

LOCAL SKILLS MATTER

BELARUS



Entrepreneurial Communities:

Sparking change in communities
in the ETF partner countries



The Belarus Entrepreneurial Community exemplifies the internal entrepreneurial culture within a community, with its delivery mechanism strongly anchored in its members' collaborative advantage and its ability to contribute to local skills governance in a highly centralised system. The partnerships brings together the following key actors:

- Business incubator 'beesiness-hive' (lead)
- Minsk city Executive Committee
- Ministry of Economy, Department of Entrepreneurship
- Parliamentary Commission on entrepreneurship development in the city of Minsk
- Young entrepreneurs
- Microfinance centre
- Minsk city industrial park
- Entrepreneurship support centres 'Igrika' and 'Biznes-Razvitie'

The micro, small and medium enterprise (MSME) sector is not developed in Belarus, and its contribution to GDP is far behind most developed and developing economies. Access to finance both in terms of sources and volume is a major problem for young entrepreneurs wishing to engage in private business, an activity not always well perceived. The recent economic crisis has paved the way for the MSME sector by exposing authorities to their potential in stabilising jobs and the economy. As a result, actions to create favourable conditions for MSMEs have been deployed.

In 1992 a Presidential Decree initiated a range of educational projects to encourage entrepreneurial activity and small business participation among young people. This laid the foundations for what later became the Belarus Entrepreneurial Community. The Belarus Entrepreneurial Community is based in Minsk and consists of a business incubator housing 150 start-up businesses. The Belarus story showcases the fact that Entrepreneurial Communities can be sparked from the top-down. Yet it is not how the incubator got started, but what was done with the opportunity presented that makes the incubator an Entrepreneurial Community.

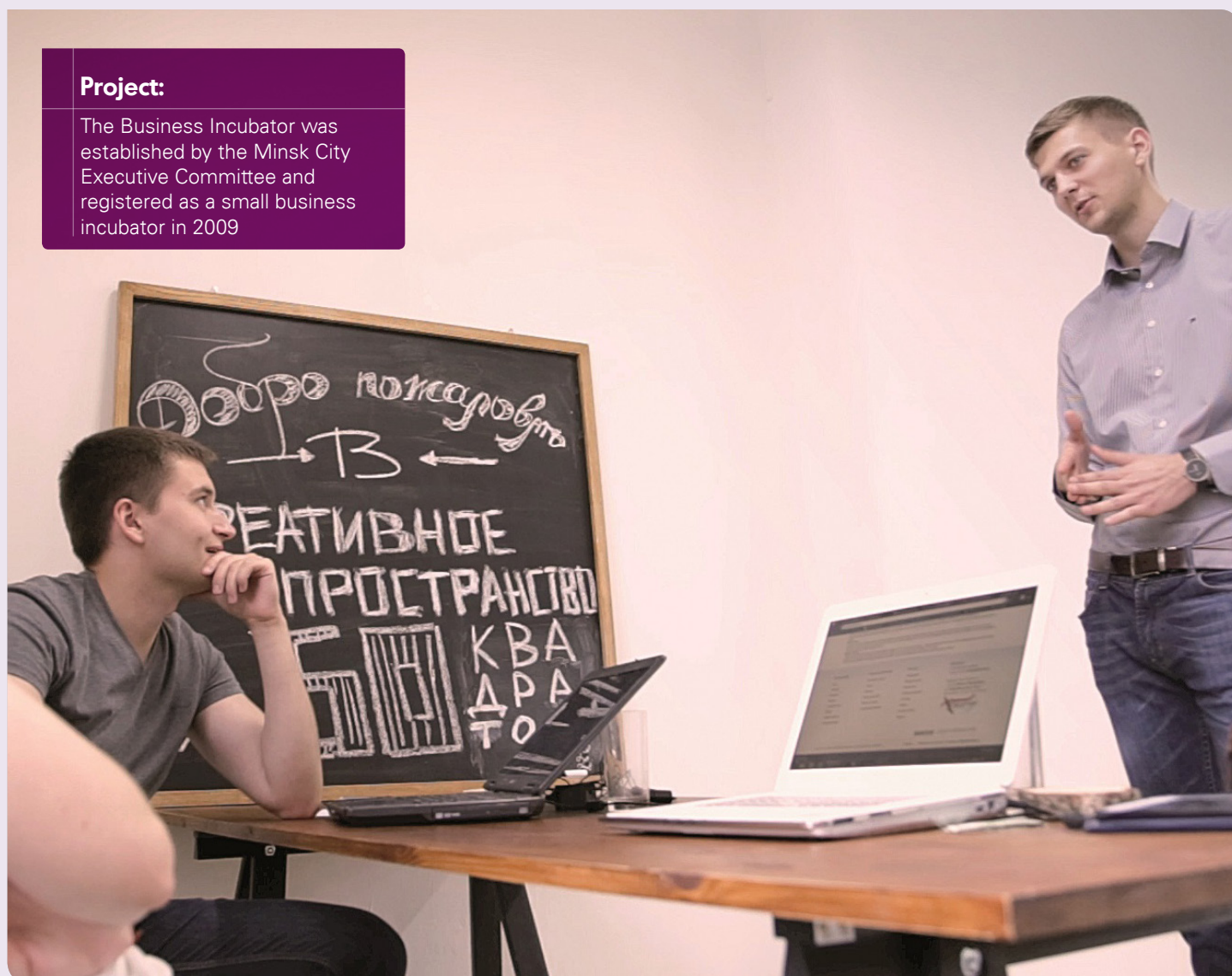
In Belarus the incubator has grown into a skills coalition built on multi-level collaborative advantage substantively engaging and benefiting everyone. The incubator fosters start-ups created by young entrepreneurs. It invests its time in assisting and guiding its start-ups like any business incubator in the world. The difference here is that many of the services traditionally included in the lease such as accounting and legal services are here not part of the package. Instead, such services are sold by tenants that specialise in the relevant fields. This approach, ensuring no overlap and thus competition is created among tenants, helps start-ups build their portfolio and reduces the cost of lease for those not requiring such services.

