

The State of the Oil and Gas Sector in East Africa: Professional Preparedness – Knowledge and Skills Enhancement



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9th August 2018



Agenda



Section

Regimes and Governance

Oil Price Trends

East Africa Region

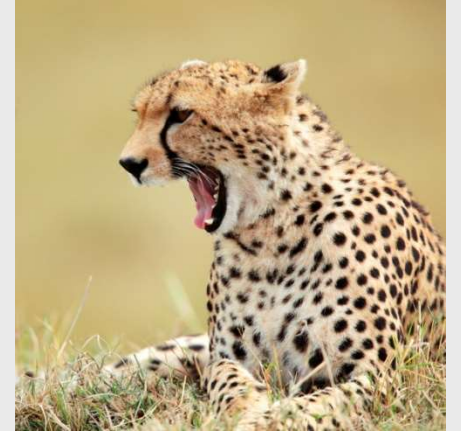
Key Challenges faced by the Industry

Goods and Services Required

Interactive Session



REGIMES AND GOVERNANCE



Commonly Seen Oil & Gas Regimes/Agreements

O&G
belongs to
the
Contractor

Concessions/ Licences

- One of the oldest forms of a petroleum contract
- Based on land ownership where the land owner owns all the resources under the land (and also the air above)
- Contractor has exclusive rights.
- Government benefits from taxes and royalties

Production Sharing Contracts (PSC)*

- Ownership of the oil lies with the State.
- If the Contractor is successful, the Contractor gains the right to oil and sell an agreed proportion of the oil extracted.

EAST AFRICA

O&G
belongs to
the State

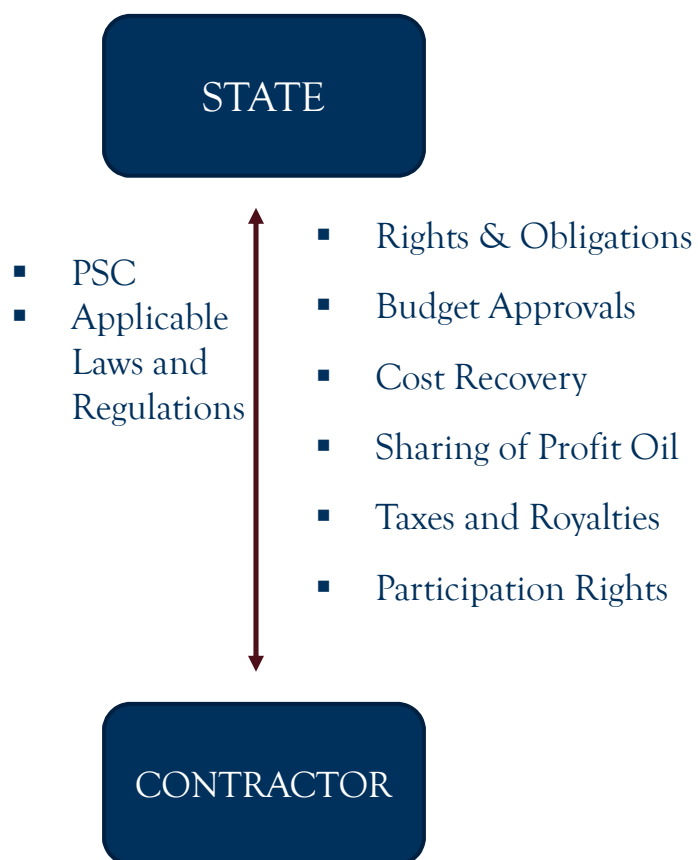
Service Agreement

- Ownership of the oil lies with the State.
- Contractor does not have any ownership right to the oil in the ground.
- Contractor is simply paid a fee for its services in extracting the State's oil

* Also commonly known as Production Sharing Agreements (PSA)

