

MUHIMBILI UNIVERSITY OF HEALTH AND ALLIED SCIENCES



MUHAS SPINOFF POLICY AND GUIDELINES

March 2025

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LIST OF ABBREVIATIONS

COSTECH	Commission for Science and Technology
IP	Intellectual Property
MUHAS	Muhimbili University of Health and Allied Sciences
TTO	Technology Transfer Office

1.0 INTRODUCTION

1.1. Background

Muhimbili University of Health and Allied Sciences (MUHAS) is committed to enhancing its contribution to the socio-economic development of Tanzania and the broader Sub-Saharan African region. One of the key avenues to achieve this is through the commercialization of research and innovations originating from the university. Spin-off companies provide a critical pathway for transforming academic knowledge into products, services, and technologies that can benefit society, create jobs, and stimulate economic growth.

The MUHAS Spin-off Policy aims to provide a structured framework that guides the establishment, management, and support of spin-offs arising from university research and intellectual property (IP). This policy will ensure that MUHAS continues to be a leading institution in health innovation and commercialization within the region, while maintaining its mission to improve public health outcomes.

1.2. Scope

This policy applies to all faculty, staff, students, and affiliates of MUHAS who seek to establish or participate in spin-off companies that utilize the university's intellectual property or resources. The policy outlines the procedures for creating spin-offs, managing IP, governing spin-off operations, and addressing conflicts of interest.

Definitions

The following definitions apply to this document:

1.2.1. Spin-off Company

A legally independent entity created to commercialize technology, research, or IP developed at MUHAS.

1.2.2. Intellectual Property

Creations of the mind, including inventions, patents, copyrights, designs, and trademarks, owned or co-owned by MUHAS.

1.2.3. Founder

An individual or group involved in the formation of a spin-off company, typically including researchers or inventors from MUHAS.

1.2.4. Licensing

A legal agreement in which the university grants the spin-off rights to use MUHAS-owned IP under defined conditions.

1.2.5. Licensing Fees:

Fees paid by companies or entities to obtain rights to use the university's IP.

1.2.6. Royalties:

A percentage of sales or profits from products or services based on the university's IP.

1.2.7. Equity Shares:

Ownership stakes in start-ups or spin-offs created using university IP.

1.2.8. Milestone Payments:

Payments made upon reaching specific development or commercialization milestones.

2.0 GOAL AND OBJECTIVES OF THE MUHAS SPIN-OFF POLICY AND GUIDELINES

2.1. Goal

The primary goal of the MUHAS Spin-off Policy is to create a structured and supportive environment for the commercialization of university research and innovations. This will enhance MUHAS' impact on health and societal development while providing opportunities for faculty, staff, and students to engage in entrepreneurial activities.

2.2. Objectives

The objectives of the MUHAS Spin-off Policy and Guidelines document are to:

- i. Promote the translation of research into products, services, or technologies that address health challenges in Tanzania and the broader region.
- ii. Facilitate the creation and growth of spin-off companies that can contribute to the local economy and improve public health.
- iii. Provide clear guidelines on IP management, equity participation, and conflict of interest to ensure transparency and accountability.
- iv. Support the entrepreneurial efforts of faculty, staff, and students while maintaining the integrity and mission of MUHAS.

3.0 POLICY AND GUIDELINES

3.1 Spin-off Creation and Recognition

A company may be recognized as a MUHAS spin-off if it is established to commercialize IP developed at MUHAS or if it uses significant university resources in its creation. The company must also demonstrate a clear connection to the university's research and innovation goals, particularly in healthcare or public health. Any proposal for a spin-off must be submitted to the MUHAS Technology Transfer Office (TTO). The TTO will review the proposal for its commercial viability, alignment with the university's mission, and its potential for societal impact. Final approval will be granted by the University Senate.

