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**Highlights:**

**Bulgaria to host the ECAbit's  
Advancing Innovation in ECA 2009  
in September**

The fourth regional conference of the network will be held on September 24-26, 2009 in [Gabrovo](#), Bulgaria organized by [ARC Fund](#) in cooperation with the [Technical University](#) in town. The conference would bring incubators, entrepreneurs, researchers, investors and policy makers to discuss academic entrepreneurship, commercialization of R&D and technology transfer. Focus would be given to sectors like tourism, ICT and green energy as they not just attract significant interest among members and tenants, but also possess valuable spillover potential. Mark your calendar and follow the news on [www.aieca2009.ecabit.org](http://www.aieca2009.ecabit.org)! All local costs for attending members will be covered.

**Pristina, Kosovo: Southeast  
European Network of Start-Up  
Centers and Incubators (SENSI)  
held its latest workshop on July 10<sup>th</sup>**

The Business Start-Up Centre Kosovo ([BSCK](#)) and the [FAMA University](#) hosted the [SENSI](#)'s workshop on

Business angels' networks and their role in financing start-ups in Pristina, Kosovo. SENSI brings together over 30 members from 9 countries in Southeast Europe and is currently managed by [Ms. Aleksandra Obrenovic](#). SENSI and ECAbit first met during [AIECA 2008](#) in Tambov, Russia. The two networks have a lot more common than a few same members and expect to further develop its just kicked-off partnership. Radu Ticiu ([Timisuara Software Business Incubator](#)), Ljupco Despotovski ([YES Incubator](#)), Andrija Petrovic ([Technology Park Varazdin](#)) and Todor Yalamov ([ARC Fund](#)) from ECAbit participated at the event.

**London, UK: infoDev and DFID  
Launch Low-Carbon Innovation  
Program**

At a joint half-day seminar held in London, UK on July 7<sup>th</sup>, infoDev and DFID launched a [joint program](#) to reduce carbon footprint in developing countries by introduction of eco-innovations. The [presentations](#) at the workshop indicate plausible involvement of incubators from ECAbit in this initiative. Based on [2004's emissions](#) most affected countries from ECAbit are Russia, Ukraine, Poland, Turkey and Kazakhstan. Yet USA and China alone are responsible

for over 40% of total carbon emissions. However, the economic and ecological reason for supporting eco-innovations in countries that would have a marginal total carbon footprint is that first, carbon quotas might both limit growth of industries based on old technologies and second, also serve as a source of profit if not used and sold to those who top the list.

**Florianopolis, Brazil:** 3<sup>rd</sup> InfoDev Global Forum, Travel advice: All members attending the forum are strongly advised to book their flights early; at least on trans-Atlantic route since the lowest economy fares are limited. Current cheapest available return flights from Europe to Sao Paulo amount to around 500 euro. Booking flights directly to Florianopolis might be quite expensive, but participants might enjoy a shared rent-a-car or train on the internal route. Soon online registration will be available. Members will be informed accordingly.

### **News from working groups**

**Baia Mare, Romania: The regional coordinators of WG Business Incubation and Youth met from 12 to 15 of July to discuss the progress of work**

The Development Centre for Small and Medium Sized Enterprises ([CDIMM Maramures Foundation](#)) hosted the meeting of the «core group» of the global youth think-tank. Zamira Akbagysheva (Kyrgyz Republic), Rajeev Aggarwal (Rwanda), Radu Ticiu and Radu Big (Romania), Sandra Ramirez (Colombia), Asmar Amjad (Palestine) and Stefan Schandera (infoDev/Germany) participated at the event. Besides the team building effects and knowledge sharing the group planned 3rd Global Forum's participation and WG's strategy towards 2011. More information on the event could be found [here](#). It is expected that the successful Y2I pilot competition in

ECA would be extended to a global event in near future.

### **Skopje, Macedonia: Investment readiness survey underway**

Ljupco Despotovski from YES Incubator is currently conducting research on start-up's investment related needs in Armenia, Bulgaria, Macedonia, Montenegro, Romania and Serbia. New countries are welcome to join. Should your incubator is interested to include its tenants in the survey, please contact [Ljupco](#). Preliminary results would be shown at AIECA 2009 in Gabrovo.

