Mapping Assessment of the Startup Ecosystem that supports Young Entrepreneurs, inclusive of Young Women and Youth with Disabilities, with a Focus on Digital Business and e-Commerce

SOUTH ASIA LEADERSHIP IN ENTREPRENEURSHIP (SALE) PROJECT

Terms of Reference

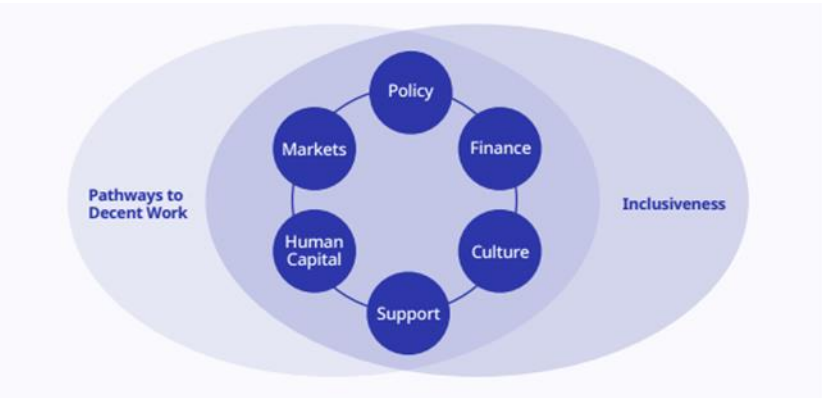
▶ Introduction

Background

South Asia Leadership in Entrepreneurship (SALE) Project launched by the International Labour Organization in Sri Lanka and Nepal, aims to boost young people's transition into the entrepreneurial world and create a shift in the entrepreneurial ecosystem through several strategic interventions. The SALE Program is currently implemented in Sri Lanka in association with the Ceylon Chamber of Commerce (CCC) as the principal partner.

The second phase of the SALE project (launched on 1st October 2024) aims at upscaling and strategizing the interventions of the first phase of the SALE project, to ensure sustainability of the achievements, whilst further supporting institutional capacities for enterprise promotion, especially for young women and young persons with disabilities. In this phase, there is greater focus on **enterprise startups for youth**, especially women, through building the capacity of entrepreneurial ecosystem partners to support budding entrepreneurs. Special interventions are to reach to youth NEET (not in employment nor in education or training) groups (and reach young women and persons with disability) and support inclusive entrepreneurial programs and business startups and scale-ups. The project plans to work with entrepreneurship ecosystem partners with strategies to empower them to upscale and sustain the SALE project interventions targeted at youth and facilitate their business startups/ scale-ups, as well as contribute towards developing an enabling and inclusive startup-ecosystem and inclusive entrepreneurship system.

ILO's Methodology on Inclusive Entrepreneurial Ecosystems



The ILO has a well-defined strategy and methodology to look at **Inclusive Entrepreneurial Ecosystem** which support institutional capacities for enterprise promotion, especially for young women and young persons. The ILO's *Inclusive Entrepreneurship Ecosystems Approach* supports the development of inclusive entrepreneurship ecosystems that help entrepreneurs create sustainable businesses. Building on Isenberg's (2011[1]) entrepreneurship ecosystem

[1] Isenberg, D. 2011. The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles of Cultivating Entrepreneurship. *Babson Entrepreneurship Ecosystem Project.* Available at: http://www.innovationamerica.us/images/stories/2011/The-entrepreneurship-ecosystem-strategy-for-economic-growth-policy-20110620183915.pdf

model, the approach emphasizes six core pillars that together form a holistic support system for entrepreneurs as well as two cross-cutting dimensions - Inclusiveness and Pathways to Decent Work – that ensure that the support system is inclusive of all entrepreneurs.

The model looks at 6 pillars of the entrepreneurial ecosystem: policy, finance, culture, support, human capital and markets. Such assessments have been done in Nepal, Georgia, Sarajevo and Banja Luka in Bosnia and Herzegovina and are underway in Rwanda, Ethiopia and the Philippines. These assessments look at whether the ecosystem is inclusive (i.e., if all groups can access the existing opportunities) and often focusing on a specific target group (for instance, women and youth). Additionally, some of these assessments adopt a sectoral focus, such as the digital entrepreneurial ecosystem (in Rwanda and the Philippines) or the agribusiness entrepreneurial ecosystem (in Ethiopia). These studies provide broad diagnostics of the ecosystem, based on ILO's approach to Inclusive Entrepreneurial Ecosystem and map the existing players and initiatives, identify gaps and major weaknesses of each domain, and provide insights into addressing them. The research findings are compiled based on the available statistical data, literature, and previous studies on ecosystem analysis, as well as interviews with key public and private actors of the ecosystem, and different institutions operating in the field, universities, and young entrepreneurs.

On similar lines and following a similar approach on inclusiveness and promotion of decent work in the entrepreneurial ecosystem, the present call is for conducting a study on the **inclusive startup ecosystem in Sri Lanka.**

Transitioning to Inclusive Startup Ecosystem

Startup Ecosystems are a subset of the overall Entrepreneurial Ecosystem but have a specific focus on nurturing startups and support the growth of startups rather than all forms of businesses and entrepreneurship initiatives. The term 'startup' usually refers to a company in early stages of its operations. While all entrepreneurial ventures go through the startup phase, the word 'startup' is generally used for companies or businesses that usually have element of innovation, and usually require high costs during initial period, often with limited initial revenue, and hence also look for funding the 'startup' through angel investors, venture capitalists, government schemes or even using crowdfunding. Such resources are inaccessible to solo entrepreneurs or small businesses generally.

