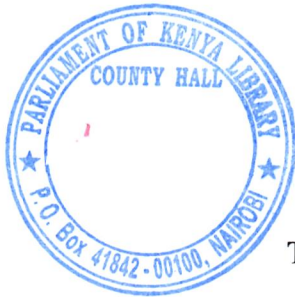


Approved for tabling in the house.

8/16/2022



REPUBLIC OF KENYA
THE NATIONAL ASSEMBLY

THE NATIONAL ASSEMBLY	
DATE: 09 JUN 2022	DAY: Thursday
TABLED BY: Hon. Mark Nyamicha	AT THE TABLE: G. Chebet

TWELFTH PARLIAMENT – SIXTH SESSION - 2022

DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND INNOVATION

REPORT ON-
THE CONSIDERATION OF THE STARTUP BILL (SENATE BILL NO. 1 OF 2021)

CLERK'S CHAMBERS
DIRECTORATE OF DEPARTMENTAL COMMITTEES
PARLIAMENT BUILDINGS
NAIROBI

JUNE , 2022

Table of Contents

CHAIRPERSON'S FOREWORD.....	2
CHAPTER ONE.....	3
1.0 PREFACE.....	3
1.1 ESTABLISHMENT OF THE COMMITTEE	3
1.2 MANDATE OF THE COMMITTEE	3
1.3 COMMITTEE MEMBERSHIP	4
1.4 COMMITTEE SECRETARIAT	5
CHAPTER TWO	6
2.0 OVERVIEW OF THE STARTUP BILL (SENATE BILL NO. 1 OF 2021).....	6
3.1 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATION.....	9
4.0 COMMITTEE RECOMMENDATIONS	16
5.0 SCHEDULE OF PROPOSED AMENDMENTS.....	16

CHAIRPERSON'S FOREWORD

This report contains proceedings of the Departmental Committee on Communication, Information and Innovation on its consideration of the Startup Bill (*Senate Bill No.1 of 2021*) which was passed by the Senate on 2nd December, 2021.

The Bill underwent First Reading on 2nd February, 2022 and was thereafter committed to the Departmental Committee on Communication, Information and Innovation for consideration and reporting to the House pursuant to National Assembly Standing Order 127(1).

The Bill has thirty-one (31) clauses and seeks to provide a framework to encourage growth and sustainable technological development and new entrepreneurship employment, to create a more favourable environment for innovation and to attract Kenyan talents and capital.

Following the placement of an advertisement in the print media on 10th February, 2022 requesting for comments from public and the relevant stakeholders pursuant to Article 118(1)(b) of the Constitution and Standing Order 127(3), the Committee received two (2) memoranda from the National Gender and Equality Commission and Messrs. Allen & Wamae Advocates.

The Committee is grateful to the offices of the Speaker and Clerk of the National Assembly for the logistical and technical support accorded to it during its sittings. The Committee further wishes to thank stakeholders who submitted comments on the Bill. Finally, I wish to express my appreciation to the Honourable Members of the Committee and the Committee Secretariat who made useful contributions towards the preparation and production of this report.

On behalf of the Departmental Committee on Communication and Innovation and pursuant to the provisions of Standing Order 199 (6), it is my pleasant privilege and honour to present to this House the report of the Committee on the Startup Bill (*Senate Bill No. 1 of 2021*).

Hon. Jane Njiru M.P

Chairperson, Departmental Committee on Communication, Information and Innovation

CHAPTER ONE

1.0 PREFACE

1.1 ESTABLISHMENT OF THE COMMITTEE

1. The Departmental Committee on Communications, Information and Innovation is established under Standing Order 216 whose mandate pursuant to the Standing Order 216 (5) is as follows;
 - a. *Investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;*
 - b. *Study the programme and policy objectives of Ministries and departments and the effectiveness of the implementation;*
 - c. *Study and review all legislation referred to it;*
 - d. *Study, assess and analyse the relative success of the Ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - e. *Investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;*
 - f. *Vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments);*
 - (fa) *examine treaties, agreements and conventions;*
 - g. *make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;*
 - h. *consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and*
 - i. *Examine any questions raised by Members on a matter within its mandate*

1.2 MANDATE OF THE COMMITTEE

2. In accordance with Second Schedule of the Standing Orders, the Committee is mandated to oversight communication, information, media and broadcasting (except for broadcast of parliamentary proceedings), Information Communications Technology (ICT) development and advancement of technology and modernization of production strategies.
3. In executing its mandate, the Committee oversights the following Departments;
 - a. State Department of Broadcasting and Telecommunications
 - b. State Department of ICT and Innovation

1.3 COMMITTEE MEMBERSHIP

4. The Committee was constituted by the House in December 2017 and comprises the following Members-

Chairperson

Hon. Jane Wanjuki Njiru, MP
Embu County
Jubilee Party

Vice-Chairperson

Hon. (Eng.) Mark Nyamita Ogola, MP
Uriri Constituency
Orange Democratic Party

Hon. George Theuri, MP
Embakasi West Constituency
Jubilee Party

Hon. Gertrude Mbeyu, MP
Kilifi County
Orange Democratic Party

Hon. Alfah O. Miruka, MP
BomachogeChache Constituency
Kenya National Congress

Hon. Anthony Kiai, MP
Mukurweini Constituency
Jubilee Party

Hon. Annie Wanjiku Kibeh, MP
Gatundu North Constituency
Jubilee Party

Hon. (Eng.) Mark Nyamita Ogola, MP
Uriri Constituency
Orange Democratic Party

Hon. Joshua Kimilu, Kivinda, MP
Kaiti Constituency
Wiper Democratic Party

Hon. Victor Munyaka, MP
Machakos Town Constituency
Jubilee Party

Hon. Marwa Kitayama Maisori, MP
Kuria East Constituency
Jubilee Party

Hon. Erastus Nzioka Kivasu, M.P.
Mbooni
New Democrats Party

Hon. Mwambu Mabongah, MP
Bumula Constituency
Independent

Hon. Innocent Momanyi Obiri, MP
Bobasi Constituency
People's Democratic Party

Hon. Maritim Sylvanus, MP
Ainamoi Constituency
Jubilee Party

Hon. Godfrey Osotsi Atieno, MP
Nominated
African National Congress

Hon. Mwangaza Kawira, MP
Meru County
Independent

Hon. Anthony, Tom Oluoch, MP
Mathare Constituency
Orange Democratic Party

Hon. Jonah Mburu, MP
Lari Constituency
Jubilee Party

Hon. Gathoni Wamuchomba, MP
Kiambu County
Jubilee Party

1.4 COMMITTEE SECRETARIAT

5. The Committee is facilitated by the following secretariat staff-

Ms. Hellen Kina
Clerk Assistant I/Head of the Secretariat

Ms. Ella Kendi
Clerk Assistant II

Mr. Salem Lorot
Legal Counsel I

Ms. Winnie Kulei
Research Officer II

Mr. Thomas Ogwel
Fiscal Analyst II

Mr. Nimrod Ochieng
Audio Officer

Mr. Benson Muthuri
Sergeant-at-arm

CHAPTER TWO

2.0 OVERVIEW OF THE STARTUP BILL (SENATE BILL NO. 1 OF 2021)

6. The principal object of the Bill is to provide a framework to encourage growth and sustainable technological development and new entrepreneurship employment, to create a more favourable environment for innovation and to attract Kenyan talents and capital. The Bill contains six Parts.
7. **Clause 1** provides for the short title of the Bill
8. **Clause 2** provides for the interpretation of the terms.
9. **Clause 3** provides for the objects of the Bill
10. **Clause 4** provides for the role of National and County Government
11. **Clause 5** provides for the establishment of incubation programmes
12. **Clause 6** provides for appointment and functions of registrar and other officers
13. **Clause 7** provides for the functions of the Registrar
14. **Clause 8** provides for the eligibility for admission of an entity into an incubation programme.
15. **Clause 9** provides for application for admission into an incubation programme.
16. **Clause 10** provides for consideration of application and registration
17. **Clause 11** provides that the Registrar or county registrar as the case may be, shall, upon entering the name of the applicant in the register, issue to the entity, a certificate in the prescribed form.
18. **Clause 12** provides that the certificate of admission into an incubation programme shall be conclusive evidence that the startup has met all the requirements for registration specified under the Act and has been duly registered in accordance with the Act unless it is proved that the registration of the startup has been cancelled.
19. **Clause 13** provides that the Registrar or county registrar may reject an application for the admission of an entity where the entity has submitted false or misleading information in its application, the application does not comply with the provisions of the Act, the entity does not meet the criteria specified under the Act for the registration of a startup, or the objects of the entity are likely to be pursued for an unlawful purpose or used for a purpose incompatible with public interest.
20. **Clause 14** provides that a person who is aggrieved by the decision of the Registrar or county registrar under the Part may, within 30 days of being notified of the decision, apply to the Cabinet Secretary for a review of the decision.
21. **Clause 15** provides that the Registrar shall keep and maintain a register of all startups registered under the Act, all de-registered startups; and all startups which have voluntarily

deregistered under the Act. It further provides that any person may inspect the register and obtain a copy of, or an extract from the Registrar upon payment of such fee as the registrar shall determine.

