



United Nations Economic Commission for Europe

**Webinar report**

**Challenges and opportunities for supporting innovative, high-growth enterprises in the SPECA countries**

***23 December 2021***

***Online, Zoom platform***



## ***Background***

Innovation, or in other words, trying out things to see what works and what does not, will be central to ensuring a sustainable post-COVID recovery and building back better, as opposed to a simple return to “business as usual”. It implies broad and systematic experimentation by people, and in particular by firms, which are the backbone of any economy. A small sub-group of enterprises called innovative high-growth enterprises (IHGEs) play an outsized role in job and value creation and have the capacity to create new economic sectors with positive social and environmental spillovers.

In the SPECA sub-region, where economic and sustainable development challenges have been exacerbated and the fiscal space to address them further constrained by the slump induced by restrictions to contain the COVID-19 pandemic, IHGEs could be instrumental as agents trying out and scaling up ideas to accelerate the green and circular post-COVID recovery and progress towards reaching the Sustainable Development Goals (SDGs). Unlike the rest of the small and medium-sized enterprises (SMEs), IHGEs require different and well-targeted support measures for the countries to fully reap the considerable economic and social benefits they carry. While some governments across the ECE region have already put in place policies to effectively support the growth of innovative firms with high potential (e.g., Great Britain, Estonia), the SPECA sub-region has not put in place any similar mechanisms and could learn a lot from peer practices and experiences.

## ***Objectives***

The webinar was organized in the framework of the UNECE project “Enhancing the capacity of the SPECA countries to design, implement and monitor effective policies to support innovative high-growth enterprises to drive post-COVID 19 recovery and progress towards the circular economy”. It aimed to help officials from the SPECA countries to develop a better understanding of the nature of and policies and tools that enable and promote innovative, high-growth entrepreneurship to accelerate the Covid-19 recovery and progress towards sustainable development. The webinar also served an opportunity to discuss initial findings of the forthcoming UNECE Handbook on Supporting IHGEs in SPECA subregion and topics for the forthcoming trainings.

## ***Webinar series structure***

The workshop targeted government officials and experts from the SPECA countries responsible for designing, implementing, and evaluating innovation, entrepreneurship, and SME policies, as well as managers of business incubators and accelerators in the sub-region, and civil society engaged in supporting innovation and entrepreneurship.

## ***Summary of the webinar***

The main focus of this webinar was on introducing the importance of innovative high-growth enterprises and designing correct supporting measures for them. The value and significance of such enterprises increased due to the negative economic consequences of the COVID-19



pandemic. This is particularly important for the SPECA region, where national economies were significantly affected by the necessary preventive measures taken by local governments. Developing specific policy measures that would target innovative high-growth enterprises (IHGEs) could greatly contribute to further strengthening innovation ecosystems in countries of the region and accelerating their recovery.

Mr. Alasdair Reid, international expert in charge of the developing the *UNECE Handbook to Support IHGEs in SPECA subregion* presented the current state of IHGE development in the SPECA subregion based on the desk research and interviews with SPECA public and private sector stakeholders conducted under the project. He defined main characteristics of IHGEs, emphasizing that they can originate from a wide variety of economic sectors and are not only limited to IT companies and start-ups. He further elaborated on the importance of designing correct policy and financial measures for such enterprises due to their uniqueness using successful cases from other regions. The expert also presented a summary of main barriers for IHGEs for SPECA countries that have been identified in the initial stages of the research.

The participants of the webinar were asked to give their feedback on the presentation and share their experience of working with innovative enterprises that have growth potential. The director of PEAK Bishkek Accelerator Centre gave an overview of the situation in Kyrgyzstan, where their organization is supporting a broad range of initiatives, including projects focusing on youth and women. According to him, projects that try to combine digitalization and information technology innovation prove to be most successful. This is true for most economic sectors, where traditional businesses are digitalized due to the impact of the pandemic which led to significantly increased demand for ICT products.

Representative from Al-Farabi National University of Kazakhstan further outlined main prerequisites of successful enterprises, particularly relevant for projects focused on social innovation. She stated that selecting the right team consisting of people with similar goals and motivation as well as establishing efficient communication channels with target audience can be crucial for start-ups aiming to address social challenges. Additionally, several representatives of accelerators across the region mentioned the difficulty of scaling-up start-ups, especially those led by younger entrepreneurs. Determination and persistence were put as two important qualities for the entrepreneurs who want to be successful and are particularly valuable for high-risk innovative companies that face hardships in the early development stages.

Head of Commercialization Department of the Kazakh State Agrotechnical University shared her experience working with scientists who struggle to successfully commercialize their scientific innovations. Scientists typically face financial barriers such as limited budgets and lack of funding. She also added that local business incubators have limited capacity in supporting projects throughout their development process, unlike examples from countries where acceleration and business incubation services are at more advanced stages of development.



Manager of the Innovative Technologies department of the Kazakh Research Institute of Plant Protection and Quarantine also shared her experience on potential high-growth ecosystems in the agricultural sector. A large number of commercialization efforts are focused in using modern technologies such as GIS systems and drones for agricultural planning. She added that a growing number of agricultural scientific institutes are partnering with private sector enterprises due to their flexibility in the framework of public-private partnership contracts whose use is encouraged by the Ministry of Agriculture of Kazakhstan.

