The Role of Incubators in Enabling Innovation and New Business Creation in Poor and Rural Communities:
South Kazakhstan Case
1. SME sector highlights: Kazakhstan and South Kazakhstan

- Overall economy depends to great extent on natural resources
- 737,886 small enterprises with up to five people were registered in June 2006 in Kazakhstan; 119,003 companies in South Kazakhstan
- Dominating segments of this sector are: small trade, repair works, home business, small farmers (individuals and cooperatives)
- Share of the sector on overall registered companies in Kazakhstan is 77.9%; in South Kazakhstan 75%.
- Small business sector employed 1.6 million people in June 2006 in Kazakhstan; 319,750 people (the overall population of Kazakhstan is approx. 16 mln)
- Cluster policy in Kazakhstan; in South Kazakhstan – food processing, textile, tourism and construction clusters
2. Situation overview: South Kazakhstan

**SME trends**
- Government subsidies and loans → increase in SME sector

**VS.**
- Lack of information and knowledge about the situation in SME segment
- Low e-readiness
- Lack of skilled SME development professionals amongst gov-t auth.

**SODBI capacity**
- Networks of partners
- SME training and consulting center
- SME information resource center
- Online information resources
- Information and knowledge database

- Access to market information and knowledge
- e-competence
- Contacts and networking
- Access to technologies
- Business skills development
### 3.1 Fact Sheet

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal form</td>
<td>NGO</td>
</tr>
<tr>
<td>Leasing space</td>
<td>3142 sq.m</td>
</tr>
<tr>
<td>Number of BI residents</td>
<td>38</td>
</tr>
<tr>
<td>Jobs created by BI residents</td>
<td>249</td>
</tr>
<tr>
<td>Graduates</td>
<td>14</td>
</tr>
<tr>
<td>Average incubation period</td>
<td>3 years</td>
</tr>
<tr>
<td>Legal forms of BI residents</td>
<td>companies, individual entrepreneurs</td>
</tr>
<tr>
<td>Incubator staff</td>
<td>12 permanent employees, plus project staff and external partners</td>
</tr>
</tbody>
</table>
3. SODBI Business Incubator

3.2 Strategic priorities

⇒ Outreach to the rural areas of the South Kazakhstan
⇒ Outreach to the other regions throughout Kazakhstan

Obstacle:

← Sustainability of physical infrastructure
3.3 Outreach strategy

- Use of the existing networks and channels
- Initiation of pilots and projects
- Focus on tourism and agri-businesses
3. SODBI Business Incubator

3.4 Agri-businesses support

- 2004: training series for government authorities (evaluation of business idea); the methodology is currently applied by 30% of the trainees in the rural areas

- 2001-2006: training for SMEs in the rural areas of the South Kazakhstan (government and donor support) with up to 980 trainees

- Research activity in 2004 on SME development trends and ICT integration in business

- Training „Internet for SME“ conducted in June 2005 for representatives of SME sector and government officials in the rural areas

- **Shymkent.com** business information portal containing database of producing companies in South Kazakhstan
### 3. SODBI Business Incubator

#### 3.4 Agri-businesses support

**Current activities**  
Pilot on technology transfer and networking in agriculture (joint action with the national Agri-crediting Corporation) – infoDev project component; research and training in agriculture product commercialization for producers and traders of Kazakhstan and Uzbekistan; agricultural fairs and exhibitions

**Opportunities**  
Strong links to strategic partners on the national and sub-regional levels (outreach to the rural areas); cluster policy; fundraising

**Threats**  
Commitment of strategic partners; alterations in the government policy; sources of financing (cooperation with financing institutes)
3.5 Tourism development

- 2004: pilot in marketing cooperation in rural tourism (community-based tourism/CBT) – series of seminars on marketing cooperation
- December 2005: the first Tourism Business Club – creating a local tourism network
- Marketing of the region → Southkazakhstan.com tourism information portal
3.5 Tourism development

**Current activities**
Regional network in tourism (South Kazakhstan);
marketing of South Kazakhstan online (through Southkazakhstan.com online portal); Tourism Business Club activities

**Opportunities**
Partnership with tourism authorities on the local and national levels; contribution towards the development of government programs and strategies on the tourism sector development; places of interest in the region; cluster policy; fundraising

**Threats**
Commitment of strategic partners; poor tourism infrastructure; sources of financing (Business Club initiative)
4. Future prospects

Lessons learned

- We train and transfer methodologies to stakeholders and SME; in the meanwhile maintaining our brand and positioning

- Effective way for contact development with stakeholders and SME

- Creating an eco-system (inc. government bodies, financing institutes, etc.)

- Situation analysis and market research

- Existing development instruments: How we use the existing networks and channels

- Monitoring of results

- Networking development

- Pilot projects
For more information about SODBI please, visit our web-pages:

- www.sodbi.kz
- http://cabin.sodbi.kz

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Thank you!