The crucial difference in Belarus is the incubator's ground-breaking entrepreneurial culture and ability to organise its tenants into sector clusters that are formed to benefit from the economies of scale obtained through collaborative action. By bidding collectively for larger contracts start-ups have been able to bid for and win contracts that would otherwise have been out of their reach. The ability of the Belarus Entrepreneurial Community to adopt such an entrepreneurial culture and foster an eco-system built on collaborative advantage among start-ups has certainly meant the difference between survival and dissolution for many of their 120 tenants. Its creative mind-set, focused on delivering innovative solutions to local skills development, has sparked more inclusive governance. The Entrepreneurial Community is a welcome partner to the local government, as it is able inform local decision-making with practice-based evidence on fostering youth start-ups.

A blossoming tree: How a hot-house in Minsk hatches entrepreneurs

Project:

The Business Incubator was established by the Minsk City Executive Committee and registered as a small business incubator in 2009





The Belarus Entrepreneurial Community, known as the 'beesness-hive', is a business incubator consisting of 'business cells' specialising in business education, employment, art industry, IT, tourism, promotion, services, and so on. Based in Minsk, the incubator provides a framework for continuous learning in a cycle of knowledge-sharing, and professional assistance is provided by more experienced multidisciplinary 'business bees' and local government representatives.

The Business Incubator on vulica Capajeva was established by the Minsk City Executive Committee and registered as a small business incubator in 2009. The site has become the centre of a wide-ranging business initiative – part experimental space, part job creation powerhouse – that is helping to open up Minsk, and the whole of Belarus, to new educational and entrepreneurial endeavours. Managing director Rima Epur sees her role as a mix of those two fields. From an educational perspective, she helps young people by listening to their issues, sharing her experience, and connecting them with appropriate support. “Before I became managing director of the Business Incubator I was a school teacher. The main purpose of the Incubator is to support young people in implementing their ideas, and as it was the first such centre in Belarus everything was very new for us.” Born in Siberia to a family which had been deported there by Stalin’s regime, Epur believes her upbringing influenced her to look for new ways to solve old problems and, in the process, develop leadership skills.

