



## IMPLEMENTATION OF THE NATIONAL CONTENT POLICY: PROGRESS AND CHALLENGES

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# OUTLINE

1. Introduction
  - Status of the Oil and Gas Sector and its regulation
  - What is National Content
2. Where are the opportunities
3. What are the opportunities
4. Challenges
5. Conclusion

# 1. INTRODUCTION

## Mandate

- The Constitution of Uganda (1995) vests ownership of oil and gas resources in the Government on behalf of the Republic of Uganda
- Sustainable exploitation and utilisation of the Petroleum resources is at the core of Government's mandate for the sector.
- Government's strategies and actions for the petroleum sector are aimed at using the resources to create lasting value to both current and future generations.



# 1. INTRODUCTION

## Institutional Framework

**DIRECTORATE OF PETROLEUM**  
(In Ministry of Energy and Mineral  
Development)

- To support in Policy formulation and licensing of acreage
- Upstream, Midstream and Downstream depts.

**PETROLEUM AUTHORITY OF  
UGANDA**

- To regulate and monitor Upstream and Midstream sub-sectors
- Ensure compliance of petroleum operations

**UGANDA NATIONAL OIL COMPANY  
LTD**

- To move forward the country's commercial interest in PSAs
- Create Joint Ventures across the petroleum value chain

Other stakeholders are NEMA, UWA, URA, UNRA, Auditor General etc.

Roles of Public and Private Sector players defined in the National Oil and Gas Policy for Uganda, 2008

# 1. INTRODUCTION: Who is the Petroleum Authority of Uganda?



Statutory body established under Section 9 of the Petroleum (Exploration, Development and Production) Act 2013, and in line with the National Oil and Gas Policy for Uganda which was approved in 2008.

Mandate is to monitor and regulate the exploration, development and production, together with the refining, gas conversion, transportation and storage of petroleum in Uganda

## **Vision:**

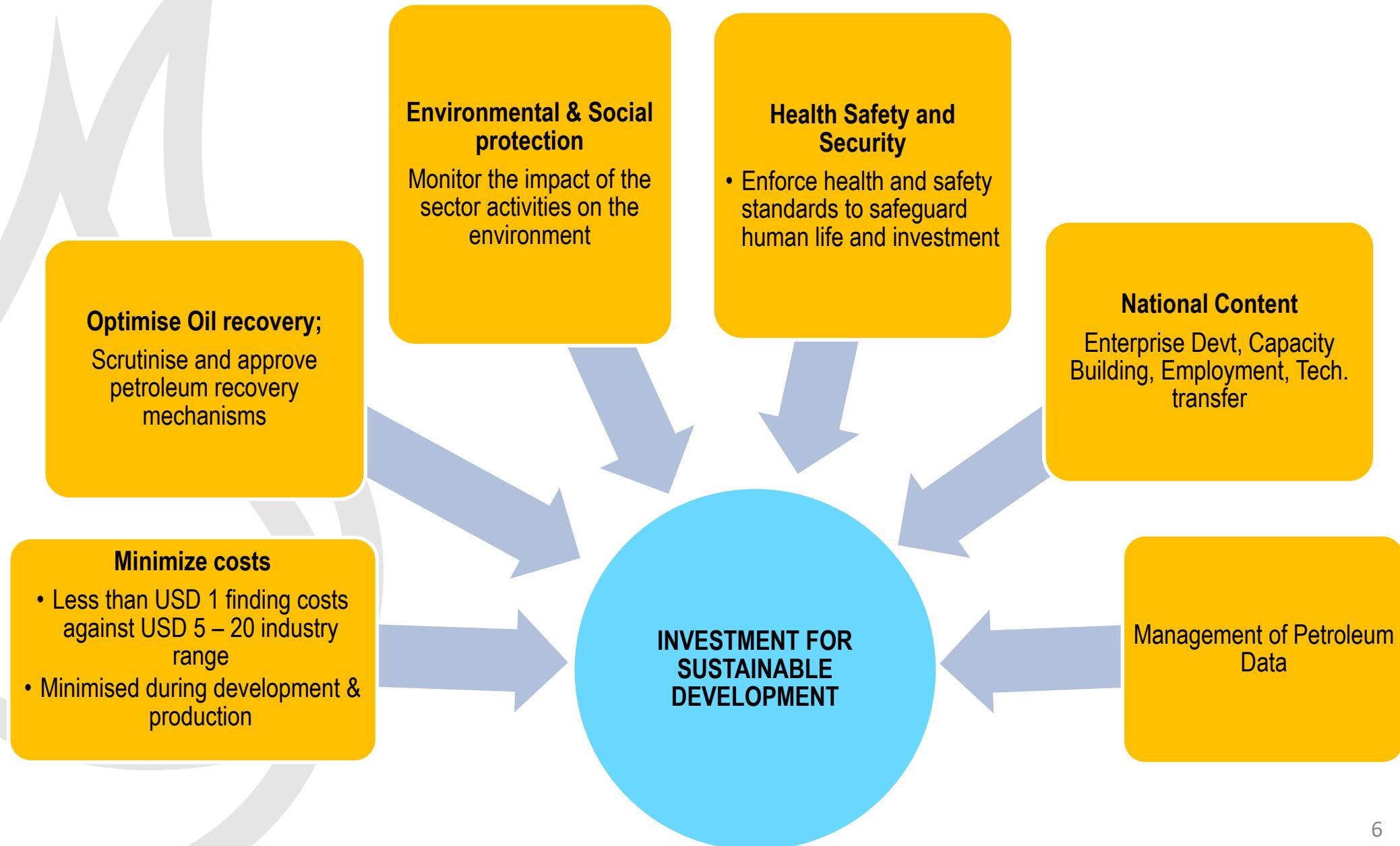
- To be a Leading Petroleum Regulatory Agency.

## **Mission Statement:**

- To regulate and monitor the petroleum sector in order to create lasting value for society and contribute to Uganda being a sound investment destination.

# 1. INTRODUCTION: REGULATION

## Fundamentals



# 1. INTRODUCTION: What is National Content

## 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

## Key Pillars

- National Oil Company
- Use of locally produced goods and services
- Enterprise development
- Employment
- Capacity building
- Transfer of knowledge and technology



## Ultimate goal:

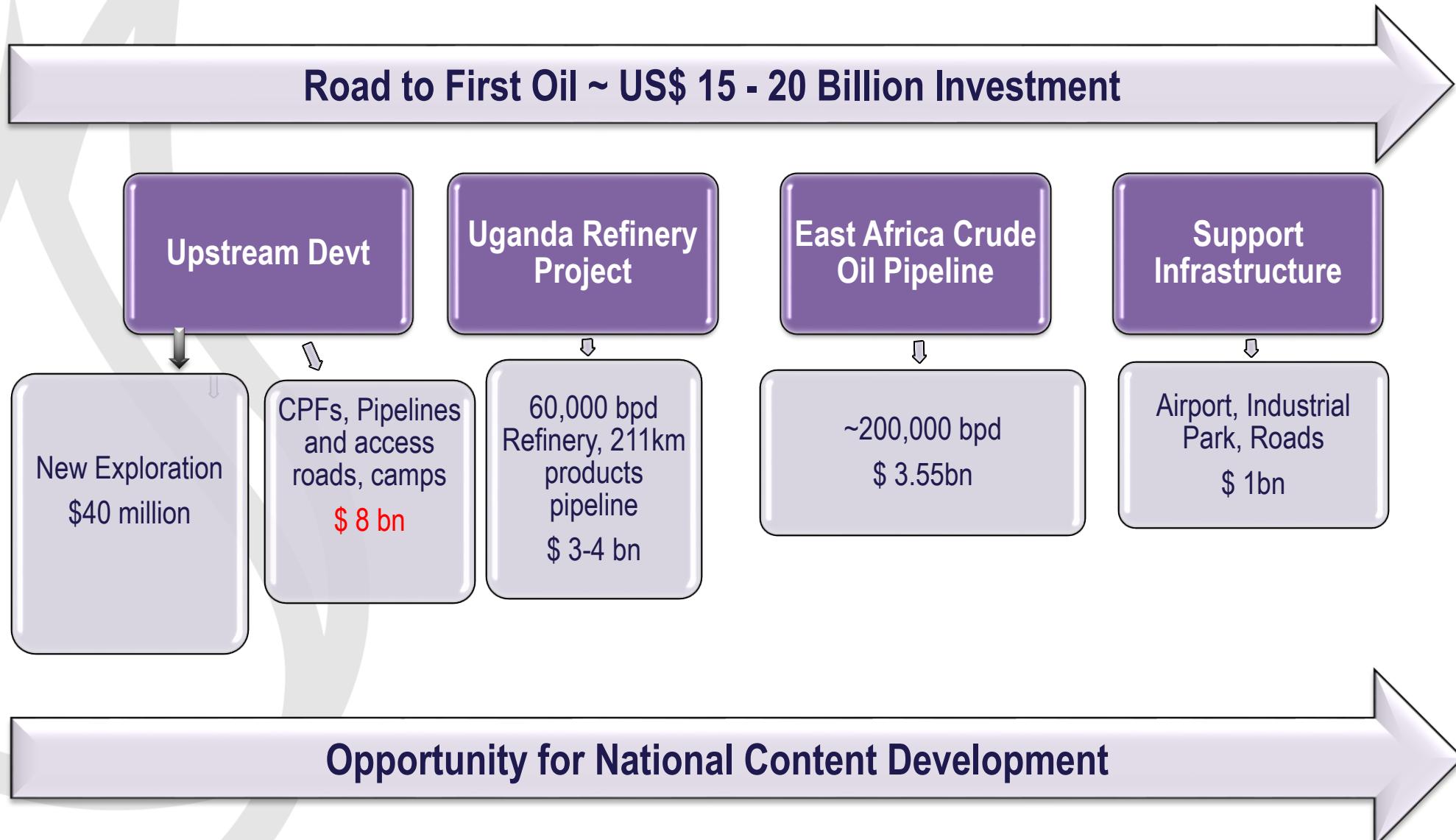
To achieve in-country value creation and retention whilst ensuring competitiveness, efficiency and effectiveness.

