

PETROLEUM

www.petroleum.co.ke

# iNSiGHT

The Magazine of the Petroleum Institute of East Africa

2<sup>nd</sup> Quarter, April - June 2022



## Oiling Machines

### ALSO IN THIS ISSUE:

NCBA Assures Industry  
of Financial Support

Women in LPG Empowering  
Consumers Through  
Grassroots Mobilization

Finance Act, 2022: KRA  
Virtual Sensitization  
Forum



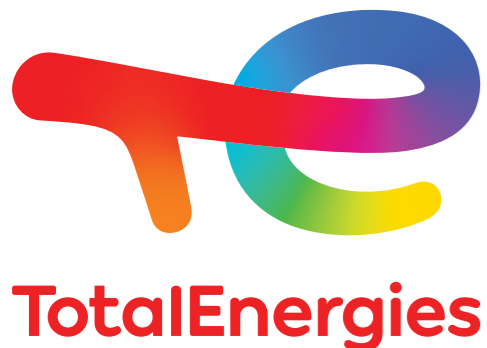
**QUARTZ**  
ENGINE OIL

Power up  
effortlessly  
with Quartz 4X4



**Recommended for all  
4x4s and SUV engines**

Extreme Performance. Extreme Protection.



## Instant transactions across 4 countries One account

Stanbic Borderless Banking. It goes where you go.



With Stanbic Borderless banking, transact conveniently with the **best in market forex rates** and **low transaction fees**.

Make real-time deposits and receive payments instantly from oil companies across Kenya, Uganda, South Sudan and Tanzania with just one account.

Visit any branch in the four countries for this service or contact:

<b>South Sudan</b>	Solomon Makuei	<b>M</b> +211 922 713 505	<b>E</b> makueim@stanbic.com
<b>Tanzania</b>	Joe Mwakanjuki	<b>M</b> + 255 756 803 387	<b>E</b> Joe.Mwakanjuki@stanbic.co.tz
<b>Uganda</b>	Eva Mpalampa	<b>T</b> 0800 150 150	<b>E</b> CommercialClientsupport@Stanbic.com
<b>Kenya</b>	Raphael Wanga	<b>M</b> +254 746 729 086	<b>E</b> wangar@stanbic.com

# In this issue

## Board of Directors

Chairman - Vivo Energy  
 Vice Chairman - Hass Petroleum  
 TotalEnergies  
 RUBIS Energy  
 Gulf Energy Limited  
 Galana Oil (K)  
 Hashi Energy Limited  
 National Oil Corporation  
 Kenya Pipeline Company  
 Kenya Petroleum Refineries  
 Hass Petroleum  
 Africa Gas & Oil  
 Gapco Kenya Limited  
 VTTI (K) Limited  
 Tosha Petroleum  
 East African Gas Oil  
 Lexo Energy  
 Stabex International  
 Kurrent Technologies  
 Tristar Petroleum  
 NCBA  
 Bob Paterson  
 Varun Sharma

## Editorial & Production

Jay and Jey Media Consultants  
 3rd Floor, Mountain Mall  
 Thika Superhighway  
 Tel - 0716 652 011, 0780 652 011

## Advertising Agency



Alison and Davis Group Ltd  
 2nd Floor, Spur Mall  
 Thika Super Highway

Tel - 020 2320083, 0721 845 944  
 0764 845 944, 0721 234 838  
 Email: info@energyea.com

## Editorial Board

Wanjiku Manyara and Jennifer Kibiru

## Contributors

Wanjiku Manyara, Jennifer Kibiru, Vivienne Ayuma, Timothy Skudi, Evans Kang'ethe, Dorice Itebaluk and Richard Nandi

Petroleum Insight is published quarterly by the

Petroleum Institute of East Africa. Views expressed in this publication do not necessarily reflect the position of PIEA. All rights reserved.

Petroleum Institute of East Africa  
 Fourth Floor, Bruce House  
 P.O. Box 8936-00200 Nairobi - Phone:  
 254-20-2249081, 3313046, 3313047  
 Mobile: 0722 221120  
 Fax: 254-203-313048  
 Email: admin@petroleum.co.ke  
 Website: www.petroleum.co.ke



7



9



24



27

## From the PIEA Chair

4

## Cover story

12

- Robust Stakeholder Feedback Mechanism Necessary to Enhance Effectiveness of Standards
- KEBS: Application of Standards in Oiling Machines
- EPRA Calls for Stakeholder Support in the Regulation of the Country's Lubricant Industry
- OLA Energy Lubricants Lead in Quality and Innovation

## Pictorial

18

## Upstream

22

## Statistics

30

www.afripetconvention.com

Cocktail Sponsor



Past Gold Sponsor



# AFRICA PETROLEUM EQUIPMENT CONVENTION (AFRIPET)

THE FUTURE OF PETROLEUM CONVERSATIONS

July 4<sup>th</sup> – 6<sup>th</sup> 2023  
 The Sarit Expo Centre, Nairobi

## Partners



## Media Partners



Alison & Davis Group Limited, Nairobi, KE  
 3<sup>rd</sup> Floor, SpurMall Building, Thika Super Highway  
 +254 764 845944 | +254 721 234 838

# Second Quarter 2022: State of the Oil Industry Briefing

**Millicent Onyoni**  
General Manager, OLA Energy  
Chairman, Petroleum Institute of East Africa



**Let me end by stating again that the Oil industry supports government policies and strategies that promote efficient access to petroleum products at affordable prices. Indeed, due to the Government's petroleum stabilization fund process, OMCs have borne enormous cash flow and working capital constraints by supporting this consumer relief by having part of the OMCs' revenue excluded from the sale of fuel at the service stations.**

It is not in doubt that the Petroleum Industry, like all other sectors in our economy, has and is still going through challenges, some of which are directly related to the global health crisis-COVID-19.

Stable recovery of our sector performance was high with the gradual removal of mobility restrictions, where the total fuel demand increased by 6% in the fourth quarter of 2021 compared to the third quarter of the same year.

Apart from sustaining and increasing convenient access to petroleum fuels, Industry anticipated its optimal contribution to economic recovery from COVID-19 via the Government buy-in of the fiscal reforms proposals which were to, in the short term, spur local lubricants manufacturing, local LPG cylinder manufacturing/innovations as well and other related justified multiplier effects including diversification of investments, increase in employment and tax revenue; sustainable afforestation, food security and elimination of preventable diseases as well as high mortality of children under five years.

Industry aspirations to propel both economic recovery and development have been interrupted by several factors that include non-consent to our fiscal reforms proposals, a significant increase in taxes, the introduction of a fuel price stabilization process, and delay in gazetting petroleum regulations and wanting enforcement.

The aforementioned disruptions morphed into challenging business conditions for the sector yet Kenya's Oil and Gas Industry has managed to sustain its vibrancy and has indeed continued to be a crucial economic driver locally and in the region.

It is not in doubt, the oil industry has continually made massive investments in the energy sector that have translated to the direct employment of over 50,000 Kenyans and the contribution of over 200 billion shillings annually in tax revenue. Further, Oil Marketing Companies directly anchor over 4,072 retail stations that provide 1,400 dealerships and the related 100,000 retail station attendants, as well as over 2,000 petroleum tanker drivers that haul petroleum by road.

These facts speak to the theme of today's briefing; Private Sector; The Prime Mover of Economic Development.

Let me end by stating again that the Oil industry supports government policies and strategies that promote efficient access to petroleum products at affordable prices. Indeed, due to the Government's petroleum stabilization fund process, OMCs have borne enormous cash flow and working capital constraints by supporting this consumer relief by having part of the OMCs' revenue excluded from the sale of fuel at the service stations.

This is because we in the oil industry have a common interest with Government-that of ensuring that the oil and gas industry remains stable, legal and competitive with the primary aim of supplying petroleum energy efficiently and at the least cost to all sectors of the economy- and we too expect the required support from Government in enabling us to meet our supply obligations.

We in the petroleum energy private sector remain committed to partnering with Government and other stakeholders to ensure that the consumer is well served.

**Millicent Onyoni**  
Outgoing PIEA Chairman

**PumpTech**  
Your petroleum equipment partner

We supply the most sought after Workhorse  
**The Helix 4000/ 2P4H Dispenser pump**



**Helix 4000** offers a sleek iconic look in a small footprint and can accommodate up to three meters and up to four hoses. Take advantage of multiple configurations, blending and non-blending, payment, and variable flow rates.

## WAYNE HELIX FAMILY



**1000 | "Micro"**  
Up to 2 Meters  
Up to 2 Hoses

**2000 | "Small"**  
Up to 3 Meters  
Up to 2 Hoses

**4000 | "H-Style Narrow"**  
Up to 3 Meters  
Up to 4 Hoses

**5000 | "H-Style Wide"**  
Up to 4 Meters  
Up to 8 Hoses

**6000 | "C-Style"**  
Up to 5 Meters  
Up to 10 Hoses

PumpTech Limited is the Emerging Leader in Oil & Gas Automation Systems, Pumping & Metering Solutions, Corrosion Control and all your Forecourt and Depot Equipment requirements in East Africa.

With Head Office in Kenya and operations in the DRC Congo and Uganda, PumpTech has established strong channel partnerships in the region with Leading Petroleum Equipment Manufacturers and Corrosion Control Technologies.

Currently, PumpTech is focusing on Dover Fueling Solutions, Wayne Fueling Systems with the Future of the Forecourt:  
**The WAYNE HELIX FAMILY**

# NCBA Reassures Industry of Financial Support

**John Gachora**  
Group Managing Director, NCBA



The petroleum industry has rebounded strongly from the pandemic shocks but continues to face volatility from both foreign and domestic forces. The Russian invasion of Ukraine triggered a reshuffle in the oil trade resulting in higher insurance, shipping, financing and compliance costs for players across the value chains.

Locally, the complexities have been aggravated by a confluence of other shocks including price controls, an 'inefficient' fuel subsidy program, dollar liquidity challenges, rising financing costs and weakening consumer purchasing power as inflation heats up!

These uncertainties have forced businesses to continuously reinvent themselves by transforming business models to ensure capital discipline and sustained financial health.

Speaking during the Petroleum Institute of East Africa (PIEA) Industry Briefing, NCBA Group Managing Director, John Gachora noted that the bank is cognizant of the much-needed cash flow by the industry whose business models are evolving rather dramatically from primarily rising oil price cycles and dollar illiquidity in the country.

"We, at NCBA, are very alert to the volatility to your cash flows and working capital needs, brought about by rising prices, the government's subsidy payment program and to some degree the current unfavourable US dollar situation in the country. We appreciate that petroleum and related imports account for a significant 20% of our imports, with nearly KES 500Bn in expenditure, and therefore, bear the brunt of the ongoing volatility on the exchange rate more directly. In some instances, we have noted dollar illiquidity that has impacted some business operations," noted Gachora.

"As NCBA, we are committed to providing as much support to yourselves as possible, whether through working capital support or even dollar liquidity management solutions. I believe that our continued collaboration will go a long way in not only delivering

value for members but also playing our fundamental role in economic development as responsible corporate citizens. We are confident that the shocks are transitory and that this cycle shall indeed pass."

Given the current state of strained public finances and an unyielding demand for non-discretionary spending, the bank's role in financing the sector will undoubtedly become even more urgent in the days ahead.

## Investing in Energy Transition

As an enthusiast of the ongoing decarbonization efforts and preserving the environment, Gachora was encouraged to learn that the rising energy prices are complementing transition plans by enabling investments in green energy solutions, which is against the conventional wisdom that suggests that higher oil prices could slow the energy transition.

He noted that aside from the ongoing energy transition that has important implications for the oil and gas sector, the other theme relevant for the industry today is the interconnectedness of the ecosystem and the value chains therein which the bank is committed to investing.

"At NCBA, we appreciate that the sector cannot single-handedly shoulder the weight of the necessary scale of investments and bear all the commercial risks associated with present-day oil and gas dynamics including the impending transition. Accordingly, we are deliberately and continuously building our capacity both technical and financial to be able to walk with you through this transition, in a way that promises to structurally change revenue scales and spending for most of your business. As financial institutions, we are uniquely prepared to play this catalytic role in financing and supporting all the emerging business models that these changes will occasion" Gachora told the industry players.

## Fuel Subsidy

Gachora noted that the fuel subsidy program by the government is unsustainable and needs sober engagements by industry players and governments to avert market distortions and untenable fiscal burden.

"Over the medium term, the fuel subsidy program will require some sober reflections. Understandably and as the Principal Secretary, National Treasury. Treasury recently acknowledged the sustainability of the program faces serious risks. While the intention of cushioning lives from the ever-increasing cost of living is laudable, the distortions that typically arise from market interventions such as these will have to be addressed. Needless to add, the fiscal burden is also rising to untenable levels," said NCBA GMD.

"As the private sector and industry; we should step up to lead some of these conversations with the appropriate policy ideas. I believe this obligation is at the heart of the institute's mission."

# Vivo Energy Kenya Launch Anti-Counterfeit Consumer Platform

Counterfeiting engine oils has become a lucrative business in Kenya. According to the Anti-Counterfeit Agency (ACA), counterfeiters have claimed over 20% of the petroleum market.

Oil Marketing Companies are taking all necessary precautions to avoid volume loss and guard themselves against potential reputation damage.

It is in light of this that Vivo Energy Kenya launched an anti-counterfeit consumer platform dubbed: **JAZIKA NA SHELL LUBRICANTS**.

The platform enables consumers to verify the authenticity of the Shell Lubricants they consume. Consumers will also get an opportunity to earn and accumulate points they can redeem prizes, namely airtime, shopping vouchers, KPLC tokens, and other gifts.

