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Ugandans paying more due to consumer illiteracy in mobile money usage

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Insurance Brokers tipped to shape the sector growth and penetration

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Liberty Life Assurance launches its Kuza Plan

Life Life is a marathon, how set are you for it?

Insurance experts are attributing the low adaptation of insurance to companies that refuse to pay claims and if they do, they cheat the public.

Life and general insurance company, Liberty Life Assurance, Chief Executive, Mohammad Danish Eqbal says Customer protection and growth are paramount, which is why they have created the Kuza Plan.

"This comprehensive protection plan ensures our clients' security while supporting their financial growth."

Unlike traditional plans, the Kuza Plan offers the freedom to cancel without penalties, guaranteeing a full return on the investment account balance.

"The Kuza Plan ensures your investments grow even if premium payments stop. We prioritize transparency and flexibility, aiming to provide peace of mind to policyholders and beneficiaries, "he adds.

His remarks as they unveiled the Kuza Plan, a financial product merging savings with life and disability insurance.

Joseph Almeida, Managing Director of Liberty Life Assurance Uganda, says "At Liberty Life Uganda, we empower individuals to secure their financial future with confidence adding that the initiative represents a bold step towards offering essential benefits and unparalleled flexibility to meet diverse customer

SEE PAGE 2

FROM PAGE 1

Liberty Life Assurance launches its Kuza Plan

needs."

The campaign caters to the needs of the corporates and business people aged between 30 and 60, aligning seamlessly with their aspirations and lifestyle choices.

The company notes that through the innovative fusion of savings with life and disability insurance, the plan establishes a safety net for individuals and not just reshaping the insurance sector but also fostering opportunities for Ugandans to flourish amidst evolving circumstances.

The Kuza Plan surpasses the boundaries of a typical savings plan by providing last rights and permanent disability benefits at no additional cost.

"With as little as 200,000 shillings million, a client is able to receive a savings illustration and feasibility analysis to maximizes profitability and ensure goal achievement."

UNOC records unexpected Shs37 billion profit

The Uganda National Oil Company (UNOC) has generated a profit of Shs37.6 billion surpassing their projected revenue of Shs6.989 billion.

This revelation emerged during a meeting between officials from UNOC and Members of the Public Accounts Committee (PAC) on Monday, 27 May 2024 where the Auditor General's report on UNOC's financial statements for the year ended 30 June 2023, was considered.

The recent audit of UNOC revealed an impressive financial performance that caught the attention of the committee.

Initially slated to generate Shs6.989 billion in revenue, UNOC ended the fiscal year with Shs37.6 billion. This was attributed to strategic investments in treasury bills and fixed deposits.

The Auditor General's report highlighted that the windfall was a result of UNOC's decision to invest a portion of its funds in the money markets.

According to the report, the investments were not initially included in the budget estimates due to the unpredictability of interest rates and project expenditures. Consequently, the company saw a surplus of Shs30.686 billion above the approved revenue estimates.

Bank of Uganda maintains Central Bank Rate (CBR) at 10.25%

The Bank of Uganda's Monetary Policy Committee (MPC) has maintained the Central Bank Rate (CBR) for June at 10.25%.

CBR is the rate charged by the central bank for lending funds to commercial banks. Bank rates influence the lending rates of commercial banks. Higher bank rates translate to higher lending rates by the banks

Bank of Uganda Deputy Governor Michael Atingi-Ego said while the economy is on a steady recovery path through low inflation, risks remain.

He said the risks include the potential impacts of an escalation in the ongoing geopolitical tensions in the Middle East, possible energy price hikes, unfavourable weather patterns affecting food supply and production capacity pressures.

"The materialisation of these risks could imply stronger inflationary pressures. Additionally, persistent global inflation and higher interest rates could cause heightened volatility in capital dows and the exchange rate, resulting in higher domestic inflation than currently assumed. Conversely, inflation may undershoot projections if monetary policy reduces demand more than anticipated or global demand weakens further, resulting in lower imported inflation," Dr Atingi-Ego said at a press conference in Kampala.

Deputy Governor of Bank of Uganda, Michael Atingi-Ego

He also explained that although the Ugandan economy remains resilient, recent economic indicators have been mixed.

"Uncertainty about the global economic situation and a stronger shilling depreciation could weigh on domestic demand. Private sector credit growth could weaken further due to tighter domestic financing conditions, resulting in lower demand. External factors such as a weaker global economy and escalating geopolitical conflicts could further impede growth through supply chain disruptions, higher freight costs, and reduced export demand," he said.

"Furthermore, like several other countries, Uganda faces decreased capital inflows, headwinds to export growth, and heavy external debt servicing partly due to rising global interest rates. This, combined with declining budget support, has resulted in declining international reserves. Coupled with concerns over debt affordability and constrained financing options, this has led to a downgrade of the country's sovereign credit rating, though with a stable outlook, reaffirming that these challenges are short-term. Going forward, rebuilding international reserves will require increased coordination of monetary and fiscal policies," he added.

Nevertheless, the Deputy Governor said more favourable weather conditions leading to good food crop harvests, higher government and private sector investment in the extractive industry, and government intervention programs could boost economic activity.

"Domestic inflation has risen moderately, lower than previously projected, largely due to the exchange rate stabilising with a bias towards appreciation since March 2024. The relative stability of the Ugandan shilling against the US dollar has benefited from recent CBR increases and inflows from robust coffee exports owing to favourable international coffee prices.

Dr Atingi-Ego said Uganda's inflation remains among the region's lowest with an average of 3.2% in the twelve months to May 2024. Nonetheless, annual headline inflation rose to 3.6% in May 2024 from 3.2% in April 2024, while core inflation increased to 3.7% from 3.5%.

The inflation uptick is primarily driven by rising healthcare, education, and transportation service costs, coupled with higher prices for solid and liquid fuels. Services inflation has climbed to 6.2% from 5.4%. Similarly, electricity, fuel and utilities (EFU) inflation has risen to 9.5% from 7.4%, rejecting recent increases in international energy prices and lagged effects of the shilling's past depreciation. However, tight monetary conditions, declining global inflation, and a favourable domestic food supply have partially offset inflationary pressures.

Looking ahead, inflation in FY2024/25 is projected to remain moderate, broadly reflecting stable demand conditions and contained cost pressures. The inflation forecast has been slightly revised downwards relative to the April 2024 round, largely due to a less depreciated shilling exchange rate. Inflation is expected to rise and average between 5.0% and 5.4% in the short term (12 months ahead) before stabilising around the medium-term target of 5% in the second half of 2025.

Uganda's economic surge: Ambitious goals, promising growth

Uganda is gearing up for a remarkable economic leap, with its GDP projected to expand to UGX 225.5 trillion ($60 billion) in the upcoming fiscal year.

This ambitious forecast was unveiled by Finance Minister Matia Kasaija during his budget speech on June 13, 2024, marking a significant increase from the previous year's UGX 52.736 trillion.

The announcement heralds a new era of economic resilience and growth for the East African nation.

A resilient recovery

Uganda's economy has shown impressive resilience, bouncing back from various internal and external shocks over the past four years.

The financial strategies and interventions implemented have not only stabilized the economy but have also set the stage for robust growth.

Kasaija highlighted that Uganda is now on a steady path, with the economy expected to grow between 6.4% and 7% next year, and potentially reaching double-digit growth in the next five years.

Driving forces behind growth

Several key factors are poised to drive Uganda's economic growth in the coming fiscal year. The projected GDP increase to UGX 225.5 trillion excludes anticipated revenues from the burgeoning oil and gas sector, which is expected to begin production in FY2025/26.

Additionally, growth in exports, particularly through increased regional trade within the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), as well as new partnerships in the Middle East and Asia, are set to boost the economy.

Tourism is another crucial sector, with investments in infrastructure, branding, marketing, and the Meetings, Incentives, Conferences, and Events (MICE) programme expected to drive growth.

President Museveni delivering the State of the Nation Address at Kololo Independence Grounds

The agro-industrialisation and light manufacturing sectors, supported by affordable credit through the Uganda Development Bank (UDB) and initiatives like the Parish Development Model, are also key contributors.

Private investment is projected to rise, supported by Foreign Direct Investment (FDI), remittances, and a stable macroeconomic environment. Continued investments in industrial parks, infrastructure development, and reliable electricity supply are expected to further enhance economic growth.

SEE PAGE3

Uganda's GDP to expand to sh225.5 trillion ($ 60 billion) next fiscal year

FROM PAGE 2

Long-term economic strategy

In collaboration with the National Planning Authority, the Ministry of Finance has developed a comprehensive strategy to grow Uganda's economy tenfold by 2040.

This ambitious plan aims to increase the size of the economy from $50 billion last year to $500 billion.

Key to this strategy are four anchor sectors: agro-industrialisation, tourism, mineral development (including oil and gas), and Science Technology and Innovation (STI), including ICT.

Kasaija emphasized the importance of doubling the GDP every five years for the next 15 years to achieve this goal. This includes raising per capita GDP from the current $1,146 to about $7,000 by FY2039/40 and increasing the savings rate from 20% to 40% of GDP.

Recent economic performance

The financial year 2023/24 saw Uganda's GDP grow by 6%, outperforming the Sub-Saharan Africa average of 3.8% and the global average of 2.9%.

This robust growth has increased the size of the economy to UGX 202 trillion ($53.3 billion), up from UGX 184.3 trillion ($48.8 billion).

If this GDP were equally distributed, each Ugandan would enjoy a per capita GDP of $1,146, a notable rise from the previous year according to minister Kasaija.

This economic performance has been bolstered by growth across all sectors. The services sector, particularly retail, tourism, communication, and real estate, grew by 6.6%.

The industry sector, driven by manufacturing, construction, and mining, expanded by 5.8%. Agriculture, benefiting from good weather and the Parish Development Model, grew by 5.1%.

Inflation and fiscal performance

Uganda has successfully contained inflation, maintaining an average rate of 3.2% over the past year. This stability is attributed to coordinated monetary and fiscal policies, which have kept prices for essential commodities low.

The country's fiscal deficit has also been reduced to 4.5% of GDP, down from 5.5% the previous year, thanks to a robust fiscal consolidation agenda

Finance Minister, Matia Kasaija arriving to read the 2024/25 budget

aimed at enhancing revenue collection and controlling government expenditure.

Private sector credit increased by 5.2%, reaching UGX 21.54 trillion in April 2024. The share of credit to productive sectors like agriculture also saw a slight uptick.

Despite some depreciation pressures, the Ugandan shilling remained relatively stable against major global currencies, averaging UGX 3,771 to the US dollar over the past year.

Public debt, sustainability

As of December 2023, Uganda's total public debt stood at UGX 93.38 trillion ($24.69 billion), with external debt accounting for UGX 55.37 trillion ($14.64 billion) and domestic debt UGX 38.01 trillion ($10.05 billion).

The public debt is projected to reach UGX 97.638 trillion ($25.716 billion) by June 2024. Despite this increase, Uganda's debt-to-GDP ratio remains below the 52.4% threshold, ensuring debt sustainability.

Navigating risks, challenges

While the economic outlook is promising, several risks could impact growth. These include climate change, geopolitical tensions, high interest rates, and fluctuations in global commodity prices.

To mitigate these risks, the government is implementing climate change adaptation measures, exploring cheaper financing options, and ensuring prudent government spending.

Uganda's economic future looks bright, with strategic plans and robust growth drivers in place.

As the nation moves towards achieving its ambitious economic goals, the resilience and innovative spirit of its people will be crucial in navigating the challenges and seizing the opportunities that lie ahead.

Museveni promises hope

During the budget reading, the president of Uganda, H.E Yoweri Kaguta Museveni said that the Ugandan economy has not only grown from $1.5 billion in 1986 to now $55 billion by the exchange rate method but to $180 billion by the purchasing power parity (PPP) method.

He said that in the next few years, not the 2040 vision, Uganda shall catapult the economy to the size of $500 billion.

"Why am I sure of this? It is because much of our economy today, is comprised of raw-materials, that are in value normally 10% of the value of the final products. By adding value to coffee, maize, forest products, minerals, etc., our economy will grow exponentially. We have the electricity and we shall continue expanding the generation and the transmission," he said.

In order for the economy to grow, Museveni said, "We need to be competitive in the products we produce. Our products and services must be cheaper and of better quality, than products from other countries."

However, in order to achieve this, he said "We need affordable electricity which is already being worked on. We need low-cost money for the wealth creators, which is already available in the forms of PDM, Emyooga and UDB loans. Labour is still not expensive."

However, to further handle the issue of the costs of production that render products and services uncompetitive, he said Uganda must reactivate rail and water transport for cargo.

"We have repaired the old metre-gauge from Malaba-Kampala and also from Tororo to Gulu-Pakwach. We are going to start building the SGR from Malaba to Kampala and Kampala to Mpondwe. Later, we are going to expand the SGR to Gulu–Nimule.

"The railway will transform our capacity to create wealth. It will also save the roads from the destruction by the heavy trucks, cause less pollution and consume less fuel," he said, adding that the four sectors of Commercial Agriculture, Artisanship and Manufacturing, Services and ICT, if utilized in the manner recommended by the NRM ever since 1995, will create so many jobs that the country will exceed the job 4 levels.

According to Museveni, Uganda already has 922,998 people employed in manufacturing, 5,076,787 people employed in services; out of these 40,972 are employed in ICT, 66,034 people are employed in mining and quarrying.

Financing and expenditure for FY2024/25

The total resource envelope for Financial Year 2024/25 amounts to sh72,136,504253,466 trillion of which total revenue is as detailed below.

