

# Uganda's Oil & Gas

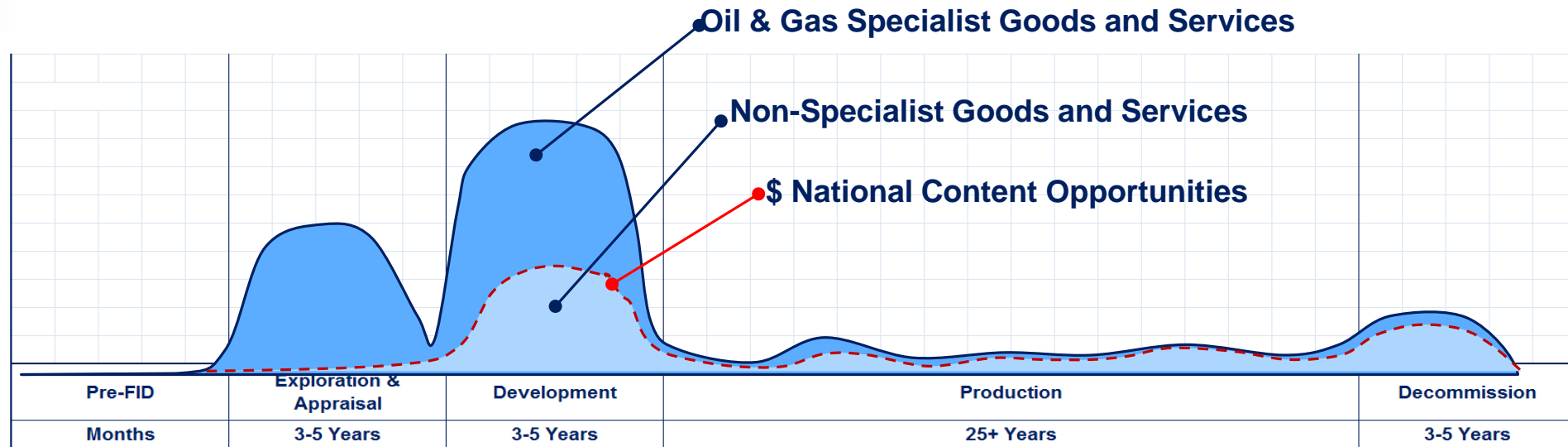
## National Content Participation

### Lessons from Exploration & Opportunities for the Next Phase

27<sup>th</sup> April 2016



# NATIONAL CONTENT & THE INDUSTRY LIFE CYCLE



**NON-SPECIALIST GOODS & SERVICES:** Readily available in the emerging economy and capable of serving both the general economy and the oil and gas industry. The **Standards Gap** is easily identifiable and relatively straightforward to close. Some of these services are capital intensive, some are technical, others are neither capital intensive nor technical.

