



भारत 2023 INDIA



Inclusion Taskforce - #4 *Policy Paper Draft*



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EXECUTIVE SUMMARY

Executive Summary: Recommendations and Policy Directives



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Policy Directive 4.1.1: Improve access to capital through financial literacy, flexible funding avenues, and specially formulated fiscal incentives

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Policy Directive 4.2.3: Strengthen startups developing solutions for PwDs, by creating market awareness and demand, skilling workforce, and increasing product adoption

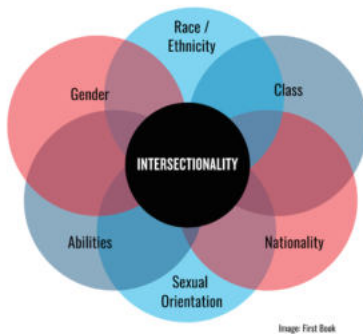
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Introduction

Startups are the driving force behind innovation in products, services, and technologies, steering the competitive nature of economies and generating employment. They are often engaged in high-risk activities, compared to other SMEs in the global economy.¹ Further, they open avenues for the development of new products, making them user-friendly, and filling gaps between the unaddressed challenges in sectors like healthcare, agriculture, education, energy, and climate resilience, among others. During the COVID-19 pandemic, startups were at the forefront of economic growth and employment generation. Since the post-pandemic recovery, Venture Capital (VC) investments have significantly declined across the G20 nations. Due to the limited availability of funds in the market, entrepreneurs from vulnerable groups are significantly affected. Hence, there is a dire need to implement mechanisms and policies that support startups that are geared towards underrepresented communities.

As per a recent study conducted across eight G20 nations², higher levels of innovation in enterprises are directly linked to diversity, and this further positively impacts their profitability.³ Diversity and inclusion add perspectives that contribute towards creative thinking and realizing opportunities that would otherwise remain untapped. On the other hand, marginalization often happens at the intersection of various cross-cutting factors such as race, caste, class, gender, age, and location. By having diversity across the professional spectrum, and in the world of entrepreneurship, significant economic benefits could be unlocked for the world.



For startups to be given the appropriate platform to power the world on the back of their technological prowess, ensuring inclusion is a critical dimension. Promoting inclusive entrepreneurship could help nations in increasing the global GDP and further the pursuit of the Sustainable Development Goals (SDGs) by both increasing participation from and leveraging technologies to benefit under-represented/marginalized communities including women, LGBTQIA+, Persons with Disabilities (PwDs), and grassroots ecosystems. For instance, framing, implementing, and supporting policies that create equal opportunities for under-represented

communities could advance SDG 5 pertaining to gender equality, and SDG 9 pertaining to building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering high-risk innovation. SDG 8 calls for the promotion of sustained, inclusive, and economic growth for all, including women and PwDs and SDG 10 strives to reduce inequality within countries by empowering and promoting the social, economic, and political inclusion of all, including PwDs.⁴

Although the world has seen a boom in the number of startups and unicorns⁵, regional, gender, cultural, and rural-urban disparities in the startup ecosystem remain prevalent. For instance, only 16% of startups, globally, have women founders.⁶ These barriers persist even in the early stages of founding a startup, such as access to

¹

<https://www.oecd.org/coronavirus/policy-responses/start-ups-in-the-time-of-covid-19-facing-the-challenges-seizing-the-opportunities-87219267/#section-d1e76>

² U.S., France, Germany, China, Brazil, India, Switzerland, and Austria.

³ <https://hbr.org/2018/01/how-and-where-diversity-drives-financial-performance>

⁴ <https://www.un.org/development/desa/disabilities/about-us/sustainable-development-goals-sdgs-and-disability.html>

⁵ Startups with an evaluation of over USD 1 billion.

⁶ <https://www.oecd.org/australia/changing-the-face-of-start-ups-why-diversity-is-not-a-nice-to-have-but-a-must-have.htm>



funding, technology, mentorship, and security. However, not only do women-led enterprises account for 37% of global GDP, but they are also an essential investment to move closer to achieving gender economic parity. Women-led startups create 3X higher revenue generated over per dollar invested as per a BCG study⁷. Also, the performance of women-led startups is 63% better than male startup investments in First Round's portfolio⁸.

For LGBTQIA+ entrepreneurs, challenges remain with respect to operating in psychologically safe environments, wherein an entrepreneur's gender identity/sexuality may limit the support received from investors, family, and customers.⁹ Over the last decade, there has been a positive shift in the attention given to LGBTQIA+ entrepreneurs, as they are now recognized as an essential network that fosters entrepreneurship. As per existing research, the LGBTQ100 Index outperformed the S&P 500 Index benchmark (which tracks the stocks of 500 large U.S. companies) by 3.4% in the first six months of 2020.¹⁰

Further, entrepreneurship for PwDs can be leveraged as a potential vocational tool to achieve faster and better integration.¹¹ Self-employment, in certain cases, offers PwD individuals flexibility with respect to job responsibilities, pace, hours, and location.¹² Over 1.3 billion people, representing 17% of the global population, live with some form of disability today, making them the largest minority group worldwide. The SDG framework includes seven targets which specifically refer to PwDs, and six further targets for persons with vulnerable conditions.