This can be realized through the following:

- i. Develop a spin-off proposal template for submitting business plans, including sections on

- technology description, commercialization strategy, and market analysis.
- ii. Form a Spin-off Review Panel that includes members from the TTO, university administration, and external industry experts to evaluate and approve spin-off proposals.
 - iii. Define the criteria for recognition of a spin-off, such as its use of MUHAS research/IP, its alignment with health priorities, and its commercial viability

3.2 Intellectual Property and Licensing

All IP generated by MUHAS faculty, staff, or students using university resources is owned by MUHAS. Inventors are required to disclose any IP with commercial potential to the TTO. Spin-offs wishing to use MUHAS-owned IP must enter into a licensing agreement with the university. The terms will include royalties, equity stakes, or other compensation, and will be negotiated by the TTO. Spin-offs are not allowed to commercialize MUHAS IP without a formal agreement. The following guidelines will apply:

- i. Create an IP Disclosure Form to capture information on inventions and innovations by faculty, staff, or students.
- ii. Establish a timeline for reviewing and processing IP disclosures, filing patents, and entering into licensing agreements.
- iii. Define the terms of IP licenses for spin-offs, including the percentage of royalties or equity MUHAS will receive, and ensure that the TTO provides clear licensing templates.

3.3 Equity Participation

MUHAS may hold up to 10% equity in spin-offs that commercialize university-owned IP. This equity stake will be in exchange for the licensing of IP and access to university resources. The university may also take additional equity in exchange for providing incubation support or funding. Equity will be distributed among the founders, the university, and any external investors. The exact distribution will be negotiated on a case-by-case basis, considering the contributions of all parties. The following guidelines will apply:

- i. Develop standard equity agreements that specify the university's stake in spin-offs, the process for issuing shares to founders, and how equity will be managed.

- ii. Implement a cap table management system to track ownership stakes in spin-offs and any dilution events over time.
- iii. Create a university equity management board to oversee and decide on equity-related matters, such as stock sales or additional investments

3.4 Governance of Spin-offs

Each spin-off must establish a governance structure, including a board of directors that may include representatives from MUHAS. The founders must ensure that there is a clear distinction between their roles within the spin-off and their academic responsibilities. MUHAS may appoint a representative to the spin-off's board of directors if it holds equity or has a significant financial or operational interest in the company. This representative will provide oversight and ensure that the spin-off aligns with the university's mission. The following are the operational guidelines:

- i. Require spin-offs to submit annual governance reports to the TTO, outlining the board structure, key personnel, and governance challenges.
- ii. Draft governance guidelines for spin-offs, detailing the roles of MUHAS representatives on the board of directors, reporting lines, and decision-making protocols.
- iii. Establish board composition criteria that ensure representation from both MUHAS and external advisors, with expertise in business, finance, and the health sector

3.5 Conflict of Interest and Commitment

Faculty or staff members involved in a spin-off must disclose any potential conflicts of interest, particularly if they hold equity or a management role in the company. These disclosures will be reviewed by the MUHAS Conflict of Interest Committee to ensure transparency. Faculty and staff must ensure that their involvement in spin-offs does not interfere with their academic or administrative duties at MUHAS. The university may limit or prohibit involvement in a spin-off if it compromises the individual's primary responsibilities. The following are the operational guidelines for this:

- i. Create a conflict-of-interest disclosure form to be completed by any faculty, staff, or student involved in a spin-off.

- ii. Develop a review process for conflict-of-interest disclosures, where the Conflict-of-Interest Committee assesses and manages any potential conflicts.
- iii. Ensure that the university has a conflict resolution process in place to address any issues arising from conflicts of interest or commitment.

4.0 SUPPORT FOR SPIN-OFF COMPANIES

4.1 University Support Services

MUHAS will provide spin-offs with access to laboratory space, equipment, and administrative services as part of its incubation support. The university may also provide access to shared office space and support for legal, financial, and business development functions. Spin-offs will have access to entrepreneurial training programs offered by MUHAS or its partners. The TTO will connect spin-off founders with experienced mentors who can guide them through the challenges of commercialization. The following are the operational guidelines:

- i. Develop an incubation program that provides access to laboratory space, office space, and mentorship for spin-offs in their early stages.
- ii. Ensure that the TTO maintains a mentorship network that includes industry experts, successful entrepreneurs, and venture capitalists.
- iii. Offer workshops on essential business skills (e.g., financial management, marketing, fundraising) for spin-off founders

4.2 Financial Support and Funding

Funding spin-offs is crucial for their success and growth, especially in the early stages when the company is developing its product and preparing for market entry. Below are strategies and methods for funding spin-offs at MUHAS:

1. University Seed Funding

- a) Universities can provide initial seed funding to spin-offs to help cover early-stage costs such as product development, market research, and IP protection.
- b) MUHAS could establish a **Spin-off Seed Fund** managed by the Technology Transfer Office (TTO). This fund would provide small grants or equity investments (e.g., \$10,000 - \$50,000) to spin-offs based on the commercial potential of the technology and alignment

with the university's mission.

