



OPPORTUNITIES GENERATED BY FID IN THE OIL AND GAS SUBSECTOR

Presentation by the
Petroleum Authority of Uganda

30th June 2022



STRUCTURE OF THE PRESENTATION

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Uganda's Oil and Gas Projects

2

Opportunities for participation in Uganda's Oil and Gas Projects

3

National Content Achievements



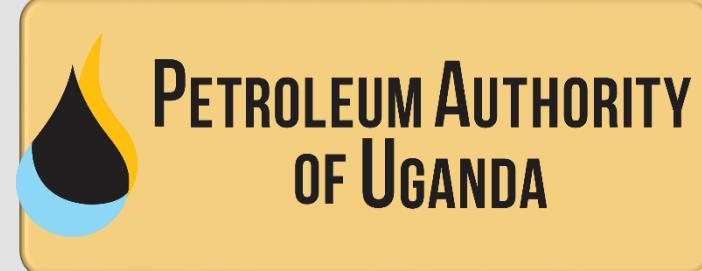
UGANDA'S OIL AND GAS SECTOR

Public Sector



MEMD

- Policy Formulation
- Investment promotion
- Licensing



PAU

- Regulate and monitor Upstream and Midstream Sub-Sectors
- Ensure compliance of petroleum operations to legislation and to the agreements



UNOC

- To move forward the country's commercial interests
- Create Joint Ventures across the Petroleum Value Chain

Other Government Ministries, Departments and Agencies undertake their respective roles



UGANDA'S OIL AND GAS SECTOR

Investors



US\$ 138 Billion



US\$ 64 Billion



US\$ 28.66 Million

Oronto Petroleum

Not listed on Stock exchange

UNOC



Exploration &
Appraisal

Development &
Production

Transportation

Refining and Gas
Processing



Albertine Graben Refinery Consortium

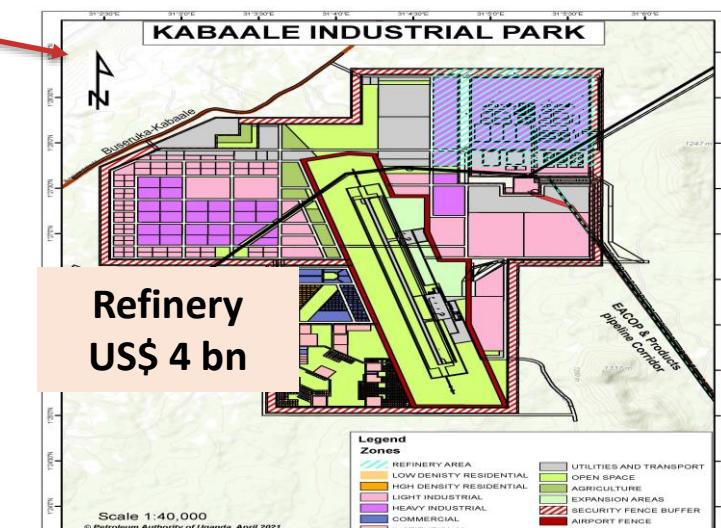
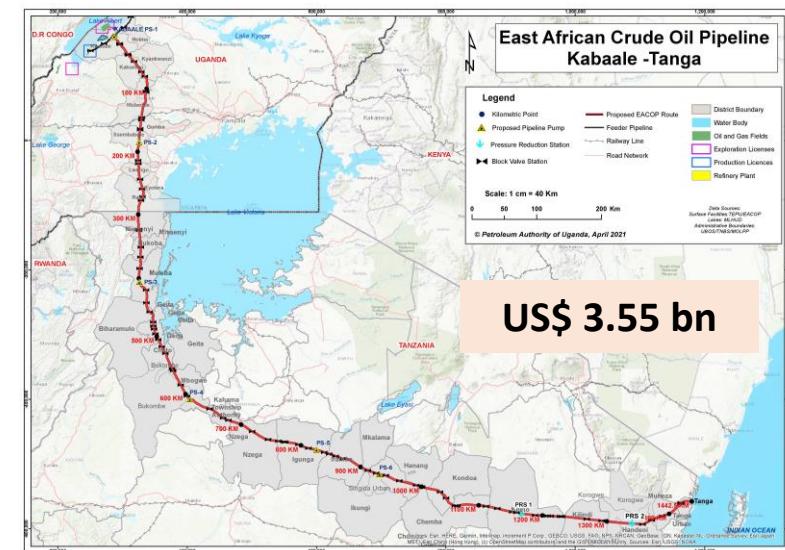
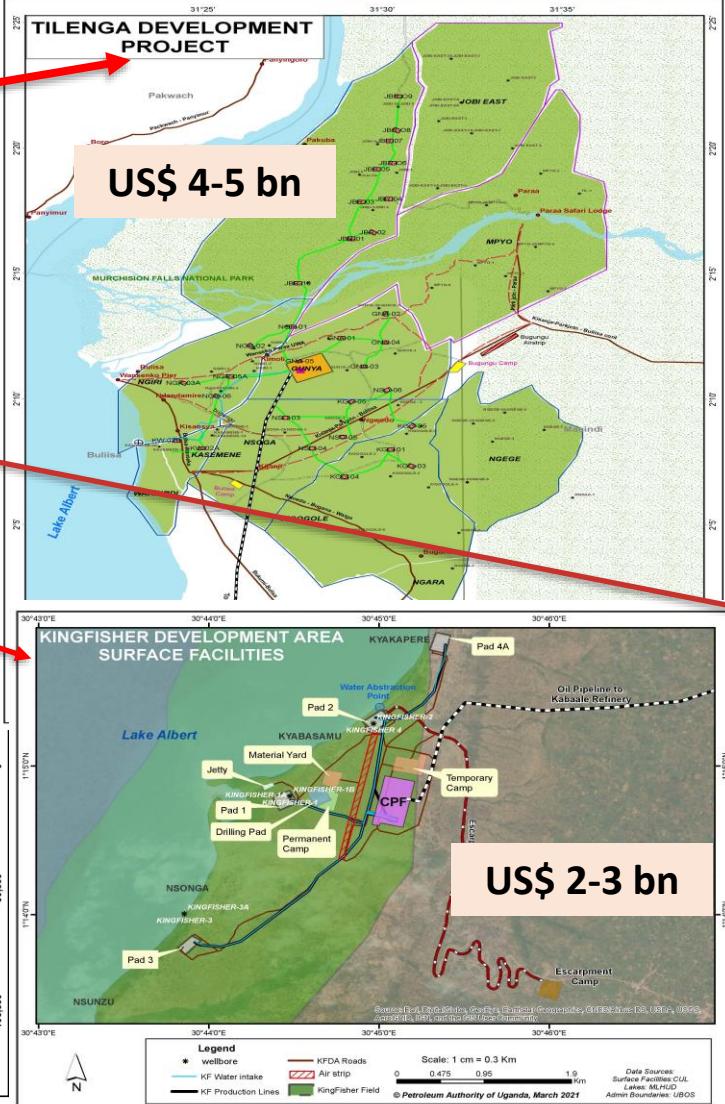
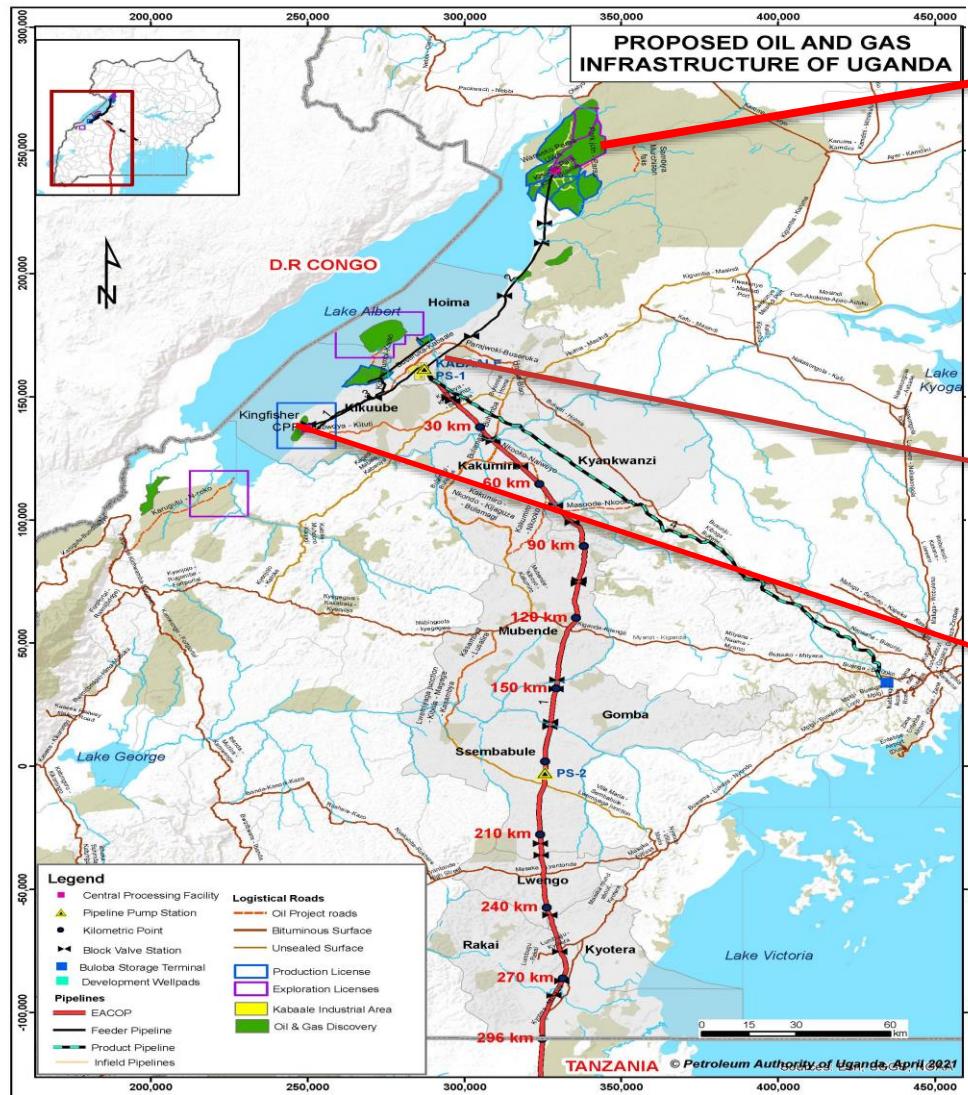


