



PROCEDURE MANUAL FOR INCUBATION CENTERS MANAGEMENT

February 2025

PREAMBLE

This Procedure Manual for Basic TVET Incubation Centers (BICs) provides a comprehensive guide for establishing and managing business incubation hubs in Rwanda, including both TVET-integrated and stand-alone centers. It aligns with national policies such as the TVET Policy, National Entrepreneurship Development Policy, and the Private Sector Development Strategy to foster innovation, create jobs, and strengthen the entrepreneurial ecosystem.

The vision of the BICs is to act as catalysts for innovation and entrepreneurship, transforming ideas into successful businesses that drive economic growth. Their mission is to support startups through mentorship, access to funding and bank loans, pitching skills development, financial and accounting guidelines, technology commercialization, and market linkages. The focus is on nurturing entrepreneurial mindsets, supporting product development, and creating employment opportunities, particularly for TVET students and graduates.

The manual outlines a structured incubation process comprising four phases: pre-incubation, incubation, acceleration, and post-incubation. It covers eligibility criteria, selection processes, and the services provided, including training, mentorship, workspace, and funding. Startups benefit from a robust ecosystem designed to address early-stage challenges and ensure long-term sustainability.

A strategic management approach guides BIC operations, focusing on planning, monitoring, financial sustainability, and stakeholder engagement. A management committee ensures alignment with strategic objectives, while specialized roles, such as facilitators, development coaches, and maintenance technicians, provide tailored support to incubatees.

The manual highlights the importance of diverse revenue streams, including government grants, private investments, and service fees, while ensuring compliance with legal frameworks on intellectual property rights, funding regulations, and operational agreements. Financial planning and monitoring mechanisms are in place to ensure the centers' sustainability.

Regular performance evaluations assess metrics like startup success rates, economic impact, and client satisfaction. Feedback loops and benchmarking refine programs and services to meet evolving entrepreneurial needs. Post-incubation support, including alumni networks, ongoing mentorship, advanced training, and funding opportunities, ensures businesses remain competitive and contribute to the broader economy.

This manual positions Basic TVET's incubation centers as key drivers of economic transformation, fostering a culture of innovation and entrepreneurship in line with national development goals.

Dipl.-Ing. Paul UMUKUNZI

The Director General/Rwanda TVET Board

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Acronyms, Abbreviations and Glossary of Terms

1. **BIC:** Business Incubation Center
2. **GDP:** Gross Domestic Product
3. **IC:** Incubation Center
4. **IP:** Intellectual Property
5. **IPR:** Intellectual Property Right
6. **IPRC:** Integrated Polytechnic Regional Center
7. **KPIs:** Key Performance Indicators
8. **LPA:** Local Productive Arrangement
9. **MINEDUC:** Ministry of Education
10. **R&D:** Research and Development
11. **RTB:** Rwanda TVET Board
12. **SMEs:** Small and Medium Enterprises
13. **TVET:** Technical and Vocational Education and Training
14. **VTC:** Vocational Training Center
15. **SMART:** Specific, Measurable, Achievable, Relevant/Realistic, Time Bound Based
16. **SWOT:** Strengths, Weaknesses, Opportunities, Threats

Glossary

In these guidelines, the following terms will have their specific connotations:

Business incubation center also referred to as “Incubator” is a place where the incubation activities are carried out, and where the would-be entrepreneurs and the existing SMEs find a suitable place, in terms of facilities and expertise, to address their needs and develop their innovative business ideas and transform them into sustainable realities. An Incubator could also focus on virtual incubation.

Education is defined as an act or process of imparting or acquiring general knowledge, developing the powers of reasoning and judgment, and generally of preparing oneself or others intellectually for mature life. It is also referred to the act or process of imparting or acquiring particular knowledge or skills, as for a profession.

Entrepreneurship refers to the process of creating a new enterprise and bearing any of its risks, with the view of generating revenues. A person who creates a new enterprise and embraces every challenge for its development and operation is known as an entrepreneur.

Entrepreneurship education is a collection of formalized teachings that informs, trains, and educates anyone interested in participating in socioeconomic development through a project to promote entrepreneurship awareness, business creation, or small business development.

Incubatee: Person or SME using the Business Incubation center service

Incubation is a process which tends to be activated whenever there is a need to support entrepreneurs in developing their own business.

Liaison officer: Any staff appointed by the school manager to form a working relationship between two organizations to their mutual benefit.

Production unit is the engagement of educational institutions or business incubation centers in production activities.

School-based Business Incubation Centre refers to a Business Incubation Centre within and under a TVET school. It mainly provides services to residents or graduates, upon request.

Supply Chain: A system of organizations, people, technology, activities, information, and resources involved in moving a product or service from supplier to customer.

Stand-alone Business Incubation Centre refers to a Business Incubation Centre not

1.INTRODUCTION AND GENERAL OVERVIEW

1.1. Historical Background

Business incubation has been a transformative force in supporting the development of new companies by providing entrepreneurs with essential resources, expertise, networks, and tools. According to the National Business Incubation Association (NBIA), it accelerates the process of starting and growing successful ventures (Scaramuzzi).

Since the early 1980s, business incubators have played a pivotal role in revitalizing economically declining regions, particularly in developed countries. In many developing nations, micro and small-scale enterprises are the primary drivers of economic growth. A 2002 study revealed that, after two decades of growth, the U.S. business incubation industry had matured, helping to create 19,000 companies, 245,000 jobs, and numerous facilities averaging 16,000 square feet. Of these incubators, 75% were nonprofit, 25% for-profit, and 27% affiliated with academic institutions. While most incubators in North America are located in urban or suburban areas, 36% are situated in rural regions. Notably, 87% of firms that graduated from incubators remained in business (Scaramuzzi).

Business incubators have also demonstrated an impressive ability to foster sustainable businesses. The failure rate of companies in incubation programs is less than 10% within the first three years, compared to a failure rate of 60% to 80% for small businesses outside such programs (Adegbite). The primary goals of business incubators are to diversify local economies, commercialize new technologies, create jobs, and generate wealth within their regions.

1.2 Rationale

Technology, Innovation, and Entrepreneurship are essential components necessary to bring development and additional opportunities to communities. There must be a balanced strived between the establishment of early-stage entrepreneurial activity and the support of the enterprises through existing support structures.

Given that startup enterprise development is difficult to succeed due to many preliminary challenges faced by such endeavors, the Business Incubator can overcome the aforementioned difficulties by establishing itself as the bridge to success for startups entrepreneurs whereby incubator serves as the vital link to sustainable success to the startup and small enterprises in the early stages.

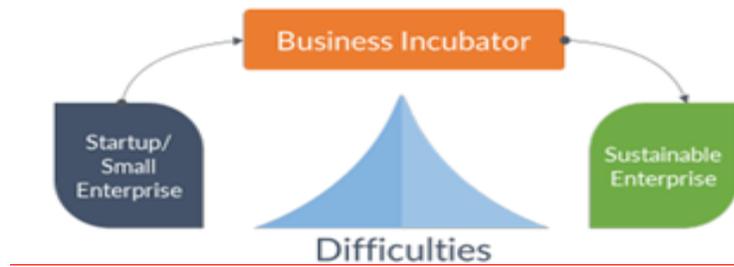


Figure 1. Business Incubator Bridge

Business Incubators are an important and vital component to the economic development of nations around the world. Not only do they promote the growth of small enterprise, but they also serve as a contributor to the overall economic health of the economy.

Promotion of small enterprise through business incubators has been shown to increase the number of jobs, increase the amount of money raised by governments through taxation, occupy more real estate, add value to the economic infrastructure of the community, and help create additional employment in other sectors.

