

ARA STORAGE AND DISTRIBUTION FORUM

TOWARDS A SUSTAINABLE AND RESPONSIBLE SUPPLY CHAIN

21–22 NOVEMBER 2019, ACCRA, GHANA



This year's African Refiners & Distributors Association (ARA) Forum will focus on the downstream supply and distribution sector and will look at how to establish a sustainable and responsible petroleum supply chain. The Forum will concentrate on the need for an independent downstream regulator to assure the sustainability of product supplies in a safe, secure, efficient and economic environment.

The Forum will be held at the Holiday Inn hotel, Accra, Ghana on the 21st–22nd November 2019.

The 2019 Forum will concentrate on the follow up to the discussions held in Cape Town in March during ARA WEEK 2019 when Mrs Esther Anku, the leader of the ARA Regulation Work Group listed the challenges facing regulation of the downstream sector:

- To establish the right Government policies to attract necessary investments, e.g.
 - To regulate or not to regulate? To subsidise or not to subsidise? To be sole importer of products or to allow open tender or private imports?
 - To refine or not to refine? Should governments continue to protect inefficient refineries? What policies can be legitimately promoted to support local refineries?
 - Development of clear NATIONAL and REGIONAL policies that transcend governments and support efficient supply chains
- Adequate legal and regulatory framework, within a dedicated downstream regulatory structure, to support policy and to enforce the rule of law
- Availability and enforcement of standards and regulations – covering whole supply chain from refining or import to the service station
- Harmonisation of sub-regional fuel specifications and pricing structures
- To enhance investments in infrastructure across countries e.g. rail, pipelines.
- Limiting bureaucratic processes, e.g. investment procedures including acquisition of relevant licences and permits etc
- How to assure stable, sustainable, independent regulatory regimes to encourage continued improvements/growth in the downstream petroleum sector in Africa
- To share best practice among regulators e.g. on regulations, compliance, & enforcement.

Mrs Anku added “regulators need to work closely with governments to ensure the right policies are developed and implemented to strengthen investments in the African downstream. Regulators should assure a fair playing field for all operators along the supply chain to boost investor confidences, must continue sharing experiences, and also determine common strategies aimed at strengthening investments in the African downstream.”

This message was echoed by Mr Hippolyte Bassolé, leader of the ARA Storage and Distribution Work Group who, in Cape Town this year, stressed the need to assure adequate, safe petroleum storage to meet the market's needs including for security stocks, to improve communication with civil society, to establish product quality controls and product traceability, to invest in pipelines and rail distribution so as to reduce the number of trucks on African roads, to reduce road deaths through improving the management of sub-contractors, drivers and increasing use of new technology, to set and enforce standards for service station safety and engineering requirements, and to fight internal and cross-border fraud. He supported Mrs Anku in highlighting the urgent need to harmonise product quality and pricing policies down common supply chains and in neighbouring countries. “We all just need to be more professional in what we do”, he confirmed.

Mr Joël Dervain, the ARA's Executive Secretary, added that: “the ARA sees the development of robust regulation in the downstream petroleum sector as a critical step in spreading the ARA ethos of sharing best practice across the continent. The implication of energy regulators, alongside distribution and marketing professionals, offers a unique way to develop policy in respect of storage and distribution management for ARA Members to discuss with their governments, shareholders, other stakeholders and, especially, their own management and staff.”

The Forum is planned to be an inter-active process offering all downstream stakeholders unique networking opportunities to help share experience and develop synergies. To join the Forum and the unique ARA network, contact info@afrra.org, for further information on registration, sponsorship and call for papers.



ARA SUPPLY CHAIN FORUM

DAKAR, 30–31 OCTOBER 2018



Around 100 people from 17 countries attended this year's Forum held in the magnificent Radisson Blue Hotel on the Corniche in Dakar. Hosting by the Société Africaine de Raffinage, represented by Managing Director Mr. Serigne Mboup, helped make it a very successful event.

