



2023

Startup20 Communiqué

Taskforces
Recommendations
and Policy Directives



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Startup20 Communiqué 2023

A New Dawn for the Global Startup Ecosystem

The Startup20 Engagement Group thanks the India Presidency for launching this group and providing startups from G20 nations an equitable voice in the global economic discourse.

We recognize the sincere efforts of every G20 nation to support startups, and are proposing a way to weave the national startup ecosystems into a global one to make them an engine of economic growth.

We have produced this communiqué through an intensely consultative process comprising physical and virtual meetings with delegates, followed by a period when the document was open for comments from startups and other ecosystem stakeholders.

In our inception year (2023), we urge G20 leaders to:

- Raise the joint annual investment of G20 nations in the global startup ecosystem to US\$ 1 trillion by 2030.
- Consider favorably our recommendations, policy directives, and actions in five areas for harmonizing the global startup ecosystem while retaining the autonomy of the national ecosystems.
- Build a networked institution of existing nodal agencies across G20 nations to implement our recommendations.
- Measure the efficacy of Startup20 for enabling G20 nations in identifying promising startups internationally, funding them collaboratively, mentoring them contextually, and scaling them globally.
- Continue this group in the future G20 presidencies.

Enabling the Global Startup Ecosystem: Recommendations and Policy Directives

Laying a Strong Foundation

Startups have become indispensable to the growth of the global economy. Still, there exists very little harmonization across nations in how startups are defined and how the policies that support them are designed. These differences are a reflection of how nations differ in terms of their regulatory legacy and market maturity. The following Recommendations and Policy Directives offer a way to lay a common foundation for building a strong, interoperable global startup ecosystem despite the differences. The emphasis of these recommendations is to understand the diversity, and respect the time nations may need before they can be harmonized.

Recommendation 1.1

Create and adopt a global definition framework for startups across G20 nations.

Policy Directive 1.1.1

Encourage multilateral organizations, research organizations, and other relevant stakeholders to adopt a definition framework for consistency in understanding and evaluating startup ecosystems.

Policy Directive 1.1.2

Align the existing definitions to the global definition framework and ensure future alignment with the evolution of both government and private sectors.

Recommendation 1.2

Create and adopt a policy framework that strengthens the startup ecosystems within and across G20 nations.

Policy Directive 1.2.1

Encourage G20 nations to formulate their respective national startup policies.

Policy Directive 1.2.2

Adopt best practices from G20 nations to re-calibrate existing national policies.

Policy Directive 1.2.3

Re-evaluate and update policies that inhibit the growth of the startup ecosystems.

Policy Directive 1.2.4

Promote policies that facilitate and encourage startup-centric global trade and investment.

Forming Global Alliances

Alliances are critical for scaling up businesses in domestic as well as international markets. Even so, international trade negotiations do not systematically treat startups as a distinctive category in their bilateral or multilateral economic discussion. The following Recommendations and Policy Directives offer a way to address challenges confronting startups in expanding to international markets, navigating regulatory requirements, accessing mentor networks, finding entrepreneurial talent, and working with larger corporations and governments.

Recommendation 2.1

Establish effective channels between the startup ecosystems across G20 nations.

Policy Directive 2.1.1

Identify and designate the nodal access point (nationally) to facilitate interconnections between relevant startup ecosystem entities.

Policy Directive 2.1.2

Adopt a standard framework or align existing frameworks to facilitate information access and knowledge sharing.

Policy Directive 2.1.3

Establish an institution, with rotational leadership, comprising a network of centers dedicated to incubating and accelerating startups, fostering the exchange of best practices encompassing legal, secretarial, governance, government policies, regulations, and funding.

Recommendation 2.2

Build market access mechanisms for startups from G20 nations.

Policy Directive 2.2.1

Adopt key startup-specific policies, local regulations, and best practices that enable startups to smoothly access markets across G20 nations.

Policy Directive 2.2.2

Encourage G20 nations to designate nodal (government/private) agencies to support startups in accessing markets across member nations.

Recommendation 2.3

Establish mechanisms to access, nurture, and empower entrepreneurial talent from G20 nations.

Policy Directive 2.3.1

Promote and encourage academic institutions to develop entrepreneurial skill programs that empower youth from G20 nations to build startups operating across global markets.

Policy Directive 2.3.2

Adopt policies for easy navigation of entrepreneurs across G20 nations.

Policy Directive 2.3.3

Establish a platform for startups to access mentors within the G20 network.

Recommendation 2.4

Promote government bodies, private players, non-governmental organizations, and multilateral organizations to work with startups in key industries/sectors which can be revolutionized through startup innovations.

Policy Directive 2.4.1

Create policies to incentivize larger corporates working with startups to co-create solutions.

Policy Directive 2.4.2

Develop policies to encourage startups to participate in government tenders and key projects.

Policy Directive 2.4.3

Develop policies for multilateral organizations to partner with startups in key areas of global interest.