While overall focus on entrepreneurship ecosystem is very important for countries, many developing and developed economies are now specifically looking to strengthen the startup ecosystem as a means to foster innovation, growth and sustainable businesses. While strengthening entrepreneurial ecosystems in general promotes development of local communities and economy, contributes to productivity enhancement and supports job creation, promoting an effective startup ecosystem has the potential to boost innovation, which has been recognized as a critical factor in enabling socio-economic growth, and promoting national competitiveness. The governments in developed economies are nurturing and providing institutional support to foster innovation and innovation led startups. They are also providing opportunities for creating interlinkages between different stakeholders and players in the ecosystem. There are different kinds of startups, including startups launched by large corporations, scalable startups which are backed by innovation or technology, have high initial investment but can offer high rate of return on investment when scaled up with financial and other support. There are also buyable/saleable startups which the founder/s create to be sold off to others. Social impact startups which try and solve some social challenges, or lifestyle startups which are usually driven by the skills/passion of the professional founders such as dancers/chefs/coaches etc. or tech/fintech backed startups, all are becoming very significant today.

The startup ecosystem is characterized by interconnectedness amongst another set of actors which are usually not seen playing such significant role in a generic entrepreneurial ecosystem. These include, for example, venture capitalists, angel investors, mentors, research organizations, higher educational institutions, corporations, apart from startup specific service provides, and startup focused government initiatives. Support infrastructure needs for startup go beyond just the business acumen as they need legal support, access to technology and research, mentorship from experts to innovate more effectively and stay competitive. While startup are also high risk, in comparison to usual entrepreneurial ventures which are more led by the entrepreneur's skills and capacities, startups create opportunities to bring together a network of experts (entrepreneurs, incubators, mentors, investors etc.) who have a direct interest in the startup and contribute together to enable sustainable and competitive businesses. Startups may have a business idea/product/ service but may not have a fully developed business model and are initially funded by the founders or family and friends. With the support of the other actors, they are meant to proliferate and scale up. The startups receive many different inputs including seed fundings, which can scale up more quickly, and grow faster compared to a regular entrepreneurial venture, where the entrepreneur may start from a local market, with products and services which cater to the local needs and slowly grow over the years and may spread in different counties.

The six core pillars or components in an Inclusive Entrepreneurial Ecosystem that together form a holistic support system for entrepreneurs as well as the two cross-cutting dimensions - Inclusiveness and Pathways to Decent Work are essential for the Startup Ecosystem as well. Yet, there are points of differentiation that we need to keep in mind while doing assessment or diagnostics of Startup Ecosystem compared to generic entrepreneurial ecosystems, such as for instance the specific actors and support functions that play a crucial role for start-ups. Such differences are given in Annexure A. These need to be considered and integrated into the study design.

▶ About the assignment

Overall objective

The purpose of this assignment is the delivery of a startup ecosystem analyses for Sri Lanka, with special focus on 05 districts (Ratnapura, Puttalam, Nuwara-Eliya, Vavuniya and Badulla) of Sri Lanka. Promoting an inclusive startup ecosystem requires a thorough understanding of the specificities and potential shortcomings of the extant generic entrepreneurship ecosystem in a given context with specific focus on the startup ecosystem and to also assess it from different lenses for young women entrepreneurs and entrepreneurs with disabilities. It is also important to see how the digital businesses and e-Commerce can be promoted amongst young entrepreneurs and aspirants, keeping in mind the decent work challenges that get precipitated and pathways to decent work in the startup ecosystem.

The overall objective of this assignment is three-fold a) rough mapping of the startup ecosystem and youth – with special focus on young women and youth with disabilities b) to identify ecosystem constraints, particularly in areas where the target group requires support, and c) to devise recommendations for how such constraints can be addressed sustainably and systemically.

Targeted and localized solutions to address constraints in the ecosystem can then be developed from such insights. The first step to promoting and strengthening startup ecosystems is therefore an ecosystem analysis, which provides the basis from which constraints are identified and evidence-based solutions developed. A startup entrepreneurship ecosystem analysis comprises three interlinked components:

- A rough mapping of the extant startup ecosystem, and the target group (TG). This includes the ecosystem components through cross-cutting dimensions and the relation of the TG with each pillar.
- A determination of priority areas within the startup ecosystem (i.e. which areas are key to promoting an inclusive ecosystem conducive of decent work)
- A data-based analysis of the priority areas, identifying the constraints and underlying root causes that are preventing the effective functioning of the selected ecosystem components, overall ecosystem integration or cross-cutting dimensions. The analysis should include recommendations for sustainable and systemic interventions to address constraints and strengthen the overall startup ecosystem.

SCOPE OF THE WORK

The consultancy encompasses one study on the startup ecosystems analyses for Sri Lanka employing the ILO's inclusive entrepreneurship ecosystems to analyze the Startup ecosystem as described before and in Annexure 2.

Considering the necessity of communicating with local ecosystem partners (both macro and micro-scale) and need for travel to the destined districts to complete each deliverable, this assignment will be awarded to a competent national consultancy (individual or institutional).

