UGANDA CONSORTIUM ON
CORPORATE ACCOUNTABILITY
U C C A

Impact of the High Electricity Tariff on Ugandans' Economic and Social Rights

Advocacy Brief

December 2022

UGANDA CONSORTIUM ON CORPORATE ACCOUNTABILITY
U C C A

Table of contents

Acknowledgement

This advocacy brief was compiled by the Social Services and Accountability Cluster of UCCA. It greatly benefitted from contributions by Joel Lutimba Lumala, Dalton Bakashabaruhanga, Brian Alex Kiira, plus guidance and review by Joseph Byomuhangyi and Salima Namusobya.

Acronyms

ACE	Ad hoc Committee on Energy
BECS	Bundibugyo Electricity Corporative Society
CNST	Central North Service Territory
ERA	Electricity Regulatory Authority
EST	Eastern Service Territory
IEA	International Energy Agency
IPP	Independent Power Producers
KIL	Kilembe Investments Limited
KRECS	Kyegegewa Rural Electricity Cooperative Society
MWST	Mid-West Service Territory
NEST	North East Service Territory
NNWST	North North West Service Territory
NWST	North West Service Territory
PACMECS	Pader Abim Community Multi-Purpose Electric Corporative Society
PPP	Public-Private Partnerships
SDG	Sustainable Development Goal(s)
SST	South Service Territory
SWST	South West Service Territory
UEB	Uganda Electricity Board
UEDCL	Uganda Electricity Distribution Company Limited
UEDCL	Uganda Electricity Distribution Company Limited
UEGCL	Uganda Electricity Generation Company Limited
UETCL	Uganda Electricity Transmission Company Limited
UETCL	Uganda Electricity Transmission Company Limited
UHRC	Uganda Human Rights Commission
UNHS	Uganda National Household Survey
WENRECo	West Nile Rural Electrification Company

List of Figures

1.0 Background and Overview of Uganda's Electricity Sector

Prior to the 1999 reform process[1] that saw the unbundling of the Uganda Electricity Board (UEB), the responsibility of power supply chains operations in Uganda lay with UEB, a government owned parastatal established in 1948. The reforms were part of the government economic liberalisation policy that was adopted in the early 1990s following recommendations of the World Bank[2]. According to Hon. Eng. Simon D'Ujanga, a former Member of Parliament and now Minister of State for Energy, reforms in the power and energy sector were justified because of a number of issues including the need to rid of the UEB monopoly, low efficiency characterised by the high level of system losses, unreliable and poor quality of power supply that constrained business development, the need to attract private capital, very low coverage and access to the grid, the inability of UEB to service its debts and unfulfilled export potential.[3]

The government of Uganda realised that improvements in efficiency and access to electricity in the country could only be met through implementing power sector reforms that would place segments of the electricity sub sector under private management.[4] The electricity sector reforms were aimed at;[5]

i. Securing sustained, efficient, and affordable electric power supply for domestic, commercial, industrial, and other uses;

---

1 This was through the Power Sector Restructuring and Privatisation Strategy (PSRPS) that was adopted in June 1999 to liberalise the power sector. This is according to Catrina Godinho and Anton Eberhard, Learning from Power Sector Reform. The Case of Uganda, Policy Research Working Paper 8820, World Bank Group, Energy and Extractives Global Practice April 2019, Available at https://documents1.worldbank.org/curated/en/964971555504602614/pdf/Learning-from-Power-Sector-Reform-The-Case-of-Uganda.pdf. <accessed 26 February 2023>.

2 Martin Luther Oketh, Is government rethinking economic liberalization policy?. Available at https://www.monitor.co.ug/uganda/magazines/people-power/is-government-rethinking-economic-liberalisation-policy--1528302 <accessed 26th February 2023>.

3 Hon. Eng. Simon D'Ujanga, Power sector reform in Uganda. Available at https://www.un.org/esa/sustdev/sdissues/energy/op/parliamentarian_forum/uganda_dujanga_psr.pdf. <accessed February 26, 2023>. This was a power point presentation by the then Member of Parliament on the power sector reforms in Uganda.

4 Rene Meyer, et al., Uganda's power sector reform: There and back again? *Energy for Sustainable Development,* Volume 43, 2018, 75-89, at pp. 75 and 77 – 79. Available at: https://www.gsb.uct.ac.za/files/UgandasPowerSectorReform.pdf <accessed on May 2, 2022>.

5 The Republic of Uganda, Ad hoc Committee on Energy (ACE) of the Parliament of Uganda, The Report of the Ad hoc Committee on Energy, on the Performance of the Electricity Sub-Sector in Uganda: September 2011 – October 2012, 2012, at p. 20. Available at: https://parliament-watch.ug/wp-content/uploads/2021/08/AD-HOC-Committee-on-Energy-on-the-Performance-of-the-Electricity-Sector.pdf <accessed on May 2, 2022>.

ii. Attracting significant private sector participation or investment in the power sector;
iii. Increasing access to electricity through additional customer connections with the existing infrastructure and through the Rural Electrification Programme;
iv. Removing real or perceived monopolistic structures in the sector and thereby create market conditions that would make for competition for services;
v. Achieving transparency in the regulation of power utilities;
vi. Improving the reliability and quality of electricity supply through improved monitoring and supervision of the sector and improved quality of services;
vii. Making the power sector financially viable and able to perform without subsidies from Government budget;
viii. Meeting growing demand for electricity and increasing coverage; and
ix. Taking advantage of export opportunities after satisfying local demand.

With the sector reforms came the enactment of the Electricity Act of 1999, Cap 145, which led to the unbundling of UEB in 2001 and the establishment of the Electricity Regulatory Authority (ERA) – a body mandated with the regulation of the industry.[6] ERA's functions, amongst others, include the issuance of licenses for the generation, transmission, distribution, or sale of electricity; to establish a tariff structure and to investigate tariff charges; to approve rates of charges and terms and conditions of electricity services provided by transmission and distribution companies.[7] More so, in the execution of its functions, ERA is mandated to ensure that licensees comply with the conditions of their licenses and protect the interests of consumers in respect of the prices, charges and other terms of supply of electricity and the quality, efficiency, continuity and reliability of the supply services.[8]

The liberalisation of the sector further saw the creation of three successor companies namely: Uganda Electricity Generation Company Limited (UEGCL) responsible for power generation; Uganda Electricity Transmission Company Limited (UETCL) responsible for power transmission; and Uganda Electricity Distribution Company Limited (UEDCL) responsible for the distribution of power to consumers.[9] The generation segment has a combination of the Government of Uganda-owned power plants, Independent Power Producers (IPPs), and

6 Section 4 of the Electricity Act, 1999, CAP. 145.
7 Section 10 of the Electricity Act, 1999, CAP. 145.
8 Section 11 (2) of the Electricity Act, 1999, CAP. 145.
9 Ad hoc Committee on Energy (ACE) of the Parliament of Uganda, Supra. n.2 at pp. 20 – 21.

Public-Private Partnerships (PPPs). The transmission segment is wholly owned by the Government of Uganda and managed by the single operator of the transmission system – UETCL - which directly executes Power Purchase Agreements with IPPs and manages the scheduling and actual dispatching of Power Plants. The distribution segment, just like generation, is also liberalized and has private players, as well as the Government of Uganda-owned distribution company – UEDCL.[10]

Entry of UMEME Limited

In order to attract foreign direct investment (FDI) into the electricity sector, the Government of Uganda engaged UMEME Limited as a private-sector concessionaire to restore, rehabilitate, expand, operate, and maintain the Uganda distribution network owned by UEDCL. Therefore, on 1st March 2005, a power distribution concession agreement was signed between the government of Uganda and UMEME Limited. The concession would run for 20 years, ending on the 28th February 2025.[11] However, according to the Ad hoc Committee on Energy (ACE), a body constituted in 2011 to investigate concerns in the electricity sub sector, it was found that the concession agreement was marred by lack of transparency, fraud, and unfavourably negotiated terms for the Government of Uganda – factors that have, in the long run set a defining foundation for the inherently poor performance of the power generation and distribution segments of the electricity sub-sector. The power distribution segment is characterised by dilapidated infrastructure due to underinvestment, high energy losses, high levels of government subsidies, poor quality of supply and energy utilisation, and high electricity end-user tariffs.[12]

Contrary to the expectation that the introduction of a private player – UMEME Limited – in electricity distribution would result in network expansion, efficiency, and lower tariffs, the electricity sub-sector continues to suffer high power distribution losses[13] which have contributed to posting Uganda's domestic tariff as

[10] ERA, Overview of Uganda's Electricity Sector, available at: https://www.era.go.ug/index.php/sector-overview/uganda-electricity-sector <accessed May 2, 2022>.

[11] Ministry of Energy and Mineral Development Sector Performance Report, 2020. p. 48, available at: http://www.energyandminerals.go.ug/site/assets/files/1081/2020_performance_review_report.pdf <accessed May 2, 2022>.

