



The Minister of Energy and Mineral Development Ruth Nankabirwa (centre), accompanied by other officials cuts the ribbon to mark the opening of the Industry Enhancement Centre early this year. PHOTOS/ JOAN SALMON

IEC strengthens Ugandan SMEs in oil and gas sector

Interview. As Uganda works towards producing its first oil in 2025, there is an urgent need to ensure that many Ugandans benefit from the oil and gas sector. *Daily Monitor's Joan Salmon* spoke to Mr Jimmy Mugerwa, the Project Director of the Industry Enhancement Centre (IEC) on how Uganda's Small and Medium-sized Enterprises (SMEs) are being prepared to benefit from the oil and gas sector.

What is the IEC's significance in building capacity for Ugandan SMEs in the oil and gas sector?

Industry Enhancement Centre (IEC) is an oil and gas sector-led initiative that empowers Ugandan Small and Medium-sized Enterprises (SMEs) to participate sustainably in Uganda's oil and gas sector and beyond.

Why was the initiative set up?

The initiative was set up to maximise the participation of Ugandan SMEs in the oil and gas sector by resolving the challenges that hinder them from optimally taking up opportunities. The ultimate aim is to build capacity and transfer knowledge, skills, and technology to Ugandan citizens, institutions, and companies.

What are its objectives?

The objectives of the IEC are to:

- Support Ugandan SMEs to participate in the oil and gas sector,
- Guide and advise SMEs on the diversification of their services and personnel into other sectors, projects, or regions for business sustainability.
- Enhance the capabilities and capacities of Ugandan SMEs to participate effectively in the oil and gas sector.

How does IEC intend to fulfill its objectives?

The IEC provides training and mentorship, facilitates partnerships between SMEs and industry players, provides guidance to access to finance, and certification programs.

The centre also advocates for an enabling environment for SMEs in the oil and gas sector and beyond.

With many Ugandans unsure or illiterate about the oil and gas sector, how will IEC help them?

Through its website, social media sites and mainstream media, the IEC provides Ugandans information about the oil and gas sector, especially the opportunities it presents. The centre also provides free training and mentorship programmes.

It also works with TotalEnergies

EP Uganda, key industry players, and the government to develop educational initiatives that will teach citizens about the sector and its requirements through its well-established website (www.iec.go.ug), social media platforms, and various media partners.

How will the IEC plan to transfer knowledge, skills, and technology to Ugandan SMEs in the sector?



Some of the guests at the launch of the IEC.

The IEC ensures that qualified and experienced oil and gas consultants are delivering services at the IEC. There will be a lot of on-line and technical training in collaboration with other global oil and gas training agencies and will also collaborate with the regulator, licenses and tier one contractors to get industry best practices to enhance SMEs service offerings in the industry.

The centre works with the government to create policies that will encourage technology transfer and build local expertise.

How will the efforts of the IEC impact social economic growth and ultimately economic development?

The IEC is enhancing the capabilities and capacities of Ugandan SMEs to participate effectively in the oil and gas sector and beyond. This will create employment opportunities, increase income levels, and improve the living standards of Ugandans, ultimately contributing to economic development.



"The Industry Enhancement Centre is a one-stop sector-led supplier development initiative that enables key sector players and interested Ugandan SMEs to collaboratively achieve enhanced and sustainable supplier development in the oil & gas sector,"

Mr Jimmy Mugerwa,
Project Director, Industry Enhancement Centre

IEC: One of many TotalEnergies national content initiatives

Skilling. The Industry Enhancement Centre, a development of the Industrial Baseline Survey of the oil and gas sector is a partner-driven skilling centre for SMEs

BY JOAN SALMON

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In 2013, the joint venture partners (JVPs) of Uganda's oil and gas projects and the government of Uganda undertook an Industrial Baseline Survey (IBS).

The IBS assessed the quantity and quality of goods and services that would be required in the oil and gas sector compared to the existing capacity in the country.

One of the recommendations of the study was the setting up of an Industry Enhancement Centre (IEC) to support Ugandan Small and Medium Enterprises (SMEs) to competitively and effectively participate in the oil and gas value chain.

That was both in the supply of goods and services to the country's oil and gas sector and the other sectors of the economy and subsequently to the export market.