Experience sharing of representatives from SPECA countries was followed by a presentation from the Head of Donor Relations of the Georgia's Innovation and Technology Agency (GITA). The presentation gave an overview of GITA's activities as the main coordinating agency for innovation and technology development in the country. Georgia's innovation ecosystem is still relatively young but managed to produce some successful companies especially in IT and AI application sector. GITA's matching grants program supported by international donors proved to be especially successful. The Agency continues to attract international partners such as the 500 StartUps which opened its representation in Georgia in 2020. GITA will further work on enhancing innovation infrastructure following the 3-pillar approach to innovation, i.e. building infrastructure, providing services and ensuring access to finance. The Agency is also keen to share more detailed experience with the SPECA countries in developing various support tools for support of innovative enterprises and securing donor funding within the framework of different initiatives.

### **Key insights**

- ✓ Application of IT is important across all sectors of economy. It should also be noted that that IHGEs do not come exclusively from the IT field but can emerge from traditional economic sectors. It is recommended to explore application of IT technologies for traditional businesses (for instance in agriculture) to tap into the innovative potential and foster innovative entrepreneurship, especially at the scale-up level.
- ✓ It is essential to develop proactive policies that can drive and shape innovation ecosystems of SPECA countries, while building on the practices in this regard from the region and beyond.
- ✓ The process of building successful innovation ecosystems is gradual and involves coordination and cooperation of many policy actors and stakeholders. Therefore, important to have an open and inclusive dialogue to ensure strategic and effective promotion of innovation entrepreneurship in the subregion.
- ✓ SPECA countries have come a long way in the last 5-10 years changing their focus from building physical infrastructure (i.e., constructing innovation support facilities such as high-tech parks, innovation centres, etc.) to focusing on establishing incubators and accelerators as well as developing population's soft skills. It is important to continue these efforts, further investing in and improving the innovation support infrastructure, especially when it comes to subnational level and building necessary skills of the infrastructure staff.



- ✓ SPECA region has witnessed an improvement in available financing mechanisms with the uptake of the venture funding and business angel networks development, including initiatives involving several SPECA countries. Further actions to strengthen the investor ecosystem and facilitate access to funding by entrepreneurs is needed to ensure that the prospective initiatives can scale up successfully.

In the closing, the participants highlighted the relevance of the upcoming handbook and the trainings and voicing the interest in learning more about effective means to support the scale up of innovative companies and building an conducive environment for scale-up overall.

## Annex 1 Draft Agenda

### Challenges and opportunities for supporting innovative, high-growth enterprises in the SPECA countries

<b>Draft Agenda</b>	
<i>Please, note that the below timing is based on UTC+6 time zone, Bishkek/Nursultan time.</i>	
<a href="#">Click here to join</a>	
<b>Moderator: Christopher Athey</b> , Economic Affairs Officer, Innovative Policies Development Section, UNECE	
<i>13:30-14:00</i>	<b>Access to the session</b> <i>Participants are recommended to join the meeting at least 15 minutes prior to its start to check their connectivity.</i>
<i>14:00-14:10</i>	<b>Opening remarks</b> <i>Anders Jönsson, Chief, Innovative Policies Development Section, UNECE</i>
<i>14:10- 14:30</i>	<b>Tour de table</b> <i>Participants are invited to briefly introduce themselves</i>
<i>14:30-15:00</i>	<b>Discussing challenges and opportunities for support of IHGEs in the SPECA countries</b> <b>Framing presentation by Alasdair Reid, UNECE Consultant</b> <ul style="list-style-type: none"> <li>• Building on the past work by UNECE on Innovative High-growth Enterprises (IHGEs) and initial scoping interviews under this project, the presentation will provide an overview of the main concepts and policy toolkit for IHGEs and summarize initial conclusions on the challenges and opportunities for IHGEs development in the SPECA countries.</li> </ul>
<i>15:00 – 15:30</i>	<b>Sharing experiences from the SPECA countries by the participants from the sub-region</b> <ul style="list-style-type: none"> <li>• Representatives of the SPECA countries are invited to react to the framing presentation, bringing in their experience and knowledge, and pointing to the most important areas which require support (e.g., building of the entrepreneurship skills, using IT for traditional industries, role of</li> </ul>



	<p>corporate ventures and acceleration programmes, building legislative framework for support to IHGEs).</p> <p><i>Participants would also be invited to provide their opinion on the topics of the forthcoming training (Jan-Feb 2022) that would be most relevant to their work.</i></p>
15:30-15:50	<p><b>Sharing experiences from Georgia by Annie Vashkamadze, Georgia's Innovation and Technology Agency (GITA)</b></p> <ul style="list-style-type: none"> <li>The presentation will showcase how Georgia is supporting innovative enterprises with high growth potential at each stage of the growth process, but in particular at the level of scaling up.</li> </ul> <p><i>Q&amp;A with the participants</i></p>
15:50-16:00	<p><b>Closing</b></p> <p><i>Anders Jönsson, Chief, Innovative Policies Development Section, UNECE</i></p>

## Annex II Webinar participants

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**UNECE staff engaged in organisation, including speakers**

27	Anders Joensson	Speaker
28	Christopher Athey	Moderator
29	Lyudmyla Tautiyeva	Technical moderator