Upstream

Midstream

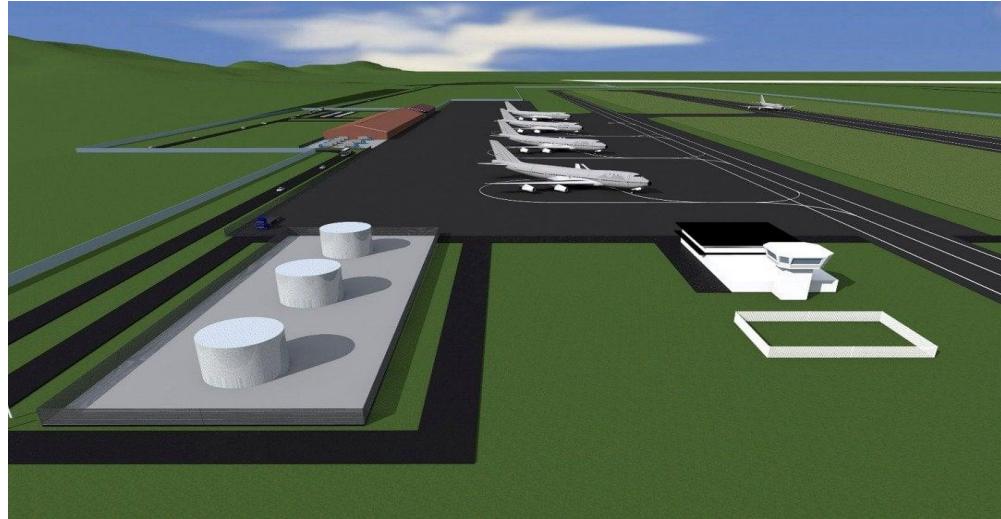


PROJECTS





SUPPORT INFRASTRUCTURE



- The Kabaale International Airport over 80% complete and planned to be commissioned in February 2023 at estimated to cost US \$ 500 million
- 700km of oil roads at an estimated cost of US\$ 900 million. Overall progress is over 70%.
- Uganda Petroleum Institute Kigumba (UPIK) at an estimated cost of US \$ 75 million.





