

UNIVERSITY OF NAIROBI



DRAFT INCUBATION POLICY

April 2015

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DECLARATION

We, the undersigned, agree with the contents of this report and below append our signatures:-

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PART 1: RATIONALE AND JUSTIFICATION

1. Background

1.1 Definition

Incubation is a support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. The incubator's main goal is to produce successful firms that will leave the incubation program financially viable and freestanding. Incubator graduates have the potential to create jobs, commercialize new technologies, and strengthen county and national economies.

1.2 Motivation of Business Incubators

Motivating factors are very important in business incubation as they help the incubator to promote and improve efficiency as well as achieve its objectives. The main motivational factors in business incubation are corporate social responsibility, visibility and income generation.

1.2.1 Corporate Social Responsibility

Organizations are expected to broaden their profit-driven perspectives and consider their impact on society and the natural environment. This not only enhances the competitive advantage of the organization, but it is also morally right to do so. The incubator achieves this by engaging in corporate social responsibility projects especially promoting education, including special education and employment enhancing vocation skills, livelihood enhancement projects, entrepreneur training and mentoring, among others. Such projects are funded by the incubators revenue, or through partnerships in the public and private sector.

1.2.2 Visibility

Visibility is one of the three main ingredients provided by incubators for growing successful businesses (others being an entrepreneurial and learning environment and ready access to mentors and investors). Visibility enables the start-up company to draw new clients, and access untapped funding sources. This significantly enhances the start-up sustainability after graduation from incubation programme.

Visibility can be enhanced in three ways. First, enhanced market visibility through the introduction of enterprises to local businesses, trade and industry associations; secondly, increased media visibility through media attention, and thirdly, territorial visibility through participation in local, national events and fairs.

Incubators enhance the visibility of incubatees among state and local stakeholders, including elected officials, business leaders and higher education leaders.

1.2.3 Income Generation

One of the key objectives of business incubation is its own income generation. By generating its own income, the incubator enhances its own sustainability. Income could be generated through income investment, rent and service charges among others.

1.3 Goal, Purpose and Objectives of University of Nairobi Incubation System

1.3.1 Goal of incubation

The main goal of the university incubation system is to transfer technology developed in the University, and to commercialize prototype products and services coming out of research carried out in the University.

1.3.2 Purpose of policy

The purpose of this policy is to guide the establishment and sustainable operation of incubation centres in the University. The main goal of these centres is to nurture new enterprises that have innovative products and services for local, regional and global markets and grow/develop them into sustainable and competitive businesses that contribute to the realization of the Kenya Vision 2030.

1.3.3 Objectives

The key objectives of creating incubator centres are:

- to increase the likelihood of start-up companies staying in business, thereby contributing to creation of jobs as well as contributing to GDP;
- to facilitate rapid industrialization of Kenya by intensifying the application and utilization of science, technology and innovation (ST&I) to raise productivity and efficiency levels in priority sectors of the economy as outlined in the Kenya Vision 2030; the Industrialization Policy; and the Science Technology and Innovation Policy, among other national development policies;
- to enhance commercialization of technology (as products) developed out of research work;
- to enhance the competitiveness and visibility of the University through the commercialization of viable products in line with the University of Nairobi 2013-2017 strategic plan, through events, and through products in the market place; and
- to diversify income generation capacity of the University.

1.4 Methodology

The Vice-Chancellor appointed a Committee to develop an incubation policy for the University. In order to develop the policy, the Committee used various sources and techniques to gather information. One is desk review of relevant documents. For purposes of benchmarking, members undertook a document review from samples of incubation

policies and strategies from other institutions, universities and corporate organizations. Incubation programmes and frameworks were reviewed from universities and incubators in USA, UK, Australia, Korea, South Africa, Brazil and Japan, among other countries.

Two is focus group discussions with existing incubator centres in the University and a selected set of incubatees. In order to elicit information on the history of the incubation at the University of Nairobi, particular units that have undertaken incubation were engaged in focussed discussions to elicit their experiences and perceptions of incubation within the university, highlighting best practices. A total five incubatees and two incubators were involved in such discussions. The objective was to learn how incubation takes place in the University and capture the key challenges and recommendations.

In addition, the Committee had six consultative meetings and a four-day write-shop to synthesize data collected and to draft and discuss the content of the policy. The draft policy will be subjected to stakeholder validation and input, which will then be followed by University Council approval.

1.5 Outline of the Policy

After this background section, the next section of this first part reviews relevant national policy and legal frameworks. Section 3 reviews the relevance of the University of Nairobi strategic plan and policies. The following section examines the status of existing incubation centres in the University. The final section of the first part presents relevant lessons from incubation practices in other universities and countries across the globe.

The second part gives the details of the incubation policy.

2. Relevance to National Policy and Legal Frameworks

The proposed incubation system is strongly linked to the national and institutional policies and strategic plans, whose aim is the national goal of a newly industrialized, prosperous country with high standards of living. The Universities Act (2012) demands universities to play a more active role in national development over and above their traditional teaching and research roles. To achieve this mission, their interaction with private sector and policy makers has become more crucial.

Between 2012 and 2014, the Government of Kenya developed/launched several new policies and strategies including the Food and Nutritional Security policy (2012), National Horticultural policy (2012), National Agricultural Research Policy (2012), National Food and Nutrition Security Policy (2012), second medium-term plan of Kenya Vision 2030, Science, Technology and Innovation Policy and Law (2012), Universities Act (2012), National Agribusiness Strategy (2012), National Agricultural Extension policy (2012) and National ICT Master Plan (2014), among other key policy, strategy and legal documents. Some of these documents will be reviewed below.

2.1 Vision 2030

Kenya Vision 2030, which is the long-term development blueprint for the country, is motivated by collective aspiration for a much better society. The aim of Kenya Vision 2030 is to create a “globally competitive and prosperous country with a high quality of life by 2030”. It aims at transforming Kenya into a newly industrializing middle income country providing a high quality of life to all its citizens in a clean and secure environment.

The Vision is anchored on three key pillars: Economic, social, and political governance. The economic, social and political pillars of Kenya Vision 2030 are anchored on macroeconomic stability, continuity in governance reforms, enhanced equity and wealth creation opportunities for the poor; infrastructure, energy, science, technology and innovation (STI); land reform, human resources development, security and public sector reforms.

The Vision recognises the role of science, technology and innovation (STI) in a modern economy, in which new knowledge plays a central role in wealth creation, social welfare and international competitiveness through effective exploitation of knowledge, an effective innovation system and flourishing entrepreneurship, among others.

The Vision 2030 proposes intensified application of science, technology and innovation to raise productivity and efficiency levels across the three pillars and recognises the critical role played by research and development (R&D) in accelerating economic development.

2.2 Science, Technology and Innovation Policy

The vision of the National Science, Technology & Innovation (ST&I) policy is “to be a nation that harnesses science, technology and innovation to foster global competitiveness for wealth creation, national prosperity and a high quality of life for its people”. The goal of

policy is to build critical capacity and capability in ST&I that will create change and transform Kenya into a newly industrialized country (NIC) through the utilization of knowledge as the driving force. In this respect, the Government will promote ST&I as the means to making Kenyan products and services globally competitive.

The policy defines that national innovation system and recognizes universities and research institutions as critical drivers of the innovation system. In this system, incubation and commercialization and science and technology parks are a key part of the ST&I infrastructure. The policy also recognizes ICT, telecommunication, electronics and computers (TEC) manufacturing technologies; food and nutritional security technologies; natural resource management technologies; and health technologies as some of the national priority areas which will be leveraged upon to transform the economy and achieve the growth and development targets in Vision 2030. In order to implement the ST&I policy, two relevant strategies identified by the government are: 1) establish and sustain a network of innovation Centres of Excellence in the national priority areas with specific deliverables; and 2) promote the formation of new technology-based firms through the establishment of ST&I Parks.

The development of the University of Nairobi innovation policy to guide the establishment and operation of incubation centres in the University is therefore properly aligned with the ST&I policy.

2.3 Industrialization Policy

Kenya's industrialization policy as contained in the Sessional Paper No. 2 of 1996 Industrial Transformation to the Year 2020 has, by recognizing the mutual relationship between industry and agriculture, pursued the development of both sectors simultaneously on the understanding that a productive and vibrant agricultural sector is a sound foundation for industrialization. Development policies in Kenya have over time, therefore, given uniform encouragement to both sectors as the twin engines of development.

In 1972 agriculture contributed 36% of GDP while industry contributed 17% with services contributing the balance, by 1996 the contribution of agriculture had declined to 27% of GDP while that of industry had increased to 18%, with services contributing up to 55% of GDP.

According to the 2014 Economic survey, the contribution of the various sectors to GDP in 2013 are shown in Table 1:

Table 1: Sector contribution to GDP

Sector	2012	2013
Agriculture & Forestry	24.5	25.3
Wholesale and retail trade, Repairs	10.5	10.2
Transport & Communication	9.6	9.1
Manufacturing	9.5	8.9
Education	6.1	6.7
Financial Intermediation	5.2	4.8

Sector	2012	2013
Construction	4.2	4.4

The performance of the manufacturing sector has continued to decline, largely due to low capitiation, use of obsolete technologies and high cost of doing business as a result of poor infrastructure, limited access to finance, limited R&D, poor industrial framework and inadequate managerial, technical and entrepreneurial skills.

It is against this background that the industrialization policy was developed as a framework to synchronize and coordinate the various policies, strategies and activities within Kenya's industrialization process. The Kenya Industrialization policy recognizes that while Kenya is primarily an agricultural based economy it is also endowed with the natural resources that can be tapped through value addition for the benefit of the whole country, especially with the evident decelerated agricultural productivity.

The guiding principles of the policy include increased productivity and competitiveness and growth and graduation of micro, small and medium industries (MSMI), recognizing innovation as being central to meeting the rapidly changing consumer tastes and preferences.

Thus the overall objective of the Kenya Industrialization Policy is to sustain the growth of the industrial sector and make it the most preferred location of industrial investment by promoting the development of MSIMs, intensifying R&D, innovation and technology adoption for industrial growth and ensuring protection of intellectual property rights.