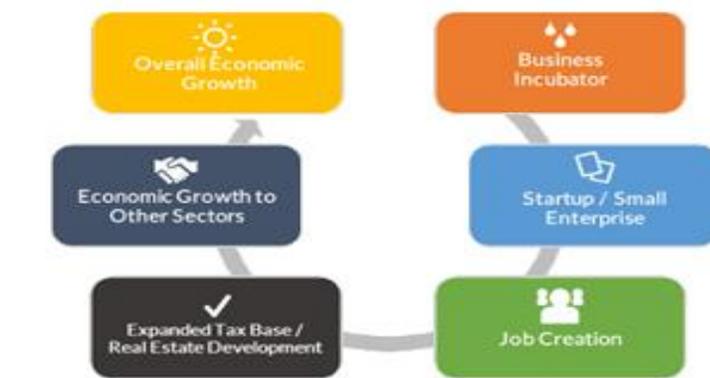
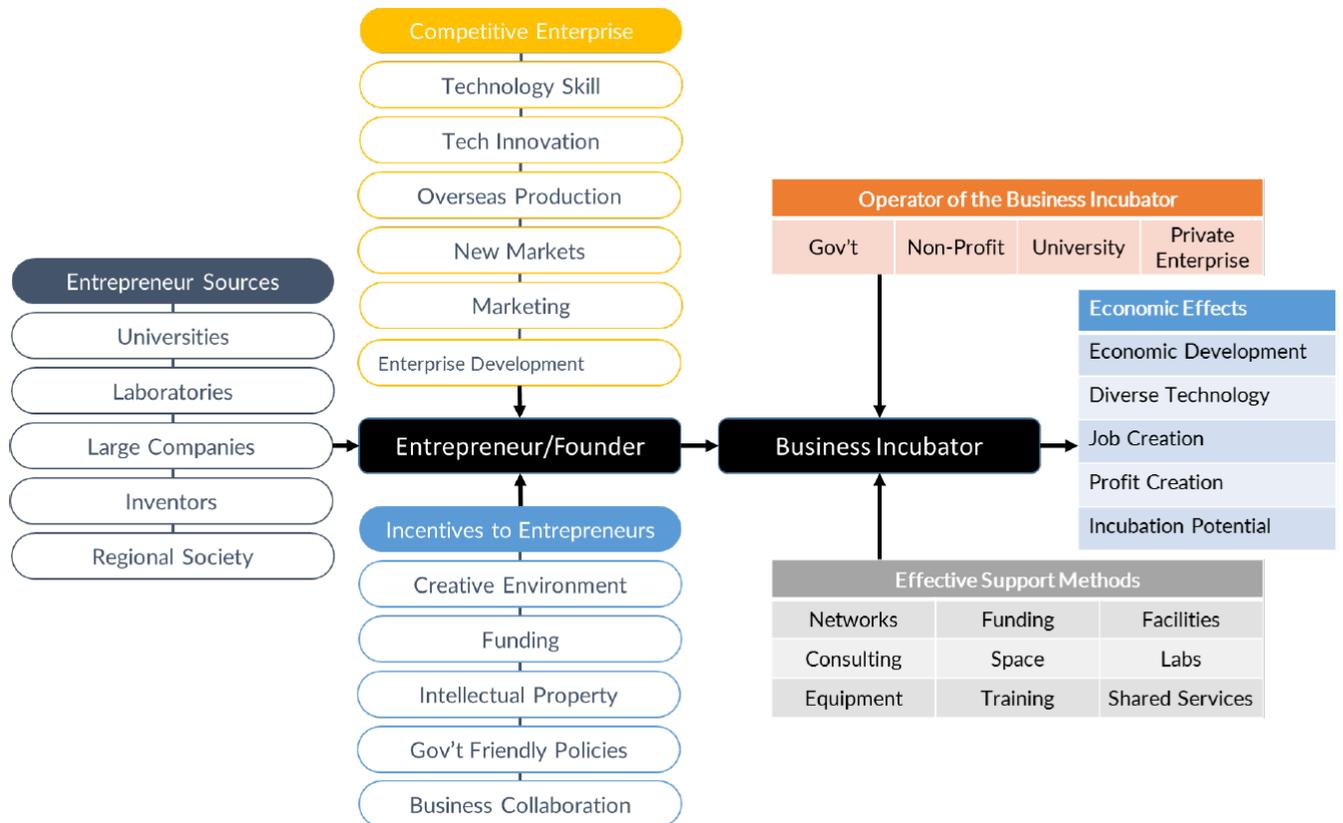


Figure 2: business incubator development cycle

1.3. Functions and Operating system of a business incubator

The function of the Business Incubator is to develop entrepreneurs and bring together the various components of the small enterprise and start-up ecosystem into a focused center where resources can collide, and the economic development of the community can take place.

The Business Incubator can be operated by several different types of operators. They provide the level of support and effective services that will bring value to the entrepreneurs. As a result, the economic effects can be realized in the community and beyond.



1.4. Vision, mission, and objectives of the business incubator

1.4.1. Vision

To be a leading catalyst for innovation and entrepreneurship, empowering startups to transform ideas into successful businesses supports the contribution of economic growth.

1.4.2. Mission

To provide comprehensive support services, mentorship, and access to funding for early-stage entrepreneurs, enabling them to develop innovative products and services while fostering collaboration with the entrepreneurial community.

1.4.3. Objectives

- To nurture an entrepreneurial mindset by supporting students and trainees in their pursuit of technological or social innovations.
- To provide aspiring youth with a platform to generate, present, and test business ideas, and develop them into market-ready products.

- To facilitate the exchange of experiences and expertise in the field of entrepreneurship among students and trainees.
- To support students and trainees in developing entrepreneurial paths and managing businesses, considering relevant legal, financial, and social requirements.
- To support promising start-ups during their initial development when they are most vulnerable.
- To provide access to markets and assist in the commercialization of market-ready products.
- To engage participants in the process of designing and developing new products.
- To offer mentorship, equipment, and other resources as appropriate on a case-by-case basis.
- To establish academia-industry linkages for mutually beneficial solutions.
- To encourage disruptive innovations and support knowledge-based economic development.
- To reduce the costs and risks associated with starting a business.
- To provide business development support services to TVET business projects.
- To foster collaboration between incubates and stakeholders, especially financial institutions.
- To provide relevant equipment and create a conducive environment for business activities.
- To stimulate the culture of entrepreneurship among TVET graduates and the broader Rwandan community.
- To support students capable of exploiting business opportunities and creating successful ventures.
- To coach and mentor business starters in creating and managing their businesses.
- To host and incubate new businesses until they reach competitive maturity.
- To enhance job creation and employment opportunities.
- To organize training and awareness programs in entrepreneurship

1.5. Barriers for startups

Rwanda's startup ecosystem is vibrant and full of potential, yet it faces several significant barriers namely financial assistance and marketing expertise to legal guidance, strategic partnerships, access to finance, skilled talent acquisition and retention, bureaucracy/administration regarding business start-up (legislative concerns), Health and Safety compliance and navigating the regulatory and legal framework that require targeted support to foster growth and sustainability.

2. STARTING AND OPERATIONALIZING A BUSINESS INCUBATOR

2.1 Analysis of Local Conditions

As part of the feasibility study, it is important to survey business industry profiles and the local employment situation (job market). Identification of the industrial trades, services sectors, size of each industry, business specialisms and regional employee skills sets is required, as is analysis of the consumer market for products and services. This survey identifies production chains and market niches that offer opportunities for new enterprises and the businesses which could work in partnership with the incubator and incubator tenants to create new opportunities.

The existing infrastructure should be analyzed in terms of communications (internet access/cable speed), transportation, existing resources, local buildings (i.e. new build or rental of existing premises to host the Business Incubation center). The transport infrastructure is especially important in respect of the location of any Business Incubation center. Effective, efficient, and reliable transport links are essential.

The accessibility of teaching and research institutions are an essential aspect of any Business Incubation center. The relationship between Business Incubation centers, research centers and teaching institutions is especially important, beneficial, and fruitful (for all parties). It is important that the Business Incubation center is supported by these institutions (TVET schools)

2.2 TYPES OF BUSINESS INCUBATORS

Business incubators are organizations designed to support and nurture early-stage companies by providing essential services such as office space, mentorship, and resources. These incubators vary in focus, and they can be categorized into several types based on their approach, target sectors, and operational models. Below are the key types of business incubators:

1. Technology-Focused Incubators:

Technology-focused incubators are designed to help startups that are developing innovative technologies. These incubators often support businesses in sectors such as software development, biotechnology, clean tech, hardware, and engineering. They provide specialized resources tailored to high-tech industries, including access to advanced labs, technical expertise, prototyping facilities, and connections to venture capitalists interested in tech-based startups.

Key Features:

- Focus on high-tech or emerging technologies
- Support with prototyping and R&D
- Access to tech mentors and industry experts
- Networking opportunities with investors in the tech industry
- Focus on product development, testing, and scalability

2. Sector-Specific Incubators:

These incubators are focused on a particular industry or market sector. Examples include healthcare, fashion, food and agriculture, or environmental sustainability. Sector-specific incubators tailor their services, resources, and mentorship to meet the unique needs of businesses within that sector, offering industry-specific knowledge, connections, and regulations.

Key Features:

- Specialization in a particular industry (e.g., healthcare, clean energy, fintech)
- Targeted mentorship and advisory services
- Industry-specific resources, research, and partnerships
- Access to niche markets and regulatory expertise
- Networking with industry professionals and investors in the sector

3. University-Affiliated Incubators:

University-affiliated incubators are typically run by academic institutions and focus on fostering innovation and entrepreneurship among students, researchers, and faculty members. These incubators leverage the intellectual resources of the university, such as research facilities, academic expertise, and student talent, to support startups. They often encourage commercialization of university-based research and new technologies.

Key Features:

- Collaboration with universities and academic institutions
- Access to research, academic expertise, and student talent
- Opportunities to commercialize university research and patents
- Networking with professors, researchers, and potential investors
- Support for student and faculty entrepreneurs

4. Regional or Local Incubators:

Regional or local incubators are focused on supporting startups within a specific geographic area. Their goal is to stimulate local economic development by nurturing entrepreneurship in their region. These incubators are often linked to local governments, municipalities, or chambers of commerce and may offer additional services such as grants, tax incentives, and local market connections.

Key Features:

- Focus on local or regional economic development
- Support for entrepreneurs in specific geographic areas
- Local networking opportunities with regional investors, mentors, and businesses
- Access to regional resources and government incentives
- Foster community collaboration and entrepreneurship

5. Virtual or Online Incubators:

Virtual or online incubators are becoming increasingly popular, as they cater to entrepreneurs who may not be able to access a physical incubator or prefer working remotely. These incubators offer virtual mentorship, online resources, and digital platforms to connect entrepreneurs with mentors, investors, and advisors. While lacking a physical office space, they often operate with global reach, allowing startups from anywhere to participate.

Key Features:

- Operate entirely online, no physical office required
- Virtual mentorship, webinars, and online networking opportunities
- Access to digital resources, toolkits, and educational materials
- Flexible for entrepreneurs working remotely or internationally
- Focus on providing online access to global networks and opportunities

2.3. CHARACTERISTICS OF BUSINESS INCUBATORS

Business incubators are designed to support and foster the growth of early-stage companies by providing essential resources and services. Here are the key characteristics of business incubators:

1. Physical Infrastructure

- **Office Space:** Incubators typically provide affordable office space for startups, including shared or private office setups, reducing the need for entrepreneurs to invest in their own premises.
- **Meeting Rooms and Facilities:** They offer access to meeting rooms, conference spaces, and other essential facilities to support business activities and client interactions.
- **Technology Infrastructure:** High-speed internet, phone systems, and access to advanced software or IT infrastructure are often included, enabling startups to operate efficiently without the need for heavy investments.
- **Shared Resources:** Common areas such as kitchens, lounges, and printers are also typically available, providing a collaborative environment while keeping costs low.

