A record nearly 600 delegates attended the 13th ARA annual conference, dedicated to the African downstream sector, which this year was held at the Cape Town Century City Conference Centre. The new venue was particularly appreciated by the exhibitors at the conference who also enjoyed the formal opening of the exhibition and the tour of stands by the members of the ARA Executive Committee.

The out-going President Mr Ibrahim Talba Malla, Managing Director of the SONARA refinery, gave an upbeat welcome to delegates. He made clear the commitment of the African downstream industry to manufacture and deliver good quality petroleum products across Africa in a safe, secure, efficient, economic and, most importantly, sustainable manner.

Momar Nguer says “Time for Africa to Transform”

As the headline speaker at the conference, Mr Momar Nguer, President of Global Marketing & Services at the Total Group, did not disappoint. During his previous appearance at ARA WEEK five years ago, Mr Nguer had sent a strong message to his fellow Africans with a frank and knowledgeable view of problems that exist for private enterprise when investing on the continent. The message then had been “we need a new model of private/public investment in a safe and efficient supply chain.”

That message was not lost on the ARA as since then the voting rights of the non-refining members have been equalised with those of the refiners, the annual Storage & Distribution Forum has been set up, and the name of the Association has been changed to the “African Refiners and Distributors Association”.

This year, he expressed his confidence in Africa moving from a developing region to one of transformation, although not without the challenges in some countries of extreme inequality, population growth, poverty, increasing uncontrolled urbanisation, and the threat of climate change. But he focussed on the positives and the considerable assets of the African continent: a young workforce, a growing middle-class, the massive investments being made, and above all the resilience and hope of the African people. And beyond physical assets, there are the cultural changes that become the levers towards political transformation: with educational and migration policies; good governance of state institutions; inclusive economic policies; digital advances; and improving infrastructure leading to structural transformation whereby international companies such as TOTAL can work in partnership with African states to bring modern technology to not only petroleum infrastructure but also to electricity supply through projects such as LPG and solar.

Nigeria’s Dramatic Vision

Mr Anibor Kragha, COO, Refineries & Petrochemicals, NNPC, presented on behalf of Dr. Maikanti K. Baru FNSE, NNPC’s Group Managing Director, the Federal Government of Nigeria.
Mr Kragha said that the main thrust of their energy strategy is that Gas to Power will contribute over 70% of Nigeria’s mix; completion of Critical Gas Projects (ELPS2, OB3, AKK, etc.) will increase availability of gas nationwide; NNPC’s Renewable Energy Division is poised to fully harness Nigeria’s potential; and finally NNPC’s Refineries and Critical Infrastructure Rehabilitation projects, along with various private sector partnerships, will overcome the negative refining cycle of the last decade and enhance in-country refining capacity.

Separately, Mr Kragha also confirmed that Nigeria is committed to the implementation of the ARA Clean Fuel Standards (AFRI). He explained that near-term fuel supply limitations and cost implications have led to an Inter-Agency Committee to recommend a phased approach to improve fuel import quality between 1Q 2018 and 1Q 2020. He explained that NNPC’s Refineries Rehabilitation plan is on track to start in 2Q 2018 with a target completion of achieving 90% capacity utilisation by the end of 2019. Post-2019 NNPC will utilise the rehabilitation programme to install desulphurisation units in refineries to ensure alignment with ARA Fuel Standards by 2021.

**CLEAN FUELS POLICY – THE LOMÉ RESOLUTION**

The leader of the ARA’s Specifications Work Group, Riaan Henn of Vivo Energy, presented the ARA’s policy on introducing clean fuels across Africa which had been confirmed by the ARA’s Executive Committee who endorsed the Resolution put forward by the combined Refining and Specifications Work Group’s workshop on *Upgrading clean fuel production facilities: Challenges & Solutions* held in Lomé, Togo in September 2017:

- The ARA remains committed towards the African refining sector and for the upgrading of refineries to meet cleaner fuel standards;
- The time frame of meeting AFRI-4 specifications by 2020 and AFRI-5 by 2030 was confirmed:
  - To establish import quality improvement to AFRI-4 levels by 2020 or earlier;
  - To improve domestic specifications as soon as possible to be in-line with current refinery production quality levels, and to meet AFRI-4 by 2020, and AFRI-5 by 2030;
  - Where necessary, countries to consider a time-limited waiver allowing refineries to meet the clean fuel specification requirement at a later date, where clear finance and action plans have been communicated.
- The ARA continues to engage with regional bodies to promote:
  - The ARA clean fuel roadmap;
  - Treating fuels and vehicles as one system with the introduction of vehicle emission standards and an enforced vehicle inspection and maintenance programme to meet the emission standards;
  - Refinery improvement and necessary investment.
Mr Henn reported that the ARA has made much progress in working to achieve both the African Union’s and ECOWAS’s support for the AFRI road map. This was confirmed by the African Union inviting the Association to present their policies to their Energy Technical Committee (see page 9) and ECOWAS, the West African Economic Community, launching a study to review how to achieve the AFRI road map on both fuels and vehicle exhaust emissions.

THE DANGOTE REFINERY – AFRICA AWAITS

In an eagerly awaited presentation delegates enjoyed the presentation by Engr. Babajide A. Soyode of Dangote Refineries which included many photographs of the construction site and an upbeat presentation on progress so far.

The refinery will have a single train format with a 650kb/d crude distillation unit, a 118kb/d reformer, a 148kb/d hydrocracker, a 172kb/d RFCC and an 830kt/annum 2-line Polypropylene unit.

Engr. Soyode updated delegates with the latest news of the project:

- Piling and foundation construction was progressing round the clock seven days a week;
- Stone column soil improvement for tank foundation in progress;
- 8m deep RO-RO Jetty along with 2 km long-shore protection wave breaker was almost completed;
- Underground piping construction was in progress by multiple contractors;
- Tankage erection had commenced by multiple contractors;
- Mechanical erection will commence in June/July starting with the CDU and RFCC Blocks;
- Construction of marine facilities has commenced and will be completed within the next 12 months;
- Dangote Group is in discussion with Lagos State Government over the development of suitable highway links from the refinery to interconnect with State and Federal road networks;
- An Operations Readiness Team (ORT) has been set up to train up to 900 Nigerian Graduate Engineers and Technicians;
- The ORT is engaging with UOP, the Managing Process Licensor, for the coordination of development of Commissioning and Start-up Procedures and training of certain key Operating Staff.

Engr. Soyode indicated that civil engineering challenges had the potential to delay the 2019 anticipated start-up date, but delegates were left with no doubt that this landmark African engineering project was on its way to completion.
CLEAN FUELS FOR SHIPPING – THE CHALLENGE TO GLOBAL REFINING

Several speakers addressed the issue of supplying fuel to the shipping industry, where radical quality changes are being imposed in 2020 by the International Maritime Organisation (IMO). It is expected that Durban-based South African refiners will be particularly impacted by this as fuel supply to ships offers a vital outlet for their fuel oil. Mr. David Bleasdale, Executive Director of CITAC Africa, pointed out refineries across the world will see significant changes to the relative value of all products, not just fuel oil, including diesel and gasoline as well as many intermediates such as Vacuum Gas Oil and Light Cycle Oil. Relative values of different crude oils (high or low sulphur) will also change, making the outcome very difficult to model. “No-one knows how this is going to pan out,” he said, “In addition, shipowners will have to become adept at managing either distillate or fuel oil blends at different loading ports, with all the consequent concerns of ship safety in respect of potential stability and compatibility.”

PROMOTING FEMALE AND YOUTH EMPLOYMENT

For many years the ARA has worked to establish a best practice policy road map for Human Resources through the HR Work Group and this year, buoyed by the EU and African Union initiatives on African youth and female employment, two exceptional, but very different, presentations built on this theme. Delegates heard what could be done to encourage women and young people to embark on careers in the African downstream oil industry.

