



## Growing Innovation

### Supporting New Technologies and Entrepreneurs through *infoDev's* Network of Specialized Business Incubators

#### SYNOPSIS

*infoDev*, a global partnership program within the Financial and Private Sector Development Network of the World Bank Group, facilitates a network of approximately 400 business incubators in more than 100 countries. These incubators provide support to early-stage entrepreneurs and firms—offering mentoring, work space, and, often, seed funding. This incubation network has catalyzed over 25,000 firms and almost 250,000 jobs have been created over the last decade.

#### Challenge

For many years, information and communications technology (ICT's) was one of the most fruitful areas for development, as development agencies sought to increase access to the internet and mobile networks. But the past decade has shown that greater attention must now be paid to applications and services—growth will now come from harnessing those networks to solve development problems.

*infoDev* supports a connectivity agenda through a series of widely-used, authoritative handbooks for ICT regulators, such as the Broadband Strategies Handbook and the ICT Regulation Toolkit. *infoDev* has also begun to support applications and content—for instance by expanding its network of business incubators to include specific networks focused on technology entrepreneurship, including Mobile Applications Laboratories, Climate Innovation Centers, and Mobile Social Networking hubs. These organizations promote—through mentoring, accesses to testing laboratories, and, sometimes, grant funding—the development of technologies that solve local development problems. *mLab* East Africa, for example, sponsored a contest in June 2011, where entrepreneurs could pitch their app ideas to an audience of financiers and industry stakeholders. Winners received financial support

and international exposure. The overall winner, *MEDKenya*, developed a mobile phone app that provides symptom checks and first-aid information via text message.

This is just one example of the innovation *infoDev* promotes and facilitates. Two Mobile Applications Labs (*mLabs*), one in Kenya and one in South Africa, were established in FY11, with three more on the way. *infoDev* also launched five Mobile Social Networking hubs in FY11—organizations that organize monthly networking events, talks, and tutoring workshops on app development—and three more are expected in FY12. Several Climate Innovation Centers (*CICs*) will launch in 2012 – in Sub-Saharan Africa and South and East Asia - to support local entrepreneurship providing clean technology solutions to energy and climate-related issues.

#### Approach

*infoDev* has a number of major projects underway or in the pipeline for FY12 and beyond. Building on a network of almost 400 business incubators, *infoDev* has secured funding from Canadian CIDA, UK's DfID, and the Ministry for Foreign Affairs of Finland to develop specialized networks of Mobile Applications Laboratories (five expected), Climate Innovation Centers (six), business incubators for the

Caribbean (six), and Agribusiness Innovation and Entrepreneurship Centers (four in Africa).

After two years of stakeholder meetings and assessment studies, the first CIC will launch in Kenya in early 2012; centers in Ethiopia and India will open later that year. Each is expected to support 70 firms over a five-year period, providing equity financing of \$100,000 to \$700,000. Priority projects will include renewable energy, water sanitation, micro-hydropower, bio energy, transportation, and solar power. This project also marks an innovative new step for infoDev as an “accelerator,” combining both incubation and financing.

Agribusiness Innovation and Entrepreneurship Centers—currently planned for Ethiopia, Mozambique, Senegal, and Tanzania—will aid small and medium enterprises that focus on post-harvest agricultural products. The first AIEC will open in 2012 or 2013. Also soon to launch is EPIC—a \$20 million program over seven years to establish six new business incubators in the Caribbean.

infoDev is also continuing its long-term policy work, providing objective, authoritative guidebooks for regulators and government officials on issues relating to ICT. In FY2012, infoDev will launch the ICT in Agriculture Sourcebook, the Broadband Strategies Handbook, and a series of six case studies on the contribution of ICT to post-conflict reconstruction.

## Results

infoDev projects are contributing to achievement of the following results:

- Approximately 25,000 businesses are under incubation in over 100 countries. By the end of fiscal year 2011, over 3,500 firms had graduated from these incubation programs worldwide, and almost 250,000 jobs had been created.
- As of FY 2011, over 500 incubator managers have received training under infoDev's Business Incubation Management Training Program—the first comprehensive training program available for managers of business incubators in developing countries.