A strong and sound incubation framework is the driver to the growth and graduation of micro, small and medium Industries (MSMIs) as it supports the growth of MSIMs by ensuring access to affordable business, legal and physical services that nurture strong entrepreneurial capacity.

2.4 National ICT Policy

The national ICT policy's mission is to improve the livelihoods of Kenyans by ensuring the availability of accessible, efficient, reliable and affordable ICT services. The policy document whose vision is "A prosperous ICT-driven Kenyan society" was promulgated in 2006, is based on the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007).

The incubation policy of the University of Nairobi is linked to the ICT policy in the sense that the University desires to create an atmosphere for nurturing new companies and hence support economic growth and poverty reduction; promote social justice and equity; mainstream gender in national development; empower the youth and disadvantaged groups; stimulate investment and innovation in ICT, elements that the ICT policy seeks to facilitate.

Three of the four guiding principles of the ICT policy, namely, infrastructure development, human resource development and stakeholder participation, are in line with the intention of the University of Nairobi's to contribute by building new companies.

One of the University's incubation centres, Computing for Development Laboratory (C4DLab) focuses on incubating ICT based companies, in line with the national ICT policy.

2.5 National ICT Master Plan

The National ICT Master Plan was launched in April 2014. Its vision is Kenya evolving into a regional ICT hub and a globally competitive digital economy. One of the pillars of this Master Plan is 'developing ICT businesses'. This is concerned with the development of Kenyan ICT businesses that can produce and provide exportable quality products and or services that are comparable to the best in the world. A key strategy in the technology innovation area of this pillar is to 'establish innovation centres of excellence (CoEs), and science and technology (S&T) parks for R&D which will develop ICT applications and services. The centres and S&T parks would be enabled with capacity to provide incentives for R&D efforts in ICT applications development and innovations.

One of the incubation centres in the University of Nairobi, Computing for Development Laboratory (C4DLab), is incubating start-up companies that are developing ICT products and services, in line with the National ICT Master Plan.

2.6 National Agricultural System Research Policy

The National Agricultural Research System (NARS) policy is one of the several policies launched in 2012/2013 to guide the food and nutrition priority area of Vision 2030. Other related policies include Agricultural Sector Development Strategy (2010-2020), National Food and Nutrition Security Policy (2012), the National Horticultural Policy (2012), the National Agribusiness Strategy (2012) and the National Agricultural Sector Extension (NASEP) policy (2012). These policies are based on the reality that agriculture contributes 51 percent of GDP directly and indirectly; accounts for 65 percent of Kenya's total exports, and provides more than 18% of the formal employment and over 60% of informal employment in the rural areas. It is therefore the mainstay of the economy and custodian of food for the growing population currently standing at nearly 40 million people. The overall goal of these policies is to contribute to improved incomes, access to sufficient, safe and nutritious food envisaged in social and economic pillars of Vision 2030.

Specifically, the National Agricultural Research System policy is a realization by the government that modernizing and transforming agricultural research can play a key role in agricultural technology development and in spearheading overall economic development. In the constitution, agricultural research is placed under the responsibility of the national government while services to farmers through agricultural extension are placed under the county government. NARS policy seeks to streamline, rationalize and put in place a system that is consultative, efficient, taking economies of scale not only in using the current

scientific, human and physical capacities, but also position Kenya as a hub for agricultural research and development in the region.

The overall objective of the NARS policy is to create an enabling environment for a vibrant agricultural research system that effectively contributes to national development. Development of knowledge, information and communication technology, and increased focus on outreach and technology dissemination and targeted partnership development framework, are some of its key objectives. Among its key proposals, is establishment of a body corporate called Kenya Agricultural Research Organization (KARO) to coordinate and facilitate all aspects of agricultural research development, and an Agricultural Research Fund, which will operate as the principle funding arm. The expected outcome of these policies is the transformation the current subsistence dominated agriculture into a profitable, commercially oriented and competitive economic activity. The expected key outputs of agricultural research are technologies and innovations, which will require incubation before full commercialization.

One of the key proposals in the NARS policy is creation of a publicly funded Technology and Innovation Centre, which will link technology, markets and industrial development. The main objectives of the proposed centre are to facilitate commercialization of research outputs, technology incubation prior to conversion into industrial products, market exploration and development through targeted training, funding and infrastructure, as well as formulation of a conducive regulatory framework. The policy also proposes formation of six publicly funded semi-autonomous institutes for i) food crops, ii) horticulture, iii) industrial crops, iv) livestock, v) forestry and environment, and vi) fisheries and a centre dedicated to genetic resources.

The Universities Act (2012) demands universities to play a more active role in national development over and above their traditional teaching and research roles. To achieve this mission, their interaction with private sector and policy makers has become more crucial. However, the mechanisms of implementing this 'third mission' of universities have yet to be developed and implemented, but must include demand driven research relevant to the national development agenda, and new products which can be commercialized. The proposed incubation policy seeks to provide this direction.

2.7 Public Private Partnership Act

The public private partnership (PPP) arrangements of the University incubators will be governed by the Public Private Partnerships Act of Kenya (2013).

3. Relevance to the University of Nairobi Strategic Plan and Policies

3.1 University Strategic Plan

In its 2013-2018 strategic plan, the University of Nairobi is committed to undertaking *cutting-edge research* and development of *human capital* in support of Vision 2030 (UON, 2013). The University of Nairobi strategic plan is aligned with the University Charter which mandates the University to advance knowledge and its practical application not only in intellectual life, but also for economic, social, cultural and scientific technological development in Kenya.

The University strategic plan cascades this mandate in the strategic objective of developing society through creation, preservation, application and dissemination of knowledge. University of Nairobi has well developed administrative structures to support this strategy such as a strong research management office, a fully operational Intellectual Property Management Office and growing incubation centres.

3.2 Research Policy

The University of Nairobi research policy (2012) identifies key areas that will enhance the university research capacity. These are: a research fund, human and physical resource and capacity, research systems and value addition, linkages with industry, research management structure, communication, sensitization on the research process, commercialization of innovations, inventions, and ICT infrastructure.

To achieve the research policy strategic objectives, the policy prioritizes strategic institutional innovation systems such as the Fab/Labs and specialized centres. These centres will provide extension and outreach services, facilitate, host and conduct relevant research with focus on improving the productivity and sustainability of Kenya's development, through provision of improved products with high impact on socio-economic development through innovation, value addition, commercialization and inter-phasing with industry to develop marketable products.

Currently, the University has developed several products from its fairly informal incubation centres. However, the commercialization of available viable ideas and products has not been effectively streamlined for the university and its partners to realize their optimum benefit.

3.3 Intellectual Property Policy

The University has strong intellectual capacity, infrastructure, resources and strategic collaborations and partnerships that would enhance its leadership in incubation of entrepreneurship in the country and the region.

The University revised its IP policy in 2013. One of the objectives of the policy is to promote linkages with industry and stimulate research through developing and utilizing novel technologies and creative works for commercialization. The policy states that the University will strive to create an innovation ecosystem in which all the stakeholders will participate. In this respect, the University through the IP Management Office will pursue the exploitation of all intellectual property by researching the market for the technology, new plant varieties, animal breeds and identifying third parties to commercialize it. In some cases the innovation is not quite ready for the market and therefore requires incubation. Further, the IP policy requires the IPMO to provide guidance in setting up new companies by the UoN innovators. The IP policy and IPMO will therefore be important in advising the incubation system on IP issues.

The University of Nairobi has the sole right to negotiate and enter into agreements regarding the use, commercial exploitation, distribution, publication, transfer, and other exploitation of IP which is owned by the University or which the University otherwise has rights under this policy or the University's IP Policy.

4. Status of Existing Incubation Centres

The University of Nairobi has diverse discipline-based centers of excellence that have the capacity to provide leadership and support incubation. Notable centers that are already incubating business and technologies are the Science and Technology Park and the Computer of Development Lab (C4DLab) and from where successful start-ups have originated.

4.1 Science and Technology Park

The University of Nairobi Science and Technology Park (UON-STP) was established in 2009. The STP serves as the nexus at which technological innovation developed across the University are distilled so as to prepare them for commercialization.

At present, the UON-STP operates from a rapid-prototyping laboratory in the Engineering Building, Main Campus, which forms the core of the Technology Business Incubator (TBI). This rapid-prototyping facility, called a Fab-Lab (fabrication or “fabulous” lab), is part of the international Massachusetts Institute of Technology (MIT) Fab Lab network, which now boasts over 100 labs worldwide. The Fab Lab is ideal for innovative activity in a wide range of technical fields. There are 17 companies being incubated at the STP at present. These are at various stages of incubation such as ‘ready for funding’, ‘pilot stage’ and ‘R&D’ stage.

4.2 Innovation Developments at CAVS

Several innovations have been developed and commercialized in the College of Agriculture and Veterinary Sciences. Others are in the pipeline and have potential for commercialization either by the University or entrepreneurs. These innovations are the result of years of intensive research especially in plant, food and animal sciences. These innovations contribute directly to improved incomes, access to sufficient, safe and nutritious food objective envisaged in social and economic pillars of Vision 2030, and to the national agricultural research agenda.

The main type of innovation are seeds of new plant varieties with improved productivity, resistance to diseases, nutritional quality or shorter duration to maturity and adaptation to local conditions. Examples include:

- Pigeon pea varieties for semi-arid areas. An example is variety NPP670 which is popular with farmers and is now widely adopted. However, variety maintenance and constant supply of quality, certified seed is a problem.
- Dry bean varieties. At least eight new dry bean varieties developed by University breeders have been formally released and gazetted by the Ministry of Agriculture, Livestock and Fisheries. Certified seed of these varieties are being produced and disseminated through a licensing agreement with Simlaw Seeds Ltd and Elgon Seeds Ltd.

- Climbing bean varieties. Three new released varieties (Kenya Tamu, Kenya Mavuno and Kenya Safi) are being commercialised through a technology licensing agreement with by Kenya Seed Company.
- Biofortified beans. Three new climbing bean varieties with high iron (>70 ppm) and zinc concentration (>30 ppm) have been released for commercial production. Another four high yielding biofortified bush bean varieties have been recommended for release by the National Variety Release Committee.

