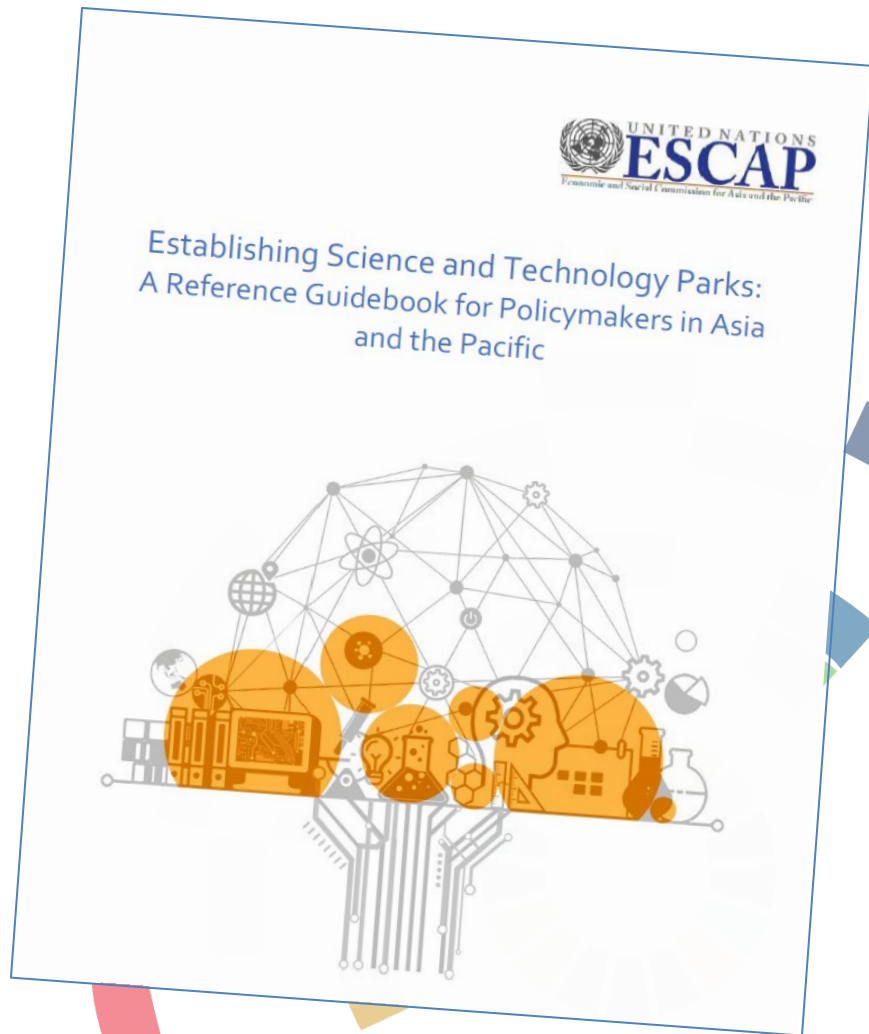


# Establishing a science and technology park is no walk in the park

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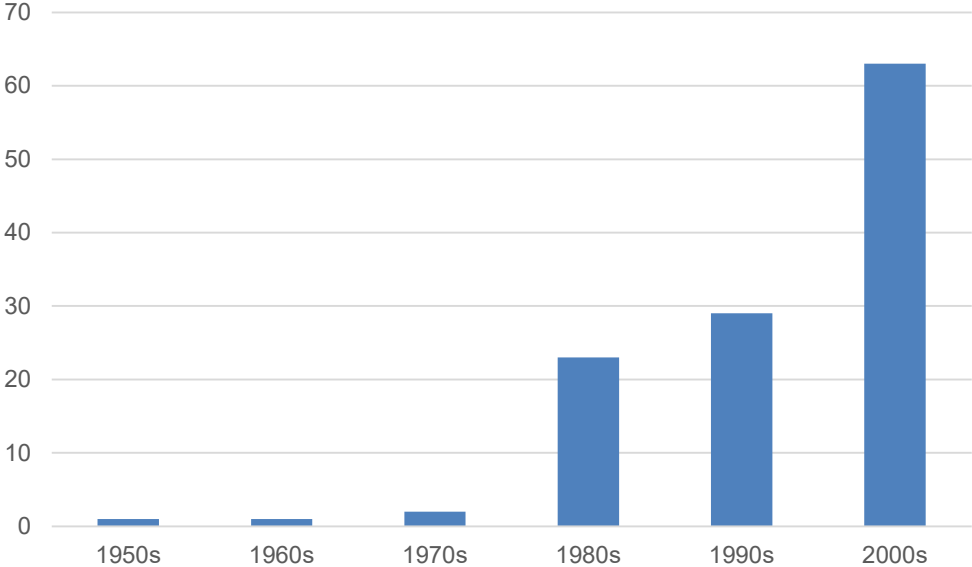


# What are incubators and technology parks?

| Features           | Incubators  | Technology parks   |
|--------------------|---|--|
| Target enterprises | Seed or early stage entrepreneurs with high growth potential  | Emerging and established businesses with some technology focus   |
| Central elements   | Cluster effect among entrepreneurs<br>Ongoing supply and demand driven assistance<br>Clear performance metrics<br>Clear process for accessing finance at different stages | Cluster effect<br>Emphasis on state of the art infrastructure and networking opportunities<br>More hands-off |
| Revenue sources    | Government subsidies<br>Gradually increasing fees for services based on outcomes  | Fee for service<br>Equity returns  |

