

# HOW UGANDA'S INVESTMENTS IN TRANSPORT, OIL, ENERGY, PROJECTS TO WATCH IN THE NEW YEAR

The New Year, 2026, promises to be a defining time for several large-scale national projects that aim at reshaping the economy, improving connectivity and unlocking new opportunities for citizens. From the long-awaited railway construction to the first oil production and major power infrastructure – this year will test the country's readiness to translate years of planning into tangible results, writes *New Vision's Nelson Mandela Muhoozi*.

## TRANSPORT SECTOR

A cornerstone of the 2026 agenda is the radical overhaul of Uganda's transport systems to reduce the cost of doing business. The Government plans to transition to multi-modal connectivity for a more efficient transportation system.

## GREATER KAMPALA RAIL MASS TRANSIT

To address the unfinished business of city congestion, the National Resistance Movement (NRM) has prioritised a light rail system for the Kampala Metropolitan Area.

Plans for the system will be finalised to tackle the capital city's mounting congestion. In addition, the system will reduce the cost of public transport and save the economy billions of shillings currently lost in traffic jams. It is part of the 2026 plan to modernise cities and increase productivity for the urban workforce.

## EXPRESSWAYS, URBAN TRANSPORT CORRIDORS

Uganda's ambition to modernise its road network will also remain in focus in 2026, with several expressways and major highways at various stages of development.

Projects such as the Kampala-Hoima Expressway, the Kampala Outer Beltway and other metropolitan road upgrades, are designed to decongest the capital and strengthen links between production zones and markets.

Deutsche Presse-Agentur (dpa) is a German news agency that supplies news to international media outlets. It is the largest news agency in Germany and one of the largest in Europe.

## STANDARD GAUGE RAILWAY CONSTRUCTION

After years of planning and negotiations, the construction of the Standard Gauge Railway (SGR) is expected to take a major step forward in 2026. The construction officially commenced on the 272km stretch from Malaba to Kampala.

The project is a strategic shift from a unimodal transport system relying solely on roads to a multi-modal one that integrates rail and water.

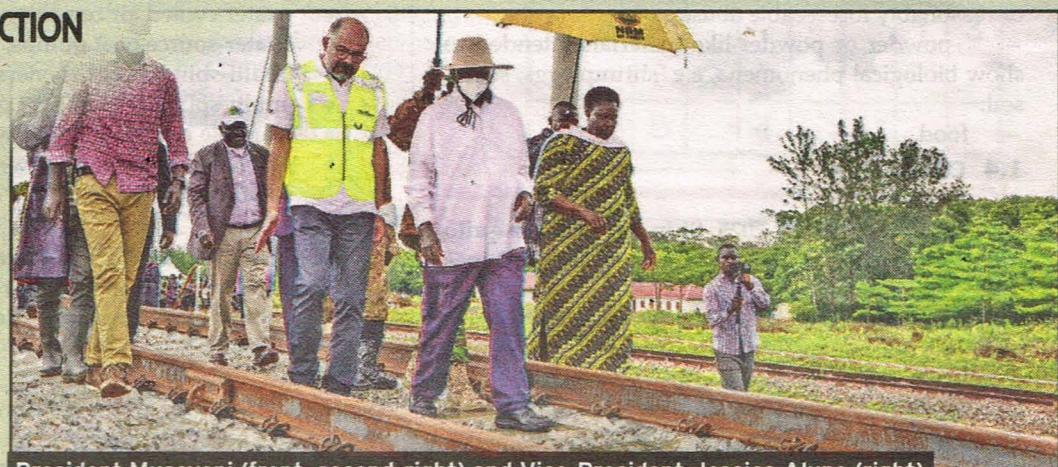
According to the Government, the SGR is expected to revolutionise trade by cutting cargo transport costs from \$120 (about sh432,000) down to \$60 (about sh216,000) per tonne.

Beyond trade, the 272km line is a cornerstone of the northern corridor integration plan expected to extend the lifespan of Uganda's roads by removing heavy cargo and fuel tankers.

