



PETROLEUM AUTHORITY OF UGANDA

STATEMENT

AT THE PRESS BRIEFING ON

**REGISTRATION ON THE NATIONAL SUPPLIERS DATABASE (2019) FOR
THE OIL AND GAS SECTOR IN UGANDA**

BY

**ERNEST N.T. RUBONDO,
EXECUTIVE DIRECTOR**

30TH AUGUST, 2018

Colleagues from Government Ministries, Departments and Agencies

Our Partners from the Private Sector

Journalists from different media houses

Ladies and Gentlemen

1. It's with great pleasure that we welcome you to this Press Conference to launch the registration process for the National Supplier Database (NSD) 2019 for the Oil and Gas Sector in Uganda. This, ladies and gentlemen, will be the third year of registration of entities and persons desirous to supply goods and services to oil and gas activities in Uganda.
2. Uganda's oil and gas sector is at an important stage of development. The Front-End Engineering Design Studies for the Upstream Facilities (that is for the Kingfisher and Tilenga Projects) and that for the East African Crude Oil Pipeline Project have been concluded are under review.
3. These studies involved an extensive engineering and project cost evaluation process, to plan for the required facilities and describe the project economics. These studies also provided an opportunity for technology transfer given that Ugandans were attached in various study centres around the world.
4. In addition, the FEED studies also defined the specific nature, quality and quantities of goods and services required for these projects, together with the possible sources including those that will be sourced from Uganda. This was presented to the public during Supplier Engagement workshops held in

Kampala, Hoima, Buliisa, Pakwach and Nwoya districts from December 2017 to February 2018.

5. Approval of these FEED studies will usher in the Engineering, Procurement and Construction phase of the projects where the bulk of opportunities for employment, technology transfer and enterprise development lie. With close to US\$ 20 billion expected to be invested in the development of these oil and gas projects, it is critical to we ensure that a significant portion of the opportunities are domesticated within the country.
6. The National Suppliers Database for the Oil and Gas Sector in Uganda is one of the initiatives put in place to achieve the country's objectives of national participation.
7. Ladies and Gentlemen, the objective of this briefing therefore, is to update you on the progress made through the past two years of developing the National Suppliers Database for Uganda's oil and gas sector, which is undertaken in fulfilment of the requirements of the Petroleum (Exploration, Development and Production) Act 2013, and the Petroleum (Refining, Conversion, Transmission and Midstream Storage) Act 2013.
8. The legislation requires the Authority to establish and publish annually a central data base of persons involved in petroleum activities in Uganda, and prohibits any entity from providing goods, works or services for oil and gas activities unless they are registered on the database. This is the legal basis for establishment of the NSD.

