

## **INNOVATION, INFORMATION AND COMMUNICATION TECHNOLOGIES. FRAMEWORK, FINANCING MODELS AND GOOD PRACTICES**

5th and 6th of October 2015

Information and Communication Technologies (ICT) are a cross-cutting factor with the capacity to change the economic, social and environmental realities in the region.

Information and Communication Technologies (ICT) are a cross-cutting factor with the capacity to change the economic, social and environmental realities in the region. Its impact will be a game changer in the years to come in the Middle East and North Africa.

The inclusiveness derived from ICT will be felt in most fields of life: mobile banking, crowdfunding, e-learning, e-governance and e-health, etc, will facilitate access to resources for most citizens.

This connectivity is already widespread in the region, with Internet and mobile penetration having increased dramatically in recent years. Nevertheless, the innovative use of this connectivity is what will be meaningful in terms of the positive value added impact of ICT.

ICT also allows already existing assets in these societies to be optimised, thus generating a more efficient consumption and use of resources (car sharing, traffic management, food efficiency and so on)

In order to facilitate the expansion of these technologies and maximise their multiplying effect it is essential to establish an innovative and rapid mechanism for resolving disputes.



Opening session; Senén Florensa, Executive President (IEMed) in the centre, with UfM, ITU and Sawari venture representatives.

A key element to be addressed is the role the state plays in the promotion of innovation and ICT.

Innovation and ICT are a needed tool to efficiently generate value added jobs and entrepreneurship, but they cannot be overestimated in terms of solving the mounting unemployment problem in the societies of the region.

The private sector, especially big companies, usually leads innovation and ICT growth, while the state should guarantee that its benefits reach most parts of the societies, thus avoiding a bigger socioeconomic gap.

A key element to be addressed is the role the state plays in the promotion of innovation and ICT. In some countries the state is a helpful engine of their development, through the creation of specialised seed funds, incentives and investment, while in others the state does not play this facilitating role, postponing the multiplying impact of innovation and ICT in their societies and economies.

The state itself can play a valuable role in encouraging innovation and the development of new technologies through its procurement processes, especially among small and medium-sized enterprises. Upgrading procurement requirements can be used as a tool to promote quality and innovation among national companies, thus becoming a powerful incentive to encourage innovation.

Another key constructive role the state should play in these economies is the direct and indirect improvement of genuine and self-sustainable innovation and ICT ecosystems.

The general promotion of entrepreneurship, linked to innovation and ICTs, is a controversial issue. It is inefficient and counterproductive to generalise the promotion of entrepreneurship among all youths: it can generate unfulfilled expectations and disillusionment. Entrepreneurship should have a well-targeted approach, where the system picks the talented individuals. Funds and training should only be granted to the entrepreneurs candidates already selected due to their business projects.

Education is the basis for any significant development change, and ICT are the basis for improving and expanding education

It was agreed that education is the basis for any significant development change, and ICT are the basis for improving and expanding education.

### **Exploring new means of funding for technological innovation**

Experts explored ways to promote an entrepreneurial ICT ecosystem in the MENA

region. The focus was on encouraging a new range of funding tools to empower companies and individuals and foster growth, especially SMEs.

ICT adoption is a catalyst for economic growth and competitiveness.

ICT adoption is a catalyst for economic growth and competitiveness. Countries in the region are now taking the opportunities to promote and enhance innovation in all economic sectors. To that end, three key factors are vital:

The first one is setting up the right ecosystem at a national level, to encourage business to innovate and be more competitive. Experts noted that entrepreneurs in this region have to deal with many legal constraints in this regard. Governments have so far shown a lack of long-term vision and have not responded with sufficient coordination with private actors and international organisations to prepare the economy for a phase of innovation-led growth.

Private sector should be further developed by broadening the range of financial instruments available

Meanwhile, the private sector should be further developed by broadening the range of financial instruments available, supporting the local corporates and FDI, guaranteeing risk sharing, offering advisory services to SMEs and establishing government-supported risk capital.



Representatives from Zoomaal crowdfunding, EBRD and other international experts in innovation and ICTs

Coaching is the second essential tool to be improved. Yet this factor has so far been neglected. Coaching can take the form of accelerators, incubators or co-working spaces that capture the vast potential that exists in the region, enabling entrepreneurship to flourish and connecting them with each other and with potential investors.

Access to finance remains the most critical challenge for the creation and growth of SMEs, especially in the ICT field.