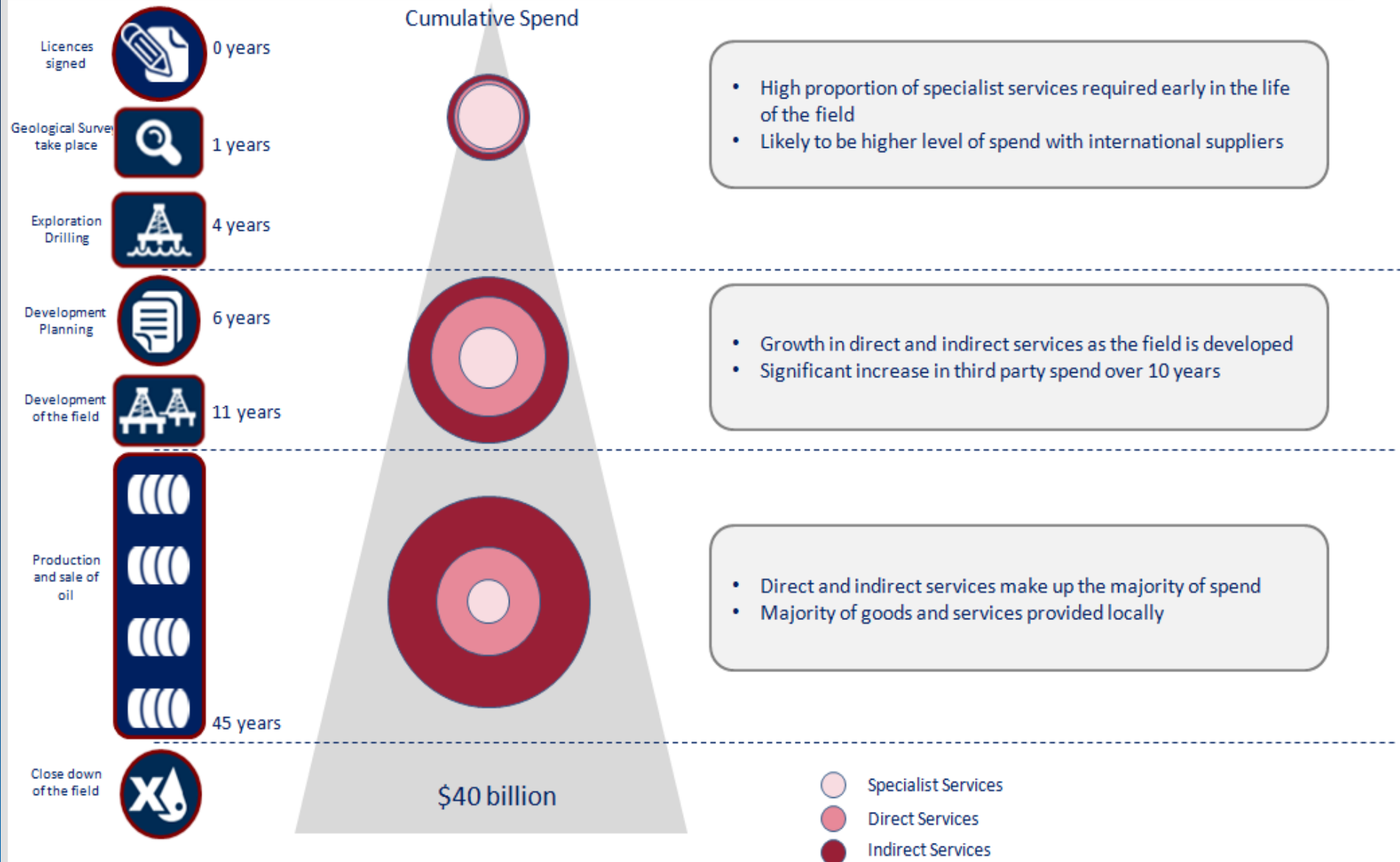
Food Supply  
Cleaning and Janitorial Services  
Drivers