Unlocking Startup Finance

A sound and accessible global financing system is crucial for startup ventures to succeed, scale, and realize their impact. While total investment in the global startup ecosystem has risen over years, even after adjusting for the size of national economy, every nation does not enjoy sufficient investment in their respective startup ecosystems and the proverbial “valley of death” with high chance of mortality rate remains a reality for startups. The following Recommendations and Policy Directives offer measures to enable access to capital for startups at various stages of their lifecycle and also to facilitate cross border flow of capital among the member nations.

Recommendation 3.1

Commit to raising the joint annual investment of G20 nations in the global startup ecosystem to US\$ 1 trillion by 2030.

Policy Directive 3.1.1

Facilitate the flow of public and private capital into the startup ecosystem by promoting various mechanisms such as Fund-of-Funds (FOF), Corporate Venture Funds (CVC), and University Endowment Funds.

Policy Directive 3.1.2

Make debt and venture debt products more accessible to startups.

Policy Directive 3.1.3

Allocate funds and grants specifically for sectors that require patient capital.

Recommendation 3.2

Provide a favorable policy environment for startups and ecosystem stakeholders.

Policy Directive 3.2.1

Provide incentives and other supportive measures to promote the growth of startup ecosystems, encompassing tax, regulatory, and policy aspects.

Recommendation 3.3

Enable measures to ease the cross-border flow of capital across G20 nations.

Policy Directive 3.3.1

Develop (where needed) common minimum G20 Startup Accounting Standards, Governance Standards, and Startup Due Diligence Standards (G20 SAS, G20 GS & G20 SDDS) to facilitate ease of doing cross-border investments.

Policy Directive 3.3.2

Facilitate startups' access to public capital markets across G20 nations by enabling cross-border listings.

Building for Inclusion

For startups to become an effective engine of global economic growth in its full measure, the global startup ecosystem must be inclusive. Despite the proliferation of startups and unicorns worldwide, disparities as noted below persist within the startup ecosystem. These barriers are evident even in the early stages of founding a startup, affecting factors such as access to funding, technology, mentorship, networks, and financial stability. The following Recommendations and Policy Directives offer a way to foster a culture of inclusivity and diversity in the global startup ecosystem, and support those startups that prioritize the inclusion.

Recommendation 4.1

Provide special focus to startups led by entrepreneurs from under-represented groups and diverse communities across G20 nations.

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

Calibrate existing policies and frameworks which promote innovation and entrepreneurship to support entrepreneurs from under-represented groups and communities.

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.

Recommendation 4.2

Create strategies and mechanisms for startups solving for inclusion.

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 members of the diverse communities.

Policy Directive 4.2.3

Strengthen startups developing solutions for Persons with Disabilities (PWDs), by creating market awareness and demand, skilling workforce, and increasing product adoption.

Policy Directive 4.2.4

Promote startups improving access to health, education, livelihood opportunities, and other services for grassroots (and underserved) communities.

Scaling for Sustainability

The United Nations' Sustainable Development Goals 2030 (SDGs) provide a blueprint for sustainable development that aims to end poverty, protect the planet, and ensure peace and prosperity for all. While it is widely acknowledged that startups are indispensable in achieving these goals through their innovation and entrepreneurship, there isn't adequate coordination among G20 nations to benefit from them. The following Recommendations and Policy Directives offer a way to seed, identify and scale SDG-focused startups.

Recommendation 5.1

Increase the pipeline of entrepreneurs focused on Sustainable Development Goals (SDGs) across G20 nations.

Policy Directive 5.1.1

Increase awareness about entrepreneurship opportunities in pursuit of SDGs.

Policy Directive 5.1.2

Identify and spotlight key startups/entrepreneurs solving for SDGs.

Policy Directive 5.1.3

Incorporate and encourage SDGs-driven entrepreneurship for undergraduate and post-graduate educational institutions (including Vocational Training Institutes/Community Colleges/ equivalent).

Policy Directive 5.1.4

Provide early-stage, high-risk, flexible funding for startups focused on SDGs to innovate and establish themselves.

Recommendation 5.2

Support the scalability of startups focused on SDGs across G20 nations.

Policy Directive 5.2.1

Curate a framework to identify startups focused on SDGs.

Policy Directive 5.2.2

Develop a capital inflow framework for startups focused on SDGs including patient capital and options for longer-term grant/debt/equity.

Policy Directive 5.2.3

Build a supportive ecosystem for startups focused on SDGs through incubation, mentorship, and knowledge exchange.

Policy Directive 5.2.4

Enable networks for market access and trade opportunities for startups focused on SDGs.

Building the Global Startup Ecosystem: Joint Action through Startup20

From the synthesis of the Recommendations and Policy Directives emerge five actions for building a global startup ecosystem. These actions represent themes that find representation across the various policy directives. The Startup20 Engagement Group considers these actions both imminently necessary as well as actionable for G20 nations.

The five overarching actions are:

Action 1

Create and adopt a global startup definition framework.

Action 2

Increase, diversify, and ease access to global capital, markets, mentors and talent for startups.

Action 3

Emphasize the inclusion of under-represented groups and communities in startup ecosystems.

