Centenary Bank Renewable Energy Financing

Environmental Alert
10th November 2020
Energy Sector

- 9% of Uganda’s population is supplied with grid electricity
- 70% of these customers reside in 3 major towns, Kampala, Jinja, and Entebbe
- Approx 20% of the urban population is connected to the national grid compared to 3% of the rural
- Electricity consumption by sectors; 55% Residential, 24% Commercial, 20% Industrial
- Wood fuel contributes 80% while hydro only 1%
CENTENARY BANK HISTORY

- The bank is one of the biggest local bank which was started in 1983 as a Credit Trust.
- Objective to serve the poor and contribute to development of the country.
- Bank vision and mission is being the best provider of microfinance services to people in rural areas in a sustainable way.

The Bank is committed to sustainable development of Environment and Social Issues.
Centenary Bank Ownership

- Catholic Dioceses: 31.3%
- Uganda Catholic Secretariat: 18.3%
- Stichting Hivos-Triodos: 11.6%
- SIDI: 0.3%
- Individuals: 38.5%
Centenary Bank Today

- Leading commercial and microfinance bank, with 74 branches and 181 ATMs across the country and more than 3,600 Agents and Digital Banking (Internet, Phone, & Visa Banking).

- The Bank has the largest clientele of more than 1.9M, a quarter of Uganda’s banking population.

- Employing close to 2,800 staff with an asset base of over UGX. 4 trillion.

- The Bank plans to open more four more branches this year.
Introduction

• The Bank signed a Rural Electrification Subsidy Disbursement agreement with GOU on 8th August 2011 under ERT II programme
• The Bank is supposed to establish & manage the Solar Credit Facility process
• Centenary Bank was allocated $150,000
• The purpose was financing of Solar Home Systems for household activities and rural enterprises in a Targeted Market
History of Solar Financing in Centenary Bank

- The scheme which was rolled out on 24th December 2011
- The Bank signed agreements with eight solar companies
- After one year and half the Bank also signed an agreement with UECC ON 12th July 2012 for Energy for Rural Transformation which funds equivalent to $300,000 (Three hundred thousand dollars) from Uganda Energy Credit Capitalization Company to expand the solar scheme.
Other Partnerships

- The Bank has also signed two more agreements with UECCC for Power Connection Loan (2014) and Solar Loan Facility.
- agreement in 2016 with USAID to provide a loan guarantee of up to US Dollars 5 Million.
- agreement in 2016 GVEP/Energy Impact for financing Energy Enterprises Improved Cook Stoves
Performance to date

- By 2013, 300 solar systems had been installed and a total of UGX 700 Million disbursed in terms of subsidy by UREA above the set target of 500 Million
- Although the scheme had picked up at the beginning but later stagnated in 2013.
- This was due to stoppage of the subsidy UREA payments to solar companies who also stopped installations
### Performance

<table>
<thead>
<tr>
<th>Product</th>
<th>Portfolio (UGX)</th>
<th>NPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Connection</td>
<td>379 Million</td>
<td>9.1%</td>
</tr>
<tr>
<td>Solar Loans</td>
<td>730 Million</td>
<td>13.6%</td>
</tr>
<tr>
<td>IICS</td>
<td>1.45 Million</td>
<td>0.0%</td>
</tr>
<tr>
<td>USAID</td>
<td>9.701 Bn</td>
<td>5.7%</td>
</tr>
</tbody>
</table>
Reason for Success

- The Bank has a dedicated Renewable Energy team at Head Office to drive initiatives to drive the financing.
- There was close monitoring the growth and quality of the solar loans through proper coding.
- The Bank has developed specific Renewable Energy products (Solar and Power Connection, IICS).
- Recommendation of Solar Companies by UREA and later UECCC.
- Recruitment of Renewable Energy officers.
# Renewable Energy Products

<table>
<thead>
<tr>
<th>Products</th>
<th>Features</th>
<th>Target Clientele</th>
<th>Terms/Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>CenteSolar Loan Product</td>
<td>Short term loans for financing purchase and installation of solar systems</td>
<td>Traders, farmers, Salary Earners, Schools, Hospitals, and Hotels</td>
<td>Period – 1 – 5 years Loan Amt – 0.1 M – 50 M Interest – 24 % pa Monthly payments Collateral – chattels, land, guarantors and USAID Guarantee.</td>
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<tr>
<td>Working Capital for Solar Companies</td>
<td>SME loans for Solar Companies for purchase of Stock and Direct Expenses relating to acquisition of the stock of solar systems</td>
<td>Solar companies who have been in operation for at least 2 years dealing in SHS &amp; Portables.</td>
<td>Maximum Loan Amount $ 1.5 M Interest Rate 15% Loan Tenure 3 Years Collateral include inventory, receivables, Personal and Corporate Guarantee, Land</td>
</tr>
</tbody>
</table>
# Centenary Housing Loan Products

<table>
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<th>Products</th>
<th>Purpose</th>
<th>Target Clientele</th>
<th>Terms/Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Improvement Loan Product</td>
<td>Renovation of houses (Residential &amp; Commercial), Connecting of utilities like Pay TVs, Water, Electricity, purchase of house hold items, payment medical bills, insurance policies, weddings and buying of personal cars and other personal expenses.</td>
<td>Micro clients and Salary Earners</td>
<td>Period of up 5 years Loan Amount – 0.1 M to 50 M, Interest rate of 25 % pa</td>
</tr>
<tr>
<td>CenteHome Loan Product</td>
<td>Construction of residential &amp; commercial houses in incremental/progressive basis to habitable level or decent standards</td>
<td>Micro clients and Salary Earners</td>
<td>Period of up 5 years Loan Amount – 0.1 M to 30 M, Interest rate of 25 % pa</td>
</tr>
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</table>
Current Strategies

Scale up the financing of Renewable include:

- Financing the entire supply chains for Renewable Energy products,
- Aggressive marketing,
- Establishing of more partnerships with solar companies and other vendors,
- Recruitment of more renewable energy officers
- Financing of LPG for cooking for domestic and commercial uses.
Renewable Energy Partnerships

- Uganda Rural Electrification Agency (UREA)
- Uganda Energy Credit Capitalization Company (UECCC)
- Solar Companies Include:
  - Power Trust Uganda, Village Power, D.Light, GreenLight Planet, Solar Now, All In Trade and Solar Today.
End