Unskilled Labour  
Fuel Supply  
General Materials, Tools, Equipment and PPE

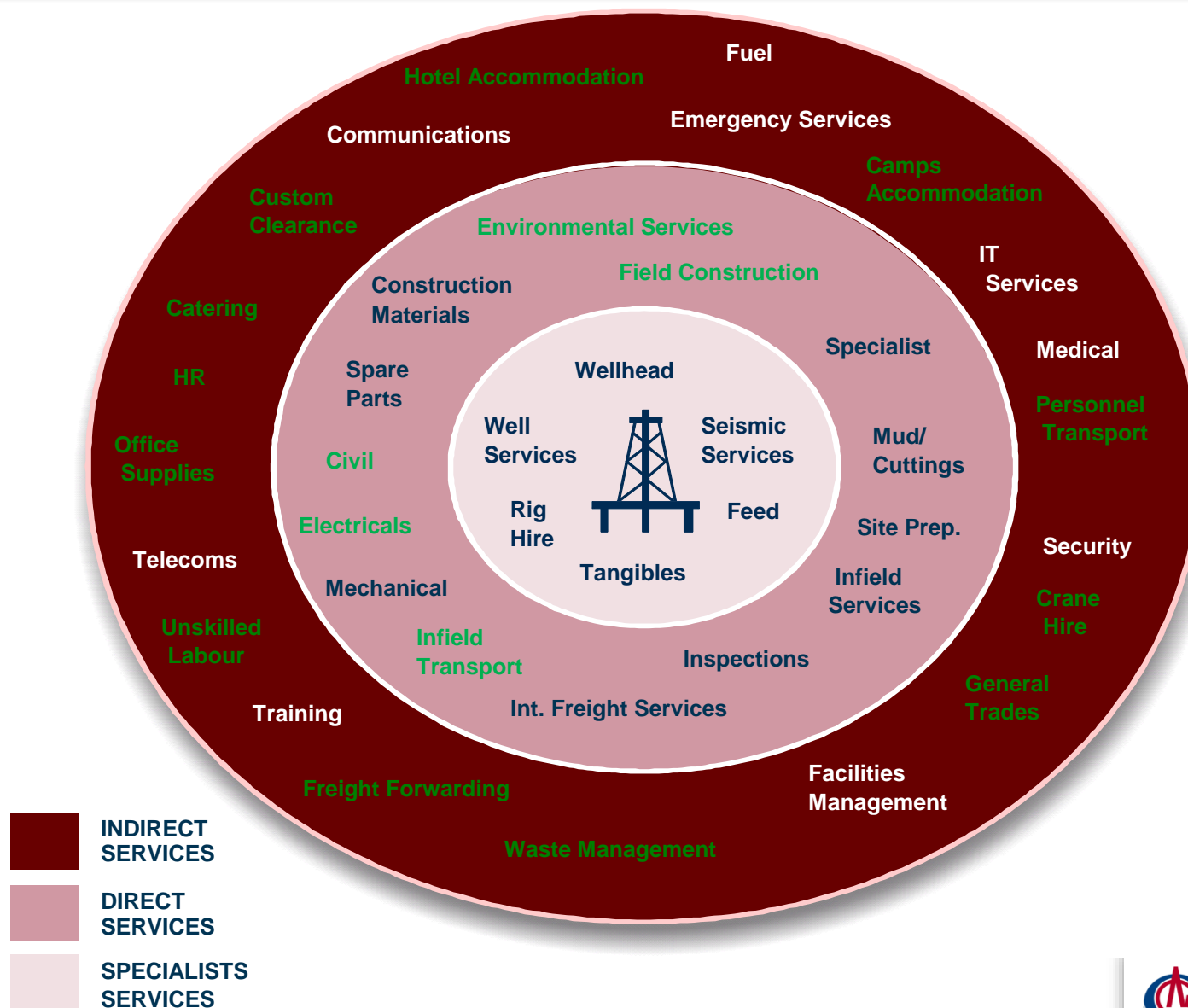
Light Vehicle Supply, Maintenance and Repair  
Office Supplies  
Hotels and Accommodation