Action 4

Cultivate mechanisms to identify and scale startups of global interest.

Action 5

Establish a networked institution across G20 nations.

Action 1

Create and Adopt a Global Startup Definition Framework

The impetus for this action is founded in the directive to create a definition framework and encourage stakeholders across G20 nations to adopt it (PD1.1.1). Related to this are directives that broaden the scope of this action by proposing standardization along other dimensions: startup accounting standards, startup governance standards, startup due diligence standards (PD3.3.1), and a standard framework to facilitate information access and knowledge sharing (PD2.1.2). These directives recognize that such an act of harmonization may require time and will entail not only adoption of new but also alignment of existing definitions and frameworks (PD1.1.2).

The performance of G20 nations in implementing this action should be measured as per its expected outcomes, which are consistency in understanding and evaluating startups and startup ecosystems across G20 nations.

Note:
Startup Definition Framework (Appendix A.1)

Action 2

Increase, Diversify, and Ease Access to Global Capital, Markets, Mentors, and Talent for Startups

The impetus for this action, while distributed across several policy directives, is bound by the idea of creating flows of knowledge and resources across G20 nations. Anchoring this action is Startup20's clarion call to G20 leaders to raise their joint annual investment in the global startup ecosystem to US\$ 1 trillion by 2030. It is envisioned that meeting such a target would require harnessing the compound effects of greater flow of capital, product and services, mentoring, and talent.

For increasing and diversifying access to global capital, there is need to build those investment instruments that are currently difficult for startups to avail (PD3.1.2, PD3.3.2, PD4.1.1, PD5.2.2), and those other instruments befitting the different stages in the startup lifecycle (PD3.1.1, PD3.1.3).

For easing access to global markets, designate nodal agencies and equip them with specific policy measures across G20 nations to facilitate market access (PD2.2.1, PD2.2.2). To support startups working on solutions for consumers with low paying capacity, emphasize measures for market creation in addition to market access (PD4.2.3, PD5.2.4).

For access to mentors, create a platform for startups to access mentors across G20 nations to serve the crucial need for contextual mentoring for them to expand beyond their home country (PD2.3.3). Given the weak support structure available to them, create focused mentorship programs for startups founded by members of under-represented groups (PD4.1.2).

For increasing access to talent, train more entrepreneurial talent and ease their movement across G20 nations (PD2.3.1, PD2.3.2).

The performance of G20 nations in implementing this action should be measured as per its expected outcomes, which are the volume and ease of access to capital, markets, mentors, and talent for startups.

Action 3

Emphasize the Inclusion of Under-Represented Groups and Communities in Startup Ecosystems

The impetus for this action is founded in two recommendations and their related directives. One dimension of this action emphasizes focusing on providing a spectrum of support specifically created for entrepreneurs from under-represented groups and communities (PD4.1.1, PD4.1.2, PD4.1.3, PD4.1.4). Second dimension of this action emphasizes creating strategies and mechanisms to support solutions that make the world more inclusive (PD4.2.1, PD4.2.2, PD4.2.3, PD4.2.4).

The performance of G20 nations in implementing this action may be measured differently in different nations, depending upon who in their context is considered an under-represented group or community. Nonetheless, the ubiquitous need for supporting entrepreneurs from some under-represented groups has also been highlighted by other G20 groups, such as the call to support women entrepreneurs by the W20 Communiqué 2023. For all such groups and communities, however, the measurement of performance must include both the inclusion of entrepreneurs as well as the success of startups that solve for inclusion.

Note:
Inclusive Practices Across G20 Nations (Appendix A.2)

Action 4

Cultivate Mechanisms to Identify and Scale Startups of Global Interest

The impetus for this action is founded in the consensus already present across G20 nations for working towards achieving the Sustainable Development Goals (SDGs). One dimension of this action emphasizes increasing the pipeline of entrepreneurs focusing on SDGs through awareness, promotion, education, and support (PD5.1.1, PD5.1.2, PD5.1.3, PD5.1.4). The second dimension of this action emphasizes identifying and scaling true SDG-focused startups, with the help of frameworks and targeted interventions across G20 nations (PD5.2.1, PD5.2.2, PD5.2.3, PD5.2.4).

The performance of G20 nations in implementing this action should be measured as per its expected outcomes, which are increasing the pipeline of SDG-focused startups nationally, and increasing the number of SDG-focused startups going global.

Note:
Framework for identifying and guiding SDG-focused startups (Appendix A.3)

Action 5

Establish a Networked Institution across G20 Nations

The impetus for this action is founded in the practical need to have an institution that implements the recommendation made by a forum like the Startup20 Engagement Group on sustained basis. For building such an institution, action is proposed at two-levels. First, to identify and designate nodal access points in each G20 nation (PD2.1.1). Second, to establish an institution that interlinks these nodes to facilitate global knowledge and resource sharing, and influencing policy formulation pertinent to startups and other ecosystem actors (PD2.1.3).

