



THE ANNUAL BANKERS CONFERENCE 2024

Navigating the Future of Banking:

Environmental, Social and Governance (ESG), Sustainability, and Digital Transformation

Partner: Bank of Uganda

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THE 7TH ANNUAL BANKER'S CONFERENCE

June 19th, 2024

Victoria Hall, Kampala Serena Conference Centre

RAPPORTEUR'S REPORT BY ICT CREATIVES LTD

Opening Ceremony speakers:

Mr. Julius Kakeeto, **UBA Chairperson**

Mr. Shehryer Ali, **Senior Vice President and Country Manager**

for East Africa and the Indian Ocean Islands, Mastercard

Dr Tumubweinee Twinemanzi, Executive Director Supervision, Bank of Uganda

Mr. Ramathan Ggoobi, **Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development**

Dr. Martin Oduor Otieno, Chairman and CEO of Leadership Group Limited

Event Participant Profile

Banking and non- bank financial sector executives

Banking and Financial Sector Regulators

International, Regional & Domestic Development Partners and Multilateral Agencies

Civil society and Private sector players

Policy makers, legislators, and technocrats from government

Academia and Research Associates

Industry Associations

ABC 2024 Sponsors/Collaboration partners

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Acronyms

ABC	Annual Bankers Conference
ARCAFIM	Africa Rural Climate Adaptation Finance Mechanism
BOU	Bank of Uganda
CBAM	Carbon Border Adjustment Mechanism
COP	Conference of the Parties
DFI	Development Finance Institutions
EACOP	East African Crude Oil Pipeline
ESG	Environmental Social Governance
FID	Final Investment Decision
GCF	Green Climate Fund
GDP	Gross Domestic Product
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
LC	Local Council
LPG	Liquid Petroleum Gas
NDCs	Nationally Determined Contributions
PAU	Petroleum Authority of Uganda
SDGs	Sustainable Development Goals
UBA	Uganda Bankers Association
UECCC	Uganda Energy Credit Capitalisation Company
UK	United Kingdom

Executive Summary

The 7th Annual Bankers Conference was held to discuss the role of ESG, sustainability, and digital transformation within the banking and financial sector by:

- Sharing the current state of ESG and sustainability in customer and business operations.
- Ensuring alignment with national climate strategy and sustainability goals.
- Discussing insights and experiences from other jurisdictions, including risks, challenges, and success stories.
- Highlighting the role of technology and the energy sector in promoting sustainable finance.
- Fostering collaboration and partnerships to drive the ESG and sustainability objectives in the banking and financial sector.

There were four-panel discussions with different sub-themes:

Panel 1: **Sustainable banking: Integrating ESG principles in banking and financial sector strategies**

The panelists shared various proactive approaches their institutions have taken toward ESG initiatives.

- Bank of Uganda provides oversight and accountability for environmental stewardship and climate change adaptation. Governance plays a key role in decision-making and accountability.
- National Social Security Fund grows through contributions from savers and investments. The fund is addressing the growth challenges by creating job opportunities through partnerships with Mastercard Foundation and the government through the national market company.
- DFCU bank has integrated ESG initiatives into its operations and uses data [client's history] such as suppliers, customers, revenues, supply, and demand trends to develop products and promote financial inclusion.
- Standard Chartered Bank has impacted lives and developed long-term sustainability plans to raise funds for carbon transitions, prioritize data-driven decision-making, and reduce carbon emissions through alternative energies.

Panel 2: Innovation and technology for ESG transformation in the financial services industry.

The discussions centered on digital tools that support institutions in strengthening, measuring, and derisking in the implementation of ESG, for example:

- Leveraging technology to simplify ESG messages for a better understanding at the grassroots level to promote behavioral changes like avoiding tree cutting and plastic use
- Sharing financial solutions and tools relevant to communities, such as solar lighting and leveraging technology for tracking bank balances easily
- Providing financial literacy and technology to schools during tree planting
- Integrating a carbon calculator into mobile banking apps
- Introducing eco-friendly cards
- Leveraging emerging technologies like AI, blockchain, and big data to enhance fraud prevention in payments, digitize operations at the community level, and develop environmentally sustainable solutions
- Addressing data integrity and accuracy challenges in old legacy systems

Panel 3: Green financing initiatives: Enablers for sustainable development projects.

The panel discussion centered on the challenges and opportunities financial institutions face in accessing funding for sustainability projects such as:

- Having measurable sustainability and climate change components fostering investment in smart agriculture and renewable energy initiatives
- Addressing green financing challenges by developing environmental policies, encouraging ESG-compliant investments, optimizing the management information system for ESG reporting, and establishing a singular ESG reference point
- Collaborations between the government and private sector and between financial institutions to foster sustainability
- Listing green bonds for investable projects, practicing transparent guarantee schemes, and incentivizing agricultural investment and private capital
- Stress testing for risk exposure

Panel 4: Energy Sustainability for Uganda: Way Forward.

The discussions centered on the intersection between oil, finance, and sustainability.

- Only 6% of Uganda's population uses clean energy, and there is an increasing demand for energy, which presents an opportunity for the financial sector to lead the transition to sustainable fuel.
- There is a need for patient capital to support renewable energy projects. The Uganda Energy Credit Capitalization Company Limited is a government company focused on financing renewable energy projects and expanding access to clean energy technologies.
- The Petroleum Authority of Uganda oversees the monitoring and regulation of all petroleum operations. They have several ESG considerations, including applying international best practices in land acquisition and compensation for affected persons and communities, leveraging tools such as ESIA, and fostering the harmonious coexistence of oil and gas activities with the ecosystem.
- Business operations should be viewed through the ESG lens for example, Stanbic Bank has developed innovative concessional lending methods and affordable financing structured around four pillars of ESG, including governance, sustainable finance, ESG risk, and reporting on ESG impact.
- Developing financing products that focus on people, the planet, and profits, like Centenary Bank's solar loans, power connection loans, and funding for clean, renewable energy research programs.

The following action points were suggested to integrate ESG into the organization's policies:

- Develop risk management guidelines for a socially equitable, environmentally responsible, and ethical industry.
- Allocate skilled human resources to address digitization challenges.
- Incorporate cyber hygiene and health into products and services.
- Adopt a collaborative approach to risk management instead of a competitive strategy.
- Integrate ESG targets into all operations.
- Plant indigenous trees for long-term environmental impact.
- Use technology to provide ESG information to the public.
- Replace plastic cards with eco-friendly alternatives.
- Foster stakeholder activism by directing funds to sustainable projects.
- Develop policies in line with climate-friendly frameworks and regulations.
- Translate ESG commitments into measurable targets and metrics.
- Utilize blended financing and derisking tools like ACELI.



1 Introduction

1 Introduction

The 7th Annual Bankers Conference discussed the future of banking in context of environmental, social, and governance (ESG), sustainability, and digital transformation.



Mr. Maurice Mugisha, Deputy Managing Director, Uganda Broadcasting Corporation.

Mr. Maurice Mugisha, Deputy Managing Director, Uganda Broadcasting Corporation, was the official host of the event, which focused on establishing and understanding the role of ESG, sustainability and digital transformation within the banking sector.

Key Event Objectives

1. To brief stakeholders where the banking and financial sector is on ESG and sustainability and its application in customer/business operations & relations therein.
2. To demonstrate and ensure the industry ESG framework and sustainability strategies align with the national (Government) climate strategy and sustainability agenda/goals.
3. To share lessons learnt in the ESG journey or experience from other jurisdictions (risks, challenges, regulatory frameworks, success stories etc).
4. To promote sustainable finance initiatives by zooming in on technology as an enabler in the ESG journey and multiplier role of the energy sector.
5. To position the banking and financial sector in Uganda to attract more collaboration and partnerships in promoting/delivering ESG and Sustainability objectives.

The Chairperson of Uganda Bankers Association (UBA), Mr. Julius Kakeeto officially welcomed guests to the 7th edition of the conference. He highlighted the important role that financial institutions play in addressing ESG risk, by directing capital towards sustainable, and transformative investments that can positively impact society and the environment.

Mastercard's Senior Vice President and Country Manager for East Africa and the Indian Ocean Islands, Mr. Shehryer Ali, reminded participants that ESG is not just about planting trees, but about inclusiveness and leveraging the power of the collective to grow the business and the economy sustainably.

The Bank of Uganda, Executive Director Supervision, who also represented the Deputy Governor, Dr. Tumubweinee Twinemanzi, recognised the importance of cooperation—collaboration and competition—in maintaining a socially equitable, environmentally responsible, and ethical financial services industry.

The Permanent Secretary and Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, Mr. Ramathan Ggoobi, then highlighted the importance of restructuring the banking and financial services industry to deliver the ESG framework for the sustainable and accelerated growth of the economy.