22. **Clause 16** provides that the Registrar, as the case may be, may, from time to time, make changes or corrections in the register relating to any entry.
23. **Clause 17** provides that a startup that makes a change to any of its particulars shall, within thirty days of such change submit to the Registrar information regarding the change.
24. **Clause 18** provides for the obligations of registered groups.
25. **Clause 19** provides for the eligibility for admission of entities into an incubation programme.
26. **Clause 20** provides for the certification of incubators
27. **Clause 21** provides for the withdrawal from an incubation programme.
28. **Clause 22** provides for the obligations of an incubator
29. **Clause 23** provides that the national and county governments shall support incubators through capital grants, fiscal and non-fiscal support.
30. **Clause 24** provides that the Agency and the county executive committee members shall put in place measures to support the establishment and development of startups
31. **Clause 25** provides that the Cabinet Secretary may, in consultation with Board of Trustees of the Fund and where necessary for the development and growth of startups under the Act, establish a credit guarantee scheme.
32. **Clause 26** provides that the Agency shall put in place a programme for the training and capacity building of startups under the Act and shall, for the purpose establish a platform setting out information at the national and county level of government.
33. **Clause 27** provides that the Agency shall facilitate startups in the application for registration, grant, revocation and institution of legal action for infringement of intellectual property rights; and filing and registration of intellectual property at the international level.
34. **Clause 28** provides that the Cabinet Secretary shall, in consultation with the Cabinet Secretary responsible for matters relating to finance, put in place measures for the granting of fiscal incentives including tax incentives as shall be considered necessary for the development of startups in the country.
35. **Clause 29** provides that a startup shall be encouraged to cumulatively achieve growth objectives as set out by the Cabinet Secretary by regulation.
36. **Clause 30** provides for the power of the Cabinet Secretary to make regulations.
37. **Clause 31** provides for a consequential amendment to the Science, Technology and Innovation Act. It seeks to amend section 29 of the Act (providing for the functions of the Kenya National Innovation Agency) to provide for an additional function of providing financial support to

technological innovations registered under the Startups Act. Further, it seeks to amend section 32 of the Act (providing for the National Research Fund) by amending subsection 4 by altering the composition of the Board of Trustees of the Fund.

CHAPTER THREE

3.1 PUBLIC PARTICIPATION/STAKEHOLDER CONSULTATION

38. Pursuant to Article 118(1) (b) of the Constitution and Standing Order 127(3), which provide that the Parliament shall facilitate public participation, the Committee placed an advertisement in the local dailies on 10th February, 2022 inviting the public to submit their views on the Bill on or before Wednesday 23rd February, 2022. Two (2) memoranda were received.
39. While considering the Bill, the Committee took into account the memoranda received from the National Gender and Equality Commission and Messrs. Allen & Wamae Advocates.

3.1.1 MEMORANDA ON SPECIFIC AMENDMENTS

Clause 2

40. NGENC proposed the clause be amended by inserting following new terms; -

- (i) *Start up* means a “young company founded by one or more entrepreneurs to develop a unique product or service and bring it to the market”. The justification for the proposed amendment is that it is the short title of the law and that it should be self-explanatory.
- (ii) *Inter-agency Committee* means a committee consists of “Principal Secretaries in the ministries and other entities that are relevant to the implementation of the Act”. The role of this Committee is to provide strategic direction in the implementation of the key components of the Act.

41. Amend the definition of the word “startup incubator” by deleting the word “means” after the words “startup incubator” and inserting the word “include”. The word “means” as per the interpretation gives examples of startup incubators and not the meaning of the word.

42. The Committee observed that the definition “startup” in the Bill was a special one in order to achieve the purposes of the Bill. Further, since the proposed amendment to clause 29 of the Bill by the stakeholder has been rejected by the Committee, the definition of “Inter-agency Committee” was therefore unnecessary. The Committee agreed to the proposed amendment of the definition “startup incubator”.

43. Allen & Wamae Advocates proposed that the clause should provide for the definition of “sandbox” in line with their proposed new Part IA on the establishment of startup regulator sandbox.

44. The Committee recommends that clause 2 of the Bill be amended to provide for the definition of “Regulatory sandbox” as follows:

“Regulatory Sandbox” means a tailored regulatory environment for conducting limited scale, live tests of startups;

Clause 3

45. National Gender and Equality Commission proposed that the clause be amended by adding an additional paragraph to read as follows; “to ensure that all youth in the country irrespective of gender, status and ethnicity are afforded an equal opportunity to establish and benefit from their innovations”. In justification, they cited that the target group in this Bill is mainly the youth. However, the Bill is not explicit on how the youth from diverse backgrounds especially at the county level will be beneficiaries of their startups/innovations. Criteria of identification of potential innovators and provisions on technical and financial support are not comprehensive.
46. National Gender and Equality Commission also proposed to separate the obligations of the Agency and the County Government in alignment with mandates as segregated in the Fourth Schedule to the Constitution of Kenya 2010. They stated that the consideration will ensure beneficiaries of the law are guided on how and where to get appropriate support. They further indicated that there was need for creation of Committees at the County level in this law that will coordinate functions of the various entities.
47. The Committee observed that clause 3 provides for the objects of the Act. The proposed additional object is unnecessary since the youths are still catered for under the proposed objects. The Committee agreed with the stakeholder on the need to separate the obligations of the Agency and County Government. However, it noted that this was not the right clause to amend. The Committee was also of a different view in regard to creation of Committees at the County level.

Proposed New Part IA

48. Allen & Wamae Advocates proposed that a new Part IA be inserted immediately after Part I to provide for the establishment of startup regulatory sandbox. The sandbox is to be managed by the Agency in conjunction with the County and/or National Governments.
49. The justification for the proposed amendment was that the regulatory sandbox as a controlled environment to conduct live test of the innovative startup’s product or service on a limited scale will provide an evidence-based approach and tool to the Agency. This will then help the Agency in nurturing development, before the startup finally enjoys the benefits that comes with incubation programmes. This also allows the agency and the relevant stakeholders to remain vigilant on the possible success or otherwise of the startup, investor protection, and integrity risks thereto. This can be an alternative to incubation as noted in the Regulatory Sandbox Policy Guidance Notice by the Capital Markets Authority, March 2019.
50. The Committee made the following observations:
 - a) Regulatory sandbox allows for testing of innovative products, solutions and services on a limited scale;
 - b) The Regulatory Sandbox Policy Guidance Notice by the Capital Markets Authority of March 2019 was made pursuant to Section 12A of the Capital Markets Act (No. 17 of 1989) which empowers the Authority to issue guidelines and notices;

- c) The regulatory sandbox is a good proposal for inclusion in the Bill; however, it should be provided for in regulations to be made under the Act.

51. The Committee recommends that Clause 30 of the Bill be amended to provide for regulatory sandbox to be provided in regulations.

Clause 4

52. National Gender and Equality Commission submitted as follows:

- (i) The roles of the different entities should be separated and not lumped together. The functions of the National Government must be aligned with the functions of the National Commission for Innovation, Science and Technology as a regulator as per the provisions of sections 3 of the Science, Technology and Innovation Act No. 28 of 2013.
- (ii) The memoranda of objects states that the Bill provides for the role of the County Government in relation to startups but, there is no clear demarcation of roles between the Agency and the County Government.
- (iii) The functions of the Kenya National Innovation Agency established under section 28 of the Science, Technology and Innovation Act, 2013 are also clearly enumerated in section 29 and so should be separated from the roles of the County Executive Members.
- (iv) Under sub-clause (2) National Gender and Equality Commission submitted as follows; -
 - a) the functions of the other institutions established by the Act including the National Research Committees need to be clearly indicated
 - b) The role of the County Government through the CEC has also been spelt out
 - c) The memorandum of objects and reasons has singled out the roles of the County Government and this should be reflected under the clause.

53. National Gender and Equality Commission further observed that the Bill is a money bill and that the roles should be clear to avoid the overlap and or clashing to the disadvantage of the beneficiaries.

54. The Committee agreed to the proposed amendments.

Clause 6

55. National Gender and Equality Commission proposed amendment of the Science Innovation and Technology Act by inserting the appointment of the Registrar, Deputies and the functions of the office. This is because the parent Act does not have the provisions on registration of start-ups and the office of the Registrar.

56. The Committee rejected the proposed amendment since if the proposal was to be effected there will be parallel provisions in two Acts of Parliament. Further, clause 6(1) of the Bill provides that the Agency shall be responsible for the registration of startups under the Act.

Clause 7

57. National Gender and Equality Commission proposed amendment of clause 7 (3) by deleting 7(3) (a) and (b) without any replacement. This is because the functions 7(3) (a) and (b) are ideally a function of the Registrar. The ideal is to have a central registry managed by one Registrar and the deputies in the counties should have distinct duties which do not include registration.

58. The Committee agreed to the proposed amendment.

Clause 8

59. Allen & Wamae Advocates proposed that clause 8 be amended in subclause (1) (e) by including an exception to the provision where there is or has been (before the Bill comes into force) the conversion of seed money into ownership by outside investors.

60. In their justification, Allen & Wamae Advocates stated that the choice for external investors plays a crucial role to the strategy of a business. Limiting this ability to pull resources from the strategic investors may have far-reaching consequences such as limiting essential resources that may be key to the business of the startup. The clause as it is may stifle the intention of outside investors, who have already or want to convert their debts into ownership after investing into a startup. The rule presents a challenge to seed funding for a startup, as many companies require this funding as a resource for their growth. In limiting ownership, this may also limit the availability of funding, which mainly allows the investor to secure their investment in ownership rights. Additionally, this regulation seeks to stifle the ease of doing business within the country and may proceed to lower the country's global ranking and to certain extent bar/limit foreign investment into the region.

61. The Committee observed that the stakeholder raised pertinent issues and recommends that clause 8(1) (e) should be deleted.

