



Ethiopia

GDP: **\$54.8bn**

Five-year economic growth rate: **12.9%**

Population: **96.5m**

Total clean energy investments, 2009-2014: **\$1.4bn**

Installed power capacity: **2.4GW**

Renewable share: **17.0%**

Total clean energy generation: **1.5TWh**

Top energy authority:

Ministry of Water, Irrigation and Energy

OVERALL RANKING

2014

2015

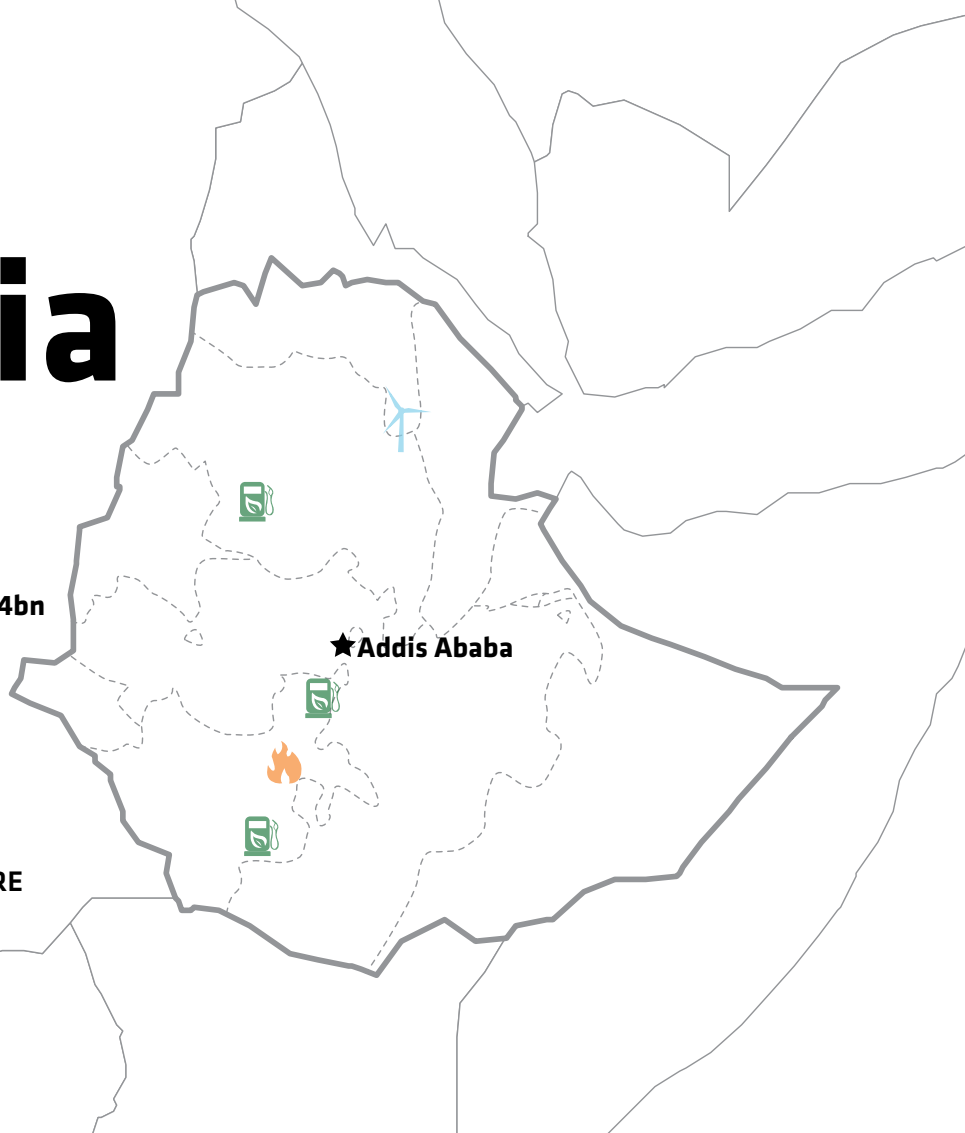
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OVERALL SCORE

2015

1.17



| PARAMETER | RANKING | SCORE |
|------------------------------------------------------|---------|-------|
| I. Enabling Framework | 30 | 1.18 |
| II. Clean Energy Investment & Climate Financing | 25 | 0.53 |
| III. Low-Carbon Business & Clean Energy Value Chains | 16 | 2.63 |
| IV. Greenhouse Gas Management Activities | 35 | 0.97 |

SCORE SUMMARY

Ethiopia scored 1.17 in *Climatescope* 2015, placing it 26th on the list of countries overall. This was a drop of seven places compared with 2014. The country's highest ranking was on Low-Carbon Business & Clean Energy Value Chains Parameter III.

On Parameter I, Ethiopia finished 30th overall. It was supported by the presence of a rural electrification programme and energy access policies, including targets and tax incentives.

On Clean Energy Investment and Climate Financing Parameter II, the country placed 25th. The country's relatively low average cost of

debt was a positive factor but clean energy investment dropped to less than \$10m in 2014 from \$840m a year earlier.