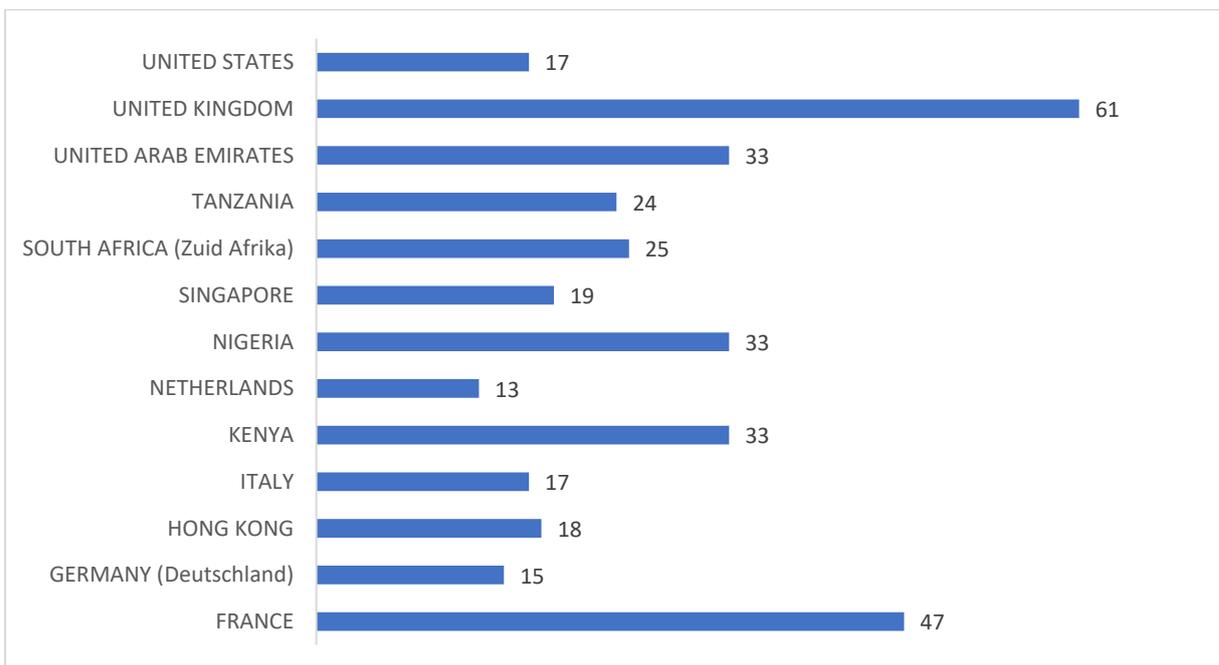
9. Besides being a legal requirement, the NSD contributes to the following objectives;
 - a) Improves efficiency in the supply chain through reducing procurement lead times, and achieving a cost-efficient procurement cycle;
 - b) Achieves Openness and transparency in the procurement process;
 - c) Eases identification of potential suppliers of different categories of goods and services;
 - d) Gives visibility to potential suppliers, more so the Ugandan suppliers who may have found it difficult to be known or even those who are newly established; and
 - e) Supports the establishment of joint ventures between firms to build and enhance capacity.

REGISTRATION PROCESS AND ACHIEVEMENTS FOR 2017 AND 2018

10. Registration onto the National Suppliers Database was first launched in July 2017 as a manual process that required applicants to download and submit their applications to the PAU. This process attracted 774 applications out of which 513 qualified for registration on the NSD 2017.
11. For the NSD 2018, the registration process evolved from the manual application to a web-based application system where applicants were required to visit the PAU website and upload the information required for registration. The number of applications received increased from the 774 in 2017 to 2558, and subsequently the number of registered entities increased from 513 to 1712.

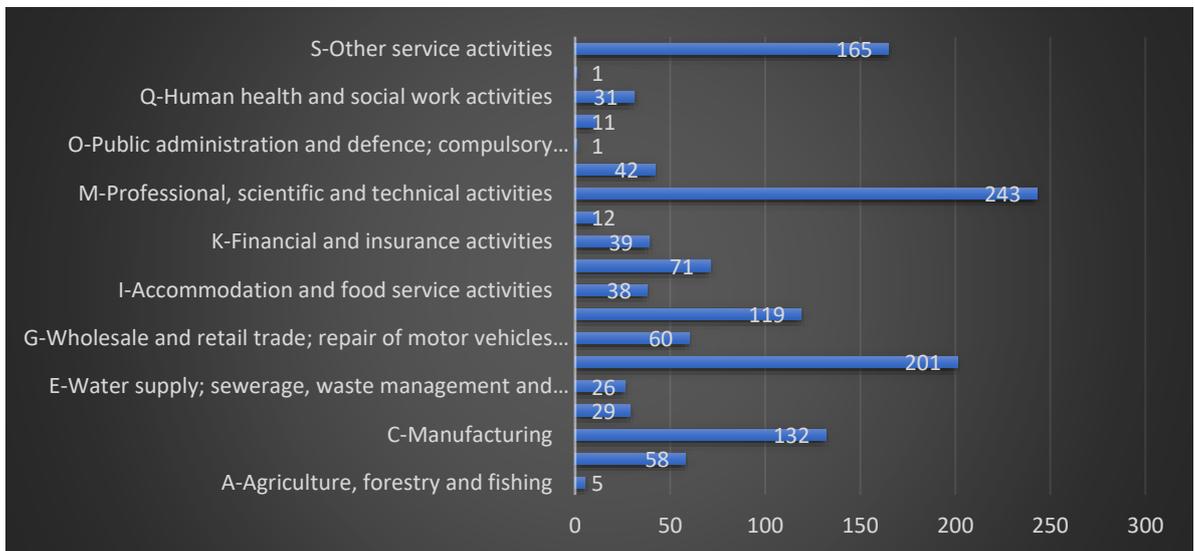
12. The 2017 and 2018 processes had scheduled windows for registration of two and three months respectively. During this period, the PAU processed all applications received within the deadlines and undertook a process to verify all the documentation submitted and all the applications received were verified within the deadlines.
13. This involved working closely with the Uganda Revenue Authority (URA), Uganda Registration Services Bureau (URSB) and National Social Security Fund (NSSF) in the verification of entities and persons domiciled in Uganda and with the respective Foreign Missions through the Ministry of Foreign Affairs in the verification of the foreign entities. I therefore take this opportunity to extend our appreciation to these partners for the support they rendered to the PAU during these processes and request that you continue giving PAU this support.
14. Since its inception, the NSD registration process has registered key mile stones including;
 - a) Effective January 2018, all procurements for goods and services for approved work programmes undertaken by the licensees in the oil and gas sector have been off the NSD.
 - b) There was an increased number of companies registered on the NSD from 513 in 2017 to 1712 in 2018 representing an increase of 233%. This is expected to increase even more for the NSD 2019.

