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The Magazine of the Petroleum Institute of East Africa
3rd Quarter, July - September 2022

Geopolitics of Oil & Gas

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EAC Block Offers Opportunities for New Nations

Africa's 5-Key Points Ahead of COP 27 in November

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Third Quarter 2022 State of The Oil Industry

Peter Murungi
General Manager, Vivo Energy - Kenya
Chairman, Petroleum Institute of East Africa

Evidently, we can all acknowledge with commendation the continuous return to business after the general election in August, which will reinforce the ongoing stable recovery of all sectors in our economy.

We are at the tail end of a year where the global oil and gas sector has experienced disruption from conflict, hot on the heels of COVID-19 thereby occasioning varied impacts on Kenya's and the East Africa Community(EAC) economies.

Until recent times the term geopolitics was predominant in discourse, specific to interplays of crude oil production and political affairs. However, the Russia-Ukraine conflict has laid bare the extent of geopolitical issues effects, not just on petroleum fuels but also other critical commodities like grains, fertilizer and metals.

In this third quarter of the year, the global cost of petroleum products which the petroleum Industry imports and supplies locally is still high, averaging at 100$p/b, which of course has meant expensive fuel locally hence the Government's retention of the petroleum price stabilization.

Consequently, the Industry has again this quarter, borne the brunt of unintended consequences particularly, because the high cost of petroleum imports has led to the increase in both demand and cost of the trading currency-the United States Dollar. These two factors translate to immense constraints on OMC cash flow and working capital, which have further been compounded by the delayed stabilization compensation payments.

Nevertheless, the Industry has continued to demonstrate its commitment to supplying petroleum energy efficiently and at least cost to all sectors of the economy, in recognition of the critical role of petroleum energy in economic development.

As an Industry, we view the challenges that have come from the conflict and health situation as opportunities for our Country to incentivize local manufacturing, and food production as well as activates opportunities in the African Continental Free Trade Area, particularly considering the natural gas reserves in Africa (estimated to be more than 800 trillion cubic feet).

In the quarter, the National Treasury published the Draft National Tax Policy, which as you may be aware that our Industry Association, PIEA, has been advocating for, and we have submitted our comments on this draft.

We anticipate that the National Tax Policy will provide the necessary policy strategy's that will then inform the fiscal laws in providing a conducive environment for the sector to manufacture lubricants, greases and coolants locally and promote local LPG cylinder manufacturing which is catalyzed by the demand for cooking gas.

We also anticipate that this Policy will facilitate the rationalization of taxes and levies, therefore, promoting equity.

In the quarter, we also got a boost in our petroleum infrastructure with the commissioning of the new Kipevu Oil Terminal(KOT), which is a real game changer on matters of security of supply which will be bolstered by the efficiency that KOT will provide.

The Oil Industry continues to engage with the Sector Parent Ministry, related policymakers, and regulators to formulate solutions to challenges that counter efficient and reliable access to petroleum products by consumers.

The Sector has demonstrated its commitment to supporting government policies and strategies that promote the supply of petroleum energy efficiently and at the least cost to all sectors of the economy because we in the oil Industry have a common interest with Government-that in ensuring that the oil and gas Industry remains stable, legal and competitive in the interest of sustainable economic development.

The Industry has, in the quarter, registered a global growth of 6% in overall consumption volumes in Kenya compared to the same period last year, an indication that economic recovery is taking place slowly but surely and the sector is here to support progress accordingly.

Peter Murungi
Chairman, Petroleum Institute of East Africa

CBK and EPRA Assure Industry of a Conducive Business Environment

The Central of Kenya Governor, Dr Patrick Njoroge and the Energy Petroleum and Regulatory Authority (EPRA) Director General, Daniel Kiptoo assured the industry of a conducive business environment for the downstream sector that will foster economic development and investment.

The two met with the Petroleum Institute of East Africa (PIEA) Directors and the SupplyCor Directors for an industry briefing on the challenges affecting them and possible areas of collaboration.

The meeting was chaired by the PIEA Chairman, Peter Murungi and the Supplycor Chairman, Eric Fanchini.

The CBK Governor and EPRA DG assured the industry of their continued support to the Petroleum Industry in ensuring a conducive business environment for the downstream sector.

From L-R: *Energy and Petroleum Regulatory Authority Director General Daniel Kiptoo Bargoria, Vivo Energy Kenya Managing Director and PIEA Chairman Peter Murungi, Central Bank of Kenya Governor Dr Patrick Njoroge and TotalEnergies Kenya Managing Director and SupplyCor Chairman Eric Fanchini address industry members in Nairobi.*

OLA Energy Kenya Limited Appoints New General Manager

Dr. Yousef Elhemmali
General Manager
OLA Energy Kenya Limited

Dr Yousef Elhemmali has joined OLA Energy Kenya Limited as the General Manager effective 1st August 2022. In addition to his role as General Manager, Dr Yousef is also the East Regional Business Officer overseeing the operations of the OLA Energy affiliates of Eritrea, Ethiopia, Sudan and Uganda.

Dr Yousef holds a Doctorate in Business Administration from Ecole Supérieure Robert de Sorbon in France, a Master's degree in Mechanical Applications Oils on Internal Combustion Engines from the Petroleum Institute of France, and a Higher Diploma in Mechanical Engineering from the Higher Institute of Industrial Technology in Tripoli, Libya.

The new GM brings in a wealth of experience in leadership, strategy and structure in the field of fuels and lubricants sales and distribution, having spent over 30 years in management roles in the oil industry in various parts of Africa. Dr Yousef started his career at Zawiya Oil Refinery in Libya before joining Libya Oil, now OLA Energy, as the Deputy General Manager of Tunis. He has held the positions of General manager in OLA Energy Tunis, OLA Energy Morocco and most recently OLA Energy Sudan Limited.

As the General Manager at OLA Energy Sudan from 2016, Dr Yousef was responsible for overseeing the implementation of a business strategy that placed the oil marketing company at the apex of the oil industry in Sudan. While at OLA Energy Morocco, he was able to steer the largest affiliate in terms of sales volume and active in marine fuel, lubricants, benzene, diesel, kerosene and aviation fuels in the 10 airports in Morocco on sustained growth in business profitability.

Dr Yousef's appointment comes at a time when OLA Energy Kenya is implementing its expansion on the Retail network and other initiatives to increase overall market share in petroleum product sales. Last year, OLA Energy Kenya commissioned a new state-of-the-art Liquefied Petroleum Gas (LPG) plant in Nairobi that is fully automated with superior leak detection systems to guarantee safety. With the new plant and other planned LPG infrastructure projects, OLA Energy Kenya reaffirms its commitment to clean and affordable energy.

OLA Energy Kenya's commitment to its customers is also evident through the launch of the OLA Go application that allows customers to accumulate redeemable points each time they buy fuel, lubricants or LPG in any of the OLA Energy service stations. OLA Energy Kenya also launched the Marhaba brand of convenience stores to focus on customer care with services corresponding to growing customer needs.

"I am excited to be taking over the new challenge of managing OLA Energy Kenya and I look forward to building on the great work and major milestones overseen by my predecessor Ms Millicent Onyonyi and the great team here in Kenya,"said Dr Yousef.

National Oil to Host The 7th East Africa Energy, Oil and Gas Summit

Leparan Morintant
Chief Executive Officer
National Oil Corporation of Kenya

The National Oil Corporation of Kenya will host the 7th edition of the East Africa Energy, Oil and Gas Summit & Exhibition (EAOGS) from 15th – 17th November 2022, at Hotel Radisson Blu, Nairobi.

The 2022 conference will bring together regional, international and domestic businesses from across the public and private sectors to reflect on progress made in the gas projects in Mozambique and Tanzania, and other projects and opportunities present across the region with a significant focus on the energy transition. The conference will also centre around local content and engaging the community, legal frameworks and regulations, investment, digital transformation and the geopolitical impact on the industry and the region.

Given the recent significant industry developments, we see huge opportunities for our international and national partners and the development of our natural resource wealth for the benefit of all and ensuring the promotion of local entrepreneurship and capacity building and the important role of EAOGS in providing a much-need platform to facilitate this" National Oil Corporation of Kenya Chief Executive Officer Leparan Gideon Ole Morintat.

"The timing of this 7th edition of the East Africa Energy, Oil & Gas Summit could not be more appropriate and we invite you to support our event, to support us and to support the region of East Africa and share in our development and prosperity."

New KOT Commissioned by Former President

The former President, His Excellency President Uhuru Kenyatta, early in the quarter, commissioned the newly constructed Kipevu Oil Terminal(KOT) at Port of Mombasa which is expected to enhance the discharge of petroleum products efficiently.

KOT is an offshore island terminal with four berths whose length is 770m, with three berths currently in use. The offshore facility shall be able to discharge and backload three large oil tankers of up to 170,000 DWT.

The designed capacity of the new terminal is 12 million MT, with the annual throughput of petroleum products for 2020/2021 totalling 8.6 million MT. This will enhance the port's capacity to timely & efficiently discharge oil products, significantly easing the pressure aggravated by increased demand in the region.

While commissioning the new terminal, President Kenyatta noted that the petroleum sector plays a significant role in economic development as it contributes immensely to the cost of doing business, which translates to living standards.

He noted that the country would continue investing in the energy and petroleum sector to create a reliable and efficient energy supply through oil exploration and oil handling facilities.

"Over the last few years, the region has been making a significant effort towards the exploration and mining of oil. Soon the region will join the oil-producing and exporting countries of the world," said President Kenyatta.

The new jetty that will be operated by Kenya Pipeline Company (KPC) will simultaneously facilitate the importation & exportation of six different hydrocarbon products namely: Automotive Gasoline Oil- (Diesel), Premium Motor Spirit (petrol), Heavy Fuel Oil, Dual Purpose Kerosene- aviation fuel, Liquified Petroleum Gas and Crude Oil.

The world-class Marine Tankers Off-Shore Jetty, one of its kind in the region, has three berths with one spare for future development. The facility is capable of discharging three ships ago.

The new KES 40B jetty is capable of higher discharge rates and expected to improve ship turnaround, reduce demurrage costs and increase product stability for the country and the region.

Kenya Ports Authority Managing Director Ag Amb. John Mwangemi showing various parts of the new KOT. Looking on is H.E former President Uhuru Kenyatta, Cabinet Secretary for Petroleum and Mining Amb. Dr Monica Juma, Kenya Pipeline Company Managing Director Dr Irungu Macharia and other invited guests.

EPRA Holds Stakeholder Engagements on The Newly Proposed Pipeline and Storage Tariff

By Osia Mwanje and Oliver Kilonzo

The Energy and Petroleum Regulatory Authority(EPRA) conducted stakeholder engagement sessions in Kisumu, Eldoret, Nakuru, Nairobi and Mombasa on the recently proposed Pipeline and Storage Tariff. The sessions involved presentations by Kenya Pipeline staff on the proposed tariff to the public. Stakeholders gave their opinion and suggestions after examining the tariff, which were carefully documented by the Authority for further consideration. EPRA facilitated the interactive sessions between KPC, energy sector stakeholders and members of the public. The stakeholder engagement sessions are a crucial and necessary step in the approval process of any regulation before it is ratified by the Authority.

