

## Innovation Centres (InnoC)

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### *Concept*



Musanze, Rwanda, Photo HR&S 2015

Street vendor innovations

## Introduction

Human Rights and Science (HR&S) and its Programme partners runs Innovation Centres (InnoC) in non-OECD countries where opportunities are scarce. The purpose with the Centres are to provide the means necessary for researchers, innovators and entrepreneurs in non-OECD countries to implement ideas in actual practice.

Thus, innovators with innovative ideas, researchers with scientific findings and entrepreneurs with business ideas, are welcome to become InnoC members. The InnoCs offers co-working space, networking, training and coaching. HR&S addresses self-financed start-ups and provides training and coaching to entrepreneurs to achieve this goal.

HR&S operates as a post-Aid social enterprise as we believe in equal partnership with shared ownership and mutual benefit (please find more information elsewhere), We still strive to keep membership fee and service cost low for start-ups in non-OECD countries, by seeking co-funding.

## Services

### Facilities and activities

The Innovation Centres offers a variety of opportunities (the actual offer differs at each site).

#### Physical infrastructure

##### Level ONE:

- Co-working space.
- Internet connection and electricity.
- PO box address.
- Locker storage.
- Workshops on ways to self-fund business start-ups.
- Workshops on business management.
- Networking activities among members.

##### Level TWO (level One plus different levels of):

- Business management coaching.
- Access to senior technical and business experts.
- Investment capital.
- Back-office support (printer, scanner etc.)
- Meeting rooms, Telephones, Glasses.
- Transportation vehicles.
- Accommodation, food and drinks.
- Social security framework.

#### Community host

The hosts welcomes the members, supports on-site and arranges social events and team-building programmes.

### **Community networking**

The InnoC members offers a location to come to where members are surrounded by a family of social entrepreneurs and innovators. Members are part of a team building programme which encourages informal knowledge sharing and individual support. It shall be a place to look forward to come to which offers a positive and motivating atmosphere, efficient working conditions, and social togetherness.

### **External networking**

The InnoCs offers a platform for the members benefit from an international network of advisers and experts. The Centre also provides a platform for the entrepreneurs to market their products to potential customers including the civil society, authorities, media, academia, private sector and investors.

### **Business management workshops**

Monthly workshops are arranged around:

- Business idea and Business plan.
- Bookkeeping and Financial reporting.
- Roles and responsibilities in a business.
- Transparency and accountability; Quality values and efficiency.
- Real-time outcome evaluation planning.

### **Business management coaching**

Coaching addresses aspects specific for each entrepreneur.

### **Work ethics and work efficiency workshops**

The InnoC addresses work ethics and work efficiency and offers awareness raising workshops on Cross-cultural understanding, Quality values in post-Aid collaboration, Women empowerment, Leadership, Time management, Long term planning, Knowledge sharing, Truth and trust, Equal partnership, and Expectations and core values.

## **Operations**

### **Post-Aid collaboration**

HR&S states that the traditional development Aid structure is not effective nor efficient (read more about the HR&S approach elsewhere). Thus, HR&S is not a traditional development Aid organisation. Instead the HR&S aims to be an equal partner and we honour cross-cultural understanding, respect, trust, shared ownership, shared responsibility and mutual benefit. HR&S offers support services as a social enterprise.

Consequently, please be aware that potential InnoC members shall not approach HR&S and seek funding, major loans or free services. Thus:

- **Potential InnoC members shall not approach HR&S and seek funding.**  
We are not a donor and we do not give grants or gifts.
- **Potential InnoC members shall not approach HR&S and seek start-up investment capital.**  
We are not a bank nor a micro-finance institution. HR&S may still offer light-loans if it is a well-defined segment of a start-up process and the obvious solution to a well identified outcome challenge. These loans follow a scheme that builds-up slowly (please find more information elsewhere).
- **Potential InnoC members shall not approach HR&S and seek free services.**  
HR&S does also not provide free services or free consultancy, but all support shall be paid for.

