



INFORMATION FOR DEVELOPMENT PROGRAM

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Promoting Innovation and Entrepreneurship in Asia: Strategies and Partnerships

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Workshop Report

Table of Contents

Summary Report	3
Introduction.....	8
Session Summaries	10
Opening Activities	10
Track 1: Challenges and Strategies.....	12
Plenary Session: Regional Perspective of the Challenges and Strategies: Private Sector	12
Breakout Session 1: Financing Challenges for ICT and ICT-Enabled SMEs	14
Breakout Session 2: Innovation – Facilitating an Entrepreneurial Environment	15
Breakout Session 3: Developing Products for Entrepreneurship.....	16
Breakout Session 4: Working Models on ICT, Innovation, Enterprise and Network Development	17
Track 2: The Role of the Public Sector.....	18
Plenary Session: Regional Perspective of How the Public Sector Can Foster Innovation & Entrepreneurship.....	18
Breakout Session 1: Government Initiatives to Support Innovation, Business Incubation and Entrepreneurship	20
Breakout Session 2: Public-Private-Partnerships: How Can the Public and Private Sector Collectively Support Innovation and Entrepreneurship?.....	22
Track 2 Plenary Discussion	23
Track 3: Innovation and Entrepreneurship in Asia: Strategies and Partnerships.....	24
Track 4: Professional Development for Business Incubators And SMEs	26
Learning Session 1: Designing Sustainable Business Models.....	26
Learning Session 2: What Investors Look for In Early-Stage Companies and How Can Early-Stage Companies Be More Effective in Attracting Private Capital?.....	26
Asia Regional Network: Next Steps & Action Plan	27
Priorities.....	28
What participants can bring to the network	29
Workshop Closure	30
Annexes.....	31
Workshop Agenda	31
Presentations	36

Summary Report

The regional workshop organized by infoDev and the Ayala Foundation, with the support of corporate sponsors, brought together 183 participants representing 14 countries from the private sector, including business incubators, ICT-enabled small and medium size enterprises (SMEs) and investors, as well as the public sector, including policy makers and donor agencies to discuss the opportunities and challenges for promoting innovation and entrepreneurship in Asia. The workshop explored the challenges facing entrepreneurs in the region through three tracks, covering the views of both the private and public sectors and concluded with a final session on opportunities for collaboration.

The interaction between business incubators, entrepreneurs, policy makers and venture capitalists was a feature, supporting the broadening of the infoDev network. Energy and dynamism were maintained throughout and on the third day it was hard to curtail the discussion, despite people being tired after two intense days of work.

Key themes lesson and challenges

The enabling environment

Improvements to the enabling environment, with better transparency, consistency and regulations, are acknowledged as being critical for development. This is nothing new, but having policy makers, venture capitalists, angel investors, entrepreneurs, business incubators and technology parks interacting together made the discussion relevant and rich.

The Missing Middle in SMEs

Micro and small enterprises dominate (95%+ of all enterprises), often with low skill and technology intensity and few grow, even though the gross numbers keep on growing, leading to a shortage of medium sized companies. Fostering growth in these enterprises and overcoming what is sometimes called a ‘growth trap’ is a key challenge and opportunity for the region.

Finance for SMEs

The Venture Capital participants and speakers improved other participant’s understanding of the role and place and reality of venture capital, which does not do small deals and is only used by a small fraction of successful technology companies. There was no disagreement as to the existence of a finance gap for early stage funding of growth companies. It is often a mismatch rather than a shortage of funds, with venture capital funds being skewed to larger and as a result often later stage deals, and to China and India, leaving a shortage in other smaller Asian countries.

Angel investment, which typically helps fund companies at an earlier stage is almost non-existent in many countries, despite many high net worth individuals and is a source that may be fostered in the future.

A highlight of the workshop was the realization that bootstrapping, making use of savings, investment from friends and family and retained earnings is by far the most common strategy with successful technology companies. The contrast between Microsoft, a bootstrapped company, and Lotus a venture capital backed company was an eye opener for many participants, with many wanting to learn more.

Potential exists for government backed dedicated funds, co-investing with the private sector, and a number of examples were profiled (e.g. Technology Development Board in India and Co-investment Fund in New Zealand). Other countries may be able to develop their own variants and there may be potential regionally, especially for the smaller economies.

Public Private Partnerships (PPPs)

The importance of PPPs is recognized, but significant confusion exists about the respective roles of the partners and the institutional structures used. Problems in this area are holding back development generally, as well as development of incubators, financial mechanisms such as credit guarantees and other SME support systems.

Government Purchasing

Government procurement is an important and well understood mechanism for helping local SMEs to innovate and grow, especially in the ICT industry. Incubators and other business and professional organisations should advocate policies that favor local SMEs. Policies commonly used in developed countries may involve a % of contracts mandated for SMEs, mandatory payment within 30 days or mechanisms to reduce the cost of entry.

Different Stages of Incubation Development

The incubation industries in China, India and Malaysia, as well as some developed countries in the region, are far more developed than in other countries, which give new entrants to the industry the opportunity to learn from the experience of their neighbors. The participants stressed the importance of learning and adapting to their particular environments, rather than simply copying and adopting.

Capacity Building

Incubator managers, stakeholders and policy makers want to develop their capabilities and recognize that learning from each other is one of the best ways to proceed, complemented by more formal training programs. Much of this can be done on-line with a knowledge base and on line community, complemented by exchanges and regular forums where people come together face to face.

Technology and ICT

Technology is not the only game and ICT enabled services offer as much if not more potential. Consideration of the most successful companies in the USA, where the domain leaders were not first to market and not based on new product innovation, highlighted the importance of management and innovation in execution, rather than just the product. ICT enabling of new and existing SMEs is a challenge, but one that can lead to significant growth and scalability.

Sustainability

This is an issue for many of the participants, in terms of quality deal flow, government policy support and relevance and adequate revenue to cover costs. Solutions are not always easy and involve planning (needs assessment and planning for sustainability for the outset), appropriate business models and connections to policy makers and other SME support structures. Much can be done through capacity building with incubator managers, stakeholders and policy makers and by developing a clear strategic approach, which is all too often lacking at both the policy and implementation levels.

Broadened Scope of Incubation in the infoDev Network

With the infoDev network, incubation is broader than in some other ‘incubator’ networks and has started to encompass technology and science parks and cluster development, as well as building upon Business Development Services, with more outreach to rural areas and disadvantaged people.

The infoDev Asia Network

Participants committed to sharing experience and continued networking, to share experience and develop capacity and for the benefit of their entrepreneurs. The process of developing an action plan was commenced, for completion through a discussion forum, with the following headings:

Priorities	Time frame
1. Networking - to keep the pace and momentum that was generated in the workshop alive	
a. Annual regional workshop <ul style="list-style-type: none"> i. Involving more clients next time ii. Inviting non-infoDev incubators, who can pay for themselves 	Short to Medium term - Annual
b. Use video conferencing and distance learning technology for long distance networking	Short to medium term
c. Creation of a web community <ul style="list-style-type: none"> i. For incubator managers and incubatees 	Short to medium term
2. Knowledge Base and Toolkits	
a. For incubators: sharing knowledge and information, success stories, software, toolkits, e.g. marketing and how to find good clients, success tips, sources of funding etc	Medium term
b. For companies: sharing experiences, software, toolkits e.g. marketing plans, business plans etc	
c. Best practices for policy makers. They want to help but don't know how: best practices they can use, structures they can use. The policy maker toolkit should be disseminated to them so they do not have to search for it. This is something incubators can do.	Medium term
d. Directory of all business incubators in the region, such as that provided by the IASP, so incubators can find comparable incubators and network 1:1.	Short term

e. Technology repository exchange i. For incubators and incubatees	Medium to long term
3. Capacity building	
a. Design of a formal training program for incubator managers i. Addressing incubator management needs, e.g. entry and graduation criteria ii. Managers to go beyond mere providers of services and become mentors for incubatees	Medium term
b. Exchange Program, regionally and within countries i. Countries with more advanced incubation industries helping the less advanced	Short to long term
c. More regional capacity building events. i. The immediate priority is financing, addressing VCs, angel investors and company pitches.	Short to Medium term
ii. Another priority is to improve understanding and capability for Public Private Partnerships (PPPs): options, good practices, respective roles and institutional structures	Short to Medium term
iii. ‘Boot strapping’: options, understanding and how to support it as an effective strategy:	Short to Medium term
4. Company financing	
a. Seed fund at the disposal of incubators to be used to pay for the support services needed by incubatees	Medium to long term
b. Grant mechanisms for incubatees who are not ready for equity investing	Medium to long term
5. Monitoring and Evaluation	
a. infoDev to conduct performance assessment of grantees to identify successes and weaknesses and ultimately develop capability	Short term
6. Linking to other networks	
a. Strategic partnerships between the infoDev network and other networks such as the Asian Association of Business Incubators (AABI)	Short term

Direct Outcomes

The workshop was an important forum in which participants shared their experiences, learnt, built relationships and set objectives for the emerging network. Enthusiasm built steadily over the three days, laying a foundation for post workshop activities.