- c) **Advantages:** It helps fill the funding gap between academic research and market-ready products. It also gives the university equity or revenue-sharing opportunities.
- d) **Challenges:** MUHAS would need to allocate internal resources or seek external donors to establish this fund.

2. Government Grants and Funding

- a. Governments often provide grants and other financial incentives to support innovation and entrepreneurship, particularly in sectors like healthcare and biotechnology.
- b) MUHAS spin-offs can apply for national and regional grant programs aimed at fostering innovation and entrepreneurship in the health sector. The Tanzania Commission for Science and Technology (COSTECH), for example, offers research and innovation grants. Additionally, the African Union and various regional bodies provide innovation grants.
- c) **Advantages:** Non-dilutive funding (no loss of equity), often linked to specific sectors such as healthcare, biotechnology, and public health.
- d) **Challenges:** Grants may have strict application processes, and securing funding is highly competitive.

3. International Donors and Development Agencies

- a) Many international organizations and development agencies provide funding for innovations in healthcare, especially in low- and middle-income countries.
- b) MUHAS can encourage its spin-offs to seek funding from global health initiatives, such as the **Bill and Melinda Gates Foundation**, the **World Health Organization (WHO)**, and the **Global Innovation Fund**, which support health-related innovations in developing countries.
- c) **Advantages:** Non-dilutive funding, often focused on addressing health challenges in developing countries.
- d) **Challenges:** Requires compliance with specific goals or missions of the funding organization, which may limit flexibility.

4. Angel Investors

- a) Angel investors are wealthy individuals who invest in early-stage companies in exchange for equity. They typically provide funding in the range of \$50,000 - \$500,000.
- b) The **TTO** can facilitate networking events or pitch competitions to connect spin-offs with

local or international angel investors interested in healthcare and innovation in Africa.

- c) **Advantages:** Angels often provide not only funding but also mentorship and business advice.
- d) **Challenges:** Within the Tanzanian context, the angel investment network is less developed, making it harder to find investors.

5. Venture Capital (VC)

- a) Venture capitalists provide larger sums of funding (typically \$500,000 and above) in exchange for equity. They focus on high-growth potential companies and expect significant returns on investment.
- b) MUHAS could build relationships with African venture capital firms or international VCs that specialize in health innovation, such as **AfricInvest**, **Alitheia Capital**, or international firms like **Village Capital**. MUHAS can also connect with impact investors who are interested in healthcare ventures in developing regions.
- c) **Advantages:** VC funding can provide significant capital for scaling the spin-off quickly.
- d) **Challenges:** VCs often expect rapid growth and significant control over the company, which might conflict with the academic and social missions of the spin-off.

6. Corporate Partnerships and Licensing Agreements

- a) Spin-offs can secure funding by forming partnerships with established companies or licensing their technology to corporations that have an interest in bringing it to market.
- b) The **TTO** can facilitate collaborations between spin-offs and large pharmaceutical or healthcare companies that may be interested in licensing or co-developing the spin-off's technology.
- c) **Advantages:** Corporations often provide both funding and market access.
- d) **Challenges:** Spin-offs may have to give up some control or future revenue streams as part of the agreement.

7. University-Industry Collaborations

- a) Spin-offs can enter collaborations with industry players who provide both funding and technical support in exchange for access to the spin-off's innovations.
- b) The university's **TTO** can broker partnerships between spin-offs and local or international healthcare companies that are interested in new technologies or research innovations. These partnerships can provide in-kind support such as equipment, research facilities, or product testing in exchange for future licensing opportunities or joint ventures.

