



## Report: Team Europe South Africa Climate Action Coffees – session 4

**GreenCape & partners coffee: exploring and overcoming new barriers to trade from the pandemic for green SMEs**

**Date: 8 April 2021**

**Time: 9.30am to 10.30am (SAST)**



**ROYAL DANISH  
EMBASSY  
Pretoria**



**GreenCape**  
Supporting the business of green

Facilitator: Thrishni Subramoney, Flow Communications

### Presenters:

- Mike Mulcahy, GreenCape
- Henrik Bjørnager Jensen of Danish environmental cluster CLEAN and ICN
- Annelize van der Merwe, InvestSA

### Attendees:

- EU and Member States Counsellors, HQ colleagues, working together under Team Europe RSA approach
- Representatives of CSIR, NBI, IDDRI, GreenCape, UCT, EDSE program, TIPS, Banking Association South Africa

### Topics covered:

#### Why EU Climate Action Coffees?

The purpose of the “Climate Action Coffees” sessions is to build bridges between organisations implementing climate action initiatives in South Africa and their Team Europe counterparts.

The EU Delegation referred to the building of bridges between attendees’ respective networks, and between activities funded by the European Union and the German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety under the SPIPA (Strategic Partnerships for the Implementation of the Paris Agreement) programme, and the activities run by participating organisations.

#### Session format

The session was one hour long, with presentations by three speakers followed by a Q&A segment.

## Summary of the presentations

### Presentation 1: Mike Mulcahy of GreenCape

Mulcahy said one of the flagship reports that GreenCape pulled together – its annual market reports targeting investors trying to understand the green economy – had just been uploaded to its website, at <https://greencape.co.za/market-intelligence/>.

GreenCape is a non-profit organisation focused around a cluster development strategy – it works at the interface of government, business and academia, trying to unlock and unblock opportunities in the green economy in South Africa. GreenCape focuses on the big infrastructure sectors: energy, water, the circular economy and waste management.

Its work revolves around trying to see where South Africa can grow and be competitive in the green economy space.

Over the past three years, GreenCape has done work around a “green pitch challenge” with SMMEs – a “shark tank”-style pitch where winners get a range of financial and practical support on understanding their markets, removing barriers and getting their business plans together.

About a year ago, with a team of partners including the WWF and the World Bank, GreenCape launched a Green Outcomes Fund to provide an incentive to show the financing community that it had systemically overpriced the risk of green SMMEs.

<https://www.greencape.co.za/content/sector/the-green-outcomes-fund>

Working with the National Treasury's Jobs Fund, they provided a grant of R85-million, which was then matched by a private sector commitment of about R400-million, to offer financial support across different categories of green SMMEs. The goal was to demonstrate to fund managers that they might be overpricing the risk for these sorts of SMMEs.

In April 2020, discussions were started with the European Union's SPIPA team to see if the Green Outcomes Fund instrument could be used to enable green SMMEs to respond to Covid-19.

A policy experiment was scoped out involving direct financial support to green SMMEs using the Green Outcomes Fund as the instrument. Direct support was provided to about 12 green SMMEs, safeguarding 800 jobs in green economy start-ups in South Africa and creating more than 40 jobs from June 2020 to February 2021.

In spite of the lockdown, there was growth within this cohort of green SMMEs. (see more about the green SME recovery experience on GreenCape youtube channel:

<https://www.youtube.com/watch?v=unaGxQljOzI>)

Many SMMEs experienced new or emerging barriers to trade during the pandemic. With the support of the SPIPA and GIZ teams, a project has been pulled together to explore the

positive outliers – to see what lessons could be learnt and replicated from the SMMEs that had succeeded in growing and forging new avenues in finding partnerships.

The data should be available in the next few weeks and, once it is clear what has worked and what has not, an analysis will be done to see which pilot programmes would be most interesting and should be run.

## **Presentation 2: Henrik Bjørnager Jensen of CLEAN and ICN**

CLEAN is a non-profit organisation based in Denmark, with an environmental focus. It has been operating for the past 14 years. It comprises roughly 30 people running 32 projects. The focus is on supporting areas such as water issues, waste issues, materials, air, climate adaptations and the circular economy.

More than 95% of Danish businesses are SMMEs – and the vast majority are very small companies that are heavily affected by a crisis such as Covid-19.

Because they don't have additional resources to redirect to opportunities elsewhere, they need support in finding partners and opportunities – and clusters can be the link to this.

For CLEAN, partnerships are key – across the Nordic region, but also globally. GreenCape, for example, is a longstanding partner.

When operating a commercial company, you work with a typical pipeline; anything beyond that pipeline is a huge risk. This is where networks, partnerships and opportunities facilitated through clusters come in.

