

**WORKSHOP ON MODERN ENERGY SERVICES AND
POVERTY REDUCTION**

STRATEGY TO TACKLE ENERGY- RELATED ISSUES IN UGANDA

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1. Introduction

In 1996 the government of Uganda resolved to prioritise poverty eradication as the major focus of its overall sustained growth and development strategy .To this effect, a Poverty eradication action plan (PEAP) was formulated and launched in 1997.The PEAP was later revised in 2002 to respond to other emerging challenges. The PEAP commits government to the overriding priority of tackling poverty .The successful implementation of the PEAP is expected to reduce poverty to less than 10% of the population by the year 2017 and to increase the well being of all Ugandans.

Government has set specific targets for the poverty reduction .A selected number of indicators will help to illustrate government's commitment to eradicate poverty:

Indicator	Status	Targets (Year)
Population living in absolute poverty (%), 2000	35	<10(2017)
Infant mortality rate per 1000 live births.	97	78(2002)
Under 5-mortality rate per 2,000 live births.	147	118(2002)
Maternal mortality rate per 100,000 1996-2000	506	400(2002)
Stunted children, below 4 years (%), 1995.	39	34(2002)
Access to safe water (%of rural population), 1998	41	100(2015)
Access to sanitation (%of rural population), 1998	45	100(2015)
Population per doctor, 1997	18700	
Births attended by a trained health personnel (%), 1996	38	
Net primary school enrolment ratio	85	200(2003)
Adult literacy %, 1995	65	

There has so far been marked progress in poverty reduction, attributed to Uganda's impressive economic performance that has stood at a GDP growth of over 6% over the last decade or so. The proportion of people living below the poverty line fell from 56% in 1992 to 35% in 2000.However, this poverty level is still high and poses serious challenges for the Government.

The PEAP focuses mainly on the rural areas where over 85% of the population lives. It is also recognised that 96% of Uganda's poor live in rural areas. Critical issues in the rural areas that are responsible for the poverty include:

- ~~///~~ Marketing of low value cash and food crops and poor access to markets;
- ~~///~~ Lack of job opportunities
- ~~///~~ Poor access to the basic needs of health, water supply and sanitation, and education;
- ~~///~~ Poor infrastructure (telecommunication and transport; and
- ~~///~~ Low productivity and unsuitable cultivation and animal husbandry.

The PEAP has recognised that modern energy, especially electricity, is vital for turning the above issues so that poor Ugandans may be able to participate in the benefits of economic growth improve human capabilities and meet basic needs. In respect rural electrification has been granted priority status by the government. Consequently government and the World Bank have supported the establishment of a Rural Electrification Strategy and Plan and a programme to operationalise it called energy for rural “transformation”(ERT).

The ERT programme is a 10-year public-private partnership, with Government creating an enabling environment for the private sector to invest in rural electrification/energy projects. It cost over us\$400 million, including a mix of commercial (equity and loans) and grant financing.

2. Energy Policy and Legal Instruments for Supporting Poverty Eradication

The government of Uganda has put in place a number of instruments, which embody measures in support of poverty eradication. These are

2.1 Power sector reforms

~~EE~~ The power sector strategic plan as an instrument for a sustainable and efficient power sector emphasises increased access of electricity to rural areas.

~~EE~~ Electricity Act, 1999 provides for:

~~EE~~ Government’s obligation to establish a rural electrification strategy and plan;

~~EE~~ Setting up a rural electrification fund

~~EE~~ Creation of subsidies (smart) to facilitate electricity infrastructure development in rural areas.

~~EE~~ Light regulation for rural electrification projects to encourage investment; and

~~EE~~ Ownership in perpetuity of hydropower plants of capacity less than 10MW.

2.2 The rural electrification strategy and plan embodies the following important elements:

~~EE~~ The primary objective of the re strategy is to reduce inequalities in access to electricity and the associated opportunities for increased social welfare, health and income generating opportunities.

~~EE~~ Raising the e rural electrification rate from the present 1% to 10% by2010

~~EE~~ Electricity coverage in the country to reach 30% by 2010

~~EE~~ Use of rural electrification fund to achieve equitable regional access.

- ~~///~~ Use of private sector initiatives to develop projects.
- ~~///~~ Promoting decentralised power supply (mini-grids and PVs), especially utilising renewable energy sources in order to electrify remote areas.
- ~~///~~ Regulation of small grids using light regulation to remove administrative barriers that could hinder private sector investment in rural areas.

2.3 The national energy policy’s main objectives include:” increasing access to modern affordable and reliable energy services as a contribution to poverty eradication.” on top of using subsidies for infrastructure development, the policy advocates the introduction of financing schemes to assist consumers access affordable energy equipment (e.g. LPG and biomass energy stoves, PVs systems. biogas digesters, efficient lighting systems etc).