1. Domestic revenues amount to sh31.982 trillion, of which sh29.366trillion will be tax revenue and sh2.616 trillion will be non-nax revenue
2. Budget Support - sh1.394 trillion
3. Domestic Borrowing - sh8.968 trillion
4. Treasury bonds for settlement of Government outstanding obligations to
Bank of Uganda as at 30th June 2024 - sh7.779 trillion
5. Domestic Refinancing of maturing domestic debt - sh12.022 trillion;
6. Petroleum Fund drawdown - sh115.4 billion
7. Project support (external financing) - sh9.583 trillion; and
8. Local Government revenue collections - sh293.9 billion.

Program allocations

Agro-industrialisation-sh1.878tn
Mineral Development-sh41.55bn
Sustainable Development of petroleum products-sh920.86bn
Manufacturing-sh288.67b
Tourism development-sh289.60bn
Climate change, natural resource and water management-sh744.83bn
Private sector development-sh2.023tn
Sustainable energy development-sh982.56bn
Integrated transport and infrastructure and services-sh4.989tn
Governance and security-sh9.102tn
Regional development-sh1.524tn
Local government-sh5tn

Reactions from Stakeholders

The 2024/2025 national budget presents a broad array of opportunities for Ugandans across various sectors.

With a focus on enhancing household incomes, supporting education, boosting SMEs, and commercializing agriculture, the government aims to drive inclusive growth and development.

Steven Asiimwe from the Private Sector Foundation Uganda (PSFU) emphasized the need for enabling policies and a favorable investment climate to allow the private sector to leverage available opportunities.

"We need enabling laws and regulations that support the private sector and affirmative action to ring-fence certain resources for private sector growth," Asiimwe noted.

He highlighted the importance of ensuring that youth and women receive a specific percentage of government tenders, as practiced in Kenya, to boost their financial capacity and prevent foreigners from dominating procurement processes.

Francis Kabuye, the Head policy and advocacy at the Federation of Small and Medium Enterprises (FSME), commended the government, saying that the government is becoming more sensitive to addressing salient issues affecting SMEs.

"As a player in the SMEs' sector, I advocate for SME support, and I commend the government for allocation of funds to scale up the SME business and also the funds allocated to support the manufacturing SMEs," he said.

He added, "I think of this as an opportunity for SMEs to leverage the funds to participate in exportation and mass production. Since Ugandan SMEs have not been able to survive for long due to financial challenges the allocations should be able to make a positive impact on small businesses.

INSURANCE AGENT of the year AWARDS

Uganda Insurers Association

Promoting Insurance. Protecting Your Future

THE 13TH ANNUAL INSURANCE AGENTS AWARDS ‘23

Background

The Annual UIA Insurance Agents Awards seek to celebrate the role of insurance agents in the insurance ecosystem by awarding the best performing agents in various categories.

Who is an Insurance Agent?

An Insurance Agent is a person, corporate/company who sells insurance policies on behalf of an insurance company.

Insurance Agents are unsung heroes of the insurance industry who work tirelessly to help individuals and businesses protect themselves against unforeseen risks.

Categories & Winners

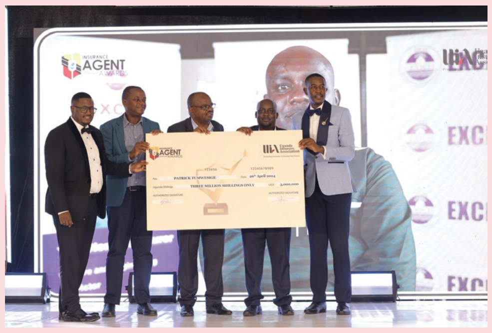
Tayebwa Bob from ICEA Lion Life Assurance was the big winner at the 13th Annual UIA Agents Insurance Awards 2023, clinching three accolades: Life Agent of the Year Award, Highest Number of Endowment Policies Award & Highest Premium Writte Award.

Bob emphasizes the importance of life insurance as a safeguard; ensuring that individuals can face tomorrow with greater assurance than today, by protecting them against unforeseen circumstances. He passionately encourages his fellow agents to dedicate themselves to promoting insurance in Uganda, thereby securing a more resilient future for all.

The runners up for Highest Number of Endowment Policies were: Nabatanzi Rose Mary (1st runner up) & Diana Ssempasa Ndege (2nd runner up) both from Jubilee Life Assurance. The runners up for Highest Premium Written Award were: Judith Kakuze from UAP Old Mutual Life Assurance (1st runner up), Diana Ssempasa Ndege from Jubilee Life Assurance (2nd runner up) & Anita Ruvuza Rowena from ICEA Lion Life Assurance (3rd runner up).

Adania Mercy from Excel Insurance was honored with the Best MTP Agent Award (Northern Region) attributing her success to punctuality & customer focus. The runners up for this award were: Ngecer Sarah from Excel Insurance (1st runner up) & Magomu Yusuf from State Wide Insurance Company (2nd runner up).

Leila Kabugo from UAP Old Mutual Life Assurance won the New Business Policies Written Award. She credits her success to her passion, perseverance and teamwork and advocates for life insurance adoption for secure futures. The Runners Up for this category were Nancy Mary Annuciantia (1st runner up) & Daphine Ashemeire (2nd runner up) both from UAP Old Mutual Life Assurance a well.



Tumwesigye Patrick from Excel Insurance Limited emerged the Best MTP Agent (Western Region) and he credited his success to professionalism and the guidance provided by Excel Insurance. He emphasizes the importance of educating clients about Motor Third Party Insurance. The runners up for this category were: Sarah Nayera from UAP Old Mutual Life Assurance (1st runner up) & Juliet Businge from Excel Insurance (2nd runner up).

Tugumenawe Eron from Jubilee Life Assurance received the Best New Life Agent Award. She attributed her success to her adaptability. Eron views Life Insurance as personal security and urges agents to collaborate for optimal customer satisfaction. The runners up for this category were Vanessa Nabaggala Yvonne (1st runner up) & Favell Seth Galingirire (2nd runner up) both from Prudential Assurance.

Baguma Ronald of UAP Old Mutual Life Assurance was the winner of the Best Persistence Award. He says that his success was driven by constant engagement with his clients who in turn give him referrals out of appreciation for his service to them. The runners up for this category were: Edgar Katisigwa from UAP Old Mutual Life Assurance (1st runner up), Kebirungi Maureen from Prudential Assurance (2nd runner up) & Judith Kakuze from UAP Old Mutual Life Assurance (3rd runner up).

Excel Insurance’s Nambogo Winnie won the Best MTP Agent (Central Region) award. She called for MTP workshops in taxi parks that are in and around Kampala. The Runners up for this category were: Nalule Lwanga Christine (1st runner Up) & Rosette Nantale (2nd runner up) both from UAP Old Mutual.

UAP Old Mutual Life Assurance’s Esther Elizabeth Wanyana, a God fearing Go-getter emerged the Best New Agent (Pure Risk Policies). She said that confidence, resilience & time keeping are what make her thrive & standout. The runners up in this category were also all from UAP Old Mutual Life Assurance namely: Victor Amanya (1st runner up) & Maria Philomena Kiyanja (2nd runner up).

Hamidu Bakaali from First Insurance Company emerged the winner in the category of Best MTP Agent (Eastern Region). He credits his success to having a good personal working relationship with his clients. The runners up in this category were both from State Wide Insurance Company: Mubiru Job Simon (1st runner up) & Sarah Katisi (2th runner up).

We applaud the Annual UIA Insurance Agents Awards ‘23 Organising Committee & UIA Board whose efforts made the event possible.

"Celebrating Agents as catalysts of change in the industry“

Jubilee GENERAL INSURANCE | Allianz

JUBILEE ALLIANZ GENERAL INSURANCE COMPANY LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS OF JUBILEE ALLIANZ GENERAL INSURANCE COMPANY LIMITED

Our opinion

In our opinion, the accompanying summary financial statements of Jubilee Allianz General Insurance Company Limited ("the Company") are consistent, in all material respects, with the audited financial statements of the Company for the year ended 31 December 2023 and have been prepared in the manner required the Ugandan Insurance Act 2017.

The summary financial statements

The Company's summary financial statements derived from the audited financial statements for the year ended 31 December 2023 comprise:

- the summary statement of financial position as at 31 December 2023;
- the summary statement of comprehensive income for the year then ended; and
- other disclosures.

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards, the Ugandan Insurance Act 2017 and the Ugandan Companies Act. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements of the Company for the year ended 31 December 2023 in our report dated 30 April 2024. That report also includes the communication of key audit matters. Key audit matters are those which in our professional judgement, are of most significance in our audit of the audited financial statements of the current period.

Directors' responsibility for the summary financial statements

The Directors are responsible for the preparation of the summary financial statements in accordance with the Ugandan Insurance Act 2017.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised),
'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers

Certified Public Accountants
Kampala

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present to you the results of Jubilee Allianz General Insurance Company Limited ("the Company") for the year ended 31 December 2023.

Insurance Industry Overview

The Ugandan insurance industry continues to record positive growth with gross written premium for Life and General combined increasing by an estimated 15% to Ushs 1,661 billion from Ushs 1,442 billion in 2022. Based on the Insurance Regulatory Authority of Uganda (IRA) Life and Non-Life - Q2-2023 Industry Summary, the general insurance premiums grew by 4% from Ushs 898 million for the year ended 31 December 2022 to Ushs 934 million in for the year ended 31 December 2023. Net claims incurred are projected to close at Ushs 210 billion from Ushs 193 billion in 2022. The industry is expected to return an underwriting profit of approximately Ushs 31 billion. The industry also adopted IFRS 17: Insurance contracts during the year. The assessment of the impact of adoption of the new standard on the industry figures will be available later with a big impact expected on the life companies and a moderate impact on the general companies.

Financial Performance

The Company adopted IFRS 17: Insurance contracts at the beginning of the year and this resulted into various changes in the statement of comprehensive income and statement of financial position. The presentation of various captions changed from what was initially presented under IFRS 4.

Under the IFRS 17 metric of restated 2022 numbers, the Company registered a decline in insurance revenue of Ushs 5.3 billion representing 6% from Ushs 93.8 billion in 2022 to Ushs 88.6 billion in 2023. This was strategic as the Company enforced cash and carry regulations and re-aligned the business.

Important to note, the Company's insurance service result improved from a deficit of Ushs 1.3 billion in 2022 to Ushs 9.5 billion in 2023. This represents an improvement of Ushs 10.8 billion representing 825%.

The Company's total assets slightly reduced by 2% to Ushs 131 billion in 2023 from Ushs 134 billion in 2022 while net assets increased by 27% to Ushs 45.2 billion from Ushs 35.6 billion in 2022. This is attributed to additional share capital injection from the shareholders of Ushs 6 billion, positive results for the year of Ushs 3.6 billion and IFRS 17 transition of impact of Ushs 1,456 million split between Ushs 605.7 million and Ushs 850.4 million from 2021 and 2022 restatements respectively.

Outlook

According to the Bank of Uganda monetary policy report for April 2024, Uganda's economy is projected to grow at approximately 6% for the financial year 2023/24 and is expected to hover between 5.5% to 6.5% in the medium term. The evolution of inflation remains challenging influenced highly by the foreign exchange rate, supply-side shocks, global inflation and domestic food supply coupled with geopolitical tensions in the Middle East and potential energy price hikes.

Following the Final Investment Decision (FID) agreements in 2022 and launch of Kingfisher Drilling Project on 24 January 2023, the oil sector is ramping up investments and is expected to underpin growth beyond the medium term to a tune of USD 10 million.

Lastly, in September 2023, Allianz and Sanlam concluded the deal of forming a joint venture, Sanlam Allianz Proprietary Limited registered in South Africa. The transaction brings synergies, experience, expertise, capabilities,knowledge and competitive advantages from both Sanlam and Allianz. All the Company ordinary shares previously held by Allianz Africa Holding GmbH were transferred to Sanlam Allianz Africa Proprietary Limited in September 2023.

Acknowledgement

May I take this opportunity to appreciate the continued support from our clients, brokers and our dedicated agency force, business partners and the Regulator during the year 2023 and re-affirm the Company's commitment to integrity and service excellence.

I must also thank my fellow directors for their insights and counsel, management and staff of the Company for their hard work and commitment for steering the Company in 2023, albeit the highlighted challenges.