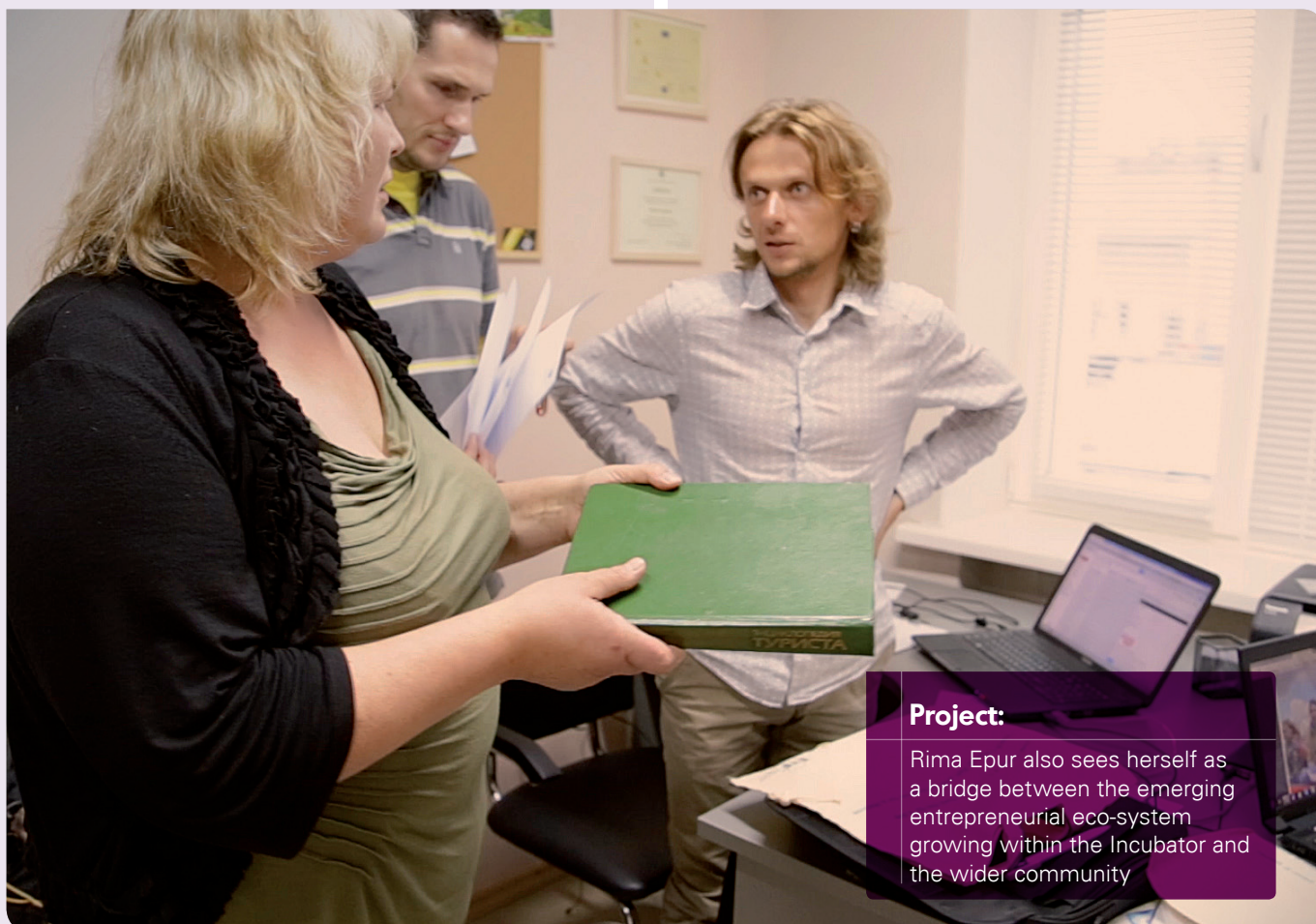
Taisiya Eletsikh, a project manager with UNDP, was involved in setting up the Business Incubator as part of a donor push to encourage stronger government action on youth employment. She worked with the initial partnership of UNDP, UNICEF, and the EU to put forward to the government of Belarus the idea for a facility that would incorporate a youth labour exchange and youth business incubator, promoting wealth creation, employability, and corporate social responsibility. “The idea was to create a multi-purpose employment and enterprise support centre for young people,” says Eletsikh, “with a staff that reflects the demographic of the target group; that is, overwhelmingly below 40 years of age.”

