

UGANDA ENERGY CREDIT CAPITALIZATION COMPANY



Credit Support for Renewable Energy

BACKGROUND

The Uganda Energy Credit Capitalisation Company (UECCC) is in place to facilitate investments in Uganda's high-potential Renewable Energy Sector.

UECCC is the administrator of the Uganda Energy Capitalisation Trust ("The Trust") which is a framework for pooling resources from Government and Development Partners and to channel the same to renewable energy projects.

The Company's main objective is to provide financial, technical and other support for renewable energy infrastructure development in Uganda, with particular focus to enabling private sector participation.

In this regard, UECCC provides Technical Assistance and new financing options to facilitate private sector led energy projects.

VISION

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

MISSION

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.

Of equal importance is to deliver our services accountably, transparently and through optimal consensus building and mutual benefit to all stakeholders.

OBJECTIVES

- To serve as a credit support institution and to promote Private Sector led renewable energy Infrastructure development.
- To provide financial, technical and other support to renewable energy and/or electrification projects in Uganda.
- 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.



Official Launch of UECCC by the Minister of Energy and Mineral Development - Hon. Eng. Irene Muloni, on 22nd Sept 2011

PRODUCTS AND SERVICES

1. Credit Enhancement Instruments, including:

i) **A Solar Refinance Facility to Participating Financial Institutions (PFIs)** for on-lending to households and commercial enterprises acquiring solar systems. The objective of the facility is to address the affordability barrier posed by the initial upfront cost of Solar systems. The PFIs currently include PostBank Uganda Ltd, Pride MicroFinance Ltd, Finance Trust Bank and Centenary Bank.

ii) **A Connection Loan Refinance Facility to PFIs** for on-lending to households and commercial enterprises for on grid electricity connections. The objective of the Facility is to ease access to electricity through addressing the affordability barrier arising from the upfront electricity connection costs, which include wiring of premises, poles, connection fees charged by the utility and / or

conversions from diesel – powered systems to grid electricity.

iii) **Technical Assistance / Transaction Advisory Services** to Independent Power Producers (IPPs) and Participating Financial Institutions (PFIs).

a) KFW funded Early Stage technical assistance for renewable energy generation projects. This includes start up technical and financial assistance to address pre-investment barriers. The service menu includes preparation of pre-feasibility studies, business plan development, validation of key milestone studies, Economic and Financial Modeling, Market Assessments, and Valuation of Projects for sale.

b) Capacity building for IPPs and PFIs: This includes Skills Transfer Events and training.



A Plug and Play Solar Lighting and Charging System by Barefoot Power Ltd.

UECCC Plans to provide working capital loans to solar companies selling such systems.

Product Review and Development

UECCC will continue to review and develop Credit Support Products to respond to identified financial barriers to renewable energy infrastructure development.

Previously offered products that have since been reviewed and not under the current support menu include; a Refinance Option which enabled a PFI

extend a longer tenure facility to a 3.5 MW Hydro Power Project and a Partial Risk Guarantee for Cost Overruns during Project Construction.

Pipeline products include a Working Capital Facility for Solar Companies. This will be a line of Credit to PFIs for on lending to Solar Companies. The objective of the facility is to address the lack of affordable working capital loans for Solar Companies.



A Fixed Solar Home System (50wp) for lighting and phone charging by Solar Now Ltd.

Other UECCC Projects

The ORIO Mini Hydro Power and Rural Electrification Project

Within the framework of the Uganda Energy Capitalisation Trust, UECCC mobilised a Grant of up to Euro 13.1 million from the Dutch Government (ORIO Infrastructure Fund) towards development of 10 Mini Hydropower sites of capacities 0.5-1.5 MW each as a single Project. The project entails generation and distribution of electricity in the project area. The estimated total Project costs is Euros 24.4 million.

The Project is being developed in three phases starting with a Development Phase (Feasibility Studies) expected to be completed by December 2015. This will be followed by Construction and Operation/Maintenance phases.



River Nyahuka, One of the ten (10) minihydro power sites to be developed under the ORIO Mini Hydro Power Project

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