

Kenya Climate Innovation Center (CIC): Summary Note

Green Growth and Climate Technology Innovation

Economies around the world are re-orientating towards low-carbon, green growth paths. Technology, and its deployment and diffusion, is acknowledged as a key factor in efforts to mitigate and adapt to the current and future impacts of climate change. Therefore, accelerating innovation and technology transfer is in global focus. As an economic hub of East Africa, Kenya is a key stakeholder in this effort.

Utilizing its experience of innovation in over 80 developing countries, *infoDev* engaged Kenyan stakeholders to conduct an assessment of the climate innovation landscape and thereby examine the feasibility of a "Climate Innovation Center" (CIC) as a mechanism to maximize innovation in Kenya. By analyzing current capacity and market gaps, a business plan has been proposed which outlines the focus, implementation strategy, investment requirements and impact of a CIC in Kenya.

Market Assessment and Gaps

infoDev began a rigorous 8 month process that collected views and experiences of 120 climate technology stakeholders in Kenya. Stakeholders concluded that a CIC in Kenya would fill a number of market gaps by;

1. Providing access to flexible investment mechanisms that support enterprises at varying levels of innovation and scale.
2. Building innovation capacity through the delivery of advice, assistance and educational products.
3. Enabling local and regional collaboration that supports an innovation ecosystem in East Africa.
4. Identifying and unlocking new opportunities through access to information and market intelligence.
5. Facilitating access to facilities that support rapid technology design, adaptation, proto-typing, testing and manufacture.

Proposed Services

Finance <ul style="list-style-type: none"> ▪ Provide risk capital through a flexible fund that includes proof of concept (\$25 – \$100K) and seed (\$100K - \$750K) financing. ▪ Facilitate other sources of financing through syndicating investors, building partnerships with banks for working capital and facilitating consumer finance. 	Advisory Services <ul style="list-style-type: none"> ▪ Business training on entrepreneurship, capacity building for local banks and organizing events and seminars. ▪ Offer specialized technical training including the use of equipment and manufacturing best practices. ▪ Provide access to a TA fund to support product development, venture creation and business development.
Enabling Ecosystem <ul style="list-style-type: none"> ▪ Work closely with the government and other stakeholders to develop policies that support clean technology adoption. ▪ Coordinate and broker technology transfer and joint collaborative R&D, and international networking activities. ▪ Raise the visibility of the CIC, CIC affiliated innovators, CIC brand name, and climate technology more generally. 	Access to Information <ul style="list-style-type: none"> ▪ Provide market information including market size and prices for various technologies, and the competitive landscape. ▪ Facilitate access to technology information for entrepreneurs. ▪ Develop and provide access to a database of financial information for use by entrepreneurs, funders and consumers .

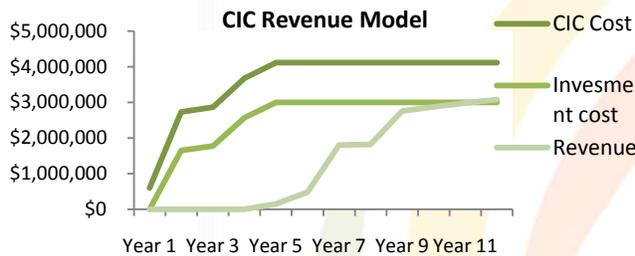
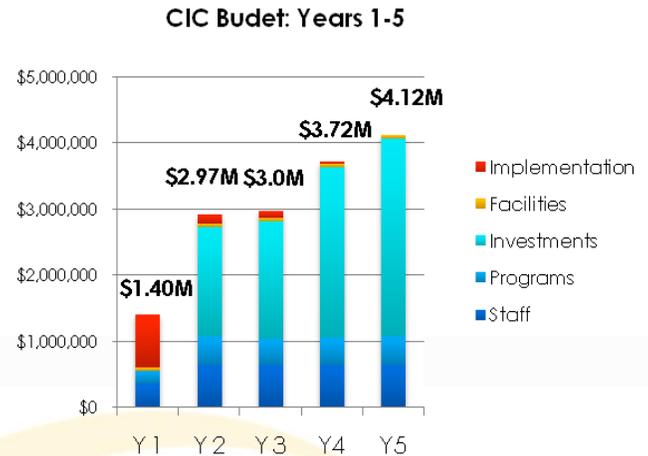
Access to Facilities

- Facilitate access to facilities that support rapid technology design, adaptation, proto-typing, testing and manufacture including a CAD lab, 3D modelling machine and networking space.

Stakeholders prioritized six areas on which the CIC should focus including: *off-grid technologies, water management and purification, micro-hydro, technologies for adaptation (flood/drought control), agriculture and bio-energies*. The center should build specializations in one or more of the above sectors to ensure a critical mass of expertise and impact is achieved over time.

Investment and Impact

The business plan outlines a required funding of **USD 15.2 million** over 5 years to establish the Center in Kenya. This funding includes operations, programs, investments and implementation. In the first five years, the CIC is expected to create more than **70 sustainable** climate technology ventures, generating **4,600 direct and indirect jobs** at a cost of approximately **USD 3,200 per job** and over **24,000 jobs** within 10 years at an average cost of less than **USD 850 per job**. Based on projected revenue from CIC invested ventures, the Center aims to cover 70% of its costs after its 10th year of operation. It will also **leverage over 100%** of cost from co-investment and contributions from the private sector.



The CIC will accelerate the growth of innovative climate technologies resulting in social, economic and environmental impacts such as; carbon mitigation (**1.5m tCO₂**) access to electricity (**90MW/ 1m people**), access to water (**50m kiloliters /440,000 people**) and increased agricultural efficiency (**22,000 farms**).

Governance

It is envisaged that the CIC will be a non-profit entity, incorporated in Kenya and overseen by a board of 9-10 directors drawn from relevant stakeholder sectors. An Investment Committee of 4-5 investment experts will be established to screen and approve investments.

Next Steps

The stakeholder engagement process has built a strong coalition of partners and identified a pipeline of potential beneficiaries allowing the CIC to produce tangible impacts over the first five years, once implementation funding is secured. Such a holistic program can catalyze transformation in Kenya's climate technology space to help develop new industries, create jobs and produce products and services that equip the country and its people to respond to the challenges of climate change. For more details, please see the full Kenya CIC business plan and annexes.