Register firms to reap from oil, experts say

By Robert Atuhairwe

As activity in the Albertine graben moves to production, the Hoima business community is gearing up to grab the opportunities that come with it.

A half-day workshop on oil and gas opportunities at Mika Echo Resort Hotel in Hoima last week, organised by the Tilenga Project, had one resounding call – formalise businesses to reap from the oil and gas industry.

Tilenga and Kingfisher projects, located in Buliisa and Hoima districts, comprise of two central processing facilities which will be established to produce crude oil from the fields to the refinery in Buseruka sub-county, Hoima in the Albertine Graben.

The meeting was organised by Fluor and Ponticelli National Suppliers, the two companies that have undertaken the second phase of the Front End Engineering Design (FEED) for the Exploration Area One.

The website registration of local companies on the National Suppliers database introduced by Petroleum Authority of Uganda (PAU) was also raised as an important step towards direct involvement in the oil industry.

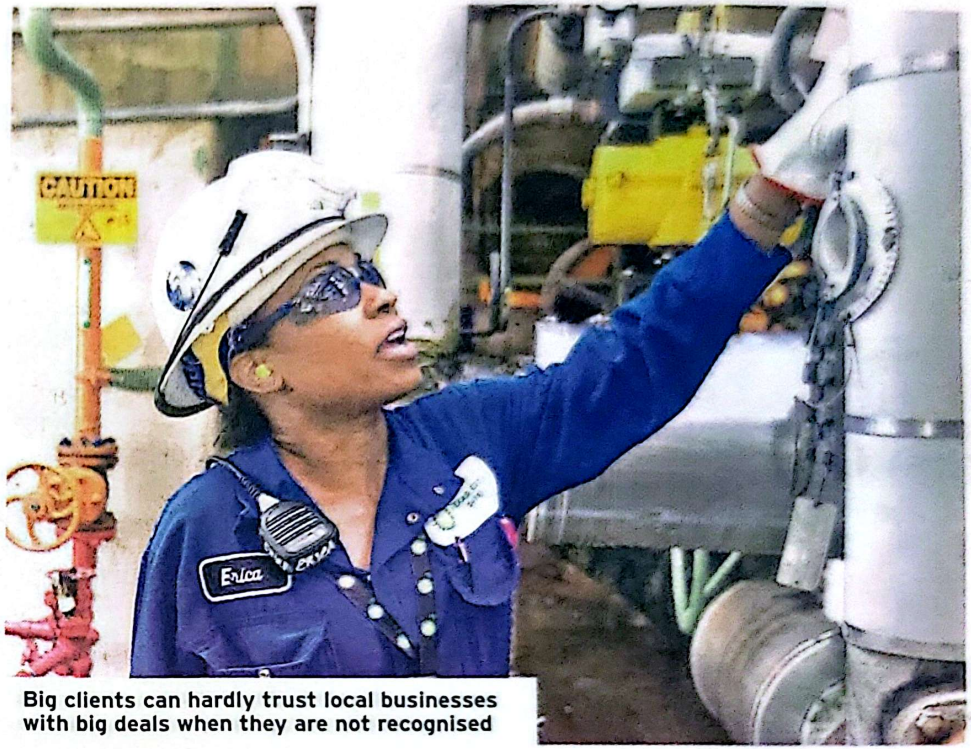
"But how can you be on the database when you are not a registered with Uganda Registration Service Bureau (URSB), registrar of companies and the district commercial office?" one participant asked.

"Failure to register affects the negotiation power and defense against oppression in business. It might be difficult for you to sue or be sued in case of breach of contract by any of the parties," said Sam Kugonza a shop owner in Hoima.

A study conducted in 2011 by Uganda Investment Authority (UIA) to ascertain conditions of local firms based in Hoima district indicated that 70% of micro-small and medium enterprises are informal and cannot get involved in the supply of goods and services to the oil value chain, giving advantage to national and international investors.

Speaking during the same function, James Musherure, a senior national content-contracts manager at PAU, said although being registered on the database does not automatically qualify one to get contracts in the sector, local companies should complain of other issues when they are registered and on the database.

"The Government is ready to push for local content, but it cannot be realised when local businesses are not registered. The good thing is that [illegible]



Big clients can hardly trust local businesses with big deals when they are not recognised

an environment that is easy for businesses to register," he added.

Michael Businge, a co-ordinator with Bunyoro Albertine Petroleum Network on Environmental Conservation (BAPENECO), thinks there should be a campaign to change people's attitudes towards registration of businesses.

"Many people are reluctant to register their businesses. They think it is hectic, has enormous monetary expenses and time wasting, which is not the case," he added.

The other challenge is people fear to file returns as a precondition to register not aware that one can even file zero returns in case it is a new company.

Andrew Kaahwa alias Mega, a proprietor of Animal Club Events, says big clients [illegible]

they are not recognised among the country's registered companies and businesses.

Aloysius Mugasa, the former executive director of Uganda Kolping, thinks local businesses should get out of their slumber and know that registering is the only thing to enable them to reap from the sector.

A banker at the sidelines of the workshop, said having one's business registered makes it easy to access financing, which is needed if one is to participate in the oil sector as it is capital intensive.

Sam Mugisa, the chairperson of Bunyoro Business Club said local (indigenous) companies are the majority prequalified on the national oil and gas supplier database, adding that huge

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