



Call for Papers: Annual Bankers Conference (ABC) 2024

**Theme: Navigating the future of banking: ESG, Sustainability, and Digital
Transformation**

Background and Justification for the Theme

Background

Environmental, Social and Governance (ESG) has increasingly become a subject of discussion around the globe across all sectors, and the financial services sector is no exception. ESG can be defined as a set of considerations, including environmental, social, and corporate governance issues that can be considered in investing. Investing with ESG considerations is sometimes referred to as responsible investing or, in more proactive cases, impact investing. ESG is used to demonstrate and evaluate an institution's commitment to sustainable and ethical business practices.

ESG is at the centre of the United Nations' Sustainable Development Goals (SDGs), which are 17 goals and 169 targets aimed at creating a more sustainable and equitable world by 2030. SDGs can be considered a road map to the attainment of ESG principles. Embracing ESG principles should not just be a matter of compliance, but a strategic move towards long-term sustainability and resilience within a changing business landscape.

The world of investment is drastically changing with a new focus on ESG impact by investors. According to a Gitnux market data report, in 2020, over 2,000 investors had already signed up for the United Nations Principles for Responsible Investment (UN PRI) focusing on ESG investments. Over 80% of mainstream investors now consider ESG information when making investment decisions.

Several governments and businesses have included ESG and sustainability principles into their reporting processes and regulators have also taken steps to embed ESG into the regulatory landscape. WTW research found that 81% of global companies include ESG metrics in their executive incentive plans, and the use of climate metrics has expanded significantly. However, many are still struggling to translate their ambitions into practical and achievable action plans and how to measure their progress.

ESG is important for the financial services sector because the associated risks and impacts align with the evolving market expectations, regulatory scrutiny, and changing global needs. Financial institutions should be increasingly aware of the interconnectedness between financial performance and ESG practices. Financial institutions across the globe have adapted to ESG demands by embedding ESG related considerations into their governance, product strategy, operations, policies, and processes.

By integrating technology and digital transformation into banks' operations, they can effectively manage ESG data, enhance their reporting accuracy, drive sustainable investment, and streamline compliance processes, ultimately driving financial performance while advancing their sustainability goals. It can also enhance banks' operational efficiency and enable them to serve their clients more efficiently.

The financial sector can support their clients through affordable sustainable finance. Sustainable finance is a powerful tool to accelerate the transition towards a more sustainable and inclusive economy through financing projects and/or initiatives with positive environmental and social impacts. Importantly, financial institutions need a robust ESG framework to achieve their sustainability goals and assist their clients in the transition, while also supporting financial inclusivity and social welfare.

The case of Uganda

The third National Development Plan (NDP III) details eighteen programs which incorporate Uganda's commitments to regional and international development frameworks and cross cutting issues, inclusive of ESG. Uganda's second Nationally Determined Contribution (NDC) (2022) contains information including the geography, climate, and greenhouse gas (GHG) emissions profile, social and economic trends and the policy, legal, and institutional framework.

Uganda's second NDC is aligned with and informed by several government policies, plans and acts including the Vision 2040, NDP III, the National Climate Change Act, 2021, the National Climate Change Policy, 2015, the Uganda Green Growth Development Strategy 2017/18 - 2030/31, Uganda NDC Partnership Plan 2018 - 2020, Uganda's NDC Stock-take report and other related policies, plans, and strategies. It has also been harmonized with the development of Uganda's Long-term Climate Strategy 2050.

Uganda's second NDC presents an economy-wide mitigation target of 24.7% reduction below the Business as Usual (BAU) by 2030, a progression from the 22% reduction target communicated in the first NDC in 2016. This enhanced ambition also implies a higher financial requirement estimated at USD 28.1 billion over the NDC period.

The National Climate Finance Strategy (NCFS) 2023/24-2029/30, which is work in progress under the Ministry of Finance, Planning and Economic Development, will therefore be anchored in the NDC conceptualization and it will articulate strategies and interventions that will unlock the required climate finance from domestic and international sources. The

NCFS will also inform the fourth National Development Plan on climate finance mobilization.

The Banking Sector in Uganda

In March 2023, the Bank of Uganda (BoU) officially launched its sustainability certification process under the Sustainability Standards and Certification Initiative (SSCI) by the European Organization for Sustainable Development. BoU is integrating ESG principles and sustainability into the operations of supervised financial institutions by raising awareness among them, establishing a robust climate risk policy, pursuing, and promoting sustainability certification.

In 2022, BoU conducted a situational analysis to establish what the banking industry was doing regarding ESG sustainability and to inform the need for industry wide guidelines/regulations and their potential scope in the following areas:

- i. Types of financial products or services on offer, which integrate ESG criteria into the business decisions,
- ii. Level of integration of Environment and Social (E&S) risk issues including through strategic objectives at the SFIs' strategic level (Board of Directors) in the areas of corporate governance and risk management,
- iii. Organizational structures in place to support attainment of sustainability objectives, and their integration in performance appraisal systems,
- iv. Tools available for monitoring E&S risks including details on stress testing,
- v. Disclosure and publication in respective reports including annual reports on ESG sustainability issues.

Subsequently, a meeting was held between Uganda Bankers' Association (UBA) and BOU in January 2023 regarding the institutionalization of the ESG agenda. UBA proposed a roadmap to BOU, presented it to the UBA member Chief Executive Officers, it was approved, and a technical committee was established to support the process. Ernst and Young (EY), a consultancy firm was brought on board to provide technical assistance considering that ESG is a relatively new and complex subject matter.

EY's primary assignment was to support the technical and project committees in building a framework, support policies, procedures, and reporting frameworks that would enable the institutionalization of the ESG framework. On 19th January 2024, the ESG framework

was presented to the UBA member CEOs who adopted it. The same was subsequently shared with BoU.