ICN and CLEAN operate a digital platform – 100% online during the pandemic – where companies are able to get visibility and basic opportunities from ICN partners and other clusters.

Market disruptions will keep coming, so by having access to a network known to small businesses, they can be more effective in identifying opportunities quickly and limiting risk.

International partnerships have been built with organisations such as the Solar Impulse Foundation, which runs a programme building certified solutions regarding climate change. This has enabled SMMEs to get certified under the Solar Impulse programme.

<https://solarimpulse.com/efficient-solutions>

## **Presentation 3: Annelize van der Merwe of InvestSA**

InvestSA is responsible for increasing the quality and quantity of domestic and foreign direct investment in South Africa, and serves as the secretariat for the president's investment mobilisation drive – an initiative to generate approximately \$100-billion of fixed investment in the South African economy by 2021.

InvestSA is responsible for tracking the commitments towards reaching that target. It has about 152 projects that have already been committed, many linked to the green economy and climate change.

InvestSA has been working since 2019 with the World Bank Group to improve South Africa's ranking in the ease of doing business indicators.

One of the initiatives undertaken is to establish five technical working groups to deal with the key indicators where South Africa has to make progress: starting a business, registering a property, paying taxes, trading across borders, and ease of getting construction permits.

There has been significant progress on easing the process of starting a business – where it used to take seven procedures and 40 days, it now takes only four procedures and seven-and-a-half days (and a domestic company can be registered within 24 hours).

Since the launch of the new BizPortal, there have been about 140 000 new company registrations.

InvestSA has also since last year worked closely with the World Bank to improve its aftercare service to companies, and has supported companies during the pandemic with risk mitigation.

It has been inundated since the beginning of this year with requests from companies with new ideas. The InvestSA website is also being revamped to provide a more interactive service for companies wanting to invest in South Africa.

The green economy has been prioritised as a sector that can not only contribute to the establishment of new products and investment, but also to greening existing sectors and industries and to assisting companies to become more environmentally responsible.

During the Covid-19 pandemic, InvestSA set up nine virtual one-stop shops where companies had easy access to services to help them access opportunities.

### **Q&A segment**

Responding to a question about the importance of linkages for SMMEs in South Africa, Mulcahy referred to a practical example where two companies in South Africa participated in trying to find a solution for Rio's challenge with organic waste, although it was not their core business. It was exciting to bring markets closer to small businesses that might have solutions.

He said South Africa had the "perfect laboratory conditions" of a sophisticated financial system and highly capable academic institutions to solve problems – this laboratory mindset should be used to look for opportunities and markets outside South Africa.

Bjørnager Jensen said a lot of the work clusters do go far beyond a certified solution, and were part of building networks. He also noted that clusters prepare members to think more internationally.

Mulcahy said SMMEs must aim to be competitive in local and global markets, and referred to a cluster set up in Mpumalanga to look at green economies, which would have access to international insights about building competitiveness in the green economy.

Certifications and different global standards can cause barriers for SMMEs, but partnerships can allow innovative SMMEs to enter supply chains for large multinationals.

Responding to the notion of linkages, Van der Merwe said they were incredibly important and referred to a group of 200 participants in Japan who were interested in investing in the United Nations' Sustainable Development Goals in South Africa.

Labat added that people-to-people exchange and other kinds of “cross-fertilisation” also helped to build skills and expand the networks that SMMEs need to grow.

Mulcahy said while many SMMEs need fairly basic support on business development, others already have a reasonable footprint and track record. It was important to categorise SMMEs around what stage they were at, and what the overall opportunity in the market they were entering looked like.

All agreed that the role of a partner such as the EU Delegation was extremely important. Should you wish to engage further on this topic, please contact Mike Mulcahy at [mike@green-cape.co.za](mailto:mike@green-cape.co.za)

### **Next events**

The Portuguese Embassy in South Africa and the EIB ‘Green Talk’ on sustainable manufacturing in Africa for Africa: <https://m.engineeringnews.co.za/article/sustainable-inclusive-manufacturing-needed-in-africa-2021-04-13>. This Green Talk in South Africa is feeding into the upcoming the High-Level EU-Africa Green Investment Forum Africa’s green future: new investment pathways towards sustainable, inclusive development 23 April 2021 09:00-17:00 <https://www.eib.org/en/events/eu-africa-green-talks>

Stay connected with European green clusters: <https://clustercollaboration.eu/in-focus/green>

Connect to the Africa Circular Economy Alliance [website](#) and annual meeting in the margin of the [WCEF+ Climate](#). This [ACEA annual meeting](#) on 14-15 April will include a public session to present its report “Five Big Bets for the Circular Economy in Africa” and thematic workshops that may be of interest to you all.