

Fax

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Phone: 5796590	Date: 9/27/2004
Re: GTZ Workshop	CC:
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Attached please find an invitation for the one day workshop to be held by GTZ and Entrust: Development & Management Consultants on: Innovation & Technology Promotion for SMEs

September 28th, 2004 from 09:00 – 17:00
Ramses Hilton In Cairo

Please confirm your attendance by email or phone:
Tel/fax 3354185
e-mail: info@entrust-dmc.com



September 21, 2004

Subject: Workshop on the Project for "Innovation and Technology Promotion for Small and Medium Enterprises (SME) in the Middle East (Egypt, Jordan, Yemen)"

Dear Madam/Sir,

The German Agency for Technical Cooperation (GTZ) is currently considering the feasibility of launching a regional project entitled "Innovation and Technology Promotion for Small and Medium Enterprises (SME) in the Middle East" in Egypt, Jordan, and Yemen. The project aims to enhance the innovation-based competitiveness of the private sector, with emphasis on SMEs, through the promotion of closer interaction/cooperation between R&T organizations private sector companies.

The project seeks to accomplish the above aims through the establishment of a network of innovation and R&D-related institutions/organizations from the selected countries and Germany, and possibly other countries that would foster the diffusion of innovations and technologies with special reference to the SME sector in the selected countries of the region.

The project is planned to have four components:

- Entrepreneurship development and new, innovative enterprise promotion ("start-ups & spin-offs")
- Technology transfer promotion
- Innovation-related advisory service
- Technology and innovation policy advice.

Upon the request of GTZ, Entrust: Development & Management Consultants is organizing a ONE-DAY WORKSHOP, which will take place on:

**SEPTEMBER 28TH, 2004 from 09:00 – 17:00
at the RAMSES HILTON in Cairo**

The objectives of the workshop are:

1. Obtain the participants input with regards to the formulation of the objectives and activities of each component.
2. Define the technology fields, economic sectors and activities that the project can focus on.
3. Identify organizations in Egypt that are suited, able and interested in joining the network as partners or coordinators.
4. Develop a mechanism to manage the network and to select further network members.

Following a presentation by a GTZ consultant of the project's concept, components and expected results, the participants shall be divided into working groups to address different project components in light of the above mentioned objectives.

Your organization's participation would greatly benefit the design of this important initiative, since it would allow for the development of the project and its activities along lines that are best suited for the needs and potentials of Egypt. Hence you are kindly requested to participate in this event, or nominate a delegate that would be able to contribute to the development of this pioneering initiative.

If you need any further clarification, and in order to confirm your participation, kindly contact your participation to Entrust Development & Management Consultants through one of the following means:

Tel/fax: 3354185
e-mail: info@entrust-dmc.com

Please accept my best regards

Marin Weiss

Representative for SME Promotion
GTZ



GTZ WORKSHOP: INNOVATION AND TECHNOLOGY PROMOTION FOR SMES
(A REGIONAL PROJECT APPROACH)

28 September 2004 • Ramses Hilton in Cairo

AGENDA

9:00-9:30	Coffee & Registration
9:30-9:45	Welcome Note – Mr. Tamer El Meehy
9:45-10:15	Project Concept & Components – Mr. Bernd Kadura
10:15-10:45	Discussion Group Work Objectives – Dr. Mohamed El-Azzazi
10:45-11:00	Coffee Break
11:00-13:00	Working Groups: 1. Entrepreneurship 2. Technology Transfer 3. Innovation Advisory Services
13:00-13:45	Presentations
13:45	Closing Session

The regional project: background, objective, strategic success criteria and target group requirements

Background

GTZ is commissioned by the German Ministry for Economic Cooperation (BMZ) to undertake an appraisal study with the objective to identify the possibility/receptiveness, concept and feasibility of a regional project "Promotion of Innovation and Technology for SME in the Middle East". For the time being, the appraisal mission covers three countries: Egypt, Jordan and Yemen.