FOREIGN DIRECT INVESTMENT IN UGANDA'S OIL AND GAS PROJECTS

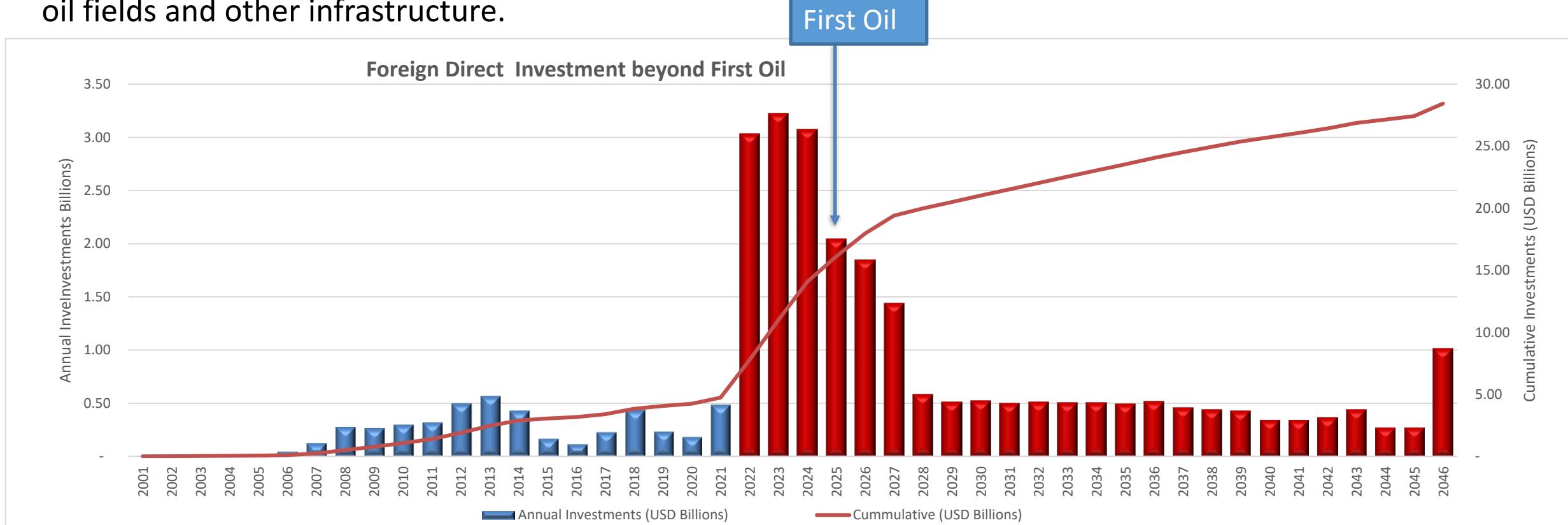


- Announcement of the Final Investment Decision for Uganda's Oil and Gas Project on 1st February 2022 unlocked an investment inflow of US\$ 15 billion.
- 2022 marks the commencement of a period of 3-4 years of intense infrastructure development in preparation for first oil, which is expected in 2025.



FOREIGN DIRECT INVESTMENT IN UGANDA'S OIL AND GAS PROJECTS

- A cumulative investment of \$4 billion made at the end of 2019;
- US\$180m in 2020 and US\$500m in 2021, US\$ 3 billion projection in 2022.
- US\$ 40 billion to be spent over 25 years after first oil for operation, maintenance and decommissioning of the oil fields and other infrastructure.





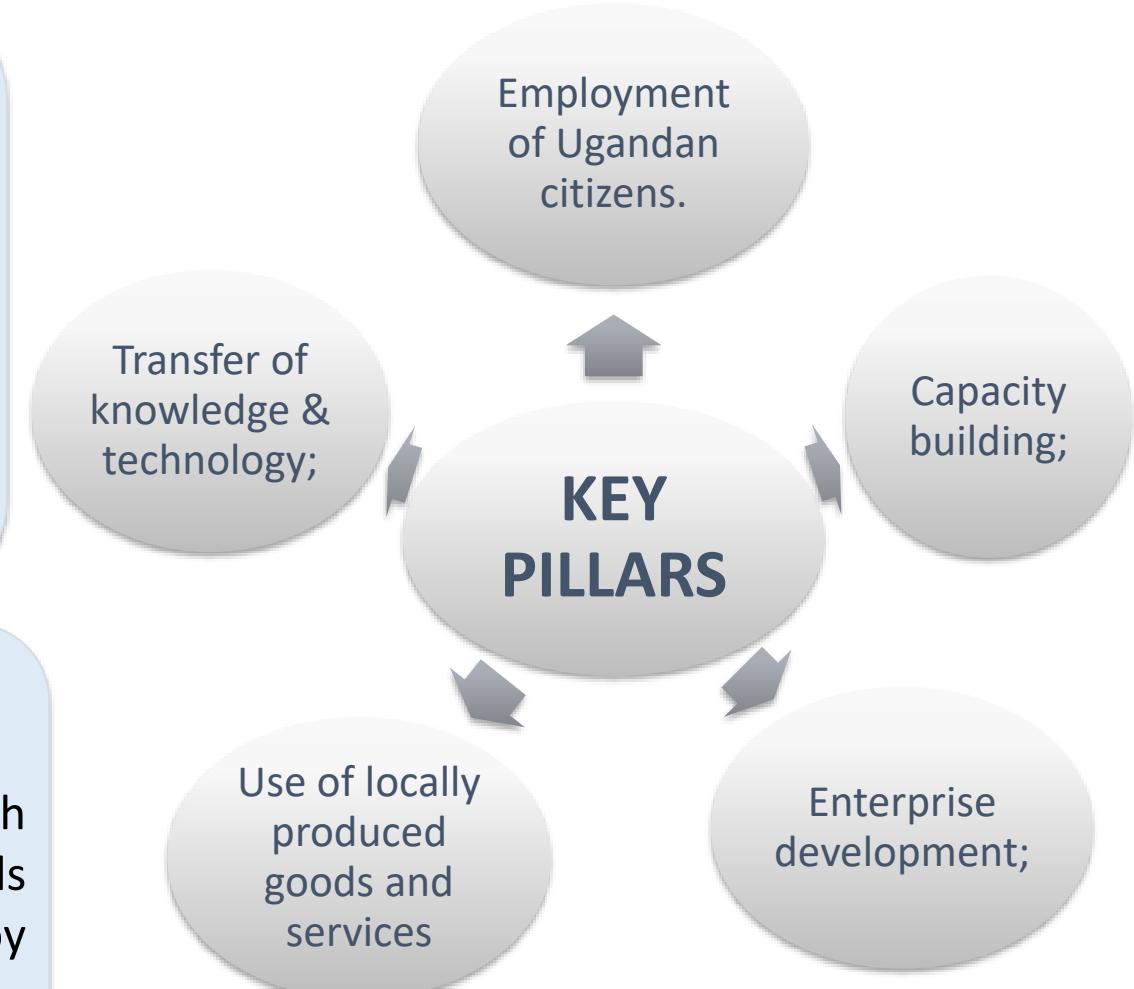
PARTICIPATION OF UGANDANS - NATIONAL CONTENT

Objectives

- Achieve in-country value creation and retention whilst ensuring competitiveness, efficiency and effectiveness.
- Development of in country human capital development in oil and gas related disciplines.
- Develop competitiveness of Ugandan enterprises to supply the Oil and Gas Sector.

Definition:

- Value added or created in the Ugandan economy through the employment of Ugandan workers and the use of goods produced or available in Uganda and services provided by Ugandan citizens and enterprises





NATIONAL CONTENT – ENABLING LEGISLATION

Enabling Legal Framework

- Petroleum (Exploration Development and Production) Act 2013
- Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013.
- National Content Regulations, 2016 reserves sixteen (16) categories of goods and services reserved for Ugandan entities;
- National Content Policy 2017

Services ringfenced for Ugandan entities

1. Transportation
2. Security.
3. Foods and beverages.
4. Hotel accommodation and catering.
5. Human resource management.
6. Office supplies.
7. Fuel supply.
8. Land surveying
9. Crane Hire
10. Clearing and forwarding
11. Locally available construction materials.
12. Civil works.
13. Environment studies and impact assessments.
14. Communications and information technology services.
15. Waste management, where possible.
16. Supply of locally available drilling production materials



NATIONAL CONTENT

What Government is doing to enhance Private Sector Participation

Employment of Ugandans

- Regulation of recruitment and deployment of expatriates
- National Oil and Gas Talent Register (NOGTR)
- Nationalisation Plans

Skills Development and Training of Ugandans

- Approval of Annual Training Plans
- Skills development dialogues
- OGTAU
- Guidance to on UNCHE curriculum.