Speaking at the launch, Vivo Energy Kenya Managing Director Peter Murungi said that the platform will help curb the threat of counterfeits that Shell lubricants continue to face as well as support the Buy Kenya, Build Kenya initiative since the Shell lubricants are blended at Mombasa's Shell Vivo Lubricants blending plant.

"Vivo Energy Kenya has developed a USSD platform that enables consumers to verify if the Shell lubricants they have purchased in the market are genuine. Consumers will dial \*459\*200# and insert the code under the seal of the lubricant's cap to register and participate," said Murungi.

"This is in line with the 2022 world anti-counterfeit day theme: 'Leveraging on technology to combat counterfeiting'. The platform will also assure consumers of the legitimacy of Kenya's most loved

lubricant brand and reward consumers loyal to the Shell lubricants brands".

Shell Lubricants have been the leading global lubricants brand for 15 consecutive years, according to the 19th edition of Kline & Company's report Global Lubricants: Market Analysis and Assessment 2021.

**Vivo Energy Kenya has developed a USSD platform that enables consumers to verify if the Shell lubricants they have purchased in the market are genuine**



Vivo Energy Kenya, has launched an anti-counterfeit consumer platform dubbed JAZIKA NA SHELL LUBRICANTS. The platform will enable consumers to verify the authenticity of the Shell Lubricants they consume. Consumers will also get an opportunity to earn and accumulate points they can redeem prizes, namely airtime, shopping vouchers, KPLC tokens, and other gifts. Pictured here from L-R are Mr. Stephen Gikonyo, Lubricants & LPG Sales and Marketing Manager Vivo Energy Kenya and Mr. Peter Murungi, Vivo Energy Kenya Managing Director.

# PIEA Elects New Chairman and Vice Chairman to the Board

The Petroleum Institute of East Africa PIEA elected new chairman and vice chairman to head the board.

Peter Murungi, the Managing Director of Vivo Energy Kenya will now be board's chairman while Solomon Osundwa Group Chief Operating Officer (COO) at Hass Petroleum Group is the new vice chairman.



**Peter Murungi**  
Managing Director, Vivo Energy Kenya

## Peter Murungi's Biography

Peter Murungi is the Managing Director, Vivo Energy Kenya since December 2019. Prior to this, he held the position of Chief Operating Officer responsible for Sales (Retail, & CR, Commercial and Lubricants), Marketing, S&D and Customer Service. In June 2019 to September 2019, he was the Group Program Manager - SAP4Hana Implementation -Vivo Energy Africa. Peter has held various other positions since joining Vivo Energy (formerly Kenya Shell Limited) in 2007. Before joining Kenya Shell, his career had started with ExxonMobil where he worked in various capacities.

He has more than 21 years of experience in the oil industry, which includes expertise in the Oil Industry Supply Chain Management, Transport and Logistics, Engineering.

## Sales and Marketing and ERP Implementation

Peter has a graduate degree in Mechanical Engineering and an MBA - Strategic Management (MBA) from the University of Nairobi. He also has a graduate diploma in Supply Chain Management with Chartered Institute of Purchasing and Supplies (UK) where he acquired full Membership (MCIPS) status.

Peter has worked with diverse cultures in international assignments including Expatriate assignment in Namibia for 6 years and audit/support assignment for Djibouti, Ethiopia, Mozambique, Mauritius, Reunion and Madagascar.



**Solomon Osundwa**  
Group Chief Operating Officer Hass Petroleum Group

## Solomon Osundwa's Biography

Solomon Osundwa is the Group Chief Operating Officer (COO) at Hass Petroleum Group. Before joining Hass Petroleum Group, Osundwa was the Regional Director at VTTI Kenya in charge of the Eastern Africa region. In addition, he has worked on other renowned brands in the FMCG, oil & gas industry including Unilever, Kenol Kobil, Caltex Oil Kenya Ltd, Nissan Kenya, and Hashi Energy. Solomon holds an MBA (International Business option) degree from the University of Nairobi and a B. Comm (Marketing) degree from the same institution. He is also an Alumni of Harvard Business School, where he studied Strategy in a Competitive Business Environment. As COO, entrusted with running an efficient and profitable oil marketing enterprise across some of Africa's toughest markets Solomon leans on his vast experience, and a keen focus on innovation and diversification all while mentoring future leaders who will ensure Hass Petroleum's sustainability.

Solomon also serves on various Boards including Shalom Hospital, Talentplex Holdings, and Twenty Talents and he is the current Chair of the Elders' Court at Nairobi Baptist Church.

## 2022 PIEA ANNUAL OPEN GOLF TOURNAMENT



Title sponsor



Platinum sponsor

### Silver sponsors

Rubis Energy Kenya, TotalEnergies Marketing Kenya, Galana Oil Kenya Ltd., OLA Energy, Gulf Energy, Hashi Energy,

National Oil Corporation of Kenya, Kenya Pipeline Company, Kenya Petroleum Refineries, Hass Petroleum, Africa Gas and Oil Co. Ltd., Gapco Kenya, VTTI, Tasha Petroleum, East Africa Gas Oil, Lexo Energy,

Tristar Transport, Stabex International, Kurrent Technologies, NCBA Bank, E3 Energy Kenya, Kencor Petroleum

### Sponsorship opportunities

Title Diamond sponsor: Stanbic Bank

Platinum sponsor : Vivo Energy Kenya

Gold sponsor : Kshs.250,000 /=( Available)

Silver sponsor : Kshs.100,000 /=( Available)

Format: Four ball Better ball alliance, Stable ford, Team of Four

Open to PIEA members & guests as per above sponsorship opportunities

RSVP: +254 722 221 120

Email: school@petroleum.co.ke or accounts@petroleum.co.ke

## New Perspectives for a Sustainable Future with BASF's Fuel and Lubricant Solutions

**BASF**  
We create chemistry

### Components

- Polyisobutene
- Esters and PAGs
- Antioxidants
- Viscosity Modifiers
- Performance Additives

### Formulations

- Coolants and Brake Fluids
- Fuel Performance Packages
- Aviation Fuel Additives
- Refinery Additives

Looking for performance while at the same time contributing to a sustainable development?

Get in contact with us at [fuel-lubes@basf.com](mailto:fuel-lubes@basf.com) and together we'll move sustainability forward!

[www.basf.co.ke](http://www.basf.co.ke)

[info.eastafrica@basf.com](mailto:info.eastafrica@basf.com)

[basf.com/fuel-lubricant-solutions](http://basf.com/fuel-lubricant-solutions)





**SCHOOL OF PETROLEUM STUDIES  
TRAINING CALENDAR FOR YEAR 2022/2023 (PHYSICAL TRAINING SESSIONS)**

CODE	COURSE TITLE	DURATION	DATE	LOCATION
<b>(A) LEGAL &amp; REGULATORY COURSES</b>				
SPS 001A	Petroleum sector legal and regulatory framework	1 day	25-29/JULY/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 002A	Contractor & service providers regulatory training requirements	1 day	5/AUGUST/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(B) OIL AND GAS RETAIL AND MARKETING COURSES</b>				
SPS 001B	Petroleum product storage and retail facilities maintenance and management for technicians	5 days	15-19/AUGUST/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 003B	Service station management course	5 days	26-30/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 009B	Stocks management Level 2	5 days	25-29/JULY/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(C) HEALTH SAFETY SECURITY AND ENVIRONMENT COURSES</b>				
SPS001C	Petroleum sector occupational health, safety & security (HSSE) management course	5 days	19-23/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 003C	Occupational health and risk assessment	2 days	3-7/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 005C	Contractor safety management course Level 1	5 days	5-9/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 006 C	Contractor safety management course Level 2	4 days	14-18/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(E) LPG OPERATIONS SALES &amp; MARKETING COURSES</b>				
SPS001E	LPG sales, operations and marketing management	5 days	17-21/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(F) RISK MANAGEMENT COURSES</b>				
SPS 001F	Risk management in the oil and gas sector course	5 days	7-11/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS002F	High level insurance and risk management training for directors, chief executive officers, managing directors and heads of departments (HOD's)	1 day	24/AUGUST/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS003F	Emergency response planning and preparedness	5 days	5-9/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 005F	Joint Incident Command System training course Level 1	5 days	19 -20 SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(G) PETROLEUM PRODUCTS LOGISTICS &amp; HANDLING COURSES</b>				
SPS003G	Petroleum depots operations & distribution management	5 days	31 SEPTEMBER-4 NOV/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS003M	EA oil and gas transportation and management	5 days	22-26/AUGUST/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 007M	Liquified Petroleum Gas (LPG) tanker driver certification	5 days	5-9/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 008M	First Aid competency and highway emergency response plan course (Drivers/Emergency responders)	5 days	10-14/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
SPS 009 M	Oil and Gas Fire Marshalls course	5 days	12-16/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(K) HUMAN RESOURCE MANAGEMENT COURSES</b>				
SPS 001K	Employee relationship management	2 days	30-31/AUGUST/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(L) PERSONAL DEVELOPMENT COURSES</b>				
SPS 004L	Work life Balance In the context of Technology devices usage		20/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba
<b>(M) FINANCING OIL AND GAS PROJECTS</b>				
SPS001M	Financing Oil and Gas Projects	1 day	20/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es- Salaam/Kigali/Juba

**Additional information:**

Charges for physical training:  
Open courses:  
5-day course PIEA member Kshs. 49,000+VAT (USD \$ 563)  
PIEA non-member Kshs. 62,500 +VAT (USD \$ 718)  
3-day course PIEA member Kshs. 35,000 +VAT (USD \$ 402)  
PIEA non-member Kshs. 40,000 +VAT (USD \$ 460)  
1-2-day course PIEA member Kshs. 25,000 +VAT (USD \$ 287)  
PIEA non-member Kshs. 30,000 +VAT (USD \$ 345)

Training charges indicated are per person basis.  
The dollar rate used is subject to change depending on current foreign exchange rate fluctuation  
The minimum number required to form quorum for training is at least 12 individuals  
We also have online courses available and are scheduled in a separate calendar

For enquiries kindly contact school@petroleum.co.ke or call +254722 221 120 / +254 020 224 9081



**SCHOOL OF PETROLEUM STUDIES  
TRAINING CALENDAR FOR YEAR 2022 (ONLINE MODULAR SESSIONS)**

Location: Online via Microsoft teams/Google Meet

CODE	COURSE TITLE	DURATION	DATE
<b>(A) OIL &amp; GAS LEGAL &amp; REGULATORY FRAMEWORK COURSES</b>			
SPS 001A	Petroleum sector legal and regulatory framework	2 hours	Module 1: Petroleum Act 2019: What you need to know
			Module 2: Petroleum Act 2019: Unpacking the LPG Segment
			Module 3: Petroleum Act 2019: Unpacking the Supply Chain
<b>(B) OIL AND GAS RETAIL AND MARKETING COURSES</b>			
SPS 003B1	Service Station Management course (Part 1)	3 hours	Module 1: Product knowledge
			Module 2: Petroleum product supply chain
			Module 3: Licensing and legal requirements
			Module 4: Retail Service station layout and design
			Module 5: Retail service station operations
SPS 003B2	Service Station Management course (Part 2)	3 hours	Module 1: Staff management
			Module 2: Service station wet stock management and security
			Module 3: Service station HSSE
			Module 4: Service station merchandising, advertising and promotion
			Module 5: Service station practical session
SPS007B1	Strategic customer service course	3 hours	Module 1: Strategic customer service models
			Module 2: Customer service vs Quality Customer Service
			Module 3: Citizens Service Charter
			Module 4: Customer service process
			Module 5: Handling customer complaints
SPS 008 B1	Stocks Management Level 1	3 hours	Module 1: Overview of the Oil & Gas sector
			Module 2: Refining operations
			Module 3: Legal & regulatory framework
			Module 4: Imports custody transfer
			Module 5: Terminal designs & Importing Infrastructure
SPS 009B2	Stocks Management Level 2		Module 6: Product measurement & measurement equipment
			Module 1: Product receipts, costing and pricing
			Module 2: Stocks audit controls and procedures
			Module 3: Contracts & agreements
			Module 4: Risk management
			Module 5: Stocks accounting Systems
			Module 6: Work control documentation and procedures
Module 7: Practical session (Depot/Service station visit)			
<b>(C) HEALTH SAFETY SECURITY AND ENVIRONMENT COURSES</b>			
SPS001C1	Occupational Health, Safety, Security, and Environment (HSSE) course (Part 1)	2 hours	Module 1: HSSE Legislation, Standards and regulatory framework
			Module 2: OSHA Principles Policies and Development for petroleum
			Module 3: Risk assessment and management
			Module 4: Incident investigation and reporting
<b>(D) AVIATION FUEL MANAGEMENT COURSE</b>			
SPS003D1	Introduction to Aviation operations & management course (Part 1)	2 hours	Module 1: Production knowledge
			Module 2: Fundamentals of supply and demand
			Module 3: Distribution and logistics
			Module 4: Standards and quality control test measures for jet fuel
			Module 5: Jet fueling equipment and Facilities
SPS003D2	Aviation operations & management course (Part 2)	2 hours	Module 1: Aviation Jet fuel Safe Handling and Storage procedures
			Module 2: Quality Control and Jet Fuel Re-Certification Procedures
			Module 3: Price exposure and Risk management
			Module 4: Emergency Response Preparedness
<b>(E) LPG OPERATIONS SALES &amp; MARKETING COURSES</b>			
SPS003E2	LPG Sales, Operations and Marketing Management (Part 2)	3 hours	Module 1: LPG cylinder safe handling and transportation
			Module 2: LPG market supply chain
			Module 3: LPG Safety and Emergency preparedness
			Module 4: LPG accident and incident investigation
SPS 004E	Introduction to the LPG sector	2 hours	Module 2: Fatigue training
			Module 3: Health and wellness policy
			Module 4: Driver recruitment process
<b>(H) LUBRICANTS COURSES</b>			
SPS001H1	Lubricants Competency Course (Part 1)	2 hours	Module 1: Fundamentals of lubricants and lubrication
			Module 2: Lubes blending operations and base oil classification
			Module 3: Coolants, special and general-purpose greases
			Module 4: Lubricants special handling, storage and disposal (HSSE)
SPS001H1	Lubricants Competency Course (Part 2)	2 hours	Module 1: Lubricant's standards legal and regulatory framework
			Module 2: Automotive, Synthetic and industry specific lubricants
			Module 3: Lubricant's market, supply chain and distribution
<b>(J) EXECUTIVE MANAGERIAL COURSES</b>			
SPS001J	Highlights of The Amendments to The Companies Act, 2015 by the statute Law (Miscellaneous Amendment Act 2019)	2 hours	Module 1: Role of directors in the new company act
			Module 2: Implications on organizational role and structures
SPS 008M	Oil and Gas corporate governance for Boards and management conference	1 day	21/OCTOBER/2022

**Additional information:**

Online training charges:  
Scheduled calendar training sessions:  
Cost per person per module: \*US \$ 74\*/ Kshs. 7,500+VAT only

Alternative for scheduled calendar training sessions:

Executive Private/Group Sessions:  
Cost per person per module: \*US \$ 148\* / Kshs. 15,000+VAT only  
(Under the Executive Private/Group Sessions we offer individual or group sessions which are designed to fit your time and date schedule.)