Participants committed to sharing case studies and documented management systems, through formal mechanisms and on a one to one basis outside the formal network, but many

wanted more time to network with their peers, as was evident in breaks and to the time keepers.

The workshop achieved a number of more direct and immediate outcomes, although not all could be captured, as many occurred through private or one to one interactions. However, some were more public.

India offered to host a manager exchange program, so business incubator managers from other countries could learn from their experience. The Shanghai International Incubator offered its annual manager training program as a vehicle for capacity building. A web site for the network was developed by the Ayala Foundation prior to the workshop and the Department of Science and Technology offered to assist by building a more sophisticated web site should that be required.

Representatives of the Asian Association of Business Incubators (AABI) met and agreed to take a formal proposal to the next AABI General Assembly suggesting a formal relationship with the *infoDev* network and provision of awards and facilitation of an exchange program to help build the capacity in countries new to business incubation. Some of the AABI member countries have strategic interests in helping particular countries in the region, such as in the Greater Mekong region, which may be a focus for bilateral exchanges.

Participants in the APEC Incubation Forums (held in Taiwan - twice, Korea and China in previous years) met and worked with the Vietnamese representatives about organization of a 2006 APEC Incubator Forum in September 2006 in Vietnam (Vietnam is the APEC host for 2006).

The next step for the network is to finalize the action plan and priorities through a discussion forum.

Introduction

Workshop Objectives

The regional workshop brought together the private sector, including business incubators, ICT-enabled small and medium size enterprises (SMEs) and investors, as well as the public sector, including policy makers and donor agencies to discuss the opportunities and challenges for promoting innovation and entrepreneurship in Asia. During this three-day event, participants shared experiences on overcoming some of the fundamental constraints facing entrepreneurs in the region such as access to growth financing and a challenging business environment. As part of the workshop, a marketplace of ICT-enabled SMEs showcased innovative services and products from the business incubators in the region.

Workshop Structure

The workshop explored the challenges facing entrepreneurs in the region through three tracks covering the views of both the private and public sectors and concluded with a final session on opportunities for collaboration. Each track began with a plenary session highlighting specific issues that were further discussed during interactive breakout sessions. After the breakout sessions a second plenary session was held during which the moderators from each of the breakout presented the key issues raised and opportunities for collaborative, particularly through the *infoDev* Asia Regional Network. On the third day, industry experts and experienced entrepreneurs provided “hands-on” training for business incubator managers and entrepreneurs on key issues such as sustainability and network development during the fourth and final track.

Track One: INNOVATION AND ENTREPRENEURSHIP IN ASIA: CHALLENGES & STRATEGIES

This track provided lessons learned from the private sector, industry players and organizations providing incubation, innovation and entrepreneurship services in designing and implementing strategies to overcome the challenges facing the growth of ICT and ICT-enabled small and medium enterprises (SMEs) and as drivers for new economic opportunities.

- Entrepreneurships – Policy & Regulation
- Growth Financing
- ICT Applications/Infrastructure

Track Two: INNOVATION AND ENTREPRENEURSHIP IN ASIA: THE ROLE OF THE PUBLIC SECTOR

This track focused on policy initiatives for SMEs that governments have introduced to enhance innovation, entrepreneurship and SME development. Particular attention was given to initiatives that improve: financing (from micro-credit to venture capital); marketing and other business development services; the legal (e.g. intellectual property rights) and regulatory environment; and ICT infrastructure and services. It profiled various policy frameworks so participants can learn about what has worked and what has not worked in other countries and may be applicable to their circumstances.

- Innovation, Business Incubation and Enterprise Development Policies
- Financing Policies for SMEs
- Policy and Regulatory Reforms
- ICT Infrastructure and Cost of Access

Track Three: INNOVATION AND ENTREPRENEURSHIP IN ASIA: STRATEGIES & PARTNERSHIPS

This track combined the discussions from track one and two and proposed actions that the private sector and public sector including donors can take to address the constraints to innovation and entrepreneurship in Asia.

- SME Development Tools
- Business Incubation Services
- Network Development of Innovators and Entrepreneurs
- New Mechanisms for Addressing Constraints such as Financing

Track Four: PROFESSIONAL DEVELOPMENT FOR BUSINESS INCUBATORS AND ICT AND ICT-ENABLED SMEs

This was a professional development track for organizations involved in business incubation, innovation and entrepreneurship development. It addressed skills, tools and approaches used, so managers and staff can improve their expertise to respond to internal issues, external challenges and the needs of their clients.

- Incubation Management, Tenant Company Development and Sustainability
- Attracting Private Investment
- Management of Networks of Investors and Tenant Companies

Workshop Participants

62 international participants from Nepal, India, Sri Lanka, Vietnam, Thailand, Malaysia, Mongolia, China, Hong Kong, New Zealand, Australia, USA and Mauritius attended the workshop, along with 103 Filipinos. 60 were from incubators (including 26 clients), 12 were venture capitalists and 30 policy makers.

Session Summaries

Opening Activities

Following a traditional opening ceremony, Vivek Chaudhry opened the workshop on behalf of Mostafa Terrab the infoDev Manager.

Joachim von Amsberg, World Bank Country Director, Philippines, set the scene for the workshop with three thoughts:

1. The relationship between innovation and growth.

He noted all of Asia is experiencing robust growth, which reduces the inherent risk for innovation, entrepreneurship and investment. Innovation has been a potent lever for ‘creative destruction’, a vital component for growth and success in a global competitive environment, where reliance on labour cost advantages are moving to more complex advantages. With growth standards of living are increasing and poverty is being reduced; the ultimate objective.

2. The importance of SMEs for innovation and equitable growth.

The vast majority of enterprises are small and micro and involve a large percentage of the workforce (70% in the Philippines), but only a tiny percentage transition to medium and large enterprises, few are in dynamic growth sectors and most are local with limited technological intensity. The ‘M’ in SME has stagnated, hence the term “missing middle”. The challenge is scaling up enterprise activity and fostering more vibrant churning and competition from the ranks of SMEs. Growth opportunities exist with the diversity of IT enabled services especially those that are more sophisticated.

3. The role of the public vs. the private sector

The private sector is where innovation is best placed to help realize profits in a competitive environment. If the public sector attempts to take on this role it may not lead to expected results. Their role is to create an enabling environment in terms of: regulations (licensing, business regulations, access to markets etc); infrastructure; access to loan and risk capital; competition policy; transparent government procurement allowing SMEs to compete; access to technology and R&D; and, most importantly skills and education.

Jyrki Pulkkinen, Information Society for Development Adviser, Department for Development Policy, Ministry for Foreign Affairs, Finland continued to set the scene.

He talked about the experience of Finland; a small country that leads the world in innovation and according to the World Economic Forum is 1st in Global competitiveness and 3rd in ICT readiness. ICT has been the foundation contributing 30% of the growth between 1995 and 2002, but only 6% related to the ICT industry with the remainder being ICT integration. In other words social innovation in ICT has had a far bigger impact than the ICT industry itself. Consequently ICT integration, learning and capacity building are crucial, as is the role of small firms and entrepreneurs in releasing value from new ideas and innovation.

He noted OECD drivers for growth as a mandate for business incubation and the Finnish Government's investment in infoDev:

1. Increased access to venture capital
2. Public Private partnerships for innovation
3. Promoting ICT diffusion to businesses
4. Developing highly skilled workers.

Zorayda Amelia Alonzo representing Secretary Peter B. Favila, Department of Trade and Industry, Philippines spoke from the Philippine perspective. Sustainable development can only be achieved with a wide base of opportunities in society, where the opportunities are converted to wealth for the majority; not just 'trickle' down but from the grass roots. In this endeavor ICT is an important tool for innovation and entrepreneurship.

Vivek Chaudry, infoDev Program Administrator, World Bank introduced the infoDev initiative which has three themes for its activities, (1.) Mainstreaming ICT, (2.) Enabling Access, (3.) Innovation, Entrepreneurship and Growth, which includes the incubator initiative, aimed at fostering entrepreneurship and private sector development in developing countries, and analytic work with a study on financing gaps and country and case studies.