New innovations are at advanced stages toward formal release and commercialization, including canning beans for processing industry, snap (also known as French bean) and runner bean varieties for export markets and processing. Production and marketing of certified seed is a multi-stage process supervised by the Kenya Plant Health Inspectorate (KEPHIS) based on Cap 326 (Seed and Plant Varieties Act). To meet the requirements of Cap 326, University of Nairobi formed and registered a seed company, UniSeeds Ltd in 2009. The primary responsibility of UniSeeds Ltd is to produce certified breeder seed which is sold to seed companies. Seed companies use the certified breeder seed to produce basic and certified seed under a technology licensing agreement.

Prototype-tested food products with potential for commercialization include yoghurt, mala, cheese, fresh and processed meat, packed milk, baby weaning foods and sour porridge. Other potential products include diverse fish species, local chicken, animal breeds from dairy to beef animals and vaccines. Several consultancy services currently operating on micro-scale and which can be scaled up include professional consultancy services in many disciplines; plant and soil analyses; food analyses; landscaping; horticultural planting materials; animal and plant disease diagnosis and treatment and specialized products for research and teaching at various levels. Limited commercialization of these innovations has been attributed to lack of an institutional incubation policy.

4.3 Computing for Development Lab (C4DLab)

C4DLab was established in 2013 as the R&D Lab of the School of Computing and Informatics, University of Nairobi. The lab is a phase 1 implementation of a larger strategy to establish a center of excellence (CoE) in computing for development (C4D). The primary focus of the lab was to strengthen the research agenda of the School.

The vision of the center is to be the global point of reference for ICT research and innovation for sustainable development while the mission is to generate and share knowledge, and produce innovative technological solutions that address societal problems by nurturing and mentoring a community of researchers, undertaking cutting-edge research, and forging partnerships.

Currently the Centre focuses on three areas; technology start-ups incubation, research and training. Research and training help to sustain the incubation operations. The incubation aspects of the Centre (C4DLab) admits students, alumni, faculty and general public who have valuable technology driven ideas that can be developed into businesses. The first round of admission took place in February 2014. A call was made attracting 25 applications.

An evaluation mechanism was developed and a team of reviewers identified who then admitted 10 incubatees. Of the 10, seven are still active while others have dropped out. In the course of the year, six others were admitted. C4DLab provides mentorship, organizes events, plans trainings, and helps market incubatees. Incubatees are estimated to take about 2 years to mature enough to graduate. C4DLab has not entered into any contractual agreement with start-ups due to lack of a guiding policy. Incubatees have expressed the need for support such as legal services, investment strategies, go-to market support, and basic upkeep, among others. Start-ups have varied views of how the incubation should be contractually arranged, an element that this policy aims to address.

5. Lessons from Global Practice

This section highlights case studies and the lessons learned from incubation practices in other universities and countries across the globe. This is synthesized at the end of the section.

5.1 Case Studies

5.1.1 Massachusetts Institute of Technology (MIT), USA

MIT has several incubators located within the University, established by departments in collaboration with industry partners. There are different models by different incubators as shown by the selected examples below.

MIT Global Startup Labs is a multidisciplinary group of MISTI (MIT International Science and Technology Initiatives) that promotes development in emerging regions by cultivating young technology entrepreneurs. They develop curriculum materials, software technologies, platforms, and networks that enable undergraduate students in emerging regions to innovate in the area of information and communication technologies (ICTs). Since 2000, MIT Global Startup Labs has sent over 150 MIT instructors to teach over 2,000 students in 14 countries, resulting in the creation of businesses and new courses in partner universities.

MIT Deshpande Center was established in 2002 through a gift from philanthropists Gururaj Deshpande and Jaishree. The center empowers MIT's talented researchers to make a difference in the world by developing innovative technologies in the lab and bringing them to the marketplace in the form of breakthrough products and new companies. The innovations focus on problems in health, information technology, energy and other fields.

The Deshpande Center provides the following services:

- Educate grant recipients about the innovation process.
- Coach grantees on how to commercialize their inventions and launch startup companies—skills they can leverage throughout their careers.
- Provide research teams with mentoring and guidance from respected venture investors, startup specialists and entrepreneurs.
- Encourage today's innovators to impart the same skills and opportunities they have received to succeeding generations of MIT scientists and engineers.
- Nurture MIT's unique ecosystem of innovation and entrepreneurship.
- Assist organizations that want to follow MIT's example in fostering innovation and accelerating the impact of new discoveries.

5.1.2 Stanford University, USA

Stanford University located in the northern Silicon Valley, has a history of growing companies that have great success in modern world. Google, Hewlett-Packard, Nike, Sun Microsystems, and Yahoo! were founded by Stanford alumni and generate an estimated

more than \$2.7 trillion in annual revenue, approximately equal to the 10th-largest economy in the world. Below is a brief description of one of the successful incubator, also called an accelerator.

StartX is an educational non-profit that accelerates the development of Stanford's top entrepreneurs through experiential education and collective intelligence. The incubator does not charge any fees and does not take any equity. StartX aims to tackle big problems in every industry, from biotech, medical devices, hardware, clean tech to consumer internet and enterprise software. In over four years, StartX has received applications from over 2,600 Stanford founders establishing over 1,000 companies. Out of these, over 160 companies have graduated from the accelerator program, and over 80% of founders' companies are funded and are still growing. StartX provides seed funding, organizes pitch days and links incubatees to funders and the press.

Biotech Innovations, Start-ups at Stanford and other US Universities

Perhaps one of the greatest contributors to innovations and their commercialization in the last two decades is biotechnology, often dubbed the 'New Science for 21st Century'. Numerous biotechnological innovations developed at Stanford University and other American universities have led to incubation of several starter companies in Silicon Valley, Southern California, which have grown to become multinationals within relatively short period. These companies are now selling their innovative products throughout the world and even replacing the traditional sources of such products. A few examples will illustrate this process.

The first genetic engineering took place in 1973, when Stanley Cohen of Stanford University and Herb Boyer of the University of California, San Francisco, and Paul Berg of Stanford University, excised a segment of amphibian DNA from the Africa clawed toad, *Xenopus*, and pasted it into a small ring of bacterial DNA called a plasmid. The new recombinant plasmid DNA containing DNA from two species (a bacterium and an amphibian) was inserted into a healthy *E. coli* cell, which transcribed toad ribosomal RNA. The first genetically engineered product to reach the marketplace was human insulin for the treatment of diabetes. Using techniques similar to the toad engineering, the human gene for synthesis of insulin, was transferred to a bacterial plasmid, and then to *E. coli*, which synthesized human insulin. Insulin was purified out of the cell culture. FDA (Federal Drug Administration) approved the recombinant insulin (rhinsulin) for marketing in 1982. In 1976, venture capitalist Robert Swanson, and biochemist, Dr Herb Boyer of the University of California, San Francisco, founded the first biotechnology company, Genentech Inc, located in South San Francisco, California. Because of the success of human insulin and other genetically engineered pharmaceutical products, Genentech Inc has grown into one of the largest pharmaceutical companies in the world. As Genetech grew, employees ventured out and started their own biotechnology firms. Today, 'South City' is home to more than 30 biotechnology companies.

By June 2014, these biotechnology firms (now referred to as U.S. bioscience firms and have developed an association known as 'Biotechnology Industry Organization, or 'Bio' in short) directly employ 1.62 million people, a figure that includes nearly 111,000 new, high-paying jobs created since 2001. Within the private sector, the bioscience industry has been a signature performer over this period, contributing an additional 6.24 million jobs

through the indirect employment effect, yielding a total employment impact of 7.86 million jobs. Furthermore, the bioscience industry continues to create and sustain high-wage jobs, paying an average 80% more than the overall private sector average salary – and growing at a faster rate. The research, testing and medical laboratories subsector has been the primary engine of bioscience industry job growth—increasing employment by 28 percent since 2001 and by nearly 10 percent since 2007. The number of bioscience-related patents issued in the U.S. has steadily increased every year since 2009, with a growth rate that has exceeded that for all patents.

5.1.3 Louisiana Tech. University, USA

Louisiana Tech. University has technology Incubator Policy to facilitate the development of new commercial enterprises growing out of the University's research and educational activities. The goal of the university is to facilitate the practical application of knowledge for public use. The University has entry criteria for development of new commercial enterprises growing out of its research and education activities. University offers physical, telecommunication and lab facilities as may be required. University has a landlord-tenant relationship.

5.1.4 North Carolina State University Technology, USA

The North Carolina (NC) State University Technology incubator vision is to bring private and university-based entrepreneurs together in a creative, results-driven environment to activate growth and economic vitality. Its mission is to support technology entrepreneurship and emerging technologies by marshalling the resources of NC State University and the surrounding community, and teaching early-stage technology entrepreneurs how to succeed, grow, and thrive. The NC State University Technology Incubator is a non-profit program with a goal of providing strong economic impact by successfully supporting entrepreneurs and emerging technologies. The program started in 2003, and was re-launched in 2013 with new facilities and improved services. The Technology Incubator's Advisory Board (8 members including chair) provides ongoing support of the program, its mission, and its clients. The board consists of seasoned entrepreneurs, community professionals, and program graduates. The incubator also provides assistance in the following areas: Locating funding opportunities, marketing, public relationship, and branding, exporting, prototyping, and supply chain needs, IT support, basic administrative assistance available from student incubator assistants. The incubator entry and incubation requirements have been laid out. Monthly office rent is \$450-\$600. Monthly laboratory user fee varies between \$1580 and \$2300.

5.1.5 St. John's Innovation Centre, Cambridge University, United Kingdom

Overall gross area of the enlarged Centre is now some 6,040m² and net area for renting is 4,925m². Conference facilities and a restaurant were important components of this expansion. Cambridge University incubation facility is known as St John's Innovation Centre (SJIC). It provides a supportive environment for its clients, with access to shared facilities and services that they could not afford individually, enabling tenants to concentrate on business development.

Over 100 units are available, with individual spaces designed for two to 25 people. Simple leases, typically terminable on one month's notice, provide significant flexibility. The great majority of tenants are involved in commercializing innovation, with major sectors in recent years including information technology, communications (including wireless), digital printing, cleantech, electronics and design. There are bio-medical firms at the Centre. Relevant services, such as intellectual property advisers and specialist recruitment agencies are available at the centre.