## Self-funded Start-up

Once our members have decided on the type of venture to start, the next step is figuring out where the money will come from to fund it. Fortunately, as a result of cloud innovations that exist today, the InnoC members will not need nearly as much to launch compared with just twenty years ago.

The self-funded or lightly-funded start-up is the foundation of the next wave of start-up innovation world-wide – and lack of funds is no longer a reason not to launch. HR&S supports self-funded start-up, as self-funded start-ups has several benefits:

- It is often beneficial to self-fund so that the entrepreneurs can access potential customers creatively and move rapidly and lean. Making decisions quickly can allowed entrepreneurs to get to their potential users quicker and allows for pivots along the way to start generating income.
- Self-funding entrepreneur can be able to prove the concept, prove their dedication to the idea, and become a more attractive target to potential investors.
- When entrepreneurs approach other financing sources such as bankers, venture capitalists or the government, they will want to know exactly how much of your own money the entrepreneurs are putting into the venture them-selves. After all, if the entrepreneurs do not have enough faith in their business to risk their own money, why should anyone else risk theirs?

The HR&S self-funding coaching programme includes ways to cover start-up costs without funding or with light-funding only. The options are described below.

### Lower private costs

- Decrease personal spending.

### Generate parallel income

- Private saving.
- Generate a side income.
- Benefit from private assets.

### Lower business costs

- Find services for free or very cheap.

### Sell something small, early

- Launch a Minimal viable product.

### Raise funds

- Crowd-funding.
- Grants.
- Accelerator programmes.

### Identify Light loans

- Targeted loans.
- Borrowing against receivables.
- Revenue-based financing.

### **Decrease personal spending**

We may have to have decrease our personal spending.

### **Private saving**

We may have to save funds to invest in the start-up.

- If the entrepreneur is employed, one way to finance her business is by saving money from her current salary until she has enough to launch the business.

### **Generate a side income**

- Employment

Entrepreneurs with little cash may need to keep a day job while they launch their entrepreneurial effort.

If the entrepreneur is employed, one way to finance her business is consider cutting the full-time job back to part time. This ensures some steady funds rolling in until the business starts to generate income. Loyalty rules towards the employer must then be considered.

- Side projects

The entrepreneur may also look for innovative side projects that would bring in residual income such as renting out items and selling their expertise.

### **Services for free or very cheap.**

It is often possible to launch with a lot less capital than was required just twenty years ago, due to the existence of cloud-based software and infrastructure, along with platforms-as-a-service that allow entrepreneurs to more easily create and market their own apps.

- Cloud services

Newer start-ups are often “born-in-the-cloud,” and operate virtually and often are able to operate with minimal on-premises equipment. Besides the obvious cost advantage that comes from not having to operate your own servers, newer DevOps platforms are bridging the gap between IT and business, letting entrepreneurs get up and running quicker and with better apps that are more attuned to the business end of your start-up.

- Free Apps

Use free apps. Using the right business apps can help entrepreneurs do more for less. A cheap landline without the contract is possible through a personal number on Skype. Brightbooks can be used for invoicing, MailChimp for managing mailing lists and KashFlow for accounting.

- Social networking.

This point is a given for practically every business, but when there is no money to spend on PR or advertising, social networking will take on even greater importance.

- Communicate

Tell (almost) everyone. Be open to criticism, ask for help and pull in favours.

- Events

Running events is a great way to get free PR, press coverage and spread word of mouth. If entrepreneurs can run events that customers would actually pay to go to then the entrepreneurs should be able to fund the whole thing through ticket sales.

- Choose strong products  
Choose products wisely, the greater the competition, the more money entrepreneurs will need in order to be heard above the marketing 'noise'. The entrepreneur's products will have to be strong as they will not be able to afford a flashy website.
- E-commerce  
Pick the right e-commerce platforms to sell products online. Big Cartel and Shopify can be set up quickly with no development know-how. Take money via PayPal and there will be no monthly charge.
- Advice  
Get a mentor. There are plenty of successful businessmen and women out there who are keen to support new business owners. Charities like the Bright Ideas Trust can put you in touch.
- Start  
Get on with it. If the entrepreneurs are not investing much money, they do not have much to lose. Just get out there and try and make a living.