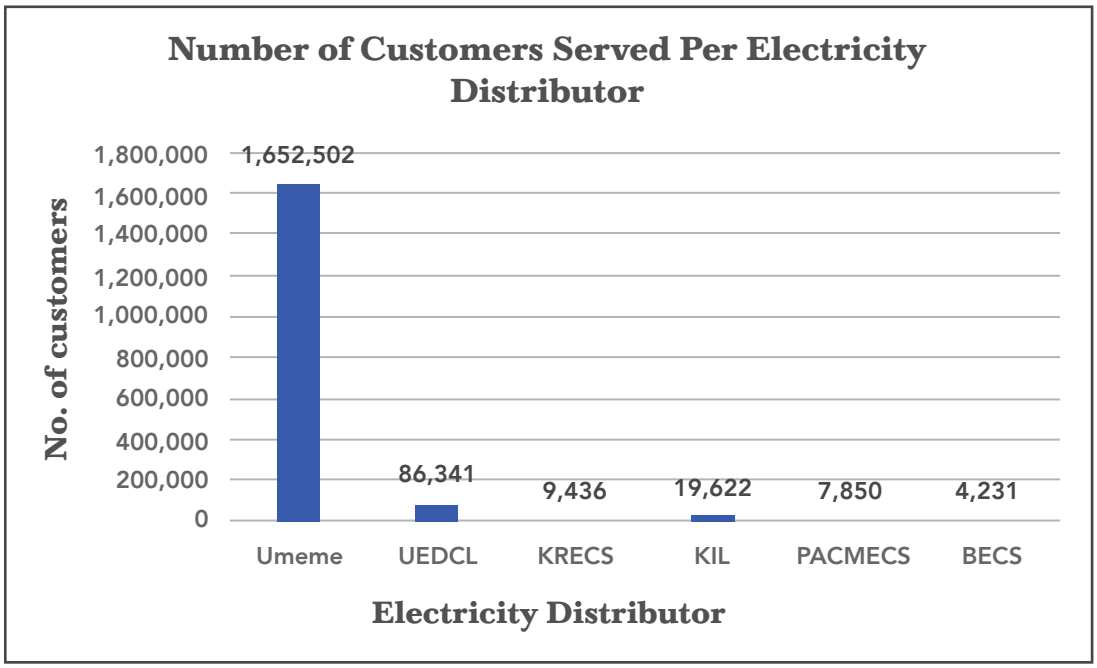
[12] Ad hoc Committee on Energy (ACE) of the Parliament of Uganda, Supra. n.2 at pp. 109 – 110.

[13] Distribution losses currently stand at 17%; See, ERA, Sector Update Newsletter – Issue 16, available at: https://www.era.go.ug/index.php/resource-centre/publications/sector-update-newsletter <accessed May 4, 2022>.

as the third highest in East Africa;[14] notwithstanding the existence of government subsidies to the sector. Moreover, it doesn't help that even though the power sector reforms sought to, 'remove real or perceived monopolistic structures', monopolistic structures still exist in electricity distribution. UMEME remains the largest distribution utility complemented by other mini utilities that operate largely in rural areas.[15]

Data available on the placing of UMEME as a major and nearly sole distributor of electricity to most Ugandans that can afford it confirms that the company enjoys a constructive monopoly in the sector that remains unremedied. As of Q1 2022, UMEME distributes electricity to 1,652,502 customers out of the total 1,779, 982 customers currently on the grid, taking on 92.8% of the customers today (See **Figure 1**).

Figure 1



Source: Electricity Regulatory Authority.[16]

[14] Uganda is recorded with a tariff at $ 0.19 per kilowatt hour right after Rwanda and Kenya at $0.26 and $ 0.22 respectively. Available at: https://www.statista.com/statistics/1277594/household-electricity-prices-in-africa-by-country/ <accessed May 4, 2022>.

[15] Ad hoc Committee on Energy (ACE) of the Parliament of Uganda, *Supra*. n.2 at p. 29.

[16] Electricity Regulatory Authority, Customer growth. 2022. Available at: https://www.era.go.ug/index.php/stats/distribution-statistics/customer-growth <accessed May 24, 2022>.

The entry of UMEME into Uganda created a monopoly. The monopolistic advantage afforded to UMEME Limited under the current arrangement has and continues to breed complacency and stifles competition that would foster efficiency in service delivery and reduction of distribution losses that in turn incrementally impact the cost of electricity[17]. Affordability of electricity therefore remains a key concern – one that has repercussions for the realisation of Ugandans' economic and social rights.

Because of the monopolistic nature of the institution, UMEME has been accused of exaggerating its investments in the electricity sector, failing to reduce the power losses that plagued UEB, inefficiency[18] and specifically as this report highlights, the high cost of the tariff for the final consumer. For those reasons, the 20-year concession of UMEME is being terminated by the government when it expires in 2025[19]. It is expected that post-Umeme, Uganda will form a state–owned electricity distributor (the National Electricity Company) or through UEDCL to take over under a buyout clause in their agreement[20] turning the electricity sector to its former public state. It is however uncertain if there will be a change in the costly tariff. Between now and the actual materialisation of the termination (if it will indeed materialise), UMEME's mandate and its attendant impact on access to affordable electricity continues.

Also note: There are 8 electricity distribution companies in Uganda and they include: Umeme Limited, West Nile Rural Electrification Company (WENRECo), Uganda Electricity Distribution Company Limited (UEDCL), Bundibugyo Electricity Cooperative Society (BECS), Kyegegwa Rural Energy Co-operative Society (KRECS), Pader-Abim Community Multi-Purpose Electric Co-operative Society (PACMECS), Kilembe Investments Limited (KIL), Hydromax, and Kalangala Infrastructure Services Limited (KIS). The UEDCL distributes and supplies electricity in the eight (8) Service Territories including the three (3) inherited from Ferdisult Engineering Services Limited (FESL). The territories are; Central North Service Territory (CNST), North North West Service Territory (NNWST), North East Service Territory (NEST), Mid-West Service Territory (MWST), Eastern Service Territory (EST), South Service Territory (SST), North West Service Territory (NWST), South West Service Territory (SWST). Available at: ERA, Uganda's Electricity Sector Overview, https://www.era.go.ug/index.php/sector-overview/uganda-electricity-sector and UEDCL, License and Regulation, https://www.uedcl.co.ug/license-regulation/ <accessed May 24, 2022>.

17 ERA, '12 - Why do consumers pay for Umeme energy losses?' Available at: https://www.era.go.ug/index.php/consumers/faq <accessed May 4, 2022>.

18 Elias Biryabarema, Uganda MPs urge government to terminate Umeme's power contract. Available at https://www.reuters.com/article/uganda-electricity-idUKL5N0J634Y20131121. <accessed 26 February 2023> and The Independent, Government confirms end of Umeme contract. Available at https://www.independent.co.ug/government-confirms-end-of-umeme-contract/. <accessed 26 February 2023>.

19 Ibid.

20 Ibid (the Independent).

2.0 Access to Affordable Electricity as a Human Right

Although access to affordable electricity is not explicitly recognised as a human right under international human rights frameworks, its centrality to the realisation of a host of rights[21] renders it inextricably linked to them.[22] This is also recognised and reinforced by the Constitution of the Republic of Uganda, 1995.[23] Access to [affordable] electricity directly improves living conditions by providing opportunities for additional services such as improved healthcare, education, communication, access to information and business opportunities.[24] The United Nations Sustainable Development Goal 7 (SDG 7) posits the imperative of ensuring access to affordable, reliable, sustainable and modern energy for all and acknowledges that reliable and affordable access to electricity saves and improves lives.[25] If anything, it is enough to prevent loss of life in the seemingly very likely event of conducting critical medical procedures with only a torchlight in the room due to unreliable electricity supply.[26]

Incidents of deaths have been recorded in Uganda where, in 2012, 150 babies on oxygen concentrators passed on because UMEME had turned off electricity

---

21 The International Covenant on Economic, Social and Cultural Rights (ICESCR) canvasses a number of such rights. For example, Article 11 of the Covenant sets out a number of rights essential for the realization of the right to an adequate standard of living, including access to "adequate food, clothing and housing, and to the continuous improvement in living conditions". Access to affordable electricity is fundamental to cooking, lighting, and heating. Article 12 of the Covenant further provides for the right to the highest attainable standard of physical and mental health. The Convention on the Elimination of Discrimination against Women, Article 14(2) equally requires States to eliminate discrimination against women particularly in rural areas and to ensure that they "enjoy adequate living conditions, particularly in relation to housing, sanitation, electricity and water supply, transport and communication.

22 Lars Löfquist (2020), Is there a universal human right to electricity? *The International Journal of Human Rights,* 24:6, 711-723, DOI: 10.1080/13642987.2019.1671355 at pp. 716 – 717. <accessed May 4, 2022>.