Work will involve collecting data (including, but not limited to: desk research; key informant interviews; focus group discussion, and survey, training the national consultant in the collection and analysis of data, drafting final report and conducting validation workshops with the ILO and relevant stakeholders.

The final report will feature three distinctive yet interlinked components.

1. Socio-economic and needs assessment of the target group: as described before.

An initial assessment of the target group - with special focus on youth women and youth with disabilities should give an overview of age, gender, educational background, capacities, skills, professional experience, legal status, current income-generating activities, financial services access and usage, financial literacy level as well as key challenges and constraint that they face in creating and growing their businesses. For this target group assessment, the consultant can draw upon already existing profiling exercises and studies. Missing data will be collected through interviews and a survey of the target group.

2. Inclusive Startup Ecosystem Analysis

The inclusive startup ecosystem analysis should comprise two interlinked components: a *mapping* of the startup ecosystem and a *targeted constraint analysis* of identified priority areas.

a. Startup Ecosystem Mapping

- The Consultant conducts a desk review of available data and information, including previous entrepreneurship ecosystem and startup ecosystem mapping exercises, the initial startup ecosystem mapping should identify key actors, their mandates and services under each ecosystem pillar (Policy, Culture, Human Resources, Finance, Support Services, and Markets) as well as an analysis of the two cross-cutting dimensions, i.e. the ***Gender and Inclusiveness*** (accessibility and availability of the services under each component for the target group) as well as whether and to what extent the support components are helping put entrepreneurs and small businesses on a ***Pathway to Decent Work***. Comparison/similarities between the generic entrepreneurial ecosystem vis-à-vis the startup ecosystem should be described under each pillar and on two cross cutting dimensions.
- It would also include the design, development, and conducting a survey to identify the startup ecosystem players in Sri Lanka and assess their mandate and role in promoting youth startups and categorize these players based on (1) their contribution for gender and disability inclusion in entrepreneurship development and (2) their focus on digital business and e-Commerce and (3) their contribution towards promoting decent work.
- The framework may be adapted to the local context, and new dimensions can be introduced if they emerge from empirical evidence. In addition to mapping the services and actors available under each ecosystem components, the mapping should also provide insight into the *coherence* of the startup ecosystem as a whole, i.e. identify communication flows and partnerships between the individual ecosystem components as well as shortcomings such as parallel systems or absent communication.

b. Identification of Priority Areas for Further Analysis

- Following the completion of the quick Startup Ecosystem Mapping, the Consultant and the ILO will jointly determine priority areas for further analysis. Priority areas can include elements of the ecosystem that are weakly developed (e.g. individual components, overall coherence and integration of the ecosystem, cross-cutting dimensions) or that are of strategic importance intending to mature the overall startup ecosystem and promote inclusiveness.

c. Analysis of Constraints and their Root Causes for Priority Areas

- The Consultant will then undertake a deep dive analysis, into the identified priority areas, particularly focusing on constraints and their root causes. This means studying not only where entrepreneurs' needs are not met by the extant ecosystem but also understanding why such weaknesses persist and why local actors have not taken measures to overcome the constraint (i.e., root causes).

Broadly the Consultant will focus on the following tasks:

- Desk Review of available data and research on the entrepreneurship ecosystem in Sri Lanka
- Elaboration of presentation with results from first part of the research
- Liaise with ILO to determine priority areas for further analysis on basis of interim report
- Design of instruments for data collection, including key informant interviews, focus groups and surveys (as needed), which will inform the analysis of the constraints faced by the target group in the previously selected priority areas
- Fieldwork, including the conduction of key informant interviews, focus groups and surveys (as needed) with the entrepreneurship ecosystem actors in selected areas/districts
- Support ILO - SALE project team to coordinate with the identified ecosystem partners in view of developing an integrated approach for youth entrepreneurship in Sri Lanka.
- Validation workshop with key stakeholders from the entrepreneurship ecosystem
- Elaboration of final report

3. Recommendations

The objective of this final part of the assessment is to provide concrete and actionable recommendations to address the constraints identified in the startup ecosystem to strengthen the support system available to growth-oriented entrepreneurs, and therefore, ultimately, facilitate business creation and sustainable business growth. Recommendations should contain the following information:

- A clear vision for each pillar and the cross-cutting areas of gender and inclusion and pathways for decent work and theory of change for each proposed recommendation to explain how proposed action contributes to overcoming constraints of the entrepreneurship ecosystem sustainably.
- Consideration of key local ecosystem actors with proposals for how interventions can play on their incentives and capacities to achieve sustainable and systemic change. This includes analyzing the incentives and capacities of key ecosystem actors to provide high-quality and accessible services to entrepreneurs. Frameworks such as will-skill analyses or any other frameworks should be considered in this context.
- Take into account the potential of technology and digital delivery mechanisms where this adds value to proposed interventions.

▶ IV. TIMEFRAME AND DELIVERABLES

DELIVERABLES

With the above-mentioned activities in mind, the international consultant will be expected to deliver a presentation for each step of the overall report, as outlined under the section "Scope of the Work" before finalizing the comprehensive report of a maximum of 80 pages, comprising of the following 4 sections, at national level and for the five (05) selected districts of Sri Lanka:

- A socio-economic and needs assessment of target group (due on 31/01/2025)
- An Entrepreneurship Ecosystem Mapping of the 05 Districts (due on 20/02/2025)
- An Analysis of the constraints and root causes for priority areas (identified jointly with ILO) of nationally and each district (due on 10/03/2025)
- Recommendations to sustainably address identified constraints nationally and each district (due on 20/03/2025).

