

INVEST IN ETHIOPIA

ENERGY: INVESTMENT OPPORTUNITIES

The sector has been open for foreign investment since the amendment made on the investment code of the country in 2003. Currently foreign and local private investors can participate in the production of hydropower, wind, solar and thermal energy. Ethiopia is endowed with an immense potential of renewable energy sources such as hydro power, wind, solar energy and geothermal energy. It is the source of eight river basins.



The Nile, the longest river in the world, gets about 85 per cent of its waters from the Blue Nile which originates from Ethiopia. Almost all of the country's rivers are suitable for hydro power generation which is the main source of energy - a clean source of power generation. Non-renewable energy resources such as natural gas and coal energy also exist. The potential of the sector has created huge opportunities for the country to export electricity to neighboring countries and beyond.

As the water tower of Africa, Ethiopia offers a great deal of opportunity for cleaner energy production which has become vital in the current global environment. As the country has the potential to export energy to the region and beyond, investing in the energy sector of Ethiopia creates a new investment opportunity with high returns.

Current potential capacity of production:

- Hydro power – more than 45,000MW
- Wind energy – more than 10,000MW
- Geothermal energy – more than 5,000MW

Despite the abundance of potential resources suitable for the energy sector development, the level of electricity production was about 13% (which is less than 400MW) some 20 years ago.

The Government determined to turn around this reality and prepared a 20 year comprehensive strategy to increase energy production and coverage. This strategic approach, essential to spur the growth of other major sectors, has stimulated the completion of major hydro power projects. These are:

- Tekaze Hydro Electric power plant – 300MW
- Gilgel Gibe II Hydro Electric power plant – 420MW
- Beles Hydro power Electric plant – 460MW.



This has increased the current capacity of energy production up to 2,000 MW (which created 35% overall access to electricity). The overall electricity access is projected to reach about 50% in the coming five years.



Future electric power generation programme

- The Ethiopian Electric Power Corporation (EPPCO) is a sole electric power supplier in the country. Future generation plans include:
- Amerti-neshi integrated hydro power plant 1000MW
- Gibe III Hydro power plant – 1870MW
- Additional Midterm and short-term projects that could generate up to 3668MW

By 2015 it is projected that the power generation through hydro could reach up to more than 7000MW and this, augmented by other renewable and non renewable sources, is expected to bring the level of energy production of the country up to 10,000MW.



Investment incentives

Investors interested in the energy sector will have customs duty and tax holiday privileges as noted on the investment code of 2002 (as amended in 2003) and Council of ministers Regulation 2003(as amended in 2008).



Investment guarantees

- Foreign investors are entitled to make the following remittances out of Ethiopia in convertible foreign currency: profits and dividends accruing from investment; Principal and interest payment on external loans; payments related to a technology transfer agreement; proceeds from the sale or liquidation of an enterprise; proceeds from the transfer of shares or of partial ownership of an enterprise to a domestic investor; expatriate employees may remit, in convertible foreign currency, unspent salaries and other payments accruing from their employment in hard currency.
- Investors that suffer losses during a tax holiday period provided under the investment incentive are also entitled to a loss carry forward of such losses for half of the income tax exemption period,
- As the member of the World Bank Multilateral Investment Guarantee Agency (MIGA), World Intellectual Property Organisation (WIPO), the International Convention on Settlement of Investment Disputes between States and Nations of other States (ICSID) and having Bilateral Investment Promotion and Protection Agreement with the UK, investors enjoy strong guarantee for their investment in the country.