23 The Constitution of the Republic of Uganda, 1995 provides for the implementation of sustainable energy policies that will ensure that people's basic needs and those of environmental preservation are met. See: Objective XXVI of the National Objectives and Directive Principles of State Policy.

24 United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Electricity Access for Social Change, 2019, available at: https://www.unescap.org/events/electricity-access-social-change <accessed May 2, 2022>.

25 Sustainable Development Goals Overview: Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all, available at: https://unstats.un.org/sdgs/report/2017/-goal-07/ <accessed May 2, 2022>.

26 Save The Children, Childbirth in Uganda: Stories from Women and Health Workers. 2017. Available at: https://www.healthynewbornnetwork.org/hnn-content/uploads/Human-interest-stories-booklet_final.pdf <accessed May 16, 2022>.

without notice.[27] In 2015, Kiboga District Hospital was without electricity because the government had not paid the bill of over 100 million Uganda Shillings (US$26,600).[28] Access to healthcare was put on a halt and drugs and hospital equipment lay redundant for lack of electricity. Worse still, hospitals have lost crucial machinery due to the rampant power cuts. Mubende Regional Referral Hospital has reported such damage to machinery including theatre lights, X-ray exposure switches, dental surgical microscopes, and autoclave sterilisers among other items and although repairs may be done, the risk of continued and irreparable damage remains.[29] Reliable, affordable electricity is needed to keep people connected at home and to run life-saving equipment in hospitals.[30]

The centrality of access to electricity in the realisation of socio-economic rights is further exemplified in the education sector. Evidence shows that electricity is a lever to improve education and it improves school infrastructures, food preparation, learning conditions, increases study time due to lighting and facilitates the use of information technologies.[31] With the closure of schools in 2020 and 2021 and the government's encouragement of remote learning using online platforms, students that could not afford or access electricity were left behind.[32]

Not only are health and education rights undermined but also, the cost of unaffordable electricity is borne by the environment and this will only serve to

---

[27] Dalton Wanyera, 'Power cuts cause 150 hospital deaths,' *The Daily Monitor*, January 28, 2012. Available at: https://www.monitor.co.ug/uganda/news/national/power-cuts-cause-150-hospital-deaths-1508220 <accessed May 4, 2022>.

[28] Open Society Initiative for Eastern Africa (OSIEA), When electricity means life or death in public health facilities, 2019. Available at: https://www.osiea.org/amplifying_voices/when-electricity-means-life-or-death-in-public-health-facilities/ <accessed May 4, 2022>.

[29] Barbara Nalweyiso, 'Hospital loses vital medical kit in rampant power cuts,' Daily Monitor, July 7, 2022. Available at: https://www.monitor.co.ug/uganda/news/national/hospital-loses-vital-medical-kit-in-rampant-power-cuts-3872290 <accessed on July 7, 2022>.

[30] Sustainable Energy For All, Damilola Ogunbiyi: Power in a pandemic - why energy access matters during coronavirus, 2020, available at: https://www.seforall.org/news/power-in-a-pandemic-why-energy-access-matters-during-coronavirus <accessed May 4, 2022>.

[31] Economic and Social Commission for Asia and the Pacific (ESCAP), Supra., n. 15. See also, United Nations Department of Economic and Social Affairs, Electricity and education: The benefits, barriers, and recommendations for achieving the electrification of primary and secondary, schools, 2014, Available at: https://sustainabledevelopment.un.org/content/documents/1608Electricity%20and%20Education.pdf <Accessed on May 2, 2022>.

[32] Halima Athumani, 'Without Electricity, Uganda's Poor Children Bear Brunt of COVID-19 School Closures,' Voice of America, September 2, 2022. Available at: https://www.voanews.com/africa/without-electricity-ugandas-poor-children-bear-brunt-covid-19-school-closures <Accessed May 2, 2022>.

undermine the efforts to stop the adverse impacts of climate change, a growing threat to economic and social rights.[33] The Ministry of Water and Environment reported in 2016 that in 25 years Uganda's forest cover shrunk from 24% of the total land area in 1990 to 9% in 2015.[34] In the report, specific emphasis was placed on the ever-growing incidences of tree-cutting for firewood, timber and charcoal for energy as well as the growth of farms and towns as the main causes for the shrinking forest cover.[35]

The lack of access and inability to afford electricity has left 92% Ugandans[36] reliant on biomass (firewood and charcoal) as the source of over 90% of their household energy and are therefore unable to partake in climate sensitive alternative solutions such as the use of electricity for domestic purposes that MEMD reports, only 1% of the population does.[37] Even when they utilize electricity, the UHRC has reported that they use it is for low electric appliances like lighting, ironing, phone charging, entertainment and refrigeration. In the instance of heavy-duty functions such as cooking, households have turned to biomass.[38] It therefore remains evident that for the enjoyment of economic and social rights, the government of Uganda has to ensure access to affordable electricity for all.

---

[33] Committee on Economic Social and Cultural Rights, Climate change and the International Covenant on Economic, Social and Cultural Rights. Statement by the Committee on Economic, Social and Cultural Rights. E/C.12/2018/1. Available at: https://bit.ly/3sMbGe3

[34] Ministry of Water and Environment, State of Uganda's Forestry 2015, 2016. p. 47. Available at: https://www.nfa.go.ug/index.php/publications/reports/status-of-forest-cover-2016 <Accessed May 9, 2022>.

[35] *Ibid.* at p.52.

[36] Ministry of Energy and Mineral Development – MEMD, Energy and Mineral Development Sector: Sector Development Plan 2015/16 – 2019/20, 2015, at p. 10. Available at: http://npa.go.ug/wp-content/uploads/2018/01/Energy-Sector-Development-plan-Final.pdf <accessed May 24, 2022>.

[37] *Ibid.*

[38] Uganda Human Rights Commission – UHRC, The 24th Annual Report on The State of Human Rights and Freedoms in Uganda in 2021, 2022, Kampala, p. 127. Available at: https://www.uhrc.ug/download/24th-annual-report/?wpdmdl=1696&refresh=62f9f6e6a647e1660548838 <accessed June 20, 2022>.

3.0 The High Electricity Tariff

The ERA holds the mandate to set electricity tariffs in Uganda[39]. Overall control is placed on ERA that determines the final price to be levied in line with the Electricity (Application for Permits, License and Tariff Review Regulations, 2007) and " principles of tariff calculation and the terms of supply of the licensees in the Electricity Supply Industry".[40]

In determining what the tariff will be in a particular year or quarter, the ERA approves the use of what is called the "Multi Year Tariff Order (MYTO)", which is "a methodology used for determining tariffs across the electricity value chain"[41]. It is the same methodology that is used in a number of other countries including Nigeria and India. Through the MYTO, a 15-year tariff path is set which includes bi-annual minor reviews that take into consideration macroeconomic indicators like inflation rates, the cost of fuel and the exchange rate that go into the final tariff. A major review is made every after 5 years. Uganda however establishes a quarterly tariff review methodology.

With only 42.1% of the Ugandan population able to access electricity, it is no surprise that the question of affordability is pertinent today.[42] The Committee on Economic Social and Cultural Rights (CESCR) has enlisted guiding standards on the realization of economic, social and cultural rights such as the right to health, and the right to education that underscore accessibility, quality, availability and affordability among others as yardsticks for their realization.[43] As a derivative right[44], the right to electricity could be argued using these yardsticks, particularly accessibility and affordability with regards to high electricity tariffs. The availability

---

39 ERA, *Tariffs.* Available at https://www.era.go.ug/index.php/faq/tariffs. <accessed February 26, 2023>. ERA stipulates on its website that "The Electricity Regulatory Authority sets the Tariffs for consumers". We have however established that UMEME for instance sets its own tariff however following the approval of the ERA.

40 *Ibid*

41 ERA, What is *Multi – Year Tariff Order.* Available at https://www.era.go.ug/index.php/privacy-policy/96-frequently-asked-questions-faq/tariffs/161-what-is-multi-year-tariff-order. <accessed February 26, 2023>

42 World Bank, Access to electricity (% of population) – Uganda, https://data.worldbank.org/indicator/EG.ELC.ACCS.ZS?end=2020&locations=UG&start=2000&view=chart <accessed May 24, 2022>.

43 See, Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 14: The Right to the Highest Attainable Standard of Health (Art. 12) and General Comment No. 13: The Right to Education (Art. 13).

