

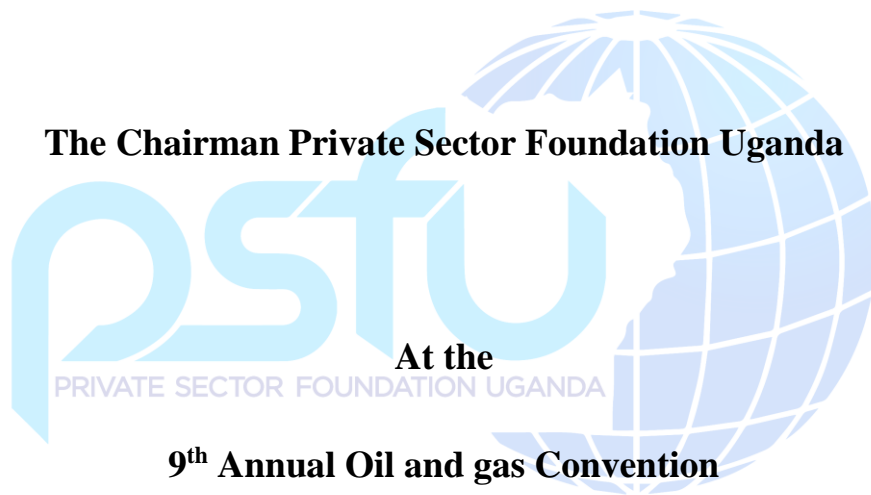


Plot 43, Nakasero Road  
PO Box 7683 Kampala, Uganda  
Tel: +256 312 263 850  
psfu@psfuganda.org.ug  
www.psfuganda.org

## **Driving Private Sector Engagement in a Just Energy Transition: Opportunities and Solutions for the Oil and Gas Industry**

**Statement by**

**The Chairman Private Sector Foundation Uganda**



**At the**

PRIVATE SECTOR FOUNDATION UGANDA

**9<sup>th</sup> Annual Oil and gas Convention**

*Business growth is our business*

**17<sup>th</sup> April, 2024**

## **Introduction: Just Energy Transition**

- i. PSFU is the apex body of the private sector representing over 330 business associations and corporate bodies that support private sector growth. Our membership is represented by 12 sectors which mirror Uganda's economy.
- ii. Ladies and gentlemen, the triple planetary crisis of climate change, pollution and biodiversity loss will necessitate a sustainable use of fossil fuels and other sustainable energy sources globally.
- iii. 4.2 million deaths every year occur because of exposure to outdoor air pollution, and 3.8 million deaths every year occur because of household exposure to smoke from dirty cookstoves and fuels (UN, 2024).
- iv. With estimated 21.5 million people to be displaced by climate-change related disasters every year and world economy value cut by \$23 trillion by 2050 according to (Urs Baertschi, 2021), the importance of energy transition cannot be overemphasized.
- v. As nations worldwide are shifting towards cleaner, low-carbon renewable energy sources such as solar, wind, hydro, geothermal, and bioenergy (Hassan et al., 2024) for Uganda, the grid today is already 99% renewable, with only a small amount of oil-based generation used in critical situations.
- vi. The Energy Transition Plan (ETP) unveiled at the 28th Session of the United Nations Conference on Climate Change (COP28) outlines Uganda's roadmap for sustainable energy development, climate target achievement, universal energy access, and equitable economic returns (International Energy Agency - IEA, 2023).
- vii. Uganda is aligning with this global trend through a Just Energy Transition, aiming to move from fossil-fuel-based energy systems to cleaner alternatives while ensuring social equity and economic development (Elaw, 2024). At the heart of Uganda's Energy Transition Plan is ensuring unchartered access to clean energy by all Ugandans. This will be possible with another goal of improving energy security and affordability by all Uganda.

