



# **BUGOYE Hydropower Project, Uganda**

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# The Bugoye Project: Key facts

- Location: Western Uganda (border with DRC)
- Sponsors
  - TrønderEnergi
  - Norfund
- Financing:
  - Equity: 16 MUSD – 30%
  - Grant: 9 MUSD – 15%
  - Debt: 30 MUSD – 55%
  - Total: 55 MUSD
- Sales
  - Ca 82 GWh
  - Sold to public utility on long term contract
  - Revenues from carbon credits



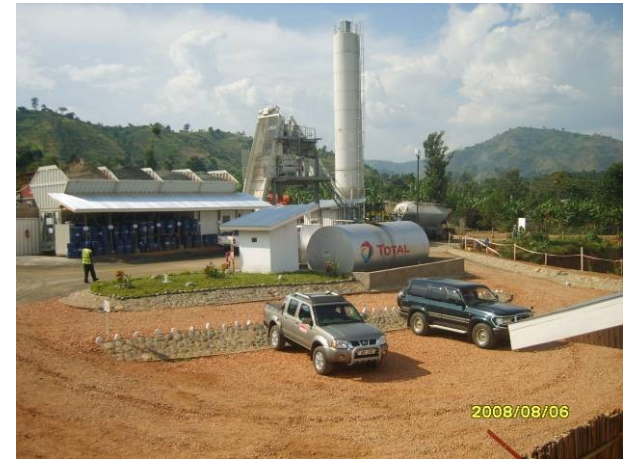
# Not just a hydropower project

- Fairly large social impact on local community
  - 33 families resettled
  - 566 households compensated for land
  - Graves moved, beehives moved
  - Compensation costs of ca 1,3 MUSD
  - Livelihood restoration programme for affected households
- Corporate Social Responsibility
  - New clinic buildings: out patients ward, maternity ward, latrines
  - Malaria prevention programme: awareness & bednets distributed
  - HIV/AIDS awareness: events & news, 23,000 condoms distributed
  - Water: Support to piped water supply; access to grey water in canal
  - Tertiary education programme for women



# Mitigating risks

- Political / commercial risk
  - Our key commercial risk is essentially a political one since a public utility is the off-taker
  - Buy-out clause from Government for default
  - Political risk insurance for breach of contract
- Construction risks
  - Split contracts only feasible way to go
  - Partial completion guarantee from sponsors
  - Cost over-run facility
- Hydrological risk
  - Limited sponsor support (10% of loan) for hydrological risk



# ”African Risk”

- Transportation
  - The Kenya crisis
  - Somali pirates
  - All copper wiring in the batching plant stolen
- Regulatory
  - Regulator unpicked tariff negotiated with purchaser
  - New electricity commission holds risks
- Insurance
  - Finding an insurer willing to take Ugandan risk
  - Formalising re-insurance
- Land
  - 6 months to negotiate a land lease from Govt entity
  - Another 6 months to get the land title
- Theft & vandalism
  - Petty theft an on-going problem
- Taxes
  - Claiming back VAT from the tax authorities
  - Qualifying for tax incentive schemes



# Promises to be a resounding success

- Official opening on 7 October
  - Major construction risks now behind us
  - On time construction – in fact 3 months ahead of "financial" date
  - Some cost over-runs, but within reason!
- A real impact on Uganda
  - The first private hydropower project to be built!
  - 82 GWh means something – 6.5% of power sales in country
  - Displaces 65,000 tonnes CO2 annually
- A positive impact on local community
  - Residents are generally very positive to project
  - Support to community very different from Govt projects in locality
- And it generates a commercial return!!