- In FY10 and FY11, infoDev commissioned or completed 19 policy-related studies—including studies on how online tasks can be used for development; on the possibilities for geospatial systems in development; and the role of information and communications technology in post-conflict reconstruction.
- In FY10, infoDev supported EVOKE, a unique online game that challenged youth and young adults to learn about real-world development problems and think creatively about possible solutions. It drew almost 20,000 registered participants from around the world between March and May 2010, and won the Direct Impact award at the 8th Annual Games for Change Festival in New York. For more information: <http://www.urgentevoke.com/>
- By the end of FY11, infoDev had launched two Mobile Applications Laboratories, in Pretoria, South Africa, and Nairobi, Kenya.
- As of FY11, infoDev has funded five “Mobile Social Networking” hubs—in Kenya, Nepal, Tanzania, Uganda, and Vietnam—that organize monthly networking events, talks, and tutoring workshops on issues related to mobile applications development.
- In November 2010, together with the International Telecommunication Union (ITU), infoDev released a 10th anniversary edition of the Telecommunications Regulation Handbook, which includes new sections on net neutrality, content regulation, and mobile broadband. Sections of the ICT Regulation Toolkit, on which it is based, continue to be visited by over 800 unique visitors each day.
- At the 4th Global Forum in Helsinki, Finland, in May and June 2011, infoDev conducted a business acceleration competition for a group of 50 top SMEs, ultimately awarding 20 with seed funding for internationalization.

infoDev does not receive direct funding from IDA and has received only a small IBRD / BB contribution. It almost fully financed by donor-sponsored trust funds. There is very small portion (around 3% in FY11 and 0.5% in FY12) of cash contributions paid by IFC and WB.

## Bank Contributions

In fiscal years 2010 and 2011, the World Bank contributed \$395,000 to infoDev's trust fund account.

IFC contributed \$1.25 million toward a Train the Trainers program. The initiative trains incubator managers from regional networks to enable them to deliver training on behalf of infoDev—thus building local capacity and broadening our reach. It was officially launched in Cape Town, South Africa, in February 2011, and is intended for business incubation professionals who already have experience in developing countries and emerging markets.

## Partners

infoDev works with a number of important partners and donors:

- The Republic of Korea—The Republic of Korea established the \$15 million Korean Trust Fund on ICT4D, administered by infoDev on behalf of the Global ICT Department of the World Bank. As of FY11, the Fund has supported 34 projects relating to cutting-edge ICT solutions for development problems.
- -The Ministry for Foreign Affairs of Finland—In combination with MFA Finland and Nokia, infoDev has created the *Creating Sustainable Businesses in the Knowledge Economy* program, which has provided support to a variety of initiatives, including Mobile Applications Laboratories (mLabs), the Global Forum on Innovation and Technology Entrepreneurship, the Central Asian Capacity-Building Initiative and the Open Africa Innovation Summit.
- Canadian International Development Agency—CIDA provided funding to launch the

Entrepreneurship Program for Innovation in the Caribbean, a \$20 million program over seven years to establish six new incubators in the region.

- UK Department for International Development—DfID provided seed funding to develop business plans for Climate Innovation Centers, or CICs, devoted to technologies that help address climate change mitigation and adaptation.
- Ministry of Science and Technology of Brazil—Provided funding for a report on e-waste in the country, and a proposed framework for handling its disposal, recycling, and reuse.
- infoDev has also partnered with the World Bank, IFC, Germany, South Africa, Nokia, the Bill and Melinda Gates Foundation, and the Brazilian Association of Science Parks and Business Incubation, among others, on a variety of initiatives.

## Moving Forward

In past reporting years, each of infoDev's disbursements was pegged to one of three categories—Innovate, Connect, or Transform. As the ICT and development agenda has moved away from infrastructure and connectivity, infoDev has embraced a business model geared toward innovation, technology, and entrepreneurship. infoDev's comparative advantage in this regard comes from a network of almost 400 business incubation centers in over 100 countries worldwide, sponsoring 25,000 early-stage firms and creating almost 250,000 jobs.