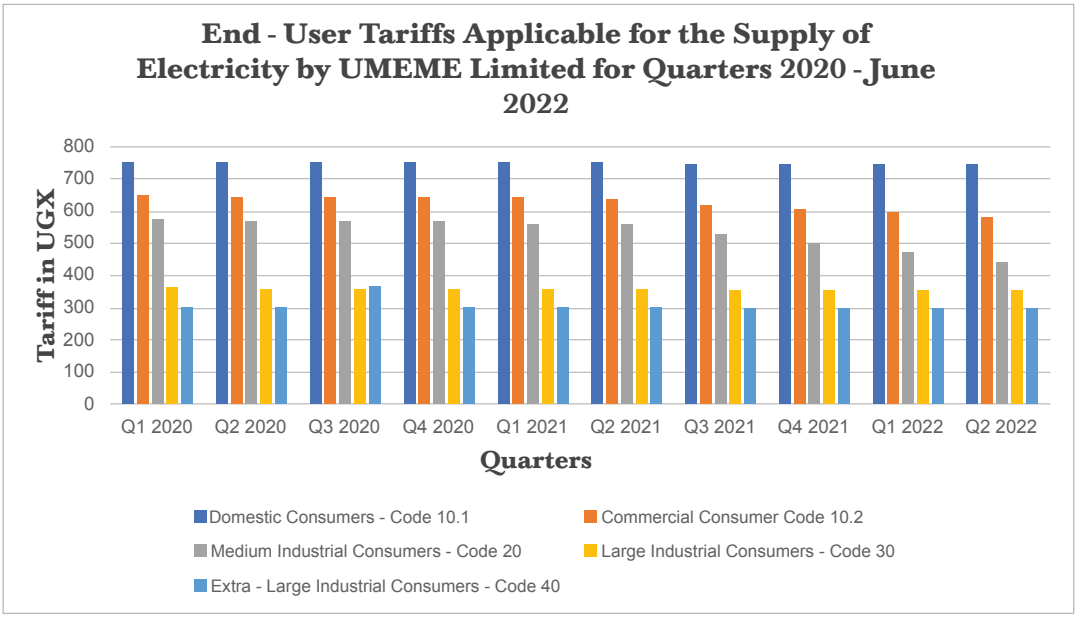
44 Lars Löfquist (2020), *Supra.*, n. 16.

and affordability of electricity are urgent issues of concern for Ugandans today if they are to enjoy social and economic rights.

A review of the electricity tariff rates as set by the Electricity Regulatory Authority (ERA) over the last 10 quarters from 2020 to June 2022 reveals that on average a domestic consumer (Code 10.1) pays UGX 749.6 per unit in comparison to the UGX 626.89 paid by Commercial Consumers (Code 10.2), UGX 534.36 by Medium Industrial Consumers (Code 20), UGX 358.74 by Large Industrial Consumers (Code 30) and UGX 307.96 by Extra–Large Industrial Consumers (Code 40) on average for each unit.

Figure 2 below illustrates that domestic consumers (Code 10.1) pay more compared to all commercial consumers of different sizes. Even at the height of the unprecedented COVID-19 pandemic, through 2020, when all Ugandans were at home during the various government mandated lockdowns and in need of electricity in order to realise their economic and social rights, the tariff remained starkly high.

Figure 2

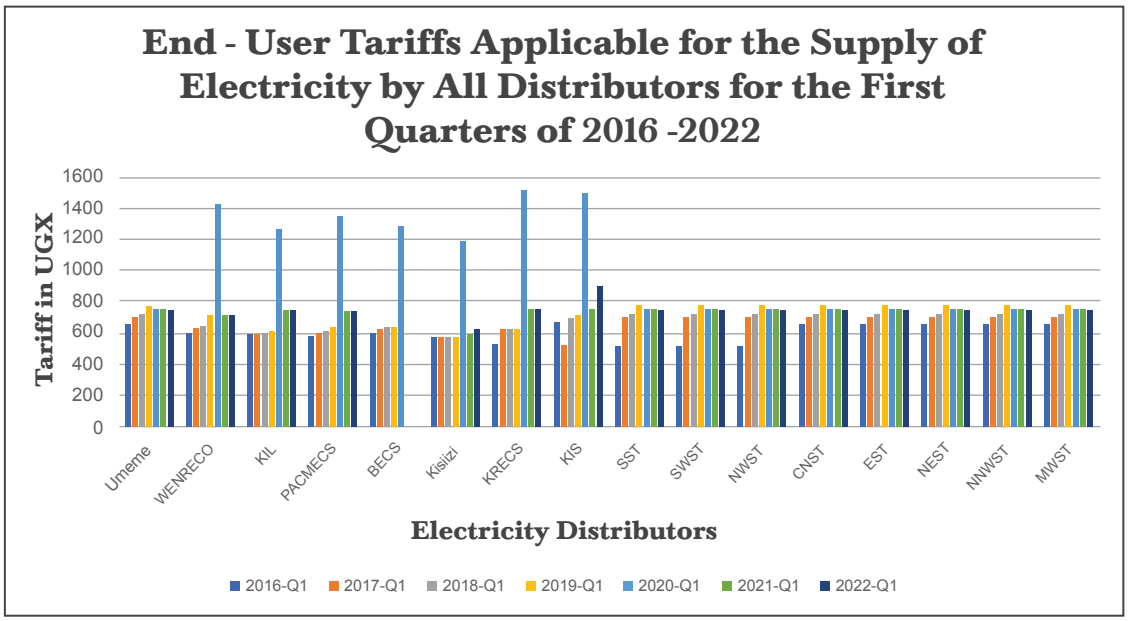


Source: Electricity Regulatory Authority.[45]

[45] ERA, Tariff Schedules. Available at: https://www.era.go.ug/index.php/tariffs/tariff-schedules <accessed on May 24, 2022>.

Further still, from the statistics above, it can be deduced in the first quarter of each year alone, that for all the electricity distribution companies (See **Figure 3**), over the last 7 years to date the high tariffs have affected all the 1,684,822 domestic consumers in Uganda that are able to access electricity from any distributor and not only UMEME.[46]

Figure 3



Source: Electricity Regulatory Authority.[47]

It is notable though that, due to the constructive monopoly of UMEME, over a period of five years 2016 – 2020, the domestic consumers using UMEME had the highest tariff over and above the tariff of commercial customers, medium Industries, large industries and extra-large industries.[48]

Without distinction by electricity distributor, **Figure 3** reveals that high tariffs have remained with a sharp increase in early 2020 and decline in the first quarter of the

[46] Electricity Regulatory Authority, Customer growth. 2022. Available at: https://www.era.go.ug/index.php/stats/distribution-statistics/customer-growth <accessed May 24, 2022>.

[47] ERA, Electricity Distribution Tariffs. Available at: https://www.era.go.ug/index.php/distribution-tariffs-link/186-distribution-tariffs/download <Accessed May 24, 2022>.

[48] Ministry of Energy and Mineral Development, Statistical Abstract, 2020, at pp. 28 – 29. Available at: https://energyandminerals.go.ug/wp-content/uploads/2020/07/2020-Statistical-Abstract.pdf <accessed on May 24, 2022>

the years 2020 and 2021, possibly due to the impact of the pandemic.[49] Still, some companies such as KIL, PACMECS, KRECS have nevertheless since registered a steady increment in prices as evidenced above. This is regardless of the continued exacerbation of living conditions in the country such as the rising cost of living amidst increased levels of unemployment due to COVID – 19 closure and downsizing of various institutions and businesses during the shutdown of the economy in 2021 and 2022.[50]

High tariffs and price increments only serve to undermine affordability and accessibility to electricity and yet many workers today work from home, while some schools have adopted hybrid (online and in-person) ways of learning. According to Powering Health Care, hospitals' already underserved energy needs[51] have exponentially increased due to the heightened burden of the COVID-19 pandemic that has strained the already existing primary health care needs. Yet still, in addition to challenges in affordability and access to electricity, even for the few consumers who are able to scrape the means and afford the high tariffs, reliability of the electricity supply is an issue that even costs lives[52] further compounding the challenges with the execution of the mandate of UMEME.

Whilst statistics show that the largest percentage of electricity consumers amongst Ugandans who have access to electricity is the domestic consumer at 95% (See **Figure 4**), the subsidization of the high electricity tariff to make electricity more substantively affordable and accessible for them is yet to be a consideration even after persistent pleas.[53]

---

[49] The ERA reported that this is due to the increased demand for electricity caused by the reopening of the economy since its closure during the coronavirus pandemic and initiatives such as the 'Cooking Tariff'. See: Julius Barigaba, 'Uganda powers industry with lower energy tariff,' *The East African*, April 15, 2022. Available at: https://www.theeastafrican.co.ke/tea/business/uganda-powers-industry-with-lower-energy-tariff-3782694 <accessed on May 26, 2022>.

