

# »» Executive Forum on Electricity Supply in Uganda

*Demand growth options from a financier's point of view*

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Bank aus Verantwortung

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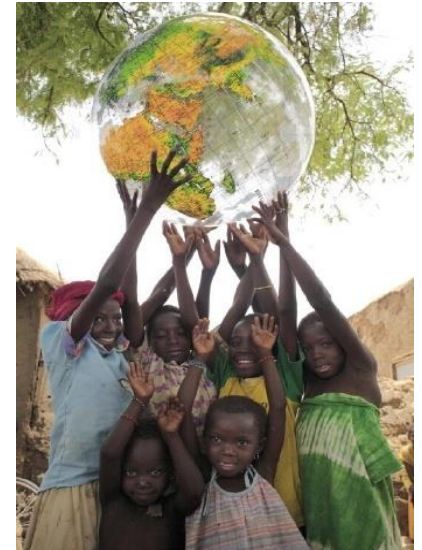
# »» KfW Development Bank – globally and in Uganda

## Facts and Figures



Domestic and international financing on behalf of the German government

2016: € 7.3 billion in loans and grants worldwide on behalf of the BMZ;  
66 % for climate and environmental protection.  
Nearly 1/3 of all new commitments were allocated to Sub-Saharan Africa



### Portfolio Energy

€153.3m grants  
€210m loans  
€104.8m Del. Coop.  
€468.1m

### Portfolio Water & Sanitation

€101m FC grants

### Portfolio Rural Development

#### Agricultural finance

€47.5m FC grants

Rural Development  
Upcoming cooperation  
€38m FC grants

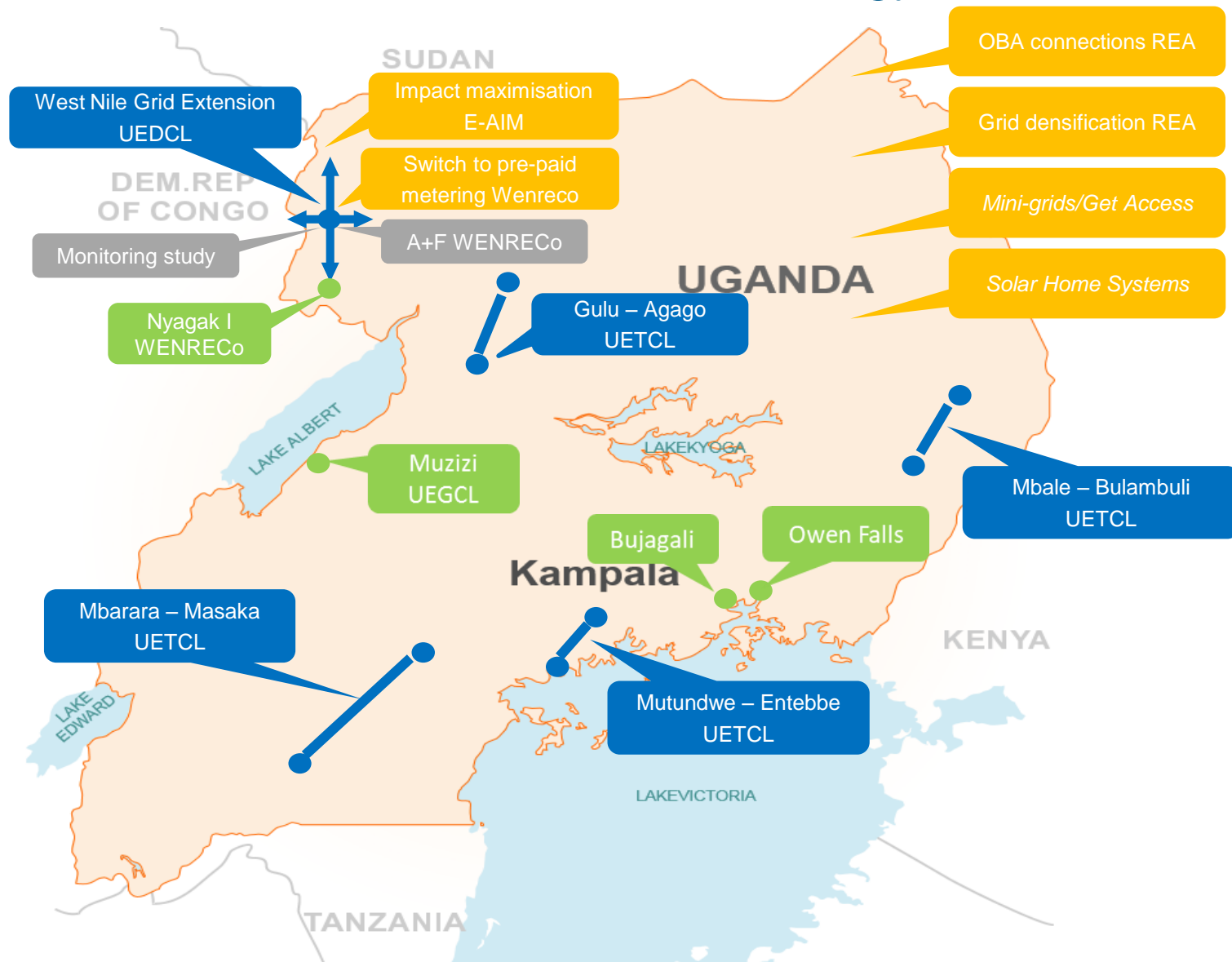
### Support to Refugees

€70m FC grants

### PFM and tax reform

€13m FC grants

## »» Project Map – existing and planned projects in generation, transmission and access to energy



## »» Demand growth options:

Electrification, industrial development and innovative options

### Options

- › **Industrialisation:** Industrial policy needs alignment with energy sector planning (e.g. industrial parks)
- › **Sector planning:** overarching sector investment plan for generation, transmission and distribution needed
- › **Grid development:** impressive growth of generation has not been matched by construction and enforcement of transmission and distribution lines
- › **Electrification:** Access rates especially in rural areas need to be improved (limited demand short term but potential for future)
- › **Export:** Pursue regional transmission networks/East African Power Pool
- › **Other options** to unlock demand (global perspective)
  - ❖ Transport sector (railway, public transport in cities etc.)
  - ❖ Clean cooking (requires grid reliability and affordability)
  - ❖ Water heating



# »» Challenges

Implementation, financing

## Challenges

### ■ Grid development/electrification

- ✓ Financing is available but implementation progress slow
- ✓ Compensation, procurement procedures and capacities of agencies hamper implementation
- ✓ Rural electrification: low consumption levels

### ■ Sector planning

- ✓ sector investment plan outdated
- ✓ Generation planning not in tune with evacuation planning

### ■ Export:

- ✓ Other countries pursue export plans
- ✓ Demand in fragile countries uncertain

### ■ Cooking:

- ✓ need for grid reinforcement to ensure reliability
- ✓ Affordability/incentives vis-à-vis charcoal

### ■ Trade-off: demand growth versus energy efficiency



# »» How can KfW/development partners support?

## Financing options

### Potential support programmes

- › Infrastructure financing (grid extension and enforcement, access to energy)
- › Support to sector planning
- › Demand side management programmes
- › Subsidy programmes for appliances/productive use (cooking, water heating, productive use appliances e.g. agriculture)



### Financing instruments

- › Grants (e.g. for electrification)
- › Loans (e.g. for transmission)
- › Guarantees
- › Private sector financing through subsidiaries DEG and IPEX (equity etc.)



# »» Thank you for your attention!

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