2. Mentorship and Coaching

- **Expert Guidance:** Incubators provide access to a pool of experienced mentors who offer strategic guidance, industry insights, and advice on business development, market positioning, and growth strategies.
- **Personalized Coaching:** Many incubators match startups with mentors who specialize in the startup's area, providing hands-on coaching in leadership, operations, and scaling.
- **Problem-Solving Support:** Entrepreneurs can turn to their mentors for troubleshooting specific challenges such as legal issues, financial planning, or overcoming market entry barriers.

3. Networking Opportunities

- **Peer Networking:** Startups benefit from connecting with other entrepreneurs in the incubator, exchanging ideas, challenges, and solutions, fostering collaboration and growth.
- **Industry Connections:** Incubators often have established networks of potential investors, corporate partners, and key stakeholders that can help startups access new markets or funding opportunities.
- **Community Events:** Regular networking events, meetups, and pitch sessions are organized to encourage interaction with professionals, investors, and fellow entrepreneurs.

4. Training and Education

- **Workshops and Seminars:** Incubators often offer educational programs on topics such as business planning, fundraising, marketing, legal issues, and leadership skills to ensure that entrepreneurs are well-equipped to handle challenges.
- **Access to Expert Knowledge:** Entrepreneurs can learn from guest speakers, industry professionals, and successful startup founders who provide valuable insights into growing and scaling a business.
- **Skill Development Programs:** Continuous learning opportunities focus on enhancing technical, managerial, and entrepreneurial skills, empowering founders to navigate their startup journey.

5. Access to Resources

- **Funding Opportunities:** Business incubators can provide startups with access to venture capitalists, angel investors, and funding networks, increasing their chances of securing financing at crucial stages.
- **Legal and Financial Support:** Incubators often have partnerships with legal and accounting firms, offering startups access to essential services like contract review, IP protection, and tax management.
- **Product and Market Access:** Incubators may also connect businesses with suppliers, customers, or distributors, helping them scale faster by leveraging established industry channels.
- **Research and Development Support:** Many incubators provide access to R&D resources or facilities that allow startups to prototype and test their products at reduced costs.

By offering these core characteristics, business incubators create a nurturing environment where startups can thrive and scale successfully.

2.4 Eligibility and Application Process

2.4.1 Eligibility Criteria

To be accepted into a business incubator, applicants typically need to meet several eligibility criteria that can vary by program. Here are developed common requirements:

- (a) **An early-stage startup:** Applicants should ideally have a viable business idea or a prototype, demonstrating some level of development and potential for growth, this is for a standalone business incubator.
- (b) **A student/team of students/graduates** with an innovative project idea are eligible for gaining support at a business incubator.
- (c) **The project idea should be strongly relevant to the incubation focused intervention sector:** This often includes individuals with complementary skills, such as technical expertise, business acumen, and industry experience.
- (d) **Application quality:** The application must be thorough and well-prepared. It should include a detailed business plan that outlines the business model, market analysis, financial projections, and strategies for growth.
- (e) **Market potential:** Incubators look for businesses that address significant market needs or gaps. Demonstrating a clear understanding of the target market and competitive landscape is essential.
- (f) **Commitment level:** Many incubators expect founders to commit fully to their startup during the incubation period. This may involve relocating to the incubator's location or dedicating significant time and resources to developing the business.
- (g) **Innovative idea:** Programs often favor innovative ideas that leverage technology or unique approaches to solve problems within specific industries.
- (h) **Networking capability:** Incubators assess an applicant's ability to network effectively within their industry, as this can enhance collaboration opportunities and access to resources.
- (h) **Financial need:** While not always a requirement, incubators prioritize startups that demonstrate a need for funding or resources that they can provide.
- (i) **Alignment with the incubator goals:** An incubator/school has its own mission and focus areas (e.g.: tech startups, social enterprises). Applicants should ensure their business aligns with the goals.

After meeting these criteria and submitting an application, candidates may undergo interviews or additional assessments before final acceptance into the program.

2.4.2 Application Procedures

The process for startups for entering the Business Incubator has multiple levels. First, the process for the selection of tenants to enter the Business Incubator can be described.

(a) Established recruitment plan.

In accordance with the occupancy levels of the center, there should be regular and special recruiting announcements planned, established, and utilized.

1. **Regular Recruitment:** 2 times per year a recruitment plan should be established and executed. When the Business Incubation center plans the implementation of the recruitment plan, the schedule should be set as well.

2. **Special Recruitment:** In accordance with the needs of occupancy of the Business Incubation center, there shall be special recruitment plans. If vacancy occurs above a specified level, there should be a recruitment drive executed. If a startup is recruited and accepted by the Business Incubator and no vacancy exists, the terms shall be drawn up only when a vacancy exists in the center.

(b) Public Recruiting Announcement

An announcement that the Business Incubator is recruiting qualified tenants shall be clear and detailed. Call for application shall be conducted and reached to the applicants through any of the following:

- Business Incubation Center/school newsletter and website
- Notice boards
- TVET Board website
- Daily newspapers and Broadcast Media
- Open days and exhibitions

(c) Tenant Applications Received

If tenant applications have been received and no relevant information has been omitted or missed by the applicant, there is a review to determine whether requirements which have been described are met by the application. Additional location information and schedule is given to the applicant.

In the pre-interview screening review, a manager conducts and preliminary screening of the tenant, the business plan submitted, and the supporting documents presented with the application. The requirements of the plan and proper business information must be identified within the application before determining whether the applicant shall advance to the next phase of the process.

2.5 Selection Process

- **Tenant Application Screening Process**

There is a document review to determine whether the contents and accompanying documents included in the application meet the requirements for entry into the Business Incubator. The occupancy requirements, the company date of foundation, the representatives and participation of employees, financial condition, financial status, etc. are checked. The tenant and submitted information should be objectively checked by the Business Incubator and information independently verified.

The primary purpose of the screening process is to determine whether the basic requirements are met by the applicant and the eligibility set out in the operational standards is ensured.

- **Final Presentation Screening Schedule Announcement**

An announcement is made for applicants and they are notified via email, calls and short messages with the determination, as well as the schedule for the final presentation. They should be given at least 5 days' notice before making the final presentation. In addition, presentation files should be submitted in advance to submit before the date of the presentation. The Business Incubator provides the business plan in advance to the judges by email. The confidential information such as applicant's name, name of representatives and participatory workforce, contact details, social security numbers should be carefully omitted to ensure impartiality and legal compliance. The appointed judges must sign a sworn statement that they will not leak the personal information or business items such as acquisition and corporate status in the review process and that they will not use information for other purposes or personal purposes.

- **Final Presentation Review**

The Business Incubator advances to the presentation screening for the selection of tenants in the center.

The presentations for the committee can be scheduled during any time of the recruitment with presentations presented together or separately to accommodate the participation of committee members in the process.

The review process is announced to the participants. The preliminary information is released to the judges and the tenant applicants have 10-15 minutes to introduce the project and business plan. After this time is completed, there is a 5-10-minute Question and Answer session.

- **Screening Decision**

The Business Incubator collects the results from the presentation, organizes this information, and determines whether to move forward with the tenant.

- **Tenant agreement Signing**

The Business Incubator notifies the result to the tenants after the screening process is finalized. The process moves forward, and general information of the occupancy agreement is collected:

- ✓ Period of Occupancy
- ✓ Space entering
- ✓ Tenant occupancy and incubation program facility fees
- ✓ Business Incubator development funds designated for Tenant support
- ✓ Center Location Information

The Business Incubation Center and the tenant sign an agreement that outlines the tenant's rental period, the terms of the agreement, and the responsibilities of both parties. Each party should receive a copy of the signed agreement for record-keeping purposes.

The discussion concerning the implementation of the agreement and matters listed in the agreement must be guaranteed. The requirements of the tenant responsibilities must be described to insure the implementation by the tenant and the responsibilities of the Business Incubator, as well. The negotiations in the agreement must be faithfully maintained.

Once the agreement is signed, the tenant applicant shall move in on the given occupancy date. After entering the Business Incubator, they should be equipped with various documents related to being a tenant, such as computer data entry and the ability to submit data to create, modify and move in the event of a change of details in the company.

The Business Incubator supports the growth of the tenant entering the Business Incubator through a variety of methods during the period of occupancy.

2.6 Services and Resources Offered

Business incubators provide a variety of essential services and resources designed to support startups and early-stage businesses. These offerings are crucial for helping entrepreneurs navigate the challenges of launching and growing their ventures. Below is a detailed breakdown of the core services typically provided by business incubators:

- **Training Programs:** Incubators often offer comprehensive training programs that cover various aspects of business management. This can include workshops and courses on marketing strategies, financial management, accounting practices, product

development, and operational efficiency. The goal is to equip entrepreneurs with the necessary skills to effectively run their businesses.