c) There is increased interest from foreign entities from 135 entities registered outside Uganda in 2017 to the 716 foreign registered entities on the NSD in 2018 and Ugandan registered entities from 378 to 996 a growth of 163%. The foreign registered entities are from 44 other countries with China having 149 companies, United Kingdom 61, France 47, United Arab Emirates, Nigeria and Kenya with 33 Companies, among others.



d) Through the NSD platform, there has been increased coordination and mobilization of the suppliers to participate in supplier development engagements including participation in the dissemination of FEED studies for Tilenga, Kingfisher and EACOP. Over 500 companies attended these engagements during which the details of goods and services required during the detailed engineering, procurement and construction phases of the different projects were highlighted.

e) The NSD also provides visibility based on areas of expertise for the various registered entities.



f) The NSD platform provides a medium for feedback and information dissemination to suppliers on the Oil and Gas Sector in general.

g) The NSD platform is used to communicate upcoming tenders, Expressions of Interest and advertisements for goods and services.

h) The NSD provides an opportunity for transparent and standardized supply chain for the sector, which will lead to improved competition and efficiency. It is also a very strong tool for facilitating National Participation in the Oil and Gas Sector by enhancing the visibility of Ugandan entities, which have the potential to offer goods and services in the Oil and Gas Sector whether individually or in partnership.

i) The NSD has enabled Ugandan business to formalize their systems and structures, given the requirements for registration.

NSD 2019 REGISTRATION PROCESS

15. Ladies and gentlemen, after a review of the process and discussions with different stakeholders, the Authority is pleased to inform the public that the application window for the NSD 2019 opens on 1st September 2018 will remain open until 30th June 2019. This has been activated to provide an opportunity for new companies to register throughout the year, unlike previously when the window was for only two months.
16. Entities which were registered on the NSD 2017 and NSD 2018, are only required to confirm their interest to be on the NSD for 2019 and for those whose information submitted earlier has changed to have it updated.
17. The Authority shall publish the list of persons and entities registered on the NSD 2019 by 31st December 2018. Thereafter the list shall be updated three times; on 31st March 2019, 30th June 2019 and 31st August 2019. In order for any person or entity to appear on the list to be announced on 31st December 2018 and any subsequent updates, the entity or person should apply at least two months before the date of publication.
18. The PAU will only accept online applications, with the following key documentations:
 - a) Certificate of incorporation or registration,
 - b) Tax Clearance Certificate

- c) Social Security Clearance Certificate
 - d) Banker's Reference Letter
 - e) Valid and Recognised National Identification, and Curriculum Vitae for individual consultants.
19. It is important to note that only applicants who will have qualified will be registered and published in the National Suppliers Database for 2019 (NSD 2019).
20. Registration on the NSD 2019 does not waive the requirements for the qualified entity or person to participate in the tendering processes for the provision of goods, works and services in the oil and gas industry and is not a guarantee for award of any contract.

LOOKING AHEAD

21. Ladies and Gentlemen, the PAU plans to develop the NSD into a Centralized Joint Qualification and an e-Market Place where approvals of procurement documents may be made in line with the requirements of the Petroleum (Exploration, Development and Production) Regulations, 2016 such as approval of tender adverts, Invitations to tender documents and bid evaluation reports.

