

Guidelines for establishing incubation center at Universities



UNIVERSITY GRANTS COMMISSION

Sanothimi, Bhaktapur, Nepal

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I. Context

In Nepal, the youth population accounts for the largest segment of the country's population (United Nations Population Fund, 2022). However, the migration trend amongst youth for foreign employment and education purpose is increasing every year. Data shows that more than 4.7 million Nepali migrants received new labor approvals for working abroad between 2008/09 and 2021/22 (MoLES, 2022)¹.

Government of Nepal in its development plan and policies has emphasized entrepreneurship program and introduced the Innovative start-up capital credit flow procedure, 2077 BS to extend start-up capital for innovative enterprises and business operations. For which, role of Universities/HEIs is crucial not just to build the capacity of students as job seekers rather as job creators. This is possible through involvement of HEIs in entrepreneurial ecosystem building, as one of the key stakeholders of this ecosystem, by strengthening capacity of HEIs itself as ecosystem enabler and providing opportunities and platforms for youth to generate and test their innovative ideas. This program is in line with national priorities and goals and its focus is to build innovation driven entrepreneurial ecosystem with an objective to foster entrepreneurial spirit at Higher Education Institutions (HEIs) and encouraging students and faculty to create new enterprises.

II. Introduction to the program

The concept of this program is to promote a culture of innovation and entrepreneurship in universities of Nepal through providing support to universities in institutionalizing incubation center. The support for the establishment of Incubation Centers is open for all interested universities who are ambitious in promotion of innovation and technology-based entrepreneurship at their respective institutions.

The establishment of Incubation Centers grant will be made to the host institution and executed through the Incubation Center at university. The selection of university for establishment of Incubation Centers will be made through a rigorous competitive process using a merit-based,

¹ Government of Nepal. Ministry of Labor, Employment, and Social security. Nepal Labor Migration Report.2022. Accessed from <https://dofe.gov.np/yearly.aspx> on 27th May 2023.

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independent, and transparent evaluation and selection process based upon international standards and program objectives.

III. Objective of the program

The program aims to promote:

- i. Collaboration amongst universities with other key ecosystem stakeholders
- ii. Capacity building of faculties and students especially in cultivating entrepreneurial mindsets
- iii. Continuity of activities of incubation center

Other Objective Includes:

- a) To nurture entrepreneurial skills and mindset among students and researchers, fostering a culture of innovation and creativity.
- b) To facilitate research and development activities by encouraging startups to work on innovative projects and technologies.
- c) To attract and retain talent within the country by providing a supportive ecosystem for startups, encouraging them to stay and contribute to the local economy.
- d) To facilitate knowledge transfer and technology diffusion from universities and research institutions to the industry, driving innovation and economic growth.

IV. Introduction to the Incubation Center

Business incubation is a business support process that accelerates the successful development of start-up and fledging companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its networks of contacts. A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Thus, a business incubation center is a place to safeguard start-ups by providing them with tangible and intangible

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services such as mentorship, co-working spaces, networking, training, technical support, access to finance, and Business Development Service (BDS) to ensure their sustainability and scalability. Its purpose is to provide support to local start-ups and SMEs that solve any local or national problems.

The incubation centers' services and facilities vary depending on their location, market demand, vision, and availability of other business support facilities. Most importantly, the incubation center must be operated in a public-private partnership model. Precisely, based on the Triple Helix model, the engagement of at least academia, government, and the business industries are crucial for the successful operation of Business Incubation Centers.

V. Objectives of establishing Incubation Center

- a. To create jobs, wealth, and business aligning with national priorities and international practices, by promoting new technology / knowledge / innovation-based startups at universities of Nepal.
- b. To provide a platform for speedy commercialization of business ideas developed at the University through its faculty, researchers, students, or recent graduates and other aspiring entrepreneurs from the community
- c. To build a vibrant startup ecosystem, by establishing a network and effective liaison between academia, industries, government, and other important ecosystem actors.
- d. To provide cost effective, value-added services to startups like mentoring, coaching, legal, financial, technical, intellectual property related services.

VI. Priority Thematic areas

Based on the respective institutions' interest, skill, resources and demand, the incubation center can prioritize their thematic areas for running the incubation centers. Some of the UGC's prioritized thematic areas are mentioned below:

- Agriculture, Food Resources, & Agri-Tech: NARC, DFTQC, NBS, Agri Marts, Bankers
- Housing, Construction and Manufacturing: Civil Engineers, Architect, Housing companies

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- Banking, Microfinance and Fin-Tech: CEO, Founder of Banks, Nepal Microfinance Bankers' Association, Bankers, FNCCI
- Healthcare system and Health-Tech
- Ed-Techs and Education
- E-commerce, and Smart Retail
- Sustainable Development, Climate change and Energy, Green entrepreneurship
- Emerging technologies
- Creative, Digital Media, Art and Culture
- Not limited to above thematic areas

Some of the areas of areas that are negatively listed i.e where incubation centers shall not be working are:

- Business hampering the society's culture and norms,
- Business having threat to national security
- Business hampering natural and eco logical environment
- Import driven trading business
- Any ideas that are not adding any significant values to the existing market need

VII. Facilities and Services at Incubator Centers

Incubation centers generally provides following value-added services and facilities to faculties, students, staffs, alumni:

<u>Facilities:</u>	<u>Services:</u>
<ul style="list-style-type: none"> • Help desk • Virtual incubation platform • Co-working spaces • Fab labs • High speed internet • Cafeteria 	<ul style="list-style-type: none"> • Support on Idea creation, new product development and business execution • Mentoring, training, coaching and exposure visits • Skill development (Public relation, HR, Managerial) • Business linkage and Networking

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<ul style="list-style-type: none"> • Meeting space and other office facilities • Securities systems 	<ul style="list-style-type: none"> • Business plan Development • Research and development • Investment Linkage • Intellectual property right (IPR), Legal and financial consultation
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VIII. Eligibility Criteria for the submission of proposal

All Nepali universities are eligible to apply the funding for the establishment of incubation center, which intends or executing above mentioned descriptions (Point V to VII) Universities can also apply funding to upgrade the services and facilities of existing incubation centers.

