

Abstract for

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Title of the proposed presentation

Regional and global networking of business incubators:
The case of ECAbit (Eastern European and Central Asian
business incubators network)

Including country case studies Bulgaria, Turkey

Content

The infoDev business incubator initiative: Fact sheet

The ECAbit incubators network: Fact sheet

International activities including networking activities of ECAbit incubators

Country case studies

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1. Summary

Globalization urges incubators to provide among other services to their tenants international services to their clients such as information and business contacts, import or export consulting, international marketing, technology sourcing abroad and various other technology transfer services. Even in cases where incubators are governmentally or nationally supported, there is a constant need to attract new funds through international projects.

The ECAbit Eastern European and Central Asian business incubators and technology parks network conducted a survey in 2007 and 2008 about the motivation to participate in a network of business incubators, international cooperation strategies and knowledge transfer experience between incubators. The small-scale survey was conducted among 24 incubators from 12 countries, that are part of the emerging ECAbit network.

2. The infoDev Business Incubator Initiative

2.1. About infoDev¹

infoDev is a partnership of international development agencies, coordinated and served by an expert Secretariat housed in the Global ICT Department (GICT) of the World Bank, one of its key donors and founders. It acts as a neutral convener of dialogue, and as a coordinator of joint action among bilateral and multilateral donors—supporting global sharing of information on ICT for development (ICT4D), and helping to reduce duplication of efforts and investments.

2.2 About the business incubator initiative²

With financial support from the Governments of Japan and Finland, and through a partnership with the Government of India, infoDev launched the business Incubator Initiative in 2002 to respond to these challenges. This initiative aims to foster ICT-enabled entrepreneurship and private sector development in developing countries.

The Incubator Initiative has supported more than 70 business incubators in over 50 developing countries worldwide with financial and technical assistance, leading to the establishment of five regional networks in Africa, Asia and the Pacific, East and Central Europe, Latin America and the Caribbean, and the Middle East.

infoDev's incubators focus on helping entrepreneurs to build competitive businesses through the early, high-risk stages of development, and provide support services, infrastructure, such as offices, electricity, and internet access, and linkages with other tenant businesses, mentors, and financiers.

The infoDev incubator initiative focuses on financing and technical assistance for start-up incubators, capacity building and expansion of incubators focused on ICT-enabled entrepreneurship, and on the development of regional and global business incubator networks.

infoDev has awarded grants to 65 business incubators in 47 developing countries. 70 percent of these grantees have leveraged the infoDev grant to obtain funds from additional sources. In 2006 infoDev supported incubators assisted more than 2,600 entrepreneurs. infoDev reached over 1,000 practitioners, policy makers and donors through regional and global learning events.

¹ infoDev Information for Development Program (2007): Incubator Initiative Briefing Sheet, 2007; p. 1

² infoDev Information for Development Program (2007): Incubator Briefing Sheet, 2007; p. 1

2.3 About iDisc³

iDisc - the infoDev Incubator Support Center - is a virtual networking and knowledge-sharing platform for incubators and technology parks leveraging ICT to facilitate entrepreneurship and new business creation in developing countries. The website link is www.idisc.net.

3. The ECAbit network⁴

3.1 ECAbit History

ECA stands for Eastern Europe and Central Asia. The ECAbit Eastern European and Central Asian Business Incubators and Technology Parks Network as part of the global incubators network of infoDev was founded in May 2005 in Kiev, Ukraine. The start of the network followed regional networking activities including the CABIN Central Asian Business Incubators network started in 2003 and the first regional meeting at the First Global Forum in New Delhi 2004. Key milestones since its foundation include (November 2006), the regional workshop Kharkov, Ukraine (July 2007), and the regional workshop and conference in Yerevan, Armenia (September 2007).

3.2. Innovation and Business Incubation in the ECA region

Most ECAbit network members are located in countries that have been undergoing a transformation from planned to market economies. Strengthening the market orientation, diversification and competitiveness of economies in the East European and Central Asian region by fostering entrepreneurship and innovation on all levels from rural to high tech has become a main feature of this dynamic region in its strategic triangle between the European Union, Asia, and Russia. In many countries, business incubators and technology parks have achieved to initiate government programs addressing the need to build upon strategic strengths of the economies and to develop national and regional innovation clusters.

One example⁵ is the Viasphere Technology Park in Yerevan, Armenia, which together with the EIF Enterprise Incubation Foundation in Yerevan has attracted substantial Foreign Direct Investment into the ICT sector of Armenia by addressing and facilitating Armenian diaspora support. The success of Viasphere has motivated the Armenian government to launch a national innovation cluster program on ICT. Other countries in the region have been responding the Armenian approach.

3.3 ECAbit Projects and Activities

The focus, performance and sustainability of incubators and technology parks in ECA varies according to their environment, ranging from new European Union member countries over conflict areas like the Caucasus and areas facing ecological challenges like the Aral Sea area to regions rich in natural resources. The ECAbit network aims to strengthen the sustainability and impact of business incubators in ECA by raising awareness on innovation and entrepreneurship development among governments, universities and other key stakeholders, by strengthening the capabilities of incubator managers as well as their clients through focused training and learning, and by addressing new opportunities the globalization provides by initiating collaborative service and knowledge creation.