Clause 9

62. Allen & Wamae Advocates proposed the clause 9 be amended in subclause (2) by deleting paragraph (b) (i). In their justification, they argued that the wording of the clause might lock out startups whose trademarks are not registered in Kenya thereby being a direct bottleneck for startups that have already registered their trademarks in other jurisdictions they consider more favourable in terms of IP protection. Such action may hinder growth of the start-up sector local, as companies may opt out of the safeguards and benefits of a local registration in favour of their IP rights. Additionally, it is noted that startups may have a multijurisdictional approach to their business model or operations thus limiting the full implementation of the founder's idea and intent.

63. The Committee agreed to the proposed amendment.

Clause 24

64. National Gender and Equality Commission submitted that there was need to separate the incentives as offered by each entity. This is to be clear on the entity that is responsible for each incentive and whether the support is sustainable and for the purpose of boosting the confidence of the potential innovators.
65. The Committee was of a different view in regard to the need to distinguish incentives offered by the Agency and the county executive member. Since the incentives could be cross-cutting, there was no need to distinguish them.
66. Allen & Wamae Advocates proposed that clause 24 of the Bill be amended by inserting the following additional paragraphs:
- a) Incentives to entrepreneurs including startup leaves. Employees who wish to found a startup to be entitled to an extendable (with justifiable reasons) one-year startup leave from their employers;
 - b) The founders of a startup (to a maximum of three) to be entitled to a stipend from the government during the incubation period. The stipend to be computed based on their previous median income as employees and a fixed allowance for those who are unemployed at that time;
 - c) Exemption from corporate tax, this may require amendment of relevant statutes that govern tax collection such as the Income Tax Act;
 - d) The startups to be considered as authorized economic operators and thereby be exempted from homologation on their exports and imports;
 - e) For those who are not employed, a one-year startup scholarship by the government can also be set for entrepreneurs who aren't employees to start off their projects;
 - f) Assisted and free patenting process;
 - g) Priority when accessing public and/or private procurement opportunities.
67. In their justification, Allen & Wamae Advocates stated that the proposed amendment seeks to remove unnecessary burden from startups just starting out thereby enabling them to thrive in the incubation environment, and be released quickly into the market. The proposed amendments are to create clarity on the incentives and benefits to be accorded to startups. Presently, the Bill does not provide for what the exact benefits/incentives are thus creating a lacuna that does not meet the objective of the Bill.
68. The Committee made the following observations:
- a) Clause 23 of the Bill provides that the national and county governments shall support incubators through capital grants, fiscal and non-fiscal support;
 - b) Clause 24 is couched in an expansive rather than restrictive terms including provision of fiscal and non-fiscal support to startups admitted into incubation programmes; and provision of such other support to enable the development and growth of startups registered under the Act;
 - c) Clause 25 of the Bill provides for establishment of a credit guarantee scheme for the development and growth of startups under the Act;
 - d) Clause 27 of the Bill provides for Agency's facilitation of startups in application for grant or revocation of patents;

- e) Clause 28 of the Bill provides for the granting of fiscal incentives including tax incentives considered necessary for the development of startups in the country;
- f) Clause 30 provides for regulations to be made on workplace and labour issues with employees, independent contractors, and service providers; for incentives to invest in innovative startups.

69. The Committee was of the view that the Bill addresses the proposed amendments by the stakeholder.

Clause 25

70. National Gender and Equality Commission supported the provisions indicating that the interest rate should not be exorbitant to the extent of being counterproductive.

71. The Committee noted the submission on clause 25.

Clause 26, 27 and 28

72. National Gender and Equality Commission agreed to the provisions of the clauses.

73. The Committee noted the submission on the clauses.

Clause 29

74. National Gender and Equality Commission proposed to amend the clause by inserting the words “in consultation with an inter-Agency Committee” after the word “Secretary”. This is to ensure that the responsible Cabinet Secretary consults with other Ministries and entities in making a number of regulations.

75. The Committee observed that section 5 of the Statutory Instruments Act provides for the requirement of consultation by the regulation-making authority. Further, the proposal might have the unintended effect of inhibiting the making of regulations by providing for the requirement of consultation with an inter-Agency Committee.

Additional submissions

National Gender and Equality Commission further made the following additional general submissions on the Bill:

76. The object Bill is commendable as it encourages innovation especially among the youth as a special interest group. However, there was need to revisit the provisions on the roles of the different entities which are lumped together and the sustainability of the obligations;

77. The Bill has a lot of responsibilities for each entity and the implementation may not be feasible without adequate financial and technical support. This support is very crucial to enable the innovators come up with prototypes and thereafter successful manufacturing and marketing of the products;

78. Innovation may need to be part of the school curricula so that by the time learners graduate from school they have formed innovative minds;
79. The aspect of patenting of the intellectual property needs to be addressed comprehensively because many young people have become victims of fraudsters who lose their ideas and innovations particularly under the disguise of receiving sponsorship;
80. The Bill's sponsor to consult much broadly with a wide range of relevant state and non -state actors and potential beneficiaries on how best to create an effective legislative framework for Kenya;
81. The Bill's sponsor to consider handing over the Bill to the Executive for it to be aligned with the relevant policies from different Ministries. The subject matter in the Bill cuts across several Ministries; and
82. NGENC supports the passing of the Bill but in a format that fulfils the requirement of a money bill to ensure intended target group benefit from the provisions of the Bill.

CHAPTER FOUR

4.0 COMMITTEE RECOMMENDATIONS

The Committee, having considered the Startup Bill (*Senate Bill No. 1 of 2021*) recommends, that the House **approves the Bill with amendments** as proposed in the schedule.

5.0 SCHEDULE OF PROPOSED AMENDMENTS

The Committee proposes the following amendments to be considered by the House in the Committee stage:

CLAUSE 2

THAT, Clause 2 of the Bill be amended by inserting the following definition in its proper alphabetical sequence—

“Regulatory Sandbox” means a tailored regulatory environment for conducting limited scale live tests of startups;

CLAUSE 4

THAT, the Bill be amended by deleting clause 4 and substituting therefor the following new clause—

Functions of the national government.

4. The national government shall—

- (a) establish policies, norms and standards for the development of the business incubation sector and startup system;
- (b) provide for the co-ordination of national, county and concurrent functions relating to startups;
- (c) establish public online and other platforms for access to information including the establishment and development of startups, existing incubation programmes, access to fiscal and non-fiscal support;
- (d) keep and maintain a directory of startups and incubators;
- (e) support any research and development activities undertaken by startups;
- (f) put in place facilitative structures that ensure the protection of the innovations of startups at the national and international level for the protection of intellectual property;
- (c) enforce compliance with this Act;

(d) put in place mechanisms for pre-incubation of entities and for this purpose, provide training and capacity building programmes to startups registered under this Act;

NEW CLAUSE

THAT, the Bill be amended by inserting the following new clause immediately after clause 4—

Functions of the county government.

4A. A county government shall—

- (a) enforce compliance of this Act and other applicable laws;
- (b) implement policy standards and norms of business incubation sector and startup system;
- (c) establish programmes for the certification and admission of incubators into the incubation programmes;
- (d) put in place mechanisms that promote the development of business incubation programmes;
- (e) create an enabling environment for the promotion of business incubators including fiscal and non-fiscal incentives to incubators and startups;
- (f) put in place mechanisms to enable access to entities from marginalized groups through the use of quotas or mechanisms that match them to unused capacity in existing programmes;
- (g) support any research and development activities undertaken by startups;
- (h) perform such other functions as are incidental to the exercise of any or all of the county functions provided for under this Act.

CLAUSE 5

THAT, the Bill be amended by deleting clause 5 and substituting therefor the following new clause—

Establishment of incubation programmes.

5. (1) The Agency and the county executive committee member shall—

- (a) establish incubation programmes.
- (b) prescribe criteria for the evaluation of entities, programmes and structures set up for the purposes of implementing this Act.

CLAUSE 7

THAT, Clause 7 of the Bill be amended in subclause (3) by—

- (a) deleting paragraph (a);
- (b) deleting paragraph (b).

CLAUSE 8

THAT, Clause 8 of the Bill be amended in subclause (1) by deleting paragraph (e).

CLAUSE 9

THAT, Clause 9 of the Bill be amended—

(a) by deleting subclause (1) and substituting therefor the following new subclause—

“(1) An entity that qualifies for admission into an incubation programme under section 8 may submit an application in the prescribed form to the Registrar.”

(b) in subclause (2) by deleting paragraph (b) (i);

(c) in subclause (3) by deleting the words “, as the case may be,”;

(d) by deleting subclause (4) and substituting therefor the following new subclause—

“(4) The Agency shall put in place mechanisms to ensure that the admission process of an entity under this section is simple, efficient, accurate and transparent and shall, for this purpose, establish an online platform for the submission of the documents and information specified under subsection (1).”

CLAUSE 10

THAT, the Bill be amended by deleting Clause 10 and substituting therefor the following new Clause—

Consideration of application and registration.

10. (1) The Registrar shall, within thirty days upon receipt of an application under section 9—

(a) examine the application together with the documents; and

(b) if the Registrar considers it necessary, call for such further information or carry out such inspections as he or she may consider necessary for the determination of the application.

(2) Where the Registrar is satisfied that an applicant meets the requirements for registration under this Act, the Registrar shall, subject to the provisions of this Act, enter the

name and particulars of the applicant in the register of startups kept for that purpose.

CLAUSE 11

THAT, Clause 11 of the Bill be amended by deleting the words “or county registrar, as the case may be,”.