Timothy Kanyerezi Masembe
CHAIRMAN

30 APRIL 2024

Jubilee GENERAL INSURANCE | Allianz

JUBILEE ALLIANZ GENERAL INSURANCE COMPANY LIMITED SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2023

Summary statement of comprehensive income for the year ended 31st December 2023

	2023 Shs'000	Restated* 2022 Shs'000
Insurance revenue	88,638,258	93,906,958
Insurance service expenses	(58,118,104)	(59,531,439)
Net expenses from reinsurance contracts	(21,058,460)	(35,680,538)
Insurance service result	**9,461,694**	**(1,305,019)**
Interest revenue from financial assets not measured at fair value through profit or loss	1,869,140	2,272,140
Interest revenue from financial assets measured at fair value through profit or loss	1,377,919	723,078
Net impairment reversal/(expense)	176,789	(1,666,069)
Net investment income	**3,423,848**	**1,329,149**
Finance (expenses)/income from insurance contracts issued	(1,579,202)	1,565,868
Finance income/(expenses) from reinsurance contracts held	1,231,411	(432,462)
Net insurance finance (expenses)/ income	(347,791)	1,133,406
Net insurance and investment result	**12,537,751**	**1,157,536**
Other income	149,433	157,192
Net finance costs	(310,658)	(137,079)
Other operating expenses	(9,035,774)	(4,786,331)
Profit/(loss) before income tax	**3,340,752**	**(3,608,682)**
Income tax credit	218,481	2,019,176
Profit/(loss) for the year	**3,559,233**	**(1,589,506)**
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	**3,559,233**	**(1,589,506)**
FINANCIAL RATIO		
Solvency ratio	**218%**	**134%**

Summary statement of financial position as at 31st December 2023

	2023 Shs'000	Restated* 2022 Shs'000	Restated* 2021 Shs'000
Cash and cash equivalents	3,284,783	2,089,225	18,760,104
Deposits with financial institutions	12,754,569	20,520,131	34,676,866
Government treasury bills	1,611,638	1,484,877	2,579,729
Government treasury bonds	14,115,772	6,132,029	4,303,437
Amounts due from related companies	3,855,472	3,506,351	3,295,831
Mortgage loans	28,866	42,559	54,871
Reinsurance contract assets	75,474,631	88,837,393	96,007,693
Other receivables	10,395,155	5,129,529	2,173,609
Current income tax asset	3,324,542	-	-
Intagible assets	114,002	127,998	208
Right-of-use assets	2,190,803	2,099,922	2,352,139
Property and Equipment	1,500,004	1,121,450	644,967
Defered income tax asset	2,292,527	3,017,324	438,647
Total assets	**130,942,764**	**134,108,788**	**165,288,101**
Current income tax payable	-	59,428	1,422,116
Bank overdraft	2,593,485	-	-
Commission payable to agents	1,101,125	655,938	2,873,585
Insurance contract liabilities	68,241,610	80,140,238	103,885,090
Reinsurance contract liabilities	9,467,323	13,224,294	10,888,550
Lease liabilities	2,300,437	2,235,245	2,313,946
Other payables	1,115,435	98,238	502,037
Amounts due to related companies	936,942	2,068,233	6,186,097
Total liabilities	**85,756,357**	**98,481,614**	**128,071,421**
Capital employed			
Share capital	12,000,000	6,000,000	6,000,000
Capital reserve	-	-	637,425
Contingency reserve	-	-	19,893,773
Retained earnings	33,186,407	29,627,174	10,685,482
Total equity	**45,186,407**	**35,627,174**	**37,216,680**
Total liabilities and equity	**130,942,764**	**134,108,788**	**165,288,101**

The above summary financial statements were audited by PricewaterhouseCoopers Certified Public Accountants and received an unmodified audit opinion. The financial statements were approved by the Board of Directors on 30 April 2024.

Director

Director

Jubilee Holdings pays record Sh1bn dividend

From left: Jubilee Holdings Ltd Group CEO Dr Julius Kipngetich with Vice Chairman Zul Abdul, Chairman Nizar Juma and Group Chief Operating Officer Juan Cazcarra. Jubilee Holdings Limited declared a record dividend of Sh1.036 billion for the financial year ended December 2023.

Jubilee Holdings Ltd (JHL) has raised dividend payment for the year ended December 31, by nearly a fifth.

The firm, in a performance statement, said it will pay shareholders a record Sh1.036 billion, or Sh14.3 per share, compared with Sh869.6 million, or Sh12 per unit, it paid a year ago.

This represents a 19.08 per cent jump in the payout. This comprises Sh870 million ordinary dividend and Sh166 million in special or extraordinary payout.

The special dividend arises from the large gains the insurer has booked from the sale of a majority stake in its general insurance unit to Allianz SE.

The dividend will be paid to shareholders on or about July 25 for those who will be on its register a month earlier on June 25.

Insurance revenue grew by eight per cent - excluding the general insurance deconsolidation to Sh22.8 billion, driven by the growth in the health companies.

The health insurance sector, spearheaded by Health Kenya, was a key driver of the revenue growth with the segment's focus on innovation and customer-centric solutions resonating well with the market.

Jubilee Holdings Ltd's net profit for the year, however, fell 19.84 per cent to Sh4.42 billion from Sh5.52 billion it reported the year before.

JHL Group Chief Executive Dr Julius Kipng'etich said excluding the transactions with Allianz, its profit after tax reached Sh5.1 billion, a growth of 16 per cent over Sh4.4 billion in the prior year.

"As proud citizens of East Africa, our heritage fuels our unwavering commitment to advancing societal good across the region. We are dedicated to deploying our resources to uplift the communities we serve; address pressing needs and foster sustainable development for a brighter future," said Dr Kipng'etich.

Insurance expenses, however, increased due to the strategic investment in technology, people, and marketing.

He said medical inflation and a competitive market led to a high claims experience in health companies during the year. Net investment results increased by 55 per cent boosted by favourable macroeconomic factors that resulted in growth of the company's interest incomes.

JHL's strategic investments in technology, marketing and talent development were partly offset by a strong focus on cost-cutting, resulting in Sh380 million in savings.

"Our strategic investment in technology is already bearing fruit. In under 20 months since its implementation, technology is undeniably a game changer for our business. We will continue to maximise on technology to ensure the delivery of maximum value to all our stakeholders," said JHL Chairman Nizar Juma.

The firm said its premiums increased eight per cent to Sh22.78 billion compared with Sh21.09 billion previously.

Jubilee started the process of selling majority stakes in its general insurance businesses in Kenya, Tanzania, Uganda, Mauritius and Burundi in 2020.

"The group's financial statements are prepared in accordance with IFRS Accounting Standards and the Companies Act, 2015," the firm's independent auditors wrote in the financial statement.

"In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements in accordance with IFRS Accounting Standards and the Companies Act, 2015."

ESG agenda key for insurance industry's transformation, sustainability

With the escalating frequency and severity of risks influenced by global economic shifts, extreme weather events, and societal expectations, it is increasingly becoming clear that businesses that want to survive and thrive must swiftly adopt the Environmental, Social, and Governance (ESG) agenda.

One industry that needs to move quickly and embrace this agenda is the insurance industry. This is because its core function is centred on risk management.

This is so because there is no industry more directly affected when it comes to the cost of droughts and floods than the insurance industry,

Additionally, with rising expectations from different stakeholders, it is evident that only those businesses that will adopt a proactive approach to managing ESG risks will be able to tap into emerging opportunities and build resilient portfolios.

We all now know that shocks did not end with the COVID-19 pandemic; this was just an eye-opener for businesses to always consider what new catastrophes might emerge in the future and draw attention to how underwriters manage sustainability risks.

Also, as an industry, we need to look at the health of our businesses beyond quarterly or annual reporting to ensure that we have the "right" values for customers, maintain high governance and ethical standards, and mitigate the business' overall impact on the environment.

There is no doubt that sustainable practices have a positive potential to save costs, increase revenues, reduce risks, develop human capital, and improve access to insurance services.

This means that when businesses purpose and actively demonstrate their ESG values, they will not only increase customer trust but also build business resilience and protect themselves against reputational damage.

Applicability

For insurers, ESG is a risk management tool that can be applied to both underwriting policies and investment strategies.

For instance, insurers can choose to underwrite or not to provide insurance services to a particular company based on the impact their activities have on the environment. For instance, in 2019 Chubb, a world leader in insurance, announced it would no longer underwrite the construction and operation of new coal-fired power plants or cover new risks for companies drawing 30% or more of their revenue from mining coal or generating energy from it.

Insurers can also integrate ESG principles in risk management. This requires that businesses have risk management frameworks in place with ESG factors integrated. Having this in place enables a business to easily assess and manage risks associated with environmental and social factors like climate change, natural disasters, social unrest, and reputational risks. By considering ESG risks, businesses can develop more comprehensive risk models and pricing strategies.

Secondly, insurers can adopt responsible investment practices that align with ESG principles. This includes incorporating the ESG agenda into investment decision-making processes such as considering environmental impact, social factors, and corporate governance practices when selecting investments.

Additionally, developing products that support sustainability, environmental protection, and social well-being is another area in which the insurance industry can play a great role in the ESG agenda. For example, products covering renewable energy projects, green buildings, or socially impactful initiatives.

Also important to note is that businesses can actively engage with stakeholders, including customers, employees, and communities, to understand their ESG expectations and concerns. This helps identify opportunities for improvement, address emerging ESG issues, and strengthen relationships based on trust and transparency.

By swiftly adopting the ESG agenda, businesses will promote sustainable practices, and align their strategies with the broader goal of creating positive social, environmental, and governance outcomes, and in turn, manage risks, enhance the industry's reputation, and contribute to a more sustainable and resilient industry.

Alhaj Kaddunabbi Ibrahim Lubega

The writer is the Chief Executive Officer of the Insurance Regulatory Authority of Uganda

Kenya insurers struggle with IFRS 17 highlight need for collaboration

Many Kenya insurers have struggled to comply with the new accounting standard that became effective January 2023, forcing some to delay the release of financial results, in what reinforces the need for the sector to enhance collaborations if it is to achieve efficiency.

Top insurance firms in Kenya including CIC Insurance and Jubilee as well as reinsurance firm Kenya Re, all missed the April 30 2024 deadline of publishing financial results for the financial year ended December 2023.

The insurers cited the complexities of the new accounting standard, International Financial Reporting Standard (IFRS) 17 that in January 2023 replaced IFRS 4 that had been in use for about 18 years.

"The delay has been caused by the implementation of the new IFRS 17 which introduces significant changes to the accounting and reporting requirements for insurance contracts. We have dedicated extensive resources and efforts towards ensuring full compliance and implementation," said CIC in a notice, extending their release to the end of May 2024.

A similar notice was put up by Jubilee, which said it had run into an "unforeseen delay in the finalisation of the IFRS17 financials for life insurance subsidiaries across the region".

Some insurers, such as Britam Holdings and Sanlam Kenya, were able to meet the April 30 deadline. However, some of them said compliance required additional hours of work to meet the deadline, even as the regulator denied others an extension.

The challenges of complying with IFRS 17 has served as a reminder of the need for the industry to work on joint solutions, especially with many of them running on tight budgets.

The Association of Kenya Insurers (AKI), the umbrella body of insurers in the East African country, had tried to rally its members behind a joint system but this did not go through.

"For many insurers, the challenge has been the cost. Many insurers do not have such amount of money to invest in the system. AKI tried to come up with a combined solution where it was to acquire software. But the problem was who was going to manage the data and keep it secure. There was the issue of the integrity of the data and the co-ordination of the same. This stalled and companies had to go individually," said Caxton Makau, finance manager at Geminia Life.

This has once again exposed the challenge in the insurance industry when it comes to data. The industry has been operating in silos, with every player guarding their data jealously for fear of it getting compromised or being used by competitors for commercial advantage.

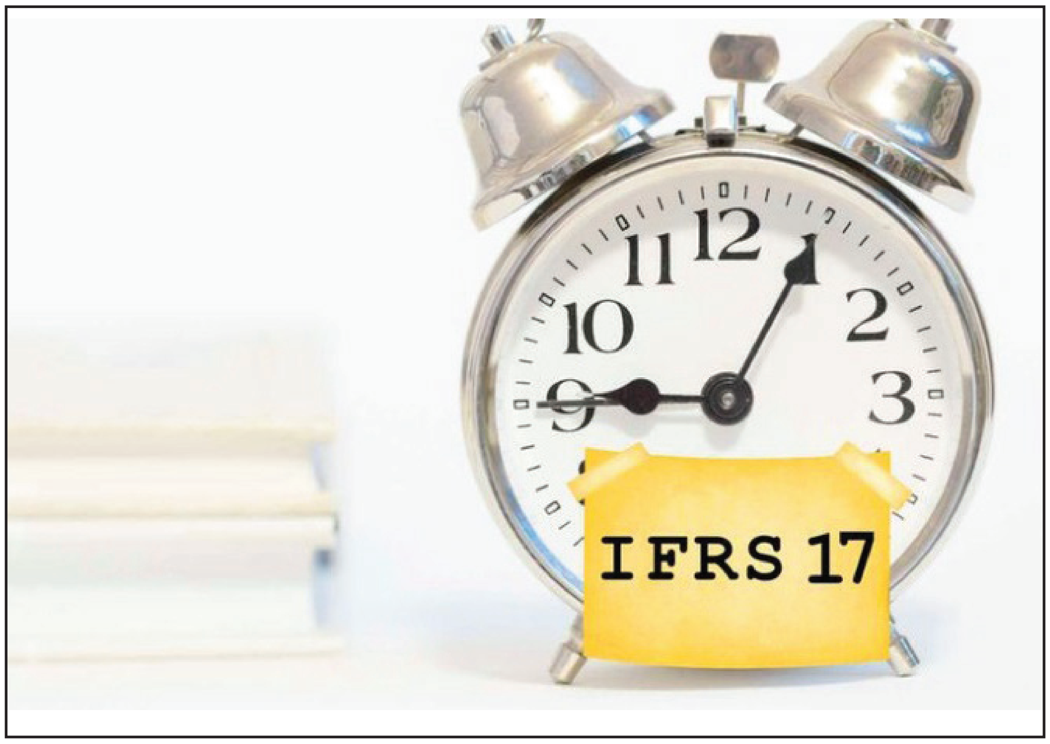
IFRS 17, which guides reporting on insurance contracts, requires insurers to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts.

The global switch to the new standard meant that insurers had to acquire new software, rearrange their data and restate financial statements for 2022 with the new standard to allow for comparison.

Accounting and advisory firm, Deloitte, had said IFRS 17, which aims to provide a more transparent and consistent approach to reporting for insurance contracts was going to pose some challenges to the insurers as much as it provided opportunities for them.

"This change in the regulatory landscape will require the insurers to make comprehensive changes to their reporting practices and to the systems they use to ensure compliance with the new standard," said Deloitte, adding that the standard involves "intricate calculations and projections, often demanding substantial computing power and software."

This has played out in almost the same way in



Kenya, with some insurers even opting for manual computations and therefore requiring a longer time to present their accounts. Some sought additional time from the IRA as their actuaries and external auditors continued to comb through the numbers for a consensus.

"IRA should have given a blanket extension of about a month," said a representative of one of the insurance firms who spoke on condition of anonymity, adding that the regulator denied them an extension, forcing them to work for longer hours to beat the deadline.

"One of the challenges we experienced across the industry was the sourcing for a good IFRS 17 engine [software]. Many of the engines available were not customised to the products that we have in the Kenyan market compared with European or Indian world. We needed to clean our data to the specifications of the engine acquired."

