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# Sustainable Local Economic Development

*Incubators: operational and strategic services*

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## *Small, Medium and Micro Enterprises (SMMEs)*

Represent one of the fastest growing economic sectors in the world.

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Success stories in this respect have been achieved in Malaysia, Indonesia and Turkey.

The contribution of SMMEs to the economic growth has been recognised by international development institutions like the **World Bank**, **UNDP**, **UNIDO** and Organisation for Economic Cooperation and Development (**OECD**).

## *The Sustainability and Competitiveness of SMMEs*

Access to credit.

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Access to market, nationally and internationally.

Access to technology, innovation and incubation

Availability of adequate infrastructure and physical resources.

Elimination of bureaucracy and adapting the regulation system to the needs of SMMEs. The " One-Stop-Shop" (OSS) approach is one initiative in the right direction.

Adjusting the SMMEs' environment so that it can cope with international markets.

In many different societies it has been accepted that entrepreneurship is a major driver of innovation, competitiveness and SMME growth.

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More than one-third of all jobs created are due to the entry of new businesses.

In the majority of the Arab countries there are various institutions, banks, credit guarantee schemes, SMMEs development programs, social funds and in some cases ministries which assumes various roles in establishing, managing and developing SMMEs. However, development has been rather slow and sometimes confusing or absent due to inadequate role played by institutional bureaucracy and the lack of entrepreneurial culture.

# *ASMEDO*

The establishment of an Arab Small, Medium and Micro Enterprise Development Organisation (ASMEDO) with its Headquarters located in an active Arab state and represented in other Arab member states.

The aim of ASMEDO would be to support, coordinate and integrate SMMEs activities; assure networking and information dissemination for SMMEs.

ASMEDO will be dedicated to the enhancement of innovation, entrepreneurship, incubation, venture capital and technology adaptation. Also, it would be of great advantage to the Arab countries through its Observatory function which will focus among other functions on monitoring, evaluation and impact assessment.

# *The Observatory*

1. Monitor the key performance parameters of SMMEs in the various countries in as far as:

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  - Enterprise definitions of size and role.
  - Adherence to criteria and conditional ties set by WTO.
  - Degree of continuity with the Global Compact criteria.
  - International SMME business performance.
  - Use of appropriate technology.
  - Contribution to job generation.
  - Commitment to ecological and environmental criteria.
2. Identify the points of strength / weakness in performance and suggest the suitable approaches and modalities for possible synergy and cooperation between Arab centres, if they decide to establish SMME centres of their own.
3. Advise training and educational institutions regarding state-of-the-art programs for training and development in the SMME sector.

# *The Observatory*

# *(Cont.)*

3. Advise training and educational institutions regarding state-of-the-art programs for training and development in the SMME sector.
4. Recommending appropriate credit packages and promote financially engineered schemes to enhance effectiveness and sustainability of credit availed to SMMEs.
5. Advise on performance of Incubation, and techno park programs and their applicability to various county programs.
6. Keep track and record the effectiveness of SMMEs conferences, workshops, meetings and exhibitions relevant to SMMEs, including the advances in innovation and centres of excellence.

## *Business Development Services (BDS) for SMMEs*

BDS are a very important means of supporting the development of SMMEs which are known to create employment, generate income and contribute to economic development and growth.

Supporting BDS is an important means of alleviating poverty and empowering the poor and vulnerable groups.

There are many different models for developing BDS and each need to be customized to the local specificities, so we cannot expect a “one-size fits all” approach.

# *Encouraging Entrepreneurship*

— The success of any economy is dependant on the rate of creation of new businesses and their survival rates.

Supporting the survival and restructuring of starting businesses is a key factor in the sustainable growth of the private sector.

Creating an entrepreneurial society, or re-energising a society that is inherently entrepreneurial, needs support at a number of levels ranging from policy through to delivery of support to individual entrepreneurs.

## *Main Types of Business Development Support*

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### **Market access**

Market information and research.

Trade fairs.

Exhibitions and Advertising.

Marketing trips and meetings.

# *Infrastructure*

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Storage and warehousing

Transport and delivery

Business incubators

Telecommunications

Computer access

Secretarial services

# *Policy and advocacy*

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Training in policy advocacy.

Analysis of policy constraints and opportunities.