He noted Asia now has as many if not more incubators than any other region in the world and that infoDev is building a global ICT Innovators network (of which incubators are a part), with regional workshops this year. The Middle East and North Africa workshop was held in January and workshops for Latin America and the Caribbean and Sub-Saharan Africa will be held in May, with a Global Forum in November.

He spoke of the changing nature of competitiveness in Asia, which is shifting from capital and labor costs, superior technology and an easy business environment to access to information, knowledge, speed and innovation as a strategy for constant change.

There are important opportunities for partnerships in terms of access to capital, the enabling environment (Regulations and Policies – corporate laws, competition laws, IPR; Capital markets; exit mechanisms; incentives) and access to regional and global innovation networks.

R.M.P Jawahar, Manager, TREC-STEP, India, and an infoDev grantee gave a South and West of India perspective. Positive correlations have been found between incubation and economic growth. Compared to non incubated companies incubated companies achieves 5x to 10x investment, growth of 125% compared to 10%, mortality of 20% compared to 60%, and an ROI on public investment by way of taxes of 4:1. They enhance innovation and quality of life with jobs and useful new products and services and are a part of the National Innovation System. Incubators, as a conscious mechanism for promoting new small ventures are a “rising star of public private partnership”.

Mercedes M. Barcelon, Manager, UP/Ayala Business Incubator and an infoDev grantee outlined the model and activities of the incubator, working with on site companies and groups of artisans as a part of their outreach activities. She noted self-sufficiency as a key challenge.

Track 1: Challenges and Strategies

This track provided lessons learned from the private sector, industry players and organizations providing incubation, innovation and entrepreneurship services in designing and implementing strategies to overcome the challenges facing the growth of ICT and ICT-enabled small and medium enterprises (SMEs) and as drivers for new economic opportunities.

- Entrepreneurships – Policy & Regulation
- Growth Financing

Plenary Session: Regional Perspective of the Challenges and Strategies: Private Sector

Discussion of the fundamental impediments to greater innovation and entrepreneurship in the region, including issues such as financing and the business environment.

Euan Marshall, Coordinator, PEP-Philippines Program, International Finance Corporation (IFC), introduced the session talking about the PEP Program, primarily in Mindanao, working to increase access to markets, existing finance channels and to improve the enabling environment.

Denny S. Roja, Venture Capitalist, Acuity Ventures talked about how to build a Silicon Valley habitat in Asia; something many countries want to achieve. The 3 legs supporting the origin and evolution of Silicon Valley were: 1.) Stanford University, 2.) Government environment favorable to entrepreneurship and 3.) Leadership and influence of the pioneers, Hewlett and Packard. Then CPAs (accountants), investment and consulting firms and angel investors came to support what was happening; they were not there to start with. IPOs and Mergers and Acquisitions (M&As) started the process again as people went on to start and support numerous new companies. Outside the USA Ireland, Taiwan, Hong Kong, Malaysia, Singapore and Israel are examples of similar success. Denny's lessons include:

- Important to have the complete set of ingredients to maximize results
- To attract VCs, may need to jumpstart with indigenous fund + provide investment exits
- Focus on education and training; Upgrade technical curricula
- Strong tech-oriented University is a must to ensure continuing stream of needed engineers/scientists
- Encourage returning expatriates
- Financial and other incentives for clients, employees and expatriates
- Transition to a high tech mindset away from manufacturing mindset
- Chip away at cultural issues by glorifying status of engineers
- Simplify and make industrial laws and regulations friendly
- Focus on your comparative advantage

Deepak Amin, CEO, Covelix Inc., and Angel Investor challenged participants with probing ideas, questions and facts.

Does entrepreneurship really need innovation? Does innovation and pioneering really needs entrepreneurship? Statistics based on Successful 500 Companies in the USA are thought provoking: 71% of their start up ideas was replication and not innovation, 20% were discovered serendipitously (1% was thought of on a honey moon) and only 4% came from systematic study of opportunities. Innovation may not be critical for entrepreneurship. Furthermore only 6% had something new, for which there were no substitutes, and none of the leaders today were first to market. From an entrepreneurial perspective innovation may not be a priority and the copy cats are the ones who have benefited. However, there are many types of innovation, not just product innovation.

He was equally probing and challenging regarding venture capital and entrepreneurship. Considering the same 500 Companies: most bootstrapped themselves and 55% financed the start up from their own savings; only 4% were VC funded; Corporate intrapreneurship was important for some and Government for others. The goal has to be to spawn entrepreneurs and not just VC backed entrepreneurship. Boot strapping vs. VC funding was a hot topic for the workshop and one that participants want to understand better. The slide contrasting Microsoft a bootstrapped company and Lotus a classic VC backed company was telling.

Ernest Cu, President, SPI commented on the previous speakers noting:

- A focus on competitive advantage
- Services often have more potential than products, so long as they move up the value chain, e.g. from data conversion to copy editing, technical services and mining email intelligence.

A number of important points were discussed in the Q&A:

- A culture accepting failure is important, in that real successes often fail the first or second time, as is a legal system that protects against absolute personal ruin and speeds up the process, as in the USA
- Angel investors and VCs are like an ‘old boys network’ where personal knowledge is crucial
- The biggest thing that goes wrong is the initial management team
- VCs don’t look for specific VC laws but the totality of a system that is predictable, stable and allows them to invest and then get their money out easily
- At the bottom of the pyramid, where social entrepreneurship is often promoted, it is difficult to measure success
- Is there a moral hazard encouraging entrepreneurship amongst poor people for those who fail?

Breakout Session 1: Financing Challenges for ICT and ICT-Enabled SMEs

What finance gaps exist? What financial mechanisms are used to foster growth of SMEs? Can good practices and lessons be drawn from experience? How can incubators help identify and leverage financial resources for their clients?

Ed David, Hupomone Partners, H&Q, summarized the history and current status of the Venture Capital Industry in Asia.

The venture capital industry started in Taiwan in the 1980s and then the financial crisis in 1997 opened up opportunities in Korea and Japan, previously closed countries, and attracted new entrants to the market. More recently China and India have become favored destinations, where funds get larger, push valuations and investment banks are in a feeding frenzy fueling growth of the stock market. Taiwan and ASEAN countries have difficulty attracting investment and were likened to deer frozen in the headlights of the oncoming truck (China/India). They cannot compete with the scale of China or the myriad opportunities in India. To give a sense of scale Ed quoted the Asian Private Equity Review:

- Total investment in 2003 was \$9.5bn, in 2005 \$15.2bn and in the first month of 2006 \$7.1bn
- The spread of deals was focused on only a few countries – Japan 43%, China 40%, Taiwan 11.9%.

There may be a case for the ASEAN countries to band together to compete for capital against China and India.

Julian Webb, Director, Business Innovation and Incubation Australia spoke about financing gaps and implications for incubation. Financing is undertaken in stages: start up, largely pre-sales; 1st round, market development; 2nd round, expansion; and 3rd round, internationalization. Venture capital funds the 3rd round as deals are in their target magnitude of \$1.5m+, the 3 Fs (Friends, Family and Fools) are commonly used for start ups, along with Government financial support and ‘bootstrapping’; and a gap exists in the middle, often in the order of \$20,000 to \$1 million. Banks are notoriously risk averse and more concerned with collateral than anything else. It is not a scarcity of funds but a mismatch. On the demand side companies often are not investment ready, do not understand the process, have poor relationships with banks and investors and all too often do not want to give up equity. There is a role for incubators, along with business and professional associations to help clients become investment ready and to then endorse and broker relationships, noting the brokering body needs to develop its own trust and relationship with the financial body. Incubators can promote private investing and develop their own networks of angel investors. Some incubators have their own investment funds and there may be good arguments for dedicated funds, at a regional or national level, capitalized with both public and private resources.

H. Purshotham, National Technology Development Board (TDB), India gave a very detailed presentation about the activities of the National Technology Board in India. As a part of the National Innovation System in India the TDB, established in 1996, can provide grants, soft loans and equity finance to technology SMEs. Some business incubators in India have been provided with grants to support their client companies, in effect giving them their own seed fund. There is no specific sectoral focus in supporting innovation and entrepreneurship. Loans are provided at 5% interest up to 50% of the project financed, equity taken is up to 25%, funds are disbursed in installments, projects are implemented within 3 years, exemption is granted on customs and duty for R&D equipment and there are no administration fees. Financed SMEs are supported with handholding and mentoring, using acknowledged experts. The funds are used to lever other investment at a rate of 3:1 (TDB). Of the enterprises supported 75% are successful and the TDB has been able to create 175 Public Private Partnerships for innovation. Success of the scheme is attributed to the experts who mentor the SMEs.