Sanlam Kenya chief executive Patrick Tumbo said the insurer was able to meet the deadline thanks to early preparation and support from the South Africa-based parent company, Sanlam Group.

"When the [IRA] commissioner issued a notice, we embarked on training and worked with our auditors and also got assistance from Sanlam Group headquarters because the whole group was to turn to IFRS 17," said Tumbo.

"Most insurers who have run into trouble are those who have gone manual. Those who are using electronic systems should be able to clear soon. But it is a lot of work. It is like starting a new store; you are starting to write the business afresh, all the data month by month and cross checking."

Insurers have also struggled to meet the terms because of the huge budgets required to purchase new software, costing between KES15m and KES100m depending on the size of business, number of products and markets of operation. They have also had to retrain staff and hire consultants to guide in the shift in an industry where many insurers are posting losses.

> The new accounting standards target transparent reporting about an insurer's financial position and risk.

Chief technology officer at ZEP-RE, Alexio Manyonde, had said last year the growing significance of technologies such as artificial intelligence, machine learning and big data in underwriting risks was piling pressure on IT departments' budgets, underscoring the need for shared infrastructure among insurers.

He said shared platforms promise to help underwriters operating on lean budgets and ride on economies of scale to achieve IT capabilities for requirements such as IFRS 17 compliance that would otherwise require enormous budgets to deliver.

"The cost of implementing IFRS 17 is high considering the software and human resource costs. The opportunity that this presents is that we need the industry collaborating to be able to get services at a reduced cost," said Manyonde.

"We compete on insurance but we don't have to necessarily compete on technology. So even IFRS 17, if we came together and created one platform and have a firm run it for us, the cost would fall."

The IRA in September 2022 opened the search for a consultant to review how the new accounting standard was going to impact underwriters and find ways of ensuring a smooth implementation.

The regulator said the consultant was going to "conduct an impact assessment on the industry after the submission of the restated 2022 IFRS 17-compliant financial statements."

The consultant was also expected to review the general and long-term insurance statutory returns templates and propose amendments to comply with the new standard.

The Association of Kenya Insurers, the lobby for insurers, in 2022 trained its members on the new standard, saying that it was working with IRA to develop industry guidelines to guide in the transition. The lobby said it expected the transition to take on average two-and-a-half to three years. The new accounting standard is aimed at providing transparent reporting about an insurer's financial position and risk.

IRA expects the consultant to align the risk-based capital model with IFRS 17-compliant statutory returns and templates and set out a clear road map for successful implementation of the new standard.

The review will extend to statutory returns templates used by micro-insurance, general reinsurance, long-term reinsurance and bancassurance intermediaries.

IRA wants the consultant to also "review and identify the necessary adjustments required in the Authority's systems, tools, and processes to ensure effective supervision of the industry under IFRS 17."

The regulator will for instance be eyeing enhancements in its electronic regulatory system to allow for effective reporting and data analysis.

The contract will run for two years, meaning that the regulator projects that by then the market will have stabilised in terms of the switch to the new standard.

IFRS 17 was issued in May 2017 with the commencement date being January 1 2023, but earlier adoption of the standard was also permitted.

CIC profits up 818% to Sh1.4 billion in 2023

The performance is largely attributed to the growth in insurance revenue and improved investment income during the year.

CIC General Insurance MD Fred Ruoro demonstrates the Easy Bima onboarding process to the CIC GCEO Patrick Nyaga

CIC Insurance Group's 2023 profit after tax grew by 818 percent of Sh1.4 billion.

The performance was largely attributed to the growth in insurance revenue and improved investment income.

"The business maintained a growth trajectory driven by the execution of our transformational initiatives focusing on customer experience, performance management, operational efficiency, digital transformation, research and innovation, cost competitiveness and debt management," the Group said in a statement.

Profit before tax grew to Sh2.5 billion, registering a 209 per cent growth compared to the restated profit before tax of Sh823 million in 2022.

The Group's insurance revenue grew by 23 per cent from Sh20.7 billion reported in 2022 to Sh25.4 billion in the year under review.

Assets grew by 16 per cent to Sh50.3 billion whereas insurance service results grew by 242 per cent to Sh788 million from a loss of Sh553 million. Investment income return grew by 14 per cent to Sh2.9 billion.

Other operating expenses increased from Sh1.3 billion to Sh1.5 billion, a 10 per cent increase in line with the overall business growth.

Assets Under Management increased from Sh127 billion in 2022 to Sh146 billion in 2023.

Kenyan subsidiary; general insurance business reported a revenue of Sh15.5 billion, being 21 per cent growth from previous year restated at Sh12.8 billion.

The business' profit before tax recorded a 55 per cent growth to close the year at Sh1.4 billion, from Sh892 million reported in the previous year.

The subsidiary further reported a 24 per cent return on equity, growing from 10 per cent reported in 2022.

Life assurance reported Sh6.7 billion in revenue, being a 22 per cent growth from 2022. "This was as a result of increase in new business in the year which resulted to notable 33 per cent growth in Group Credit portfolio," CIC said.

Life assurance profit before tax was Sh1.3 billion, being a 431 per cent growth from prior year's loss before tax of Sh378 million.

The company's assets under management in Kenya grew by 15 per cent to Sh146 billion, up from Sh127 billion in 2022.

Its profitability rose 10.4 per cent year-on-year to Sh704 million, while client base increased by 30 per cent.

The performance of other regional subsidiaries according to the Group, continued to improve with a contribution of 13 per cent to the insurance revenue of the Group during the period.

CIC Uganda insurance revenue grew by 30 per cent while CIC South Sudan grew by 70 per cent and CIC Malawi grew by 19 per cent.

Airtel Africa delivers resilient performance despite volatile macro-economic environment

Olusegun Ogunsanya, Chief executive officer of Airtel Group

In Summary

- *Airtel Africa plc has announced its financial results for the year ended 31 March 2024, demonstrating strong underlying momentum despite facing significant macro-economic challenges. The company's robust performance was highlighted by a notable expansion in its customer base and significant growth in both its mobile money and data services sectors.*

Airtel Group has released its results for fourth quota of the year 2024 in which its total customer base grew by 9.0% to 152.7 million.

The results also show that mobile money subscriber growth of 20.7% to reflect the company's continued investment into distribution to drive increased financial inclusion across its markets.

The transaction value increase of 38.2% in constant currency with annual transaction value of over $112bn in reported currency.

Increased transactions across the ecosystem reflects the enhanced range of offerings and increased customer adoption,

supporting constant currency ARPU growth of 8.6%.

On the other side, continued network investment to support an enhanced customer experience and drive increased 4G coverage.

Across the group mobile services revenue grew by 19.4% in constant currency, driven by voice revenue growth of 11.9% and data revenue growth of 29.2%. Mobile Money revenue grew by 32.8% in constant currency, with a continued strong performance in East Africa.

EBITDA margins remained resilient at 48.8% despite the currency headwinds and inflationary pressure on our cost base. Constant currency EBITDA increased 21.3% with reported currency EBITDA declining 5.7% to $2,428m.

Quarter four's 24 EBITDA margins of 46.5% were impacted by the lower contribution of Nigeria following the Q4'24-naira devaluation and rising energy costs across a number of markets.

Loss after tax was $89m, primarily impacted by significant foreign exchange headwinds, resulting in a $549m exceptional loss net of tax following the Nigerian naira devaluation in June 2023 and Q4'24, and the Malawian kwacha devaluation in November 2023.

Olusegun Ogunsanya, Chief executive officer said, "The consistent deployment of our 'Win with' strategy supported the acceleration in constant currency revenue growth over the recent quarters which has reduced the impact of currency headwinds faced across most of our markets. This strong revenue performance is a reflection not only of the opportunity that is inherent across our markets, but also the resilience of our affordable offerings despite the inflationary pressure many of our customers have experienced."

"Facilitating this growth has been, and will remain, fundamental to our performance.

The investment in our distribution to catalyse growth, and the technology required to support this growth has been key. Furthermore, our rigorous approach to de-risking our balance sheet and our capital allocation priorities has materially reduced

the risks that the currency de-valuation has had on our business. Key initiatives include the reduction of US dollar debt across the business and the ac-cumulation of cash at the HoldCo level to fully cover the outstanding debt due.

We will continue to focus on reducing our exposure to currency volatility. At the beginning of March, we

launched our first buyback programme reflecting the strength of our financial position."

He added, "The growth opportunity that exists across our markets remains compelling, and we are well positioned to deliver against this opportunity.

We will continue to focus on margin improvement from the recent level as we progress through the year."

Sustainability redefines financial reporting: in depth look at ESG Integration

In the rapidly evolving landscape of business, sustainability has emerged as a crucial focus.

Companies are increasingly being judged not just on their financial performance but also on their environmental, social, and governance (ESG) practices. As these criteria gain prominence, businesses must adeptly integrate ESG metrics into their financial reports to demonstrate sustainability and attract conscientious investors.

The emphasis on ESG has significantly intensified over the past few years. While ESG principles have been around for some time, recent developments have underscored their importance. Companies now face greater scrutiny regarding their impact on the environment, their corporate governance practices, and their contributions to social well-being. This shift is driven by growing awareness among stakeholders and regulatory bodies, prompting companies to adopt more transparent and responsible practices.

Incorporating ESG metrics into financial reports involves looking beyond traditional financial statements like the profit and loss accounts or balance sheets. ESG reporting evaluates the broader impact of a company's activities, including environmental sustainability, social responsibility, and governance practices.

One of the key aspects of ESG is environmental sustainability. This involves assessing how a company's operations affect the environment and what measures are being taken to mitigate negative impacts. For example, in the insurance industry, companies might evaluate the environmental implications of their coverage policies. Firms are increasingly offering insurance for green initiatives, such as agriculture insurance for farmers practicing sustainable farming methods. These measures not only help protect the environment but also align the company with global sustainability goals.

Social responsibility encompasses the company's interactions with the broader community. This includes activities that benefit society at large, not just direct stakeholders. Insurance companies, for instance, might evaluate the social impact of their policies on communities. This could involve looking at how insurance coverage for one individual or family indirectly benefits the wider community, thus promoting overall social well-being.

Good corporate governance is fundamental to ESG. It involves maintaining robust governance structures, ensuring transparency, and upholding ethical standards. Investors often scrutinize the composition of a company's board, its governance policies, and its commitment to ethical practices. Strong governance frameworks are crucial for fostering trust and ensuring long-term sustainability.

Adopting ESG principles poses unique challenges, particularly in regions like Africa. Historically, African businesses have been slow to adopt international standards such as the International Financial Reporting Standards (IFRS). Similar delays can be seen with ESG adoption. However, as the benefits of ESG integration become more apparent, there is a gradual shift towards embracing these practices. Companies are beginning to realize that ESG principles can enhance their reputation, attract investment, and ensure long-term viability.

Integrating ESG metrics into financial reporting can have a significant impact on a company's financial performance. For instance, Liberty Holdings, a major player in the insurance industry, has seen notable improvements in its financial metrics by incorporating ESG principles.

Looking ahead, companies are increasingly committing to long-term sustainability goals. For instance, Liberty Holdings plans to drive initiatives like tree planting and partnerships to promote a green agenda. These efforts reflect a broader commitment to environmental sustainability and align with global green goals. By embedding ESG principles into their core strategies, companies can enhance their brand value and ensure sustained growth.

Kenneth Kyamanywa, Chief Finance Officer, Liberty General Insurance.

As ESG principles gain traction, businesses must adapt by integrating these metrics into their financial reports. This shift not only enhances transparency and accountability but also aligns companies with global sustainability goals. While challenges remain, especially in regions like Africa, the benefits of ESG integration are becoming increasingly clear. By embracing ESG, companies can achieve long-term sustainability, attract responsible investment, and contribute positively to society and the environment.

Liberty's Kuza Plan Reinforces Insurance Endowment Options

Liberty Life Assurance has introduced its Kuza plan, an innovative insurance endowment plan aimed at addressing gaps in the current market offerings in Uganda.

According to Joseph Almeida, Managing Director of Liberty Life Assurance, Kuza offers comprehensive coverage for critical situations like terminal illnesses and accidents, unlike other endowment products on the market at the moment.

While traditional endowment plans typically focus on combining savings with life protection benefits, Almeida said the Kuza plan distinguishes itself by integrating essential safeguards for policyholders facing critical situations.

He said the inclusion of a critical illness rider stands out as a key feature, providing financial security in the event of a terminal illness, with early access to the sum assured and accrued investments.

He said Kuza, a ten-year plan, stands out by ensuring financial support even if the policyholder is unable to continue working due to severe illness.

He said Kuza remains accessible and transparent, with premiums and benefits clearly outlined from the outset. He noted that the plan's structure guarantees a Shs40 million payout over a ten-year term, with competitive interest rates surpassing traditional bank savings returns.

Joseph Almeida, Managing Director, Liberty Life Assurance

"Kuza offers four different plans ranging from Shs40 million to Shs100 million. A typical premium of Shs230, 000 per month amounts to about Shs26-28 million over ten years, guaranteeing a Shs40 million payout. This return is more attractive than traditional bank savings," he explained.

Almeida emphasized the plan's proactive stance in addressing the prevalent risks associated with Bodaboda transportation in Kampala, where accidents often result in life-altering physical impairments.

He said the Kuza plan has a total disability rider, aimed at providing substantial support to policyholders in the event of permanent physical disabilities.

He explained that the rider offers full compensation for the loss of both arms, legs, and eyes, with a 50% payout for the loss of one limb or eye.

Since its launch, Kuza has gained significant traction, especially through bancassurnace partnerships. He said banks have effectively endorsed the product, because of the insurer's reliable payout history.

Despite challenges posed by regulatory changes such as the IFSR 17 tool, Liberty's performance remained robust last year, attributed to its strategic position as the largest corporate life insurer in Uganda, commanding a significant 30% market share.