Direct advocacy on behalf of SMMEs.

Sponsorship of conferences.

Policy studies

# *Input supply*

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Linking SMMEs to input suppliers.

Improving suppliers' capacity to deliver quality inputs.

Facilitating establishment of bulk buying groups.

Information on input supply sources.

## Feasibility studies

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Business plans

Management training

Mentoring, Counselling and Advisory services

Legal services

Financial and tax advice

Franchising, Subcontracting and Outsourcing

Technical/Vocational training

# *Choosing a Delivery Strategy*

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## **Traditional Development Approach**

This approach involves the creation of an organization (NGO) to provide BDS directly to SMMEs.

## **Market Development Approach**

The Market Development (MD) approach is relatively new; it seeks to facilitate a sustainable increase in demand and supply of services, where subsidies are replaced by payment for services.

## *BDS Projects Prerequisites*

The BDS market must be understood by focusing on the key issues of widening outreach and maximizing the scope for viability and sustainability, hence the following questions need to be addressed

Is there a market niche for the establishment of BDS facilitators and providers?

Is it wiser to follow the TD or MD approach or a mix of the two?

What should be the nature of the intervention and duration of the initiative?

What will be the possible exit strategy, so as to ensure long term viability?

# *BDS Projects Prerequisites (cont.)*

Should the TD or MD approach be used?

What is the best institutional model for effective BDS delivery?

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- **Business Support Centre:** provides support to potential and new enterprises in a geographical area with limited BDS provision.
- **Business Incubator:** provides support namely between start up and achieving sustainability.
- **Local Economic Development / Agency:** provides support for a participatory development process that encourages partnership arrangements between the key private and public stakeholders.

Should the BDS projects charge for services or not?

How can viability and sustainability be achieved?

Human Capital?

What is the role of national government in BDS partnerships?

Monitoring & Evaluation?

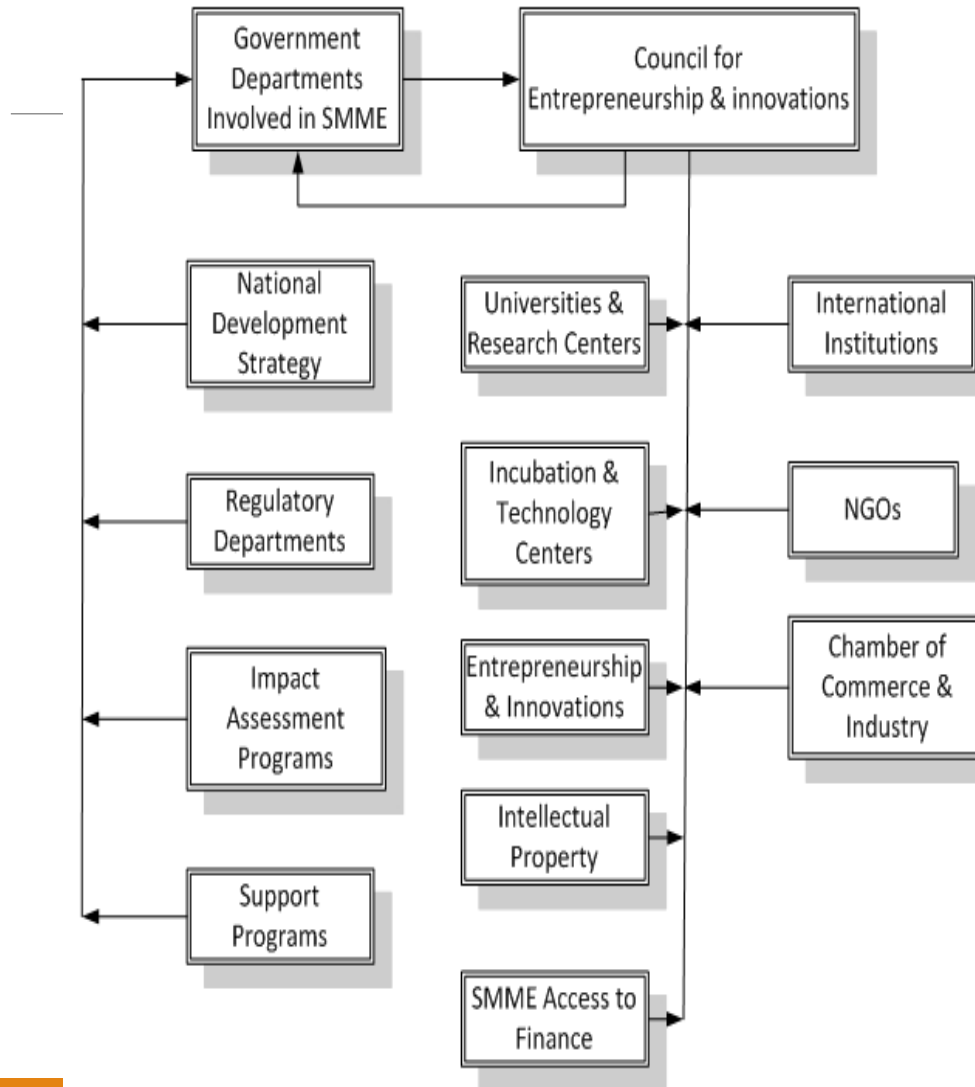
The need of SMMEs to finance can be categorised into the following types:

- Working Capital
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- Short, long and medium term Loans
  - Bridge Loans
  - Risk and Seed Capital

In many countries focus on all of these categories is rather inconsistent and in most cases focus is mainly on commercial lending. An analysis of the pattern of credit source to the SMMEs sector shows that there is a definite path of credit availability.

- Self Financing
- Debt Financing
- Lease Financing
- Equity Financing
- Venture Capital Financing

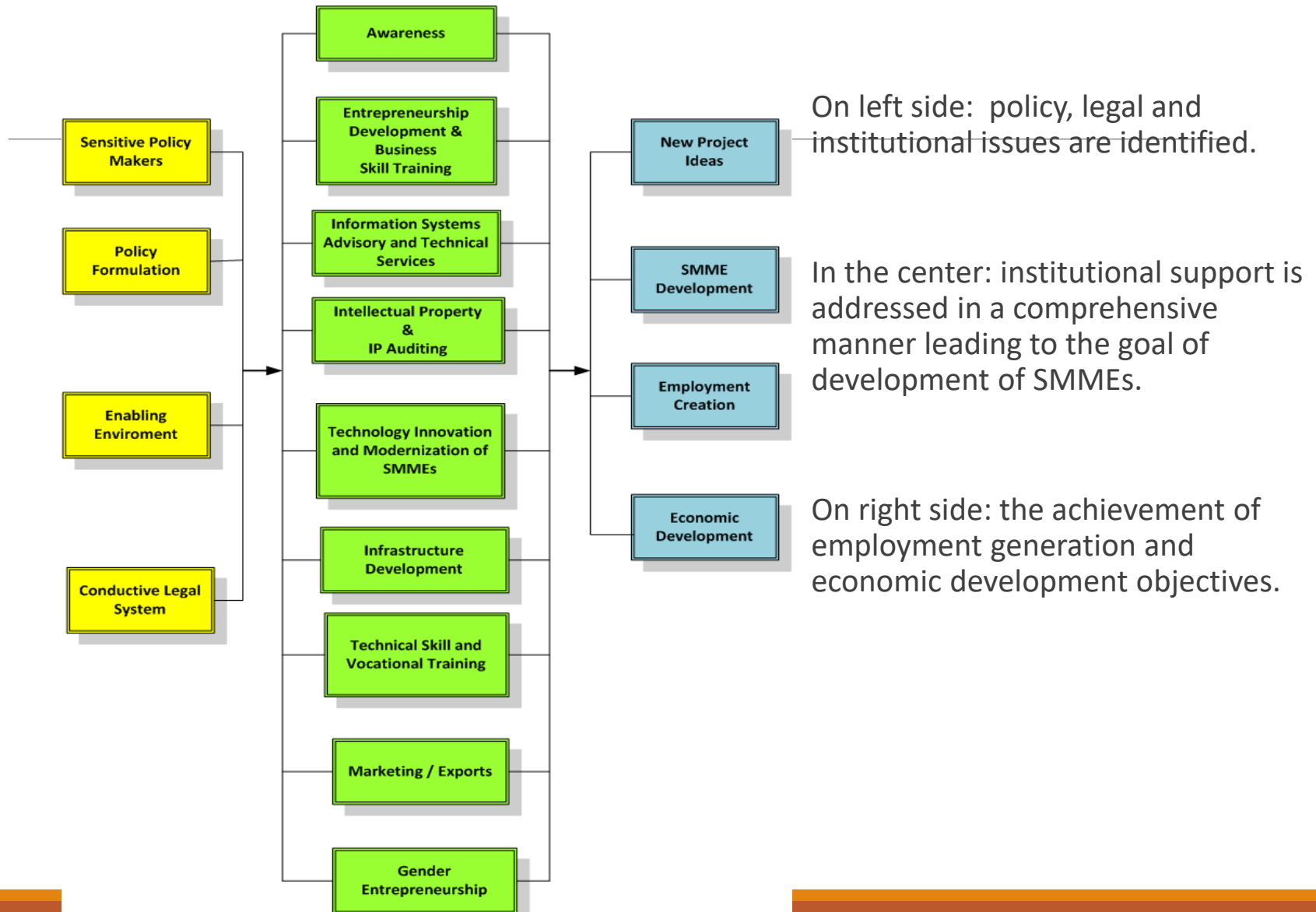
# Enabling Environment for the development of SMMEs