Tenants are not required to have any connection with the University of Cambridge, though in practice a high proportion of resident entrepreneurs are Cambridge graduates, often at PhD level. Many firms start their association with the Centre as virtual tenants, using St John's as a business address, with access to meeting rooms, training and advice. Tenants typically take up residence when their business is about a year old, and stay in the Centre for three to four years, during which time numbers of employees per firm may grow from under five to over 20.

St John's Innovation Centre provides early stage knowledge-based companies with tailored business services and flexible accommodation. It was the first innovation centre of its kind in Europe and has become widely known for its success as a business incubator offering experience, contacts, resources and a presence in the community. It is located at the heart of the Greater Cambridge technology cluster, in which it plays a pivotal role.

As a regional centre of excellence, St John's Innovation Centre supports high growth businesses across the region and aims to provide the best strategic business advice, training and introductions for start-ups, micros and SMEs, particularly through the present Growth Accelerator programme and the recent 'Understanding Finance for Business' programme.

The centre is currently delivering SJIC Training services via a combination of Leadership and Management training courses, bespoke training, master classes and workshops on topics relevant to growing businesses.

St John's Innovation Centre offers business address and serviced office accommodation services to early start businesses. A full incubation service is offered to tenant companies, incorporating a range of business support, training and advisory services.

5.1.6 Stellenbosch University, South Africa

The incubator offers various services to and opportunities for entrepreneurs. It offers budding entrepreneurs excellent infrastructure and network services, as well as guidance from academic staff and leaders in the business world to help them launch their business ideas. The incubator boosts entrepreneurship on campus by providing networking opportunities, mentoring and affordable rental rates in an entrepreneur-friendly environment. The incubator takes care of student-owned enterprises as well as external start-up companies who would like to benefit from the entrepreneurial services on offer. Internal or external service providers who are able to provide mentoring, support or guidance to the incubatees are accommodated. The incubator also offers a "hot desk" area for students with promising business ideas. In the hot desk area students benefit

from the expertise of those providing mentorship in the incubator, as well as the opportunity to network with other like-minded individuals

5.1.7 Tongji University Incubator, China

Tongji University in Shanghai, is one of the oldest and most prestigious universities in China. The university has very strong architecture, urban planning and civil engineering departments. The University runs the Shanghai Tongji Science and Technology Incubator Ltd that was founded in December of 2003. The incubator has registered more than 700 registered companies and operates on a 20,000 square meter official area.

Like many incubators, the incubator allocates basic offices to incubatees, supports with government registration, gives basic support services like financial and taxation, science and technology, etc. The incubator which operates as a limited company focuses on technology transfer, supporting innovation and entrepreneurship as well as job creation.

Tongji University incubator accepts applications from all industry sectors. The dominant sectors are design, electronics and information technology. Others are advanced manufacturing, environmental protection, and renewable energy & energy saving. Prior to admission, the start-ups are trained intensively on how to pitch to venture capitalists (VCs) and industrial experts.

Tongji University Incubator provides the following to incubatees:

- Incubation period of about 3 years
- Rented space at a rate of about USD 0.3 / m² / day (less than half of regular rent)
- Negotiated 100% tax refund
- Pitching and networking events on a quarterly basis
- Marketing and human resource services
- Free ads at expos and networking events
- Recruiting talents and interns
- Financial management skills
- Pitching preparation
- IP application process

Students and graduates from the University access a fund of about USD 40,000 in form of debt with zero interest rate or as equity of the incubator for up to 3 years. Upon graduation from the incubator the start-ups could consider moving to an accelerator in the Tongji Science and Technology Park, for more space and other resources.

5.1.8 Kenya Industrial Research and Development Institute (KIRDI), Kenya

KIRDI has established a Technology Business Incubator for enhancing technology transfer and dissemination of the institute's findings that have a national impact on economic development. The incubator has set criteria of admission and selection criteria based on technology needs assessment and discussions with various stakeholder. Services and facilities are provided to residential and non-residential incubatees according to their requests.

Resources and services open to an entrepreneur might include: provision of physical space (offices, laboratories and pilot facilities); management support including business planning, training and marketing; technical support, involving researchers and technical personnel as well as data bases; access to financing through venture capital funds, business angel networks and other schemes; legal assistance for contractual issues, licensing and intellectual property agreements; administrative services; and networking with other incubators and government services. Rent and other services provided are normally graduated so that incubates pay very little at the start of the incubation and near market rates by the time they are ready to graduate.

5.1.9 Kenyatta University, Kenya

The Chandaria Business Innovation and Incubation Centre (Chandaria-BIIC) in Kenyatta University was launched in July 2011 to support new and innovative ideas from Kenyans. The centre accommodates both KU students and other Kenyans in need of support. It also promotes a culture of innovation among Kenyan youth through various programmes, through a platform for the provision of solutions to challenges facing various industries.

Chandaria-BIIC focuses on supporting up to 100 innovations per year (70% Kenyatta University students and 30% Non- KU). It aims to blend academic research with innovation and establishment of companies as well as predispose Kenyatta University students' population and Kenyans in general towards being job creators rather than job seekers.

Incubatees are enrolled in different phases on entry. They are provided with necessary support in form of services, space professional guidance. Every incubatee is required to meet various milestones to continue receiving. An incubatee can be exited if it does not attain satisfactory growth for the first six (6) months and an exit of twelve (12) months.

5.2 Business Models in Incubation

Most incubators are supported by broadly based partnerships of public and private sector sponsors. However, this support usually declines as the incubator becomes established. It is therefore important for incubators to identify sustainable flexible revenue streams for efficiency and sustainability (InfoDev, 2010). The common business models used by incubators to generate revenue to finance their operations are rent, royalty, debt deferred and equity models. These models are not mutually exclusive. The choice of a business incubation model is influenced by the precise objective and their business environment.

The incubators have to identify select sustainable and appropriate business models for their incubation models for their incubation programmes to ensure that their organizations survive and perform effectively. The incubators have to adopt business models that will ensure income flow for sustainability. The following business models would be applicable in accordance with the incubation agreements.

Royalty Model

In this model, the incubator is entitled to payment of royalty by the incubation client from its revenue. Royalty is usually around 5% and is limited to a specific period time. In order not to undermine the financial management of clients that are in their start-up phase, the incubators may agree to postpone payments when companies can afford them.

Deferred Debt Model

This model provides that the incubator offers service on credit to the start-up. The incubator first values the services provided to the client, along with the incubator's overheads and then charge the amount in the incubation fee. The fee is then to be paid at an agreed time and for an agreed period. The period to commence payment is after the client has left the incubator unless otherwise agreed. Repayment can be in a lump sum or those partial payments.

Equity Model

In this model the incubators have a certain percentage of equity in the startup. The incubator is then entitled to investment income from the startup. The incubators usually take minority stakes (around 2-6%) in incubated businesses, in return for free and low rent periods, that also enable future income from dividends payments.

Rent Model

In this model, the incubator charges the start up rental fees as a source of the incubator revenue. Rent charges shall be in accordance with the relevant agreement.

5.3 Synthesis of the Case Studies

Table 2 shows a synthesis from the case studies in section 5.1.

Table 2: Synthesis of Global Practice

Incubation process elements	Global practice	Examples
Pre-incubation services	A pre-incubation program to assist potential entrepreneurs to develop their ideas, learn basic business skills through a mixture of training and coaching	<ul style="list-style-type: none">• In St John's Innovation Centre in Cambridge, many firms start their association with the Centre as virtual tenants, using St John's as a business address, with access to meeting rooms, training and advice.• Prior to admission in the Tongji University incubator (China), the start-ups are trained intensively on how to pitch to venture capitalists (VCs) and industrial experts.
Entry criteria	Incubator clients selected through clear evaluation criteria appropriate to the objectives of the incubator	<ul style="list-style-type: none">• Tenants in St John's Innovation Centre in Cambridge (UK) are not required to have any connection with the University of Cambridge, though in practice a high proportion of resident entrepreneurs are Cambridge graduates, often at PhD level. Many firms start their association with the Centre as virtual tenants, using St John's as a business address, with access to meeting rooms, training and advice.
Incubation duration	2-4 years	<ul style="list-style-type: none">• Firms in St John's Innovation Centre in Cambridge (UK) stay 3-4 years, during which time numbers of employees per firm may grow from under five to over 20.

Incubation process elements	Global practice	Examples
		<ul style="list-style-type: none"> Tongji University Incubator in China incubates firms for about 3 years.
On-site incubation services	Administrative, business advice and technical services and networking opportunities	<ul style="list-style-type: none"> Louisiana Tech. University offers physical, telecommunication and lab facilities as may be required. The University has a landlord-tenant relationship. The North Carolina (NC) State University Technology incubator provides assistance in the following areas: Locating funding opportunities, marketing, public relationship, and branding, exporting, prototyping, and supply chain needs, IT support, basic administrative assistance available from student incubator assistants. The incubator entry and incubation requirements have been laid out. Monthly office rent is \$450-\$600. Monthly laboratory user fee varies between \$1,580 and \$2,300.
	Fund raising and other services	<ul style="list-style-type: none"> StartX, the incubator in Stanford University, seed funding, organizes pitch days and links incubatees to funders and the press.
Virtual incubation services	Use of the internet to provide incubation services to start-up companies in far-flung areas	<ul style="list-style-type: none"> The Semi-Virtual Incubator in Iran provides technology incubation services to remote villages through a partnership with another local incubator, the Yazd Technology Incubator & Science Park ITCP in Brazil combines its web-based training programs with a broader remote incubation model that also uses radio and television to disseminate information in regions where literacy is a barrier to Internet usage
Business models	No rent or subsidized rent	<ul style="list-style-type: none"> StartX, the incubator in Stanford University, does not charge any rent.
	Rent model	<ul style="list-style-type: none"> South Africa - Incubators get 20-30% of their revenues from rents. Sometimes initial rental are subsidized USA, China, Brazil and other countries – Rent is the main income source (up to 40%) for incubators Tongji University Incubator in China charges about USD 0.3 / m² / day (less than half of regular rent) In Technology Business Incubator of KIRDI (Kenya), rent and other services provided are normally graduated so that incubatees pay very little at the start of the incubation and near market rates by the time they are ready to graduate
	Equity model	<ul style="list-style-type: none"> StartX, the incubator in Stanford University, does not charge any fees and does not take any equity It is common to take 2-6% of equity in incubated businesses
	Royalty model	<ul style="list-style-type: none"> Royalty typically 5% of revenues for limited in time (e.g. 5 years) and may be deferred
	Deferred debt model	<ul style="list-style-type: none"> Services provided to the client are valued, along with incubator's overheads, and then charged in the incubation fee. The client has up to 10 years to pay back the debt to the incubator
Incubatee/incubator funding	Part funding by the State	<ul style="list-style-type: none"> S. Africa – 3 year variable grant but annual adjustment against performance targets Malaysia - 100% (the Govt covers both start-up and running costs) + large contribution (almost 50%) to venture capital funds

Incubation process elements	Global practice	Examples
		<ul style="list-style-type: none"> • Australia - Annual merit-based grant to approved incubators covering up to 50% of their running costs • Brasil - Public authorities and agencies contribute approx. upto 35% of the costs of setting up an incubator
Exit criteria	Criteria for an incubatee to exit an incubator	<ul style="list-style-type: none"> • In the business innovation and incubation centre in Kenyatta University (Kenya), an incubatee can be exited if it does not attain satisfactory growth for the first six (6) months and an exit of twelve (12) months
Governance structure	Governance structure of an incubator	<ul style="list-style-type: none"> • The North Carolina (NC) State University Technology incubator has an Advisory Board (8 members including chair). It provides ongoing support of the program, its mission, and its clients. The board consists of seasoned entrepreneurs, community professionals, and program graduates.