A number of notable points were discussed in the Q&A:

- The potential conflict of interest if an incubator is nurturing clients on the one hand and investing on the other.
- More information was sought on the Israeli, Australian, New Zealand and German experience whereby government funds have been used to catalyze and grow a domestic venture capital industry. Both Australia and New Zealand have deliberately copied and adapted the Israeli approach.
- More clarification was sought on the difference between an angel investor and a VC.
- VCs have at times been characterized as being risk averse because they prefer later stage deals. This characterized as a misinterpretation of VC attitudes and intentions. As a result of internal structuring of VC funds, especially a limited number of General Partners and larger funds than in the past, funds can only cope with a limited number of deals and they end up being large (i.e. \$2m+). It is not risk aversion, or avoiding early stage deals, but a function of the size of the deal.

Breakout Session 2: Innovation – Facilitating an Entrepreneurial Environment

What sort of environment stimulates entrepreneurship and how can it be created?

Federico Gonzalez, Organizer, PESO and MIT 50K Business Development Plan Competitions, spoke about the program. It is technology oriented and was started by PhDs from MIT who wanted to take technology back to the Philippines. Team work is underscored and a special mentoring workshop is a feature. Some of the schools participating are more supportive than others and this shows up in the quality of the business plans. Teams often have a ‘silo’ mentality not crossing divides between cohorts of friends and colleagues. A huge network of sponsors and supporters all share common objectives for technology entrepreneurship and provide linkages to the Philippine Diaspora. One of the challenges is post competition support, with the ventures not able to pay for business incubator support.

Wang Zhen, Shanghai Technology Innovation Center, talked about the growth of incubators in Shanghai. The first incubator was the Shanghai Technology Innovation Centre in 1988. The stages of development initially involved development of Innovation Science Centres in High Tech Zones, followed by development of incubators near universities, development of specialized incubators according to “one district with one special industry” and finally development of strategically specialized incubators looking towards future development in the city. There are now 31 incubators of varied types and special regulations for their operation, including for graduation of clients. Recent developments have been international networking and co-operation with France, Russia, USA, England and Japan, leading to client and technology transfer between the countries.

Fred Yung, Senior Manager, Business Development and Incubation Support, Hong Kong Science and Technology Parks (HKSTP), spoke about how the HKSTP creates an environment that stimulates entrepreneurship. This is based upon:

1. Clustering, mixing incubation companies with others in the Technology Park
2. Mentorship with credible people from business groups assigned to particular companies and focusing on business and not technology
3. An account management philosophy whereby staff of the HKSTP account manage a pool of clients
4. Continuous training and learning
5. Comfortable and good working environment, with flexible shared services and subsidized rent.

A number of points were noted in the Q&A:

- More detail about mentoring: use of volunteers, avoiding conflicts of interest and maximising the value of mentors in the same supply chain (but where there is no direct competition), legal protection and confidentiality
- From what stage in the business lifecycle should incubators support clients and who funds incubators?

Breakout Session 3: Developing Products for Entrepreneurship

What tools are used to help develop entrepreneurship and SMEs?

Rizza Maniego-Eala, President, G Exchange, spoke about G-Cash, an innovative service that turns a mobile phone into an electronic wallet, providing consumers a faster, more reliable, easier, and practical way to make a range of payments and remittances with text messages. G-cash is available through a network of partners and the service has been beneficial to many co-operatives; members can more easily make loan repayments and, with better cash flow, the co-operative can offer better services. It has won many awards including the GSM Best messaging service award in 2005.

Anuradha Bansal, CEO, Verity Technologies, a client of Indiaco, one of the infoDev grantees, spoke about the development of her mobile content company. She faced a range of challenges in developing her company, which Indiaco helped address: management bandwidth, IP issues, the time it took to get VC interest, and scaling up to go global. She appealed to investors and big companies to have a better understanding of entrepreneurs, to

reach out to students and encourage a more liberal flow of ideas and advocated IPR guidance and tax leniency.

Ryk Ramos, b2bpricenow.com, spoke about the B2B e-commerce web site benefiting farmers, fishers and manufacturers. The site helps people determine prices via the web or SMS and enter into legally enforceable purchase contracts. They are working with financial institutions to develop secure payment systems on the site. B2B business centres are being developed to further the services as an ICT enabler, logistics and knowledge centres for the agricultural community. The service may be replicated in other countries that have agricultural co-operatives by way of the Asia Pacific Rural and Agricultural Credit Association.

Breakout Session 4: Working Models on ICT, Innovation, Enterprise and Network Development

How can ICT help service clients and scale up business development services? What models are effective, how and why? How can ICT facilitate networks among innovators including Diaspora?

Steve Hampson, Manager, Canterbury Innovation Incubator, New Zealand spoke about the Canterbury Innovation incubator, as a working model for ICT, innovation, enterprise and network development. The incubator has 20 companies, a 100% success rate after 4 years, a 100% capital raising rate and more than 50% of clients export. Relationships and partnerships with major ICT companies give: Free broadband access for all companies; free line rental; free software development tools; free office software; free PCs for entry stage companies. This helps Cii work intensively with companies on latest technology, market research, remote work, web enabled accounting and to form networks. Steve noted the importance of being in an ICT linked community where all the major institutions are linked by ICT; the incubator is not in isolation.

Ahmad Aidi Gazi, Multimedia Super Corridor – Malaysia, spoke about the Malaysian Multi-Media Super Corridor, which started in 1996 and is working towards encompassing all of Malaysia by 2020. The objective is for national innovation development, balancing rural and urban areas. The strategy has been based upon developing a regional system before expanding to the entire country. Incubators are an important part of the strategy allowing communication, knowledge capture and dissemination through one point aggregating in a network of business incubators. IPR laws have been important enablers with 3 cyber laws and labor incentives.

Francisco Sandejas, Narra Venture Capital, Phillipines, spoke about the Brain Gain Network, which aims to reverse the brain drain and have the Phillipines as domicile for technology researchers and companies that are global leaders in their respective areas, and for these teams to have a significant economic and productivity impact. He noted this has already occurred with Ireland and Taiwan and is happening now in India. The network is supported by an updated data base of engineers, scientists, entrepreneurs, VIPs and

investors. Services include professional networking, job search, online mentorship, file and information sharing. Of the 835 members on the data base 338 plan on returning to the Philippines.

P. Radhakrishnan, Vice Chancellor, VIT – Vellore, India, spoke about opportunities and challenges facing the Vellore Institute of Technology and its incubator, which has seed fund support for clients. Strategically located between Chennai and Bangalore Vellore is an emerging centre of excellence for automotive manufacturing, biotechnology and ICT. Challenges faced include: sensitizing SMEs about ICT so they can see the benefits of ICT enabling, putting in place structured ICT enabling training, promoting the benefits of automation, improving quality, inventory, vendor management and e-commerce systems and improving affordability for SMEs.

Track 2: The Role of the Public Sector

Innovation, entrepreneurship and incubation policy regional overview: What is happening; Are any trends evident; What is the Asian regional perspective?

Plenary Session: Regional Perspective of How the Public Sector Can Foster Innovation & Entrepreneurship

What are governments doing to foster innovation, incubation and entrepreneurship and why? What policies have been most effective? What lessons have been learned from a policy perspective; Are there any common road maps applicable across the region or adaptable from one country to another?

H.K. Mittal, Adviser & Head, National Science & Technology Entrepreneurship Development Board, Government of India, spoke about the critical role of the public sector. He likened the task to a jigsaw puzzle fitting together ideas and technology, with finance, markets, the environment and skills. Public sector initiatives in India include: industry focused R&D, with over 1,000 R&D institutes; enabling scientists and technologists for entrepreneurship, Business plan competitions; documentation of traditional knowledge, which has led to more than 20,000 being documented of which 5,000 have commercial potential; innovation and knowledge protection and evaluation of ideas (a weak area). In the financial arena innovative finance instruments have been developed including the Technology Development Board and seed funding support for clients in business incubators. There are a large number of VCs in the private sector but only a small percentage of early stage funds and the ecosystem of VC mentoring is a weak area, “VCs can become vulture capitalists”. Developing entrepreneurial skills in the technology arena has been a focus involving grass roots awareness campaigns, integration with education and mass media campaigns and promotion of case studies and portals. The skills of business incubator managers have been a constraint to the growth of the incubation industry. Improving the enabling environment is a major role for government and they are trying to document best practices that can foster an entrepreneurial environment. Bridging the digital divide is a concern. Marketing support to SMEs locally, market information studies, support for participation in events abroad, soft landing of firms in incubators across borders and

internationalization of businesses are all being worked on. Putting the puzzle together effectively often involves Public Private Partnerships.