Early this year, the centre was launched in the presence of



Mr Philippe Groueix, General Manager, TotalEnergies EP Uganda.

PHOTO/INTERNET

the Minister of Energy and Mineral Development Ruth Nankabirwa.

TotalEnergies EP Uganda

The IEC is an initiative of TotalEnergies EP Uganda and Mr. Philippe Groueix, the Company's General Manager says they are committed to promoting national content and shared value for the sustainable development of Uganda's oil and gas sector and the country at large.

"We believe that contractor development support through the IEC is crucial in mitigating these challenges such as inadequate knowledge of the sector, certification requirements, technical competencies, and financial modelling hence boosting local businesses to successfully participate in the sector," Mr Groueix said.

Implementing partners

Zoramu Consulting Group (ZCG) and Invest In Africa (IIA) are joint venture partners operating the IEC project. Their role in the initiative is to provide technical assistance, project management, and enable access to financial support.

They will also bring expertise and experience to the initiative, contributing to its success.

ZCG & IIA were contracted by TotalEnergies EP Uganda with a three-year contract worth \$2.3m to

RECOMMENDATION

One of the submissions of the IBS study was the setting up of an Industry Enhancement Centre (IEC) to support Ugandan Small and Medium Enterprises (SMEs) to competitively and effectively participate in the oil and gas value chain. This recommendation has been achieved with the establishment of the IEC.

provide the services of implementing the Industry Enhancement Centre (IEC). ZCG, the consortium lead, is a unique, well-positioned management consulting and corporate advisory firm that helps clients navigate investment opportunities and specific situations in East Africa.

IIA is a Not-For-Profit organisation with a vision to create prospering African economies by catalysing African SME growth by improving their access to markets, skills, and finance.

IIA develops globally competitive African businesses and creates opportunities and jobs across the continent's key sectors.



Ambition for Ugandan Participation & Sustainable Development

- TotalEnergies EP Uganda prioritizes sustainable development while undertaking the development of the oil sector in Uganda.
- The Company ensures its activities generate shared value for us and Uganda. The Tilenga project strives to be a transformational project both in the social, technical, environment and national content areas that are critical for delivering on our shared value ambition.
- TotalEnergies EP Uganda is committed to maximizing Ugandan participation through employing Ugandans & training Ugandan employees, utilizing locally obtainable goods & services and building capacity & transferring knowledge, skills and technology to Ugandan citizens, companies and institutions.

1. Pillar 1: Employing Ugandans & Training Ugandan Employees

- Ugandans are employed by TotalEnergies EP Uganda and the Company's contractors and they are trained while in employment to develop their competences to successfully execute their work.
- A peak of 8,640 Ugandans (representing 90% of total staff) are employed by TotalEnergies EP Uganda and all Contractors & subcontractors.
- Over 3,400 of these are from the host communities employed as casuals & semi-skilled workers at the camps & industrial area e.g., construction workers, housekeeping, catering etc.
- Over USD 19.9 million spent on annual training programs for staff

in Technical, Health safety and environment (HSE) and Personnel development courses by TotalEnergies EP Uganda and our contractors. Over 20 Ugandans given international exposure to work in other TotalEnergies affiliates globally e.g., USA, Europe, Asia, Angola, Nigeria.

2. Pillar 2: Utilizing Locally Obtainable Goods & Services

- TotalEnergies EP Uganda contracts Ugandan companies to provide goods & services and they in turn subcontract or purchase from other Ugandan companies / local providers. Non-Ugandan companies engaged by TotalEnergies EP Uganda also subcontract or purchase from Ugandan companies / MSMEs.
- Creates awareness in the Ugandan market about needs, certifications, standards, and also develops the capacities and capabilities of local suppliers.
- The Company fosters the creation of joint ventures between foreign and Ugandan companies when goods and services are not available in Uganda.
- A peak of 170 Ugandan suppliers have been engaged by TotalEnergies EP Uganda, and Contractors have had a peak of 1,400 engagements with Ugandan suppliers at Tier 2 level; which included joint ventures and micro, small and medium enterprises (MSMEs).
- Ugandan companies are providing both non-specialized (e.g., camp management, manpower provision, medical, training, consultancy,

logistics, waste management etc.) & specialized (e.g., engineering design, technical studies, construction etc.) goods and services.