- c) **Advantages:** Provides both financial and technical resources, with the added benefit of tapping into the industrial partner's expertise and market presence.
- d) **Challenges:** Requires negotiating clear terms to protect the spin-off's IP and long-term interests.

8. Revenue from Early Customers

- a) Spin-offs can generate early revenue by selling their products or services directly to customers, either through pilot programs or early-stage sales.
- b) Spin-offs can start by selling to local hospitals, clinics, or NGOs in need of health innovations. The **TTO** can assist in connecting spin-offs to relevant healthcare providers or government health agencies.
- c) **Advantages:** Provides immediate revenue without diluting ownership or taking on debt.
- d) **Challenges:** Early revenue might not be sufficient to cover large development costs, and it can take time to build a customer base.

9. Competitions and Innovation Challenges

- a) Many organizations and governments host innovation challenges and competitions that offer prize money or funding for health-related innovations.
- b) Spin-offs can apply to health-related competitions such as **Innovation Prize for Africa (IPA)**, **Johnson & Johnson's Africa Innovation Challenge**, and **Grand Challenges Africa**. These competitions often focus on solving pressing health issues in Africa and offer funding, mentorship, and networking opportunities.
- c) **Advantages:** Prize money is non-dilutive, and competitions often bring visibility and networking opportunities.
- d) **Challenges:** Highly competitive, with limited funds awarded to only a few winners.

10. Revenue Sharing and Royalty Agreements

- a) Spin-offs can enter into revenue-sharing or royalty agreements with strategic partners or investors. Under this model, investors provide funding in exchange for a percentage of future sales or licensing revenue.
- b) The **TTO** can facilitate revenue-sharing agreements with local healthcare providers, manufacturers, or NGOs that benefit from the spin-off's products or services.
- c) **Advantages:** Provides funding without giving up equity or control.
- d) **Challenges:** Requires careful negotiation to ensure the spin-off retains sufficient revenue to cover its growth and operational costs.

The following are the operational guidelines for funding spin-offs at MUHAS:

- i. Create a seed funding application process for spin-offs, with clear criteria for evaluating their commercial potential and societal impact.
- ii. Establish a matching fund program, where the university matches external investments or grants secured by the spin-off.
- iii. Develop a cost-sharing model for patent filing and legal expenses, outlining the universities and spin-off's financial responsibilities

5.0 REVENUE SHARING AND ROYALTIES

5.1 Revenue Distribution

Revenue generated from licensing fees, royalties, and equity sales will be shared among the university, the inventors, and the relevant departments or research centers. The following general guidelines will apply:

- First TZS 100,000,000 in net revenue: 60% to inventors, 30% to the university, 10% to the department.
- TZS 100,000,000 – TZS 1 billion: 50% to inventors, 40% to the university, 10% to the department.
- Above TZS 1 billion: 40% to inventors, 50% to the university, 10% to the department.

The following are the operational guidelines:

- i. Draft a **revenue-sharing agreement** template to ensure that inventors, departments, and the university understand their share of income from licensing fees, royalties, or equity sales.
- ii. Define a **revenue-sharing timeline** that specifies how and when revenues are distributed, e.g., quarterly or annually.
- iii. Set up a **revenue tracking system** to manage and distribute royalties or other revenues generated by spin-offs, ensuring transparency and compliance with agreements.

5.2 Milestones and Royalties

Royalties will be structured based on agreed-upon milestones such as reaching specific sales targets or achieving regulatory approvals. The university will work with the spin-off to establish reasonable expectations and targets. The following guidelines will be applied in operationalization:

- i. Develop a milestone tracking tool for spin-offs, where founders and the TTO can monitor progress toward commercialization, sales targets, or regulatory approvals.
- ii. Draft a milestone-based royalty schedule that adjusts royalty payments based on the spin-off's achievements (e.g., reaching revenue milestones, completing clinical trials)

6.0 TRANSPARENCY AND ACCOUNTABILITY

Spin-offs are required to submit quarterly reports to MUHAS detailing their financial performance, progress toward commercialization, and any challenges faced. These reports will be reviewed by the TTO to ensure that the company is on track. MUHAS reserves the right to audit the financial and operational performance of spin-offs in which it holds equity or has a licensing agreement. These audits will ensure that the spin-off complies with all contractual obligations and university policies. The following operational guidelines will apply:

- i. Design a standard reporting template for spin-offs to submit quarterly and annual progress reports, including financial statements and commercialization updates.
- ii. Set up review meetings between spin-off founders and the TTO to assess performance against business and commercialization goals.
- iii. Establish a performance audit process to review spin-offs and ensure compliance with MUHAS policies and agreements.
- iv. Create an audit checklist to be used during audits of spin-offs, covering financial management, IP usage, and compliance with university agreements.
- v. Ensure that MUHAS has a legal framework in place that grants the university audit rights over spin-offs in which it holds equity or IP

7.0 ETHICAL AND LEGAL CONSIDERATIONS

Spin-offs must adhere to all ethical standards set forth by MUHAS, particularly when dealing with healthcare products or technologies. This includes obtaining appropriate ethical clearances and ensuring that the rights and well-being of research subjects are protected. Spin-offs must comply with all relevant local, national, and international regulations, including those related to healthcare, biotechnology, and data protection. MUHAS will provide guidance through the TTO to ensure compliance with these standards. The following operational guidelines are proposed:

- i. Set up a compliance office that works with spin-offs to ensure adherence to ethical standards, particularly in the health sector.

- ii. Develop training modules on research ethics, IP management, and regulatory compliance, tailored for spin-off founders and employees
- iii. Establish a regulatory compliance team within the TTO to provide guidance on local, national, and international regulations relevant to spin-offs.
- iv. Maintain a regulatory compliance checklist for spin-offs to ensure they meet industry-specific requirements, particularly in healthcare and biotechnology sectors.

8.0 TERMINATION AND EXIT STRATEGY

MUHAS reserves the right to terminate its involvement with a spin-off if the company fails to meet performance milestones, breaches its licensing agreement, or engages in unethical or illegal practices. The decision to terminate will be made by the University Senate. MUHAS will establish a clear exit strategy for its involvement in spin-offs, including the sale of equity or the termination of licensing agreements. This strategy will be aligned with the university's financial goals and mission. The following operational guidelines will be applied:

- i. Develop termination protocols that specify the steps to be taken if a spin-off fails to meet performance milestones or breaches its agreements with MUHAS.
- ii. Create a termination review committee that assesses cases where termination of the spin-off relationship may be necessary.
- iii. Define an exit strategy process for MUHAS to sell its equity in spin-offs, including identifying potential buyers and determining the valuation of the spin-off.
- iv. Establish a timeline for equity liquidation to ensure that MUHAS maximizes returns while adhering to legal and financial regulations

9.0 DOCUMENT MANAGEMENT AND CONTROL

9.1 Responsible Office

The Directorate of Research, Publications and Innovations, in collaboration with the Technology Transfer Office, will be responsible for the implementation and governance of this policy.

9.2 Status of the Policy Guidelines

These are new Policy Guidelines.

9.3 Key Stakeholders

The main stakeholders of these policy guidelines are:

- a) All MUHAS academic staff
- b) Heads of Academic Departments
- c) Deans and Directors
- d) Student researchers
- e) MUHAS research collaborators
- f) Associated teaching hospitals

9.4. Approval and Commencement

The MUHAS Spin-off Policy Guidelines were approved by the University Council at itsth meeting held on _____ 2025.

9.5. Related Policies

- a) National Research and Development Policy (2020)
- b) MUHAS Intellectual Property Policy and Guidelines
- c) MUHAS Conflict of Interest Policy
- d) MUHAS Research and Innovation Agenda

9.6. Related Documents

- a) Spin-off licensing agreement
- b) Seed funding agreement

9.7. Next Review Date

These policy guidelines are intended to be evolutionary in nature and will be reviewed after every three years and revised in light of experience gained and developments in best practice for

management of biorepositories.