Additionally, the unmet needs of disadvantaged people create opportunities for creative communities/individuals to develop alternative approaches to address these challenges. Enabling local communities and individuals to convert their ideas into products and services, by blending modern science and technology, design, and risk capital constitutes the heart of grassroots innovation.¹³

Empowering women, LGBTQIA+, PwDs, and grassroots entrepreneurs is critical for our nations to grow. It not only boosts the economy through job creation but also delivers transformational social and personal outcomes for these communities. Further, promoting inclusion in startup ecosystem will ensure greater economic benefits considering millennial and Gen Z consumers. As these groups of individuals continue to grow as a total share of the population (accounting for almost 5 billion people globally), their preferences in consumption are likely to become major drivers for inclusive innovation across G20 nations.¹⁴

This policy paper is based on two recommendations, each with specific policy directives to enable entrepreneurship amongst these under-represented communities and foster the growth of startups focusing on inclusion.

1. The first recommendation is to propose a framework for inclusive entrepreneurship that bolsters startups founded and/or led by under-represented communities. This includes measures such as:

⁷ <https://www.bcg.com/publications/2018/why-women-owned-startups-are-better-bet>

⁸ <http://10years.firstround.com/>

⁹ <https://hbr.org/2018/07/the-other-diversity-dividend>

¹⁰ <https://www.reuters.com/article/us-usa-lgbt-investment-feature-trfn-idUSKBN2613MR>

¹¹ <https://ip.ios.semcs.net/articles/journal-of-vocational-rehabilitation/jvr00150>

¹² <https://www.tandfonline.com/doi/abs/10.1080/00036846.2010.489816?journalCode=raec20>

¹³ https://ssir.org/articles/entry/tapping_the_entrepreneurial_potential_of_grassroots_innovation

¹⁴ <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/true-gen-generation-z-and-its-implications-for-companies>



- a) Improve access to capital through financial literacy, flexible funding avenues, and specially formulated fiscal incentives
 - b) Create focused incubation and mentorship programs for networking, skill building, and exchange of best practices
 - c) Leverage existing policy frameworks to promote innovation and entrepreneurship
 - d) Develop and implement forward-looking policies and programs focused on digital literacy, STEM education, emerging technologies, compliances, and IPR protection
2. The second recommendation is geared towards supporting startups developing solutions for under-represented communities such as women, LGBTQIA+, PwDs, and grassroots communities. This can be achieved through focused financing, regulatory interventions, and implementation of market access frameworks, including other measures:
- a) Extend financial benefits to startups promoting access to healthcare, safety, education, child care, and other services for women
 - b) Promote startups addressing representation, healthcare, access to networks, and other key challenges faced by LGBTQIA+ communities
 - c) Strengthen startups developing solutions for PwDs, by creating market awareness and demand, skilling the workforce, and increasing product adoption
 - d) Promote startups improving access to health, education, livelihood opportunities, and other services for grassroots communities

By considering the recommendations and implementing the suggested policy directives, the world may take a leap towards unlocking the full potential of startups, driving social innovation, and creating impact for years to come.





RECOMMENDATION 4.1



Recommendation 4.1: Provide special focus to startups led by entrepreneurs from under-represented communities (women, LGBTQIA+, Persons with Disabilities (PwDs), grassroots entrepreneurs, and other marginalized communities) across G20 nations

Policy Directives	
Policy Directive 4.1.1	Improve access to capital through financial literacy, flexible funding avenues, and specially formulated fiscal incentives
Policy Directive 4.1.2	Create focused incubation and mentorship programs for networking, skill building, and exchange of best practices
Policy Directive 4.1.3	Leverage existing policy frameworks to promote innovation and entrepreneurship
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SDG Goals Impacted:



Recommendation 4.1 contributes to achieving UN SDG goals **5: Achieve gender equality and empower all women and girls**; **9: Industry, Innovation, and Infrastructure**; **10: Reduce inequality within and among countries**; and **17: Strengthen the means of implementation and revitalize the global partnership for sustainable development**.

SDG 5: Achieve gender equality and empower all women and girls

Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure, and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate

Target 5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life

Target 5.7: Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws

Target 5.8: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women



Target 5.9: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

SDG 9: Industry, Innovation, and Infrastructure

Target 9.3: Increase the access of small-scale industrial and other enterprises, in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.