Damian Domingo Mapa, Commissioner, CICT, Philippines, spoke about the differences between the approaches of the public and private incubators and priorities for government. He noted risk aversion with public incubators compared to private incubators, where the approach is “you win some you lose some”, but in the public sphere mistakes may mean you go to jail. Public Private Partnerships are important but, “In the tango who is to lead and who is to follow?” and “What is the dance floor?” He posed the question, which roles should government focus upon, when resources are limited?

- Pump priming (e.g. aerospace in India and defense in the USA)
- SME development, with access to markets, technology and finance and 45 programs in the Philippines
- IPO Protection
- Financial sector reform
- Regulatory and legal reform
- Business Incubation Industry co-ordination, as in Malaysia
- Fostering a paradigm shift so people no longer aspire to a job in Government or a MNC but instead think of entrepreneurship. There is a danger that “You can bring the horse to water but will the horse drink the water?”

His final question to the audience reframed the problem: “If government provided all the \$ for SMEs would this solve the problems or what else is required?” and called on participants to help identify the real problems.

Vera Songwe, Country Economist, World Bank, Philippines, spoke about the two big issues facing governments.

1. Financing, noting:
 - a. Better fiscal management is an immediate priority that can reduce public debt and the cost of finance thereby making more funds available;
 - b. Public investment in infrastructure which will lead to a higher quantum of private investment;
 - c. Targeted pump priming
2. Improvements to the enabling environment, noting as priorities:
 - a. Access to skills and education
 - b. Investment and tax concessions, suggesting the international experience should be reviewed, especially where business incubators have been a part of the equation
 - c. Improved government procurement practices, with better clarity and transparency, making use of ICT and lowering some of the barriers to entry so SMEs can better access government contracts;
 - d. Access to markets and reducing the cost of entry for SMEs
 - e. Improvement in the regulatory environment.
 - f. Improved Foreign Direct Investment (FDI)
 - g. Partnerships where governments role is to provide a good environment.

She pointed out that data shows that new jobs are created by SMEs and that going forward science and technology parks and clusters, involving incubation, are the way to proceed. She

asked for good examples of business incubators and clusters working together particularly in food processing, where there is great potential.

Kemraz Mohee, Executive Director, National Computer Board (Mauritius) and Roshan Seebaluck, Assistant Manager, National Computer Board - Incubator Centre. Kamraz was taken ill and Roshan gave the presentation on his own. He gave a case study on the development of the ICT Incubator Centre in Mauritius, which has been shifting from an agricultural economy, through textiles, to Tourism, Services and finally ICT as the 5th pillar of the economy. The business incubator, within the National Computer Board, is part of an integrated government strategy. A feasibility study in 2001 led to recommendations to the Minister and the incubator started in 2003, with Government and UNDP funding (\$49,000). It focuses on the ICT industry, including ICT consultants who can then help other businesses with their ICT needs. A pre-incubation program helps people develop their business plans. Having banks on the board helps lever finance and being a part of the National Computer Board helps with international promotion of SMEs. infoDev funding (\$100,000) is being used to improve capability.

Breakout Session 1: Government Initiatives to Support Innovation, Business Incubation and Entrepreneurship

Discussion of the impact and lessons learned from government efforts to support innovation, incubation and entrepreneurship?

Gerardo K. Borja President Systema Computer Solutions Corp. Philippines, a client of the UP-Ayala Technology Park, spoke about the role of the public sector to support innovation and entrepreneurship in the Philippines. SMEs make up 99.6% of all enterprises in the Philippines and the government's role is:

- Entrepreneurship and SME Promotion
 - Job creation and increase in productivity
- Investments and Infrastructure
 - Increased promotion and rationalization of Incentive Systems
- Exports
 - Increase export by focusing on non-traditional merchandize and service exports
- Consumer Welfare and Protection
 - Increase public awareness and consumer support
- Governance
 - E-Governance

Pham Thi Thu Hang, Director, Small and Medium Enterprises Promotion Centre, Vietnam Chamber of Commerce and Industry, spoke about critical issues involved with the Government's support of SMEs. Household enterprises are the vast majority of all enterprises in Vietnam and they don't want to take risks and grow. Vietnam has 2 technology parks and 4 incubators, along with a number of industry clusters, which offer minimal support and linkages and with poor exploitation of competitive advantage; they are little more than industrial estates. Critical issues for government include:

- A model of Public Private Partnership (PPP) for the credit guarantee scheme was promulgated 4 years ago , but could not implemented
- Venture Capital has not been introduced well.
- 3 technical Assistance Center have been planned, but they are cumbersome with Government involved in management
- Draft SME development Plan (2006-2010) paid inadequate attention to technology diffusion. Vietnam has dropped in competitiveness rankings compared to other Asian economies because of poor technology diffusion.
- Local Government has been little experienced in supporting SMEs

New tools to support SMEs include: Creation of an enabling business environment; commercializing Business Development Services; strengthening Public Private Partnership; creating value chain and business linkages; Small Business Associations; Cluster development; Incubators; Financial schemes (credit Guarantee scheme, venture capital etc).

A critical problem is confusion of roles in public private partnerships, “who does what”. A specific problem is the role of the private sector in a non-profit incubator and appropriate institutional arrangements, whereby the private sector can benefit from its involvement.

She announced plans to hold the 4th APEC Incubator Forum in Vietnam in September.

Suresh Regmi, IT Professional Forum and Binod Kumar Upadhyaya, Director, Cottage & Small Industry Training Centre, Department of Cottage & Small Industry, Nepal. Suresh spoke about the importance of cottage and small industries in Nepal (95% of all enterprises) and work undertaken to plan for the development of business incubators. Numerous agencies in Nepal offer Business Development Services but incubation is a new concept. With infoDev support and a broad range of stakeholders the IT Professional Forum undertook planning for two incubators in Nepal, one at the Department of Cottage and Small Industries Training Centre in Katmandu and the other at the Kavre IT Park just outside Katmandu. They used partners and their network of resources rather than consultants to undertake the planning, so as to develop understanding and ownership of the results and to start work as a public private partnership. Lessons from the planning process are: it is easy to raise stakeholder awareness but difficult to put them in the driving seat; one organization should take the leadership role; planning should start based on “what you have already”. There are a number of concerning issues: the institutional model and government’s role, sustainability, attracting banks, no venture capital or tradition of angel investing, government policy for incubation (drafted but not implemented) and motivating prospective incubator managers: “the environment is not right but the demand is there”.

Richard White, New Zealand Trade and Enterprise, spoke about the development of the NZ business incubator program and lessons learnt. As a small isolated country the Government’s strategic drivers are to improve the business environment, build business capability and improve global connectedness. The business incubation program, which commenced in 2001, involved adaptation of models from the USA and Israel with a very clear focus to nurture high growth, high technology international companies. The Government disburses NZ\$3.1 per annum with contestable funding. Ten incubators are supported at the moment and they are expected to be self sufficient by sharing in the success

of their companies over time. The Government plans to withdraw once the incubators are sustainable. They all involve tight Public Private Partnership models. With 120 high growth incubatees the incubators are on track to graduate 20 high growth companies per annum from 2006 onwards and have levered \$14m in private finance for their incubatees. The main lessons are: a clear strategic direction, collaboration and effective partnership with the private sector, attracting high caliber managers, clear and simple performance criteria, regional networking.

In the Q&A and discussion a number of points were reinforced:

- The need for clear strategic directions
- The need for better clarity and understanding of the respective roles in a public private partnership
- The role of government is to create a healthy environment, develop infrastructure and help with promotion, “Stay away from management – too vulnerable to political viruses”. One participant proposed that if the environment is right then tax holidays are not needed; a debatable point for some participants, who argued the need to compete with India and China who offer tax holidays.
- The question was asked as to how to get government to work in this way: “Government has good will but does things in ways that distort the market”
- Confusion about non-profit structures and how the private sector can be involved and make money.

Breakout Session 2: Public-Private-Partnerships: How Can the Public and Private Sector Collectively Support Innovation and Entrepreneurship?

Discussion of the impact and lessons learned from public-private-partnerships (PPPs) to support innovation, incubation and entrepreneurship?