- **Mentorship, guidance, and business coaching:** Access to experienced mentors is one of the most valuable resources provided by incubators. These mentors can offer guidance in critical areas such as business strategy, legal considerations, financial planning, and market entry tactics. By connecting startups with seasoned professionals, incubators help foster an environment where new entrepreneurs can learn from those who have successfully navigated similar challenges.
- **Networking Opportunities:** Business incubators facilitate networking opportunities that allow entrepreneurs to connect with other founders, industry experts, potential investors, and partners. These connections are vital for building relationships that can lead to collaborations, funding opportunities, and market access. Networking events may include pitch sessions, industry conferences, or informal meetups.
- **Office Space and facilities:** Incubators provide affordable office space equipped with essential facilities such as meeting rooms, high-speed internet access, workshops, and administrative support. This arrangement allows startups to reduce overhead costs while providing a professional environment conducive to productivity and collaboration.
- **Funding assistance/ seed funding:** Incubators often have established relationships with investors and venture capitalists, which can be beneficial for startups seeking funding. They may assist in preparing business plans or pitches that appeal to potential investors or even provide direct access to seed funding opportunities through their networks.
- **Access to resources:** In addition to mentorship and training, incubators typically offer access to various resources including legal advice, marketing support, technology infrastructure (like software tools, workshops), and materials that can aid in research and prototype development or market analysis.

Overall, business incubators serve as a nurturing environment where startups can develop their ideas into viable businesses through a combination of education, mentorship, networking opportunities.

2.7 Responsibilities of an Incubatee

For an incubation program to succeed, incubatees must actively fulfill their responsibilities. These expectations ensure mutual accountability and maximize the value of the program for both the incubator and the participant. Below is a detailed overview of the key responsibilities of incubatees:

1. Commitment & Participation

Incubatees are expected to demonstrate full dedication to the program, aligning their efforts with its objectives.

- **Time Commitment:**
 - Incubatees should allocate sufficient time to attend scheduled workshops, training sessions, mentorship meetings, and networking events.
 - A minimum of **15–20 hours per week** is typically expected for participation in program activities and business development tasks.
- **Active Engagement:**
 - Regular participation in program activities, including discussions, brainstorming sessions, and collaborative initiatives with other incubatees.
 - Proactively seeking feedback from mentors, industry experts, and peers to improve their business ideas.
- **Deliverable Adherence:**
 - Timely submission of all required documents, such as business models, progress reports, and financial projections.
 - Meeting deadlines for deliverables, such as prototypes, marketing strategies, and funding proposals.
- **Professional Conduct:**
 - Upholding professionalism in all interactions with program staff, mentors, partners, and other incubatees.

3. PROGRAM STRUCTURE OF BUSINESS INCUBATION CENTER

3.1 Pre-incubation Phase

Pre-incubation is the process that usually involves a technology-focused business idea or project, where startups that have started working alone or with a team but have not been incorporated to make this idea come true.

Entrepreneurs in the pre-incubation process need specific training, mentoring and consultancy services to understand whether their ideas are viable, commercializable, scalable, etc.

Pre-incubation centers provide these opportunities to early-stage entrepreneurs for an average of six (6) months to a year when offered physically. (whether it is possible also to offer the program virtually)

3.2 Incubation Phase

At the end of the pre-incubation period, entrepreneurs who complete the business plan and are ready for incorporation, start the incubation phase. During the incubation period, entrepreneurs continue to need physical facilities and training, consultancy, and mentoring services, similar to the pre-incubation phases. These needs of entrepreneurs are met while in the incubation center. The length of the incubation period varies between 1-3 years depending on the sector of the enterprise. Startups that take longer to obtain certificates and patents in sectors such as health, food, etc. spend longer incubation periods than software companies.

Entrepreneurs set up their companies at the incubation stage and produce their minimum viable product. At this stage, the technical support that entrepreneurs need, especially when developing products, are provided by incubation centers. After the product is developed, the commercialization of the product, which is one of the most difficult stages of the enterprise process and management, begins.

3.3 Acceleration Phase

Acceleration is the process in which the problems of companies that have created their products, have started commercialization studies but have difficulties in gaining market share and globalization and these problems can be solved with the help of acceleration programs during this phase. The concept of acceleration can be considered as a new model for the entrepreneurship world.

It is not correct to describe it as a continuation of the incubation phases because it is a new model and constantly renews itself according to the needs of entrepreneurs. Acceleration programs are quite different from pre-incubation and incubation processes. Institutions that organize the program usually restrict the duration of the program to 6-12 months and want all companies to start the program at the same time. Thus, all companies participate in the same training and events at the same time and appear before investors at the same time. This situation ensures that competition and interaction between companies is high.

3.4 Post-incubation

Post incubation relates to the activities to be carried out when the company has reached the maturity phase, and therefore is ready to walk on its own feet. It is the time when if it has been physically incubated, the company will leave the incubator. Various services might still be needed by the incubated startups example to increment its sales or improve its productive processes, such as internationalization services or innovation introduction through scouting and detection activities. Incubators positioned as “post incubators” sometime rename themselves as “accelerators”.

4. EXIT STRATEGY

Choosing an appropriate exit strategy requires careful consideration of various factors including market conditions, personal goals, and the readiness of both the startup and its team for such transitions. Business incubators play a vital role in guiding entrepreneurs through these decisions by providing resources, mentorship, and networking opportunities.

A well-defined support and exit strategy ensure that the incubatees not only thrive during their incubation tenure but also continue their growth journey post-incubation. This strategy provides clarity on the program's closure while ensuring sustained value through post-incubation resources and program refinement.

The following are Factors to consider for startups exit:

- **Milestones & Deliverables:**

Startup Survival Rate. Monitor the percentage of startups that remain operational, reflecting the quality of your support.

Startup survival rate is the percentage of startups that continue to operate over a specific period of time. It's a common metric used to measure the success of startups and the effectiveness of business incubators and accelerators. A higher survival rate indicates that the support systems are successful and contribute positively to the entrepreneurial ecosystem.

- **Startup Success Rate.**

The startup success rate is the percentage of new businesses that survive and thrive beyond their initial launch. It's a measure of how many startups can navigate the competitive tech market to achieve growth and sustainability.

- **Job Creation.**

Job creation refers to the process of providing new jobs, especially for people who were previously unemployed or inactive.

- **Revenue Growth.**

Revenue growth is a company's income over a specific time period compared to an identical time period in the past. For example, the money your company made this year versus last year. Expenses aren't taken into consideration for this measurement.

- **Time to Market.**

Time to market (TTM) is the length of time it takes from a product being conceived until its being available for sale. The reason that time to market is so important is that being late erodes the addressable market into which producers have to sell their product.

- **Portfolio Valuation.**

Portfolio valuation is the process of determining the total value of an investment portfolio, which is a collection of financial assets such as stocks, bonds, commodities, and cash reserves.

- **Mentorship Effectiveness.**

Investment decision-making: It helps investors and fund managers make informed decisions by providing a transparent view of the portfolio's financial health.

Financial reporting: It's important to value portfolios correctly so that stakeholders receive transparent and reliable information.

Tax compliance: Portfolio valuation is important for tax compliance.

Compensation of investment managers: Portfolio valuation is important for compensating investment managers.

Business sales: Portfolio valuation is important for business sales.

To calculate a portfolio's value, you first calculate the monetary value of each asset and then add all the values together.

Equity Retained.

- Retained earnings are a type of equity and are therefore reported in the shareholders' equity section of the balance sheet. Although retained earnings are not themselves an asset, they can be used to purchase assets such as inventory, equipment, or other investments.
- Startup Satisfaction

Startup satisfaction can refer to customer satisfaction or employee satisfaction:

Customer satisfaction

Startups can track customer satisfaction to identify issues with their products and services and improve them. This can help startups stay agile in evolving markets and industries.

Factors that influence customer satisfaction include product quality, pricing, service, response time, and more.

Employee satisfaction

Employee satisfaction is important for startups to succeed. Startups can improve employee satisfaction by investing in training, which can help employees grow and progress professionally. Training can also promote trust and satisfaction among employees.

- **Intellectual property developed**

Intellectual property (IP) is a legal protection for creations of the mind, such as inventions, designs, and artistic works. It allows creators to earn financial benefit or recognition for their work.

- **Market expansion**

Market expansion refers to a company's growth strategy to increase its market share, operations, customer base, and overall presence in existing locations or new geographic areas.

- **Diversity and inclusion**

Diversity and inclusion are two interconnected concepts—but they are far from interchangeable. Diversity focuses on representation or the make-up of an entity. Inclusion is about how well the contributions, presence, and perspectives of different groups of people are valued and integrated into an environment.

- **Geographic expansion:** The process of extending a business's reach into new regions, cities, or countries. This can be a beneficial way for businesses to access new customers, diversify their offerings, and increase brand awareness.

Additional factors that can be considered during startup exit decision.

- **Business Readiness:**
 - A validated and scalable business model.
 - Demonstrated market demand through sales, contracts, or user acquisition.
- **Financial Sustainability:**
 - Secured funding or sufficient cash flow to sustain operations.
 - Comprehensive financial projections with realistic growth targets.
- **Operational Capacity:**
 - A trained and competent team in place to manage operations and growth.
 - Established processes for production, service delivery, and customer support.
- **Readiness for Scaling:**
 - Successfully entering one or more new markets or expanding to a larger customer base.
 - Defined strategic goals for the next phase of business growth.

Exit Process:

- Final presentation or “**Demo Day**” to showcase progress to stakeholders, mentors, and potential investors.
- Comprehensive evaluation by program coordinators based on progress reports, KPIs, and performance reviews.
- Handover of any program resources or intellectual property agreements.

After exit, the incubator has also to collect Feedback from its graduates. Therefore, Continuous improvement of the program relies on an effective feedback mechanism from incubatees.