SDG 10: Reduce inequality within and among countries

Target 10.2: Empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status

Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies, and action in this regard

Target 10.4: Adopt policies, especially fiscal, wage, and social protection policies, and progressively achieve greater equality

SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

Target 17.6: Enhance North-South, South-South, and triangular regional and international cooperation on and access to science, technology, and innovation and enhance knowledge sharing on mutually agreed terms, including through improved coordination among existing mechanisms, at the United Nations level, and through a global technology facilitation mechanism

Target 17.9: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South, and triangular cooperation

Context:

Financial inclusion is identified as an enabler for at least 8 out of the 17 SDGs. Globally, only 15% startups are led by women and 20% startups have at least one female co-founder. In emerging economies, of the total SME finance gap, women-led businesses accounted for 33% or USD 1.5 trillion¹⁵. Women, LGBTQIA+, PwDs, grassroots entrepreneurs, and other marginalized communities are less likely to approach formal financial institutions due to low financial literacy, risk aversion, lack of appropriate financial products, the cumbersome application process, high-interest rates, rigid repayment structure/policy etc. For those who do seek financing, lack of collateral is the most cited barrier. Women may lose out on opportunities to invest in their businesses because they may be charged higher interest rates and shorter repayment periods.¹⁶

¹⁵ <https://fortune.com/2023/03/27/most-powerful-women-goldman-sachs/>

¹⁶ <https://digitalforwomen.worldbank.org/access-finance>



Women entrepreneurs received only 2% of VC funding in 2021. Only 12% of decision-makers at VC firms are women and 65% of firms still do not have a single female partner.¹⁷ According to a recent study, almost 40% of LGBTQIA+ entrepreneurs in the US choose not to self-identify as members of the community when seeking funding, concerned it would hurt their chances of receiving capital.¹⁸ 82% of LGBTQIA+ entrepreneurs report that access to capital limits their ability to manage daily operations and 93% reported it limits their business' growth potential.¹⁹ There is a crucial need to involve more women, PwDs, LGBTQIA+, and ally investors in the ecosystem who provide funding and mentorship to startup founders from under-represented communities.

Women and LGBTQIA+ entrepreneurs tend to have smaller, less diverse, and controlled entrepreneurial networks which limits their growth. They tend to rely heavily on family connections and informal networks for business. Inadequate access to mentorship for women startup founders is another challenge to their growth. 70% of small business owners that receive mentorship survive for five years or more. Women who scaled up their businesses were 10% more likely to have received mentorship from successful entrepreneurs, which has also been reported to help them in the fundraising process. Nearly two-thirds of entrepreneurs from the LGBTQIA+ community raise capital from friends and family, which suggests a lack of access to business networks and formal financial institutions. For small businesses, access to formal business networks is key to greater success, both in terms of the start-up phase and subsequent growth.

Further, as these under-represented groups enter markets and engage in production, they face different constraints and opportunities. Grassroots entrepreneurs often have business needs that are different from the rest of the community. These needs/challenges also differ throughout the geopolitical landscape. For instance, a grassroots entrepreneur from Africa may have different needs from that of a grassroots entrepreneur in India because of the cultural and socio-economic variations. Digital access, especially after the pandemic, has become necessary for economic resilience.²⁰ Social networks increase the reach of early-stage entrepreneurs as they have a profound impact on the product-to-market journey throughout the startup lifecycle. Grassroots entrepreneurs lack access to these social networks today, which could assist them with the birth and growth of their startups.²¹

Further, startups having benefitted from effective capacity-building programs are more likely to succeed in the long run. A study by the World Economic Forum found that entrepreneurs who receive mentoring are three times more likely to succeed in their venture than those who don't receive mentoring.²² Capacity-building programs can help startups to attract investments, expand their networks and partnerships, develop sustainable business models etc. paving the way for their successful journey. According to a report by the Kauffman Foundation, training programs, coaching and mentorship, and technical assistance can all help entrepreneurs build the skills and knowledge necessary for successful venture creation.²³

Additionally, startups from underrepresented communities need targeted support and resources because they face systemic barriers that have historically limited their participation in entrepreneurship. To create a more level

¹⁷ <https://www.forbes.com/sites/columbiabusinessschool/2022/06/21/the-illusion-of-venture-capital-for-female-founders/?sh=23dbc76574c6>

¹⁸ <https://www.chicagobooth.edu/media-relations-and-communications/press-releases/new-study-sheds-light-state-lgbt-entrepreneurs-us>

¹⁹ <https://www.inc.com/elizabeth-gore/4-challenges-and-triumphs-of-lgbtq-entrepreneurs-in-2022.html>

²⁰ <https://www.oecd-ilibrary.org/sites/ae6bf9cd-en/index.html?itemId=/content/component/ae6bf9cd-en>

²¹ <https://www.oecd.org/cfe/leed/Expanding%20the%20networks%20of%20disadvantaged%20entrepreneurs.pdf>

²² World Economic Forum

²³ Kauffman Foundation



playing field for all entrepreneurs, there is a need for convergence of existing policies/regulatory frameworks. These policies can help in addressing the funding disparity by generating alternative sources while promoting social and economic development.