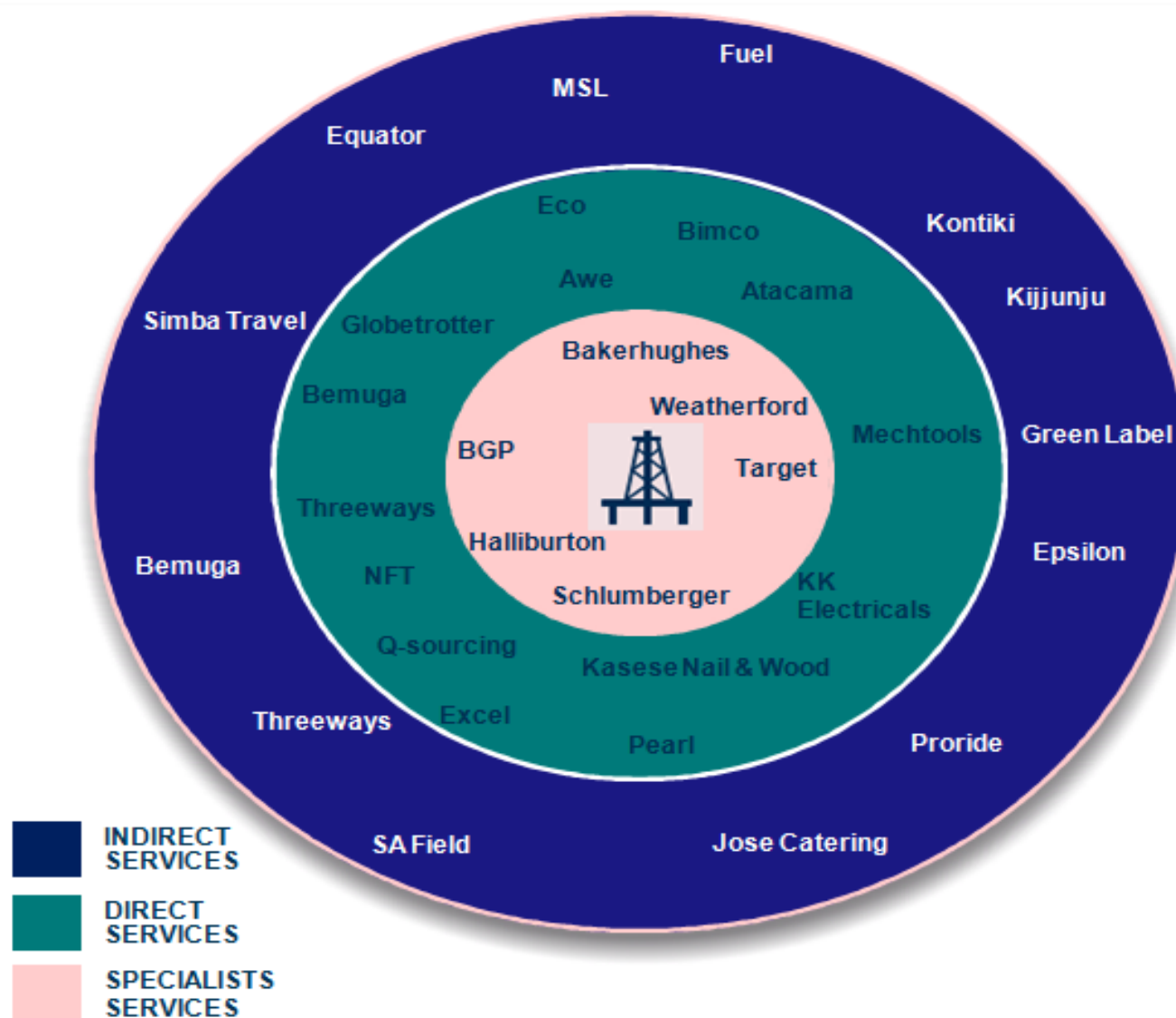
# EVOLUTION OF OPPORTUNITIES



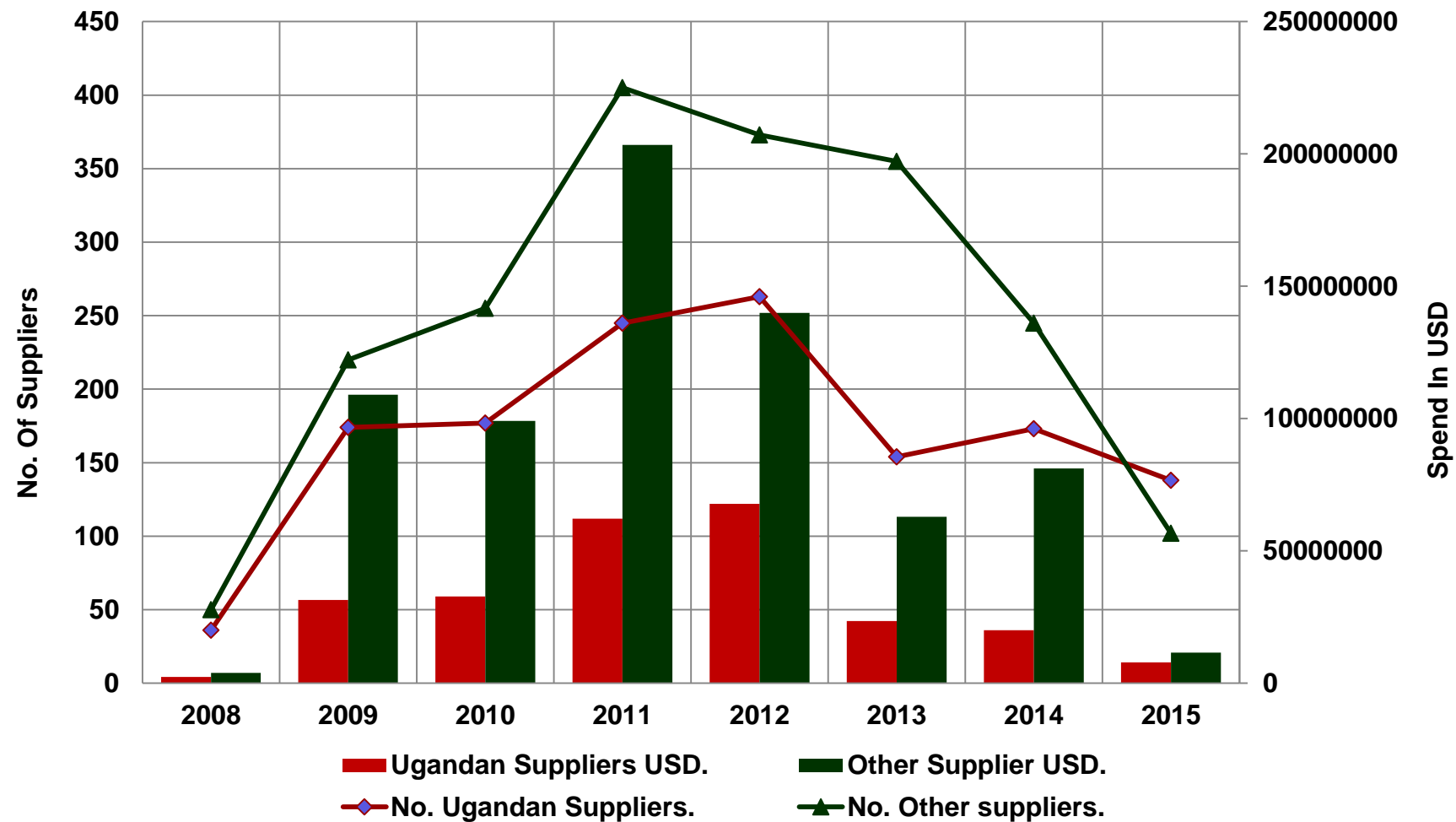
# OPPORTUNITIES OFFERED DURING EXPLORATION



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# NATIONAL CONTENT SUPPLIER STATISTICS (Tullow only data)



