

KATHMANDU UNIVERSITY BUSINESS DEVELOPMENT SUPPORT

OPERATIONAL POLICY & GUIDELINES

Approved by Executive Council Meeting no. 703, dated 7 November 2023 (2080-07-21)



Introduction

Kathmandu University (KU) is on a mission to foster and promote a culture of entrepreneurship and innovation within its academic community. KU is dedicated to creating an environment that nurtures the conception and realization of fresh ideas and inventive creations aimed at delivering tangible benefits to society. In line with this commitment, the University has developed the 'Kathmandu University Business Development Support Operational Policy and Guidelines.'

Objective

The directives serve as a foundational framework, offering comprehensive guidance and establishing a structured managerial apparatus dedicated to advancing the entrepreneurship within the university.

The policy is designed to facilitate the holistic development of entrepreneurial ventures, enabling them to flourish and contribute significantly to societal progress.

1.1. Short Title and Commencement:

- 1.1.1 This document shall be called **“Kathmandu University Business Development Operational Policy & Guidelines 2023”**
- 1.1.2 The document shall take effect upon endorsement by the KU Executive Council

2.1. The Role of the Business Development Support

- 2.1.1. Non-financial and financial services shall be provided during pre-incubation, incubation, early startup phase, survival phase and early growth (acceleration) phase and spin off stage.
- 2.1.2. Projects/programs/entities involved in business development shall receive funding and provide it as seed money, investment or grant to the ideator/innovator as per the requirement.
- 2.1.3. Non-financial services include elements mentioned in III of 3.1 such as work space with required utilities, coaching and mentoring and capacity development training and networking for legal, market linkages etc

3.1. The Scope of the Document

It covers the detail information of the following operational processes of Business Development Support at KU:

- a) Eligibility to apply Business Development Support
- b) Admission Procedure to Business Development Support
- c) Seed Funding Procedure of Business Development Support
- d) Infrastructure, Services and Facilities offered by Business Development Support Unit
- e) Periodic Monitoring & Evaluation of awarded companies
- f) Intellectuals Property Right
- g) Graduation/ Exit of the incubated companies

The policy is subject to periodical review and amendments.



I. *Eligibility* Ideator's who has innovative idea in any legal field of interest or as per the requirement of the program/project requirement.

II. *Admission Procedure:*

- Pre-incubation phase: For an idealist and innovator desiring to develop marketable prototype and want to do market testing require space, equipment and other facilities. Initial investment may also be a requirement for sample production for which seed funding may also be needed before the company is registered.
- Incubation phase: When the idea is tested as marketable a detailed business plan is required to assess the feasibility. An extensive mentoring, coaching, networking, field study and market testing are necessary to gain the purpose. At this stage even though the company is not registered a business plan of financial services, registration, fixed assets and others as the case may be is also required.
- Early startup phase: When business is already registered and operation has to be started, a careful support in mentoring, coaching and networking is also needed regularly. A full-fledged investment including working capital is also needed to roll out the product effectively.
- Survival and early growth: – Business may need additional investment in fixed assets and also further working capital for the growth of the business. Mentoring, coaching and networking may still be necessary.

Project/program/entity calls application for business development support in **terms of seed funding/investment/grant or services** for the innovative ideas and business enterprises on different periods in accordance to the availability and modality of the fund. Here are the admission procedures that are to be followed:

i. Submit Business Plan proposal:

Applicants are required to submit the proposal and provide the following:

- (a) business proposition,
- (b) product and / or service being offered,
- (c) demand assessment, competitors analysis, SWOT analysis,
- (d) capital structure,
- (e) funding or service requirements,
- (f) milestones and timelines,
- (g) marketing plan,
- (h) organization structure,
- (i) risk analysis, and
- (J) projected financials and scalability.

ii. Evaluation of Business Plan

Evaluation of the proposal will be done by an expert committee appointed by the program/entity/project. The committee will be as per following or as per the requirement of the program consisting of representatives from program/project, financial experts and management experts from or outside the university.



Selected Proposals will be required to make a pitch presentation to the expert panel. Criteria will be as per project proposal call document. The following points will be taken in consideration during evaluation.