Enterprise Development

- AfDB MSMEs Linkages Project
- Support Supplier workshops, National Content Conferences
- Dissemination of the required standards across the Oil and Gas sector
- Regular meetings with potential suppliers and service companies to guide them
- Developing a community content strategy.
- National Content Fund

Utilization of Ugandan Goods and Services.

- Review Bid Evaluation Reports, and Contracts.
- National Supplier Database (NSD)
- Review and approve the Annual Procurement Plans
- National Content Plans and Commitments.
- Fabrication Capacity Assessment.
- JQS

Technology and Knowledge Transfer

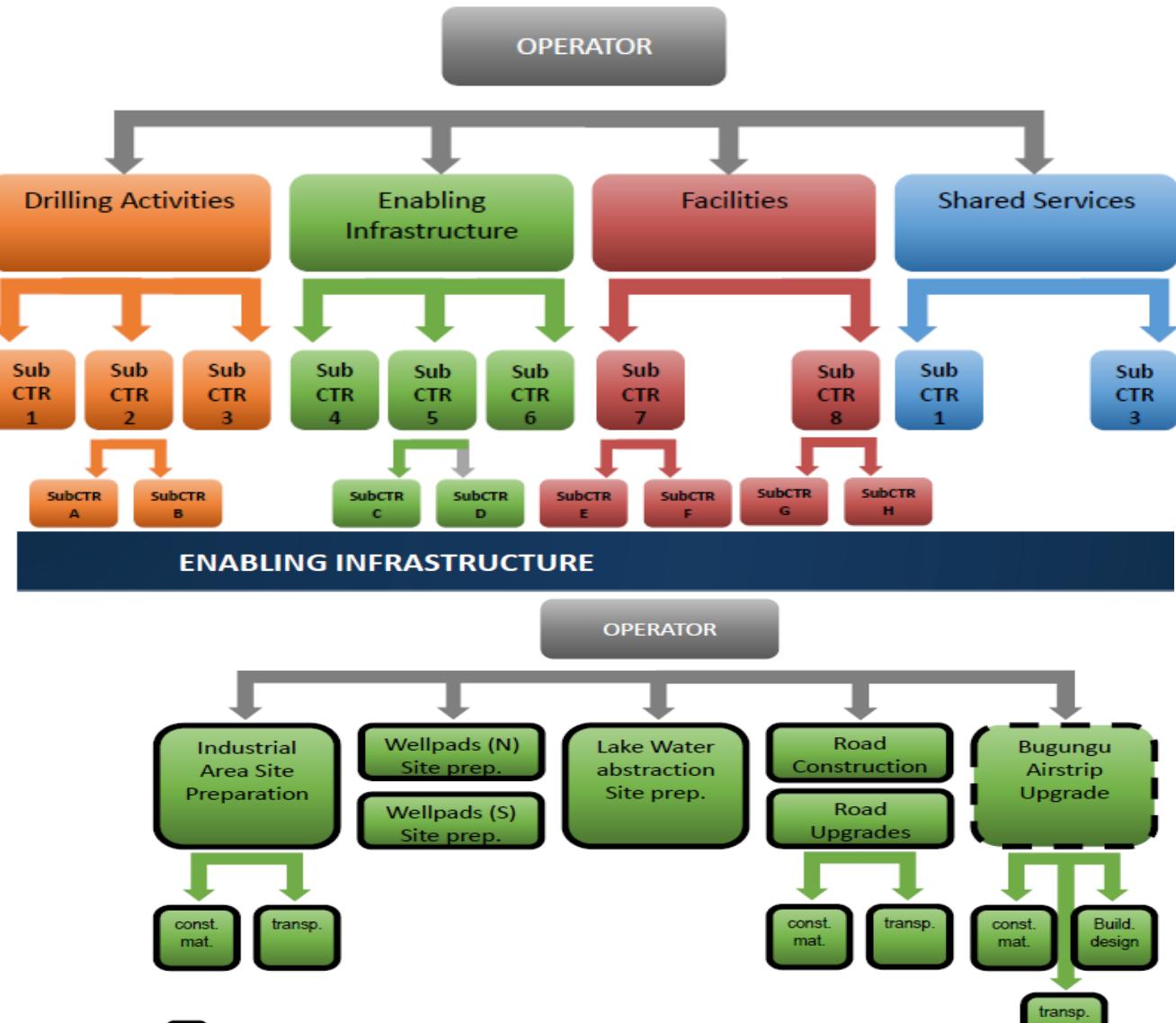
- Promote, review and approve Joint Ventures
- Collaboration of Ugandan Universities with international institutions regarding the sharing of knowledge and technology
- Software support
- Approve Technology Transfer plans
- Development of a Domiciliation Strategy
- IEC
- In-country fabrication



OPPORTUNITIES FOR NATIONAL CONTENT

Key Drivers

- Different tiers or levels of opportunities over 141 contracts at tier1 and 141 times 3 over tier 2 and 3.
- Construction Phase for the next 3 to 4 years and more investment for the following 25 years post the construction phase
- 11,000 to 15,000 pax in camps
- Over 100,000 people in the operation areas doing activities involved in oil and gas
- Over 1m people moving within the Albertine Graben during the construction phase of the oil and gas projects.
- New exploration projects 2018-2024
- Necessary infrastructure in place like airport, Roads, Power
- Opportunities are beyond the oil and gas sector





OPPORTUNITIES FOR NATIONAL CONTENT

- Tier 1 contracts worth US\$ 6 Bn approved in contracts.
- Approx. \$1.7Bn available for Ugandan companies at Tier 1 and 2

Utilisation of Ugandan goods and services.

Employment of Ugandans

Enterprise Development & Technology Transfer

Skills Development

- Supplier Initiatives.
- Industry Enhancement Centre.
- National Content Fund

- Over 11,000 direct employment opportunities
- Approx. 69 million manhours of work, 75% already earmarked for Ugandans