# Science and technology parks launched in each decade

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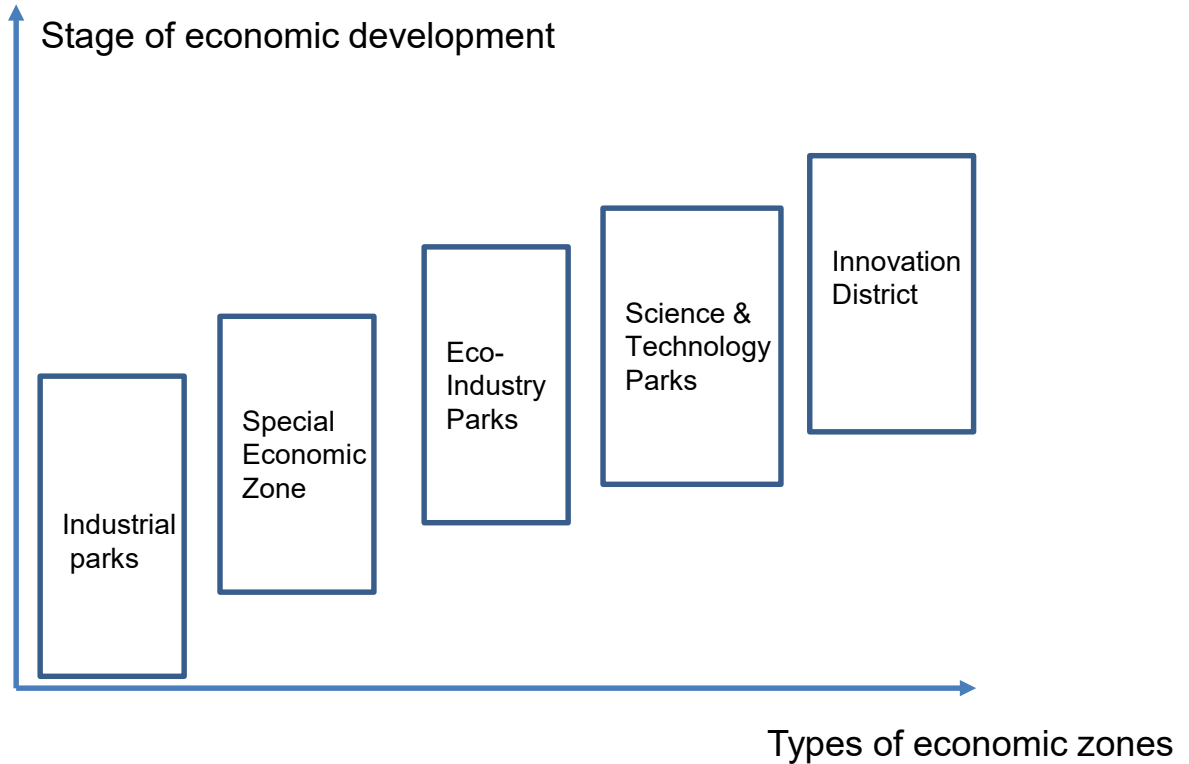


*Source:* Derived from a survey conducted by the International Association of Science Parks and Areas of Innovation, 2012.

*Note:* The survey covers 119 parks from 38 countries.

# Economic zones and stage of economic development

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Source: UNIDO country office in Viet Nam, 2015

# Not all science and tech parks are successful

One study found that a large percentage of science parks in the United States either ended as outright failures or contributed little to economic objectives, reporting that

- only 25% of science parks achieved their goals (such as attracting and fostering research and development activity, contributing to job creation and economic growth);
- another 25% became purely real estate operations that contributed little to economic objectives; and
- 50% failed.

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### Hong Kong Budget 2018-2019

#### All eyes on Hong Kong's Science Park after massive HK\$40 billion budget handout

Critics suggest setting up various committees to hold the park accountable on its criteria for handing out funds and called on it to set up key performance indicators and benchmarks to measure its achievements

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COMMENTS:

# The value-added of business incubators

| <b>Services</b>  | <b>Value to the entrepreneur</b>  |
|--|---|
| <b>Infrastructure</b><br>Office space, meeting rooms, lab facilities   | Economies of scale decrease the cost, especially during the pre-seed and seed face before starting a business.                      |
| <b>Business services</b><br>Registration, licenses, accounting, strategic consulting, market research          | This helps entrepreneurs with non-core business and related overhead in the initial stages.   |
| <b>Financing</b><br>Brokering, equity investment, grants, guarantees.  | Increases the chances of creating a bankable investment opportunity through leveraging incubator credibility and initial subsidies. |
| <b>Connectivity</b><br>Coaching, interaction with entrepreneurs, researchers, investors, customers, suppliers. | Exchange of ideas, systematic exploration of partnerships and business opportunities.   |

## Some (not all) recommendations from the Guidebook: The pre-conditions for success of a S&T park

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- The key tenants or the anchor tenants – such as national research institutes – are committed to staying in the science and technology park.
- A management team with all the skills necessary for managing the science and technology park can be identified and assembled.
- A strong science base in the surrounding areas of the science and technology park is already available.
- The city or area where a science and technology park will be built is attractive to talented researchers and entrepreneurs.;
- An entrepreneurial culture is available in the city or country where a science and technology park will be built.
- Finance, especially seed and venture capital, is available in the city or country where a science and technology park will be built.

# In a nutshell

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- The success of Silicon Valley has been inspirational. However, if the precursory conditions are not in place, a science and technology park could turn into a white elephant project.



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