### **Benefit from private assets**

The entrepreneurs may begin by doing a thorough inventory of their assets. Assets include savings accounts, equity in real estate, vehicles and equipment. People generally have more assets than they realize. The entrepreneurs may want to use as much of their own money as possible to get started; remember, the larger your own investment, the easier it will be for you to acquire capital from other sources.

- Sell assets  
The entrepreneurs may decide to sell some assets for cash or to use them as collateral for a loan.
- Low-interest-margin loans on investments  
If the entrepreneur has investments, she may be able to get low-interest-margin loans. The downside here is that if the market should fall and the securities are the entrepreneur's loan collateral, the entrepreneurs may have to supply more collateral and may have to sell some of the securities.
- Low-interest-margin loans on owned home  
If the entrepreneur own a home, she may get a home equity loan on the part of the mortgage that she has already paid off. But the entrepreneur must be very sure she can repay the loan--she can lose her home if she does not repay.
- Credit-card loan  
Personal line of credit. Some businesses have successfully been started on credit cards, although this is one of the most expensive ways to finance a start-up.

### **Launch a Minimal viable product (MVP)**

Try to reach an MVP (minimal viable product) and achieve viability as soon as possible.

### **Raise funds**

- Crowd-funding.
- Grants.
- Accelerator programmes.

## Identify Light Loans

If loans are still necessary, then the below may be possible options.

- Targeted loans  
Entrepreneurs may benefit from reaching out to local community organizations, community banks or online lenders who specifically offer loan products for borrowers who are in a minority class. Become knowledgeable of programmes that target specific groups, businesses launching in distressed areas, or minority-owned businesses.
- Borrowing against receivables  
Once the entrepreneur does have some revenue coming in, factoring, or borrowing against receivables, may become an option, and that usually does not require the same sort of scrutiny a conventional loan carries. This option can be inflexible though, with fixed daily or weekly payments required.
- Revenue-based financing (RBF)  
Revenue-based financing (RBF) is a more flexible alternative. RBF fits the needs of tech entrepreneurs because it is a flexible instrument, it does not require hard assets, and combines many of the best aspects of debt and equity, since it is non-dilutive yet aligns the interests of the entrepreneur and investor toward growth.

## Investment capital \_ ActionInvest

An small start-up loan may be offered by HR&S if the business has proven results, guarantees are available and a pay-back plan has been secured. The financing programme is named ActionInvest and has no links to or similarity with microfinancing. It shall be noted that HR&S is not a bank nor a micro-finance institute, but an equal partner, thus challenges are faced and sorted out together.

- Amount  
The size of the loan is small at the start and may increase with time, if the agreement is honored. The initial amount is often € 100 - 500 and can be increased to € 1,000 and above as soon as the loan-taker proves performance.
- Co-funding  
It is expected that the Target partner contributes with a share of the start-up capital. The contribution is according to capacity and may include seeking and securing a grant.
- Interest  
The interest is often 10%
- Pay-back scheme  
A pay-back scheme is agreed on and a contract is signed.  
The agreed payback amount may be automatically with-drawn from the loan takers bank account.
- Guarantee  
A guarantee is required and can be:
  - + Borrowing against receivables proving a scheme generating continuous income such as sales of early products.
  - + Borrowing against receivables proving a scheme generating continuous income such as a crowd-funding programme.

- + Arranging a group of loan takers (often five) who caters for each other. The group members pay back as a group, if one members cannot pay back the other do, and the debt is sorted out within the group.
- + Pre-saving. The loan taker saves an amount which stands in relation to the loan, maybe monthly. The savings is kept at an HR&S account. The saving continues in the same format after the loan has been released until paid with interest.
- + A legal document is signed and local authorities are securing the agreement together with the HR&S local office. The HR&S support agencies continuously over-sees the loan pay back.
- Proof of business success  
A loan-taker has to prove the potential of the business before being approved a loan. It can be a prototype and small-scale selling.
- Restrictions  
Loans are not approved to family members of HR&S staff and other closely related stakeholders. Loans can be approved directly to HR&S staff and volunteers.