- **Regular Feedback Collection:**
 - Conduct **structured surveys** at multiple stages of the program (mid-term and post-program) to gather input on program effectiveness, challenges, and suggestions.
 - Use anonymous channels to encourage honest and constructive feedback.
- **Focus Group Discussions:**
 - Organize group sessions with current and past incubatees to gain qualitative insights into their experiences.
 - Encourage open discussions about strengths and areas for improvement in program delivery, mentorship, and resources.
- **Post-Incubation Feedback:**
 - Implement a follow-up survey 6–12 months after the program to assess the incubatee's progress and how the incubation experience contributed to their success.
- **Integration of Feedback:**
 - Develop a feedback review committee comprising program coordinators, mentors, and select alumni to analyze feedback and prioritize actionable changes.
 - Regularly update incubatees on changes implemented based on their feedback, fostering a culture of mutual respect and improvement.

5. SUPPORT BEYOND INCUBATION

The role of the incubator extends beyond the formal program to provide lasting impact and opportunities for growth.

- **Alumni Networks:**
 - Establish a dynamic **alumni community** where past participants can connect, collaborate, and share experiences.
 - Organize periodic alumni events such as networking meetups, industry expos, and reunions.
 - Create online platforms or forums for real-time communication among alumni, mentors, and program coordinators.
- **Continued Mentoring:**
 - Offer **mentorship-on-demand** to alumni for specific challenges, such as market expansion, operational scaling, or crisis management.
 - Match alumni with advanced industry experts or investors to address higher-level strategic needs.
- **Access to Funding Opportunities:**
 - Facilitate introductions to venture capitalists, angel investors, or grant programs targeting alumni businesses.

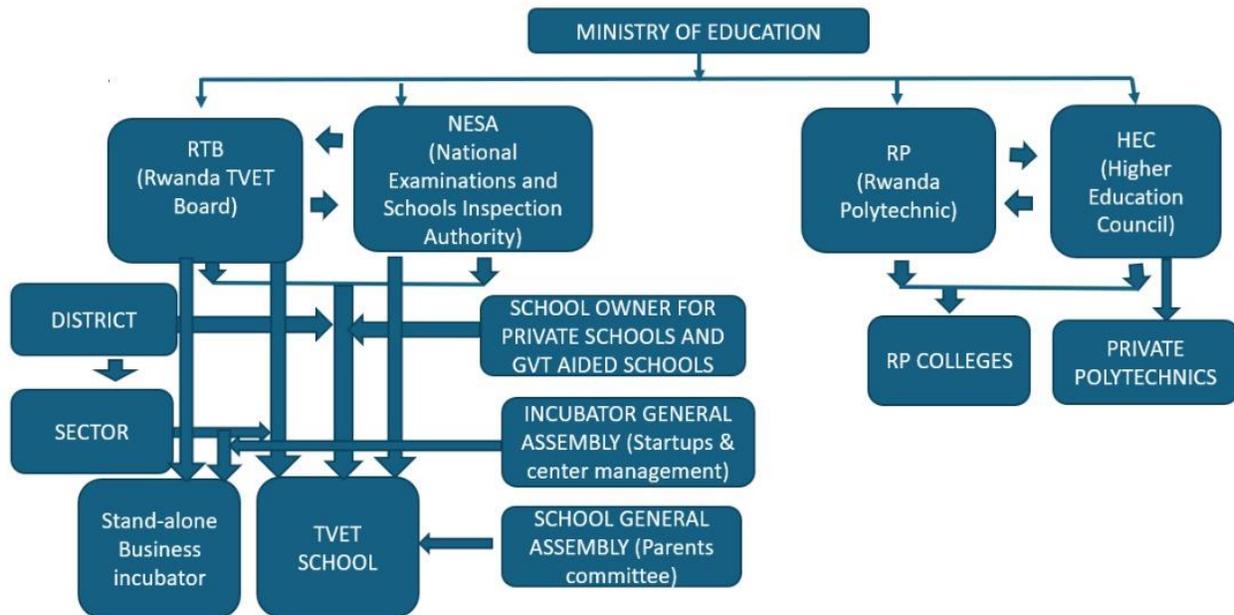
- Provide exclusive opportunities for alumni to apply for follow-up funding rounds, accelerator programs, or industry partnerships.
- **Training & Development:**
 - Offer periodic advanced workshops or certifications in areas such as digital transformation, global market entry, or leadership development.
 - Provide access to resource libraries, case studies, and market research reports to support ongoing learning.

6. MANAGEMENT OF THE BUSINESS INCUBATION CENTER

6.1 Overview

Effective, informed management is essential in the success of any Business Incubation center and plays key roles in any successful organization or enterprise.

The business incubators must be led through an existing administrative structure of the Technical Secondary schools as shown below:



6.2 Innovation Strategy

The Innovation Strategy aims to foster a culture of creativity and continuous improvement within the organization by leveraging training, research and development, industry engagement, and participation in events. This multifaceted approach will enable us to stay ahead in a rapidly changing environment.

Key Components:

1. Training Programs:

- **Workshops and Seminars:** Regularly scheduled workshops to enhance skills in emerging technologies, innovative practices, and problem-solving techniques.
- **Certification Courses:** Encourage team members to pursue certifications in relevant fields (e.g., project management, data analytics, premises licensing, product registration, standard mark etc.) to bolster their capabilities.
- **Mentorship Initiatives:** Establish mentorship programs pairing experienced professionals with newer employees to share knowledge and foster innovation.

2. Research and Development (R&D):

- **Dedicated R&D Teams:** Form specialized teams to explore new technologies, products, and processes that can enhance our offerings.
- **Collaboration with other stakeholders and research organizations** to access cutting-edge research and talent.
- **Internal Innovation Labs:** Create spaces for experimentation where teachers and students can test ideas without the fear of failure, promoting a hands-on approach to innovation.

3. Industry Visits:

- **Field Trips:** Organize visits to leading companies and innovative startups to observe best practices and gather insights.
- **Networking Opportunities:** Facilitate meetings with industry leaders and innovators to discuss trends and challenges, encouraging knowledge exchange.

4. Participation in Innovation Events:

- **TVET Expo Participation:** Engage in trade shows and exhibitions to showcase our innovations and learn from industry peers.
- **Conferences and Symposiums:** Attend relevant conferences to stay updated on industry advancements, share our insights, and network with experts.
- **Workshops at Events:** Host or participate in workshops during these events to share our expertise and gather feedback on our innovations.

5. Competitions and Challenges:

- **Internal Innovation Challenges:** Organize competitions within the organization to encourage teams to propose innovative solutions to specific problems.
- **External Competitions:** Encourage participation in national and international competitions to benchmark our innovations against others and gain recognition.
- **Hackathons:** Host hackathons that bring together diverse teams to rapidly prototype and develop innovative solutions.

6. Implementation Timeline:

- **Short-term (0-6 months):** Launch initial training programs and establish partnerships for R&D.
- **Medium-term (6-12 months):** Organize industry visits and participate in the first round of innovation events.

- Long-term (1-2 years): Evaluate and refine programs based on feedback, expanding participation in competitions and innovation challenges.

7.Evaluation Metrics:

- Participation Rates: Monitor attendance and engagement in training, events, and competitions.
- Innovation Output: Assess the number of new ideas or products developed as a result of R&D efforts and participation in challenges.
- Impact on Performance: Evaluate how these initiatives improve organizational performance and employee satisfaction.

This comprehensive Innovation Strategy will position the organization to harness creativity and technological advancements effectively, ensuring sustained growth and relevance in the industry.

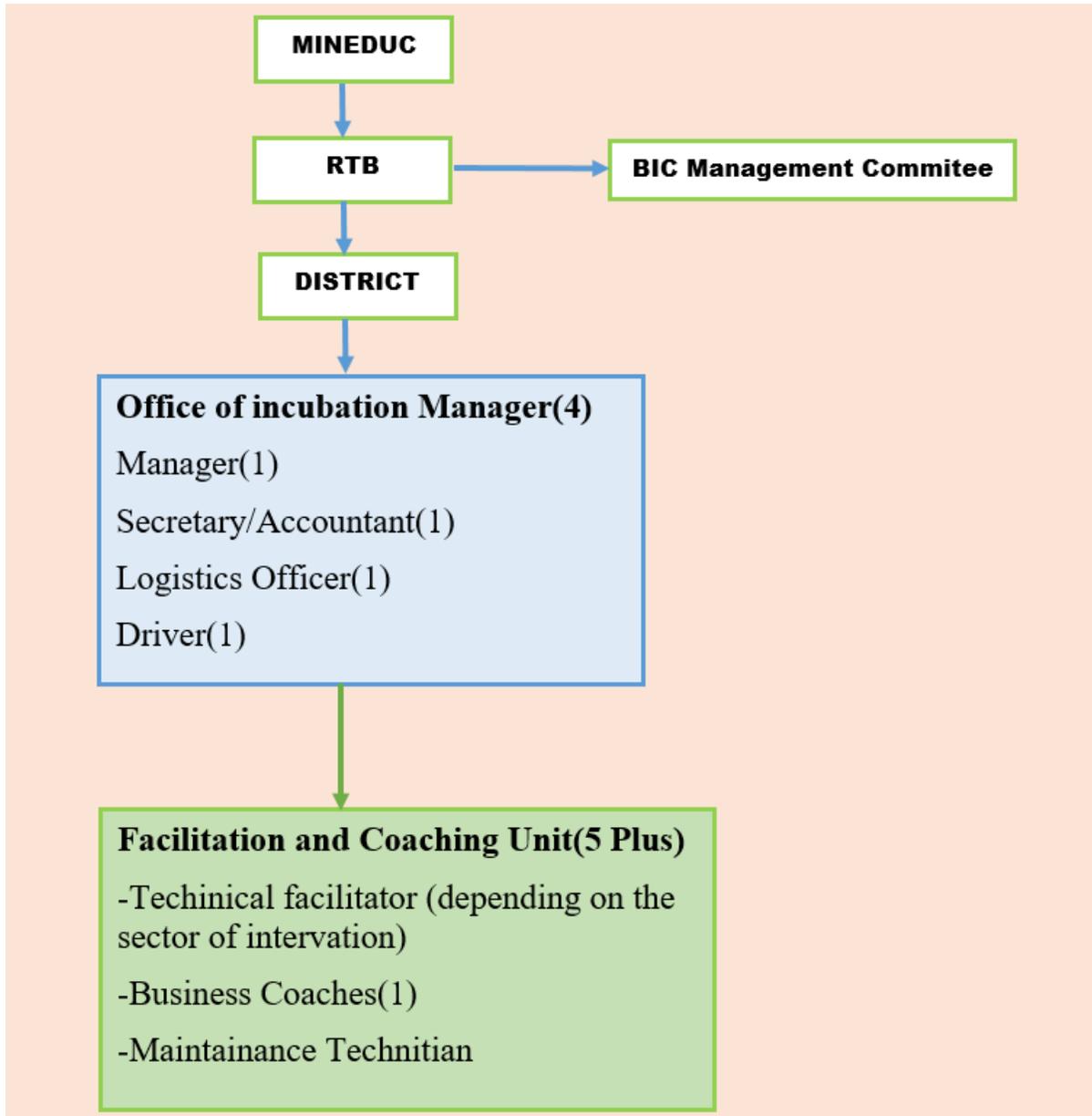
6.3 Strategic Management of the business incubator