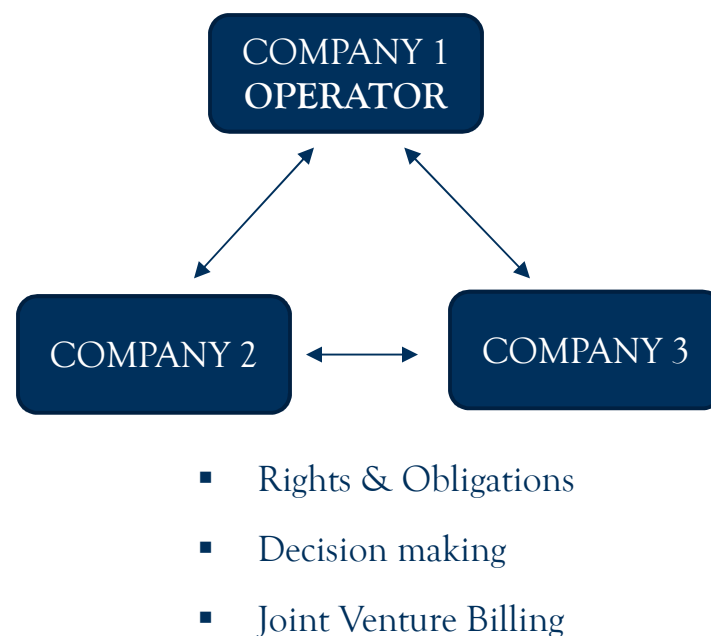
Governance Structure

Between the State and Contractor(s) ...



Between the Private Joint Venture companies (Contractors) ...

Typically unincorporated Joint Venture governed by a **Joint Operating Agreement (JOA)**:





OIL PRICE TRENDS



10 Years Oil (Brent) Price Trend



Source: <https://www.macrotrends.net/2480/brent-crude-oil-prices-10-year-daily-chart>

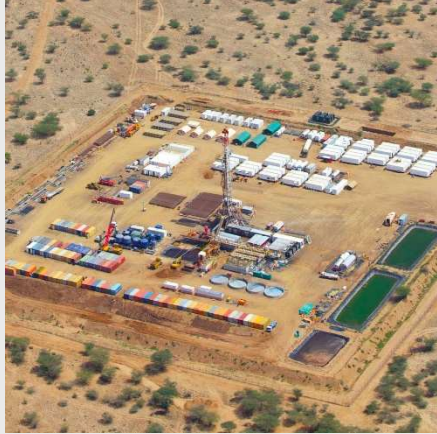
Oil Price Outlook



Brent price outlook (Nominal), August 2, 2018



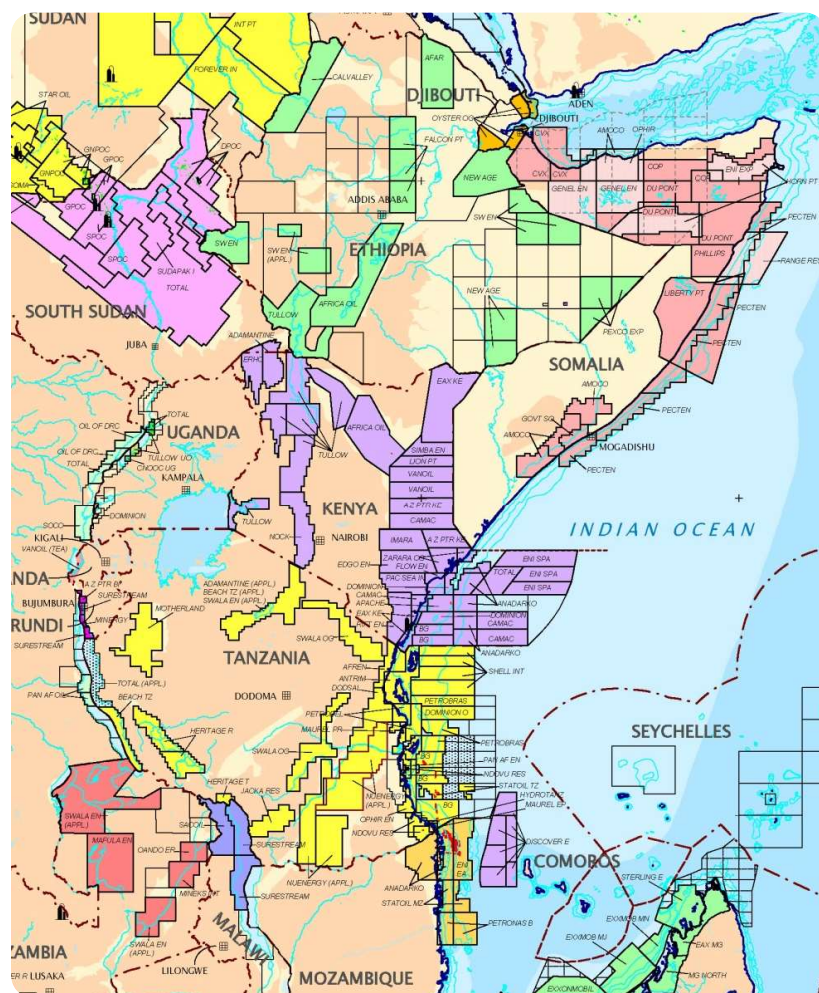
Source: Argus, Wood Mackenzie Macro Oils Service forecast. Note: The Macro Oils price outlook is updated at the beginning of each month.