The Energy Sector in Uganda

Uganda is rich in energy resources including hydropower, biomass (firewood, charcoal, biogas, etc.), sun (solar), wind, water, geothermal (hot springs), petroleum (diesel, petrol, kerosene, LPG, etc.) and uranium (nuclear) although these are yet to be fully utilized. Biomass is the most used source of energy in Uganda, accounting for 94% of the country's total energy consumption. However, these are associated with serious environmental and health problems including deforestation, wetland destruction and (indoor) air pollution.

Uganda's population is underserved within the energy sector and Uganda is among the top 20 access deficit countries. Uganda continues to have one of the lowest electrification and clean cooking rates in sub-Saharan Africa. Around 30% of the population has access to electricity and less than 6% has access to clean cooking fuels and the main challenge to this access is affordability (IEA, 2023).

The exploration, production, consumption, and combustion of fossil fuels are the main drivers of climate change and transitioning towards an efficient energy system based on renewable energy sources is widely recognized as a key solution.

Several initiatives have been undertaken by the Government of Uganda (GoU) to increase energy efficiency and renewable energy use including laws, policies, plans, and multi-stakeholder advocacy platforms. GoU, in cooperation with development partners, is also involved in several projects aimed at implementing and promoting the use of renewable energy.

However, the energy sector and energy efficiency are still faced with several challenges including limited awareness and/or information, limited technology, perceived high upfront costs of energy efficient technologies, increased availability of low/poor quality products, limited financing mechanisms, limited skills, knowledge, and data, among others. Some of the environmental issues in Uganda's energy sector include deforestation, land degradation and indoor air pollution related to the use of biomass, among others.

The Oil and Gas (O&G) Sector in Uganda

Despite the set targets for Uganda to start producing oil in 2025, there have been several concerns about the potential environmental and social impact of the oil projects. The

biggest ESG concerns relate to land acquisition and the environmental impact of the East African Crude Oil Pipeline (EACOP). However, several initiatives have been undertaken and these include the following.

Front-End Engineering and Design (FEED) studies and Environmental and Social Impact Assessment (ESIA) studies for all O&G projects in Uganda which include the Uganda Refinery Project, the East African Crude Oil Pipeline Project (EACOP), the Tilenga and Kingfisher Development Area (KFDA) projects.

The environment protection initiatives that have been undertaken include amendment of laws and policies, ensuring that the projects are of low carbon emission, environment, and social impact assessment processes where consultations and public hearings have been conducted, the national oil spill contingency plan, Monitoring and Audit plans and multi-institutional monitoring, among others.

The land acquisition initiatives that have been undertaken have also been done in compliance with the existing legal framework and international standards, ensuring informed consent, adequate and timely compensation to project affected persons (PAPs) prior to their relocation and subsequent access by the project. There also exists a participatory and clear grievance management procedure, among others.

ESG Challenges

Despite efforts by various stakeholders, there are still several challenges related to ESG including but not limited to the following.

- Assessing and mitigating ESG risks.
- Production of easy to interpret ESG reports with clear communication on impact and progress.
- Varying ESG reporting frameworks across the world.
- Obtaining accurate and reliable data on ESG.
- Balancing short-term financial objectives with long term ESG objectives.
- Seamlessly integrating ESG considerations into the business strategy.
- Balancing and addressing ESG concerns of different stakeholders.
- Resource constraints.

To attain the different ESG targets and address the ESG challenges, there is a need for continuous collaboration with all stakeholders to converge in standards and reporting, as

well as to spur innovation, reduce barriers and cost for practitioners while increasing transparency and awareness for investors.

Proposed theme for the Annual Bankers' Conference 2024

A one-day conference under the theme **“Navigating the future of banking: ESG, Sustainability, and Digital Transformation”**, is scheduled on 19th June 2024.

The conference will specifically focus on the following.

1. Sustainable banking: Integrating ESG principles into financial strategies.
2. Innovation and technology for ESG transformation in the financial services industry.
3. Green financing initiatives: Driving sustainable development projects.
4. Energy Sustainability for Uganda: Way forward.
5. Regulatory insights, experiences from different jurisdictions etc on ESG.
6. ESG reporting frameworks, data reliability, and production of easy to interpret ESG reports with clear communication on impact and progress.
7. Resource constraints that impact the adoption and embedding of ESG in business strategy and operations.
8. Seamlessly integrating ESG considerations into the business strategy: Balancing short-term financial objectives with long term ESG objectives and addressing ESG concerns of different stakeholders.

Call for papers.

UBA invites papers from scholars, policymakers, and practitioners on the focus areas listed above, and any other topic of relevance to the conference theme.

In particular, we encourage the submission of papers that examine these topics from a practical, interdisciplinary, international and/or comparative perspective. The papers should be well researched, rich and of high quality in content, practical in application and also relevant for policy development and deployment.

Papers that are finally selected for publication in the conference magazine and or presentation and discussion during the Annual Bankers Conference (ABC 2024) or in our subsequent working paper series will have their authors recognized both at the conference as well as by way of honorarium.

Papers should be within a range of 8 to 10 pages of typed material with a maximum of 2000 words) indicating motivation for the paper, the actual content/gist of the paper,

findings, insights, proposals, recommendations, and a brief biography of the writer(s). The draft papers should be emailed to evassewagudde@ugandabankers.org by **30th April 2024**.

Timelines

No	Date	Activity
2.	30 th April 2024	Deadline to submit draft full paper
3.	15 th May 2024	Technical review /selection of papers and notification of authors
4.	30 th May 2024	Submission Deadline for final papers