Rima Epur also sees herself as a bridge between the emerging entrepreneurial eco-system growing within the Incubator and the wider community, particularly government. The importance of the contribution made by SMEs is readily acknowledged by Marina Saevich, head of the department of entrepreneurship in the Partyzanski district of Minsk, one of nine local districts within the city. “As a local authority we’re providing support to schools to encourage children to learn about business in special educational programmes.

We truly believe that every city, every region of our country must have its own incubator, a place which can offer opportunities for young people to work together to create wealth and jobs as part of this emerging entrepreneurial movement."

Open-door incubator

Since its establishment the Incubator has been visited by some 6,000 school students whose teachers bring them there to gain exposure to entrepreneurial activity and general business issues. For Saeovich, the success of the Business Incubator model reflects the special appeal of Minsk as a city, and she expresses pride in the sustainable businesses that have been hatched by the Incubator.



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“This is a great example of collaboration between government and young entrepreneurs. The impact of their activities has been significant and without doubt is affecting local policy. For example, we’re looking at how we can take the interests of young entrepreneurs into account in the policy-making process. We’re developing many projects specifically to support young entrepreneurs, including the managed rents in the Incubator, tax relief, and trade mission participation. We’re organising a special delegation to the regions of Russia with the heads of our administration and with residents from the Business Incubator to establish relationships with SMEs in Russia.”

Saevich believes this will help local businesses, not least by expanding their export potential, and is one of the reasons why the national government supports the Minsk Business Incubator, potentially leading to policy impacts at national level. Meanwhile, the Partyzanski district administration plays an important role in entrepreneurial activities. “Our district alone is home to more than 3,000 businesses,” says Saevich, “and of course we’re trying to support them all, trying to connect them so that larger enterprises build their supply chain using local SMEs. We have a special board consisting of 15 SME representatives which are already successful and are willing to mentor up-and-coming businesses.”

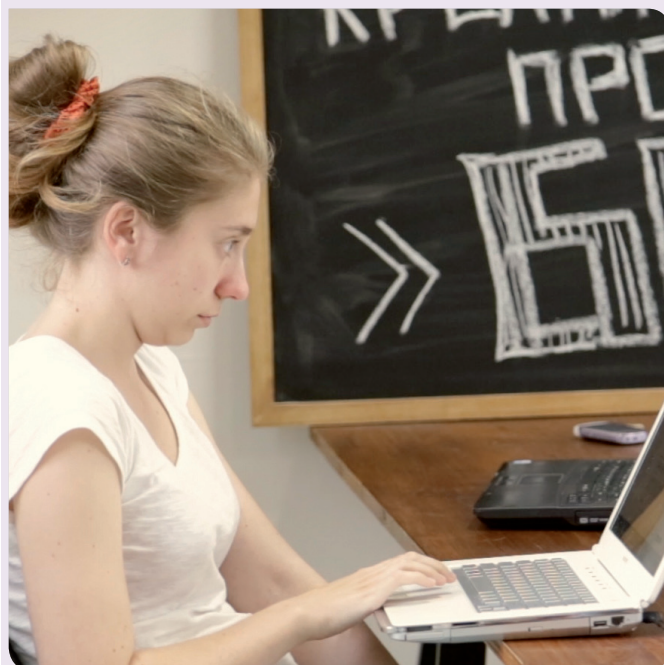
Does enterprise grow on trees?

Incubator resident Sviatoslav Parfionov sees the relationship between the Incubator’s staff and residents, founding partners, and the shared marketing, legal, and accountancy service providers, as a big tree. “Every business is like a blossom on this tree. They benefit from growing together here, from being parts of an integrated whole.” To extend the metaphor, the branches are like the community’s projects, linking different businesses. A feature of this approach is that business owners can meet informally and discuss issues of mutual interest. It serves as a networking service that links new entrepreneurs with seasoned business people who can offer support. This also creates word-of-mouth marketing which entrepreneurs can use to spread the message when they have new products and services to offer.

Skills set and match

Matching skills is a crucial part of modernizing labour market and VET coordination. Belarus is one of half a dozen countries in Eastern Europe working with the ETF to improve their use of labour market data to anticipate and match skills needs.

