



MAKERERE UNIVERSITY

College of Business and Management Sciences

SOLAR ENERGY - SOLVING THE ENERGY PROBLEM IN UGANDA

A FINANCIAL PERSPECTIVE

BY

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ABSTRACT

The research was geared towards establishing the challenges to accelerating solar access as an energy alternative in Uganda specifically if and to what extent financing is a challenge and what solutions can be adopted to remedy the identified problem. The phenomenon which was under investigation was that large established solar entrepreneurs found it easy to acquire funds for their operations but there is a solar market niche that the large entrepreneurs do not reach; the poorest of the poor or the energy poor populations. This market niche is best served by the small Entrepreneurs but these are considered risky by investors which makes them lose out on funding opportunities.

The objectives which guided this study to generate solutions to financing problem in order to increase solar access were; To identify the challenges faced by different stakeholders in the solar industry that are inhibiting the acceleration of access to solar as an alternative source of energy. To establish the extent to which financing is a challenge to solar access acceleration. To establish solutions to identified challenges and devise financing strategies that may be undertaken to accelerate solar access.

The methodology adopted for this study involved a cross sectional survey design and questionnaires were used to collect data from different stakeholders in the solar industry including; solar entrepreneurs, investors, Energy regulation Authorities and end large scale or commercial end users. A combination of stratified sampling and purposive sampling techniques were used during data collection from a predetermined sampling frame of all solar stakeholders relevant for the study.

In general, this study highlighted a gap between the funders or investors and the funded or investees having established that lack of funding to meet the high cost of solar and lack of awareness are the key hindrances to acceleration of access to solar. Like one of the respondents said that ***“Investors have money to lend, entrepreneurs need the money but there is a gap between them which if addressed we would see a higher rate of financing across all business sizes resulting in accelerated solar access. Investors don’t know much about their potential customers or investees and Investees have no idea who funds what or where to find them and how to go through the application process.”***