

## *Press release*

### **Emerging oil and gas sector to create new opportunities for job creation and SME growth**

**Nairobi 16th May 2018...** Kenyan companies are set to benefit from increased demand for services within the emerging Oil and Gas sector. Speaking during the inaugural Morendat Institute of Oil and Gas Conference, Petroleum and Mining Cabinet Secretary John Munyes said that Kenya has already signed a Production Agreement with Tullow which will trigger the commencement of the early oil scheme. Through the early oil scheme, Kenya intends to move between 2,000 and 4,000 barrels of oil per day from the production fields to the coast for export using trucks and rail.

The crude oil will be stockpiled at the Chngamwe Oil refinery which has been converted into a storage facility by Kenya Pipeline Company until there are sufficient quantities for export. Full oil production is anticipated to commence around 2021-2022. French firm Total SA has already committed to invest in the Lokichar-Lamu pipeline, boosting Kenya's efforts to develop its own oil fields and realize its ambition of joining the league of oil exporters.

"Under Kenya's Petroleum (Exploration, Development and Production) Bill, 2017, we shall implement a local content policy and regulations to facilitate participation of Kenyans in the energy and petroleum sector, including utilization of locally available goods, services and human resources. Local content in the sector will be well developed for enhanced national productivity." Munyes added.

A sectoral report by the Kenya Pipeline Company highlighted three main categories of opportunities within the Oil and Gas sector requiring different levels of expertise and skill. Quick wins for SMEs are in the Indirect and Direct Services categories that range from supply of key commodities including hospitality, fuel, transport, equipment hire, office supplies and freight forwarding services. Within the Direct Services category SMEs can provide services such as field construction, spare parts and maintenance, construction materials, public works as well as civil, mechanical and electrical engineering services.

The third category of services however requires specialist services a factor that has seen the government take up an active role in the promotion of technical skills.

“We need to upskill our workforce in order to ensure that both local and regional populations benefit from the opportunities created by the sector. There is a mismatch between workforce skills and the available employment opportunities. In effect, this has led to a domination of foreign expertise in technical exploration and production skills,” Petroleum and Mining Chief Administrative Secretary John Mosonik said.

Key skills deficiencies are in pipe fitting, welding and drilling as well as operation and repair of heavy equipment. The lack of skills has a net impact on the attractiveness of the region in that; skills deficiency often leads to inflation of labor and project costs due to the expenses incurred in importing foreign expertise.

“Through the Morendat Institute of Oil and Gas, KPC continues to train additional technicians to meet the demand for specialized services which currently stands at over 2500 technicians against a market availability of 700 technicians all of whom work for KPC. Kenya is set to expand its pipeline network from 1300 Km to 2700 Km this coupled with the expected deployment of Pipelines in Uganda, Tanzania and South Sudan will see demand for these skills grow in coming years.” KPC Managing Director Joe Sang said.

To meet the demand for skills, more Universities and Technical Institutes will have to take up training opportunities with the acquired skills easily transferrable to the wider mining and extractives sector.

“We hope to partner with the private sector and the government to develop the requisite skills to grow the oil, gas and extractives sector. The government has already allocated Ksh.100 Million for the new department of petroleum and engineering within the University of Nairobi. The University has forged global partnerships to offer professional and graduate degrees to be delivered through physical and online learning with partner Universities in Europe, Australia and USA,” University of Nairobi Vice Chancellor, Prof. Peter M. F. Mbithi said.

The three-day Morendat Institute of Oil and Gas conference which is being held at the University of Nairobi brings together experts in Oil, Gas and Extractives from Kenya, Uganda, Tanzania, Nigeria, Australia and Canada to exchange knowledge on key opportunities and pitfalls within the sector. The main aim of the conference is to enable

Kenya formulate interventions to up-skill its work force and exploit emerging opportunities within the Oil, Gas and Extractives sector.

**End.**