## What National Content is not

- Ownership
- Protectionism
- Compromise on standards

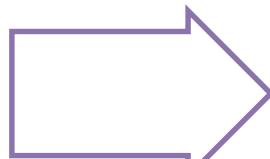
# 1. INTRODUCTION: Where are the opportunities

## Key Projects

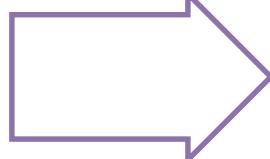


# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

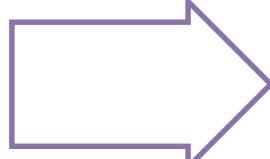
2006 – Commercial Discovery



21 Discoveries; 88% drilling success rate



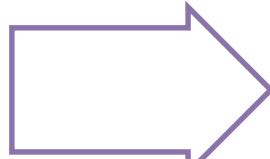
6.5Bbbls STOIIP;  
1.4Bbbls , 500Bcf gas



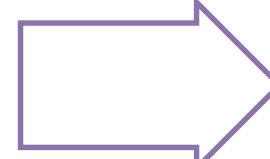
9 PLs over 14 discoveries



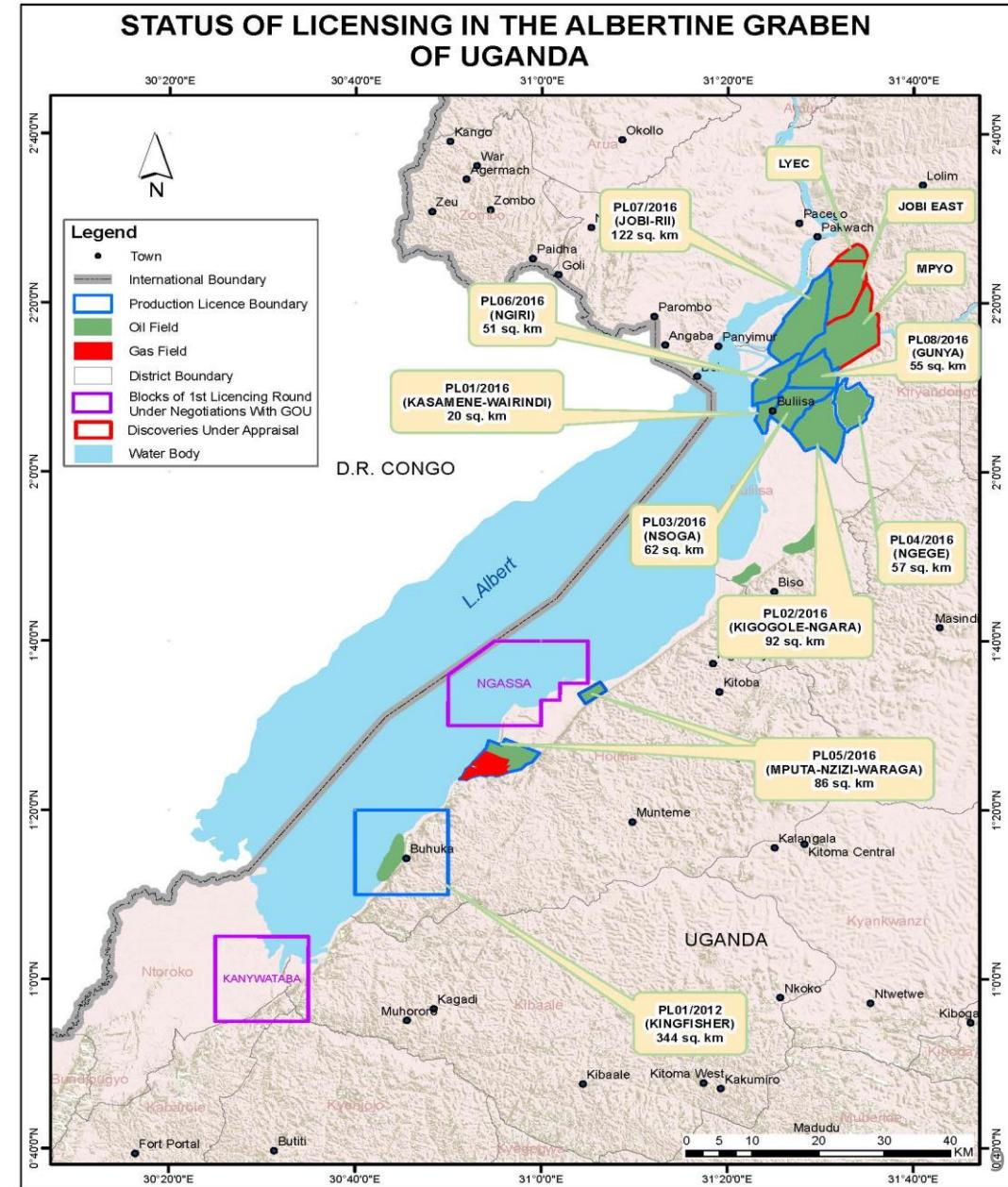
3 PLAs under review



3 ELs issued in Sept-Oct 2017



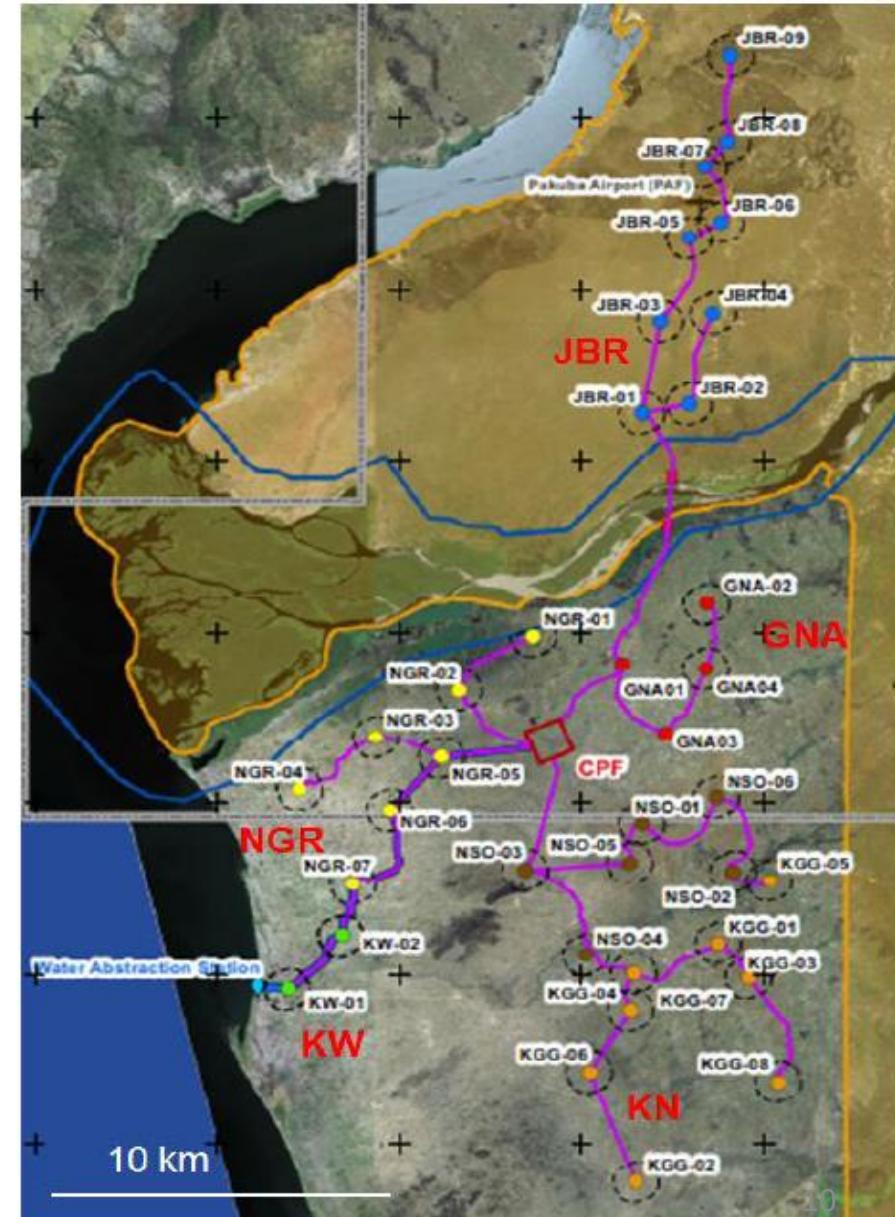
Exploration of new acreage commenced in 2018



# 1. INTRODUCTION: STATUS OF OIL AND GAS THE SECTOR

## Tilenga Project

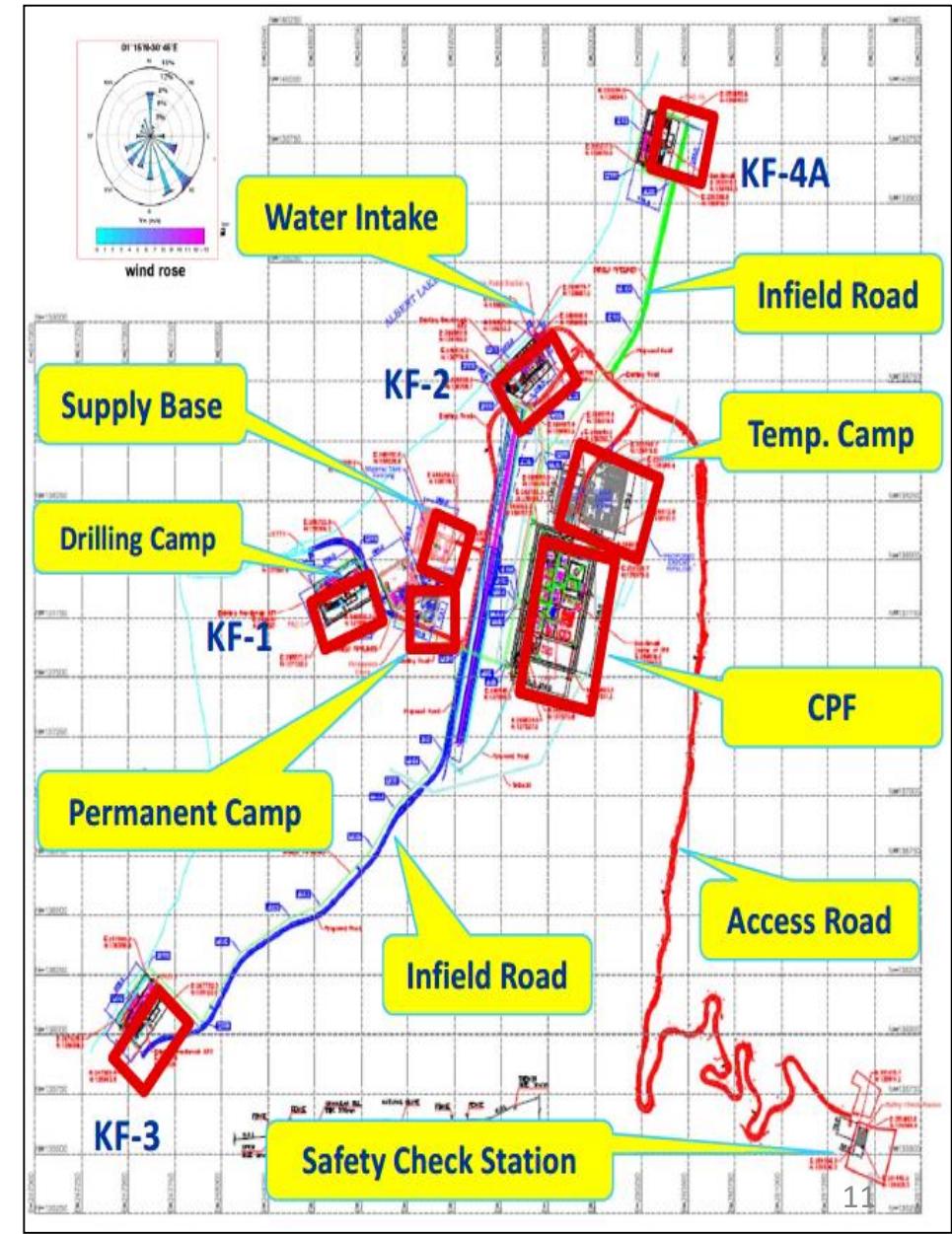
- Total: Jobi-Rii, Ngiri & Gunya fields
- Tullow: Kigogole-Ngara, Nsoga, Ngege, Kasamene-Wahirindi.
- Production plateau of ~190k bopd - 4yr plateau
- 35 wellpads (MFNP-10 and South-25)
- ~ 412 wells (190 OP/189 WI/33 Obs)
- Buliisa-Kabaale Feeder pipeline: 95 km, 24"
- RAP ongoing
- FEED Completed
- ESIA report submitted to Government, under review



# 1. INTRODUCTION: STATUS OF OIL AND GAS THE SECTOR

## Kingfisher Project

- CNOOC - Kingfisher field.
- Tullow – Future tie back from Kaiso Tonya (Mputa-Nzizi-Waraga) fields
- Production plateau of ~40k bopd 5yr plateau
- ~ 31 wells on 4 well pads in KF (20 OP, 11 WI)
- ~ 20 wells on 3 well pads in KT
- Kingfisher-Kabaale Feeder pipeline: 46km, 12"
- RAP and ESIA studies are ongoing
- FEED Completed



# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

## Refinery Project

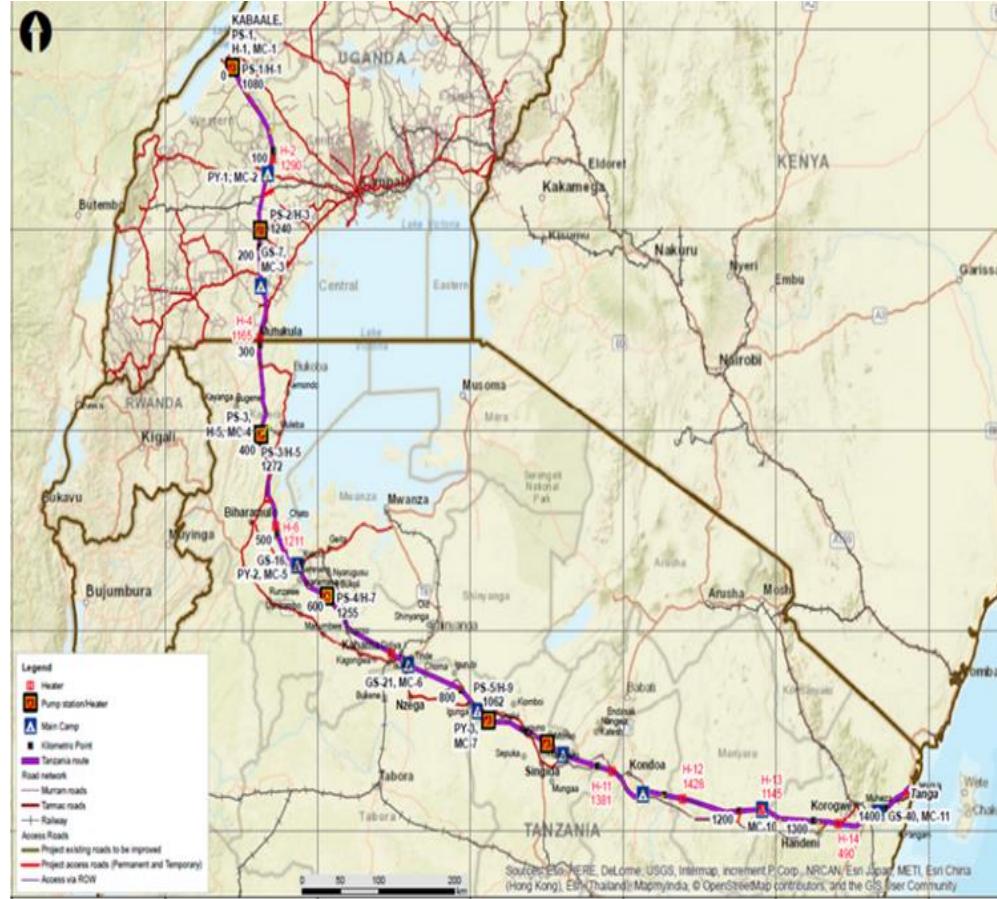
- Uganda consumption approx. 32,000bbl/day; growing at a rate of 7% p.a.
- Feasibility of refining in Uganda confirmed
- Refinery of 60,000bbl/day planned to be developed located in Kabaale, Hoima
- PFA with lead investor (AGRC) signed: Pre-FID activities (FEED, ESIA etc) to commence.
- ~US\$ 3-4 billion project (includes 211km products pipeline).
- GoU's stake to be held through the Uganda Refinery Holding Company (URHC) - a subsidiary of the Uganda National Oil Company (UNOC).
- 29 Sq.km of land acquired (5 sq. Km for refinery): 98.7% of PAPs compensated



# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

## East African Crude Oil Pipeline (EACOP) Project

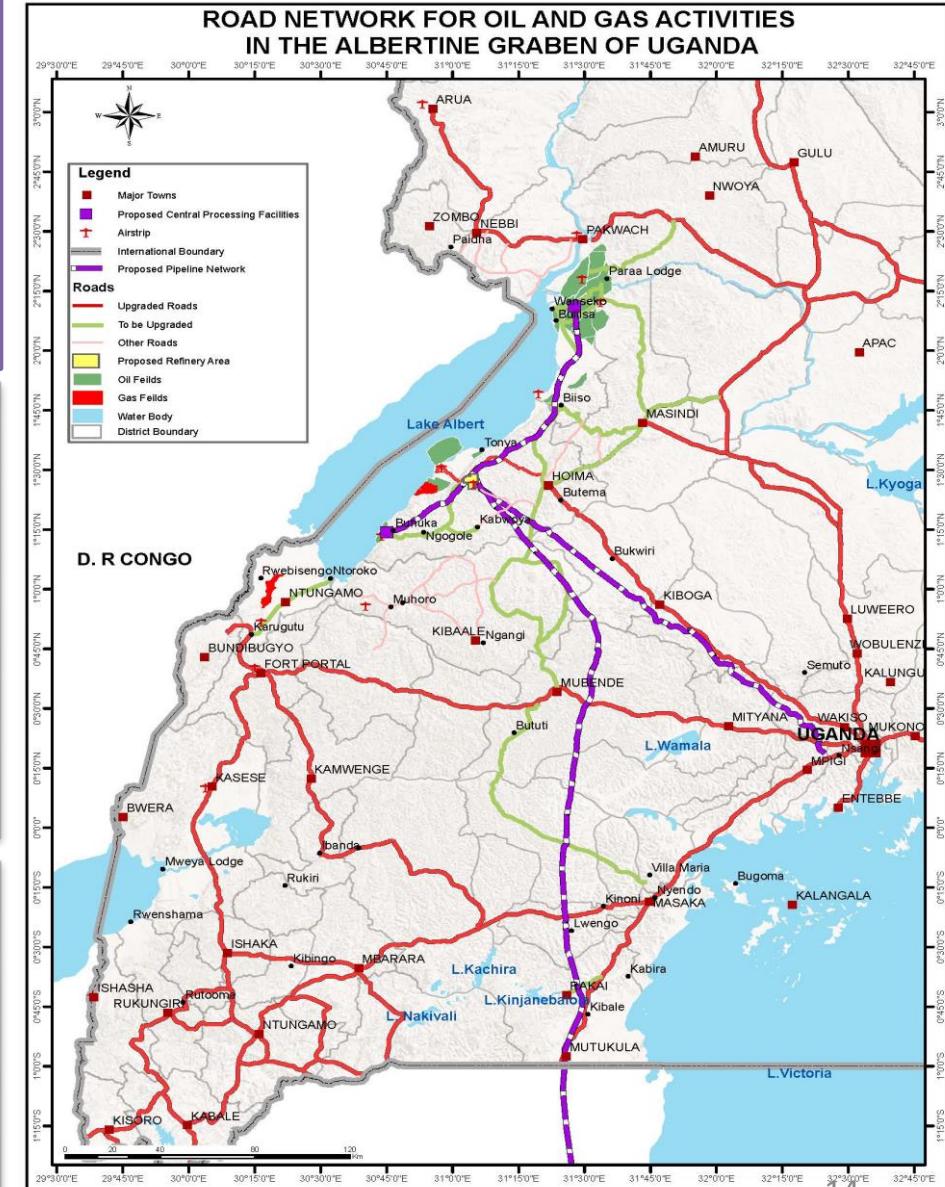
- Hoima (Uganda) - Tanga (Tanzania)
- 1445km long, 24-inch diameter with CAPEX US\$ 3.5 billion
- Project partners; GoU, GoT, Upstream licensees Uganda
- inter Governmental Agreement - Ug and Tz signed in May 2017
- Foundation Stone laid in Tanga – Aug 2017 , Hoima and Mutukula – Nov 2017
- Negotiation of Host Government Agreements ongoing
- GIE Engineering (USA) completed FEED; Target FID; 2018
- RSK Environment Limited (UK) & Eco & Partner Consult (UG) undertaking ESIA
- **Districts:** Hoima, Kakumiro, Kyankwanzi, Mubende, Gomba, Sembabule, Lwengo, Rakai and Kyotera
- RAP for construction camps (4 districts) has commenced.



# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

## Roads infrastructure Project

- Planned network of 12 roads; 580 Kilometres at US \$ 500 million
- Financing by Exim Bank China and UK
- Individual road lengths range from 23 kilometres to 110 Kilometres including a 3 kilometre bridge



# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

## Support infrastructure Project

- Master Plan for the Industrial Park developed by SMEC International (Australia);
- 29 sq.km of land in Kabaale, Hoima to host:
  - A Refinery
  - Petroleum Products Storage,
  - An International Airport
  - A crude oil storage and transmission hub,
  - Logistics warehousing
  - Petrol/Chemical Industries, among others
- **Airport Development;** SBI from Israel and Colas UK (SBC (U) Ltd.
- UK Export Credit Financing – US\$ 300m
- Usable runway by Sept' 2019.