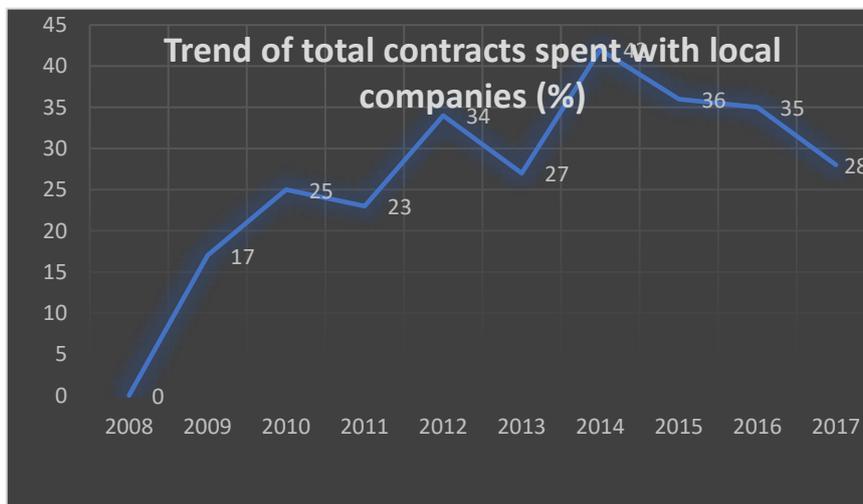
22. The Authority continues to benchmark with different countries that run similar platforms such as Brazil, Ghana, Nigeria and Oman, among others. Some of the benefits include:
- a) Elimination of duplication of supplier prequalification by different operators;
 - b) Improved transparency in procurement of services;
 - c) Appraisal of suppliers' competence through Audits and inspections; and
 - d) Continuous assessment of supplier performance through performance monitoring among others.
 - e) Enable development of initiatives to improve capacity of suppliers.
23. It has been said that "A Chain is only as Strong as its weakest Link" and therefore I must emphasise that achieving these ambitions is indeed a shared responsibility.
24. On behalf of the PAU and Government at large, we must provide an environment that supports the development and participation of the private sector, more so our home-grown enterprises.
25. The licensees and their contractors must continue to give a fair chance to all entities and support the development of local enterprises.
26. The Foreign and National companies must undertake the work efficiently, and at the highest standards possible. The national enterprises must in turn

make the most of the information and opportunities to build their capacity in a sustainable manner. They must look beyond the oil and gas sector, and seek to build partnerships with more experienced entities.

27. The media has a responsibility of ensuring that Ugandans and the rest of the world have access to correct and accurate information about the oil and gas sector in Uganda, and this information can be relied on to make informed decisions.

CONCLUSION

28. Ladies and gentlemen, the Value for Money Audit on National Content Undertaken by the Auditor General places the current level of National Participation at 28%.
29. In addition, during 2017, out of the USD 133m spent on contracts, purchase orders and call offs, 28% were undertaken by Ugandan companies. Key areas included Legal services, Freight Forwarding and customs clearance, Waste



- collection services, Assorted PPE, Catering services, Survey and some Engineering services, among others
30. The major activities of 2017 involved mainly Front-End Engineering Designs (FEED) studies and Geophysical and Geotechnical studies. These activities were contracted to International companies and undertaken outside Uganda.
 31. The Authority has approved work programmes of US\$ 400 million for 2018, and we hope there will be a marked improvement as we strive to achieve the Goal of Local Content Policy for Uganda's Oil and Gas Sector which is "to increase the participation of Ugandan citizens and enterprises in the oil and gas industry in Uganda from the current 28% to 80% local content by 2040."
 32. We need the goodwill and support of all stakeholders to succeed because ultimately this is a national resource in which all Ugandans have a stake
 33. I wish to end by inviting all potential suppliers to take up this opportunity to register on the National Supplier data base in order to effectively participate in Uganda's oil and gas sector.

FOR GOD AND MY COUNTRY

**EXECUTIVE DIRECTOR
PETROLEUM AUTHORITY OF UGANDA**