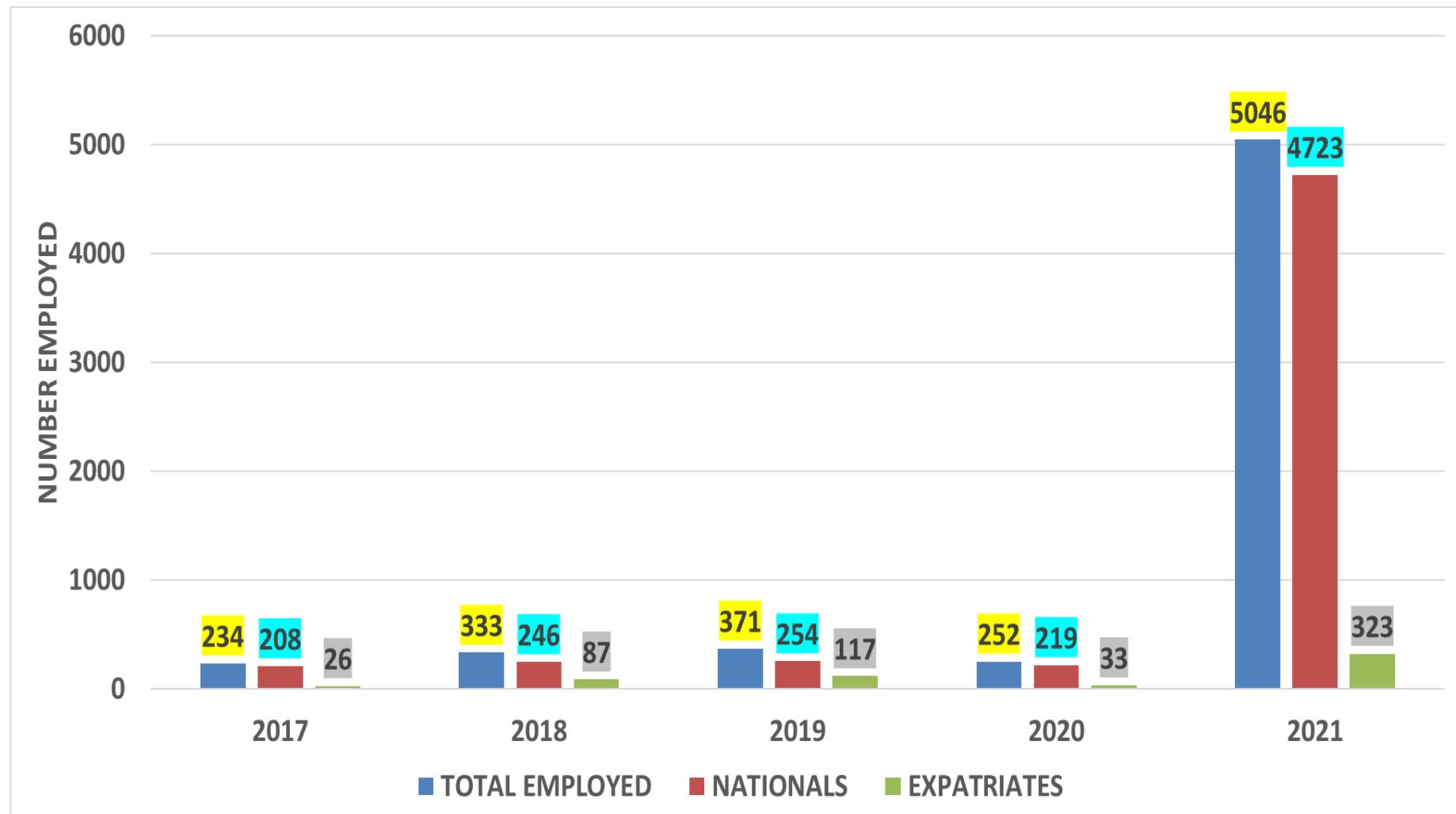
- Over \$20 million budget for training & Skilling Ugandans across the three projects.
- Approx. 3 million manhours of training.



NATIONAL CONTENT ACHIEVEMENTS

Employment of Ugandans

- As at end of May 2022, 5,070 persons of whom 4,805 (95%) were Ugandans
- 389 persons out of the 4,584 contractor and subcontractor employees from the local communities.

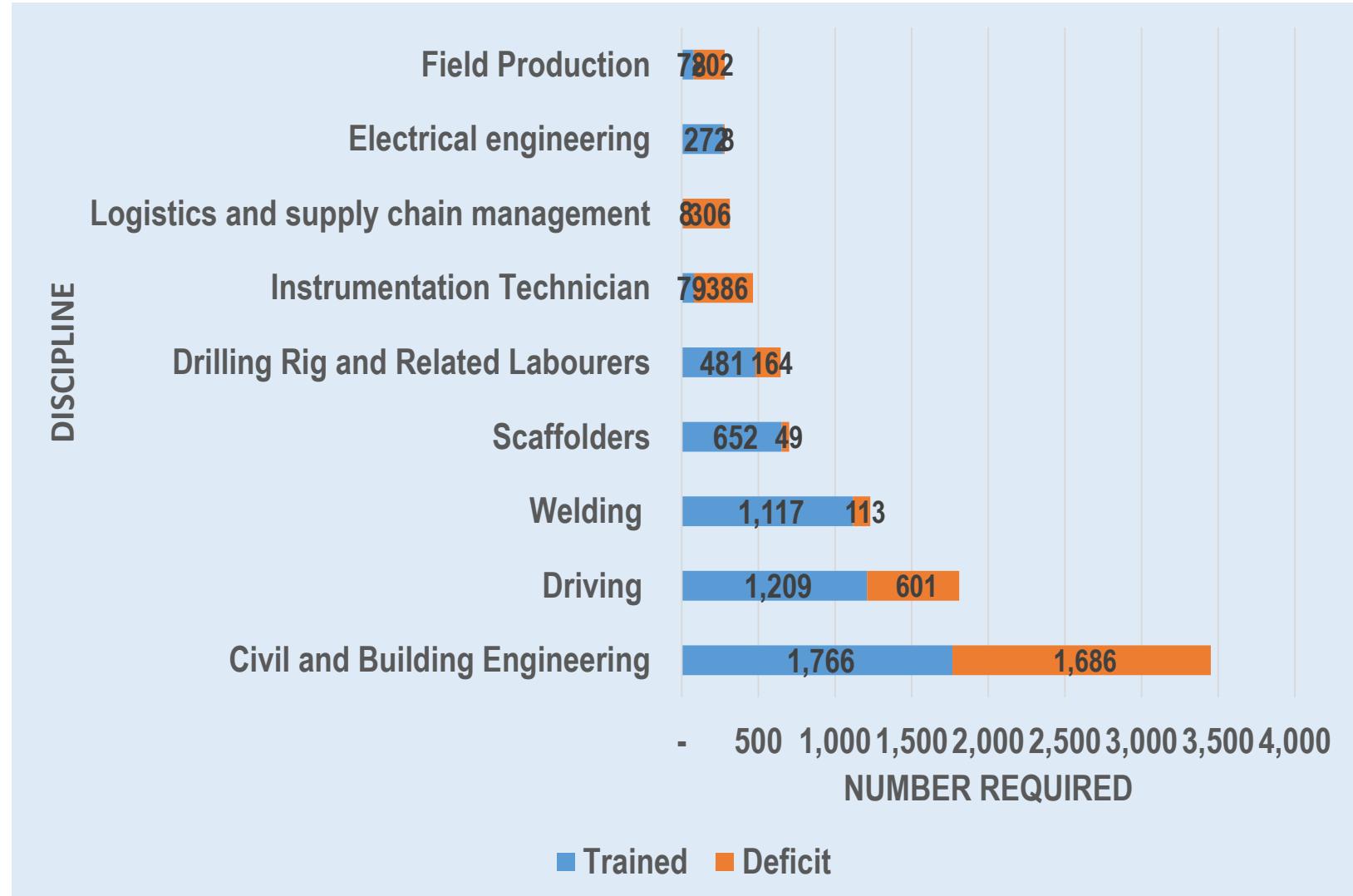




NATIONAL CONTENT ACHIEVEMENTS

Skills Development

- Over 11,800 Ugandans have been trained and certified in various oil and gas disciplines of Welding, Health Safety and Environment, Heavy Goods Vehicle, and Scaffolding among others.
- International accreditation and certification of vocational training institutions-City & Guilds, ECITB, OPITO, and NEBOSH
- 200 government officers from various ministries and agencies trained oil and gas related disciplines.
- Updating of the Workforce Skills Development Strategy & Plan.





