

# Vietnam Climate Innovation Center (CIC): Summary Note

## Green Growth and Climate Technology Innovation

New possibilities emerging from innovative technologies and business models that address climate change create a historic opportunity for economic growth and job creation in developing countries. Vietnam's active participation in growing climate technology market opportunities will ensure that its vulnerability to climate change does not hinder the country's rapid development. Rather, successful domestic innovation will allow the country to increase competitiveness and productivity while achieving its green growth objectives.

Building on a 15 year track record of supporting innovation in over 100 developing countries, The World Bank's infoDev engaged Vietnamese stakeholders to design a Climate Innovation Center (CIC) that will support the profitable commercialization of local climate solutions and businesses. The resulting business plan outlines the Vietnam CIC model, implementation strategy, investment requirements and impact.

## Market Assessment and Gaps

infoDev managed a rigorous 6 month process integrating the expertise of 200 climate technology stakeholders. Stakeholders concluded that a CIC in Vietnam would fill a number of market gaps by:

1. Providing catalytic seed-stage risk capital to local climate technology companies and assisting companies to secure additional financing through investor match-making and facilitation of debt financing.
2. Building a pipeline of high-impact climate solutions by supporting the localization, commercialization and transfer of relevant technologies through access to innovation grants, industry partnerships and facility providers.
3. Supporting the accelerated growth of climate ventures and entrepreneurial capacity by providing a holistic set of business development services, mentoring and training programs.
4. Identifying and developing local and international market opportunities for new climate solutions through providing key sectoral information, supporting policy transformation and creating linkages with regional and international markets.

## CIC's Services

The Vietnam CIC will provide a targeted suite of early-stage financing, technology commercialization, business development and capacity building services to Vietnamese private sector innovators. Stakeholders determined that the CIC should foremost prioritize energy efficiency and sustainable agribusiness sectors, followed by technologies for adaptation, transportation, and water management and purification.

Access to Finance	Technology Commercialization
<ul style="list-style-type: none"> <li>▪ Providing risk capital through highly flexible first-loss equity investments (USD 150K - 750K). This fills the gap between micro-loan amounts and those offered by existing fund managers.</li> <li>▪ Catalyzing investment syndication and debt facilitation between CIC companies and private financiers, state development banks, and the Vietnamese diaspora to build local investment capacity.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offering proof-of-concept grants (USD 20-50k) that enable local innovators to demonstrate and scale their climate technologies and business models.</li> <li>▪ Promoting collaborative industry partnerships, supported by a comprehensive technology database (components, sourcing, certifications, costs, user guides, and intellectual property).</li> <li>▪ Linking local innovators to facility providers for prototyping, testing, production and other logistical needs (e.g. office space, equipment).</li> </ul>

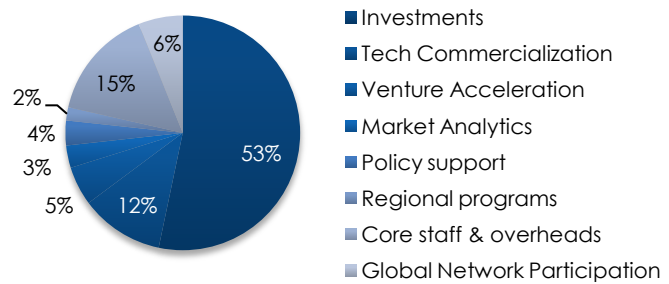
Venture Acceleration	Market Development
<ul style="list-style-type: none"> <li>▪ Training individuals who are eligible for CIC financing on basic business planning and financial management, in addition to offering a fund for out-sourcing other advisory services.</li> <li>▪ Organizing seminars and university partnerships to promote professional development, business administration/entrepreneurship, and awareness of climate technology issues.</li> <li>▪ Networking SMEs with angel investors, business mentors, and technical experts at the national, regional and global levels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Producing market studies, cases and analytical reports on climate technology sectors and opportunities at a local, regional and global level.</li> <li>▪ Encouraging dialogue between government and the private sector to strengthen Vietnam's policy framework around R&amp;D, innovation, green growth, taxation, and exports.</li> <li>▪ Supporting the growth and establishment of climate sector business associations in Vietnam.</li> <li>▪ Networking Vietnam's climate innovators to their regional and global counterparts by hosting an annual CIC Forum and facilitating trade or capacity-building relationships.</li> </ul>

### Investment and Impact

Establishing the CIC in Vietnam will require an investment of **USD 17.95 million** over 5 years to cover operations, investments, programs, and implementation. Within this period, the CIC will support **65 climate technology ventures**, generating **3,500 direct and indirect jobs** at a cost of approximately **USD 5,000 per job** and close to **15,000 jobs** within 10 years costing about **USD 1,200 per job**.

Based on projected revenue from CIC invested ventures, the Center aims to cover at least 70% of its total costs and 100% of investment costs after its 7<sup>th</sup> year of operation. Through private sector contributions and follow-on investment, it will also achieve 2.2 times leverage on the initial investment at the end of five years, growing to **8.5 times leverage** after ten years.

**USD 18m CIC budget breakdown**



At the end of this ten-year period, the accelerated growth of CIC-supported technologies will deliver social, economic and environmental impacts. These include carbon mitigation (**1.3m tCO<sub>2</sub>**), access to energy (**190 MW and 90,000 people**), access to water (**391m kL and 400,000 people**) and increased agricultural efficiency (**20,000 farmers**).

### Implementation

The holistic CIC model will catalyze transformation in Vietnam's domestic climate technology sectors. Having identified a strong coalition of partners and a pipeline of potential beneficiaries, the CIC can produce tangible impacts in the five years after funding is secured. It will enable the growth of industries, products and services that support Vietnam's low-carbon development and climate resiliency while creating jobs and promoting domestic competitiveness. The CIC will be housed in a local organization and supported by a consortium of partners, with *infoDev*: i) managing implementation, ii) providing ongoing technical assistance, iii) evaluating performance, and importantly, iv) linking the Center with global activities. Furthermore, a fund manager will be appointed to make investments and provide hands-on assistance to funded companies.

For more details, please refer to the full Vietnam CIC business plan and annexes.