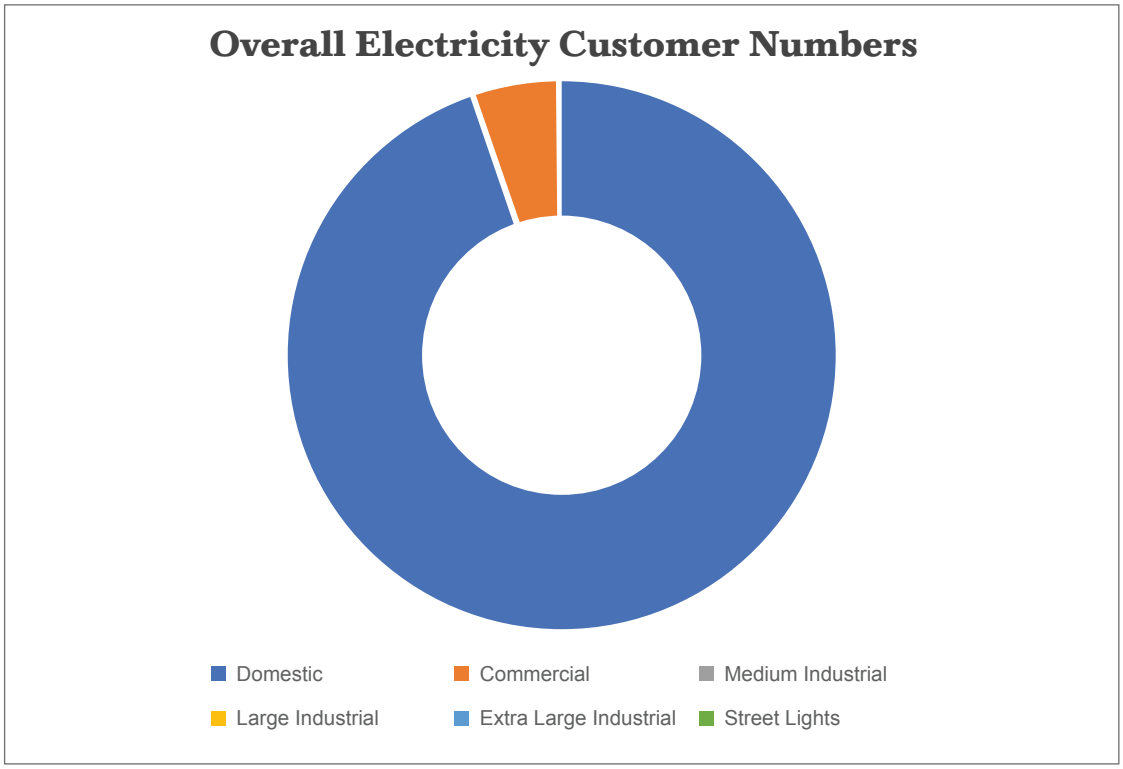
[50] Denis Maya and Smartson Ainomugisha, 'How COVID-19 has worsened inequality conditions in Uganda,' *Economic Policy and Research Centre*, November 10, 2021. Available at: https://eprcug.org/eprc-highlights/how-covid-19-has-worsened-inequality-conditions-in-uganda/ <accessed on May 26, 2022>.

[51] Powering Health Care, Health Facility Energy Needs Assessment: Uganda Country Summary Report, 2015. p. 19. Available at: https://poweringhc.org/wp-content/uploads/2018/04/Uganda-Country-Summary-Report-Final-Draft-090115.pdf <accessed on May 26, 2022>.

[52] *Supra.* at n. 23. See also: The Independent, 'Gulu hospital struggles to treat patients in ICU over power outage,' June 30, 2021. Available at: https://www.independent.co.ug/gulu-hospital-struggles-to-treat-patients-in-icu-over-power-outage/ <accessed May 26, 2022>.

[53] Parliament of the Republic of Uganda, 'Lower domestic electricity tariffs – LOP,' March 3, 2022. Available at: https://www.parliament.go.ug/news/5717/lower-domestic-electricity-tariffs-lop <accessed on May 26, 2022>.

Figure 4



Source: Electricity Regulatory Authority.[54]

It is notable though, that substantial subsidization has only been considered and offered to the commercial consumers in Uganda in a bid to push the country towards an industrialized economy and middle-income status.[55] This seems to be at the expense of the domestic consumers, that is, the average Ugandan for whom the high tariffs remain a constant. In the pursuit of middle-income status, the Ugandan government listened to the outcry against having the highest commercial tariff in East Africa[56] and made considerable subsidies to remedy this issue in order

[54] *Supra*, n.37.

[55] Stephen Kafeero and Elizabeth Kamurungi, 'How will Ugandans benefit from middle income status?' The Daily Monitor, February 16, 2022. Available at: https://www.monitor.co.ug/uganda/news/national/how-will-ugandans-benefit-from-middle-income-status--3718806 <accessed on May 26, 2022>.

[56] Isaac Khisa, 'Can Uganda survive with highest electricity prices in EA?' The Independent, January 13, 2017. Available at: https://www.independent.co.ug/can-uganda-survive-with-highest-electricity-prices-in-ea/2/ See also: Ibrahim Kasita, 'Uganda's power tariffs are the highest in East Africa,' The New Vision, available at: https://www.newvision.co.ug/news/1167274/uganda-eur-power-tariffs-east-africa < all accessed on May 27, 2022>.

to encourage investment and more industrialization. Soon after this outcry, in 2018, the ERA announced Tariff reductions for the Extra-Large Industrial Consumers from UGX 369.5 to 314.1 – a 15% reduction attributed to the debt refinancing of the Bujagali Hydro Power Plant. In the same breath, the authority made price increments for all other categories, specifically, for the domestic consumer there was a 7.3% increase to UGX 771.1 from UGX 718.5. This, though, was attributed to 'the depreciation of the Uganda Shilling against the United States Dollar during the Second Quarter of 2018 and the increment in the international price of fuel, among other factors.'[57]

Further still, a closer look at the tariff structure for the year 2021 revealed steady and consistent subsidizations in tariffs for commercial and medium industrial consumers. There was a 0.4% (UGX 2.6) and 0.7% (UGX 4.2) subsidization respectively in the second quarter.[58] By the third quarter, they were further given at least a UGX 25 subsidization in comparison to the reduction for domestic consumers that stood at UGX 3.4.[59] In the fourth quarter, further reductions of at least UGX 10 were given to these consumers while the tariffs for domestic consumers remained unchanged.[60] These price reductions in the electricity tariff were afforded to commercially oriented consumers to support them recover from the adverse impacts of the COVID-19 pandemic in the hope that they would contribute to the country's economic recovery.[61] It is worth asking whether domestic consumers were, and still are, not in need of support in the form of substantial electricity tariff reductions following the adverse impact of the COVID-19 pandemic.

As the high tariff persists, it rules out use of sustainable energy (in the form of electricity) for many Ugandans and leaves them unable to adopt climate-sensitive energy sources and still fully enjoy their social and economic rights.

---

[57] ERA, 'ERA Reduces Electricity Tariffs for the Extra-Large Industrial Consumers,' July 11, 2018. Available at: https://www.era.go.ug/index.php/media-centre/what-s-new/235-era-reduces-electricity-tariffs-for-the-extra-large-industrial-consumers <accessed May 27, 2022>.

[58] ERA, 'ERA Reduces Tariffs for the Second Quarter of 2021,' April 13, 2021. Available at: https://www.era.go.ug/index.php/media-centre/what-s-new/354-era-reduces-tariffs-for-the-second-quarter-of-2021 <accessed on May 27, 2022>.

[59] ERA, 'ERA Reduces Electricity Tariffs for the Third Quarter of 2021,' July 9, 2021. Available at: https://www.era.go.ug/index.php/media-centre/what-s-new/362-era-reduces-electricity-tariffs-for-the-third-quarter-of-2021 <accessed on May 27, 2022>.

[60] ERA, 'ERA reduces electricity tariffs for the fourth quarter of 2021,' October 7, 2021. Available at: https://bit.ly/3mcQ6M9 <accessed on May 27, 2022>.

[61] *Ibid.*, at notes 49, 50, and 51. See also: UHRC (2022), Supra. at n.32 at pp. 127.

4.0 The Case for Subsidization of the High Electricity Tariff

An understanding of subsidization in the electricity context can be deduced from the International Energy Agency – IEA's widely adopted definition of energy subsidies as any government action that concerns primarily the energy sector that lowers the cost of energy production, raises the price received by energy producers or lowers the price paid by energy consumers.[62]

Arguments have been made against the perception of electricity as a right and against subsidization. It is been argued that subsidization does not ensure access to electricity for all because subsidizing electricity instead harms the growth of the energy sector because subsidies distort markets, are costly and open to abuse (theft and nonpayment), tend to accrue to wealthy households, electricity distribution becomes loss-making and if they result into higher energy consumption, harm the environment.[63] Nevertheless, a case still remains for the intrinsic nature of access to electricity as a determinant of the realization of already recognized social and economic rights as exemplified above in earlier sections of this brief. The Ugandan government ought to approach this as a welcome challenge to find ways to support Ugandans thrive in this fast paced and constantly disrupted world.