Dr. Martin Oduor, during his keynote address explained that bankers and industry leaders should connect the ESG and sustainability agenda to the organisation's purpose or reason for existence. He further elaborated that sustainable business is profitable and positively impacts the community and the planet.

Four panel discussions deliberated on the following sub themes:

- Panel 1: **Sustainable banking: Integrating ESG principles in banking and financial sector strategies.**
- Panel 2: **Innovation and technology for ESG transformation in the financial services industry.**
- Panel 3: **Green financing initiatives: Enablers for sustainable development projects.**
- Panel 4: **Energy Sustainability for Uganda: Way Forward.**

The event attracted a total of 207 participants from financial institutions, academia, the media fraternity, and the private sector who attended physically and was live-streamed, with 1,374 participants joining via YouTube, X, LinkedIn, and Facebook.



2 Opening Ceremony

2 Opening Ceremony

Welcome Remarks from the Uganda Bankers Association (UBA)

The UBA Chairperson, Mr. Julius Kakeeto, opened his address by stating that ESG considerations had garnered global attention across various industries, including the financial services sector. *“The case of Uganda provides a compelling illustration of ESG integration with the National Development Plan (NDP III) incorporating commitments to regional and international development frameworks, including ESG. The second Nationally Determined Contribution (NDC) outlines ambitious targets, aligned with national policies like Vision 2040 and the National Climate Change Act of 2021.”* He said.

Mr. Kakeeto further highlighted that the regulatory landscape was also rapidly evolving to support the accelerated shift towards a sustainable future and manage the challenges this presented. *“Embracing ESG is thus more than a regulatory requirement; it is a strategic move towards enduring sustainability and resilience in a dynamic business environment,”* he said.



The Chairperson, Uganda Bankers Association, Mr. Julius Kakeeto

“Financial institutions occupy a pivotal position in addressing ESG risks because they can direct capital towards transformative investments and projects that are sustainable and bring about inclusivity coupled with positive environmental and social impact. “- Mr. Julius Kakeeto, UBA Chairperson.

The Chairperson stated that the conference aimed to;

1. Brief stakeholders where the banking & financial sector is on ESG and sustainability and its application in customer/business operations & relations therein.
2. Demonstrate and ensure the industry ESG framework and sustainability strategies align with the national (Government) climate strategy and sustainability agenda/goals.
3. Share lessons learned in the ESG journey or experience from other jurisdictions (risks, challenges, regulatory frameworks, success stories among others).
4. Promote sustainable finance initiatives by zooming in on technology as an enabler in the ESG journey and multiplier role of the energy sector.
5. Position the banking and financial sector in Uganda to attract more collaboration and partnerships in promoting/delivering ESG and Sustainability objectives.

Mr. Kakeeto mentioned that the Central Bank of Uganda had been championing the process of integrating ESG principles and sustainability into the operations of supervised financial institutions and on the 4th of June 2024, the banking industry ESG framework was launched by the Deputy Governor, Dr Michael Atingi-Ego. The purpose of this framework, was to guide UBA members through the process including,

- i. The level of integration of Environment and Social (E&S) risk issues in the strategic objectives of the respective financial institutions (Board of Directors).
- ii. Organizational structures in place to support attainment of ESG and sustainability objectives, and their integration in performance appraisal systems.
 - a. Getting buy-in across all institutional levels.
 - b. Securing and allocating resources (human, financial, technical etc).
 - c. Building capacity to implement ESG activities (Policies, the existence of processes and procedures, training/skilling, configuring systems, measuring, reporting, creating awareness).
- iii. Types of financial products or services on offer, which integrate ESG criteria into the business operations and decisions.
- 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.

He further shared that in October 2023, the banking industry had launched the Women Economic Empowerment Initiative (WEEI), as part of the industry ESG strategy on social

inclusivity and this would serve as a focal point for addressing the issues that hinder the progress of women in the banking and financial sector as well as those who venture into entrepreneurship. The above coupled with continuous collaboration among stakeholders would be essential as the industry navigated through the ESG and sustainability journey of effectively addressing and promoting environmentally responsible practices.

“ESG is not just a regulatory trend but a fundamental component of a resilient and sustainable financial future “- Mr. Julius Kakeeto, UBA Chairman

The chairperson UBA concluded by conveying the gratitude of the entire industry the fraternity of UBA members to Government for providing the enabling environment, to Bank of Uganda for its stewardship in this area, to the anchor sponsor Mastercard and all other sponsors and partners. He further conveyed his gratitude to Dr. Martin Oduor Otieno who had graciously accepted to deliver the keynote address and all the conference resource persons and distinguished guests that were physically present and online.

Remarks from Title sponsor

Mr. Shehryer Ali, Senior Vice President and Country Manager for East Africa and the Indian Ocean Islands, Mastercard



Mr. Shehryer Ali, Senior Vice President and Country Manager for East Africa and Indian Ocean Islands, Mastercard

Mr. Shehryar Ali urged the participants to remember that they were part of a global economy, and as such they should draw inspiration to develop long term sustainable strategies to make changes that positively address climate change for the future generations (young people, women, farmers among others). He shared that there have been positive outcomes such as the forest cover which had declined in the past two decades, but had started increasing in the recent years.



He reasoned that ESG should not be a regulatory tick box; it should be inclusive and diverse ensuring representation at all levels: minorities, women, farmers, SMEs, and all sectors. He added that ESG can be viewed as a triangle, with the environment or nature, social or inclusiveness forming two sides, and leadership or governance forming the base.

“ESG is not just about planting trees. We plant the trees, monitor the trees, and show you the CO² impact of those trees. It is a process and a journey that I would like to invite all of you on.” - Mr Shehryer Ali, Senior Vice President and Country Manager for East Africa and Indian Ocean Islands, Mastercard.

Mr. Shehryer gave examples of how Mastercard had incorporated ESG in developing products and policies that consider minorities, women, and other sectors and are good for the environment.

- Tokenised wearables are suitable for students and places where cash is not allowed.
- "Carbon calculators" allow banks to assess the client's carbon dioxide footprint and offer guidance on how many trees they should plant to offset the damage. This is in partnership with Conservation International and other organisations.
- PVC cards will be discontinued and replaced with eco-friendly cards globally by 2028.
- Mastercard is part of the crisis planning coalition.

Remarks by Bank of Uganda

In his remarks, Dr. Tumubweinee Twinemanzi, shared that the International Financial Reporting Standards (IFRS) Board had published the Sustainability Disclosure Standards in June 2023. This included IFRS S1, which was on general requirements for disclosure of sustainability-related financial information, and IFRS S2 on climate-related disclosures.

He explained that financial reporting standards were essential for climate-friendly sustainable business operations. Adding that this year, the Bank of Uganda in collaboration with the Uganda Bankers Association had introduced and launched the ESG framework to drive sustainability and climate change agenda in banking. He noted that unlike other standards the banking sector drives the ESG agenda in Uganda, not the regulator. He however clarified that the regulator was developing guidelines for the management of ESG related risks.



***Dr. Tumubweinee Twinemanzi,
Executive Director Supervision, Bank of Uganda***

While attributing the industry's accelerated growth to digitisation, Dr. Twinemanzi warned that while digitisation improves efficiency and fosters inclusion and democratisation of access to financial services, it had a downside: it exposed the sector to cybersecurity risks. He said that it was therefore important to establish mechanisms, frameworks, and processes that mitigate the new risks caused by digitisation.

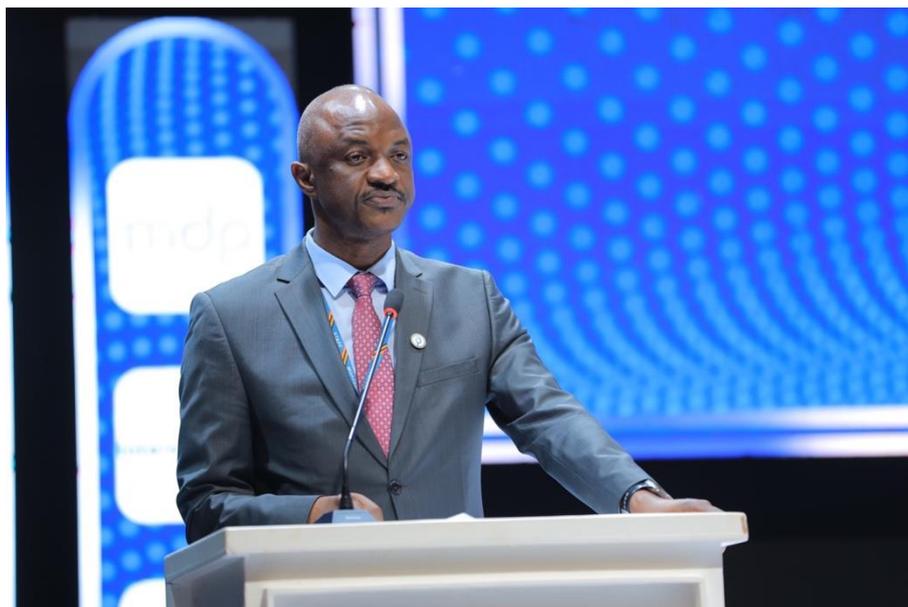
Dr. Twinemanzi urged the banks to develop risk management guidelines to future-proof and maintain a socially equitable, environmentally responsible, ethical industry. These include:

- Devoting adequate skilled and knowledgeable resources to address the challenges of digitisation.
- Embedding cyber hygiene and cyber health into products and services.
- Using digitisation to assess conduct and people risk.
- Mitigating data gaps

“To navigate this new landscape, the concept of coopetition - a combination of collaboration and competition, becomes necessary as a mainstay for success in futureproofing the banking sector from an ESG and digitisation standpoint.”