The rationale behind this project idea is based on the following fundamental considerations:

- The future Free Trade Zone and Association Agreements with the EU will provide a lot of opportunities, but at the same time they represent a challenge in terms of increased adaptation, innovation and change pressure in order to remain or become competitive under open market conditions.
- SME in ME countries are very often lacking competitiveness to compete successfully in national and international markets. This gives rise to a chain of negative effects on employment, output and income growth per capita and social coherence of the society.
- This lack of competitiveness is due to framework conditions (institutional & economic regime, ICT infrastructure, education system, supra-structure), but caused as well by lack of a systematic and coherent innovation and technology policy for SME and the fact that there is too little entrepreneurship and innovation promotion within SME support programs.

Objective

Under the **overall impact objective** of improving the autonomous and sustainable competitiveness on national, regional and international markets of the innovation prone segments of the SME sector in Middle East countries through closer interaction/cooperation of R&D organisations and the SME business sector and through strengthening the innovation-based competition potential of companies, the **envisioned goal of this project** is to establish a **network** of institutions/organisations in the fields of research/higher education, technology, economic promotion and innovation from Middle East countries and Germany that is - on its own initiative and pro-actively - fostering the diffusion of innovations and technologies with special reference to the SME sector in the Middle East countries.

The project's **scope of support activities** aims at:

- Fostering the establishment of strong innovation promotion agencies disposing of adequate resources, competences and authority to intervene wherever and whenever necessary in the innovation process (innovation advisory services).
- Supporting the creation and growth of innovative firms (entrepreneurship/viable and promising SME promotion).
- Strengthening R&D/T collaboration between mostly public research/Higher Educational institutions on the one hand and the business sector on the other (technology transfer promotion).
- Contributing to the improvement of framework conditions that hamper or impede technological competence upgrading and innovativeness of the business sector and the economy as a whole (innovation policy advice).

The network partnership between German and Middle East countries technology and innovation promotion organisations is expected to produce **leverage effects** regarding:

- the provision of innovation and technology advisory services that enable SME in selected Middle East countries to improve their competitiveness and to better respond to market opportunities in a more dynamic and competitive market environment stimulated by Free Trade and EU Association Agreements,
- the establishment of business relations between start-up companies and existing SMEs on the one hand and R&D, technology and innovation know-how transfer and promotion organisations in the Middle East countries on the other hand,
- the stimulation of exchange and cooperation between the Middle East countries aiming at the design and management of a regional innovation policy; and
- the build-up of partnership, i.e. cooperation relationships between German and Middle East countries network members and innovation networks.

***Promotion of Innovation and Technology for SME in the Middle East
GTZ Regional Project Appraisal Mission: Egypt, Jordan, Yemen***

The main focus of the project interventions shall be placed on the **meso level**, i.e. linking (mainly public) R&D and technology/innovation promotion organisations and start-up and established SMEs.

By its very character as a **regional cooperation project** it is necessary for project finance and execution approval by the German BMZ that more than one Middle East country is willing to participate and is meeting basic conceptional requirements for such a trans-national project: thematic priority, need and demand of direct and final target groups, sufficiently defined field of activities, interested organizations, cooperation/contribution and project structure agreement.

Strategic success criteria

The strategic success criteria of this envisaged regional project are as follows:

- The linkages and interactions between different actors in the innovation system in each participating Middle East country are intensified (output/outcome performance of NIS)
- Division of labour, capacity sharing and competence-based cooperation between innovation system actors of different Middle East countries are increased (effectiveness and efficiency of offerings)
- Cooperation dynamics between German and Middle East countries technology and innovation promotion organisations improved (mutual value added partnerships)

Target group requirements

Two types of project target groups have to be distinguished: **direct target groups** and **final or beneficiary target groups**, the former being composed of universities/polytechnics, public research labs, technology centers, innovation agencies, technology parks, incubators and the like, the latter being composed of potential graduate entrepreneurs and SME that are willing to pursue innovative business ideas.