There has been some effort by the Ugandan government towards subsidization of electricity for the domestic consumers embodied in the existence of the ***Lifeline (Social) tariff*** and the ***Cooking tariff.***

4.1 A Perspective on the Lifeline (Social) Tariff

ERA prescribed a Lifeline (Social) Tariff aimed at making electricity affordable for the 'poor or those who would otherwise be able to afford the services only with great sacrifice or not at all.'[64] This tariff is often designed for low-income electricity

---

[62] IEA (2006), Carrots and Sticks: Taxing and Subsidising Energy, IEA, Paris. Available at: https://www.iea.org/reports/carrots-and-sticks-taxing-and-subsidising-energy <accessed on May 27, 2022>.

[63] Burgess, R., Greenstone, M., Ryan, N. and Sudarshan, A., 2020. 'The consequences of treating electricity as a right.' *Journal of Economic Perspectives,* 34(1), pp.145-69. Available at: https://www.aeaweb.org/articles?id=10.1257/jep.34.1.145 <accessed June 3, 2022>. **See also:** Alleyne, M.T.S.C. and Hussain, M.M., 2013. *Energy subsidy reform in Sub-Saharan Africa: Experiences and lessons.* International Monetary Fund. Available at: https://doi.org/10.5089/9781484366547.087 <accessed June 3, 2022>.

[64] Electricity Regulatory Authority, Tariff Determination in the Uganda Electricity Sector, October 2006, at pp. 6 – 7. Available at: https://rise.esmap.org/data/files/library/uganda/Cross-cutting/CC%2023.1,%20Tariff%20Setting%20Guide.pdf <accessed on May 27, 2022>.

consumers in both rural and urban areas to permit the consumption of a minimum block of power at a subsidized rate. These lifeline rates are subsidized and are thus lower than the true costs of supply. In Uganda, the lifeline rate is currently at 15Kwh at UGX 250 per unit following a UGX 100 increase from UGX 150 at the end of 2018,[65] and is only available to domestic customers whose consumption does not exceed 100 units per month based on their six months running average. This was recently reviewed and no longer requires the six months running average, consumption of less than 100 units per month suffices.[66]

The Lifeline (Social) tariff, whilst essential and useful, does not offer substantial subsidization of electricity for many consumers whose energy needs as of 2011 stood at 40Kwh for grid connected households[67] and it is arguable that currently these needs remain considerably above the 15Kwh per month offered by the tariff. Therefore, while it is an effort towards subsidization, there is still more to be done because even with the tariff in existence, unfortunately, data shows that most of the poor households do not benefit from lifeline tariffs because many (over 57% of the Ugandan population) are yet to access electricity[68] and many with larger family sizes (grown by number of children) consume at levels above "lifeline thresholds" considering their energy needs.[69]

4.2 The Illusory Promise of the 'Cooking Tariff'

In a far more recent move, in December 2021, the ERA reviewed the electricity tariff structure and launched the 'Cooking Tariff', pursuant to the State's efforts towards realizing SDG 7 that calls for affordable, reliable, sustainable and modern

---

65 ERA, Schedule of Base End-User Tariffs Applicable for the Supply of Electricity by Umeme Limited for the Year 2019, December 27, 2018. Available at: https://www.era.go.ug/index.php/tariffs/tariff-schedules/341-schedule-of-base-end-user-tariffs-applicable-for-the-supply-of-electricity-by-umeme-limited-for-the-year-2019/download <accessed on May 27, 2022>.

66 ERA, Energy Minister Launches Reviewed Electricity Tariff Structure, December 26, 2021. Available at: https://www.era.go.ug/index.php/media-centre/what-s-new/371-energy-minister-launches-reviewed-electricity-tariff- <accessed on May 27, 2022>.

67 Blimpo, Moussa P. & McRae, Shaun & Steinbuks, Jevgenijs. (2018). Why Are Connection Charges So High? An Analysis of the Electricity Sector in Sub-Saharan Africa, World Bank, p.7. Available at: https://www.researchgate.net/publication/347628585_Why_Are_Connection_Charges_So_High_An_Analysis_of_the_Electricity_Sector_in_Sub-Saharan_Africa <Accessed on May 27, 2022>.

68 World Bank, Access to electricity (% of population) – Uganda, *supra*. n.33.

69 Coady, D., V. Flamini, and L. Sears (2015). 'The Unequal Benefits of Fuel Subsidies Revisited: Evidence for Developing Countries'. International Monetary Fund, IMF Working Paper WP/15/250, p.13. Available at: https://www.imf.org/external/pubs/ft/wp/2015/wp15250.pdf <accessed on May 27, 2022>.

energy for all by 2030, specifically reducing the cost of electricity.[70]

> 'The Cooking Tariff is a strategy by the Government of Uganda to displace charcoal and other biomass sources of cooking fuel by making the cost of electric cooking lower than [the cost of] cooking using charcoal in homes. It is being introduced under a Declining Block Tariff Structure, which allows for differentiated Tariff levels based on the amount of energy consumed, whereby the units of Electricity consumed by a Domestic Customer beyond a set monthly threshold announced by the Authority are charged at a Lower Tariff. With the Cooking Tariff, consumers will pay UGX. 412 for each Unit of Electricity in the threshold approved by ERA (81st to 150th Units).'[71]

This new tariff is associated with 'health benefits for communities, cost savings, and the convenience of clean cooking.'[72] The genesis of this tariff is steeped in recognition of affordability of some consumers who had maintained use of biomass for their energy needs due to the high cost of electricity, the need for sustainable energy sources and protection of the environment as well as increasing demand for electricity since Uganda's Government and private sector players have invested a lot in power generation.

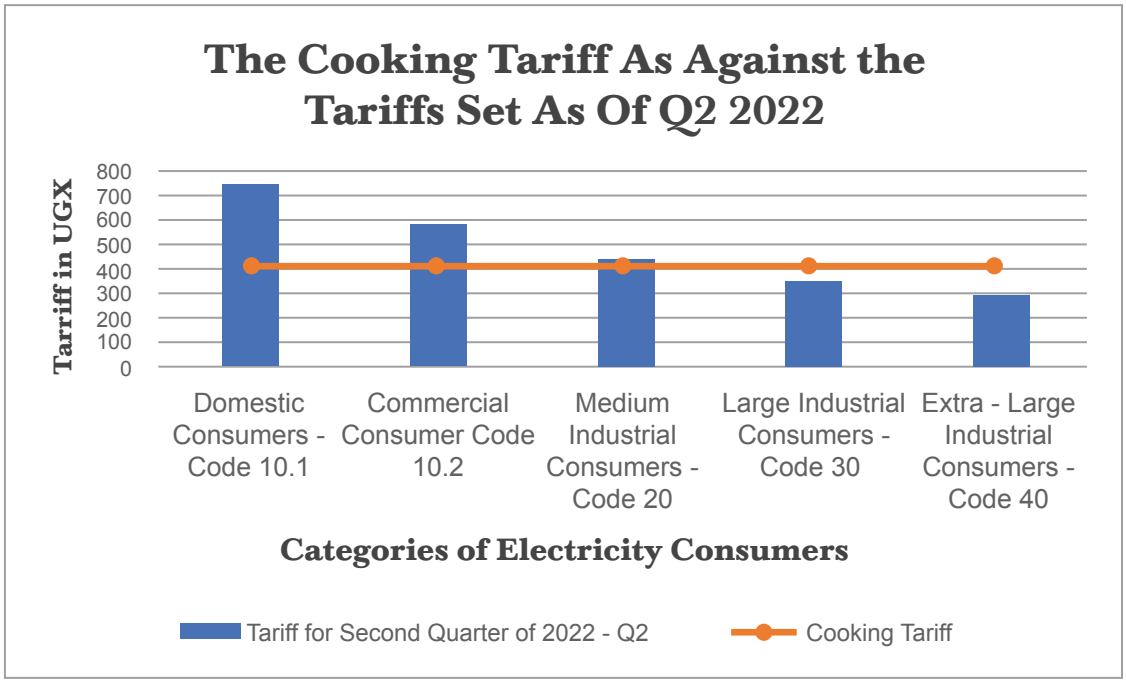
The catch, however, is that for one to benefit from this tariff they need to have purchased at least 80 units at the current high tariff at UGX 747.5 (**Figure 2**) and in the event that they purchase more units, in the same month, only the next 70 units will be charged at the rate of this cooking tariff, that is UGX 412. Any more units after the additional 70, still in the same month, will be charged at the rate of the high tariff.