EAST AFRICA REGION



Overview of the Oil & Gas Industry in East Africa



The Eastern Africa region becoming a key player on the world oil and gas scene:

Country	Hydrocarbon Resources (billion boe)
Kenya	0.56
Uganda	1.7
Mozambique	10.2
South Sudan	1.5 – 2
Tanzania	2.5
Ethiopia	Exploration
DRC	Exploration & Appraisal

It is expected that >\$US 100 billion will be invested in the region in the next 15 years



KEY CHALLENGES FACED BY THE INDUSTRY



Key Challenges Faced by the Industry

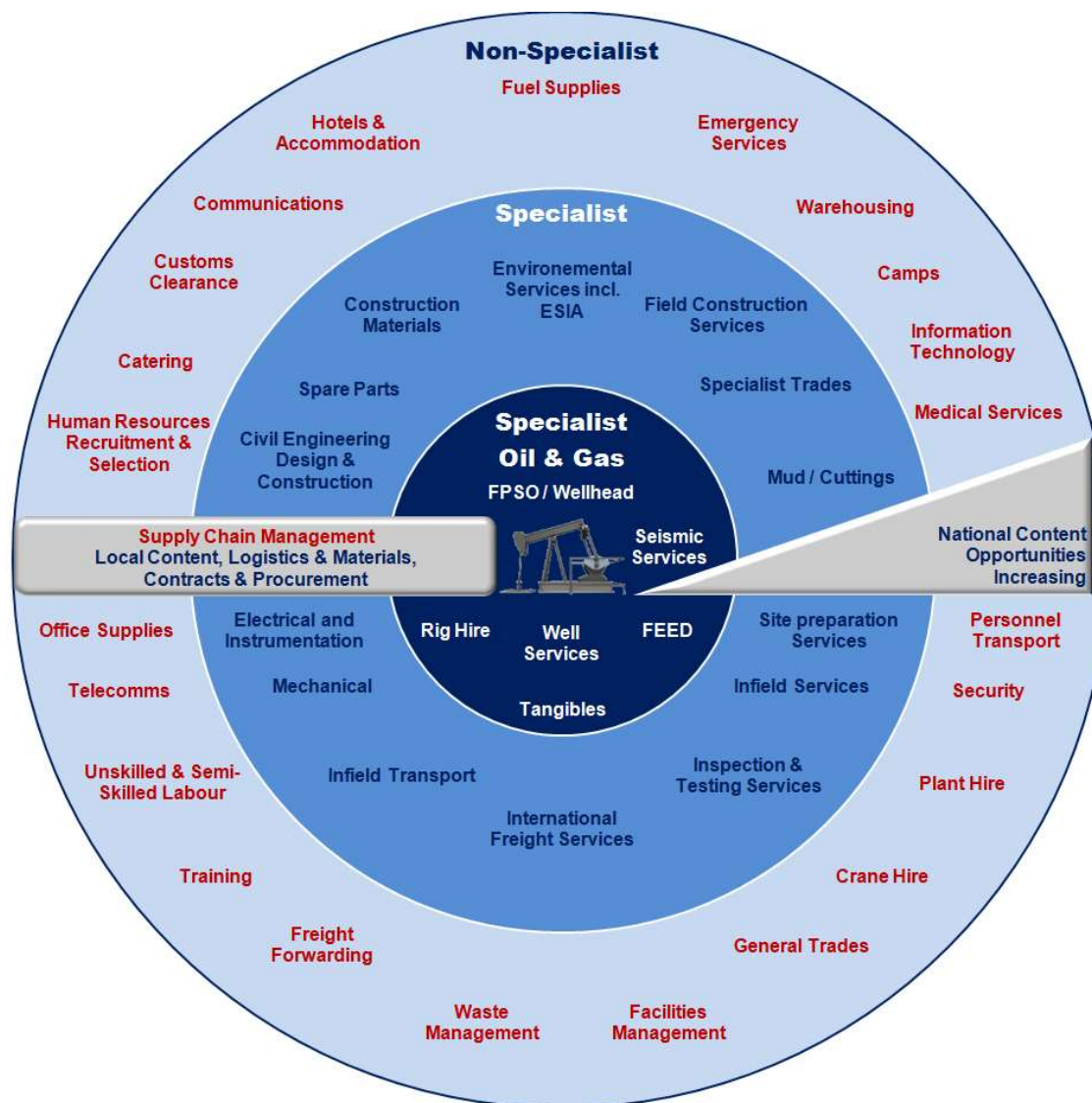
- High Risk
- Long life cycle and long investment period
- Significant Investment
- Specialist equipment required
- Broad base of input required – manpower, goods and services
- Broad stakeholder base