NATIONAL CONTENT ACHIEVEMENTS

Enterprise Development



The Stanbic Business Incubator has today awarded 700 SMEs with certificates in Enterprise Development

- More than 2,000 Small and Medium Enterprises (SMEs) trained in key oil and gas business requirements
- Micro Small and Medium Enterprises Business Linkages Project (MSMEs) targeting 200 MSMEs.



NATIONAL CONTENT ACHIEVEMENTS

Knowledge and Technology Transfer - JVS

Successful Collaborations and Partnerships/JVs (7)

Service/Works

Geotech Solutions Ltd (UG) with GEO2X

Geophysical survey services

Teclab (UG) and Geomechanics (SA)

Geotechnical Site investigations

Atacama (UG) with Synergy and Consulting Ltd, Nomad Socio-Economic Management & Consulting Ltd

Social & Resettlement Services

New Plan (UG), ICS Engineering and Environmental Ltd together (UG) with Digby Wells Environmental (Jersey) Ltd

Social & Resettlement Services

Q- Sourcing (UG) and Egyptian Welding Society

Welders Training

New Plan, ICS (UG) and Worley

Engineering, Procurement and Construction Management (EPCM)

KARMOD KENYA I and BETA-JMG JV COMPANY LIMITED

Construction of pre-fabricated camps for the Tilenga Development Project

Other Joint Ventures (7) Approved

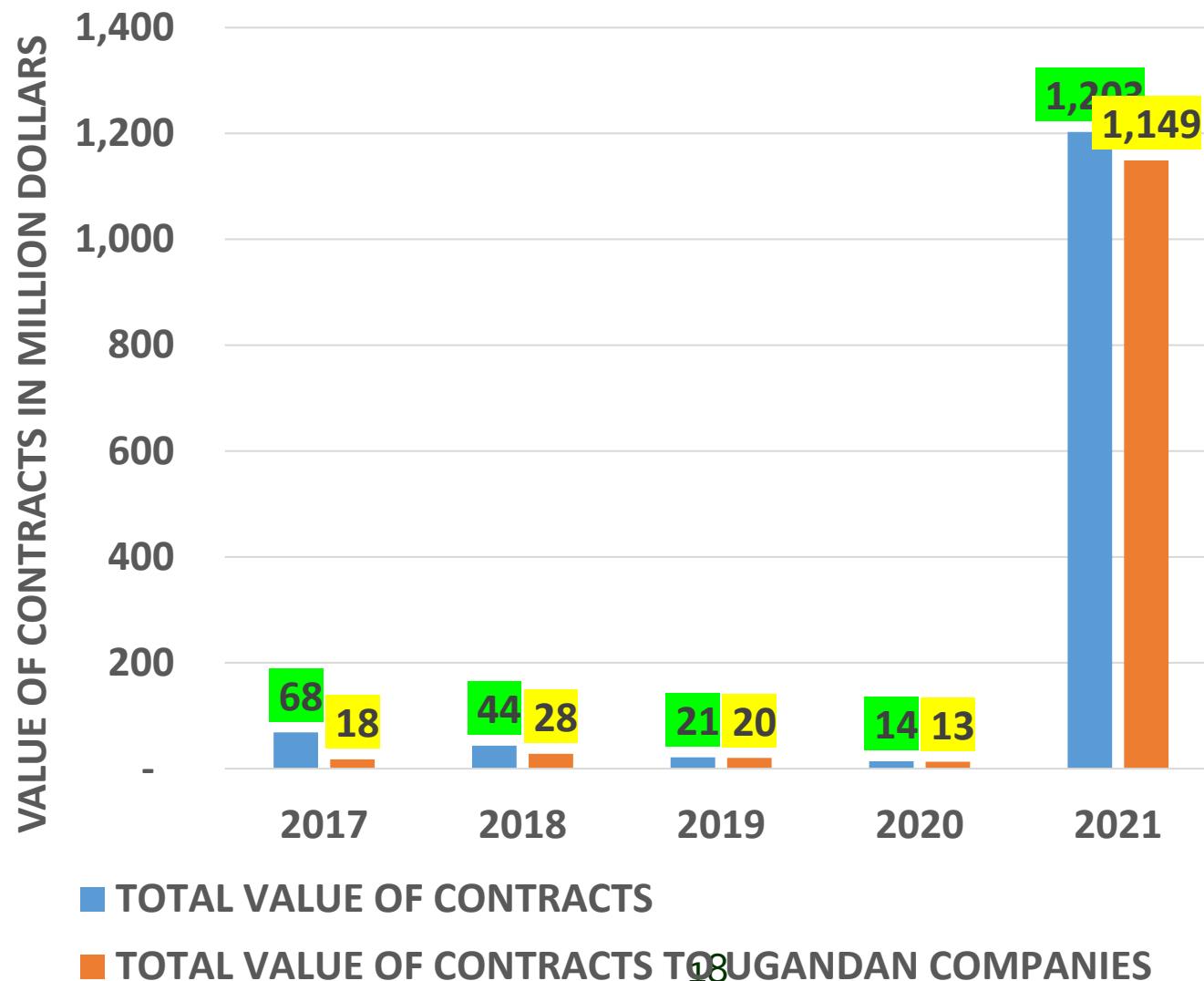
- Future Options Consulting Limited and WTS Energy Netherlands B.V. for provision of Technical Assistance Services for Tilenga Project.
- Consolidated Contractors Group S.A.L (Offshore) and Civtec Africa for Civil works.
- Zoramu Consulting Group and Invest in Africa
- CIS (Catering International & Services)- SKYZ Hotel
- Bemuga and AMT S.A
- Q-Sourcing & Worldwide Recruitment Solutions Limited
- Orion & True North JV Ltd



