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# Have we done enough to ensure local participation in oil sector?

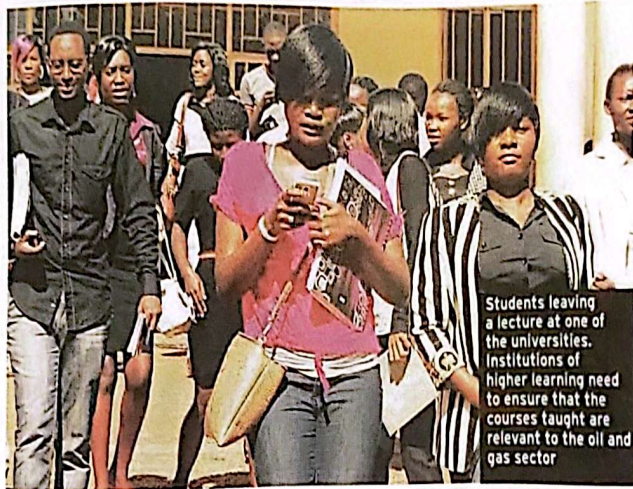
**O**ver the last few months, there has been a lot of discussion

around the opportunities the oil and gas sector presents to Ugandans. A number of stakeholders, including international service companies who are currently working on the major infrastructure projects in the sector, have organised workshops in partnership with the energy ministry to sensitise and educate Ugandans on the opportunities available and how they can meaningfully participate in these opportunities. Whilst previously these kinds of discussions have been dominated by non-Ugandans, the recent interest expressed by Ugandans in sensitising themselves on what is happening in the sector is a step in the right direction.

Delegations from across the globe have also, over the past couple of months, expressed interest in identifying Ugandans and Ugandan businesses that are keen to partner with them in delivering certain services to the oil and gas sector in Uganda.

Delegations from Scotland, Britain, Russia, Canada and Iran have been to Uganda for this specific purpose.

The education ministry, together with the Uganda Chamber of Mines and Petroleum also held a conference earlier this year to explore the existing



Students leaving a lecture at one of the universities. Institutions of higher learning need to ensure that the courses taught are relevant to the oil and gas sector

skilling initiatives in Uganda and brainstorm on the most feasible strategy for equipping Ugandans to participate in the oil and gas sector.

On the basis of the various discussions that have been going on and the feedback received, it is not only clear that there is a lot happening in the sector, but that 'a lot' also needs to be done for us, to move this sector forward.

It is becoming clearer that as 2020 draws close, many of us do not want to be left behind. Whilst the interest expressed is more visible, the question is have we done enough to ensure that Ugandans participate meaningfully and profitably in this sector?

This article explains what needs to be done by the various stakeholders to be ready to tap into these opportunities.

## HOW HAS UGANDA DEFINED NATIONAL

### PARTICIPATION?

The meaning of national participation (in technical terms referred to as national content) as defined in the respective laws and regulations that govern the oil and gas sector in Uganda can be summarised as; the level of use of Ugandan local expertise, goods and services, Ugandan citizens, businesses and financing and the substantial combined value-added or created in the Ugandan economy through the utilisation of Ugandan human and material resources for the provision of goods and services to the petroleum industry in Uganda.

In seeking to implement the concept of national content, the laws and regulations have provided guidelines on what the players in the oil and gas sector need to do to be considered as complying with the national content requirements. This includes the use of

**70%**  
**Employment**  
is required for a company to be seen as Ugandan

Ugandans and recommended that immediate actions need to be taken if Uganda is going to avoid importing services and goods that are supposed to be provided by locals. The country needs to prepare drivers, craftsmen, welders, mechanical and electrical technicians to take up the upcoming jobs. For example, at the peak of activity in the sector, up to 1,200 trucks may be required per month to transport materials and goods. However, these trucks need to meet certain standards. Both the quantities and the desired quality are not available in Uganda at the moment. Other areas that were identified as needing immediate attention include transport and logistics, work safety products, hazardous waste management, road construction, mechanical construction services, catering, furniture manufacturing, civil construction services and manufacture of light iron or steel products.

