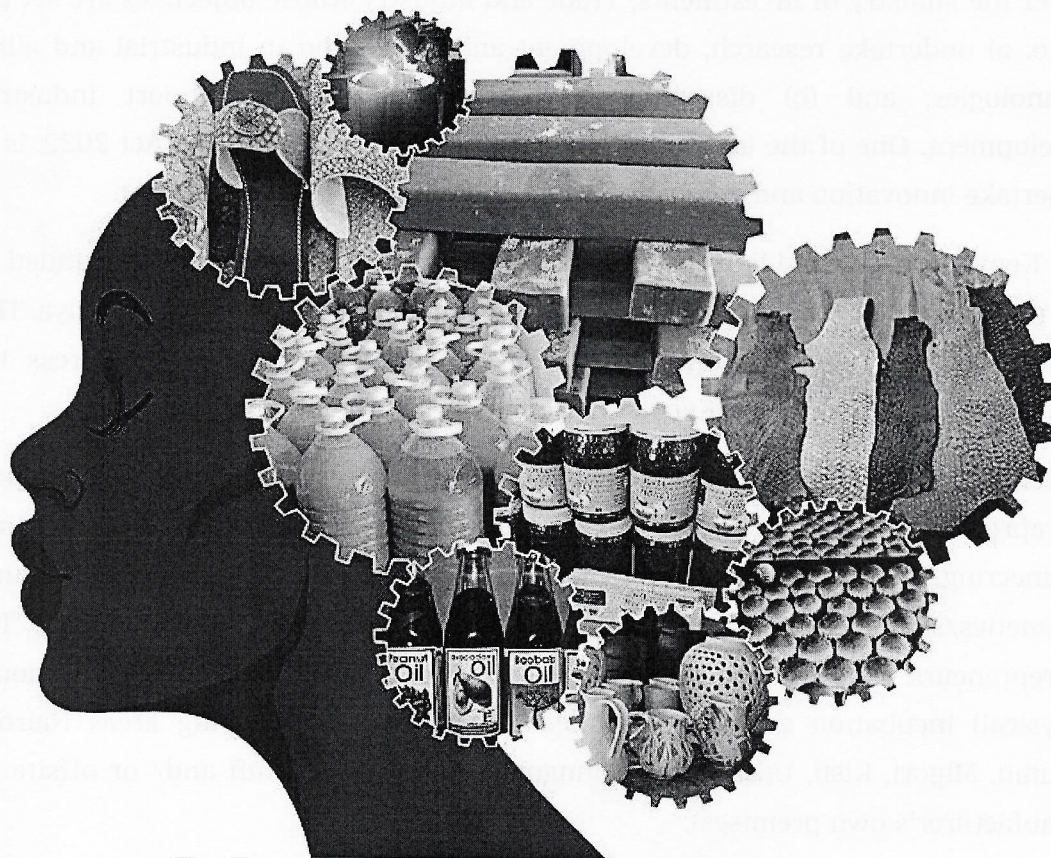


INCUBATION PROTOCOLS AND PROGRAMS



KIRDI-KIEP TECHNOLOGY BUSINESS INCUBATION PROGRAM

OCTOBER, 2023



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

PREAMBLE

Kenya Industrial Research and Development Institute (KIRDI) is a State Corporation under the Ministry of Investments, Trade and Industry whose objectives are set out as to: a) undertake research, development and innovation in industrial and allied technologies; and (b) disseminate research findings to support industrial development. One of the Institute's objective as set out in the KIRDI Act 2022, is to undertake innovation and incubation to facilitate industrial development.

The Kenya Industry and Entrepreneurship Project (KIEP) is a pilot project funded by the World Bank for the Empowerment of innovators and entrepreneurs in Kenya. This pilot project is aimed at offering business incubation services to address the numerous challenges facing Kenyan entrepreneurs in the region.

Under the KIEP project, the KIRDI Technology Business Incubator will support entrepreneurs / innovators based in Kenya in the following Sectors; Agro-processing, Engineering, ICT and Digital technologies, Leather, Textile, Energy, Chemical Products (cosmetics/soaps), Animal feeds Ceramics and Environment among others. The Entrepreneurs / Innovators in the various technologies will be offered in-house (physical) incubation at KIRDI facilities located in the following areas Nairobi, Kisumu, Migori, Kisii, Uasin Gishu, Bungoma, Garissa and Kilifi and/ or offsite (at manufacturer's own premises).