# 1. INTRODUCTION: STATUS OF THE OIL AND GAS SECTOR

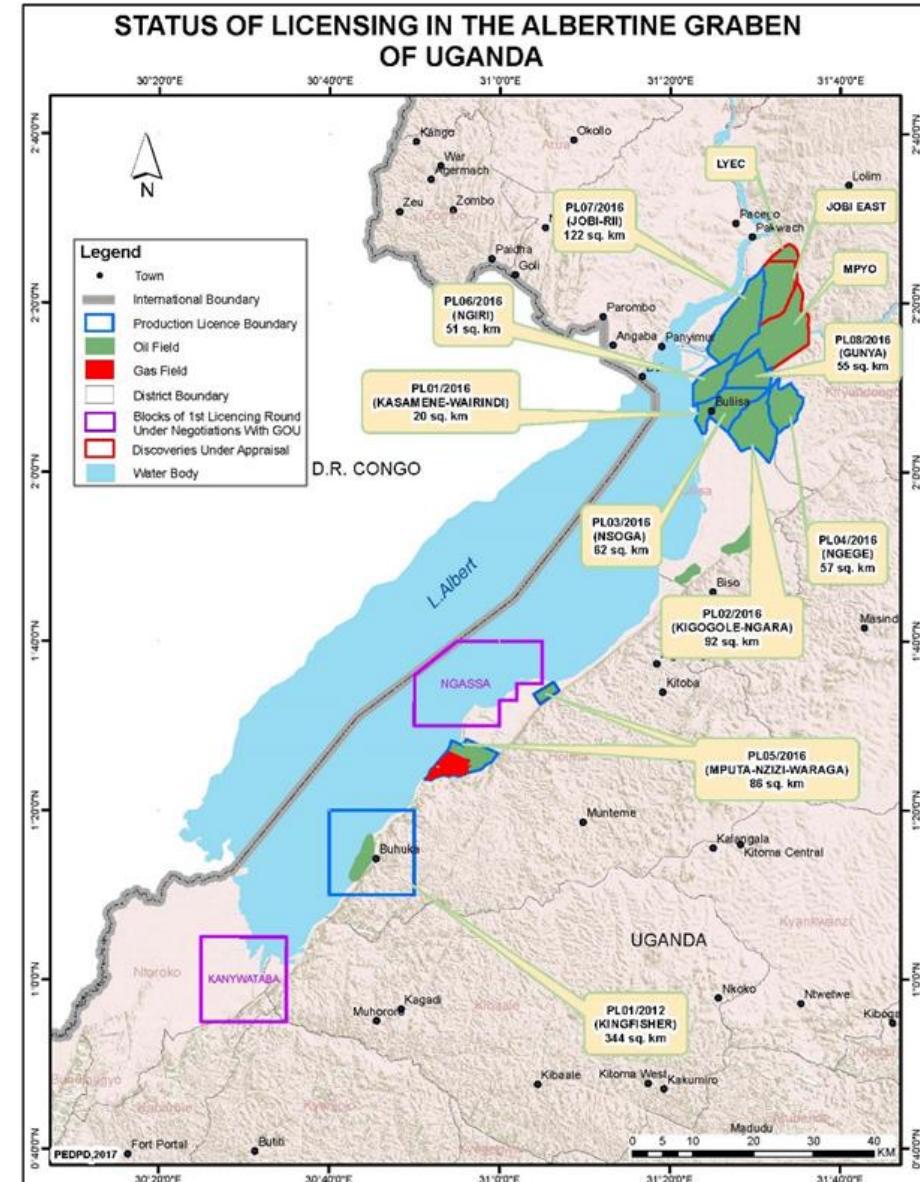
## Exploration Projects

**Three Licenses under Exploration :**  
 Kanywataba area to Armour Energy Ltd  
 Ngassa deep play to Oronto Petroleum Ltd  
 Ngassa shallow play to Oronto Petroleum Ltd

**Planned Work Programmes (4 years)**  
 Reprocessing the existing seismic data,  
 Acquiring new seismic data,  
 Geological and geophysical studies  
 Drilling of at least two exploration wells.

## Other Basins

Monitor and participate in data acquisition over unlicensed areas in Albertine Graben, Kadam-Moroto, Lake Kyoga and Hoima Basins



# 1. INTRODUCTION: REGULATION

## Legal Framework

### Upstream

Exploration, Development,  
Production and Decommissioning

- Petroleum Exploration Development and Production Act 2013 – Section 10 functions of PAU
- Four sets of Upstream Regulations ; Technical, HSE, Metering and National Content
- Model PSA 2016

### Midstream

Transportation, Refining and Gas Processing

- Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013 - (Section 6 on functions of PAU)
- Three sets of Midstream Regulations (2016); HSE, National Content and Technical Aspects

### Downstream

Distribution, Sales and Marketing

- Petroleum Supply Act 2003
- Regulated by the Petroleum Supply Department in MEMD

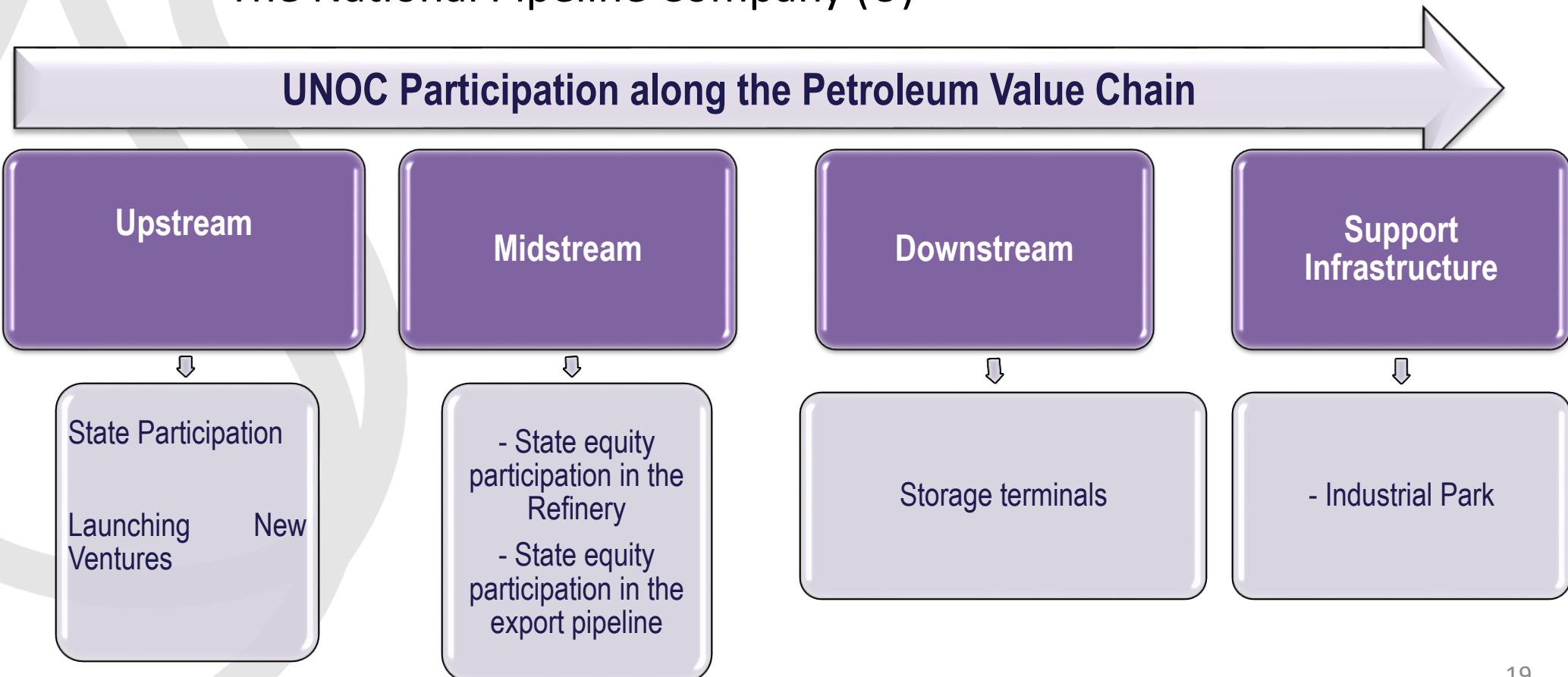
# Key Pillars of National Content

- National Oil Company
- Use of locally produced goods and services
- Enterprise Development Employment
- Capacity Building
- Transfer of Knowledge and Technology

# 1. INTRODUCTION: Uganda National Oil Company

## Vehicle for Capacity Building

- UNOC was incorporated in 2015, wholly owned by government as a commercial arm of government in the sector
- Subsidiaries
  - The Uganda Refinery Holding Company Ltd
  - The National Pipeline Company (U)