### WHAT ARE GOVERNMENT STAKEHOLDERS DOING?

In an effort to mobilise Ugandans and assess the available capacity, the Government has taken significant steps towards implementing the concept of national content and participation. A national supplier database (NSD) has been set up and all companies seeking to supply

goods and services to the oil and gas sector must register. This ensures that all Ugandan businesses that are interested in this sector can now be accessed with ease by those seeking to do business with them.

In addition, a national talent register is being developed where all Ugandans with the necessary skills and requirements to work in the sector will be registered. This will ensure that before a non-Ugandan individual is hired for a job, it can be proved that there were no available Ugandans with the required technical skills on the talent register.

Besides the above efforts, there are a number of training initiatives driven by both government and the private sector. These include training institutions like the Kigumba Petroleum Institute, Makerere University, Makerere University Business School, QSourcing, and OGAS, etc. Other efforts from the private sector include training and scholarship opportunities from the international oil companies and trainings offered by international service providers.

The major area of concern in these recent discussions has been 'how well-collaborated are our efforts?' For example, are Ugandans aware of the available training centres and what they offer? Is anyone monitoring what courses these institutes offer and how relevant they are to Ugandans at this stage of the oil production cycle?

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## Uganda may have to use a combination of methods to ensure participation in the sector.

Ugandan resources, skills and technology transfer over a period of time and succession plans for employment positions initially occupied by non-Ugandans. The regulations also require employment of 70% of Ugandans for one to be seen as a Ugandan company, among other requirements. They have ring-fenced certain goods and services to be provided by Ugandans.

However, it has been noted that there is a shortage of the required skills among

## WHAT MORE SHOULD UGANDA DO TO ATTAIN SUCCESS?

Without a co-ordinated, approach to empowering Ugandans with the appropriate skills, there is a risk that Ugandans could end up undertaking courses which are not actually relevant to this part of the oil and gas chain. It is important to align the timing of training with the timing of activities in the sector. Training institutions should offer courses bearing in mind the timing of activities. Coordination will also be required for purposes of ensuring demand and supply do not end up with a surplus of over-supply.

### GOVERNMENT'S ROLE

The government, together with the training

institutes, need to work closely initially with the oil companies and other relevant stakeholders to identify the specific needs of the sector at each stage of the chain.

It is not enough to say that we require welders during preparation for production of oil. It is also important to understand what skills these companies are looking for in these welders. We also need to ensure that the initiatives of the NSD and the national talent register are able to capture as much as possible regarding the available skills and experience among Ugandans. For example, special efforts should be aimed at Ugandans in the diaspora to ensure they are brought on board.

A one-stop centre that consolidates all the available training/skilling initiatives (including names of training institutions, courses offered and course content, the applicability of those courses), consolidates the available funds for training, continuously supports the assessment of market needs and identifies skills gaps, monitors and evaluates the skilling strategy, will go a long way in helping Uganda understand where we are and what we need to act on immediately.

Aiming at equipping Ugandan institutions with the required qualifications to offer credible certifications to Ugandans will reduce the cost of acquiring such certification, which is highly required in the oil and gas

sector.

Where scholarships and sponsorships are available, the system for selecting participants should be as transparent as possible to enable all interested Ugandans to participate in such initiatives.

### METHODS TO BE USED

Uganda may have to use a combination of methods to ensure participation in the sector. What national content should seek to achieve is retaining as much economic value in Uganda as possible and that is going to require a smart and systematic approach to ensuring Ugandans have been equipped to do this. Also, being able to continuously learn from other countries that have succeed or failed

at national content will help Uganda successfully implement a national content strategy.

It is important that Ugandans start by ensuring that we are well-positioned to provide goods and services to the sector, before getting excited about being given an opportunity to invest in some of these companies by way of shareholding. Ugandans should utilise the already existing opportunities for training and information. The energy ministry is very open and willing to share as much information as possible and so is the Uganda Chamber of Mines and Petroleum and many others. Further, many initiatives and opportunities continue to be published in the national media and, therefore, we must harness the culture of reading.