Ethiopia's relatively high score on Parameter III saw it ranked 16th overall, helped by the presence of 14 service providers.

On Greenhouse Gas Management Activities Parameter IV, the country scored below average. Its strongest performance was in the Carbon Offsets category.

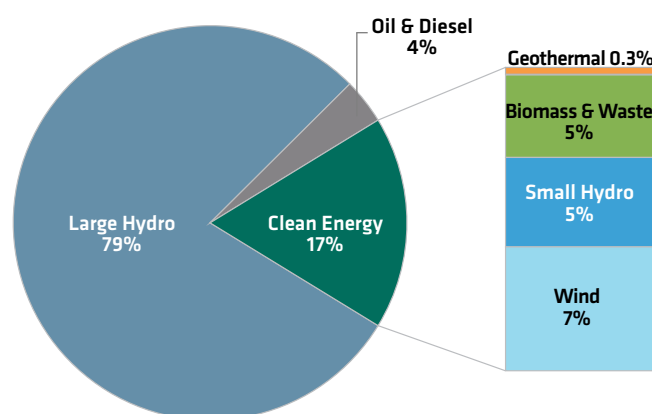
For further information, access www.global-climatescope.org/en/country/ethiopia

OVERVIEW

Ethiopia has seen a surge of activity in recent years, with the government commissioning over 1GW of large hydro and 80MW of wind since 2009, and contracting several more projects. At the end of 2013 it also signed terms with its first independent power producer (IPP) for up to 1GW of geothermal power.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

2.4GW total installed capacity



Source: Bloomberg New Energy Finance, Ethiopian Electric Power Corporation, Ministry of Water, Irrigation & Energy, Ethiopian Sugar Corporation

Large hydro accounts for approximately 80% of the 2.3GW of installed capacity, and the government's guiding Growth and Transformation Plan 2010-15 aimed for 10GW of hydro power by the end of 2015 – largely based on the 6GW Grand Ethiopian Renaissance Dam Project.

The second Growth and Transformation Plan expects to increase overall installed capacity to 15GW by 2020, with geothermal and wind target areas for further investment. The ministry and utility also have separate plans, and there have been attempts to update the 20-year old National

KEY POLICIES

| | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Energy Target | To expand large hydro capacity to 10GW by 2015 under the Growth and Transformation Plan, and overall capacity to 24.1GW by 2030 and 37GW by 2037 under separate ministry and utility plans. |
| Biofuels | A mandate to blend 10% ethanol with gasoline in Addis Ababa and the surrounding area. The mandate should increase to 20% upon commissioning of a new ethanol manufacturing plant. |
| Debt/Equity Incentives | The government has a Rural Electrification Fund, biogas digester program and a new energy efficiency fund. |
| Tax Incentives | Investors are eligible for a range of tax reductions and import duty exemptions. |

Source: Bloomberg New Energy Finance Policy Library

Energy Policy to provide a coherent strategy. Renewables (excluding large hydro) currently make up just under 20% of the mix, with the largest share going to wind energy, followed by small hydro.

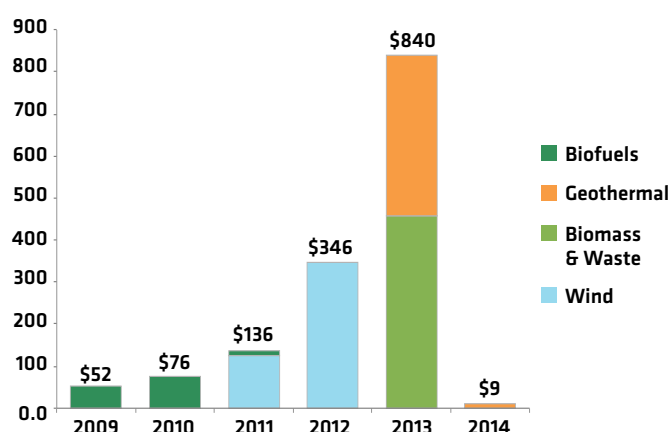
The state owned monopoly utility, the Ethiopian Electric Power Corporation (EEPCo), was split into two in late 2013, with Ethiopian Electric Power retaining control of generation and transmission and Ethiopian Electric Services taking charge of distribution. The 2013 legislation also established a new Ethiopian Energy Authority to replace the existing Ethiopian Electric Agency, with expanded regulatory power, among them the permitting of IPPs and tariff scrutiny.

In 2015, the country may see an additional 223MW of renewable energy commissioned, increasing its total to 640MW. The largest contributor of this will be 153MW of wind power. While Ethiopia has vast geothermal resources the technology remains untapped with only 7MW installed and an additional 20MW to be added in 2015 from the Corbetti project (the goal is to expand that project to 1GW eventually).

The country has had a biofuels blending mandate in place since 2008, but cancelled its increase to 20% in early 2015 due to delays in the commissioning of ethanol plants.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2009-2014 (\$m)

\$1.4bn total cumulative investment



Source: Bloomberg New Energy Finance

Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.