Training charges indicated are per person basis and have a minimum no. of trainees  
Contact us for customized In-house and Open-course trainings.

For enquiries kindly contact school@petroleum.co.ke or call 0722 221 120 /020 224 9081

N/B - Scheduled calendar training sessions: -The training take place as scheduled in the calendar dates/time as listed above.  
-Executive Private/Group sessions- The training is delivered as per trainee's request depending on their availability.

The courses listed which have (Part 1) and (Part 2) annotation means that the training participant has to complete both parts to be awarded the certificate.  
The courses listed with the annotation Level 1 and Level 2 means that the trainee will be awarded a certificate upon completion of each level.  
\*The price indicated in \$ USD is subject to currency fluctuations USD/KSHS\*currency exchange



## Robust Stakeholder Feedback Mechanism Necessary to Enhance Effectiveness of Standards

**Joseph Ndung'u**  
BASF East Africa Ltd Technical Account  
Manager – East & West Africa



Kenya has one the most open standards formulation process in which the stakeholders are actively involved in coming up with product standards. Through the workings of various technical committees comprising of industry players, the Kenya Bureau of Standards has formulated standards which not only address local needs but are also aligned to global best practices.

Recently, the petroleum technical committee KEBS/TC 046 "Petroleum and Petroleum Products", has been actively reviewing existing standards covering greases, coolants, base oils, furnace

oils, ATF, etc. The standards that this committee has come up with, under the guidance of KEBS, can stand up to be counted amongst the best in the region for their depth in scope and quality. As a testament to this fact, many of these standards are generally adopted with little or no alteration by other countries in the region.

As a case study, let us look at the coolant standards KS 2489-2021. The trigger for review of this particular standard was the realization by stakeholders that many vehicles in the country were unnecessarily overheating on account of using low quality coolants. Further investigation revealed that some of these coolants were nothing more than water to which only a dye had been added to fool unsuspecting motorists.

As part of KEBS/TC 046 a subcommittee was set up to review the coolant standards and come up with appropriate proposals. The subcommittee had experts drawn from the oil industry, auto industry, manufacturers, and other interested parties. It worked tirelessly to address existing challenges facing the country and took into consideration new coolant technologies that had been introduced since the last review in 2013.

The first challenge they dealt with was that of fake coolants. Measures such as in-service coolant tests (basic corrosion tests) and audit trail of coolant concentrate used were introduced to curb the menace. A fake coolant is essentially water to which a dye has been added. A basic corrosion test is able to detect this because in the absence of corrosion inhibitors which are contained in the coolant concentrate, colored water will quickly corrode steel parts.

There was also an introduction of verifiable audit to check that for every litre of ready-mix coolant produced, the manufacturer can account for an equivalent volume of coolant concentrate used. Additionally, the coolant concentrate used must comply with KEBS standards on coolants concentrate.

This is an almost full proof method that ensures that all ready-mix coolants in circulation in the country are based on coolant concentrates that have been approved KEBS.

The previous coolants standard only permitted anti-freeze coolants in the country. Anti-freeze coolants protect against freezing in addition to protecting the cooling system from rust, corrosion and overheating. In instances where freeze protection is not of paramount importance, tropical coolant that only offers rust, corrosion and overheating protection can be used. This type of coolant is effective in areas with no winter periods such as the tropics and may cost less especially for light duty applications. KEBS/TC 046 introduced tropical coolant alongside the anti-freeze coolants as permissible coolants in the country.

From the foregoing process we are able to discern two processes that are critical in guaranteeing quality products in the country. The first being feedback that is triggered by an observation that indicates anomalies in performance of the products in circulation. The second process is a response by KEBS to such feedback which results in the formation of a technical committee of experts drawn from the affected industry to review and come up with standards that can remedy the problems identified.

Once the committee has done its job, the standards are approved then gazetted and immediately come into force. Here, as per the law, only regulatory bodies are involved in enforcement of the said standards.

The role of industry stakeholders needs not end here as they can make positive contribution to the implementation of the

**Good quality control standard mechanism must have involvement of the stakeholders in the standards formulations stage. Later during the active life of the standards, the stakeholders should come up with robust feedback mechanism to engage the regulatory authorities in a balanced manner that does not point fingers, but one that only aims to find solutions to existing challenges in implementation of the standards.**

standards; firstly, by being the first to comply with the new regulations to the letter and secondly by continually providing feedback to authorities regarding effectiveness of the new standards in regulating the market.

Such feedback must be comprehensive, accurate, unbiased, balanced, and robust so that regulatory authorities can quickly zero in and take action in addressing emerging problems and challenges in implementation of the standards.

Coming back to the coolant's standards, the following questions can be answered through such a feedback mechanism; are we seeing less of fake coolants and more of quality coolant compared to before the implementation of standards? If not, what is the exact market situation and what are the contributing factors? How can such challenges be addressed within the context of existing standards?

An efficient and effective feedback mechanism will necessarily involve conducting a detailed and independent market study and coming up with a detailed report which clearly highlights the positives achieved and more importantly identifies the challenges still being faced and the extent of such challenges.

It should come up with a raft of recommendations and if need be it could also trigger review of a section or sections of the standards that appears not to be achieving the desired objectives.

It is difficult for individual stakeholders to conduct an extensive market study due to financial and time constraints and the possibility of bias. Ideally lobby groups representing the stakeholders are better placed to conduct an independent and balanced study whose finding can be shared with regulatory bodies. Done within regular intervals, such reports can help in trending various challenges or corrective measures thereby closing the loop in the standard formulation, implementation, and enforcement process.

In summary, a good quality control standard mechanism must have involvement of the stakeholders in the standards formulations stage. Later during the active life of the standards, the stakeholders should come up with robust feedback mechanism to engage the regulatory authorities in a balanced manner that does not point fingers, but one that only aims to find solutions to existing challenges in implementation of the standards.

*Joseph Ndung'u is BASF East Africa Ltd Technical Account Manager – East & West Africa, Fuel and Lubricant Solutions  
Email: joseph.ndungu@basf.com*



# KEBS: Application of Standards in Oiling Machines

## Background

The term 'oiling machines' can loosely be referred to as the process of lubricating machines and equipment for purposes of reducing wear and tear and enhancing efficiency.

Moving parts in equipment experience friction during operation, and this poses the challenge of generating high temperatures, wear and tear, and oxidation deposits. It is worth noting that friction results in energy loss.

It is on this background that equipment manufacturers recommend the usage of quality lubricants, greases, brake fluids and coolants designed to deliver the desired wear and tear, friction, corrosion and temperature control characteristics.

## Why Oil Machines?

Machines are prone to wear and tear and this has a general effect on the overall lifetime of the machine. Companies with big numbers of equipment or expensive equipment are likely to incur massive replacement and maintenance costs resulting from equipment breakdown.

Given that oiling/lubrication costs are much lower than maintenance costs, it is imperative that companies ensure adequate and appropriate lubrication is done. Equipment breakdown will lead to reduced production capacity, missed targets and loss of business.

Manufacturers of equipment (original equipment manufacturers, OEMs) as part of the customer's support, guide the care and handling of equipment and also recommend the correct lubricants, coolants and brake fluids as part of customer support. The frequency for change of coolants, grease, brake fluid and lubricants, based on mileage or hours of equipment use as recommended by OEMs should be adhered to.



## Oiling Machines and Standards

Kenya Bureau of Standards plays the secretarial role in technical committees in developing Kenya standards. Members of technical committees are drawn from the industry and act as the technical experts for purposes of developing standards in line with global best practices.

Oiling machine products are regulated against Kenya and approved standards and specifications to ensure performance as well as protect the user and environment from harmful effects. The product specifications include physical and chemical properties tested and which must be complied with. The standards also contain marking and labelling requirements intended to guide users on the application of the products. Select test parameters covered by standards for oiling machines are discussed here below to demonstrate the significance of subjecting these products to the tests.

Full product specifications are available and the standards can be purchased from the Kenya Bureau of Standards library or online from the KEBS web store available on the KEBS website [www.kebs.org](http://www.kebs.org)

### ● Engine Oil and Kinematic Viscosity

#### KS EAS 159: 2000 Engine oils – Specification

Viscosity measures resistance to flow by liquids. The ease with which engine oil moves in the engine depends on its viscosity. Products are tested for viscosity index, a test that examines the thermal stability of engine oil over a given temperature range.

### ● Grease and Dropping Point

#### KS 1508:1998 Specification for automotive multipurpose lithium soap greases

ISO 12924:2010 (International standard Specification for Lubricants, Industrial oils and related products (Class L) – Family X (Greases).

The dropping point of a grease dictates the range of temperature within which grease is effectively used. It is therefore imperative that grease remains in the physical form (solid) without degenerating and melting while in use.

### ● Brake Fluid and Equilibrium Reflux Boiling Point ERBP

#### KS 03-315:1998 Specification for motor vehicle brake fluids.

The boiling point of brake fluid must be high enough to avoid boiling during the braking process where a lot of heat is generated. When a liquid boils, its physical state changes to a gaseous form.

If brake fluid boils during use, there could be a safety risk due to delayed braking response or bigger braking distance – as gas formed is compressible while a liquid is not.

Further, most brake fluids are hygroscopic which means that they absorb moisture from the environment.

Little amounts of water will generate vapour on temperature rise, again affecting the performance of the brake fluid.

ERBP is the test that is done to ensure the brake fluid boiling point is high enough for the necessary performance for effective braking for mobile equipment and vehicles.

Brake fluids have a categorization of DOT3, DOT4, DOT5.1 and DOT5 – a classification by the Department of Transportation of USA. Different categories are recommended for various equipment.

### ● Engine Coolant and Corrosiveness to metals and pH

#### KS 2489: 2013 Engine coolant – Specification

Engine coolants' main function is to prevent heat buildup through the heat exchange process involving the radiator.

Given that coolants are made from water and glycol, corrosion, posed by this matrix, must be controlled and this is achieved by the addition of corrosion inhibitor, an additive for controlling rust in engines.

Testing engine oils for corrosiveness to metals is therefore important for coolants.

## Membership in Technical Committees TCs

Membership in TCs is open to stakeholders and applications are made online based on areas of interest.

KEBS Standards Directorate controls this process and gives the necessary support to the industry.

The KEBS website, [www.kebs.org](http://www.kebs.org) provides guidance through the appropriate link for proposing standardization requests related to new products and services.

Changes in technology dictate and require regular review of existing standards or development of new standards and to take of this, relevant TCs come in handy.

# EPRA Calls for Stakeholder Support in the Regulation of the Country's Lubricant Industry

By Corporate Communications

The enactment of the Petroleum Act 2019 (the Act) set the pace for substantive changes in the regulation of petroleum operations. The Energy and Petroleum Regulatory Authority (EPRA) has, in two years, revised ten (10) midstream and downstream petroleum regulations to accommodate the changes in the Act. The petroleum sector is also fast changing due to technological advancements, hence the need for a dynamic regulatory environment to cater for such changes.

Lubricants, though non-sources of energy, play a significant role in preventing wear and tear of moving parts in machinery whether during energy production or use. The lubricant market is among the fast-paced sectors that have witnessed significant growth over the years. The market is segmented by product type and into categories such as engine oil, transmission and hydraulic fluid, general industrial oil, aviation lubricants, gear oil, grease, and other product types. Lubricants can also be categorized by the end-user industries such as power generation, automotive, plant, marine, food and beverage.

As more countries in Sub-Saharan Africa embrace manufacturing and motorized transport, lubricants will be a critical enabler of such processes. For instance, sales of new vehicles in Kenya increased by 31.5 per cent to 10,044 units in the first nine months of 2021, compared to 7,637 units sold a year before, according to the Kenya Motor Industry Association. Such growth in motor vehicle sales leads to increased lubricants production and marketing. As a result, the lubricants industry is set to grow rapidly, requiring a solid legal and regulatory framework to ensure players in the sector observe the highest levels of Health, Safety, Environment and Quality.

Section 101 (dd) of the Act requires the Cabinet Secretary, on recommendation by EPRA to make Regulations prescribing requirements for undertaking businesses dealing with lubricants. To ensure that the lubricants market grows sustainably, EPRA developed the draft Petroleum (Lubricants Facility Construction and Business Licensing) Regulations 2021. The draft Regulations were recommended to the Cabinet Secretary and are now at an advanced stage of approval.