The final report integrating feedback from ILO will be due on 30/03/2025.

COORDINATION

According to the time frame detailed below, the selected Consultant will work under the technical guidance of the Chief Technical Advisor (CTA - based in ILO-Colombo), and overall supervision of the National Project Coordinator (NPC) of SALE Project, and in coordination with the Senior Program/Finance Assistant of the SALE Project and with the technical guidance of the Enterprise Development Specialist, Decent Work Team in South Asia, based at Delhi.

The Consultant shall obtain all approvals/concurrences from the government agencies and other authorities (if required) to conduct this assessment and ecosystem partner mapping. Furthermore, the Consultant must mobilize their own resources or outsource necessary resources (including human resources) for all activities under this consultancy. ILO and/or its implementing partners will not provide any additional resources, other than the technical and financial assistance to be provided by the ILO, under the contract to be signed between the ILO and the selected Consultant. Thus, the prospective candidates for this consultancy shall submit their proposals along with detailed cost estimates for each activity.

BUDGET

Overall Budget

Item	Number of days
Consultant	30
Fee per day	
Total	LKR

Detailed Budget per Work Day (suggested timeline)

Item	Number of days	Tentative dates (to be suggested by consultant) starting from 01st Jan 2025
Preparation and submission of Inception Report and Detailed Workplan	2	
Desk Review of available data and research on the startup ecosystem in Sri Lanka (inclusive of 05 selected districts)	6	
Design of instruments for data collection, analysis (including the translations into local languages, as necessary)	2	
Training of Enumerators	1	
Data collection and tabulation (including fieldwork in 05 selected districts)	10	
Systematisation of information and presentation of mapping of the startup ecosystem	3	
Validation Workshop with ILO to determine priority areas for further analysis on basis of the Startup mapping and interim report	1	
Design of instruments for constraints analysis of priority areas	1	
Data collection and tabulation (Fieldwork in 05 selected districts)	10	
Elaboration of final report	7	
Validation workshop with ILO and other key stakeholders	2	
Total	**45**	

Travel/Logistic Expenses Breakdown (as needed)

Item	Number	Unit Cost (LKR)	Total (LKR)
Total			

Qualifications and Experience

Applicants must fulfil the following minimum requirements:

- Advanced university degree in business management or social sciences or other relevant fields (to be determined by the ILO)
- At least 5 years of research experience, including conducting such ecosystem research with published reports on same/similar area
- Excellent qualitative and quantitative research skills, including desk research, the development of research instruments, data collection, systematization and analysis
- Excellent written and spoken English
- Excellent writing and oral presentation abilities
- Experience working directly with youth and startup promotion will be a plus
- Experience on entrepreneurship ecosystem or market systems development will be a plus

Confidentiality Statement

All data and information received from ILO for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference (TORs). All intellectual property rights arising from the execution of these TORs are assigned to the ILO. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the expressed advance written authorization of the ILO.

Payment Schedule

The work will be performed between 01/01/2025 and 31/03/2025.
The payment of 30 workdays at the agreed rate, and travel costs (as agreed, as per ILO norms) corresponding to travel costs reimbursement will be delivered in three installments upon delivery of the products according to the table below.

- 1st payment (of 20% of the total contractual amount) upon signature of the contract and submission of Inception Report, along with the Detailed Workplan.
- 2nd payment (of 30% of the total contractual amount) upon completion of the workshop with ILO and submission of the interim report .
- 3rd/final payment (of 50% of the total contractual amount) upon submission of a satisfactory version of the final report and submission of the documentary evidences on expenses incurred (to the satisfaction of the ILO)

It should be noted that the final payment will be adjusted to account for any difference in real costs once receipts for each expense have been submitted. Prior approval of the ILO should be obtained before incurring any increase in actual costs beyond the approved amounts specified in the contract). A contract amendment might be required.

Terms and Conditions

When preparing your quotation, please bear in mind that any and all services provided to the ILO are subject to the Terms and Conditions Applicable to ILO Contracts, available at:
https://www.ilo.org/wcmsp5/groups/public/---ed_mas/---inter/documents/legaldocument/wcms_768752.pdf

Annexure A: Inclusive Startup Ecosystem Vis-à-vis Inclusive Entrepreneurial Ecosystem

The six core pillars or components in an Inclusive Entrepreneurial Ecosystem that together form a holistic support system for entrepreneurs as well as the two cross-cutting dimensions - Inclusiveness and Pathways to Decent Work are essential for the Startup ecosystem as well. In fact, the ILO's Inclusive Entrepreneurship Ecosystems Approach has been designed as an overarching framework to analyze ecosystems and can therefore be used and adapted to any specific target group, sector or type of entrepreneurship. The following summarizes the specific points of differentation that we need to keep in mind, while doing assessment or diagnostics of Startup Ecosystem compared to generic entrepreneurial ecosystems. Such differences are given below:

1) Policy and legislation:

Supportive national/provincial policies and legislations that foster business creation are key. These include easy and transparent business registration procedures, fair taxation policies, and policies that actively promote entrepreneurship, including for disadvantaged groups, such as women, youth or refugees or those who are from excluded populations such as persons with disability, backward class or social status, migrants. The implementation of such laws and policies, drive and create an enabling environment for entrepreneurship and business creation. Subsequently, a policy environment that combines top-down and bottom-up approaches, and provides an integrated set of effective, gender-sensitive regulations and regulations that challenge the societal stereotypes that impede some persons (women, men, LGBTQ) or women and men from marginalized communities are important to promoting entrepreneurships for all. Apart from the above, there is generally focus on different areas in the law and policy in the development of startup ecosystem compared to generic entrepreneurship ecosystem.