### **Gotse Delchev, Gomel, Shymkent, Sofia: TCNET and Eco-tourism working groups will organize several sessions at AIECA 2009**

Activity plans of the working groups have been updated to assure tangible results to be reported at AIECA 2009. It is expected that both WG would have produced comparative research and feasibility plans by September. All members are encouraged to respond quickly to an upcoming short survey coordinated by Marina Gill and Tanya Schpuling on training needs, since we would like that AIECA 2009 at least partially responds to them.

### **News from members**

#### **Tbilisi, Georgia: Business Incubator Georgia Initiative Launches Incubator**

*by Vazha Goginashvili, Civil Society Support Center*

The Civil Society Support Center's Business Incubation Initiative (BII) launched a business incubator in Tbilisi as a response to the high local demand. The feasibility study prior to its launch suggested a mixed incubator model. Currently BII provides daily coaching, advice and infrastructure services to three tenant companies and one external

permanent client. Clients work in various fields like digital marketing, construction business, financial services and convenience store chain management.

The global economic crisis impacted negatively virtually every sector in Georgia. At the same time the incubator's model proved its viability. Clients' growth strategies developed by BII consulting team together with management staff of tenant companies proved effective at a time of crisis. Client companies sustained sales on levels prior to the recession. Some of them even launch new services and develop new products to the markets. One of the most successful tenant companies – digital marketing company [42 Gradusi Ltd](#) – doubled its turnover in the first five

months of 2009 comparing to the same period of 2008 and created four additional jobs.

BII incubator identifies its future tenants according to two main criteria: high growth potential and knowledge-orientation. As BII experience proves, for a developing market like Georgia, knowledge and information are the two essential factors contributing to creating competitive advantage. Georgian SMEs traditionally perceive financial resources as a main success factor. However, the period before global financial crisis, when credit resources had been relatively easy to access, proved to local SMEs that professional expertise, business skills and information create far higher strategic competitive advantage, than access to financial resources alone.

## **BII Team Discussion**



Source: BII

One of the strategic priorities of BII team has been promotion of new understanding of innovation in Georgia and development of the innovation fostering mechanisms. This new understanding of innovation would include not only new worldwide

products, but also new products to Georgia or new production processes or even marketing innovations. In countries with developing economies and with no significant R&D expenses both in public and private sector, the process or management innovation

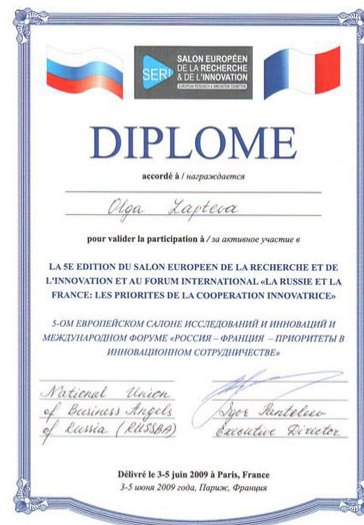
and technology adaptation has more emphasis than pure technological innovation. Such innovations have more short-term impact for economy – producing at considerably lower costs compared to developed economies.

A new web site will be launched by the September, 15<sup>th</sup> with a significant redesign, richer content and aimed at developing online community

**Paris, France: Olga Lapteva from Tambov Business Incubator, Russia awarded diploma for active participation at the [SERI – 2009](#) and the International Forum «Russia – France: Priorities in innovative cooperation»**

interested in SME development and innovation support in Georgia.

Bill incubator team has started with very limited resources, but with sustainable business model and plans to expand its operations and service areas, as well as increase expertise utilizing both its own organizational resources and financial support from donors.



The fifth European Salon of Research and Innovation (SERI) took place in Paris, France, June 3-5, 2009. It gathered over 250 exhibitors from 10 countries, including Poland and Russia. More than 17 thousands visitors browsed the Salon, out of which 10% international. Within the official Salon's program an international forum on Russia-France relationships in the field of research, innovation and technology transfer was held.

