

South Africa Climate Innovation Center (CIC): Summary Note

About infoDev's Climate Technology Program and The Innovation Hub

The Climate Technology Program (CTP) at infoDev, a public-private partnership within the World Bank Group, supports the private sector in developing countries by targeting entrepreneurs and SMEs to transfer, develop and deploy innovative technologies and business models that solve local climate challenges.

The Innovation Hub is Africa's first internationally accredited Science and Technology Park and a full member of the International Association of Science Parks (IASP). Strategically located in Pretoria, it is the leading knowledge-intensive business cluster in South Africa. The Innovation Hub Management Company (Pty) Ltd (TIHMC) is a subsidiary of Blue IQ Investment Holdings (Pty) Ltd on behalf of the Gauteng Provincial Government's Department of Economic Development (DED).

Green Growth and Climate Technology Innovation

Economies around the world are reorienting towards low-carbon, green growth paths. The development, diffusion and deployment of technology can accelerate efforts to mitigate and adapt to climate change. As more and more countries seek to build profitable climate-friendly industries, activities in this sector are becoming a valuable source of competitive advantage. South Africa, an emerging economic power with strong government-led environmental policies, is ideally positioned to proactively take part in the global climate technology revolution.

infoDev, in partnership with The Innovation Hub, engaged South African stakeholders to assess the climate innovation landscape and examine the feasibility of a Climate Innovation Center (CIC) as a mechanism to maximize innovation in the country. Based on careful analysis of 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 South Africa.

Market Assessment and Gaps

Utilizing its experience of innovation in over 80 developing countries, infoDev began a rigorous 6 month process that collected views and experiences of over 100 climate technology stakeholders. Stakeholders concluded that a CIC in South Africa would fill a number of market gaps by:

1. Ensuring access to flexible risk capital and funders with diverse risk profiles
2. Building a pipeline of knowledge, talent and infrastructure that will fuel commercialization
3. Informing, transforming and catalyzing relevant policy mechanisms
4. Empowering all citizens, especially those who have been historically disadvantaged, to take part in profitable climate technology businesses
5. Acting as a conduit for international partnerships that can facilitate technology diffusion, collaborative R&D, and business-to-business linkages

Proposed Services

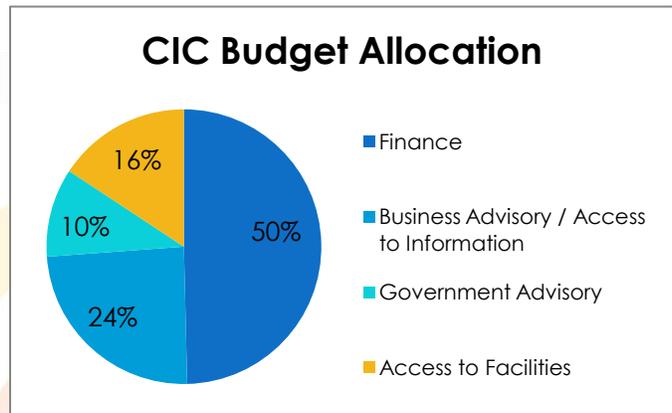
The CIC's service offerings have been tailored to the South African context with the aim of increasing profitable business activity, achieving regional cluster leadership and collaborating proactively at the global level. Stakeholders have determined that the CIC can achieve a critical mass of expertise and impact by delivering the following suite of services to South African climate technology entrepreneurs:

Financing	Skills Training and Access to Information
<ul style="list-style-type: none"> ▪ Provide various levels of flexible risk capital through proof of concept grants (< USD 30,000), inclusivity grants (< USD 12,500), and direct investment (< USD 300,000). ▪ Facilitate other sources of financing through syndicating investors, cataloguing existing sources of funding and building partnerships with banks for working capital. 	<ul style="list-style-type: none"> ▪ Assist with business and financial planning ▪ Connect entrepreneurs with technical experts in national priority climate sectors. ▪ Establish centers dedicated to the commercialization of intellectual property ▪ Provide access to local and international knowledge centers or databases ▪ Publish original research and analysis
Policy Advocacy	Access to Facilities
<ul style="list-style-type: none"> ▪ Produce analytical pieces to inform specific climate innovation policy ▪ Ensure that national standards and priorities are world-class ▪ Act as advisor in green economy consultation and negotiations ▪ Aggregate firm and industry level issues to apprise government decision-makers 	<ul style="list-style-type: none"> ▪ House SMEs in the CIC business incubator ▪ Leverage and network existing: <ul style="list-style-type: none"> ○ Facilities: Labs, equipment-testing facilities and universities/incubators. ○ Industry: Technology partnerships, demonstration projects and manufacturers. ○ Global programs: CTP-wide conferences, competitions, outreach and knowledge platforms

Investment and Impact

The business plan outlines a required funding of **USD 20 million** over 5 years to establish the CIC in South Africa. This funding includes operations, programs, investments and implementation. In the first five years, the CIC will create more than **100 sustainable** climate technology ventures, generating close to **4,000 direct and indirect jobs**.

The CIC will accelerate the growth of innovative climate technology enterprises which will in turn deliver various social, economic and environmental impacts. Through the CIC and its widespread global network, South Africa can achieve its goals in carbon mitigation, access to energy, access to water, and increased agricultural efficiency.



Governance

It is envisaged that the CIC will be a non-profit entity, incorporated in South Africa and by a board of directors representing both public and private sectors. Using the guiding principles of sustainability and autonomy, the CIC can be designed as a separate legal entity or housed within an existing organizational structure such as The Innovation Hub or BlueIQ.

Next Steps

The stakeholder engagement process has built a coalition of partners and identified a pipeline of potential beneficiaries. This will allow the CIC to produce tangible impacts over the first five years, once implementation funding is secured. Such a holistic program can catalyze transformation in South Africa'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 full South Africa CIC business plan and annexes.