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Improving energy access in rural areas

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The World Bank has been credited for its support towards improving access to energy in Uganda, especially in rural areas.

In 2009, government with support from the World Bank under the Energy for Rural Transformation Project Phase II (ERT II) committed resources to implementation of institutional mechanisms for facilitat-

ing private sector participation in the generation and distribution of energy.

In this regard, the Uganda Energy Credit Capitalisation Company (UECCC) was set up to provide support in form of credit enhancement instruments, collectively referred to as a Credit Support Facility (CSF) to local financial institutions and independent power producers, to enable them participate in the development of

renewable energy projects. The total funding to UECCC under ERT II was about \$3.4m

Ms Specioza Kimera Ndagire, the managing director UECCC, says under ERT Phase III, UECCC is the implementing agency for the Financial Intermediation for Rural Access Component.

Ms Ndagire says UECCC has put in place working capital facility which is a line of credit to financial institutions to extend working capital loans to solar companies. Total funding under ERT III is about \$10m

"With support from the World Bank, UECCC has set up a credit support facility for renewable energy financing instruments and/or

financing programme for renewable energy development," she says.

The objective of the ERT III is to increase access to electricity in rural areas of Uganda. There are three components to the project; the first is on-grid energy access and includes grid extension and associated connections, grid intensification and associated connections, household connections from existing lines, and implementation support for on-grid energy access.

The second component is the off-grid energy access. This component covers off-grid energy access, including the installation of solar PV systems for public institutions in rural areas; business development

support; provision of credit facilities to enhance electricity access; and quality standards enforcement support.

The third component is the institutional strengthening and impacts monitoring. This component will finance TA and capacity development required to accelerate electricity access.

It will also support government to carry out an impact monitoring and evaluation of ERTIII. TA provided under this component will finance the necessary consultancy services, capacity building activities, and operations costs. This component will be implemented by the MEMD, in collaboration with the ERA, and the ministry of Finance.

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