

UGANDA ENERGY CREDIT CAPITALISATION COMPANY



Credit Support for Renewable Energy

BACKGROUND

Uganda Energy Credit Capitalisation Company (UECCC) is a Government institution set up under the Companies Act as a Company Limited by Guarantee and not having share capital. It was operationalised in 2009 primarily to facilitate investments in Uganda's Renewable Energy Sector, with a particular focus on enabling private sector participation.

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 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.

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.

POWER CONNECTION LOAN PROGRAMME

UECCC is implementing an On-grid Connection Loan Programme in line with the Government Electricity Connection Policy (2018-2027).

Under the Connection Policy, Government provides a free electricity connection, but the cost of wiring is to be met by the households and commercial enterprises.

UECCC works with Participating Financial Institutions (PFIs) to provide loans to cover wiring costs. The programme also provides loans for conversions from diesel to electricity, pole services and three phase connections.

The Facility is currently available at all Centenary Bank, Finance Trust Bank and Opportunity Bank branches country wide.

Beneficiaries include households, schools, small businesses and health facilities.



POWER CONNECTION LOAN PROGRAMME



A coffee processing plant in Ibanda district using grid electricity acquired through the Connection Loan Programme.



A household in Arua district connected to grid electricity through the Connection Loan Programme.

SOLAR LOAN PROGRAMME - END USERS

Working in partnership with Participating Financial Institutions (PFIs), UECCC has put in place a loan programme that enables households and commercial enterprises to acquire solar systems on credit.

The objective of the programme is to address the affordability barrier posed by the initial upfront cost of acquiring Solar systems for lighting and productive uses.

The PFIs range from regulated commercial banks and MDIs; currently (Post Bank Uganda Ltd, Equity Bank Uganda, Opportunity Bank, Centenary Bank, BRAC Bank and UGAFODE Microfinance Ltd) to grass root-based Tier IV Financial Institutions (Savings and Credit Cooperative Organizations

(SACCOs) and Microfinance Institutions).

In this regard, UECCC is currently working with:

- Tujijenge Financial Services

- EBO SACCO Limited
- Nile Microfinance Limited

to extend Solar Loans to households and commercial enterprises at the grassroots.



A household in Soroti district using a solar system acquired through the Solar Loan Programme

SOLAR LOAN PROGRAMME - END USERS



A household in Amuria district using a solar system acquired through the Solar Loan Programme



A clinic in Bukedea district using a solar system acquired through the Solar Loan Programme

