

ECONOMY

Move beyond informal economy, Absa boss says

INTERVIEW
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Economists from the multilateral institutions such as the World Bank have often argued that economic growth is the foundation for social and economic development because it creates jobs, generates income opportunities, and helps reduce poverty. In this interview, the chief executive, Absa regional operations Mr, Saviour Chibiya explains why Uganda must move beyond the informal economy.

What will it take for Uganda to move from a consumption-led, informal economy to a production-driven, value-creating one capable of achieving its \$500 billion ambition?

We shall come to the Ugandan picture. But before that, when we think about economic growth across the continent, and in Uganda particularly, is first of all you've got to have natural resources. You need land, weather, and everything that is fundamental to whatever you want to do in whichever sector you want to be in—whether it is agriculture or tourism. Those natural resources are important.

With Uganda's discovery and production of oil, the country is well-positioned to strengthen and diversify its economy, opening up new avenues for growth and development.

Take agriculture as an example. Much of Africa's agricultural sector is still dominated by small-scale farming, for the sector to truly drive economic transformation, it must scale up. This requires investment in skills development, modern technology, improved productivity, and higher yields. Equally important is the development of a broader economic ecosystem. Producing raw commodities alone is not sufficient. Countries must invest in processing industries, value addition, and manufacturing so that finished products—not just raw materials—can be exported to global markets. Achieving such ambitions requires collaboration between the public and private sectors. Governments set the policy framework, while private institutions—including financial institutions—provide capital, expertise, and strategic support.

What transitions does Uganda need to go through to accelerate growth?

In Uganda, several sectors stand out as key drivers of economic growth. Agriculture remains fundamental, and fi-



Mr Saviour Chibiya, the chief executive, Absa regional operations during the interview. PHOTO/MARTIN LUTHER OKETCH

ancial institutions continue to support farmers and agribusinesses through financing and sector expertise.

Energy infrastructure is another priority area. Reliable power supply remains one of the largest infrastructure gaps across the continent, and addressing this deficit is essential for industrialisation and economic growth.

Tourism is also a significant opportunity, and through regional expertise and international networks, financial institutions can help expand this sector. Industrialisation, particularly in value addition and processing of raw materials, will also play a critical role in strengthening export capacity. From an economic point of view, if you want to grow your economy tenfold, there are many things you need to rethink—from policy frameworks to how business is done. You need more scalable businesses. For example, in many African economies, especially in agriculture, you have many small-scale farmers. Those need to become

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scalable. At some point you need to invest in skills and technology to increase yields and grow those businesses. You also need an ecosystem. When you produce primary goods, you must process them and create products that can be exported. All these are factors you must consider when thinking about how to achieve those ambitions.

That is the essence of having big goals—everyone from the public sector to the private sector must work together and ask: We have this ambition, how are we going to achieve it? Because it is a journey. For all of us, even as individuals and corporations, it is a journey where we have got to have ambition. You talked about the ambition in the country, in Uganda, to grow the economy. We all have to be responsible citizens and corporates and ask: How do we contribute to that growth? How do we support each other? That is why it's not just about Absa. We focus on how we support our customers. The Ugandan economy and the African economy only grow if a bank like Absa supports its customers. We have got to join forces with a whole lot of other institutions in supporting our customers to grow. If our customers grow and produce more, they become more economically viable. They play a role where they can compete with the rest of the world. We believe that capital will be affordable. Some of the things that will always attract the right growth include investment in infrastructure.

Continued investment in the social sector, specifically human capital, is also very important. Education and health are fundamental and critical. Having the right policy framework that makes it more predictable for investors to operate is also very important to attract investment. Those are some of the key fundamentals required to attract investment. Also, being part of regional integration is quite important in terms of

opening up markets, not just for Uganda but also to access markets within the region, across the continent, and globally. Regional integrations like the East African Community and the African Continental Free Trade Area are very key agreements that should be implemented across countries.

What is the role that financial institutions have to play?

Financial institutions play a particularly important role by mobilising deposits, facilitating investment, and supporting key economic sectors. Importantly, financial institutions do more than simply provide funding. They also help businesses access international markets, connect them to trade networks, and provide sector-specific expertise that enables companies to scale. This approach creates a comprehensive economic ecosystem.

Challenges remain. Yet the fundamental reality remains: Africa possesses resources that the world needs. One key lesson is the importance of strengthening domestic financial systems.

Over time, Africa must build stronger local savings and reduce excessive dependence on foreign capital. When economies rely heavily on external financing, they become vulnerable to global shocks. Deepening local financial systems, therefore, becomes critical. This includes expanding access to banking, investing in financial technology, developing innovative financial products, and improving financial literacy. Ultimately, this approach creates a comprehensive economic ecosystem. At the same time, Africa remains part of the global economy.

Why are Pan Africa, regional/cross border banks important in state and regional development?

Africa is part of the global economy. If you look at what we are doing now—investing in technology, developing financial products, educating people, and expanding access to banking—it is all aimed at mobilising deposits locally.

However, as a Pan-African bank, we also use our balance sheet across different countries to transfer funds where they are needed. If we are funding a large project in Uganda, we use both the local balance sheet and the group balance sheet.

But that balance sheet is also funded by individuals and corporations worldwide. That is why we are opening offices across the world—in the United States, China, and looking at the Middle East—to tap into savings from different regions and channel them into African economic activity.

When we talk about absorptive capacity in meeting those commitments, we don't just look at our local balance sheet.

We also look at how to attract investment into the continent. When we talk to investors globally and present the opportunities in Africa and Uganda, we help them understand the continent better. But often, the headlines about Africa do not reflect the reality of the opportunities.

We are not just looking at our balance sheet. We are also looking at how to attract more investment into the continent and facilitate more trade between Africa and the rest of the world.

Absa works across multiple markets to channel capital where it is most needed. Large projects, for example, are not funded solely through local balance sheets but often through the combined strength of regional and international financial networks.

External financing
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