Policy Directive 4.1.1: Improve access to capital through financial literacy, flexible funding avenues, and specially formulated fiscal incentives

Capital overlaps with four dimensions (4As) – Availability, Awareness, Access, Affordability. There is a need to ask these four questions:

- **Is it available** for entrepreneurs from under-represented communities? Are funds allocated by governments, private entities, and multilateral development organizations to prioritize access to affordable capital for these entrepreneurs?
- **Are they sufficiently aware** of such capital being available? This has several dimensions or barriers, such as lack of information being most critical on the demand side and lack of awareness building, promotion, on the supply side. Unless these are bridged/addressed, there is little chance that the entrepreneurs will access them, and as a result, either pay higher interest or curtail aspirations, growth and, expansion
- **Are the financial instruments accessible?** Does it require collateral, cumbersome entry/application? Is there an appropriate institutional delivery mechanism?
- **Finally, are the financial services affordable for entrepreneurs from under-represented communities?** All the preceding “As” come at a cost. As a result, the local moneylender or other informal sources might appear to be cheaper for such entrepreneurs. Technology-supported and community-led models could cut down costs (banking correspondent, kiosks, etc). Affordable interest rates have a direct bearing on ROI/profits and this in turn affects repayment, growth, expansion, etc.

There is a need for creating new financing instruments and formalizing access to finance for under-represented communities through the following measures:

1. Flexible and inclusive funding mechanisms: Collateral-free and negotiable lending terms for women, LGBTQIA+, PwDs, and grassroots entrepreneurs could be explored in G20 nations. Innovative financing catering to enterprises owned by these under-represented communities which are faster, flexible, affordable, and insured could be considered. Also, promoting representation of under-represented communities in the investor community, and ensuring their minimum representation in the founding team could further pave the way for a global culture of inclusive entrepreneurship. An example of such a fund could be the Micro Venture Innovation Fund (MVIF) announced by the Government of India in the Union budget 2002-03 for grassroots innovators turned entrepreneurs.

2. Fiscal Policy: An equitable fiscal policy is critical for early-stage startups to sustain their competitiveness, especially for those led by under-represented communities. Defined tax vacation programs may be considered for startups led by these communities, to provide them with the much-required initial push.



3. CSR Regulations: The addition of entrepreneurs from under-represented communities and startups working towards inclusion as beneficiaries of CSR regulations could be considered. G20 nations could also ensure a percentage of CSR funds are being directed toward the abovementioned startups through a transparent channel.

4. Startup Financing Programs: Streamlining access to loans, investment capital, insurance/risk cover, and grants through a well-structured program/platform could help close the credit gap when it comes to early-stage startups. An example of such a platform would be the U.S. Small Business Association, which has proved to be an efficient public-private partnership model that has increased the country's economic growth.²⁴

Policy Directive 4.1.2: Create focused incubation and mentorship programs for networking, skill building, and exchange of best practices

The early-stage development of startups founded by under-represented communities can be made effective on the back of incubation programs. Incubators offer a variety of services that help in building the capability of budding entrepreneurs such as management training, office space training, and capital financing, along with other support avenues. These enable nascent startup teams to develop competencies for creating products from the ideation stage and launching them in the market. Such programs can be orchestrated by academic institutions, non-profit organizations, for-profit organizations, VC firms or a combination of these organizations. Incubators usually are formed in partnerships or collaborations between large organizations having a keen interest in startups with high growth potential. Conventionally, apprenticeship or mentorship programs for women, LGBTQIA+, PwDs, or grassroots entrepreneurs are lacking, and efforts could be invested into this dimension.

Policy Directive 4.1.3: Leverage existing policy frameworks to promote innovation and entrepreneurship

Resources are finite, but if planned and invested efficiently, and coupled with convergence of existing regulatory frameworks, they could generate significant opportunities. While it might not be possible for stakeholders to offer/invest substantial resources, different stakeholders could be encouraged to collaborate to support startups. Stakeholders could converge and pool resources to build and support startups led by entrepreneurs from under-represented communities. Government, private sector, and civil society could provide unique resources to break silos to accelerate the growth and success of marginalized groups-led businesses. There are examples of convergent models across the G20 nations that need to be documented and the learnings applied to emerging contexts. A few of the dimensions are as follows:

1. Regulatory Frameworks: Simplification of the registration process by governments could facilitate and streamline activities linked to the operation of startups. Provisions could be introduced for community-based entities, improving their visibility, and increasing access to finance, business advisory services, and networking through business associations.

²⁴

<https://www.forbes.com/sites/hbsworkingknowledge/2017/01/10/the-small-business-administration-is-a-model-for-how-to-drive-economic-growth/?sh=5875f8cf5bd4>



2. Public/Private Procurement Practices: To create enabling and accessible markets for women, PwDs, LGBTQIA+, and grassroots entrepreneurs, public and private corporations could be encouraged to procure products and services from under-represented communities-led enterprises. For example, South Africa’s public enterprises have a 40% reservation in their procurement practices for women-owned enterprises. A fixed number of projects may be reserved for startups led by under-represented communities in the public and private sectors. Startups led by representatives from under-represented communities could be given preference in public/private procurement, for instance by adding inclusion as a positive selection criterion. However, this may need to be implemented without creating limitations for free market economy principles.

3. Platform to Address Gaps: An aggregator platform built on Public-Private Partnership facilitated by ecosystem players could be set up. This would help in providing initiatives such as skill development programs, entrepreneurship promotion, mobilizing CSR initiatives, government support programs, access to financial instruments, and institutional support.