- Dr Tumubweinee Twinemanzi, Executive Director Supervision, Bank of Uganda.

Remarks from Government



Mr. Ramathan Ggoobi, Permanent Secretary and Secretary to the Treasury, Ministry of Finance Planning and Economic Development

Mr. Ramathan Ggoobi, shared that the Ugandan economy had fully recovered, was stable and growing. The focus was now on accelerating the growing rate from 6% to double digits. He explained that the government was committed to climate change, adaptation, and mitigation, including how to actualize ESG and had made key efforts, that included, setting up a climate finance unit within the ministry and the launch of the ESG Framework.

“We are no longer pursuing growth as an end. We want growth within transformation to ensure that we can have an economy which works not only for the current generation but sustainably also for the future.” - Mr. Ramathan Ggoobi, Permanent Secretary and Secretary to the Treasury, Ministry of Finance Planning and Economic Development.



3 Keynote Address

3 Keynote Address

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

In his keynote address, Dr. Martin Oduor Otieno, spoke about the severe weather and climate-related hazards, such as drought and flooding, that have caused damage and fatalities and impacted economic growth. He detailed aspects of the State of Climate in Africa Report 2022 as follows:

- Rise in atmospheric temperature on the continent has accelerated in recent decades, with weather and climate-related hazards getting more and more severe.
- More than 110 million people directly impacted by weather, climate and water related hazards.
- Economic damages amounting to over US\$ 8.5 billion.
- Over five thousand (5,000) fatalities were reported during the period, of which 48% were associated with drought and 43% were associated with flooding.
- Climate change could further lower gross domestic product (GDP) in Sub-Saharan Africa by up to 3 percent by 2050.

Dr. Otieno discussed the business case for ESG and Sustainability including:

- **Brand and Reputation** - Serious damage to a company's reputation impacts the bottom line.
- **Business Models** - Market shifts to cleaner alternatives affect the entire value chain for related products and services.
- **Stranded Assets** - Insurers can stop offering property insurance due to the high climate related risks.
- **Prices and Regulation** - Price volatility and rising prices may occur due to scarcity of natural resources, or regulations pushing rapid transitions to sustainable alternatives.
- **Productivity and Engagement** - Research shows that over 70% of workers and those looking for work are attracted to environmentally sustainable employers.



Dr. Martin Oduor Otieno, Chairman and CEO of Leadership Group Limited

Dr. Otieno further discussed the ESG sustainability benefits for banks including:

- **Risk management:** By integrating ESG considerations into their risk management frameworks, banks can better anticipate and manage these risks.
- **Reputation:** ESG has become very important to customers, investors, and other stakeholders who want to see banks acting as responsible corporate citizens.
- **Innovation:** Banks that prioritize ESG tend to invest more in the development of products and services that address environmental and social concerns.

Furthermore, Dr. Otieno discussed the regional Regulatory Drive for ESG as shown below:

- The CBK has issued requirements to banks to “embed the consideration of the financial risks from climate change in their governance arrangements”.
- National Bank of Rwanda issued similar regulations to players in that Market.
- Nairobi Securities Exchange release the ESG Disclosures Guidance Manual that guides listed firms in Kenya.
- Dar es Salaam bourse joins the UN Sustainable Stock Exchanges Initiative to champion performance on ESG issues among listed firms.
- Government of the Republic of Uganda is finalizing the national Climate Finance Strategy 2023/24 – 2029/30.
- Bank of Uganda Guidelines and Principles for the Effective Management of Climate-Related Financial Risks.
- Environmental, Social and Governance (ESG) Framework for the Banking Sector by UBA.

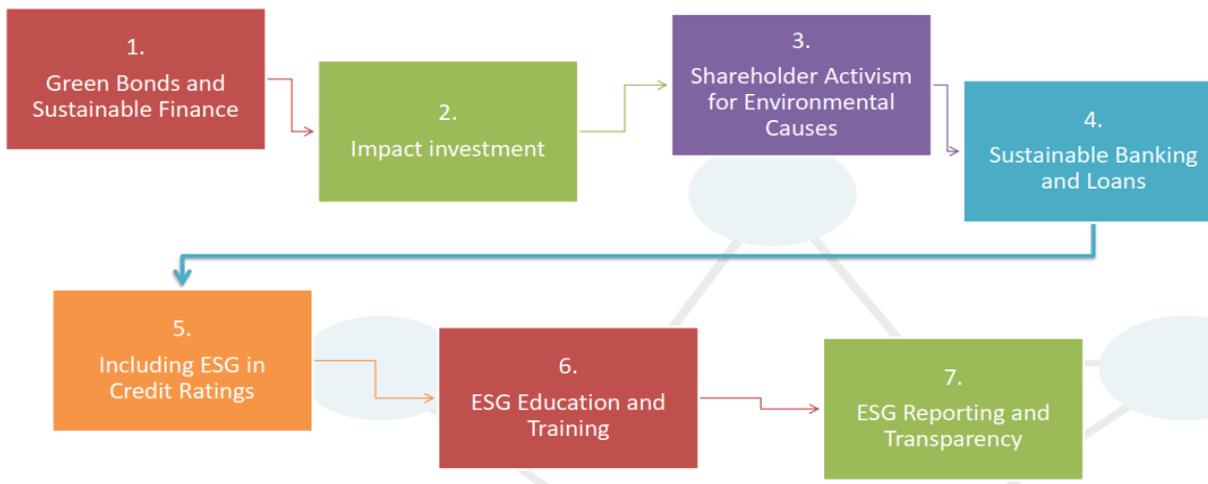
- Inauguration of the Sustainability Standards and Certification Initiative.

"As a starting point, bankers and leaders in this industry should connect the ESG and sustainability agenda to the organisation's purpose or reason for existence."

- Dr. Martin Oduor Otieno, Chairman and CEO of Leadership Group Limited.

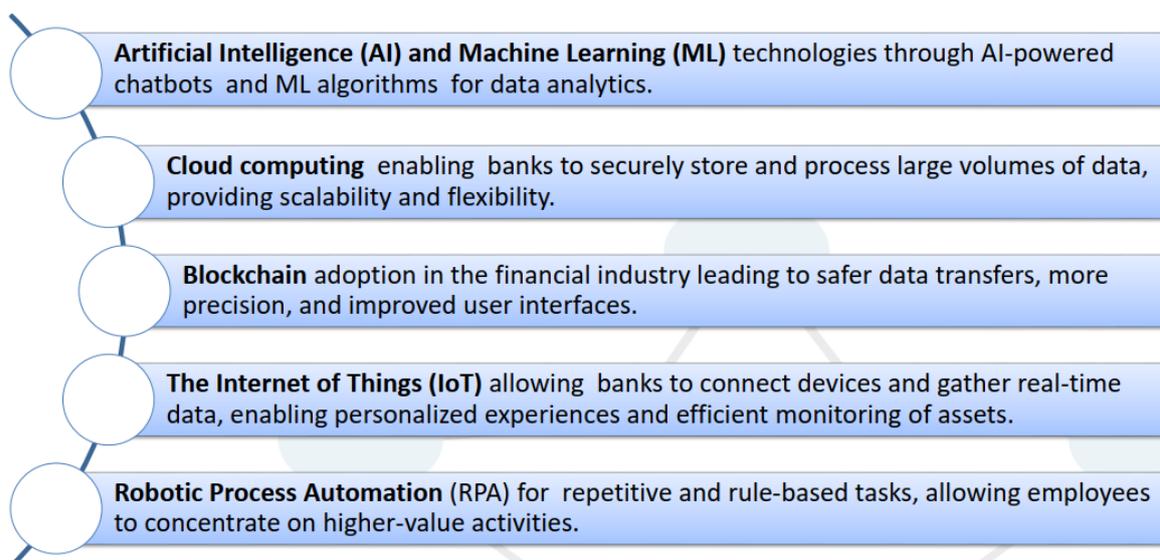
Dr. Otieno said that in Uganda, the ESG framework will create a levelling ground for businesses and organisations and push for a sustainable economy. He explained that initiatives such as **Climate Finance Strategy 2023/2029** and the **Sustainable Standards and Certification Initiative** would guide the country in effectively managing climate-related financial risks.

