

**16<sup>th</sup> November 2023**

## **PETROLEUM INDUSTRY PRESS RELEASE ON THE GOVERNMENT-TO-GOVERNMENT FUEL IMPORTATION (G-TO-G) FRAMEWORK**

In early 2022 the country started facing fuel supply challenges, resulting in stock-outs and long queues at service stations. The importation of fuels then through the Open Tender System (OTS) framework required Oil Marketing Companies (OMCs) to prepay for products. At this time the industry had started facing challenges in accessing US Dollars to timeously pay for products.

Following this, the industry sought support from the Government to avail the US Dollars and to help safeguard security of supply. The industry made a request to the Government to be allowed to pay for product in Kenya Shillings as this would alleviate pressure on dollar liquidity.

The G-to-G framework agreement is an initiative of the Government in response to the US Dollar shortage that the industry has been facing since early 2022 which adversely impacted the timely supply of product. The OTS agreement was amended to incorporate the G-to-G supply framework.

Since the commencement of G-to-G framework, payment of products has been in Kenya Shillings and this has resulted in stable supply in the country. The fixed premiums have created a more predictable situation in a volatile international market.

The pricing mechanism has not changed with the adoption of the G-to-G framework. The pricing formula is based on the average cost of all the cargoes received in the country under OTS guidelines and the related Regulations. Pump prices are based on discharged cargoes. The benefits or drawbacks of fluctuating international prices at the pump price are reflected in subsequent pricing periods.

The oil industry remains committed to continuously work closely with all stakeholders to ensure security of supply to the Country.

**By the Petroleum Institute of East Africa (PIEA)  
16<sup>th</sup> November 2023**

### **About the Petroleum Institute of East Africa (PIEA)**

The Petroleum Institute of East Africa (PIEA) is the professional body for the oil industry in the region. The mission of the PIEA is to provide a forum for expertise and excellence in the oil industry, promote professionalism and free enterprise in the petroleum business supported by the highest operations and business standards.

PIEA is a professional industry association whose membership is drawn from large, medium, small oil marketing companies, vital petroleum common user facilities -including the Kenya Petroleum Refineries and the Kenya Pipeline Company-as well as oil and gas service providers like transporters, financial institutions, and engineering consulting firms, amongst others.

More information is available on the PIEA website: <https://petroleum.co.ke/>