4. Trade and Industrial Policies: Enabling global market access for startups by implementing favorable trade and industrial policies could help push their chances of success.

Policy Directive 4.1.4: Develop and implement forward-looking policies and programs focused on digital literacy, STEM education, emerging technologies, compliances, and IPR protection

The startup journey and success of entrepreneurs are largely shaped by their interactions with entities that form part of the startup ecosystem. These include the investor community that provides financial backing to startups, academic institutions that prepare them for the entrepreneurial journey, incubation centers, and accelerators that make startups market-ready, and government authorities that protect the legal rights and contractual agreements of startups. When entrepreneurs are supported by these entities, it leads to positive outcomes for their startups. However, when entrepreneurs do not get the requisite support, especially owing to their race, gender, education, sexual orientation etc., there is a major setback in their startup-building efforts.

Therefore, it becomes critical to inculcate a culture of inclusion and diversity in institutions that form part of the startup ecosystem so that entrepreneurs from under-represented communities (women, LGBTQIA+, PwDs, and grassroots innovators) do not get impacted by challenges arising due to cultural biases and marginalization. Moreover, the adoption and implementation of policy directives for promoting inclusion are highly correlated with the level of inclusivity existing in the organizational culture of these participating institutions. Hence, it is important to devise measures for sensitizing these entities and to encourage stakeholders of startup ecosystem to adopt an inclusive mindset. Here, the Power of the Collective is a construct that could be leveraged through several inspirational case studies across G20 nations and other countries. This could lead to higher opportunities for startups serving the needs of under-represented communities. A few of the measures are proposed below:

- 1. Support from Experts** – Establishing an advisory board of experts from STEM, digital literacy, and emerging technologies perspectives, as well as champions from the under-represented communities. This board could provide guidance on developing a curriculum that nurtures the entrepreneurial spirit and technical expertise



while ensuring diversity promotion is at the forefront. The key objective shall be creating awareness about the economic and financial benefits achieved by nations by empowering talent from different backgrounds.

2. **Legal Support** – Provision of support and advice to startups from under-represented groups around intellectual property rights, compliance and regulations could help in safeguarding their business growth and expansion. Measures and norms to ensure and safeguard their social inclusion may also be considered.
3. **Compliance** - Regulations exist across several G20 nations with respect to protecting diversity such as equal opportunities laws, labor laws, laws for the prevention of sexual harassment, and for hiring resources from under-represented communities. If compliance is mandated for organizations that form an essential part of the global startup ecosystem, challenges faced by entrepreneurs from underrepresented communities could reduce significantly.
4. **Process Interventions** – Having systems where key processes such as recruiting, hiring, training, learning and development are geared towards a diverse talent pool is recommended. This could help startups create a “people first approach” and develop an inclusive mindset.
5. **Streamlining Bureaucracy** - Another key challenge that hinders founders, particularly women and people from under-represented communities is red tape and bureaucracy. Various studies published on migrant founders have suggested that migrant founders²⁵ see bureaucracy as a roadblock to their startup journey. Further, removing red tape is thus an important factor in creating an enabling ecosystem for these entrepreneurs.

²⁵ MigrantFoundersMonitor2023_EnglishVersion.pdf (startupverband.de)





RECOMMENDATION 4.2



Recommendation 4.2: Create strategies and mechanisms for startups solving for inclusion

Policy Directives	
Policy Directive 4.2.1	Extend financial benefits to startups promoting access to healthcare, safety, education, child care, and other services for women
Policy Directive 4.2.2	Promote startups addressing representation, healthcare, access to networks, and other key challenges faced by LGBTQIA+ communities
Policy Directive 4.2.3	Strengthen startups developing solutions for PwDs, by creating market awareness and demand, skilling the workforce, and increasing product adoption
Policy Directive 4.2.4	Promote startups improving access to health, education, livelihood opportunities, and other services for grassroots communities

SDG Goals Impacted



Recommendation 4.2 contributes to achieving UN SDGs: **4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; 8. Decent work and economic growth; 11: Make cities and human settlements inclusive, safe, resilient, and sustainable; and 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.**

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.

Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, and appreciation of cultural diversity and of culture's contribution to sustainable development.

SDG 8: Decent Work and Economic Growth



Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

SDG 11: Make cities and human settlements inclusive, safe, resilient, and sustainable

Target 11.2: By 2030, provide access to safe, affordable, accessible, and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities, and older persons.

Target 11.7: By 2030, provide universal access to safe, inclusive, and accessible, green and public spaces, in particular for women and children, older persons, and persons with disabilities.

SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels

There are 10 targets and 2 sub-targets under this goal. These focus on reducing violence, introducing laws, increasing transparency across the system, and providing legal identity and rights for all. These are also focused on strengthening the efforts of all the participating institutions, organizations, and emerging economies.

Context

Startups can offer solutions that are localized, contextualized, and scalable. Recommendation 2 shall support startups solving issues faced by women, LGBTQIA+, PwDs, and grassroots communities. The focus shall be on fostering the scalability of these startups (that also promote the care economy directly/indirectly) through financing, regulatory, and market access platforms.