Dr Othieno further discussed the opportunities for sustainable finance as shown in the diagram below, and subsequently the drivers of sustainable ESG Partnerships and digital transformation trends:



Drivers of Sustainable ESG Partnerships.

- Integration of Advanced Technologies: Artificial intelligence, block chain, and big data
- Emphasis on Circular Economy Models: Emphasis on the reuse and recycling of materials.
- Increased Focus on Social Impact: Focus on community development, inclusivity, and workforce well-being
- Collaboration Across Sectors and Borders: Appreciation of the need for collaboration to answer the global sustainability call.
- Climate Change Mitigation: Efforts towards carbon reduction, renewable energy, and climate resilience



He mentioned some more ESG applications and opportunities, including:

- **The Kenya Bankers Association** launched the sustainable finance initiative to raise awareness of ESG risks and finances within the banking sector. This includes a comprehensive online training program to enable banks to create long-term value for the economy, society, and the environment. Banks can enrol everyone from their board of directors to the branch staff for awareness capacity building.
- **Acorn Group**, a real estate group in Kenya, has raised USD 43,000,000 through a green bond to build environmentally friendly accommodation for university students.

- The UN Green Climate Fund accredited KCB Bank as an intermediary for implementing green financing.
- **Access Bank** in Nigeria issued a green bond in 2019 that was oversubscribed. The proceeds will finance lighting, water infrastructure, solar power generation, and flood mitigation projects.
- **NetBank** in Southern Africa, Africa's first carbon-neutral financial services organisation.



4 Panel Sessions

4 Panel Sessions

Panel 1 discussion highlights

Sustainable banking: Integrating ESG principles in banking and financial sector strategies.

Mr. David Ofungi, Founder of Mkutano Company, moderated the panel discussion. The panellists discussed interventions and strategies to address the effects of climate change with a focus on governance.



Mr. David Ofungi, Founder of Mkutano Company

Mr. Ofungi described the Sahel barrier, a grade three wall of 7,000 miles of forest, stretching from Senegal to Eritrea, which has mitigated the expansion of the Sahara Desert. He said that the Fulani people who live in this region keep cows as their most prized possession and keep the Kraal at the centre surrounded by the rest of the homestead. He used this as an analogy to explain that governance is at the centre of the ESG strategy providing overall oversight and accountability of the environmental stewardship and climate change adaptation.

1. Dr. Tumubweinee Twinemanzi, Executive Director Supervision, Bank of Uganda

Dr. Twinemanzi explained that traditionally, the central bank focused only on financial stability, price stability, and supporting government finances; currently, the focus includes decreasing ESG-related risks on the bank's top and bottom lines.



Dr. Tumubweinee Twinemanzi, Executive Director Supervision, Bank of Uganda

He said that in ESG governance is central in decision-making and determines implementation and accountability. He noted that the agenda is set from the top, focusing on how decisions are made and implemented, with stewardship that instils an institutional culture that supports climate change adaptation from the shareholders to the board, all levels of management, and all staff in general.

Dr. Twinemanzi observed that considerations should include:

- Risks associated with the implementation of an ESG framework.
- Accountability for how business is conducted.

He discussed the importance of data access to decision-making and highlighted the following as critical:

- Identifying the data points – who has what data.
- Consolidating the data – there is a plan to create a green taxonomy.
- Using the data to make decisions from the ESG perspective.

2. Mr. Patrick Ayota, MD/CEO, National Social Security Fund Uganda

Mr. Ayota, shared that the National Social Security Fund only grows in two ways:

- Contributions from the savers
- Investing the savings to generate revenue

He further mentioned that NSSF has two considerations:

- Safety of funds: The fund sets a target interest rate above the inflation rate at the start of every year.

- Convenience: There are three validation points for access - NIRA, the mobile phone network, and the bank account number.



Mr. Patrick Ayota, MD/CEO, National Social Security Fund Uganda

Mr. Ayota explained that because contributions are paid out as benefits, the fund can only grow when revenue exceeds expenses and payouts. He said that last year, NSSF paid out 73% of the net contributions and forecasted that by 2043, the fund would begin to decline and die unless they can recruit at least 13 young members to replace each of the exiting members. He shared some of the measures that NSSF had undertaken to mitigate the decline, including:

1. Partnership with Mastercard Foundation: The Hi Innovator Initiative targets the high population of unemployed university students, resulting in:
 - 360 start-up businesses
 - Creation of 12,000 jobs
 - Fund contributions of UGX 490 million
2. Partnership with government: NSSF is collaborating with the government and other partners to create a national market company for farmers that enables them to grow produce based on the price and the market. As their productivity increases, their incomes will also increase, and they will become members of the fund.

A restless society in the future costs less than a bad loan. I urge banks to set aside at least 1% of their profits to fund start-ups. - Mr. Patrick Ayota, MD/CEO, National Social Security Fund Uganda

3. Dr. Winnie Tarinyeba, Board Chair, DFCU Bank



Dr. Winnie Tarinyeba, Board Chair, DFCU Bank

Dr. Tarinyeba, shared that DFCU bank has instituted several ESG initiatives, including:

1. Women In Business Program: From 2007 to date, DFCU has worked with 42,000 women-owned businesses and over 150,000 women. This program addresses the economic empowerment of female-owned businesses.
2. Mobilising finance through savings groups for financial inclusion.
3. Embedding ESG in the credit analysis processes to identify and mitigate risk.

She explained that the bank designs products based on the client's needs by using data from the client's history, such as suppliers, customers, revenues, and supply and demand trends.

4. Mr. Sanjay Rughani, CEO of Standard Chartered Bank



Mr. Sanjay Rughani, CEO of Standard Chartered Bank

Mr. Rughani, mentioned that Standard Chartered Bank's brand promise is "*Here for Good*", so any decision made must always have a long-term and sustainable focus and impact. He shared that the bank plans to raise USD 300 billion by 2030 to support carbon transitions and impact 1 billion lives using three initiatives. He articulated three initiatives as follows:

- One is "*Drive Zero*," which is about decarbonising. Mr. Rughani explained that climate change is about reducing, eliminating, or offsetting carbon emissions. Adding that 98.7% of the bank's business is done digitally, and it has identified the top 20 industry sectors with the highest carbon emissions, created mitigation plans for clients, and worked with them to transition to more sustainable business models.
- A second initiative is "*Last Mile*," whereby the bank focuses on financial inclusion and endeavours toward women and children in developing markets.
- Lastly, is "*Resetting Globalisation*" which involves helping local clients trade in global markets and using the global franchise to take African businesses global.

Mr. Rughani concluded the discussion by sharing that the bank uses data to decide "what not to do", translating this into how they relate to client businesses. Explaining that energy transition starts with identifying the big things the bank can do, starting with the top 10 or 20 industries with the biggest carbon emissions and creating a national strategy to help them reduce yearly by 5%, 10% or 15% using alternative energies.

5. Summary of key observations/comments from participants

a) What should we expect as the framework is now out. Are you planning to adjust the capital requirements for those financial institutions whose risk profile or transition and mitigation plans might fall below a certain threshold deemed acceptable by you?

Our problem in Uganda is not sustainable finance; it is finance first. The funds available in finance institutions are volatile demand deposits that cannot be availed for sustainable finance. Also, the banking structure does not allow the use of depositors' funds.

Implementing planned ESG initiatives in the financial institutions will be reflected in its top and bottom lines.

- We require patient capital, whose returns come after a long time; therefore, reviewing the laws that structure finance in that manner is necessary.
- Banks can seek partnerships and invest in tools that attract patient funding and provide alternative sources of funding outside of banking to enable sustainable financing.
- Some banks dedicate a certain portion of their net profits to programs that have a positive societal impact.
- Others develop structured products to attract patient capital or equity.

b) Is it important for a country to have a credit rating similar to the ESG rating?

There are two types of ratings:

- Investor perspective
- Certification

The Central Bank has collaboratively developed the ESG framework, and this helps investors take a positive view of the country which facilitates and attracts more social capital.



c) The ESG is a very exciting area, but I've only heard about environmental and social aspects. Could you add what is being done with governance?

