Promoting Productive Uses of Energy in Uganda
Status and Potential for Growth

October 2017
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Background and context
Open Capital has partnered with the Shell Foundation to increase off-grid energy access & reduce market barriers

Substantial progress to-date

- Uganda has seen considerable growth in off-grid energy access through innovative products, strong investor and donor interest, & growing political will
- Many stakeholders have invested time & resources to advance access across tiers
- Substantial research has been conducted to identify barriers to continued growth

Our goal is to facilitate further growth

- Partnership has been formed between Shell Foundation & Open Capital Advisors (OCA), in close collaboration with DFID/Energy Africa & USAID / Power Africa
- Goal is to support stakeholders to reduce market barriers through direct initiatives & improve energy access across tiers
- Accelerator will build credibility as a neutral party to coordinate resources and provide support to current & future initiatives

There is an opportunity to accelerate energy access by reducing market barriers
Based on strong market feedback, one of core accelerator initiatives is enhancing business case for productive use technologies

The market accelerator is working on 4 high impact initiatives:

- **Initiative 1:** Scaling access to finance for PAYG solar, unlocking local debt
- **Initiative 2:** Segment unserved pops, analyze opportunities to serve
- **Initiative 3:** Evaluating and promoting ability of productive use technologies
- **Initiative 4:** Provide support for communication and coordination

• Potential value of productive use technologies is acknowledged by key players in the Ugandan market, however, there has not been a centralized, consolidated effort to describe the opportunity and assemble the relevant stakeholders across the sector
  - In addition, few examples of productive use exist across the region, with fewer still in Uganda; selection of available case studies are included at the back of this document
• By combining targeted research and analysis with stakeholder coordination we can meaningfully advance the off-grid space, increasing industrial productivity and residential connectivity
• We are continuously working with partners to articulate and develop initial planning for pilots targeting productive use technologies, including defining timelines and necessary incentives
The cycle to increase energy access requires external support

*Investment in productive use tech will increase incomes & expand energy access*

According to GIZ, **productive use can be defined as**¹: “Agricultural, commercial and industrial activities involving electricity services as a direct input to the production of goods or provision of services.

**Through increased productivity, energy access can be stimulated by private sector revenue**

- In the long term, increased energy access stimulates economic activity in communities, which in turn increases income and proportion of income spent on energy, creating a continuous virtuous cycle.

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Sources: OCA analysis & interviews supplemented by
2. ESMAP “Maximizing the Productive Uses of Electricity to Increase the Impact of Rural Electrification Programs”: https://www.esmap.org/node/714
Prod use tech has potential to boost overall demand; agricultural applications most relevant to building an economic case in UG

Productive use technologies have the potential to supplement demand, lower costs & drive growth

- Residential demand and growth is often insufficient to make the business case for high capacity generation tech; results into either high tariff structures or long capex payback
- Productive use technologies – if properly targeted – have the potential to significantly and perhaps sufficiently supplement overall demand, boost productivity and lower cost

Agricultural sector in Uganda employs the majority and provides the highest potential for impact

Employment by sector

- Agricultural sector employs over 70% of Uganda’s work force and has the significant potential for value addition across the country¹
- Productive use equipment in agriculture could potentially increase individual monthly incomes by 30%²

Sources: OCA analysis & interviews supplemented by
2. National Survey and Segmentation of Smallholder Households in Uganda
Focus of report is on SME business level; these have potential to generate significant demand and reach large customer base

- Energy service tiers
  - Tier 1-2: Residential areas largely using lighting, phone charging & some small appliances (hair clippers, salon driers, etc.); provides low organic consumer demand growth
  - Tier 3: Larger more business type appliances such as refrigerators, mills, irrigation pumps; present strong opportunity for demand growth
  - Tier 4: Continuous, large, guaranteed power draw (e.g. telecom towers), but few industries of this size outside of major cities

- Access programs have typically overlooked tier 3 uses of power because they require substantial capital expenditure\(^1,2\)
- However, businesses using tier 3 technology have potential to generate significant energy demand and positive externalities

Sources: OCA analysis & interviews supplemented by
2. Overview of access programs in Uganda from Open Capital Advisor’s “Ugandan off-grid energy market accelerator”:
## Background & context