**Timisoara, Romania: UBIT incubator in Timisoara shares five years of experience**

Five years after the inauguration of Timisoara Business Incubator (UBIT), more than 40 business incubator practitioners from around and beyond Eastern Europe were hosted by UBIT and GTZ to share the experiences and

lessons learned from the UBIT experience to date. Read more at ecabit's [web-site](#) and the report published at [iDisc](#). Congrats to Radu Ticiu!

**In Focus: Academic entrepreneurship in Eastern Europe and Central Asia**

by Todor Galev, PhD, Senior research fellow, ARC Fund

### Introduction

In a third of all countries that have members in ECABit there are incubators based at academic institutions and a few more assisted academic spin-off companies. [Kharkov Technologies](#) in Kharkov, Ukraine, [MIET business incubator](#) in Zelenograd, Russia and the [High-Tech Business Incubator](#) in Burgas, Bulgaria are just a few to name, who are active

in supporting academic entrepreneurship and commercialization of public R&D.

In the last three decades, a great emphasis has been put on the creation of economic wealth from public funded research. Since the mid-1990s the environmental changes in the area of academia-industry relationship increased the pressure and incentives for commercialization of academic research. Two main trends shaped the current situation: First, following the drop of federal funding for university research in the USA, in late 1980s and in 1990-s the public funding of research at academia in Europe has also decreased despite the fact that the growth of EU funding has tried to compensate for. Particularly in Eastern European countries and in the former Soviet Union, the decrease of public funding for academia coincided with the general economic crisis, which has been accompanying the transformation towards market economy. Second, many European countries have adopted a "Bayh-Dole" type of act on academia patenting activity<sup>1</sup>, which permitted **performers of public funded research to file for patents on the results of this research and to grant licenses (incl. exclusive licenses) for these patents to firms.** (Wright et al 2007).

### Western European background

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<sup>1</sup> Enacted on December 12, 1980, the Bayh-Dole Act (P.L. 96-517, Patent and Trademark Act Amendments of 1980) created a uniform patent policy among the many federal agencies that fund research, enabling small businesses and non-profit organizations, including universities, to retain title to inventions made under federally-funded research programs. The Act made it easier for universities in the US to license and commercialize inventions, facilitating the creation of spin-off firms interested in licensing and developing these inventions. (Wright et al 2007, p. 1)

Traditionally, in Europe the interest among policymakers and academics has been in the knowledge transfer through patenting and licensing of innovations but greater attention is now being addressed internationally to academic entrepreneurship and in particular – to the creation of research based spin-offs – “new ventures, based on the formal and **informal transfer of technology** or knowledge generated by public research organizations” (Mustar et al 2006, p. 289). This new trend in the academic entrepreneurship emphasizes the importance of both types of transfer - codified and tacit knowledge and know-how, which is transferred from academia to business through various forms of collaboration. It might take the form of simultaneous job positions in academia and business, occupied by a single person or contract research in academia, which aims at licensing of public funded research in private firms, etc. In other words, the emphasis is now being put onto individual's own intellectual property or knowledge and its use for starting or participation in a business oriented activities inside or outside academia. As a result, **scientifically developed European countries focus their policies for encouragement and support of academic entrepreneurship upon the pre-commercial or pre-founding phase of spin-off creation** such as project identification in public funded laboratories, business training, advice and counseling for researchers, incubator support, seed money and financing for high tech start-ups, etc. Recent studies of academic entrepreneurship underlines few main trends in the development of respective public policies and their supportive financial and legal instruments. (Wright et al 2007, Mustar et al 2006)

- A first focus of interest among most of these countries has been on the regulation of intellectual property (IP). Two main types of legislation could be distinguished:

on one hand, law enforcement, which grants the IP rights on technology, developed with public funding to the academia instead to the individual researcher (Germany, Belgium) and on the other hand, developing of internal regulation within the academic institution, which grants them the IP rights (UK, Sweden in progress). Both legislation changes aim at accelerating the professionalization of TTO offices of various types (incubators, tech parks, TTO, ect.)

- The changes in IP legislation are attended by financial and institutional instruments that aim at bridging main difficulties on the part of academia – the lack of appropriate business-oriented knowledge among scientists and the lack of financial resources for commercialization of technology. Most initiatives mixed together allocation of public and private funds plus active coaching, counseling and advice for spin-offs, and in many countries they have been set up as national incubator programs.

