

Future of the Energy Sector in Ethiopia

The Ethiopian energy sector is one of the least developed in the world. At present, the country is heavily dependant on traditional fuels consisting mainly of wood, crop residues and animal waste. The low level of energy consumption is paralleled by limited use of electricity.

Without access to modern energy services, the poor people in the country will not be able to grow beyond subsistence level. Access to modern energy supply makes it possible to improve living conditions substantially, by facilitating the fight against hunger and malnutrition through higher productivity in the food chain and through the development of modern agricultural production modes. It also enables the state to offer education,

health and communication services at lower cost and in greater quality. It also encourages the dissemination of information, an essential factor in political decision making.

Moreover, the use of modern energy limits the need to gather wood and fetch water from distant sources, tasks which are often physically trying and time-consuming for women and children. The availability of modern energy sources, therefore, opens the way to the success of universal education allowing children to enjoy free-time to go to school and pursue their education.

Faced with an alarming reality of absence of a satisfactory modern energy supply and realizing the contribution it has for the realization of "Plan for Accelerated and Sustained Development to End Poverty" /PASDEP/, the government of Ethiopia has committed itself to reverse this situation by shifting gradually from traditional energy sources to modern energy sources. To this effect, the government has recently adopted 5 year energy sector strategic plan. The plan has given priority to the development of indigenous renewable energy sources mainly hydropower with goal towards attaining self-sufficiency in the country.

Best Practices

Even though Ethiopia is endowed with all sources of energy such as hydro, solar, wind, biomass, natural gas geothermal, etc., it has not been able to develop, transform and utilize these resources for optimal economic development.

Ethiopia is a water tower of Africa. Despite this fact, the level of electrification is the lowest even among many African countries. For instance rural electrification is only one percent.

The energy sector strategic plan gives high priority to hydropower development, and considers it as the back bone of the country's energy sector development strategy as it is the most abundant and sustainable energy source.

Recognizing the importance of electricity for poverty reduction and social transformation, the government has launched Universal Electricity Access Program /UEAP/.

To date 900 towns throughout the country have been electrified. Moreover 240 rural towns have got round-the-clock electric service. This figure is expected to rise to 857 rural towns by the end of June 1999 E.C. On the other hand, in the next three years, 6000 rural towns are expected to be electrified.

The government is also trying to exploit other energy sources based on their economic viability. The strategic plan also gives emphasis for the exploitation of natural gas and oil. To encourage various companies the government gives different incentives.

Attempts are made to explore oil in the Eastern and Western part of the country. It is recently disclosed by the Ministry of Mines and Energy that agreement is due to be reached with Petronas International Company for the development of the Hilal and Kalub gas fields in the Somali regional state. The document submitted by the Petronas Company provides for Petroleum exploration and development at block 11 and 15 of Ogaden basin.

More than two companies have requested to carry out petroleum exploration and development at blocks 7 and 8 of the Ogaden basin.

Best Practices

Agreements are in the pipeline on the proposal submitted by K and S. A local company, in collaboration with West minister Oil limited, a British Company, providing for the exploration and development in North Gambella and Benishangul Gumuz state.

Currently the number of ventures for the exploration and development of Petroleum is steadily increasing. It is expected that the country could benefit from the sector in the coming ten years.

The Ministry of Mines and Energy, besides working in cooperation with international companies, attempts to provide information for investors who would like to be engaged in the energy sector. For this purpose the ministry has established a center disseminating information on potential investment opportunities in the sector.