This report highlights the opportunity for productive use technologies across various stakeholders

**SHS operators**
- Support expansion – cross subsidizing operations in rural areas by diversifying product range to include higher tier appliances / prod use tech
- Provide the opportunity to support existing customers to move up the energy ladder and own larger value assets

**Utility & mini-grid developers**
- Have the potential to significantly, and perhaps sufficiently, supplement residential energy demand, enabling shorter payback periods on capital invested; and as a result accelerating residential connectivity

**Government**
- Can be used as a solution to generate increased off-grid energy awareness and sustainable uptake in rural areas where supply is expensive & communities are predominantly agrarian
- Can increase constituents’ income and improve standard of living

**Development partners**
- Can increase synergies across various programs currently supported, (e.g. agriculture value chains, financial inclusion and energy), enabling great impact in consumer income, productivity and economic growth
Methodology: Report informed by extensive review of available local and int’l materials supported by several stakeholder interviews

Interviews & research were tailored to assess the state & potential for productive use in Uganda

Desk research*

- Over 40 materials reviewed
  - 4 catalogues on productive use appliances & technologies available globally
  - >30 reports on productive use related manuals, business models, and impacts
  - Uganda industry data including agricultural census and district profiling records
  - Case study materials from local and international implementers

Stakeholder interviews

- Over 25 consultations held
  - >10 private sector operators
  - >5 government agencies
  - >5 development organizations
  - >5 other stakeholders

* Links for relevant publicly available materials are provided in the ‘Additional Resources’ section of this report (page 30)
Industries & technologies for productive use in Uganda
Demand map focuses on agricultural categories with high potential for value addition and impact

Where possible, sample solar and DC productive use technology are highlighted
- DC appliances are more energy efficient than AC appliances
- DC appliances are directly compatible with many solar home systems (SHS), mini-grids, and other renewable off-grid electrification technologies although we see a trend to AC as eventual integration with the grid becomes more plausible

However, these technologies merely demonstrate pricing and capacity
- Specific technologies should be adapted to power generation, production quantities, and local technical capacity to install, maintain, and repair

Note: Industries selected based on Uganda Ag Census (2009), UBOS Business Census (2011), UBOS Agriculture by District report (2011), and qualitative reviews
**Rationale:** Solar irrigation presents many benefits if systems are tailored to unique needs of farm

Solar irrigation proves a reliable and cost effective option over diesel

Rural areas with no access to both power and water mostly have the choice between solar and diesel pumps

- Diesel pumps have a lower initial cost but have high maintenance costs in addition to the possibility of fuel shortages in these areas
- Solar pumps have a higher initial cost (1,000-3,000 USD per acre) but are proving the more cost effective option

**Studies show that solar pumps are cheaper on a life cycle cost basis than diesel pumps**

- Cost estimated at between 22-56% of diesel pumps; can achieve payback in as few as 2 years

**Lifetime cost of pump, by size**

$ Thousands

<table>
<thead>
<tr>
<th>m4/day</th>
<th>Solar PV</th>
<th>Diesel fuel</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3000</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Sources: OCA analysis & interviews supplemented by

**Use-case:** Solar irrigation has potential to serve a large majority of Uganda with appliances available locally

### Example product

<table>
<thead>
<tr>
<th>Future Pump SF1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power required</strong></td>
<td>80 W (solar and manual back up)</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td>2,000 liters per hour at 1 meter lift</td>
</tr>
<tr>
<td><strong>Approximate cost</strong></td>
<td>USD 725 for pump and 4 sprinklers to cover half an acre</td>
</tr>
<tr>
<td><strong>Available in UG</strong></td>
<td>Yes</td>
</tr>
</tbody>
</table>

- **Note:** cost and specifications of systems are highly variable and need to be adapted to the needs of the crop, irrigation system, plot, and local water assets

### Geographic focus

- The north is particularly high potential for increasing irrigation and food security\(^1,2\)
- While irrigation could serve a large majority of Uganda, access in the North will be transformative
- Due to the increasing bouts of drought last year across the country, access to solar irrigation has been noted as a government priority & is rapidly being included as a business line for a no. of SHS operators

