Clean energy.

Govt secures Shs11b boost to expand clean energy access

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The Uganda Energy Credit Capitalisation Company (UECCC) has secured a concessional credit facility worth Shs11.1b, which will be channelled through Absa to support companies operating in the clean energy space.

The arrangement is part of government's Electricity Access Scale-Up Project (EASP), a broader initiative to expand energy access nationwide.

The funding is expected to unlock affordable financing for businesses delivering renewable energy solutions, particularly those serving off-grid and underserved communities.

Through Absa, eligible companies will access capital to scale operations ranging from solar home systems and institutional installations to clean cooking technologies and equipment that powers small enterprises.

UECCC Managing Director Roy Nyamutale Baguma said the facility is designed to ease one of the sector's most persistent constraints, limited access to affordable, local currency financing.

"We recognise that many clean energy companies struggle to secure concessional funding, yet they need it to import equipment and respond to growing demand, especially for productive uses of energy," he said.

The initiative places strong emphasis on technologies that drive income generation. These include solar-powered irrigation, refrigeration, milk cooling, water heating, and grain milling, solutions that enable households and small businesses, particularly in rural areas, to add value to their output.

Access to the facility will be on a first-come, first-served basis through participating financial institutions.

Although 113 companies have already been pre-qualified under an existing subsidy programme, Nyamutale noted that the financing remains open to other qualified players in the sector, including those offering larger systems beyond the subsidy scheme. A key feature of the programme is its focus on local currency lending. Previously, many companies relied on dollar-denominated loans, exposing them to exchange rate risks while their revenues remained in shillings.

"Providing financing in local currency reduces that risk and allows more companies to participate sustainably," Nyamutale noted.

The broader objective is to translate concessional financing into lower costs for end users.

Current subsidies are already reducing prices of productive-use technologies by up to 60 percent, while additional market entry grants, supported by UECCC and the World Bank, are helping firms expand into hard-to-reach areas.

Absa Managing Director David Wandera said the bank will initially work with larger companies that will, in turn, extend financing to smaller enterprises and individuals.

"We are working through large companies to ensure that small businesses, SMEs, and households can access financing for both on-grid and off-grid solutions, as well as clean cooking and productive-use technologies," he said, noting that beneficiaries will include users of energy-powered equipment such as refrigerators, irrigation pumps, lighting systems, and small-scale processing machinery.

While final interest rates will be determined by intermediary lenders, Wandera expressed optimism that they will remain affordable due to the concessional nature of the funding.