The theme of this year's Forum was "Achieving a safe, sustainable and efficient petroleum supply chain" and the topics addressed were focussed on this theme. The various expert industry speakers concentrated broadly on two major topics:

- Improving and regulating the quality of petroleum products
- Improving supply chain efficiency and operating practice

After opening remarks by the ARA President Mr. Hillaire Kabore, Mr. Cheikh Bedda, Director of Infrastructure and Energy at the African Union in Addis Ababa, discussed some of the economic issues facing African countries. Amongst the issues he discussed were the air quality problems in African cities, and the need to improve petroleum product quality. He assured everyone that the African Union would support all efforts made to address these problems and recognised the efforts being made by the ARA to promote best practice across the continent through the Association's Fuels Policy.

The Managing Director of the SAR refinery then welcomed everyone to Dakar and gave an overview of plans for the future of their refinery.



The first day of the conference focussed mainly on the issues of supply chain efficiency and product quality. Presentations demonstrating recent improvement in the supply chain were made by Mr. Hippolyte Bassole of Sonabhy, leader of the ARA Storage and Distribution Work Group, and Mr. Daouda Ndiaye of Senstock. In a closing session, Mr. Pape Deme of the Senegalese regulator CNH discussed local efforts to encourage supply efficiency.

ARA consultant, Mr. Tony Ogbuigwe, ARA regional representative for ECOWAS, updated participants on the progress of the study on how to improve product quality in the fifteen ECOWAS countries, and he particularly congratulated Ghana on their pathfinding effort introducing AFRI 4 specs (50ppm sulphur).

A specialist presentation by S&P Global Platts on the IMO 0.5% sulphur limit on bunker fuels, to be introduced from 2020, highlighted the good and bad news for African refiners. The World Bank affiliate IFC gave a clear presentation on the project financing they can offer, with examples of projects in Nigeria and Turkey.

The second day was mainly focussed on improving operating practices, and presentations were given by Total (trucking safety), Alpha Maintenance (tank efficiency), Soudotec (tank overfill protection) and GESTOCI (loss control). The day closed with a presentation by NPA Ghana showing how robust regulation can promote market efficiency.

The ARA President thanked all attendees for an excellent Forum and reminded participants that he hoped to see them at the ARA WEEK in Cape Town beginning on March 25th, 2019.

The Forum was closed by Mrs Aminata Ba, Directeur de Cabinet of the Ministry of Oil and Energy who thanked everyone for coming to Dakar for this important conference.

Following the conference, SAR kindly invited all participants to visit the refinery and join them for dinner at the famous Terrou-bi restaurant.

ARA STORAGE AND DISTRIBUTION FORUM

IVORIAN ENERGY MINISTER OPENS SUPPLY CHAIN CONFERENCE

9–10 NOVEMBER 2017

ABIDJAN, CÔTE D'IVOIRE



The Ivorian Minister for Energy and Renewables, Mr Thierry Tanoh, opened the ARA Storage and Distribution Forum held in Abidjan 9–10 November 2017. At the Forum, speakers and delegates laid out the ARA road map for petroleum storage and delivery systems and concluded that, despite many forecasters seeing global petroleum demand falling, African demand will continue to grow for the foreseeable future, and will lag refinery output.

This consequent increase in product imports will put pressure on petroleum supply chains and require both huge investment and culture change to meet the continent's needs for an economic, efficient, safe, and secure means of supplying its petroleum demand.



The conference welcomed delegates from 16 countries to Abidjan and presentations by oil marketing companies Total, Vivo, Puma, Engen as well as National companies such as Sonabhy from Burkina Faso and industry partners including HMT Rubbaglas, DNV GL, Authentix and the Cote d'Ivoire downstream trade organisation (GPP-CI). All of these clearly demonstrated the work done across Africa to improve standards as well as the challenges ahead. The conference concluded by focussing on each part of the supply chain where improvement is vital to economic growth and competitive goods and focussing on an ARA Road Map to:

- Improve **port infrastructure** through offshore mooring and discharge systems
- Replace and improve **petroleum storage** with a focus on safety and security
- Improve **road safety** through stronger regulation, use of modern technology (drivers' aids) and driver training
- Reduce road use by increased **rail freight, oil pipelines** and, where applicable, **sea or inland waterways transport**
- Strengthen regulation of **service station** design particularly in respect of underground storage and forecourts
- Develop **feasibility study expertise** so that banks can respond quickly to fund a properly presented project

On the last, the World Bank subsidiary, IFC, showed how, by focussing on the United Nations Development Goals, they can support the financing of projects that commercial banks may have difficulty justifying.

