

The Role and Impact of Information and Communication Technologies (ICT) for Young Entrepreneurs/ A Case of Azerbaijan

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State support to the ICT industry

The Ministry of Transport, Communication and High Technologies is the body responsible for designing and executing policies related to Information and Communication Technologies, as well as startups by young entrepreneurs

The Ministry has set up a Research and Development Center for High Technologies to provide research-related works for the development of technology science in Azerbaijan

The Center has cutting-edge technological equipment in its sophisticated laboratories

For instance, there are photometry laboratory, bio-chemical nanotechnology laboratory, A-CVD carbon nanotechnology laboratory, electronic microscope laboratory and etc.

There are already ongoing projects (covering the areas such as LED lights, nanopipes for addressed administration of drug)

The Government has adopted "National Strategy on the Development of Information Society in Azerbaijan in 2016-2020" plan

The Strategic Roadmap on the Telecommunication and Information Technologies in the Republic of Azerbaijan

Signed into force in December 2016, the Roadmap has 6 major targets, covering the areas of;

- The establishment of independent governing and regulatory body
- The liberalisation of telecommunications sector
- The increase in investment into mobile infrastructure
- The expansion of digital payments
- The further improvement and sophistication of the electronic services used in public sector services

State Fund For Development of Information Technologies

There is a special Fund operating under The Ministry – State Fund For Development of Information Technologies

The Fund's objectives are as following;

- provision of financial and technical assistance to entrepreneurs in the field of ICT
- the attraction of domestic and foreign investment to ICT sector
- the integration of new technologies to the domestic economy
- the facilitation of partnerships in projects
- conducting feasibility and other type studies on projects by involving both local and foreign experts
- the provision of easily accessible, low interest rate credits to small and medium size enterprises operating in the field of ICT
- the provision of grants to people (both natural and corporate) for specific projects

High Technologies Parks

High Technologies Park has been established in 2012, of which the duties are wide-ranging;

- production and processing of high technology products
- the conduct of researches on relevant areas
- provision of infrastructure for the commercialisation of final product/service

Park provides all the prerequisite conditions for the above services to be conducted

There are currently two parks in being constructed– one in Pirallahi island (Baku) and the other in Minghachevir

Although parks will receive some funding from the government initially, it is planning to become self-sufficient over long-term – foreign direct investment will be crucial here

High Technologies Parks

There is an Incubation Centre at both parks

Code Academy is another feature of the parks where programmers train, work and develop programs under the supervision of teaching staff

Start-up days are held on a regular basis to bring together stakeholders and local/foreign experts

Government plans to set up branches of HTPs in a number of universities and factories to facilitate sectoral integration.

High Technologies Parks : financial assistance and perks

HTP residents are exempt from VAT, income, land and property taxes for the duration of 7 years since the inception of their operation.

Entrepreneurs operating in ICT sector are exempt from customs duty for the technical products and items imported from abroad for the purposes of usage in production.

StartUp Azerbaijan

It is an organisation operating under the Ministry.

It provides platform for start-ups who can benefit from the service in many ways;

- advertising their project/idea to attract investment
- learning how to prepare/submit documents, writing up business plan and tips/hints for successful start-up

StartUp Azerbaijan has the list (publicly available on the website) of all start-ups registered in Azerbaijan

StartUp Azerbaijan organises annual grant contests

Challenges and issues

The culture of and support for start-ups in the form of investment are weak – private sector is not interested in start-ups in the way the companies in other countries are

The legislation needs to be updated and amended in order to accommodate the needs of start ups and define mechanisms for their operations, as well as the investment procedures

Investors are not willing take on risks by investing in wholly new ideas. It can even be argued that the majority of the wealth people with potential investment opportunities are not fully aware of benefits of start-ups

Private sector is not interested in start-ups in the way the companies in other countries are

However, alongside the state bodies, limited number of banks also offer credits to start-ups

Challenges and issues

Lack of raw materials. Azerbaijan does not produce much in technology sector, making imports as the only option for production, which would increase costs of start-up

Shortage of experts/qualified cadres. The educational system of Azerbaijan lags behind global trends significantly in all sectors, including ICT. Those, anyone who wants to set up start up and build up a team struggle to bring together qualified people as a team

Challenges and issues

Online market is relatively small in Azerbaijan. Traditionally, people have got used to making purchases and conducting many other activities offline, meaning that there is little demand for online applications.

Not everyone, or every region in the country has access to internet

Fiber optic internet does not cover all of the country, meaning that in many places, internet users suffer from slow rate.

Digital divide exists between and within geographical regions and population groups

What more can be done?

HTP here provides tax incentives (tax-free regime operates here until 2020) and qualified specialists

HTP has established close cooperation with educational establishments by opening 65 laboratories on their bases

Thus, university students can become employed in the HTP during their final years at the university

Those enrolled in training in the HTP educational center must pay tuition fees. However, many leading companies here reimburse the training expenses if a student passes internal developer tests successfully and gets the job with the company

Such model (applied in Stanford in USA and Israel as well) brings educational and technological sectors closer to each other, whereby knowledge and infrastructure of each side are used for mutual benefit

What more can be done?

Adopting the Stanford model applied in Belarus, the government of Azerbaijan (the Ministry of Education and The Ministry of Transport, Communication and High Technologies in particular) must take new measures to bring educational and technological sectors closer to each other, whereby knowledge and infrastructure of each side can be used for mutual benefit.

Qualified experts/people must be prepared by universities to meet requirement of cadres.

The venture capitalists must be attracted by providing tax incentives (Israel applied this approach with great success)

Thank you

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