

BUILDING AN INCLUSIVE INNOVATION ECONOMY

**A vision for harnessing women's
entrepreneurship and innovation
as a central driver of economic growth**

An Interim Report on the
Findings and Recommendations of the
Women's Entrepreneurship Industry Reference Group,
commissioned by Investment NSW



ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the custodians of the land throughout Australia on whose unceded countries we conduct our business. We pay our respects to their Ancestors and descendants, including those who are represented on our Industry Reference Group, who continue cultural and spiritual connections to Country. We recognise the valuable contributions of First Nations people to Australian and global society, as the first innovators of this land.

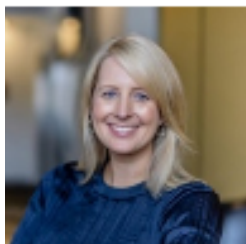
Throughout this paper the term 'First Nations' is used to refer to both Aboriginal and/or Torres Strait Islander peoples. Unless noted otherwise, the term should be considered inclusive of both Aboriginal and Torres Strait Islander people.

WOMEN'S ENTREPRENEURSHIP INDUSTRY REFERENCE GROUP

In early 2023, Investment NSW convened the Women's Entrepreneurship Industry Reference Group (IRG), to help inform the government's support for women's entrepreneurship in the NSW innovation economy. The IRG comprises leaders from across the startup, funding and innovation landscape, and is chaired by inclusive innovation expert, Nicola Hazell. Members include entrepreneurs, investors, program designers, ecosystem builders, policy makers, academics, and those with lived expertise in relation to First Nations entrepreneurship and investment, refugee and migrant entrepreneurship and investment, inclusive innovation and impact investment, and regional entrepreneurship and investment. Collectively, the IRG brings to the table specialist experience and skills, relevant network connections, and a contemporary understanding of the innovation economy and innovation policy or relevant government processes. (See Appendix: Item 1 for detailed backgrounds of IRG members)

This report draws on the extensive insights, knowledge and experience of those represented on the IRG, as well as those who have been more broadly consulted as part the IRG's body of work (See page 4). Our gratitude goes out to everyone who generously made time to contribute, through interviews, discussions and presentations to the IRG, and the sharing of critical materials to enlighten this process. The generous commitment of members of the IRG, as well as the additional contributors to this collaborative process, is indicative of the shared desire to drive lasting systemic change for women entrepreneurs and innovators, and harness the economic stimulus of investing in women.

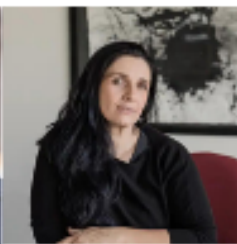
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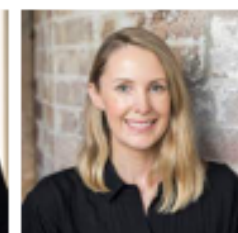
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APPLYING A GENDER-LENS

This paper has been prepared to provide insights and recommendations on the impacts of government funding, programs and policies on women entrepreneurs in Australia's startup and innovation ecosystem.

The paper is focused on women as a general cohort – representing ~50% of the population. Throughout this document, the term 'women' includes both cis and trans women, and in all recommendations, the application of a lens of intersectionality is required.

We recognise that the women in our communities are an incredibly diverse population, and specific demographics of women experience exclusion and discrimination at higher levels. Structural inequalities and multiple, intersecting and compounding barriers to inclusion and progression are faced by:

- women from socio-economically disadvantaged backgrounds
- First Nations women
- ethnically and/or racially marginalised women
- single parents
- women with disability
- neurodivergent women
- LGBTIQ+ women.

When examining barriers and ideating on solutions for this report, we have taken an inclusion-first approach, embedding intersectionality as a starting point, to ensure solutions do not serve to further entrench inequality or exclusion of under-represented groups of women. This approach is a core recommendation for government to adopt in any funding, program and policy interventions.

GLOSSARY

Throughout this report, key terminology is used to describe stakeholders and actors within the innovation ecosystem and funding landscape. A range of terms are used interchangeably when discussing the themes and outcomes of the IRG's work, yet with critical distinctions.

To provide clarity, we define the following key terms as:

The Innovation Ecosystem

The collection of entrepreneurs, investors, research institutions/universities, government funders and enablers, providers of accelerated support and advocacy, and corporate customers and partners - who together concentrate the contributing factors for innovation to occur.

