

# FAQs

## FREQUENTLY ASKED QUESTIONS



*Credit Support for Renewable Energy*

# BACKGROUND

## What is UECCC?

Uganda Energy Credit Capitalisation Company (UECCC) is a company limited by guarantee and set up by the Government of Uganda in 2009 to manage the Uganda Energy Capitalisation Trust.

## What is the Uganda Energy Capitalisation Trust?

'The Trust' is a framework for pooling resources from Government, Investors and Development Partners, to support the development of renewable energy infrastructure in Uganda.

## Who owns UECCC?

UECCC is owned by the Government of Uganda through the Ministry of Finance, Planning and Economic Development, the Ministry of Energy and Mineral Development and the Private Sector Foundation Uganda.

## Why was UECCC set up?

The Ministry of Energy & Mineral Development through its programme to strengthen and enlarge the power sector and encourage investment in energy efficiency and renewable energy through private sector investment, set up the UECCC to address the financial barriers faced by the private sector players in the energy sector.

## What is the mandate of UECCC?

UECCC's mandate includes providing a reliable framework for pooling resources from Government, Investors and Development Partners, and to channel the same to renewable energy projects.

## How does UECCC operate?

It works with various partners including but not limited to Development Partners and Financial Institutions to provide new financing options for private sector led energy projects.

## BACKGROUND

### **What is the vision of UECCC?**

To be the leading provider of financing solutions and technical assistance to facilitate renewable energy development and access.

### **What is the mission of UECCC?**

To provide innovative financing initiatives and technical assistance that enables participation of the private sector and other stakeholders so as to enhance development and access to renewable energy.

### **What are the core values of UECCC?**

- Professionalism
- Innovation
- Integrity
- Accountability
- Transparency
- Team Work

### **What are the objectives of UECCC?**

1. To serve as a Credit Support Institution and to promote Private Sector led renewable energy Infrastructure Development.
2. To provide Transaction Advisory Services to Independent Power Producers.
3. To introduce into the Ugandan Financial Market new and innovative financing modalities including Credit Enhancement Instruments directed at reducing real or perceived risks faced by primary lenders and other Financial Intermediaries.
4. To facilitate term lending by Financial Institutions and Micro Finance Institutions engaged in Renewable Energy Transactions.

## PRODUCTS AND SERVICES

### **What services does UECCC currently offer?**

With support from various Development Partners, UECCC currently offers Financing Solutions for Renewable Energy Projects including: a Solar Loan Programme, a Connection Loan Programme and Technical Assistance to Independent Power Producers.

- **A POWER CONNECTION LOAN**

UECCC has partnered with Centenary Bank to avail a power connection loan which allows households and commercial enterprises to access electricity by connecting to the grid.

### **When did this programme start?**

This programme started in September 2014 and has been successfully piloted in the West Nile region in partnership with a utility Company (WENRECO) and Centenary Bank.

### **Why was this programme introduced?**

The programme was introduced to address the affordability barrier arising from the upfront electricity connection costs including; wiring of premises, poles, connection fees charged by the utility company and/or conversions from diesel-powered systems to grid electricity.

### **Which electricity companies do you currently work with?**

Currently we are working with WENRECO for West Nile region and UMEME for other regions.

### **Where can the loan be accessed from?**

It can be accessed at all Centenary Bank branches countrywide.

### **Who is eligible for a Power connection loan?**

Any person who can fulfill the Centenary Bank requirements for loan applications.

# PRODUCTS AND SERVICES

## **Is there any document that I need to present to the bank?**

The bank will require connection and wiring quotations from whoever intends to apply for the loan. Details of other requirements can be obtained from the bank.

## **How can I get the correct quotations for presentation to Centenary Bank?**

The Utility Company will visit the premises of prospective applicants desiring to connect to electricity and carry out assessments and come up with cost estimates and/ or pro-forma invoices as appropriate.

## **How much can I qualify for?**

The loan amount given depends on the person's capacity to pay. The maximum amount given is UGX 10 million.

## **What is the maximum period for this loan?**

The maximum period is 24 months within which the loan can be repaid using flexible and regular repayment plans

## **What interest rate will Centenary Bank charge?**

A maximum interest rate of 15% per annum on a reducing balance will be charged.

## **What other benefits exist for someone who accesses a connection loan?**

Other benefits include Flexible and regular repayment plans available, quickest way to get connected to electricity

## PRODUCTS AND SERVICES

### • SOLAR LOAN PROGRAMME

UECCC has partnered with Participating Financial Institutions (PFIs) to put in place a Programme that enables households and commercial enterprises acquire solar systems on credit.

#### **Why was this programme introduced?**

The programme was introduced to enable access to electricity in off grid areas through addressing the affordability barrier arising from the up-front cost of solar systems acquisition.

#### **Who can benefit from this programme?**

Individuals or groups who wish to access loan financing to acquire solar equipment for household and/or business energy needs

#### **What type of solar systems can be acquired under this Programme?**

The solar systems that can be acquired under this scheme include:

- Solar Home Systems that meet the basic domestic electricity needs
- Commercial Systems that cater for electricity requirements of small scale enterprises in both urban and rural areas.