**Sources:**
1. Future Water’s map of irrigation potential in Nile Countries: http://www.futurewater.eu/projects/irrigation-potential/
2. FAO report on food security in the Horn of Africa: https://na.unep.net/geas/getUNEPPageWithArticleIDScript.php?article_id=72
Utilities on islands using ice making as anchor

**Rationale:** Ice production relevant for islands to support fishing communities and increase productivity

**Ice production reduces fishermen losses**

- Over 460 million tonnes of fish are caught each year in Uganda – but significant losses due to improper storage and transportation keep fishing communities from reaching their full potential.\(^1\)
- Localized ice production helps ease the scarcity of ice for preservation of fish and enables the fishermen to favorably compete.
- In addition to reducing inventory losses, localized ice-production facilities can reduce dependency on middlemen supplying ice at an extreme mark-up -- a sack of ice costs between UGX 300-350K on the island in addition to the cost of transport & time, compared to UGX 100K on the mainland.\(^2\)

**Utilities on islands using ice making as anchor**

- Some mini-grid operators and other utilities setting up in island communities are using ice production as an anchor for energy demand.
- Presence of these ice plants on the islands has allowed for cross utilization in businesses such as restaurants, hotels, juice making, etc.
- Previously, processing plants have been commissioned at Mwena and Kitobo landing sites to serve the 84 islands of Kalangala in the Lake region – however these are still not sufficient to serve all fishing communities especially with the limited access to power and poor transport network.\(^3\)
- Clear need exists to set up ice plants in these communities.

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Sources: OCA analysis & interviews supplemented by
**Use-case:** Significant potential exists in ice production but requires substantial capital investment in order to serve larger communities

<table>
<thead>
<tr>
<th>Example product</th>
<th>Geographic focus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ISAAC Solar Icemaker</strong></td>
<td>Lake Kyoga is one of largest fishing regions by catch – with limited grid access</td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
<td><strong>Lake Kyoga is one of largest fishing regions by catch – with limited grid access</strong></td>
</tr>
<tr>
<td>50-60kg per sunny day</td>
<td></td>
</tr>
<tr>
<td><strong>Approximate cost</strong></td>
<td></td>
</tr>
<tr>
<td>USD 7,000</td>
<td></td>
</tr>
<tr>
<td><strong>Available in UG</strong></td>
<td></td>
</tr>
<tr>
<td>Pilots in Kenya – not yet in Uganda</td>
<td></td>
</tr>
</tbody>
</table>

- Uganda’s top 3 fishing regions are high potential for ice production: Lakes Victoria, Albert, and Kyoga

Sources:
http://www.energy-concepts.com/_pages/app_isaac_solar_ice_maker.htm
Product information and photo source: http://solaricemaker.com/
**Rationale:** Reliable cold chain for dairy could reduce milk losses in regions with dairy surpluses, while stimulating energy demand

**Cold chain in the dairy sector is divided into two: frozen & chilled**
- Frozen includes processed products like ice-cream, yoghurt, etc.
- Chilled incudes milk, cheese, ghee and other dairy products – focus for this research

**Chilled products’ main challenge is in transportation, as they require controlled temperatures**
- It’s estimated that 20-40% of all milk production in Uganda is wasted due to lack of timely cooling\(^1\) - the lack of cooling capacity is a potential deterrent to farm expansion

**Due to these notable losses and potential for dairy, a number of innovations in milk chilling exist**
- DC fridges are widely available in-country compared to other energy efficient products; presents a valuable opportunity
- Solar refrigeration provides cold storage consistently for areas with no or unreliable energy access
- More widely available data on quality for refrigeration exists than for other productive use applications, e.g., resources on brand quality from WHO/PATH for vaccine-storage applications, and research is forthcoming from Global Leap on recommended household and productive use systems

**Strategically placed collection centers can service processing points, increasing dairy farmer income by >20%\(^2\)**
- These improve access to town and export markets, providing higher income for the dairy farmers

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Sources: OCA analysis & interviews supplemented by
**Use-case:** Increased innovation means a no. of solar fridges available locally, but distribution possibly limited by relatively high cost