Finally, obtaining access to finance remains the most critical challenge for the creation and growth of SMEs, especially in the ICT field. Adopting technology can be costly, eventually hindering entrepreneurship. Alternative sources of financing are gradually gaining popularity in the region. Crowdfunding, business angels, venture capital for early stage start-ups and seed funds are emerging and consolidating. Experts identified that the successful formula to guarantee access to funding is in developing co-investment schemes that involve both private and public actors. In that respect, diaspora communities are progressively playing an important role in leveraging entrepreneurship from abroad.

Ensuring coordination between governments and international organisations would help in setting up the framework and conditions to improve innovation, attract investors, encourage entrepreneurship and stimulate competition. Some increasingly active international financial institutions in these fields are the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

In 2002, the EIB launched FEMIP to finance MSMEs at any stage in the project cycle through a range of financing options and advisory services aiming to foster economic and social development of Mediterranean countries. Along the same line, EBRD launched the Knowledge Economy Initiative in 2014. The initiative focuses on enhancing productivity and competitiveness through encouraging companies during all stages of a business to innovate and scale up.

#### **Inspiring good practices that could be replicated**

The participants focused the discussion on experiences and good practices on innovation and entrepreneurship that could be replicated in different Mediterranean countries. Existing initiatives that promote technology entrepreneurship and support the introduction of innovation in enterprises and

Barcelona is also promoting the creation of mobile innovative start-ups with potential for global scalability

institutions can contribute to transferring knowledge among professionals working in the field.

A number of relevant initiatives that promote the development of technological and innovative start-ups were mentioned. BioEmprenedorXXI in Barcelona supports the set up and growth of start-ups in the Biotech and Cleantech sectors, which are strategic for the city. Barcelona is also promoting the creation of mobile innovative start-ups with potential for global scalability in order to attract new foreign business and talent to the city. These initiatives provide a new resource for the city as they serve as a meeting point for the entrepreneurial community while contributing to the growth of Barcelona as a brand and as a start-up city.

Bottom-up approaches are very important as start-ups begin very small and under tough conditions

In Egypt, new seed investment companies and accelerators aim to enable early stage companies to transform new business ideas into viable businesses. In particular, efforts are focused on investing in the areas of scalable technology and creative industries.

In addition, the role that universities like the American University in Cairo play in the development of programmes focused on accelerators can be very useful for start-ups and entrepreneurs. In this regard, bottom-up approaches are very important as start-ups begin very small and under tough conditions. At the same time, it is relevant



More than 25 international experts participated in the working group on Innovation, Information and Communication Technologies

A new institutional framework is being developed in Turkey that coordinates the already existing initiatives

to bear in mind the different particularities of managing ecosystems in different countries.

Over the past years in Turkey, many public programmes and funds have been launched to support entrepreneurship. In line with this, a new institutional framework is being developed in Turkey that coordinates the already existing initiatives. There are many actors managing these programmes and this requires efficient coordination to avoid overlapping in the actions.

Entrepreneurship has become a policy priority in Turkey to reduce unemployment, especially among young graduates. In the years to come until 2023 significant technology transformation is expected in the Turkish economy.

Entrepreneurs should also be able to embrace failure

In order to develop such initiatives, it is important to identify ideas that can be turned into successful practices as well as to offer mentorship and promote capacity building and a network for investors. The steps required for an entrepreneur include awareness of the existing instruments, capacity building, access to finance, acceleration and a second stage of finance. Furthermore, a wider focus on innovation is required in order to foster entrepreneurial thinking. In this regard, entrepreneurs should also be able to embrace failure. For this reason, having an entrepreneurial mindset is essential for second opportunity recognition.

In order to develop successful programmes, the involvement of all the actors beyond the public sector, including the private sector and academia, is needed

The basics of entrepreneurship include expertise and experience, information, knowledge of the market, facilities and incentives. There are international markets and sophisticated networks but the missing link is the ecosystem strategy. Some experts describe entrepreneurship as the pursuit of opportunity beyond controlled resources.

In order to develop successful programmes, the involvement of all the actors beyond the public sector, including the private sector and academia, is needed and the relation between corporate ventures and start-ups must be promoted. In this regard, strengthening partnerships between public and private sectors is essential in order to maximise success in the implementation of such programmes. Sharing knowledge and building partnerships is the key to success.

Enabling a regulatory framework and promoting an attractive investment environment is important.

In line with this, governments and academia, together with NGOs and the private sector should function as a comprehensive entrepreneurship engine. In this respect, enabling a regulatory framework and promoting an attractive investment environment is important.

Ideas need to be exploited and entrepreneurs should aim at excellence, international partnerships and sustainable projects. Value added interaction between entrepreneurs and ideas could be better achieved by bringing people together. Creation, learning and growth are at the core of an entrepreneurial mind.