- Suppliers from host communities are providing e.g., raw food, accommodation, construction materials, catering, conference facilities, small tools etc.
- The achieved estimated value of locally obtainable goods & services in all procurements awarded to both Ugandan and Non-Ugandan Companies for the Tilenga Project is US\$ 657 Million (estimate of national content).

3. Pillar 3: Building capacity & transferring knowledge, skills and technology to Ugandan citizens, Companies and Institutions

- Through this pillar TotalEnergies EP Uganda & its Contractors facilitate the development of competences and capacity within Ugandan citizens and Ugandan companies who are not yet involved in the activities as well as support education institutions who are the source of training for current and future workforce.
- An estimated USD 7.2 Million has been spent on technology transfer and capacity building initiatives by TotalEnergies EP Uganda and our Contractors since 2021.
- Most initiatives are delivered by Ugandan companies / providers and thus benefit the

trainees as well as the companies.

TotalEnergies EP Uganda's Skilling achievements:

- Over 13,000 Ugandans participated in the Tilenga MOOC in 2022.
 - 200 Ugandans from the Tilenga MOOC are selected to undertake training in production operations at UPIK and abroad as part of the Tilenga Academy Training Program expected to start in 2024.
 - Over 1,500 Ugandans have undergone training and certification in various vocational trades / skills including but not limited to: Heavy Goods Vehicle Driving, Scaffolding and working at heights, Coded Welding, Quality Control (QC) inspection and Non-Destructive Testing (NDT), HSE training etc.
 - 255 government officials have received various local & international training.
 - 16 Ugandans have got international scholarships for master's degree programs in oil and gas courses.
 - 10 internships & 75 graduate trainee placements for Ugandans.
- TotalEnergies EP Uganda's Supplier Development achievements:
- Over 18,000 attendees of Quarterly supplier development workshops held both nationally and within the host communities.
 - 150 companies obtained HSE Management Systems training of which 22 companies achieved ISO certification.

➤ A community supplier development program is ongoing since 2022 in the host and surrounding districts of Bulisa, Nwoya, Hoima, Masindi, Kikuube and Pakwach. Through this program community suppliers are receiving training, workshops and support to strengthen and develop their capabilities.

➤ The Industry Enhance Center (IEC) which TotalEnergies EP Uganda launched February 2024 is a sector led initiative for Ugandan suppliers to access information, trainings, enterprise development & business advisory services.

TotalEnergies EP Uganda's Support to Education achievements:

- UPIK is supported as part of the Tilenga Academy program with curriculum and infrastructure.
 - Fitout of the Makerere Emergency Medicine Training Center was completed in 2023 with specialized equipment worth 150,000 USD.
 - Tilenga Trainer the Train program for knowledge and skills transfer to Ugandan trainers / teachers / professors through impactful activities with technical experts from Tilenga Project main contractors.
- More initiatives are performed by TotalEnergies EP Uganda contractors and ongoing in 2024 and shall be performed in future.



National Content development is integral to the success of TotalEnergies EP Uganda's operations and the Tilenga project; Company will therefore continue implementing impactful initiatives that create lasting shared value for Uganda.

Interview. With Uganda anticipating her first oil in 2025, the Industry Enhancement Centre is preparing Ugandans to effectively participate in the oil and gas sector. In the lead is the TotalEnergies EP Uganda and the Petroleum Authority of Uganda (PAU) working with the Industry Enhancement Centre (IEC). *Daily Monitor's Justus Lyatuu*, spoke to Ms Peninah Aheebwa, the Director of Economic and National Content Monitoring at PAU.

Building capacity of SMEs in oil and gas sector takes shape

What is the role of the Industry Enhancement Center (IEC)?

The IEC provides information, business advisory, training, and capacity building services on the oil and gas sector, enabling Ugandan SMEs to meet the high standards of the sector.

It will also consolidate the achievements made in the past in enterprise development but also complement existing similar initiatives in the private sector.

Uganda, as far as establishing the IEC is concerned, is following in the footsteps of Instituto Nacional de Petróleos (INP), the IEC for Angola, established by TotalEnergies and the government in 1983.

It is also emulating Nigeria's Oil and Gas Competence Development Centre that works through the National Oil and Gas Excellence Centre (NOGEC).

There is also the Venezuelan Institute of Oil Technology, which provides technological support for the National Oil and petrochemicals industries.