<table>
<thead>
<tr>
<th>Example product</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SunDanzer DCR225 refrigerator</strong></td>
</tr>
<tr>
<td><strong>Power required</strong></td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
</tr>
<tr>
<td><strong>Approximate cost</strong></td>
</tr>
<tr>
<td><strong>Available in UG</strong></td>
</tr>
</tbody>
</table>

**Geographic focus**

Communities in Central North & South West could benefit

- **SunDanzer** adapted this fridge for the East African dairy market providing a portable cooling system
- Also developed milk-can blankets to aid in transportation to collection site
- Many dairy communities could benefit, particularly in North & South West regions
- Communities in Central North & South West have both milk surpluses & variable grid access

Sources:
1. Powering Agriculture: An Energy Grand Challenge for Development catalogue
Rationale: Grain milling presents an opportunity to benefit farmers throughout Uganda

Increase in grains and cereal grown due to growing demand for related biproducts

- Maize and cassava constitute Uganda’s top crops by tonnage grown due to the increased demand for biproducts such as porridge, posho and cereal
- Despite the increase in crops grown, farmers are rarely able to benefit from value addition yet processing and milling grains can more than triple the crops’ value by weight

One of the key barriers to value addition is high milling costs

- Farmers face high milling costs due to the cost of transportation to the trading centers and the limited or no access to reliable electricity

In addition, the quality of milling machinery available in rural areas is highly variable and inefficient

- Most milling machinery is made by local “fundis”; typically inconsistent, and energy inefficient
- Energy efficient machinery available at a more localized level would allow producers to reduce their largest expense in production while empowering farmers
- A number of farmers with limited access to electricity greatly depend on relatively low speed water cooled diesel engines

Sources: OCA analysis & interviews supplemented by
3. FAO engineering working documents on small mills in Africa selection, installation and operation equipment
**Use-case: Despite high potential, limited options exist for purchasing energy efficient mills in the country**

### Example product

<table>
<thead>
<tr>
<th>Project Support Services Hammer Mill</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power required</strong></td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
</tr>
<tr>
<td><strong>Approximate cost</strong></td>
</tr>
<tr>
<td><strong>Available in UG</strong></td>
</tr>
</tbody>
</table>

### Geographic focus

- Eastern Uganda has the greatest potential for pilots on milling
- Eastern Uganda leads production of grains as the top grower of millet, cassava, and maize

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Sources:
1. FAO engineering working documents on small mills in Africa selection, installation and operation equipment*  
Photo and product information: http://psspng.com/
Rationale: **Oil seed processing presents an opportunity to meet growing demand with local value addition**

**Domestic demand for vegetable oil continues to increase**
- Uganda’s top oil crops are groundnuts, soya beans, simsim, and sunflower\(^2\)
- Despite growing many oil crops, Uganda imports the majority of its vegetable oil\(^1\), there is now increased domestic demand – presenting an opportunity for farmers to benefit from investments in processing equipment

**Increased sector focus through numerous initiatives led by private, public & civil society**
- Oil seed farming, production and processing has been an increased focus area for private- and public-sector market interventions, including:
  - Promotion of sunflower farming and creation of Vegetable Oil Development Project (VODP) in Northern Uganda
  - National Agricultural Advisory Services (NAADS) extension programs funded by government, World Bank, IFAD, EU & Danida
  - DFID program, Northern Uganda: Transforming the Economy through Climate Smart Agribusiness (NU-TEC)\(^4\)

Sources: OCA analysis & interviews supplemented by
3. SNV report on “Oil Seeds in Uganda: Combining business led development and multi-stakeholder dynamics in boosting a diverse national sub-sector ”
4. iati.dfid.gov.uk/iati_documents/5079902.od
**Use-case:** Oil seed processing machinery is expensive and not widely available locally, but can potentially serve a large market

### Example product

<table>
<thead>
<tr>
<th>Phaesun Boss Kit Pro Press</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power required</strong></td>
</tr>
<tr>
<td><strong>Capacity</strong></td>
</tr>
<tr>
<td><strong>Approximate cost</strong></td>
</tr>
<tr>
<td><strong>Available in UG</strong></td>
</tr>
</tbody>
</table>