The majority of infoDev-sponsored incubation centers are consortia, with buy-in from both private sector organizations and government agencies. We have found this to be the best model for sustainability—once the government observes the incubator's impact on job creation, they are usually willing to continue funding it independently of infoDev. There is also co-financing requirement for many of infoDev's investments, and in most cases an incubator matches or surpasses infoDev's funding with outside sources, creating ownership and sustainability on a local level. A number of the regional incubator networks, such as ECABit and APIN, have be-

gun charging membership fees, which suggests a move toward self-financing.

A number of prominent donors have noted infoDev's track record at establishing incubation networks, and have pledged funds for new, specialized networks: CIDA has pledged funding for a network of six business incubators in the Caribbean; DFID provided seed funding for Climate Innovation Centers in Africa and Asia; and Finland is supporting the launch of five mLabs.

## Beneficiaries

Example 1: After joining the infoDev-supported Technology Incubation Center in Lagos, Nigeria, Jude Okpala doubled his company's turnover, to \$600,000 a year. His company, Cliché Engineering, makes precision metal components. "The incubator helped us move the technology to the next stage," says Okpala.

Example 2: Ir Aprisusi wanted to start a business, but she had no money to invest. She wanted to take fermented coconut water create a coconut drink. In 1999, she became an incubatee with the infoDev-backed Incubator for Agribusiness and Agroindustry. The incubator helped secure about \$1,200 in seed money and provided her with space to start production. At first, she produced and packaged her drinks by hand. Now she operates eight mechanical lines, employs 32 people, and her drinks are sold throughout the country.

Example 3: Commercial banks are hesitant to work with small businesses in Bulgaria. The infoDev-supported Applied Research and Communications Fund, an incubator in Sofia, mentored the company 4 Friends on how to launch "Me & Bee," a computer game for children. Hristo Enev, one of the founders, says: "infoDev can help by establishing contacts with entrepreneurs in other countries, so we can exchange some expertise and cross-finance."

## LEARN MORE

## Links

- infoDev's Incubator Support Center, iDisc: [www.idisc.net](http://www.idisc.net)
- mLabs World, a community of mobile applications developers: <https://mlabsworld.org/>
- Climate Innovation Center business plans: <http://www.infodev.org/en/Project.127.html>
- Global Forum on Innovation and Technology Entrepreneurship: <http://www.infodevgf.net/>
- EVOKE project website: <http://www.urgentevoke.com/>
- Entrepreneurship Program for Innovation in the Caribbean: <http://www.infodev.org/en/Topic.38.html>
- ICT Regulation Toolkit: <http://www.ictregulationtoolkit.org/en/index.html>
- ICT in Agriculture Sourcebook: <http://www.ictinagriculture.org>
- Korean Trust Fund on ICT4D: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTINFORMATIONANDCOMMUNICATIONANDTECHNOLOGIES/0,,contentMDK:22888151~pagePK:210058~piPK:210062~theSitePK:282823,00.html>

## Multimedia

- Photo 1 Jude Okpala, founder of Cliché Engineering in Lagos, Nigeria, poses with his staff outside his business. (From Beneficiaries section, above; Photo Credit: \_\_\_\_\_; photo attached separately)
- Photo 2 Stanislav Evstatiev, Elena Eneva, and Mira Arnaudova, and Hristo Enev, of 4 Friends Studio in Bulgaria. (From Beneficiaries section, above; Photo Credit: Sam Raymond, infoDev; photo attached separately)
- Video, “What infoDev means to me,” June 2010 <http://www.youtube.com/watch?v=wetJ28lyE'T0>

## Geo-reference

- An interactive Google map plotting the locations of all 393 infoDev-associated business incubators worldwide is available at <http://www.idisc.net/en/IncubatorsMap.aspx>
- We also have a map of the main activities / networks in *infoDev's* Annual Report 2010 / 2011 (available on the website).