Supporting innovative businesses for green and sustainable development through business incubators
Challenges in the transition context based on cases from Central Asia

SPECA Expert group meeting on innovation and technology for sustainable development
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Business incubators (BI) as a tool to foster innovation, support green and sustainable development and post-pandemic recovery

- Green and circular economy transition requires doing things differently, re-imagining how we produce and consume — innovation is crucial.
- Innovation - experimentation with new ideas to see what works and what does not - is essential for SD and post-pandemic recovery — create value and find solution to SD challenges.
- Innovation should happen systematically to bring about the expected changes — requires effective national innovation systems, incl. innovation support infrastructure.
- BIs as critical part of innovation support infrastructure are a powerful tool to catalyze innovative entrepreneurship (more than 7000 worldwide and number growing).
- BIs provide incentives, support, connections, and an enabling environment for experimentation.
  - In transition context, where potential for the catch-up is very high, BIs role in closing up the existing gap is even higher.
The success of BIs in support to new and innovative ventures depends on:
- Overall environment for doing business
- Development of the national innovation system

In transition context, often, BIs are regarded as *safe haven* for new ventures struggling to develop in challenging business environments and under-developed innovation system — among the reasons for BIs failure to catalyze innovation broadly

In SPECA sub-region, BIs and other innovation support institutions have proliferated over the last decades BUT:
- Are yet to play a systematic, catalytic role in enabling and supporting broad experimentation
- Development of the private sector absorptive capacities for innovation (focus on absorbing and adapting existing ideas, technologies, and business models) is needed
- Broader structural reforms are critical (e.g. protection of property right, competition, regulatory frameworks for investment, entrepreneurship, governance)
SPECA sub-region performance on doing business and innovation

World Bank and WIPO benchmarking

World Bank Doing Business, 2020 (scores)

Global Innovation Index, 2020 (scores)
BIs face a set of operational challenges and lack of entrepreneurial skills

Leveraging the human capital potential in SPECA

- In addition to challenges in business environment and weaknesses in innovation systems, SPECA countries often encounter issues related to operating a BI as such:
  - A lack of necessary skills and competences of BI staff to support innovative ventures → need to further strengthen the capacities of the BI staff;
  - Sustainability issues related to unrealistic financial models of BIs, a lack of market intelligence, unstable or insufficient financial support
- Lacking entrepreneurial mindset and innovation culture among the young population → huge potential to build on given demographic and education trends
  - Adult literacy rate – 99%;
  - Average population age – 28 y.o (compared to over 40 for the majority of OECD economies)
This handbook seeks to provide guidance on key steps and considerations to set up, run, and evaluate business incubation programmes.

Its recommendations and tools target national and local governments, universities, as well as those developing and running business incubators (BIs) and similar institutions (e.g. pre-incubators, accelerators, entrepreneurship support centres) and present step-by-step guidance on business incubator operation.

The handbook features the experience from Russian Federation and Kazakhstan in BIs (MGIMO, Strogino TP, MOST) and builds on international expertise in the field.

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Available in ENG and RUS.
Thank you!

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75 YEARS
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AND COOPERATION
IN THE REGION