The draft Regulations require persons seeking to construct lubricant facilities to obtain construction permits from EPRA. Part of the requirements to be fulfilled during the application for such a permit include detailed engineering designs prepared by a Professional Engineer, an Environmental Social Impact Assessment licence from NEMA and an environmental liability policy. Once construction works are finalised, the proponent of such a facility will then be required to apply for an operation licence from EPRA.

The draft Regulations have prescribed stiff penalties for non-compliance and give EPRA powers to demolish lubricant facilities constructed without requisite approvals. Lubricants business licensees are required to report accidents or incidents within 48 hours detailing the root cause of such accidents/incidents and remediation action to be taken in case of destruction to the environment.

The draft Regulations are ultimately aimed at increasing access to affordable high-quality lubricants across the country, reducing safety and environmental risks, and ensuring sustainability and a fair return on infrastructure investments. The Regulations will benefit consumers and stakeholders at large by ensuring transparency and fairness in the lubricants market.

# OLA Energy Lubricants Lead in Quality and Innovation

Your car lubricants play four vital roles –they control friction and wear in the engine, protect the engine from rusting, cool the pistons, and protect the engine oil stored in the sump from combustion gases.

For any moving part, friction is the enemy. That is why a quality oil keeps your engine internals lubricated better, which means they wear down much more slowly, giving you a longer car life. Better motor oil is also likely to improve performance, as all engine parts can run more smoothly.

According to ISO 9001 quality is defined as, "The totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs". A product has good quality when it "complies with the requirements specified by the client"

In the lubricants industry, besides the end user, the views and requirements of stakeholders like regulatory bodies and suppliers, among many others, must be considered in order to produce products and services that meet or exceed customer needs.

At the OLA Energy lubes oil blending plant (LOBP), which is ISO 9001:2015 certified, quality is one of the key driving factors in ensuring that all our customers and business partners are served satisfactorily. The plant manufactures a broad range of lubricants, which are both mineral-based and synthetic.

Since quality is a dynamic global standard requiring consistent and reliable testing equipment and personnel, the OLA laboratory has enhanced its testing capabilities in order to meet the growing demand by our esteemed customers.

In the ISO spirit of continuous improvement, the laboratory has enhanced its testing capabilities by acquiring additional testing equipment such as ICP for elemental analysis and Karl Fischer for quantitative water content to guarantee products whose properties are demonstrable and measurable.

OLA Energy Laboratory is the first in the industry to acquire testing capability on product stability, a crucial test in new lubricants development. Stability



testing services for lubricants have previously been outsourced from the Middle East.

Similarly, with the demand for better quality lubricants, there is a gradual shift from group I to group II and group III base oils in the production of lubricants since they have lower viscosity, lower sulfur content and a higher saturation of chemical bonds. The higher the group, the better the anti-oxidation properties, which reduces the wear and tear on engine components and has a longer shelf life.

For any organization to remain relevant in the rapidly changing business landscape, it's important that it adapts and becomes innovative. OLA energy is a leader in this quest of migrating to group II base oils.

However, whereas the quality of the final product is enhanced, it comes at a slightly higher cost.

OLA Energy Laboratory is:

- QMS ISO 9001:2015 Certified
- A licensed user of ASTM Test Methods



- One of the global participants in the Proficiency testing Program (PTP) - Round Robin
- Fully equipped for lubricants testing
- Does Quality Assurance testing for Lubricants
- Conducts Fuels quality checks
- Does used oil analysis
- Has professional and experienced staff

Some of the laboratory equipment and tests done include; -

- Metals analysis
- With ICP - OES giving the increased testing capability to the existing X-RF Supreme, making OLA Laboratory among the leading Lubes testing laboratories in Kenya.
- Stability testing capability
- Hence giving our laboratory a competitive advantage and flexibility to partner with OEM Oil companies in the market
- Brookfield
- Specialized for low temperature and shear rate viscosity analysis for automatic transmission fluid (ATF) and Gear oils
- Cold Cranking Simulator (CCS)
- For low-temperature apparent viscosity analysis of automotive engine oils
- Other equipment includes:
- Kinetic viscometer: FTIR, Particle count, Foaming apparatus, Demulsibility, TAN/TBN, Flash Point, Karl Fischer, Pour Point, PH, Air release, Rust Prevention, Copper Corrosion, Density Meter.

These services are available to any customer at a cost-effective fee.



Acid Number Test: TAN Method: ASTM D664



Base Number Test: TBN Method: ASTM D2896





1



2



3



4



5



6



7



8



9



10

1. Industry courtesy call meeting with Central Bank Governor Dr. Patrick Njoroge on 22<sup>nd</sup> June 2022.
2. Left-right: TotalEnergies Marketing Kenya Managing Director Eric Fanchini, Kenya National Chamber of Commerce (KNNCI) Chairman of Chamber Enterprise Club Julius Opiyo and Ampersand Director of Operations Brady Grimes launch the first electric motorbike battery charging station at the TotalEnergies Hurlingham Service Station. The two companies have partnered to provide an affordable alternative to fuel-powered motorcycle in Kenya that will address environmental pollution.
3. From Left to Right: NCBA Group Managing Director John Gachora, OLA Energy General Manager and PIEA Chairman Millicent Onyonyi and Principal Secretary, State Department of Petroleum, Ministry of Petroleum and Mining Andrew Kamau share a light moment during the PIEA Industry Briefing held in Nairobi.
4. Hon. Justice Martha Koome at the Launch of the Commercial Justice Court Users Committee that was held at the Sarova Stanely Hotel on the 15<sup>th</sup> of June 2022. One of the key objectives of the National Council on the Administration of Justice (NCAJ) is to enhance the investment climate through efficient administration of commercial justice.
5. PIEA at the launch of the Bloomberg Philanthropies Initiative for Global Road Safety (BIGRS) in Kenya that was held at the Radisson Blu Hotel on the 29<sup>th</sup> of May 2022 in collaboration with the National Transport and Safety Authority (NTSA)

6. Nairobi Depots Safety and Security Committee (NDSSC) members (Vivo Energy's Stephen Imbuye, OLA Energy Lazarus Oduor, NOCK's Lawrence Oduor, Lakeoil's Patrick Gichohu, KPC's Maxwell, NJD's Emmanuel Ng'etich, TotalEnergies Donnattah Khadambi and Paul Orina reviewing the status of the road barriers and security guard uni-huts along Nanyuki Road on the 25<sup>th</sup> May 2022.
7. The TotalEnergies marketing team training inhouse at Concord hotel Introduction to the oil and gas sector (4<sup>th</sup> - 8<sup>th</sup> July 2022)
8. NITA Advanced Defensive driver training curriculum review which was held at Ole Ken Hotel in Nakuru (In the pics we have officials from NITA, NTSA, Pioneer Road Safety Consulting, Road Safety Management Systems, National Police, Bamburi Cement and Kyoga Hauliers among others) 4<sup>th</sup> - 8<sup>th</sup> July 2022.
9. The Petroleum Stocks Control Management training level 1 with a team from the Ministry of South Sudan, for Kenya we have Rubis, Syzo international. They did a depot visit at the Vivo Energy Kenya depot (20<sup>th</sup>-24<sup>th</sup> June 2022)
10. Rubis Energy Kenya has partnered with Mobius Motors as the official Mobius service and repair center for the Mobius 3 vehicle, providing Mobius owners with nationwide access to service centers at Rubis stations. This partnership reiterates the Rubis commitment to continuously offer customers high quality and exceptional standards of service with over 25 technicians at the designated Rubis service stations who have been factory trained by Mobius engineers. The partnership will be available at fourteen stations across the country including Nairobi, Kisumu, Machakos, Kakamega and Kilifi, offering Mobius 3 owners access to premium car maintenance services.

## Women in LPG Empowering Consumers Through Grassroots Mobilization

The use of biomass such as kerosene, wood and charcoal has been prevalent in the rural areas and low income urban dwellers. This has led to the increase of preventable communicable and non-communicable diseases, especially in women and children.

It is for this reason that Women in LPG Global Network (WINLPG), Nigeria and Kenya Chapters have intensified campaigns on the use of LPG as an affordable, clean and safe alternative fuel in the rural and low-income urban dwellers.

Speaking during the PIEA-WLPGA Virtual Africa LPG Summit held in May this year, WINLPG Nigeria Chapter Coordinator Joy Shaiyen noted that women, especially in the rural area, are not fully conscious of the health effects of burning smoky fuels and indoor air pollution on themselves and their children.

She noted that "interventions by both public and private sectors have been less than successful because they have failed to respond to or account for socio-cultural practices at the grassroots level. Understanding what happens at the grassroots level is therefore important as it helps us understand – from the perspective of the user- what kind of changes in social norms are attractive and valuable to local communities."

It is for this reason that the WINLPG Nigeria and Kenya Chapters have launched and intensified grass-root mobilization to educate and empower women on the use of LPG.

"Why are Grassroots important? They form the larger part of any country's population, they are the most affected by the lack of access to LPG, and they inadvertently suffer the effects of the use of dirty fuels the most. They are also the most likely part of an existing social network i.e. market, church, mosque, or trade unions making them easier to access in large clusters, and finally, the effect of dirty fuel use is seen mostly at the grassroots level and negatively impacts economic indices and productivity of any country" said Shaiyen.

The two chapters are carrying out mobilization and sensitization through:

**Re-orientation:** The campaign speaks to every individual in the campaign: Door-to-door canvassing, SMS, phone calls and emails are more effective because that way everyone feels important and involved.

**Education:** Why do they need LPG? They must understand the why in order to get to the how. They need to see the purpose and benefits of an LPG mobilization. And the benefits must speak directly to their peculiar issues.

**Mobilization:** Using a bottom-up approach – mobilization starts from the ground level, meeting people where they live, work, meet, pray and play.

Understand that results are not going to be instant, but the results would be lasting.

It would involve deciding on the best approach toward the intended outcome; Lobby vs. Advocacy vs. Protests vs Boycotts vs Sit-ins.

**Gender Mainstreaming:** Women with access to LPG are critical to poverty eradication and meeting SDGs 1, 5 & 7.

- Women with LPG access can mean more connections and usage
- Women in the LPG value chain can improve the efficiency of the supply chain. This chain provides job opportunities ranging from peer-to-peer training, policy development, delivery services, credit and thrift associations
- Studies show that women reinvest 90 per cent of their income in their families and communities

Women in LPG is an international Network and one of the initiatives of the World LPG Association. Its main objective is to improve Gender Diversity in a male-dominated LPG Sector.



Women in LPG Kenya Chapter community-based clean cooking fuel drive and sensitisation and awareness workshop meeting held on 16th May 2022 attended by MOE's Jamhuri Energy Centre: Elizabeth Mbuthia, Vivo Energy's Angela Munyua, Daniel Ngure and John Kang'ara, Equity Group Foundation's Noreen Kinanja and Betty Muthoka and PIEA Secretariat Wanjiku Manyara.

## Ugandan Govt to Give Out Gas Cylinders to 1 Million Households

The Government has launched the distribution of Liquefied Petroleum Gas – LPG cylinders targeting one million households in a bid to promote safe and clean cooking.

Launched Tuesday by Ruth Nankabirwa, the Ministry of Energy and Mineral Development in Bugo Zone, Busabala in Wakiso District, the new initiative will see each benefiting household receive a 13kg cylinder, burner, and other accessories.

The Government has partnered with Shell, Vitro, Stabex International Ltd, and Total Energies, which are considered to have a wider network across the country to help the beneficiaries access the renewable energy facility.

Ismail Tobasiima, the Marketing Officer at Stabex International Ltd disclosed that recent research they conducted prior to the project revealed that the 13kg gas cylinder can last three months for an average family with four members.

In the open market, a full set of 13kg LPG gas cylinder and its accessories costs at least 270,000 Shillings. However, beneficiaries with now spend Shillings 100,000 only to refill the cylinder once the gas is depleted.

Paddy Kabuye, a resident of Bugo who benefitted from the initiative lauded the Government for rolling out the project to the households to save their time in cooking and promoting environmental conservation.

Equally, Annet Nasanga, said the usage of gas will release the pressure on cutting down trees and save the environment.

She also notes that the use of charcoal for daily cooking is cumbersome for mothers.

Nankabirwa says the use of LPG can protect forests from being depleted for charcoal and firewood production and use, hence contributing to preserving the environment and capturing carbon dioxide emissions.

For eligibility, one is required to register and fill out a form to be endorsed by the Local Council One Chairperson. He then takes the form to any nearby outlet of the four selected oil companies where they will be handed the gas cylinder.

Typically, liquefied petroleum gas is cleaner than other fossil fuels; environmentally friendly fuel, non-toxic and non-corrosive in nature which helps to improve air quality and reduce greenhouse gas emissions.

Uganda is expected to begin producing her oil in the Bunyoro sub-region in 2025. Of this, the oil industry is expected 300,000 tonnes of gas to support the Government in upscaling the usage of liquefied petroleum gas. Total Energies will also use part of the gas to generate more electricity for the country.

The 2016 Uganda Health and Demographic Survey released by the Uganda Bureau of Statistics – UBOS also shows that 98.3 percent of Uganda's population was using solid fuel for cooking at the time of the survey, while only 0.6 percent of the population was using clean fuel.

*Credit: THE INDEPENDENT*

**The Marketing Officer at Stabex International Ltd disclosed that recent research they conducted prior to the project revealed that the 13kg gas cylinder can last three months for an average family with four members.**



# Liquefied Natural Gas: Africa's Contribution to the Global Demand

The International Energy Agency (IEA) has said that global consumption of natural gas is expected to increase in the next three years despite the slow growth experienced this year due to Russia's invasion of Ukraine that led to supply disruptions.