## Membership

### How to become a member

Potential members apply for membership by filing in an application form. Then an interview is arranged. The application form and interview identifies the expectations from both sides and if the expectations can be met.

1. Potential members are welcome to visit the HR&S local office and **present their business idea**.
2. Potential members then apply for membership by providing a **written business idea and a written self-funding start-up plan**. The “HR&S business idea template” is available on the web-site.
3. A **meeting** is arranged where the written business idea and a written self-funding start-up plan is discussed and the potential member interviewed.
4. If both sides still agrees to continue, a **membership plan** is developed. It explains the type of support provided by the Innovation Centre and the related membership fee and other costs.
5. Thereafter the parties sign an **MoU** and the Target partner (TP) become a member of the InnoC. The MoU clearly defines expectations and core-values and both partner’s responsibilities, including annual programme and financial reports, reports and story-telling.
6. An evaluation planning **ROPE-Bus Programme journal** is created and maintained by the InnoC staff.
7. A **tailor made coaching** programme is offered to the InnoC member as mirrored in the ROPE-Bus Output map. The coaching is paid for by the member separately. The coaching programme may include
  - Reaching out to potential customers.
  - Marketing.
  - A loan (ActionInvest).
  - Awareness raising about: business planning, case statement development, website creation, social media management, finance administration and accounting, intellectual property rights, patenting, copy rights, cross-cultural partnership (CUP), quality values in post-Aid collaboration (TAct) and evaluation planning (ROPE).

### Price-list

A registration fee and a monthly membership fee is applied.

Members also pay 10% interest on loans they take and a service fee for certain services

### **Registration fee**

**€ 20**

### **Membership fee, per month**

#### **Level one**

**€ 40**

Internet access, hours	30	+ € 5 per 10 additional hours
Co-working space	incl.	
Meeting room	incl.	
PO Box	incl.	
Locker storage	incl.	
Business management workshop attendance	free	one workshop per month
Networking event attendance	free	

### **Coaching fee, per hour**

**€ 5**

### **Payment**

Payment is made to HR&S local office.

## Location

### **Kenya, Nairobi**

Programme partner: Livelihood improvement programme

CEO: M.Sc. Nancy Githaiga

Status: Start-up.

Partnership: Co-working space in The Kijiji.

### **Liberia, Monrovia**

Programme partner: Initiative for the Development of Former Child Soldiers (IDEFOCS).

CEO: Mr. Morris MATADI

Members: 2-5

### **Liberia, Little Bassa**

Programme partner: Initiative for the Development of Former Child Soldiers (IDEFOCS).

CEO: Mr. Morris MATADI

Members: 20 members involved with former child soldier integration programme.

Partners: Action10 in Sweden.

### **Nigeria, Abuja**

Programme partner: PSAN

CEO: Prof. Karniyus GAMANIEL

Status: Office space rented and operations in planning.

### **Rwanda, Kigali**

Programme partner: Collaboration between STYLOS and PragmatTical Innovation

CEOs: Déodathe NDAZIVUNYE and Benjamin KYAMBADDE

Location: Remera

Status: Co-working space.

Partnership: Impact Hub Rwanda.

### **Rwanda, Musanze**

Programme partner: University of INES-Ruhengeri

Rector: Ft. Fabien HAGENIMANA

Status: Hosted by the university.

ActionInvest is available.

### **Togo, Tsévié**

Programme partner: Association Solidarité Enfance et Vie (S.E.VIE)

CEO: Mr. Francois KLUTSÉ:

Members: 400 members involved with rural enterprising programme.

Partners: Action10 in Sweden.

