

Uganda hailed for improved electricity connections

By Samuel Sanya

Alfred Muhindo stops to wipe sweat from his brow in the midday heat. He stretches for a moment before returning his focus to matters at his workshop in Kyarumba Village, Kaghema Parish in Kasese district.

Like the farming communities in his village, the welder received a subsidised power connection through the grid-based Output Based Aid (OBA) project.

"I can work long into the night, my customer base keeps growing and so has my income. I currently employ six people," Muhindo says.

"I can now pay my children's school fees, access better health services and pay my power bills," he adds.

The OBA project was launched in 2012 and lasted five years according to information from the European Commission website.

The project was financed by KfW—a German Development Bank, World Bank, Government of Uganda and was implemented by the Rural Electrification Agency.

Despite Uganda's high hydro potential, recent reports by the World Bank indicate that it has one of the 12 lowest electricity connection rates in Africa, due to the high cost of getting a connection.

Information from the REA website shows that the minimum wiring and connection costs for households is estimated at about sh1m, well above the average monthly income of a household which is less than sh185,000.

The most recent *Africa Pulse* report indicates that on average, only 20% of the country's population has access to electricity, this is up from about 5% in the year 2000.

This rise in electricity access is partly due to the OBA project that subsidised the cost of connections to add



A welder at work in Kampala. Improving access to electricity leads to increased productivity and economic development

over 100,000 Ugandans to the national grid.

More funding for electricity

During a media briefing at the World Bank Uganda offices on Wednesday to discuss the recent *Africa Pulse* report, Richard Walker, a senior World Bank economist for macroeconomics, revealed a new project to expand its electricity is in the pipeline and will improve access it is code named, the "electricity scale up project" is in the pipeline to improve electricity distribution in Uganda.

Before the new project is launched, background analysis is being carried out on Uganda's electricity distribution framework and the Umeme concession.

Walker said that, "The analytical work will be particularly looking at the institutional set up in the distribution sector to provide some advice."

He added that there has been a lot of discussion in the media, particularly about the Umeme

concession and what should be done.

"We are investing resources to analyse that and then come out with some recommendations towards the end of this year or the beginning of next year.

World Bank hails Uganda

The recent *Africa Pulse* report under the theme: "*Electricity Access and Economic Development*" pointed out that out of 39 Sub-Saharan African countries surveyed by the World Bank, only Uganda and the Seychelles have fully covered their operational and capital expenditures in their tariff structures.

The report pointed out that cost recovery is especially difficult in countries with high generation cost due to reliance on costly oil-based energy sources such as heavy fuel oil and diesel.

Economists, Albert Zeufack and Punam Chohan-Pole also singled out Uganda for praise as one of the only handful of African countries that have supported the construction of

micro-grids of just over 25kv.

"Access to electricity will lift productivity within and across sectors," said Albert Zeufack, World Bank chief economist for the Africa region.

"African Governments must fully embrace technology and leverage innovation to ensure quality, affordable and sustainable electricity," he added.

Zeufack said that there is need to boost generation and access to electricity as a way to improve productivity and economic development and growth of the citizens.

The World Bank report notes that access rates among urban households are about 71% on average, as compared to only 22% among the rural households.

"Because of their size, cost, and relative speed of construction, mini-grids (or micro-grids) may be able to make a significant contribution to expanding electricity access and availability in more remote or lightly populated areas," the report states.

Rates

BUY	SELL
87	3710
10	4700
	5400
	37.2
	1.70
	1050
	330
	36.5
	5
	3710

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