- viii. The goal is to transition 94 percent of the population from biomass to renewable energy by 2030. **PSFU in our various programs and in partnership with our development partners like GIZ we are putting efforts and resources to ensure that Ugandans in rural communities especially refugees and their host communities have access to clean energy both for lighting and cooking.**
- ix. Thanks to Uganda's energy transition efforts, Uganda has provided cleaner cooking alternatives to more than 3.5 million Ugandans, liberating them from the health hazards and time-consuming burdens of traditional firewood and charcoal stoves (MoEMD, 2023).
- x. However, for Uganda to reach universal access to electricity by 2030, over 800 000 households would need to gain a connection each year to 2030 (MoEMD, 2023). We hope the rural electrification programs of government will drive this need to fruition.
- xi. For most people in Uganda, biomass remains the most important energy source. The production of biomass, which can be divided into firewood (78.6%), charcoal (5.6%), and crop residues (4.7%), accounts for around 89% of the world's primary energy use (PAU, 2023).
- xii. Hydropower remains the nation's dominant source of electric energy production, with a potential of over 4100 MW (MEMD, 2023).
- xiii. In urban areas, 57.2% of Ugandans have access to electricity; however, access drops to 10% in rural areas, and it is only 22.1% nationwide. As of December 2022, Uganda had approximately 3,385 km of transmission lines, which the government aims to increase to 4,354 km by 2025 (ITA, 2023).

#### **Renewable Energy Potential:**

- i. Estimated renewable energy resources include 450 MW of geothermal, 1,650 MW of biomass co-generation, and 5,300 MW overall renewable energy generation potential (Kalikumutima, 2024).
- ii. Uganda's Least Cost Generation plan envisages growth in generation from 872 MW in 2018 to 3,127 MW in 2027 on the base case scenario.

- iii. With the required annual energy investment of US\$ 8 billion by the end of this decade, with US\$ 850 million required annually by 2030 to reach universal access the need for public-private partnerships cannot be over emphasized.

## **Challenges**

- i. Energy transition requires substantial investments in new technologies and infrastructure.
- ii. Challenges in technological readiness and grid system upgrades.
- iii. Shift away from fossil fuels may lead to job losses and economic downturns.
- iv. Need for support mechanisms for affected groups through skilling and upskilling.
- v. Financial constraints hinder large-scale renewable energy projects.
- vi. Lack of awareness and appreciation of renewable energy benefits.

## **Private sector Championed Solutions:**

- i. Investment in climate-resilient infrastructure such as robust transmission lines and energy storage systems can enhance system reliability and minimize disruptions during extreme weather events.
- ii. Forming strategic partnerships and collaborations with renewable energy firms facilitates knowledge sharing, resource pooling, and joint project development.
- iii. Adopting advanced technologies and modernizing grid infrastructure to accommodate renewable energy integration, such as smart grids and grid-scale energy storage solutions.
- iv. Implementing transition support measures such as retraining programs, job placement assistance, and promoting economic diversification in renewable energy-related industries.
- v. Skilling and upskilling, implementing comprehensive skills development and training programs tailored to the renewable energy sector can equip workers with the necessary skills and competencies for employment opportunities in the growing renewable energy industry.

- vi. Exploring innovative financing mechanisms such as green bonds, venture capital investments, and crowd-funding platforms can mobilize capital and attract investment for renewable energy initiatives.
- vii. Launching targeted awareness campaigns and education initiatives can raise public awareness, promote the benefits of renewable energy, and foster a culture of sustainability and environmental stewardship.

## **Conclusion**

Uganda's pursuit of a just energy transition offers a pathway to sustainable development and economic growth. Addressing associated risks and bottlenecks is imperative for success. However, this will require collaborative effort involving government and the private sector are essential. If we engage ensure international cooperation, and commitment to inclusive and sustainable development, Uganda can achieve an equitable energy future. PSFU has been and will continue to be part of this journey by supporting government and other partners efforts in ensuring a sustainable energy transition in Uganda through ensuring access and affordability by the last mile Ugandans.