Startups

Innovative businesses, at the pre-seed to seed funding stage, focused on commercialisation of innovative products or services (including, but not limited to, those leveraging technology), driving rapid growth to achieve impact at scale.

The Funding Landscape

Encompassing the range of sources of capital available for entrepreneurs in NSW, including Private Venture Capital, Corporate Venture Capital, Impact Investors, Angel Investors and Syndicates, Private Equity, High Net Worth Individuals, Family Offices, Debt Finance, Foundations, Government Grants, and Institutional Finance.

Women-led

Businesses that have been founded by and/or are led by women. This may include businesses that are partly or entirely owned by women, businesses that have significant representation of women on the leadership team, and businesses that were founded by women entrepreneurs.*

Gender-lens investing

The consideration of gender biases, patterns, power dynamics, opportunities, and risks in investments. At its core, gender-lens investment incorporates a gender analysis alongside impact and financial analysis to make better decisions that lead to better gender equality and economic outcomes.

Gender Equity

The process of being fair to women and men. To ensure fairness, strategies and measures must often be available to compensate for women's historical and social disadvantages, the impact of privilege, bias and other parameters, that prevent women and men from otherwise operating on a level playing field.

Gender Equality

Where women, men, and gender diverse people have equal conditions for realising their full potential for contributing to, and benefiting from, economic, social, cultural, and political developments. Gender equality does not mean men and women become the same; only that access to opportunities and life changes is neither dependent on, nor constrained by, their gender.

**NB: More specific definitions exist in relation to criteria for a business to be classed as women-led or women-owned (such as the 2XGlobal's investment criteria, which is considered global best practice), however, for the purpose of this paper, the term women-led is used broadly and without such specificity.*

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PURPOSE OF THE PAPER

This paper represents the collective insights and recommendations of a group of Australian leaders in startups, innovation and entrepreneurship, who have been working together as members of the Women's Entrepreneurship Industry Reference Group (IRG) convened by Investment NSW.

As an interim report informed by the work of the IRG over a six month period, this paper seeks to provide a real-world perspective on the potential for government policy, programs and funding to unlock a critical driver of economic growth for our nation, by improving the growth of women-led startups in the NSW innovation ecosystem. It offers recommendations for how the NSW Government could play a leading role in reshaping the funding landscape, by specifically inspecting the experiences of women founders and designing mainstream funding programs and partnerships that better understand and meet their diverse needs.

This paper provides a range of measures that can be implemented, framed over three horizons, offering both short and medium-to-longer term actions that can be taken within government, followed by broader actions to be taken in partnership with industry, other jurisdictions, and the wider innovation ecosystem.

The key recommendations are summarised as follows:

HORIZON 1 – Setting the standard: Positioning government as an exemplar for gender-equity and inclusive innovation by establishing guiding principles within government, embedded by a framework that enables gender-lens investment across all mainstream government funding and programs targeting the innovation and startup economy. The principles and enabling framework should be supported by clear, measurable targets, and held accountable by the formal appointment of an Industry Reference Group modelled on the Women's Entrepreneurship IRG.

HORIZON 2 – Road-testing within: Implementing the above principles and framework across a range of key funding initiatives – including existing and new programs – to test, validate and iterate the application of the principles within mainstream government investment.

HORIZON 3 – Scaling the impact: Once the new approach has been demonstrated and validated within key programs, government will have the opportunity to scale its impact, both by expanding the vision and framework across all areas of government funding and investment, and by incentivising industry to adopt the same gender-equity lens within their investment thesis, operations and programming.

Given the interim nature of the paper, it should be read as a precursor for a greater body of work that ought to be undertaken to create a comprehensive blueprint for driving women's entrepreneurial leadership in the innovation economy in NSW and beyond.

Above all, this paper is a call to action; offering a compelling case for the NSW Government to demonstrate leadership in unlocking the value of inclusive innovation, through a series of actions at the systems-level, designed to harness the power and potential of women entrepreneurs and innovators as central drivers of economic prosperity, sustainability and social progress in the new economy.

CONTEXT AND APPROACH

Background - The role of the IRG

The Women's Entrepreneurship Industry Reference Group was formed by Investment NSW in early 2023, to provide an important bridge between government and industry, allowing government to draw on the first-hand experience and diverse expertise of those in the startup and innovation ecosystem, to help address entrenched inequality for women entrepreneurs and innovators.