Rom Hiranpruk, Deputy Director, Technology Management Center National Science and Technology Development Agency spoke about the Thai incubation system and status. He outlined the policy framework and organizational structures and processes used. AS of 2005 Thailand has 5 non-specific incubators, 2 software incubators, 4 technology incubators, 25 planned university incubators sponsored by the department of Education, 4 software Parks and 5 Science Parks. The main government players are the Commission for Higher Education, National Science and Technology Development Agency and the Office of SME Promotion. The Thais Business Incubator and Science Park Association is in the process of formation, as a focal point, with the support of the Government agencies involved.

Cheryl Marie Natividad, President, Optiserve Technologies Inc., UP-Ayala TechnoPark, spoke about the establishment of FARMS project in Pangasinan province as an example of how the public and private sectors collectively support entrepreneurship. FARMS is project-based collaboration between SMITES, Government, Academe and NGOs, delivering performance improvement and productivity enhancement through technology-based tools to manage mission-critical information for informed decision-

making. It uses ICT as an “enabling tool” to reduce the cost of wage goods through productivity enhancement, efficient logistics and improved retailing linkages to collectively increase the farm household’s cash flow and sustained earnings by introducing technology-based product mix. Lessons include: Government must provide basic infrastructure (physical and social); secure community participation in developing locally-relevant content/applications to sustain project; involve experts from the academe and GA to encourage technology-based entrepreneurship.

Altan-Och Genden, Project Advisor, "New Path" Incubator Initiative Member of Steering Committee MIDAS/MONITA, Mongolia, spoke about incubation trends and policy in Mongolia. Since 2002 4 types of incubator are being developed:

1. ICT incubator started in 2002 with USAID and Korean funding;
2. The Mongolian Academy of Science is planning for a technology incubator
3. In the framework of the Social Sector Security Development Project, the Ministry of Social Welfare and Labor started to establish Business Incubators in 2005, with five business incubator centers in Darhan, Uvurhangai, Uvs, Nalaikh and Dornod provinces, funded by the International Labor Organization.
4. The “New Path Technology Business Incubator” is a project funded by InfoDev starting from 2004-2005. The primary goal is to create a business incubation environment, which will facilitate the dynamic exchange and fostering of research and development (R&D) and ICT knowledge and utilization among Mongolian businesses.

Challenges are: promotion and advertisement on incubation is needed and public awareness is weak, legal and policy is not favorable; lack of human resources, funding, weak networking of among key stakeholders.

Track 2 Plenary Discussion

The main points raised in the discussion were:

- More discussion is need for conceptual clarity about PPPs and partner’s respective roles. Their importance is recognized but problems occur in design and implementation.
- Policy frameworks for business incubators need to be developed
- Government should be involved in policy but stay away from management. Incubators have a role liaising with government and influencing policy.
- Government and stakeholders need educating
- Very weak business environments are a problem
- Silicon Valley model in total is not applicable
- More information and understanding is required about Bootstrapping
- Finance for incubatees is a continuing issue, as is helping young companies export
- The business incubation industry in many countries is young and will face challenges in the future
- Sustainability is a challenge
- Business incubator manager training is called for

Track 3: Innovation and Entrepreneurship in Asia: Strategies and Partnerships

This track will combine the discussions from track one and two and propose actions that the private sector and public sector including donors can take to address the constraints to innovation and entrepreneurship in Asia.

This track was addressed in a plenary session with all delegates, without presentations but with moderated discussions from the floor.

The discussion has been grouped under a number of main headings.

1. Financing (for companies)
 - A finance gap exists, below the \$2m quanta of VC investments. The quanta of funding may not be high, for example in Thailand it is \$10k-\$50K.
 - VCs have a role but incubators need to understand VC thinking and mechanisms: exits, scalability, ruthlessness, only funding 2% of proposals they see, cannot do small deals
 - Is there potential for social capital, a Grameen Bank style of financing to address the \$10-\$50K gap; not micro-credit but using similar principles?
 - What can governments do to foster a VC industry? The Israeli, German, Australian and New Zealand experience may be useful. This involved public funds being used to lever private funds and catalyze a local venture capital industry, with all management undertaken by the private sector (the emerging venture capital companies).
 - How can angel investors be fostered? All countries have high net worth individuals, but they are not always easy to find and then convert to angel investors. In Hong Kong they are starting with the Stock Exchange Board. In Christchurch and Canberra, where there were no angel investors 5 years ago, it started with the incubators taking on the challenge with private meetings with potential investors and in Canberra private dinners to raise awareness and interest.
 - Regional Funds, perhaps for ASEAN countries
 - Credit Guarantees
 - Government funds such as the TDB in India, which supports innovative SMEs and can provide incubators with their own seed fund, or the Co-investment fund started by the New Zealand Government to address the gap (NZ\$40m over 5 years). It is not a level playing field and government supported equity funds have a role. In the Philippines 82% of firms are low tech and labor intensive, the numbers keep growing but they do not grow into bigger firms; equity financing may be the answer.
 - In an ideal world multiple financial mechanisms are required
 - A need to educate business incubation managers about company financing and the options: what are the options, what is the right financing vehicle and when
 - The main role for business incubators is to generate good entrepreneurs. This is more important than financing for the ventures and good entrepreneurs normally

- find the finance they need or bootstrap their companies
2. Sustainability
 3. PPPs
 - There is no clarity about PPPs at a conceptual or operational level
 - Roles need to be clarified and aligned
 - There is confusion between for profit and not-for-profit structures
 - What can be done to achieve a clear government strategic focus?
 4. Incubators, Technology Parks or Clusters
 5. Manager training
 - What can be done to foster managers sharing experience
 - It is important for people to develop their own models, learning from each other, but not simply copying (adaptation is the key). The infoDev grantee in Panama talks of developing a ‘Panamanian Soup’ with ingredients from all over the world; a genuinely Panamanian model of incubation.
 - Managers need to be entrepreneurs themselves; an issue in some countries where managers are public officials or academics, with no private sector experience or links.
 6. Markets for entrepreneurs
 - Incubators can all too easily focus on the supply side, ignoring what the entrepreneurs want: markets. It is an incubator manager’s role to help find and create market for clients. This can involve helping clients close a sale and leveraging board, staff and other contacts to find customers. Public sector managers of incubators may not have good links to the private sector and potential customers. India has learnt that incubator managers need to have private sector backgrounds.
 - Government procurement is an important and well understood mechanism and incubators should advocate policies that favor local SMEs. Policies commonly used in developed countries may involve a % of contracts mandated for SMEs, mandatory payment within 30 days or mechanisms to reduce the cost of entry. Questions were asked as to how incubators can become better advocates. The other side of the equation is helping entrepreneurs develop the necessary reliability and quality systems required for government contracts.
 - Incubators can help cultivate opportunities for entrepreneurs in rural areas
 7. Incubator Focus
 - It is not just about high tech. Skills development is important in developing economies, e.g. for repair and maintenance of specialized equipment. Can this be addressed through the vocational training system? TREC-STEP has trained thousands of people to be innovative in service delivery.
 - ICT enabled services have great potential for growth; the ICT industry can be overplayed compared to ICT enabling
 - What is the relationship/scope between business incubators, science/technology parks and clusters? Many participants are involved in all.

Track 4: Professional Development for Business Incubators And SMEs

This was a professional development track for organizations involved in business incubation, innovation and entrepreneurship development, and ICT-enabled entrepreneurs. It addressed skills, tools and approaches used, to help managers and staff to improve their capacity to respond to internal issues, external challenges and the needs of their clients, and to help entrepreneurs to implement sustainable business models and more effectively market their product and services.

Only very limited summaries are provided in this report. For more detail the presentations are attached and each was recorded on video.

Learning Session 1: Designing Sustainable Business Models

Facilitators:

- Steve Hampson, Manager, Canterbury Innovation Incubator, New Zealand – manager perspective
- Richard White, Trade and Enterprise, New Zealand – government policy perspective
- Julian Webb, Managing Director, Business Innovation and Incubation Australia – overview perspective.

The session was interactive with questions and discussion throughout. It commenced with a presentation and discussion on sustainability in terms of:

1. Sustainable quality deal flow
2. Sustaining and adapting to Government Policy
3. Revenue models used, ranging from the traditional rent based models to more innovative models based on sharing in client success by way of small equity stakes, royalties on gross sales, finance brokerage.

This was followed by a detailed case study on the Canterbury Innovation Incubator, which is leading the industry in New Zealand in terms of sustainable deal flow, integration with government policy and initiatives and a revenue mode based on small equity stakes and adding real value to companies.