# 1: INTRODUCTION: National Content Regulatory Tools

## Regulatory Tools

### Utilization of Ugandan Goods and Enterprise devt

- Work Program and Budget

- Procurement Plans

- Procurement contracts

- National Supplier Data base

### Employment

- Work Program and Budget Approval

- Human Resource plans & Reports

- Work permit recommendations

- Succession plans

- National Talent Register

### Skills Development and transfer of technology

- Work Program and Budget Approval

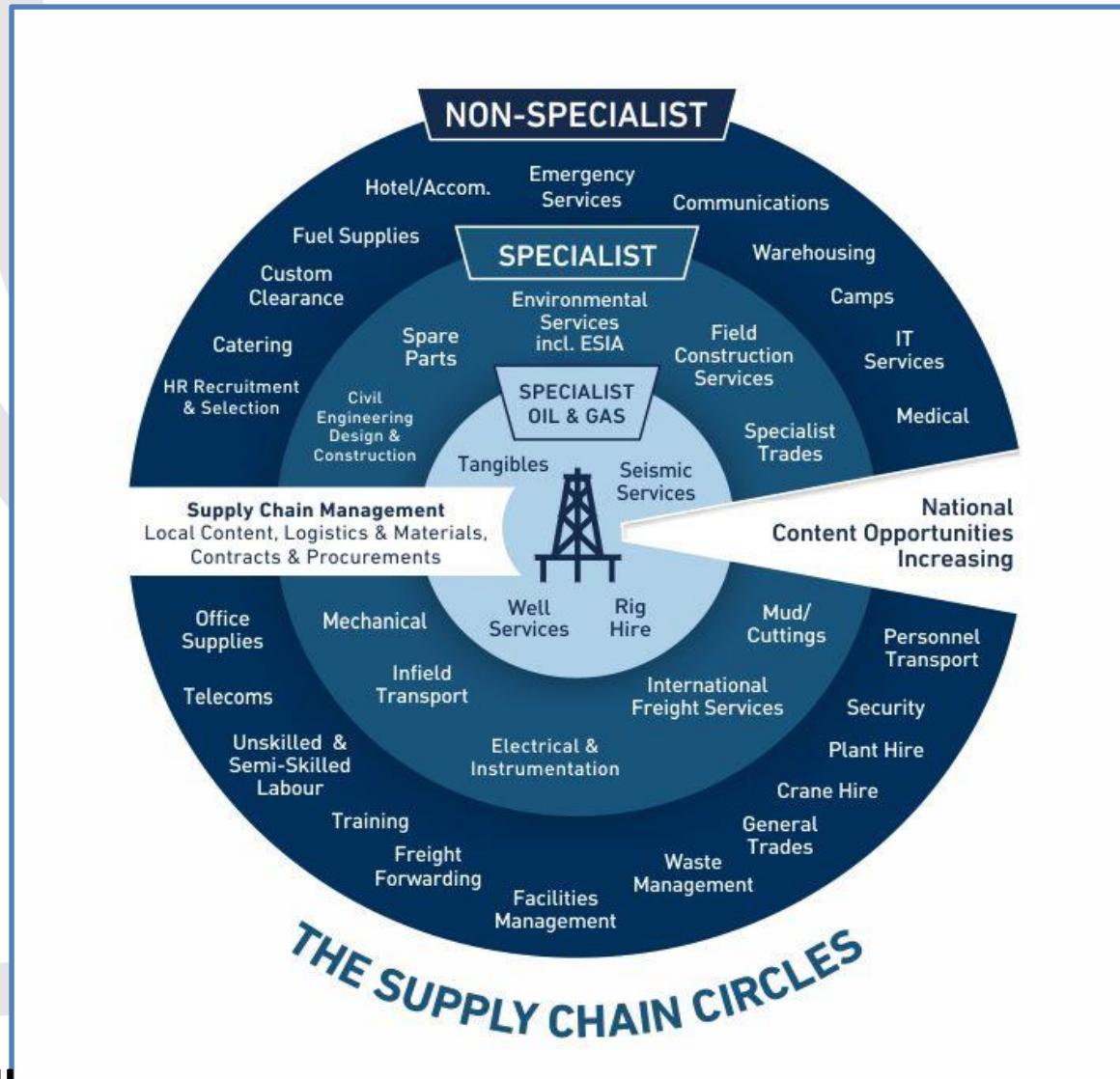
- Training Plans

- Industry attachments

- Plans for technology transfer

## 2. WHAT ARE THE OPPORTUNITIES

Opportunities levels in the petroleum sector are diverse and will continue to grow across the supply chain.



Source: Tullow

## 2(a)National Content opportunities

list of goods and services to be provided by Ugandan companies, Ugandan citizens and registered 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. Clearing and forwarding.
10. Crane hire.
11. Locally available construction materials.
12. Civil works.
13. Supply of locally available drilling and production materials.
14. Environment studies and impact assessment.
15. Communications and information technology services.
16. Waste management, where possible.



## 2(a)National Content opportunities

### Enterprise Development; Provision of Goods and Services

#### 25 critical industries with high potential for National Content for Uganda; IBS 2013

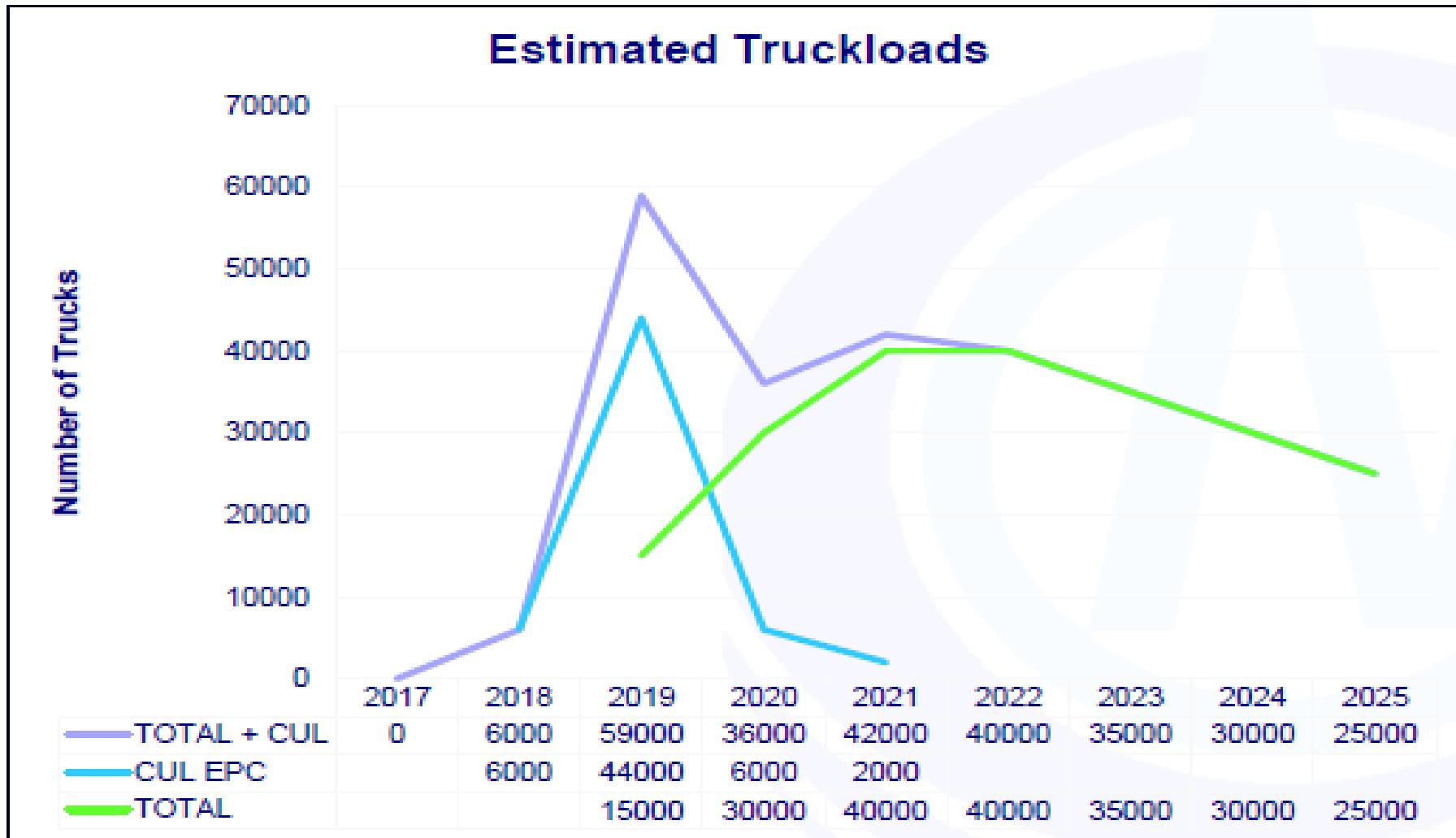
- Civil construction
- Road construction
- Cement Industry
- Domestic airline services
- Food supply
- Furniture manufacturing
- General maintenance
- Light equipment
- Mechanical construction
- Structural/flat steel
- Transport & Logistics (Goods)
- Vendors
- Reinforcement steel manufacturing
- Site safety and security
- Bulk material
- Catering
- Facility management
- Fuel wholesale
- Generic waste management
- Hazardous waste management
- Manpower consultancy
- Production operations
- Technical consulting
- Transportation (People)
- Work safety products