The performance of G20 nations in implementing this action should be measured as per its expected outcome, which is the formation and vibrancy of many linkages across the startup ecosystems of G20 nations to weave them into a harmonized global startup ecosystem.

Appendix

A. Frameworks Emerging from Startup20 India Presidency

A1. Startup Definition Framework

Background and Motivation

Startups have become synonymous with innovation, job creation and economic growth. Yet, many G20 countries do not formally define or recognize start-ups as a unique organizational form, and even those that do define them, have vastly different definitions. If the world is to benefit from the ingenuity of startups to address grand societal challenges, and power national and global economies, it is crucial to create a mutual understanding between member nations through the adoption of a consensus-based definition framework for 'Startups'. Such an effort can facilitate targeted policy making, increase resource mobility across nations and support collaborative action.

Adopting a universal definitional framework would provide several benefits for the startup ecosystems of the G20 nations. First, a definitional framework would help to promote the development of policies and regulations that are tailored to the needs of the startup ecosystem. Policymakers often struggle to create policies and regulations that are effective and appropriate for startups due to a lack of understanding of the unique characteristics of startups. With a framework, policymakers will have a better understanding of the various levers that can be exercised to nurture startups. This would create a more supportive environment for startups, enabling them to survive and thrive.

Second, it would create a common language that can be used by all stakeholders, including entrepreneurs, investors, policymakers, and academics. This would ensure that everyone is aligned together and prevent misunderstandings and miscommunications that can hinder the growth of the ecosystem. With a common language, stakeholders can communicate more effectively, share knowledge, and collaborate more easily.

Third, a universal definitional framework would help to attract more capital and investment to the startup ecosystem. Investors are often hesitant to invest in startups in unfamiliar regions or industries due to the lack of standardization and transparency in the ecosystem. With a definition framework, investors can have more confidence in the startup ecosystem and make more informed investment decisions. This would help to attract more capital and investment to the ecosystem, driving its growth and development.

Finally, a universal definitional framework would help to standardize the metrics used to measure the success of startups and the ecosystem as a whole. Currently, there is no standard set of metrics used to evaluate the performance and impact of startups. This makes it difficult to compare startups across different regions, sectors, and stages of development. With a universal framework, stakeholders

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can arrive at a set of metrics that can be used to measure the success of the startup ecosystem. This would make it easier to track progress, identify areas for improvement, and benchmark against global standards.

Guiding Principles

The startup definition framework has been developed with the following two key guiding principles:

1. It is a skeleton structure highlighting the important parameters that can be used to characterize startups and distinguish them from other organizational forms (e.g. public enterprises or large private firms). However, countries can define startups either very sharply or more broadly by choosing from this basket of parameters. This will allow nations to tailor the definition to suit their particular context and also communicate how they are positioned on the startup definition spectrum (generic versus specific).
2. The startup definition framework is based on the existing definitions of startups across the G20 countries, the treatment of startups in academic literature, and expert consultations.

The Definition Framework

Based on the guiding principle #2, five parameters have been identified to constitute the definitional framework for ‘Startup’ – Legal entity, Age, Size, Scalability and Innovation. The framework is as follows:

A <Legal Entity> business that is operating for <Age> with <Size> and has a potential for <Scalability> through <Innovation>.

This syntax provides a definitional framework for startups that can distinguish them from other forms of small and large organizations. The G20 nations can choose one or more of the five parameters to classify startups in their countries, which could then be refined further by selecting the one or more indicators for each parameter. A non-exhaustive list of indicators under each of the five parameters has been illustrated below.

Legal Entity	Age	Size	Scalability	Innovation
Registered entity	Not more than	Turnover	High Scalability	Technology Innovation
Privately held	Less than	Employee count	Rapid growth	Business Model Innovation
Independent (Not a subsidiary)		Funding/ Investment		R&D/IPR
		Not listed		STEM Employees/ Research Staff

The five parameters identified in the startup definition framework are necessary and sufficient to distinguish startups from other organizational forms. We recommend that countries move towards adopting a definition that incorporates all of these five parameters, which will enable them to formulate highly targeted policy interventions for startups.

A2. Inclusive Practices Across G20 Nations

Across the world, there has been a growing recognition of the importance of inclusion and diversity in entrepreneurship and the startup ecosystem. Many countries have implemented good practices and initiatives to promote the active participation of persons with disabilities, women, gender-diverse individuals, and rural populations in the entrepreneurial landscape. Furthermore, every nation has its under-represented groups that may be unique to their geography. These efforts aim to create equal opportunities, foster innovation, and drive economic growth by harnessing the untapped potential of diverse communities.

The Inclusion Taskforce of Startup20 collated practices followed by different countries across the world that support inclusion in entrepreneurship. Through these initiatives, countries strive to create an environment that values diversity, breaks down barriers, and unleashes the potential of all individuals, regardless of their backgrounds.

