

The Ethiopian Climate Resilient Green Economy (CRGE) Strategy



Presented During An Expert Workshop on “Climate Resilience
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Background

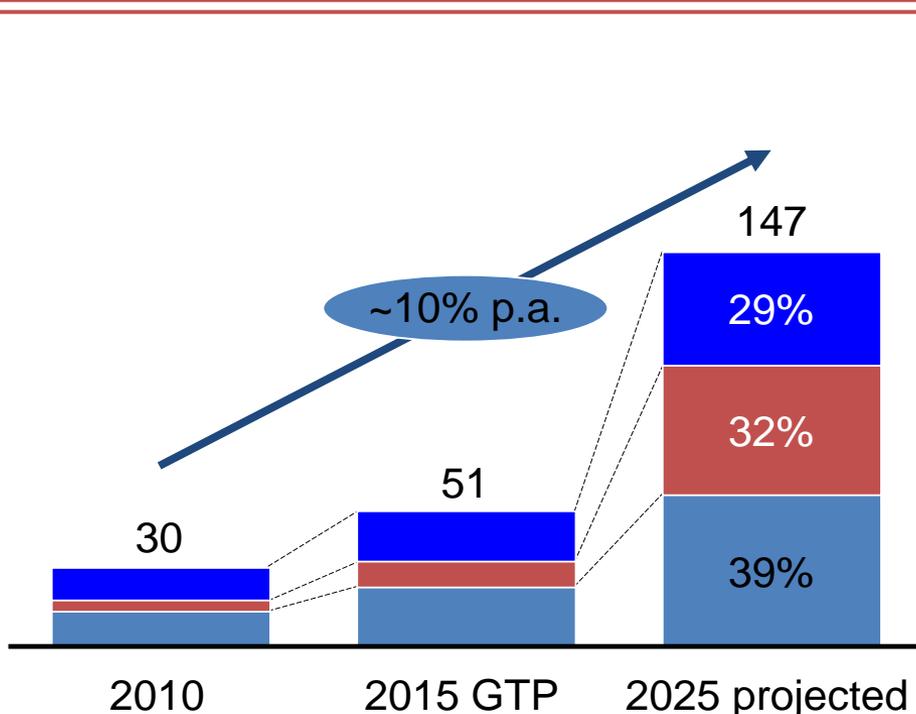
- Ethiopia is one of the fast growing economies in Africa and in the world (IMF, 2010)
- It plans to achieve climate resilient and green middle-income economy status by 2025 with zero net emission
- This ambition has been formalized in the Ethiopian GTP
- The overriding development agenda of the GTP is to sustain rapid, broad-based and equitable economic growth path witnessed during the past several years and eventually end poverty (GTP, 2010)

Background (Cont.)

- To achieve middle-income status before 2025, the GTP growth rates must be sustained for 15 years
- Following the conventional development path would among other things result in:
 - A sharp increase in GHG emissions from 150 Mt CO₂e in 2010 to 400 Mt CO₂e in 2030
 - Unsustainable use of natural resources, which will make development unsustainable
 - Critical challenge in attracting the investment needed to support the projected growth
 - Put pressure on foreign currency reserves

Ethiopia wants to reach middle income status before 2025

GDP, billion USD



- Agriculture
- Industry
- Services

Key transitions

- Diminishing weight of agriculture from 42% to 29% of GDP
- Migration from agriculture jobs to services and industry
- Reaching of middle-income status before 2025

Population mln
(mid-year)

79

89

116

GDP/cap.
In USD

378

565

1.271

Rationale for the CRGE Growth Trajectory

- Building a GE offers an opportunity to achieve economic development targets sustainably
- If climate change mitigation and adaptation are seen as goals in conflict with economic development, the risk being de-prioritized and under-funded
- Ethiopia could exchange GHG emissions abatement for climate finance to fund some of the required investment

Rationale of the CRGE Growth Trajectory (Cont.)