CLAUSE 13

THAT, Clause 13 of the Bill be amended—

- (a) in the introductory statement in subclause (1), by deleting the words “or county registrar”;
- (b) in subclause (2), by deleting the words “or county registrar, as the case may be,”.

CLAUSE 14

THAT, Clause 14 of the Bill be amended in subclause (1) by deleting the words “or county registrar”.

CLAUSE 30

THAT, Clause 30 of the Bill be amended in subclause (2) by inserting the following new paragraph immediately after paragraph (i)—

“(ia) on regulatory sandboxes;”

SIGNED  DATE 2nd / 06 / 2022

**HON. MARK NYAMITA, MP
VICE - CHAIRPERSON
DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND
INNOVATION**

ANNEXTURE I

ADOPTION LIST

**DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION AND
INNOVATION**

12TH PARLIAMENT – SIXTH SESSION (2022)

**ADOPTION OF THE REPORT ON THE CONSIDERATION OF THE STARTUP BILL
(SENATE BILL NO. 1 OF 2021)**

DATE: 2ND JUNE, 2022

	HON. MEMBER	SIGNATURE
1.	Hon. Jane Njiru MP (Chairperson)	Virtual
2.	Hon.(Eng).Mark Nyamita Ogola MP (Vice Chairperson)	Virtual
3.	Hon. George Theuri , M.P.	Virtual
4.	Hon.Alfah, O. Miruka, M.P.	///
5.	Hon. Annie Wanjiku Kibeh, M.P.	Virtual
6.	Hon. Joshua Kimilu, Kivinda, M.P.	///
7.	Hon.Marwa Kitayama Maisori, M.P.	Virtual
8.	Hon.Mwambu Mabongah, M.P.	Virtual
9.	Hon.Maritim Sylvanus, M.P.	Virtual
10.	Hon.Mwangaza Kawira, M.P.	Virtual
11.	Hon. Jonah Mburu, M.P.	Virtual
12.	Hon. Gertrude Mbeyu Mwanyanje,M.P	Virtual
13.	Hon. Victor Munyaka , M.P.	Virtual
14.	Hon. Anthony Githiaka Kiai , M.P.	Virtual
15.	Hon. Erastus Nzioka Kivasu, M.P.	Virtual
16.	Hon. Godfrey Osotsi, Atieno , M.P.	Virtual
17.	Hon. Innocent Momanyi, Obiri, M.P.	///
18.	Hon.Anthony, Tom Oluoch, M.P.	Virtual.
19.	Hon. Gathoni Wamuchomba,MP	///

ANNEXTURE 2

COMMITTEE MINUTES

MINUTES OF THE 16TH SITTING OF THE DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION & INNOVATION HELD VIRTUALLY ON THURSDAY 2ND JUNE, 2022 AT 12.00 NOON

PRESENT

1. Hon. Jane Wanjuki Njiru, M.P. – Chairperson
2. Hon. (Eng.). Mark Nyamita, M.P. –Vice- Chairperson
3. Hon. Jonah Mburu, M.P
4. Hon. George Theuri, M.P
5. Hon. Anthony Githiaka Kiai, M.P
6. Hon. Maritim Sylvanus, MP
7. Hon. Mwangaza Kawira, M.P
8. Hon. Marwa Kitayama Maisori, M.P
9. Hon. Victor Munyaka, MP
10. Hon. Mwambu Mabongah, M.P
11. Hon. Anthony Oluoch, M.P.
12. Hon. Annie Wanjiku Kibeh, M.P
13. Hon. Gertrude Mbeyu Mwanyanje, M.P
14. Hon. Godfrey Osotsi Atieno, M.P
15. Hon. Erastus Nzioka Kivasu, M.P

APOLOGIES

1. Hon. Gathoni Wamuchomba MP
2. Hon. Alfah O. Miruka, M.P
3. Hon. Joshua Kimilu Kivinda, M.P
4. Hon. Innocent Momanyi Obiri, M.P

THE SECRETARIAT

1. Ms. Ella Kendi - Clerk Assistant II
2. Mr. Salem Lorot - Legal Counsel I
3. Ms. Winnie Kulei - Research Officer II
4. Mr. Nimrod Ochieng - Audio Officer

Agenda

1. Prayers
2. Communication from the Chairperson
3. Confirmation of the Minutes
4. Any Other Business
5. Adoption of the reports on; -
 - (a) Consideration of the Startup Bill (Senate Bill No. 1 of 2021)
 - (b) Committee Exit Report for the 12th Parliament
6. Adjournment

MIN.NO/NA/CII/2022/082:

PRELIMINARIES

The Chairperson called the meeting to order at ten minutes past o'clock followed by a word of prayer.

MIN.NO/NA/CII/2022/083: CONFIRMATION OF THE MINUTES OF THE PREVIOUS SITTING

The agenda was deferred to the next sitting.

MIN.NO/NA/CII/2022/084: ADOPTION OF THE REPORT ON CONSIDERATION OF THE STARTUP BILL (SENATE BILL NO. 1 OF 2021)

The Committee considered and adopted the report on the consideration of the Startup Bill (Senate Bill No 1 of 2021) having been proposed by Hon. Mwambu Mabonga,MP and seconded by Hon. Annie Kibeh,MP

The report was adopted with the following recommendations; -

CLAUSE 2

THAT, Clause 2 of the Bill be amended by inserting the following definition in its proper alphabetical sequence—

“Regulatory Sandbox” means a tailored regulatory environment for conducting limited scale live tests of startups;

CLAUSE 4

THAT, the Bill be amended by deleting clause 4 and substituting therefor the following new clause—

Functions of the national government.

4. The national government shall—

- (a) establish policies, norms and standards for the development of the business incubation sector and startup system;
- (b) provide for the co-ordination of national, county and concurrent functions relating to startups;
- (c) establish public online and other platforms for access to information including the establishment and development of startups, existing incubation programmes, access to fiscal and non-fiscal support;
- (d) keep and maintain a directory of startups and incubators;
- (e) support any research and development activities undertaken by startups;
- (f) put in place facilitative structures that ensure the protection of the innovations of startups at the national and international level for the protection of intellectual property;
- (c) enforce compliance with this Act;
- (d) put in place mechanisms for pre-incubation of entities and for this purpose, provide training and

capacity building programmes to startups registered under this Act;

NEW CLAUSE

THAT, the Bill be amended by inserting the following new clause immediately after clause 4—

Functions of the county government.

4A. A county government shall—

- (a) enforce compliance of this Act and other applicable laws;
- (b) implement policy standards and norms of business incubation sector and startup system;
- (c) establish programmes for the certification and admission of incubators into the incubation programmes;
- (d) put in place mechanisms that promote the development of business incubation programmes;
- (e) create an enabling environment for the promotion of business incubators including fiscal and non-fiscal incentives to incubators and startups;
- (f) put in place mechanisms to enable access to entities from marginalized groups through the use of quotas or mechanisms that match them to unused capacity in existing programmes;
- (g) support any research and development activities undertaken by startups;
- (h) perform such other functions as are incidental to the exercise of any or all of the county functions provided for under this Act.

CLAUSE 5

THAT, the Bill be amended by deleting clause 5 and substituting therefor the following new clause—

Establishment of incubation programmes.

5. (1) The Agency and the county executive committee member shall—

- (a) establish incubation programmes.
- (b) prescribe criteria for the evaluation of entities, programmes and structures set up for the purposes of implementing this Act.

CLAUSE 7

THAT, Clause 7 of the Bill be amended in subclause (3) by—

- (a) deleting paragraph (a);
- (b) deleting paragraph (b).

CLAUSE 8

THAT, Clause 8 of the Bill be amended in subclause (1) by deleting paragraph (e).

CLAUSE 9

THAT, Clause 9 of the Bill be amended—

(a) by deleting subclause (1) and substituting therefor the following new subclause—

“(1) An entity that qualifies for admission into an incubation programme under section 8 may submit an application in the prescribed form to the Registrar.”

(b) in subclause (2) by deleting paragraph (b) (i);

(c) in subclause (3) by deleting the words “, as the case may be,”;

(d) by deleting subclause (4) and substituting therefor the following new subclause—

“(4) The Agency shall put in place mechanisms to ensure that the admission process of an entity under this section is simple, efficient, accurate and transparent and shall, for this purpose, establish an online platform for the submission of the documents and information specified under subsection (1).”

CLAUSE 10

THAT, the Bill be amended by deleting Clause 10 and substituting therefor the following new Clause—

Consideration of application and registration.

10. (1) The Registrar shall, within thirty days upon receipt of an application under section 9—

(a) examine the application together with the documents; and

(b) if the Registrar considers it necessary, call for such further information or carry out such inspections as he or she may consider necessary for the determination of the application.

(2) Where the Registrar is satisfied that an applicant meets the requirements for registration under this Act, the Registrar shall, subject to the provisions of this Act, enter the name and particulars of the applicant in the register of startups kept for that purpose.

CLAUSE 11

THAT, Clause 11 of the Bill be amended by deleting the words “or county registrar, as the case may be,”.

CLAUSE 13

THAT, Clause 13 of the Bill be amended—

(a) in the introductory statement in subclause (1), by deleting the words “or county registrar”;

(b) in subclause (2), by deleting the words “or county registrar, as the case may be,”.

CLAUSE 14

THAT, Clause 14 of the Bill be amended in subclause (1) by deleting the words “or county registrar”.