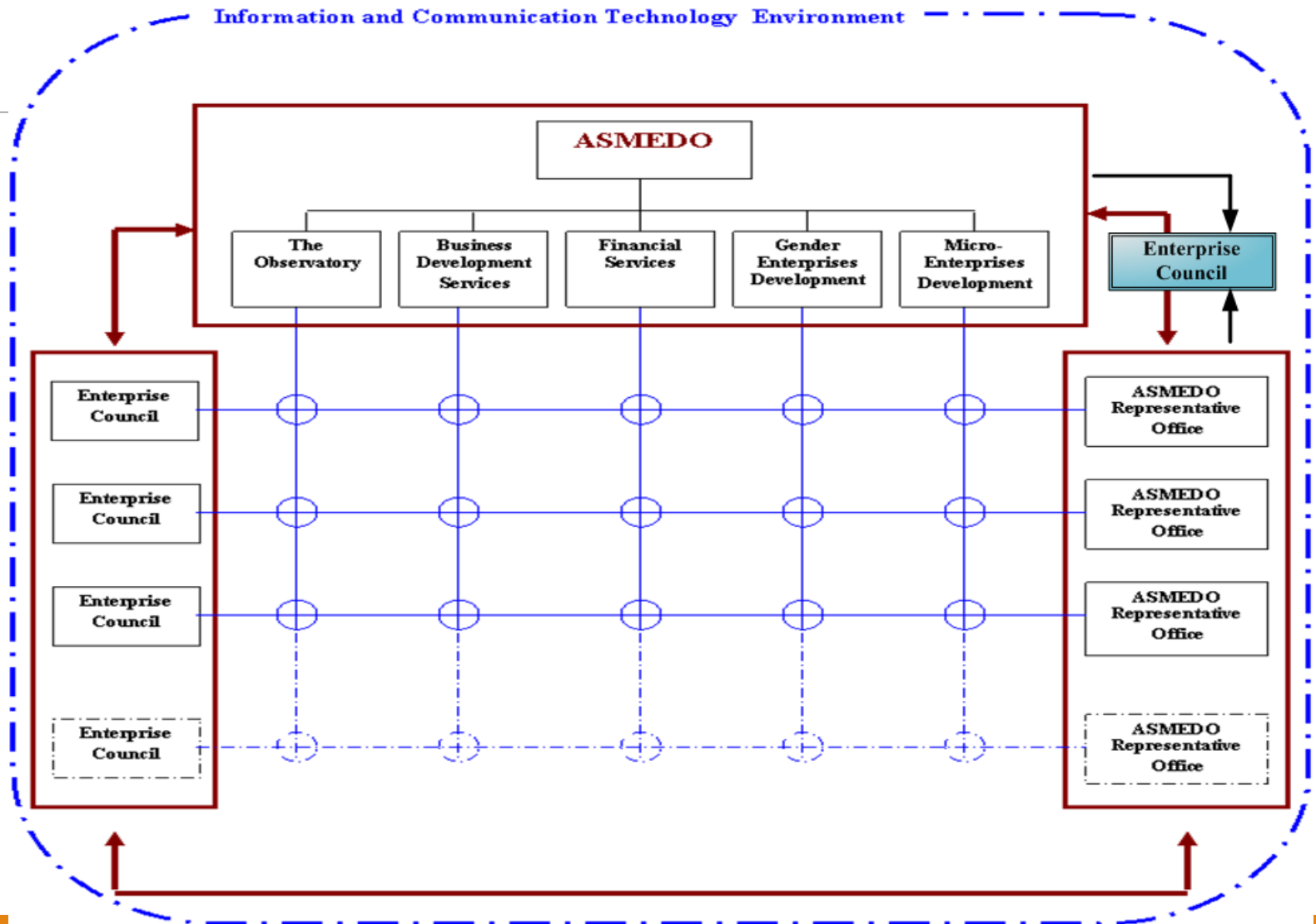
Interaction between Government and SMME Sector through the council for Entrepreneurship and innovations.