To enable the KIRDI incubator to effectively support the on-boarding and provision of support to enterprises/innovators, KIRDI has developed this incubation program and set of protocols for the KIEP project.

DR. FRANCIS POLONG

DIRECTOR, TECHNOLOGY TRANSFER AND EXTENSION SERVICES

Table of Contents

PREAMBLE	2
ACRONYMS ABBREVIATIONS	5
DEFINITION OF TERMS.....	6
1.0 BACKGROUND	8
2.0 INCUBATION PROGRAMS/SUPPORT	8
3.0 INCUBATION ELIGIBILITY	9
4.0 INCUBATION MODEL/STRUCTURE.....	11
5.0 TENURE OF INCUBATION	13
6.0 INCUBATION EXIT PROTOCOL	13
7.0 PERIODIC ASSESSMENT	14



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity or Digital Solutions



KIRDI

LIST OF TABLES

Table 1: INCUBATION PROGRAMS / SUPPORT	8
Table 2: TECHNOLOGY BUSINESS INCUBATION CENTER.....	12
Table 3: TECHNOLOGY BUSINESS INCUBATION STRUCTURE AND REVIEW SCHEDULES	15

KIRDI KIEP PROTOCOLS

ACRONYMS ABBREVIATIONS

BDS	Business Development Services
BETA	Bottom Up Economic Transformation Agenda
BMC	Business Model Canvas
CMF	Common Manufacturing Facility
ICT	Information Communication and Technology
IP	Intellectual Property
ITTO	Industrial Technology Transfer Office
KeBS	Kenya Bureau of Standards
KIEP	Kenya Industry and Entrepreneurship Project
KIRDI	Kenya Industrial Research and Development Institute
KRA	Kenya Revenue Authority
K-TBI	KIRDI -KIEP Technology Business Incubator
M & E	Monitoring and Evaluation
MSME	Micro, Small And Medium Enterprises
MVP	Minimum Viable Product
PWD	Persons With Disability
R & D	Research and Development
RECP	Resource Efficiency and Cleaner Production
SME	Small Medium Enterprise
TBI	Technology Business Incubator
TT & ES	Technology Transfer and Extension Services



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

DEFINITION OF TERMS

For purposes of execution of the incubation program, the following terms and definitions will apply:

Term	Definition
Angel Investor	An individual who invests money in a company—usually a start-up—that is in the early stages of development. Angel investors expect to take ownership positions in the companies they support because their capital is unsecured—they have no claim on the company's assets.
Business incubation	This is a process of support to Start-ups, Early stage businesses and / or established businesses, with new products / new directions, with growth potential. It is designed to nurture them from idea generation through a comprehensive business support program comprised of business development processes/technology, infrastructure and technical expertise, in order to help them establish and accelerate their growth and success.
Business incubator	This is a physical space or facility that accommodates a business incubation process.
Incubatee	A business entity / entrepreneur admitted into the Business Incubation Programme. The incubatee may access services either virtually or within the premises of a technology center or ITTO.
In-House Incubation	This is where the incubatee accesses Business Incubation services provided within KIRDI's premises/facility.
Innovator	A person who introduces new methods, ideas, or products
Micro, Small And Medium Enterprises	As per the Micro and Small Enterprise Act of 2012, the term micro and small enterprises (MSEs) or micro, small and medium enterprises (MSMEs), is used to refer to SMEs in Kenya with a maximum annual turnover of KES.500, 000 and employs less than 10 people.
Offsite Incubation	It is a remote business incubation service model, where incubation services are offered to the incubatee through outreach, digital and ICT based services, outside the KIRDI incubator. It can also be offered at the client premise.
Pre- Incubation	This is an incubation stage which serves as the entry point for clients who need to be taken through the ideation process to the proof of concept stage for their service/product. This process may

last to a maximum of 6 months subject to achievement of set milestones.

