Financing Mechanisms for Renewable Energy

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The Uganda Energy Credit Capitalisation Company (UECCC) was established in 2009 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

- With Seed Capitalization from the World Bank support to the ERT 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...ctd

• **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, Finance Trust Bank, Tujiyenge Uganda Limited, Hofokam Limited, EBO SACCO Limited and Buyanja SACCO Limited.

• **Solar Working Capital Facility**: The facility is availed to PFIs for lending as working capital loans to eligible Solar Companies/ Vendors to acquire Solar systems. 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 dues, transport cost and clearing.
What UECCC is doing so far to address the identified Barriers...ctd

- **Biogas Financing Instrument**: piloting a Biogas Financing Facility for domestic biogas digesters with EBO SACCO Limited. The Facility is aimed at addressing affordability barrier associated with the upfront costs of acquiring domestic biogas digesters for cooking and lighting.

- **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.
What UECCC Is Doing So far to address the Identified Barriers...ctd

- **ORIO Mini Hydro Project**: within the framework of the Trust, UECCC has mobilized a grant (ORIO) towards development of up to ten (10) mini hydro power projects that are not attractive to the private sector.

- **Biogas Fixed Dome Pilot**: With support for the Hunan Province of China, UECCC is piloting Fixed dome biogas systems at demonstration sites throughout Uganda.
Thank You

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