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PART II: UNIVERSITY OF NAIROBI INCUBATION POLICY

University Vision

A world-class University committed to scholarly excellence

University Mission

To provide quality university training and to embody the aspirations of the Kenyan people and the global community through creation, preservation, integration, transmission and utilization of knowledge

Core Values

The core values of the University are:

- Freedom of thought and expression
- Innovativeness and creativity
- Good governance and integrity
- Team spirit and teamwork
- Professionalism
- Quality customer service
- Responsible citizenship
- National cohesion and inclusiveness

Foreword

This Incubation Policy guides how the University of Nairobi will establish and sustainably operate technology and business incubation centres in the institution. The Policy is founded on the need to promote socio-economic development in line with the country's development agenda as well as the need to encourage research, innovation and application of innovation to development as captured in key national policy, legal and strategy documents. It is also founded on our Strategic Plan 2013-2018 which emphasizes the commercialization of technological innovations.

In fulfilling its role in national development as envisaged by the national policy, legal and strategy documents as well as institutional strategy, the University will create incubation centres in different academic disciplines. The University commits to provide the incubatee enterprises with infrastructure services, various forms of business assistance services and funding in order to nurture them and grow them into sustainable and competitive businesses. The University will also collaborate with both public and private sector partners in commercialization of technological innovations.

The University will monitor the development of the incubatee enterprises against set and agreed business targets. It will also carry out monitoring and evaluation after graduation to ensure that these enterprises are contributing to national development.

The management commits itself to the implementation of this policy and will subject it to periodic reviews to ensure its relevance in line with the changing circumstances and changing needs of our country.

Prof. Peter M.F. Mbithi, EBS,
Vice-Chancellor

&

Professor of Veterinary Surgery

Acknowledgements

The University of Nairobi Mission, which is to provide quality university training and to embody the aspirations of the Kenyan people and the global community through creation, preservation, integration, transmission and utilization of knowledge, recognizes the contribution that effective utilization of knowledge could make towards national development. Likewise, the Kenya Vision 2030 which is anchored on the three pillars of economic, social and political governance recognises the role that the knowledge economy plays in accelerating development through sustainable economic growth and creation of employment opportunities.

So far, the University has developed and implemented several policies which are not only in line with the University of Nairobi mandate but are also aligned to the national development plans such as the Kenya Vision 2030.

The University of Nairobi Incubation Policy is expected to complement these existing policies as well as national development plans to support sustainable economic growth thereby ensuring the achievement of the core mandates of the University and sustainable national economic growth. The process of developing this policy involved a range of consultations, meetings and institutional support. The University of Nairobi acknowledges the contribution made by the following members of staff who drafted this policy:

- Prof. Timothy M. Waema - Chairman (School of Computing and Informatics),
- Prof. Paul M. Kimani (Department of Plant Science and Crop Protection),
- Prof. Mwangi Mbutia (Department of Electrical and Information Engineering),
- Prof. Julius W. Mwangi (Intellectual Property Management Office),
- Prof. Ben Sihanya (School of Law),
- Dr. Tonny K. Omwansa (School of Computing and Informatics), and
- Mrs. Rosemary A. Omwandho (Office of the DVC-RPE).

The policy builds on the University's remarkable reputation and outlines our ambitions in how we wish to contribute to and supporting the translation of innovative and viable ideas and products into profitable businesses for sustainable economic growth in the country.

Professor Lucy W. Irungu
Deputy Vice-Chancellor
(Research, Production and Extension)
April, 2015

Definition of Terms

In this Policy, unless the context otherwise requires, the following terms shall have the meanings assigned to them:

Business Incubation: “Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. The incubation process entails many specific elements such as help with business basics, marketing assistance, networking activities, links to strategic partners, access to angel investors or venture capital, Advisory boards and mentors, technology commercialization assistance. The incubation process also helps sharpen skills such as accounting or financial management, presentation, negotiation, regulatory compliance and intellectual property management.”

Business Incubator: A business entity dedicated to nurturing and developing startup and early-stage companies.

Commercialization: “Commercialization is the process or cycle of introducing a new product or production method into the market. The process is broken into phases, from the initial introduction of the product through its mass production and adoption. It takes into account the production, distribution, marketing, sales and customer support required to achieve commercial success. As a strategy, commercialization requires that a business develop a marketing plan, determine how the product will be supplied to the market and anticipate barriers to success.”

Incubatee Company: A company formally admitted into an incubator for purposes of being nurtured into a fully fledged company.

Innovation: Innovation is a new idea, device or process. It can be viewed as the application of better solutions that meet new requirements or existing market needs.

Intellectual Property: “Intellectual property (IP) refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.”

Science/Technology Park: It is a physical place that supports university, industry and government collaboration with the intent of creating high technology economic development and advancing knowledge primarily through innovation.

Startup: “A startup (or startup company) is a company, a partnership or temporary organization designed to search for a repeatable and scalable business model. These companies, generally newly created, are in a phase of development and research for markets.”

Preamble

The Kenya Vision 2030 aims at transforming Kenya into a newly industrializing middle income country providing a high quality of life to all its citizens in a clean and secure environment. The Vision recognises the role of science, technology and innovation (ST&I) in a modern economy, in which new knowledge plays a central role in wealth creation, social welfare and international competitiveness through effective exploitation of knowledge, an effective innovation system and flourishing entrepreneurship, among others. Indeed, the Vision places ST&I as one of the foundations of the development transformation that it envisions. Specifically, the Vision proposes intensified application of science, technology and innovation to raise productivity and efficiency levels across the three pillars and recognises the critical role played by research and development (R&D) in accelerating economic development.

The ST&I Act (2013) aims to build critical capacity and capability in science, technology and innovation that will create change and transform Kenya into a newly industrialized country (NIC) through the utilization of knowledge as the driving force. The policy recognizes ICT; telecommunication, electronics and computers (TEC) manufacturing technologies; food and nutritional security technologies; natural resource management technologies; and health technologies as some of the national priority areas which will be leveraged upon to transform the economy and achieve the growth and development targets in Vision 2030. In order to implement the ST&I policy, two relevant strategies identified by the government are: 1) establish and sustain a network of innovation Centres of Excellence in the national priority areas with specific deliverables; and 2) promote the formation of new technology-based firms through the establishment of ST&I Parks.

In the Universities Act No. 42 of 2012 which replaced the University of Nairobi Act 1985, the objectives of university education are defined in Article 3(1). Specifically these roles inter alia are defined as “(a) to promote socio-economic development in line with the country’s development agenda; (b) to achieve manpower development and skills acquisition; (c) the discovery, storage and dissemination of knowledge; and (d) to encourage research, innovation and application of innovation to development”.

The University of Nairobi 2013-2018 strategic plan recognises that research, innovation and technology transfer have great potential for wealth creation and contribution to sustainable national development. Two key strategies in Objective 4 of this strategy are to enhance dissemination of research outputs to society and to partner with industry for joint research and commercialization of technological innovations. The key outcome is increased innovations and impact of research output. Commercialization of innovations developed in the University would also contribute to increased visibility of the University and positive corporate image, which are key outcomes in Objective 5 of this strategy.

In order to fulfill its role in national development as envisaged by the national policy documents cited above, discharge its roles outlined in the Universities Act (2012) and achieve the commercialization of technological innovations strategies and outcomes of its 2013-2018 strategic plan, the University has developed this Incubation Policy to guide the establishment and sustainable operation of incubation centres in the institution.

1. Overall Goal

1.1 The overall goal of the Incubation Policy is to nurture new enterprises that have innovative products and services for local, regional and global markets and grow/develop them into sustainable and competitive businesses that contribute to the realization of Kenya Vision 2030.

2. Policy Objectives

2.1 The objectives of this Policy are to:

- a) Guide the creation, management and governance of an incubator
- b) Define the incubation framework in terms of the products and services provided by either party (incubator and incubatee)
- c) Guide the processes of admission, incubation, exit and graduation of incubatees
- d) Enhance the innovation capacity in the University and the country

3. Scope of the Policy

3.1 This Policy applies to all persons interested in creating incubators or incubating a product or a service in the University of Nairobi. This includes students, staff, alumni, private firms, Government and Non-Governmental organizations, or a combination of these.

3.2 This policy applies to technology and business incubation.

4. Governing Laws

4.1 This Incubation Policy shall be interpreted in accordance with the Constitution of Kenya, applicable national laws, the Universities Act, the University of Nairobi Charter, University of Nairobi Statutes, and relevant University of Nairobi Policies and Regulations.