CLAUSE 30

THAT, Clause 30 of the Bill be amended in subclause (2) by inserting the following new paragraph immediately after paragraph (i)—

“(ia) on regulatory sandboxes;”

MIN.NO/NA/CII/2022/085: CONSIDERATION AND ADOPTION OF THE COMMITTEE EXIT REPORT FOR THE 12TH PARLIAMENT

The Committee considered and adopted the Committee Exit Report for the 12th Parliament having been proposed by Hon. Hon. Anthony Oluoch, MP and seconded by Hon. Sylvanus Maritim,MP.

MIN.NO/NA/CII/2022/086: ADJOURNEMENT

There being no other business to deliberate on, the meeting was adjourned at forty minutes past one o'clock. The next meeting to be held on notice.

SIGNED.......... DATE..........

HON. MARK NYAMITA , MP - VICE- CHAIRPERSON

MINUTES OF THE 14TH SITTING OF THE DEPARTMENTAL COMMITTEE ON COMMUNICATION, INFORMATION & INNOVATION HELD VIRTUALLY ON TUESDAY 5TH APRIL, 2022 AT 11.30AM

PRESENT

1. Hon. Jane Wanjuki Njiru, M.P. – **Chairperson**
2. Hon. (Eng.). Mark Nyamita, M.P –**Vice- Chairperson**
3. Hon. Alfah O. Miruka, M.P
4. Hon. Joshua Kimilu Kivinda, M.P
5. Hon. Jonah Mburu, M.P
6. Hon. George Theuri, M.P
7. Hon. Anthony Githiaka Kiai, M.P
8. Hon. Maritim Sylvanus, MP
9. Hon. Mwangaza Kawira, M.P
10. Hon. Marwa Kitayama Maisori, M.P
11. Hon. Victor Munyaka, MP
12. Hon. Mwambu Mabongah, M.P
13. Hon. Anthony Oluoch, M.P.
14. Hon. Annie Wanjiku Kibeh, M.P
15. Hon. Gertrude Mbeyu Mwanyanje, M.P

APOLOGIES

1. Hon. Godfrey Osotsi Atieno, M.P
2. Hon. Gathoni Wamuchomba MP
3. Hon. Erastus Nzioka Kivasu, M.P
4. Hon. Innocent Momanyi Obiri, M.P

THE SECRETARIAT

1. Ms. Hellen Kina - Clerk Assistant I
2. Mr. Salem Lorot - Legal Counsel I
3. Mr. Nimrod Ochieng - Audio Officer
4. Mr. Benson Muthuri - Sergeant at arms

Agenda

1. Prayers
2. Communication from the Chairperson
3. Confirmation of the Minutes
4. Any Other Business
5. **Clause by Clause consideration of the Startup Bill (Sen. Bill No. 1 of 2021) and consideration of the memoranda**
6. Adjournment

MIN.NO/NA/CII/2022/063:

PRELIMINARIES

The Chairperson called the meeting to order at fifteen minutes past eleven o'clock followed by a word of prayer.

MIN.NO/NA/CII/2022/064: CONFIRMATION OF THE MINUTES OF THE PREVIOUS SITTING

The agenda was deferred to the next sitting.

MIN.NO/NA/CII/2022/065: BRIEFING ON STARTUP BILL (SEN. BILL NO. 1 OF 2021)

The Committee was taken through the provisions of the Bill as follows; -

The principal object of the Bill is to provide a framework to encourage growth and sustainable technological development and new entrepreneurship employment, to create a more favourable environment for innovation and to attract Kenyan talents and capital. The Bill contains six Parts. Part I is on preliminary.

Part II provides for the establishment of incubation programmes.

Part III provides for the registrar of startups and admission into an incubation programme.

Part IV provides for certification of incubators.

Part V provides for incentives for startups.

Part VI provides for miscellaneous provisions

MIN.NO/NA/CII/2022/065: CONSIDERATION OF THE MEMORANDUM FROM NATIONAL GENDER AND EQUALITY COMMISSION (NGEC)

The Committee further considered the memorandum from National Gender and Equality Commission in which they submitted as follows; -

Clause 2

- a) NGEC proposed the clause be amended by inserting following new terms; -
- (i) *Start up* means a “young company founded by one or more entrepreneurs to develop a unique product or service and bring it to the market”. The justification for the proposed amendment is that it is the short title of the law and that it should be self-explanatory.
 - (ii) *Inter-agency Committee* means a committee consists of “Principal Secretaries in the ministries and other entities that are relevant to the implementation of the Act”. The role of this Committee is to provide strategic direction in the implementation of the key components of the Act.
- b) Amend the definition of the word “startup incubator” by deleting the word “means” after the words “startup incubator” and inserting the word “include”. The word “means” as per the interpretation gives examples of startup incubators and not the meaning of the word.

Committee Observation

- c) The Committee observed that the definition “startup” in the Bill was a special one in order to achieve the purposes of the Bill. Further, since the proposed amendment to clause 29 of the Bill by the stakeholder has been rejected by the Committee, the definition of “Inter-agency Committee” was therefore unnecessary. The Committee agreed to the proposed amendment of the definition “startup incubator”.

Clause 3

- d) NGEC proposed that the clause be amended by adding an additional paragraph to read as follows; “to ensure that all youth in the country irrespective of gender, status and ethnicity are afforded an equal opportunity to establish and benefit from their innovations”. In justification, they cited that the target group in this Bill is mainly the youth. However, the Bill is not explicit on how the youth from diverse backgrounds especially at the county level will be beneficiaries of their startups/innovations. Criteria of identification of potential innovators and provisions on technical and financial support are not comprehensive.
- e) NGEC also proposed to separate the obligations of the Agency and the County Government in alignment with mandates as segregated in the Fourth Schedule to the Constitution of Kenya 2010. They stated that the consideration will ensure beneficiaries of the law are guided on how and where to get appropriate support. They further indicated that there was need for creation of Committees at the County level in this law that will coordinate functions of the various entities.

Committee Observation

- f) The Committee observed that clause 3 provides for the objects of the Act. The proposed additional object is unnecessary since the youths are still catered for under the proposed objects. The Committee agreed with the stakeholder on the need to separate the obligations of the Agency and County Government. However, it noted that this was not the right clause to amend. The Committee was also of a different view in regard to creation of Committees at the County level.

Clause 4

- g) NGEC submitted that:
 - (i) The roles of the different entities should be separated and not lumped together. The functions of the National Government must be aligned with the functions of the National Commission for Innovation, Science and Technology as a regulator as per the provisions of sections 3 of the Science, Technology and Innovation Act No. 28 of 2013.
 - (ii) The memoranda of objects states that the Bill provides for the role of the County Government in relation to startups but, there is no clear demarcation of roles between the Agency and the County Government.
 - (iii) The functions of the Kenya National Innovation Agency established under section 28 of the Science, Technology and Innovation Act, 2013 are also clearly enumerated in section 29 and so should be separated from the roles of the County Executive Members.
 - (iv) Under sub-clause (2) NGEC submitted that; -
 - a) the functions of the other institutions established by the Act including the National Research Committees need to be clearly indicated
 - b) The role of the County Government through the CEC has also been spelt out
 - c) The memorandum of objects and reasons has singled out the roles of the County Government and this should be reflected under the clause.

- h) NGEC further observed that the Bill is a money bill and that the roles should be clear to avoid the overlap and / or clashing to the disadvantage of the beneficiaries.

The Committee agreed to the proposed amendments.

Clause 6

- i) NGEC proposed amendment of the Science Innovation and Technology Act by inserting the appointment of the Registrar, Deputies and the functions of the office. This is because the parent Act does not have the provisions on registration of start-ups and the office of the Registrar.
- j) The Committee rejected the proposed amendment since if the proposal was to be effected there will be parallel provisions in two Acts of Parliament. Further, clause 6(1) of the Bill provides that the Agency shall be responsible for the registration of startups under the Act.

Clause 7

- k) NGEC proposed amendment of clause 7 (3) by deleting 7(3) (a) and (b) without any replacement. This is because the functions 7(3) (a) and (b) are ideally a function of the Registrar. The ideal is to have a central registry managed by one Registrar and the deputies in the counties should have distinct duties which do not include registration.

The Committee agreed to the proposed amendment.

Clause 24

- l) NGEC submitted that there was need to separate the incentives as offered by each entity. This is to be clear on the entity that is responsible for each incentive and whether the support is sustainable and for the purpose of boosting the confidence of the potential innovators.
- m) The Committee was of a different view in regard to the need to distinguish incentives offered by the Agency and the county executive member. Since the incentives could be cross-cutting, there was no need to distinguish them.

Clause 25

- n) NGEC supported the provisions indicating that the interest rate should not be exorbitant to the extent of being counterproductive.

The Committee noted the submission on clause 25.

- o) **Clause 26, 27 and 28** NGEC agreed to the provisions of the clauses.

The Committee noted the submission on the clauses.

Clause 29

- p) NGECC proposed to amend the clause by inserting the words "in consultation with an inter-Agency Committee" after the word "Secretary". This is to ensure that the responsible Cabinet Secretary consults with other Ministries and entities in making a number of regulations.
- q) The Committee observed that section 5 of the Statutory Instruments Act provides for the requirement of consultation by the regulation-making authority. Further, the proposal might have the unintended effect of inhibiting the making of regulations by providing for the requirement of consultation with an inter-Agency Committee.