Product Development	This is an R & D process that involves the creation of products with new or different characteristics that offer additional benefits to the customer for a target market.
Product upgrade	This is an R & D process that involves value addition for improvement of an existing product, leading to different characteristics that offer new or additional benefits to the customer for a target market.
Prototype	A first full-scale model/sample and usually functional form of a new industrial product type or design.
Start-up	A business venture in its early stages of operations, capitalizing on developing a minimum viable product (MVP) or service.
Venture Capital Fund	A sum of money investors commits for investment in early-stage companies. The investors who supply the fund with money are designated as limited partners. The person who manages the fund is called the general partner.



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

1.0 BACKGROUND

1.1.1 KIRDI Technology Business Incubation aim and goal

KIRDI Technology Business Incubation (TBI) is a structured framework of interventions that are tailored to promote innovation, entrepreneurship and support commercialization. The Incubator aims to support Micro Small and Medium Enterprises (MSMEs), start-up technology-based entities and innovators by providing a range of resources, services and facilities needed during the development stage. The goal of TBI is to graduate firms that are viable, able to sustain operations and compete in the market.

1.1.2 Incubation Protocols Objective

The objective of the KIRDI business incubation protocol is to provide operational guidelines and management structure to facilitate development of technology based entrepreneurship.

1.1.3 Purpose

This protocol is intended to provide the operational procedures related to provision of in-house and offsite incubation services offered by KIRDI. It outlines the processes for Eligibility, Admission, Management, Obligations, Infrastructure and Services provided to incubatees, Tenure of Incubation, Intellectual Property Rights and Agreements.

2.0 INCUBATION PROGRAMS/SUPPORT

The incubator programs/support are as highlighted in Table 1: -

TABLE 1: INCUBATION PROGRAMS / SUPPORT

SNo.	Program/Support	Description
1	Physical infrastructure	Meeting rooms, conference rooms, access to design and fabrication laboratory, technical testing laboratories and CMF (for prototyping and upscaling production).
2	Technical capacity building	As per identified needs during SME selection / TNA: Product development, Product standardization, Prototyping / MVP, KeBS certification, Technology training & transfer, New product development, product and process

		standardization, and quality management systems (GMP, GHP, HACCP), tailored energy management, RECP, IP and BDS training. Ecosystem advantage including experiential learnings in incubator and access to wide network of KIRDI TT & ES expertise
3	Networking, marketing & industry linkages	Linkages support for connection with government bodies, business professionals and expert network, investor's network, players in the value chain and industry connection. Opportunities for market testing, showcasing opportunities, proposed presentation of incubatee businesses on the KIRDI incubator web portal.
4	Advisory services, Mentorship and coaching as per identified needs	Business information services such as access to finance, regulatory requirements, Intellectual Property Rights (trademark, copyright, patents and trade secrets), administrative procedures and access to other business support partners

3.0 INCUBATION ELIGIBILITY

The incubation applicants must meet the eligibility criteria provided in **KIRDI – KIEP SME selection tool** and make a commitment to adhere to the Technology Business incubation guidelines in order to qualify for incubation.

The following are eligible to apply for the incubation program:

- a) Registered Kenyan Micro Small and Medium Enterprises (MSMEs), start-up technology-based entities
- b) Kenyan Innovators
- c) Special interest groups (women, youth and PWD) are encouraged to apply.
- d) Any individual(s) or company or a foreign subsidiary with Kenyan party holds at least 51% direct stake and fits MSME categorization as per MSME Act 2012.
- e) Individual applicants who are into technology development and with no intension of doing business, but with intension of spinning of their IPs and Technologies are also eligible for incubation.



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

f) Documentation requirements to be provided for on-boarding of enterprise include:

- Business registration certificate (where applicable)
- CR 12 certificate (where applicable)
- Identification documents of director(s)/owners of the enterprise.
- Tax compliance.
- KRA PIN certificate.
- Business plan / Business Model Canvas (as simple as one page).
- Code/unique application identifier
- Insurance (to cover the enterprise staff accessing the facility).
- KeBS standard documentation (Valid KeBS certification- Where applicable).
- Relevant certificate (Food handler, PWD,) where applicable
- Certificate of good conduct
- Contact information to be included in the agreement.

NB: Successful applicants

¹ Shall agree to the terms and conditions of the KIRDI- Technology Business Incubator and have to enter into legal agreement with incubator for incubation.