³ iDisc website (visited April 2008): <http://idisc.infodev.org/en/Page.About.html>

⁴ ECAbit website (visited April 2008): http://www.ECAbit.org/?page_id=2

⁵ Khachatur Khachikyan (2008): Case Study on Innovation Development in Armenia with special focus on the ICT sector in Armenia (mimeo)

To focus its activities, ECABit initiated four thematic working groups in 2007, namely on Rural Innovation, Youth and Innovation, SME Education in Transition (addressing the specifics of the SME training and consulting sector) and on innovative incubation approaches in the working group Incubation 2020.

3.4. ECABit Members and Partners

By February 2008, ECABit counts 30 full members from 15 countries, including associations from Russia, Uzbekistan, Kyrgyz Republic and the Ukraine representing about 180 incubators.

4. International networking of ECABit incubators

Globalization urges incubators to provide among other services to their tenants international services to their clients such as information and business contacts, import or export consulting, international marketing, technology sourcing abroad and various other technology transfer services. Even in cases where incubators are governmentally or nationally supported, there is a constant need to attract new funds through international projects.

Despite the vast growth of business incubation literature in recent years, focused primarily on incubator-tenants relations, little attention has been paid to partnership models and strategies among different incubators. Partially, this is due to the nature of incubation processes (predominately) taking place in developing countries and also in developed countries (up to a decade ago) – it is rather local, with technology transfer related/requiring international networks.

The existent studies on networks of business incubators either reflects on experience of (national or regional) associations of business incubators, or donor-centered and coordinated networks of grantees working on the same project (with standardized services or not). There is little documented evidence about the motivation to participate in a network of business incubators. Cooperation strategies and knowledge transfer experience between incubators.

We tried to fill this gap by doing a small-scale survey among 24 incubators from 12 countries that are part of the emerging ECABit network. The interview was conducted in a form of a standardized questionnaire emailed to executives or incubators managers, which includes both open and closed questions (single or multiple answers possibles) on current and planned provision of international services, existing regional or country preferences for business cooperation of incubator clients, international networking of incubators in terms of formal/informal participation in networks, cooperation with a particular organization from a foreign country, projects participation and cooperation with research organizations and finally incubator's own preferences to cooperate with similar organizations from other countries.

The questionnaires were distributed twice (in July and August 2007) and then again in March 2008 (to non-respondents and to those already responded if there are any significant changes appeared after completion of questionnaires in September 2007). We received altogether 14 responses from incubators from 10 countries, which corresponds to 58% return rate (measured by number of incubators). Countries include: Armenia, Byelorussia, Bulgaria, Kazakhstan, Kyrgyzstan, Romania, Russia, Turkey, Ukraine and Uzbekistan.

Not surprisingly all incubators provide international services to its clients. Most of them however stay on a broad level as provision of international business contacts (mainly through the networks and international partners of incubators), information services and facilitating participation in international networks and programs. Very limited (3 of 14) provide import and

export services and consulting. At the same time emerging star in terms of services is international technology transfer (currently 7 provide those services and 3 are planning such). At the same time clients seems most interested in getting international contacts, finding and selecting partners.

From a geographical perspective clients are most interested in doing (new) business with counterparts from Russia and Kazakhstan (over 50%), US and EU countries. This is in our view natural since these countries/regions represent important target markets within CIS countries (representing the majority in the sample). At the same time geographical preferences of incubators themselves are more dispersed than their clients, a bit more focusing on EU countries. This is quite reasonable, since incubators are predominately donor funded and EU provides a lot of funding opportunities for cooperation projects, advancing quality of incubation, networking and technology transfer. At the same time, new partnerships at incubator level could far more easily transferred in a new business opportunity.

International networking of incubators happens both on a bilateral level, within formal projects involving several organizations or within the framework of an association or network.

Besides ECABit network, which was the starting point for our research, a key additional network is SPICE Group. The most important distinction between the two networks (besides the fact that SPICE is older/established, global, larger and more influential) is that ECABit predominately involves organizations, while Spice involves individuals. On third place of networks listed by participants of the research comes the EEN network (European Enterprise Network), the successor of IRC (Innovation Relay Center) and EIC (Euro Info Centres), which merged February 2008. Organizations from Bulgaria, Romania, Russia and Turkey are part of it. Then, within the context of the global infodev incubator network, there are two more World Bank initiated networks such as Global Development Gateway and Global Distance Learning Network, which interplay with the ECABit through participation of more than one partner in both or three of them (Bulgaria, Turkey, Mongolia). Others networks that incubators participate are Southeast European IT Association, KABIC, AABI, CABIN, NBIA, IRE and others.

