

OPPORTUNITIES AND TRENDS BRIEF

March 2021

Uganda: A mature market that still has a significant addressable market, but requires more investment and government support

32m

Unelectrified
Population

44m



Total
Population



213

People per km²
Population
Density

83



out of

100

Framework for Stand-alone Systems
Score

Regulatory Indicators for Sustainable
Energy (RISE).

86

out of

100

PAYG Market
Attractiveness
Index (Score)

100% by
2030



Government target for
universal electrification.

116

out of

190¹



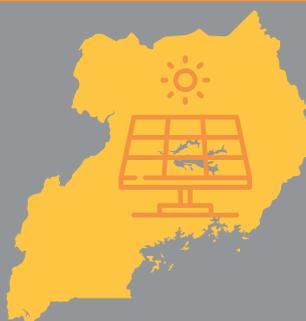
Ease of doing
business rank



7

Donor Programmes
supporting SAS

Uganda has the **largest refugee** population in Africa which is estimated at **1.2 – 1.3 million** refugees and asylum seekers due to continuing violence in neighbouring countries.



According to GOGLA, sales for off-grid solar products (that meet the Lighting Global Standard) in Uganda totalled **128,000 units** between **January and June 2020**. This was a **42% decrease** compared to the last reporting round (**July to December 2019**) and a **29% drop** from the **first half of 2019**.

The Uganda solar market potential is estimated at **USD 3.171 billion²**. The household market accounts for **37.8 per cent of the potential market**.

More government support is required for SAS to provide reliable electricity access especially for populations far away from the national grid

» The Renewable Energy Policy, 2007 is being revised. It contains elements of stand-alone solar (SAS).

» Uganda National Bureau of Standards (UNBS) is finalizing the Quality Assurance Framework a standard for solar kits and a code of practice for the solar sector.

» A National Payments Bill that will introduce regulation for mobile money services is under development. This regulation could have an impact on SAS companies that are using the pay-as-you-go business model.

More appropriate financing is required for the SAS sector to meet the market potential



The **Uganda Energy Credit Capitalisation Company (UECCC)** has a **USD 8.5 million** Working Capital Facility that was established in 2017, and a Quality Assurance Framework added to it in 2019. Two companies have accessed the funding.



The funding available for SAS companies in Uganda stands at **USD 826.5 million** in form of debt or equity. Some of these funds have been invested in seven companies.



In **December 2020**, The Energising Development (EnDev) programme and PSFU mobilized **EUR900,000** as a COVID-19 emergency fund for SAS and clean cooking companies.

Other significant trends we noted were:



The people who do not have the financial ability to pay for SAS are estimated at 2.5 million, which is about 15% of the adult population. Recommendations show this population segment could be served through well-designed demand-side subsidies, where there is collaboration between government, private sector and development partners³.



USEA membership increased from 42 in 2016 to 191 in 2020.

Challenges



Besides the Covid-19 pandemic, the north-eastern parts of the country were affected by desert locusts, floods and landslides in early 2020.



Though there are many companies operating in the country, the supply chain for rural remote areas is not well developed.



High prevalence of low-quality products that is eroding consumer confidence

In conclusion

Uganda presents a mature SAS market that still has a large addressable market. Greater government support, increased access to finance and demand-side subsidies and financial investment in SAS could enable the government to attain universal electricity access by 2030.

References

¹World Bank (2020) Doing Business

²USAID's Power Africa Accelerator in collaboration with Uganda Bureau of Statistics estimates (unpublished report)

³ACE TAF (2020) Demand-side subsidies in off-grid solar: A tool for achieving universal energy access and sustainable markets