Generic Entrepreneurial Ecosystem	Startup Ecosystem
Policies aimed at nurturing broad range of entrepreneurship and businesses, such as micro, small and medium enterprises (MSMEs), traditional ventures such as local businesses, self-employed individuals, family run businesses, or community level business initiatives which may operate in low-growth or mature sectors are seen. Entrepreneurship is encouraged at local level through a myriad of entrepreneurship development agencies. • Access to affordable finance and credit services, especially for small businesses who may not have large collaterals. • Investments in infrastructure needed for the businesses to operate such as access to electricity, internet, and transportation, and if feasible at subsidized costs in rural or underserved areas. • Policies promoting training programs in areas like financial and business literacy, basic digital skills, and business management to help traditional entrepreneurs expand their operations sustainably. • Policies that focus on simplifying legal requirements for entrepreneurs related to registration processes, tax regulations, and incentives that help absorb some costs to encourage small businesses to formalize and expand operations.	Policies aimed at nurturing innovation, tech enabled disruptive services or products with high growth. Policies that promote technology sector, or disruptive innovations enabling access of service or product to a wider population or catering to a large unmet need. Examples of policies and legislations are given below. • Protection of intellectual property (IP) by reducing costs of patent filing/intellectual property registrations and streamlining IP registration processes to encourage innovation. • Polices to offer tax incentives for investors/funders to enable angle funding and venture capital and other funding support including foreign direct investments for the startups. • Policies promoting research and development, funding support from government, collaborative support research and academic institutions, corporations, encouraging public private partnerships and support to social impact startups. • Policies encouraging regulatory sandboxes enabling startups to test new products or services that allow innovations by managing risks in a controlled environment with limited regulatory compliance.

Gender and Inclusion: In this pillar, it is also important to look at discriminatory legislations that tend to exclude or prevent access of women and persons from excluded categories. For example, lack of right to inheritance for women, lack of access to higher education or access to information, social or legislative norms preventing women to work generally or in certain sectors, lack of property or bank accounts in name of women, lack of access to skills and trainings, including business entrepreneurship. Lack of implementation of anti-discrimination laws, prevention of gender-based violence, safety during commutation and at workplace, or lack of inclusive policies or presence of discriminatory policies can limit access to women, youth, persons with disability, or persons from different excluded groups, such as migrants, refugees etc. Also, women, especially younger women tend to get excluded as they have to manage care responsibilities, need flexibility, and may have restricted mobility. All these policy areas generally need to be looked at from gender and inclusion lens. Specific policies that promote women entrepreneurship or focus on target groups are important for an inclusive entrepreneurship ecosystem.

Decent Work: Decent work deficits refer to the absence of core labour rights, child and forced labour, inequality and discrimination, restriction on organizing and collective bargaining, lack of sage and healthy working environment, lack of fair working and living conditions, adequate wages, social protection, and grievance redressal and access to justice. Several policies and legislative gaps or structures can contribute to these deficits, often inadvertently but sometimes due to the way they are designed. For example, policies and laws may leave out informal workers or give specific permissions in special economic zones for entrepreneurial clusters and startups to follow less stringent rules and regulations, including on labour matters, restrict trade union movements, promote fixed term contracts, or have specific needs for some categories of workers, excluding others. Sometimes, small enterprises of specific size are exempted from application of labour laws, excluding the workers from such protection. Entrepreneurial ecosystems should promote decent work, support fair wages, decent working conditions, respect for labour rights and enable dignified work for all workers.

2) Finance:

Access to financial resources is crucial for entrepreneurs seeking to start and grow a business, and the availability of a diversity of financial products and services is an important component of entrepreneurship ecosystems. Financial services should be accessible and appropriate to women and men entrepreneurs from diverse backgrounds, with specific needs and at different stages of enterprise development. Access to finance becomes restricted for some categories of entrepreneurs, such as women, young entrepreneurs, entrepreneurs who may have some disabilities or vulnerabilities. For some entrepreneurs, loans may be most appropriate. For others, seed and angel investors might be instrumental, and in some contexts, other financial institutions like microfinance and financial cooperatives may play a key role. Appropriate policies and institutions and financial instruments are needed to cater to the varied needs of the entrepreneurs. Apart from the above, there are some subtle differences between startup ecosystem compared to generic entrepreneurship ecosystem, which are listed below.

Generic Entrepreneurial Ecosystem	Startup Ecosystem
The focus is on debt financing including bank loans, small loans, trade credits and as such secured lending is common. Revenue based financing for low-risk businesses can be useful. Government grants and subsidies for entrepreneurs to start small, local business are promoted to enable local community development, unexploited sectors, and enabling livelihoods.	The focus needs to be on enabling equity financing through the angle investments, venture capital (VC), and seed funding which are equity-based as there is high growth potential. Options such as availability of convertible debts or hybrid financing by converting debts to equity are also needed for startups. Some startups may crowdfund and access to digital platforms helps, especially at pre-seed level or for testing products. Government and interested institutions may also provide finances for disruptive innovations with social impact.

