



FOR IMMEDIATE RELEASE

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AFIEGO DEMANDS FOR HALTING OF RENEGOTIATION AND MODIFICATION OF UMEME'S CONCESSION AND LICENCE

Africa Institute for Energy (AFIEGO) has written to president and the Electricity Regulatory Authority (ERA) demanding for halting of processes to renegotiate and modify UMEME's concession and licence respectively.

This followed publication of a January 9, 2019 notice in the media in which ERA called on the public to make comments on a notice, published on its website, which shows the modifications it intends to make to UMEME's licence.

The president also okayed the renegotiation of UMEME's concession in November 2018 and renegotiation processes are underway.

“The fact that the president gave Ministry of Energy the go-ahead to renegotiate UMEME's concession so that the company could stay in Uganda beyond 2025 when its first concession expires is a slap in the face for Ugandans who have been waiting for meaningful reforms in the electricity sector.

It also shows that the president is unserious about addressing corruption in the electricity sector so that Ugandans can enjoy lower power tariffs,” AFIEGO's CEO, Mr Dickens Kamugisha, says.

It will be recalled that in March 2018, the president wrote to the Minister of Energy and ordered her not to extend UMEME's concession.

He accused the company, and Ministry of Energy officials who negotiated the concession, of fraud, saying that UMEME and Ministry of Energy officials inflated power losses from 28% to 38% and gave UMEME a high return on investment of 20%.

The president also accused UMEME of reporting that the company had invested \$500 billion for ‘mysterious’ investments that had failed to bring down power losses and consequently power tariffs.

The president said that the above factors were responsible for the high power tariffs that Ugandans are paying. He ordered the IGG to carry out investigations.

“When the president ordered for the investigations, Ugandans who hoped that the investigations would lead to addressing corruption and cause other reforms in the electricity sector for accessible, affordable and reliable power were excited.

However, before the IGG released her report, the president ordered for renegotiation of UMEME’s concession. This is disappointing and should not be allowed,” Mr Kamugisha says.

He explains that because the president and his government have ignored reports on UMEME and other electricity sector players’ corruption, the fight for fair, accurate and affordable power tariffs continues to be undermined.

As a result, today, disconnection or threats to disconnect of power supply to hospitals such as Mulago, Itojo and others because power is unaffordable, power outages in districts such as Luwero that have destroyed property for close to a month now including property of National Water and Sewerage Corporation (NWSC) and failure of businesses to expand due to high power tariffs are seen.

High youth unemployment, high school drop-out rates and destruction of forests as nearly all of Uganda’s population of over 40 million continues to rely on charcoal and firewood to meet its energy needs because power is too expensive are also seen.

Amidst such a situation, the president and government have consistently failed to implement recommendations by government institutions and commissions for lower power tariffs.

“Failure to act on recommendations by government commissions and institutions that could result in lower power tariffs can be traced as far back as 2009.

In 2009 for instance, the Gen. Salim Saleh commission that reviewed power tariffs identified four areas in UMEME’s concession that could be reviewed to lower tariffs by 44%. However, the concession, which the commission described as being unfair, was not reviewed by government.

The same commission also recommended a forensic audit of electricity metres supplied by UMEME following reports that they were faulty but this recommendation was ignored too,” Mr Kamugisha says.

Recommendations made by parliament to cancel UMEME’s concession following investigation of electricity sector failures in 2013 were also ignored. Parliament found that the UMEME concession was unfair on Ugandans while conferring many benefits on the company.

Today, after the president exciting the public, he and his government want to renegotiate UMEME’s concession even before the IGG shows Ugandans the extent of corruption that marred the signing of the UMEME concession and how this can be corrected to enable Ugandans enjoy an electricity sector that supplies affordable, reliable and accessible power.

“Ugandans must say no to the president and government’s reluctance to address the corruption in the electricity sector.

They must demand that this time round, the IGG’s report is first produced and discussed alongside the 2009 Saleh and parliamentary report on electricity sector failures to decide what should be done as regards UMEME’s concession to reduce power tariffs and ensure reliable power supply,” Mr Kamugisha says.

AFIEGO is also calling on ERA to stay modifications to UMEME’s licence.

“ERA will only waste taxpayers’ money with cosmetic modifications that cannot deliver the accessible, affordable and reliable power Ugandans need if it undertakes the modifications without the IGG’s report.

This must be guarded against and we are calling on ERA to halt the modifications until the IGG’s report has been released to guide the modification process,” Mr Kamugisha says.

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ABOUT AFIEGO

AFIEGO is a public policy research and advocacy NGO dedicated to influencing energy policies to benefit the poor and vulnerable.

AFIEGO works for a transparent and accountable electricity sector in which increased citizen participation contributes to attainment of global and national goals such as the Sustainable

Development Goal (SDG) 7 on attainment of universal access to affordable, accessible and reliable clean and modern energy by 2030.

AFIEGO also promotes electricity consumers' rights in Uganda and the Great Lakes region.

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