Mrs Claire-Edith Lopoh, Trading Manager of Petroci, the Ivorian state oil company, explained how large enterprises can adapt the education and training of young people and women to create the right environment to respond to the needs of the downstream markets by strengthening technical training and vocational training centres and putting in place apprenticeship systems to improve employability and competence of staff. Continuous training systems need to be put in place for the re-qualification, re-training and development of staff. She also stated that African states must promote policies to change attitudes towards youth and female employment as well as to promote entrepreneurship.
Building of this theme, Mrs Bongiwe Hobongwana, an ENGEN retail dealer from a township near Johannesburg, gave an exceptional insight into the obstacles facing young entrepreneurs, of whatever gender, to raise finance to both start-up and sustain a SME business in Africa. In a truly inspiring presentation, she gave hope to all delegates that sheer drive can succeed whatever stands in your way!

NEW TECHNOLOGY
Many speakers and exhibitors continued with the theme of searching for the solutions facing the African downstream sector.

The banks Société Générale and ING presented how they have been testing blockchain technology for 18 months to explore how it can be applied to commodity trade finance. They now believe this technology will completely change the rules of the game and allow a full digitalisation of trade finance processes very soon.

Contracts, bill of ladings and certificates will be rapidly digitalised thanks to the unique capacity of blockchain. Regulations will adapt quickly as processes directly benefit from higher transparency and settlements will be automated on blockchain platforms.

They forecast that blockchain will lead to increased competition, with lower working capital requirements. Entry barriers to trade will significantly reduce.

Technology companies, Honeywell UOP, Axens, Grace Catalysts, and Dupont Clean Technologies, as well as Mr Amr Mostafa Kamel of the specialties refiner, AMOC, in Egypt, and other exhibitors presented their process solutions to the challenges facing the refining industry. But the costs are considerable and represent a major challenge for African refiners.

This debate led to the conference closing presentation of Mr. Paul Eardly-Taylor, Head of Oil and Gas for Standard Bank of South Africa. In a combative presentation he ran through the challenges facing a banker approached to fund projects across the African downstream industry. He concluded with the following expectations for the next five years:
• Continued demand growth along the lines indicated by BP/ExxonMobil (c. 4% p.a.), surpassed only by India;
• Increasing energy access for the remaining “energy poor” to be a key policy priority;
• Continued growth in imports supplied by international traders and influenced by the mega-refineries of Middle East and India;
• Multiple new or expanded product import and storage terminals;
• Completion of the 650,000bpd integrated Dangote refinery and petrochemical complex, with tough decisions to be made on the targeted Uganda Refinery (Hoima) and Angola Refinery (Lobito) as they seek financing;
• Other refinery projects will struggle to raise finance; but this can be achieved if shareholders pay careful attention to the needs of their financiers;
• Growth in traders moving into retail, with the majors (except Total) focusing more and more on upstream.

NEW PRESIDENT
The incoming ARA president Mr. Hillaire Kaboré, Chief Executive of Sonabhy, the Burkina Faso National Oil Company, then closed the conference. The first non-refiner to be President of the Association, Mr Kaboré thanked the members of the Association for their confidence in him and declared “Pressure on our industry to take action is intense and I am sure that our members will rise to the challenge. I look forward to next year’s meeting to hear what bold steps have been taken to improve our performance across Africa.”
THANKS TO ALL OUR SPONSORS

THE ARA WOULD LIKE TO THANK ALL ITS SPONSORS AND WISHES THEM ALL A VERY SUCCESSFUL YEAR.

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Joël Dervain, ARA's Executive Secretary, sees clearly the need to get African governments to establish a defined downstream petroleum sector policy. This is why the ARA’s 2018 Supply Chain Forum taking place in Dakar, Senegal at the end of October has the objective to define an ARA long term safe, sustainable and efficient petroleum products supply chain strategy.

Mr Dervain says “Many African countries tend to establish an over-arching policy on petroleum driven by their search for upstream investments. But this approach tends to lead to a lack of attention to refining, distribution and import facilities. Governments also need to establish policy to seek reductions in both road and operational accidents as well to protect our environment.”