With a specific mandate to advise on and inform government action, the IRG has worked to identify potential government interventions and policy directions (both financial and non-financial) that prioritise and support women entrepreneurs as central drivers of innovation and growth across the new economy.

The IRG developed and operated under an agreed set of Guiding Principles aimed at embedding best practice in inclusive innovation, ensuring integrity throughout the process, and generating outputs that consider and deliver for the complex diversity of our innovation ecosystem. (See Appendix: Item 2 for Guiding Principles)

The objective of the IRG has been to ensure any new government investment and interventions are designed in partnership, not in isolation, drawing on the real-world insights, best practice expertise and lived experience of entrepreneurs, investors and ecosystem builders – with an emphasis on changing the system, rather than changing the women.

Activities of the IRG

The IRG met nine times between April-October 2023, in addition to out-of-session consultations and meetings convened and facilitated by the IRG Chair and the team within Investment NSW.

The work of the IRG was informed through facilitated workshops to:

- define the problem statement,
- identify key barriers impacting women-led startups,
- explore global best practice in gender and diversity lens investing, with guest presenters and out-of-session consultations,
- test assumptions and inspect new models for unintended consequences, and
- consider external partners and ecosystem actors to engage

...all within the frame of where NSW Government investment or intervention would make the most impact.

The outcomes of this work have been consolidated into this interim report, offering critical insights, recommendations and next steps to be considered by the NSW Government.

More broadly, it is the ambition of the IRG that this report will provide the foundations for a concerted national approach to investing in women entrepreneurs and innovators as drivers of the new economy, with the insights provided in this report to be acted upon collectively by governments across the country, industry leaders, investors, universities, ecosystem supporters and entrepreneurs.

THE CASE FOR ACTION

The current state for women entrepreneurs

Over the past decade, Australia's technology and innovation ecosystem has undergone a period of immense change and evolution. From what was still a relatively embryonic ecosystem in 2014, to one that now represents the seventh biggest employing sector in Australia, the ecosystem has overcome significant hurdles to continue growing and contributing to the nation's current and future prosperity. However, where progress has been made, it has been made asymmetrically, with the ecosystem continuing to fail when it comes to the inclusion of women and under-represented founders and operators – substantially limiting Australia's overall capacity for economic growth and global innovation leadership.

Women make up only 25 per cent of Australia's technology workforce¹ and just one in four startup founders.² Solo women founders receive less than 4 per cent of venture capital, with Women of Colour receiving less than 0.03 per cent.⁴ Women-led start-ups which do receive funding receive less than startups led by men, which receive on average 3 times more in seed funding than women-led startups.⁵ Even where startups have cofounding teams made up of both men and women, they still receive less capital than those founded and led only by men.

The gap in investment between women-led and men-led startups cannot be attributed to lack of investment opportunities. A recent report by Global Entrepreneurship Monitor found the number of women in upper-middle-income countries starting a business rose by 11 per cent from 2019 to 2021 — the height of the pandemic.⁶ And the number of women intending to start a business also rose, by 4 per cent, in that time. Furthermore, the report found women entrepreneurs in upper-middle-income countries represent some of the most innovative, high-growth entrepreneurs globally, and are at parity with men with regard to their focus on international markets – surely making them a desirable prospect for growth capital. The funding gap also cannot be attributed to differences in startup performance. On average, women-led startups perform better than startups led by men; they generate on average 10 per cent more in cumulative revenue and over twice the return.⁷ They also deliver significant social and economic benefits; they are much more likely to hire women (improving women's workforce participation) and deliver superior environmental, social and governance outcomes.⁸ The evidence is unequivocal; investing in women-led ventures is fundamentally good for business, and good for the economy. Most importantly, it is a critical imperative for any nation seeking to harness the full potential of talent and ideas across its population, to drive economic growth and social prosperity.

Despite this clear case for action, current efforts to change the status quo have proven largely ineffective. While incremental changes have been noted in some areas, overall efforts have failed to result in any meaningful shifts across the ecosystem. This is despite the launch of a myriad of individual programs and initiatives by government, civil society and the private sector over the past eight years, targeting women entrepreneurs and innovators. For the most part, such interventions have been delivered in isolation, often based on incomplete data, without the opportunity to measure and scale shared solutions. Many programs have been targeted broadly at 'fixing women' (albeit under the guise of helping them navigate the existing status quo, via mentoring, networking, and training programs) rather than fixing the problems that stand in their way. To move the dial, a concerted cross-ecosystem approach is required, based on a deeper understanding of the unique vulnerabilities of women entrepreneurs, the persistent systemic barriers to inclusion, and a shared evidence base for how to tackle these issues for the long-term. Current efforts have fallen well short of this approach, and as a result, the depth and diversity of talent and ideas being generated and invested in across NSW, and Australia, remains significantly limited.

