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# EAST AFRICA ENERGY PROGRAM - ETHIOPIA

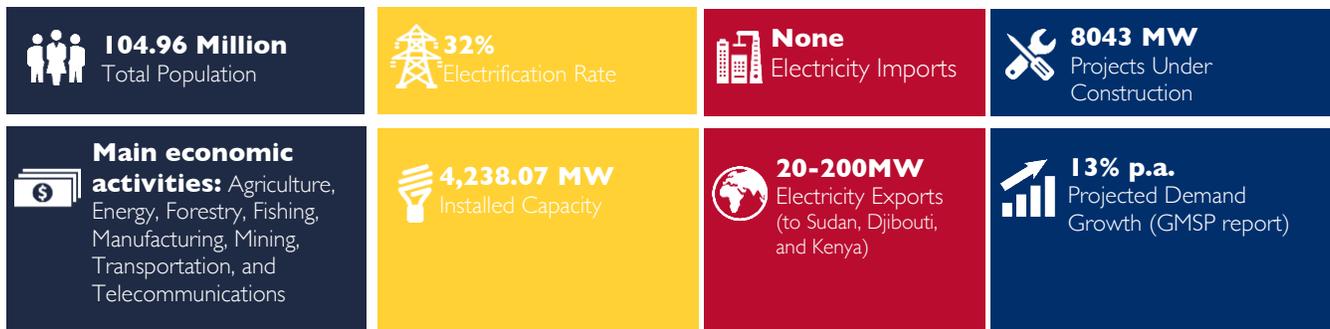
## POWER FOR INCLUSIVE DEVELOPMENT

The USAID-funded East Africa Energy Program (EAEP) works to expand affordable and reliable electricity services in East Africa, with the ultimate goal of supporting development priorities including inclusive economic growth, security, and improved outcomes in health and education.

The program focuses on four main objectives: optimizing power supply, increasing grid-based power connections, strengthening utilities as well as other power sector entities, and increasing regional power trade. EAEP is implemented in 10 countries by RTI International with support from Tetra Tech, Fieldstone Africa, Norton Rose Fulbright, the Center for Climate Strategies, and Khulisa.



### ETHIOPIA ENERGY OVERVIEW



Ethiopia is endowed with an abundance of renewable energy resources and has the potential to generate over 60,000 megawatts (MW) of electric power from hydroelectric, wind, solar and geothermal sources. It currently has only approximately 4,170 MW of installed generation capacity serving a population of over 100 million. In its effort to become a middle-income country by 2025, the Government of Ethiopia (GoE) has set ambitious goals which includes aggressive power generation and connections targets. To achieve the objective, private investment is critical as concessional loans for government-owned and -operated generation facilities have decreased significantly. Ethiopia plans to increase its renewable power production to meet both domestic needs and export obligations as the bulk power supplier to the region. Ethiopia faces challenges in not having enough experience with the Independent Power Producers (IPPs) procurement model and the Public-Private Partnerships (PPPs) concept. They need reformed tariff rates, rehabilitation of outdated transmission and distribution systems, efficient planning and operation, and maintenance of grid connections to keep up with new generation.

EAEP supports the GoE by providing transaction advisory assistance, reforming its legal and regulatory framework to lower risk, and opening the Ethiopian market to private investment and foreign capital.





A cluster of tukuls (traditional rural house and storage structures) inside the Corbetti Caldera. Photo Credit: Nena Terrell, USAID Ethiopia

### **OPTIMIZE POWER SUPPLY**

EAEP is providing transaction support for priority generation projects in Ethiopia through the establishment of an integrated resource planning (IRP) working group to lead IRP drafting. The program will also support the development, implementation, and monitoring of the country's IRP, while building the government, Ethiopia Electric Power (EEP), and Ethiopian Electric Utility's (EEU's) ability to perform medium to long-term generation and transmission planning. EAEP will assist the GOE and strengthen the capacity of EEP in closing regulatory gaps and streamlining the IPP framework, including licensing and permitting procedures.

### **INCREASED GRID BASED POWER CONNECTIONS**

The program is coordinating with the National Rural Electric Cooperative Association to support EEU in developing the geospatial planning framework and improving the institutional performance of the utility. EAEP strengthens and improves EEU business operations by identifying supply chain management issues to better enable it to annually install more than one million new meters. EEU is supported in its implementation of cost-reductive and time-saving measures required to connect to the grid. The program will work with utilities to implement innovative financing mechanisms to amortize the cost of connection for consumers.

### **STRENGTHENED UTILITIES AND OTHER POWER SECTOR ENTITIES**

EAEP helps EEU build on the current Meter-to-Cash program and expand the existing team of embedded advisors in the utility to reduce aggregate losses. The program is also assisting EEU in implementing a smart grid pilot project as well as its new enterprise resource software SAP and in developing a Uniform System of Accounts (USoA). EAEP builds the capacity of EEU technical maintenance teams to improve performance and cost recovery. Additionally, EAEP assists EEP and EEU with the development and advocacy for cost-reflective tariffs as well as improving their creditworthiness and operational efficiencies.

### **INCREASED REGIONAL POWER TRADE**

The program is supporting the conclusion of the Ethiopia-Kenya-Tanzania (EKT) regional transaction and will build operational and technical capacity for EEP and EEU.

#### **ABOUT POWER AFRICA**

Power Africa is comprised of 12 U.S. Government agencies, over 145 private companies, and 18 bilateral and multilateral development partners to support sub-Saharan governments by working together to increase the number of people with access to power. Power Africa's goal is to achieve 30,000 MW of new generated power and 60 million new connections by 2030 to reach 300 million Africans.

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