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REDEFINING SPACE INVESTMENT: LEVERAGING JUGAAD INNOVATION AND SOCAL INVESTMENT APPROACH FOR A SUSTAINABLE SOUTH AMERICAN SPACE ECONOMY

Abstract

Southern California has long been a powerhouse of space exploration and investment, home to institutions like NASA's Jet Propulsion Laboratory (JPL) and a thriving venture capital ecosystem that has fueled private-sector pioneers such as SpaceX. While this region continues to drive advancements in space technology and space commercialization —through investments in several verticals such as hypersonics, in-orbit manufacturing, and even asteroid mining—emerging economies, particularly in South America, face systemic barriers to replicating this model. The high capital intensity-long development cycles of the space industry, coupled with fragile regional economies and a comparatively modest RD investment (both in academia as well as private institutions), make direct replication in South America to be deemed impractical.

This paper first analyses how venture capital from Southern California can play a transformative role in fostering a South American space ecosystem built on sustainability and adaptability. As a result of this preliminary research, the paper identifies existing investment trends, case studies of successful emerging-market innovations, and the limitations of traditional Western venture capital models in developing economies. Thus, the paper proposes, first, a new investment framework tailored to the particular needs of South America, leveraging the strengths of the region that could enable a localized space industry with a focus on dual-use applications and existing industrial capabilities, while integrating sustainability principles from the outset.

Second, the paper argues about the need for frugal, flexible and inclusive out-of-the-box thinking as the gateway for a competitive South American space industry. Furthermore, the paper proposes the implementation of jugaad innovation principles offering a pathway for regional emerging nations to participate meaningfully in the global space industry without relying on unsustainable capital-intensive models. Through this lens, the research provides actionable insights for investors and entrepreneurs on how to bridge the investment gap and build a resilient, sustainable space ecosystem in South America.

Keywords: Venture Capital, Space Industry, Sustainable Space Economy, Jugaad Innovation, South America