Only 3% of all HealthTech investment went to FemTech²⁶ startups in 2020, despite the growth of companies that are focused on women’s healthcare, a field that has historically been underfunded.²⁷ Startups solving for women’s health face barriers to finance and the availability of resources. Women’s health is a massive business opportunity, however, there has been a lack of acknowledgment of the same.²⁸

Further, Assistive Technology is one such emerging field that develops solutions to rehabilitate disabled people as well as help them enhance their mobility and improve their quality of life. Globally, more than 1 billion people need one or more assistive products. Due to the rise in the aging global population and noncontagious diseases, it is estimated that 2 billion people will be needing at least one assistive product by 2030 and many older people may require 2 or more units¹⁵. This suggests there shall be high demand for these products in the future, and therefore, a greater need to support startups that develop these technologies. The key barriers that are inhibiting the growth of assistive tech. startups are lack of funding, access issues, and workforce bottlenecks.

²⁶ Femtech is a term that refers to diagnostic tools, products, services, wearables and software that use technology to address women's health issues, including menstrual health, reproductive health, sexual health, maternal health and menopause.

²⁷ <https://www.forbes.com/sites/allysonkapin/2021/06/24/52-women-led-startups-driving-the-future-of-healthtech-and-femtech/?sh=594cbf7107>

²⁸ <https://www.forbes.com/sites/geristengel/2020/09/30/women-use-tech-to-solve-womens-health-problems-a-market-men-ignore/?sh=1e2ce5c84698>



Grassroots communities are underserved when it comes to access to formal financing services. They face a lack of digital connectivity and literacy in comparison with urban areas. Social networks also impact profoundly on early-stage entrepreneurs throughout their journey to become self-sustainable. Grassroots entrepreneurs lack access to these social networks that would assist them with the birth and growth of their startups.²⁹

LGBTQIA+ youth face fear of coming out and discrimination because of their sexual orientation, gender identity, and gender expression. This can raise the chance of developing depression, PTSD, substance abuse, and self-destructive behaviors. Promoting mental health, social inclusion, employment, literacy, skilling, and access to finance for the LGBTQIA+ community/youth are key themes where startups could develop solutions and create value, globally.

Policy Directive 4.2.1: Extend financial benefits to startups promoting access to healthcare, safety, education, child-care, and other services for women

Startups providing solutions for women's healthcare could include:

- Entities that aim to close the gender gap in healthcare and promote training in women's health, with the help of personalised medical solutions
- FemTech startups that support women at different stages in their lifetime, offering professional accompaniment for fertility, breastfeeding, and the menopause³⁰

According to the International Labour Organization (ILO), women spend 4.1 times more time in Asia and the Pacific in unpaid care work than men.³¹ Startups providing solutions for the care economy could recognize, reward, reduce, and redistribute care work. Under this recommendation, startups solving for the following dimensions could be supported:

- Products and services that reduce the time and burden of unpaid care and domestic work
- Products and services that ensure care and domestic workers are compensated as per the labor laws or minimum wages, and their job security is safeguarded

In the top-ranked economies for women entrepreneurship, the drivers of women-led growth are a high rate of women's enrolment in tertiary education, easy and fair access to finance, strong government programs to promote small businesses, high representation of women in leadership roles, and positive attitudes towards entrepreneurship. It is important to proactively address the reasons why there is a disparity in under-represented communities, and one key issue is the early-stage gender bias in education in industry verticals. It is critically important to address this gap proactively and get more people from under-represented communities into key verticals (such as engineering and AI) from an early age. If left unaddressed, biases in data, algorithms, and the teams responsible for managing them may continue to manifest, disproportionately affecting the under-represented communities.

²⁹<https://www.oecd.org/cfe/leed/Expanding%20the%20networks%20of%20disadvantaged%20entrepreneurs.pdf>

³⁰ <https://www.bbvaspark.com/contenido/en/news/entrepreneurship-by-women-for-women-the-femtech-startup-boom/>

³¹https://www.ilo.org/global/publications/books/WCMS_633135/lang--en/index.htm



There are various startups working towards solving educational and training disparities for women and could benefit from this policy directive.

The following measures could be considered to support such startups:

1. **Streamlining inclusion of women investors:** Women investors invest in products and services solving women's issues more than men. However, women are significantly underrepresented among entrepreneurs and investors in VC, they make up less than 15% of check-writers and get less than 2% of total VC investments in the US.³² Fewer than 5 percent of all VC-funded firms have women on their executive teams, and only 2.7% had a female CEO.³³ Therefore, ensuring equal participation of women as investors, through a diversity mandate, could enable them to help scale startups solving women's issues.
2. **Funding and Tax incentives:** Funds and grant programs could be established by governments/government-aided organizations/private sector to provide monetary support to startups addressing women's issues. Tax incentives and rebate programs could be introduced to encourage investments in FemTech startups. This could, in turn, incentivize the participation of financial institutions in capital-raising efforts for these startups.