"Gender parity in the workforce is so important. If we can get that higher, narrow the difference between men's and women's participation – if we can get to parity, it will lift the state's economic output by eight percent."

- Premier The Hon. Chris Minns, MP (March 2023)

The NSW Government has the opportunity to turn this around, having clearly identified that achieving gender parity in workforce participation is a key priority in the government's plan to drive inclusive economic growth.⁹ Accelerating the growth of women entrepreneurs and innovators presents a particularly significant opportunity for government, aligned with this overarching economic agenda. Any increases in the success of women-led startups as innovative, high growth businesses, will not only have an impact for the women founders themselves. It will also increase employment opportunities for women as startup employees, given the evidence women-led businesses employ higher numbers of women as team members, and are more likely to create workplaces where women can thrive. This presents a multi-layered boost for women's workforce participation in the most dynamic parts of our economy.

Furthermore, women founders identify different pain points for different customers, revealing new market opportunities. As such, many women founders develop the kinds of business that would not exist if we only had male founders. Tapping into the ideas and insights of more women founders offers an immediate growth opportunity for the entire economy, enabling the development of ideas that might otherwise never be considered (not to mention solving problems in new ways that can significantly improve the lives of women who purchase and benefit from such services or products). The combined economic and social benefits of activating this potential are profound.

Government has a key role to play in helping to break down structural barriers across the ecosystem, in order to harness the full potential of women entrepreneurs and advance the state and national economy as a whole. However, to close the funding and participation gaps and improve the experience and outcomes of women entrepreneurs, systemic reform is required. Collective efforts must be made to tackle the systemic bias and discrimination that persists for women entrepreneurs, and redesign the ecosystem in a way that ensures women-led startups can grow and thrive. Only through a system-wide understanding of the problem – and a system-wide approach to solving it – will NSW be equipped to meaningfully move the needle on women's participation and leadership in the new economy, and unlock the critical economic growth this would deliver for the state and the nation.

"Startups can hold the key to solving some of society's biggest problems and we want to grow the capabilities of entrepreneurs who want to make a difference for the community. We also want to build a more diverse innovation ecosystem..."

- Minister for Innovation, Science and Technology, The Hon. Anoulack Chanthivong MP (July 2023)

EXAMINING THE BARRIERS

Understanding the complexity of the problem

When considering women's participation in the innovation economy, it is important to recognise there are many different pain points in the lifecycle of women and girls, and that these pain points are experienced with different levels of complexity by different cohorts, depending on the presence of additional structural and cultural barriers related to identity and background. Barriers can present early in life, in school and at home, and build up at key moments throughout a girl's schooling experience, upon entry into tertiary education or entry into the workforce, and throughout the various stages of a career. Taking a lifecycle view is really important, because these complex problems will never be solved if we only remove barriers at one pain point and fail to join the dots between investment and interventions that support women and girls right the way throughout their entrepreneurial journey.

For the purpose of the IRG however, and indeed for the context of this paper, the group was tasked with zeroing in on the specific barriers experienced by women entrepreneurs as they seek capital to grow their business. Comprehensive evidence has shown women entrepreneurs encounter significant bias at this point in the founder journey. Much of this bias goes beyond (yet includes) the beliefs of individuals, and is in fact engrained in the systems women must navigate in order to access funding, support and even customers.

Much work has been done in recent years to understand barriers to women's workforce participation and drive improvements across industries. From structural changes such as improved access to parental leave, funding for early learning and care for children, and workplace flexibility, through to legislative action to tackle sexual harassment and discrimination for women in the workforce – substantial changes are underway to drive greater economic participation for Australian women. However, many of these changes fail to understand the unique circumstances of women entrepreneurs.

For example, the Sex Discrimination Commissioner's Respect at Work report¹⁰ provided deep analysis of women's experiences of workplace sexual harassment in Australia, and provided legislative action to drive change within organisations. However, much of these changes are difficult to apply in the ambiguous environments women entrepreneurs operate within. When women entrepreneurs face discrimination and harassment, it occurs most often in their interactions with investors (potential and secured), grant funders, customers, advisors and ecosystem program providers. The unique nature of this industry, and the way such interactions sit outside traditional workplace structures and laws, leaves women in startups particularly vulnerable and without structural avenues for seeking reparations, safely reporting incidents of discrimination or harassment, or accessing formal support.