In its Q3 2022 Gas Market Report, the IEA says that Russia's invasion of Ukraine exacerbated the tightening supply of natural gas underway since mid-2021, pushing up consumer prices and leading to fuel switching and demand destruction. This has cast longer-term uncertainty on market prospects for natural gas, especially in developing markets where it was to play a central role in energy transitions.

"Europe's surging pursuit of LNG to phase out Russian pipeline supply and limited global LNG export capacity additions raise the risk of prolonged tight markets. Faster development and implementation of clean energy transition policies, especially in mature gas markets, would ease price competition and help emerging markets access supplies that can contribute to short-term improvements in carbon intensity and air quality." Says the report.

IEA report shows that Africa has positioned itself to offer a moderate contribution towards growth in global gas demand, with the continent's gas production increasing by close to 10% in 2021 due to support from domestic and export markets.

The continent's additional upstream and LNG exports are expected to increase by 13% or 7 bcm by 2025, which will be fuelled by new projects in Mozambique, Nigeria and Senegal. Africa also accounts for 40% of new natural gas discoveries in the

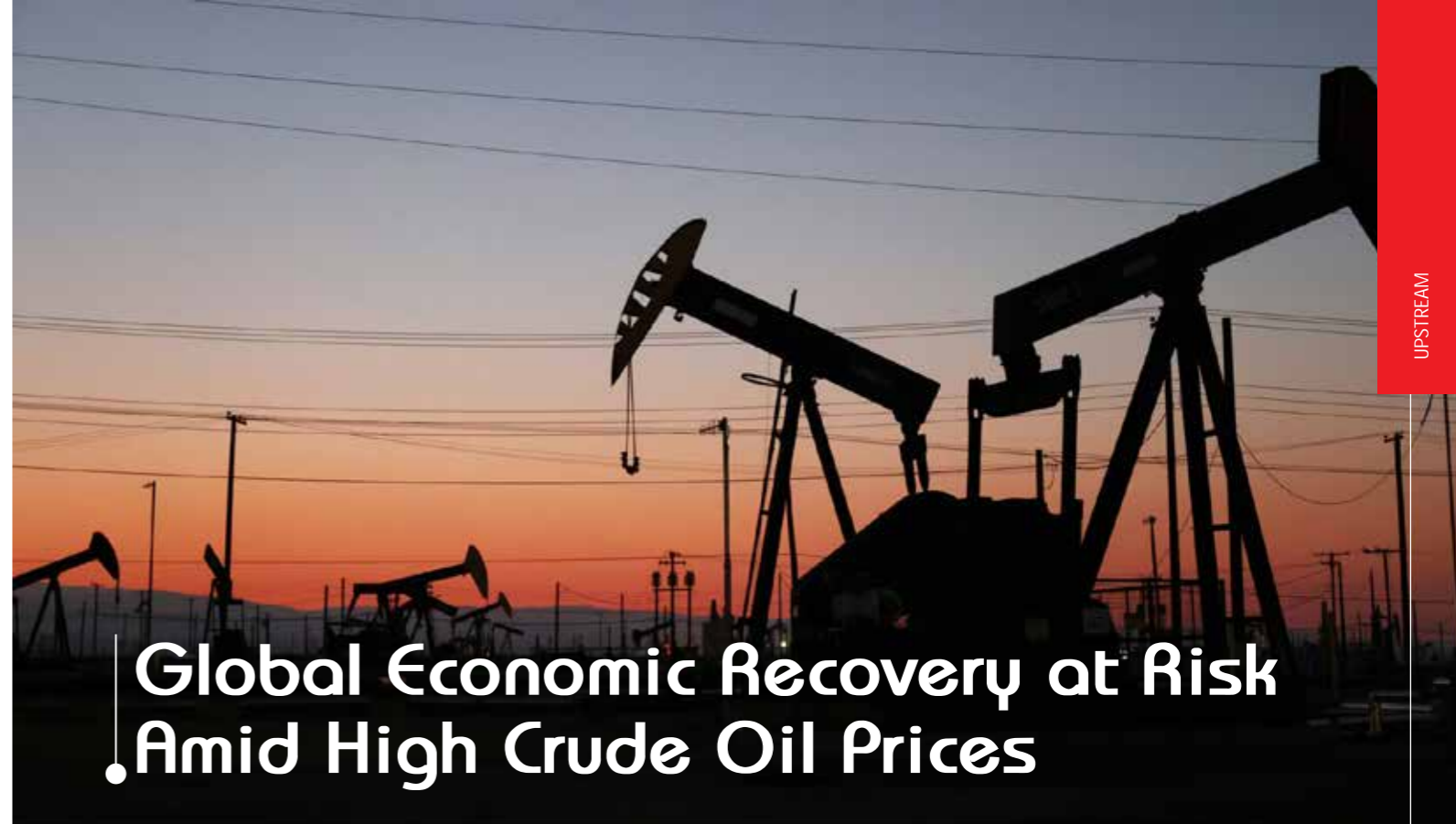
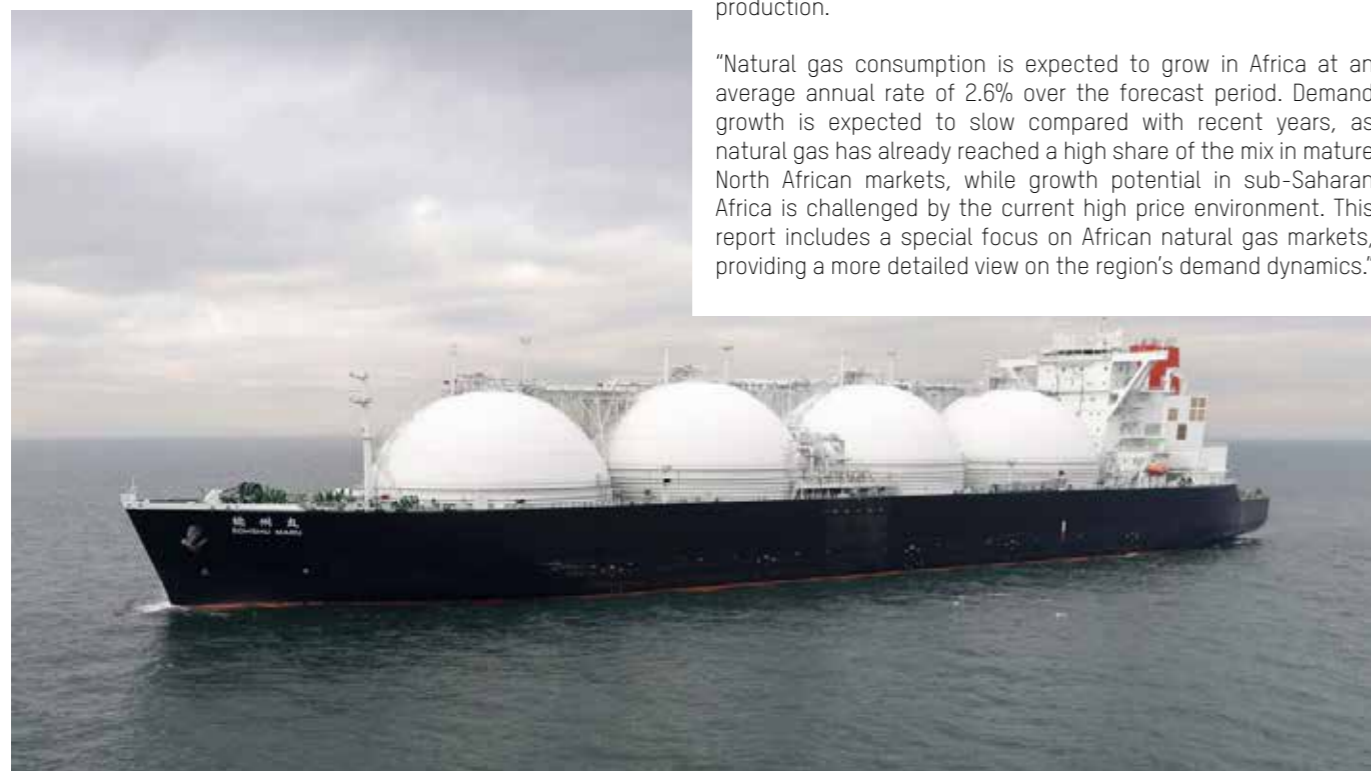
last decade, with nearly half of the production being for export.

"Africa's production of natural gas reaches over 290 bcm by 2025, increasing at an average of 2.7% per year over the forecast period, less than half its pre-pandemic rate (averaging 6.1% during the 2015 to 2019 period). This results from a combination of limited additional upstream and LNG export capacity due to be commissioned up to 2025, and more modest domestic growth as mature North African markets start to plateau while demand in emerging African markets is hampered by high import prices and limited availability of local resources. This modest growth is almost equally balanced between increases in domestic consumption and exports." Shows the IEA report.

"Africa has accounted for close to 40% of new natural gas discoveries in the past decade - mainly in Mozambique, Mauritania, Senegal and Tanzania. However, nearly half of the continent's production is exported, and the role of natural gas in Africa's energy consumption remains limited. New natural gas markets are emerging, mainly for power generation, in order to address growing electricity needs and as a substitute for liquid fuels. Nearly half of the continent's production is exported, and the role of natural gas in Africa's energy consumption remains limited. New natural gas markets are emerging, mainly for power generation, in order to address growing electricity needs as a substitute for liquid fuels."

While natural gas demand growth is expected to slow compared to previous years, consumption in Africa is expected to grow at an average annual rate of 2.6%. Natural gas consumption in South Africa has accounted for less than 3% of the country's energy mix, with the potential for gas development within the southern African region reliant on decisions to invest in its domestic production.

"Natural gas consumption is expected to grow in Africa at an average annual rate of 2.6% over the forecast period. Demand growth is expected to slow compared with recent years, as natural gas has already reached a high share of the mix in mature North African markets, while growth potential in sub-Saharan Africa is challenged by the current high price environment. This report includes a special focus on African natural gas markets, providing a more detailed view on the region's demand dynamics."



## Global Economic Recovery at Risk Amid High Crude Oil Prices

The global economic recovery is at risk amid high crude oil prices, with signs that fuel costs are starting to "take their toll" on demand growth, says the International Energy Agency (IEA) in its monthly market report.

IEA has edged its forecasts for oil consumption for 2022 and 2023 amid growing fears of a recession, warning that the oil prices are threatening the stability of emerging economies. Yet, the oil demand weakness is being offset by tightening supply as Russia faces sanctions and OPEC+'s spare capacity contracts.

"Rarely has the outlook for oil markets been more uncertain. A worsening macroeconomic outlook and fears of a recession are weighing on market sentiment, while there are ongoing risks on the supply side," said IEA in its report.

Crude prices remain slightly below \$100 per barrel despite a recent pullback, as global supplies and refining infrastructure fail to keep pace with the post-pandemic rebound in fuel use. Inventories are "critically

low," and sanctions on Russia following its invasion of Ukraine threaten to disrupt energy flows significantly, the IEA said.

With gasoline prices stoking unprecedented inflation in the US, President Joe Biden has continued to urge the Middle East producers to 'open the taps' as he embarked on a tour of the region.

Yet the Saudis and neighbouring United Arab Emirates -- the only members of the Organization of Petroleum Exporting Countries able to raise output -- are constrained in what they have left to offer. By August, spare capacity in the two producers will be at a "razor-thin" 2.2 million barrels a day, said the IEA.

"With readily available spare capacity running low in both the upstream and downstream, it may be up to demand-side measures to bring down consumption. Without strong policy intervention on energy use, risks remain high that the world economy falls off-track for recovery," the agency said.

The IEA "marginally" lowered its estimates for global oil

**With readily available spare capacity running low in both the upstream and downstream, it may be up to demand-side measures to bring down consumption. Without strong policy intervention on energy use, risks remain high that the world economy falls off-track for recovery**

demand growth this year to 1.7 million barrels a day, or about 1.8%. Consumption will average 99.2 million barrels a day in 2022, then surpass pre-Covid levels in 2023 with a further increase of 2.1 million a day.

With the softening outlook for demand, and stronger forecasts for supplies outside OPEC, world oil stockpiles ought to replenish somewhat in the second half of the year, the IEA said.

At the same time, the agency has considerably scaled

back its expectations for the impact on Russian supplies, which it initially expected would slump by a quarter in the initial months of the assault on Ukraine. The country's output rose last month to 11.07 million barrels a day, or just 330,000 barrels a day below pre-conflict levels, said the agency.

The agency still projects that Russian production will buckle in the months ahead as sanctions take hold, plunging by about 3 million barrels a day to 8.7 million a day by the start of 2023.

# Tullow Oil: Kenya's Oil Production Will Increase to 120 kbopd

Rahul Dhir  
Chief Executive Officer  
Tullow Oil PLC



Tullow Oil projects to increase Kenya's oil production to 120 kbopd at a much lower unit cost of USD 22 per barrel, down from USD 31 per barrel, Tullow Oil said in its 2021 annual report.

In his report, Tullow Oil Chief Executive Officer, Rahul Dhir said that the company and its Joint Venture Partners (Africa Oil and Total Energies) have now completed the redesign of the Kenya development project (Blocks 10BB and 13T licences) to ensure it is a technically, commercially and environmentally robust project.

"The key changes to the development concept have been driven by incorporating the production data from the Early Oil Pilot Scheme (EOPS), optimising the number of wells to be drilled and changing the producer to injector ratio, adding the Ekales field into the first phase of production and increasing the Central Processing Facility capacity to 130,000 bopd and the pipeline size from 18" to 20" to handle the increased flow rates," said the CEO.

"These changes have increased total gross capital expenditure (CAPEX), which covers both the upstream and the pipeline to First Oil, to c.\$3.4 billion and delivers a 30% increase in resources whilst lowering the unit cost to \$22/bbl (previously c.\$31/bbl). A higher production plateau of 120 kbopd is now planned, with expected gross oil recovery of 585 mmbbl over the full life of the field," the report says.