Almeida highlighted Kuza's pivotal role in propelling Liberty into the retail space, a strategic leap that has broadened the company's market reach and diversified its product offerings.

Alongside Kuza, Liberty's Afya product has gained traction in the micro-end of the market, demonstrating versatility and responsiveness to evolving consumer needs

Almeida expressed optimism about Liberty's performance prospects for the current year, citing a substantial acquisition of new business on both the health and corporate life sides in the first half. Anticipating a corresponding increase in gross written premiums, Liberty remains focused on sustaining profitability at elevated levels, underpinned by a commitment to delivering value to its clients.

In terms of sustainability, Almeida said Liberty prioritizes transparency and reliability, leveraging its strong balance sheet to instill confidence among clients. He emphasized Liberty's track record of promptly settling claims, positioning the company as a credible and trusted partner in the insurance landscape.

Juliet Okwi, Marketing Manager at Liberty Life Assurance, highlighted the company's strategic partnerships. "We have a significant partnership with Werinde Insurance, helping us penetrate the Buganda kingdom with our Afya product. Our collaborations with banks expand our reach and cater to diverse market niches."

She said in addition to targeting specific regions, Liberty has also embarked on partnerships with influential stakeholders within the insurance ecosystem.

Okwi stressed the importance of engaging with influencers to amplify Liberty's message of financial sustainability and security, thereby fostering a culture of informed decision-making among consumers.

She highlighted Liberty's strategic alignment with banks as a pivotal strategy for expanding its market footprint. "Recognizing the extensive reach and trust associated with banking institutions across Uganda, Liberty has leveraged these partnerships to enhance accessibility to our products, including the Kuza plan," she said.

Okwi explained that while Liberty's agents play a crucial role in client engagement, affiliations with banks enable the company to tap into a wider demographic and cater to diverse market niches effectively.

PUBLICATION OF SUMMARY FINANCIAL STATEMENTS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS TO THE MEMBERS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED

Our opinion

In our opinion, the accompanying summary financial statements of Liberty General Insurance Uganda Limited ("the Company") are consistent, in all material respects, with the audited financial statements, in accordance with the Ugandan Insurance Act.

The summary financial statements

The Company's summary financial statements derived from the audited financial statements for the year ended 31 December 2023 comprise:

- the summary statement of financial position as at 31 December 2023; and
- the summary statement of comprehensive income for the year then ended.

The summary financial statements do not contain all the disclosures required by IFRS Accounting Standards, the Ugandan Companies Act and Ugandan Insurance Act. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 3 May 2024. That report also includes the communication of other key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the audited financial statements of the current period.

Responsibilities of the directors for the summary financial statements

The directors are responsible for the preparation of the summary financial statements in accordance with the Ugandan Insurance Act.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers
....
Certified Public Accountants
Kampala
20 May 2024

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2023

	2023	2022 Restated
	Shs'000	Shs'000
Insurance service revenue	36,470,284	28,820,265
Insurance service expenses	(30,814,516)	(44,522,295)
Net (expense)/ income from reinsurance contracts held	(5,680,675)	14,750,583
Insurance service results	**(24,907)**	**(951,447)**
Interest income	2,654,023	1,696,563
Other income	575,096	430,803
Other expenses	(28,972)	-
Net investment income	**3,200,147**	**2,127,366**
Finance expense from insurance contracts issued	(1,274,846)	(549,034)
Finance Income from reinsurance contracts held	1,161,613	412,144
Net insurance finance income	**(113,233)**	**(136,890)**
Net insurance and investment result	**3,062,007**	**1,039,029**
Other operating expenses (non-attributable)	(822,602)	(813,833)
Profit before income tax	**2,239,405**	**225,196**
Income tax (expense)/ credit	(482,523)	20,888
Profit for the year	**1,756,882**	**246,084**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain/ (loss) on quoted equities	20,968	(85,364)
Deferred income tax	(6,084)	26,374
Other comprehensive income/ (loss) net of tax	14,884	(58,990)
Total comprehensive income for the year	**1,771,766**	**187,094**
Capital Adequacy Ratio	231%	233%
Claims Ratio	41%	47%
Management Expense Ratio	61%	63%

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2023

	2023	2022 Restated	2021 Restated
	Shs'000	Shs'000	Shs'000
ASSETS			
Cash and bank balances	701,816	1,939,867	2,178,998
Equity investments	1,296,382	1,266,003	1,117,989
Financial assets at amortised cost	24,171,558	22,047,441	16,980,628
Statutory deposits	1,214,832	1,106,790	1,271,549
Reinsurance contract assets	18,749,923	34,085,389	11,502,407
Other receivables	8,755,395	4,383,079	5,638,008
Income tax recoverable	1,393,303	1,313,340	1,913,114
Property and equipment	192,857	199,378	250,442
Intangible assets	269,243	217,314	242,892
Deferred income tax asset	1,348,822	1,475,389	1,203,600
Right-of-use assets	1,765,274	130,913	444,331
Total assets	**59,859,405**	**68,164,903**	**42,743,958**
EQUITY			
Share capital	9,000,000	9,000,000	6,000,000
Contingency reserve	6,376,854	5,647,448	5,006,966
Capital reserve	855,325	766,737	707,512
Fair value reserve	429,423	414,539	473,529
Retained earnings	1,218,947	280,059	733,682
Total equity	**17,880,549**	**16,108,783**	**12,921,689**
LIABILITIES			
Lease liabilities	1,757,265	185,474	538,851
Other payables	2,976,634	2,315,900	2,527,459
Amounts due to related parties	1,048,231	1,193,588	3,260,080
Insurance contract liabilities	36,196,726	48,361,158	23,495,879
Total liabilities	**41,978,856**	**52,056,120**	**29,822,269**
Total liabilities and equity	**59,859,405**	**68,164,903**	**42,743,958**

The financial statements were approved by the board of directors on 30th April 2024 and were signed on its behalf by:

.... Director

.... Director

Cartel behaviour comes into sharp focus with Uganda's Competition law

By Samuel Sanya

Uganda has become the latest member of the Common Market for Eastern and Southern Africa (COMESA), to adopt a competition law with cartels or what the law calls "concerted action" one of the most pressing areas of need

A key difference between Uganda's law and others in the COMESA region is that Uganda has a technical committee in the ministry of trade, industry and cooperatives and not an independent regulator.

The law defines concerted action as an action or practice which involves the communication or coordination between competitors, which replaces the competitor's independent action and restricts or lessens competition.

Under section nine, the law bans fixing as applied to purchasing or selling practices, bid rigging or collusive tendering, limits or control to production, supply, markets, technical development or investment as well as shares markets or sources of production supply.

This comes at a time when the country is battling several cartels in various sectors, such as the minerals sector, the fishing industry, and even organized drug cartels at Uganda's health facilities.

Prevalence and Impact

Cartel behaviour in the COMESA region often involves companies operating across multiple countries according to a report by the Centre for Competition, Regulation and Economic Development (CCRED).

In some instances, the negative effects of price fixing and collusion in one Country , like South Africa extend in some cases as far as Uganda and other COMESA countries.

Understanding these dynamics is crucial. Analysis by the CCRED provides insight into cartel impacts and regulatory responses, offering valuable insights to Uganda.

The South African anti-trust regulator – the competition commission has carried out a number of raids aimed at seizing documents and electronic data.

The data, which would be analysed together with other information gathered, is then used to determine whether a contravention of the Competition Act had taken place.

In 2016, firms like PG Bison and Sonae Novobord were raided for cartel activities, and had market presence in Uganda.

Earlier in 2015, raids in South Africa targeted several major firms, including African Oxygen Limited, Oryx Oil South Africa (Pty) Ltd, EasiGas (Pty) Ltd, Liquified Petroleum Gas Safety Association of Southern Africa, KayaGas (Pty) Ltd, and TotalGaz Southern Africa (Pty) Ltd with potential impact on Uganda.

Regulatory Efforts on cartels in the COMESA region

The Common Market for Eastern and Southern Africa Competition Commission (CCC) tore up a bad deal between the continents football body and beIN, fining them $300,000 (sh1.14b) each, early in 2024.

The Confederation of African Football (CAF) had awarded a 12-year, $415 million (sh1.6 trillion) broadcast contract to beIN which has now been torn up after complaints were raised over the lack of an open tender process in the award of the deal signed in 2016.

The CCC found that the deal resulted in significant prevention, restriction or distortion of competition within the Common Market – to which Uganda is a member.

Dr. Willard Mwemba, the director and Chief Executive Officer of the CCC pointed out that the deal, which had made it more costly for local broadcasters in Uganda broadcast Uganda Cranes CAF sanctioned games had broken article 16 of the COMESA competition regulations.

"Having regard to the fact that the CAF competitions were held annually or every two years, the duration of the exclusive beIN agreements were disproportionally long and increased the likelihood of market foreclosure," Dr Mwemba said.

He added: "The scope of the media rights under the beIN agreements, taken in conjunction with the lack of a tender process and the duration of the agreements, was excessive and was likely to have resulted in a significant prevention and distortion of competition in relevant markets."

Mwemba ordered that the deal with beIN be ended on December 31st 2024 for the 21-member state common market, and that an open and competitive tender process be carried out to re-issue the Tv rights with an objective criterion approved by the CCC on various platforms including the CAF website.

CAF has also forbidden from entering any new media rights deals for more than 4 years, it also been ordered to create separate media rights packages and to ensure that no single entity gains all packages.

Relatedly, the CCC has opened investigations into potential competition violations into a deal that requires Airtel Africa to take up a certain number of tower sites annually in return for a financial rebate from the American Tower Corporation (ATC).

Both ATC and Airtel are operating in Uganda. ATC develops and leases telecommunication towers to mobile network providers like Airtel and has more than 4,100 sites in Uganda according to their website.

"The commission received a complaint alleging existence of anti-competitive agreements between American Tower Corporation and Airtel Africa," Dr Mwemba, said in a statement.

He added: "The Commission has commenced investigations into potential violation of Article 16 of the Regulations by American Tower Corporation and Airtel Africa operating in the Common Market."

In the agreement, also referred to as a strategic partnership, ATC is to develop new telecommunication sites for Airtel based on ATC's green site specifications to cut Airtel's carbon footprint.

The statement explained that Article 16 prohibits all agreements which may affect trade between member states and have as their object or effect the prevention, restriction or distortion of competition in the Common Market.

The agreement was announced on October 13th, 2022 and was pushed as a move to increase connectivity in Africa and extend digital inclusion, while advancing both firms' carbon emissions reduction objectives.

Excerpt from CCRED indicating firms raided in South Africa with impact in Uganda

Industry	Firms involved in SA Cartel with possible impact on Uganda	Action type	Year
Wooden Products	PG Bison	Raid	2016
	Sonae Novobord		
Liquified Petroleum Gas and Gas Cylinders	African Oxygen Limited	Raid	2015
	Oryx Oil South Africa (Pty) Ltd	Raid	2015
	EasiGas (Pty) Ltd	Raid	2015
	Liquified Petroleum Gas Safety Association of Southern Africa	Raid	2015
	KayaGas (Pty) Ltd	Raid	2015
	TotalGaz Southern Africa (Pty) Ltd	Raid	2015

Ugandans paying more due to consumer illiteracy in mobile money usage

By Samuel Sanya

Consumer International has pointed out in a report that there is need to carry out consumer literary for mobile money, pointing out that Ugandans are incurring extra charges due to consumer literacy.

The report released at the consumer congress reveals that 1.2 billion registered mobile money accounts worldwide. This has given people access to easier ways to send and receive money, build savings and access social support.

However, a lack of consumer literacy means these accounts are not always working as well for consumers as they could be, panellists at the consumer congress pointed out during the Redefining Consumer Journeys in Mobile Money session.

"This lack of literacy is creating risks around fraud and digital consumer credits, and is leaving people with financial losses as a result," the report said.

It added: "This has happened to 14% of users in Nigeria, while a third of users in Uganda have had to pay extra on transactions, according to an Innovations for Poverty Action survey."

Technology should also be used to help protect people, panellists said, describing a need for the market to be "inherently innovative" to safeguard consumers.

The report pointed out that this is already happening in Uganda, where the Regenerative Voice project is harnessing machine learning to identify fraudulent apps on the Google Play Store.

It noted that there is a wider need to "cultivate a quality culture", delegates heard, with recommendations including setting up partnerships to collect consumer complaints,

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Calls to protect online consumers as e-scams and fraud deepen

By Samuel Sanya

Online scams and frauds are not new to Uganda. Often, everything starts off well with promises that are too good to be true, until the scammers make off with colossal sums of money and disappear into thin air.

As online activity has grown, so has fraud with over $1.026 trillion lost to scammers in 2023 world wide according to a report titled "the global state of scams – 2023" that was reviewed at the consumer congress in Nairobi – Kenya.

The victims include many unsuspecting Ugandans like Franklin Jjingo, who lost Ugx3 million to online fraudsters masquerading as international business agents under the website "chargeanytime.net" allegedly from Malaysia.

The online venture employed a number of Ugandan social media influencers to spread its gospel through fake positive reviews, promising daily interest of 35% on investments over 60 days.

On this premise, many businessmen and women, security officers, teachers and mobile money agents invested between Ugx20,000 and Ugx20 million – only to lose everything when the firm suddenly vanished into the night in 2022.

"I also informed several colleagues about this business who also joined, after seeing me withdrawing the profits," Jjingo said, pointing out that the firm initially allowed withdraws of up to 80% of member profits through mobile money.

Patrick Sseremba, an electronic shop owner in Masaka who is also a victim of the same scam said he invested Ugx5 million but was only able to recoup Ugx640,000 before the platform suddenly closed.

A police officer at the Masaka central police station said he had lost Ugx800,000 to the scam. He had planned to use the profit to raise school fees for his children.