1. **United States** – The government agency **Small Business Administration (SBA)** has established programs and resources specifically designed to support entrepreneurs with disabilities, women-owned businesses, and rural entrepreneurs. These initiatives provide access to capital, training, and mentorship, enabling underrepresented groups to start and scale their ventures.¹
2. **Sweden** – The country has embraced inclusive policies, such as the Disability Discrimination Act and the Gender Equality Act, that ensure equal rights and opportunities for persons with disabilities and women entrepreneurs respectively. These policies promote a more inclusive startup ecosystem and foster a culture of innovation and entrepreneurship among diverse populations.²
3. **India** – The government has undertaken various initiatives to empower women and rural populations in entrepreneurship. For example, NITI Aayog launched Women Entrepreneurship Platform (WEP), a unified access portal which brings together women from different parts of India to build a nurturing ecosystem by facilitating partnerships, flow of information and services. Other programs like the Stand-Up India and the MUDRA Yoiana provide financial support, training, and market linkages to promote entrepreneurship among women, scheduled castes, scheduled tribes, and other marginalized communities.
4. **Canada** – The country has implemented inclusive entrepreneurship programs, such as the Canadian Council on Rehabilitation and Work (CCRW), which offers support, mentorship, and business development services for individuals with disabilities, ensuring their active participation in the entrepreneurial ecosystem.³ It also has a program named **Women Entrepreneurship Strategy** that uses a comprehensive approach to promote and support women entrepreneurs through funding, mentorship, and ecosystem development.
5. **Australia** – The country launched the **Women in STEM and Entrepreneurship (WISE) Program** to promote gender diversity in entrepreneurship and science, technology, engineering, and mathematics (STEM) fields through grants and initiatives. It has also implemented the **Supported Wage System**, an initiative that enables people with disabilities to gain employment and develop entrepreneurial skills by offering subsidized wages to employers who provide training and support.⁴

1 Small Business Administration (SBA), www.sba.gov.

2 Swedish Government Offices, www.government.se.

3 Canadian Council on Rehabilitation and Work (CCRW), www.ccrw.org.

4 Australian Government Department of Social Services, www.dss.gov.au.

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The country also has a specialized incubator, **Good Incubator** that provides support, training, and mentorship to entrepreneurs with disabilities, focusing on social enterprises.⁵

6. **France** – The country has an initiative, **La French Tech** for supporting immigrants in the French startup ecosystem, including programs such as French Tech Visa, French Tech Ticket, and French Tech Central to attract talent, provide funding, and foster innovation.⁶ The country has also implemented the **Women Entrepreneurship Plan (Plan Entrepreneuriat Féminin)** which aims to promote and support women entrepreneurs through mentoring, training, and funding opportunities.⁷
7. **United Kingdom** – The country has set up, **Disability Rights UK** which provides guidance and resources for disabled individuals interested in self-employment and entrepreneurship.⁸ Additionally, there are also programs such as Disability Entrepreneurship Network (DEN UK) that offer support, advice, and resources for disabled entrepreneurs in the UK.⁹
8. **Saudi Arabia** – The nation has set up a **Women's Business IT Park** in partnership with Wipro India, which led to the creation of over 21,000 jobs. This fully-furnished facility in Riyadh provides resources, training, and mentorship to support women entrepreneurs.¹⁰
9. **South Africa** – The country is supporting black-owned businesses through its initiative **Black Industrialist Programme** which provides funding, capacity building, and market access opportunities.¹¹

Many other countries like Brazil, Germany, Argentina, Turkey, South Korea, Japan, Russia, Italy, Indonesia, and China have also implemented focused mentorship programs to foster women entrepreneurship.

While significant progress has been made in promoting inclusion, there is still a pressing need to continue working towards creating more equitable opportunities. It is also important to dismantle barriers that are faced by marginalized groups in their entrepreneurial journey. This will ensure the collective growth of the startup ecosystem across the globe and especially in the G20 countries.

5 The Good Incubator, www.goodincubator.co.

6 www.lafrenchtech.com.

7 www.betterentrepreneurship.eu.

8 Disability Rights UK, www.disabilityrightsuk.org.

9 Business Disability Forum, www.businessdisabilityforum.org.uk.

10 Ministry of Investment, Saudi Arabia.

11 Department of Small Business Development.

A3. Framework for Identifying and Guiding SDG-focused Startups

It is widely acknowledged that startups are uniquely positioned to contribute significantly to achieving the United Nations Sustainable Development Goals (SDGs) through their innovative product and service offerings. However, identifying and fostering startups that are truly focused on SDGs remains a challenge and a critical necessity that may be addressed by devising an effective and robust framework.



A Guiding Framework for Preparing the Start-up for Associating with SDG Goals

To provide guidance to startups for them to claim alignment with SDG Goals, it is proposed that a startup may be willing to enshrine the following:

- a) An explicit statement of intent to meet SDG through its mission, vision, and business plan. The statements should explicitly call out the SDGs being targeted, the alignment of the business model to the SDGs’ goal, and the integration of business with SDG outcomes.
- b) Willingness to be measured against the stated intent as articulated in various documents, including business plan.

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Once the startup that seeks to register or claim the status of ‘SDG startup’, the following process could be followed to screen them. Moreover, such a process could be implemented through an appropriate mechanism such as a registry, country-specific authorized agency, or may be imagined to be followed as a de-facto understanding by stakeholders.

