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ECONOMIC COMMISSION FOR EUROPE

COMMITTEE ON ECONOMIC COOPERATION AND INTEGRATION

International Conference on Ways and Means of Attracting
External Finance for New Innovative Enterprises

Astana, Republic of Kazakhstan, 21-22 May 2009

INFORMATION NOTICE

Note by the Secretariat

I. INTRODUCTION

1. At its third session held on 3-5 December 2008, the UNECE Committee on Economic Cooperation and Integration (CECI) “welcomed a stronger emphasis on capacity-building activities and policy advisory services in the Programme of Work for 2009-2010”¹. In accordance with that recommendation, the International Conference “Ways and means of attracting external finance for new innovative enterprises” aims at capacity-building in the three interrelated thematic areas: entrepreneurship and enterprise development, financing of innovation and commercialization of intellectual property rights.

2. This Information notice gives details regarding the organization and participation in the above-mentioned International Conference co-organized by the United Nations Economic Commission for Europe and the Ministry of Economy and Budget Planning of the Republic of Kazakhstan. The International Conference will take place in Astana, Republic of Kazakhstan, on 21 – 22 May 2009.

¹ ECE/CECI/2008/2, paragraph 32 (k).

3. Business prospects of innovative enterprises depend on the results of research and development, which need to be commercialized. However, new small and medium-sized innovative firms often cannot finance this endeavour from internal sources. The external financing available to them embraces a variety of sources, including public grants, business angels and venture capitalists. In order to improve their positions when negotiating with external investors and financiers, new innovative entrepreneurs need to understand the implications of their financing decisions, on the one hand, and the best ways to present the information required by financial intermediaries, on the other. Often, a key to obtaining better conditions for external borrowing is an adequate valuation of intellectual property of an enterprise so that this property could be used as a collateral.

4. New innovative enterprises typically have limited own resources, in particular little or no tangible assets (such as machinery and equipment) that could serve as collateral for external financing, and lack a track record of sales and profits. Their ability to raise finance therefore crucially depends on the commercial potential of their intangible assets, including their intellectual property. Given the danger of new technology being emulated by competitors, one of the key elements external investors are looking for in new innovative companies is a convincing strategy of protecting the exclusive technologies through strong intellectual property rights. As innovative companies mature, the strategic management of their intellectual property also involves licensing, as well as buying and selling of R&D results.

5. The ongoing financial crisis has added to the difficulties that innovative enterprises typically face in raising finance. This situation may require new models of collaboration specialized financial intermediaries and the public sector. Fostering innovation, which influences the medium-term growth prospects, is part of the response to the crisis. At the same time, putting in place a suitable environment to encourage and nurture the growth of innovative enterprises takes time and requires fine-tuning and coordination of actions by governments and other stakeholders. Policies should tackle not only immediate tasks of crisis management and enterprise support, but also structural problems of business environment.

II. OBJECTIVES AND SCOPE

6. The International Conference will discuss the major issues of financing innovative enterprises at various stages of their development. It will consider alternative sources of financing and roles of specialized financial intermediaries, including public grant programmes, business angels and venture capital firms. Among factors, determining the “investment readiness” of enterprises, the Conference will pay particular attention to the issues related to the commercialization and protection of intellectual property, which can become both good collateral for external finance and a source of revenues for the innovative company. Finally, it will focus on the framework conditions facilitating the early-stage financing of innovative enterprises. The exchange of opinions among governments, entrepreneurs, patent offices, financing institutions, international organizations and academia is expected to contribute to their constructive consensus enhancing the basis for overcoming the negative implications of the current economic and financial crisis. The materials of the International Conference may facilitate the drawing up of relevant recommendations by stakeholders to government bodies in charge of SME development and guide the UNECE secretariat in its future work in this area.

7. The Conference will consider three interrelated sets of issues, seeking to bring together major stakeholders in each of them:

- (a) The financing options available to innovative enterprises at early stages of their development, and major factors influencing the availability of external finance; barriers to effective communication between entrepreneurs and investors; the role of adequate asset valuations in accessing the external funding;
- (b) Ways and means of translating the results of research and development into intangible assets; good practices in commercializing intellectual property; the impact of the commercialization on the availability of external funding for enterprise development; and
- (c) Adequate framework conditions for better financing of innovative enterprises, including the enabling laws and regulations. Ways and means of government support to innovative enterprises, including the supply of seed capital, advisory services to foster “investment readiness” and joint public-private investment schemes.

8. Given the international scope of innovation and financing, which has become even more apparent during the ongoing world economic and financial crisis, the Conference will discuss how national experiences and good practices accumulated throughout the UNECE region could be emulated in the specific conditions of emerging market economies.

