

Press Release



Embassy of the United States of America
Addis Ababa, Ethiopia
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For further information, call 011-130-7033
Internet Address: <http://ethiopia.usembassy.gov>

October 3, 2013 – The U.S. Embassy in Addis Ababa is pleased to share the announcement of a major transaction under President Obama's Power Africa Initiative. Gary Linden, USAID Ethiopia Acting Mission Director, noted the significance of the new project:

"The Power Africa Initiative, announced by President Obama just last June, was designed precisely to facilitate this kind of innovation and cooperation among government, international investors and local enterprises in the energy sector. Ethiopia's businesses, communities and government need sustainable and dependable sources for electrification to achieve their growth and transformation objectives.

This project also complements the government's plans to become a major supplier of energy to east Africa neighbors. Geothermal energy, once developed and properly maintained, can be continuously available and can supplement energy exports when the country's dams are not at full capacity. I congratulate all the partners in this path-breaking new project which could be a model for others in Ethiopia and around the region."

FIRST POWER AFRICA TRANSACTION MOVES FORWARD WITH LANDMARK AGREEMENT BETWEEN ETHIOPIAN GOVERNMENT AND REYKJAVIK GEOTHERMAL

1000MW Facility will be Largest Geothermal Plant in Africa

For Immediate Release

Friday, September 27, 2013

USAID Press Office

New York, September 27, 2013 – Prime Minister H.E. Hailemariam Desalegn today announced the first independent power project in Ethiopia's history. The 1000MW Corbetti geothermal plant will be built in two 500MW stages and is expected to be the largest geothermal facility in of Africa, at a cost estimated at \$4 billion over an 8-10 year construction period. Reykjavik Geothermal, a U.S.-Icelandic private developer, will build and operate the power plant, located at Corbetti Caldera, considered a top geothermal resource by the team of Icelandic and Ethiopian geoscientists that have investigated the region.

The Corbetti project is part of the Power Africa Initiative announced by President Obama this past summer which seeks to add more than 10,000 megawatts of cleaner, more efficient electricity in six priority countries in sub-Saharan Africa. A key thrust of the Power Africa strategy is to accelerate the development of the vast and renewable geothermal potential in the Rift Valley which extends through both Ethiopia and Kenya. Corbetti was identified early on by USAID as a priority transaction that could showcase the innovative Power Africa model: combining private sector expertise and investment with U.S. Government tools to mitigate risk and build local government expertise. USAID technical advice at the transaction level has been instrumental in moving the Corbetti project towards agreement. At the same time, the USAID-sponsored Geothermal Risk Mitigation Facility (GRMF), funded by KfW and managed by the African Union, will provide the Corbetti project with grant funding to defray the costs and risk of exploratory drilling. The Corbetti agreement is also a significant signal to the private sector and international investors that the Ethiopian energy sector is looking at new generation models beyond the dominant role that the public sector has played until now. This is also a critical objective of Power Africa: compelling African governments to institute appropriate reforms to create the right enabling environment for private sector activities.

Reykjavik expects the first 10MW of power to be on-line in 2015, with an additional 100MW in 2016, and the balance of the first phase 500MW on-line in 2018.

Power Africa is a Presidential Initiative to double electricity access in sub-Saharan Africa. Although more than 69 percent of the population of sub-Saharan Africa is without electricity, the region has significant potential to develop clean, geothermal, hydro, wind, and solar energy. Launched with six partner countries, Power Africa employs a transaction-centered approach that provides governments, the private sector, and donors with incentives to collaborate on near-term results and systemic reforms that facilitate future investment. Ultimately, Power Africa will leverage government and private sector commitments to add more than 10,000 megawatts of cleaner, more efficient electricity generation capacity and enable new electricity access for up to 20 million households. Power Africa will also work closely with the African Development Bank and other donors and investors to enhance the tools and resources available to the energy sector.

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Picture: Ethiopian Prime Minister Hailemariam Desalegn, Reykjavik Geothermal (RG) Chairman Michael Philipp, USAID Assistant Administrator for Africa Earl Gast, Ethiopian Ambassador to the United Nations Dr. Tekeda Alemu, and Nejb Abba Biya, Director of RG local partner Rift Valley Geothermal are joined by other RG representatives for the announcement of the Corbetti Geothermal Project.

Photo courtesy of the Government of Ethiopia