Gender and Inclusion: The financial policies, institutions and financial instruments should enable access of finances to women entrepreneurs and entrepreneurs with special needs. This is because women tend to get excluded as described under the policy pillar. Also, women led enterprises may be smaller, and they may not have necessary collaterals and may find it difficult to secure loans or approach investors who can do seed funding/angle investing or institutions that can fund etc. Access to financial institutions may be difficult because of several reasons and women friendly helpdesks are needed. Challenges are also faced by entrepreneurs coming from backward communities or socially excluded categories and persons with disabilities, as social norms and stereotypes prevent their entry and access to finance as well as may be discriminated. Enabling finance for all is important and government and private financial institutions, investors need to cater to the needs of all types of customers/clients seeking funds/loans and design gender-responsive and inclusive financing solutions.

Decent Work: Lack of access to sufficient financial resources can precipitate decent work deficits as the entrepreneurs of the small and medium-sized enterprises (SMEs) may not offer fair wages and social security benefits to workers. They may be able to make limited investments on health and safety including workers trainings on health and safety which can result in higher number of possible health challenges, near misses, injuries and accidents. The investment on skill building and training of workers is impacted. There is also lack of job security for workers as temporary contracts may be given and full potential of job creation of the SME is impacted. Gender inclusive workplace policies, such as paid maternity leaves, flexible working hours, childcare facilities may not be possible to implement. Having appropriate financing and addressing financial access for entrepreneurs could alleviate many of these issues, thereby enabling them to offer decent work.

3) Culture:

This component describes the legitimacy of entrepreneurship in the wider society of a given context, i.e. whether entrepreneurship is considered a viable career path for all groups, including women and the youth, and whether entrepreneurs have a positive reputation. A positive entrepreneurial culture is reflected in whether and how entrepreneurial success stories are disseminated in the local population and how entrepreneurship ranks as a career choice, particularly among women and men. Again, like other pillars, there are some differences between startup ecosystem compared to generic entrepreneurship ecosystem, which are listed below.

Generic Entrepreneurial Ecosystem	Startup Ecosystem
In many cultures, the traditional system tends to favour small low risk businesses as they offer stability over risk. The community support is also better secured as businesses tend to start local. Sometimes, this may also delay adoption of technology or newer business tools and SMEs may grow organically, focussing on building reputation first, grow at a smaller pace and may not scale upto their full potential or take too long to scale up.	The culture for promotion of high risk, tech driven environment and ability to scale up quickly requires a mind-set change amongst the various actors in the ecosystem. Higher tolerance for early start-up failures and the ability to draw lessons from failures to make incremental progress by all stakeholders is essential to support startups. Supportive networks, normalizing risk taking is needed for high growth startups.

Gender and Inclusion: Sometimes, cultures limit women's entry into entrepreneurship because of the social and gender norms. Families focus on marriage of younger women and women often have to delay starting businesses when their children are grown up or their care responsibilities are taken care of. At that time, they miss out on the 'youth' focused entrepreneurship schemes. Even in women led businesses, sometimes women do not have the decision-making power and are unable to separate the business and family accounts, leading to small growth. They may not find women support networks and leadership skills trainings which are essential. Programs that target women entrepreneurs must offer complete package with coaching and mentorship and introduction to networks and supportive policies (such as care policies, flexible work hours, easy access to business and financial services) to enable full participation of women. Youth also face cultural challenges as many cultures value seniority, which they associate with credibility and experience and low risk. Young entrepreneurs are expected to stay close to the traditional business culture curbing the potential for innovation. This requires awareness campaigns and able mentorship/business coaching. Many cultures also do not encourage persons with disabilities to start businesses and tend to be protective in nature. This protection becomes an entry barrier, along with other barriers related to physical access, social biases, and often exclusion from information and resources. Specific business resources, trainings and finances need to be made available. Also, often it is seen that entrepreneurs from backward, marginalized or socially excluded communities may also be discriminated in access as they are traditionally engaged in doing menial jobs. Entering entrepreneurship challenges the social norms and often needed support is not received, creating a further cycle of exclusion. They too require specific targeted interventions that are backed by inclusive policies.

Decent Work: Different cultures view the labour rights differently. In a culture where implementation of the labour laws are weak, occupational safety and health is not given priority, workers' benefits are seen as non-essential costs, decent work deficits become more pronounced as entrepreneurs tend to neglect providing fair wages and working conditions, health and safety, or social protection benefits. Stricter implementation of labour laws and awareness on the benefits of enabling decent work for all, changes in workplace culture and practices is needed. In many countries, informality is seen as a normal way of business. While informality per se in not bad, but decent work deficits become more in informal settings as workers and enterprises remain outside the application of labour laws, by law or in practice. Promoting transitioning from informal to formal economy also helps in changing the business culture and enables decent work. For these entrepreneurs also need to be educated on the economic and competitive advantages of formalization, as it also enables participation in global supply chains.

4) Business Development Support:

This component refers to the variety of support services available to all groups of entrepreneurs. This includes the availability of demand-driven and accessible non-financial business development services (BDS) like business management training, capacity building on leadership, networking, mentoring, and coaching, as well as operational services like accounting and legal advice, IT and design support, and sector-specific support (e.g. veterinary and agricultural extension services). Again, like other pillars, there are some differences between startup ecosystem compared to generic entrepreneurship ecosystem, which are listed below.