Source: Make It Match! Skills Matching In The Eastern Partnership Region, www.etf.europa.eu



Not surprisingly, the local financial services sector is keenly interested. Rustam Starikov is a branch manager with BPS-Sberbank, a member of the Sberbank of Russia international group. "We believe that young people represent our future, so despite the fact that youth entrepreneurship carries a relatively high risk for banks, we understand that without helping to grow new businesses we will not get the result we're looking for in the future – a good customer. We believe the development of youth entrepreneurship is key to our future success."

The process of getting selected to join the Business Incubator involves a presentation to an Expert Board consisting of local authority representatives, business mentors, and existing Incubator residents. One of the Expert Board mentors is Irina Skorina. She has been involved with the entrepreneurial community in Minsk for more than half her lifetime, initially as a student and then as a resident entrepreneur and mentor. "I first came here 16 years ago as an intern," she recalls, "and it wasn't a business incubator like it is now, just an office hosting different services for youth."

Skorina reviews requests from young entrepreneurs looking to join the Incubator to see if the chemistry is right. "When the young entrepreneurs come to present to the Board we look at their personality, their area of business, and how well that will fit with the profile of the existing residents. We're looking for very motivated applicants to build the team here."

If the fit is there the Expert Board will discuss whether entry to the Business Incubator might help the applicant identify and reduce their startup costs, find appropriate business services and staff, and develop a sustainable business plan. Once selected, the Board continues to work with the entrepreneurs throughout their life in the Incubator. The main role of mentors is to have an overview of the problems and opportunities the resident entrepreneurs might encounter, and help them choose the right strategies as they mature. "We're trying to help them solve day-to-day issues," says Skorina, "whether they're economic or practical or even psychological issues. And we help them to draft scenarios to think through the main strategies they could adopt to grow their business."



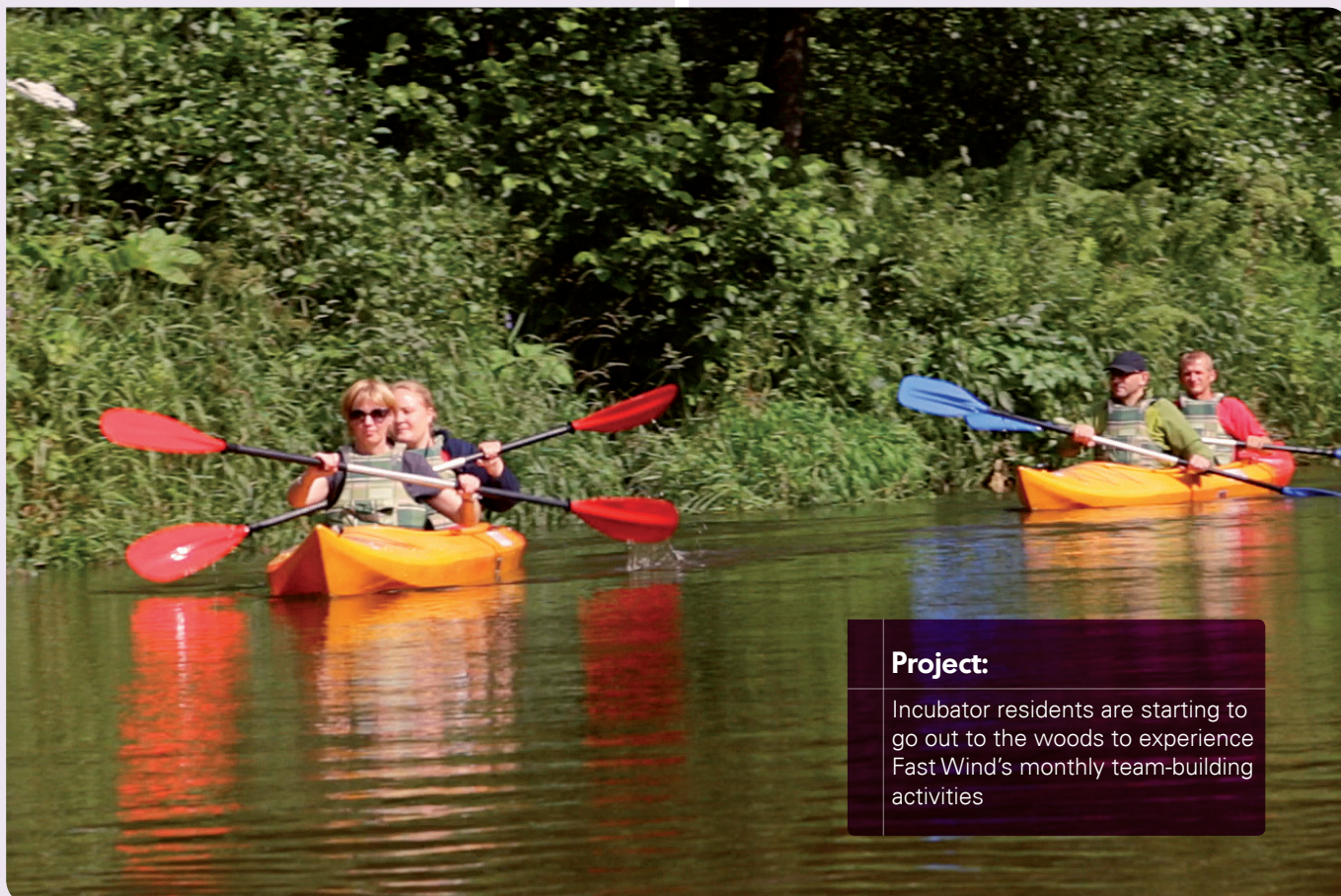
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Skorina believes that all parties in the mentoring process benefit. "One of the most satisfying outcomes for me as a mentor is to see how the people I have helped go on to become mentors themselves and offer similar support to others."