² Agree to and on-boarding and exit interview for promotional and dissemination purposes

³ Due to the nature of KIRDI's work, data and reporting requirements, the client pictures and images, including products and data shall be used in reports, promotional material, presentations and other forms of dissemination. By signing this agreement form, the client hereby grants KIRDI the absolute right to reproduce, display and disseminate, worldwide and in perpetuity, in any traditional or electronic media format, likeness, pictures and images, including products and data for the purposes given above.

4.0 INCUBATION MODEL/STRUCTURE

The KIRDI-KIEP incubation model will have a three tier approach consisting of: Pre-Incubation, Incubation stage, Post Incubation and Graduated Enterprises/Alumni Stage. Entrepreneurs will be guided through the series of incubation stages and may enter the incubation program at whatever stage of business evolution they are at admission.

4.1.1 Pre- Incubation Stage

This is the initial stage of incubation which serves as the entry point. It mainly focuses on ideation where the enterprise is guided in screening the potential innovative idea and its development into a proof of concept. The activities in pre-incubation are tailored to support the potential entrepreneur in developing the business idea, business model and business plan and to boost the chances to arrive to an effective start-up creation. Such activities include ideation, product concept, proof of concept/product development, prototyping. This stage prepares the entrepreneur towards understanding the technical feasibility of the idea proposed. The Incubator will be supporting the start-ups by mentoring or by creating right platform for networking. The pre-incubation phase period is a **maximum of 1 month**.

4.1.2 Incubation Stage

The incubation stage begins at the start-up creation, through the expansion phase, up to the initial maturity of the company. The entrepreneur will undertake the activities needed to realize the business plan including coaching and support towards attaining regulatory requirements. The incubation services will differ according to the phase in which the new incubatee is positioned within the terms identified by the business plan itself. Such activities may include prototyping, product development of a market viable product, trainings and workshops, skill development programs and R&D-testing facilities to speed up the incubation cycle and use the common manufacturing facility for market acceptance testing. In the expansion phase, the enterprise should demonstrate an increase in various economic factors, such as production, employment, output, demand and supply of products, and sales. In addition, the enterprise should be in good financial standing to be able to attract credit, leading to an increase in cash flow. At the end of this stage the entrepreneur should be ready with a marketable product that can primarily drive the market and/or help to make a pitch ready for investment and be able to define



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

an exit strategy and graduate from the incubation programme. **The duration is 1–3 months.**

4.1.3 Post-incubation Stage

At this stage, the incubation programme capacity to respond to the needs of the enterprise are exceeded and/or cannot sustain continuous production, and it is determined that the needs of the enterprise can better be addressed by an upgrade in facility, incubator capacity, technology and technical support. Upon graduation from the KIRDI Business Incubation programme, such enterprises may still access KIRDI's support as consultancy services and other common access services such as quality assurance and common manufacturing services at an additional cost to be borne by the enterprise. Incubator effectiveness is carried out thorough Monitoring and Evaluation of the graduated MSME with the aim of improving service delivery. Only MSMEs graduated from the KIRDI Business Incubation may be referred to and considered as KIRDI-KIEP business incubation alumni. A certificate will be awarded upon graduation from the incubation program.

TABLE 2: TECHNOLOGY BUSINESS INCUBATION CENTER

S/No.	Incubation Stage	Services / Support
1	Pre Incubation	Idea screening and refinement Guided mentoring and coaching in ideation. Technical assistance on concept development of prototype. Business Capacity Building Progressive evaluation for graduation to next stage Networking events and workshops. Assistance in market analysis Identification of infrastructure support needs: technical facilities, such as laboratories, test and demonstration facilities and equipment.
2	Incubation	Physical infrastructure: Meeting rooms, Conference rooms, Access to fab lab, technical testing laboratories and shared equipment (Upscaling production). Technical capacity building: Prototyping / MVP, Technology training & transfer. Ecosystem advantage including experiential learnings in incubator and access to wide network of KIRDI TT & ES expertise. Networking, marketing & industry linkages: Linkages and connection with government bodies, business professionals and expert network, investor's network and