# CHALLENGES OF UGANDAN SUPPLIERS DURING E&P PHASE

**Little oil industry experience**

**Lack of appropriate skills in the workforce**

**Short Term Contracts**

**Life Cycle Uncertainties**

**Low Capital Investment**

**High cost of Finance**

**Little Incentive for JVs**

**Inadequate or outdated equipment**

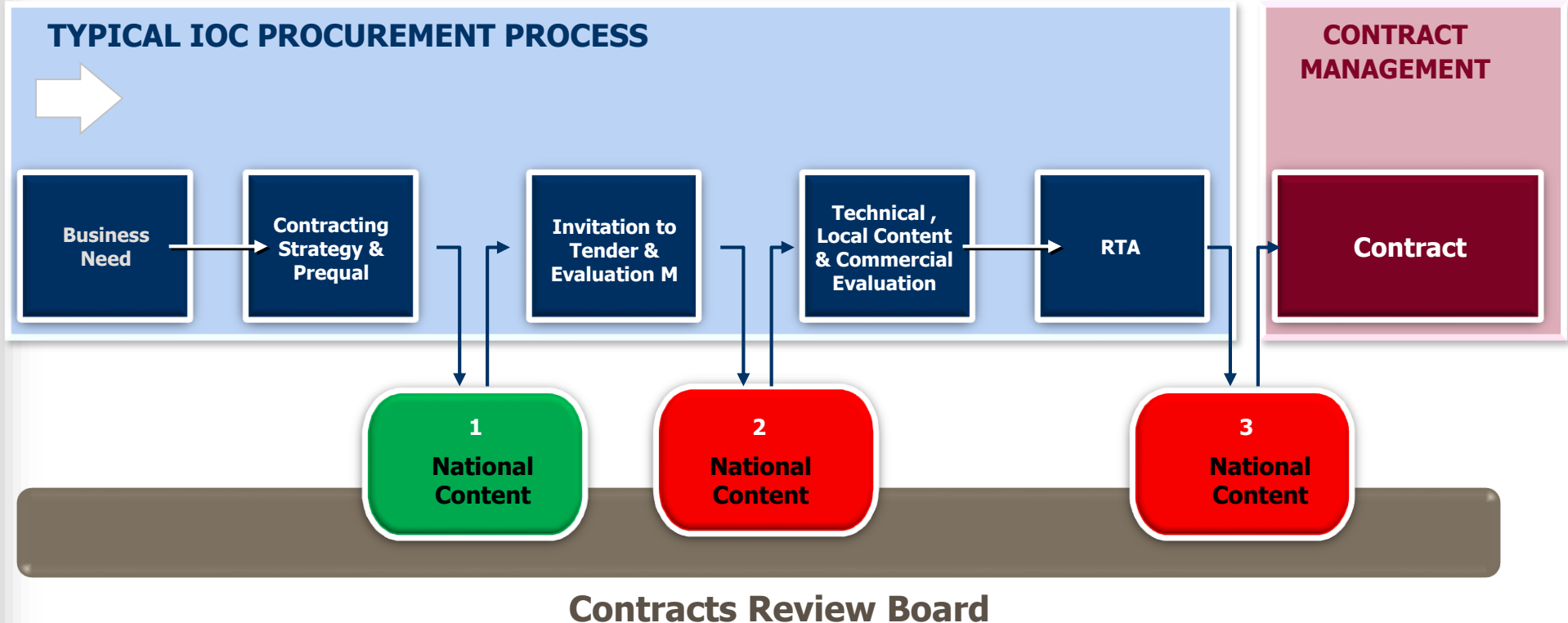
**Low safety standards**

**Inefficient working practises**

**Poor Tender Responses**



# CONTRACTING CHALLENGES FOR LOCAL SUPPLIERS





# PITFALLS IN CONTRACTING: EOI & PQQ

- Delayed or no response to EOI and PQ invitations
- Submission of insufficient information
- Poor legal record on directors or company management
- Limited or no related experience
- Limited or no QHSE awareness, safety plan or safety records
- Limited financial capacity
- Non-responsiveness to key requirements
- Limited/no evidence of planning system



# PITFALLS IN CONTRACTING: BID EVALUATION

- Poor overall quality of the bid
- Poor or no financial information
- Limited understanding of the Scope of Work
- Limited experience on similar project
- Incomplete proposal information
- Poor EHS proposals
- Limited Technical Experience
- Inexperienced personnel or/and limited equipment

# PITFALLS IN CONTRACTING: POST AWARD (CONTRACT EXECUTION)

- Limited Financing: cash flow challenges
- Unauthorized deviations from contract scope
- Unauthorized Subcontracting of core portions of the work
- Poor Project Management (scope creep and schedule delay)
- Inexperienced personnel or/and limited or fake equipment
- Employment disputes
- Subcontractor disputes