NATIONAL CONTENT ACHIEVEMENT

Utilization of Ugandan goods and services

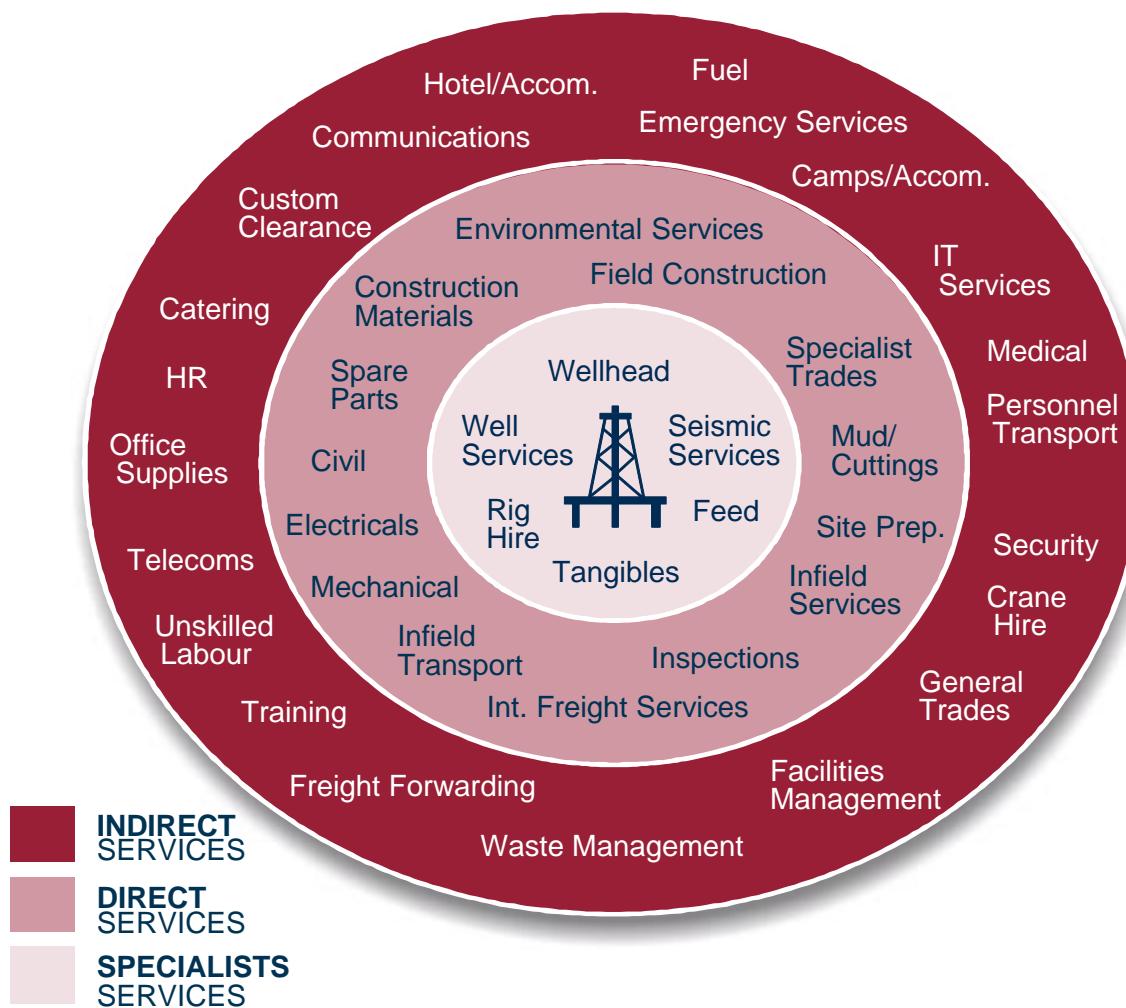
- In the last 5 years, approx. 90% of the procurements have gone to Ugandan companies (US\$ 1,227,701,788 out of US\$1,350,061,360), 20% of this \$1.2billion went to Ugandan companies with Ugandan ownership.
- During 2021, Ugandan companies were awarded contracts worth US\$ 200million in the oil and gas sector, an increase from US\$10.7 million during 2020. The value of contracts to be awarded to Ugandan companies during 2022 is projected to be in excess of US\$ 1 billion.
- Contracts worth US\$ 6 billion have been approved, out of which, \$1.7 billion are expected to be awarded to Ugandan companies.
- Approx. 73% of the companies involved in supplying the sector have been Ugandan companies(460/624).
- Approx. US\$ 988,658 has gone to the community economy through provision of goods and services.