GOODS AND SERVICES REQUIRED



Typical Goods and Services Requirement



Let's narrow it down ...

**Budgeting and
Forecasting**

Cost Controls

**Management,
Financial,
Operational
Accounting**

**JV Billing and
Accounting**

Tax:
PAYE, WHT,
Corporate Income
Tax
Customs
Capital Gains Tax

Compliance
Advisory
Audit

**Legislation and
Engagement**

Cost Recovery Audit

Joint Venture Audit

Treasury

TEN SKILLS FOR THE FUTURE WORKFORCE



1 SENSE-MAKING

DEFINITION: *ability to determine the deeper meaning or significance of what is being expressed*



3 NOVEL & ADAPTIVE THINKING

DEFINITION: *proficiency at thinking and coming up with solutions and responses beyond that which is rote or rule-based*



5 COMPUTATIONAL THINKING

DEFINITION: *ability to translate vast amounts of data into abstract concepts and to understand data-based reasoning*



7 TRANSDISCIPLINARITY

DEFINITION: *literacy in and ability to understand concepts across multiple disciplines*



9 COGNITIVE LOAD MANAGEMENT

DEFINITION: *ability to discriminate and filter information for importance, and to understand how to maximize cognitive functioning using a variety of tools and techniques*



2 SOCIAL INTELLIGENCE

DEFINITION: *ability to connect to others in a deep and direct way, to sense and stimulate reactions and desired interactions*



4 CROSS-CULTURAL COMPETENCY

DEFINITION: *ability to operate in different cultural settings*



6 NEW-MEDIA LITERACY

DEFINITION: *ability to critically assess and develop content that uses new media forms, and to leverage these media for persuasive communication*



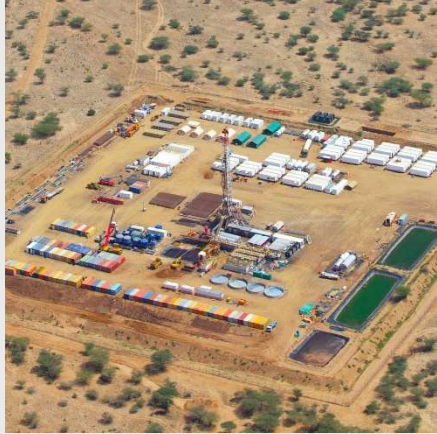
8 DESIGN MINDSET

DEFINITION: *ability to represent and develop tasks and work processes for desired outcomes*



10 VIRTUAL COLLABORATION

DEFINITION: *ability to work productively, drive engagement, and demonstrate presence as a member of a virtual team.*



KENYA DEVELOPMENT



Project OIL KENYA Video





INTERACTIVE SESSION



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