- The CRGE growth path would improve public health, through better air and water quality, and would promote rural economic development by increasing soil fertility and food security
- Many of the initiatives offer positive returns on investments, thus directly promoting economic growth and creating additional jobs with high value-added

The Ethiopian CRGE Objectives

- The CRGE has three complementary Objectives:
 - a. Fostering economic development and growth
 - b. Ensuring abatement and avoidance of future emissions, i.e. transition to a green economy
 - c. Improving resilience to climate change

The CRGE Strategy Pillars

- Four pillars of the CRGE strategy :
 - 1) Adoption of agriculture and land use efficiency measures
 - 2) Protection and rehabilitation of forests for their economic and ecosystem services including as carbon stocks
 - 3) Deployment of renewable and clean power generation
 - 4) Use of appropriate advanced technologies in industry, transport, and buildings

The four pillars(cont)

Middle income country in 2025

Agriculture – Improving crop and livestock practices

- Reduce deforestation by agricultural intensification and irrigation of degraded land
- Use lower-emitting techniques
- Improve animal value chain
- Shift animal mix
- Mechanize draft power



Forestry – Protecting and growing forests as carbon stocks

- Reduce demand for fuelwood via efficient stoves
- Increase sequestration by afforestation/reforestation and forest management



Power – Deploying renewable and clean power generation

- Build renewable power generation capacity and switch-off fossil fuel power generation
- Export renewable power to substitute for fossil fuel power generation abroad



Industry, transport and buildings – Using advanced technologies

- Improve industry energy efficiency
- Improve production processes
- Tighten fuel efficiency of cars
- Construct electric rail network
- Substitute fossil fuel by biofuels
- Improve waste management



Green economy strategy

The CRGE Initiatives

The CRGE strategy has analyzed and screened about 60 initiatives out of 150 across seven sectors based on the following criteria:

- **Feasibility in local context-** technical and institutional implementability
- **Effect on GTP-**potential to contribute to the GTP targets
- **Abatement Potential-** GHG emission reduction compared to the BAU scenario
- **Cost Effectiveness-** cost to reduce or avoid 1 ton of CO₂ equivalent

- As part of the strategy, the government has selected four initiatives for fast-track implementation:
 - **Hydropower potential;**
 - **Advanced rural cooking technologies;**
 - **Livestock value chain; and**
 - **REDD+**
- These initiatives have the best chances of promoting growth immediately, capturing large abatement potentials, and attracting climate finance for their implementation

The CR Component of the Ethiopian CRGE Strategy

- A climate resilient economy will be protected from the negative impacts of climate change and seek opportunities in a changing climate
- The CR builds on and incorporates the Ethiopia's Program of Adaptation to Climate Change (EPACC) and other relevant analysis in order to make the economy withstand climate shocks
- The national CR strategy is due to be completed in March 2013 and will cover the crucial sector of Agriculture
- The aims of the CR Strategy focuses on the key challenges faced by Ethiopia

CR STRATEGY OBJECTIVES:

1. To identify the impact of current climate variability and project future climate change on Ethiopia.
2. To identify and cost options to build CR and reduce the impact of current climate variability and climate change.
3. To map the steps necessary to finance and implement efforts to build climate resilience.

Major CRS Challenges

- Our climate is varied and complex-availability of extreme climate events and hazards
- The variety and complexity of our climate, the availability and application of appropriate models is another challenge
- Rain-fed agricultural practices
- Lack of knowledge and skills to predict future events and hazards
- Financial constraints
- Lack of technological availability and affordability

Where do We Stand Now?

- CRGE Facility established and the CRGE Facility Secretariat Set up at MoFED (bank account opened, Operational manual prepared, resource mobilization strategy manual under formulation)
- Sectoral Reduction Mechanism guideline prepared
- Sectors are preparing investment plans and projects
- Steering and Technical committees convene regularly
- Capacity building at all levels is going on
- MRV system for Agriculture and Industry sectors established
- Appropriate technology selection is undergoing

Thank you for Your Attention!!