To provide a greater understanding of the complex and nuanced barriers experienced by women entrepreneurs, the IRG has developed the following comprehensive problem statement regarding the issues facing women founders trying to raise funds to grow their businesses:

Women founders in NSW want to access capital to grow their businesses, but struggle to secure funding due to systemic and entrenched issues across the funding landscape, related to...

1) A Duality of Imbalanced Power Dynamics: Man>Women, Investor>Investee

- In the dynamic between women founders and potential or secured investors, men investors carry a dual position of power. The first based on gender (where men dominate the investment landscape and women hold little power in rooms and spaces where they are grossly underrepresented) and the second based on position (where investors hold the power over founders seeking their investment and support). This results in a significant imbalance of the power dynamic for women seeking funding.

2) Pattern Matching & Status-Quo Bias

- Investors rely on 'archetypes' to define their thesis of a 'backable founder' or a 'backable venture', based predominantly on male founders with common characteristics. Women don't match these archetypes, and therefore are perceived as higher risk.
- Investors don't have experience working with women and prefer deals that have a level of familiarity with what has 'worked' in the past, i.e. patterns they can identify as an indicator of likely success.
- Due to historic barriers to participation, the majority of women entrepreneurs seeking funding are 'first-time founders'. The common desire among investors to back 'serial entrepreneurs' means women as 'first-time-founders' are seen as 'untested' and therefore considered a riskier investment, eliminated in this pattern matching process.
- The gendered nature of common stereotypes of a 'young man in a hoodie and sneakers' willing to go without (i.e. to eat ramen noodles every night and live in their parent's garage), in order to build the next game-changing startup, doesn't match up with the lives and experiences of many women founders. The expectation among investors that founders will take minimal income in their early years of the business, while also investing significant amounts of their own capital into their startup to demonstrate 'skin in the game' isn't realistic for many founders – but particularly women – who need to provide for their families, cover the cost of childcare and schooling, housing and living costs, all while having suffered from the flow on effects of the gender pay gap. Such expectations can make it impossible for women to meet the criteria of a 'dedicated founder' in the eyes of potential investors, and see them unfairly labelled as having less grit or risk appetite, when they simply have so much more at stake.
- When it comes to women founders developing products or services that deliver solutions specifically for a female market (e.g. femtech/women's health, financial products for women, consumer products for women) those founders can face an additional barrier to investment, as male investors can struggle to understand the problem and the market, and are therefore unable to make a confident assessment about the potential of the business or to feel a sense of passion and excitement for the solution. This often results in women founders of women-oriented businesses struggling to gain traction with male investors.

3) Entrenched Unconscious Bias, Gender Bias & Affinity Bias

- Investors have been found to treat women founders differently to men, including by focusing their due diligence and questioning disproportionately on risk of the business failing when considering investment in a women-led startup. In contrast, when considering investment in startups led by men, investors have been found to focus more on the potential of the business to succeed and the upside potential of their investment.
- Women's parenting and caring responsibilities are seen as a business risk by male investors, who don't have experience working with many founders managing what is seen as 'multiple competing priorities'.
- Investors tend to connect better with people whom they feel an affinity, for example, due to sharing similar interests, experiences and backgrounds. As the majority of investors are men, they struggle to 'relate' to most women founders, inhibiting development of this sense of affinity and trust.
- Despite significant evidence on the financial value of investing in women, it is still not seen as a priority lens for most funders. There remains a lack of acceptance among mainstream investors in the specific and critical value of investing in women and the missed opportunity of not. Despite public statements about commitment to diversity and inclusion, targeted gender-lens investing remains a niche field, with neither Limited Partners or General Partners across the majority of mainstream firms setting gender-diversity as a key metric for their investment mandate across the portfolio.
- Due to the above entrenched biases, women are often directed to approach 'women-focused' funds, rather than the mainstream majority of investors, limiting their pool of potential funders. This is further exacerbated for First Nations Women and Women from migrant and refugee backgrounds, who are often referred to even more limited options, such as funds specifically targeted at investing in First Nations entrepreneurs or migrant and refugee founders.