3. Energy programmes supporting the PEAP

The PEAP was developed on four complementary main goals or “pillars”. They are:

- a) Rapid and sustainable economic growth and structural transformation.
- b) Good governance and security
- c) Increased ability of the poor to raise their incomes
- d) Enhanced quality of life of the poor.

Energy services are essential in helping each pillar to achieve its objectives as follows:

Pillar 1: **Rapid and sustainable economic growth and structural transformation**

The table below shows the linkage of energy programmes/projects with the attainment of the pillar’s objectives.

Necessary conditions for pillar 1	Contribution of the energy sector
/// More activity in the high earning sectors of the economy such as manufacturing and services for redistribution of wealth and job creation.	<ol style="list-style-type: none"> a) Increased generation capacity to make power supply adequate for production. ?? Owen falls extension (Kiira)-2—MW, underway. ?? IPP projects planned for the next 10years:Bujagali-250MW; Karuma –150MW. b) Rehabilitation and strengthening of the grid network to make it more efficient and deliver continuous reliable electricity. c) Privatisation of electricity utility services to supply efficiently and encourage increased industrial production d) ERT support to Kakira sugar works to generate electricity thus enabling cane growing expansion

Necessary conditions for pillar 1	Contribution of the energy sector
	and sugar production, implying increased revenues and job opportunities
?? More cash crops and more processing and marketing of food crops.	ERT to provide energy for: ?? Activating agro processing activities in rural areas .the rural electrification fund will provide subsidies for agriculture related investments in energy access; ?? ICT facilities to help rural enterprises access markets and market information.
?? Exports are diversified, so that the economy can cope with the uncertainties of international trade and competition.	Uganda has a comparative advantage in the region of producing relatively cheap electricity from hydro resources. Contracts already exist for export of electricity to neighbouring countries.
?? The nation uses its natural resources wisely	?? Programmes for efficient use of biomass energy resources: ✍ SEUHI: improved rural stoves, efficient charcoal and lime kilns. ✍ ERT: efficient and modernised lime kilns and efficient charcoal production and marketing. ?? EIA mandatory for all energy projects

Pillar2: **Good governance and security**

Good governance and security require that an efficient mechanism of information access and dissemination exists at both community and administrative levels. This is required for the purpose of monitoring such issues like human rights, public expenditure and timely and efficient delivery of public information and services.

The ERT will facilitate this pillar by providing electricity for:

- a) Installing one public phone per sub-country (154 in total), internet services for at least 30 districts headquarters and Tele-centres in 7 districts during the first phase covering 4 years
- b) Powering radios and TVs and charging mobile phones at household and community levels countrywide.

Pillar3: **Increasing the ability of the poor to raise their incomes**

Electricity supply in rural areas enables the following activities to take place:

- ?? Agro-processing, other small manufacturing enterprises and cold chains for food storage. Programmes in support of these activities include:

- On-going grid extension –current rate of connection is 10,000 rural consumers per annum
- ERT targeting an average of approximately 40,000 connections per year through the grid and mini-grids.

?? Lighting in households and commercial buildings

- Uganda photovoltaic pilot project for rural electrification (UPPPRE)- facilitated dissemination of over 3,000 PVs systems. For household supply, women have been able to engage in extra income generating activities at night including weaving, sewing and knitting. Commercial enterprises like bars are attracting more customers and opening longer hours thus generating more incomes.
- RT targets an average of 10000 PVs systems annually.

Pillar4: Enhancing the quality of life of the poor

The quality and accessibility of public services directly affect the quality of life of poor people. These services include: health, education, water, supply and sanitation. Relevant energy programmes include the following:

?? Health

- ✍ Under the ERT, 36 health centres will be provided with solar PVs systems for refrigeration (vaccine preservation sterilisation of surgical and other equipment, blood preservation, etc) lights for health units, wards and staff houses and facilities for information and entertainment (e.g. TV and radio). Others will be grid and mini-grid connected.
- ✍ The UPPPRE has facilitated PVs electrification of health centres including 2 demonstration units and establishment of rural medical laboratories.
- ✍ Ministry of health has provided PVs power, especially for vaccine refrigeration and medical equipment sterilisation to numerous health centres

?? Education

- ERT will provide electricity and ICT services to secondary schools in 10 districts in the first phase (4years)
- UPPPRE facilitated PVs electrification in about 20 rural schools

?? Water supply

- ERT will assist the directorate of water development in supplying energy for piped water to the 251 priority water supply growth centres

?? Domestic energy

- Most of the approximately 10,000pv systems and 40,000grid and mini-grid connections annually under ERT will be to households.
- UPPPRE's over 3,000 systems were mainly to households.
- A project, known as sustainable energy use in households and industries (SEUHI) disseminated about 2,500 improved rural biomass stoves and helped improve the health of women and children by reducing smoke levels in kitchens.