4.2 Unless otherwise agreed nothing in this policy shall be construed as establishing or implying any partnership or joint venture between UoN and the incubate company or shall be deemed to confer agency status or authority to the incubate company

- a) to incur any expenses on behalf or make any representation or warranty on behalf of UoN.
- b) to pledge the credit of, or otherwise bind or oblige UoN or commit UoN in any way whatsoever

5. Implementation and Review

5.1 This Incubation Policy shall be implemented in harmony with other University Policies. The Council may make appropriate changes to this Policy from time to time. Not more than five years shall elapse between approval and initial review or between one review and another.

6. Notification and Compliance

6.1 All incubation centres, incubatees, partners and collaborators shall be required to comply with the provisions of this Policy.

7. Commencement

7.1 This University of Nairobi Incubation Policy shall become effective on _____ day of _____ 2015, following adoption and approval by the University Council.

8. Eligibility Criteria

8.1 Applicants for incubation support must meet the following criteria:

8.1.1 Parties external to UON applying for incubation

- a) The primary applicant must be Kenyan by nationality.
- b) Kenyans can apply for incubation for an innovation which was jointly developed with non-Kenyans.
- c) Must have registered their innovation with relevant regulatory agencies.
- d) The innovation must not be incubated in another incubator at the same time.
- e) Provide proof of ownership of the innovation or proven source of idea or innovation.
- f) Innovation must be original and authentic.
- g) Innovation must have a demonstrated potential for commercialization.
- h) Innovation for incubation must be relevant to Kenya's development agenda.
- i) Applicants must provide a detailed description of their innovation as prescribed in the application form.
- j) Applicants must provide a summary business plan at the time of application.

8.1.2 Staff and students of UON applying for incubation

- a) Innovation by all bonafide staff members and students of the University of Nairobi, hereafter referred to internal applicants, are eligible.
- b) Internal applicants shall meet the basic criteria (8.1.1 c to j) listed above.
- c) The University shall give priority to internal applicants.

8.1.3 Establishing an incubator

- a) Any department within the University can establish an incubator as long as it does not result in significant duplication with what another department has established.
- b) To establish an incubator, a department must notify the DVC-RPE's office in writing for purposes of harmonization and coordination of incubation programs in the University. The notification should include the scope, business model and strategy for running the incubator. The DVC's office should provide a written approval before the process of starting the incubator begins.
- c) Organizations outside the university can establish incubators within the University upon entering into an agreement with a particular department within the University. Such organizations must be formally registered entities in Kenya.

9. Admission Process

9.1 The University incubation centres will run a pre-incubation program where necessary and will admit successful incubatees from this program.

9.2 The University will promote multi-, inter- and trans- disciplinary approach to product development and incubatee membership team.

9.3 The following process shall be used to admit incubatees to a University of Nairobi incubator.

- a) Applicants shall have met the eligibility criteria in section 8 above.
- b) Admission criteria shall be published indicating the requirements, opportunities, obligations and responsibilities of each party.
- c) The incubator must establish an evaluation criteria before receiving applications.
- d) The evaluation criteria shall include applicants pitching their business plan to a panel of the selection committee established by the incubator.
- e) The selection shall be competitive.
- f) All applicants shall be notified of the outcome within 14 days after the evaluation.
- g) Successful applicants shall sign appropriate agreements with the incubator before beginning the incubation program.
- h) Unsuccessful applicants can be given a chance to apply upon improving their business plans.

10. Intellectual Property

10.1 Status of IP of start-up at entry in UoN. The background IPR by external incubatees must be protected at entry and belong to the external incubatee.

10.2 Treatment of IP created during incubation. IP created during incubation period in collaboration with the University will belong to both parties and shall be governed by the University IP Policy.

10.3 In cases where an incubatee is using IP from others, they must show proof of freedom to operate from the owner of the IP.

11. Services Provided to Incubatees

11.1 Infrastructure Services to Incubatees. Incubatees shall be provided with;

- a) physical facilities, including designated work stations and computers,
- b) broadband connectivity,
- c) laboratory facilities,
- d) shared business administrative facilities, and
- e) any other relevant facility.

11.2 Business Assistance Services to Incubatees. The incubator shall offer the following services in collaboration with partners:

- a) training and mentorship on business plan development;
- b) access to short courses on entrepreneurship;
- c) a continuous and personalized mentorship;

- d) basic legal assistance, including business registration, management of partnerships, IP protection, and shareholding arrangements;
- e) networking with investors, potential partners, and technology providers; and
- f) access to capital, including angel investors and fundraising mechanisms.

12. Incubatee Work Plans and Periodic Reviews

12.1 The incubatee performance management will be governed by the following:

- a) The incubatees will develop work plans that will be agreed on with the incubator.
- b) Incubatee companies shall submit information on operations, financial and marketing on quarterly basis in a prescribed format.
- c) The incubator will evaluate the performance of the incubatee companies against this data and the work plans.
- d) The companies may also be subject to an annual assessment by a committee comprising of external experts.
- e) The incubator management shall provide feedback to the incubatees based on the above evaluations.
- f) If the performance of the incubatee is judged to be unsatisfactory, such incubatee shall be discontinued.
- g) A company which has taken seed funding will have to submit additional information as may be requested by the funding agency. The un-disbursed portion of the seed loan will be adjusted subject to the performance of the company.
- h) Incubatee companies will have to submit their annual reports within a period of 7 days from the date of their approval.
- i) The incubatee company shall have their accounts audited by the University.

13. Partner Engagement

13.1 The incubator shall develop strong partnerships with national and county governments, the academic community and other research institutions, funding agencies and investors, public and private sector corporations, non-governmental organizations and science and technology parks.

13.2 The roles and responsibilities of partners will be defined and continuously reviewed as appropriate through a participatory process.

14. Funding

14.1 The set-up of incubation centres shall be funded from:

- a) grants from Government (including NACOSTI and the yet to be formed National Research Fund);
- b) grants from the University Innovation Fund;
- c) 1.5% of the total research grants generated by the University to support the set up and operations of the incubation centres;
- d) alumni; and
- e) other key partners.

14.2 Funding for sustaining an incubation centre shall come from:

- a) incubation centres can run income generating activities (e.g. training) that are related to their primary roles. 100% of monies generated in this way would go into supporting the activities of the incubation centre; and
- b) the incubator will create clear sustainability model closely linked to the operational model of choice, such as rent, commissioned and contracted work, royalties, equity and funding agencies.

14.3 The University shall set up and manage a revolving fund to support incubatees.

15. Incubation Period

15.1 Incubation period will typically vary from one to two years. Extensions can be considered on a case by case basis but must not extend beyond three years. An incubatee can graduate before first year upon mutual agreement between the company and the incubator.

16. Exit from an Incubator

16.1 Incubatee companies will leave the incubator under the following circumstances:

- a) Raising substantial investment from Angel Investors, Venture Capitalists or any other investor and demonstrated capacity to operate independently of the incubator.
- b) Successful completion of stay for 12-24 months, unless the stay is extended by the incubator.
- c) Underperformance based on agreed workplan and targets at entry or unviability of the business proposition.
- d) Irresolvable disputes between the incubator and incubatee. The incubator will decide the position or point when disputes are deemed to be irresolvable.
- e) When there are serious conflicts of interest between the incubatee company and the University.
- f) When the number of employees of the incubatee company exceeds 10.
- g) When the annual revenues of the company exceeds KES 10m or when a company achieves an annual Profit Before Tax of KES 500,000.
- h) When the company enters in an acquisition, merger or amalgamation deal or reorganisation deal resulting in substantial change in the profile of the company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue.
- i) Change in incubate team without concurrence of the incubator.
- j) Any other reasons which the incubator may find necessary for an incubatee company to leave.

17. Monitoring and Evaluation after Graduation

17.1 Monitoring and evaluation after graduation will be carried out as follows:

- a) The University will monitor the graduating firms for three years after their graduation to determine any significant economic and social impacts that the firms have, including the number of companies still in operation (surviving) after 1st, 2nd and 3rd years; the number of direct and indirect jobs created; and the amount of

- regular taxes paid to the Kenya Revenue Authority.
- b) Graduands will be encouraged to report on a quarterly basis their performance on selected performance indicators.
 - c) The University will, through its incubation centres, collect evaluation data annually on firms that have graduated from its centres.

18. Conflict of Interest

18.1 Any of the following shall signify a conflict of interest:

- a) Adverse impact on the core mandates of the University;
- b) A detrimental effect on the University obligations to the public; and
- c) Potential conflict of interest as defined under the Constitution of Kenya, Universities Act, other national laws, University of Nairobi Charter, University regulations, policies and procedures.

18.2 An employee of an incubatee company or the University shall disclose their interests under the following circumstances:

- a) where an employee of the incubatee company has an external relationship with a company that itself has a financial interest in a University project; or
- b) where a University employee serves on a board of a company that has financial transactions with the incubatee company; or
- c) where an employee of the University is an interested party and by virtue of his or her position is likely to influence the decision with regard to incubation; or
- d) where an incubatee company has agreements with a third party that might have implications for the University.

18.3 An incubation firm shall be disqualified if any of the following happens:

- a) fails to meet the eligibility criteria; or
- b) where the incubatee company is involved in litigation which has adverse effects on the University; or
- c) where any of the exit criteria applies.

19. Agreements

19.1 The following agreements shall be signed by the incubator and the incubatee company to the extent applicable.

- (a) Service Agreement.** Between the University and the incubatee company for admission of the client to the incubation programme.
- (b) Tenancy Agreement.** Between the University and incubatee company for accommodation and rent services offered.
- (c) Equity Agreement.** Between the University and the incubatee company indicating the incubators equity holding in the client company.

- (d) **Transfer of technology agreement/technology license agreement.** Between the University and the incubatee company for transfer of technology from the incubator in favour of incubatee companies.
- (e) **Venture Capital and Loans Agreement.** Between the University and incubatee company on grant of any seed loan or capital to the incubatee company.
- (f) **Non-disclosure Agreements.** Between the University of Nairobi and the incubatee company on information that is sensitive and very confidential in nature.
- (g) **Loan Agreement.** Between the University of Nairobi and incubatee company on sanction of seed loan.
- (h) **Agreements on usage of relevant University facilities (such as departmental laboratories, library, incubator facilities).** Between the University and an incubatee company for usage of departmental resources.