Governance involves accountability, which is achieved by putting the right policies and structures in place within the organisation. These are ESG targets that are beneficial to the whole country. This starts with a mindset change – starting with for example not throwing plastic and rubbish out of cars as you drive.

d) One dollar you invest in your community to address the challenge can create more dollars. Social business deals with problems in our society in a financially sustainable way. How can financial institutions' marketing teams and corporate affairs refocus their interventions when dealing with societal issues?

We need to transform behaviour starting with the basics – not cutting trees, moving away from charcoal, and not littering the road. Additionally, banks have created alternative funding sources outside the banking structure for the growth and social programs for the sustainability of small businesses.

Some initiatives include:

- Social programs: Some banks, like Centenary Bank, put aside a fixed percentage of their net profit for social programs.
- Financial inclusion and economic empowerment programs and products that target start-ups like DFCU's "Women in Business."
- Structured products that attract patient capital or equity to fund sustainable investments are needed under ESG frameworks.

- Green or Sustainability Bonds
- Blended finance products
- Cash flow models for government investments



Panel 2 discussion highlights:

Innovation and technology for ESG transformation in the financial services industry.

Mr. Frank Molla, Managing Director-Africa, MDP, moderated the panel discussion. The discussions centred on digital tools that support institutions in strengthening, measuring, and derisking in the implementation of ESG.

Mr. Molla said that most people cannot define ESG and liken it to climate change. He explained that a fundamental shift in the conversation must happen for us to relate ESG to what is happening in the world. He further commented that pollution is visible everywhere citing that driving a car for a year might produce 4.6 metric tons of carbon. However, he concluded by commending the progress in increasing Uganda's forest carbon to the current 12%.



Mr. Frank Molla, Managing Director-Africa, MDP

1. Mr. Robert Busuulwa, Managing Partner, Forvis Mazars BRJ



Mr. Robert Busuulwa, Managing Partner, Forvis Mazars BRJ

Mr. Busuulwa, noted that developing countries have a lower carbon footprint but are impacted more. Since the common man does not understand ESG, it should be broken down into a simple message that is easily understood at the grassroots level to enable implementation and the desired change, starting with behavioural change—no cutting trees, no use of plastic, etc.

Mr. Busuulwa observed that technology can be a barrier or an enabler to financial inclusion. He explained that mobile phones foster financial inclusion and can be a trackable enabler

of change. He further stated that literacy is the biggest barrier; people must understand the tools to use them.

He remarked that technology can be leveraged to enable the common man to provide information on ESG in a language they understand. He observed that bringing the conversations to the grassroots would help the public understand ESG and tell them what they can do to protect the environment, which would lead to a mindset change.

He said that governance happens at the top in board rooms; but for sustainability, it should begin at the individual level by translating into our routine activities and our engagements in the home.

He explained that while focusing on planting trees, consideration should be given to the number and types of trees being planted. Eucalyptus are short-term trees, whereas old trees provide the real carbon sink and attract wildlife.

2. Ms. Elizabeth Mwerinde Kasedde, Executive Director for Public Sector and Social Investments, Equity Bank Uganda



***Ms. Elizabeth Mwerinde Kasedde,
Executive Director for Public Sector and Social Investments, Equity Bank Uganda***

Ms. Kasedde, stated that ESG is lost in translation, yet traditionally, it has been applied in the simplest ways, such as storing millet in the granary, using nature for agricultural production, and physical energy to till the land. She explained that they while they could save energy, they could not measure what wasted.

Ms. Kasedde clarified that governance should be cascaded from the ground up while localising the message for delivery, for example, explaining that:

- Agriculture can be translated into food or survival.
- Education means providing information about environmental conservation, healthcare, and social protection.
- Capacity building is about training to grow businesses or increase productivity.
- Energy conservation is about the use of fuel that has a low carbon footprint.

She continued stating that the financial solutions and tools should be relevant to the community's needs and provide positive financial benefits to the end users. She gave some examples, such as:

- Reducing the carbon footprint through solar lighting.
- Replacing firewood with volcanic rocks.
- Using feature phones to track bank balances easily.
- Leveraging groups and messaging apps like WhatsApp to drive change and social inclusion.

Derisking mechanisms

1. *Sustainable finance or collateralisation through organisations such as Uganda Energy Credit Capitalisation Company (UECCC), International Fund for Agricultural Development (IFAD), and Africa Rural Climate Adaptation Finance Mechanism (ARCAFIM) which provides:*
 - a. *Liquidity outside the depositors' funds.*
 - b. *Funding for smallholder farmers.*
 - c. *Technological tools to measure impact.*
2. *The International Finance Corporation (IFC) enables data collection, tracking, and measurement of the amount and impact of green financing.*
3. *Leveraging partnerships to scale ESG, identify risk, and develop mitigation mechanisms.*
4. *Translating and sharing ESG information from the ground up for visible impact.*
5. *Reporting on ESG impact to attract additional funding and build sustainable businesses.*

Ms. Kasedde shared that Equity Bank has leveraged technology and partnerships to translate ESG for the end user, using partnerships and collaborations including:

- Mastercard has a multi-wallet card that provides banking solutions for users in hard-to-reach areas.
- Uganda Financial Literacy Association for capacity building the public.
- Tracking the trees planted using a locally developed app to measure the bank's contribution to reducing the carbon footprint.

- Developing a women's microcredit product with the Ministry of Local Government.

She concluded by stating that you cannot achieve ESG by yourself, partnerships are important to develop practical mitigation mechanisms for sustainable risk management.

3. Mr. Victor Ndlovu, Director - Business Development Lead - Mastercard, East Africa

Mr. Ndlovu, shared that Mastercard is committed to reaching net zero emissions by 2040 to protect the planet and the people.



Mr. Victor Ndlovu, Director - Business Development Lead - Mastercard, East Africa

He mentioned some of the strategies being undertaken by MasterCard to achieve their goal:

- All Mastercard staff have ESG targets.
- Priceless Planet Coalition: Mastercard has 8 partners and is seeking 25 more to plant 100 million trees globally by 2025.
- Providing basic financial literacy skills and computers to schools during tree planting exercises.
- Embedding a carbon calculator on partner mobile banking apps to track users' transactional carbon emissions and translate it into the number of trees they should plant.
- Replacing plastic cards with eco-friendly cards.
- Embedding ESG targets into all bank operations and processes
- Plant indigenous trees that attract local wildlife.

Mr. Ndlovu explained that there are many emerging technologies, such as AI, blockchain, and big data, that can be leveraged to:

- Predict behaviour and prevent fraud in futuristic payments.
- Digitise operations at the community level, such as farming, to fast-track payments and build credit history using mobile phone technology.
- Provide transparency in reporting and development of environmentally sustainable solutions.

4. Mr. Herbert Olowo, Regional Head IT and Operations, Interswitch



Mr. Herbert Olowo, Regional Head IT and Operations, Interswitch

Mr. Olowo, stated that ICT affects each aspect of ESG. He noted that data centres consume a lot of energy for cooling, and it is important to adopt energy-efficient technologies. He remarked that the high initial costs would be mitigated by the positive environmental impact. He further explained that technology changes very fast and as it becomes obsolete, it is important to find safe ways to dispose of the electronic waste.

He also observed that technology creates inequality due to the access gap. He explained that Interswitch has bridged this gap by providing access through 20,000 QuickTeller agents countrywide. He explained that they have implemented security measures to protect user data and privacy.

Mr. Olowo suggested that data is an integral part of ESG, and data collection should be integrated into the day-to-day management systems by:

- Defining the data collection objectives for data accuracy and integrity.

- Ensuring that the data collected is easy to analyse for reporting and stakeholder management.
- Developing and implementing data reporting standards

He explained that sometimes data integrity and accuracy is affected by the compatibility of the technology in old legacy systems.

5. Summary of key observations/comments from participants



a) How can you improve public sector governance and how public finances are managed in government?

The mandates in the private and public sectors are different—the private sector is majorly driven by profit. Corporate governance determines how companies are led and governed. This culture of ethical governance can be translated into the public sector through collaboration to guide how they react to the demands of the electorate and the political operators.

b) Behind ESG, there is the economic pillar. Are all these efforts making financial sense to the financial institutions? Do they have economic value?

Good ESG is a smart business. Investing in the future and livelihoods translates into economic activity, which leads to a better community, society, and nation. We need to create a commercial way to promote ESG. For example, Equity Bank has set up a renewable energy section with products that benefit the bank and the client financially.

c) We teach our students and undertake research. Mastercard works with financial institutions, the government, and probably universities. Who qualifies to be your

partner? What are some of the issues you talk about? Makerere University Business School has several research topics that need partners and collaborations.

Mastercard's traditional partners are banks. However, there are opportunities to discuss ideas and partnerships that would make transactions more efficient or create solutions and opportunities for cash displacement at universities.

Panel 3 discussion highlights:

Green financing initiatives: Enablers for sustainable development projects.