How does the IEC address the existing challenges that hinder Ugandan suppliers from participating fully in the oil and gas supply chain?

The IEC provides sector related information and opportunities to Ugandan Companies, provides business, procurement and financial advisory and training programmes, as well as serve as a centre through organised networking sessions to promote partnerships



Ms Peninah Aheebwa, the Director of Economic and National Content Monitoring, Petroleum Authority of Uganda. PHOTOS/X

between companies that are mutually beneficial as a means to grow.

Some challenges among Ugandan companies have been identified through various avenues, including experiences in using Ugandan contractors, the bidding processes, TotalEnergies EP Uganda's quarterly supplier engagements and the National Supplier Database (NSD) application processes.

These include inadequate knowledge and information on project and bid management, limited compliance with legal requirements,

and lack of the required industry certifications among others.

Nevertheless, the IEC is expected to undertake capacity assessments and training programmes to address the existing gaps among local companies to the current construction and the next operations phase.

What strategies has the PAU implemented to ensure maximum participation of SMEs in the development phase of the oil and gas sector?

Regulation and monitoring of all

operations to ensure compliance with the national content legal requirements. This includes supervising the procurement processes and contract implementation to ensure that SMEs are given priority and that the procurements are done in line with the law and regulations.

Given these efforts, since the announcement of the Final Investment Decision (FID) in 2022, the PAU has sanctioned contracts valued at approximately \$7.16 billion, out of which nearly \$1.8 billion worth of contracts have been allocated to local companies.

These contracts are currently in various stages of execution. Over 360 companies were awarded contracts directly from licensed oil companies (Tier 1 contractors), and 300 of them are local entities.

In addition, more than 1,400 companies got contracts from the Tier 1 contractors (Tier 2 subcontractors), while many others are engaged at the Tier 3 level.

Additionally, there was training and capacity building of 544 SMEs from the 10 EACOP districts over the last year using financing from the African Development Bank.

Enforcement of the requirement to register on the supplier database has increased the visibility of SMEs and enhanced their participation in the sector. In February, 113 entities applied, comprising 97 local entities and 16 foreign entities.

The 2024 NSD is published annually on the Authority's website, and companies are required to renew their applications every after three years.

Currently, the 2024 supplier da-

tabase has 3,001 qualified entities with 2,389 local and 612 foreign.

The Authority organises national content conferences to sensitise the SMEs on upcoming opportunities in the sector whilst providing a platform for benchmarking and learning from experienced industry players. The lessons shared are very valuable for SMEs.

What are the critical steps to be taken by the government and project operators to increase the participation of SMEs in the oil and gas sector?

The establishment of the national content fund as provided for under the National Content Policy 2018 is very urgent to provide SMEs the required relatively affordable and patient capital. The Ministry of Energy and Mineral Development is taking this forward.

Also, capacity building through knowledge and technology transfer needs to be intensified to enable SMEs to transition to more technical and high-value contracts that are being executed by foreign companies. This requires more joint venturing in the technical aspects.

Preparation for the operations phase is key, Ugandans need to joint venture with foreign companies to domicile the provision of services and production of goods/equipment required for the operations phase.

The Authority has developed a domiciliation strategy as the first step. The few gaps that have been identified in the legal framework are being addressed.

REGISTER ON DATABASE

The Petroleum Authority of Uganda reviews and approves all supplier development initiatives proposed by the licensees to ensure policy alignment. Ugandan SMEs are encouraged to register on the National Supplier Database (NSD) to embrace the available capacity-building initiatives like the IEC as gateways to the opportunities in the oil and gas sector. Registration on the NSD is free and is done online.

Businesses must embrace development programmes - Mukiibi

Interview. Coded Welders and Contractors (U) Ltd is a trusted provider of innovative engineering services, consistently delivering quality engineering, procurement, and construction services. *Daily Monitor's Joan Salmon* spoke to Mr Grace Mukiibi, the founder of the company.

Give a brief about your company operations.

It was incorporated in October 2019 to improve the science and culture of fabrication, welding, and general engineering in Uganda. The company comprises a group of certified welders.

We are qualified and experienced in delivering engineering procurement, construction, and installation management (EPCIM) projects, from engineering design to project execution.