19.2 Core sample agreements are found in the Annex.

20. Capacity building and sustainability. The University shall continuously build appropriate capacity on incubation in order to maintain a competitive edge through:

- a) Faculty as mentors to incubatees and developers of innovations
- b) Students as interns in development of incubation products
- c) Each University incubation centre shall develop and nurture an innovation community in its discipline.
- d) The University incubation centres shall promote utilization of human, social, financial capital and other relevant tangible and intangible interventions from its partners.

21. Incubation Policy Implementation

21.1 Governance structure. The following shall be the key elements of the governance structure of the incubation system in the University as shown in Figure 1:

- a) The office of the DVC Research, Production and Extension (RPE) shall be responsible for all incubation activities in the University.
- b) All incubation activities and incubators shall be directly coordinated by an Incubation Director who reports to the DVC (RPE).
- c) The Incubation Director shall be appointed by the Vice-Chancellor for a three year term, renewable once.
- d) The Incubation Director shall have a secretariat.
- e) There shall be an Advisory Board, whose membership will be drawn from the University, Private Sector and Public Sector and shall serve for a period not exceeding three years.
- f) The Incubation Director shall also report to the Advisory Board.
- g) Every incubator shall be aligned to a host Department/School/Institute/Faculty within the University.
- h) Each incubator shall be headed by an Incubation Manager, appointed by the Vice-Chancellor for a three year term, renewable once.

- i) The Incubation Manager shall be responsible for the day-to-day operations of the incubator.
- j) The Incubator Manager shall report to the Incubation Director and work closely with the host Department/School/Institute/Faculty through a Coordinative Committee at that level that is linked to the College.
- k) The Incubator Manager shall have administrative and technical support staff.

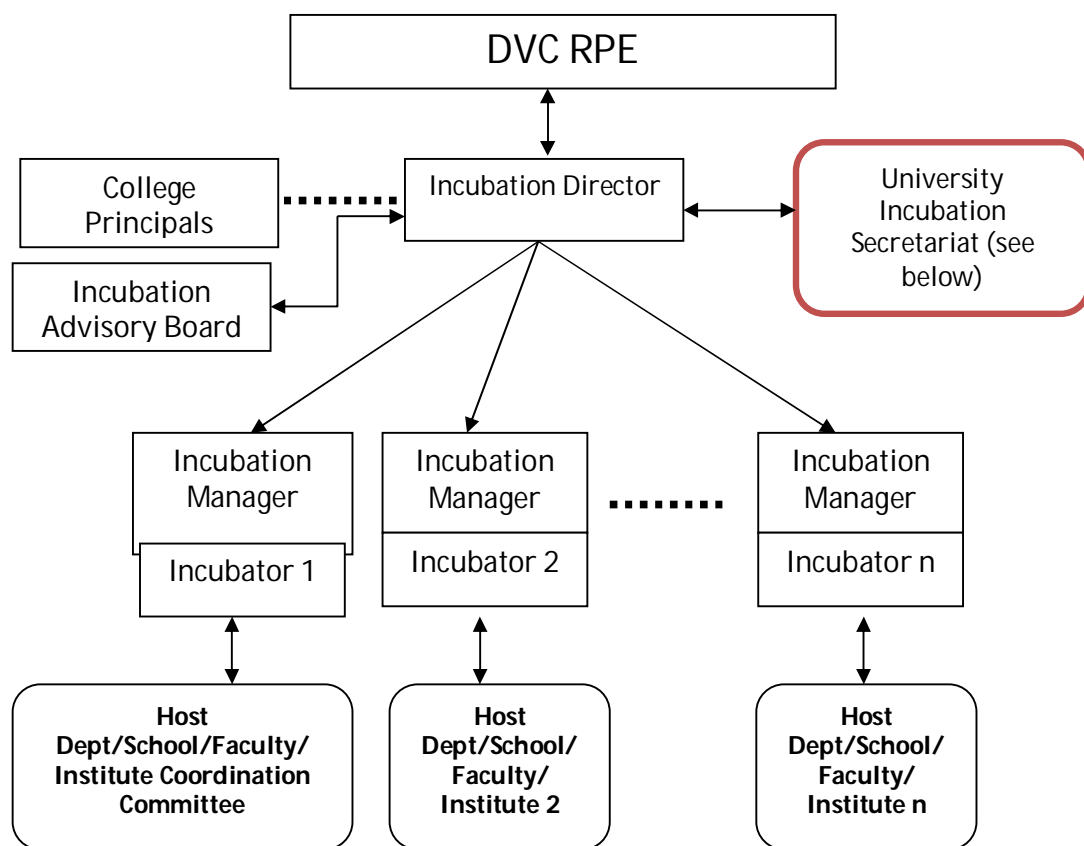


Figure 1: Governance structure of the incubation system

i) Budgetary implications

S/N	Position	Level	No.
1	Incubation Director	Full Professor Level	1
2	Incubation Manager	Senior Lecturer Level	Dependent on the number of incubation centres established in various disciplines
3	Senior Administrative Assistant	E/F	1
4	Secretary	Grade B	1
5	Office Assistant	Grade III	1

21.2 Incentives. The University shall apply the existing incentive schemes, including creativity award scheme, IP policy and Kibera IV to reward innovation, creativity and additional responsibility to reward outstanding incubation centres, their staff and external facilitators.

21.3 Dispute Resolution. Alternative Dispute Resolution (ADR) mechanisms shall be the preferred method to resolve disputes.

- a) In the event of a dispute that may arise during the incubation cycle, the Incubator Manager shall coordinate efforts to resolve the dispute.
- b) Any party aggrieved by the decision of the Incubator Manager shall have a right to appeal to the Vice Chancellor upon which the Vice Chancellor shall appoint a five member independent panel comprising of persons knowledgeable with the discipline.
- c) The panel shall elect its Chair and Secretary.
- d) The panel shall hear both parties to the dispute and any other person they deem fit.
- e) The panel shall make a decision within two months on the dispute.
- f) In the event of any party being dissatisfied with the decision of the panel he or she shall have a right of appeal to the full University Council through the Council Chairman.
- g) The Council shall set up an independent panel to hear the appeal and report back to the Council with its recommendations within one month from the date of the appeal and Council shall determine and communicate its decision on the matter within one month from the date of the receipt of the panel report.

21.4 Transition

- a) Incubation centres operating at the University at the time this Policy comes into effect will be deemed to be bound by the provisions of this Policy.
- b) Incubatees under incubation in University incubation centres at the time this Policy comes into effect will be deemed to be bound by the provisions of this Policy.

Annexes

Annex 1: Application for Admission into an Incubator at University of Nairobi

Introduction to incubator {incubator to publish a description and eligibility criteria}

Note: The incubator should format this application form and add any other specific details to it.

Primary Applicant Details

1. Full Name:
2. Email Address:
3. Phone Number:
4. Address (including Postal Code):
5. Highest level of academic qualification:
6. Details of highest level of academic qualification (Course, institution, year of graduation):
7. Non-academic achievements:
8. Description why incubation is needed:

Company Details

9. Business Name:
10. Status of registration (e.g. Sole proprietorship, limited liability):
11. Website:
12. Email Address:
13. Phone Number:
14. Address (include City and Postal Code):
15. Names of co-founders:
16. Current shareholding:
17. Name of investors:
18. Name of employees:
19. Requirements (e.g. office space, furniture, hardware, software):
20. Details of the product/service offered:
21. Description of the innovation (including status of registration of the innovation such as copyright or patent):
22. Names and Competencies of the leadership team using the format below:
 - a. Bio
 - b. Education background
 - c. Industry experience
 - d. Entrepreneurial experience
 - e. Business experience
 - f. Marketing experience
23. Business plan (to be attached):
24. Current level of achievements:
 - a. Number of users
 - b. Number of customers
 - c. Number of transactions
 - d. Annual revenue or profits

- e. Market segmentation
- f. Market segment penetration

25. **Other Details (Specific to an incubator)**

Annex 2: Application to Setup an Incubation Centre at the University of Nairobi

Date of Application:

Title, Name and Position of Applicant(s):

CV's of Applicants (attach):

Proposed Incubation Centre Host Department/School/Institute/Faculty:

Incubation Centre Area of Focus:

Incubation Centre Strategy: (attach key elements of strategy)

List of any existing and potential Incubatee firms and the current state of their innovations:

Existing and potential Incubatee firms	Status

Attach a Brief Feasibility Study for the Proposed Incubation Centre covering the following, among others:

- a) Goals and objectives
- b) Uniqueness
- c) Location
- d) Implementation timelines
- e) Incubation Centre design
- f) Financial estimates
- g) Existing and required physical facilities and laboratories
- h) Capacity
- i) Supporters and sponsors
- j) Financing strategy
- k) Establishment steering committee, staffing and management structure
- l) Sustainability

Proposed Incubatee Firms Application Methods: (choices, e.g. call, web ad and one at a time,)

Proposed Incubatee Firms Admission Criteria: (if applicable)

Name(s) and Signature(s) of applicants

Annex 3: Incubatee Company Admission Agreement

1. The incubatee is bound by the University's Incubation Policy
2. An incubatee shall be admitted to the Incubator only after screening of the business plan and payment of the required fees to be determined by the Incubator.
3. No structures shall be erected by the incubatee without written approval by the Incubator
4. During this agreement period, the Incubator allows the incubatee to use the common facilities subject to:
 - a) The facilities shall be used by the incubatee for activities specified in the submitted application by the Incubator or those subsequently approved by the Incubator.
 - b) Notwithstanding the general agreement about using the said common facilities, such facilities may be refused or withdrawn without giving any specific reason and the Incubator will not bear any liability which may arise out of refusal or withdrawal of such permission.
 - c) Notwithstanding any specific permission to use equipment or computer facility at the Incubator, the Incubator management may bar any employee of the incubatee to enter its premises.
5. The incubatee shall be liable to pay the repair/replacement cost for any willful damage or damages due to negligence of any equipment (belonging to or under the care of the Incubator) caused during the course of its use by any representative of the incubatee.
6. The Incubator shall neither be responsible nor liable for any accident that the incubatee or his assignees/ representatives might meet within the course of their work within the premises of the Incubator.
7. Incubatees are required to observe health and safety standards. No hazardous material can be brought inside the Incubator without the prior approval of Incubation Manager.
8. Incubatees are required to keep the Incubator informed about any visitor from abroad, foreign collaboration and /or foreign partner/director, and abide by the rules/procedures in the Incubator.
9. No incubatee or its employee can display notices or signage except on the provided notice boards and the space provided for such signage
10. Incubatee(s) should observe that noise levels are kept at minimum and, no abnormal noise by any machine or by their employees or visitors should be made. Any complaint of high noise level will result in appropriate action by the Incubator.
11. Subleasing of any kind of the space given at the Incubator is not allowed. Non-observance of this rule will result in immediate expulsion.
12. The Incubator address cannot be used as the address of the Registered Office of the incubatee.
13. The incubatee shall use the facilities and services provided by the Incubator for business purposes only. The incubatee should not get a duplicate of original room key given to him without the permission of Incubator manager.
14. No routine sales/marketing operation will be permitted from the Incubator.
15. Either the incubatee or the Incubator can terminate the agreement by giving one month's prior notice or mutual agreement. Any security deposit would be refunded to the incubatee, if applicable.