III. ORGANIZATION

9. The International Conference will take place on 21 and 22 May 2009 at the Ministry of Economy and Budget Planning of the Republic of Kazakhstan at the following address: Orynbor Street 8, Administrative Building “House of Ministries”, Left Bank, Astana.

10. The registration of participants will start on 21 May at 8.30. The Conference will begin at 9.30 on the same day and finish on 22 May at 13.00. It will be organized into an opening session, three working sessions and a general discussion dealing with the role of governments in facilitating the financing of innovative enterprises. The session’s moderator will briefly introduce its topic; this will be followed by a presentation by the key-note speakers and a question and answer session. The moderator will conclude by summing up the discussion. The last working session of the Conference will be partly dedicated to the general discussion.

IV. PARTICIPATION

11. Participation is open to interested parties from UNECE member countries and other member States of the United Nations, representatives of United Nations specialized agencies and international organizations participating in the activities of UNECE. Broad participation of government officials, private sector, including financial community, and academia is expected.

12. Governments are invited to inform their national bodies, SME and industry associations, consulting companies and other relevant organizations on the International Conference to ensure

participation of the most competent experts dealing with the various aspects of financing innovative enterprises.

V. CONFERENCE FEE

13. No conference fee is charged for participation in the International Conference. Travel and accommodation expenses are borne by the participants.

VI. PASSPORTS AND VISAS

14. All participants should be in possession of a valid passport, with an entry visa (if required) which can be obtained from the diplomatic representation of the Republic of Kazakhstan in their country of residence. It is advisable to make such visa applications well in advance of the date required.

VII. PRELIMINARY REGISTRATION

15. Interested parties are invited to fill in the attached Registration Form (Annex I) and return it by **15 May 2009** at the latest to:

Mr. Iouri Adjoubei
ECID/UNECE
Palais des Nations
CH-1211 Geneva 10
Switzerland
Fax: (+4122) 917 0178
E-mail: iouri.adjoubei@unece.org

or

Mr. José Palacín
ECID/UNECE
Palais des Nations
CH-1211 Geneva 10
Switzerland
Fax: (+4122) 917 0178
E-mail: jose.palacin@unece.org

VIII. DOCUMENTATION

16. UNECE member States, intergovernmental and non-governmental organizations, companies and individual experts are invited to prepare papers for presentation at the International Conference. Main issues to be covered by such papers are presented in the Preliminary programme (see Annex II).

17. By **1 May 2009**, the secretariat should receive papers for presentation in one of the UNECE working languages (English, French or Russian). The secretariat encourages submission of papers in electronic format, preferably by e-mail. The documentation for the Conference can be consulted at the CECI web site at the following address: <http://www.unece.org/ceci/Welcome.html>. A limited number of paper copies also will be available in the meeting room. Papers will be circulated in the language of submission.

IX. INTERPRETATION AND VISUAL AIDS

18. Simultaneous interpretation in English and Russian, facilities for projecting slides, as well as computer facilities for computer-aided presentations (e.g. Power Point) will be provided.

X. TRAVEL AND HOTEL RESERVATIONS

19. Participants are requested to make their own hotel and travel arrangements to and from Astana.

XI. POSSIBILITIES OF ACCOMMODATION

20. The organizers would like to inform the participants of some hotels, conveniently situated in relation to the venue of the Conference (Orynbor Street 8, Administrative Building “House of Ministries”, Left Bank). The list of hotels can be found in Annex III.

XII. FURTHER INFORMATION

21. Further information on the International Conference can be obtained from:

Mr. Iouri Adjoubei
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Tel.: (+4122) 917 1643
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Annex I

REGISTRATION FORM

This form should be filled in and returned as soon as possible but **not later than 15 May 2009** to:

Mr. Iouri Adjoubei
Room 447, ECID/UNECE
Palais des Nations
CH-1211 Geneva 10
Switzerland
Fax: (+41 22) 917 0178
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or

Mr. José Palacin
Room 449, ECID/UNECE
Palais des Nations
CH-1211 Geneva 10
Switzerland
Fax: (+41 22) 917 0178
E-mail: jose.palacin@unece.org

(Please type or write in block capitals in **English**)

Family name (Mr., Ms.):

.....

First name:

.....

Nationality:

.....

Professional position:

.....

Representing Government,
international organization or company:

.....

Professional address:

.....

.....

Telephone (please include country and city codes):

.....

Telefax (please include country and city codes):

.....

E-mail
address:.....