Application for Tariff Review

The Authority approved the current pipeline tariffs effective from February 2020 for the tariff control period 2019/20, 2020/21 and 2021/22. The Kenya Pipeline Company (KPC) submitted an application to the Authority on 18th January 2022 for a review of the pipeline transportation and secondary storage tariffs for the subsequent tariff control period. KPC further submitted an amended tariff application dated 18 July 2022, requesting the amending of storage charges paid by Oil Marketing Companies. This takes into consideration capital expenditure provision for capacity enhancement of the eastern (Mombasa-Nairobi) section of the pipeline and the proposed revised throughput forecast. The revised charges are expected to run for 3 years until 2025. The aforementioned amended application incorporates key pipeline capital requirements, mainly the capacity enhancement for the Eastern Section and adjustments to the throughput to reflect current realities.

Further, the tariff application principles include a working capital consisting of cash determined as forty-five days of operating and maintenance expenditure and inventory determined as 2% of fixed assets. The capital structure allowed by the application is 20% equity and 80% debt, while the return on the equity portion of capital is 10.5% before tax and the cost of debt is the average of actual existing loan interest. KPC currently has a loan whose interest is pegged at 3-months Libor + a margin of 4.5%.

Impact of the Proposed Tariff on Petroleum Products Prices

The proposed tariff will impact petroleum prices by Kshs. 0.54/litre in Nairobi and Kshs. 0.29/litre in Western Kenya. The impact in western Kenya will be lower as a result of tariff unbundling which removed depot cross-subsidization that previously existed. The percentage contribution of the tariff on the price of the various petroleum products ranges from 1.3% in Nairobi to 2.9% in Eldoret.

Comparative Analysis

Locally, the pipeline offers the cheapest petroleum products transportation option. The unbundled transport tariff of Kshs. 3.87/m3/km is 40% lower than the road option, assuming the lowest road rate of Kshs. 6.7/m^3/km.

Additionally, with regards to transportation of transit products, landed costs in Kampala from Eldoret is at about US\$74.78/m^3 which is cheaper than the landed cost from private depots in Mombasa which range from US\$80/m^3 and US\$92/m^3. Tables below highlights the proposed and resultant depot tariffs

Proposed Tariffs Table 1

Service	Current Tariff	Proposed Tariffs		
		2022/23	2023/24	2024/25
Composite Tariff (Kshs/m^3/km)	4.61	5.22	5.53	5.50
Unbundled Tariffs				
Transportation Tariff Kshs/m^3/km	3.56	3.87	4.09	4.06
Storage & handling Tariff Kshs/m^3	696.83	874.44	960.09	998.90

Resultant Depot Tariffs

Depot		Prevailing Tariffs	Proposed Depot Tariffs		
			2022/23	2023/24	2024/25
Moi Airport (USD/m3)		20.48	23.71	25.37	25.59
JKIA (USD/m3)		20.48	23.71	25.37	25.59
Nairobi Terminal (Kshs/m^3)		2,074.50	2,617.33	2,799.98	2,824.57
Nakuru Terminal	Local Kshs/m^3	2,853.59	3,271.88	3,490.95	3,510.21
	Export USD/m^3	28.17	29.64	31.63	31.80
Eldoret Terminal	Local Kshs/m^3	3,669.56	3,957.42	4,214.64	4,228.31
	Export USD/m^3	36.22	35.85	38.18	38.31
Kisumu Terminal	Local Kshs/m^3	3,664.95	3,953.54	4,210.55	4,224.25
	Export USD/m^3	36.18	35.82	38.15	38.27
Konza (Kshs/m^3)		1,761.02	1,479.52	1,561.86	1,549.79

" EPRA had in August last year slashed KPC's cumulative handling and storage fees by about 44 percent, from \$5.18 (sh616) to \$3.59 (sh427) per cubic metre of fuel in a bid to reduce the cost of pump prices, something that strained KPC bottom line. This was expected to increase to \$3.93 (Sh468) from July 2022 and further by 0.25 (Sh30) from July 2023. Storage charges and distribution costs are usually factored in the pricing of fuel, implying that any upward amendment will increase the retail prices of diesel and petrol." said the Director General Daniel Kiptoo Bargoria, OGW reiterated during the stakeholder engagement.

"This workshop seeks to get feedback and comments from you on the KPC amended tariff application, and the impact it might have on the consumer at the pump. The pipeline and storage tariffs, just as is the case with other costs of delivering fuel to consumers, are usually transferred to motorists in the form of higher pump prices."

Vivo Energy Kenya's Phase II of Tuvuke Salama Road Safety Campaign

Vivo Energy Kenya has issued 400 stop signs to schools around the country in their second phase of Look Out! Tuvuke Salama road safety campaign.

The LookOut! Tuvuke Salama, is a joint road safety initiative by The National Transport and Safety Authority (NTSA) and Vivo Energy Kenya (VEK).

The campaign seeks to promote a safe environment around learning institutions by donating reflective lollipop stop signs to schools located along high risks roads. The initiative was first launched in 2021 where 100 stop signs were donated to schools within seven counties, namely: Nairobi, Mombasa, Nakuru, Kericho, Embu, Kisumu, and Nyeri.

The second batch of the programme involved the issuance of 400 reflective signs distributed to schools in 11 counties namely, Meru, Mombasa, Embu, Kirinyaga, Garissa, Tharaka Nithi, Kwale, Kajiado, Kiambu, Nairobi and Kitui.

NTSA Director General George Njao noted that the partnership will continue to 2023, where Vivo Energy Kenya plans to donate 1,000 reflective STOP signs by the end of the three years.

"The focus of the initiative is majorly on children as they continue to be the most vulnerable road users. The initiative is an effective way of creating awareness and imparting the right behaviours. Motorists must at all times remain vigilant while driving within school zones. Globally, there is a call to act on speed reduction around schools and we urge our riders and motorists to watch out for children" said the D.G during the handover event at the Milimani Primary School, Nairobi.

"The ultimate measure of success will be reduced fatalities and injuries involving school-going children and behavioural change among the drivers, thus reducing schoolchildren's risks while crossing the road."

Speaking during the presentation ceremony, Vivo Energy Kenya Communications Manager, Angela Munyua said that the campaign is within Vivo Energy's community investment pillars which supports a culture shift in road safety matters.

"We are delighted to be handing over the second batch of 400 STOP signs. We believe they will go a long way in saving children's lives. Vivo Energy's business makes road safety a crucial pillar in the organisation's safety agenda and this initiative, goes a long way in ensuring that the future generation is protected as they go to and from school." Angela said.

"Vivo Energy's community programmes are designed to deliver a cultural shift in attitudes to road safety across the general population, amongst school children."

L-R *Angela Munyua, Communications Manager Vivo Energy Kenya hands over reflective STOP signs to Dr Esther Kago of NTSA. Look Out! Tuvuke Salama road safety campaign seeks to promote a safe environment around learning institutions by donating reflective lollipop stop signs to schools located along high risks roads.*

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

CODE	COURSE TITLE	DURATION	DATE	LOCATION
	(A)LEGAL & REGULATORY COURSES			
SPS 003 A	Petroleum sector regulatory training on LPG Bulk storage facilities	1 day	6/DECEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS 004A	Petroleum sector HSSE regulatory training requirements	1 day	30/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS 005A	Legal and Regulatory Framework: Highlights of the impact of the 13 new petroleum regulations	Half day	6/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa
	(B) OIL AND GAS RETAIL AND MARKETING COURSES			
SPS 008B	Stocks management Level 1	5 days	11-13/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS 009B	Stocks management Level 2	5 days	7-11/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(C) HEALTH SAFETY SECURITY AND ENVRIONMENT COURSES			
SPS001C	Petroleum sector occupational health, safety & security (HSSE) management course	5 days	26-30/SEPTEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS 002C	Petroleum sector Contractor & Service providers health, safety, security, and environment (HSSE) course	5 days	9-13/JANRUARY/2023	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 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
	(D) AVIATION FUEL MANAGEMENT COURSE			
SPS003D	Aviation operations & management course	5 days	25-28/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(E) LPG OPERATIONS SALES & MARKETING COURSES			
SPS001E	LPG sales, operations and marketing management	5 days	3-7/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(F) RISK MANAGEMENT COURSES			
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
SPS 006F	Joint Incident Command System training course Level 1	5 days	12-14/OCT/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(G) PETROLEUM PRODUCTS LOGISTICS & HANDLING COURSES			
SPS004G	Introduction to the Oil & Gas Sector	5 days	24-28/OCTO/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS003M	EA oil and gas transportation and management	4 days	11-14/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS002M	Petroleum Stocks management level 1	5 days	11-13/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(J) EXECUTIVE MANAGERIAL COURSES			
SPS002J	Executive Introduction to the East Africa Oil and Gas sector (for Boards of Directors and Senior management)	1 day	14/OCTOBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
SPS 003J	Corporate governance course for Boards and Management (Board of Directors and Senior Management)	1 day	11/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(K) HUMAN RESOURCE MANAGEMENT COURSES			
SPS 002K	Supervision leadership and management	2 days	24-25/NOVEMBER/2022	Nairobi/Nakuru/Naivasha/Eldoret/Kisumu/Busia/Mombasa/Kampala/Dare-es-Salaam/Kigali/Juba
	(L) PERSONAL DEVELOPMENT COURSES			
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
	(M) FINANCING OIL AND GAS PROJECTS			
SPS001M	Financing Oil and Gas Projects	1 day	30/NOVEMBER/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.
Th 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 10 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