Ms. Mildred Tuhaise, NBS News Anchor

Ms. Mildred Tuhaise, NBS News Anchor, moderated the panel discussion. The discussions centred on the challenges and opportunities financial institutions face in accessing funding for sustainability projects.

She shared that only 58 countries have shared their national adaptation plans. She explained that the climate change conversation continues with the recent Bonn Climate Conference and the upcoming COP 29. She also remarked that investors finance projects with sustainability and climate change aspects, but there is a need to be able to measure the impact and outcomes.

1. Mr. Noah Owomugisha, Head of Investment, BDS & Green Growth, aBi Finance.

Mr. Owomugisha, defined sustainability as happy investors, a happy community, and a happy earth. He further shared that this means making money and managing risks by mitigating the effects of climate change through adaptation and biodiversity.



Mr. Noah Owomugisha, Head of Investment, BDS & Green Growth, aBi Finance.

Mr. Owomugisha explained that sustainable finance, green finance, ESG finance, ethical finance, impact finance, and social responsibility finance have the same meaning but looked at from different angles. He further said that sustainability is like love; it results from several actions – ESG – that compel an organisation to manage environmental and social responsibility within the framework of good governance for a big impact. He observed that the biggest challenge has been environmental responsibility; for example, the effects of running a fleet of cars and the amount of paper used in operations affect the carbon footprint and may not be actively considered as part of ESG. He said that financial issues should not be separated from impact issues because of the following:

1. The environment cushions against bad climate because business continues regardless of the weather (adaptation).
2. Social is quality of life, which means the clients and staff are happy.
3. Governance is profit and ensures that investors are not losing money but making more money (profit).

Steps in addressing challenges in green financing

- 1. Environment: Develop policies addressing environmental adaptation, mitigation, and biodiversity conservation.*
- 2. Products: Ask clients for accountability and investment that must be ESG compliant.*
- 3. Systems: The management information system (MIS) should support easy reporting of different aspects of ESG.*
- 4. Have one singular ESG reference point.*

2. Ms. Amanda Kabagambe, Chief Executive Officer and Founder Bethel Advisors/Implementing Partner Climate Finance Accelerator (CFA).



Ms. Amanda Kabagambe, Chief Executive Officer and Founder Bethel Advisors/Implementing Partner Climate Finance Accelerator (CFA)

Ms. Kabagambe, observed that financial institutions should collaborate and leverage the sustainability agenda by:

- Listing green bonds anchored in investable projects, such as NMB Bank Tanzania, NetBank, and Access Bank.
- Practicing transparency in guarantee schemes
- Collaborating and partnering with alternative lenders

She observed that women have been left behind systemically for generations, and the huge gap must be systematically addressed. She shared that the issue is that women are being empowered for a world that does not see them as equals. She also acknowledged that much

needed empowerment programs must prepare the world must where both genders are genuinely equal.

Best practices and strategies that support the sustainability agenda

- 1. Technical assistance: Bethel Advisors is the lead implementer for the UK government Client Finance Accelerator (CFA). The CFA is a ten-million pound, 4-year technical assistance facility that is implemented across 10 different countries.*
- 2. Capacity building: The program builds the capacity of low-carbon projects and helps them raise capital by supporting them in unlocking all forms of finance – debt, equity, or capital. Currently, CFA has unlocked USD 2 billion in funding for low-carbon projects.*
- 3. Partnerships: TLG Capital is an alternative investor that announced a USD 10 million loan to a Nigerian aluminium recycling company last week in partnership with Wema Bank in Nigeria.*
- 4. Asset financing: Banks need to explore asset financing. Sometimes, clients procure loans from multiple banks, which causes inefficiencies in reporting.*
- 5. Funding sustainable development projects: Banks can achieve financial gains from sustainable development projects.*

3. Mr. John Robert Okware, Country Director, ACELI Africa

Mr. Okware, described ACELI as a donor-funded market catalyst that unlocks private capital in agriculture by providing financial incentives to banks. He said that ACELI derisks loans and reimburses acquisition costs. However, banks must have an ESG policy because the loans must generate social and environmental impacts. However, he expressed concern that some banks use “borrowed” ESG policies that are limited in applicability, reporting and governance.

Mr. Okware further advised that ACELI gives lenders a dashboard that has monitoring mechanisms and a reporting matrix which translates the ESG principles into measurable data, such as the number of:

- Smallholder farmers supported
- Jobs created
- Women supported
- Climate and environment-resilient SMEs



Mr. John Robert Okware, Country Director, ACELI Africa

Mr. Okware further said that one cannot manage what one cannot measure, so a stress test should be conducted to understand the level of risk exposure. He explained that this could be done by quantifying allocations in smart agriculture, energy efficiency, and renewable energy to support the development of clear strategies to measure the impact of these allocations on the community and environment. He concluded that the resultant information would help identify risks and opportunities to build the capacity of institutions to access funding.

Challenges and opportunities in green financing initiatives

- 1. Financial institutions consider ESG to be something done to appease the regulator, funders, and stakeholders. For example, funding businesses in swamps based on an environmental impact assessment report is legal but not socially responsible.*
- 2. Transitional and fiscal risks can only be mitigated through behavioural change by embedding ESG in the core operations of financial institutions.*
- 3. Embedding uniform reporting metrics into business origination to support risk reporting and mitigation.*
- 4. Accreditation to the Green Climate Fund (GCF) to access green finance.*
- 5. Utilisation of blended financing and derisking tools like ACELI.*

4. Ms. Eileen Walusimbi Oloya, Sustainability Expert



Ms. Eileen Walusimbi Oloya, Sustainability Expert

Ms. Oloya, stated that ESG is a framework that allows an institution to measure its sustainability regarding:

- Environmental impact on the community
- Relationships with stakeholders, customers, suppliers, and end-users
- Leadership structures that support the sustainability of operations

Ms. Oloya stated that the government of Uganda had signed the Paris Climate Agreement, which shows commitment to nationally determined contributions (NDCs). She explained that agriculture is one of the sectors that can be supported and leveraged to offset our carbon footprint. Ms. Oloya encouraged the government and the private sector to collaborate in forming sustainability programs. She recommended sustainability implementation from the bottom up, realigning processes and operations to include ESG.

Ms. Oloya said that to attract global funds for sustainable projects, organisations should select 2 – 3 SDGs to work on and implement ways to support and measure the outcomes. She added that the organisations would also need to review the supply chain and embed aspects of sustainability within the corporate strategy including creating sustainability project offices.

5. Summary of key observations/comments from participants

1. *How can we prevent the radicalisation of ESG, where it starts undermining the fundamentals?*

Banks should collaborate with the government to provide monetary and fiscal incentives to support businesses that focus on ESG because the aspects must be addressed conjointly including:

- Environment: How the project will affect the natural resources
- Social: How the community will be impacted by the project
- Governance: How accountability will be provided to the investor



2. How do you compensate for the effects of carbon emissions of projects in lending and green finance instruments?

If we knew how much carbon the businesses generate, we would know how much effort to make or how many trees to plant. We need to know the numbers to seek help.

3. How far should banks go in promoting sustainability? Is the relationship between the bank's financial performance and sustainability linear (go into for perpetuity) or an inverted "U"?

ESG must be addressed in perpetuity, and this can only be done with the support of all stakeholders including investors, customers, staff, government, and community. Nature affects the air, water, wind, and weather. ESG is not a policy or a product that is selectively applied. To thrive today and in the future, ESG must become a way of life in our organisations, homes, and communities.

Panel discussion 4 highlights

Energy Sustainability for Uganda: Way Forward

Ms. Anne Marie Mwaka Sabano, Head of Business Development aBi Finance, moderated the panel discussion. The focus of the discussion was the intersection between oil, finance, and sustainability.



Ms. Anne Marie Mwaka Sabano, Head of Business Development aBi Finance

Ms. Sabano shared that currently only about 6% of Ugandans are using pure clean energy. She added that there is an increased demand for energy and the financial sector is uniquely positioned to drive the transition from biomass and fossil fuels to sustainable fuel that protects the environment.

1. Mr. Roy Baguma, Chief Executive Officer Uganda Energy Credit Capitalization Company Limited (UECCC)

Mr. Baguma, gave an overview of UECCC and explained that it is a government company mandated to catalyse financing for the development of renewable energy projects and facilitate the provision of funding for increased access to clean and modern energy technologies.



