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Green Banking and Climate Finance in Uganda

There is significant growth potential in Uganda for investment in Decentralised Renewable Energy (DRE) and Energy Efficient (EE) technology to promote a transition to a cleaner and low carbon economy.



Green banking champions posing for a photo after the Face-to-Face (F2F) training at Golden Tulip Hotel Kampala, Photo@GIZ

Context:

There is significant growth potential in Uganda for investment in Decentralised Renewable Energy (DRE) and Energy Efficient (EE) technology to promote a transition to a cleaner and low carbon economy. This is also evidenced by the increasing interest from both public and private sector to invest in Renewable

Energy and Energy Efficient projects. To maintain this momentum and scale up investments in Renewable Energy and Energy Efficiency, it is important to fast-track access to adequate financing.

Background.

Besides supporting reductions in climate change risk and mitigating the impact of adverse climate events, the financial sector has a very significant role to play in the financing of green, renewable and energy efficient projects. The development and financing of renewable energy is already a well-established business and gaining ground all over the world as well as energy efficiency, which concentrates on saving energy as opposed to energy generation.

With the adoption of the Paris agreement, developed countries underlined their commitment to mobilize \$100 billion per year from 2020 to 2025 for climate finance to support the transition and creation of low carbon economies, and to help communities prepare for the adverse impacts of climate change in developing countries. However, to combat climate change and strengthen climate resilience of a nation, many stakeholders need to get involved in climate friendly initiatives which includes among others the development and investment in Renewable Energy and Energy Efficiency projects. In Uganda, local and international funding has been provided to stimulate the transition to a cleaner and low carbon economy; however, this transition



cannot be completed unless private resources and investment move in the same direction. The financial and banking sectors are fundamental in accelerating the much-needed movement of such capital.

Intervention

In recognition of the fundamental role that financial and banking sectors play in accelerating the much needed finance for investment in Renewable Energy and Energy Efficiency projects, the Germany Ministry of Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) through GIZ- Policy Dialogue and Knowledge Management on Low Emission Development Strategies (DIAPOL-CE) project's Green Banking Initiative, the Renewables Academy (RENAC) with support from the Uganda Institute of Banking and Financial Services (UIBFS) conducted a five-month capacity building training in green banking and climate finance for over 60 stakeholders.

The training that was conducted from December 2021 to May 2022 targeted Ugandan financial institutions, as well as private and public clean energy market sector players. Through the training, participants acquired knowledge and skills on Climate finance principles, Small and Medium Enterprises (SME) finance, Renewable Energy technologies and systems for productive uses and energy efficiency projects among others. It is based on the online training that

25 best participants were selected for further training based on their performance.

The F2F training for the best participants took place from 21 - 23 September, 2022 at Golden Tulip Hotel in Kampala and it came after a one-week intensive training of about 12 trainers from the Uganda Institute of Banking and Financial Services (UIBFS) in May, 2022

The Green Banking training was aimed at providing capacity building in financing of renewable energy and energy efficiency investments and projects for bankers and investors to improve risk assessment and their willingness to finance and invest in green energy products.

“The green banking initiative is the way to go as far as supporting indigenous SMEs in the Renewable Energy space is concerned. Many individuals and companies have brilliant ideas but grappling with access to finance to put the ideas to reality. This can only come to reality if all commercial banks and other financial institutions like SACCOs and Microfinance institutions embed financing of green projects in their loan portfolio, Paul Mugerwa, UIBFS trainer.”

Way forward

For continuity and sustainability, the best 25 participants will act as green banking ambassadors in their respective organisations to operationalize green banking and fast track access to Renewable Energy finance.



Participants at the Training of Trainers session held at the Uganda Institute of Banking and Financial Services (UIBFS) in Kampala. May 2022/ Photo@GIZ



Some of the participants receiving certificates after the green banking Train the Trainers training August 2022/Photo@GIZ

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