As at previous ARA Forums, major industry players across the African downstream will share their ideas on global best practice to promote plans to improve African distribution systems. In Dakar, there will be a natural bias towards West Africa refining and supply systems, particularly to the Sahel hinterland, but the Forum will be relevant to ALL regions across Africa.

It is expected that the 2018 Forum will consider the following topics:

- Refining or product imports?
- Road map for clean road fuels
- Challenge of low sulphur MARPOL fuels for shipping
- Improving road safety performance through better management of sub-contractors, drivers and increasing use of new technology
- Improving the safety and security of petroleum product storage
- Improving port efficiency by investing in single buoy mooring systems and port infrastructure investment
- Raising project finance for improving refineries as well as for petroleum distribution and retail infrastructure
- How achieving the UN’s development goals can aid financing
- Regional supply chain and product quality solutions to promote investment; the role of regional communities and the African Union
- The need for dedicated downstream regulation to achieve market efficiency

Mr Dervain stated that “At this year’s Downstream Forum in Dakar the Association plans to discuss and agree with all industry players the major steps and targets for a sustainable and efficient Road Map for the downstream oil sector across Africa.” He added “Senegal is a country that shares many challenges of the African continent: upstream development; port constraints; refining, storage, distribution, and marketing challenges; supply to its landlocked neighbours. It is a perfect location for this debate.”
PROGRESS TOWARDS GAINING AFRICAN UNION BACKING FOR THE AFRI FUEL SPECIFICATIONS ROAD MAP

In March, the ARA was invited to participate at the First Ordinary Session of the Specialised Technical Committee on Transport, Transcontinental and Interregional Infrastructure, Energy and Tourism (STC-TTIIET) of the African Union. The meeting was held in Nouakchott, Mauritania and Mrs Zoubida Benmouffok, ARA Operational Director, Mr Hippolyte Bassolé of Sonabhy and leader of the Storage & Distribution Work Group, and Mr David Bleasdale of the ARA’s retained consultant, CITAC Africa Ltd attended on behalf of the ARA.

The ARA delegates presented the ARA Fuels Policy (the AFRI Road Map) and the Association’s objectives of securing a safe, secure, economic, efficient and sustainable petroleum supply chain. But most importantly the ARA stressed the need for the African Union to establish a clear policy in respect of the petroleum downstream sector. They emphasised that the IEA is forecasting a stable percentage of African energy being met by petroleum over the next two decades and that this meant that the refining and distribution infrastructure must be equipped to handle growth of between 3-4% per annum; and to achieve this requires substantial investment. They also recommended regional solutions for both fuel specifications and supply chain investments, and strong regulation to create an enabling environment for investors.

The presentation was well received by the delegates and the ARA is delighted that the Association’s proposals were captured and included in the final Experts Report presented to the Energy Ministers of the members of the African Union held on the 23rd March.

This landmark recognition could not have been achieved without a coordinated approach from Mr Tadesse Tilahun of NOC Ethiopia as well as the ARA Abidjan office and CITAC Africa.

We look forward to working with Cheikh Bedda, Director Infrastructure and Energy at the African Union to forge consensus on the principles that will guide the formulation of the African Union’s Energy Action Plan.

ARA WORK GROUP MEETINGS IN CAPE TOWN

Prior to the conference, the ARA’s various Work Groups (WG) met to review their progress and the challenges facing their area of interest. After the WG meetings, the leader of each WG presented the challenges for the industry to move forwards.

For the Refining and HSEQ WG, Mr Douda Kebbe, from SAR in Senegal, saw the following main challenges:

1. To manufacture the evolving clean fuel specifications;
2. To match improving environmental standards of refinery operations;
3. To improve upgrading complexity;
4. To raise the finance for the above projects;
5. The increasing competition from large refineries in Asia and future African refineries as well from continuing exports from Europe and the United States;
6. Reduction of energy consumption of the refineries

7. Production of marine fuels with low sulphur content for the 2020 MARPOL changes (see page 4).

Efforts to overcome these difficulties, he said, are largely led by the role and contributions of the existing refineries on the continent. He recommended that all delegates read the report produced by Wood Mackenzie following a study commissioned by the ARA to “Evaluate the value of Refining in Africa.” This landmark study clearly allows for the quantitative evaluation of the impact of refineries on their host countries.