**Mr. Roy Baguma, Chief Executive Officer
Uganda Energy Credit Capitalization Company Limited (UECCC)**

Mr. Baguma shared that the organisation requires patient capital to support the development of renewable energy projects and foster the uptake of clean energy technologies. He said to achieve their mandate, they work with some of the following:

- Financial institutions
- Energy service companies and Associations
- Ministries – Ministry of Energy and Mineral Development, Ministry of Water and Environment, Ministry of Education, Ministry of Health, Ministry of Agriculture, and Ministry of Works and Transport
- Regulators - Electricity Regulatory Authority, and National Environment Management Authority,
- Uganda National Bureau of Standards
- Civil society organisations
- Umbrella bodies like Private Sector Foundation of Uganda
- Catalytic funders

He stressed that sustainability prevents natural resource depletion and ensures long-term availability of resources for future generations. He further stated that energy drives all economic sectors, including industry, transportation, residential, and commercial, and explained that energy sustainability supports using energy to meet the needs of the current and future generations.

Mr. Baguma further shared that the government of Uganda had implemented various strategies to promote energy sustainability, including:

- United Nations 2030 agenda
- The Paris Climate Agreement
- SDG 7 – Provision of affordable, reliable, and sustainable energy for all by 2030
- Energy Policy of Uganda 2023

Mr Baguma briefly discussed the objectives of the Energy Policy of Uganda 2023 including to

- Strengthen electricity generation, transmission, and distribution from eco-friendly renewable sources such as solar, hydro, wind and geothermal.
- Increase electricity access and use of alternative modern energy forms that target zero carbon emissions.
- Promote the utilisation of energy-efficient practices and technologies such as biomass.
- Support capacity building in energy sector governance and integrated planning.
- Guide the management of energy-related environment health and safety and social safeguards.

How to access derisked finance through UECCC

1. Collaborations: For example, Centenary Bank has accessed USD 110 million to derisk solar and power connection loans
2. Credit enhancement through guarantees to support risk sharing where collateral is limited. For example, the technology risk guarantee allows funding of ventures exploring renewable energy innovations.
3. Dedicated lines of credit for financial institutions.
4. Public-private partnerships for large capital-intensive infrastructure projects
5. Results-based financing where companies are reimbursed for the subsidies and discounts given to end-users of clean energy solutions such as micro-off grid solar and clean cooking powered by LPG, solar, biogas, and ethanol

Mr. Baguma concluded by sharing that a new results-based financing facility will be launched to:

- Support energy companies with products and services in micro off-grid solar and clean cooking powered by LPG, solar biogas, biogas, and ethanol by discounting the cost of access for the consumers.
- Discount pricing for productive energy uses like water pumping equipment, irrigation equipment, refrigeration and cooling, water heating, and grain milling.

He further said that this will be reimbursed after a verification process at onboarding and disbursement based financial capacity, geographical network, and quality of the technologies.

2. Ms. Peninah Aheebwa, Director of Technical Support Services, The Petroleum Authority of Uganda

Ms. Aheebwa, explained that the Petroleum Authority of Uganda (PAU) was established as a statutory body under section 9 of the Petroleum Act 2013 and has been in existence since 2015. The PAU oversee the monitoring and regulation of all petroleum operations in the country. She stated that there is a spectrum of projects across the value chain:

- Upstream: Five projects are under exploration, and two (Telenga and Kingfisher) are under development.
- Midstream: Three commercialisation projects for gas monetisation, refinery, and EACOP

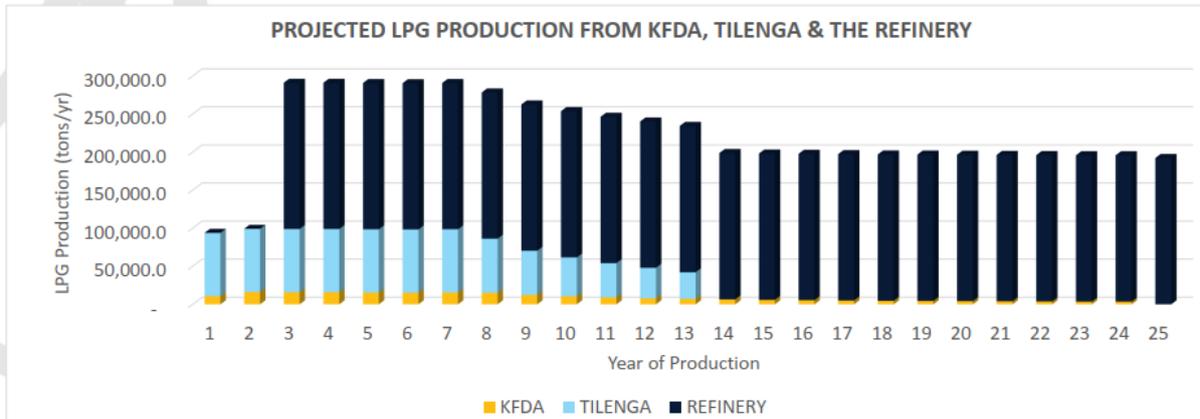


***Ms. Peninah Aheebwa, Director of Technical Support Services,
The Petroleum Authority of Uganda***

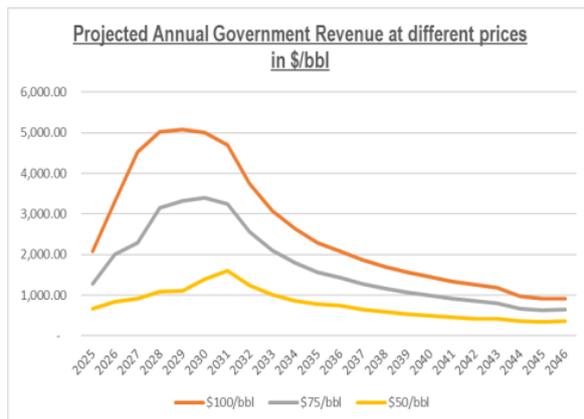
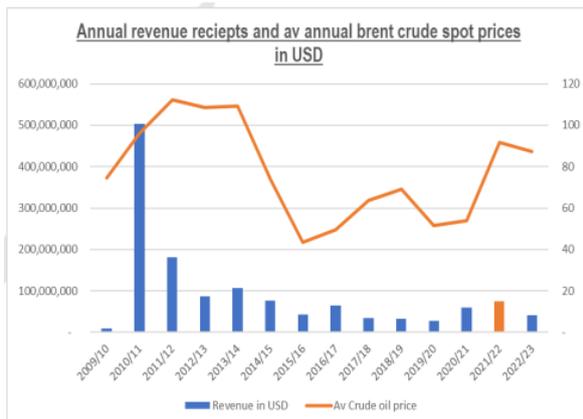
Ms. Aheebwa stated that this had led to several benefits, including:

Benefits of Energy Security – Import Substitution/Transition to Clean Cooking Energies

COUNTRY	Kenya	Uganda	Tanzania	Rwanda
LPG Consumption	371,000	20,000	250,000	42,000
Metric tonnes (annually)				



Fiscal Benefits – Support to Financing the Uganda Energy Transition Plan



- From 2009/10 to 2022/23, Uganda received **UGX 3,561,538,243,711 (US\$ 1,339,325,889)** in Tax and Non-tax revenue. The graph above summarizes the annual receipts.
- The current projection for annual petroleum non-tax revenue is a total of **USD 1,679,822 (One Million Six Hundred Seventy-Nine Thousand Eight Hundred Twenty-Two United States Dollars only)**.
- After First Oil, the revenue to Government will depend on the prevailing oil price as at that time.
- Uganda will receive an annual average of **US\$ 1 to 3 Billion**, depending on the prevailing international crude oil price environment at the time.

6

Benefits – National Content

Provision of goods and services

- Between 2017 to date 6 years, over 4,540 contracts valued at US\$ 4.955bn were awarded, of which 3,932 valued at US\$2.012bn (41%) were awarded to Ugandan companies as defined in the regulations.
- About US\$ 19.94 million went to community-based companies.

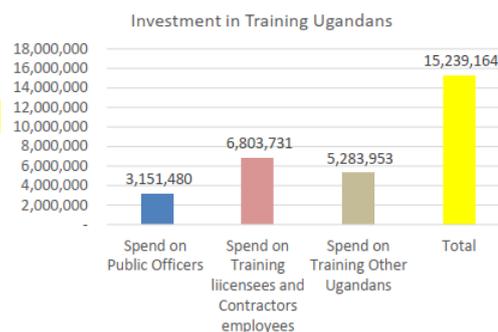
Technology Transfer

Since 2017 to date, a total of 65 joint ventures have been approved by the PAU of which 31 have secured 35 contracts worth USD 190,924,528.

Employment

- ☐ As of December 2023, 13,067 (90% Ugandans) persons were employed.
- ☐ 4595 were from host communities.