Additional submissions

NGECC further made the following additional general comments on the Bill:

- r) The object Bill is commendable as it encourages innovation especially among the youth as a special interest group. However, there was need to revisit the provisions on the roles of the different entities which are lumped together and the sustainability of the obligations;
- s) The Bill has a lot of responsibilities for each entity and the implementation may not be feasible without adequate financial and technical support. This support is very crucial to enable the innovators come up with prototypes and thereafter successful manufacturing and marketing of the products;
- t) Innovation may need to be part of the school curricula so that by the time learners graduate from school they have formed innovative minds;
- u) The aspect of patenting of the intellectual property needs to be addressed comprehensively because many young people have become victims of fraudsters who lose their ideas and innovations particularly under the disguise of receiving sponsorship;
- v) The sponsor of the Bill to consult much broadly with a wide range of relevant state and non-state actors and potential beneficiaries on how best to create an effective legislative framework for Kenya;
- w) The sponsor to consider handing over the Bill to the Government so that they can align it with the relevant policies from different Ministries. The subject matter in the bill cuts across several Ministries including ministries; and
- x) NGECC supports the passing of the Bill but in a format that fulfils the requirement of a money bill to ensure intended target group benefit from the provisions of the Bill.

MIN.NO/NA/CII/2022/065:

**CONSIDERATION OF THE MEMORANDUM FROM
WAMAE & ALLEN ADVOCATES**

Clause 2

1. Allen & Wamae Advocates proposed that the clause should provide for the definition of "sandbox" in line with their proposed new Part IA on the establishment of startup regulator sandbox.

2. The Committee recommends that clause 2 of the Bill be amended to provide for the definition of “Regulatory sandbox” as follows:

“Regulatory Sandbox” means a tailored regulatory environment for conducting limited scale, live tests of startups;

Clause 3

Proposed New Part IA

3. Allen & Wamae Advocates proposed that a new Part IA be inserted immediately after Part I to provide for the establishment of startup regulatory sandbox. The sandbox is to be managed by the Agency in conjunction with the County and/or National Governments.
4. The justification for the proposed amendment was that the regulatory sandbox as a controlled environment to conduct live test of the innovative startup’s product or service on a limited scale will provide an evidence-based approach and tool to the Agency. This will then help the Agency in nurturing development, before the startup finally enjoys the benefits that comes with incubation programmes. This also allows the agency and the relevant stakeholders to remain vigilant on the possible success or otherwise of the startup, investor protection, and integrity risks thereto. This can be an alternative to incubation as noted in the Regulatory Sandbox Policy Guidance Notice by the Capital Markets Authority, March 2019.
5. The Committee made the following observations:
 - a) Regulatory sandbox allows for testing of innovative products, solutions and services on a limited scale;
 - b) The Regulatory Sandbox Policy Guidance Notice by the Capital Markets Authority of March 2019 was made pursuant to Section 12A of the Capital Markets Act (No. 17 of 1989) which empowers the Authority to issue guidelines and notices;
 - c) The regulatory sandbox is a good proposal for inclusion in the Bill; however, it should be provided for in regulations to be made under the Act.

The Committee recommends that Clause 30 of the Bill be amended to provide for regulatory sandbox to be provided in regulations.

Clause 8

6. Allen & Wamae Advocates proposed that clause 8 be amended in subclause (1) (e) by including an exception to the provision where there is or has been (before the Bill comes into force) the conversion of seed money into ownership by outside investors.
7. In their justification, Allen & Wamae Advocates stated that the choice for external investors plays a crucial role to the strategy of a business. Limiting this ability to pull resources from the strategic investors may have far-reaching consequences such as limiting essential resources that may be key to the business of the startup. The clause as it is may stifle the intention of outside investors, who have already or want to convert their debts into ownership after investing into a startup. The rule presents a challenge to seed funding for a startup, as many companies require this funding as a resource for their growth. In limiting ownership, this may also limit the availability of funding, which mainly allows the

investor to secure their investment in ownership rights. Additionally, this regulation seeks to stifle the ease of doing business within the country and may proceed to lower the country's global ranking and to certain extent bar/limit foreign investment into the region.

8. The Committee observed that the stakeholder raised pertinent issues and recommends that clause 8(1) (e) should be deleted.

Clause 9

9. Allen & Wamae Advocates proposed the clause 9 be amended in subclause (2) by deleting paragraph (b) (i). In their justification, they argued that the wording of the clause might lock out startups whose trademarks are not registered in Kenya thereby being a direct bottleneck for startups that have already registered their trademarks in other jurisdictions they consider more favourable in terms of IP protection. Such action may hinder growth of the start-up sector local, as companies may opt out of the safeguards and benefits of a local registration in favour of their IP rights. Additionally, it is noted that startups may have a multijurisdictional approach to their business model or operations thus limiting the full implementation of the founder's idea and intent.
10. The Committee agreed to the proposed amendment.

Clause 24

11. Allen & Wamae Advocates proposed that clause 24 of the Bill be amended by inserting the following additional paragraphs:
 - i. Incentives to entrepreneurs including startup leaves. Employees who wish to found a startup to be entitled to an extendable (with justifiable reasons) one-year startup leave from their employers;
 - ii. The founders of a startup (to a maximum of three) to be entitled to a stipend from the government during the incubation period. The stipend to be computed based on their previous median income as employees and a fixed allowance for those who are unemployed at that time;
 - iii. Exemption from corporate tax, this may require amendment of relevant statutes that govern tax collection such as the Income Tax Act;
 - iv. The startups to be considered as authorized economic operators and thereby be exempted from homologation on their exports and imports;
 - v. For those who are not employed, a one-year startup scholarship by the government can also be set for entrepreneurs who aren't employees to start off their projects;
 - vi. Assisted and free patenting process;
 - vii. Priority when accessing public and/or private procurement opportunities.
12. In their justification, Allen & Wamae Advocates stated that the proposed amendment seeks to remove unnecessary burden from startups just starting out thereby enabling them to thrive in the incubation environment, and be released quickly into the market. The proposed amendments are to create clarity on the incentives and benefits to be accorded to startups. Presently, the Bill does not provide for what the exact benefits/incentives are thus creating a lacuna that does not meet the objective of the Bill.
13. The Committee was of the view that the Bill addresses the proposed amendments by the stakeholder.

MIN.NO/NA/CII/2022/066:

ADJOURNEMENT

There being no other business to deliberate on, the meeting was adjourned at twenty minutes past one o'clock. The next meeting to be held on notice.

SIGNED.......... DATE..........

HON. MARK NYAMITA, MP - VICE- CHAIRPERSON

ANNEXTURE 3

MEMORANDA



Doc-Header
8
713

National Gender and Equality Commission
1st Floor, Solution Tech Place, 5 Longonot Road, Upper Hill, Nairobi
P.O. OX 27512-00506 Nairobi, Kenya
Landline: +254 (020)3213100
Mobile: +254 (020)375100
Toll Free: 0800720187
www.ngeckkenya.org
Email: info@ngeckkenya.org

When replying please quote

Ref: No:NGEC/CS/NAS/005/VOL. I (63)

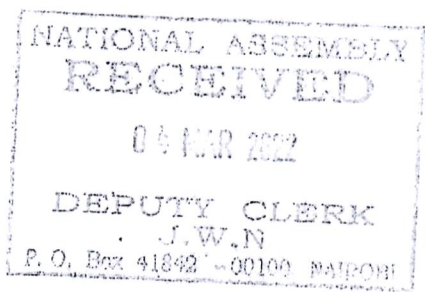
22nd February 2022

NATIONAL GENDER AND EQUALITY COMMISSION

Michael R. Sialai, CBS
Clerk of the National Assembly
Clerk's Chambers
Parliament Building
P.O. Box 41842-00100
NAIROBI

clerk@parliament.go.ke

Dear Mr. Sialai,



SUBMISSION OF MEMORANDA ON THE START UP BILL (SENATE BILLS NO. 1 OF 2021)

Reference is made to your call for the submission of memoranda on The Startup Bill (Senate Bills No. 1 of 2021).

The National Gender and Equality Commission (NGEC) is a Constitutional Commission with the mandate of promoting and ensuring gender equality, principles of equality and non-discrimination for all persons in Kenya, with a focus on Special Interest Groups (SIGs) who include women, children, Persons with Disabilities (PWDs), youth, older members of society and minority and marginalized groups.

Section 8 (b) of the National Gender and Equality Commission Act, No. 15 of 2011 mandates the Commission to, 'monitor, facilitate and advise on the integration of the principles of equality and freedom from discrimination in all national and county policies, laws, and administrative regulations in all public and private institutions';

In line with its mandate, the Commission wishes to submit the attached memorandum with observations on the proposed Bill.

Yours sincerely,

Betty Sungura-Nyabuto, MBS
COMMISSION SECRETARY/CEO

Encl.