It is worth noting that still, as of the second quarter of 2022, even the cooking tariff rate at UGX 412 per unit is only lower than the UGX 580.6 paid by Commercial Consumers (Code 10.2), and UGX 439.1 paid by Medium Industrial Consumers

70 ERA, Energy Minister Launches Reviewed Electricity Tariff Structure, *supra.*, n. 57.
71 *Ibid.*
72 *Ibid.*

(Code 20); but is still higher than the UGX 355 paid by Large Industrial Consumers (Code 30) and UGX 300.2 paid by Extra–Large Industrial Consumers (Code 40) for each unit (See **Figure 5**).[73]

Figure 5



Source: Electricity Regulatory Authority.[74]

With this understanding, for one to qualify for the cooking tariff, they need to be able to expend at the very least UGX 59,800 (UGX 747.5 x 80 units) per month and have to add spare money, about UGX 28,840 (UGX 412 X 70 units), to purchase the subsidized units at the tariff rate, a total expense at UGX 88,640. As per the Uganda National Household Survey (UNHS) 2019/2020, this would mean expending 26.1%[75] of the monthly consumption expenditure per household; leaving 73.9% for the other needs including housing, access to clean water, food and clothing among others (see **Figure 6**). In a country where where only 1% of the

[73] ERA, Tarriff Schedules. Available at: https://www.era.go.ug/index.php/tariffs/tariff-schedules <accessed on May 24, 2022>.

[74] *Ibid.*

[75] Using the UNHS 2019/20 value for National monthly consumption at UGX 339,263 (see **Figure 6**).

working population earn more than one million Uganda shillings[76] and where during the COVID-19 related lockdown 780,000 people were pushed into poverty,[77] this does not qualify as a subsidy if it benefits a select few and leaves the majority of already excluded people to only aspire to the supposed subsidy intervention.

Figure 6

Table 6.1: Monthly consumption expenditure per household, UGX (in 2009/10 prices)

	2016/17			2019/20			Annualised growth, %		
	Rural	Urban	All	Rural	Urban	All	Rural	Urban	All
	269197	465,369	324,288	285,119	466,082	339,263	1.8	0.0	1.4
Kampala		610,263	610,263		547,011	547011		-3.5	-3.5
Central*	335,495	490,901	397,862	325,811	565,959	426,269	-0.9	4.5	2.2
Eastern	217,564	294,729	229,783	280,907	350,545	293,544	8.1	5.5	7.7
Northern	215,412	410,034	246,734	211,076	312,361	230,448	-0.6	-8.6	-2.2
Western	315,905	424,027	339,288	322,945	381551	335,562	0.7	-3.3	-0.3

Notes: (a) Estimates as reported by households but adjusted for inter-temporal price variations (inflation).
*(b) Per household expenditures are computed in the "macro" way as estimated aggregate consumption expenditure divided by estimated households. (c) *Central excludes Kampala. Source: UNHS 2016/17 and 2019/20.*

Source: The Uganda National Household Survey (UNHS) 2019/2020[78]

Therefore, it is arguable that the 'Cooking Tariff' subsidy only benefits very few in a high-income bracket, and instead of serving the Ugandans in need of affordable electricity, it serves to leave them even further behind.

4.3 Comparative Perspectives: India, Ghana and Zambia

India

Experiences from India show that intentional and targeted subsidization of electricity in terms of socio-economic status, energy needs, geographical location

[76] Bank of Uganda, Financial Capability Survey (FCS), 2020, pp. 12 – 13. Available at: https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/PaymentSystems/Financial-Capability-Survey-2020-Report.pdf <accessed May 30, 2022>.

[77] UHRC (2022), *Supra.*, n. 32. at p.128.

[78] Uganda Bureau of Statistics (UBOS), 2021. Uganda National Household Survey 2019/2020. Kampala, Uganda; UBOS. Available at: https://www.ubos.org/wp-content/uploads/publications/09_2021Uganda-National-Survey-Report-2019-2020.pdf <accessed May 30, 2022>.

ensures that the intended beneficiaries of the subsidies benefit.[79] The subsidization is based on how much customers consume and is based on factors such as poverty, location and work especially agriculture. The country's experience, although with some failings, has seen increased access to electricity for the most vulnerable depending on their specific vulnerabilities. Not only is the Indian experience insightful on the importance of subsidies as a cushion when the pandemic undermined the greater percentage of Indians' affordability of electricity, but it is also a source of lessons on the need to ensure that the most vulnerable benefit from subsidies more than the privileged. Lessons from the Indian experience underscore the importance of clear disaggregated data on citizens in need of the subsidies, ensuring that subsidies do not undermine the business of the electricity service providers, clear set up of a system of implementation and review of the efficacy of the subsidies for better implementation in the long run.[80]

Ghana

On the other hand, Ghana offers a noteworthy perspective on the urgency for governments to intervene on the affordability issue as a hinderance of access to electricity in light of the adverse impact of the COVID-19 pandemic on citizens' socio-economic circumstances. The Ghanaian government provided free electricity (up to 50 kWh per month) for three months to "lifeline customers," who consumed less than 50kWh in the month of March 2020. Lifeline customers in Ghana account for about a third of all customers. Households that consumed more than the lifeline amount were promised a 50% reduction in the cost of electricity over the same time period, April-June 2020.[81]

At such a crucial time during the onset of the pandemic, not only did this reduce face to face engagement but it was also easy to implement. Ghana's experience reinforces the need for clear disaggregated data on citizens in need of the subsidies, as highlighted in the Indian experience above. In Ghana, although rural households benefitted more than urban households, still the non-poor and the

[79] Tilak Siyambalapitiya, Tariff Appraisal Study: Balancing Sustainability and Efficiency with Inclusive Access, ADB South Asia Working Paper Series, No. 60, Otober 2018, pp. 24 – 27. Available at: http://dx.doi.org/10.22617/WPS179075-2 <accessed June 3, 2022>.

[80] International Institute for Sustainable Development, Unpacking India's Electricity Subsidies: Reporting, transparency, and efficacy, December 2020. Available at: https://www.iisd.org/publications/india-electricity-subsidies <accessed June 3, 2022>.

[81] Wolfram, Catherine. "Subsidizing Electricity During a Pandemic: Lessons from Ghana" Energy Institute Blog, UC Berkeley, July 20, 2020, https://energyathaas.wordpress.com/2020/07/20/subsidizing-electricity-during-a-pandemic-lessons-from-ghana/ <accessed June 3, 2022>.

non-lifeline households generally enjoyed higher welfare gains than the poor and lifeline households.[82] Nevertheless, it is not lost on Ghanaians that the subsidisation was a very welcome respite in spite of some concerns. Ghana exemplifies that ensuring that subsidies benefit those in most need of the electricity requires consideration of contextual complexities such as those who pay for electricity through their landlords, the existing percentage not connected to electricity, and multiple households sharing one meter that may result in excluding them where they would have benefitted for such subsidies individually.[83]

Zambia

On an alternative note, the Zambian experience shares implementation for a long period of time like India and government initiative to subsidize electricity for domestic consumers without ensuring to target the most vulnerable as in Ghana. The results of this comparison are resourceful as Uganda looks into subsidizing the high tariff.

ZESCO, Zambia's state-owned power company, has over the years heavily subsidized electricity tariffs with consumers, businesses and the mines all paying below the unit cost for producing power selling power at a loss. The company offers some the subsidised electricity in the region. Following recent reforms, for instance, the lifeline tariff block was reduced from 300 kWh to 200 kWh to minimise the subsidy losses from the provision of subsidised electricity.[84] Comparatively, even at 200 kWh, Zambia's lifeline tariff is still 185 kWh units more than Uganda's and 150 kWh units more than Ghana's. According to Cuts International Zambia, the subsidies are highly regressive and inefficient. The untargeted nature of the subsidy scheme means that all consumers, regardless of their ability to pay, have access to highly subsidised rates under the generous lifeline tariff. Still, even for Zambia, more than 60% of total electricity subsidies accrue to the richest 20% of the population, while the poorest 20% only receive less than 1% of the electricity subsidies and a large proportion of the poor are yet to access electricity and do not benefit from the subsidies.[85]

---

82 Nkrumah, R.K., Andoh, F.K., Sebu, J., Annim, S.K. and Mwinlaaru, P.Y., 2021. COVID-19 water and electricity subsidies in Ghana: How do the poor benefit?. Scientific African, 14, p.e01038. Available at: https://doi.org/10.1016/j.sciaf.2021.e01038 <accessed June 3, 2022>.

