensing Act when it acquires or disposes of petroleum in kind and no permit, consent, licence, authorisation, approval or registration shall be required for that purpose.

(8) Notwithstanding section 15 (2) of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act, 2013 and regulation 60 (4) and 82 (1) of the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Regulations, 2016—

- (a) any alteration or deviation to the approved pipeline route, which is not of a substantial nature shall not require the approval of the Authority; and
- (b) any change or modification to the pipeline installations, which is not of a substantial nature shall not require the approval of the Minister.

PART VII—LAND RIGHTS

11. Land rights

(1) The EACOP project shall constitute public works under section 1 of the Land Act.

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(2) The Uganda Land Commission or other relevant state authority shall grant land rights to enable the project company to undertake all project activities.

(3) Where land has been identified for implementation of project activities, compensation of project affected persons and acquisition of the land shall be done in accordance with the laws of Uganda and the Host Government Agreement.

(4) Notwithstanding any Ugandan law, each land rights instrument issued to the project company by the relevant state authority shall—

- (a) enable the project company to undertake all the required project activities, including owning the EACOP system, and granting security over the land rights and the EACOP system placed, on, under or in the land; and
- (b) be in effect for sixty-six (66) years, or in the case of short-term requirements, for a shorter period of time corresponding to the duration of the relevant project activities.

(5) Notwithstanding any Ugandan law, a land rights instrument shall not be terminated except where—

- (a) the Host Government Agreement has been terminated in accordance with its terms; and
- (b) the project company or the Uganda Land Commission or other relevant state authority serves a notice of termination in writing to the other; provided that no notice may be validly served by the Uganda Land Commission or other relevant state authority prior to the permanent cessation of all project activities.