



# Centenary Bank Renewable Energy Financing

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Environmental Alert  
10<sup>th</sup> 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%





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# CENTENARY BANK HISTORY

- The bank is one of the biggest local bank which was started in 1983 as a Credit Trust.
- Operations began in 1985, registered as Commercial Bank in 1993.
- 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.



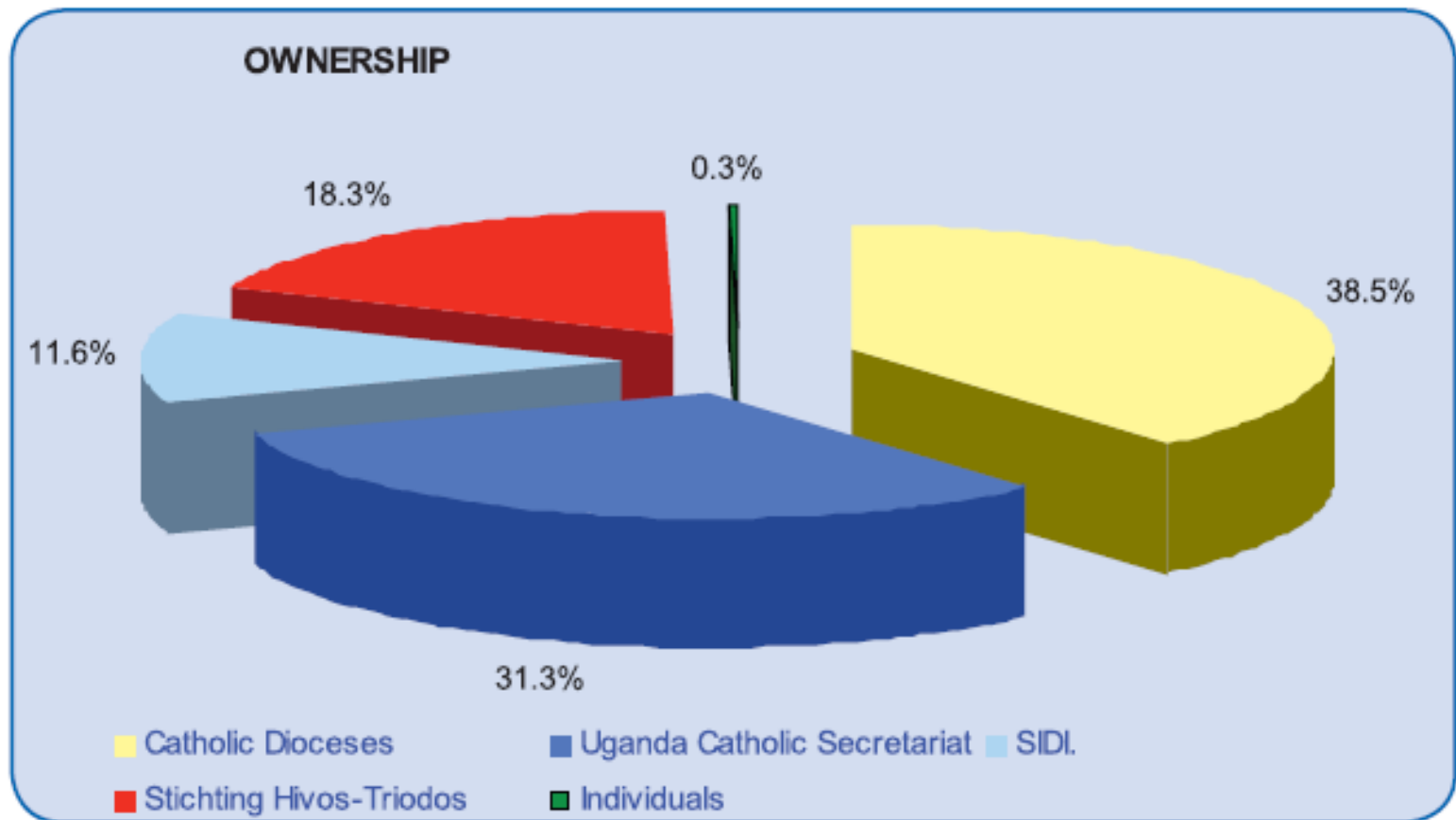
The Bank is committed to sustainable development of Environment and Social Issues.





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# Centenary Bank Ownership



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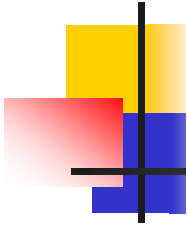


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# Centenary Bank Today

- 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 1.9 M, 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.





## CENTENARY BANK BRANCH NETWORK



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# Introduction

- » The Bank signed a Rural Electrification Subsidy Disbursement agreement with GOU on 8<sup>th</sup> 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



Go Solar 2011

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# History of Solar Financing in Centenary Bank

- The scheme which was rolled out on 24<sup>th</sup> December 2011
- The Bank signed agreements with eight solar companies
- After one year and half the Bank also signed an agreement with UECCC ON 12<sup>th</sup> 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.







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# Other Partnerships

- The Bank has also signed
  - two more agreements with UECCL 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





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# 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





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# Performance

Product	Portfolio (UGX)	NPR
Power Connection	379 Million	9.1 %
Solar Loans	730 Million	13.6 %
IICS	1.45 Million	0.0 %
USAID	9.701 Bn	5.7 %



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# 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.





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# Renewable Energy Products

Products	Features	Target Clientele	Terms/Conditions
CenteSolar Loan Product	Short term loans for financing purchase and installation of solar systems	Traders, farmers, Salary Earners, Schools, Hospitals, and Hotels	Period – 1 – 5 years Loan Amt – 0.1 M – 50 M Interest – 24 % pa Monthly payments Collateral – chattels, land, guarantors and USAID Guarantee.
Power Connection Loan	Short-to-medium term loan for providing finance of electrical equipment and labor for wiring the premises and connection.	Business Enterprises and Residential owners	Period – 1 - 5 years Loan Amt – 0.1 M – 50 M Interest – 15% p.a. Flexible payments Collateral – chattels, land, guarantors and USAID Guarantee.



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# Renewable Energy Products

Products	Features	Target Clientele	Terms/Conditions
Working Capital for Solar Companies	SME loans for Solar Companies for purchase of Stock and Direct Expenses relating to acquisition of the stock of solar systems	Solar companies who have been in operation for at least 2 years dealing in SHS & Portables.	Maximum Loan Amount \$ 1.5 M Interest Rate 15% Loan Tenure 3 Years Collateral include inventory, receivables, Personal and Corporate Guarantee, Land





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# Centenary Housing Loan Products

Products	Purpose	Target Clientele	Terms/Conditions
Home Improvement Loan Product	Renovation of houses (Residential & 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.	Micro clients and Salary Earners	Period of up 5 years Loan Amount – 0.1 M to 50 M, Interest rate of 25 % pa
CenteHome Loan Product	Construction of residential & commercial houses in incremental/progressive basis to habitable level or decent	Micro clients and Salary Earners	Period of up 5 years Loan Amount – 0.1 M to 30 M, Interest rate of 25 % pa



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# 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.







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# 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.





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