We deliver quality infrastructure and supply chain top-end services

to the oil and gas, telecommunications, and manufacturing industries.

Our operations are steeped in efficiency, professionalism, client-centered, and quality, always ensuring our works are engineered to international standards.

What services do you provide to the oil and gas industry?

We are supplying metallic beds to the Tilenga Camp camps.

What are the main challenges of doing business today?



Mr Grace Mukiibi. PHOTO/JOAN SALMON

- Access to adequate capital and low interest loans.
- Changing delivery schedules by the clients

- High bid bonds are required rendering local companies unable to bid yet they have the required skill and expertise

How have supplier development programmes such as those organised by TotalEnergies EP Uganda helped you overcome these challenges?

Through the supplier development programmes, we were selected on merit from the oil pipeline districts in 2018, sponsored by TotalEnergies EP Uganda, trained and certified to the American Welding Society (AWS) Standards.

Consequently, we have established local and international partnerships with companies of great repute.

We have also got into partnerships and joint ventures with both

local and international firms. This has helped in venture capital mobilisation, improved our standard and even acquire ISO certifications in safety and quality, which are highly regarded in the industry.

What can other businesses learn from your experience with these supplier development programmes and their impact on how you do business in the oil and gas sector?

Businesses should embrace supplier development programmes to learn about the standards required in the industry.

This will help them acquire expertise, finance, and business in the oil and gas industry. They will easily connect and form partnerships with local and international companies.

IEC supports SMEs to tap into oil and gas opportunities

Business. The SMEs will be trained on business growth and resilience, such as corporate governance and human resource management.

BY JUSTUS LYATUU
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The Industry Enhancement Center (IEC) targets to provide training to 900 Small, Medium Enterprises (SMEs) over the next three years to enable them participate in the oil and gas industry. Jimmy Mugerwa, the Project Director of the IEC and chief executive officer of Zorumu Consulting Group, said the center will provide SMEs with access to information on opportunities in the oil and gas sector, access to business advisory to structure their businesses, reduce waste and enhance efficiency.

Mugerwa added that SMEs are to gain access to knowledge, skills development to enhance the capacity of their entrepreneurs to become more competitive, access to finance.

They will get bid and contract training, sustainability, practical approach to learning, collaborate with government agencies and industry players.

The other benefits are: financial training support to help businesses access capital and secure funding for expansion, access to network training and interaction with key sector players, including International Oil Companies, Tier 1 contractors and key subcontractors.

The SMEs will be trained on business growth and resilience, such as corporate governance and human resource management. They will access the IEC resource center for books, publication and online materials.

Mugerwa disclosed that TotalEnergies EP Uganda will provide funding for the training of the SMEs to enhance their participation in the industry.

The National Oil and Gas Policy for Uganda (2008) and the 2018 National Content Policy for the petroleum sub-sector provide for national participation, value creation and retention in Uganda's economy.

The Government has expressed commitment to developing the country's resources responsibly, openly, profitably and in collaboration with the private sector.

Transitioning from strategic planning to practical implementation, government is advancing four major oil and gas projects, namely: the Tilenga and Kingfisher projects in the upstream (\$6-8b), the East African Crude Oil Pipeline (\$5b) and



Ugandans working on the Tilenga project implemented by TotalEnergies EP Uganda. PHOTO: X(IEC)

the Uganda Refinery Project ((\$4b) in the midstream.

These projects, combined with the Government's investment in supportive infrastructure, signify an investment of approximately \$20b in Uganda's economy, as the country targets first oil production in 2025.

Ms Ruth Nankabirwa, the Minister for Energy and Mineral Development, said since the discovery of oil in 2006, Uganda has upheld high environmental, industrial, legislative and regulatory standards.

She said the sector significantly contributes to the country's GDP, amounting to \$8.6b and has created thousands of jobs.

This is the beginning of a long-term economic growth, development and promising benefits for the next 25 years and more.

The Petroleum Authority (PAU) of Uganda has reported that 13,821 Ugandans (93 percent) are employed in the oil and gas sector. Specifically, the licensees employed 849 persons, of which 71 percent (603) were Ugandans, while contractors employed 12,074, of which 95 percent (11,470) were

Ugandans. A National Talent Register where all employable Ugandans are registered has been set up.

