



11th/August/2022

H.E. Yoweri Kaguta Museveni,
The President,
Republic of Uganda,
Kampala (U).

Your Excellency,

OPEN LETTER TO THE UGANDAN PRESIDENT TO ADDRESS OBSTACLES TO CLEAN ENERGY TRANSITION

Greetings from the undersigned Ugandan clean energy, environmental and human rights civil society groups. We take this opportunity to thank you for your recent advice to the country that the best way to solve high fuel prices is not to invest in more petroleum products/fossil fuels but rather to invest in efforts to enable our country to transit to electric cars and other clean energy options. We appreciate that you and your government are now supporting efforts to move away from fossil fuels which remain one of the biggest dangers to the country.

The main objective of this letter is to highlight some of the obstacles to the clean energy transition and make recommendations for action to achieve the transition in line with the national address you made on July 27, 2022.

Obstacles to clean energy transition

a). Oil investments: Your Excellency, over USD15 billion is planned to be invested in the East African Crude Oil Pipeline (EACOP), Tilenga, Kingfisher, and other oil projects. Some of this money will be borrowed from banks by the Ugandan government and the oil companies operating in the country. The money borrowed by the Ugandan government stands to increase Uganda's public debt, undermining the country's capacity to fund clean energy options. It should be noted that by December 2021, Uganda's [national debt](#) stood at over USD19 billion (over UGX73.7 trillion). If government goes ahead with the above oil projects, in the next five years, Uganda's total debt will increase. Government estimates that in this financial year, the country's debt to GDP ratio will hit [52.9%](#) as funds are borrowed for investment in the oil, gas and infrastructure sectors among others. Uganda's huge debt will not allow any real socio-economic transformation for a clean energy transition.

b). Ecosystem destruction: Further, Your Excellency, when commercial oil deposits were discovered in the Albertine Graben in 2006, protected resources such as lakes, rivers, wetlands,

forests, national parks, game reserves and others located in the region faced some pressures, but not to the extent posed by the oil and gas activities. For instance, there was no land grabbing from forests. Unfortunately, the discovery of oil resulted in an influx of people including land grabbers into the Albertine Graben. Today, Bugoma forest is being destroyed for sugarcane growing by land grabbers. Further, infrastructural projects such as roads and airports near or through protected areas were commenced to support oil exploitation efforts. These have negatively impacted environmental conservation. Huge roads are being constructed through Murchison Falls National Park as well as Budongo central forest reserve without participatory Environmental and Social Impact Assessment (ESIA) processes. Environmental degradation continues to worsen climate change impacts including on hydropower dams, which provide clean energy in Uganda.

c). Failed power sector reforms: Your Excellency, amidst the above, the electricity generation capacity in the country has increased from 60mw in 1986 to the current [over 1,300mw](#). Karuma and other dams will also add more than 600mw to the grid. Despite this, the electricity sector, which is important for a clean energy transition, remains sick. Indeed, the many power sector reforms including liberalisation of the electricity sector under the 1999 Electricity Act as amended, disbandment of Uganda Electricity Board (UEB) as well as establishment of the Electricity Regulatory Authority (ERA) and the Rural Electrification Agency (REA) among others have failed to ensure access to clean, affordable and reliable electricity in Uganda.

Other reforms include creation of specialised companies for electricity generation, transmission, and distribution, the electricity distribution concessions given to UMEME in 2005 and others. Some of the above processes have been marred by lack of transparency and corruption. Without transparency in the hydroelectricity sector, challenges such as high power prices and low electricity access remain. Uganda cannot afford a transition from petroleum cars to electric ones with high power prices.

d). ‘Free’ Electricity Connections policy: The ‘Free’ Electricity Connections Policy is another challenge. Since 2018 when government launched the policy, government has invested over USD400 million to increase grid connections for all including the poor. Unfortunately, the policy has neither increased access nor expanded the market for electricity. For instance, by December 2021, only 359,987 out of 900,000 connections had been made under the policy between 2018 and 2021. This is a performance rate of 40%. Government set a target of enabling 300,000 new connections per year.

e). Increased connection of fees: In relation to the above, instead of increasing electricity access, the ‘Free’ Electricity Connections Policy allowed power utilities such as UMEME to unfairly benefit from government’s decision to increase electricity connection fees. Before the policy, any Ugandan applying to connect to the grid would pay UGX98,000 and UGX390,000 for no pole and one pole connections respectively. But since 2018 when the aforementioned policy was launched, electricity connection fees increased. Today, anyone who wants to connect to power from UMEME and other distributors must pay UGX730,000 and UGX2,100,000 for no pole and one pole respectively.