Districts play a vital role in managing incubators by implementing national policies locally, coordinating stakeholders, allocating resources, monitoring performance, engaging communities, and building capacity among business incubation management staff.

Rwanda TVET Board strategically participates in the management of business incubators by providing financial support through either orderly model of operationalization of public institutions, grants, developing tailored programs aligned with workforce needs, facilitating partnerships among stakeholders, offering essential support services, modernization of the incubators' facilities, maintenance and monitoring performance through established metrics.

6.3.1. Human resources

6.3.1.1. Organizational Structure of the Incubation



6.3.1.2 The management committee

The incubation Manager requests the representative personnel from RTB and any other relevant stakeholders for being a part of the incubation management committee to join the manager together with one facilitator from the center.

The Management committee has ultimate responsibility for directing the activity of the BIC,

ensuring it is well run and delivering the objectives. The management committee should provide leadership to the BIC by:

- Setting the strategic direction to guide and direct activities of the BIC;
- Ensuring the effective management of the BIC and its activities;
- Monitoring the activities of the BIC to ensure they are in line with the vision, mission, and values;
- Review BIC strategy where necessary; and ensure financial sustainability, through among other seeking for external funds;
- The members of the committee must be odd numbers and not less than three persons.

6.3.1.3 Human resources management of Business incubation center

The human resource Management shall be run and operate without any external pressure being exerted from a private, political or any other sources; the Management has to strengthen the incubator through imparting the culture of entrepreneurship and professionalism, leading to the promotion of business start-up growth.

Both school-based BIC and standalone BIC require staff members¹; however, for the school-based BIC, at least three (3) staff must be chosen from the current staff. Additionally, the standalone BIC reports to the senior management of RTB, with a copy sent to the BIC Management Committee, while the school-based BIC reports to the school manager, also copying the BIC Management Committee.

The following are key staff for the Business incubation center:

A. Manager

He/she shall oversee the overall operations and coordinate all the operations of the business incubator; financial control and planning, HR, performance, quality, marketing and be responsible for the overall contribution that the Business Incubation Centre offers to SME's. They support startups in navigating the incubation process, manage communications, organize events, workshops, training programs and ensuring the success of the incubators programs and services.

B. The Technical facilitators

He/she shall have overall responsibility of accompanying and follow up of incubatees during research and/ development plus elaboration of their specific prototypes, facilitate short term

¹Incubatees seeking legal advice will be directed to the district's Legal Advisor, who will provide essential guidance on legal and regulatory matters. The Legal Advisor can assist with issues such as intellectual property protection, contract formulation, and ensuring compliance with relevant laws and regulations. His/her expertise helps ensure that startups within the incubator operate within the legal framework and adhere to necessary regulatory standards.

trainings, provide a linkage with stakeholders for the BIC, facilitate the incubatees in accessing equipment at the BIC; they will also constantly innovate to ensure it is fit for the purpose to meet the needs identified by the clients.

C. Business Development and entrepreneurship coach

He/she shall facilitate in provision of entrepreneurship skills like, business plan elaboration, marketing, liaising, or linking with financial intermediaries, stakeholders, investors, and any other tasks relevant to the business start-ups.

She/He is also responsible for identifying partnership opportunities, engaging with corporate sponsors and exploring collaboration possibilities with industries. Creates opportunities for startups to access resources, customers and markets.

D. The accountant

He/she shall hold an administrative function to support the Manager and the entire team by contributing to the overall effectiveness of the BIC.

Accountants have many responsibilities, including:

- **Financial statement preparation and analysis:** Accountants prepare and analyse financial statements, such as balance sheets, income statements, and cash flow statements. These documents provide insights into a company's financial health.
- **Reconciling accounts:** Accountants reconcile accounts to ensure the reliability of financial statements and detect discrepancies or errors.
- **Preparing budget forecasts:** Accountants prepare budget forecasts to provide data-driven estimates of future revenue and income.
- **Auditing:** Accountants perform tax audits to ensure compliance.
- **Preparing tax payments:** Accountants examine tax policies and handle tax payments and returns.
- **Compliance:** Accountants ensure compliance with all financial regulations.
- **Reviewing contracts and processing payments:** Accountants review contracts and process payments.
- **Examining financial discrepancies:** Accountants examine financial discrepancies.
- **Managing payroll functions:** Accountants manage payroll functions.
- **Creating and implementing new accounting systems:** Accountants create and implement new accounting systems.
- **Consulting management on financial strategy:** Accountants consult management on financial strategy.
- **Guiding investments, mergers, and acquisitions:** Accountants guide investments, mergers, and acquisitions.

E. Liaison officer:

The role of the Liaison Officer must include constantly updated market intelligence on business needs that new and existing Business Incubatees can benefit from.

F. Driver:

The responsibilities of a business incubator car driver include providing transportation for staff and visitors, maintaining vehicle safety standards, planning efficient routes, communicating effectively with passengers, keeping accurate records of trips, and complying with relevant regulations.

G. BIC Secretary:

- The BIC Secretary will maintain records, perform clerical tasks, prepare reports, and provide customer service to incoming clients;
- Answer incoming telephone calls and provide customer service to Incoming clients and staff;
- Maintain incubates and staff records, transcribe minutes of meetings, and file documents;
- Prepare reports, correspondence, and other materials as needed;
- Perform data entry, filing, and other clerical tasks;
- Provide assistance to the BIC staff with administrative tasks;
- Assist with BIC operations;
- Handle confidential information with discretion;
- Ensure compliance with applicable laws and regulations.

I. Logistics officer

He/she shall take custody of all equipment and asset management, supply chain needs and services.

J. Maintenance Technicians

He/she shall be responsible for operating, testing, maintaining and repair, regular inspection, fixing faulty wiring and calibrating electro-mechanical equipment and any other related infrastructural tasks for the BIC.

6.4 Planning, Monitoring and Assessment

The planning, monitoring and assessment process consists of drawing up the strategic and Business Plans for the incubator, as well as reviewing and updating the outcomes. This is a crucial part of the strategic management process since it allows the incubator to measure its achievements

continuously and redefine its course when necessary. It is vital for the continuous improvement of the incubator and its services and products that its strategies are continuously redefined in line with market trends and shifts, as well as to meet the changing expectations of stakeholders and tenants.

The followings are the main keys areas the needs a proper planning.

1. **Preparation of the incubator's strategic and business plans:** As for enterprises it houses, the main tools of the incubator are the Feasibility Study and Business Plan. The Feasibility Study is applicable when the incubator is being established and set up. The Business Plan is a tool for on-going use, as it guides the strategic actions of the incubator.
2. **Updating the Business Plan:** As the main management tool, the Business Plan must be constantly monitored to be effective, so that updates can be introduced rapidly, adapting it to market demands and ensuring that the incubator offers competitive services to the enterprises. An incubator's situation may change after it comes into effective operation. Consequently, plans must be updated based on the needs and interests of the clients (incubated enterprises). This updating should be undertaken regularly, if possible, every four or six months. At the very least, the Business Plan should be updated annually.
3. **Monitoring and Assessment:** Once the incubator strategies and actions are defined, it is necessary to develop operating procedures that will allow the plan to be monitored, assessed, and controlled. It is recommended that percentage standards be established to compare actual achievements with forecasts, on a regular (monthly) basis.

Performance indicators should be developed as part of the assessment and control system. When compared to established standards, these should indicate whether activities are being properly implemented. Stakeholders should be consulted to decide which indicators should be adopted in order to meet expectations. This is not always an easy process, as incubators normally have a relatively large number of backers, and the incubator may have to define its own indicators.

4. **Planning for Physical Infrastructure:** In creating a Business Incubation Center, location is a key consideration. A Business Incubation Center is much more than just premises; it becomes the hub for each tenant's daily operations and services. Depending on the type of projects, the characteristics of the incubator may vary in terms of size, types of workspaces, and services. Therefore, careful planning is essential to meet the needs of the businesses that will be supported.

