



**[KATHMANDU UNIVERSITY BUSINESS  
DEVELOPMENT SUPPORT]**

**OPERATIONAL POLICY & GUIDELINES**

November 2023

Kathmandu University (KU) has undertaken the mission to cultivate and propagate a culture of entrepreneurship and innovation within its academic community. KU is committed to fostering an environment that nurtures the conception and realization of novel ideas and inventive creations aimed at delivering tangible benefits to society. In alignment with this commitment, Kathmandu University has developed the 'Kathmandu University Business Development Support Operational Policy and Guidelines.' The directives serve as a foundational framework for providing comprehensive guidance and establishing a structured managerial apparatus dedicated to advancing the cause of 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 policy document shall be commenced from the date of endorsement of this document by Executive Council of Kathmandu University.

### **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 working on the business development shall receive the fund and provide as seed money, investment or grant to the ideator/innovator as per the requirement.

2.1.3. Non-financial services are mentioned in III of 3.1 of this document.

### **3.1. The Scope of the Document**

It covers the detail information of the following operational processes of Business Development Support at Kathmandu University

- 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/projects.

II. *Admission Procedure:*

- Pre-incubation phase – who have an idea but want to develop marketable prototype and do market testing – Business development services required is space and equipment and initial investment for sample production and market testing – need seed fund but the company is not registered yet.
- Incubation phase – the idea is tested as marketable – need a detail business plan to see the feasibility – need extensive mentoring and coaching and networking and field study and market testing – the company is not yet registered but this needs financial services for registration, fixed assets for starting operation and working capital for start-up. Business plan for startup is required.
- Early startup phase – business is already registered, and operation starts – need careful supports recurrently with mentoring, coaching and networking services – a full-fledged investment is required (need investment for working capital injection for survival). Business plan for revamping the business may be necessary.
- Survival and early growth – Business may need additional investment in fixed assets and working capital according its business plan for growth. Mentoring, coaching and networking may also be necessary.

Project/program/entity calls for the 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 with the availability and modality of the fund. Following admission procedure would be followed:

II.i. Submit Business Plan proposal

Applicants will be required to submit the proposal and provide the following:

Business plan should cover the basic of the business proposition, product and / or service being offered, demand assessment, competitors analysis, SWOT analysis, capital structure, funding or service requirements, milestones and timelines, marketing plan, organization structure, risk analysis, projected financials and scalability.

II.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 Kathmandu University shall 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, grants and linking the innovators to the investors*

- The business development project will invest or provide grants 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 must 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 be registered as a company in accordance to 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 Kathmandu University in successfully connecting ideators with investors, the ideator shall be responsible for a brokerage charge amounting up 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 Kathmandu University 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 can exit with a prior notice of 3 months. The companies will be discontinued with the support for underperformance or non-viability of business proposition as decided by respective business incubation / support 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: convertible debt and investment return scheme. 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 on successful operation of the venture. The company shall issue the appropriate number of equity shares as per the conversion terms to the Knowledge Utilization Innovation and Incubation Centre (KUIIC), Investment Company owned by Kathmandu University. For the investment return 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.