Explosive potential

As managing director, Rima Epur closely follows the progress of residents throughout their lifecycle with the Incubator. They become like an extended family. Brothers Deniz and Anton Skripko, founders of the 'extreme tourism' business Fast Wind, are a case in point. Their familiarity with the beauty of the Belorussian countryside, particularly its forests and rivers, gave them the idea for a business that could exploit these natural advantages. Finding an affordable base brought them to the Business Incubator in the first instance, as Deniz recalls.

**Project:**

Incubator residents are starting to go out to the woods to experience Fast Wind's monthly team-building activities

"The Business Incubator was offering good deals, but it's not just about cheap rent. We also get a lot of help through collaboration with other small businesses based in the Incubator, for example with advertising, business development and other areas." As a result, other Incubator residents are starting to go out to the woods to experience Fast Wind's monthly team-building activities. Putting them in another environment helps them gain a different perspective on their business issues. "It's an adventure," says Anton. "If we take them out in our two-seater kayaks, they discover that they have to work as a team to get where they want to be. It immediately brings out leadership skills."

Looking to the future, Rima Epur has plans to expand. "We have filled all the space here, some 2,500m², and we plan to establish a new building close to the existing one.

Sharing notes on SMEs

Eastern European countries, including Belarus, met with counterparts from the South Eastern Europe and Turkey at the ETF's Turin offices to work on policy recommendations to support the SME sector. As well as sharing notes, the participants recognised the importance of taking ownership of the outcomes.

Source: Assessing SME Policies In Eastern Partnership And Pre-Accession Region, www.etf.europa.eu

All our residents have expressed an interest in participating, in investing in the new space, so in future they will have their own stake in the premises.”

That shift, from beneficiaries to investors, points to a sustainable chain of youth enterprise development and private sector growth that has the potential to make a significant impact in Minsk and throughout the country. It is clear how much excitement this potential impact generates from the way Epur expresses her vision. “Imagine what it will be like when we can mix the new ideas of young entrepreneurs with the experience of those who have already established successful businesses here. The mixture will be explosive!”

Sector skills calling

Belarus is involved in efforts to identify roles and responsibilities for sector committees in developing lifelong learning frameworks. This is one of several priorities identified by the country’s social partners, labour market representatives, and policy makers as part of the ETF’s regional project on continuing vocational training.

Source: Lifelong Learning in Eastern Europe, www.etf.europa.eu





The ETF is an EU agency that helps transition and developing countries to harness the potential of their human capital through the reform of education, training and labour market systems in the context of the EU's external relations policy.