## 2( b) Example: some of the estimated Goods and Services; Tilenga

TYPE	Description	Estimated need	Potential spend with Local Companies (k USD)
<b>Regional Haulage</b>	Mombasa to sites	250 trucks over 3 years then 100 trucks over 1 year	<b>100 000</b>
<b>National Haulage</b>	Civil works , Intra Tilenga drilling & construction logistics, ...	250 trucks over 3 years then 30 over 1 year	<b>50 000</b>
	Lifting equipment for drilling and construction	Min. 20 cranes (capacities & types to be confirmed), forklifts, ...	<i>Estimation process ongoing</i>
<b>Catering and accomodation services (1)</b>	Company and Tier1 contractors	5000 people to accommodate	<b>300 000</b>
<b>Fuel &amp; lubes</b>	Covering all haulage needs	150 millions litres fuel.	<b>120 000</b>

Category	Indicative Items	Indicative quantity <i>00's= hundreds 000's = thousands</i>
<b>Personal Protective Equipment</b>	Safety Boots (Assorted sizes)	7,500
	High Visibility Coveralls (MSME opportunity)	15,000
	Gloves	20,000
	Safety Glasses	20,000
	Hard Hats	7,500
	High visibility vests (MSME opportunity)	15,000

## 2(b) Total Estimated Truck Loads

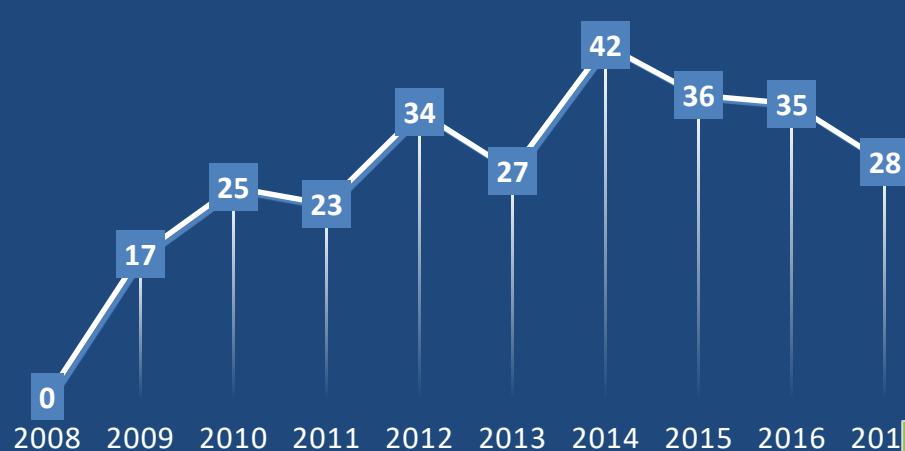


CNOOC Kingfisher : Volume of materials and equipment EPC Phase estimated to be **1.6 Million Tons**  
 TOTAL Tilenga: Volume of materials and equipment (CPF construction, wellpads, flowlines, drilling of 36 & 400 wells) estimated to be over **7.2 Million Tons**.

## 2( C) Achievements in the Use of Uganda's goods and services and Enterprise Development

Trend of total contract value spent on local companies (M'USD)

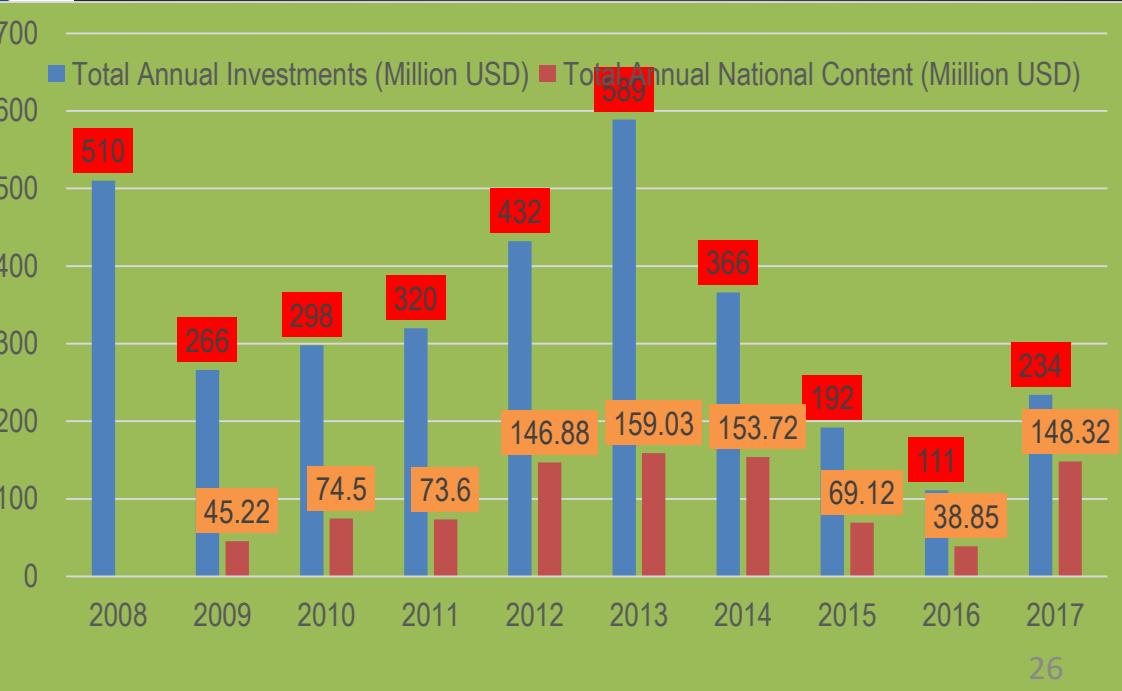
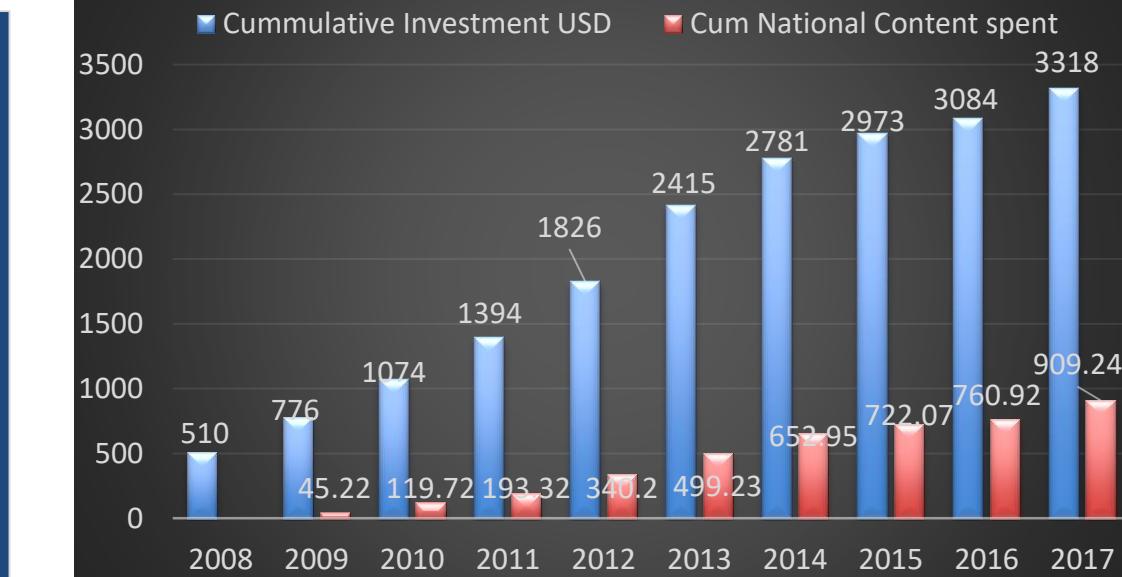
### Trend of Total Contracts Spent With Local Companies (%)



