



# UGANDA ENERGY CREDIT CAPITALISATION COMPANY



## A Presentation at Practitioner's workshop on Climate Finance for low carbon development

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UECCC's Financing Mechanisms that Accelerate Mitigation Actions  
in RE in Uganda.

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# INTRODUCTION



- The Uganda Energy Credit Capitalisation Company (UECCC) was established in 2009/2011 as a company limited by guarantee owned by the Government of Uganda thru MEMD, MoFPED and PSFU to facilitate investments in Uganda's high-potential Renewable Energy Sector.
- UECCC's mandate is to provide a reliable framework for pooling resources from Government and Development Partners (Uganda Energy Capitalisation Trust) and to channel the same to viable 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.





# Objectives



1. To serve as a Credit Support Institution and to promote Private Sector led renewable energy infrastructure development.
2. To provide financial, technical and other support to renewable energy and/or rural electrification projects in Uganda.
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.

# What are the Barriers to Attracting Renewable Energy Finance

- Limited Technical Capacity to carry out Key Project Activities such as the preparation of Bankable Feasibility Studies and Market Assessments;
- Locally in Uganda, the professional market is thin on Project Finance Skills specifically for RE sector;
- Lack of sufficient Equity by Local Project Developers during the Start up Phase; and Unavailability of adequate financing for Full feasibility Studies.





## What UECCC Is Doing So far to address the Identified Barriers and Future Plans

- With Seed Capitalization from the World Bank support to the ERTII Project, UECCC has been able to establish a functional **Credit Support Facility (CSF)** for Renewable Energy Projects.
- The Objective of the CSF is to provide Credit Support Instruments to Participating Financial Institutions (PFIs) lending to renewable energy projects, and to offer Technical Assistance to Project Developers and PFIs.

## What UECCC Is Doing So far to address the Identified Barriers and Future Plans

- **A Solar Refinance to PFIs for onlending** to final beneficiaries acquiring Solar Systems. The UECCC has to date extended this facility to Post Bank, Centenary Bank, Pride Microfinance and Finance Trust Bank (GEF component through WB).
- **UECCC/GIZ “Promotion of Renewable Energy and Energy Efficiency programme” (PREEEP)** partnered “to promote climate change mitigation activities in Uganda e.g CPA inclusion support & technical support to private companies in carbon markets.
- **Early Stage Technical Support for RE generation projects:**
  - With Funding support from KfW, UECCC offers Technical Assistance to private sector (IPPs)led Renewable Energy projects.
  - TA areas Covered include Pre-feasibility study preparation, business plan preparation, financial & economic modeling risk assessment and marketing of projects to PFIs.



## What UECCC Is Doing So far to address the Identified Barriers and Future Plans

- **Technical Assistance (TA):** UECCC targets to provide TA to at least 10 Private Sector power generation projects (so far 6 supported). The Available Funding amounts to Euro 1.5 Million (KfW) and has been available since February 2014.
- **Stand Alone Solar Loan Pdts:** with support from the World Bank, UECCC is currently working with 6 PFIs to develop Stand Alone Solar Loan products.
- **Skills Transfer Event:** with Support of the World Bank, UECCC has been able to facilitate one (1) Skills Transfer Event for PFIs and Project Developers. The Event was conducted by DFCC Bank of Srilanka which holds a wealth of experience in Energy Lending.

## What UECCC Is Doing So far to address the Identified Barriers and Future Plans

- **ORIO Mini Hydro Project:** within the framework of the Trust, UECCC has mobilized a grant of up to Euros 13.1 m (ORIO) towards development of up to ten (10) mini hydro power projects (0.5-1.5 MW) that are not attractive to the private sector. 1<sup>st</sup> Phase – Feasibility Studies (completed by June 2016)
- UECCC intends to concession management of the developed sites to the Private Sector after EPC phase.





# What UECCC Is Doing So far to address the Identified Barriers and Future Plans

## Connection Refinance Facility

- This is a concessional line of credit availed to PFIs for on lending to commercial enterprises and households. The loans are targeted at financing conversion of diesel powered systems to electric energy, wiring of premises, electric poles and utility connection fees.
- UECCC is already piloting this product with Centenary bank and West Nile Rural Electrification Company (WENRECO) with a distribution network in the West Nile region. Rolled out to the whole country at all Centenary bank branches (GEF)

## What UECCC Is Doing So far to address the Identified Barriers and Future Plans

- **Bio-Mass Financing Instrument:**
- UECCC is developing a Biogas Financing mechanism to address the affordability barrier.
  - the pilot will be targeting institutions and households access biogas digesters for the rural and peri-urban people.
  - GoU has earmarked funds to finance the pilot project beginning FY 2016/2017 (100 systems)



# What UECCC is doing so far to address the identified Barriers...ctd

- **SACCOs Financing**
- UECCC developed another financing solution seeking to establish linkages with Savings and Credit Co-operative Organizations (SACCOs) and Member Organizations (4 in 4 regions of Ug) for increased financing of off-grid solar PV solutions for rural electrification in partnership with solar companies
- UECCC prequalified the solar companies for this project



# UECCC Team







# Thank You

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