President Museveni, who has consistently highlighted the benefits of SGR, said the project is a strategic investment that will dramatically cut the cost of transporting goods from the coast to Uganda's hinterland.

In his National Resistance Movement (NRM) Manifesto, President Museveni said SGR is a very strategic investment for the country that it will not only cut cargo transport costs by half, but also help to reduce transit time from Mombasa to Kampala from seven days to one day.

The project is also expected to inject trillions



President Museveni (front, second-right) and Vice-President Jessica Alupo (right) on a guided tour of part of the 272km Standard Gauge Railway line led by Yapi Merkezi construction company chairperson Dr Erdem Arioglu in Tororo district

of shillings into the local economy through jobs, sub-contracting and demand for locally produced construction materials.

Speaking during a parliamentary session regarding the strategic importance of the railway for the northern corridor, industry state minister David Bahati said SGR will help grow the economy by connecting with the one of Kenya, thereby reducing the cost of doing business in the country.

"It is an important and strategic project to help businesses in the country by reducing the cost of transportation and supporting in growing the economy," Bahati said.

Additionally, regarding the regional rail expansion, the construction will begin on the western and southern routes (663km), connecting Kampala to Kasese-Mpondwe, with branches to Mirama Hills and Mukono in Kabale.

Metre Gauge Railway rehabilitation will also take shape as completion of the Tororo-Gulu line and the refurbishment of the Mukono-Jinja line are slated for this period.

In terms of maritime development, the Government will prioritise completing Bukasa Port and developing Majanji Port, alongside the operationalisation of the search and rescue centres across various lake regions.

When completed, these roads are expected to reduce travel times and traffic congestion, improve road safety, support industrial parks, tourism sites and regional trade.

## OIL AND GAS SECTOR OIL ROADS

Supporting the oil and gas sector is the growing network of oil roads, particularly in Hoima, Buliisa and Nwoya districts, opening up the Albertine region.

Key routes, such as the Kabwoya-Buhuka road, alongside dozens of kilometres of additional access roads approved by Parliament, are expected to remain under construction or near completion in 2026.

These roads are not only vital for oil logistics, but are also transforming previously hard-to-reach communities by improving access to markets, schools and health facilities, lowering transport costs for farmers and traders, and stimulating local business activity and land value growth.

## OIL PIPELINE

Closely linked to the first oil is the East African Crude Oil Pipeline (EACOP), which will

transport Uganda's crude oil from Hoima to Tanzania's port of Tanga, driving regional integration.

By the end of 2025, more than 1,000km of the

pipeline had been welded, marking significant progress on the 1,443km project. In 2026, construction activity is expected to intensify as the project moves closer

to completion. Kabagambe Kaliisa, the then-permanent secretary of the energy ministry – while emphasising the economic logic behind the chosen pipeline route to ensure

maximum dividends for the country – said they would ensure that the country's crude oil has value.

Beyond the oil exports, EACOP has already created thousands of jobs for Ugandans, provided opportunities for local companies under the local content framework and facilitated skills transfer in engineering, welding and project management. Once operational, the oil pipeline will be critical in linking Uganda's oil sector to international markets.

• Refinery: Uganda signed an agreement for a 60,000 barrels per day refinery in Hoima, with early works expected to start in 2026

• Jobs and local content: Over 20,000 direct jobs and \$2.2b in contracts have gone to Ugandan firms

## ENERGY SECTOR

In the energy sector, the Government is gearing up on powering industrialisation for social economic development. The Government plans to increase electricity generation to support its tenfold growth strategy.

By 2026, the Government aims to complete the

## MUKONO POWER SUBSTATION

The Mukono 220/132kV power substation is expected to be commissioned in early 2026, significantly strengthening electricity supply in Greater Kampala and the surrounding districts.

The substation, part of the broader transmission system improvement programme, will enhance grid stability, reduce power outages, support industrial expansion and urban growth. Reliable electricity remains a key requirement for manufacturing, digital services and investment attraction.



Mark Namungo (left), the project manager of the Greater Kampala Metropolitan Area power system Improvement, shows the construction progress at the Mukono Power Substation last year