Policy Directive 4.2.2: Promote startups addressing representation, healthcare, access to networks, and other key challenges faced by LGBTQIA+ communities

Policy Directive 4.2.2 could include startups addressing the following challenges of LGBTQIA+ communities:

- **Financial Networking:** According to a survey conducted by UCLA, LGBTQIA+ individuals are more likely to end up in poverty.³⁴ Startups, through social and technological innovation, could increase their access to finance and generate awareness of financial literacy. These could include increasing access to funding for LGBTQIA+ entrepreneurs, increasing affordability and accessibility of insurance policies, and offering financial advice to members of the community.
- **Health:** LGBTQIA+ patients have faced significant challenges in receiving affirmative, inclusive, and respectful care as deep-rooted homophobia and transphobia still exist directly or indirectly within healthcare systems.³⁵ Startups have recently emerged that fill this gap to ensure the accessibility and affordability of mental, physical, and sexual healthcare services to the LGBTQIA+ community. This is being achieved for example, by developing tech. solutions which increase the access to mental health professionals for the LGBTQIA+ community, and social solutions which streamline their access to mainstream healthcare service providers.

³²

<https://hbr.org/2023/02/for-female-founders-only-fundraising-from-female-vcs-comes-at-a-cost#:~:text=Women%20are%20massively%20under%20represented,15%25%20of%20check%2Dwriters.>

³³

<https://www.csis.org/analysis/addressing-gender-imbalance-venture-capital-and-entrepreneurship#:~:text=Fewer%20than%205%20percent%20of,percent%20had%20a%20female%20CEO.>

³⁴ <https://williamsinstitute.law.ucla.edu/publications/lgb-patterns-of-poverty/>

³⁵

<https://www.eu-startups.com/2021/09/london-based-lvndr-raises-e1-7-million-for-its-inclusive-sexual-health-solutions-for-the-lgbtq-community/>



- **Education and Training:** Members of the LGBTQIA+ community often face exclusion from educational institutions which impacts their overall educational and employment chances. There is an opportunity for startups to provide additional avenues of education and training for the LGBTQIA+ community, increase awareness, and provide solutions to combat their exclusion from formal educational institutions.
- **Data Gap:** Gaps in research and data on LGBTQIA+ experiences persist across countries, impeding progress towards inclusion. Startups could help reduce the gap existing in the LGBTQIA+ data and research to help public and private agencies review the unique economic needs of LGBTQIA+ consumers, businesses, or communities.

The abovementioned startups could be supported through the following incentives:

1. **Entrepreneurship Program:** There are a handful of NGOs and VC firms such as LGBT Capital, Blackstage Capital, and the National Gay and Lesbian Chamber of Commerce that are dedicatedly working towards ensuring the success of LGBTQIA+ entrepreneurs. P Programs could be created where such entities are onboarded, and they share resources and opportunities pertaining to LGBTQIA+ entrepreneurship. This could be championed by a multilateral organization to ensure fairness and accessibility for all participants.
2. **Inclusion of LGBTQIA+ Investors:** Participation of LGBTQIA+ members in the funding supply side could lead to higher advocacy of startups that are addressing the challenges of the community.³⁶ Therefore, to help startups solving for the issues faced by the LGBTQIA+ community, mainstreaming members of the LGBTQIA+ community in financial institutions and public policy agencies is essential. This could be achieved through a focus on diversity hiring and training.
3. **Generating awareness to scale up:** Most entrepreneurial ventures do not prioritize investment into planning for financing for rapid scale-up. Therefore, generating awareness among these startups to have a sustainable scale-up exercise is imperative. Public-private partnerships could work to ensure multiple sources of financing for the startups, cross-leveraging funds, customer financing, etc. Conducting workshops through business associations to generate this awareness could help more startups to scale up.³⁷

Policy Directive 4.2.3: Strengthen startups developing solutions for PwDs, by creating market awareness and demand, skilling workforce, and increasing product adoption

The first Global Report on Assistive Technology (GReAT)³⁸ was launched in May 2022 by the World Health Organization (WHO) and United Nations Children’s Fund (UNICEF). It notes the number of people in need of one or more assistive products is likely to rise to 3.5 billion by 2050, due to factors such as the growth of the aging

³⁶ <https://www.entrepreneur.com/business-news/addressing-the-reality-of-funding-discrimination-against/366309>

³⁷ <https://hbr.org/2014/08/how-to-finance-the-scale-up-of-your-company>

³⁸ Global Report on Assistive Technology (GReAT)



population. As per the report, an analysis of 35 countries reveals that access to assistive technologies varies from 3% in poorer nations to 90% in wealthy nations.

It also notes very few countries have a national assistive technology policy or program. Even in developed countries that have provisions, assistive technology services are stand-alone. PwDs face difficulties in availing of state-provided benefits and integrating them into their lifestyles. Hence, there is an acute need for promoting the startups that are building assistive technologies and actively working towards making the world more inclusive.

As per the GReAT report, investing USD 1 in assistive technology in low and middle-income countries could return USD 9 to users, families, and the national economy over the next 55 years. This 9:1 return on investment ratio excludes benefits in terms of improved health, well-being, social inclusion, and as such the overall return on investment could be significantly higher³⁹.

