Business Incubators for Sustainable Development in the SPECA Sub-region

76 YEARS OF ECONOMIC INTEGRATION AND COOPERATION
About the UN Economic Commission for Europe

UNECE is one of five regional economic commissions of the United Nations

Aims:

• Economic integration and cooperation

• Exchange and application of best practices as well as economic and technological expertise

• Technical cooperation for transition economies

The Innovative Policies Development Section (IPDS) is one of four sections of the Economic Cooperation and Trade Division.

The Commission is composed of 56 member States, most of which are based in Europe.
The programme for the SPECA participating Countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) aims to strengthen sub-regional cooperation in Central Asia and its integration into the world economy.
Business incubators (BI) as a tool to foster innovation, support green and sustainable development

Green and circular economy transition requires doing things differently, re-imagining how we produce and consume → innovation is crucial

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

Global Innovation Index, 2020 (results)
In the 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)

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 the transition context, often, BIs are regarded as safe havens 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 addition to challenges in business environment and weaknesses in innovation systems, SPECA participating 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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Thank you for your attention!

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