For the Storage and Distribution WG, Mr Hippolyte Bassolé, from SONABHY, Burkina Faso, summarised the following challenges:

1. To establish safety procedures for the operation, maintenance and inspection of storage terminals;
2. To put in place adequate safety equipment;
3. To identify special measures for the handling and transport of hydrocarbons and implement them;
4. To launch an appeal to the authorities for the reinforcement of controls on the application of the regulation of the handling and transfer of butane and other hydrocarbons;
5. To establish a mapping of standards used by oil companies for the construction, inspection and maintenance of tanks;
6. To ensure rigorous compliance with the deadlines for tank inspection.

Mr Bassolé looked forward to a busy year ahead with active participation by both members and sponsors in meetings and workshops. During the year ahead the WG planned a joint meeting with the Regulation WG; the 2018 Forum in Dakar, Senegal; some training; a Jet fuel handling conference; and a safety audit on an oil depot in collaboration with the Refining WG.

For the Specifications Work Group, Mr Riaan Henn, from Vivo Energy, lay out the challenges facing the WG:

1. Setting up a communication policy both within and outside the group;
2. Agreeing the roadmap for drawing up Afri-6 and its parameters;
3. Continuing discussions between the ARA Executive Committee, the EU Directorate-general for Energy and the Minister for Energy of the African Union. (See report page 9);
4. Promoting the development of a common specification within ECOWAS, shared by all 15 members, in order to optimise shared supply chains;
5. Drawn-up and publish guidelines on the use of gasoline additives by African refiners and distributors;
6. MARPOL: Study the impact of changing fuel specifications for ship’s bunkers in 2020 (>0.50% sulphur max).

He concluded by confirming the Association’s support for the ARA Clean Fuel Policy (see page 2).

The leader of the Regulations Work Group, Mrs Esther Anku from NPA, Ghana, summarised the challenges facing the RWG, highlighting the following points:

1. How to ensure stable, sustainable regulatory regimes to encourage continued improvements/growth in the downstream petroleum sector in Africa?
2. Inadequate infrastructure: how can regulators encourage the investments required for growth in the sector?
3. To enact good and sustainable policies, a key element in attracting investors who need to be assured of good long-term returns on their investments;
4. How to overcome the lack of political will of governments (e.g. in the upgrade of refineries to produce clean fuels), and the non-availability of adequate Standards and Regulations covering the whole supply chain;
5. Unavailability of state-of-the-art and reliable laboratories;
6. How to reward and police improved efficiency and safety down the African petroleum supply chain;
7. How to ensure stable supplies of petroleum products across the countries;
8. How to create more platforms for exchange of information/experiences, e.g. by encouraging exchange visits among members;
9. How do we create a culture of transparency?
10. How do we deal with low knowledge and skills of operators in the industry?

Mrs Anku pointed out that there were many questions and she then summarised the activities of the group aimed at meeting these challenges:

1. Develop clear national policies that transcend governments;
2. Share best practice and experiences among regulators e.g. on regulations, compliance & enforcement, industry data etc;
3. Develop/Upgrade standards and regulations covering whole supply chain;
4. Enforce standards to ensure safe, secure and sustainable operations throughout the petroleum products supply chain;
5. Establish robust training programs and institutions to change the culture of the industry towards both efficiency and safety;
6. Provide adequate testing equipment/laboratories
7. Ensure transparent regulatory and market petroleum products pricing;
8. Promote regional specifications and harmonization of tax regimes—fast track adoption of AFRI standards;
9. Collaborate with regional bodies such as ECOWAS, AU, SADC etc. to get commitments of governments in fast tracking harmonization of fuel specifications, tax regimes, pricing etc.