- When sending women to meet with 'women-focused' investors or groups, there is also a level of 'assumed solidarity'; i.e. the assumption that women will always offer a welcoming and safe space of support. This fails to acknowledge that women (including women investors or advisors) are not a homogeneous group, and that bias and discrimination can also come from women to women, not just from men to women.
- Furthermore, when women are 'the only' at the investment table, being a solo voice for women-led ventures can lead to internal challenges, with concerns they will be sidelined as only of value in discussion about women-led ventures, as opposed to ventures in particular verticals where they might have knowledge or expertise (and where they can simply add an additional business or financial perspective). Many of these women investors also face bias and discrimination within investment teams where the culture of many remains male-dominated and 'blokey', creating a similar power imbalance for women as partners/investment committee members, as that experienced by women entrepreneurs. As a result, having a single woman investor within a firm doesn't necessarily result in greater opportunities for women founders to secure investment.

4) Insidious Gender & Racial Discrimination, Sexual Harassment and Abuse

- Women founders encounter regular experiences of gender discrimination, sexual harassment and abuse. However data and information on the occurrences of sexual harassment and discrimination for women founders is lacking, due to high levels of fear among women that reporting or taking action will result in a 'cross' against their name, and make it even harder to raise funding for their company.
- While women across all workplaces experience sexual discrimination and harassment (41 per cent of Australian women were sexually harassed in Australian workplaces over the past 5 years, according to Time for Respect 2022 report), women entrepreneurs are particularly vulnerable. The discrimination and harassment they experience doesn't occur within organisations (where formal structures and supports exist for reporting and addressing sexual harassment, under workplace laws), it occurs in interactions with potential funders, with ecosystem leaders, advisors and even customers. Calling out this behaviour, let alone reporting it, doesn't just take courage on the part of the founder who may face risks to their own position, it requires the founder to be willing to risk their business, the security of their teams, their customers, and their potential capability to raise funds in future in a small ecosystem. This is a risk women founders are unlikely to take, in an environment where growing their business is already unevenly difficult.
- The sexual discrimination and harassment experienced by Women of Colour is exacerbated by racial discrimination and harassment, where women founders from diverse backgrounds face a double bind when trying to raise capital. Founder accounts include situations where investors have expressly remarked on their decision not to invest due to the concern that they will have to work harder as an investor to help the founder raise capital in future rounds, due to race and gender discrimination.
- For women entrepreneurs working in STEM fields, i.e. those building deep tech companies, the bias and discrimination can be experienced two-fold, due to investor bias against 'lab coat scientists' becoming entrepreneurs. Investor perceptions that a scientist won't know how to run a business, pitch to customers or think commercially can create a double-barrier for women scientists or engineers seeking funding for their first deep tech venture. When investors also dismiss the credibility of women as scientists, given, the male-dominated nature of the field and stereotypical, archaic views about women 'not being good at science', women founders in STEM companies are in fact often hit with the triple-barrier to investment.

5) Lack of Access & Closed Networks

- Women don't have access to broader male-dominated networks of investors, where male founders are often introduced through personal or professional contacts.
- When engaging with male-dominated networks, women are often made to feel excluded or uncomfortable (see gender and affinity bias).
- Male investors who have experienced success finding ventures via their current network strategies are not motivated to invest energy in expanding their networks to find and connect with women founders who are not present in their current networks.

- Startup founders at the earliest stages of developing their startup ideas are commonly encouraged to seek initial funding in what are deemed 'family and friends rounds' – whereby founders approach those in their personal networks to back their ideas with an initial contribution of funding. This is particularly common for those from wealthy backgrounds, or who have professional networks made up of senior executives in financially prosperous industries. Women less frequently have such personal networks of wealthy family and friends to provide pre-seed funding, limiting early development to reach a stage that demonstrates viability to other investors.
- Even those women who do have personal networks of wealthy family and friends are often reluctant to ask for funding at an early stage, due to social norms engrained in women to be responsible, not take risks with other people's money, not overpromise where this is a risk of underdelivering, and not wanting to let people down.

6) Lack of Transparency/Open Data and Accountability on Standard Terms and Valuations

- With the majority of women approaching potential funders as first-time founders, there is a lack of clarity around what is reasonable to expect when it comes to standard investment terms and the setting of valuations. When investors dictate their terms, insist on side letters to SAFE notes, or argue for lower valuations, there is a lack of transparent information and advice for women founders to consider the fairness or otherwise of such offers.
- Combined with the dual power imbalance of the investor<>investee, man<>woman scenario, women founders are in a difficult position to push back or question terms set by potential investors. While first-time men founders often have access to other men in their networks who have been through the investment process before and can offer advice, the limited pool of women entrepreneurs who have progressed through multiple investment rounds means most women don't have people they know to turn to for such advice.