### Geographic focus

- Northern Uganda has been the focus of most initiatives in oil seed growing

- The North leads in oil seed production, with high potential for the expansion of productive use services

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Sources: OCA analysis & interviews supplemented by


Photo and product information from: http://order.phaesun.com/
Rationale: Coffee, Uganda’s top export, can provide higher incomes for farmers if potential for value addition is explored

Most profit from the coffee value chain is from value-added products

- Uganda grows both premium Arabica coffee and Robusta coffee
- Premium Arabica coffee grows best in high altitudes while Robusta is more widely grown in the lower central and northern regions
- Coffee is historically Uganda’s top agricultural export, constituting over 18% of formal exports in 2014 at $410M USD¹
- Sector is dominated by private sector aggregators buying coffee beans for further processing; means farmer incomes remain low

Coffee-growing households are significantly less poor than others² – and may be capable of paying for additional energy services if local productive use can further increase incomes

- Coffee pulping is a first level of value addition that can increase farmer incomes and enable them to expand their income base
- Pulpers process coffee cherries separating the bean from the skin and pulp, enabling value addition at local level

Sources: OCA analysis & interviews supplemented by
2 Information on coffee-growing households: http://kyagalanyi.co.ug/our-coffee/uganda-coffee/
Use-case: Coffee pulpers present attractive opportunity to promote local value addition for Uganda’s top export

Example product

<table>
<thead>
<tr>
<th>Penagos DH-2 Coffee Pulper</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power required</td>
</tr>
<tr>
<td>Capacity</td>
</tr>
<tr>
<td>Approximate cost</td>
</tr>
<tr>
<td>Available in UG</td>
</tr>
</tbody>
</table>

Coffee is grown widely but high altitude areas are least accessible

- Pulpers process coffee cherries – separating the bean from the skin and pulp and allowing for value addition at a local level

Geographic focus

- Premium Arabica coffee grows best in high altitudes while Robusta is more widely grown in the lower central and northern regions
- High altitudes like slopes of Mt Rwenzori and Elgon are favorable for growing coffee and are currently inaccessible by the grid

Sources: OCA analysis & interviews supplemented by
Challenges & recommendations
Vital to consider entire value chain to optimize impact of productive use technologies

In order to have an impact on farmer livelihoods & increase energy demand, we must consider the value chain holistically, from efficiency at primary production stage to access to secondary markets.

**Example technologies**
- Primary production
  - Irrigation pumps
  - Post harvest storage & transport
- Processing
  - Grain mills
  - Coffee pulpers
  - Seed pressers
- Market
  - Ice machines
  - Refrigerators
  - Storage silos

**Challenges**
- Primary production
  - Lack of awareness
  - Limited business training
  - Limited access to finance
- Processing
  - Lack of awareness
  - Limited local supply of tech
  - Limited access to finance
- Market
  - Limited capacity to meet demand
  - Lack of information

**Potential interventions**
- Primary production
  - Awareness campaigns
  - Consumer financing
  - Technical training for farmers
- Processing
  - Incentive programs for increased supply
  - Consumer financing
- Market
  - Business incubation
  - Investment in post harvest programs
Productive use projects are difficult to implement in Uganda due to a lack of: funding, reliable machinery, awareness and good data

### Lack of funding for productive use projects

Financiers (donors, banks, other FIs) focus largely on access to energy – not building energy demand

- Local implementers acknowledge that anchor clients and productive uses of energy are key to economics of increasing access through more reliable demand; however, off-grid projects overwhelmingly focus on household access

### Absence of appropriate machinery locally

Industry experts report that locally available machinery is inefficient and of poor quality

- Few suppliers of DC machinery locally
- Inaccurate labels on products about power draw
- Most SHS companies do not currently provide productive use products
- Government policy doesn’t yet address energy efficiency in the agricultural sector

### Lack of awareness & data on opportunities

Absence of consumer acceptance about tech, and lack of coordinated data, means farmers’ potential to seek value add opps is limited

- Farmers require targeted training to understand opportunity and increase uptake of prod use tech
- Coordinated research on rural ag value chain would allow better market sizing & increased long-term benefit to farmers