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

Location: Online via Microsoft teams/Google Meet

CODE	COURSE TITLE	DURATION		DATE
	(A) OIL & GAS LEGAL & REGULATORY FRAMEWORK COURSES			
SPS 001A	Petroleum sector legal and regulatory framework	2 hours	**Module 1:** Petroleum Act 2019: What you need to know	**3/OCT2022 | 10.00 a.m-12.30 p.m.**
			Module 2: Petroleum Act 2019: Unpacking the LPG Segment	**4/OCT/2022 | 10.00 a.m-12.30 p.m.**
			Module 3: Petroleum Act 2019: Unpacking the Supply Chain	**5/OCT/2022 | 10.00 a.m-12.30 p.m.**
	(B) OIL AND GAS RETAIL AND MARKETING COURSES			
SPS 003B1	Service Station Management course (Part 1)	**3 hours**	**Module 1:** Product knowledge	**11/OCT/2022 | 9.15a.m-1.15 p.m.**
			Module 2: Petroleum product supply chain	**12/OCT/2022 | 9.15a.m-1.15 p.m.**
			Module 3: Licensing and legal requirements	**13/OCT/2022 | 9.15a.m-1.15 p.m.**
			Module 4: Retail Service station layout and design	**14/OCT/2022 | 9.15a.m-1.15 p.m.**
			Module 5: Retail service station operations	**17/OCT/2022 | 9.15a.m-1.15 p.m.**
SPS 003B2	Service Station Management course (Part 2)	**3 hours**	**Module 1:** Staff management	**3- 7/OCT/2022 | 12.30 p.m-3.30 p.m.**
			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	**17-21/OCT/2022 | 12.30 p.m-3.30 p.m.**
			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	**5/OCT/2022 | 9 a.m. - 12.30 p.m.**
			Module 2: Refining operations	
			Module 3: Legal & regulatory framework	
			Module 4: Imports custody transfer	
			Module 5: Terminal designs & Importing Infrastructure	
			Module 6: Product measurement & measurement equipment	
SPS 009B2	Stocks Management Level 2		**Module 1:** Product receipts, costing and pricing	**17-26/OCT/2022 | 9.30 a.m-12.30 p.m.**
			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)	
	(C) HEALTH SAFETY SECURITY AND ENVRIONMENT COURSES			
SPS001C1	Occupational Health, Safety, Security, and Environment (HSSE) course (Part 1)	**2 hours**	**Module 1:** HSSE Legislation, Standards and regulatory framework	**24-28/OCT/2022 | 9.15a.m-1.15 p.m.**
			Module 2: OSHA Principles Policies and Development for petroleum	
			Module 3: Risk assessment and management	
			Module 4: Incident investigation and reporting	
SPS001C2	Occupational Health, Safety, Security, and Environment (HSSE) course (Part 2)	**2 hours**	**Module 1:** Emergency response and planning	**7-11/NOV2022 | 9.15a.m-1.15 p.m.**
			Module 2: OSHA health, safety and general welfare provisions	
			Module 3: Compliance audit, offences and penalties	
			Module 4: Fire protection and prevention	
	(D) AVIATION FUEL MANAGEMENT COURSE			
SPS003D1	Introduction to Aviation operations & management course (Part 1)	**2 hours**	**Module 1:** Production knowledge	**3-7/OCT2022 | 10.30 a.m-12.30 p.m.**
			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	**24-27/OCT/2022 | 10.30 a.m-12.30 p.m.**
			Module 2: Quality Control and Jet Fuel Re-Certification Procedures	
			Module 3: Price exposure and Risk management	
			Module 4: Emergency Response Preparedness	
	(E) LPG OPERATIONS SALES & MARKETING COURSES			
SPS003E1	LPG Sales, Operations and Marketing Management (Part 1)	**2 hours**	**Module 1:** LPG product knowledge	**25-29/NOV/2022 | 10.30 a.m-12.30 p.m.**
			Module 2: Bulk LPG import and transfers	
			Module 3: LPG bulk storage facilities	
			Module 4: LPG standards, legal and regulatory framework	
			Module 5: LPG cylinders manufacturing design and specification	
SPS003E2	LPG Sales, Operations and Marketing Management (Part 2)	**3 hours**	**Module 1:** LPG cylinder safe handling and transportation	**9-13/OCT/2022 | 10.30 a.m-12.30 p.m.**
			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	**5-7/OCT/2022 | 10.30 a.m-12.30 p.m.**
			Module 3: Health and wellness policy	
			Module 4: Driver recruitment process	
	(H) LUBRICANTS COURSES			
SPS001H1	Lubricants Competency Course (Part 2)	**2 hours**	**Module 1:** Lubricant's standards legal and regulatory framework	**2-4/OCT/2022 | 10.30 a.m-12.30 p.m.**
			Module 2: Automotive, Synthetic and industry specific lubricants	
			Module 3: Lubricant's market, supply chain and distribution	
	(J) EXECUTIVE MANAGERIAL COURSES			
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	**13/OCT/2022 | 9.30 a.m-11.30 a.m.**
			Module 2: Implications on organizational role and structures	
SPS002J	Executive Introduction to the East Africa Oil and Gas sector	**2 hours**	**Module 1:** Product Knowledge	**30/NOVEMBER/2022 | 10.30 a.m-12.30 p.m.**
			Module 2: Legal and regulatory framework	
			Module 3: Market supply chain and fiscal regime	
SPS 008M	Oil and Gas corporate governance for Boards and management conference	**1 day**	**Corporate Governance for Boards and Management**	**21/OCTOBER/2022**

Impact of Russia-Ukraine Crisis on Petroleum Prices and Its Effects in Kenya, EAC

Arnest Akumu
Head of Supply and Distribution
Lexo Energy

The advancement of technologies has increased our assertiveness in global markets, economies, and sociopolitical spheres. The world has become a "small village" they say. An action on one end has almost an immediate reaction on the other end. Towards the end of February this year, when Russia invaded Ukraine, the war's impact on global petroleum prices has been louder and louder like a resounding gong not only to the developed European countries but also severely to the East African Communities (EAC) whose economies are heavily reliant on fossil fuels.

Russia is the third-largest oil producer worldwide, accounting for over 12 per cent of global crude oil production after Saudi Arabia and the US and is the largest exporter of natural gas to European Union communities.

In determination to punish Russia for her invasion of Ukraine, on 04th May 2022, president of the European Commission Ursula Gertrud von der Leyen called for a phased embargo of Russian oil export at the end of the year. This was to be a complete import ban on all Russian oil seaborne and pipeline, crude and refined.

EAC may not be solely relying on Russian oil but the EU's attempts to systematically phase off 12 per cent of the barrels from the market are shortening global supplies in an already steeply backward dated market structure in which spot and nearby contracts are trading higher than future prices. Petroleum import prices into EAC through ports of Mombasa in Kenya, Dar es Salaam, Tanga and Mtwara in Tanzania are based on S&P Global Platts Price Benchmarks. The speculations around these embargoes from earlier 2021 before Russia's actual invasion of Ukraine and their announcement by the EU president have sustained an upward trajectory of daily Platts publications whose monthly average builds up into about 70% of a specific cargo's import unit cost.

In addition to the embargo on Russian oil and tankers, the EU and the United Kingdom agreed to impose a ban on providing insurance to any ships carrying Russian oil imports anywhere in the world. EU officials hope to have this in place by the end of 2022, effectively shutting out one of the largest crude oil producers from the maritime export market. Without insurance, tankers would be turned away from global ports, which translates into a reduction of the available ships to charter for EAC ports.

The ban on the insurance of Moscow tankers affects the second major component of the petroleum price build-up which is the freight and premium. From the below averaged table for freight and premium comparison between March and July 2021 against 2022 for the same period, as per Suplycor's tender results data, freight and premium which also includes the insurance for CIF quotes have increased by more than 80%! Incredible!

GRADE / FREIGHT & PREMIUM	2021 - USD/MT	2022 - USD/MT	INCREASE	% INCREASE
PMS (Petrol)	9.45	36.87	27.42	74%
AGO (Diesel)	8.84	66.69	57.85	87%
JETA-1 / KERO	6.59	79.47	72.88	92%

The marine tankers use diesel and heavy fuel oil in their voyages from load port to disport. With these petroleum consumables being already expensive, the cost of running the engines and the generators while the ship is en route becomes higher and hence the spike in demurrage charged on the charter party agreements. In EAC, Demurrage Per Day Pro

Rata (PDPR) rates have broken the set ceilings for Long Range II (LR2) vessels. For instance, in Kenya, the rates have almost doubled from the initially set max of USD 45K Petroleum products, especially diesel, have a pivotal role in the day-to-day running of the economy from the Agricultural, Industrial and Transport sectors. Increased oil prices lead to increased costs of producing most, if not all, essential commodities for the final consumers in EAC. Economic experts attribute the high inflation rates witnessed in 2022 to high fuel prices linked to Russia's war in Ukraine. The cost of living is rising. IMF forecasts the global inflation rate at 7.2% in 2022 with much higher numbers projected for Burundi and Southern Sudan where cars queue for a day or two for fuel.

While some of the landlocked countries in EAC are experiencing the full wrath of this crisis as reflected by the higher inflation rates due to high fuel prices, the governments of Kenya and Tanzania introduced subsidies and price stabilization schemes to cushion their citizens to some extent.

In Kenya, while citizens enjoyed stabilized prices at the pump which were considerably lower than the actual calculated price, the same cannot be said of the Oil Marketing Companies (OMCs) who had to pre-finance significant chunks of the prices for an average of 60 – 90 days awaiting compensation from the government. Intermittent delays by the government to disburse these funds to OMCs like those experienced in April this year had placed most small and young OMCs in serious financial strains making it difficult for them to continue meeting their product procurement obligations in Open Tender System (OTS) due to exhaustion of their financial reservoirs and set credit lines by their financiers.

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Some OMCs temporarily withdrew from OTS and started relying on the reseller market to keep their stations supplied with fuel while others redirected all their OTS ullage allocations to export and transit business segments i.e., to Uganda, Rwanda, Burundi, Southern Sudan & Congo. These survival tactics ended up starving the local supplies hence the fuel shortage experienced during the March and April Energy Petroleum & Regulatory (EPRA) pricing cycles.

State department Ministry of Petroleum & Mining (MOP&M), PIEA and other lobby groups had to intervene to fast-track the disbursement of stabilization arrears to OMCs. Other reactive measures included forcefully localizing two whole LR2 cargoes and enforcing compliance with 60%: 40% local to transit ratios to all OTS participations to regularize the local supplies situation. These measures in a way also meant that lesser volumes transited to neighbouring land-locked countries in EAC and thus very high prices and shortages in Uganda, Rwanda, Burundi, and Southern Sudan.

Tanzania's subsidy works differently from the Kenyan one whereby the Energy Water and Utilities Regulatory Authority (EWURA) published subsidies are discounted from taxes and levies payable on the upcoming imported cargoes. This approach, though not 100% perfect too, seems to work well since OMCs do not have to pre-finance Bulk Petroleum System (BPS) imports. However, there's always an exposure in inventory value loss in volumes spilling to the subsequent EWURA pricing cycle.

It is not clear for how long the Russia – Ukraine crisis will go on, but the war has been intensifying day by day with more sanctions being directed at Russia. The US and EU are coming up with strategies to wean themselves off Russian oil and natural gas through diversification, substitution, and reduction. EAC too needs to fast-track its explorations and production of its own fossil fuels resources and develop policies that will incentivize diversification into renewable and nuclear energy. In the short term, it is imperative to step up the management of subsidies where they have been instituted to stabilize the security of supplies both at the entry port countries and the neighbouring land-locked countries in EAC to manage and minimize the impact.

Global Events Impact on Kenya's Oil and Gas Sector

Anthony Munyasya
Chief Executive Officer
Galana Oil Kenya Limited

As the Energy and Petroleum Regulatory Authority maintained Kenyan fuel pump prices for August 2022 at the previous month's level, the short to the medium-term outlook of the sector remains uncertain owing largely to unfolding events in the world.

However, it is my view that while several global factors have had varying impacts on the Kenyan oil and gas sector, local actions could instil a more stable environment for oil marketers and consumers.

This is because, while the Ukraine crisis came on the back of Covid-19 turmoil and has caused a measurable impact, the surging US dollar has affected prices, and post-election stability and a lasting solution to the Kenyan fuel subsidy are more likely to soothe the local market into normality.

Firstly, the forex market. Over the last few months, the dollar market has tightened and the greenback has continued to push the Kenyan currency into the further weaker territory.

The dollar strength is largely attributable to the US Federal Reserve moving to hike interest rates to combat historic inflation in the world's largest economy. This trend is likely to continue despite a recent surprising slowdown in inflation.

However, the supply constraints of the dollar locally have more to do with domestic factors.

Because of the General Election, Kenyans have continued to hold onto foreign currency accounts making traders' demand outstrip supply. This in turn has also caused prices to rise.

Secondly, the higher prices occasioned by the dollar strength and global turmoil have affected oil marketers' working capital. For example, a sizeable player who would previously have needed US$100m to prepay for their order, is now having to spend close to $160m, a more than 50% increase. This has severely affected the working capital of some of the players.

A stable transition will ease concerns and see more fluidity in the market once the dollar supply increases.

This in turn may allow oil marketers to buy dollars with more ease. Currently, because of the shortage of dollars, they are having to buy in small amounts until they accumulate what they need to prepay for their orders.

As the country transitions peacefully, industry players see the dollar liquidity improving locally. However, this could also see other importers increase dollar purchases as they begin to increase imports.

The other issue is the future of the fuel subsidy. The government continued to face emerging competing demand for cash which may have occasioned pressure on the timely payments to industry players. An example of this is the intervention on maize flour prices after a maize shortage pushed prices of the staple food to record highs.

Removing the subsidy may prove difficult if global oil prices remain high and supply remains unchanged.

While OPEC has cut its global demand forecast by 260,000 barrels per day (bpd) on concerns of a worldwide recession, the IEA has raised its outlook by 380,000 bpd. It bases its revision on an observed switch from natural gas to oil owing to supply concerns of gas due to the Ukraine crisis.

Crude prices are also seeing easing if demand in China slows. This combined with the US Fed continuing its assault on demand to curb inflation could then allow the Kenyan government to seriously consider reviewing the fuel price stabilization programme.

A stable political environment could also see shipping return to normal. While some importers in the industry supply chain are still working through their inventory of commodities such as oil pumps and other parts, some are now having to switch to air freight.

Both DHL and FedEx for instance, have now brought in Boeing 777s to deal with ramped-up demand for air freight. The situation could go back to normal but the lead time it takes for ships to come in, means it may be a few months before we see this.

All in all, political stability and policy direction by the new government, are more likely to determine the short to medium-term outlook for the local oil and gas sector.

EAC Block Offers Opportunities For New Nations

Bernard Njiriani
Managing Director
Kenya Bureau of Standards

As the world populace continues to grapple with the globalization phenomenon, it would suffice to say that regional integration, especially between smaller nations here in Africa, is an essential first step.

The East Africa Community (EAC) has led the way for its solid integration purpose. According to the 2021 Africa Regional Integration Index (ARII), the East African Community was ranked as the most integrated bloc among the eight regional economic communities (RECs) recognized by the African Union. Suffice it to say that petroleum is one of the largest sectors in East Africa that offers the supplest opportunities. According to data from the World Bank, Kenya is the region's highest consumer of petroleum, gulping some 98,000 barrels annually. The next highest is Tanzania at 58,000 barrels, far below Kenya's consumption level.

Behind Tanzania, Uganda maintains a consumption rate of 27,000 barrels. South Sudan and Rwanda follow Uganda at 11,000 barrels and 6,000 barrels respectively. Burundi has the lowest consumption at 1,500 for the entire year.

It is instructive to note that higher petroleum consumption is generally indicative of a growing economy.

With this rate of consumption, the region can do with some drilling opportunities. It is welcoming to confirm that Kenya, Uganda, and South Sudan have all reported oil exploration opportunities that have lit up the region and attracted much-deserved foreign investors.

With renewable energies advancing at a rapid pace, longer-term petroleum demand may begin to fall as is seen in developed economies. Time will tell on the future of the petroleum industry serving the EAC and its member countries.

To begin with, Kenya has just announced for sale 35 oil and gas exploration blocks mostly in the natural gas-prone coastal Lamu Basin.

Kenya discovered its first oil in Turkana County ten years ago, in March 2012. In Uganda, exploration, has already taken a foothold through the Tilenga Project in Buliisa and Nwoya districts and the Kingfisher Project in Hoima and Kikuube Districts.

This has prompted great investment in the East African Crude Oil Pipeline (EACOP) which will be gobbling US$3.6bn.

South Sudan has just discovered a new oil well in the Adar area of Northern Upper Nile State that contains 5.3 million barrels. This is on top of the Adar Yale oilfield estimated to contain about 276 million barrels.

It is instructive to note that the petroleum supply network covers distribution ports serving Kenya and neighbouring landlocked countries.

Currently, the East African Crude Oil Pipeline (EACOP), also known as the Uganda-Tanzania Crude Oil Pipeline (UTCOP) is considered a game-changer in the planned labyrinth of pipelines that will be dotting the region.

Kenya is at the moment planning to build a new oil pipeline. The pipeline will connect the Lokichar Basin to Lamu Port, and is one of the major LAPSSET (Lamu Port-South Sudan-Ethiopia-Transport) Corridor projects.

While exploration opportunities abound, prospects for the construction of refineries are also in top gear. A good look should be directed at the Sh40 billion Kipevu Oil Terminal which will be linked to the Kenya Petroleum Refineries Limited (KPRL) and Kenya Pipeline Company (KPC) storage tanks.

Regionally, South Sudan's Bentiu oil refinery in Unity State, with a capacity to refine 10, 000 barrels per day and the Tanzania International Petroleum Reserves Ltd, a robust storage facility, stand out as major opportunities for investors.

It would be prudent to note that in the short and medium term, a ballooning petroleum sector in East Africa will see demand for motorbikes, cars, buses, generators and corresponding businesses serving consumers in those sectors including fuel services, repairs, spare parts, lubricants, and repair services for petroleum consuming equipment. Businesses that serve the Uganda-Tanzania oil pipeline are also anticipated to grow following the receipt of relevant contracts for engineering and maintenance services.

It is under this clout of prosperity that other neighbouring countries have shown a great urge to join EAC. Primarily, EAC is comprised of Kenya, Uganda, Tanzania, Burundi, Rwanda and South Sudan. But DR Congo has already joined the bandwagon and also Ethiopia is an interested party.

The current EAC regional integration initiative has its origin in the Mediation Agreement for Division of Assets and Liabilities of the East African Community which collapsed in 1977.

Efforts to rise from the collapse of 1977 took heat when a Protocol for the Establishment of the East African Community Customs Union was signed by the 3 East African Heads of State on 2 March 2004 in Arusha, Tanzania.

The Republics of Burundi and Rwanda joined the Customs Union in 2008 and started applying its instruments in July 2009. Indeed, it would be correct to say that these countries that are aiming to join EAC are bound to benefit from the great economic opportunities that the bloc has to offer.

To begin with, on average, the size of each of the EAC countries has a population of around 20 million people with a GDP of around US US$20 billion. Such economies on their own are too small to attract any major meaningful investment in today's globalised economy, where mass production is vital to reduce unit costs.

But the creation of one economic region through the Customs Union, EAC created a single market of over 145 million people and a combined GDP of around US$ 147.5 billion. This large economic region can only be meaningful if it is more than a simple aggregation of neighbouring countries. Before the Customs Union, trade in the region was carried out under different external tariffs; customs regulations, procedures and documentation.

The EAC Customs Union has assisted to level the playing field for the region's producers by imposing uniform competition policy and law, customs procedures and external tariffs on goods imported from third countries, which has supported the region to advance its economic development and poverty reduction agenda.

Further to this, the Customs Union has promoted cross-border investment and served to attract investment into the region, as the enlarged market with minimal customs clearance formalities, is more attractive to investors than the previously small individual national markets. In addition, the Customs Union offers a more predictable economic environment for both investors and traders across the region, as regionally administered Common External Tariff (CET) and trade policy tend to be more stable.

All these are benefits that the new countries joining the EAC are bound to gain from.

At the same time, besides trade, infrastructure development has taken a strong foothold among individual EAC countries, and countries that want to join the bloc have an opportunity to share in these developments.

For example in Kenya, the Lamu Port, South Sudan, Ethiopia Transport Corridor (Lapsset) project, with its ports, roads and pipelines has opened up trade for hinterland countries such as Rwanda, Burundi, South Sudan and now DR Congo.

When it comes to bargaining for tariff exemptions and preferential treatment for locally produced goods, suffice to say the EAC bloc, bargaining as one voice is bound to get bigger mileage than individual countries looking for such opportunities. These are other opportunities that accrue for nations eying membership in the bloc.

Conversely, a great impact has been felt by traditional countries in the EAC from the new members. For example, the resource portfolio of the Democratic Republic of Congo, the newest member of the East African Community, is impressive and unmatched in the region.

It has cobalt, gold, diamond, aluminium, copper and other precious minerals; 95 million people, numerous water bodies, vast farmland, rich biodiversity, and the world's second-largest rain forest.

The admission of the DRC into the EAC, with a population of 95 million people, has been hailed as a game-changer in a region where intra-trade, infrastructure development, health and food security suffered shocks due to the Covid-19 pandemic.

The new EAC now offers a combined market-driven economy of 266 million people and a GDP of $243 billion.

DRC, sub-Sahara's largest country, will also be EAC's largest. It brings her French heritage and, together with Rwanda and Burundi, gives EAC a new identity: Africa's largest Francophone bloc.

With this bloc now stretching from the Indian Ocean in the East to the Atlantic in the west, the DRC presents the potential to open the Indian Ocean to the Atlantic Trade Corridor and link the region to Central Africa, North Africa, and other continental sub-regions.

In return, the DRC will benefit from the EAC Common Market and Customs frameworks, with easier and seamless access to the markets and seaports of Kenya and Tanzania at cheaper rates.

All these are opportunities that investors in the region can take advantage of and increase their wealth. Ethiopia is also a landlocked country that can gain much and create a great impact if it formally joins the EAC.

The impact of the Russia-Ukraine war on Kenya

Stephanie Kimani
Economist
NCBA Bank PLC

If it wasn't enough of an economic rollercoaster from the COVID-19 pandemic, the global economy is reeling from the impact of the Russia-Ukraine war.

The conflict continues to have a direct economic implication on commodity markets, logistic networks, supply chains and foreign direct investments.

The geopolitical and economic shock has resulted in a slew of global growth downgrades with consensus estimates suggesting that GDP could expand by 3.00% compared to about 5.50% in 2021.

In the hopes of clipping the war in Ukraine, several countries led by the US have placed sanctions on Russia. As of April 2022, the US froze nearly US$ 300Bn of Russia's foreign exchange reserves out of an estimated US$ 640Bn reserve pool.

Russia, thereafter, intensified capital controls to prevent a funds (US$) exodus banning all its residents from transferring foreign currency abroad. Russia as well halted the sale of Russian securities by foreigners.

The 'weaponization' of the US dollar against Russia has demonstrated the immense geopolitical power that a global currency can confer. This has unlocked a powerful need for countries to diversify and establish an alternative global currency system that isn't controlled by potential adversaries.
Already, some central banks are seeking to diversify their foreign exchange reserve holdings in a drive towards de-dollarization. This implies that the US dollar's share of global reserves will continue to fall albeit over a period of time.

Till then, the US dollar will remain the world's hegemonic reserve currency thus playing a crucial role in international trade and finance.

The aftershocks of the Russia-Ukraine war have indeed amplified the US dollar's significance in financial markets.

For starters, the clouded optics on the geopolitical landscape has aggravated global risk metrics sustaining the US dollar's safe-haven appeal.

Moreover, the disruption of supply chains has resulted in a surge in inflation (more so food and fuel) necessitating aggressive monetary policy tightening. The US Federal Reserve has been the front runner and has hiked rates by 225bps – the most hikes by any central bank globally.

This impact on Kenya has been two-fold.
One, Kenya's import-dependency has resulted in superior demand for US dollars to settle import obligations. A globally strengthening US dollar amid supply chain disruptions has made imported goods (e.g. fuel, grains and fertilizer) more expensive than before.
The resultant widening of Kenya's current account deficit, therefore, reflects a growing import bill (mainly fuel linked) that has greatly outweighed diaspora remittances and service receipts.

Secondly, the ensuing widening of interest rate differentials, as central banks hike policy rates, has accelerated an exodus of capital into higher-yielding US dollar-denominated assets as well as significantly tightened international credit conditions. This has elevated debt sustainability concerns for developing countries like Kenya.

In light of Kenya's significant external debt obligations, pressure on the central bank of Kenya's (CBKs) foreign exchange reserves has been immense in light of elevated external debt servicing needs.

Year-to-date (11th August 2022), foreign exchange reserves have declined by US$ 1.14Bn. A fast depleting FX reserve position has therefore constrained the CBK's ability to support the local currency. Overall, strong dollar demand amid inadequate supply has undermined price discovery in the official spot market with the execution of trades in 'secondary markets' occurring at a 6.00 shilling premium.

The dislocations are expected to remain so long as the aforementioned external shocks are sustained. For businesses, this should result in some delays in meeting obligations, therefore, undermining operations.

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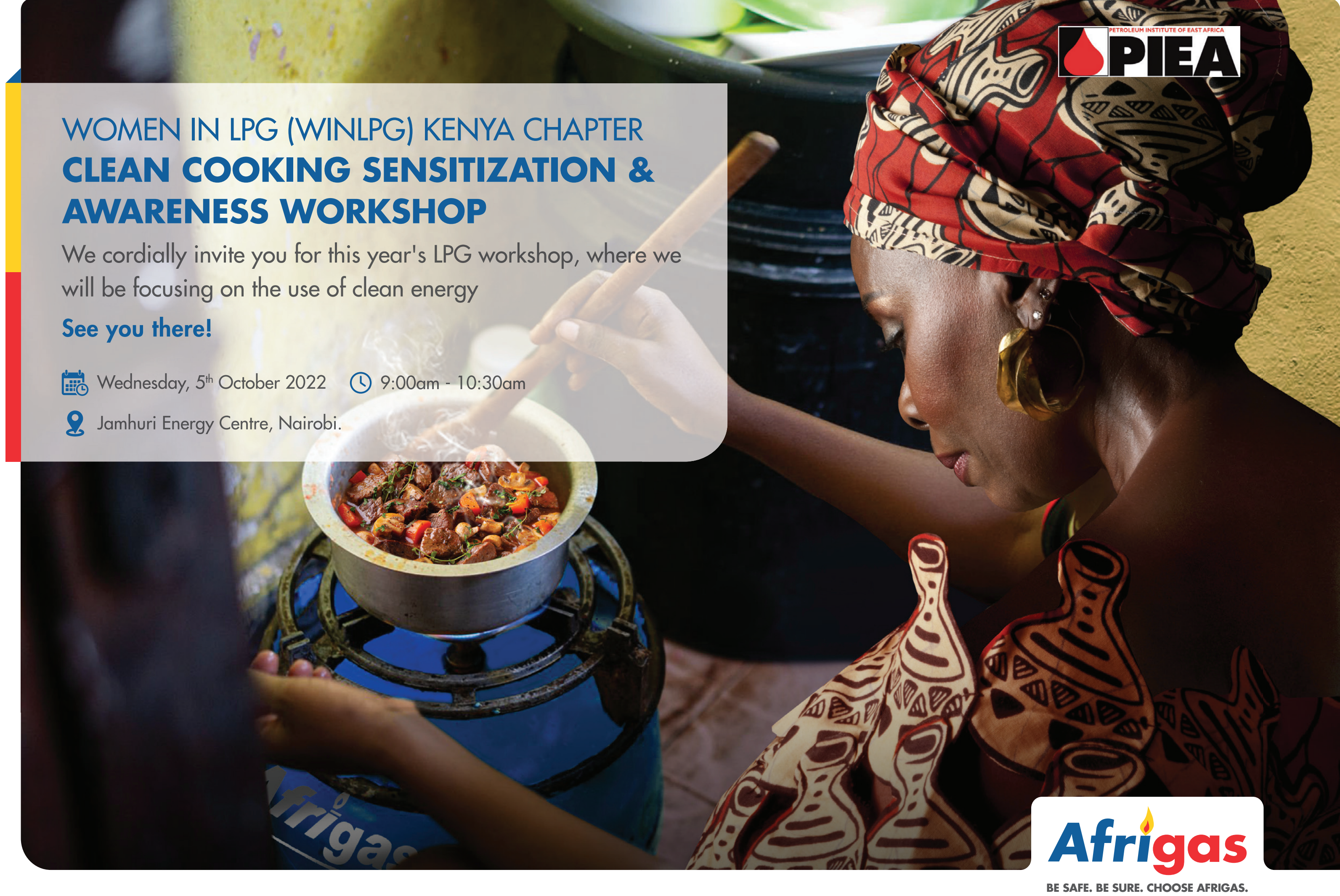


The Women in LPG (WINLPG) Kenya Chapter is going to collaborate with the Jamhuri Energy Centre under the Ministry of Energy (MOE) Rural Electrification and Renewable Energy Corporation(REREC) to carry out a sensitization and awareness workshop on clean energy cooking solutions that will include the provision of 6kg LPG cylinders with gas for the members at the center that will be provided by the Vivo Energy Kenya (VEK). This is in line with one of the WINLP Kenya Chapter's objective of moving LPG to every home in Kenya that is currently using charcoal, firewood, kerosene and and enabling women to participate in the LPG value chain. These Clean Cooking Fuel Drive and Sensitization and Awareness workshops will be carried out with Community Based Organizations across the Country in collaboration with the 6 Energy Centres under MOE.

Tobias Alando, MML, Bsc. Ag. Chief Executive, Kenya Association of Manufacturers and Wanjiku Manyara, General Manager, Petroleum Institute of East Africa, signed a Memorandum of Understanding that will enable the two parties to jointly work towards enabling petroleum and manufacturing regulatory framework, joint advocacy on fiscal policy and combating illicit trade through joint research initiatives and joint advocacy locally, regionally & internationally, with the aim of fostering economic development through innovation & sustained growth.

Wanjiku Manyara, PIEA General Manager (center) paid a courtesy call to Mr Srinivas Iyer, Regional Chief Executive Officer - (East Africa) Tristar Group and Ms Lucy Kituto, Business Development Manager - Africa Fuels and Lubricants (AFAL).

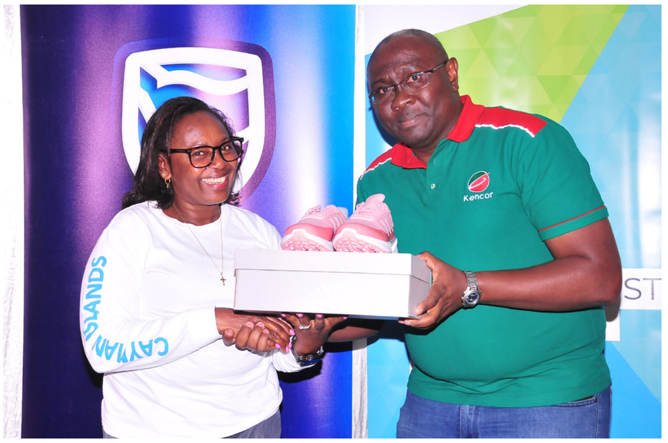
Eric Fanchini, TotalEnergies MD (centre), Dr Tom Musili, Founder of Waste Electrical and Electronic Equipment(WEEE) Centre (left) and Boniface Mbithi, CEO WEEE Centre dispose of e-waste during the launch of a new partnership for electrical & electronic waste disposal at TotalEnergies Gigiri. The partnership will provide collection areas for customers to dispose of their e-waste.

Golden spanner challenge finalists receive certificates after specialized training to improve their skills at the Toyota Academy through a partnership by TotalEnergies & CFAO Motors. This year's challenge had 47,000 mechanics participating, 61 finalists qualifying, 22 regionals winners and 4 national winners awarded.

Some of the PIEA and Supplyco Directors chit-chat during the commissioning of the Kipevu Oil Terminal.

East Africa Gasoil Limited (EAGOL) on September 23rd unveiled gift hampers to be given out to customers at EAGOL's petrol stations country-wide during the 2022 customer service week. (Left-Right): Supply Executive Abdinasir Mohamed, Senior Finance Manager Anthony Mwangi , CEO Abdi Ali, Accountant Evelyne Mbaru, Legal Officer Olympia Kuindwa and Commercial Sales Representative Collins Kandie at the company head office in Nairobi. EAGOL operates petrol stations in Mombasa, Kilifi, Namanga, Naivasha, Eldoret and Lodwar.

The East Africa Petroleum Transports Association (EAPTA) constructed a new Self-Regulating Weighbridge opposite Kenya Pipeline Company Depot, Kisumu, to enhance Axle Load Compliance.



The Lady Winner prize went to Rose Wachira. Handing her the prize is Anthony Muraya.

The winner in Men's category Mike Lucas won the Golf Shoes. Handing him the prize is Zilper Abong'o.

From Left to Right - Arvo Ladha, Tonny Tugee, P. Giathi and Cyllus Onyango of Team Rubis Energy Kenya were declared the overall winners of the 2022 PIEA Golf Tournament held at Muthaiga Golf Club, Nairobi early in the quarter.

Wilson Mwangi (Left) was the overall individual winner and won himself a Ben Sayers Golf Bag. Handing over the prize is Jaco Van Rensburg.

Vivo Energy Kenya Joins Mida Creek Conservation and Awareness Group To Conserve Watamu's True Hidden Treasure

Mida creek is a marine biosphere reserve found in Kilifi County 88km northeast of Mombasa and 25km southwest of Malindi town. It is one of the protected marine reserves under the Kenya wildlife service.

The reserve is connected to Watamu Marine Park, which has a seagrass bed in the subtidal and coral reef further offshore, thus encompassing interconnected diversity.

A mangrove nursery at MIDA Creek

The mangrove forest covers an area of 32km², mainly composed of Ceriops Tagal (Spurred Mangrove) and Rhizophora Mucronata (red mangrove or Asiatic mangrove) species.

The creek has a complex habitat diversity due to mangrove forests. It is an important breeding site for marine fish and an important bird sanctuary for Palearctic migrants, with at least 124 bird species recorded over the years. The creek attracts visitors, such as local and international researchers and students. The creek also supports the livelihood of different players such as fishermen and ecotourism groups.

Mida Creek Conservation Awareness Group (MACCAG) was formed by ASSETS (ARABUKO SOKOKE SCHOOLS AND ECOTOURISM SCHEME) guides. They constructed a boardwalk and bird hide in 2004 to create sustaining generation of livelihood for the youth through conservation activities of marine resources found at Mida creek.

The group has an office at the entry point of the Mida creek boardwalk and bird hide. The group has been working with many stakeholders toward conservation. The group works with Nature Kenya, Africa's oldest environmental society. Nature Kenya was established in 1909 to promote the study and conservation of nature in eastern Africa. Its mission is to connect people with nature and take action for biodiversity conservation.

Vivo Energy Kenya supports Nature Kenya's efforts to conserve the environment, and the Mida Creek project is one of the many projects the Company supports. In 2022 Vivo Energy Kenya donated 2000 mangrove seedlings that have been planted at the creek as part of the Company's environment conservation efforts. The MACCAG community will manage the seedlings to maturity. In addition to planting the mangrove seedlings, the company conducted a beach cleaning exercise.

Beach cleaning by Vivo Energy Kenya staff at MIDA Creek

Mangrove forests support the following items in the environment,

- Carbon Absorption – Mangroves hold up to four times more carbon than other tropical rainforests.
- They protect shorelines from erosion
- Provide habitat to many fish, birds, and other ocean species.
- Source of livelihood - People use them for medicine, fodder, construction materials, fuel, and making furniture.
- Source of food – Fishermen get a good supply of fish, crabs, and oysters.
- They encourage ecotourism – sport fishing, kayaking, snorkelling, boardwalks, birdwatching, and boat rides.
- Rich in biodiversity - provide a nutrient-rich breeding ground for numerous birds, turtles, shrimp, fish, and other microorganisms to thrive.

Mangrove planting exercise by Vivo Energy Kenya at MIDA creek

What does MIDA CREEK have to offer a visitor:

- Learn about mangroves at their benefits to the marine life
- Boardwalk as you search for birds
- Relaxing walks on the white sandy beach
- Boat ride
- Camping at Garden of Eden.

The conservation agenda goes on for Vivo Energy Kenya at Mida Creek and other areas of our beautiful country.

President Ruto's Address on Climate Change at The 77th UN General Assembly

By Jennifer Nyawira

President William Ruto

President William Ruto raised concerns of little effort made following the consensus from nations on the need to act urgently in addressing environmental impacts at the Stockholm+50 which Kenya was a co-host alongside Sweden.

In his maiden address to the United Nations General Assembly in New York, President Ruto noted that many countries are now witnessing the unsettling phenomena of rivers, canals, and water reservoirs drying up on account of droughts and heat waves occasioned by climate change and called on member states to collectively contemplate urgent measures needed to implement high-priority actions required to contain ongoing disruptions, as we deliberate on long-term implementation approaches to be undertaken.

"It will be recalled that during the Stockholm+50 meeting, which Kenya had the honour of co-hosting with Sweden, there was consensus from States on the need to act urgently in addressing environmental impacts. Given this agreement, it is deeply concerning that little progress has been made in respect of the needful actions. It is time to collectively contemplate urgent measures needed to implement high-priority actions required to contain ongoing disruptions, as we deliberate on long-term implementation approaches to be undertaken. I fully agree with the Secretary-General's memorable statement, that "we have a rendezvous with a climate disaster". I add that we must not be taken by surprise. If indeed forewarned is forearmed, this is our opportunity to mobilise with tremendous urgency and take action at once." said President Ruto.

The President noted that severe drought is not only ravaging the Horn of Africa and Sahel regions but is also being felt in Asia, Europe, and the Americas and called on UNGA member states and other relevant stakeholders to support the most affected countries through financial aid and other relevant climate adaptation technologies.

"Severe drought has affected not only the Horn of Africa and the Sahel regions but continues to devastate many others, including in Asia, Europe, and the Americas. If for no other reason, the fact that we are in this together must strengthen the case for concerted efforts across the continents. With this in mind, I call on the member states and all relevant stakeholders to demonstrate strong political will and showcase effective cooperation by supporting the most affected countries financially, as well as through sharing land restoration and climate adaptation technologies. It is through collaborations to expand inclusion that we can attain a new paradigm in multilateralism." he said.

"The latest report of the Intergovernmental Panel on Climate Change (IPCC) reminds us that we cannot afford to waste another moment debating the merits of doing something vis-a-vis doing nothing. It will soon be too late to reverse the course of events, and then, even the best possible interventions will not suffice. As leaders, every day is an opportunity to expedite our efforts to confront the triple planetary crisis."

The president urged member states to focus on the development and implementation of frameworks for climate change mitigation and to deliver on their commitment to climate financing.

"As we look forward to the 27th Conference of Parties to the United Nations Framework Convention on Climate Change – COP27, scheduled for Sharma-El-Sheikh in Egypt, it is logical to expect that member states will shift their attention towards the development and implementation of frameworks for climate change mitigation. The accomplishment of pending actions by the Member States is essential for the implementation work that lies ahead. I, therefore, call upon all of us to urgently deliver on all commitments made towards climate financing. On this matter, it is critical to emphasize that we are running out of time" urged President Ruto.

I call on the member states and all relevant stakeholders to demonstrate strong political will and showcase effective cooperation by supporting the most affected countries financially, as well as through sharing land restoration and climate adaptation technologies.

Expansion of UNON Facilities

President Ruto announced that Kenya has committed to availing more land for United Nations Office in Nairobi (UNON) to facilitate the upgrading of its complex and he called upon the other Member States to complement this gesture through enhanced financing to upgrade the UN facilities.

"As the host nation to UNEP and the UN-HABITAT, Kenya affirms that these critical United Nations Agencies have an indispensable role in the promotion of environmental sustainability globally, as well as in developing socially and environmentally sound and sustainable cities. In keeping with its strong commitment to multilateral institutions, Kenya has made available more land for the United Nations Office in Nairobi (UNON) to facilitate the upgrading of its complex. I take this opportunity to call on the Member States to complement this contribution through enhanced financing to adequately modernise the UN facilities." he said.

European Parliament Resolution on EACOP

The European Parliament has resolved to stem down the East Africa Crude Oil Pipeline (EACOP) citing grave violation of human rights of communities around the project, endangerment of the sensitive ecosystems and carbon emissions emanating from fossil fuels. The parliament stressed that the two countries should explore alternative projects based on renewable energies for better economic development.

Excerpts of the Resolution

The European Parliament;

1. Expresses its grave concern about the human rights violations in Uganda and Tanzania linked to investments in fossil-fuel projects, including the wrongful imprisonment of human rights defenders, the arbitrary suspension of NGOs, arbitrary prison sentences and the eviction of hundreds of people from their land without fair and adequate compensation; expresses its concerns about the arrests, acts of intimidation and judicial harassment against human rights defenders and NGOs working in the oil and gas sector in Uganda; asks the authorities to ensure human rights advocates, journalists, and civil society groups are free to carry out their work in at-risk communities and calls for all arbitrarily arrested human rights defenders to be released immediately;

2. Calls on the governments of Uganda and Tanzania to initiate concrete measures to ensure that authorities, security forces and policies respect and comply with human rights standards; insists, in particular, that the EU and other international actors maintain and strengthen their integrated and coordinated approach on Uganda, which includes the promotion of good governance, democracy and human rights, and the strengthening of the justice system and rule of law, and urges the EU and its Member States to raise these concerns through public and diplomatic channels; urges the Ugandan Government to reauthorise the 54 NGOs that have been arbitrarily closed or suspended, and to grant those people who have been displaced without receiving fair and adequate compensation access to their land;

3. Recalls that more than 100,000 people are at imminent risk of displacement as a result of the EACOP project without proper guarantees of adequate compensation; urges that those evicted or denied access to their land be compensated promptly, fairly, and adequately, as provided for in the Ugandan Constitution and as promised by the companies; asks the authorities to take further steps to adequately compensate people for lost property and land, protect local communities' rights to health, their environment, livelihoods, and civic freedoms, and provide redress to those affected by oil operations in past decades; calls on both governments to update domestic laws on land acquisition, valuation, and resettlement to ensure they align with regional and international standards, including the right to free, prior and informed consent;

4. Reiterates its call on the Ugandan authorities to allow free, meaningful and unhindered access to the oil zone for civil society organisations, independent journalists, international observers and researchers;

5. Reiterates its call for a strong and ambitious directive on mandatory corporate due diligence and an ambitious legally binding international instrument to cope with human rights, environment and climate obligations, as outlined in its resolution of 10 March 2021 with recommendations to the Commission on corporate due diligence and accountability[1];

6. Calls for the EU and the international community to exert maximum pressure on Ugandan and Tanzanian authorities, as well as the project promoters and stakeholders, to protect the environment and to put an end to the extractive activities in protected and sensitive ecosystems, including the shores of Lake Albert, and commit to using the best available means to preserve the culture, health, and future of the communities affected and to explore alternatives in line with international climate and biodiversity commitments; calls on the promoters of the EACOP project in Uganda and Tanzania to resolve all disputes that should have been resolved prior to the launch of the project, and to take into account all the above-mentioned risks, threatening this project; urges TotalEnergies to take one year **before launching the project** to study the feasibility of an alternative route to better safeguard protected and sensitive ecosystems and the water resources of Uganda and Tanzania, limiting the vulnerability of the watersheds in the African Great Lakes region, which is a critical resource for the region, and to explore alternative projects based on renewable energies for better economic development.

Tanzania and Uganda Governments Reject European Parliament Resolution

January Yusuf Makamba
Minister for Energy
Tanzania

The Tanzania and Uganda governments have criticised the European Parliament for the unfavourable ruling it made on the East Africa Crude Oil Pipeline (EACOP).

In the ruling, the EU parliament called out the two nations over human rights violations for the forceful eviction of over 100,000 persons to pave way for the project without rightful compensation.

The parliament also said the fossil fuel project will endanger the environment and called on "the EU and the international community to exert maximum pressure on Ugandan and Tanzanian authorities, as well as the project promoters and stakeholders, to protect the environment and to put an end to the extractive activities in protected and sensitive ecosystems, including the shores of Lake Albert, and commit to using the best available means to preserve the culture, health, and future of the communities affected and to explore alternatives in line with international climate and biodiversity commitments"

while responding to the accusations, Tanzania Minister for Energy, January Makamba, said that it was unfortunate the EU parliament came to such a conclusion since the overall pipeline route has been designed to minimise environmental and social impacts.

He noted that though displacement of persons was unavoidable, the government of Tanzania is aware that 9513 persons, from households, and commercial and government institutions, will be affected by the project. He added that 3.5 per cent of these will be physically displaced and that the government has made plans to compensate them by way of cash or alternative housing.
"But some physical displacement (loss of shelter) and economic impact (full or partial loss of farmland) is unavoidable. Land acquisition is compliant with both the Laws of Tanzania and the Performance Standards of the International Finance Corporation" said Makamba.

"We offer a choice between replacement housing (generally of a higher standard than the existing dwelling) and cash compensation, and around 85 per cent of the PAPs have elected for replacement housing, and construction of these replacement houses is ongoing."

He further added that the government compensates them at full replacement value and that each PAP signs an individual compensation agreement and as of September 12, at least 4612 PAPs have signed.

"No land will be accessed by the project until compensation has been paid and notice to vacate has been given. In fact, eligible PAPs will also be entitled to transitional food support and have access to livelihood restoration programmes. The land acquisition process is expected to be completed in mid-2023."

The Energy Minister said that the country will continue with the construction of 1,147 km of pipeline, a terminal and 4 pumping stations.

He noted that the 30-metre wide insulated pipeline will be buried at a depth of 1 metre, after which vegetation will be reinstated for the land to be usable by both humans and animals.

"Once operational, the pipeline will be monitored by a state-of-the-art fibre-optic cable to detect both temperature changes and vibrations and it will be executed in an exemplary manner in terms of transparency, shared prosperity and sustainable development including the environment and respect for human rights," he noted.

No land will be accessed by the project until compensation has been paid and notice to vacate has been given. In fact, eligible PAPs will also be entitled to transitional food support and have access to livelihood restoration programmes. The land acquisition process is expected to be completed in mid-2023.

Uganda's Message at UN General Assembly

At the same time, Uganda's Vice President Jessica Alupo told the United Nations General Assembly that it was hypocritical for countries that are at the centre of polluting the environment to begin preaching to countries which have borne the impact of these environmental violations how to act responsibly.

While representing Uganda's President Yoweri Museveni at the General Assembly, the Vice President said that the African continent like many developing regions of the world suffers the effects of Climate Change to a disproportionate degree and that Uganda has continued to experience prolonged droughts, floods, erratic rainfall patterns, landslides and melting of ice caps at its highest mountain; Mt. Rwenzori despite contributing an insignificant amount of global greenhouse gas emissions.

"It is regrettable and hypocritical that some of the regions and nations that mismanaged the environment and are disproportionately responsible for global warming have embarked on a rigorous campaign to thwart efforts of other countries, to responsibly and sustainably develop the oil and gas sectors. Our view is that development should be environmentally friendly, inclusive and provide benefits for all; it should leave no one behind," Alupo said.

Citing environmental concerns and human rights violations, the EU parliament called for a temporary halt to the construction of the 1443 kilometres pipeline that runs from Bunyoro in Uganda to Tanga in Tanzania. The resolution solicited both applause and condemnation from some sections of the Ugandan political intelligentsia and the general public. Those in favour of the resolution argue that it will foster openness in the project while those against argue that it's a flagrant violation of the country's sovereignty.

In her address, Alupo added that Uganda has continued to scale up investments in climate adaptation and mitigation measures such as; increasing access to clean energy to enhance production and increasing forest and wetland cover among other interventions.

She, however, added that the world must understand that climate change actions must uphold the principle of equity and common but differentiated responsibilities, consistent with the national context.

"We, therefore, urge the developed countries in line with the Paris Agreement to fully deliver on the USD100 billion goal commitments per year, to assist developing countries in their climate change actions to mitigate the adverse effects," Alupo said.

The Vice President also stressed the need to reform the UN Security Council to have a proportional representation of Africa.

"The present geopolitical realities are more compelling for a comprehensive reform of the Security Council to make way for equitable representation. Africa with more than one billion citizens, and with over seventy per cent of issues on the

Jessica Alupo
Vice President
Republic of Uganda

It is regrettable and hypocritical that some of the regions and nations that mismanaged the environment and are disproportionately responsible for global warming have embarked on a rigorous campaign to thwart efforts of other countries, to responsibly and sustainably develop the oil and gas sectors. Our view is that development should be environmentally friendly, inclusive and provide benefits for all; it should leave no one behind

agenda of the Council, continues to suffer the historical injustice of having no representation in the Permanent category of the Security Council, and is under-represented in the non-Permanent category too," Alupo said.

She called upon the UN member states to continue pushing toward an equitable representation so that what she called a long-standing injustice and imbalance towards Africa are addressed.

On the conflict in Ukraine which is overshadowing the meeting, Alupo said that a military solution should be ditched in favour of a negotiated settlement to end the conflict whose reverberations have been felt as far afield as Uganda. "The Russia-Ukraine military conflict continues to cause more suffering, destruction and displacement of the civilian population, mostly women and children.

The longer it persists, the more suffering, destruction and displacement we shall witness. We are deeply concerned about the loss of lives and the serious humanitarian situation. Uganda supports dialogue to reach a peaceful resolution to the crisis. My President has said many times, "We think the best way is to negotiate. Everybody who wants peace in the world should support negotiations to get balanced peace that ensures safety for all," Alupo said.

Earlier on, the Ugandan Parliament Deputy Speaker Thomas Tayebwa, termed the resolutions "deliberate misinformation, as the multibillion-dollar ($20 billion) project, has been under criticism from various activists, who want it stopped.

"These are projects which were approved by the Parliament of a sovereign country and anything to do with challenging their approval is an affront to the independence of this House and we cannot take it lightly," read part of a statement posted on the Parliament website.

The EU bile against the project, added Tayebwa, betrays neo-colonial attitudes and imperialism of the EU Parliament, which he derided for closing an eye on the union's own emissions, instead hypocritically shining the light on an emerging economy Uganda.

"EU motion represents the highest level of neo-colonialism and imperialism against the sovereignty of Uganda and Tanzania; the motion seeks to curtail Uganda's progress on oil and gas development and by extension the country's socio-economic development," he said.

According to Mr Tayebwa, EACOP will only represent 0.5 per cent of global emissions, yet the EU with just 10 per cent of the world population emits 20 per cent unfettered and member countries are exploring plans to deepen fossil-fuel-related excavations unfettered.

Oil produced in Uganda's Lake Albert region is expected to transit to Tanzania through the EACOP arriving at the coastal port of Tanga where it will then be sold into world markets and the production is expected to commence in 2025.

Africa's 5-Key Points Ahead of COP 27 in November

African and global leaders and other key stakeholders joined the Africa Adaptation Summit at the Global Center on Adaptation (https://GCA.org/), outlining the most critical elements of the global community's response to the climate crisis that heavily affects Africa as the world's most exposed region, two months ahead of the United Nations Climate Change Conference at Sharm el-Sheikh, Egypt (COP27).

The leaders said that the Success at COP27 will depend on whether the needs of Africa, the world's most climate-vulnerable continent, are met. Finance for climate adaptation action is Africa's top priority. Progress and transparency on the COP26 agreement to doubling international finance for adaptation by 2025 through delivery into the country programs of the most vulnerable will therefore be central to the success of COP27.

The main outcome of the Summit's deliberations was to outline a 5-point "Adaptation Breakthrough for Africa at COP27", and the key determinants of success for Africa at COP27, as follows:

1. Africa at A Tipping Point

The international community needs to reckon with the multiple economic, climate and health crises that are pressuring Africa. Africa's recovery from the economic and health shocks of the Covid-19 pandemic that drove over 25 million people into poverty is still incomplete. The continent which imports over 80% of its food now suffers most from the fallout from the Ukraine conflict's global food supply and price shock. This is driving food insecurity and humanitarian developments across Africa since food expenses represent 75% of the income of Africa's poorest groups when more than a fifth of all Africans are already food insecure. Many African nations lack fiscal space to respond effectively, with the share of low-income countries in or at high risk of debt distress at 60%, up from about 20% one decade ago.

2. Most Vulnerable Continent

According to the most recent assessment report of the IPCC (2021-2022 AR6), Africa is the most vulnerable continent to the consequences of the climate crisis. African nations not only contribute least to the causes of climate change, generating less than 3% of all greenhouse gas emissions, but rapidly increasing climate shocks will hit hardest in Africa. The global average of 1.5ºC and a doubling in extreme heat spells expected in the coming decade will be locally experienced as 3ºC of warming across large parts of Africa. As the frontline of the global climate emergency, adaptation presents an unprecedented opportunity for COP27 to secure unstoppable progress in Africa, leveraging the powerful synergies between adaptation and jobs, supply chains and development. Adaptation is also the most effective pathway to minimize climate-related loss and damage.

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3. Adaptation Finance

Doubling Implementation

The most significant development for adaptation at the UN Climate Change Conference in Glasgow (COP26) was the new commitment to bring international finance for adaptation onto an even footing with mitigation. Delivery on the COP26 agreement for developed nations to double adaptation finance by 2025 is not only pivotal to unlocking the full potential of adaptation action in Africa and around the world. It is also a crucial factor in the restoration of confidence in international cooperation to tackle climate breakdown amid accelerating warming and climate impacts and their deepening of global injustices. A standalone and transparent implementation plan showing progress towards the 2025 doubling target, and especially demonstrating funds flowing to country-led programs particularly into Africa's AAAP, would provide a powerful outcome to COP27 in Sharm El-Sheikh.

4. Capitalizing Africa's Adaptation Acceleration Program (AAAP)

The Africa Adaptation Acceleration Program (AAAP) launched last year was reaffirmed by African leaders and the leadership of the African Union and African Development Bank as the continent's flagship adaptation endeavor and the implementation vehicle of the Africa Adaptation Initiative (AAI). Africa has a $41 billion annual adaptation finance gap and no other program matches the AAAP's $25 billion ambition, which is already delivering action on the ground at scale towards catalyzing a resilient transformation in Africa. While half the financial volume of the AAAP has already been capitalized, COP27 is the opportunity for the international community to show solidarity with the bold adaptation efforts of the world's most vulnerable continent by closing in on the outstanding resourcing need for the African Development Fund (ADF) climate action window.

5. Delivering The AAAP

Upstream Facility

African leaders and partners further underscored the criticality of capitalizing the $250 million resourcing need of the AAAP's Upstream Financing Facility, managed by the GCA, which is the transmission belt to mainstream adaptation in large-scale projects of development finance institutions and private investments active within Africa. The AAAP Upstream Facility's already proven track record of guiding over $3 billion in investments in 19 countries since 2021 has also demonstrated a 1:100 leverage ratio. Making available the Upstream Facility's full resourcing needs by COP27 positions the AAAP to drive its full ambition into adaptation projects on the ground across Africa, a headline deliverable for the "African COP."

Axle Load Compliance By Use of Our Self Regulating Weighbridge Opposite KPC Loading Depot – Kisumu

Hindley Omanyo
Executive Officer
East Africa Petroleum Transporters Association - EAPTA

We appreciate the Government of Kenya for creating an enabling environment to facilitate our Road Transport Business through efficient loading processes across the Depots in Kenya.

We have continued to uphold Self-Regulation and Compliance in our business when loading at all Kenya Pipeline Company Depots in Kenya. This is an initiative we are committed to passing to the entire Petroleum Subsector in the Region.

Adherence to Calibration Standards and Training as required by Oil Marketers has continued to add a commitment to the Compliance requirements. However, these interventions are inadequate to ascertain the quantity of petroleum product being loaded in the Tankers meant for local and export markets.

The distance between Kisumu and Busia is an average of 113 Kilometers. Overloaded Tankers would cause extensive damage to the road pavement bearing in mind; the only weighbridge along this network is in Busia town.

The emergence and establishment of a Self-Regulating Weighbridge opposite Kenya Pipeline Company Depot, Kisumu, aims at enhancing Axle Load Compliance right at the Loading Depot for both local and transit tankers. The Weighbridge was commissioned on the 22nd of September 2022.

We urge Road Transporters to confirm empty weights at our weigh-bridge and subsequently verify the loaded weights for compliance before departure.

The benefits of the weigh-bridge to transporters and related stakeholders are listed below;

1. **Compliance** – Fines and penalties for overloaded vehicles are a total waste of money. The transporter does not need to pay such penalties. A weighbridge will ensure that your vehicle complies with the law, especially concerning the payload.
2. **Improves Safety** – no one should feel unsafe in the workplace if they want to work. A weighbridge assures drivers that the vehicle they are driving is fully compliant and fit for its usage.
3. **Enhanced Productivity** – Productivity and efficiency guarantee profits in any business. The use of the weigh-bridge will help transporters optimize the loading of vehicles at all times. Therefore, you waste no time and effort reloading the truckload.
4. **Customer protection** – using the weigh-bridge to obtain accurate vehicle measurements allows the transporter to protect customers who purchase products made by the transporters fleet.
5. **Saves Cost** – if a truck is not loaded fully, it can incur a loss to the company, which means what should have enhanced its revenue, will be lost due to partly loaded vehicles. However, when using the weigh-bridge, the space in the tankers will be used at its optimal level. Transporters will equally save on maintenance costs regarding the usage of their fleet if the load is compliant.

The solution will further enhance the transit share market for oil marketing companies as the lack of optimizing loaded volumes has always been a non-tariff barrier in the Northern Corridor Transit Route compared to the Central Corridor Transit Route.

The EAVLC Act 2016 is punitive to Petroleum and LPG Transporters loading from Kenya. The inability to offload or redistribute any excess load subjects the transporters to being fined four (4) times. This is not healthy for business. Thus, the reason we urge Energy and Petroleum Regulatory Authority, Kenya National Highways Authority, Kenya Revenue Authority, Oil Marketing Companies and Transporters to work hand in hand in weighing trucks at the weigh-bridge near the Loading Point.

Self-Regulation is the first step toward sustainable compliance. As Industry Players, we have set precedence by implementing the costly solution to ensure we preserve and protect roads, avoid hefty penalties at KeNHA Weighbridges and most important enhance business efficiency.

It is worthy to note that the East African Community Customs Management Act, 2004 (Revised Edition 2021) makes provision for the transhipment of petroleum products in the event of an overload. This function can be achieved right at the loading point once all trucks are weighed.

We have experienced cases where transporters are escorted back to the loading depot to offload excess weights. This can be alleviated by the use of the weigh-bridge as any excess will be addressed before the commencement of the journey.

I believe this solution will go a long way in adding value to the Petroleum subsector.

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	-
Gas Oil (automotive, light, amber for high speed 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	-
Liquiefied 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				-

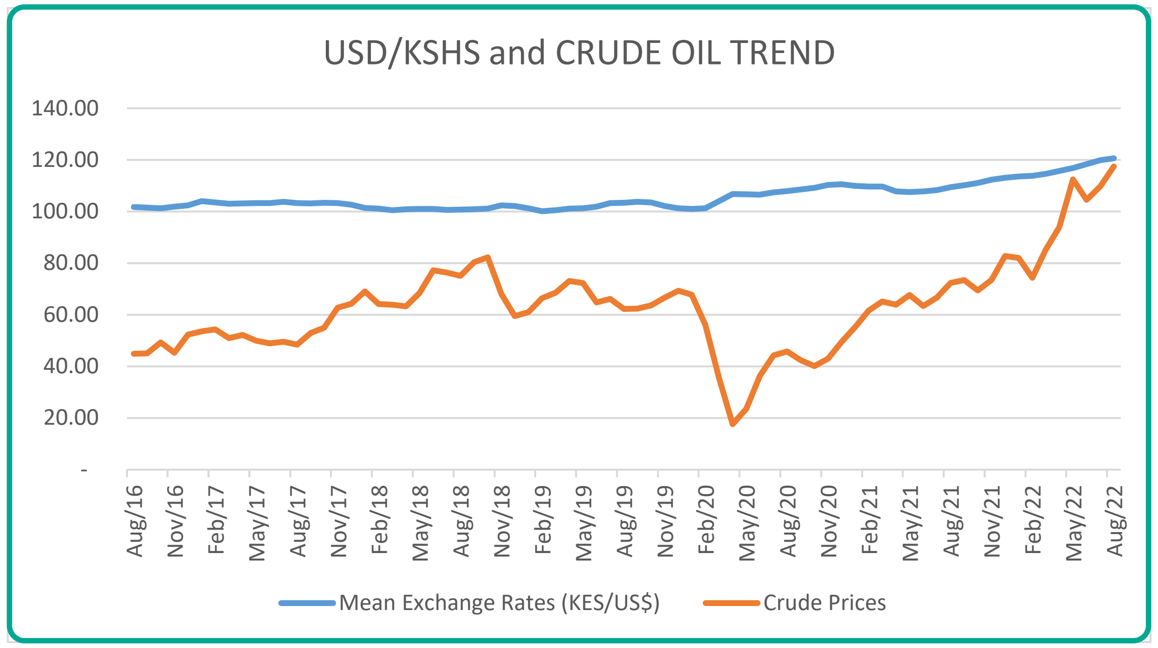
Excise duty rates remained unchanged after the High Court suspended the anticipated 4.97 percent increase on petroleum products - in line with average annual inflation. The increase was anticipated to be effective from October 1, 2021.

SOURCE: KRA

PIEA has continued to lobby for exemption of petroleum products from the excise tax inflation adjustment by 6.3% that is scheduled to take place from 1 Oct 2022.

Crude Oil Price Trend

Crude Oil Analysis		
Year 2020 - 2022	Mean Exchange Rates (KES/US$)	Crude Prices
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
Jul/22	119.92	109.68
Aug/22	120.64	117.53



Pump Prices

Maximum pump prices (15th September 2022 to 14th October 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	176.98	179.30	178.62	179.50	179.50
Automotive Diesel	162.76	165.00	164.83	165.72	165.70
Kerosene	145.69	147.94	147.79	148.67	148.66

Maximum pump prices (15th August 2022 to 14th September 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 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

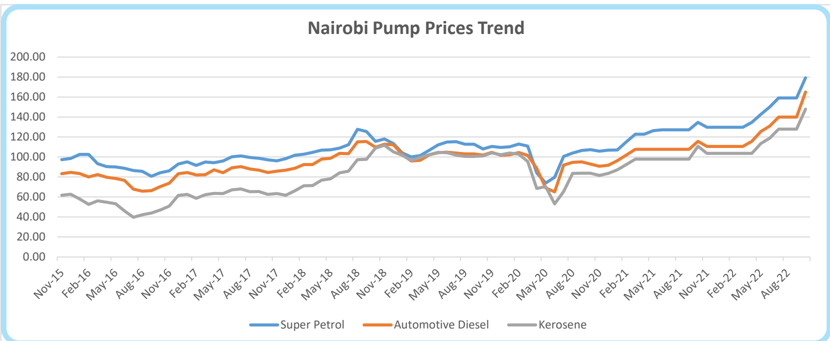
Maximum pump prices (15th December 2021 to 14th January 2022)					
PRODUCT	MOMBASA	NAIROBI	NAKURU	ELDORET	KISUMU
Super Petrol	127.46	129.72	129.24	130.13	130.12
Automotive Diesel	108.36	110.60	110.43	111.32	111.30
Kerosene	101.29	103.54	103.39	104.27	104.26

Notes:

a) In the recently published September 15th September 2022 - 14th October 2022 pricing cycle, the Energy and Petroleum Regulatory Authority (EPRA) has raised the price of petrol, diesel and kerosene by 12.7%, 17.8%, and 16.4% respectively.

b) The prices of fuel in Kenya have reached a historic high after the discontinuation of the fuel stabilization programme that has offered relief to motorists over the last one year.

c) EPRA has also increased the cost of electricity by 15.7%. Industrial power consumers will now pay even more as the pass-through costs now account for more than a third of power bills.



d) Although the subsidy for super petrol has been removed, a subsidy of Kshs. 20.82/litre and Kshs. 26.25/litre has been retained for Diesel and Kerosene respectively in order to cushion consumers from other wise high prices. It is anticipated that the stabilization programme will be fully discontinued for all three products in the next two pricing cycles.

Comparison between actual and published pump prices			
Product	"Actual Calculated Prices in 15th September- 14th October 2022 (Kshs/Ltr)"	"Published Prices in 15th September- 14th October 2022(Kshs/Ltr)"	"Difference (to be compensated out of PDL (Kshs/Ltr)"
Super Petrol	179.3	179.3	0
Diesel	185.82	165	20.82
Kerosene	174.19	147.94	26.25

EPRA Petroleum Prices

Breakdown of the costs of Super Petrol (PMS), Diesel (AGO) and Kerosene (DPK) in Nairobi: 15th September 2022 to 14th October 2022				
Cost Item	Cost Description	Super Petrol	Diesel	Kerosene
		Kshs/Litre	Kshs/Litre	Kshs/Litre
Landed Cost (a)	Weighted average cost for all imports	99.33	115.36	109.94
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%)	0.08	0.08	0.08
Depot Losses	0.5% PMS, 0.3% For DPK & AGO)	0.75	0.47	0.44
Delivery within 40kms of Nairobi	Delivery to petrol stations	0.54	0.54	0.54
Storage and distribution (b)		3.44	3.16	3.13
Importers Margin	Wholesale			
Dealers Margin	Retail Investment Margin			
	Retail Operating Margin			
Supplier Margins (C)		12.39	0.00	0.00
Price Stabilization Deficit (d)		0.00	-6.91	-11.94
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	1.90	2.23	2.11
Anti-adulteration Levy	Levy	0.00	0.00	18.00
Merchant Shipping Levy	Levy	0.03	0.03	0.03
Import Declaration Fee	Levy	3.33	3.89	3.69
Value Added Tax (VAT)	Tax	13.28	12.22	10.96
Taxes and Levies (d)		**64.14**	**53.39**	**46.81**
Retail Prices in Nairobi (a) + (b) + (c) + (d)		179.30	165.00	147.94
Summary		**Super Petrol**	**Diesel**	**Kerosene**
		KShs/Litre	**KShs/Litre**	**KShs/Litre**
Product Costs (a)		99.33	115.36	109.94
Distribution and Storage Costs (b)		3.44	3.16	3.13
Margins (c)		12.39	0.00	0.00
Price Stabilization Deficit (d)		0.00	-6.91	-11.94
Taxes and Levies (e)		64.14	53.39	46.81
Retail Prices in Nairobi		**179.30**	**165.00**	**147.94**

SOURCE: EPRA

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

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