Local firms fail to register online for oil contracts

By Pascal Kwesiga

Francis Kamulegeya (left), chairman of Uganda Chamber of Mines and Petroleum Elly Karuhanga, PAU director of legal and corporate affairs Ali Ssekatawa, permanent secretary of the energy ministry Robert Kasande, fluor project director Paul Dumville and ponticelli project director Xavier Feron during the national suppliers workshop at Pearl of Africa Hotel yesterday. Photo by Nancy Nanyonga

"The culture of online application is bad. But, as an association, we have set up a desk to register companies for people. But our culture has to change." Denis Kamurasi

More companies will apply to be listed on the national supplier database for the oil industry in March, but some of the indigenous companies will be left out because owners do not understand the online application process.

The Petroleum Authority of Uganda (PAU) set up the national supplier database, the Petroleum (Exploration, Development and Production) Act, 2013. Only companies registered with the database qualify to bid for contracts in the industry.

For works and services that are not available in Uganda, the oil companies will be allowed to hire foreign companies, which are not necessarily listed on the database. However, local and foreign companies can enter into joint ventures.

The companies owned by foreigners, but registered as Ugandan firms and employing Ugandans can be listed on the database and allowed to bid for contracts.

Yesterday, as Fluor, one of the two contractors that have undertaken the second phase of the Front End Engineering Design (FEED) for the oil fields in the northern part of the Albertine Graben, unveiled the "opportunities" that will be generated by the development of the (oil fields), it emerged that some Ugandans are unaware of the supplier database. The event took place at Pearl of Africa Hotel in Kampala.

Godwin Angalia from Buliisa district, where the Tilenga project, comprising a central processing facility and production facilities will be established to produce crude from the fields in the north of the Graben, said he was not aware of the requirement of listing on the database.

"It is a friend who told me about this workshop yesterday. I have heard for the first time that a company has to be in the database to bid for contracts. And you have to register online," he added.

The electronic registration, according to Angalia, is ideal for people who have access to the Internet and are "conversant with the digital world".

"In Buliisa, all the telecom company networks are unstable. Where do you find the Internet? And how do you know about such a process?" he asked.

In the earlier exploration round before and after oil was discovered in 2006, Angalia claimed that Kampala-based firms bought goats and other items from the people in Buliisa and sold them to oil companies.

"We did not have companies," he added. The qualifying companies should, among others, be filing contributions of their workers with the National Social Security Fund (NSSF) and must be tax compliant.

"The small companies in Bunyoro cannot compete with the companies in Kampala. If we do not get preferential treatment, we shall not be able to compete," Angalia added.

Peter Akugizibwe, also from Buliisa, said PAU should consider the "traditional ways" of receiving applications, stating that many people do not know how into use computers, but are optimistic that they will tap in the opportunities.

The vice-chairman of the Association of Oil and Gas Service Providers of Uganda, Denis Kamurasi, during a panel discussion at the event yesterday, also indicated that the online application process had locked out many people, especially in areas where the oil fields are located because they do not have access to the Internet.

"The culture of online application is bad. But, as an association, we have set up a desk to register companies for people. But our culture has to change," he added.

The prime minister for Bunyoro Kingdom, Andrew Byakutaga, who attended the event, told *New Vision* that the many people in the region that are being locked out do not have access to the Internet.

"Yes, the culture should change, but the people do not have Internet facilities. The Government may have to partner with institutions such as the kingdom to help the people register their companies," he added.

Currently, there are over 900 local and foreign-owned companies on the database. PAU will open the database for the 2018 update on March 1. Each year, more companies will be added to the database and existing ones will reapply to remain in the databank.