With the help of the following interventions, their efforts could be strengthened, promoting inclusive growth:

1. **Funding support:** Funds and grant programs could be established by governments/government-aided organizations/private sector to provide monetary support to assistive technology startups. Such financial support could enable these startups to overcome early-stage funding challenges. This could be in the form of seed funding, grants, low-interest loans, or other forms of flexible financial support. Further, investment in assistive technology startups could be considered as social impact investing and could be linked to CSR initiatives, encouraging more stakeholders to support such startups. It is suggested that countries create special innovation zones and an “Assistive Technology Startup Fund” to accelerate this process.
2. **Tax incentives:** Tax incentives and rebate programs could be introduced to encourage investments in the assistive technology space. Such programs could be extended to entities providing grants or loans to these startups. Additionally, VC funds that focus on investing in such startups could also be given such benefits.
3. **Development of assistive technology standards:** Interoperability and compatibility across different devices and platforms is a key challenge for assistive technology startups. G20 nations could support the development of assistive technology standards that can increase the ability of assistive technology devices and applications to operate in conjunction with each other. This could help startups to focus on innovation, rather than working on compatibility-related issues.
4. **Regulatory clarity:** There are several barriers to entry into the assistive technology landscape due to the complex regulatory environment in each G20 nation. This can be resolved by having more clarity on regulatory frameworks, well-defined benchmarks for assistive technologies, harmonization of PwD laws, and streamlined regulatory pathways that enable startups to bring these products into the market more quickly³⁹.

³⁹ The Global Alliance of Assistive Technology Organizations. (2020). Policy and Advocacy.



5. **Collaboration:** Collaboration between startups, academic institutions, and industry partners could help to accelerate the development and growth of assistive technology startups. Cross-border collaboration could also be fostered, wherein, a success story of one nation could be leveraged by another. Avenues for exchanging opportunities for Proof of Concept in the assistive technology space could be established through multilateral forums.
6. **Provisioning and Procurement policies:** Provisioning and Procurement policies could be curated to promote the use of assistive technologies developed by startups in government-funded programs, and incentives could be provided to businesses that leverage such assistive technologies.⁴⁰

Further, there is also a need to work towards measures that lead to market development for assistive technology startups. The following pathways could enable demand creation and pave the way for establishing a downstream ecosystem promoting the assistive technology market:

- **Promote Accessibility:** Accessibility can be promoted across ecosystems, such as requiring public buildings, transportation systems, and public spaces to incorporate infrastructural changes that adhere to universal design principles, thereby increasing suitability for PwDs. Also, having braille displays and speech-to-text signage boards in academic institutions, audio-enabled alerting devices on roads, wheelchairs, and ramps in buildings among other things could be encouraged. This can create a market for startups that develop assistive technologies and other solutions for PwDs.
- **Skilling:** It is important to invest in skilled workforce development so that the labor gap in the assistive technology space can be addressed. Vocational training programs could be developed to build a supportive ecosystem of repair and service individuals who have specialized skills in handling assistive technology gadgets and applications. This could reduce user friction points throughout the value chain and lead to higher implementation and adoption of assistive technology in the ecosystem.
- **Increase public awareness:** Many people with disabilities are not aware of the assistive technologies available in the marketplace. Awareness could be improved by organizing public campaigns, providing training to health professionals and caregivers, and ensuring assistive technology is included in vocational training programs.

Policy Directive 4.2.4: Promote startups improving access to health, education, livelihood opportunities, and other services for grassroots communities

Policy Directive 4.2.4. could cover startups solving for:

- Providing increased access to education in the grassroots ecosystems
- Increasing digital and financial literacy in the grassroots ecosystems

⁴⁰ Assistive Technology Industry Association. (2021). Policy Initiatives



- Enabling social networks for under-developed communities to increase their access to mentorship, finance, and markets

The abovementioned startups could be supported through the following measures:

1. **Funding:** Funds and grant programs could be established by governments/government-aided organizations/private sector to provide monetary support to startups uplifting grassroots ecosystems. A network of like-minded VC firms and angel investors looking to support the upliftment of grassroots ecosystems also needs to be established in emerging markets. Startups in emerging markets raise only a fraction of the capital raised by those in developed markets. Hence, increasing access of these startups to VC firms in emerging economies is important.
2. **Tax incentives:** Tax incentive programs could be introduced to encourage investments into startups increasing access to education, digital and financial literacy, healthcare, finance, mentorship, and overall supply chain for grassroots ecosystems.
3. **Building Entrepreneurship Skills:** Most entrepreneurial ventures in/working towards grassroots ecosystems are unprepared for rapid scale-up. Therefore, generating awareness among these startups to have a sustainable scale-up plan is imperative. Academic institution-backed programs and one-to-one or peer-to-peer mentorship could be introduced for enhancing the business and technical skills of these entrepreneurs while also building a network of such enterprises. This would be important for another reason, as quite often issues at the grassroots may not be able to address the economics behind commensurate solutions. As a result, attractiveness from a commercial perspective may not be feasible. In such scenarios, the Governments or the local ecosystems would need to come forward to solve the issues.