As for the **direct target group** the requirements for participation in the project are as follows:

- Immediate access to final target group (=access)
- Specialization in at least one of the four determined fields of innovation related action and providing good/best practice service (=good/best practice competence and capacity)
- Preparedness and willingness to contribute with own resources (=own investment)
- Readiness to actively cooperate and collaborate in a network with other organisations from home country and abroad (=openness to the outside world and to mutual transfers)
- Strategic approach of learning organisation and of customer-centered performance (=market and demand orientation)
- Experience in international knowledge and/or technology transfer

The requirements for participation of the **beneficiary target groups** are as follows:

- Start-up/new entrant or spin-off candidates from higher education/research institutes that are able to formulate viable and innovatively promising projects
- Large companies ready and agreeing to establish mentoring schemes with knowledge intensive, qualified labour employing SME
- Innovative SME that are defined by a set of indicators:
 - ▶ higher than average growth rate of sales and volume of investment
 - ▶ % of new-to-market products in total sales and value added above relevant industry segment's average
 - ▶ business relations beyond locality/micro-region
 - ▶ number of innovation projects and innovation expenditures as % of sales above relevant segment's average
 - ▶ qualification of staff on average level or above
 - ▶ open to (network) cooperation with other enterprises and/or R&D/innovation organisations in the fields of innovation, technological competence upgrading and strengthening market competitiveness
 - ▶ belonging to industries/branches to be determined as project focus (f.ex. R&D intensive industries/services, companies with high R&D intensity of output/value added etc.)

The regional project and its four envisaged fields of innovation related action

For the time being it is envisaged to start project work in four relevant innovation related fields of action. During the first project phase of two years these four different fields of action shall be "explored" by model pilot projects aiming at a solid assessment of potentials, requirements and limitations under given factual circumstances and aiming at a pertinent and process guided design and management solution for the regional project's supra-national network approach.

(i) Entrepreneurship development and new enterprise creation at/for universities, polytechnics and/or public research institutes (= academic start-up and spin-off promotion)

Target group: students, graduates, alumni, docent and research staff of Higher Education & Research institutions with potential and interest in becoming entrepreneur (*final beneficiaries*), universities/polytechnics/research institutes willing and prepared to institute entrepreneurship development programs at their institutions (*direct target group*)

Project's strategic approach: cross-sectoral, across disciplines and across technology fields

Selection criteria for entrepreneurship development projects: not need of potential beneficiary, but proposal quality in terms of

- radical innovation characteristics,
- innovative adaption/adoption of inventions/innovations from other industries or abroad and/or
- project idea's relationship with academic/professional formation of applicant

Operational approach: entrepreneurship development projects at HE & Research institutes

Differentiation: relative to usual SME/entrepreneurship programs through specific target group and more restrictive project quality requirements

(ii) Technology transfer promotion especially for SME

Target group: innovation prone SME, large companies ready and agreeing to establish mentoring schemes with SME (*final beneficiaries*); technology transfer units/organisations, technology development and dissemination centers, science or technology parks, incubators (*direct target group*)

Modes of technology transfer:

- Joint R&D projects of enterprises (=collective R&D)
- Joint R&D projects of user and provider enterprises (=co-operative R&D)
- Joint R&D projects of enterprises and R&D institutions (=collaborative R&D)
- R&D of R&D institutions on behalf/by order of enterprises (=commissioned/contract R&D)
- "First-timer" R&D activities of individual enterprises or groups of enterprises
- Temporary exchange of R&D staff between enterprises or between enterprises and R&D institutions
- Technological information, consulting/counselling, training and brokerage services to business sector by R&T organisations/institutions

Project's strategic approach: definition of relevant technology fields (f.ex. generic technologies like ICT, life science, new materials or certain production technologies like energy production), fostering their diffusion in selected traditional and/or new branches/industries, f. ex. industrial services, textiles and garments, tourism, logistics etc.