SME Capacity building – over 5000 beneficiaries



Training

- ☐ 20 Ugandans on international expatriation.
- ☐ In-country training capacity established
- ☐ 13,128 Ugandans trained and certified, 200 government officials trained

She explained that the key ESG considerations include:

- a) Land acquisition in Uganda, which is undertaken in compliance with international best practices, more specifically the IFC performance standard 5 on Land Acquisition and Involuntary Resettlement.
- b) The focus is on improving livelihood and wellbeing of the project affected persons and communities.
- c) Project affected persons (PAPs) are compensated in line with the valuation of the land, businesses and activities in the land as valued by the chief government valuer.'
- d) A 39% uplift of the computed value is paid to PAPs as disturbance allowance.
- e) Livelihood restoration and improvement programmes which include financial literacy, livestock, poultry farming, among others are given to the PAPs.

Key ESG Considerations – Environmental, Health, Safety and Social Management

- a) Robust legal framework and tools – ESIA
- b) The National Oil Spill Contingency Plan (NOSCP) launched on 18th March 2022.
- c) The capacity of waste management in the country enhanced by getting two thermal desorption units.
- d) 24/7 monitoring of operations
- e) The monitoring of the interface of operations and the park revealed that sites with intense oil and gas activities including drilling remain core-ranging areas for wildlife in the park an indication of harmonious existence between wildlife and oil and gas.

f) Third party pre-export verification of conformity assessment of specialised equipment and materials for oil and gas projects in Uganda is ongoing.

3. Ms Cathy Adengo, Head of Sustainability, Stanbic Bank Uganda



Ms Cathy Adengo, Head of Sustainability, Stanbic Bank Uganda

Ms Adengo, stated that Stanbic Bank views business through the ESG lens, thereby supporting projects that foster sustainable. She explained that this has been achieved through the development of innovative methods of concessional lending and affordable financing structured around four pillars of ESG:

- Governance: Development and implementation of an ESG operational strategy that is understood throughout the organisation
- Sustainable finance: Through the Ministry of Energy, the government has launched an energy transition plan to support financial institutions in designing sustainable finance solutions.
- ESG risk: Lending to sustainable businesses that are innovating.
- Reporting on the ESG impact on the market and community.

Ms. Adengo urged other financial institutions to emulate Stanbic Bank and mobilise green funding to support SMEs innovating in renewable energy. She said that, for example, the bank had:

- Extended UGX 14 billion in loans to innovative renewable businesses in partnership with various organisations

- Accessed part of the USD 600 million from the World Bank through UECCC to provide patient capital for SMEs and businesses addressing climate issues in Uganda.
- Partnered with the Swedish government through the SIDA Guarantee for Renewable Energy.

4. Mr. Charles Kabanda, General Manager of Retail and Micro Finance Division, Centenary Bank



**Mr. Charles Kabanda, General Manager
Retail and Micro Finance Division, Centenary Bank**

Mr. Kabanda, stated that the bank's focus is on people, the planet, and profits. He explained that most people on the lower end of the income pyramid have limited access to modern energy solutions such as electricity and LPG and use charcoal, firewood, and *Tadooba*. Adding that this is mostly due to poverty and lack of knowledge and access to renewable energy. He advised that Centenary Bank has leveraged collaborations and partnerships for risk mitigation and derisking and developed financing products targeting access to clean energy, including:

- Solar loans
- Power connection loans
- Funding for research programs into clean, renewable energy
- Lobbying the government for additional incentives and subsidies

He said that in the past year, the bank has financed over 500 loans and is projected to fund over 1,000 loans, totalling over UGX 1 billion in the coming year. He added that the bank leverages other strategies to impact communities, including creating awareness of forest

encroachment and renewable energy sources. He concluded by sharing that they have planted 20,000 trees as part of the afforestation activities.

5. Summary of key observations/comments from participants

a) The Industrial Revolutions are determined by merging three technologies—communications, energy, and transport and logistics. Today, we must also consider housing and agriculture. It is not too late to have these players come together on a round table and map a roadmap for transitioning to the next industrial revolution. To be effective, we must work in collaboration sector by sector. Thank you, UBA, for bringing together at least 90% of the partners who are supposed to be involved in this discussion.

b) What actions are PAU taking to offset the industry's carbon emissions?

By 2065, the Oil and Gas sector will achieve Net Zero through the following efforts:

- Minimising emission by solarisation of the EACOP and Telenga Project
- The project will not burn crude to run the operations; solar and hydropower will be used.
- The gas produced in the extraction process will not be released into the air but will be used as LPG.
- Carbon capture and storage will manage residual emissions.
- Research on greening projects.



c) . What actions are PAU taking to offset the industry's carbon emissions?

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- Carbon capture and storage will manage residual emissions.
- Research on greening projects.

d) As you know, our NDC budget is USD 28.1 billion. The government has committed to cover only 15% of it, which means 85% is from the financial sector. What are we doing specifically to contribute to the balance after the government offers us 15%? At aBi, for example, we have made it a fraction of the 85%. What are you doing to cover the balance? Are you giving loans? Yes. You're contributing, but do you have a specific target directly aligned to the NDC? That's the ultimate indication at the national level of your footprint or your contribution to the national picture in managing climate change and greening.

The Ministry of Finance met with banks, and agreements will be made on each member's contributions through the UBA. In August last year, Centenary Bank signed a Rural Electrification Subsidy Disbursement Plan with the government to provide affordable electrification for clients in rural areas. Other partnerships with organisations like ACELI, UECCC, and USAID aim at clean energy, poverty reduction, and economic empowerment.

e) LPG use in Uganda is 20 metric tons, the lowest in the East African Community. Is it possible to expand the UECCC's coverage to include LPG use in the country by subsidising the upfront cost of acquisition and looking forward to production come 2025?

LPG is one of the clean cooking technologies that UECCC will support under the results-based financing facility. They will work with vendors to discount acquisition prices by up to 50%. Additionally, those who cannot afford it can access blended finance from microfinance institutions and banks via the subsidy. Companies dealing with LPG can access credit lines from banks.

f) The energy transition plan was launched by the Ministry of Energy just last year, at the backdrop of COP 28. The achievement of the objectives was centred on leveraging and pivoting the benefits from the oil and gas sector to finance the transition towards renewable energies. How far has this gone, and what are the available insights?

Under COP 28, the agreement was to transition in an orderly and equitable manner. Transition and exploitation of resources requires funding and support from the financial services sector. Over 1,000 Ugandan businesses in the sector struggle to access financing, yet they have contracts averaging USD 200 million. The bankers should visit the Albertine Graben Refinery to understand the opportunities and develop products for the sector.



5 Closing remarks

5 Closing remarks

The UBA Vice Chairman, Mr. Michael Mugabi, congratulated all the participants for an insightful conference and shared three takeaways from the conference:

- Sustainability is not a trend. It is a necessity. We become architects of tomorrow by innovating financial products and fostering responsible investments.
- Harness the strengths within your organisation.
- Empowering your people to be good stewards of resources by developing policies that guide the development of sustainable products and services that positively impact the community and the environment.



The Vice Chairperson, Uganda Bankers Association, Mr. Michael Mugabi

Mr. Mugabi concluded by urging members to collaborate deliberately across borders, institutions, and disciplines to create a more sustainable and equitable financial landscape.

"Kaizen is the journey that we all are speaking to. We must continue the change we want to see." - Mr. Michael Mugabi, UBA Vice Chairman.

6 Conclusions & action points

6 Conclusions and action points

As a starting point, bankers and leaders in this industry should connect the ESG and sustainability agenda to the organisation's purpose or reason for existence by:

1. Developing risk management guidelines to maintain a socially equitable, environmentally responsible, ethical industry.
2. Devoting adequate skilled and knowledgeable human resources to address the challenges of digitisation.
3. Embedding cyber hygiene and cyber health into products and services.
4. Adopting a collaborative approach, instead of a competitive strategy, to risk management
5. Embedding ESG targets into everything you do.
6. Planting indigenous trees has long-term effects on the environment.
7. Leveraging technology to provide information on ESG to the public.
8. Replacing plastic cards with eco-friendly cards.
9. Increasing strategic partnerships and collaboration
10. Developing your own ESG policy to enable the bank to implement the policy and measure its impact.
11. Fostering stakeholder activism by directing funds towards sustainable, socially responsible, and environmentally sensitive projects and investments.
12. Developing policies in line with the different climate-friendly frameworks and regulations
13. Translating ESG commitments into trackable targets and metrics.
14. Utilising blended financing and derisking tools like ACELI.



7 Cocktail Photos

7 Cocktail Photos





8 Annexe

8 Annexe

1. Link to the event album pictures on the client's shared drive

https://drive.google.com/drive/folders/1-wqMjhXqm6Xsb949VTT8V05MfwwaL_lm

2. The event program and conference magazine are available on the website

<https://ugandabankers.org/abc-2024/>



**Uganda
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THE SEVENTH



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2024