Screening Process

The screening process would allow any institution or agency to screen an SDG-focused startup to gauge how serious is its association with SDG Goals.

The screening process should verify the Statement of Intent toward SDGs by:

- a) Studying Vision and Mission statement and their alignment with SDG Goals. The verification is not about the word SDG but about alignment with specific goal achievement.
- b) Integration of SDG’s goal achievement to the operating business model.
- c) Specific alignment of the Product/Service Offering by the startup with one or more of the SDG’s goal.
- d) Assessment of how easy or complex is it to associate the success of the business and meeting of the SDG’s goal.
- e) Either the presence of a reporting structure or an intent to put one in place to measure the claimed intent and to report it annually.
- f) Assessment of how deeply ingrained are Governance and Transparency in the thinking process of the entrepreneur and the start-up.

Benchmarking and Measurement Process

The statement of intent of SDGs can be screened and supported but the real measure of the success is putting in place a benchmarking and measurement process that would allow the Startup to honestly state its achievement like it would do by publishing a Profit and Loss account and Balance Sheet.

1. Identifying the Impact KPI

Drawing from the statement of intent the parameters that help Startups align with SDGs need to be culled out and defined as Key Measurement Parameters and Key Performance Indicators. It could be the number of women served, farmers supported, water conserved, or other pertinent parameters, and how it aligns with the business.

2. Impact Benchmarking

The company should seek to present its current status as its baseline across all the KPIs presented when it applies for the recognition to be seen as a Startup that supports SDG. For example, if the Start-up has been operational for one year and has made a request for registration and its KPI suggested that it delivers impact on women by increasing income – women’s average income at that time should be the benchmark.

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This would allow the startup to know if it is delivering the increase in livelihood or not as it moves into reporting its impact. This is the step that benchmarks one to their current reality.

3. Impact Forecasting

Use impact KPIs and baseline data to forecast the startup’s potential impact on the SDGs by aligning the projection to the business plan targets.

Illustrative Methodology for Defining Impact KPIs

The framework employs an illustrative methodology for defining Impact KPIs. This methodology, through the identification of SDG alignments, development of a Theory of Change, defining Impact KPIs, setting data collection methods, and creation of an impact reporting structure, brings a holistic view of the startup’s impact on SDGs. The need for such a methodology is anchored in the principle of transparency and accountability. It provides a consistent and reliable means to measure and communicate the startup’s impact, further aiding stakeholders in making informed decisions and contributing to a sustainable and inclusive global economy:

1. **SDG Alignment:** Identify, which SDGs the startup’s product or service is directly or indirectly contributing towards.
2. **Theory of Change:** Develop a theory of change that outlines how the startup’s product or service will lead to social or environmental impact.
3. **Impact KPIs:** Identify KPIs that align with the theory of change and can be used to measure the startup’s impact on the SDGs.
4. **Data Collection:** Define the data collection methods and tools needed to measure the impact KPIs.
5. **Impact Reporting:** Develop a reporting framework to track and report the startup’s impact on the SDGs over time.¹²

In conclusion, the proposed framework provides a structured, transparent, and measurable way of assessing and promoting startups contributing to the SDGs. By identifying and scaling these startups, innovation and entrepreneurship are promoted while also fostering sustainable development in alignment with the G20 nations’ commitment towards an inclusive and resilient global economy.

¹² Sources: “Social Stock Exchange Guidelines” by Social Stock Exchange, “Investment Principles” by Aavishkaar Capital, “SDG Investing: Advancing a New Normal in Global Capital Markets” by UN Global Compact and GRI (Global Reporting Initiative).

A4. Startup20 India Startup Governance Framework

Corporate governance plays a crucial role in ensuring the long-term sustainability and success of any organization, and startups need not be an exception. In fact, the role of governance in startups cannot be overstated. Effective governance ensures that startups have the right processes, structures, and policies in place to achieve their goals while managing risks and complying with laws and regulations. A robust governance policy helps startups attract investment, build trust with stakeholders, and create a culture of accountability and transparency. Good governance therefore needs to be at the forefront of a founder’s thinking and ethos as they embark on their startup journey and not as an afterthought.

Startup20 India has designed a Startup Governance Framework aimed at equipping startups with a framework and a practical guide for adhering to corporate governance and financial management best practices¹³. The framework emphasizes the need for startups to establish a culture of self-regulation. It is created based on extensive research and consultation with experts in the field, and is designed to be flexible and scalable to accommodate the unique needs of startups across various industries.

Guiding Principles of the recommended Startup 20 India Governance Framework

Startups are the engines of job creation, economic growth, and social progress. Introducing corporate governance norms in startups from its inception with the following key guiding principles will outweigh the potential diversion of focus and resulting loss of trust:

Enhanced transparency and accountability: Corporate governance norms ensure that the startup is accountable to all its stakeholders, including investors, customers, and employees. This can help establish trust and credibility, which is essential for the long-term success of the business.