Goods and services

Over \$7.14b has been approved in terms of investments, of which \$1.914b (36 percent) is committed to Ugandan companies during the development phase. This is closely approaching the target of national content at 40 percent for this phase of development. Approximately \$11.91m has gone to the local community economy, through the provision of goods and services.

Enterprise development

Over 4,000 Ugandans have been trained in aspects of oil and gas and are internationally accredited in various disciplines. These include welding, health and safety, scaffolding and heavy goods vehicles. Over 5,000 SMEs have been trained in key oil and gas business requirements. About 137 women and youth have been trained through the empowerment project in the districts where the East African Crude Oil Pipeline traverses.

PAU is working with the energy ministry to link the oil and gas sector to other SMEs in other sectors of the country's economy. The sectors with significant potential for positive linkage include agriculture, education, transport, tourism, health, land use planning, construction and housing.

Phillippe Groueix, the general manager of TotalEnergies EP Uganda, said there has to be continuous efforts to empower SMEs, undertake transfer of technology and to continue training Ugandans to develop the oil and gas industry.

Preparing SMEs to reap from oil and gas

BY JOAN SALMON
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The discovery of oil in Uganda has led to several activities, many of which are new to Ugandan suppliers.

While seeking expertise is crucial for top-notch deliverables and operations, locals must also benefit.

That birthed the Industry Enhancement Centre (IEC), a TotalEnergies EP Uganda initiative to promote national content in Uganda's oil and gas sector.

Under IEC, Uganda's Small and Medium Enterprises (SMEs) are equipped in various aspects and one of the beneficiaries is GoldServe, a business-to-business support services company operating in Uganda and Tanzania. Founded in 2005 in Uganda, it has grown to attract both local and international clients.

"Our dedication to excellence has propelled us to become a trusted partner for some key entities," Mr Isaac Kanagwa, the Chief Executive Officer of GoldServe says.

The company offers integrated facility management, workspace fit-out adaptations, Health and Safety Executive (HSE) Training as well as supplies of various equipment and consumables to upstream oil and gas contractors at both tier 1 and tier 2 levels.

Challenges

There are several challenges faced by SMEs in the oil and gas sector. Mr Kanagwa says they have revolved around ever-increasing business costs, scarcity of highly experienced tradespeople, increasingly common payment delays, and occasionally abrupt contract renegotiations.

"These obstacles can significantly impact operational efficiency and financial stability. However, through strategic partnerships and initiatives like supplier development programmes, we have been able to find solutions to some of these challenges to ensure continued success and resilience in the dynamic landscape of the sector," he says.

Solutions

Through the IEC, TotalEnergies EP Uganda has offered supplier development pro-

grammes to help SMEs. Mr Kanagwa says these create the platform from which peers in the industry meet and share experiences.

"Through these programmes, we have expanded our access to skilled personnel, mitigating the constraints posed by a limited pool of experienced tradespeople. Information shared by peers in the industry has helped us implement more robust financial management practices, limiting the impact of payment delays," he says.

Adding, "Insights gained from the programmes have equipped us to navigate abrupt contract renegotiations with agility and confidence, safeguarding our business interests. Overall, TotalEnergies' supplier development initiatives have significantly enhanced our operational efficiency and resilience."

Victories

Mr Kanagwa says their engagement with TotalEnergies EP Uganda programmes has been truly transformative, with a stand-out achievement being the attainment of ISO 45001 certification. That gave them an appreciation of the critical role of international standards in driving operational excellence.

"It reinforced our unwavering focus on health and safety, and recognizing the strategic significance of fostering strong partnerships. These pillars have not only sharpened our competitive edge but also deepened our commitment to sustainability while fortifying our operational integrity," he says.

GoldServe's first-hand experience underscores the immense potential of such programmes to drive positive change within the oil and gas sector, advocating for a proactive approach to growth, collaboration, and ongoing enhancement.



Mr Isaac Kanagwa, Chief Executive Officer, GoldServe. COURTESY PHOTO

SOLUTIONS

The Petroleum Authority of Uganda (PAU) says 13,821 Ugandans (93 percent) are employed in the oil and gas sector. Specifically, the licensees employed 849 persons, of which 71 percent (603) were Ugandans, while contractors employed 12,074, of which 95 percent (11,470) were Ugandans. A National Talent Register where all employable Ugandans are registered has been set up.