Hellen Kiina
Pls. TNA
8/3/2022

"Gender Equality and Non-Discrimination"



MEMORANDUM WITH COMMENTS AND INPUTS ON THE START UP BILL (SENATE BILLS NO 1 OF 2021)

No	Clause	Provisions of the Clause	Proposal	Justification/Rationale
1.	Interpretations To insert the following new terms	<p>“startup “</p> <p>“Inter –Agency Committee</p>	<p>To amend by defining the term “startup” as follows-</p> <p>“A young company founded by one or more entrepreneurs to develop a unique product or service and bring it to market. “</p> <p>Inter- Agency Committee consists of “Principal Secretaries in the ministries and other entities that are relevant to the implementation of the Act . The role of this committee is to provide strategic direction in the implementation of the key components of the Act</p>	<p>This is the short title of the Law. The short title of a law should be self- explanatory.</p> <p>This law will require the collaboration of many other players to be implemented.</p>

	<p>"startup incubator" means a company, partnership, non-governmental organization or limited liability partnership, whose principal object is the support of the birth and development of start-ups, innovation, and related activities related to the transfer technological and research, development and innovation processes, through the offer of dedicated physical spaces and services advice;</p>	<p>To amend the word "means" after the definition "Startup incubator" to read "includes" as follows</p> <p>"Startup incubator" includes a company, partnership, non-governmental organization or limited liability partnership, whose principal object is the support of the birth"</p>	<p>The word "means" as per the interpretation actually gives examples of startup incubators but not the meaning of the word</p>
<p>2. Objects</p>	<p>The object of this Act is to provide a framework—</p> <p>a) that fosters a culture of innovative thinking and entrepreneurship;</p> <p>(b) for the registration of startups and the linkage of such startups with financial institutions, the private sector research institutions and such other institutions at the National and county level of government;</p> <p>(c) to facilitate investment in and the provision of fiscal and non-fiscal support to startups in Kenya;</p> <p>(d) that promotes an</p>	<p>a. To amend by adding an additional sub clause of object as (g) as follows-;</p> <p>(g) to ensure that all the youth in the country irrespective of gender, status and ethnicity are afforded an equal opportunity to establish and benefit from their innovations"</p> <p>b. Commission also proposes to separate the obligations of the Agency and the County Government in alignment with mandates as segregated in schedule 4 of the Constitution of Kenya 2010. This consideration will ensure</p>	<p>The provisions in the objects and clauses 23-26 are commendable but the Commission has the following reservations -;</p> <p>a. The target beneficiary group in this Bill is mainly the youth. However, the Bill is not explicit on how youth from diverse backgrounds especially at the county level will be beneficiaries of their startups/ innovations. Criteria of identification of potential innovators and provisions on technical and financial support are not comprehensive.</p> <p>b. Part V lumps the duties of the National and County Government together yet there is precedent clarity on separation of duties. The obligations must be</p>

		<p>enabling environment for the establishment, development, conduct of business and regulation of startups; (e) for the establishment of incubation facilities at the National and county levels of government and environment that promotes the establishment of startups; and (f) for the monitoring and evaluation of the legal and regulatory framework and the mechanisms put in place to encourage the development of startups.</p>	<p>beneficiaries of this law are guided on how and where to get appropriate support.</p>	<p>separated for purposes of efficient operationalization of the Act. c. There is need for creation of Committees at the County level in this law that will coordinate functions of the various entities.</p>
<p>3. PART II – ESTABLISHMENT OF INCUBATION PROGRAMMES Role of National and county governments.</p>	<p>(1) The National and county governments shall – (a) promote innovation; (b) facilitate the transfer of technology innovation; (c) create and develop a sustainable, globally competitive technology innovation sector that contributes towards the accelerated growth of the economy; (d) promote the creation</p>	<p>1. The roles of the different entities should be separated and not lumped together. 2. The functions of the National Government must be aligned with the functions of the National Commission for Innovation, Science and Technology as a Regulator as per the provisions of section 3 of the Science, Technology and Innovation Act No 28 of 2013</p>	<p>1. The memoranda has a statement on how the Bill concerns county governments that; Article 110(1) (a) of the Constitution contains provisions that affect the functions and powers of the County Governments. This should be clear in the clause and not speculative. 2. The memoranda of objects states that the Bill provides for the role of County Government in relation to startups but, there is no clear demarcation of roles between the Agency and the County</p>	

	<p>of employment and wealth creation; and (e) promote the linkages between universities and research institutions and the business community. (2) The Agency and the county executive committee members shall, for purposes of subsection (1) –</p> <p>(a) put in place a national and county incubation policy framework for the development of the business incubation sector and startup system; (b) enter into partnerships with local and international business incubators in order to promote the establishment and growth of startups in Kenya; (c) establish programmes for the certification and admission of incubators into the incubation programmes;</p>	<p>3. The functions of the Kenya National Innovation Agency established under section 28 of the Science, Technology and Innovation Act 2013 are also clearly enumerated in section 29 and so should be separated from the roles of the County Executive Members.</p> <p>4. The functions of the other institutions established by the Act including the National Research Fund and the Research Committees need to be clearly indicated.</p> <p>5. The role of the County Government through the CEC has also to be spelt out.</p> <p>6. The memoranda of objects and reasons has singled out roles of the County Government and this should be reflected under this clause.</p>	<p>Government.</p> <p>3. The memoranda of objects also provides that the Bill is not a money Bill, within the meaning of Article 114 of the Constitution. The roles of the Counties as enumerated give an impression that public funds will be expended meaning it can be construed as a Money Bill. County Governments can only waive fees and license.</p> <p>The Commission submits that this Bill is a money Bill</p> <p>4. The roles should also be clear to avoid over lap and /or clashing to the disadvantage of the beneficiaries.</p>
--	---	--	---

4.	<p>PART III— REGISTRAR OF STARTUPS AND ADMISSION INTO AN INCUBATION PROGRAMME</p> <p>Appointment and functions of Registrar and other officers appointed by the Agency</p>	<p>(d) (e) (f) (g); (h) (i) (j) (k)</p> <p>5. (1) The Agency shall be responsible for the registration of startups under this Act. (2) There shall a Registrar of startup who shall be— (a) competitively recruited by the Public Service Commission; on such terms and conditions as the Agency may, in consultation with the Salaries and Remuneration Commission, determine..</p>	<p>Proposal To amend the Science, Innovation and Technology Act to insert the appointment of the Registrar and the Deputies and the functions of the office.</p>	<p>The Parent Act i.e. the Science, Innovation and Technology Act does not have the provisions on Registration of start-ups and the office of the Registrar.</p>
----	--	--	---	--

<p>6.</p> <p>Functions of the Registrars</p>	<p>7. (3) The county registrars and assistant registrars shall— (a) facilitate the registration and development of startups under this Act; (b) receive applications for registration of startups; (c) monitor and evaluate startup projects; and (d) Carry out such duties as may be delegated from time to time.</p>	<p>Amend clause 7(3) by deleting 7(3) (a) and (b) without any replacement.</p>	<p>Function 7(3) a & b are ideally a function of the Registrar. The ideal is to have a central registry managed by one Registrar and the deputies in the counties should have distinct duties which do not include registration.</p>
<p>7.</p> <p>PART V- INCENTIVES FOR START UPS.</p>	<p>Part V of the Bill provides for the incentives of startups in terms of support of startups, credit guarantee schemes and training and capacity building. 23. The Agency and the county executive committee members shall put in place measures to support the establishment and development of startups and shall, for this purpose— (a) subsidise the formalisation of startups; (b) facilitate the protection of the intellectual property of innovations by startups in</p>	<p>There is need to separate the incentives as offered by each entity</p>	<p>To boost confidence of the potential innovators. The incentives are commendable but there is a need to be clear on the entity that is responsible for each incentive and whether the support is sustainable.</p>

8.		<p>Kenya and with international organisations; (c) provide fiscal and non-fiscal support to startups admitted into incubation programmes under this Act; (d) provide support in the form of research and development activities; and (e) provide such other support to enable the development and growth of startups registered under this Act.</p>		
		<p>24. (1) The Cabinet Secretary may, in consultation with Board of Trustees of the Fund and where necessary for the development and growth of startups under this Act, establish a credit guarantee scheme. (2) Where the Cabinet Secretary establishes a credit guarantee scheme under subsection (1), it shall have as its objectives— (a) the provision of accessible financial support to startups; (b) a framework for credit guarantee for investors in startups; (c) guarantee for availing of financial and</p>	<p>The provision is commendable</p>	<p>The interest rates however should not be exorbitant to the extent of being counterproductive.</p> <p>There are also a number of enterprise /economic empowerment funds which can provide the needed financial support.</p>

	credit information to startups; and (e) capacity building on financial and risk management to startups.		
9.	<p>Clause 26-28</p> <p>The agency shall put in place a programme for the training and capacity building of startups under this Act and shall, for this purpose establish a platform setting out information at the national and county level of government, on—</p> <p>(a) existing incubators; (b) available training programmes; (c) mentors and resource persons; (d) projects under existing incubation programmes; (e) available fiscal and non-fiscal support services; (f) business information necessary for the management and development of startups; and (g) such other information as the agency shall, in consultation with the county executive committee member consider necessary.</p> <p>26. (1) The Agency shall facilitate the startups in the application for grant or</p>	<p>The provisions in clauses 26,27 and 28 are commendable</p>	

		<p>revocation of patents and institution of legal action for infringement of any intellectual property rights. (2) The Agency shall facilitate the startups to file and register patents at the international level. 27. The Cabinet Secretary shall, in consultation with the Cabinet Secretary responsible for matters relating to finance, put in place measures for the granting of fiscal incentives including tax incentives as shall be considered necessary for the development of startups in the country. 28. A startup shall be encouraged to cumulatively achieve growth objectives as set out by the Cabinet Secretary by regulation 25</p>		
<p>10.</p>	<p>PART VI miscellaneous provisions Clause 29</p>	<p>(1) The Cabinet Secretary may make regulations generally for the better carrying out of the provisions of this Act. (2) Without prejudice to the generality of subsection (1), the Cabinet Secretary may make regulations — (a) on</p>	<p>Propose to amend by inserting after the word "Secretary" "the following "in consultation with an inter-Agency Committee. The term inter-Agency committee has been introduced in the interpretations.</p>	<p>"Cabinet Secretary" means the Cabinet Secretary responsible for matters relating to science, technology and innovation, however a close look at all the issues mentioned in Clause 29 reveals that they are all domiciled in different Ministries. For that reason, the Responsible Cabinet Secretary must consult with the other Ministries and entities in making a number</p>