Tullow's annual report further add that an exploration and appraisal (ESA) plan will be implemented to ensure the remaining five discoveries are developed efficiently. "This will extend and sustain initial plateau rates while keeping costs low by using the rigs used for development drilling. The ESA

plan also focuses on additional exploration potential within the Blocks 10BB and 13T licences and exploring the wider Blocks 10BA and 12B licence acreage".

Tullow and its JV Partners submitted a final Field Development Plan FDP for the 10BB/13T licences and the continuation of the exploration licences on the 10BA and 12B blocks through the commitments made in the ESA plan to the government early this year, as part of licence extension requirement waiting to be ratified by parliament.

## Strategic Partner

In its new Field Development Plan, Tullow highlighted that the company together with its JV partners is in talks with the government to secure a strategic partner as Tullow seeks to reduce its stake in the Kenya project.

"Another area with a very significant change in 2021 has been in Kenya where our team, in close consultation with our Joint Venture Partners, reworked the development plan. The new plan targets more resources, deliver higher production and significantly cuts the project costs. This plan has restructured a commercially difficult project into an investible opportunity and we have good engagement with the Government of Kenya." Noted Dhir.

"Accordingly, we are now working with potential strategic partners to reduce our stake in the project to be more in line with a company of our size and I expect to see our work in Kenya progress materially in 2022. Cabinet Secretary for Energy, Hon. John Munyes, and Permanent Secretary Andrew Kamau and their teams have monitored and challenged our thinking as we developed the revised Field Development Plan."

## Climate and Shared Prosperity

This year, Tullow Oil committed to Net Zero on its Scope 1 and 2 net equity emissions by 2030, supporting the goal of limiting global temperature rise to well below 2°C as per Article 2 of the Paris Agreement, as well as providing support for a fair energy transition for African countries it has invested in by decarbonising its production and offsetting hard to abate emissions through nature-based solutions.

"In September 2021, we laid out our purpose – affirming our belief that oil & gas production can and should be a driver of long-lasting economic and social change in developing economies as long as those resources are developed efficiently, safely and responsibly. This supports a fair energy transition for African countries and aligns with the outcomes of COP26 which recognises the need to "strengthen climate action in the context of sustainable development and efforts to eradicate poverty".

In Kenya, Tullow and its JV Partners have taken the opportunity of FDP review to improve the environmental and social aspects of the project. Carbon emissions will be limited through a combination of heat conservation, use of associated gas for power and reinjection of excess gas into the reservoir.

Tullow further says that there are opportunities to use the Kenyan national grid that is substantially powered by renewables and options to offset remaining emissions.

As per the previous development plan, the 825 kilometres long pipeline that will transport the crude oil from Turkana to the port of Lamu will be heated and buried to avoid long-term disruption. The project will also require water for reservoir pressure which will be abstracted through a pipeline from the Turkwell Dam and will also be used to provide water to local communities.

The Turkana Oil project will be Kenya's first oil and gas development and will represent a stable, long-term source of income for the government.

In regards to shared prosperity, Tullow has engaged National Environmental Management Authority (NEMA) to reach an agreement on waste management consolidation and started new project disclosure and consultations on the Midstream, Upstream and Water pipeline Environmental and Social Impact Assessment.

## Tullow Performance in 2021

2021 was a transformational year for Tullow as it sort to turn and offset some of its assets to finance other projects. A substantial amount of self-help in the form of asset sales and cost savings and the oil price enabled the company to reset its capital structure with a landmark \$1.8 billion bond issue.

This provided the company with the financial stability and liquidity runway to enable them fully focus on the delivery of its business plan.

Tullow has also made progress across its portfolio which includes:

- A marked improvement in its EHS performance in 2021, despite increased activity levels. This was achieved through the implementation of a safety improvement plan, active leadership interventions and a good reporting culture.
- Continued careful management of its costs.
- Strong operational performance at its operated assets in Ghana in 2021, with improvements in FPSO uptime, gas offtake and water injection rates.
- This strong operational performance was also reflected in its drilling programme that saw the company successfully drill and complete four wells (three at Jubilee; one at TEN) in 2021 and allowed us to achieve notable production growth at Jubilee where average daily production grew from c.70,000 bopd at the beginning of 2021 to c.90,000 bopd by the end of the year.

## Tullow's Outlook

"Our successful transformation in 2021 has been driven by the hard work of the entire Tullow team. We are fortunate to have dedicated and committed colleagues who deserve the credit for Tullow's vastly improved performance and balance sheet. They are well aware, as I am, that we remain a company in transition and that the job is not complete. However, there should be no doubt that we have the assets, the plan, the capital structure and the financial discipline to reach the full potential of this company. I would like to thank all our host governments and communities, Joint Venture Partners, staff and our investors for their continued support and I look forward to another year of delivery in 2022." stressed Dhir.

Tullow's CEO noted that the company will sustain production in its non-operated assets and will seek to farm down some of its equity in Kenya to a strategic partner.

"We are making good progress with this farm down and we continue to work closely with the Ministry of Petroleum and Mines to secure FDP approval. We believe that Project Oil Kenya can generate material, a long-term value which will complement our portfolio in West Africa and diversify our business," said Dhir

## Change of Guard

Tullow Oil Plc appointed Phuthuma Nhleko as the new Non-executive Chairman in place of Dorothy Thompson who left the Board at the end of 2021.

Jonathan Swinney has also been appointed as the new Chief Financial Officer (CFO). Swinney has experience as the long-standing CFO of a UK-listed oil and gas company, Enquest.

"Our company now has solid financial and operational foundations with a well-defined opportunity set to drive growth and create value. With new leadership on the Board, we are now well-placed to build on these firm foundations to achieve our ambitions in the African oil and gas sector and fulfil our purpose of building a better future through responsible oil and gas development. We will do this by successfully executing our long-term business plan which will grow production and generate substantial cash flows to create value for all our stakeholders." concluded the CEO.



# Uganda Scouting for USD 4B Oil Refinery Investors

Ruth Nankabirwa  
Minister for Energy



The Ugandan government officials are traversing the globe in search of investors to take up the USD 4 billion refinery project.

Uganda's refinery project failed to kick off in 2018 when it was awarded to a consortium of investors and has since fallen behind others in the East Africa Community.

Should the Ugandan officials bag investors, the refinery project will likely come on stream late in 2027, at the earliest, if the necessary financing is tied up and the pending technical studies concluded sooner.

Due to the pending technical issues, local players primed to take up equity in the project, as well as regional countries that expressed interest in the refinery that was sold as an East African Community (EAC) venture, have remained non-committal, citing the project's failure to take shape since 2018, when it was awarded to a consortium of investors.

Potential investors say they remain open to discussions with the government, but without an engineering, procurement and construction (EPC) structure, the refinery remains an unbankable project.

"The problem is that the refinery doesn't have a structure yet — an EPC structure," said Richard Byarugaba, managing director of the National Social Security Fund, a Ush14 trillion (\$3.68 billion) Fund that the government approached in 2015 to take up a stake in the project.

The NSSF, which traditionally invests heavily in fixed income assets, securities and real estate, has since 2017 been looking to diversify its investment portfolio by moving into private equity space in new areas, especially oil and gas.

Officials in Kampala admit that the project has struggled to attract more interest and investment commitments from other EAC countries besides Tanzania and Kenya, who offered to take up part of Uganda's 40 per cent shareholding.

Africa Intelligence news service reported that Uganda is struggling to garner enough enthusiasm from private sector partners to finance the ambitious project located at Kabaale in Hoima District in the west, and storage projects in Mpigi District, central Uganda, where refined products will be stored before distribution.

## E.A.C Stake

On paper, Uganda remains with a 29 per cent stake after Tanzania and Kenya take up their 8.5 per cent and 2.5 per cent shareholding respectively. Rwanda and Burundi declined participation in the project, while there is no local entity that has committed to take up shares.

"Now we have South Sudan and DR Congo as part of EAC; I am not sure if they will come on board. But it's useful for all [EAC] countries to participate," said Peter Muliisa, chief of legal and corporate affairs at Uganda National Oil Company (UNOC), a government entity that oversees its interests in the oil sector.

UNOC subsidiary Uganda Refinery Holding Company (URHC) is the government's participating agency in the oil refinery project that is expected to produce 60,000 barrels of oil per day, including gas that will be sold in the regional market.

Since taking the \$10 billion Fund for Innovation Development (FID) for Tilenga, Kingfisher and the East African Crude Oil Pipeline (Eacop) in February, Energy Minister Ruth Nankabirwa and government officials have been visiting Italy to negotiate with the lead investor Albertine Graben Refinery Consortium (AGRC) to get the project going.

Despite getting the refinery deal in 2018, AGRC remains domiciled in Italy, Mauritius and the US, forcing Ugandan officials to fly for negotiations on three critical commercial agreements, which include the shareholders' agreement, the implementation agreement and crude supply agreements, expected to be finalised in six months, Mr Muliisa said.

The government subsequently contracted Foster Wheeler Energy from the UK in 2009 to conduct a feasibility study for the development of a refinery in Uganda.

The study was undertaken between 2010 and 2012 and it defined the key aspects of developing a refinery in the country such as the size and configuration, its location and financing as well as the market for the products to be produced.

The study also confirmed the economic viability of refining petroleum in Uganda hinged on serving the Ugandan market and other East African countries.

## Early FID

Uganda Bureau of Statistics data indicates that Uganda's petroleum consumption has been growing at around 7 per cent with 37,000 barrels consumed every day. It was expected that FID for the refinery would take place alongside that of the upstream projects Tilenga and Kingfisher as well as Eacop in February this year, but experts argue that this would be risky for AGRC to commit to a project before the assurance of crude oil production.

"I am delighted to work with AGRC, which started with the signing of the Project Framework Agreement (PFA) for the refinery project on April 10, 2018. The refinery FID in the amended PFA was expected within 41 months from the effective date of the agreement which falls on 7th February 2022," said Ms Nankabirwa after meeting the consortium in Italy in February this year.

Early FID for the refinery would attract interest from new investors to the project, which has a post-tax internal rate of return (IRR) of 15 per cent, but the committed parties remain the private investor — a consortium of four anchor investors, with a 60 per cent of the project, and Uganda government that takes 40 per cent, which is further shared amongst the EAC countries and other local participating investors.

The refinery is a point of contention between President Yoweri Museveni and the international oil companies that invest in Uganda's upstream, which favoured the crude oil export pipeline as the best way to commercialise the resources from Lake Albert projects.

Despite having not warmed up to the refinery, TotalEnergies, the biggest player in Uganda's upstream and crude pipeline projects, later wrote to the government offering to take up a 10 per cent stake, but there has been no further commitment from the French giant.

The government in April 2018 selected AGRC, a consortium of Nuovo Pignone International SRL, a Baker Hughes General Electric

Company located in Italy, Yaatra Africa and Lionworks Group Limited, both domiciled in Mauritius, and Saipem Spa of Italy, as the lead investor for the \$4 billion project.

The government is represented by URHC, which holds a participating interest of up to 40 per cent in the refinery and its attendant infrastructure, which includes a 211km refined products pipeline and storage facilities near Kampala.

Kenya and Tanzania will also participate through their investment vehicles.

Uganda government agencies are looking for about \$480 million to \$500 million for its stake, but officials say this could change depending on the project attracting new local and regional.

The \$4 billion project will be funded through a debt to equity ratio of about 70:30, with the lead investor AGRC responsible for raising the \$2.8 billion debt as loans for the project, while also contributing 60 per cent of the \$1.2 billion in equity, the regulator Petroleum Authority of Uganda (PAU) explains.

The PAU is currently reviewing the refinery Front End Engineering Design (FEED) before making its final comments.

Uganda's push for a refinery has a history of abandoned efforts; in 2013, the government shortlisted several firms for the job, before awarding the tender in 2015 to the Russian consortium, RT Global Resources, as the best-preferred bidder.

However, Kampala kept South Korean consortium SK Energy on a short leash as the alternative preferred bidder for the refinery job in case the Russians pulled out — a reality that came to pass in 2016.

SK Energy was then handed the job, but the firm also pulled out citing the high risk of taking up 60 per cent as the private lead investor, prompting a new tendering process that resulted in the 2018 selection of the AGRC consortium.



# Tanzania Amends MPSAs to Attract Gas Investors

The Tanzanian is preparing to amend its Model Production Sharing Agreements (MPSAs) of 2013 to loosen conditions in the oil and gas sector to attract foreign investment after it failed to sell any exploration block during the past nine years.

The new changes will take into consideration the global trends in trade, fuel prices over the past decade and estimates for the next decade, the institutional changes in Tanzania and the current legal system, including the Petroleum Act of 2015, which is said to be unfavourable to investors.

MPSAs give a clear picture of the terms and conditions offered by a particular government, especially how the oil and gas investor will share revenue with the government.

They play a vital role in either convincing the investors to enter into Production Sharing Agreements (PSAs) for exploring and developing the gas blocks or disappointing the prospective investors.

During the nine years of the current MPSAs, Tanzania has not sold any blocks even as the government put eight blocks in the deep sea and Lake Tanganyika up for auction.

The Petroleum Upstream Regulatory Authority (PURA) Director General Charles Sangweni said the government was conducting reviews under a consultant who was expected to start to work this June and complete the work in February 2023 before announcing the intention to auction more than 20 blocks.

"We are reviewing the MPSAs of 2013 because they had stringent conditions for investors," said Sangweni.

"The consultant has been found, although the contract is not yet signed. We hope the consultant will start working towards the end of this June and will do that within six months," he added.