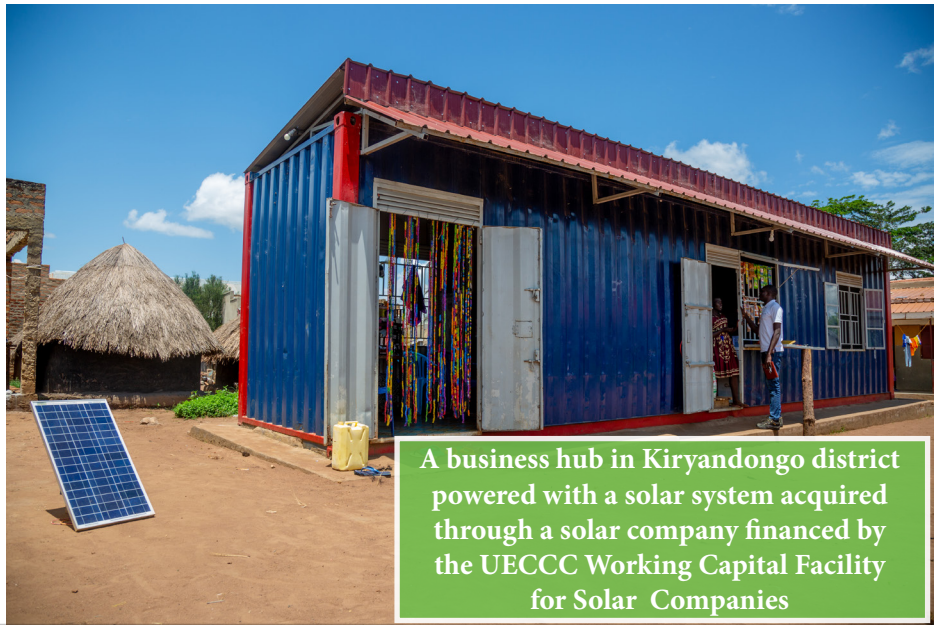
SOLAR LOAN PROGRAMME - WORKING CAPITAL FACILITY

UECCC provides working capital loans to Solar Companies. The targeted solar companies are those using the pay-as-you-go model where households and rural enterprises obtain the solar systems on credit from the solar companies and pay back in small affordable instalments as low as UGX 1,000 per day or UGX 30,000 per month.

The companies provide a wide range of solar systems ranging from lanterns for the bottom of the pyramid households to stand-alone, component based solar systems for bigger households and rural enterprises.

Specifically, the working capital loans support the purchase/import financing of Solar Home Systems,

and covers expenses relating to acquisition of stock including taxes, import duties, transport cost and clearing.



A business hub in Kiryandongo district powered with a solar system acquired through a solar company financed by the UECCC Working Capital Facility for Solar Companies

CLEAN COOKING FINANCING PROGRAMME

UECCC is developing a clean cooking intervention to support increased access to clean cooking technologies powered by solar, biogas, ethanol, LPG and briquettes. This programme will be available in January 2023.

A household in Mbarara district uses a domestic biogas system for cooking.



TECHNICAL ASSISTANCE

UECCC provides Technical Assistance to Participating Financial Institutions (PFIs), Energy Service Companies and Independent Power Producers (IPPs).

In the case of PFIs, UECCC extends Technical Assistance to address various capacity gaps, including but not limited to energy loan product development and renewable energy lending skills.

In the case of Energy Service Companies and IPPs, UECCC extends Technical Assistance to address various capacity gaps, including but not limited to business plan development.



UECCC has installed several demonstration biogas systems to serve as learning centers for residents to appreciate the benefits of using biogas for cooking and lighting.

THE ORIO MINI HYDRO POWER AND RURAL ELECTRIFICATION PROJECT

UECCC accessed a Grant of up to Euros 13.1 million from the Government of the Netherlands towards development of nine (9) mini hydro power sites as a single project for rural electrification.

The Project entails the development of the nine (9) hydropower plants with a capacity of 6.7MW, a 288km distribution network and 71,081 last mile connections in the Project area as a single project.

The project area covers seven (7) districts, namely: Hoima, Kabarole, Bundibugyo, Bunyangabu, Kasese, Mitooma and Bushenyi.



Kibwa village (near Igassa ORIO Project Site in Kabarole district) - one of the Project areas that will benefit from power generated under the ORIO Project.

ELECTRICITY ACCESS SCALE UP PROJECT

Government of Uganda with funding support from the World Bank is preparing the Electricity Access Scale up Project (EASP). The EASP will support the Government's efforts to increase access to electricity (on grid and off grid) for households, industrial parks, commercial enterprises, public institutions and refugee and host communities.

UECCC will implement the financial intermediation component of the Electricity Access Scale up Project.

The Planned Interventions under the UECCC Component include:

- Provision of End User financing for Solar home systems and

Commercial systems.

- Provision of Working Capital Facilities for Solar Companies and clean cooking technology companies.
- The provision of Result Based Grants to facilitate access to Tier one or higher solar lighting equipment that qualifies for mapping/counting under the Sustainable Energy for All Agenda (SE4ALL).
- Support financing of standalone solar systems for productive use such as water pumping, irrigation and refrigeration.
- Provision of grants to the private sector aimed at the electrification of public institutions in the Water, Health and Education sectors
- Provision of financing for Clean Cook stoves for Institutions and households powered by liquefied petroleum gas (LPG), solar, ethanol, biogas and briquettes.
- Provision of Grants towards removal of market entry barriers, consumer awareness creation through communication campaigns, and consumer affordability constraints.
- Various forms of Technical Assistance to other stakeholders.

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