

Uganda

Enabling Energy Access through Demand-Side Subsidies (DSS)



Country	Uganda
Technologies	Off-grid solar products; improved and clean cookstoves
Target group	Rural refugee and host communities
Project period	08/2022 - 09/2025
Budget	EUR 4.900.000
Financed by	Directorate-General for International Cooperation (DGIS) of the Netherlands Ministry of Foreign Affairs
Implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Coordinated by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Netherlands Enterprise Agency (RVO)
Partners	Government of Uganda, World Bank
Projected results	Energy access for up to 400.000 people in Uganda

Global Overview: EnDev's Demand-Side Subsidies (DSS) Component

Energy access is central to both achieving the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. While significant progress has been made towards fulfilling SDG 7, millions remain unable to afford even the most basic energy products. Demand-side subsidies (DSS) seek to complement other market development interventions to address this affordability gap and ensure that **no one is left behind**.

DSS reduce the price of energy products for intended end-users without eliminating the price completely, thereby improving affordability whilst ensuring ownership. DSS mechanisms, when well-designed, complement and bolster other interventions, such as supply-side support. However, knowledge on and experience with DSS for off-grid energy access is limited to date.

EnDev is currently implementing a component focusing on piloting innovative DSS mechanisms to facilitate access to modern energy services for low-income and/or displaced populations who are not currently reached by commercial markets. The component operates in four countries in sub-Saharan Africa: Liberia, Malawi, Niger, and Uganda. The overarching aim is to contribute to global learning and knowledge-sharing on innovative DSS designs as well as provide recommendations for future replication at scale.

DSS in Uganda

Uganda is a landlocked country in Eastern Africa with a population of 47.2 million and over 1.5 million refugees. Access to electricity stands at 57% nationwide, while access to clean and energy-efficient cooking technologies stands at roughly 18%.

While Uganda has implemented strong and progressive refugee policies, including integrating refugees into host communities, energy poverty remains disproportionately high within refugee hosting districts. The affordability of off-grid solar solutions and cookstoves is a major impediment in these areas, with households' ability to pay being 3 - 4 times lower than the national average. Moreover, the COVID-19 pandemic and ongoing economic crises have negatively impacted market penetration and purchasing power for clean energy solutions, especially within rural markets and refugee communities.

The DSS pilot therefore focuses on benefiting refugees and host communities as well as other vulnerable rural areas as indicated by Uganda's Poverty Status Report (2021) and Multidimensional Poverty Index (2022). EnDev combines geographic and demographic targeting guided by gazetted refugee hosting districts and poverty status indicators to identify eligible areas. Subsidies provided in targeted regions lower consumer prices for a range of quality-certified products including solar lanterns, solar home systems (SHS), improved cookstoves (ICS), and higher-tier cooking (HTC) technologies.

EnDev utilises a results-based financing (RBF) modality to deliver subsidies through direct payments to participating companies, dependent upon consumer price reduction and verification of eligible sales and other milestones. The pilot builds upon EnDev's prior experience implementing a "blended" (supply and demand-side) RBF in refugee hosting districts. Given the logistical difficulties and higher costs of reaching the target locations, the pilot coordinates with other EnDev activities and partners to provide complementary supply- and demand-side support and ensure long-term market development.

With this pilot, EnDev aims to close the affordability gap for beneficiaries within these underserved regions and improve the reach of commercially viable markets.

Projected Impact



Through its demand-side subsidy schemes, EnDev Uganda will:

1. directly enable up to 400.000 people to have access to modern energy services,
2. indirectly contribute to providing energy access for millions more through scale-up and replication.

Strategic Partnerships for Learning and Scale

EnDev collaborates closely with the Government of Uganda (GoU), the World Bank, and the Uganda Energy Credit Capitalisation Company (UECCC) on the Electricity Access Scale-up Project (EASP). The EASP includes a large component targeting refugee areas that may benefit from EnDev's DSS experience in displacement settings and could potentially take successful DSS mechanisms to scale. As such, EnDev will seek to share technical insights and lessons learned on DSS, coordinate activities in refugee settlements, and discuss possibilities for eventual scale up with the GoU, UECCC, and the World Bank.

Lessons learned on implementing DSS schemes in refugee settings are shared with the wider international community through [the End-User Subsidy Lab](#).

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Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices Bonn and Eschborn, Germany
Dag-Hammarskjöld-Weg 1-5
65760 Eschborn, Germany
E info@giz.de
I www.giz.de

Contact:

Energising Development
E endev@giz.de
I www.endev.info
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Author/Editor: Olivia de Vesci, Sarah-Melissa Leitner, Myrte van der Spek