Selection criteria for transfer promotion projects: applicants

- express need and are willing to innovate,
- are willing to pay for specific services, resp. make an own contribution
- are looking for one of the above mentioned modes of technology transfer
- fall into the project scope defined by technology field and branch

- are open to considering lead user and lead market aspects in technology and innovation management

Operational approach:

Differentiation:

(iii) Innovation advisory service to SME businesses

Target group: innovation agencies (*direct target group*)

Types of innovation related advisory services:

- Innovation audits
- Bottleneck/gap analyses
- Innovation management, monitoring and controlling
- Innovation check and innovation coaching
- Innovation strategy and business concept design and implementation
- Innovation consulting regarding different technological or non-technological innovation paths: new product development, product-service-combination, new, innovative organisation and new, innovative production/service processes

(note: innovation advisory service is not equal to traditional SME support or technology transfer; its focus and partly its substance is different)

Project's strategic approach: definition of relevant branch(es)/industries: or traditional branches (f.ex. textiles, water, agriculture, energy) or new, high-modium tech branches with a critical number of young, innovative SMEs (industrial services, computer hard- ad software, logistics etc.) fostering the introduction of radical or incremental innovations (new products/processes, new business models etc.)

Selection criteria for transfer promotion projects: applicants

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Operational approach:

Differentiation:

(iv) Technology and innovation policy advice to government, public administration, federations and associations and the interested public

Target group: innovation applied research institutes, other innovation and technology support organisations with policy analysis unit, innovation related intermediaries (*direct target group*)

Types of innovation and technology policy advice:

- Impact analysis of (generic or specific) policies, instruments and programmes
- Innovation as generic/cross-sectoral policy subject and strategic policy field management
- Innovation/technology platforms and innovation/competence networks
- Inter-regional/international innovation benchmarking and open coordination mechanisms

Project's strategic approach: definition of concept for regional/transnational innovation and technology policy and identification of fields for policy modification in connection with the design, implementation and evaluation of model pilot projects in the above mentioned three field of project action

Selection criteria for transfer promotion projects:

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Operational approach:

Differentiation:

Operationalization of the project

Promotion of Innovation and Technology for SME in the Middle East
GTZ Regional Project Appraisal Mission: Egypt, Jordan, Yemen

During the first project phase of two years the following steps for project implementation are envisaged:

- (1) Identify adequate organisations (direct target group level) in ME countries and Germany in the four determined action fields.
- (2) Build up an initial platform network composed of at least two organisations of at least two countries plus 1-2 homologue partner organisations from Germany per each activity field (network of min. 20 participants)
- (3) Reach consensus on division of tasks among network partners taking into consideration existing and planned promotional programmes/projects
- (4) Model pilot projects in each field of action are defined and organised, implemented and evaluated based on pre-established project quality criteria: quick-wins and structural effects, synergy effects between different action fields, trait making effects in terms of behavioral change and interface management)
- (5) Consolidate an at least intermediate organisational solution for operational network management and the project's supervisory and chief executive body

German potential network partner organisations

Per each field of action the following types of institutions/organisations are relevant:

(i) entrepreneurship development and new enterprise creation

EXIST/GO etc. project organisations at universities, for example

- IBEC/Roxy University of Rostock,
- IBH Hohenheim,
- TTI Stuttgart)
- BEPART, Baltic entrepreneurship partnership, Rostock

(ii) Technology transfer Promotion

- Steinbeis transfer center
- Fraunhofer Society
- Pro Inno project organisations
- Technology transfer units, technology parks

(iii) Innovation advisory service

Innovation agencies, for example

- ZENIT Innovation Agency, State of North-Rhine Westfalia, Muehlheim
- Innovation Foundation Berlin
- BIA Innovation Agency City of Bremen
- WTSH Agency for Economic and Technology Promotion, State of Schleswig-Holstein
- ZAB Agency for the Future, State of Brandenburg
- RKW Center for Rationalization and Innovation of the German Economy, Eschborn

(iv) Technology and innovation policy advice

- Institute for Systems Technology and Innovation Research (ISI) of Fraunhofer Society at Karlsruhe
- Center for European Economy, University of Mannheim