

Ethiopia Climate Innovation Center (CIC): Summary Note

Green Growth and Climate Technology Innovation

Economies around the world are reorienting towards low-carbon, green growth paths. Accelerating innovation and technology transfer is a key factor in efforts to mitigate and adapt to the current and future impacts of climate change. Ethiopia is a key stakeholder in these efforts due to its agricultural economy and inherent vulnerability to climate change challenges.

Utilizing its experience of innovation in over 100 developing countries, *infoDev* engaged Ethiopian stakeholders to examine the feasibility of a Climate Innovation Center (CIC) as a mechanism to maximize innovation in Ethiopia. The result is a business plan which outlines the focus, implementation strategy, investment requirements and impact of a CIC in Ethiopia.

Market Assessment and Gaps

infoDev managed a rigorous 6 month process that collected views and experiences of around 150 climate technology stakeholders. Stakeholders concluded that a CIC in Ethiopia would fill a number of market gaps by:

1. Providing flexible financing to; (i) accelerate the development of localized technologies and (ii) catalyze in new climate technology businesses.
2. Providing critical pre and post investment technical assistance to the private sector through developing robust mentor networks and offering targeted advisory services.
3. Supporting consistent and favorable regulatory environments, including access to international expertise for climate technology entrepreneurs and businesses.
4. Identifying and unlocking market opportunities through providing access to key market and technology information while actively promoting sector opportunities and technology benefits.
5. Facilitating linkages with rural and regional partners to (i) support a targeted outreach and education campaign for women-enabled innovation and (ii) forge linkages with universities and facility providers to support cost-effective access to equipment, office space and talent.
6. Implementing targeted and mainstreamed gender programs to ensure that the CIC's impact in fostering climate technology innovation simultaneously promotes gender equality.

Proposed Services

Stakeholders determined that priorities for the Ethiopian CIC should include: sustainable agribusiness, bio-fuels & bio-mass, transportation technologies, hydropower (micro) and energy efficiency. Building specializations in one or more of the above sectors will help the CIC achieve a critical mass of expertise and impact.

Access to Finance	Access to Mentoring
<ul style="list-style-type: none"> ▪ Providing risk capital through highly flexible proof of concept (USD 25 – 75K) and seed (USD 100K - 750K) funds. ▪ Catalyzing joint investment in CIC companies via Diaspora networks and state development banks. 	<ul style="list-style-type: none"> ▪ Networking SMEs to diaspora angel investors, business mentors, and technical experts. ▪ Delivering training and seminars on basic business planning, financial management, professional development, and climate technology issues.
Access to Policy Support	Access to Market Information
<ul style="list-style-type: none"> ▪ Facilitating dialogue between policy-makers, private sector and civil society to improve policy frameworks around climate, innovation, energy, private sector development, and 	<ul style="list-style-type: none"> ▪ Producing market studies and case reports on climate technology sectors and opportunities at a local, regional and local level, with a focus on women entrepreneurs.

- gender equality.
- Researching policy and benchmarking standards to determine how global best practice can be applied in Ethiopia.
- Maintaining a climate technology product database for producers (components, sourcing, intellectual property) and consumers (certifications, costs, user guides).

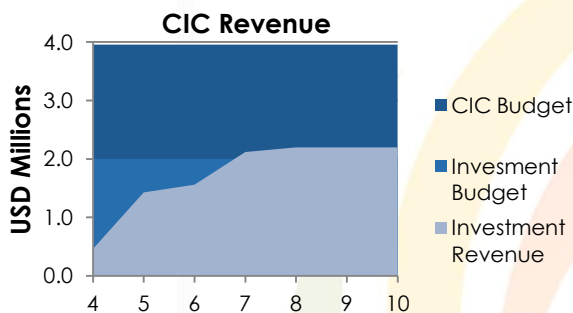
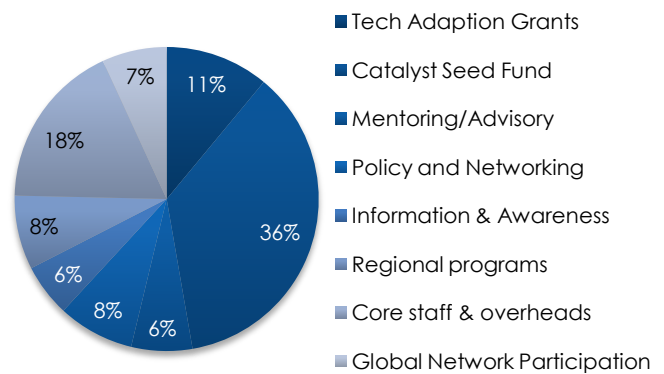
Access to Regional Partners

- Developing a workforce pipeline with training materials, events, courses and other learning opportunities.
- Promoting climate innovation opportunities to women and educating both genders on women's rights.
- Providing space, facilities and services for start-ups that need offices, prototyping and manufacturing.

Investment and Impact

Establishing the CIC in Ethiopia will require an investment of **USD 15.9 million** over 5 years. This covers operations, programs, investments and implementation. In this period, the CIC will support more than **60 sustainable** climate technology ventures, generating **3,500 direct and indirect jobs** at a cost of approximately **USD 2,200 per job** and over **12,000 jobs** within 10 years costing **USD 640 per job**. Based on projected revenue from CIC invested ventures, the Center aims to cover 56% of its total costs and 100% of investment costs after its 7th year of operation. It will also achieve **4.4 times leverage** from co-investment and contributions from the private sector.

USD 15.9m Ethiopia CIC budget breakdown



The CIC's main social, economic and environmental impacts will result from the accelerated growth of supported technologies over a ten-year period. These impacts will include carbon mitigation (**0.8m tCO₂**), access to energy (**120 MW and 265,000 people**), access to water (**342,000 kL and 420,000 people**) and increased agricultural efficiency (**120,000 farmers**).

Governance

The CIC will be housed in a local organization and supported by a consortium of partners, with *infoDev* managing and overseeing implementation including the provision of ongoing technical assistance, performance evaluation and importantly, linking the Center with global level activities. A fund manager will also be appointed to make investments and provide hands-on assistance with funded companies.

Next Steps

Having identified a strong coalition of partners and a pipeline of potential beneficiaries, the CIC can produce tangible impacts in the first five years after implementation funding is secured. Such a holistic program can transform Ethiopia's climate technology space to develop new industries, create jobs, and deliver products and services that respond to the country's own climate change challenges. For more details, please see full Ethiopia CIC business plan and annexes.