

Focus on East Africa : Emerging opportunities in oil and gas

This article first appeared in the SIEM Middle East and Africa newsletter, January 2015

Traditionally, East African economies have depended on agriculture, services and manufacturing. However, since the mid 2000s, international oil and gas companies have been busy drilling test wells both on and offshore across East Africa. Uganda announced its first find in 2006, with commercially viable reserves announced in 2010 and 2014. Further exploration licences are likely to be auctioned this year. In Kenya, the UK's Tullow Oil found the first onshore oil reserves in 2012, and it announced in May this year that it had found further, commercially viable, reserves. Despite a reduction in its overall operational spend due to fall in crude oil prices, Tullow will focus its exploration efforts in the East Africa region, as these represent "low-cost and high impact opportunities," the group CEO was [quoted](#) as saying earlier this week. The BG Group announced significant offshore gas finds and evidence of an oil system in July 2014. Once production gets going in Kenya in around 2017, and with Uganda's oil fields expected to come online a year later, East Africa is likely to see a boom in employment opportunities for the skilled and trained staff who will be needed to ensure the black gold flows out of the ground and into the international commodities markets.

UK companies are racing against international rivals to extract hydrocarbons, but also to demonstrate their commitment to be socially responsible extractors of resources. IOCs are investing in education and training, sponsoring students from Kenya, Uganda and Tanzania to travel across the globe to study, to institutions in the UK, France, Australia, South and West Africa, but also, increasingly to China. Closer to home, there are investments in developing education and training opportunities, healthcare and social infrastructure in the countries where they operate.

Despite this growing competition, UK qualifications still have the edge. Patson W. Arinawatne, a Tullow Oil scholar from Uganda, graduated with an LLM in oil and gas law from Robert Gordon University last year. He says of his LLM :“It comes with a perception of quality and exposure to the industry. In addition, having studied in Aberdeen, the energy capital of Europe, I was able to network and develop valuable business and professional contacts which I still utilise.”

Professionals in the industry expect job opportunities to grow, and with that a rise in demand for specialist, highly trained employees. In Uganda, Mr Arinawatne says he expects the number of people employed directly in exploration and production and in the oil services support sector to triple in the next five years, as production gets underway at scale. Mr Arinatwe is himself an example of a new breed oil and gas specialist: initially a trial lawyer with minimal experience in corporate commercial work, he now works for one of Uganda's leading business law firms, specialising in advising oil majors and regulators on compliance and regulatory aspects of the oil and gas industry, and working on major infrastructure briefs.

In Kenya, Martin Mbogo, Country Manager at Tullow Oil Kenya and the Founder Chairman of the Kenya Oil & Gas Association (KOGA) is cautiously optimistic. "For Tullow, the highest numbers of direct employment opportunities are created in the construction and production phase. We are still at the beginning of the oil and gas lifecycle, but as we progress through the exploration, appraisal, development and eventually production phases, more specialised jobs requiring graduate level skills are expected to be created. In addition, many more jobs are also created in sectors related to this life cycle, especially in the smaller companies which form part of our supply chain."

As a result, a range of specialist skills at all levels will be needed to enable the industry to develop. According to Mr Mbogo, "These range from graduate level skills for engineers, lawyers and environmental scientists, to trade and craft skills such as welding." Mr Arinaitwe agrees: "Transport, law, procurement and logistics, accounting and environmental aspects of the oil and gas industry are all critical sectors to service the industry." Opportunities to train for these skills are still relatively limited in both Uganda and Kenya, perhaps unsurprising given that the first oil discoveries have only been made within the last few years. In Kenya, at least, according to Mr Mbogo, this is changing. "The Petroleum Institute of East Africa now offers a number of programmes in oil and gas exploration. And, since 2011, Tullow has offered 55 scholarships to Kenyans to study for Master's degrees in the UK." The Petroleum Institute of East Africa has also been certified by the global energy industry association, Energy Institute, as an approved training provider.

Mr Arinaitwe is also personally involved in developing specialist education and training for the industry in Uganda. "Besides my legal practice, I also lecture at two leading private universities and have helped them design modules and programmes in oil and gas law and related subjects at undergraduate and postgraduate level. They are designed to bridge current knowledge gaps in the region." He suggests that UK universities develop partnerships with local providers in Uganda to help develop capacity. "UK education is very expensive for the ordinary Ugandan. Partnerships could come in the form of faculty exchanges, developing resource materials and faculty training."

Tullow Oil has been supporting the development of the oil and gas industry and of the economies of the countries where they operate. This support takes the form of an international postgraduate scholarship programme (TGSS) which enables nationals to develop high-level skills and knowledge at UK universities, but also as direct interventions in-country, such as the Enterprise Development Centre in

Turkana, Kenya. “This centre will teach basic business skills like accounting, and marketing to entrepreneurs from the Turkana area (the site of the oil field), allowing them to acquire the skills they need to do business with us,” says Mr Mbogo. “In addition, from 2015 we will provide over 1000 scholarships locally to Kenyan students wishing to pursue vocational training in welding, mechanics and carpentry.” Indeed, Tullow offers scholarship programmes in eight countries across Africa, managed by the British Council, and in Tanzania the British Council manages the BG Group scholarship programme. “ We see our scholarships programmes as part of our commitment to building the understanding of the oil and gas sector, “ concludes Mr Mbogo, “and we take great pride in seeing our young scholars returning to their home countries and taking up positions with a variety of organisations in the sector.”