According to the Tanzania Petroleum Development Corporation (TPDC), oil and gas exploration activities in the country began in 1952 when British Petroleum (BP) and Royal Dutch Shell launched an oil exploration in all the coastal areas.

From that period to date, a total of 96 wells have been drilled while 44 of them were discovered to have gas and 52 wells had no gas.

According to PURA, MPSAs are amended following the changes in the sector. In 1989 the government saw the first use of MPSA, followed by others in 1995, 2004, 2008 and the 2013 MPSA which will be amended in 2023.

Tanzania has discovered natural gas reserve estimated at 57.54 trillion cubic feet, with the government feeling pride to save more than Sh16 trillion in foreign exchange through the use of natural gas to produce electricity and in factories between 2004 and 2020.

## Amendment Areas

According to PURA, the amendments will focus on areas such as the responsibility between the two parties in the contract; the rate of cost recovery; dispute resolution; the participation of locals; and the exploration period.

Silas Olang, the Natural Resources Governance Institute (NRGI) Regional Director added that debates on encountering carbon dioxide in the world are among the main factors the force behind the change of MPSAs to be the global business trends in the oil and gas sector.

"Currently, investors want more incentives. It is possible that in the years 2030-2050 the demand for oil and gas will decrease significantly in the world and move to renewable energy to encounter carbon dioxide. So, the investor will need the protection of his capital from the government if prices will go down," he said.

"So, there is a need for reforming MPSAs so that we should not find ourselves giving away that resource for free. It is also time for the government to analyse the business environment so that it can be used more useful in the future," he added.

Gas and oil industry stakeholder Lucy Shao advised the government to be open to its citizens about the areas it intends to reform to avoid conflicts.

"If they admit that there were some mistakes, what should the people do now? If the government involves the public, it will increase trust in them," said Shao.

Roselian Jackson, a private consultant for international investment and trade laws supports the transparency argument, suggesting that the government should strengthen the legal frameworks that will be strong for every investor.

"MPSAs facilitate agreements with the investor, attracts even bribes due to their secrecy. What is needed is transparency and strengthening the laws like Botswana, where they benefit from their resources," he said.

**Currently, investors want more incentives. It is possible that in the years 2030-2050 the demand for oil and gas will decrease significantly in the world and move to renewable energy to encounter carbon dioxide. So, the investor will need the protection of his capital from the government if prices will go down**

# CCUS Technologies Vital for Africa's Sustainable Hydrocarbon Development

While Africa faces the impacts of climate change, the rate of energy poverty across the continent has actually increased by 25 million people in 2022 compared to pre-COVID-19 levels. This increase, coupled with the continent's growing population, has emphasized the role Africa's hydrocarbons will play in alleviating energy poverty and driving socioeconomic growth. To ensure the development of the continent's hydrocarbon resources align with global climate policies, the adoption of technologies such as carbon capture, utilization and storage (CCUS) within the hydrocarbons sector could be a game changer.

Through CCUS, Africa has the opportunity to attract the investments needed to enhance oil and gas production and exploitation while ensuring development is achieved in a sustainable manner. With investments of up to \$25 billion now required across the continent's entire energy sector per annum to achieve universal energy access by 2030, CCUS application across the oil and gas industry will be critical for securing capital and prioritizing environmental sustainability. Such technologies will be instrumental in ensuring the continent's 125.3 billion

barrels of crude oil and 620 trillion cubic feet of gas reserves are both exploited and maximized to meet domestic energy needs, particularly across heavy industries and power generation while also creating jobs across the energy sector and various industries.

With Europe increasingly looking to Africa to meet its energy demands, CCUS application across Africa's oil and gas sector will help improve the continent's gas monetization and revenues for governments. Despite CCUS momentum gradually increasing in Africa owing to strengthened policy support, net zero commitments, digitalization across the energy sector and the emergence of strategic business partnerships, up until now, adoption has been limited to a few countries including South Africa, Nigeria and Algeria. In this regard, more needs to be done from a regulatory perspective to accelerate adoption across the entire continent.

The African Energy Chamber (AEC), as the voice of the African energy sector, is calling for improved collaboration between academia and private and public sector institutions to accelerate research, development and technology adoption in

African hydrocarbon producing countries. The AEC is strongly advocating for African governments to introduce financial incentives and policies that encourage CCUS adoption for oil and gas optimization and decarbonization.

With Africa currently developing large-scale gas projects such as the Eni's Coral-Sul Floating Liquefied Natural Gas (LNG) facility and TotalEnergies' LNG project in Mozambique; the Graff and Venus discoveries in Namibia; the Brulpadda and Luiperd finds in South Africa; and the Greater Tortue Ahmeyim LNG development in Senegal and Mauritania, it is critical to integrate CCUS technology to optimize production and environmental impact.

"With the demand for gas expanding across the globe and Africa's gas rush intensifying, the focus for Africa should be the implementation of CCUS and various cost-effective technologies which pave way for optimal exploitation of our domestic energy resources to improve energy access and fuel industrialization while averting climate change," states NJ Ayuk, the Executive Chairman of the AEC.

"At African Energy Week (AEW) 2022, both continental and regional CCUS technology providers, energy investors, stakeholders and government representatives will gather for four days of high-level discussions, meetings and networking to explore boosting CCUS penetration across the African oil and gas sector."

AEW 2022, Africa's leading investment platform for the oil and gas sector, which takes place from 18 - 21 October 2022, will feature panel discussions, ministerial forums and various summits to discuss the role of digitalization across Africa's oil and gas sector. AEW 2022 represents an ideal platform to discuss, negotiate and sign energy projects and technology partnerships and deployment deals.

Distributed by APO Group on behalf of African Energy Week (AEW).





# Petroleum Taxes

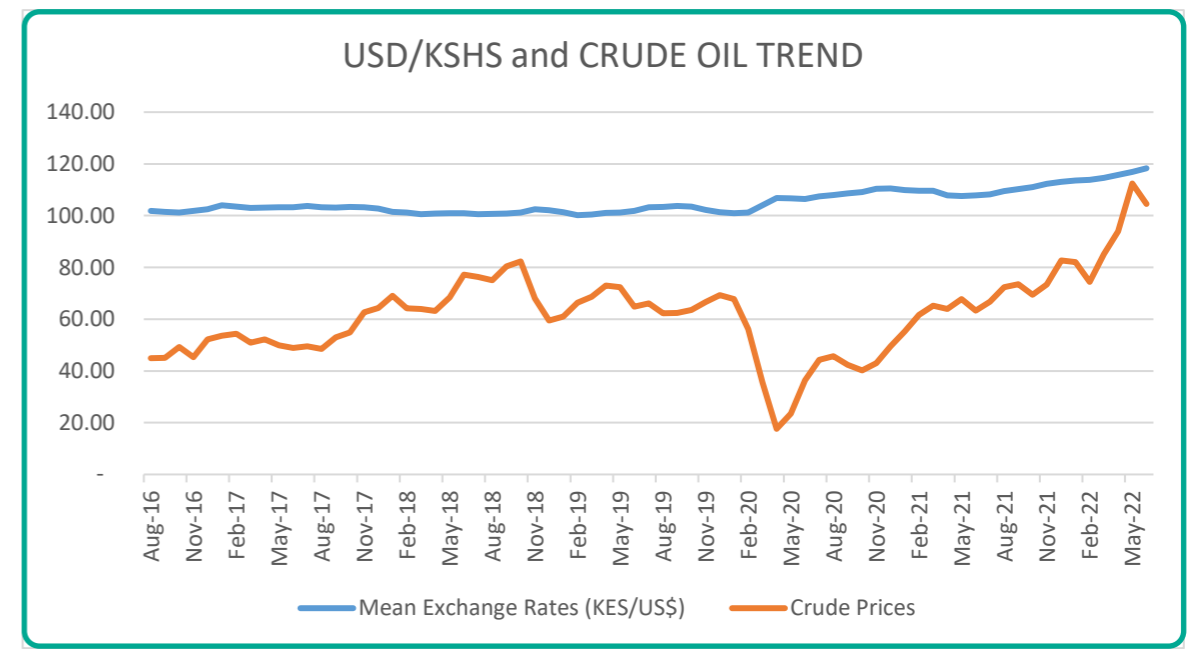
	Import Duty	" Former Rate of Excise Duty Kshs/Litre "	" Current Rate of Excise Duty Kshs/Litre "	VAT	Road Mainten. Levy	" Petroleum Devel. Levy Kshs/Litre "	Current Rate of Import Decl. Fee	Railway Development Levy	Remission Kshs/Litre	" Adulteration Levy Kshs/Litre "
Motor Spirit (Gasoline) Regular	-	20.5095	21.5227	8%	18.00	5.40	3.50%	2.00%	0.45	-
Motor Spirit (Gasoline) Premium	-	20.9196	21.9530	8%	18.00	5.40	3.50%	2.00%	0.45	-
Aviation Spirit	-	20.9196	21.9530	8%	-	0.40	3.50%	2.00%	0.45	-
Spirit Type Jet Fuel	-	20.9196	21.9530	8%	-	0.40	3.50%	2.00%	0.45	-
Special Boiling Point & White Spirit	-	8.9378	9.3793	8%	-	-	3.50%	2.00%	0.30	-
Other Light Oils and Preparations	-	8.9378	9.3793	8%	-	-	3.50%	2.00%	0.30	-
Partly refined (including topped crudes)	-	1.5247	1.6000	8%	-	-	3.50%	2.00%	0.30	-
Kerosene type Jet Fuel	-	6.0514	6.3503	8%	-	0.40	3.50%	2.00%	0.45	-
Illuminating Kerosene (IK)	-	10.8357	11.3710	8%	-	0.40	3.50%	2.00%	0.45	18.00
Other Medium oils and preparations	-	5.5730	5.8483	8%	-	0.40	3.50%	2.00%	0.30	-
Diesel Oil (ind heavy, black for low speed marine and stationery engines)	-	10.8357	11.3710	8%	18.00	5.40	3.50%	2.00%	0.30	-
Diesel Oil (ind heavy, black for low speed marine and stationery engines).	-	3.8906	4.0827	8%	-	0.40	3.50%	2.00%	0.30	-
Other Gas Oils	-	6.6245	6.9517	8%	-	0.40	3.50%	2.00%	0.30	-
Liquefied Petroleum Gas(LPG)	-	-	-	8%	-	0.40	3.50%	2.00%	0.30	-
Residual Fuel oils 125 cst.	-	0.3155	0.3310	16%	-	0.40	3.50%	2.00%	0.30	-
Residual Fuel oils 180 cst.	-	0.6309	0.6621	16%	-	0.40	3.50%	2.00%	0.30	-
Residual Fuel oils 280 cst.	-	0.6309	0.6621	16%	-	0.40	3.50%	2.00%	0.30	-
Other residual fuels	-	0.6309	0.6621	16%	-	0.40	3.50%	2.00%	0.30	-
Lubricating oils	25%	-	-	16%	-	-	-	-	-	-
Lubricating greases	25%	-	-	16%	-	-	-	-	-	-
Batching oils	25%	-	-	16%	-	-	-	-	-	-
Butanes (Petroleum gases)	-	-	-	-	-	0.40	-	-	-	-
Petroleum Bitumen	10%	-	-	16%	-	0.40	-	-	-	-
Bituminous or oil shale and tar sands	10%	-	-	16%	-	0.40	-	-	-	-
Bituminous mixures	10%	-	-	16%	-	0.40	-	-	-	-

Excise duty rates remained unchanged after the High Court suspended the anticipated 4.97 percent increase on petroleum products - in line with average annual inflation. The increase was anticipated to be effective from October 1, 2021.

SOURCE: KRA

# Crude Oil Price Trend

Crude Oil Analysis		
Year 2020 - 2022	Mean Exchange Rates (KES/US\$)	Crude Prices
Feb-20	101.27	56.1
Mar-20	104.05	35.58
Apr-20	106.83	17.64
May-20	106.65	23.52
Jun-20	106.48	36.34
Jul-20	107.46	44.28
Aug-20	107.93	45.74
Sep-20	108.6	42.35
Oct-20	109.14	40.16
Nov-20	110.36	43.04
Dec-20	110.52	49.57
Jan-21	109.89	55.27
Feb-21	109.67	61.61
Mar-21	109.63	65.16
Apr-21	107.84	63.94
May-21	107.61	67.71
Jun-21	107.82	63.35
Jul-21	108.26	66.7
Aug-21	109.46	72.34
Sep-21	110.21	73.5
Oct-21	111.1	69.37
Nov-21	112.33	73.41
Dec-21	113.14	82.73
Jan-22	113.58	82.03
Feb-22	113.79	74.36
Mar-22	114.6	85.11
Apr-22	115.74	93.99
May-22	116.89	112.48
Jun-22	118.32	104.48



# Pump Prices

Maximum pump prices (15th July 2022 to 14th August 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	156.86	159.12	158.64	159.53	159.53
Automotive Diesel	137.76	140.00	139.83	140.72	140.70
Kerosene	125.69	127.94	127.79	128.67	128.66
Maximum pump prices (15th June 2022 to 14th July 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	156.86	159.12	158.64	159.53	159.53
Automotive Diesel	137.76	140.00	139.83	140.72	140.70
Kerosene	125.69	127.94	127.79	128.67	128.66
Maximum pump prices (15th May 2022 to 14th June 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	147.86	150.12	149.64	150.53	150.53
Automotive Diesel	128.76	131.00	130.83	131.72	131.70
Kerosene	116.69	118.94	118.79	119.67	119.66
Maximum pump prices (15th April 2022 to 14th May 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	142.36	144.62	144.14	145.03	145.03
Automotive Diesel	123.26	125.50	125.33	126.22	126.20
Kerosene	111.19	113.44	113.29	114.17	114.16
Maximum pump prices (15th March 2022 to 14th April 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	132.46	134.72	134.72	135.13	135.13
Automotive Diesel	113.36	115.60	115.43	116.32	116.30
Kerosene	101.29	103.54	103.39	104.27	104.26
Maximum pump prices (15th February 2022 to 14th March 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26
Maximum pump prices (15th January 2022 to 14th February 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26
Maximum pump prices (15th December 2021 to 14th January 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26
Maximum pump prices (15th November 2021 to 14th December 2021)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26
Maximum pump prices (15th October 2021 to 14th November 2021)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26