The proposal shall be submitted by the Nepali Universities which must be endorsed by head of the University.

IX. Funding

a) Funding Amount:

Budgets for Establishment of Incubation Center will be in **80:20** ratio (80 % UGC, 20% host institutions) between the UGC and the host institution(s) with maximum funding of Rs. 10 million from the UGC.

b) Disbursement

One Proposal per university will be awarded for this category. At least two best proposals will be awarded on competitive basis. UGC may grant more than two awards depending upon the availability of the fund. The amount will be disbursed on the milestone basis based on the progress made within one year. First installment (50% of the total grant amount) will be disbursed upon the signing of the agreement.

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c) Use of Fund

The funds shall be utilized by the host institution(s) for setup cost, operating expenses, HR & Admin expenses, and general expenses, as agreed during the formal award agreement. Possible areas for utilization is given in the table below:

Possible areas for utilization of fund

Possible areas for Utilization of fund	Remarks/Examples
Policy	<ul style="list-style-type: none">• Incubation center policy,• Startup and investment policies,• HR policy,
Procedures	<ul style="list-style-type: none">• Business plan,• Detailed Implementation Plan• Curriculum,• Manual, Workbook and Guide book• Standard Operating Procedures (SOPs)
Practice	<ul style="list-style-type: none">• Incubation Center Program design, facilities and services
People	<ul style="list-style-type: none">• Required Human Resources Development Plan (Incubation manager, Mentors, Support staffs, Experts, Coaches and trainers)
Infrastructure Development	<ul style="list-style-type: none">• Appropriate infrastructure for Incubation center (excluding constructions)

X. Application due date

Complete application must be submitted to UGC within the call period. No applications shall be entertained after the deadline.

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XI. Requirements for Proposal Submission

Cover letter from the institutions head/designated focal person.

Complete Proposal should be written in English in 12-points times in roman font (.docx format for electronic copy and send email to research@ugcnepal.edu.np).

The proposal should include the following information;

- Name of University
- Brief overview of the University (Financial updated documents, Number of students, commitment letter)
- Research and Development activities
- Need Assessment analysis for establishing Incubation Centers
- Past and ongoing Incubation and Entrepreneurship related programs at Universities
- Five-year sustainability plan of Incubation center that includes the mission, vision, core values, SLOC (Strength, Learning, Opportunity, Challenge) analysis, operational plan, prospect revenue model, Key partners, etc.
- Proposed services offered at Incubation centers
- Financial information [Capital cost, Operational cost, HR and Administration cost, other general expenses]

XII. Evaluation and Selection process

The proposal shall be evaluated based on the merit and the capability of the universities in promoting technology and innovation-based [use of local resources (HR, natural), add value to existing value chain] startups. The selection of Universities for Establishment of IC shall be made through an open, rigorous, transparent, competitive, and merit-based process consistent with international standards. Two independent reviewers are recommended by the UGC cluster committee for the review of the application. UGC may monitor respective university whenever necessary before granting the final award.

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Selection Process

- Step I: The Research and Scholarship Division at UGC provides a code to each received proposal for blind review.
- Step II: Two independent reviewers will evaluate proposals. The reviewers use the specific evaluation form prescribed by UGC (**Annex I**) to evaluate the proposal.
- Step III: Evaluation from reviewers is either entertained confidentially through electronic media or is done at the office of UGC.
- Step IV: Unless two reviewer's scores differ by 30% or more, the scores are averaged and those proposals who receive at least 50% average score are averaged for the selection.
- Step V: A Final merit list is prepared by the Research and Scholarship Division based on the score from the proposal evaluation. Final decision shall be made based on the highest score obtained.
- Step VIII: The UGC Research and Scholarship Division announces the awards through the UGC website and invites the selected institutions to sign a formal agreement.

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Annex I: Basis of evaluating the proposal for establishing the Incubation center at Universities

SN	Indicators for the evaluation of proposals	Full mark	Mark Obtained	Remarks
1	Brief overview of the /University <ul style="list-style-type: none"> · Team · Infrastructure · Host institution's broader vision, mission and values · Number of students · Credibility (award and recognitions) · Research and development Activities · Financial strength of Host institutions 	10		
2	Need Assessment analysis for establishing incubation centers	5		
3	Program, Services and Facilities related to entrepreneurship development (Past and Proposed)	15		
4	Collaboration with different entrepreneurship ecosystem actors	10		
5	Five-year strategic plan of Incubation center that includes the mission, vision, core values, SLOC analysis, sustainability plan etc.	30		
6	Detailed Financial projection and project cost [Capital cost, Operational cost, HR and Administration cost, other general expenses, revenue and other sources of finance)]	10		
7	Pool of external experts, coaches and mentors	5		
8	Commitment from the host institution (Fund and program execution)	10		
9	Provision for seed fund for business ideas	5		
	Total Score	100		

Name of Evaluator:

Date:

G. Radhika
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