### **Togo, Agbolowé**

Programme partner: Association Solidarité Enfance et Vie (S.E.VIE)

CEO: Mr. Francois KLUTSÉ:

Status: Land is bought and office is under construction.

### **Uganda, Kampala**

Programme partner: AMOJ

CEO: Bernard OMONY

Status: Hosted by AMOJ

Location: Kamwookya

## Programmes

The InnoC programme supports business start-up with three different objectives; Basic, Tech and Innovation.

- Businesses within the **Basic programme** address basic needs and are independent of advanced technical support. For example preparing food and producing soap. Information of previous implementation and coaching on how to establish a sustainable economy is provided through the InnoC.
- **Tech businesses** are set up around a basic technical tool or service using available knowledge and well established procedures. For example; solar energy provider, ecological sanitation, mills and drinking water wells. Technical equipment, such as mills and solar panels, as well as training on the services, such as solar panel maintenance and ecological sanitation installations, are offered through the InnoC.
- The **Innovation businesses** address the implementation of new scientific findings and innovations that can be made operational and distributed. HR&S. Coaching on the development and implementation of innovations as well as scientific capacity strengthening programmes in collaboration with academia are offered within the InnoC.

Basic	Tech	Innovation
<ul style="list-style-type: none"> <li>•Address basic needs and are independent of advanced technical support.</li> <li>•For example cooking food, producing soap, elling clothes and child care.</li> <li>•<b>InnoC offer:</b> Coaching on sustainable economy.</li> </ul>	<ul style="list-style-type: none"> <li>•Set up around a basic technical tool or service using available knowledge and well established procedures.</li> <li>•For example solar energy provider, ecological sanitation, mills and drinking water wells.</li> <li>•<b>InnoC offer:</b> Technical equipment, such as mills and solar panels, as well as training on the services, such as solar panel maintenance and ecological sanitation installations.</li> </ul>	<ul style="list-style-type: none"> <li>•Address the implementation of new scientific results and innovations.</li> <li>•<b>InnoC offer:</b> Coaching on the development and implementationof innovations . HR&amp;S runs a complementary programme in collaboration with academis addressing scientific capacity strengthening.</li> </ul>

## Social security framework

### Health care emergence fund

The InnoCs addresses social security and offers a health emergency fund for its members; in case of social emergency, the members can borrow money from the fund. The loan is paid back within three months' time and without interest.

### Women empowerment

The InnoC put special emphasis on supporting women researchers, innovator and entrepreneurs by offering platforms for women networking. The programme looks at opportunity to provide opportunities for combining family responsibilities with work, such as; providing child care, household management support, efficient transportation and working from home logistics. Men are welcome to participate and the programme addresses the special needs of women, including providing access to children care, sanitary pads and contraception as well as raising awareness around gender based violence, sexual harassment and sexual abuse.

## Lessons learned

The HR&S programme has been in operation since 2009 and many lessons have been learned. These lessons have been used to adapt the InnoC programme to the conditions in the Target countries. These are cross-cultural learning in actual practice.

### Financial investment

When it comes to financial investment we have faced many challenges and dis-honesty and dis-trust.

- Loans were taken but were not paid-back as agreed. When formal requests were presented the money had already been spent and pay back was no longer possible. When local police has been addressed they have been found corrupt. HR&S has lost significant amount of money.
- National legal documents have proven fake.
- Money has been used for other purposes than agreed.
- Family members consider they do not have to pay back.
- Receipts have been fake.
- Bribery has occurred.
- Financial reports were not delivered or not correct.
- Auditors were not honest.
- Frequent communication with loan takers before the transfer of the loan, and thereafter silence.
- Equipment provided for the benefit of the collaboration have been sold.

### Post-colonial attitude

We have seen that potential partners have an expectation that is based on post-colonial attitudes and donor driven programmes.

- Free coaching has been taken for granted.
- Donations have been expected.

- Large investments (€ 10,000 – 100,000) have been requested for business ideas with no proven reality.
- Lack of interest have been shown in partnership development exercises.