# EPRA Petroleum Prices

Breakdown of the costs of Super Petrol (PMS), Diesel (AGO) and Kerosene (DPK) in Nairobi: 15th July 2022 to 14th August 2022				
Cost Item	Cost Description	Super Petrol	Diesel	Kerosene
		Kshs/Litre	Kshs/Litre	Kshs/Litre
Landed Cost (a)	Weighted average cost for all imports	125.98	122.28	116.03
Pipeline Transport (Msa - Nrb)	Pipeline (100% PMS, AGO & IK)	2.07	2.07	2.07
Road Transport (Msa-Nrb) - Bridging	Road (0% PMS, AGO & IK)	0.00	0.00	0.00
Pipeline Losses	Pipeline (0.25%)	0.10	0.09	0.08
Depot Losses	0.5% PMS, 0.3% For DPK & AGO)	0.89	0.49	0.46
Delivery within 40kms of Nairobi	Delivery to petrol stations	0.54	0.54	0.54
Storage and distribution (b)		<b>3.60</b>	<b>3.19</b>	<b>3.15</b>
Importers Margin	Wholesale			
Dealers Margin	Retail Investment Margin			
	Retail Operating Margin			
<b>Supplier Margins (C )</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Price Stabilization Deficit (d)</b>		-34.52	-37.36	-36.91
Excise Duty	Tax	21.95	11.37	11.37
Road Maintenance Levy	Levy	18.00	18.00	0.00
Petroleum Development Levy	Levy	5.40	5.40	0.40
Petroleum Regulatory Levy	Levy	0.25	0.25	0.25
Railway Regulatory Levy	Levy	2.42	2.36	2.23
Anti-adulteration Levy	Levy	0.00	0.00	18.00
Merchant Shipping Levy	Levy	0.03	0.03	0.03
Import Declaration Fee	Levy	4.22	4.11	3.91
Value Added Tax (VAT)	Tax	11.79	10.37	9.48
<b>Taxes and Levies (d)</b>		<b>64.06</b>	<b>51.89</b>	<b>45.67</b>
Retail Prices in Nairobi (a) + (b) + (c) + (d)		<b>159.12</b>	<b>140.00</b>	<b>127.94</b>
<b>Summary</b>		<b>Super Petrol</b>	<b>Diesel</b>	<b>Kerosene</b>
		<b>KShs/Litre</b>	<b>KShs/Litre</b>	<b>KShs/Litre</b>
Product Costs (a)		125.98	122.28	116.03
Distribution and Storage Costs (b)		3.60	3.19	3.15
Margins (c )		0.00	0.00	0.00
Price Stabilization Deficit (d)		-34.52	-37.36	-36.91
Taxes and Levies (e)		64.06	51.89	45.67
Retail Prices in Nairobi		<b>159.12</b>	<b>140.00</b>	<b>127.94</b>

**NOTE:**  
The applicable pump prices for this cycle have been maintained as the ones applicable in the previous cycle.  
The Government will utilise the Petroleum Development Levy(PDL) to cushion consumers from the otherwise high prices.

SOURCE: EPRA

Comparison between actual and published pump prices			
Product	"Actual Calculated Prices in July-August 2022 (Kshs/Ltr)"	"Published Prices in July-August 2022 (Kshs/Ltr)"	"Difference (to be compensated out of PDL (Kshs/Ltr)"
Super Petrol	209.78	159.12	50.66
Diesel	193.7	140	53.7
Kerosene	181.16	127.94	53.22

# Finance Act, 2022: KRA Virtual Sensitization Forum

On 7th of July 2022, Industry virtually met with the Kenya Revenue Authority (KRA) led by Maurice Oray, the KRA Head of Corporate Policy, for the sensitization tax payers and stakeholders on the changes in the enacted Finance Act, 2022.

- Mr. Oray, stated that the amendments which focused mainly on imports were largely drawn in support of the Big Four Agenda on food security, affordable housing, universal health care, manufacturing and Job creation
- The tax amendments that have been introduced through the Finance Act, 2022 impact among others the following Acts:
  - Income Tax Act
  - VAT Act, 2013
  - Excise Duty Act, 2015
  - Tax Procedures Act, 2016
  - Miscellaneous Fees and Levies Act, 2016
  - Other Acts: Stamp Duty Act, Statutory Instruments Act, Evidence Act, Betting, Lotteries and Gaming Act

KRA Customs Department will have a separate engagement with Industry that will articulate the issues that affect Customs Duty exhaustively and the recently enacted amendments in the East African Community Customs Management (Amendment) Act (EACCMA) Below are the outcomes of the meeting with a highlight on those affecting the petroleum Industry:



## Income Tax Act

### Amendments affecting the Income Tax Act

PROVISION	EFFECTIVE DATE
Introduction of a definition for fair market value	1 <sup>st</sup> July 2022
Introduction of withholding tax of 15% on financial derivative	1 <sup>st</sup> January 2023
Definition of "permanent home".	1 <sup>st</sup> July 2022
Foreign exchange losses deductible by a business limited to 30% of EBITDA with exemption provided to among other entities licensed under the Hire Purchase Act and persons exempt under section 16(2)(j)	1 <sup>st</sup> July 2022
Requirement for Commissioner to extend carry forward of losses no longer necessary	1 <sup>st</sup> July 2022
Exemption from interest restriction: <ul style="list-style-type: none"> <li>Companies engaging in manufacturing whose cumulative investment in the preceding five years from the commencement of this provision is at least five billion shillings</li> <li>Companies engaging in manufacturing whose cumulative investment is at least five billion shillings – outside Nairobi and Mombasa</li> </ul>	1 <sup>st</sup> July 2022
Widening the scope of taxation of income from transactions between related parties to include those within a preferential tax regime	1 <sup>st</sup> January 2023
Requirements for members of a Multinational Enterprise Group to file Country-by-Country Reports (CbCR)	1 <sup>st</sup> July 2022
Filing of Country-by-Country Report master file and local file by Ultimate Parent Entity or constituent entity of a multinational enterprise group	1 <sup>st</sup> July 2022
Capital gains tax (CGT) increased from 5% to 15%	1 <sup>st</sup> January 2023

### Key Highlights

- Despite, its numerous use, the term Fair Market Value was previously not defined in the Income Tax Act. The introduction of this definition will preempt existing and future disputes arising in relation to valuation of perceived controlled transactions and non cash benefits undertaken by taxpayers.
- The introduction of the definition of financial derivatives is aligned to the introduction of additional charging sections, Section 3(2) l and Section 9 (3) & (4) bringing to the realm of taxation, gains derived by non-resident persons from financial derivatives.
- The amendment on foreign exchange losses deductible aims to align the revamped definition of thin capitalization introduced in the Finance Act, 2021 to the treatment of foreign exchange gains/losses. This will bring more harmony in the operations and interpretation of the various Sections of the Income Tax Act.
- The requirement for the Commissioner to extend carry forward of losses was a necessary clean up considering this Section was no longer relevant following prior amendments introduced in the Finance Act, 2021 providing for allowability to carry forward the tax losses indefinitely until the loss is fully extinguished.



## Income Tax Act continued

### Amendments affecting the Income Tax Act

PROVISION	EFFECTIVE DATE
Incomes exempt from tax: <ul style="list-style-type: none"> <li>Dividends paid by SEZ enterprises, developers and operators</li> <li>Dividends paid by SEZ enterprises, developers and operators to any non-resident person</li> </ul>	1 <sup>st</sup> July 2022
Amended to allow transformation and distribution of electricity off-grid to qualify as manufacture and therefore claim 100% investment allowance	1 <sup>st</sup> July 2022
Allow investment allowance of 150% where the cumulative investment up to 4 years before 1 <sup>st</sup> July 2022 or 3 years after the said date is KShs. 2 billion outside Nairobi and Mombasa	1 <sup>st</sup> July 2022
Company operating a carbon market exchange or emission trading system that is certified by the Nairobi International Financial Centre Authority – 15% for the first 10 years from the year of commencement of its operations	1 <sup>st</sup> July 2022

### Key Highlights

- The amendments on gains of a business in a non preferential tax regime bring in more clarity in taxation of transactions with entities operating in preferential trade regimes.
- While CbCR was introduced through the Finance Act, 2021, the detailed guidelines introduced in the Finance Act, 2022 are necessary to create a framework for operationalization of the same. However, there is still need for further Regulations to guide operationalization of this requirement.
- It is also imperative to appreciate the increased interest in investment schemes in the recent past. Special Economic Zones, for instance, have over the recent years attracted significant interest with both local companies and multinationals exploring this avenue. This interest is mostly garnered through various tax incentives such as reduced corporation tax rates.

- The Finance Act, 2021 introduced incentives for capital investments and exemptions from minimum tax exhibiting the keen interest the Government is taking to market this scheme. This amendment is therefore an effort to ensure that there is no shift of gains or profits to these entities operating in the preferential tax regime thereby creating a distortion in the market.
- The expansion of the term 'Manufacture' is a welcome move for manufacturers who generate electricity but not necessarily for supply to the national grid. We however note that the same amendment was included in the Finance Act, 2021.
- The allowances for companies operating a carbon market exchange have been included to encourage investments in green energy and the overall reduction of carbon dioxide emissions over time



## VAT Act

### Amendments affecting the VAT Act

PROVISION	EFFECTIVE DATE
VAT tax rate on the supply of LPG including propane at 8%	1 <sup>st</sup> July 2022
Clarify that input VAT can only be deducted in a return for a period	1 <sup>st</sup> July 2022
Input VAT claim in respect of Open Tender System for importation of Petroleum and Petroleum products cleared through a non-bonded facility: <ul style="list-style-type: none"> <li>Customs entry to contain name of the winner of the tender and the name of the other oil marketing participants in the tender</li> <li>Allow input tax that may have been incurred by an oil marketing company participating in the Open Tender System before this amendment to be claimed within 12 months after this amendment</li> </ul>	1 <sup>st</sup> July 2022
Penalties and interest applicable on VAT on imported goods – Aligned to the Tax Procedures Act (TPA)	1 <sup>st</sup> July 2022
Deletion of provision for refund of tax in error – provided under the Tax Procedures Act (TPA)	1 <sup>st</sup> July 2022

### Key Highlights

- The halving of VAT on LPG which is a basic commodity is a push for clean energy and is a positive move considering that Kenyans have over the ages been exposed to polluting sources of energy which negatively impact the quality of health and life
- The amendments on penalties and interests is occasioned by the coherence to have administrative requirements under the Tax Procedures Act.

## Tax Procedures Act

### Amendments affecting the Tax Procedures Act

PROVISION	EFFECTIVE DATE
Amendment of return to claim input VAT – limit to 6 months (in line with Section 16. (1) of the VAT Act)	1 <sup>st</sup> July 2022
Exclusion of registered manufacturers (value of investments is KShs. 3B in the preceding 3 years) from withholding VAT.	1 <sup>st</sup> July 2022
Provision of additional options around refunds due to overpayments - Section 47 (Tax payers can now apply for refunds or offset overpayments with existing tax liabilities)	1 <sup>st</sup> July 2022
Provision for mechanism for refund where taxes have been paid in error or on exempted or zero rated supplies	1 <sup>st</sup> July 2022
<b>Issuance of Objection decision:</b>	
<ul style="list-style-type: none"> <li>The Commissioner will be required to notify a taxpayer if their objection is invalidly lodged within 14 days</li> <li>The Commissioner to issue an objection decision within 60 days from the day of receiving a valid objection by a taxpayer</li> </ul>	1 <sup>st</sup> July 2022

#### Key Highlights

- ❑ The provision on the restriction the amendment of the taxpayer's deduction of input tax in relation to VAT within six months after the end of the tax period in which the supply or importation occurred, is a move to prevent taxpayers from claiming of input tax after expiry of the six months while amending their returns. This is line with provisions of Section 17 of the VAT Act.
- ❑ Tax payers can now apply for refunds or offset overpayments with existing tax liabilities.
- ❑ There are timelines for the Commissioner regarding issuance of objection decision as well as notifications for invalidly lodged applications.

## Miscellaneous Fees and Levies Act

### Amendments affecting the Miscellaneous Fees and Levies Act

PROVISION	EFFECTIVE DATE
Clarify that lower IDF and RDL shall be charged on raw materials and intermediate products imported by manufacturers	1 <sup>st</sup> July 2022

#### Key Highlights

- ❑ Guidelines issued by National Treasury in collaboration with the KAM are already at work for lubricants manufacturing raw materials and additives.
- ❑ Push for the zero rating of import duty on lubricant raw materials (base oils and additives) is also ongoing with the KRA, KAM and relevant counterparts in the EAC

For further clarification on this advisory note and any other trade or tax related matter, please contact:

**Wanjiku Manyara**  
General Manager, Petroleum Institute of East Africa

**Ayuma Likhanga**  
Business Analyst, Petroleum Institute of East Africa  
[analyst@petroleum.co.ke](mailto:analyst@petroleum.co.ke)



Petroleum and Petroleum Products Data and Market Share Reports are Accessible from the Data and Information Centre at the PIEA Secretariat.

For more information kindly

send an email to:

[analyst@petroleum.co.ke](mailto:analyst@petroleum.co.ke)

or

call: Tel. 0722 221120 | 020 2249081 | 020 313046/7