Improved decision-making: By establishing a clear framework for decision-making, corporate governance norms can help the startup make better decisions that align with its values and objectives.

Reduced risk: Corporate governance norms can help the startup identify and manage potential risks, including legal and regulatory compliance, financial reporting, and data privacy.

Increased access to capital and partnership: Investors and lenders are more likely to invest in startups that have established corporate governance norms. This can help the startup raise capital more easily and at more favorable terms. Furthermore, startups that adopt good governance practices tend to attract higher valuation premiums, which can assist in their overall fundraising and growth journey.

Stronger reputation and trust: A startup that upholds high standards of corporate governance is likely to have a stronger reputation and trust in the market, which can help attract customers, employees, and partners.

¹³ Unlike the other frameworks included in this appendix which have resulted from the work of Startup20 Taskforces, this framework has emerged through a discussion within the startup ecosystem of India. It was presented for the first time at the *Goa Sankalpna*, and put out for public comments subsequently. It is included here as the resulting framework seems valuable to startups globally, and the need for having a Governance Standard is already highlighted in the Policy Directive 3.3.1 of the Communiqué.

Recommended Startup Governance Framework by Startup20 India

It is crucial to bear in mind in the development of an acceptable framework that every startup has unique challenges and requirements, and a one-size-fits-all approach may only work for some organizations.

The novel idea at the core of this framework is this: we categorize Governance requirements startups should comply with into three maturity levels that typically correlate with the stage of startup's evolution (early stage, growth stage, pre IPO/IPO stage). Depending on the evolutionarily stage of the startup, it is expected to identify and manage increasing levels of governance with added sophistication of data driven digital governance, without compromising on the basic guiding principles of good Governance stated below:

- **Level 1 (Inception to Early Stage):** Appropriate documentation and dissemination of information to stakeholders. Systematic review of internal data and internal reporting / sharing with investors; Broadly, complying with basic legal and governance requirements. Also understanding the need to professionalize corporate governance.
- **Level 2 (Early Stage to Growth Stage):** Continuous improvement in governance evidenced through documentation, and internal reporting to board (stakeholders) and digitized financial management at a minimum, enabling transparency and accountability; Broadly, acting on or implementing formalized governance procedures with transparency and accountability.
- **Level 3 (Growth Stage to IPO):** Self optimizing digitized internal operations in each governance category and improvements evidenced through use of digitized systems, data and analytics, documented internal and external reporting/third party reviews. Broadly, mastering the art of corporate governance practices.

Accordingly, the framework recognizes through a detailed easy to follow guidelines and Governance matrix, key Governance parameters that need to be incorporated and measured at the above mentioned levels of Governance Maturity during the startups evolution in the areas of:

- Voluntary commitment to Self Governance by the Founders
- Boards Policies and Agreements Governance
- Financial Management, Funding, Business Integrity Governance
- Transparency and Accountability Governance
- Customer Integrity Governance
- HR Governance
- Regulatory, Legal, Ethics, ESG Governance

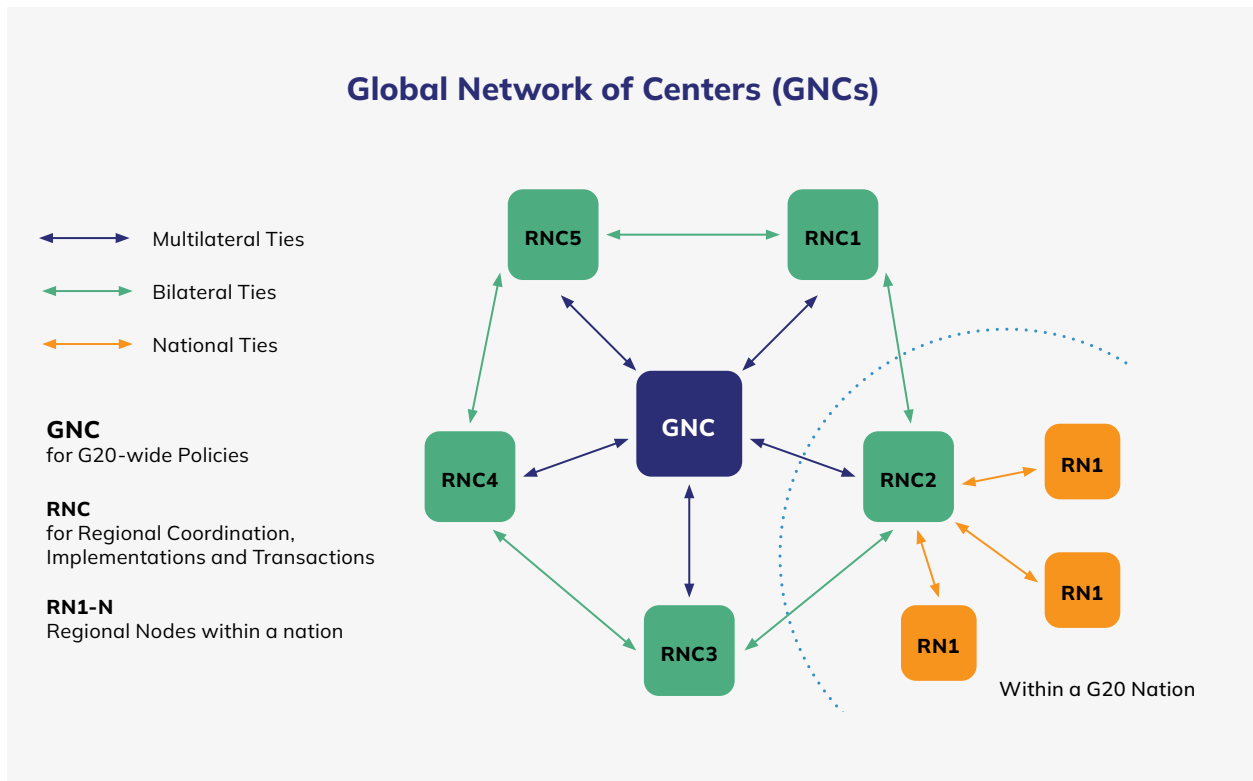
This Recommended Governance Framework is therefore in the nature of guidelines, over and above all the relevant laws, as may be applicable for a startup in a country.