When contacted by the Uganda Radio Network (URN), the finance ministry's Jim Mugunga said he had not been aware of the Malaysian company's operations in Uganda.

A quick search on the internet indicates that the firm has also been active in Kenya and Ghana. Now, experts have called for greater collaboration between global competition and consumer protection agencies to arrest global online fraud.

Speaking at the consumer congress, Manorama Mathur, Permanent Secretary in the Ministry of Commerce and Consumer Protection in Mauritius said that in order to arrest international frauds, what is considered unfair in one country should be considered unsafe everywhere.

It was revealed that almost nine in every 10 products that have been banned or recalled are still available in online marketplaces, according to the Organisation for Economic Cooperation and Development (OECD).

Government urged to monitor online activity to protect consumers

Bob Hedges, the Chief Data Officer at Visa said at the consumer congress that if the digital commerce and the data ecosystem doesn't work for consumers, then it doesn't work at all and something needs to be done to remedy the consequent loss of trust.

Jon Duffy, CEO of Consumer NZ pointed out that consumer education cannot be a vehicle for shifting accountability.

He echoed views by US Federal Trade Commission (FTC) Commissioner - Rebecca Slaughter, who pointed out that online service providers, who are generally more tech savvy than consumers, should be held to greater account for their acts and omissions.

Consequently, over 20 consumer groups from 19 countries have released a joint international statement calling on governments to require social media and other tech companies to implement stronger protections against the growing risks of online scams.

The statement calls for Governments to step up and require that various tech platforms take effective action against scams with a focus on preventative measures, disruption and detection use small's Strategies.

During a panel on building trust in the digital economy, moderated by Rosie Thomas, Director, Campaigns & Communications at Australia's competition regulator – CHOICE, panellists pointed out that fake reviews should no longer be referred to just as scams but as outright criminal activity and punished accordingly.

"It can no longer just be a consumer education issue and the narrative must change from victim-blaming and calling consumers naive," Thomas said.

Look into BNPL schemes

In light of the growth of Buy Now Pay Later (BNPL) online business, governments have been urged to take keen interest in licensing and then monitoring social media for consumer complaints.

Juan Carlos Izaguirre from the Consultative Group to Assist the Poor (CGAP) said that BNPL schemes grew nearly ten-fold between 2011 and 2021 and will surpass $9.2 billion by 2032 (Ugx35 trillion) but are largely unregulated.

BNPL refers to a type of payment product that allows consumers to pay for goods at a later date or in instalments over a short period of time, while receiving them immediately as if they have been paid for upfront.

These products have grown in popularity in recent years, particularly during the pandemic, due to lockdown measures and digitization efforts and due to technological advancements through fintechs, e-commerce sites, online retailers, and other providers to deliver cutting-edge digital services to their customers.

Izaguirre pointed out that BNPL service providers need to be considered as credit services providers and regulated by Central Banks.

"For a number of years, we (CGAP) did analysis of social media posts in India about digital creditors. We found that within 10% to 20% of social media posts of customers of digital lenders were complaints and many of them were urgent," he said.

He added: "Most of the complaints where about inadequate debt collection practices, misleading advertisements and fraud," he said.

Inline with better monitoring of online businesses, the Common Market for Eastern and Southern Africa (COMESA) Competition Commission is developing e-commerce guidelines.

Dr Willard Mwemba, the CCC chief executive officer said that e-commerce guidelines are long overdue in order to improve the business environment in member states.

"We have developed e-commerce guidelines. The intention is that they will be shared with all national authorities and government institutions responsible for consumer protection," he said.

Data from statista.com estimates that global revenue in the eCommerce Market is projected to reach $3.6 trillion in 2024.

The value of Uganda's eCommerce market was estimated at $122.8 million (Ugx467 billion) in 2023 and is projected to rise to $152.8million (Ugx582 billion) by 2027.

New rules for a digital world

During the consumer congress it was pointed out that although the internet has made us more connected than ever before, and new technologies have huge potential to generate positive change for consumers.

In finance, digital financial services are giving consumers around the world access to mobile money, in healthcare, Artificial Intelligence (AI) is set to revolutionise diagnosis processes, and in the marketplace, consumers can experience more personalised shopping experiences.

But new technologies also bring with them a lot of risk, which for not approached with caution; trust in the online world will collapse, and consumers may be at risk of harm.

"In many places around the world, consumer protection in the digital sphere is lagging behind. Key boxes are not being ticked and trust is lacking across the online marketplace and in areas like Buy Now Pay Later, mobile money, and cryptocurrency," a statement on the consumer congress website said.

It added: "We are living in a digital world, but relying on rules for an analogue one. Updates and innovations are needed now. Tech like AI and opaque algorithms - used in facial recognition technology and to determine personal loans - have the power to alter the course of people's lives."

Ugandans paying more due to consumer illiteracy in mobile money usage

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and shifting away from a "sandbox" environment within the industry to one where companies open dialogues and support one another in building better products and experiences to instil consumer confidence.

Need to protect consumers

The consumer congress pointed out that scammers are making huge amounts of money from vulnerable people, but online platforms, banks and telephone companies are also benefitting from the drive towards digital, so there needs to be a degree of accountability with this level of profitability, said Consumer NZ's Chief Executive Officer, Jon Duffy.

Mozilla Africa's Head of Product Innovation, Patrick Sambao, backed this up by noting that as online platforms are the door to the internet, they have a duty to ensure consumers are safe.

"They should be working to spot potential scammers early and block access for these criminals. The panel were in support, suggesting that increased international collaboration and information sharing is crucial to make this happen," Sambao said.

Honesty around algorithms

The consumer congress report pointed out that AI is only expected to accelerate with the use of algorithms in all areas of life, from insurance and loan approvals to job applications. Despite this, experts have pointed out that more needs to be done to ensure that companies use algorithms with the interests of consumers in mind.

Transparency around when and how algorithms are being used is needed, according to Mastercard's Vice President of Global Public Policy, Heba Shams, who said that companies know what information is going into their "black box" and they have to be honest about this with consumers.

"Companies need to stop and think about the trade-off between convenience and security, particularly when algorithms are being used with financial data," Shams said.

Shams called for consensus around "human-centric objectives" in the use of algorithms.

Uganda Earns Shs322bn from Coffee Exports in April


Coffee is a top foreign exchange earner for Uganda

Uganda's coffee exports in April 2024, amounted to 390,977 60-kilo bags, worth US$ 84.80 million (Shs321.9bn), Uganda Coffee Development Authority (UCDA) has revealed in its monthly report for April 2024.

This comprised of 290,037 bags of Robusta valued at US $ 61.49 million and 100,940 bags of Arabica valued at US$ 23.31 million. This was an increase of 4.84% and 41.71% in quantity and value respectively compared to the same month last year.

By comparing quantity of coffee exported by type in the same month of last Year (April 2023), Robusta increased by 21.72% and 95.85% in quantity and value respectively, while Arabica exports decreased by 25.02% and 18.05% in quantity and value respectively.

The monthly coffee exports volume was higher than the previous year and this was in Robusta as the newly harvested main crop from Masaka and South Western regions begins to reach the market.

Arabica exports were however lower than last year due to a smaller harvest in Elgon region.

The report adds that coffee exports for the twelve months (May 2023-April 2024) totaled 5.92 million bags worth US$ 1.02 billion compared to 5.73 million bags worth US$ 838.81 million in the previous year (May 2022-April 2023).

This represents an increase of 3.38% and 21.45% in quantity and value respectively.

Exports by Type and Grade

The report says that the average export price was US$ 3.62 per kilo, US cents 35 higher than in March 2024 (US$ 3.27).

It was 95 US cents higher than in April 2023 (US $ 2.67/kilo). Robusta exports accounted for 74% of total exports, the same as March 2024.

The average Robusta price was US$ 3.53 per kilo, 40 cents higher than US$ 3.13 per kilo the previous month.

The highest price was for Organic Robusta sold at US$ 4.63 (Shs17,582) per kilo , followed by Screen 18 sold at US$ 3.85 (Shs14,616) per kilo.

The share of Sustainable/washed coffee to total Robusta exports was 1.09% compared to 0.46% in February 2024.

Arabica fetched an average price of US$ 3.85 per kilo US cents 18 higher than the previous month (US$ 3.67). The highest price was Organic Drugar sold at US$ 6.47 (Shs24,568) per kilo. It was followed by sustainable Arabica sold at US$ 5.30 per kilo. Drugar was sold at US$ 3.91 per kilo, 37 cents higher than 3.54 per kilo last month, and was US cents 14 lower than Bugisu AA. Drugar exports were 53% of total Arabica exports higher than 42% the previous month. The share of sustainable Arabica exports to total Arabica exports was 7.67% compared to 15.21% in March 2024.

> The first 10 major destinations of Uganda coffee took a market share of 86.93% compared to 89.27% last month. Coffee exports to Africa amounted to 24,583 bags, a market share of 6% compared to 33,328 bags (10%) the previous month.

Individual exporter performance

According to the report, Olam Uganda Ltd had the highest market share of 9.67% compared to 8.64% in March 2024. It was followed by Ugacof (U) Ltd 7.86%(5.57%); Kyagalanyi Coffee Ltd 7.77% (10.21%), Ideal Quality Commodities Ltd 7.27% (5.69%), Kawacom (U) Ltd 6.95%(7.86%), Ibero (U) Ltd 6.09% (7.33%), Export Trading Company (U) Ltd 6.07% (6.45%), Louis Dreyfus Company (U) Ltd 5.57% (6.81%), JKCC General Supplies Ltd 5.47% (2.93%), and Besmark Coffee Company Limited 5.44% (4.01%).

Note: The figures in brackets represent percentage market share held in March 2024.

The top 10 exporters held a market share of 68% lower than 69% the previous month reflecting competition at exporter level. Out of the 54 exporters who performed, 16 exported Robusta Coffee only while 12 exported Arabica coffee only.

Coffee exports by destination

Italy maintained the highest market share with 43.87% compared to 38.08% last month. It was followed by India 8.08% (12.29%), U.S.A 7.00% (4.08%), Germany 6.89% (10.50%) and Belgium 6.76% (7.42%).

It is worth noting that the figures in brackets represent percentage market share held in March 2024.

The first 10 major destinations of Uganda coffee took a market share of 86.93% compared to 89.27% last month. Coffee exports to Africa amounted to 24,583 bags, a market share of 6% compared to 33,328 bags (10%) the previous month.

African countries that imported Uganda coffee included Morocco, Sudan, South Africa, Kenya, and Egypt. Europe remained the main destination for Uganda's coffees with a 69% imports share, higher than 66% in March 2024.

Foreign buyers of Uganda Coffee

According to the report, the top 10 buyers held a market share of 59% the same as the previous month. Olam International led with a market share of 9.76% compared to 9.16% in March 2024. It was followed by Sucafina 8.44% (5.85%); Ecom Agro Industrialist 6.32%; (5.64%) Bernhard Rothfos 6.17% (7.33%); Eurocaf SRL 5.68% (2.96%); Louis Dreyfus 5.65% (6.81%); Touton SA 5.38% (7.37%) Volcafe 5.11% (7.53%); Bercher Coffee Consulting 3.87% (1.85%) and ETG Commodities 3.40% (1.66%).

Note: The figures in brackets represent percentage performance in the previous month –March 2024.

"Changes in the relative positions of the first 10 major buyers reflects continued demand for Uganda coffee abroad," the report reads.

Global Situation

World coffee production for 2023/24 is forecast to reach 171.4 million bags, 6.9 million bags higher than the previous Year of 164.5 million bags, with higher output in Brazil, Colombia and Ethiopia expected to more than offset reduced production in Indonesia.

Global exports are expected to increase by 8.4 million bags to 119.92 million bags, mainly due to strong shipments from Brazil. Global consumption is forecast at 169.5 million bags, with the largest increase in the European Union, the United States of America and Brazil.

Ending inventories are expected to continue to tighten to a 12-year low of 26.5 million bags. (United States Department of Agriculture, Coffee: World Markets and Trade report December 2023).

Local Situation

During the month of April 2024, farm gate prices ranged from Shs 5,500-6,000/= per kilo of Kiboko (Robusta dry cherries); Shs.12,000-12,500/= for FAQ (Fair Average Quality); Sh. 12,500- 13,000/= for Arabica parchment; and Sh. 11,500-12,000/= per kilo for Drugar. Compared to the previous month, Robusta Kiboko averaged UGX 5,750 per kilo, higher than UGX 5,100 per kilo, FAQ UGX 12,250 per kilo higher than UGX 11,750 Arabica parchment UGX 12,750 per kilo higher than UGX 11,500 per kilo and Drugar UGX 11,750/= per kilo higher than UGX 10,500 per kilo higher than the previous month.

Outlook for May 2024

UCDA says coffee exports are projected to be 450,000 60-kilobags. "Harvesting of the main crop south of the equator (Masaka and South Western regions) has started. Harvest of the fly crop North of the equator has also started," UCDA says.

Farming in Action

Review of fertilizer mergers likely as prices shoot up

By Samuel Sanya

An ex – post review of mergers and acquisitions within fertilizer markets has been called for, after a study by the Common Market for Eastern and Southern Africa Competition Commission (CCC) found that the markets are now oligopolistic.

It was found that the two largest fertilizer companies in East Africa - Yara and ETG/SABIC – plan imports for the whole region, share shiploads, and have bagging terminals at the ports in Mombasa and Dar es Salaam.

"The findings show that markets in East and Southern Africa are oligopolistic in nature, with just two to five large firms that are sourcing fertiliser internationally in bulk, with bagging and warehousing facilities at the main ports," the April 2024 study says.

These companies account for around 70-80% of total fertilizer supplied in East Africa, including through sales to other smaller traders (their local "competitors") as well as to each other.