- The ideator with multi-disciplinary and diversified team shall be given priority for the business incubation program.
- Priority consideration shall be given to the business idea which has been already prototyped and developed.
- Gender Equality and Social Inclusion GESI (as described by law of Nepal) shall be considered

III. *Infrastructure, Services and Facilities offered by Business Development Support Unit*
Business Development Support program can collaborate with KUBIC/NTIC or build the state-of-the-art facilities to provide a conducive environment for ideators:

- **Allocated Office Space:** Designed rooms/spaces for setting up office space of the companies, fostering a collaborative and creative working environment.
- **Meeting Room:** A dedicated meeting room is available for private business discussions with stakeholders, clients, and investors.
- **Open Space:** Provides a space for the companies for the networking.
- **Infrastructure:** Provides a common pool of hard and soft infrastructure to be shared by all incubate companies. Following resources are provided: WIFI Internet, Electricity, Printer, Water Dispenser, and Gender Sensitive Washroom
- **Mentoring & Coaching Session:** Provides one to one Coaching & Mentoring to the companies focused on developing specific skills for entrepreneurial success, such as leadership, communication, marketing, financial management, and strategic planning.

The unit may take nominal charge at the admission, and during execution to run its ecosystem based on the modality of the program.

- Business development support units at KU organise different capacity development programs during the incubation period and ideators can participate for enhancing their skills and knowledge.
- Business development support units shall have an expert roster for mentoring and counselling, business development opportunities and networking opportunities.

IV. *Seed Funding, matching fund and linking the innovators to the investors*

- The business development project will invest in the business enterprises in accordance with the fund availability and guidelines of the respective business incubation projects/programs.
- The fund allocated for the business incubation program is effective from the agreement period. Unsuccessful execution of investment has to refund part of the amount released from incubator as agreed according to applicable ToR.
- Ideator selected for funding by the business development entities shall be required to register a company in accordance with Nepal Company Act 2063. All payments will be made directly to the ideator's company primary bank account.



- Business development support includes identifying and connecting suitable investors, arranging meetings, and facilitating negotiations between ideators and investors. In recognition of the support and facilitation provided by KU in successfully connecting ideators with investors, the ideator shall be responsible for a brokerage charge amounting to 2% of the total investment secured as a result of this support. This charge is contingent upon the realization of a successful deal and shall be mutually agreed upon by all parties involved. The purpose of this charge is to sustain and further enhance the university's efforts in fostering entrepreneurship and innovation within its community and utilizing such funds for supporting other pre incubation stage enterprises.

V. *Intellectual Property Right (IPR)*

- All rights in respect of new product/service developed shall vest in and be the absolute property of the business development support unit and ideator except in respect of the activities carried out jointly with other institutions or agencies, in which case the ownership will be mutually decided and agreed upon.

VI. *Periodic Monitoring and Evaluation*

- Ideator's company will be monitored periodically on a quarterly basis by the respective business incubation unit to assess how the incubation support is contributing to the intended outcomes and the utilization of the fund provided.
- The ideator's company has to submit a yearly technical and audited financial statement report about the proposed activities at the end of every fiscal year. Similarly, Ideator should also submit progress report on quarterly basis. However, ideator may be asked to provide regular updates to respective business incubation unit as required.
- The ideator will be solely responsible for any harm/hazard created by the business activities and the entity/program/project or KU will not be liable for any compensation or fines associated.

VII. *Graduation/ Exit of the incubated companies*

- Companies will be permitted to stay in the respective business development support unit for a maximum period of five years or with a prior notice of 3 months could exit. The companies will be discontinued with the support for underperformance or non-viability of business proposition as decided by respective business incubation unit on case to case basis and Violation of any Business Development Support policy.
- The incubate company has to settle the financial issues (recovery of investment/grant and other associated expenses) by it. The valuation of the company at the exit point will be evaluated by an external independent auditor.
- The seed funding shall be released on two concepts: (a)The one is convertible debt and (b) the other is investment return scheme.
 - (a) For the convertible debt, the incubated company is liable to pay the seed money with an inflation rate on unsuccessful execution of the venture and equity share.



- (b) On the investment return scheme in the case of successful operation of the venture : The company shall issue equity shares as agreed upon with the Knowledge Utilization Innovation and Incubation Centre (KUIIC), Investment Company owned by KU, under the scheme the seed funding amount will be added with the applicable Nepal's Government inflation rate for that period of time and the company should return the funds to KUIIC.



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