It remains difficult to understand why a government that had introduced a free connection policy for all when the connection charges were low increased the said charges after the policy. High connection fees, which are enjoyed by companies such as UMEME, continue to hamper the clean energy transition.

f). Deemed energy: Further, Your Excellency, since 2002, your government has invested over USD 5 billion in the electricity sector to ensure increased generation, transmission, and distribution. While we appreciate the increase in generation capacity and access at approximately 1.6 million connections, the high electricity tariffs continue to affect consumption. As a result, over 40 million Ugandans have failed to provide a market for only [1,346.7mw](#) of power. Yet soon, the 600mw Karuma hydropower dam will also be connected to the grid. Information from government indicates that during peak hours, less than 800mw is consumed while during off-peak, less than 400mw is consumed leaving hundreds of megawatts as excess or deemed electricity. Ugandans pay for this deemed power.

g). Tax exemptions: In addition, since 2015, your government has provided tax exemptions to Bujagali Energy Limited, a company that owns and runs the 250mw Bujagali dam. Your government has borrowed heavily to refinance Bujagali dam. At the time when the dam was being constructed, government committed to ensuring that Ugandans get cheap electricity at USD 5 cents per kilowatt but at completion, the power from the dam cost more than USD13 cents per kilowatt. To make it worse, the tax exemptions have failed to reduce the electricity tariffs to USD5 cents per kilowatt. Instead, available information indicates that as a result of tax exemptions, Ugandans have lost over UGX388 billion. Such losses cannot support a clean energy transition.

h). Gas cylinders: It is absurd to hear that government is planning to invest UGX900 billion into a project to supply gas cylinders to poor households. In the first place, the same vulnerable households have failed to create a market for excess hydroelectricity yet corrupt government officials think that those vulnerable households will have money to refill the 13 kg gas cylinders. Why can't government buy down electricity tariffs with the UGX900 billion? Citizens would enjoy hydropower and shield themselves from the dangers of gas. Secondly, why invest UGX900 billion before conducting a feasibility study to appreciate the value of the proposed project? Such acts have led to the failure of many development initiatives including the 'Free' Electricity Connections Policy and rural electrification.

Conclusion and recommendations

Your Excellency, to achieve a clean energy transition, government must without fail address the above challenges and ensure that any policy reforms are evidence-based. Communities must also be supported to use the electricity they get for productive purposes. The undersigned civil society groups are committed to continue supporting good energy policy reforms by the government for the common good.

We are also calling on you to implement the following recommendations:

- i. Invest the USD15 billion proposed for oil projects to clean energy and other cleaner technologies.

- ii. Conserve critical ecosystems such as Bugoma forest, Murchison falls national park, and others from oil-induced destruction to make Uganda climate resilient.
- iii. Make agreements for electricity projects transparent to ensure value for money.
- iv. Subsidise new connections instead of investing in the free connection policy.
- v. Avoid deemed energy challenges by prioritising off-grid energy investments especially for rural communities.

Thank you,



Dickens Kamugisha,
CEO, Africa Institute for Energy Governance (AFIEGO)

SIGNATORIES

- Africa Institute for Energy Governance (AFIEGO)
- Youth for Green Communities (YGC)
- African Initiative on Food Security and Environment (AIFE)
- East African Crude Oil Pipeline Host Communities (EACOPHC)
- Center for Conservation and Eco-energy Movement (CCEM)
- Oil Refinery Residents Association (ORRA)
- Women for Green Economy Movement Uganda (WoGEM)
- South Western Institute for Policy and Advocacy (SOWIPA)
- Center for Environmental Research and Agriculture Innovations (CERAI)

CC

- Ministry of Energy and Mineral Development (MEMD),
- Ministry of Water and Environment (MWE),
- Parliamentary committee on natural resources (NRC),
- Electricity Regulatory Authority (ERA),
- Rural Electrification Agency (REA),
- Petroleum Authority of Uganda (PAU),
- Uganda National Oil Company (UNOC),
- National Forestry Authority (NFA),
- Uganda Electricity Generation Company Limited (UEGCL)