Mr Joël Dervain, the Executive-Secretary of the ARA, closed the conference by thanking all delegates for the open, inter-active discussions and, in particular, the sharing of best practice by African companies with their peers from other countries. "This shows the increasing maturity of our continent", he said. "We, the African downstream petroleum industry, must continue to accept our responsibility to change and this conference has focussed our attention on those areas where we can all help each other to improve the efficiency and safety of our operations."

The future of African petroleum product supply chains will be discussed again during ARA WEEK in Cape Town, and planning has already started for the 5th ARA Storage & Distribution Forum to be held later next year.



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MASSIVE INVESTMENT OPPORTUNITIES IN AFRICAN DOWNSTREAM OIL LOGISTICS

 8-9 NOVEMBER 2016  ADDIS-ABABA, ETHIOPIA



The ARA Storage and Distribution Forum in Addis Ababa, Ethiopia, on the 8-9 November 2016 was opened by the Hon Ato Motuma Mekasa, Ethiopian Minister of Mines, Petroleum and Natural Gas, Mr. Tadesse Tilahun, Chief Executive of the NOC Ethiopia and Mr. Joël Dervain, Executive Secretary of the ARA. They encouraged participants to work together to keep Africa supplied in petroleum products through a safe, efficient, economic and sustainable manner. Speakers included African companies NOC Ethiopia, Total, Puma, Engen, Oryx and Crossroads, as well as IFC, Standard Bank, Authentix, the Ethiopian Railway Company and the Kenyan Energy regulator.

At the end of the Forum members agreed that the growth in oil demand of 3 to 4% per year (10% per year in Ethiopia) represented a massive opportunity for the private sector. Whilst some of the opportunities, such as oil tankage and transport, were seen as uniquely private sector opportunities, the need for new investment in bulk distribution by pipeline, rail and ports requires African governments and regional organisations (SADC, ECOWAS etc.) to provide the enabling legislation for financing structures.

Presentations by IFC (the commercial arm of the World Bank) and Standard Bank, followed by discussion with Mauritius Commercial Bank, provided guidance on the requirements for such projects. Key success factors were considered to be realistic market expectations; construction cost control; competent sponsors (operations and commercial aspects); government commitment and robust financial structure. The key failure factors being: unrealised market expectations; over-supply leading to declining rates; financially weak sponsors; labour unions unrest; political events; government interference; and bad management.

A presentation by the Ethiopian Railway Company was followed by a short ride on the newly completed Djibouti-Addis Ababa railway. Chinese staff from the project team guided the journey. Whilst the railway will shortly be in commercial service, the connections to the oil terminals at Djibouti and Awash (near Addis Ababa) have yet to be completed, although the rail tank wagons have been acquired.



Road transport issues featured in the discussions. Trucking is always the fallback option in Africa, and compelling presentations by Puma and Total explained how high death and injury rates arising from truck accidents can be reduced by continuous training and the use of technology. The UN target of halving road traffic accidents was cited as the goal for Africa, as the continent has the highest global rate of road deaths per capita.

ARA's plan for African governments to raise product specifications to AFRI 4 by 2020 and AFRI 5 by 2030 were discussed in depth, and methods to control fraud (smuggling, adulteration), as well as challenges arising from increasingly disjointed aviation fuel supply routes, featured in the discussions. The role of regulators also featured in the programme, with the Kenyan example being seen as a benchmark for Africa.

