

THE CHALLENGES FOR INVESTMENT IN RENEWABLE ENERGY IN UGANDA

BY

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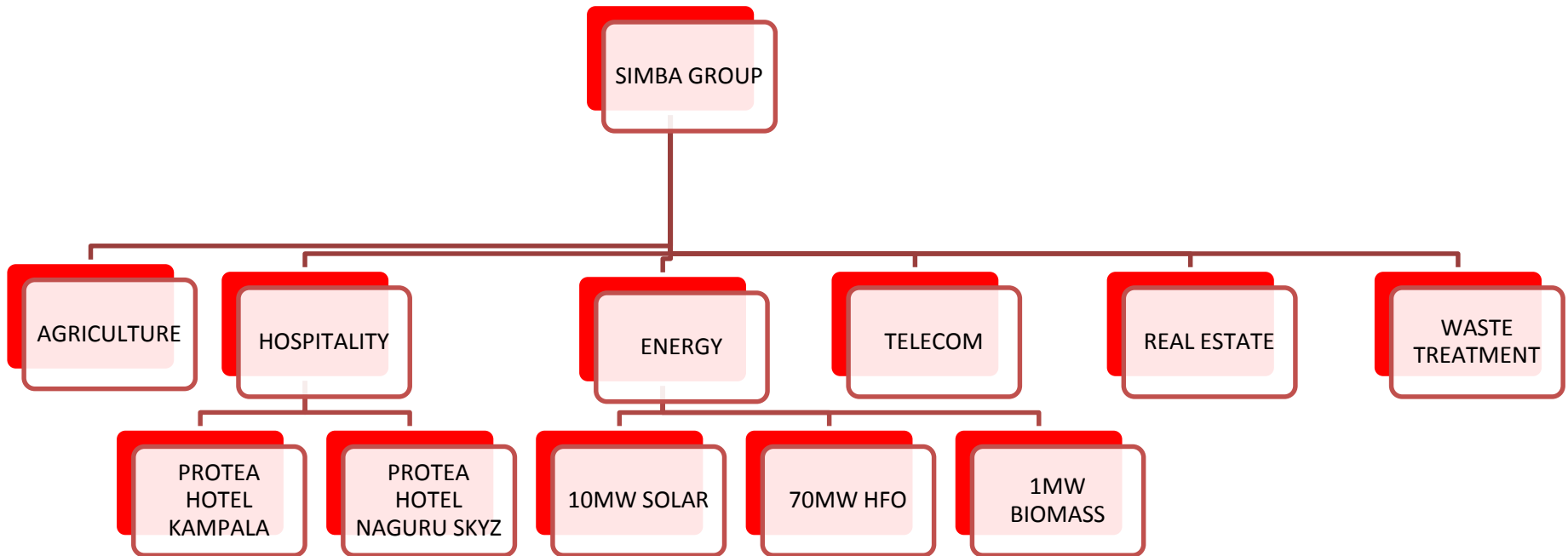


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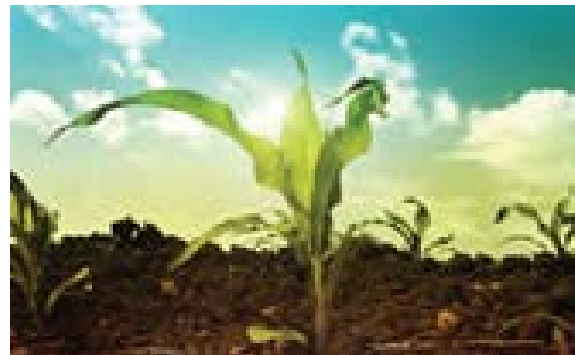
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ENERGY



SIMBA'S ENERGY PORTFOLIO

Status of projects

- 10 MW solar power plant in Tororo – Commissioned
- 1MW biomass gasification plant in Gulu – on hold

SUCCESS OF EEP

- Advanced feedstock feasibility studies led to the discovery of alternative sources of feedstock
- 1st biomass gasification project to be awarded a PPA
- Inspiration of smaller biomass projects in the region
- Acquisition of water and environment (ESIA) permits

CHALLENGES FOR INVESTMENT IN RENEWABLE ENERGY IN UGANDA

- The regulatory environment in Uganda causes delays in project implementation and increased project costs due to bureaucracies in the system
- Debt partners apply the same requirements to SMEs as they do large corporates
- Difficult getting development funding due to the lengthy due diligence process
- Local funding cost is often high with short tenure which the developer may take a while to recover given the low energy tariffs in Uganda
- It takes time for the law to catch up with instituted reforms leaving to massive project delays
- Due to the constraints to local investors, the field is left to foreign investors where there is little transfer of skills

MITIGATION OF CHALLENGES

- Partnerships between local and foreign companies in order to encourage skills transfer
- Build a local bank track record through other small businesses
- Raise awareness on companies which facilitate investments in Uganda's RE sector such as **Uganda Energy Credit Capitalisation Company**
- A more vibrant legal framework
- Patience for our local authorities to avoid antagonising them

CONCLUSION

- Encourage EEP to continue supporting SMEs in the East African region
- Biomass projects – feasibility lies in the feedstock
- Good long term projects with gratification in the future
- Looking forward to the next round for EEP Call for Proposals