### **Academic entrepreneurship in ECA countries**

The focus of the numerous studies and the policy attention in this field, have been predominantly on cases from the USA and Western European countries, while only in few cases, the academic entrepreneurship in ECA countries has been taken as an issue from both academics and policy makers in the region.

In most of the ECA countries, that have been following a post-socialist trajectory of socio-economic development, the spin-off concept has to take in consideration the endogenous character of the academic entrepreneurship for the development of the private business sector in the beginning of the transition period. There are only few studies of

post-socialist countries but they underline the fact that **spin-off activities from the academia have been mass process during the last two decades**. In many cases academic entrepreneurship developed without or even against the deliberate public policy, sometimes violating the existing legal restrictions that deny the commercialization of public funded research (e.g. Bulgaria during the most of 1990-s). Yet, in the Bulgarian case, the deliberate public policy in mid to late 80s was setting-up small and medium sized spin-off public companies around major technical universities and Bulgarian Academy of Sciences to commercialize R&D and utilize the human potential of graduate students and professors. Out and around of these spin-offs, later privatized, an important component of current innovative layer of companies emerged.

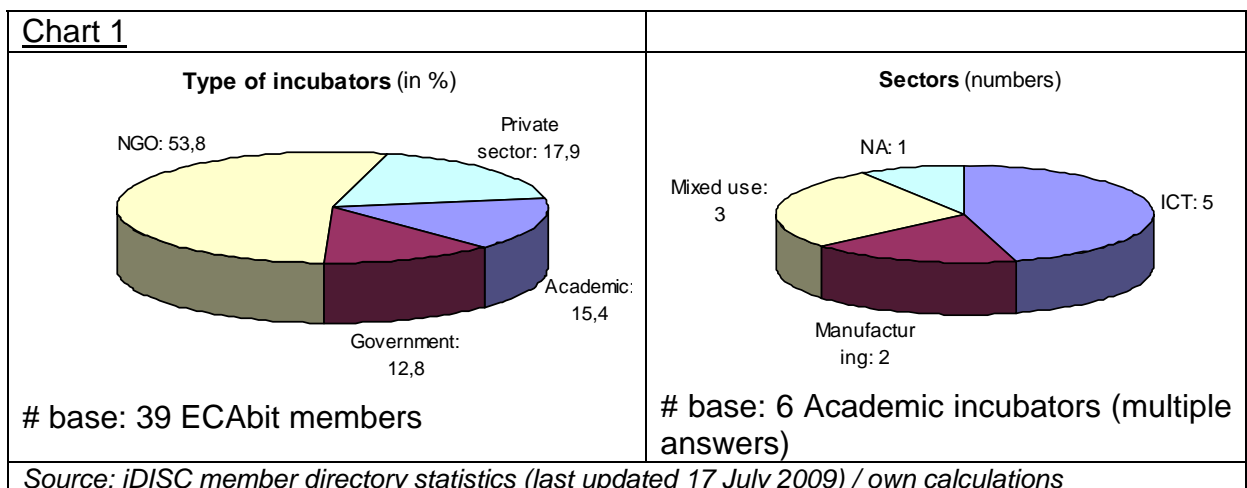
Undoubtedly, the existing barriers and the lack of deliberate support policies for academic entrepreneurship are the main reasons the bottom-up strategies for academic spin-off to prevail over the top-down institutional policies during the last two decades in most of the ECA countries. Another important factor was the structural transformation of the economies heavily dependent on military priorities and COMECON markets, which collapsed after 1989.

However, since the beginning of 2000, the intensification of business incubators and technology parks activities aiming at fostering the innovation process put the emphasis on the **need of new public policy to support the academia-industry relations**. Nevertheless, in practice, academic entrepreneurship is still underestimated and in many ECA countries – underdeveloped or at least – its reporting is neither comprehensive nor regular.