Annex II**PROVISIONAL PROGRAMME****Thursday, 21 May 2009****9.30 - 10.00 OPENING SESSION**

Welcoming addresses: Representative of the Government of the Republic of Kazakhstan
Representative of the UNECE on behalf of the Executive Secretary

**10.00 - 13.00 SESSION 1. MAJOR FACTORS INFLUENCING THE AVAILABILITY
OF EXTERNAL FINANCE FOR INNOVATIVE ENTERPRISES**

This session will consider difficulties that innovative enterprises face when attempting to raise finance and alternative solutions available to them at different stages of their development. It will discuss various sources of financing and roles of specialized financial providers, including public grant programmes, business angels and venture capital firms. In addition to factors that influence the availability of finance, this session also will examine the criteria used by financial intermediaries to assess the attractiveness of potential investments, which determine the company action to become “investment ready”. Finally, the linkages between operations of financiers and the general features of business environment will be discussed in the context of creating a climate conducive to the emergence of new companies and a stream of investment opportunities to these intermediaries.

Speakers: Representatives from public financial institutions
 Representatives from business angel associations
 Representatives from venture capital associations
 Representatives from international organizations

11.30 - 11.45 Coffee break**11.45 - 13.00 SESSION 1 (Continued)****13.00 - 15.00 Lunch break****15.00 - 18.00 SESSION 2. USING INTELLECTUAL PROPERTY AS AN ASSET**

This session will discuss the issues of protecting and commercializing a company's intangible assets through acquiring intellectual property rights. It will focus on strategic management of intellectual property, including its use as part of a business model to raise external finance. The session will explore ways and means of strengthening the innovative potential of the company at various stages of its life cycle, in particular buying or licensing in complementary technologies or brands from outside, or generating additional revenue through selling or licensing out own technologies or brands which the company does not want to exploit on its own.

Speakers: Representatives from Patent Offices
Domestic and foreign investors
Innovative companies
Representatives of WIPO

16.30 - 16.45 Coffee break

16.45 - 18.00 SESSION 2. (Continued)

Friday, 22 May 2009

10.00 – 13.00 SESSION 3. FRAMEWORK FOR GOVERNMENT ACTION AND PUBLIC-PRIVATE COOPERATION

10.00 – 11.15 (A) FRAMEWORK FOR GOVERNMENT ACTION

Creating a suitable infrastructure for the financing of innovative enterprises requires policy intervention. Drawing on the international experience, this session will consider a variety of instruments and strategies that can be adopted to promote the financing of innovation. These include, among others, grants, business incubators, networking services and hybrid public-private venture capital funds. Special attention will be paid to the design of policy packages that are comprehensive and mutually reinforcing, thus addressing any bottlenecks that may arise in the financing chain at different stages of the life of a company. General regulatory, business and contracting environment conducive to the financing of innovative enterprises will also be examined.

Speakers: Representatives of governments
Domestic and foreign investors
Innovative companies

11.15 - 11.30 Coffee break

11.30 - 13.00 (B) GENERAL DISCUSSION: STRENGTHENING PUBLIC-PRIVATE COOPERATION

This concluding session will discuss the opportunities for dialogue between governments and entrepreneurs to foster the capacity of new innovative enterprises to raise finance at the initial stages of their life cycle. The discussion will focus on the identification of bottlenecks and the corrective action required from major stakeholders. Proposals from the participants may provide a background for some practical recommendations to government bodies dealing with commercialization of intellectual property and SME promotion, and contribute into the future capacity-building activities by the UNECE secretariat in this area.

Panel: Speakers from the previous sessions

Annex III**LIST OF HOTELS ²**

[ENGLISH ONLY]

Astana Park Hotel

Left bank, Sary-Arka Avenue 2
Single room: KZT 15 360 - 19 200
Double room: KZT 19 200 - 23 040
Tel. (booking): +7 7172 556 333/556 303
web site: <http://www.astana-hotels.net/astana-park/index.htm>

Duman Hotel

Kurgaldzhinski Road, 2A
Single room: KZT 18000
Double room: n/a
Tel. (booking): +7 7172 791 500
web site: <http://worldhotels.ru/ru/hotels-as-info-21514-800324.aspx?search=true>

Comfort Hotel

Kosmonavtov Street, 60
Single room: KZT 22 200
Double room: KZT 33 300
Tel. (booking): +7 7172 221 021
web site: http://travel.yahoo.com/p-hotel-333714-comfort_hotel-i

Diplomat Hotel

Administrative Centre, Tayelsyzdyk Street, 29/1
Single room: KZT 25 000
Double room: KZT 31 000
Tel. (booking): +7 7172 928 800/928 646
web site: <http://www.all-hotels.com/book-hotel/Diplomat-Astana-Kazakhstan/758153/8>

Rixos President Astana Hotel

Administrative Centre, Tayelsyzdyk Street, 7
Single room: KZT 67 450
Double room: KZT 73 150
Tel. (booking): +7 7172 245 050
web site: <http://www.wego.com/hotels/kazakhstan/astana/rixos-president-hotel-astana>

² Rates quoted may change by the time of booking.