NATIONAL CONTENT ACHIEVEMENTS

Some of the services offered by Ugandan entities

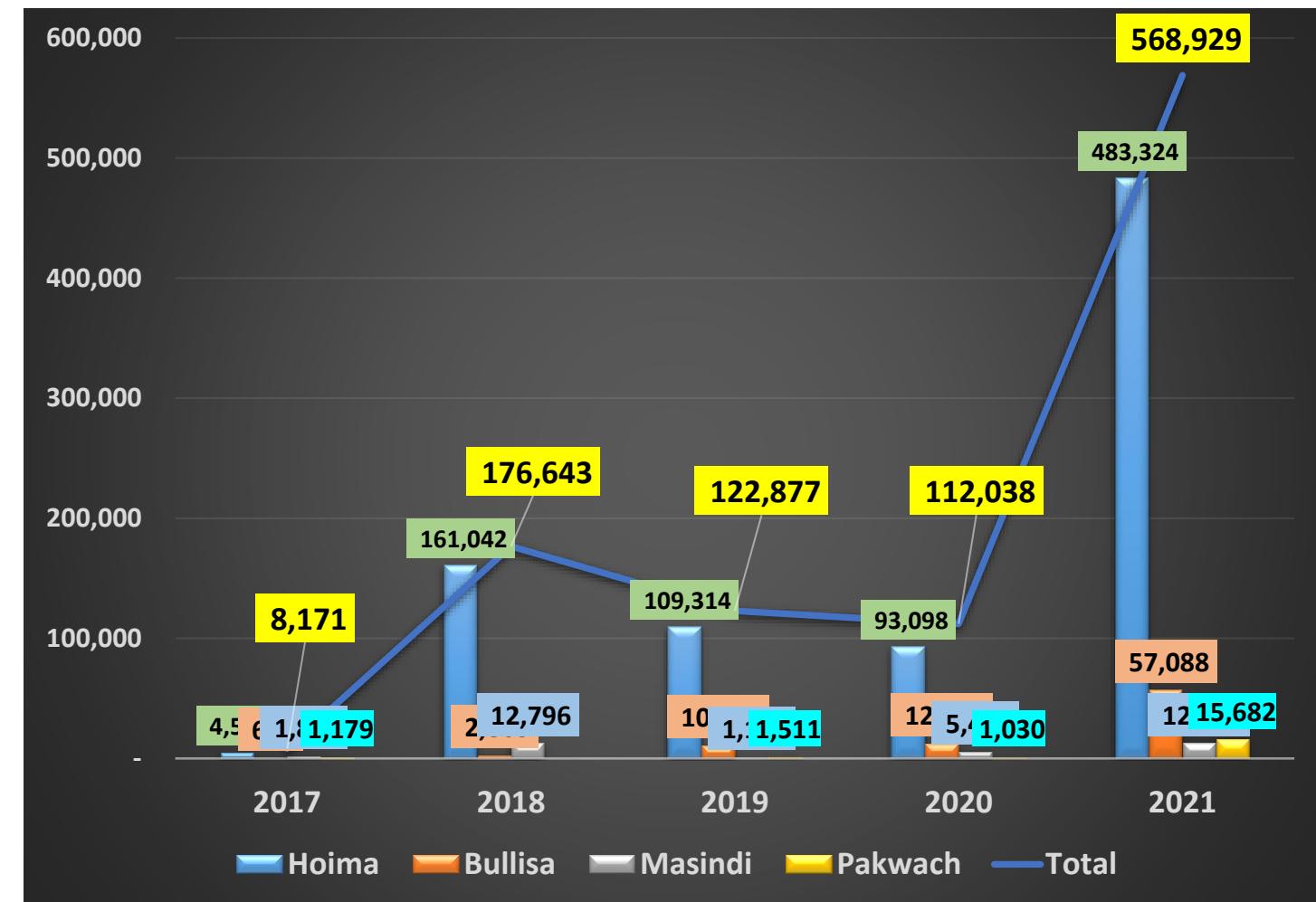
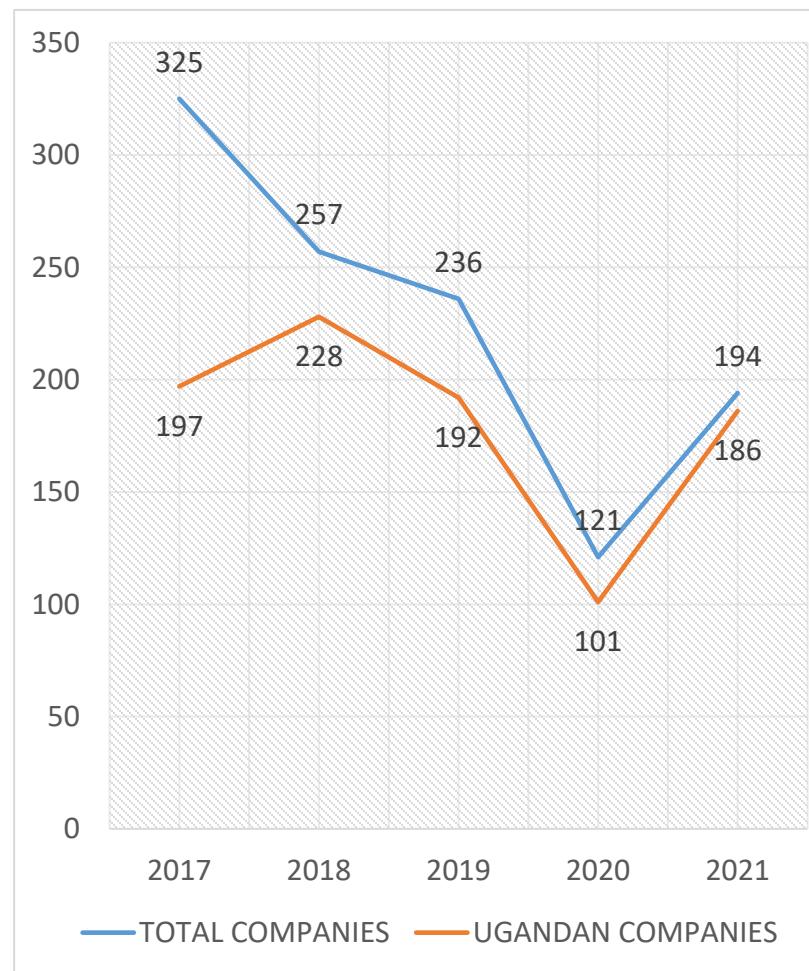


- Security.
- Foods and beverages.
- Hotel accommodation and catering.
- Human resource management.
- Office supplies.
- Clearing and forwarding
- Locally available construction materials.
- Civil works.
- Environment studies and impact assessments.
- Communications and information technology services.



NATIONAL CONTENT ACHIEVEMENTS

Participation of Ugandan Companies in Oil and Gas Procurements





NATIONAL CONTENT ACHIEVEMENT –SOME OF THE UGANDAN CONTRACTORS



Kijungu Hill Hotel



ICS





LINKAGES WITH OTHER SECTORS OF THE ECONOMY

Linkages with other sectors of the economy expected to be worth approximately USD 8billion

Agriculture

- ✓ Commercial agriculture
- ✓ Agriculture machinery
- ✓ Cold chain (storage and transportation)
- ✓ Food processing



Housing

- ✓ Provision of low middle and high-end housing
- ✓ Construction/provision of office space
- ✓ Construction/provision of warehousing facilities



Tourism

- ✓ Upgrade and refurbishment of tourism sites
- ✓ Provision of hospitality services
- ✓ Provision of tourist accommodation



Civil works

- ✓ Earth moving and lifting equipment
- ✓ Mechanical and Electrical equipment
- ✓ Fire fighting equipment/ material
- ✓ Piping equipment
- ✓ ICT equipment

Health

- ✓ Medical emergency response
- ✓ Provision of onsite clinics
- ✓ Personnel medical insurance
- ✓ Occupational health services
- ✓ Medical supplies and logistics
- ✓ Medical infrastructure services

Transport

- ✓ Freight, forwarding and Handling
- ✓ Logistics and haulage
- ✓ Provision of specialised transportation

The Authority is supporting the development of linkages between the oil and gas sector and other sectors of the economy. Sectors where linkages have been developed and are under implementation include Education (H.E the President launched in 2014). Land use planning and transport. Linkages with the health, agriculture and housing are currently being defined.



CHALLENGES

Challenge	Mitigation Plan
<p>Limited financial capacity for the local enterprises to adequately compete in the contracting and procurement process due to high costs involved for example financial requirements for individual contracts range from:</p> <ul style="list-style-type: none">▪ \$10K - \$150k▪ \$151K – \$10 million (majority)▪ \$50 million - \$180 million.	<ul style="list-style-type: none">a) Establishment of the local Content Fund- Long termb) Supplier development engagementsc) Dialogue with the financing institutions to establish affordable financing packages for local enterprises (capitalization of Government owned financial institutions)d) Promotion of joint venturese) Unbundling of contracts
High end international certification requirements- industry practice	<ul style="list-style-type: none">a) Promotion of joint venturesb) Support to SMEs to attain the required certification and standards
Limited human capacity to take up high paying jobs in the industry.	<ul style="list-style-type: none">a) Comprehensive capacity building initiativesb) Upgrading/ establishment of training institutions with the accredited programsc) Reskilling of the trainers
Limited technical capacity for the local enterprises to adequately compete in the contracting and procurement process.	<ul style="list-style-type: none">a) Establishment of the Industry Enhancement Centerb) Supplier development engagementsc) Promotion of joint ventures for purposes of technologyd) Unbundling of contracts



CONCLUSION

- Uganda's oil and gas sector is continuing to grow with exploration, development and commercialization projects which are bringing enormous opportunities to benefit Ugandans and the Ugandan economy.
- Various Opportunities at the next stage of development-USD 15-20bn.
- These benefits are coming directly from the oil and gas projects but also through linkages with other sectors of the economy like agriculture, manufacturing and tourism.
- Private sector players are encouraged to seek partnerships and collaborations
- Register on National Supplier Database to increase your chances of participating in the country's oil and gas sector.
- The Petroleum Authority of Uganda reiterates its commitment to working with all stakeholders to maximize value retention from Uganda's oil and gas sector.

THANK YOU

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