Available recent studies for a few ECA countries (Belarus, Bulgaria

and Russian Federation) show that **academic entrepreneurship has developed in economic sectors with high level of entrance barriers**, e.g. high-tech branches where highly specialized knowledge in a certain scientific field is indispensable prerequisite for developing of new technologies, while in low barrier sectors with mass production or service supply, academic entrepreneurs are only few exceptions. One of the main reasons was the development of strong semi-legal economic structures in most of the post-socialist countries that have took the control over the most of the

national economy during the last two decades but in general they have not entered into knowledge intensive branches. Available data about ECAbit members confirms firmly this conclusion – five of the total six academic incubators within ECAbit are working in the field of ICT, and none of them in agriculture or textile that are commonly recognized as low-tech branches. (see Chart 1) Additionally, two of the recent three Y2I awardees also have the ICT background and the proposals substantially were based on ICT and 7 out 12 success cases from ECAbit on iDisc feature ICT products.



In most of the ECA countries – as a rule – those that pass through post-socialist transformations, the underdeveloped market-economy during the transition period favored the skepticism towards commercialization of science achievements and benefited those who support “pure science” in their conflict with academic entrepreneurs. (Simeonova 1995, Tchalakov et al 2009). As a result, **limited business and entrepreneur culture among academia researchers were developed** – a fact, underlined by both studies’ findings and firsthand ECAbit members’ experience. As the director of the High Tech Business Incubator – Burgas, Bulgaria mentioned “*all of the carriers of innovative ideas [among academic researchers] wanted to*

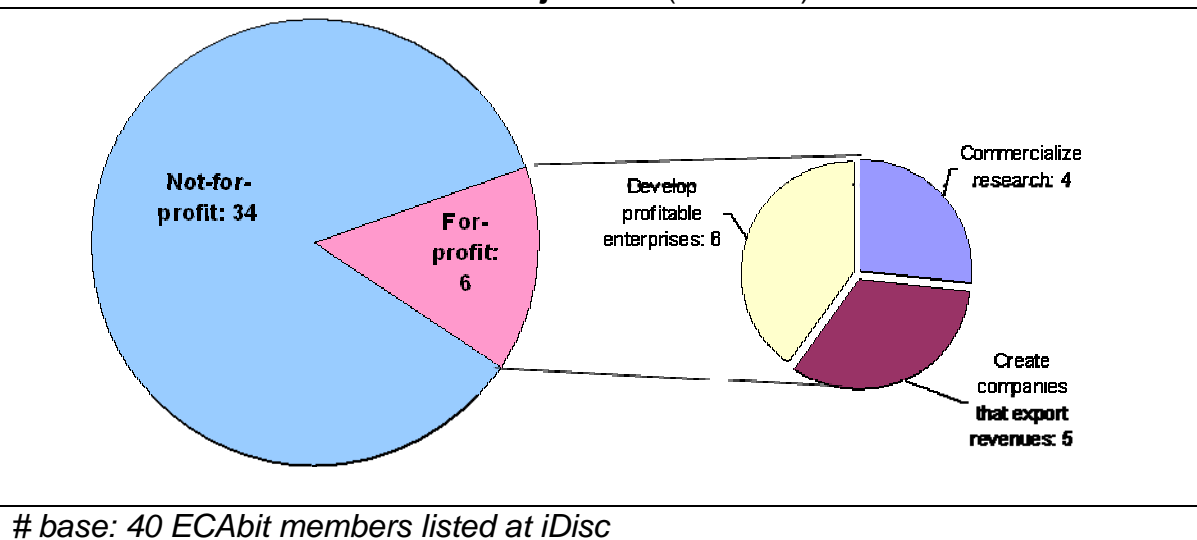
*patent and then license them rather that undertake own entrepreneurship activities”*.

Currently, there are some national or international programs that support mainly financially the development of academic entrepreneurship in ECA countries but at the same time, in most of these countries the necessary legislation is still missing, underdeveloped or at least – fragmented among non-coordinated sector policies (e.g. Belarus, Bulgaria, FYR Macedonia, Russian Federation). Except for EU funding and respective programs, in most of the ECA countries specialized financial support for incubating activities, including for academic entrepreneurs is practically

nonexistent. Quite the contrary, in many cases, academic scientists allocate part of their research funding or even part of their profits to support the process of commercialization. Even in cases of existing specific incubator support programs and initiatives, the legal and financial incentives for commercialization of research activities within academia are still too vague. Even money transfer mechanisms, with all the official procedures, permissions and cost

associated with that are barriers in some new independent states. One of the results is that most of the existing incubators in ECA rely mainly on external funding on a project base, working predominantly as not-for-profit organizations, while incubators that tend to rely on their own profit through the generation of start-ups with potential growth opportunity are smaller number.