Generic Entrepreneurial Ecosystem	Startup Ecosystem
The primary needs are access to markets (local, regional), distribution channels and networks, ability to position the product or service in the competitive market with unique proposition. Access to financial services and business literacy training on cash flow management, maintaining creditworthiness, and securing stable, low-interest financing is important. Capacity development on improving the operations, cutting costs, streamline workflows, improve efficiency and reduce waste is needed. Taxation services, and legal guidance, support on adhering to the national labour laws, and support to legal services, such as registration etc. are critical. Such services may be provided by local chambers of commerce and industries, employers membership-based organizations, different microfinance and business advisory services by government and non-government actors, and access to information and facilitating grants and subsidies and enabling tax incentives can be useful for the growth of SMEs.	The startups need business development services that can support high growth and scalability, services to enhance the technology or create marketing channels in national and international markets for their disruptive services or products. They access to services that link them to angle investors, venture capitalists or corporations to provide different services including finance, help them scale up (or buy out). They need support for innovation, testing, launching the products/services based on deep market intelligence and analysis. For this they need support of experts and mentors, who help them prepare their pitches, connect them to such services as well as networks, apart from providing their expert advice and experience. The startups need support in R&D and technical/technology and access to institutions who can provide this support. A very specific need, apart from regular legal support is guidance on maneuvering complex legal and IP laws applicable, protecting the IP (theirs and of their funders), and required patent or IP filing and protection is must to navigate their complex regulatory and competitive landscapes that may stretch in multiple countries.

Gender and Inclusion: Business development services need to be customized and adapted to the specific needs and realities of the women and other marginalized groups. While mainstreaming gender is important, the importance of specific and targeted interventions and support is vital. Women lack access to mentors, funding and are burdened by socio-cultural norms. Specific programs on different thematic areas need to be designed to serve the diverse needs. The institutes that support women entrepreneurship or of that of marginalized communities and groups should work with other agencies to enable, for example exclusive financing and financial tools to suit these groups. Extra efforts are needed to shift the acceptance of women as entrepreneurs in male dominated industries and special inclusion measures, such as mentorship, access to networks needs to be enabled. Youth also face challenges as they lack the information and access, and the credibility. Similarly, persons with disabilities can face structural, physical and social barriers including lack of supportive infrastructure and tailored business support services. Awareness and targeted funding and services for excluded and marginalised groups is vital. Promoting gender sensitization and equality amongst the service providers can help to gradually breakdown barriers. Partnerships with employers' organizations, unions and CSOs can help enable access by creating awareness and designing targeted interventions.

Decent Work: Business development services need resources and if such resources are not available, the challenges for enabling decent work are visible. Lack of trainings on strategic issues, such as knowledge that lack of compliance with labour law can decrease the ability to take advantage of different schemes and subsidies, as well as access to global supply chains needs to be emphasized. In an underserved area, the business development services are limited or not available. Entrepreneurs may not be able to afford expensive services from urban areas or far away. They remain informal and lack information on decent working conditions or fail to make progressive improvements. Because of these challenges, they may also loose skilled workers. If businesses are not able to access larger markets, it becomes difficult to sustain quality jobs and this limits their growth. They remain with limited revenue flows and are not sustainable. They may not be able to promote greener jobs and sustainable practices or use digital services to improve decent work, decent wages and working conditions as lack of business development services reduce their efficiency and productivity.

5) Human Capital:

Human capital in an entrepreneurial ecosystem refers to the human capital of the entrepreneur as well as the workers. It can also mean the human capital of the different agencies providing finances, business development services. The entrepreneurial mindset is critical and ultimately defines the success of the venture, and as such, needs to be nurtured for business growth and development. At the same time, human capital also refers to the availability of high-skilled and motivated labour, which is central to entrepreneurs' ability to build sustainable businesses. Key components that contribute to human capital include existing high-growth enterprises that can up-skill the labour force (i.e. entrepreneurs with previous relevant work experience), as well as demand-oriented educational, technical and vocational training institutions and universities. Up-skilling programmes and labour demand and supply matching services can also be important. There are also specific differences between human capital needs in the startup ecosystem vis-à-vis generic entrepreneurship ecosystem, which are listed below.

Generic Entrepreneurial Ecosystem	**Startup Ecosystem**
The human capital needs are around the basic technical knowledge and business and financial literacy as well as specific skills needed in a particular sector. The entrepreneurs need skills in business operations, accounting, inventory management, product management, logistics etc. Softer skills such as communication, customer relationship management, digital literacy are important. For the workforce, sector specific and task specific skills are required. Mostly these include the above, as well as trade related skills which are needed for labour intensive work or machine operations. Upskilling and reskilling becomes necessary as enterprises grow.	The human capital needs of startup ecosystem require a startup mindset of the entrepreneur who has ability to take risks with innovative businesses. The ability to be flexible, technology literate, and quick to adapt to rapid changes. The workforce for such innovation-based startups also needs advanced business and technical skills which are high end, knowledge of domain related latest technologies, ability to conduct research and development, solve complex problems, financial modeling etc. The use of digitalization, AI and simulations for business growth are essential. Understanding global markets and supply chains, digital marketing and operating in international markets is needed to expand and scale up.