Learning Session 2: What Investors Look for In Early-Stage Companies and How Can Early-Stage Companies Be More Effective in Attracting Private Capital?

Facilitators:

- Deepak Amin, CEO, Covelix Inc., and Angel Investor
- Denny S. Roja, Venture Capitalist, Acuity Ventures
- Daniel C. Pagulayan, Executive Director, ICCP Venture Partners

The session was an interactive discussion with the panelists, who outlined the realities of VC investing with great openness and honesty. This included the classic VC Business Model

involving Limited Partners, General Partners and a portfolio of companies:

- From zero to closure of the fund in 10 years
- Exits within 7 years
- 5X to 10x returns sought
- Inability to do small deals with funds getting larger and with a limited number of general partners (managers) and knowing each partner can only handle a limited number of investments.

The difference between VCs and Angel Investors was discussed: longer term perspectives, not so rigorous on exist or returns.

Both angel investors and VCs rely upon trusted personal networks, which are often overlooked by people prospecting for investment.

Asia Regional Network: Next Steps & Action Plan

Facilitators: Julian Webb and Vivek Chaudhry

- Discuss the key issues that were raised during the first two days and how the regional network can respond
- Develop a set of action items and plan for implementation with milestones leading to the next *infoDev* Global Forum in the Fall of 2006

To develop an initial action plan participants broke into 3 groups to address the questions:

1. What are the priorities for action?
2. What can participants bring to the network?

Following the Asia workshop and circulation of the workshop report the actions will be discussed on line and crafted into an action plan.

Each group came up with very similar priorities and they are reported together, along with a number of other important priorities that arose during the workshop.

Priorities

Priorities	Time frame
7. Networking - to keep the pace and momentum that was generated in the workshop alive	
d. Annual regional workshop <ul style="list-style-type: none"> iii. Involving more clients next time iv. Inviting non-infoDev incubators, who can pay for themselves 	Short to Medium term - Annual
e. Use video conferencing and distance learning technology for long distance networking	Short to medium term
f. Creation of a web community <ul style="list-style-type: none"> ii. For incubator managers and incubatees 	Short to medium term
8. Knowledge Base and Toolkits	
f. For incubators: sharing knowledge and information, success stories, software, toolkits, e.g. marketing and how to find good clients, success tips, sources of funding etc g. For companies: sharing experiences, software, toolkits e.g. marketing plans, business plans etc	Medium term
h. Best practices for policy makers. They want to help but don't know how: best practices they can use, structures they can use. The policy maker toolkit should be disseminated to them so they do not have to search for it. This is something incubators can do.	Medium term
i. Directory of all business incubators in the region, such as that provided by the IASP, so incubators can find comparable incubators and network 1:1.	Short term
j. Technology repository exchange <ul style="list-style-type: none"> ii. For incubators and incubatees 	Medium to long term
9. Capacity building	
d. Design of a formal training program for incubator managers <ul style="list-style-type: none"> iii. Addressing incubator management needs, e.g. entry and graduation criteria iv. Managers to go beyond mere providers of services and become mentors for incubatees 	Medium term
e. Exchange Program, regionally and within countries <ul style="list-style-type: none"> ii. Countries with more advanced incubation industries helping the less advanced 	Short to long term
f. More regional capacity building events. <ul style="list-style-type: none"> i. The immediate priority is financing, addressing VCs, angel investors and company pitches. 	Short to Medium term
<ul style="list-style-type: none"> ii. Another priority is to improve understanding and capability for Public Private Partnerships (PPPs): options, good 	Short to Medium term

practices, respective roles and institutional structures	
iii. 'Boot strapping': options, understanding and how to support it as an effective strategy:	Short to Medium term
10. Company financing	
c. Seed fund at the disposal of incubators to be used to pay for the support services needed by incubatees	Medium to long term
d. Grant mechanisms for incubatees who are not ready for equity investing	Medium to long term
11. Monitoring and Evaluation	
b. infoDev to conduct performance assessment of grantees to identify successes and weaknesses and ultimately develop capability	Short term
12. Linking to other networks	
b. Strategic partnerships between the infoDev network and other networks such as the Asian Association of Business Incubators (AABI)	Short term

What participants can bring to the network

1. Share experience
 - a. dos, don'ts and mistakes
 - b. Documentation and resources used by incubators, e.g. Indiacore and Shanghai management documentation
 - c. Bring entrepreneurs and case studies from their respective countries
2. Dept of Science and Technology in India offered to design the web site for the proposed web community
3. India offered to host the first exchange program, if managers can be released by their incubators to participate
4. Shanghai offered its annual incubator manager training
5. Representatives of the Asian Association of Business Incubators (AABI) met and agreed to take a formal proposal to the next AABI General Assembly suggesting a formal relationship with the infoDev network and provision of awards and facilitation of an exchange program to help build the capacity in countries new to business incubation. Some of the AABI member countries have strategic interests in helping particular countries in the region, such as in the Greater Mekong region, which may be a focus for bilateral exchanges.
6. Participants in the APEC Incubation Forums (held in Taiwan - twice, Korea and China in previous years) met and agreed to work with the Vietnamese representatives to help organize a 2006 APEC Incubator Forum in September 2006 in Vietnam (Vietnam is the APEC host for 2006).

Vivek Chaudhry responded following the presentations made by each group noting:

- Each of the 3 groups honed in on similar priorities
- infoDev will work on a web community/platform to facilitate sharing immediately

- iDisc the on line knowledge base is being revitalized and will be brought to the infoDev web site as a resource for all incubators and other innovation and entrepreneurship activities, VCs, Governments, SME development organizations and SME agencies.
- InfoDev has launched a performance appraisal process and is about to shortlist proposals. This will include 7-8 intensive case studies and hands on technical assistance as a part of the Monitoring and Evaluation that will leave people with a tool they can use
- The results of an infoDev study on financing gaps will be available in April
- InfoDev is in the process of developing an advocacy piece for use with policy makers.

He thanked participants for their offers and commitment to share and exchange and noted that infoDev will facilitate a discussion forum to help build the network and do their best over the next year or so to facilitate training events.

He announced the 2nd Global Forum to be held in November 2006 with the Indian Government, for all stakeholders, business incubators, policy makers and client companies.

Workshop Closure

Vivek Chaudhry closed the workshop, noting the level of enthusiasm on the third day was as high as on the first day. Vicki Garchitorena, head of the Ayala Foundation, and the host had to fly to the USA the day before and thanked participants and sponsors at the dinner the night before.

Vivek Chaudhry thanked the presenters and resource people, participants, the Ayala Foundation for hosting the workshop, corporate colleagues in the Ayala Group of Companies such as Ayala Corporation, Globe Telecom, Innove, G-Exchange, partners in the private sector as well as public sector – in particular the Department of Trade and Industry's Bureau of Small and Medium Enterprises, Small Business Guarantee and Finance Corporation, Board of Investments, Department of Science and Technology, Department of Foreign Affairs, Commission on Information and Communication Technology and Department of Tourism.

Annexes

Workshop Agenda

February 19, 2006

- Arrival of participants
- Pre-registration of foreign delegates and participants

February 20, 2006 (Day 1) – By Invitation Only

0800 Registration

0900 Opening Activities

- Introductory Remarks: *infoDev* Program
 - Vivek Chaudhry, Business Incubator Initiative, *infoDev*
- Welcome Remarks
 - Joachim von Amsberg, World Bank Country Director, Philippines
 - Jyrki Pulkkinen, Information Society for Development Adviser, Department for Development Policy, Ministry for Foreign Affairs, Finland
 - Zorayda Amelia Alonzo, CEO, Small Business Guarantee and Finance Corporation (SBGFC) representing Secretary Peter B. Favila, Department of Trade and Industry, Philippines
 - R.M.P Jawahar, Manager, TREC-STEP, India
 - Mercedes M. Barcelon, Manager, UP/Ayala Business Incubator
- Opening of Marketplace

1030 Coffee/Tea in the Marketplace

TRACK 1: CHALLENGES AND STRATEGIES

This track provides lessons learned from the private sector, industry players and organizations providing incubation, innovation and entrepreneurship services in designing and implementing strategies to overcome the challenges facing the growth of ICT and ICT-enabled small and medium enterprises (SMEs) and as drivers for new economic opportunities.

1100 Plenary Session: Regional Perspective of the Challenges and Strategies: Private Sector

Discussion of the fundamental impediments to greater innovation and entrepreneurship in the region, including issues such as financing and the business environment.