The fact that incubators are predominately funded through donor projects in our view explains why international networking is far more important to incubators than for their clients. The benefit for clients usually comes as a spill over effect or positive externality (if it is not directly written as a service in the international project, an example of which is IRC/EIC/EEN type of projects). Actually, even if clients pay close to market prices to incubators (rent and services) it is not financially possible to fund the international networking of the incubators. This market failure is clearly recognized both by the EU and the World Bank's InfDev program respectively. Thus, donor funding significantly contributes to international networking (between 50 and 70% and in some cases of poorer countries up to 100%).

Even with the small timeframe of its existence, ECABit and the global business innovation network of infodev proved to be successful in providing opportunities for knowledge and experience sharing and collaborative projects development (ranked the top two motivations by incubators to participate in networks, associations and collaborations). Unfortunately we do not have reliable statistics on both collaborative attempts and projects approval to identify the most important cooperation attractors but suspects are EU countries, Kazakhstan, Russia and Ukraine.

5. Country Case Studies

5.1 County Case Study Bulgaria⁶

The Job Opportunities through Business Support (JOBS) Project is implemented by the Ministry of Labour and Social Policy with the support of the United Nations Development Programme (UNDP). The JOBS Project aims to foster a sustainable environment for job creation by supporting micro and small businesses and agricultural producers in regions of Bulgaria confronting high unemployment levels. It started in 2001 and was implemented on 4 phases. That is why the BI/BCs are on different levels of their development. Some BI/BCs were established in rural areas.

Business Centers and Business Incubators (BCs/BIs) are registered Bulgarian not for profit NGOs that SMEs and economic development on a local level. 10 BIs and 32 BCs. They unite efforts of local stakeholders: municipalities, local businesses and NGOs for encouraging local and regional development and SMEs competitiveness. Increasingly, technology transfer centers and incubation-like activities emerge in university contexts.

The National Business Development Network (NBDN) is an association uniting business centers and business incubators that operate under the JOBS project in more than 90 communities across Bulgaria. The association designs and implements business support and employment generation strategies and projects. The best members work as incubators of new initiatives and have developed and implemented local, cross-border and International projects.

Further business incubator and business center networks include employment/individual training agencies, networks of individual incubators on local and regional levels, and the newly founded EEA network – result of a merger of EICs, some regional development agencies, chambers of commerce, Bulgarian academy of sciences and ARCF.

5.2 County Case Study Turkey⁷

The Istanbul Technical University started the first Technology Incubator, TEKMER, in 1991. Eighteen TEKMERs were established thanks to the Collaboration Protocols signed between KOSBEB and relevant universities.

The first Business Incubator was established in Zonguldak by KOSGEB under the Labour Adjustment Project in 1998. Another six incubators were established under the “Privatisation Social Support Project I - Labour Redeployment Component”. Five more incubators are under the development within the “Privatisation Social Support Project II”. Currently 18 Technology Incubators and 12 Business Incubators are operating under the umbrella of KOSGEB. They are part of the overall KOSGEB objective to improve the conditions of SMEs and enhance their competitive capacity by providing financial support and technical and managerial assistance. There are two other Technology Incubators at Ankara Cyberpark and Sabancı Teknokent in İstanbul. The incubators rent office space to R&D-intensive, small start-ups at very low rates for a period of up to four years. They also channel government-sponsored grants, funds and other services both to their tenant firms and to non-resident firms that qualify. Nearly all technology

⁶ Rositsa Djambazova (2008): Case Study on Business Incubation in Bulgaria (mimeo)

⁷ Krzysztof Zasiadly (2008): Case Study on Business Incubation in Turkey (mimeo)

oriented incubators are public organizations run by KOSGEB. Other Incubators are run by Local Service providers supported by the Privatisation Social Support Project II funded by the World Bank.

The project “Technical Assistance for Development of Incubation Centres for Supporting Women Entrepreneurship” is the first to target women entrepreneurs through business incubators. Women have undoubtedly a lead role to play towards stimulating Turkey’s efforts for economic growth, employment generation and local socio-economic development. Experience gathered by previous programmes will be studied and used in the current four project incubators.

It is important to note that the present Technical Assistance Team (TAT) will take into account two significant studies conducted at Sabanci University in Istanbul. The first by Özgecan Koçak and Özge Can compares the present status of Technology Incubators TEKMERS against the Science and Technology Park (STP) in Turkey. The second one by Centindamar Dilek focuses on benchmarking of 11 Business Incubators. Both can be useful for the current project when completed and published.

KOSGEB Small and Medium Industry Development Organisation, an affiliate of the Ministry of Industry is the roof organization for business incubation activities in Turkey. Supported by the European Union, the Turkish business incubator association as well as a women business incubator association are currently under consideration.

6. Abbreviations

ECAbit	Eastern European and Central Asian network of Business Incubators and Technology Parks
ECA	Eastern Europe and Central Asia
EU	European Union
ICT	Information and Communication Technologies
infoDev	Information for Development Program
IRC	Innovation Relay Center
KOSGEB	Small and Medium Industry Development Organisation of Turkey
MEIA	Monitoring, Evaluation and Impact Assessment
MSMEC	Romanian Ministry for SME and Co-Operative Development
OECD	Organisation for Economic Co-Operation and Development
R&D	Research and Development
SME	Small and Medium Sized Enterprises

7. References

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