Key Considerations for the Setting of a Business Incubation Center:

a) **Size of the Business Incubation Center:**

- What are the requirements of the businesses that will be supported?
- How effectively can that support be delivered to the optimum number of businesses? (i.e., what is the Business Incubation Center's capacity for support?)

b) **Workspace Requirements:**

- What are the specific requirements for incubator workspaces?
- How many workspaces can the center support?
- What different types of workspaces are required (e.g., size, resources, site)?
- Incorporating basic support infrastructure, such as telephone, internet, and utilities

Provision of Services

The provision of services is essential to ensuring the success of any Business Incubation Center. The following issues should be addressed:

- **Financial Model:**
 - The financial model should aim for the Business Incubation Center's self-sustainability.
- **Premises Renovation/Development:**
 - To what extent will existing premises require renovation or redevelopment to meet business needs?
- **Environmental Concerns:**
 - Are there any environmental concerns related to the premises?
- **Maintenance Requirements:**
 - How much time and resources will be required for the maintenance of the premises?
- **Operating Costs:**
 - How much will it cost to run the Business Incubation Center?
- **Workspace Flexibility:**
 - Are the workspaces flexible enough to allow for growth, expansion, or diversification of businesses as they develop?
- **Shared Resources:**
 - Is there enough capacity for shared resources such as conference facilities, boardrooms, and training rooms?
- **Security:**
 - Is the Business Incubation Center secure at all times of the day and night?
- **Parking Facilities:**
 - Are there adequate parking facilities?
- **Networking and Collaboration:**
 - Do the premises allow for networking, collaboration, peer group interaction, and collective training between businesses?

6.5 Strategic Plan for Business incubation center

From the start of its operation, the Business Incubation center requires a concept paper. This is essential in ensuring: effective governance; performance monitoring; suitability, relevance and appropriateness to local business and success. The concept paper should cover the following:

- The Mission, Vision, and Values of the Business Incubation center
- This details what the management and partners want the incubator to achieve, how it intends to achieve those aims and the principals within which it operates.
- Strategic objectives – what are the key issues that the Business Incubation center will address?
- SWOT analysis – initial analysis of the opportunities and challenges facing the newly developed Business Incubation center.
- Short, Medium, and Long-term plans – the vision for the Business Incubation center should be planned within timescales along with SMART targets. There will be elements which can easily be addressed in the short-term but others which will require longer-term plans. This should include elements of contingency planning as the dynamic nature of business means that priorities, objectives, and goals may change.
- Sustainability – the need to ensure that the Business Incubation center becomes self-sustainable needs to be considered and a business plan of how to achieve this created.
- Strategic review and governance – ensure that the Business Incubation center continues to adhere to its Mission, Vision and Values and remains responsive to business need.

There are three key questions in respect of planning the Business Incubator center:

- Why will the Business Incubation center be successful?
- What are the objectives of the Business Incubation center?
- How will the Business Incubation center achieve self-sustainability?

To this end, planning should include:

- Implementation of the Business Incubation center
- Initial, current, and future strategy
- Advertising and dissemination of the service the Business Incubation center offers
- Recruiting entrepreneurs
- Recruiting start-up businesses
- Engaging with partner institutions, especially education, training, research institutions (TVET schools)
- Securing financial support
- Application process for potential tenants

7. REPORTING STRUCTURE

Business incubators need reporting for accountability and transparency, performance measurement, funding justification, continuous improvement, stakeholder engagement, strategic planning, and compliance requirements.

Business incubators need reporting primarily at regular intervals like quarterly where they require detailed financial and operational updates from incubators and startups.

This reporting is crucial for several reasons:

- **Maintaining Funding:** Failure to meet reporting deadlines can jeopardize funding from investors who rely on these reports to assess the viability and progress of their investments.
- **Building Trust:** Consistent reporting fosters trust between startups and their stakeholders. It shows that the startup is proactive in communicating its status and challenges.
- **Identifying Areas for Improvement:** Regularly tracking progress against set milestones allows startups to identify areas needing improvement early on.

The types of reports that business incubators shall require the followings:

1.Financial Reports: Detailed accounts of revenue, expenses, cash flow statements, and projections for future financial performance.

2.Operational Progress Reports: Updates on milestones achieved versus those planned, including product development stages or customer acquisition metrics.

The business incubator should provide a Quarterly and annual Reports to both local entities and RTB as it provides a more comprehensive overview of the incubator and startup's performance over a longer period, including analysis of market conditions and strategic adjustments made in response to those conditions.

8. LEGAL DOCUMENTS, COMPLIANCE AND OPERATIONAL GUIDELINES

Business incubation centers must navigate a complex landscape of legal documents, compliance requirements, and operational guidelines to effectively operate and support startup growth while adhering to regulatory standards, laws and regulations so as to establish a robust framework by creating an environment conducive to innovation and entrepreneurship.

8.1 Legal Documents

There are legislative concerns with the establishment of any Business Incubation center. These will include:

Statutes – detail the incubator structure, its objectives, staffing organization structure and daily operation. The operation of the BIC should be conducted under the existing framework for the management of TVET schools.

Internal operations: Business incubators operate through structured and existing governance models that facilitate resource allocation.

Agreement with Business Incubation center Tenants: an agreement between a business incubator and an incubatee serves as a foundational document that governs their relationship throughout the incubation process. It delineates roles, responsibilities, financial commitments, and procedures for conflict resolution, thereby fostering a supportive environment conducive to entrepreneurial success.

Other Legal Documents: Documents which formalize specific services procured by the incubator, agreements with other organizations, commercial contracts, etc.

8.2 Compliance and Operational Guidelines

Business incubation centers are essential in promoting the growth of new business and entrepreneurial ventures by availing resources, mentoring, and networking opportunities. However, running these centers must be done in compliance to the law and regulations to ensure that the incubators and the incubatees do not contravene the law.

Key Legal Areas of Concern

Business incubation centers must navigate various legal areas, including:

1. Intellectual Property (IP)

There is a lot of focus on improving new and existing products by startups and for this reason such business ideas always need protection of intellectual property. Thus, incubation centers should support the participants by offering orientation on the ways of securing patent, trademark, designs copyright protection and any other form of IP. Moreover, there is a need to settle upfront issues regarding the rights of ownership to any intellectual property created during the incubation program, and the personnel of such centers help the incubatees in this regard.

2. Contracts and Agreements

Legal agreements are imperative in establishing any correlation between the incubation center and the incubatees. The agreements must provide information on the service provision, non-disclosure

clauses, which in this case relates to the incubatees' information, and details on any equity the center would buy in return for assistance. It is important to provide clear agreements that are binding by law to prevent conflicts.

3. Funding and Financial Regulations

Regulations regarding finances available to an incubation center and funding them are important factors determining the sustainability and success of the hosted startups. A combination of public and private funds is typically used by such centers, including state endowments, venture capitals, and corporate sponsors/school itself. Financial regulations provide a framework within which these funds can be distributed, ensuring clear and responsible financial practice.

As every public institution requires government support to run and implement the assigned mandates, Business incubators, stand-alone, develop the strategic plan and annual action plan and submit them to the national institution in charge of TVET Education for approval and funding.

4. Adhere to the regulations set by relevant regulatory bodies

Business incubators must adopt a proactive approach towards regulatory compliance by understanding applicable laws, conducting risk assessments, developing robust strategies, leveraging technology for management purposes, collaborating with regulators, and fostering an organizational culture that prioritizes compliance.

Effective Practices in Ensuring Compliance

To comply with legal provisions, business incubation centers should introduce the following recommendations:

- 1. Periodic Training and Workshops:** Organize annual trainings for the personnel and incubatees on legal compliance issues such as IP, contracts, or data protection.
- 2. Legal Counsel:** Employ attorneys for reviewing contracts, giving advice on compliance issues, and keeping up with the relevant laws.
- 3. Transparent Policies:** Formulate and disseminate the policies concerning intellectual property (IP) rights, financial reporting, and data protection. Make sure each stakeholder has a clear understanding of what is expected from them.
- 4. Monitoring and Auditing:** Develop mechanisms for ensuring compliance and undertaking periodic review of the operations. This is a positive strategy as it can help mitigate against such risks and challenges beforehand.

5. Feedback Mechanisms: Create a way in which companies that are in the center can air their concerns about compliance issues. This will also assist in the strengthening of the center as it will help in knowing what improvements are required.

9. FINANCING AND SUSTAINABILITY OF THE BUSINESS INCUBATORS' OPERATIONS

Achieving financial sustainability is critical for business incubators as they strive to support entrepreneurs effectively. By adopting diverse revenue models, managing resources wisely, building strong partnerships, and committing to continuous improvement, incubators can secure their future while fostering innovation within their communities.

The strategic collaboration between districts and Rwanda TVET Board is vital for effective and sustainable management of business incubators. By aligning resources, sharing knowledge, developing targeted programs, facilitating networking opportunities, monitoring progress, advocating for supportive policies, and planning for sustainability, these partnerships can significantly enhance the entrepreneurial ecosystem within a region.

TVET institutions through the districts finance the operationalization of public Business incubators through a specialized funding in basis to the actions plan and budget developed by its management, combination of grants, equity investments, and technical, commissioning equipment, modernization of the infrastructures and maintenance assistance funding while fostering partnerships with local entities for enhanced resource availability.

In addition, as incubators go through the different stages of start-up, operations and expansion, percentages may be charged from the startups to finance the operations of the business incubator.

Finance can be generated from external funders either by investors, the government, DPs and Private sectors.