	<p>the conditions and process for the exemption of startups from registration fees; (b) on workplace and labour issues with employees, independent contractors, and service providers; (c) on commercial transactions, including product development, production, corporate partnering, advertising, marketing, and sales; (d) on employee benefits and compensation; (e) on protection of intellectual property rights; (f) on the relationship between founders and employees;</p> <p>(g)</p>		<p>of regulations.</p>
--	---	--	------------------------

General Comments

1. The object of this Bill is commendable as it encourages innovation especially among youth as a special interest group. However, there is a need to revisit the provisions on the roles of the different entities which are lumped together and the sustainability of the obligations.
2. The Bill has a lot of responsibilities for each entity and the implementation may not be feasible without adequate financial and technical support. This support is very crucial to enable the innovators come up with prototypes and thereafter successful manufacturing and marketing of the products. The innovators should also get timely recognition.
3. Innovation may need to be part of the school curricula so that by the time learners graduate from school they have formed innovative minds.
4. The aspect of patenting of the intellectual property needs to be addressed comprehensively because many young people have become victims of fraudsters who lose their ideas and innovations particularly under the disguise of receiving sponsorship.
5. It would be desirable for the sponsor of the Bill to consult much broadly with a wide range of relevant state and non- state actors and potential beneficiaries on how best to create an effective legislative framework for Kenya. Alternatively, the National Assembly can present the Bill as a money Bill.
6. The sponsor can also hand over the Bill to the Government so that they can align it with the relevant policies from different Ministries. The subject matter in this bill cuts across several Ministries including, ministries responsible for Education, Science and Technology, Ministry of Information, Communication, Technology, and Youth Affairs, Ministry of Labour, National Treasury and Planning, Ministry of Industry, Trade and Cooperatives , and County Governments among others.

In conclusion; the Commission supports the passing of the Startup Bill, 2021 but in a format that fulfills requirements of a money bill. This will ensure intended target group benefit from the provision of this Bill.

Our Ref: 146

Your Ref: T.B.A.

Date: 26th May 2022

Attn: Clerk of the National Assembly

Office of the Clerk,
Main Parliament Building,
P.O. Box 41842 - 00100,
NAIROBI.
clerk@parliament.go.ke

"By Courier Service Delivery"
"Advance Copy Via Email"

Dear Sir,

RE: MEMORANDUM TO THE STARTUP BILL, 2021

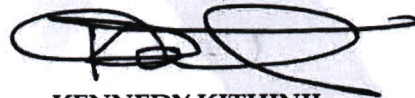
The above matter and the Startup Bill, 2021¹ refer.

We extensively reviewed the Startup Bill, 2021 and came up with our recommendations. Please find enclosed herewith a copy of the memorandum of our proposed amendments to the Bill for your consideration.

Should you require additional information, please contact us for further deliberations.

Yours faithfully
WAMAE & ALLEN

CAYSTONE KIGATA
caystone@wamaeallen.com



KENNEDY KITHINJI
kennedy@wamaeallen.com

Cc: **Attn: The Association of Startup and SMEs Enablers of Kenya (ASSEK)**
Metta 14 Riverside Drive,
NAIROBI.
info@assek.ke

"By Courier Service Delivery"
"Advance Copy via Email"

Attn: Carole Kariuki
Kenya Private Sector Alliance,
5th Floor, Shelter Afrique Building,
Mamlaka Rd.,
P.O. Box 3556-00100,
NAIROBI.
info@kepsa.or.ke

"By Courier Service Delivery"
"Advance Copy via Email"

¹ <http://www.parliament.go.ke/sites/default/files/2022-03/The%20Startup%20bill%202021.pdf>

RESPONSIVE. ACCURATE. INNOVATIVE. NEGOTIATORS.



A GICHUHI E.B.S, C.Arb
C WAMAE
P WAWIRE
C KIGATA

J MAINA

K KITHINJI
V GICHUHI
L MUHIA

F MWAKA
S MAINA
F MATHENGE

*P WAMAE SC. CONSULTANT



Kindly note the foregoing.

Please find enclosed herein a copy of the memorandum for your perusal and records.

Encl...

/eo

**MEMORANDUM TO THE NATIONAL ASSEMBLY SELECT COMMITTEE ON THE
STARTUP BILL, 2021
SUBMITTED BY WAMAE & ALLEN ADVOCATES**

Wamae & Allen has carefully considered the individual proposals in the **Startup Bill, 2021**, and would like to make the following submissions on some of the clauses therein:

	CURRENT CLAUSE IN THE STARTUP BILL, 2021	PROPOSED AMENDMENT	RATIONALE AND JUSTIFICATION
1.	Between PART I (PRELIMINARY) and PART II (ESTABLISHMENT OF INCUBATION PROGRAMMES) of the Bill	Add a provision (as the new PART II) on the establishment of startup regulatory sandbox. The sandbox is to be managed by the Agency in conjunction with the County and/or National Governments. Add into the proposed Section 2 of the Bill a definition of a Sandbox.	The regulatory sandbox as a controlled environment to conduct live test of the innovative startup's product or service on a limited scale will provide an evidence-based approach and tool to the Agency. This will then help the Agency in nurturing development, before the startup finally enjoys the benefits that comes with incubation programmes. This also allows the agency and the relevant stakeholders to remain vigilant on the possible successes or otherwise of the startup, investor protection, and integrity risks thereto. This can be an alternative to incubation as noted in the

RESPONSIVE. ACCURATE. INNOVATIVE. NEGOTIATORS.



A GICHUHI E.B.S, C.Arb
C WAMAE
P WAWIRE
C KIGATA

J MAINA

K KITHINJI
V GICHUHI
L MUHIA

F MWAKA
S MAINA
F MATHENGE

*P WAMAE SC. CONSULTANT



			Regulatory Sandbox Policy Guidance Notice by the Capital Markets Authority, March 2019.
2.	<p>Clause 9(2)(b)(i)</p> <p>An applicant for admission under subsection (1) shall submit the application together with—</p> <p>(a)...</p> <p>(b) a letter of recommendation or support which may include a letter—</p> <p>(i) a patent or trademark registered in Kenya...</p>	Delete the provision on (b) (i)	<p>The wording of the clause might lock out startups whose trademarks are not registered in Kenya thereby being a direct bottleneck for startups that have already registered their trademarks in other jurisdictions they consider more favourable in terms of IP protection. Such action may hinder growth of the start-up sector locally, as companies may opt out of the safeguards and benefits of local registration in favour of preservation of their IP rights.</p> <p>Additionally, it is noted that start ups may have a multijurisdictional approach to their business model or operations thus limiting the full implementation of the founder's idea and intent.</p>
3.	<p>Clause 8 (e)</p> <p>...is at least one third owned by one or more citizens of Kenya...</p>	<p>Include an exception to the provision where there is or has been (before the Bill comes into force) the conversion of seed</p>	<p>The choice for external investors plays a crucial role to the strategy of a business. Limiting this ability to pull resources from the strategic investors may have far reaching consequences such</p>

		<p>money into ownership by outside investors.</p>	<p>as limiting essential resources that may be key to the business of the startup.</p> <p>The clause as it is may stifle the intention of outside investors, who have already or want to convert their debts into ownership after investing into a startup. The rule presents a challenge to seed funding for a start-up, as many companies require this funding as a resource for their growth. In limiting ownership, this may also limit the availability of funding, which mainly allows the investor to secure their investment in ownership rights. Additionally, this regulation seeks to stifle the ease of doing business within the country and may proceed to lower the country's global ranking and to certain extent bar/limit foreign investment into the region.</p>
5.	<p>Clause 23</p> <p>The Agency and the county executive committee members shall put in place measures to support the establishment and development of</p>	<p>Add the following provisions:</p> <ul style="list-style-type: none"> • Incentives to entrepreneurs including startup leaves. Employees who 	<p>Removes unnecessary burden from startups just starting out thereby enabling them to thrive in the incubation environment, and be released quickly into the market.</p>

<p>startups and shall, for this purpose—</p> <p>(a) subsidise the formalisation of startups;</p> <p>(b) facilitate the protection of the intellectual property of innovations by startups in Kenya and with international organisations;</p> <p>(c) provide fiscal and non-fiscal support to startups admitted into incubation programmes under this Act;</p> <p>(d) provide support in the form of research and development activities; and</p> <p>(e) provide such other support to enable the development and growth of startups registered under this Act.</p>	<p>wish to found a startup to be entitled to an extendable (with justifiable reasons) one-year startup leave from their employers.;</p> <ul style="list-style-type: none"> • The founders of a startup (to a maximum of three) to be entitled to a stipend from the government during the incubation period. The stipend to be computed based on their previous median income as employees and a fixed allowance for those who are unemployed at that time; • Exemption from corporate tax, 	<p>The proposed amendments are to create clarity on the incentives and benefits to be accorded to start ups. Presently, the Bill does not provide for what the exact benefits/incentives are thus creating a <i>lacuna</i> that does not meet the objective of the Bill.</p>
--	---	--

		<p>this may require amendment of relevant statutes the govern tax collection such as the Income Tax Act;</p> <ul style="list-style-type: none">• The startups to be considered as authorized economic operators and thereby be exempted from homologation on their exports and imports;• For those who are not employed, a one-year startup scholarship by the government can also be set for entrepreneurs who aren't employees to start off their projects;	
--	--	--	--

		<ul style="list-style-type: none">• assisted and free patenting process;• priority when accessing public and/or private procurement opportunities.	
--	--	---	--