The report has called for an in-depth ex-post review of mergers and acquisitions in the fertilizer markets opening the door for a potential reversal of the status quo.

The study, done in conjunction with the Center for Competition, Regulation, And Economic Development (CCRED) titled: "Competition, concentration, and market outcomes in fertilizer markets in East and Southern Africa" indicates that prices in Uganda are around \$100-\$150 higher than in Kenya, due to the market structure.

The tight oligopoly in fertiliser markets, with very few large firms with multi-market contact, implies a high likelihood for collusive conduct.

Data from the Uganda Bureau of Statistics (UBOS) for the financial year 2021/22 indicates that agriculture is a dominant sector in Uganda's economy contributing 24.1% of Gross Domestic Product (GDP), 33% of export earnings and employing about 70% of Uganda's working population.

This impacts the input affects for agriculture and thereby commodity prices which feed into higher inflationary pressures and lower export competitiveness.

The suppliers are vertically integrated from international production through to distribution across the region. These main exporting companies sell fertiliser to local and regional companies that they then compete with at the distribution level of the supply chain.

The CCC also noted that the findings are consistent with cartels having been identified in the past in Zambia and South Africa (which included conduct operating across neighboring countries in the case of South Africa), as well as in other jurisdictions around the world as reflected in the international cartel data set.

24.1%

of Gross Domestic Product (GDP)

It warned that the high levels of concentration in the markets are further supported by high entry barriers which limits participation from potential competitors when it comes to bulk supply and manufacturing.

Impact of mergers

The report indicated that the number of market players had become tighter in part due to five mergers and acquisitions, pointing out that there have been a number of large mergers which have increased vertical integration.

Although vertical integration can realise efficiencies, the mergers involving Ma'aden and SABIC, who have common shareholders and which co-own production plants, mean that there are ownership links between ESA competitors Meridian and ETG.

Of the five mergers, the ones that impacted Uganda included OMV Aktiengesellschaft ("OMV"), which acquired Borealis AG ("Borealis") in 2020 and SABIC Agri-Nutrients Company (SABIC AN) which acquired 49% of the issued share capital of ETG Inputs Holdco Limited (EIHL) in 2023.

"Fertiliser usage is very low, and prices are extremely high, with only a very small supply of subsidized fertiliser," the report pointed out about Uganda.

The report indicates that fertiliser supplies in Uganda are a combination of recorded imports by the major companies led by Yara and ETG, with estimated annual demand for fertilizer ranging from 70,000 metric tonnes to 100,000 metric tonnes – one of the lowest usage rates in the region.

This is despite a fertiliser subsidy programme from 2019 that was funded by the government and used e-vouchers and a donor-funded subsidy scheme ran for a season from August 2022 to February 2023.

During the subsidy, the farmer paid 70% and the subsidy portion amounted to 30%. A study by the economic policy research center indicates that Ugandan farmers are skeptical of the benefits of using fertilizers and that that fertilizers are expensive.

In March 2023, just after the expiry of the subsidy programme, Moses Kataama from Lwengo district -said that a bag of fertilizer had risen to Ugx200,000, up 8.1%.

Anusiat Nakigude, a stockiest based in Kinoni, greater Masaka region said that whenever fertilizer prices hit the roof, farmers tended to withdraw from using them yet they are crucial for the yields of cash crops of coffee, maize and bananas which leads to a reduction in production.

"We used to employ offloaders on a daily basis but its now impossible because we no longer bring in trailers of fertilizer like the last season," another trader based in Mbale city – Kidandi Derick said.

Why gov't must prioritize the agriculture sector in FY2024/2025 budget

Worse of all, the agriculture sector for FY2024/25 is highly dependent on external financing to realize its objectives and 1 trillion of the program budget is expected from external financing.

In January 2024, the Parliament of Uganda approved the FY2024/25 National Budget Framework Paper (NBFP) amounting to UGX 52.7 trillion. The passing of the NBF Paper is in line with the requirement of the Public Finance Management Act 2015 which sets February 1st as the deadline for parliament to approve it.

However, it is concerning that the agro-industrialization sector plays a key vital rural, especially for the rural communities that depend on agriculture, the resources were reduced for FY2024/25 as compared to FY2023/2024. The agriculture sector plays a central role in Uganda's economy and is a source of livelihood for a significant proportion of Ugandans. The sector accounts for up to 50% of exports and employs 64% of all Ugandans as well as 72% of all youths. However, in the budget, agricultural sector resources were reduced to about UGX 170 billion, UGX 1.605 trillion in FY 2024/25 from UGX 1.813 trillion in FY 2023/24 despite the government's commitments to invest in agricultural transformation.

Additionally, it should be noted that currently, there is an absence of the National Irrigation Master Plan. The country continues to face numerous climate-related changes, particularly prolonged droughts which impede all year-round production for farmers. For instance, in FY 2021/22, the Ministry constructed 110 valley tanks each with a capacity ranging from 10,000m3 to 20,000m3 in the water-stricken districts of the cattle corridor to increase access to water for livestock production and ultimately control the movement of animals.

However, the absence of a national strategy or plan to guide investments in water for agricultural production, especially among small-scale farmers is continuously affecting the efforts to improve the sector. The Ministerial Policy Statements of the MPS FY2023/24, indicate that the MAAIF has abandoned the finalization of the irrigation master plan and is proposing to attain a legal framework for irrigation. While this legal framework is necessary, it does not negate the need for the irrigation master plan to coordinate investments in water for agriculture production and productivity. This can be evidenced by the funding gap of UGX 25 billion which is required for the provision of small-scale irrigation to support production at the Parish level under the Parish Development Model (PDM).

Worse of all, the agriculture sector for FY2024/25 is highly dependent on external financing to realize its objectives and 1 trillion of the program budget is expected from external financing. Up to 70% of the development budget in the program is externally funded. This increased dependence on external funds to finance the agro-industrialization program greatly contributes to financial instability and economic crises as the agricultural economy becomes vulnerable to changes in donor priorities and funding levels.

Therefore, to improve the agricultural sector which is the green economic sector and has the potential to provide jobs, improve community livelihoods and Gross Domestic Product (GDP) as well and reduce climate change effects, the government should ensure that the agricultural sector resources allocations for FY2024-2025 are increased.

INSURANCE NEWS

Britam Insurance Uganda launches digital self-service portal

Britam Insurance Uganda has launched a digital self-service portal, allowing their clients to access services from the company on their own with minimal interaction with staff.

Speaking at the launch in Kampala recently, Paul Odong, the Operations Manager Britam Asset Managers, said with the digital self-service portal, one will have access to essential details such as your policy number, investment amounts, and contribution summaries.

"One key feature for investors is the ability to withdraw funds swiftly, reducing the processing time from 6 days to just hours. Additionally, you can register multiple bank accounts to facilitate convenient payouts for your business needs," Odong said.

"For those managing accounts on behalf of children, you can easily access nominee details, ensuring you have all the necessary information at your fingertips. This feature allows you to keep track of important nominee information," he added.

The Britam team, led by the CEO, in a photo moment alongside various partners

Odong added that you can also view your holding summary, bank details, and other important information. "Our portal allows you to raise inquiries or complaints, ensuring you receive first-hand assistance promptly," he added.

Mr. Allan Mafabi, Chief Executive Officer at Britam Insurance Company (Uganda) Ltd, said the innovation is an affirmation of their investment.

"Our digital transformation journey started back, and we have invested much to be here and ensure our customers can self-serve. We want our partners and clients to have the ability to self-serve, allowing you to check your statements, claims, and investments, and monitor their performance," he said.

"With the self-service portal, you can buy your policy there and then, for example: with Travel insurance – you can be at the airport and buy insurance on your phone," he added.

Mr. Ronal Kasolo, General Manager (Britam Asset Managers), said the advantages of the investment self-service portal include user-friendly interface, secure access, 24-hour availability, ability to manage portfolios, convenience and much more.

"We are committed to this digital evolution, and we are implementing it across our entire footprint. Our set of portals has been designed to integrate with our products and services. What you can expect going forward are user-friendly products," Kasolo said.

Dennis Kizito, the Director Supervision at Capital Markets Authority commended Britam for launching their self-service portals, saying this aligns with the objectives of promoting innovation and enhancing customer-centricity.

"We welcome Britam's initiative, as these two portals signify progress and a commitment to thriving in the digital world"

Insurance Brokers tipped to shape the sector growth and penetration

L - R: Mendies Mhiribidi, EAIBA President, Ritah Mutesi Kabayiza, Conference Convener, Paul Muhame, Chairman, IBAU and Saul Sserembe, CEO/Principal, Insurance Training College

Insurance brokers have been identified as key players driving the growth and management of Uganda's evolving insurance value chain.

Over 300 insurance delegates attended a three-day conference from April 17th–19th, 2024, at Mbale Resort Hotel in Mbale City, where various speakers emphasized the crucial role of brokers in navigating the insurance sector's changes.

Under the theme **"Adapting to the Evolving Business Landscape,"** the event highlighted brokers' significant contribution to understanding and advancing the insurance sector.

Alhaj Kaddunabbi Ibrahim Lubega, the Chief Executive Officer (CEO) of the Insurance Regulatory Authority of Uganda, spoke at the 6th Insurance Brokers Association of Uganda (IBAU) conference, stressing how brokers facilitate sector growth.

"Insurance brokers remain critical players in the market. They provide their clients with expert, value-adding advice on Risk Management in addition to other support they extend to different players in the value chain"_

He mentioned that the theme highlights the essential qualities of flexibility, innovation, and strategic planning necessary for insurance companies and professionals like yourself to thrive in a constantly changing marketplace. Furthermore, he emphasized that the theme underscores the importance of the insurance industry's ability to adapt and respond effectively to ongoing changes and advancements.

The conference aimed to provide a platform for practitioners and experts from the insurance sector, business community, government, and local and regional communities to engage and exchange insights on the opportunities and challenges within the business environment. Organizers stated that the conference facilitated discussions on developments in geopolitical and economic spheres, human resources, regulations, and information technology, highlighting their impact on the future of the insurance industry and its interconnectedness with other sectors.

Given Uganda's status as a developing nation with a predominantly young population, the conference highlighted the importance of nurturing leadership skills among future leaders while integrating current technological trends, addressing social issues, and addressing climate change within the Environmental, Social, and Governance (ESG) framework.

The imperative to embrace new regulatory requirements within the insurance sector was also emphasized. By hosting the conference in Mbale as part of an outreach strategy, the aim was to promote awareness and understanding of insurance practices throughout the country.

"In Britam, our business is predominantly broker-driven. So, one time when we had just entered the market, we were asked, you guys are not on TV, not on radio, not in the media, but when we go out, we are told, where is Britam's Court," said Allan Mafabi CEO Britam.

Mafabi explained that the smart things are happening in the brokering business adding that those who control the business should have seen

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SACCOs Driving Sustainable Development in Uganda

SACCOs, an abbreviation for "Savings and Credit Co-operatives Society" stands as one of Uganda's vibrant pillars of sustainable development in the national plan. Having immersed myself in these Co-operative movement structures for over 17 years, I've witnessed firsthand their transformative power within the communities.

From fostering financial inclusion to promoting gender equality and bolstering education and healthcare services, Co-operatives have emerged as a catalyst for holistic development across the nation in Uganda.

Firstly, let's acknowledge the diverse landscape within which co-operatives in Uganda operate. These Co-operatives operate in various sectors including farming, transport, Savings and Credit, housing, institutional & multipurpose co-operatives, each catering to specific community needs. These co-operatives serve as vital conduits for providing financial products and services, thereby uplifting members economically & socially.

One of the most notable contributions of Co-operatives is in their provision of capital and affordable loans, enabling members to venture into various businesses and meet their essential needs such as school fees, feeding, clothing, and healthcare expenses. Moreover, these credit societies instil a culture of savings among their members, fostering financial discipline and resilience, essential for sustainable economic growth.

In terms of financial inclusion, Co-operatives like SACCOs play a pivotal role, particularly in rural areas where traditional banking services may be scarce. Despite such challenges, strategic partnerships and technological innovations have propelled SACCOS to offer more convenient access to finance, empowering its members to manage their finances effectively.

One prominent example of co-operatives' & groups' impact on individual lives is the story of Charles Odongo Omona, a 28-year-old youth from Orom subcounty. Charles, attached to the RIBEAYETEKO group, utilized SACCO financing to cultivate gardens.

With funds from the co-operative and support from the Emyoga program, Charles successfully planted twenty-five acres of cotton, five actresses for maize, and five for soya bean last year 2023. This initiative not only generated income for Charles but also contributed to local economic growth and food security, demonstrating the tangible benefits of Co-operatives in empowering individuals to realize their potential and contribute to community development.

Moreover, these cooperatives have played a pivotal role in advancing gender equality, particularly in traditionally male-dominated sectors.

Historically, women faced barriers to accessing or joining Co-operatives due to a lack of collateral, limited understanding of financial systems, and cultural constraints. However, recent surveys, including one conducted by GIZ under the Financial Systems Development (FSD) program, indicate a significant shift. Currently, women constitute 30% of SACCO membership, a marked improvement from previous years.

This increase can be attributed to targeted interventions such as gender mainstreaming initiatives, group lending methodologies, and efforts to enhance women's financial literacy and confidence. By actively involving women in co-operative governance and decision-making processes, Co-operatives are not only promoting economic empowerment but also fostering social inclusion and gender parity within communities.

The impact of Co-operatives extends beyond financial services, permeating into the education and healthcare sectors. Members can readily access loans for educational purposes, with favorable insurance packages and health camps ensuring affordable healthcare services for communities. Co-operatives also invest in human capital by providing scholarships for medical training, thereby addressing critical gaps in healthcare service delivery.