Leads to a better identification of issues and problems relevant to SMME creation, modernization and growth.

# *Integrated Approach to SMME Development System*



# Proposed Initiative for Establishment of ASMEDO



# *The Studies needed for the establishment of ASMEDO*

The studies will be carried out by a specialised team with multinational/Arab experts. The estimated cost for these studies is \$US 2,500,000 according to the following table.

#	Study	Arab and International Experts
1	Functional Structure, Business Tools, Control Systems and Logistics between Entities	An International Expert working with 2 Arab Experts for 12 weeks
2	Development of the Information and Communication Technology Environment	An International Expert working with 2 Arab Experts for 16 weeks
3	The Observatory	An International Expert working with 2 Arab Experts for 10 weeks
4	Business Development Services for SMMEs	An International Expert working with 2 Arab Experts for 12 weeks
5	Financial Services for SMMEs	An International Expert working with 2 Arab Experts for 10 weeks
6	Gender Enterprise Development	An International Expert working with 2 Arab Experts for 8 weeks
7	Micro-Enterprise Development	An International Expert working with 2 Arab Experts for 12 weeks

# *Importance of IP for SMEs*

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Why is IP relevant to your SME?

P as a business asset

IP as an investment

The value of IP assets

Introduction of P Audit

# *Trademarks and Industrial Designs*

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Trademarks and Industrial designs to increase the power of Marketing

Brand building

How to protect trademarks and industrial designs

Trademark management

# *Inventions and Patents*

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Basics of invention and patent

Patent application

Patent infringement

Patent management system

# *Trade Secrets*

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Basics of trade secret

Trade secret management program

Misappropriation of trade secrets

Violation of trade secrets

A trade secret audit

# *Copyright and Related Rights*

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Basics of copyright

Copyright and related rights

Ownership of copyright

Using works owned by others

# *Patent Information*

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Understanding of patent information

Types of patent information searches

Searching patent information

Strategic use of patent information

# *Technology Licensing in a Strategic Partnership*

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The basic concept of a license

Preparing to license

Negotiating a license agreement

Overview of a license agreement

Managing a license agreement

# *IP in the Digital Economy*

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P & e-commerce

Creating a website

Choosing a domain name

Protecting your website

# *IP and international Trade*

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Why IP rights are important for exporters

Checking your freedom to operate

IP in international outsourcing

Protecting your IP rights in export market

# *IP Audit*

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Understanding an IP Audit

Preparing for an P Audit

Conducting an IP Audit

After completing an IP Audit

# Reference and source

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1. Implementing Sustainable Development: From Global Policy to Local Action by Phillip J. Cooper and Claudia Maria Vargas | Apr 5, 2004
2. Promoting Sustainable Local and Community Economic Development (ASPA Series in Public Administration and Public Policy) by Roland V. Anglin | Apr 15, 2011
3. Cultural Tourism and Sustainable Local Development (New Directions in Tourism Analysis) 1st Edition, by Luigi Fusco Girard (Editor), Peter Nijkamp (Editor)
4. Carrots Don't Grow on Trees: Building Sustainable and Resilient Communities by Robert Turner | Feb 15, 2019
5. Sustainability and Resilience Planning for Local Governments: The Quadruple Bottom Line Strategy (Sustainable Development Goals Series) Part of: Sustainable Development Goals Series (17 Books) | by Haris Alibašić | Jun 19, 2018