# LESSONS LEARNED & CHALLENGES OF THE NEXT PHASE

## Challenges for the Next Phase

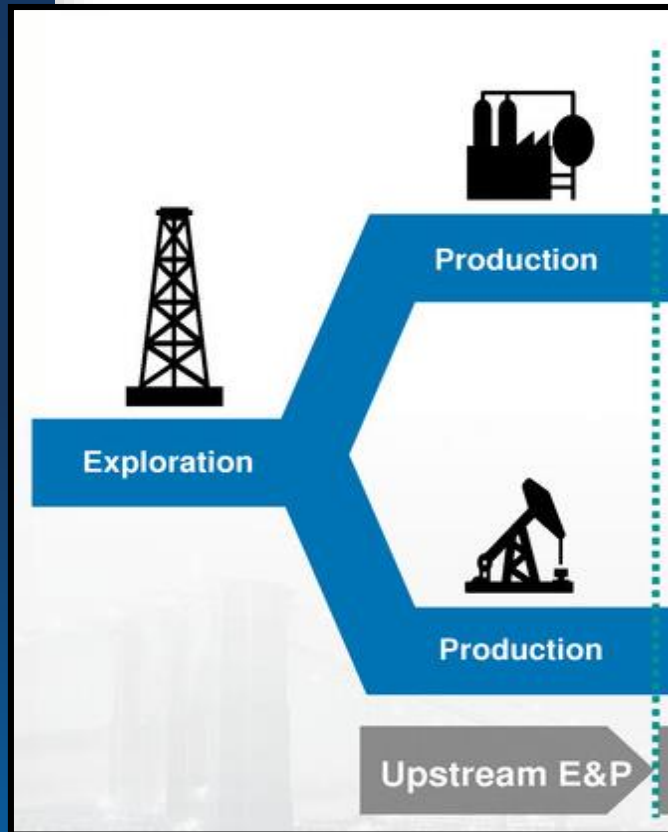
- Integrated development: limited capacity to meet scope for Refinery, CPFs and Feeder & Export Pipelines
- Limited Local Financing: no oil & gas financing lines
- Joint Ventures & Consortiums: painful evolution
- High Capital Investment Required
- National Content Legislation
- Long Term Contracts will require more contracting rigour
- EPC contracts will require Joint Ventures & Consortiums to deliver large scopes

## Lessons Learned

- Significant investment (capital, equipment, systems & people) required to make local suppliers competitive
- Opportunity to fix Pre-requisite Requirements ahead of big bang e.g. EHS
- Supplier Development initiatives required to enter specialized trades
- Cross sector collaboration urgently required (IOCs, Banks, Government etc)



# WHAT IS INVOLVED IN THE NEXT STAGE



**Drilling & Completion Services**

Involves



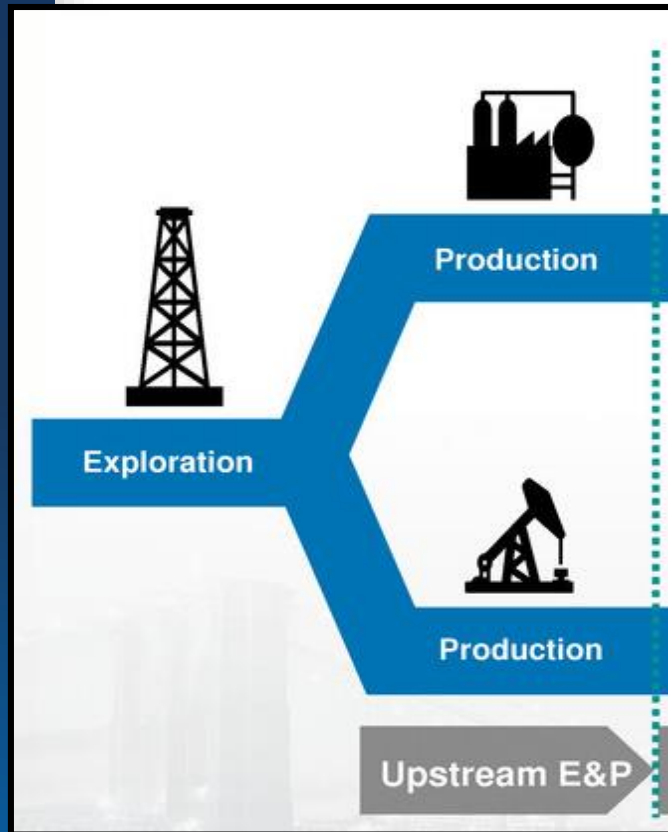
**Building Central Processing Facilities & Refinery**



**Building Oil pipelines to Refinery & for Export**



# OPPORTUNITIES FOR THE NEXT STAGE - INDIRECT



23. Conventional goods transport



24. Open yards / laydown areas



25. Container handling services



26. Covered Warehouses

**Requires**





# OPPORTUNITIES FOR THE NEXT STAGE - INDIRECT



19. Light lifting and handling



20. Heavy lift / Special logistics



21. Construction & Engineering Services

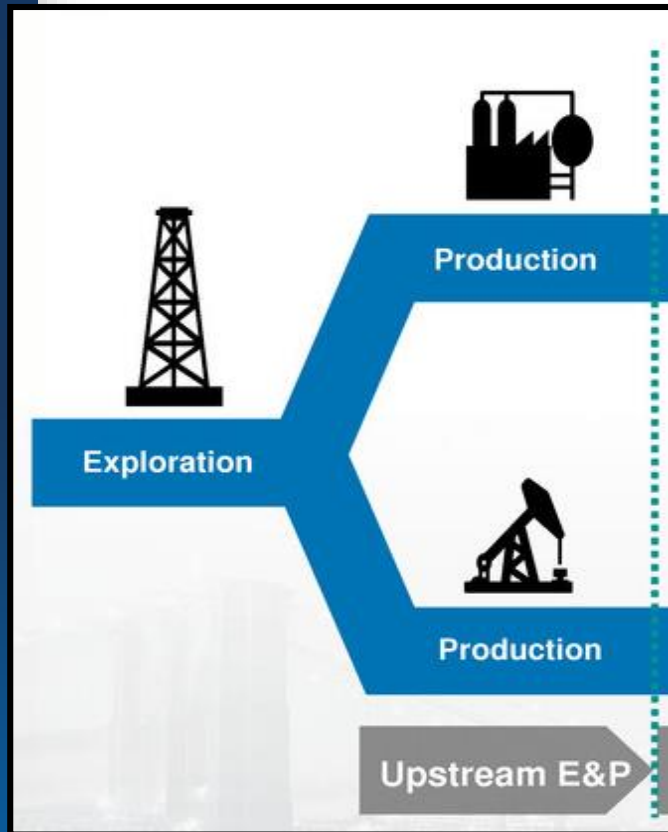


22. Logistics support services

**Requires**



# OPPORTUNITIES FOR THE NEXT STAGE - INDUCED



11. Security Services



12. Fresh Food supply

**Requires**



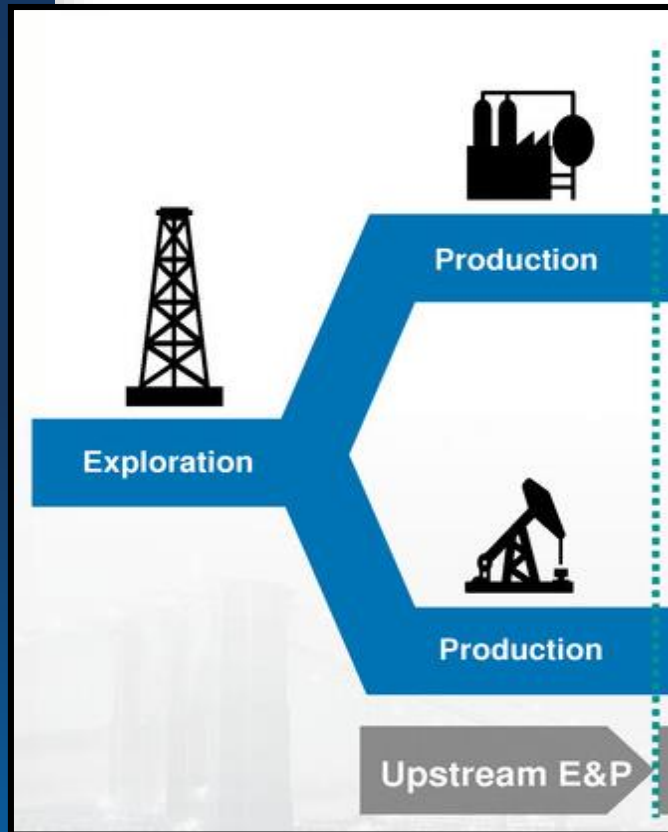
13. Labour - Skilled, semi / un skilled



14. Catering Services



# OPPORTUNITIES FOR THE NEXT STAGE - INDUCED



15. Emergency Services



16. Light aircraft services



17. Road Passenger Transport



18. Accommodation / Hospitality

**Requires**



*Thank you!*



**TOTAL**

*Merci*



*Thank you*



谢谢  
*Xièxiè*