### High maintenance cost of imported machinery

The costs of supplying and risks of repairing foreign machinery are high

- Lack of technically skilled mechanics in-country to repair imported machinery

Sources: OCA analysis & interviews
In order to scale and promote productive use tech, important to prioritize awareness, pilot execution & gov’t policy development

1. Boost demand through consumer awareness, particularly through increased roll out of more established and tested technologies like solar irrigation and pumps

   Raising awareness would lead to a rise in demand, and in turn encourage existing and new companies to utilize productive use technologies

2. Running pilots and incentive programs to encourage innovation for high-potential industries identified such as coffee, nuts & oil seeds

   There is room to better understand and potentially work with industry players and manufacturers to test opportunity within significant agricultural sub-sectors; opportunity exists to encourage manufacturers through challenge competitions & local testing

3. Further market research needed to help identify investment gaps and explore value creation

   More information in this nascent sector will help operators and investors fully understand and take advantage of potentially large market, and stimulate innovation of financing mechanisms for lower income households

4. Lobbying government to consider specific tariff and trade policies to encourage investment

   At present, there are no specific policies that provide incentives for investment into the sector - consistent dialogue with gov’t is required to consider attractive policy development for high-potential opportunities; in conjunction, opportunity exists to prove to public sector the potential for prod use in increasing energy demand, expanding energy access and improving standards of living
Market Accelerator is working to convene stakeholders to identify opportunities to test and pilot productive use technologies

Disseminating productive use findings to reach all relevant stakeholder groups

- Distributing to 100s of stakeholders to build awareness, and contribute to discussion on opportunities for productive use technology in Uganda
- Holding targeted sessions with various groups to receive feedback on ability to bring these technologies to market; including workshops and 1:1 consultations with private sector, development partners, and government agencies

Subsequently, identifying stakeholders that have demonstrated interest and capacity to partner, pilot and test necessary proof-points to take the technologies to market

- Market Accelerator is seeking to identify and bring together partners (operators, donors, other stakeholders) who have interest and capacity to pilot productive use technologies in Uganda
- Team will work directly with identified partners to articulate and develop initial planning for productive use programs, including defining timelines and necessary incentives
- Targeted support will be offered to stakeholders to accelerate their work and increase the adoption and investment in productive-use technologies, including the design of pilots and the development of Terms of Reference to seek project funding, as relevant
Productive use pilots can test hypotheses around capital payback, impact to consumers & optimal partnerships

**Potential to cross subsidize expansion & operations in rural areas for SHS operators**
- What is the marginal contribution of incorporating appliances into product range?
- What is the increase in investment in terms of technology, personnel & after sales services? Is this increase justified by a proportional increase in uptake?
- What models of financing will be most effective and affordable for the farmers? Cash sales versus PAYG versus asset financing from microfinance institutions?
- What strategic partnerships will aid distribution? Working with farmer cooperatives?

**Potential to strengthen business case for mini-grid development**
- What business models make sense in incorporating these appliances and prod use tech? Will they be sold by the mini-grid developer or stand alone operators?
- If mini-grid developers, will it be on a lease to own or service model? How much further investment will be required for maintenance, training for consumers, personnel?
- If other operators, how will we ensure appliances are energy efficient and will the increase in consumption translate to higher costs to the consumers?
- What is the actual reduction in capital payback period? Does it justify this kind of investment?

**Potential to aid government and donor programs to improve welfare**
- What is the actual impact on individual incomes for the various value chains?
- Does productive use technology stimulate economic activity and create a hub for entrepreneurship?
Additional resources
Additional resources currently available online and in-country for productive use projects; several related initiatives also in pipeline

### Online tools
- GIZ’s PRODUSE portal: [http://produse.org/](http://produse.org/)
- Global Leap buyers’ guides and awards for TVs and fans [http://globalleap.org/awards/](http://globalleap.org/awards/)

### Local resources

#### Select energy auditors:
- AOT Consulting
- Baseline Africa
- Centre for Research in Energy and Energy Conservation (CREEC)
- ELM

*Shell Foundation* is working with *China Impact Ventures* to review & source available technology for productive use in Uganda

### Forthcoming initiatives
- Odyssey Energy web-based market place for the off-grid sector (Q4 2017)
- One Lamp is introducing Pay-As-You-Go freezers for fishermen (Q4 2017)
- Global Leap’s refrigeration buyer’s guide (Q1 2018)
- Productive use is a planned and current priority for UNIDO’s work with East African Centre for Renewable Energy and Energy Efficiency (EACREEE)
- Ugandan government has voiced support for energy efficient and productivity, particularly for solar irrigation – opening the door to other productive use applications

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Sources: OCA interviews supplemented by
APPENDIX: Regional case studies
Hydropower plant in Mawengi, Tanzania: ACRA utilized selective grants to stimulate productive use

Key facts

- **Launch**: 2014
- **Type & quantity of power**: 300 kW run-of-the-river hydro
- **Connection strategy**: Extremely low cost connections in favor of higher tariffs, run by local non-profit LUMAMA currently serving 1,700 connections in 8 villages
- **Tariffs**: Monthly membership fee + pre-paid kWh rates that are lowest for households. Businesses pay nearly double household rate – but prices are slightly lower for milling machines

Stimulating larger productive investments in milling, oil-seed pressing, and carpentry was a driver for the Mawengi plant’s strong results

ACRA created a grant for businesses to purchase machinery for value addition

- Entrepreneur submitted an application and agreed to pay at least 50% of the machine’s cost
- ACRA carefully spaced businesses and chose not to sponsor businesses like bars, restaurants, hairdressers, etc. where capital expenditures required were lower but offered fewer positive externalities

Results to date are impressive

- 30% of customers are businesses, accounting for 58% of electricity sold
- Cost of milling for local farmers dropped by nearly 50%
- LUMAMA reached breakeven in 2015


**Mini grid on Ukara Island, Tanzania: JUMEME utilized partnerships for value chain analysis to boost demand**

**Key facts**

- **Launch:** 2016
- **Type & quantity of power:** Modular 60 kWp solar plant, 33kVA diesel genset, and 240 kWh battery bank
- **Connection strategy:** Incentivized entrepreneurs to quickly make the switch to electricity by offering 1 month of free energy – served as an opportunity to assess power draw and pricing
- **Tariffs:** Variable prepaid tariffs that charge households, SMEs, and industrial loads differently at different times; incentivizes businesses for daytime use

Partnerships allowed JUMEME to understand local value chains to build demand for productive use

- **Energy 4 Impact** and **Excel Hort Consult** analyzed existing production, transportation, and production methods. They utilized existing small industries to promote electricity usage
  - For example, **Energy 4 Impact** successfully partnered with diesel vendors to identify businesses that owned generators and approached entrepreneurs to make the switch to electricity
- Additionally, JUMEME set up their own shop on the island to sell appliances and increase consumer education about technology
- Partnerships with SACCOS helped consumers and small businesses close on purchases


Biogas system in Gulu, Uganda: PAMOJA partnership with CREEC and UNCST focused on community fit technology

Key facts

- **Launch:** 2014
- **Type & quantity of power:** 30 kW to 10 kW modular gasification system
- **Connection strategy:** Project sponsored purchase of milling equipment
- **Tariffs:** No direct tariffs. Mainly powering productive use equipment—from business model under the research; avg. price for milling a kg of grain is 150 UGX & the price for purchasing already milled flour is 1250 UGX / kg

CREEC’s team focused on localized assessment of economy, energy resources, and human capital for a productive use milling project

The Centre for Research in Energy and Energy Conservation (CREEC) ran pilot facility employing a full ecosystem approach:

- Technology was carefully selected for nearby farming capacity, available power supply, and local technical skill to repair and maintain
- Local mechanics were trained to manage the machinery
- In order to ensure farmers saw income growth, the project also supported the construction of grain storage

While this model is still under research for viability, local communities have expressed significant interest to adopt and replicate the project in other areas

Sources: OCA analysis & interviews supplemented by Project data from CREEC

Photo source: http://creec.or.ug/creec-to-install-gasifier-systems-for-productive-use/sam_1362/
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