ELEMENTS OF EFFECTIVE TECHNOLOGY TRANSFER AND STIMULATING ENTREPRENEURSHIP

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GENERAL MANAGER CORPORATE SUSTAINABILITY
BARRIERS TO TECHNOLOGY TRANSFER

- Technology developers/owners not necessarily good commercialisers/marketers
- Bodies needing technology may not have the capacity to search and negotiate or even absorb/adapt the technology
- Firms are ignorant about the consequences of the effects
- Firms are reluctant to change
- Low foreign investments coupled to technology investments
- Government barriers (regulations) to technology transfer (import & export)
- No or little incentives/deterrence
- Low public awareness/public pressure
- Existing asset base
- Existing technology and infrastructure base
KEY ELEMENTS

- Needs driven
- Appropriate technology – cost critical
- Adaptation – local conditions
- Local content – cost implications
- Life cycle management
- Ownership
- Support infrastructure
- Alignment with skills base
- Full cost accounting
“There are many positive ways for business to make a difference in the lives of the poor – not through philanthropy, though that is also very important, but through initiatives that, over time, will help to build new markets.”

Kofi Annan, United Nations, Secretary General
Sustainable Livelihoods Project
• The concept of doing business with the poor and in fledgling markets calls companies to think beyond conventional wisdom
• WBCSD members and regional partners can and should be on the front lines of efforts to bring the poor into the market, thereby alleviating poverty and increasing prosperity and opportunity for all.
WBCSD SUSTAINABLE LIVELIHOODS PROJECT

- How to develop and engage in these business opportunities and ‘**do well by doing good**’, is what the WBCSD Sustainable Livelihoods Project attempts to address
- The ‘blended values’ approach, in other words blending social and financial values
- This approach has to do with doing business within the norms, laws, and expectations of society
- Business cannot succeed in a society that fails – and a planet of over four billion poor people looks much like a failing global society
MOTIVATION FOR BUSINESS

• Need to seek out new markets
• Framework conditions in many developing countries are improving
• Communications are faster and cheaper, making the world a smaller place
• Public expectations of corporations are changing
• New, and better, partners are available
• Aid and investment are beginning to reinforce one another
# BENEFITS

## Benefits for companies and communities

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<th>The Poor as a Resource Pool</th>
<th>Poor Communities as Consumers</th>
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<td><strong>Business Benefits</strong></td>
<td><strong>Community Benefits</strong></td>
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<td>Reduced labor costs</td>
<td>Job creation</td>
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<td>Shared risk</td>
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<td>Fair trade branding</td>
<td>New markets, revenue growth</td>
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<td>Increased brand value, positioning to capture future market growth</td>
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<td>Transfer product innovations to existing markets</td>
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<td>Greater access to quality products and services</td>
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<td>Improved quality of life</td>
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<td>Improved productivity</td>
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INNOVATION

R&D: NGO conducted needs assessment
Raw materials: Used local SMEs as suppliers
Production: Tailored service to different users
Distribution: NGO educated community about value of water
Marketing: Special incentives for revenue collection
End user

Eskom
MORE QUESTIONS THAN ANSWERS?

Recommen<em>dsations to address basic business questions</em>
• What are the motivations and how do we shift mindset?
• Do we understand the real needs of the market?
• Do we have the right product/service to offer?
• How do we finance the investment?
• How do we ensure that there is demand for our product/service?
• How do we ensure that our customers can afford it?
• How do we reach our customers?
• How do we collect revenues?
• How can we improve our supply chain?
• How can we stimulate related economic activities downstream?
• How do we measure success?
• How do we scale up or replicate?
KEY AREAS

FOCUS
on your core competencies when adapting your business model

PARTNER
with external resources that offer complementary expertise

LOCALIZE
the value creation by harnessing local intelligence and capabilities
BUSINESS BENEFITS OF CLUSTERING

- Cost Reduction: shared market research, joint distribution and/or billing
- Revenue Enhancement: complimentary products, promotion of economic development
- Access to Capital: shared contacts and knowledge, some funding explicitly supports business linkages
- Technological and Product Innovation: mutual benefits from combining different perspectives, joint development activities
KEY AREAS FOR (SOUTH) AFRICA

• SMME’S
  – Understanding the informal vs. formal
  – Need clear targets in order to focus effort
  – To build capacity within the SMME sector that currently lacks the business skills required to meet big business’ expectations
  – Identifying appropriate partners
  – Defining the business case and accessing funding
KEY AREAS FOR (SOUTH) AFRICA

• NEPAD
  – Provides a framework for business to identify opportunities
  – NEPAD partners can assist with the development of long value chain projects
  – Smaller projects are bottom up and NEPAD is top down and the divide needs to be bridged. Cluster approach.
  – Need to find ways of reducing risk and getting business to look longer term.
  – Need significant economic growth in Africa – aid does help but is not always sustainable.
  – Case studies
CASE STUDY

Efficient lighting initiative
ENERGY EFFICIENCY

• Bonesa - early phase of DSM in South Africa.
• Jointly funded by the GEF and Eskom over 3 years
• Use of CFLs through customer education, advertising and marketing
• The focus is to lower the price:
  – Originally priced between R60 and R80 per lamp
  – 2004 - between R13 and R20
• Due to joint sales promotions with local suppliers and increased volumes of CFL’s
• 2002 the DSM Fund was approved and 2003 was spent mainly on setting up the DSM business model and operations, customer awareness and education campaigns as well as the establishment of Energy Services Company (ESCo) industry.
• DSM aims to achieve a market-driven business environment by 2007
• Contributes to affordability
“Nobody made a greater mistake than he who did nothing because he could only do a little”

Eighteenth century British MP Edmund Burke