Regulators have a pivotal role to play to ensure the continent ‘MOVES FORWARDS...’ in the African downstream petroleum industry sector”, she concluded. A more regular participation by all regulators is therefore needed.
A meeting of the Human Resources (HR) Work Group, took place on 14th May 2018 at ARA’s headquarters in Abidjan (Côte d’Ivoire). The meeting opened with an agreement about setting-up and running the Group.

To assist the new Group leader, Mrs Kamara Bintou, Mr Safou Peroni Ricardo of CORAF (Congo-Brazzaville) was elected vice-leader and Mrs Jessica OBOT from SAHARA Energy (Nigeria), secretary to the Group. The member companies will appoint country coordinators.

Like the other Work Groups, the HR Work Group will function through exchanges, seminars, training sessions, joint meetings and conferences.

A certain number of recommendations came out of the meeting:

- ARA should help its Members to properly recognise the role of HR in their companies’ strategy and raise awareness of the activities of the HR Work Group;
- Consolidate HR points raised by the other Work Groups so that training actions can be put in place. To this end, the HR Work Group would like to participate in joint meetings with the other Work Groups;
- The HR Work Group should draw up a skills matrix and circulate it amongst the companies and the other Work Groups. The data obtained would be used to setup a database of skills available within ARA;
- The group would like to setup a means of communication to exchange on best practices;
- Ultimately, the group would like to set up HR audits and assistance for all interested company members.

The President of the Republic of Burkina Faso meets with the ARA

The President of the ARA, Mr Hilaire Kaboré, requested an audience with the President of the Republic of Burkina Faso. His Excellency Roch Christian Marc Kaboré received the Executive Secretary, Mr Joël Dervain and the President of the ARA on 20th April 2018, in Ouagadougou.

The purpose of the audience was to present the ARA, its objectives, members and achievements to the President of the Republic. His Excellency was very interested and appreciated the pan-African character of the association. He paid particular attention to the question of air quality and ARA’s approach to the subject. He gave sound advice and assured the ARA of his support, particularly within ECOWAS.
NEW MEMBERS

The ARA is delighted to announce that **Leighton Petroleum** (Nigeria) and **Senstock** (Senegal) have become Members of the ARA.

UPCOMING EVENTS

**WORK GROUP MEETINGS**

12 September 2018
Joint RHSEQ & Specifications Meeting
Abidjan, Côte d'Ivoire

29 October 2018
Joint Storage & Distribution and Regulation Meeting
Dakar, Senegal

23 March 2019
Specifications, Refining & HSEQ, Regulation and Storage & Distribution Meeting
Cape Town, South Africa

**SEMINARS**

3–4 July 2018
Corrosion in Industrial and Marine Environment
Pointe Noire, Congo (Brazzaville)

22–24 August 2018
Workshop dedicated to Butane
Ouagadougou, Burkina Faso

10–11 September 2018
Workshop dedicated to professions
Abidjan, Côte d'Ivoire

**TRAINING COURSE**

4–5 December 2018
Abidjan, Côte d'Ivoire

**MEETINGS**

13 September 2018
Executive Committee
Abidjan, Côte d'Ivoire

21 November 2018
Jet Committee
Addis Ababa, Ethiopia

15 January 2019
Round Robin Tests Debriefing
Ouagadougou, Burkina Faso

16 January 2019
Safety Cross Audits Debriefing
Ouagadougou, Burkina Faso

24 January 2019
Executive Committee
Geneva, Switzerland

24 March 2019
Executive Committee
Cape Town, South Africa

**ARA DOWNSTREAM SUPPLY CHAIN FORUM**

30–31 October 2018
Dakar, Senegal

**ARA WEEK**

25–29 March 2019
Cape Town, South Africa

VISIT [WWW.AFRRA.ORG/EN/EVENTS](http://WWW.AFRRA.ORG/EN/EVENTS) FOR MORE DETAILS

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