Out of the USD 133m spent in 2017, 28% were taken by Ugandan companies

Some areas include

- Legal services
- Freight Forwarding and customs clearance
- Waste collection services
- Assorted PPE
- Catering services
- Survey services



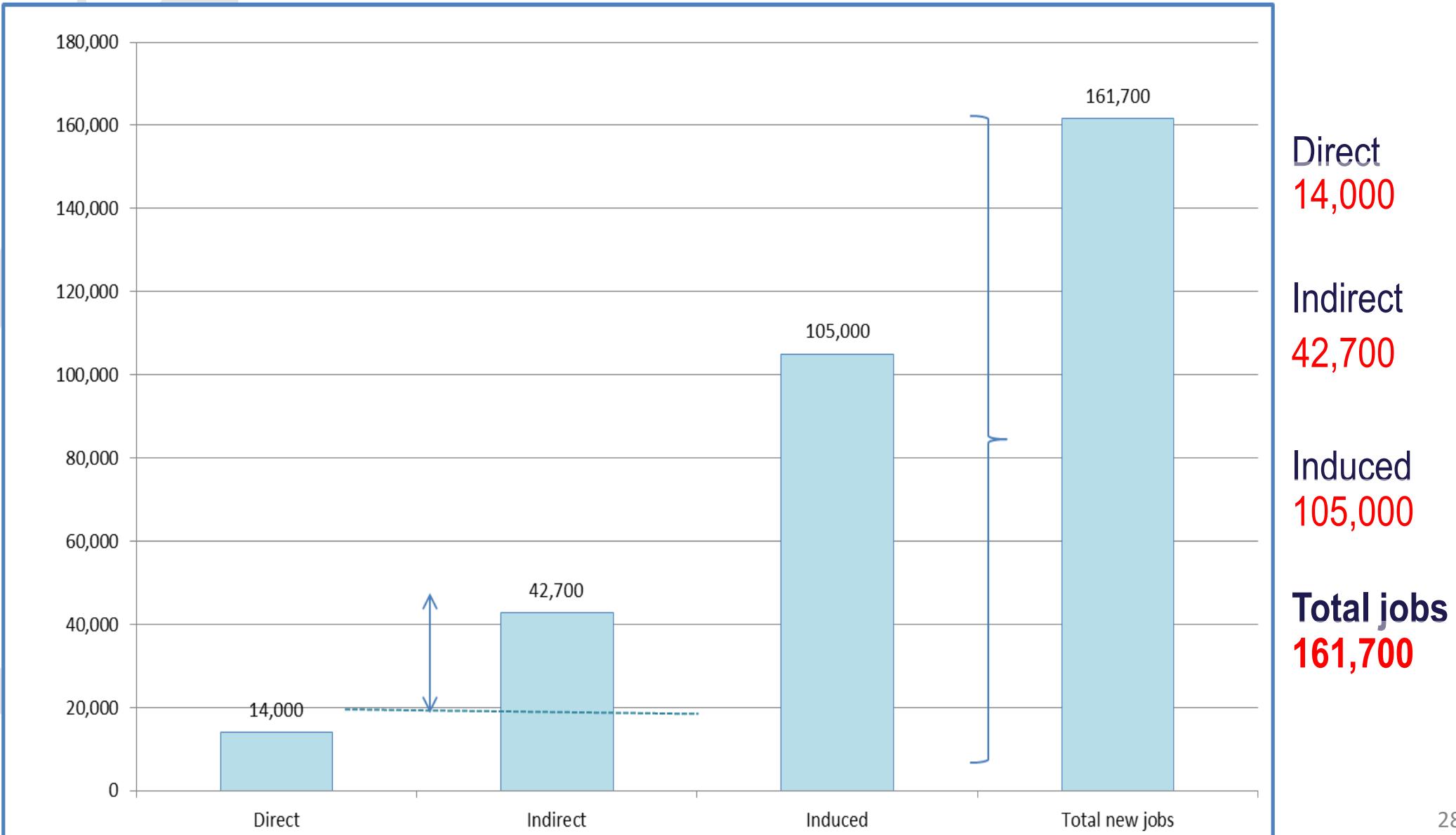
## 2d) Achievements in the Use of Uganda's goods and services and Enterprise Development: National Suppliers Database

Category	2017 Process		2018 Process (as at 31 <sup>st</sup> Jan)	
	Application	Qualified	Applications	Qualified
Ugandan registered	501	378	1,594	1236
Foreign registered	273	135	964	516
<b>Total applications</b>	<b>774</b>	<b>513</b>	<b>2,558</b>	<b>1,752</b>

*Registration open: September 2018 to June 2019*

## 2e) Employment and projections in the Sector

### *Manpower Needs in the Oil and Gas Sector*



## 2(f) Achievements in employment

Licensed companies have offered direct employment to over 1,000 people with more than 70% of staff as Ugandans.

Currently, with the low volume of activities, the three licensed Oil companies employ a total of 281 people of which 87%

Company	Total employed	Total Nationals	%age of Nationals
Tullow	79	77	97
CNOOC	69	59	86
Total E&P	133	110	83
Over all	281	246	87

### *In plan*

- Development of the National Oil and Gas Talent Register.

## 2g) Skills projections

Level 4 Engineers & Managers	Level 3 Technicians	Level 2 Trades & Craft	Level 1 Basic Skills & Entry Level
Civil/Structural Engineering (340)	Mechanical Technician (722)	Civil/Structural Engineering (3,112)	Civil/Structural Engineering & related Labourers (3,902)
Mechanical Engineering (152)	Instrumentation Technician (465)	Driving (1,810)	Hospitality & Catering (1,071)
Control Centre Operations (121)	Logistics & Supply Chain Management (314)	Welding (1,230)	Security (915)
Geological Engineering (112)	Electrical Technician (280)	Scaffolding (701)	Drilling Rig & related Labourers (645)
Maintenance Engineering (103)	Drilling Rig Operator/Technician (187)	Mechanical Technician and related trades (636)	Field Production (280)

## 2h) Achievements in Skills Development

- Training of over 200 Government officers from different MDAs
- Almost 500 International certified technicians with support from different stakeholders; GIZ/ZOGA, Irish Aid, World Bank
- Support to training institutions to acquire international accreditation and certification collaboration with MoES
- Dissemination of sector needs resulting from FEED studies to over 2000 stakeholder.
- private sector support to business Incubation. Over 50 business entities trained and another over 150 undertaking training

**Number of persons trained to Oil and Gas standards from donors and private sector.**

Category	Total
Pipe Fitter/Plumbers	109
Pipe Welder(6G)	18
Mechanical Fitter	80
Scaffolder	170
Rigger	95
Electrical	187
Boilermaker/Welder (3G)	60
Coded Welders	49

### 3. CHALLENGES AND WAYFORWARD

Challenges	Interventions/ Way forward
1 Limited skills and capacity	<ul style="list-style-type: none"> <li>Fast track enterprise development and capacity building initiatives; partnerships among stakeholders</li> </ul>
2 Infrastructure development – roads, railways	<ul style="list-style-type: none"> <li>MoWT, MFPED, UNRA prioritizing oil roads and railway devt</li> </ul>
3 Public anxiety and high expectations	<ul style="list-style-type: none"> <li>Increase communication efforts</li> <li>Government institutions and other stakeholders play their roles</li> </ul>
4 Low Standards of National Enterprises	<ul style="list-style-type: none"> <li>Encouraging Joint Ventures</li> <li>Training Enterprises</li> </ul>

## 4. CONCLUSION

- Oil and gas sector in Uganda is broadening from exploration to development of discovered oil and gas resources together with refining and pipeline infrastructure development.
- Opportunities are significant including employment, participation of Ugandan and linkages with other sectors like Agriculture, tourism, but preparation is required.
- The major opportunities are timebound and will mainly be available during the next 3 – 5 years
- All efforts need to be made to ensure that Uganda realizes the full benefits from the sector.
- These efforts will include providing capacity building, access to affordable financing, maintaining a good macro economic framework and providing adequate regulation

# THANK YOU

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