#### **Where can I access this product?**

The PFIs currently offering this product include:

- Centenary Bank.
- Post Bank Uganda Ltd
- Pride Micro Finance Ltd
- Finance Trust Bank

# PRODUCTS AND SERVICES

## How does it work?

- UECCC partners with and disburses money to Participating Financial Institutions (PFIs) that are willing to offer this programme to their customers.
- The PFIs then partner with Solar Companies who have been successfully prequalified and who are able to provide various types of solar systems to customers
- The PFIs appraise and approve loans for individuals, households and commercial enterprises basing on the type of solar systems they wish to acquire.
- The money is then paid to the solar company upon installation of a solar system.
- The Loan applicant then starts paying off the loan depending on the interest rate and repayment period agreed upon

## What documents do I need to present to the bank?

Each PFI has its own set of documents required for a solar loan application.

## What interest is charged on the loan?

Each PFI charges its own interest rate depending on the type of solar system acquired and the loan repayment period.....

## How long is the loan period?

The loan periods are up to 36 months depending on which PFI the loan was acquired from.

## OTHER PROGRAMMES

- **THE ORIO MINI HYDRO POWER AND RURAL ELECTRIFICATION PROJECT**

### **What is the ORIO Mini Hydro Power Project about?**

UECCC mobilized grant funding of up to 13.1 million Euro from the Dutch Government (ORIO Infrastructure Fund) to develop 10 mini hydropower plants as a single project.

### **What does the Project entail?**

The Project aims at developing a cluster of 10 mini-hydropower plants of capacity between 0.5MW to 2.0 MW and rural electrification systems to connect about 347,000 people in Western Uganda.

### **What is the objective of this Project?**

The specific objective is to introduce reliable electricity to rural areas in Western Uganda

The overall objectives include; improving access to clean renewable energy, poverty alleviation, economic development, improved health conditions through reduction of indoor pollution, mitigation of climate change through use of clean hydropower energy and improved education levels at schools and households.

### **When did the Project begin?**

Feasibility Studies for all the 10 Project Sites commenced in September 2014.

### **Where is the Project located?**

The Project is located in Western Uganda in the districts of Hoima, Kabarole, Bundibugyo, Mitooma, Rukungiri and Bushenyi. The sites are situated on different small rivers.

### **How will the Project be implemented?**



## OTHER PROGRAMMES

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The Project will be implemented in three phases:

- Phase I – the development phase which includes Feasibility Studies
- Phase II - the construction and commissioning of the plants as well as training of the key staff
- Phase III - the Operation and Maintenance phase

### **How will the ORIO Project benefit the affected communities?**

- Reliable electricity will be introduced to rural areas in the project area
- Prerequisites for sustainable long-term economic development will be created
- Health conditions and death rate will be improved by reducing indoor pollution associated with use of kerosene and firewood
- Education levels at schools and households will be improved
- Poverty will be alleviated in accordance with the Poverty Eradication Action Plan (PEAP)

## OTHER PROGRAMMES

- **TECHNICAL ASSISTANCE**

### **I) THE EARLY STAGE SUPPORT TO INDEPENDENT POWER PRODUCERS (IPPS)**

With support from KfW, UECCC provided..... Early Stage Technical Assistance to Independent Power Producers (IPPs) for Renewable Energy generation projects.

#### **Why was this programme introduced?**

This programme was introduced to address pre-investment barriers that are faced by Independent Power Producers. It included start up technical and financial assistance

#### **What did this support include?**

- Preparation of pre-feasibility studies
- Development of business plan
- Validation of key milestone studies
- Economic and Financial modeling
- Market and Risk Assessment
- Validation of projects for sale

### **II) CAPACITY BUILDING FOR IPPS AND PFIS:**

UECCC provides capacity building for IPPs and PFIs in the form of Skills Transfer Events and trainings.

### **III) IMPLEMENTATION SUPPORT TO PFIS**

#### **What does implementation support entail?**

UECCC offers technical support to PFIs in the form of:

- Designing Energy loan products.
- Marketing Support to PFIs to roll out the loan products.

## PLANNED PROGRAMMES

### What are UECCC's planned programmes for the next 3 years?

- **Continue implementation of existing Financing initiatives:**

In addition to existing PFIs, UECCC is to extend Solar Refinance facilities to selected Tier IV financial institutions for on-lending for solar PV acquisition. The aim is to increase outreach at the grassroots.

- **Solar Vendors Working Capital Facility:**

With World Bank Support under ERT III, UECCC has commenced design of a Solar Vendors Working Capital Facility that will be available in FY 2016/17.

- **Guarantees:**

UECCC will also provide guarantees to Solar companies interested in borrowing from PFIs but are unable to provide the required collateral.

- **Biomass Financing Facility:**

UECCC is in the process of developing a Biomass Financing Facility for domestic biogas systems.

- **Develop and Implement Capacity Enhancement/TA programs for PFIs and IPPs:**

UECCC will continue to implement Skills Enhancement programs for PFIs and IPPs.

- **Offer support to IPPs towards obtaining Climate Finance:**

UECCC will link potential climate change mitigation projects to Carbon Financing through existing Programs of Activities (POAs).

CONTACT US:  
Amber House  
Plot 29/33 Kampala Road  
3Rd Floor, Block E  
P.o Box 29725 Kampala  
Tel: Office +256 312 165650  
Fax: +256 312 202220  
Email: [info@ueccc.or.ug](mailto:info@ueccc.or.ug)  
Website : [www.ueccc.or.ug](http://www.ueccc.or.ug)