The supply of necessary equipment to be used in Business Incubation Centers is a sole responsibility of the Institution in charge of TVET in conjunction with Development Partners

10. FINANCIAL MANAGEMENT

Like all enterprises, an incubator has revenues and expenses. Consequently, financial management consists of planning, overseeing and controlling the incubator funds, whether they are brought in through services or provided by partners and investors. Mechanisms need to be developed that allow the incubator manager to know accurately the amounts available, the needs and the investment capacity. Additionally, financial management should focus on bringing in new sources of funds for the incubator.

For good financial management, it is necessary to develop and use documents for incoming and outgoing funds, in order to identify critical points and investment requirements. Listed below are some important stages for the effective administration of the incubator funds:

1. Preparation of Investment Spread sheet. This is designed to bring together information on the uses and disbursement periods of the funds for investments needed to establish or develop the incubator. In order to oversee the funds required during the various phases of the incubator programme, the investments should be separated into:
 - Pre-operating expenditures: disbursements prior to the actual inauguration of the incubator (shown in the initial Business Plan)
 - Physical facilities: disbursements required for the adaptation, construction and conservation of the physical facilities of the incubator;
 - Equipment: disbursements required for the purchase of equipment to start up and continue the operating activities of the incubator;
 - General expenditures: as this can involve capital investments, this item can include the initial expenditures that may be required for the implementation and inauguration of the incubator;
 - Reserves: these are the amounts set aside to build up cash reserves.
2. Preparation of Costs and Expenditures. This spread sheet provides information on the uses and disbursement periods, separated into Costs and Expenditures. In order to prepare it, two principles should be taken under consideration:
 - Core business: the main activities of the enterprise, where cuts would curb its development;
 - Level of involvement of the disbursement with the activity of the enterprise
3. Preparation of Revenues. This spread sheet should include all revenues brought in by the incubator, including its own income (brought in through services rendered by the incubator, fees, etc.) and from third parties (provided by backer institutions, development agencies and investors).
4. Incubator Cash Flow. The Cash Flow is an ancillary document that is crucial to the successful financial administration of the enterprise. This document should be linked to the budget plan in order to monitor the financial performance of the enterprise.

The cash flow concept is quite simple. The activities of the business result in income or expenditures. The projection of these variables onto future cash on hand generates the cash flow

or financial cycle of the enterprise. Despite the simplicity of the cash flow concept, its application to a business may result in some difficulties, arising from the following aspects:

- In a new business, it is hard to forecast the income and expenditures resulting from some activities;
- It is hard to foresee future cash income and expenditure amounts, due to the uncertainties of the projected scenario; and
- It is hard to quantify the impact on the cash income and expenditures due to the business risks.

The preparation of an incubator cash flow table will allow its manager to keep a close watch on its bottom line, with a high level of certainty, in order to plan ahead for covering investment requirements and the need to bring in fresh funding.

11. PERFORMANCE EVALUATION FOR BUSINESS INCUBATION CENTERS

To ensure that Business Incubation Centers are effective and efficient, it is vital to conduct regular performance evaluations. This manual explores the importance of performance evaluation for business incubation centers, the criteria for such evaluations, and the methods used to assess their effectiveness.

11.1 Importance of Performance Evaluation

Performance evaluation serves multiple purposes for business incubation centers. First, it helps stakeholders understand the impact of the center on its client companies. By measuring success rates, funding acquisition, and business growth, incubators can demonstrate their value to investors, government bodies, and the broader community.

Evaluations foster continuous improvement. By identifying strengths and weaknesses, incubators can refine their programs and services, ensuring that they meet the evolving needs of entrepreneurs. This adaptability is crucial in a rapidly changing business landscape, where startups must innovate to survive.

Performance evaluations can enhance accountability. With clear metrics and goals, incubators can be held responsible for their outcomes. This transparency builds trust among stakeholders and can lead to increased support and funding.

11.2 Criteria for Evaluation

To effectively evaluate the performance of business incubation centers, several key criteria should be considered:

1. **Success Rate of Startups:** This includes measuring the percentage of incubated businesses that achieve sustainability, secure funding, or reach specific revenue milestones.
2. **Support Services Offered:** Evaluating the range and quality of support services provided, such as mentorship, training programs, access to investors, and networking opportunities.
3. **Client Satisfaction:** Gathering feedback from incubated companies regarding their experience and perceived value of the services received.
4. **Economic Impact:** Assessing the broader economic effects of the incubator, including job creation, contribution to local GDP, and innovation output.
5. **Retention and Graduation Rates:** Measuring how many businesses successfully graduate from the program and continue to thrive independently.
6. **Diversity and Inclusion:** Evaluating efforts to support underrepresented groups in entrepreneurship, ensuring that the incubator promotes diversity in its cohort.

11.3 Methods of Evaluation

Various methods can be employed to conduct performance evaluations of business incubation centers:

1. **Surveys and Interviews:** Collecting quantitative and qualitative data from incubatees through structured surveys and in-depth interviews can provide insights into their experiences and outcomes.
2. **Benchmarking:** Comparing the incubator's performance against industry standards or similar centers can help identify areas for improvement and establish best practices.
3. **Case Studies:** Conducting detailed case studies of successful and unsuccessful startups within the incubator can highlight factors contributing to their outcomes.
4. **Performance Metrics:** Establishing key performance indicators (KPIs) such as funding raised, revenue growth, and customer acquisition rates can provide measurable insights into the effectiveness of the incubator.
5. **Longitudinal Studies:** Tracking the performance of incubated companies over time can provide a comprehensive view of the long-term impact of the incubator.

Monitoring matrix for the Business Incubators

Expected Outputs	Indicator to track Output	Unit of measure	Baseline	Targets and Milestones					Responsible entity	Data sources (Means of Verification)
				Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29		
Outcome 1: Increased number of startups successfully launched										
1.1 Number of startups incubated	1.1.1 Number of startups supported	Number	60	70	80	90	100	120	BIC	BIC Annual report
	1.1.2 Number of new business- es hosted/ nurtured up to their competitive maturity	Number	5	10	15	20	25	30	BIC	BIC Annual report
1.2 The culture of entrepreneurship among women and youth stimulated through mentorship	1.2.1 Number of women and youth accessing mentorship programs through BIC	Number	N/A	20	25	30	40	70	BIC	BIC Annual report
	1.2.2 % of female entrepreneurs benefited from BIC to start their own business	Percentage	10%	30%	30%	30%	30%	35%	BIC	BIC Annual report
1.3 Entrepreneurship Skills and Opportunities expanded among graduates or business starters	1.3.1 Number of supported entrepreneurs who launch and grew their business projects/models	Number	90	N/A	100	150	200	250	BIC	BIC Annual report
	1.3.2 Number of start-ups enterprise supported that are able to introduce new products to the market	Number	N/A	N/A	10	20	30	40	BIC	BIC Annual report
1.4 Survival rate of incubated startups	1.4.1 Percentage of startups still in operation after 2 years	Percentage	N/A	40% survival rate	50% survival rate	60% survival rate	70% survival rate	80% survival rate	BIC	BIC Annual report
Outcome 2: Business Incubation Center Human Resource Capacity strengthened										
2.1 Business Incubation Center Human Resource capacity strengthened	2.1.1 Number of staff recruited	Number	N/A	N/A	N/A	2	4	5	RTB	BIC guidelines
	2.1.2 Number of staff trained on business development	Number	N/A	N/A	N/A	2	4	5	BIC	BIC guidelines
2.2 Adequate infrastructure and equipment provided	2.2.1 % of office space designed and partitioned	Percentage	N/A	N/A	N/A	2%	4%	5%	RTB	RTB Action Plan
	2.2.2 % of office space equipped	Percentage	N/A	N/A	2%	4%	5%	N/A	RTB	RTB Action Plan

	2.2.3 Rehabilitate and expand the existing BICs	Number	2	N/A	0	2	0	N/A	RTB	RTB Action Plan
Outcome 3: Business Incubation Center promotion and awareness programs developed and implemented										
3.1 Awareness programs about Business Incubation Center conducted among innovators	3.1.1 Number of awareness programs developed and implemented	Number	N/A	N/A	N/A	1	N/A	N/A	RTB/ BIC	BIC guidelines
	3.1.2 Number of open forums for BIC awareness conducted	Number	N/A	N/A	N/A	N/A	1	N/A	RTB/ BIC	BIC guidelines
Outcome 4: Job creation and workforce development increased										
4.1 Number of decent jobs created through incubated businesses	4.1.1 Number of decent jobs created by startups	Number	N/A	Number of decent jobs created to be compiled on annual basis	Number of decent jobs created to be compiled on annual basis	Number of decent jobs created to be compiled on annual basis	Number of decent jobs created to be compiled on annual basis	Number of decent jobs created to be compiled on annual basis	BIC	BIC Tracer survey
Outcome 5: Financial growth of incubated startups compiled										
5.1 Amount of funding raised by incubated startups	5.1.1 Total funding raised	Frw	N/A	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	BIC	BIC Annual report
5.2 Revenue growth of incubated startups	5.2.1 % increase in average revenue of incubated businesses	Percentage	N/A	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	Financial report to be compiled on annual basis	BIC	BIC Annual report
Outcome 6: Increased access to markets and partnerships										
6.1 Number of partnerships formed between startups and corporates	6.1.1 Number of corporate partnerships established	Number	N/A	N/A	A report to be compiled on annual basis	compiled on annual basis	compiled on annual basis	compiled on annual basis	BIC	BIC Annual report
6.2 Number of startups participating in market exhibitions/trade fairs	6.2.1 Number of market exhibitions/trade fairs attended by startups	Number	N/A	N/A	1	1	1	1	BIC	BIC Annual report