		<p>industry connection. Access to market testing opportunities, Showcasing opportunities, proposed presentation of tenants' businesses on the KIRDI incubator web portal.</p> <p><i>Advisory and coaching as per mutual agreement:</i> Business information services such as access to finance, regulatory (attaining regulatory requirements including KeBS), Trademark, Intellectual Property Rights and administrative procedures access to other business support partners.</p>
3	Post incubation	<p>Advisory in technology upgrading & upscaling Linkages support (industry, financial access, promotion). Access to common services such as laboratory and common manufacturing. Consultancy services Monitoring and evaluation</p>

5.0 TENURE OF INCUBATION

Generally, pre-incubation/Incubation/Acceleration period will be **3 months**. Additionally, Incubatee can apply for extension, at least one month before the project deadline and KIRDI TBI Management team evaluates and may grant extension on a case by case basis with justification and decisions made by the committee will be final. The entrepreneur may as well wish to take up the common manufacturing facility services (CMF) offered at KIRDI for continued production as per the KIRDI CMF policy and policy guidelines.

6.0 INCUBATION EXIT PROTOCOL

The Incubatee will be expected to exit the KIRDI-KIEP Technology Business Incubator (K-TBI) under any of the following conditions:

- Completion of stipulated incubation period unless the tenure is extended as provided for in 5.0 above.
- Able to attract business finance from angel investor / Venture Capital Fund / any other investor.
- Under performance/un-viability of the business proposition or failure to achieve milestones as set at the commencement of incubation without justifiable cause.
- Irresolvable disputes between promoters/ founders
- When the annual revenues of the company exceed Kshs. 5 million
- When the company enters in an acquisition, merger or amalgamation deal or reorganization deal resulting substantially a change in the profile of the



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



MINISTRY OF INVESTMENTS, TRADE
AND INDUSTRY
STATE DEPARTMENT FOR INDUSTRY



KIEP
Kenya
Industry &
Entrepreneurship
Project
Innovation, Productivity & Digital Solutions



KIRDI

company, its promoters, directors, shareholders, products or business plans, or when a company plans for a public issue

- g. Change in promoters'/ founders' team without prior informed communication to KIRDI-TBI.
- h. Non-compliance of terms and conditions of KIRDI-TBI
- i. Any other reasons which KIRDI-TBI may find it necessary for an Incubatee company to exit.
- j. Any others reason incubatee decide to exit KIRDI-TBI.

The information above will be captured in **Annex 4** for all incubatees.

Notice period of one month will be given to the Incubatee companies for the exit / extension for both parties. Notwithstanding anything written elsewhere, the decision in connection with the exit of an Incubatee company shall be final and shall not be disputed by any Incubatee company. In case of exit, all the resources provided to the incubates should be returned to the incubator and details of new location should be provided to the KIRDI-TBI.

7.0 PERIODIC ASSESSMENT

The KIRDI - Technology Business Incubator will undertake Monitoring and Evaluation of the performance of incubatees **as per schedules** and the information retained in relevant form (**Annex 1 & 3**). The emphasis of such evaluation is to review progress and achievements of milestones as specified in the project application. The evaluation will be undertaken by the TT & ES, Head Centre, assigned technology expert/ mentor and KIEP project M & E team. Periodic assessment will vary depending on the stage of incubation as provided for in Table 7. The Incubatee may be asked to provide more frequent updates to KIRDI - Technology Business Incubator as and when required.

TABLE 3: TECHNOLOGY BUSINESS INCUBATION STRUCTURE AND REVIEW SCHEDULES

S/No.	Incubation Stage	Representative evaluation criteria (based on the relevance)	Review schedule
1	Pre Incubation	Idea, concept, BMC, feasibility, aligned technical & Infrastructure support	Weekly
2	Incubation	Business plan, Prototype / MVP, Technology training & transfer, Network, market & industry linkages, Visibility, adherence to regulatory requirements understanding of enterprise valuation and access to business information as per advisory and coaching	Monthly
3	Post incubation	Technology upgrading, upscaling. linkages (industry, financial access, promotion), number of employees, Cash flow Expanded commercial manufacture, consultancy services.	Monthly
4	Graduation & Exit	As per exit protocol timelines	Weekly progress for 1 month