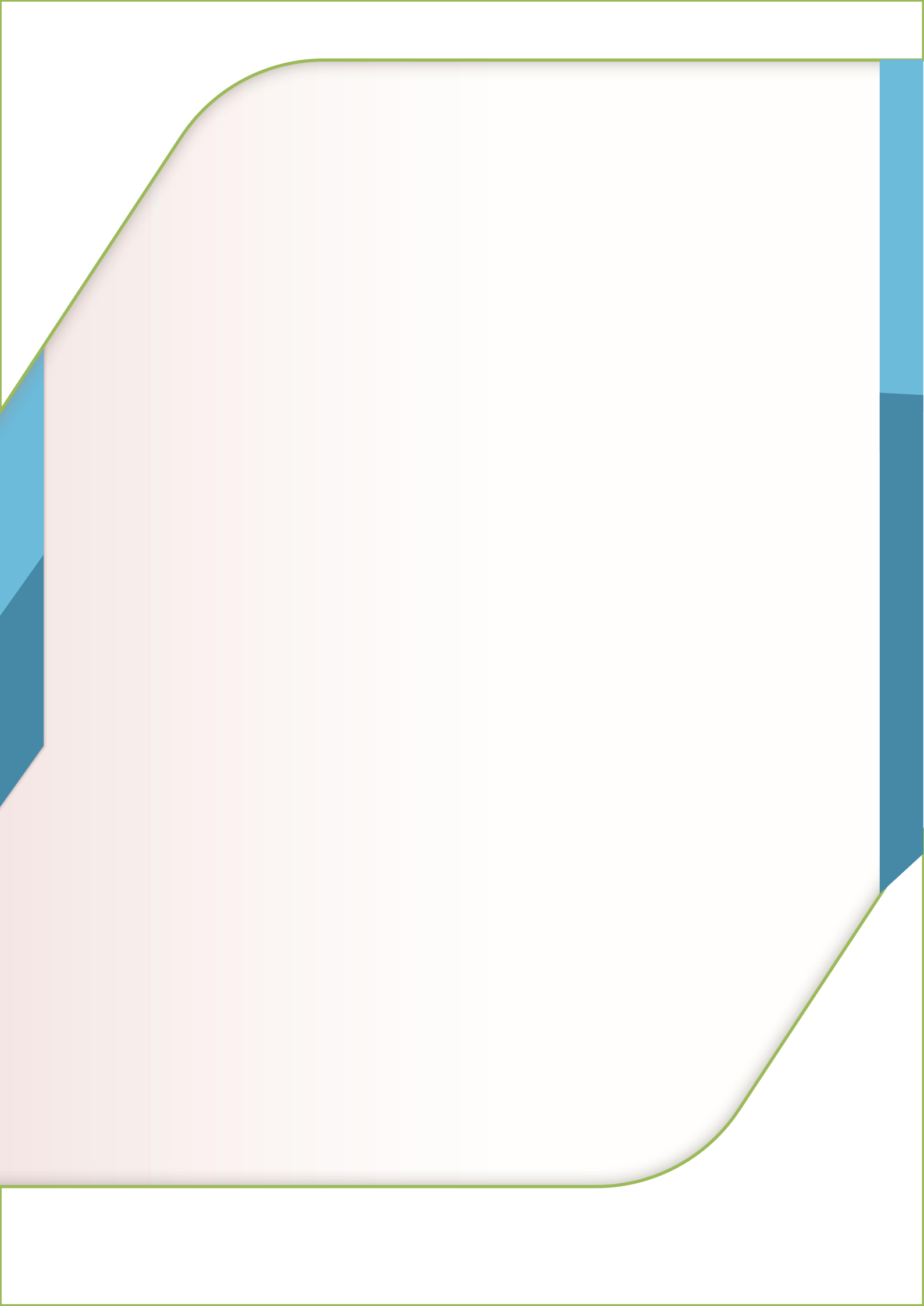
9.8. Owner of the MUHAS Spin-off Policy Guidelines

The University Council shall own the MUHAS Spin-off Policy Guidelines.

9.9. Contact Person

Any queries regarding the content of these Policy Guidelines or need for further clarification should be directed to:

The DVC-RC,
Muhimbili University of Health and Allied Sciences,
P.O. Box 65001,
9 United Nations Road, Upanga West,
Dar es Salaam, Tanzania.



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2025