- Chair: Euan Marshall, Coordinator, PEP-Philippines Program, International Finance Corporation (IFC)
 - Deepak Amin, CEO, Covelix Inc., and Angel Investor
 - Denny S. Roja, Venture Capitalist, Acuity Ventures
 - Ernest Cu, President, SPI

1245 Lunch

1400 BREAKOUT SESSIONS: STRATEGIES AND CHALLENGES

Breakout Session 1: Financing Challenges for ICT and ICT-Enabled SMEs

What finance gaps exist? What financial mechanisms are used to foster growth of SMEs? Can good practices and lessons be drawn from experience? How can incubators help identify and leverage financial resources for their clients?

- Moderator – Denny S. Roja, Venture Capitalist, Acuity Ventures
 - Ed David, Hupomone Partners, H&Q
 - Julian Webb, Managing Director, CREEDA Projects Pty Ltd
 - H. Purushotham, National Technology Development Board (India)

Breakout Session 2: Innovation – Facilitating an Entrepreneurial Environment

What sort of environment stimulates entrepreneurship and how can it be created?

- Moderator – Deepak Amin, CEO, Covelix Inc., and an Angel Investor
 - Federico Gonzalez, Organizer, PESO and MIT 50K Business Development Plan Competitions
 - Wang Zhen, Shanghai Technology Innovation Center
 - Fred Yung, Senior Manager, Business Development and Incubation Support, Hong Kong Science and Technology Parks

1530 Coffee/Tea in the Marketplace

1545 BREAKOUT SESSIONS: STRATEGIES AND CHALLENGES

Breakout Session 3: Developing Products for Entrepreneurship

What tools are used to help develop entrepreneurship and SMEs?

- Moderator – Mr. Dennis Posadas, Technology Columnist, BusinessWorld
 - Rizza Maniego-Eala, President, G Express
 - Anuradha Bansal, CEO, Verity Technologies
 - Ryk Ramos, b2bpricenow.com
 - Thomas Rolf, GTZ

Breakout Session 4: Working Models on ICT, Innovation, Enterprise and Network Development

How can ICT help service clients and scale up business development services? What models are effective, how and why? How can ICT facilitate networks among innovators including Diaspora?

- Moderator – Bong Jin Cho, Honorary President, Korean Business Incubation Association & Professor of Marketing, Keimyung University
 - Steve Hampson, Manager, Canterbury Innovation Incubator
 - Ahmad Aidi Gazi, Multimedia Super Corridor – Malaysia
 - Francisco Sandejas, Narra Venture Capital
 - P. Radhakrishnan, Vice Chancellor, VIT – Vellore

1715 Plenary Session

- Breakout Moderators

- Summary of key priorities and challenges discussed during the breakout
- Opportunities for collective action and particular actions for the Asia regional network

1830 Globe Telecom Presents Philippine Night at the Ayala Museum

February 21, 2006 (Day 2) – By Invitation Only

TRACK 2: THE ROLE OF THE PUBLIC SECTOR

Innovation, entrepreneurship and incubation policy regional overview: What is happening; Are any trends evident; What is the Asian regional perspective?

0900 Plenary Session: Regional Perspective of How the Public Sector Can Foster Innovation & Entrepreneurship

What are governments doing to foster innovation, incubation and entrepreneurship and why? What policies have been most effective? What lessons have been learned from a policy perspective; Are there any common road maps applicable across the region or adaptable from one country to another?

- Chair – Richard White, Trade and Enterprise, New Zealand
 - H.K. Mittal, Adviser & Head, National Science & Technology Entrepreneurship Development Board, Government of India.
 - Damian Domingo Mapa, Commissioner, CICT, Philippines
 - Vera Songwe, Country Economist, World Bank, Philippines
 - Kemraz Mohee, Executive Director, National Computer Board (Mauritius) and Roshan Seebaluck, Assistant Manager, National Computer Board - Incubator Centre

1030 Coffee/Tea in the Marketplace

1045 BREAKOUT SESSIONS: THE ROLE OF PUBLIC SECTOR

Breakout Session 1: Government Initiatives to Support Innovation, Business Incubation and Entrepreneurship

Discussion of the impact and lessons learned from government efforts to support innovation, incubation and entrepreneurship?

- Moderator – Steve Hampson, Manager, Canterbury Innovation Incubator, New Zealand
 - Richard White, Trade and Enterprise, New Zealand
 - Pham Thi Thu Hang, Director, Small and Medium Enterprises Promotion Centre, Vietnam Chamber of Commerce and Industry
 - Gerardo K. Borja Philippines' SMITEs (Small and Medium IT Enterprises) Systema/UP Ayala Techno Park
 - Binod Kumar Upadhyaya, Director, Cottage & Small Industry Training Centre, Department of Cottage & Small Industry

Breakout Session 2: Public-Private-Partnerships: How Can the Public and Private Sector Collectively Support Innovation and Entrepreneurship?

Discussion of the impact and lessons learned from public-private-partnerships (PPPs) to support innovation, incubation and entrepreneurship?

- Moderator – H.K. Mittal, Adviser & Head, National Science & Technology Entrepreneurship Development Board Government of India
 - Rom Hiranpruk, Deputy Director, Technology Management Center National Science and Technology Development Agency
 - Cheryl Marie Natividad, President, Optiserve Technologies Inc.. UP-Ayala TechnoPark
 - Altan-Och Genden, Project Advisor, "New Path" Incubator Initiative Member of Steering Committee MIDAS/MONITA

1215 Plenary Session

- Breakout Moderators
 - Summary of key priorities and challenges discussed during the breakout
 - Opportunities for collective action and particular actions for the Asia regional network

1245 Lunch

TRACK THREE: INNOVATION AND ENTREPRENEURSHIP IN ASIA: STRATEGIES AND PARTNERSHIPS

This track will combine the discussions from track one and two and propose actions that the private sector and public sector including donors can take to address the constraints to innovation and entrepreneurship in Asia.

1400 BREAKOUT SESSIONS: STRATEGIES AND PARTNERSHIPS

Breakout Session I: How Can We Improve Access to Financing for ICT-Enabled SMEs in Asia?

Discussion of concrete ways that policy makers, donors and the private sector could help successful entrepreneurs to grow their businesses by improving their access to financial resources.

Breakout Session 2: What Can We Do to Support Greater Innovation and Entrepreneurship in Asia? (e.g. business development services, business environment)

Discussion of concrete ways that policy makers, donors and the private sector could address the impediments to greater innovation and entrepreneurship in the region, particularly for ICT-enabled SMEs.

1715 Coffee/Tea in the Marketplace

1730 Plenary Session

- Breakout Moderators
 - Summary of key priorities and challenges discussed during the breakout
 - Opportunities for collective action and particular actions for the Asia regional network

1830 infoDev Reception at Le Boulevardier, InterContinental Manila

February 22, 2006 (Day 3) – By Invitation Only

TRACK 4: PROFESSIONAL DEVELOPMENT FOR BUSINESS INCUBATORS AND SMEs

This is a professional development track for organizations involved in business incubation, innovation and entrepreneurship development, and ICT-enabled entrepreneurs. It addresses skills, tools and approaches used, to help managers and staff to improve their capacity to respond to internal issues, external challenges and the needs of their clients, and to help entrepreneurs to implement sustainable business models and more effectively market their product and services.

0900 Learning Session 1: Designing Sustainable Business Models

- Facilitators:
 - Steve Hampson, Manager, Canterbury Innovation Incubator, New Zealand
 - Richard White, Trade and Enterprise, New Zealand
 - Julian Webb, Managing Director, CREEDA Projects, Australia

1200 Lunch

1245 Learning Session 2: What Investors Look for In Early-Stage Companies and How Can Early-Stage Companies Be More Effective in Attracting Private Capital?

- Facilitators: Deepak Amin, CEO, Covelix Inc., and Angel Investor

1345 Asia Regional Network: Next Steps & Action Plan

- Facilitators: Julian Webb and Vivek Chaudhry
 - Discuss the key issues that were raised during the first two days and how the regional network can respond
 - Develop a set of action items and plan for implementation with milestones leading to the next infoDev Global Forum in the Fall of 2006

1545 DTI - BOI ICT Walking Tour: Eastwood Libis

1600 Open House: UP-Ayala Tech Business Incubator

1700 DOT Cultural Tour and Dinner

1800 Return to the Hotel & Prepare for Departure on February 23, 2006

Presentations

The presentations made in the workshop are compiled in separate documents and can all be found on the network's web site: www.wbain.org/infodev