Rural business incubators and innovation

Advancing Innovation in ECA 2007
(International Conference)

Yerevan, Armenia, September 18, 2007
Uzbekistan

Geography

- **Location:** Central Asia, north of Afghanistan.
- **Access to sea:** Country is encircled by land.
- **Note:** border passes through Aral Sea (420 km. of seaside of Aral sea).
- **Neighbors:** Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan.
- **Coordinates:** 41 00 N, 64 00 E
- **Area:**
  - total – 447,400 sq. km.;
  - land – 425,400 sq. km.;
  - water – 22,000 sq. km.

Population and labor resources

- Population of the Republic of Uzbekistan is more than 26.2 mil. people, 37% urban and 63% rural.
- Mainly populated by Uzbeks, who form almost 80% of population. Uzbekistan is a multicultural country; there are more than 100 nations here.
Number of registered enterprises (legal entities) - 423,347 as of 1st January, 2007

86% Micro Enterprise
5% Small Enterprises
9% Other
SME situation

SME share in GDP:
- SME: 58%
- Others: 42%
SME situation

Share of registered SMEs by sectors of economy
Business Incubators Network Development in the Republic of Uzbekistan
A network of 33 business incubators was created within three phases of the joint Government/UNDP “Business Incubators Network Development in Uzbekistan” project during the period 1995-2004.
Main results of the Business Incubators network activities beginning from 1996

Network of 33 BI’s since 1995

- 1368 tenants were incubated
- 70% of them operating successfully (13377 jobs)

In present

- 534 small and micro-enterprises are currently operating as the BI’s tenants
- 4171 job opportunities were provided
- Since 1996 products, works, and services were provided for the total value of 32,0 billion soums and over 1,2 million US$
Territorial structure of BI network
Business incubation to support rural innovation
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Existing problems of rural Business Incubation

- Disconnection and dissociation of business-incubators;
- High transaction expenses;
- Minimal presence or total absence of Internet Service Providers (ISPs), working in distant regions of the country;
- Low awareness of local population regarding the level of development of modern ICT and its possibilities;
- Existing quality of communication (telephone, fax), etc.
Obstacles for wide-spread use of Internet opportunities by rural BIs and their clients

- No Internet access
- Low awareness about Internet possibilities
- Lack of experience in work with Internet
- High expenses for Internet

Bar chart showing the percentage of each obstacle.
Internet Access of BIs

![Internet Access of BIs Chart]

- Tashkent
- Rural

Association of Business Incubators and Technoparks of Uzbekistan
Existing problems of Business Incubation

Only 12% of all BIs have own websites

Only 1.8% of SME clients have own websites
Promotion of ICT units to foster small and micro enterprises in Uzbekistan

ABIT/InfoDev project

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Project aims
Stimulation of private sector and business innovations development through improvement of business-incubators activity by implementing and the effective use of ICT.
Tasks of the project:

1. **Increase of awareness level of SME about ICT and Internet:**
   - Rendering technical support to small and micro enterprises through trainings and consulting services on rapid ICT developing;
   - Web resource development and access provision;
   - Use of ICT for experience and ideas exchange between BIs & their clients.

2. **Improvement of BI network technical infrastructure:**
   - Creation of ICT units on the basis of existing BIs for SME information support;
   - VPN (Virtual Private Network) creation within the framework of BI network.

3. **BI network internal processes strengthening:**
   - Optimization of ABIT management system and BIs network coordination;
   - Increase of profitability and effectiveness of BIs activity by integrating ICT into business incubation.
In March 2006, JV “East Telecom” and ABIT commenced creating VPN (Virtual Private Network) among business-incubators.

For today VPN consolidates 23 rural and regional business-incubators through which they have Internet access.
Project results

- Technologies and equipment
- Innovation projects
- Current legislation
- Credit services and financial institutes products
- Theory of business
- Placing of information about your equipment
- Placing of information about innovation projects
- Online book-keeping
Online book-keeping

Opportunity for small enterprises to keep the books online without any special knowledge and skills.
Project results

"Bukhara" BI revenue trends

"Bukhara" BI revenue structure

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Future Outlook

- Frontier trade
- Venture financing
- More active relations with Universities and qualified personnel
- Specialized technoparks
- Technology transfer
Thank you!

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