However, Co-operatives face several challenges in their mission to drive sustainable development. Competition from larger financial institutions, liquidity management issues, and high default rates among members pose significant hurdles. To overcome these challenges, Co-operatives must adopt aggressive marketing strategies, diversify funding sources, and strengthen leadership and governance structures.

Looking ahead, Co-operatives must embrace digital technology to enhance efficiency, transparency, and accountability. By leveraging digital platforms for reporting their operations, savings, loan applications, and member interactions, they can streamline operations and better serve their members' needs. Additionally, setting strategic goals for digitalization and fostering a culture of mutual support and self-help to ensure they remain relevant and resilient in the coming years.

In conclusion, Co-operatives societies stand as beacons of hope and progress in Uganda's journey toward sustainable development. By fostering financial inclusion, empowering women, and youth, and investing in education and healthcare. C0-operatives are not only just financial institutions but agents of positive change within the communities. As we navigate the challenges ahead, let us harness the collective power of Co-operatives to build a brighter, more prosperous future for all Ugandans.

The writer is Emmy Paul Opolot, the Manager of Linkage Banking, Commercial Banking Division, at Centenary Bank.

Insurance Brokers tipped to shape the sector growth and penetration

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the number of Lloyds syndicates who came for the meeting at the broker's house.

"Our business is driven by brokers; this is very humbling because the brokers control the market. I worked with so many guys in the Lloyds market, the brokers, I never met an insurer, probably unless we went with them to meet the brokers. So, the brokers are the true technical professionals of this industry," he added.

Because of brokers, he observed that the entire industry succeeding over the years and the growth of the sector with brokers influencing Profit Before Tax (PBT) growth.

"We posted some growth last year; I want to thank you because we did very well thanks to the brokers. We had a 10% growth thanks to brokers. we had our PBT more than double at 150% growth with sh11b PBT, almost no debt. So, thank you so much for collecting premiums because that enables us to give an excellent claim service.

Solomon Rubondo, the IBAU Ex - Officio, challenged insurers to improve the level of awareness campaigns however, he pointed that the standard of this conference has surpassed all the previous conferences as conferences have kept growing.

"As IBAU, we raise our shoulders high, we stand tall upon having this it for the sixth time in a row. And I definitely say this, are always growing in terms of number, in terms of color, in terms of preparation and the themes.

We had a very interesting theme this year, navigating this ever-changing landscape. You know, if you lose sight of change, then you run a serious risk you don't know. And as they say, the worst risk in life is not to take a risk," he said.

IBAU, Board Chairman, Paul Muhame called upon the insurance sector to improve penetration through areas in the service sector.

He said the Growth Domestic Product (GDP) figures show that 50% is services, about 24 % is agriculture and the balance more industry.

"This shows you that services are taking a bigger share and there's a lot of work to do in that regard, though you'll find our population is mostly around agriculture. What we've seen is, as a country, when you look at the market conditions, things like limited access to financing, things like the capacity of our institutions, outdated technology, those are areas within which we can work in," he advised

He added that Uganda has made strides in innovation, led by our IRA, also opened up the innovation awards, which is to encourage members, brokers, insurers, to think outside the box for ways within which we can get closer to their clients and the insuring public.

"Insurance has been a traditional product being sold over the years the same way. And more than anything else, it's to embrace technology. We've also worked quite well with Insurance Training College (ITC), which is the arm that trains our industry and trains them to be more professional and be able to engage and provide quality products to our clients," he added.

Guest Speaker Frank Molla the Managing Director, Africa - MDP said, with insurance, it's quite interesting that it's less than 1% of activities when you think about international adoption in Uganda.

"There's a 1% insurance penetration in Uganda. So that means, positively, looking at it, there's a 99% Opportunity. But again, the uptake is low. Why? Because we need to understand the cultural nuisance. We need to speak the language of the locals. We need to tell them make our communication to them. And important is we need to continue listening and listening and listening.

He said, there is need to make sure that we make it simple for them to understand and a lot of education needs to be done and lot of awareness needs to be done.

"The products that are being developed and put together, specifically for the end consumer. But you cannot do that if you do not understand them, if you don't know them, and if you're not listening to them," he added

UBA Celebrates 75 Years of Banking Excellence

In a significant milestone, the United Bank for Africa (UBA) Group has celebrated its 75th anniversary, marking decades of dedicated service and growth.

Notably, UBA's extension to Uganda in 2008 marked the establishment of its first subsidiary in the East and Southern Africa Region which exemplified the bank's commitment to growth and development.

As UBA Uganda celebrates 16 years of operation, it has branches across the major regions countrywide like in the Central, East, West and North.

The Group Managing Director, Oliver Alawuba, speaking at the global press conference marking the Group 75th anniversary of United Bank for Africa (UBA), underscored the bank's strategic focus on becoming the payment bank for capital flows, trade, and investment between Africa and the global market.

What Oliver noted is exemplified by the bank's commitment to providing $6bn in financing SMEs agreement which was signed recently between UBA and The African Continental Free Trade Area (AfCFTA).

This initiative aims to bolster intra-African trade and enhance economic integration across the continent through all UBA Subsidiaries across Africa.

He further highlighted that the anniversary is more than a mere celebration, describing it as a testament to UBA's enduring resilience, relentless innovation, and steadfast commitment to excellence over the decades.

"Our journey has been defined by our ability to adapt and thrive amidst changing market dynamics," he remarked. The bank's historical trajectory from a modest beginning in Lagos-Nigeria to a formidable global financial institution exemplifies its strategic vision and operational penetration in many more countries more than where it is today.

In his address, Oliver emphasized UBA's strategic intent to capitalize on opportunities within emerging markets, with innovation and digital transformation at the core of its growth strategy.

"Innovation and digital transformation are the key parts of the bank's best strategy for future growth and competitiveness. UBA will continue to invest in innovative products, services, and digital platforms that enhance customer satisfaction and experience," he noted. Speaking further, he articulated a clear and ambitious vision for UBA, which is aspiring to be a benchmark for African businesses.

The bank's motto, **"United Bank for Africa: One Bank, United Africa, Connecting Africans to the World and the World to Africa,"** summarises this aspiration.

According to Oliver, UBA represents the quintessential bank that investors are seeking.

"Over the past two years, our dividend yield has consistently exceeded 12%. UBA's presence across 24 Countries does not only underscores our robust diversification of income streams but also confirms the unique investment proposition we offer." Since its inception in 1949, UBA has expanded its footprint across 20 African countries and four global financial centers, including London, Paris, Dubai, and New York.

The bank employs 25,000 staff members and serves 35 million customers, underscoring its significant scale and reach. Its operational infrastructure includes 1,000 business offices, 2,000 ATMs, 20 million cardholders, and 50,000 point-of-sale terminals.

UBA Uganda being part of the 20 UBA African subsidiaries whose customers are to benefit from the partnerships between UBA and the African Continental Free Trade Area (AfCFTA).

Julius Kakeeto elected chairperson of Uganda Bankers Association

Mr Julius Kakeeto, the Chief Executive Officer of Post Bank Uganda, has been elected the new chairperson of the Uganda Bankers Association (UBA).

Mr Kakeeto takes over from Ms. Sarah Arapta who served for a two-year term of office (2021- 2023).

The new UBA leaders were elected at their Annual General Meeting, which took place recently in Kampala.

Mr. Kakeeto, who previously served as the UBA Vice Chairperson for two years (2021 – 2023), is joined by other members elected on the executive committee.

They include; Mr. Michael Mugabi, CEO of Housing Finance, as Vice Chair; Mr. Edgar Byamah, CEO of KCB Bank as Treasurer and Mr. Mumba Kalifungwa, CEO Absa Uganda as Auditor.

Other committee members are Mr. Sanjay Rughani, CEO of Standard Chartered Bank, Ms. Patricia Ojangole, CEO of Uganda Development Bank, and Shafi Nambobi, the CEO, of UGAFODE. The Executive Director of UBA, Mr. Wilbrod Owor, serves as secretary to the Executive Committee.

Mr Julius Kakeeto, Managing Director/ Chief Executive Officer, Post Bank Uganda

Speaking at the meeting, Ms Arapta, the outgoing UBA Chair and CEO Citi Bank Uganda, noted that in terms of spending for 2023, the banking industry's total direct taxes that was paid by members was UGX 1.29 trillion, up from 1.08 trillion in 2022 with spending on ICT increasing to Ugx 694 billion in 2023 up from ugx 392 billion.

The contribution to NSSF increased to Ugx 157.3 billion up from 131 billion in 2022 with a total staff number of 19,428 (53% female and 47% male).

She further noted that the best gift the industry had given its customers in October 2023, was to drop the practice of early loan repayment fees charged on outstanding loans, which was agreed to by the entire membership under UBA.

This decision to halt the early repayment fees was aimed at facilitating the loan market with flexible options and alternatives in constraining economic circumstances and by extension the growth of private sector credit.

In her last message as chairperson of UBA, Ms Arapta highlighted that in the strategy session with UBA Member CEOs held on 19th January 2024, the meeting discussed key and emerging issues, trends and drivers for the strategy period of 2025-2027 including real and potential challenges ahead.

She highlighted fraud, tax administration and dispute management issues as some of the key challenges the industry was facing and called upon the new leadership to continue with engagements on these fronts.

Ms. Sarah, further called upon the new leadership and members of UBA, to continue to nurture the industry gender initiatives of the UBA Women Economic Empowerment Programme, focusing on both female staff and entrepreneurs.

The new leadership assumes responsibility at a time when the industry has registered growth in total assets of banking industry by 8% from UGX 45.8 trillion in 2022 to UGX 49.5 trillion in 2023, customer deposits increased from UGX 31.5 trillion in 2022 to UGX 33.96 trillion in 2023 representing a growth of 7.8%, industry access channels, especially agent banking points across the country increased to 33,437 bank agents by close of 2023, the industry further operated 984 ATMs and 856 branches.

Industry gross loans also increased by 7.6 % from UGX 19.6 trillion in 2022 to UGX 21.1 trillion in 2023 with the top five sectors' credit portfolio by member financial institutions making up 89.1% of the total industry loan book. These sectors included household and personal loans (UGX 4.85 trillion), real estate (UGX 4.31 trillion), trade (UGX 3.72 trillion), manufacturing (UGX 2.89 trillion) and agriculture (UGX 2.53 trillion).

BANKING

Online scams and frauds are not new to Uganda. Often, everything starts off well with promises that are too good to be true, until the scammers make off with colossal sums of money
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Centenary Bank and AGF Announce SME Finance Partnership

AGF Group CEO, Jules Ngankam with Fabian Kasi after signing the MOU with Centenary Bank renewing the loan portfolio guarantee at Mapeera House.

In a significant boost to Uganda's trade and construction sectors, the African Guarantee Fund (AGF) has renewed its Portfolio Guarantee Limit of $25 million to Centenary Bank, the largest microfinance bank in Uganda. This renewal underscores AGF's continued commitment to supporting Small and Medium Enterprises (SMEs) in Uganda, enhancing their access to much-needed financing.

An official signing ceremony was held today, highlighting the partnership between the African Guarantee Fund and Centenary Bank. This partnership has already demonstrated substantial benefits, particularly for the trade and construction sectors, which are crucial drivers of Uganda's economy.

According to Fabian Kasi the Managing Director, Centenary Bank, the renewed guarantee limit will primarily benefit the trade and construction sectors. These sectors have been identified as critical for economic development and job creation in Uganda.

"Through the African Guarantee Fund, we have been able to support over 1,600 SMEs in the trade and construction sectors. These businesses have not only thrived but have also created thousands of jobs, contributing significantly to the socio-economic fabric of our nation while contributing to our environmental and social governance agenda. The direct and indirect benefits of this support extend far beyond the individual businesses, influencing the broader economy and touching countless lives sustainably," Fabian said

Over the past years, AGF's guarantees have enabled Centenary Bank to extend financing to a significant number of SMEs. With the renewed guarantee, it is projected that close to $200 million in financing will be unlocked, with more than 700 SMEs benefitting from the financial support needed to grow and expand their operations.

Speaking at the ceremony, AGF Group CEO, Jules Ngankam acknowledged that this renewed collaboration enhances the existing agreement aimed at bolstering the financing capabilities for Ugandan SMEs, including women-led and green businesses.

"Our partnership with Centenary Bank represents a significant step in our mission to support SMEs, who account for approximately 90% of private sector businesses in Uganda. By enhancing access to finance for SMEs, particularly those led by women and involved in green initiatives, we are not only fostering entrepreneurship but also contributing to sustainable economic development in Uganda," Jules said.

In addition to the extension of the credit guarantee facility, the African Guarantee Fund will provide a Capacity Development grant to Centenary through that will be utilized in automation of credit processes, to enhance efficiency and proper credit analysis of their loans. Diagnostic assessment to enable the bank embark on green financing and women financing more effectively

This partnership is also backed by the African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA) initiative, which aims to bridge the $49 billion financing gap facing women entrepreneurs in Africa by providing more concessional loans and better collateral terms.

Fabian Kasi, Managing Director of Centenary Bank, highlighted the impact of the renewed guarantee.

Jules Ngankam, AGF Group CEO, emphasizing the broader implications of this partnership

Centenary Bank was recently honored with the AFAWA Bank of the Year Award at the 2024 African Banker Awards. This prestigious award recognized the financial institutions for its significant strides in supporting women SMEs. The ceremony, held in Nairobi, Kenya highlighted Centenary Bank's commitment to financial inclusion through initiatives like the Cente SupaWoman program, which offers financial education and business skills training to women entrepreneurs

The infusion of capital into SMEs is expected to have a multiplier effect on the economy. By improving access to finance, SMEs can increase their production capacities, create more jobs, and contribute to higher tax revenues. This, in turn, will lead to a stronger GDP growth trajectory for Uganda, enhancing overall economic stability and prosperity. Business owners are encouraged to embrace the availed credit facilities through such funds intentional about fostering business growth.

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