16. The incubatee shall vacate the office premises and surrender all facilities provided to him/her on termination of this agreement.
17. In case, the incubatee(s) fails to vacate and deliver possession of the said work space and facilities to the Incubator on the termination of this agreement, the Incubator shall be entitled to take possession of the said space by removing all articles of the incubatee found in the said work space in such a manner as it may be deemed fit and the expenses, if any, incurred by the Incubator shall be recoverable in full from the incubatee.
18. While the Incubator will try its best to provide the mentioned/requested for infrastructural facilities to its incubatees as stipulated in the Incubation Policy, the Incubator cannot be legally held responsible for failure to do so.
19. This agreement is valid, subject to fulfillment of the conditions as stipulated in the Incubation Policy. However, on appeal for extension by the incubatee, giving adequate reasons, the Advisory Body of the Incubator may consider extending the period of stay of the incubatee with new conditions (which may include revision of charges and fresh registration) stipulated, as it deems necessary. The decision of the advisory body with regards to such a request shall be final.
20. The Incubator will determine the consideration to defray operational costs to host the incubatee company, which shall be detailed in the individual contracts.
21. The incubatee company shall pay 1% percent of the gross sale amount (revenue) generated from his business to the Incubator for a period of three years from the date of graduation.
22. The incubatee shall submit its financial account audited by a registered Chartered Accountant to the Incubator by June 30 every year. Pending the final submission of the audited report, the incubatee shall submit an unaudited financial statement on or before February 15 every year.
23. The incubatee shall abide by all the rules and regulations, as approved for the Incubator by its Advisory Body, from time to time.
24. In case of any dispute or disagreement between the Incubator and the incubatee(s) regarding any interpretation of any clause of this agreement, the matter will be resolved according to dispute resolution guideline in the Incubation Policy.
25. The Incubator cannot be held legally responsible if the incubatee(s) is involved in any litigation with a third party over any legal issue whatsoever, during the incubation period.
26. The Incubator does not undertake responsibility, but shall endeavor to:
 - a. Ensure success of the incubatee company, its products/process/services or marketability;
 - b. Ensure quality of support and services provided by the Incubator to the complete satisfaction of the incubatee companies.
 - c. The incubatee company agrees that the Incubator or their employees shall not be held liable for any reason on account 27 (a) and 27 (b) above.

SIGNED, SEALED BY:

Vice-Chancellor, University of Nairobi

Incubatee Company

Annex 4: Non-Disclosure Agreement

UON/RPE/.....

S.No.....



UNIVERSITY OF NAIROBI

NON DISCLOSURE AGREEMENT

This Non Disclosure Agreement (the "Agreement") is made and between; **University of Nairobi** ("the University") whose registered office is situated on University Way, **P.O. Box 30197-00100, Nairobi** and whose address, is **P.O. Box**

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Definitions

- 1.1 "**Confidential Information**" means;
 - (i) any information designated in writing by either party, by appropriate legend, as confidential relating to the subject matter of this Agreement or any relevant Confidentiality Disclosure Supplement "CDS";
 - (ii) any information which if first disclosed orally is identified as confidential at the time of disclosure and is thereafter reduced to writing for confirmation and sent to the other party within thirty (30) days after its oral disclosure and designated, by appropriate legend, as confidential; and
 - (iii) the terms and conditions of this Agreement.

Purpose and any additional terms relating to such Confidential Information agreed between the parties.

- 1.3 "**Non-Disclosure Period**" means the period in which the recipient shall keep the disclosing parties information confidential as set out in this Agreement and subsequent CDS.

- 1.4 "**Permitted Purpose**" means the purpose for which the receiving party can use the disclosing parties Confidential Information as set out in the Agreement and subsequent CDS.

- 1.5 "**Non-Disclosure Period**" means the period from the Effective Date of this Agreement.

- 1.6 "**Effective Date**" means the date when the last party signs the Agreement.

- 1.2 "**Confidentiality Disclosure Supplement "CDS"** means each supplement which when signed by both parties shall be annexed to this Agreement, and which identifies the subject matter of further Confidential Information to be disclosed by the parties, the Non-Disclosure Period, the Permitted

2. Confidentiality

- 2.1 Except as expressly permitted herein, the recipient shall maintain in confidence and not disclose Confidential Information received under this Agreement or any CDS to any third party during the relevant Non-Disclosure Period.
- 2.2 The recipient shall have the right to use the Confidential Information solely for the Permitted Purpose. Except as expressly permitted in this Clause 2.2, the discloser grants no license to the recipient under any copyrights, patents, trademarks, trade secrets or other proprietary rights to use or reproduce the Confidential Information.
- 2.3 The recipient shall protect the Confidential Information by using the same degree of care, but in any event no less than a reasonable degree of care, to prevent the unauthorized use, dissemination or publication of the Confidential Information as the recipient uses to protect its own confidential information of a like nature. The recipient shall only disclose Confidential Information to its employees who have a need to know such information for the Permitted Purpose.
- 2.4 The recipient shall not reproduce or copy the Confidential Information except as reasonably required to accomplish the Permitted Purpose. The recipient shall reproduce and not remove or obscure any notice incorporated by the discloser to protect the discloser's intellectual property or to acknowledge the intellectual property of any third party. In addition, upon such termination pursuant to Clause 5.2, or upon demand by the discloser at any time, or upon expiration of this Agreement or relevant CDS, the recipient shall return promptly to the discloser or destroy, at the discloser's option, all tangible materials that disclose or embody Confidential Information; provided, however, that the recipient may retain one copy of the discloser's Confidential Information for archival purposes only.
- 2.5 Either party may disclose Confidential Information received from the other party in the following circumstances;
- (i) disclosure to third parties to the extent that the Confidential Information is required to be disclosed pursuant to a court order or as otherwise required by law;
 - (ii) disclosure to nominated third parties under written authority from the original discloser of the Confidential Information; and
 - (iii) disclosure to the receiving party's legal counsel, accountants or professional advisors to the extent necessary for them to advise upon the interpretation or enforcement of this Agreement.
- 2.6 Confidential Information shall not include any information that the recipient can demonstrate;
- (i) is known to and has been reduced to tangible form by the receiving party prior to its receipt provided that such information is not already subject to any obligations of confidentiality; or
 - (ii) is in the public domain at the time of receipt or later becomes part of the public domain without breach of the confidentiality obligations in this Agreement; or
 - (iii) is received from a third party without any breach of any obligation of confidentiality in respect of such information provided that such information is not subject to any continuing obligations of confidentiality.
- 2.7 The discloser understands that the recipient develops and acquires

technology for its own products, and that existing or planned technology independently developed or acquired by the recipient may contain ideas and concepts similar or identical to those contained in the discloser's Confidential Information. The discloser agrees that entering this Agreement shall not preclude the recipient from developing or acquiring technology similar to the discloser's, without obligation to the discloser, provided the recipient does not use the discloser's Confidential Information to develop such technology.

3. Confidential Disclosure Information

3.1 Permitted Purpose.

(i) The recipient shall be entitled to use the Confidential Information for the purpose of internal evaluation and discussions to determine a potential business relationship.

3.2 Confidential Information.

(i) identifies the following as its Confidential Information to be disclosed under the terms of this Agreement:

- a)
- b)
- c)

(ii) The University identifies the following as its Confidential Information to be disclosed under the terms of this Agreement:

- a)
- b)
- c)

4. Warranties

4.1 The recipient acknowledges that Confidential Information may still be under development, or may be complete, and that such information may relate to products that are under development or are planned for development, THE DISCLOSER

MAKES NO WARRANTIES REGARDING THE ACCURACY OF THE CONFIDENTIAL INFORMATION. The Discloser Accepts no responsibility for any Expenses, loses or action incurred or Undertaken by the recipient as a Result of the recipient's receipt or use of Confidential Information. THE DISCLOSER MAKE NO WARRANTIES OR REPRESENTATIONS THAT IT WILL INTRODUCE ANY PRODUCT RELATING TO CONFIDENTIAL INFORMATION.

5. Terms and Termination

5.1 This Agreement shall commence on the Effective Date and shall continue full force and effect unless terminated in accordance with the provisions of Clause 5.2.

5.2 Either party may terminate this Agreement at any time, without cause, effective immediately upon written notice of termination.

5.3 Each CDS shall commence on the CDS Effective Date (defined in each CDS) and shall continue in force for the Term set out therein unless this Agreement is terminated earlier in accordance with the provisions of Clause 5.2.

6. Effect of Termination

6.1 In the event this Agreement is terminated, the provisions of clauses 1, 2, 3, 4, 6 and 7 of this Agreement and the terms of the CDS, shall survive in respect of each CDS until expiration of the Non-Disclosure Period for such CDS.

7. General

- 7.1 The validity, construction and performance of this Agreement shall be governed by the laws of Kenya.
- 7.2 This Agreement including each CDS annexed hereto, expresses the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, commitments and understandings pertaining to the subject matter hereof. Any modifications of or changes to this Agreement shall be in writing and signed by both parties.
- 7.3 Neither party has any obligation under or by virtue of this Agreement to purchase from or furnish to the other party any products or services, or to enter into any other agreement, including but not limited to, a development, purchasing or technology licensing agreement.

	THE UNIVERSITY OF NAIROBI
Signed by:	Signed by:
Title:	Title: Vice Chancellor
Date:	Date: