

Small and medium-sized practices should enter onto Uganda oil & gas database

The Petroleum Authority of Uganda (www.pau.go.ug) published a list of 441 firms that had applied and successfully shortlisted for inclusion on the national supplier database (NSD) for 2017. These are firms that are currently accredited to provide all kinds of goods, supplied, goods and services to the US\$8bn oil and gas extraction sector. As a certified public accountant, the writer was interested to know who had made it so far within the accounting & auditing firm industry and found it was only the Big-4 (Deloitte, EY, KPMG and PwC). The Small and Medium-sized Practices (SMPs) were missing in from the list yet there are approximately 200 of them registered and regulated in Uganda by the Institute of Certified Public Accountants of Uganda (www.icpau.co.ug). The SMPs typically provide their services to Small and Medium-sized Enterprises (SMEs) and from the list, there are over 300 Ugandan SMEs vying for business in the nascent oil & gas exploration industry. The SMPs should partake on the gigantic oil & gas cake and ensure they reap maximum benefits from local content promotion. The good news is that the next round of applications opens in September 2017 and we hope that the SMPs enter the fray and also join membership of the Uganda Association of Oil and Gas Service Providers (www.augos.org). However, there are various steps to follow and credentials to submit to enter into the NSD. There is still sufficient time for any SMP to develop the competencies required to compete for jobs in the accounting & auditing field which is regulated ICPAU which celebrated 25 years of enhancing the accountancy profession in Uganda (1992-2017).

The other encouraging picture is that about 70% of the 441 firms are Ugandan. On paper, Uganda is already on the right path to promote local content. However, we see competition from firms from China (12%), UK (6%) and South Africa (4%). The competition appears small in terms of numbers but since those firms come from developed countries, there is a risk of them grabbing the cake when Ugandan firms are looking on. Why? The 330 Ugandan firms may have qualified to be on the NSD, but when the actual technical and financial bidding starts, do they have the capacity and capabilities to execute the various assignments (medium and large)? To be proactive, the SMPs and SMEs should start embracing the concept of Joint Ventures and Consortia where firms pool skills, experience and resources to be able to compete at a very high level. If the 330 Ugandan firms on the NSD each attempt to go on their own, the cake could be snatched by the few foreign firms. If 200 SMP acquired a sizeable amount of the cake, each of them could easily employ an extra 50 qualified professional accountants, which is creation of new jobs to the tune of 10000. To put this in context, ICPAU has approximately 2800 members accumulated over 25 years, but this number can be accelerated by SMPs to 10000 in just 3-5 years as major infrastructure projects take route in Uganda.

However, the SMPs need to take stock of their human capital and design strategies to enhance competitiveness at individual firm-level and collectively through mergers & acquisitions and inter-firm collaborations. The final news is that the writer will be finalizing a research on human capital strategies and their impact on the competitiveness of firms; in the context of SMPs in East Africa. There are over 1200 qualified accountants practicing professional accounting in the Ugandan, Tanzanian and Kenyan SMPs alone and we encourage participation in the upcoming research which will take place in 2017 and 2018.

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