Gender and Inclusion: Women are generally pushed into gender stereotype skilling programs and often do not have access or ability to join courses which are needed to start up an entrepreneurial venture as well as to enter the labour market as a skilled professional because of cultural barriers as described before. They often remain excluded from more technical STEM programs, such as digitalization, AI, or legal or intellectual property protection programs. Youth, marginalized groups, refugees and migrants are often also excluded because of multiple barriers and costs of these skilling courses. As the labour market requires specific skills, entrepreneurs also struggle to acquire the right talent and skills needed.

The workforce too is impacted in similar ways. The startups for example may need niche skills amongst the workforce, but such skills are not easily accessible to women. Young workers, migrants, persons with disabilities also remain excluded from high end skilling programs. They may also not be able to join the startups because of the need for tech driven skills, STEM education and higher level of business management skills. The chances of hiring of women, excluded and marginalized populations significantly decrease in such a scenario. Also, in case of startup, the fast-paced work may deter women, workers who are parents, or those with disabilities who may need more supportive environments. Government, NGOs, and private sector initiatives can create training programs for women and excluded workers to gather more advanced skills to become entrepreneurs as well as to potential workers and support the SMEs to upskill, reskill the marginalized workers. Technical training targeting rural and underserved areas can also help entrepreneurs develop locally relevant skills in sectors such as agriculture, manufacturing, and service industries.

Decent Work: Small businesses and startups have to focus on growth, so unless attention is paid on workers well-being, there are chances of for example burn out, especially in startups because of the intense and fast paced nature of the work. This may be challenging for older workers, women workers and workers with disabilities. Sometimes, there is also high turn over rates in businesses that are being established. This impacts workplace morale. Also, limited skill development may add on and result in low job satisfaction, minimal opportunities for advancement, and stagnant wages, especially for the youth (men and women) and for women more generally etc. Small businesses may also rely on informal/casual or temporary workers or workers who are given task-based assignments, resulting in job insecurity and limited social protections for workers. Programs promoting inclusive hiring practices can help women, youth, and persons with disabilities access SME job opportunities. Providing affordable childcare, accessible facilities, and flexible work arrangements can make the workplace more accommodating.

6) Markets:

The availability to access the markets is crucial for any business. In the entrepreneurship ecosystem framework, this component refers specifically to the availability of markets as well as customers who are interested in purchasing innovative products and services. Where local demand is low, strong entrepreneurship ecosystems are often characterized by accessibility to regional or international markets for local entrepreneurs. Informal or smaller entrepreneurs may find it challenging to break into formal or larger markets due to regulatory, logistical, or financial barriers. This challenge becomes even more prominent for women, who have social norms and barriers, preventing their access to such markets in addition to existing challenges. The table below gives some differences between startup ecosystem compared to generic entrepreneurship ecosystem, in the context of markets.

Generic Entrepreneurial Ecosystem	**Startup Ecosystem**
Depends on local and regional markets. The entrepreneurs are often aware of the consumer base and the needs, and leverage this information to cater to the local and regional needs. They usually prioritize the traditional, low-risk business models where they know about the existing markets and can leverage their networks to exploit the markets. They operate in traditional markets (monopolistic or oligopolistic), dominated by large players, restricting their own growth. A significant proportion of small businesses may also operate informally, limiting their access to winder markets and supply chains, and require support to access these in order to reach their full growth potential. Most also have a resource crunch or lack skills to conduct market research or access tools and strategies to expand markets.	The startup ecosystem may need bigger and wider markets, where their technological advancement is understood, needed and has a potential to be sold. It may also be expensive for the local markets and hence a wider market base, especially of early purchasers is needed. Such larger or niche markets are often beyond the local or traditional markets beyond regional boundaries. Such market access to global market is essential for scale up and rapid growth of the startups. A well-defined digital presence to be able to reach diverse markets may need to be explored. Markets selection is vital also from the point of view of protecting the intellectual property and technology. They also need to navigate the complex regulation of each market (for example IP/patent regulations of each country), and may need to pay higher costs to enter markets. Investment on market research is critical as protecting own IP costs (and not infringing others' IP) are high. The markets also may demand rapid shifts and innovations, which requires research and development. So the capital needed for market penetration is significant.

Gender and Inclusion: In the case of women entrepreneurs, access to markets can also be limited by lack of information, technological skills, networks, lack of safe infrastructure. Women face gender bias restricting ability to access and expand in markets. Limited networks, cultural norms, and responsibilities outside of work, such as caregiving, can limit their business hours and engagement in high-growth sectors. This can inturn confine women-owned businesses to smaller and less lucrative local markets, which also limits their revenue, and possibilities of growth. Gender-focused programs that offer networking opportunities, mentorship, and access to markets, including giving priority to women led businesses for public procurement, can help women entrepreneurs access larger markets. Similarly, challenges for young entrepreneurs, especially from excluded communities or persons with disabilities are often because of the lack of experience and connections that are needed to break into established markets. Initiatives that assist opening up markets for these entrepreneurs, that minimize market access due to physical accessibility issues, discrimination, and a lack of tailored support services need to be encouraged. For example, policies promoting accessibility, inclusive support programs, and partnerships with disability-focused organizations can improve market access.

Decent Work: In entrepreneurial ecosystems where market access is restricted, many businesses remain informal. Decent work deficits are generally seen to be more pronounced in informal economy. This is because informal businesses may offer lower wages, no social security benefits, and often poor working conditions, leading to significant decent work deficits. Without access to expanding markets, SMEs cannot scale up and create new and decent jobs, or to pay competitive wages. Different initiatives to improve market access, access to government procurement opportunities are needed.