**Incubators' financial model and objectives (numbers)**



Having in mind that the interest in academic entrepreneurship and science-industry relationships is growing among ECAbit members we have suggested this issue as session topic in the upcoming AIECA 2009 conference. Let us invite you heartily to join the session and share your firsthand experience with other members and with external experts.

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## News from the coordinating office

**Event. Moscow, Russia:** [IX Moscow International Salon of Innovations and Investments to be held on August 26-29, 2009](#)

**Event. Plovdiv, Bulgaria:** [Technology Brokerage Event](#) in the field of machine building, machinery, electrical engineering and electronics during the Autumn International Fair in Plovdiv on September 29, 2009.

**Event. Thessaloniki, Greece:** [23rd Infosystem fair](#) will be held in Thessaloniki, October 1 – 4, 2009. A parallel [brokerage event](#) tailored to the small and medium sized enterprises is organized in partnership with [Helexpo](#) and organized by national partners of [EEN](#). ICT tenants of ECAbit might be in particular interested to attend the forums.

## Funding opportunities

**Russia:** There are two currently open [calls for proposals](#), which might fund joint EU-Russian projects in the field of social and cultural entrepreneurship via the mechanism of Institution Building Partnership Programme (IBPP):

**Support to Civil Society and Local Initiatives (EuropeAid/128744/L/ACT/RU)**  
Thematic priorities of this call focus on disabilities and children's rights, improving consensus building, sharing and promoting European best practices and replication of successful initiatives. Incubators from Russia might propose projects aimed at promoting entrepreneurship and targeted skills for disabled, which could lead to effective integration in economy and even creation of new enterprises.

**Deadline: October 30, 2009**

**Support to EU-Russia Cultural Cooperation Initiatives (EuropeAid/128800/L/ACT/RU)**

Priorities of this call focus on creative and innovative projects, networking and mobility and museums. Incubators from Russia working in the field of social and cultural entrepreneurship and even cultural/festival tourism might apply.

**Deadline: October 12, 2009**

**Kazakhstan:** Development and Improvement of Policy Instruments for Environmental Protection (EuropeAid/127636/C/SER/KZ)

**Deadline: September 7, 2009**

**Worldwide:** 2009 Global Development Awards and Medals Competition

The Global Development Network (GDN) is now accepting submissions for its annual competition for development research proposals/papers and development projects. Researchers and NGOs from developing and transition countries are invited to participate in the competition. GDN, currently an international organization (since 2008) is a World Bank's conference and initiative spin-off.

**Deadlines:** August 28, 2009 (for the Japanese Award for the Most Innovative Development Project) and September 30, 2009 (for the research awards)

**Worldwide:** Fund for Gender Equality – Partnerships

United Nations Development Fund for Women (UNIFEM) accepts applications from governmental and non-governmental organizations and/or partnerships between or within

these sectors for catalytic or implementation grants for gender equality programs and initiatives. Incubators working in the field of women entrepreneurship with strong links to their governments from ECAbit might propose projects between September 15 and 30, 2009. More information could be found at [UNIFEM's web-site](#).

**Deadline:** September 30, 2009

**Central Asia, South Caucasus, Moldova and Belarus:** The German Federal Ministry for Education and Research announces funding opportunities. Objectives of the funding measure are the exploration and initiation of collaborations in the field of applied research and development. Preference will be application-oriented projects and projects with industrial participation (especially of small and medium enterprises) are supported. This will also provide a basis for further project applications in current BMBF funding programs as well as in the thematic priorities of the 7th Research Program of the European Union and in other research-related EU programs thereon. More information is available at the [following web-site](#) and on request by email in German or English. Applications are to be submitted [online at](#):

**Deadline:** On a rolling basis.

Special thanks to Stefan Schandera and Ilyas Safarli for providing input for this section. All members are invited to provide their requests on priorities for funding opportunities to be published here as well as feedback on cases where they have used the information for applying for a project.

Contact us! Share your news, opinion and vision for incubation development in Eastern Europe and Central Asia!

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