83 Supra. Wolfram, at n. 70 and Nkrumah et. al., at n. 71.

84 CUTS (2020), 'Targeting Residential Electricity Subsidies in Zambia', CUTS International, Lusaka. Available at: https://cuts-lusaka.org/pdf/policy-brief-targeting-residential-electricity-subsidies-in-zambia.pdf

85 Maboshe, Mashekwa & Kabechani, Akabondo & Chelwa, Grieve, 2019. "The welfare effects of unprecedented electricity price hikes in Zambia," Energy Policy, Elsevier, vol. 126(C), pp. 108-117. Available at: https://ideas.repec.org/a/eee/enepol/v126y2019icp108-117.html

As a result of this state of affairs, the low tariffs have disincentivized the necessary private investment in the energy sector because they are not likely to make a return on their investment, and left issues such as unreliable electricity and other challenges to foster. Some of the recommended reforms the Zambia government has received include lowering the lifeline tariff from 200 kWh to the recommended 50-75 kWh per month for domestic consumers, targeting the electricity subsidies as well as setting reflective tariffs.[86]

The Zambian experience evidences the impact of subsidization without clear targeting and how this reinforces anti-subsidization arguments because not only does such general targeting undermine the business of the electricity service providers but it also makes a case for arguments that subsidies do not work. Zambia largely offers lessons that Uganda's ERA could learn from in order to subsidize the high tariff for domestic consumers effectively, maintain cost effective tariffs and still attract necessary investment in the sector. It underscores the importance of targeted subsidization as already highlighted by the India and Ghana cases but also serves as a lesson that if not done effectively, subsidization could have adverse results instead.

Furthermore, it highlights that even the 15kWh lifeline tariff offered by the Ugandan government does not compete in the region and should be increased to the recommended 50-75 kWh per month for domestic consumers.

As electricity prices continue to grow, evidence across the board shows that subsidies are more than welcome in order to ensure access to electricity for all without leaving any one behind. In such unprecedented times, it is ever more urgent for governments to act and address the high electricity tariff to meet the needs of the most vulnerable. The comparative experiences above from India, Ghana and Zambia evidencing long term subsidization, emergency subsidization and the need for designing of context specific subsidies, respectively, show that subsidizing Uganda's high tariff for the domestic consumers is possible. The need for electricity subsidization buttresses the essentiality of data/statistics on populations in the realization of human rights. The experiences registered above show that for subsidies to effectively work, data informed and targeted subsidies such as specifically towards domestic consumers could be a potentially better approach for the ERA.

[86] *Ibid.*

5.0 Conclusion and Recommendations

Although there's no single answer to getting tariffs right, the question of affordability of electricity stands urgent and policy makers, as well as other key stakeholders, should address it as such. The adverse impact of the high electricity tariff cannot be ignored or else it costs us Ugandans' lives and the realization of their human rights. In Uganda, sadly, the reform process meant to deliver the sector to efficiency and affordability for all was presided over by irregularities and incompetence from the onset. And unfortunately, the concession agreement bars the government from exploring an early termination option. To that end, therefore, we recommend the following;

a. Subsidization of the domestic consumers' tariff in order to ensure access to electricity for all. Such subsidization should be informed by clear data on domestic consumers and accompanied with criteria of eligibility that prioritizes the marginalized and vulnerable in access to electricity.
b. Non-renewal of the UMEME concession in 2025 as pledged by the government. At the expiration of the running concession, government should not renew the private utility's concession. The irregularities characterizing the procurement of UMEME Ltd notwithstanding, evidence abounds that the entity has failed to meet the 1999 electricity sector reform agenda – most importantly improving efficiency in service delivery and ensuring affordable access to electricity for all.
c. Following the expiration of the concession, the government ought to ensure that the process of procuring another electricity distribution utility is competitive, transparent and negotiation is presided over by technically astute officials. More so, monopolistic arrangements should not be encouraged so as to foster market competitiveness which in turn facilitates quality service provision.
d. Increase the Lifeline tariff from the current 15kWh to the recommended 50-75 kWh per month for domestic consumers as done in other countries in the region.
e. To counter the high energy losses, especially those occasioned by clandestine power theft, the government should invest in strengthening enforcement mechanisms to curb such leakages.
f. Adopt the recommendation by The Committee on Environment and Natural Resources regarding the utilization of resources from the Electricity Endowment Fund provided for in the Electricity (Amendment)

Bill, 2022 to be utilized in the reduction of the domestic tariff. The recommendation is quoted below.

> 'The levy currently charged at 5% of the transmission bulk purchases of electricity from generation stations therefore need not be charged to the end-user consumer.
> This provision should be allotted to the reduction in the tariff for the domestic consumers which currently stands at UGX. 747.5 and is the highest among the tariff categories. If this is implemented, it would result into a reduction in transmission cost by UGX. 60.6 Billion resulting into an immediate tariff reduction for the domestic consumers by 12.7o/o from the current UGX. 747.5 to UGX. 652.7.'[87]

[87] Parliament of the Republic of Uganda, Report of the Committee on Environment and Natural Resources on The Electricity (Amendment) Bill, 20/22, pp. 6 – 8. Available at: https://parliament-watch.ug/wp-content/uploads/2022/04/NAR3-22-Report-on-the-Electricity-Amendment-Bill-2022.pdf <accessed May 4, 2022>.

6.0 References

Alleyne, M.T.S.C. and Hussain, M.M., 2013. *Energy subsidy reform in Sub-Saharan Africa: Experiences and lessons.* International Monetary Fund.

Bank of Uganda, Financial Capability Survey (FCS), 2020.

Blimpo, Moussa P. & McRae, Shaun & Steinbuks, Jevgenijs. (2018). Why Are Connection Charges So High? An Analysis of the Electricity Sector in Sub-Saharan Africa, World Bank.

Burgess, R., Greenstone, M., Ryan, N. and Sudarshan, A., 2020. 'The consequences of treating electricity as a right.' *Journal of Economic Perspectives,* 34(1).

Coady, D., V. Flamini, and L. Sears (2015). 'The Unequal Benefits of Fuel Subsidies Revisited: Evidence for Developing Countries'. International Monetary Fund, IMF Working Paper WP/15/250.

Committee on Economic Social and Cultural Rights, Climate change and the International Covenant on Economic, Social and Cultural Rights. Statement by the Committee on Economic, Social and Cultural Rights. E/C.12/2018/1.

Committee on Economic, Social and Cultural Rights (CESCR), General Comment No. 14: The Right to the Highest Attainable Standard of Health (Art. 12) and General Comment No. 13: The Right to Education (Art. 13).

CUTS (2020), 'Targeting Residential Electricity Subsidies in Zambia', CUTS International, Lusaka.
Electricity Regulatory Authority, Tariff Determination in the Uganda Electricity Sector, October 2006.
IEA (2006), Carrots and Sticks: Taxing and Subsidising Energy, IEA, Paris.

International Institute for Sustainable Development, Unpacking India's Electricity Subsidies: Reporting, transparency, and efficacy, December 2020.

Lars Löfquist (2020), Is there a universal human right to electricity? *The International Journal of Human Rights,* 24:6, 711-723.

Maboshe, Mashekwa & Kabechani, Akabondo & Chelwa, Grieve, 2019. "The welfare effects of unprecedented electricity price hikes in Zambia," Energy Policy, Elsevier, vol. 126(C).

Ministry of Energy and Mineral Development – MEMD, Energy and Mineral Development Sector: Sector Development Plan 2015/16 – 2019/20, 2015.

Ministry of Energy and Mineral Development Sector Performance Report, 2020.

Ministry of Water and Environment, State of Uganda's Forestry 2015, 2016.

Nkrumah, R.K., Andoh, F.K., Sebu, J., Annim, S.K. and Mwinlaaru, P.Y., 2021. COVID-19 water and electricity subsidies in Ghana: How do the poor benefit?. *Scientific African,* 14, p.e01038.

Parliament of the Republic of Uganda, Report of the Committee on Environment and Natural Resources on the Electricity (Amendment) Bill, 20/22.

Powering Health Care, Health Facility Energy Needs Assessment: Uganda Country Summary Report, 2015.

Rene Meyer, et al., Uganda's power sector reform: There and back again? *Energy for Sustainable Development,* Volume 43, 2018, 75-89.

Save The Children, Childbirth in Uganda: Stories from Women and Health Workers. 2017.

Sustainable Energy For All, Damilola Ogunbiyi: Power in a pandemic - why energy access matters during coronavirus, 2020.

The Republic of Uganda, Ad hoc Committee on Energy (ACE) of the Parliament of Uganda, The Report of the Ad hoc Committee on Energy, on the Performance of the Electricity Sub-Sector in Uganda: September 2011 – October 2012, 2012.

Tilak Siyambalapitiya, Tariff Appraisal Study: Balancing Sustainability and Efficiency with Inclusive Access, ADB South Asia Working Paper Series, No. 60, Otober 2018.

Uganda Bureau of Statistics (UBOS), 2021. Uganda National Household Survey 2019/2020. Kampala, Uganda.

Uganda Human Rights Commission – UHRC, The 24th Annual Report on The State of Human Rights and Freedoms in Uganda in 2021, 2022, Kampala.

UGANDA CONSORTIUM ON
CORPORATE ACCOUNTABILITY
U C C A

UCCA SECRETARIAT
Initiative for Social and Economic Rights (ISER)
Plot 60 Valley Drive, Ministers' Village, Ntinda
P. O. Box 73646, Kampala - Uganda
Telephone: +256 414 581 041
Website: www.ucca-uganda.org