The detailed Startup20 India Governance Framework for Startups document and guidelines/matrix are available for reference and adaptation at <https://www.startup20india2023.org>.

A5. Architecture for a Global Networked Institution

Startup20 envisages a global networked institution comprising a Global Network of Centers (GNC) that will connect startup ecosystems across G20 nations to weave together the global ecosystem for supporting startups.

The three-tiered architecture of this globally networked institution is depicted in the diagram below, where for every nation or region the existing regional nodes (RNs) connect to a regional network center (RNC) that acts as their nodal access point or point of contact. The RNCs are in turn woven into the global network of centers (GNC).



The GNC

The GNC will work under the Startup20 Engagement Group of the G20. The GNC may be led by the G20 Troika and the country that has the G20 Presidency may serve as its secretariat during their tenure. Currently, the GNC is imagined to be a virtual body with the RNCs as its members. Consequently, the success of the GNC depends on the effectiveness of RNCs.

Key functions of the GNC:

1. Create a Repository of best practices, policies and market data.
2. Curate marketplaces, mentors, and funds, for seamless access.
3. Sustain the network through meets, conferences, and events.
4. Drive the Regional Network of Centers (RNC) in implementing best practices.
5. Nudge government policies towards better startup ecosystems for global good.
6. Onboard global partners for regional impact.

The RNCs

A Regional Network of Centers is an entity/body that represents either a group of G20 nations or one nation and communicates and coordinates as their point of contact with the GNC. An RNC may ideally be any entity that works with startups or fosters startup ecosystems in the region/nation, and has a voice in policy making. Each RNC will be the single point of contact (SPOC) for all Startup20-related information and communication for the respective region/nation.

Across regions, RNCs are expected to communicate and collaborate amongst themselves, bilaterally or multilaterally, to support each other, address common challenges, and perform any other activity that fosters the global startup ecosystem. Within their region/nation, the RNCs will work with the RNs to promote their respective startup ecosystem and connect them to the world.

The RNs

The RNC can nominate or create Regional Nodes (RN) at the administrative level lower than the nation (e.g., state, province, city). Each RN may be selected by the RNC through a transparent selection process. RNCs can choose 5-6 RNs from each sub-region (the number can vary depending on the startup related activities and resources). An RN could be a successful accelerator or experienced incubator that is willing to allocate physical and human resources for this activity.

Key functions of the RNC towards RNs:

1. Collect and curate all the information received from RNs.
2. Curate the data received from RNs on startups of global interest and potential (e.g., working on SDGs).
3. Facilitate the availability of mentors, money, and market support to the startups.
4. Create policies that guide governments on building effective startup ecosystems at the regional/nodal levels.
5. Promote incentive mechanisms for other stakeholders to support startups.
6. Build the capacities of the RNs for effective execution of the policies.
7. Provide, where available, grant support to the RNs for the operational expenditure.
8. Monitor and evaluate the performance of RNs.

Appendix

Key functions of the RNs:

1. Scout for solutions (innovations and startups) at the regional level, starting with SDGs.
2. Collate and curate the scalable solutions and report them to the RNC.
3. Adapt and implement best practices recommended by the RNC.
4. Support selected startups through mentoring, money, and market.
5. Curate good practices from their ecosystem and report them to the RNC.
6. Report gaps in the regional startup ecosystem (such as policy, funds, process, and knowledge gaps) to the RNC.

B. Working Papers from Startup20 India Presidency

Five white papers were produced during the India Presidency. These papers explore the received scholarship and practice on each Taskforce. They served as one set of inputs to arriving at the recommendations and policy directives of each Taskforce, namely:

Foundation

Alliances

Finance

Inclusion

Sustainability

These papers can be accessed by scanning the following QR code:



www.startup20india2023.org





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Startup20 Communiqué 2023



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