7) Burnout, Disillusionment & Fatigue

- Raising capital is challenging for most founders, regardless of gender or background. But in the face of substantial additional barriers, many women founders are worn down by the constant grind of facing into discrimination and bias, being forced to answer unfair questions, and having to work twice as hard to get in the door, let alone to secure investment - often while juggling complex family and caring responsibilities.
- Repeated obstacles and rejection on a non-level playing field is leaving women founders so disillusioned, they discount venture capital as a viable option for their business, or avoid the capital raising process altogether - limiting their options to rapidly grow or scale their business.

These barriers do not exist in isolation. They build upon each other, creating a complex web of challenges for women founders to endure as they seek to grow their innovative businesses in what is already a high-pressure environment for all startup founders.

The barriers are exacerbated by challenging economic conditions, when access to capital is broadly constrained across an ecosystem. The Cut Through Venture Quarterly Report for Q2 2023¹¹ reported ongoing caution in a sluggish market, with investors extending their due diligence “beyond meeting founders to include interactions with the entire management team and customers, evaluations of customer feedback and competitors, and careful scrutiny of financial plans. A compelling business case now only forms part of the investment decision, with the investor-founder relationship and shared vision also being significant factors.” This has flow on effects for women who already face additional bias within the due diligence process due pattern matching, bias and barriers in relationship building due to affinity bias and even sexual discrimination and harassment, and bias in securing backing for their vision due to the entrenched unconscious and gender bias listed above. In a tight investment market, women face even greater obstacles on their path to growth.

Every attempt to access capital consumes the time of the founder, shifting their focus away from the core operations of their business. The longer and harder the capital raising process becomes, the greater the impact on the internal operations of the business. When women can't access capital to grow, it changes the nature of their business; causing founders to slow down their progress; to pursue safer bets rather than taking risks with new ideas; to hire fewer staff, limiting their ability to service a growing customer base; to delay the development or launch of new products and services. The gap in access to capital means too many women-led startups are forced to take it slow, to play it safe, to limit their aspirations. And as their business progresses in the slow lane, it makes their growth profile look even less appealing to potential investors, further limiting their opportunities to scale.

For those women who do succeed in accessing capital, the barriers still persist. For example, research now shows that women founders who receive early stage capital from women investors, are penalised in later stage rounds as “future investors discount a female entrepreneur’s competence as the key factor in an early-stage investment decision, when the investment comes from a female investor”.¹² Consequently, women entrepreneurs backed by women investors may struggle to raise additional funds from new investors – creating the ultimate double-bind in an investment landscape so laden with bias and discrimination. For those who secure capital from male investors, experiences of being misunderstood, unsupported or undermined by their own board and investors are a common theme – with anecdotal evidence suggesting gender disparities in the rates of and reasons for women founders being removed as CEO of their own company and replaced by male CEOs.¹³

The consequences of these trends are significant. Women founders, as a general cohort, are facing an uphill battle to participate and lead in the new economy. They face obstacles at every step of the way, and those obstacles are even greater for those who face further structural inequality due to the intersections of their identity and background.

To achieve gender equity in the new economy, and see the sustainable growth of women-led startups across NSW and Australia, a systemic approach to removing barriers and achieving structural and social change is required. We cannot continue tinkering at the edges of the issues, with programmatic responses aimed at building the capacity of women, rather than building the capacity of the ecosystem to simply back them. Every part of the ecosystem has a role to play in driving this change – entrepreneurs, investors, accelerators, government, universities, corporate customers, advisors, and supporters. No single actor or institution will solve these issues alone. But through a concerted collective effort, genuine changes can begin.

LIFTING OUR GAZE

Local and Global precedent for best practice

To inform our recommendations, the IRG sought to examine a range of Australian and international examples where a systemic-approach to tackling inequity in startups had been deployed. While a further comprehensive international review and deep dive into examples of best practice is required, these preliminary inquiries have surfaced useful insights on precedent setting investment and ecosystem development models.

Groups consulted as part of the IRG's early efforts to "lift our gaze" included:

- **Impact Investment Exchange (IIX)** – impact investment and global sustainability leader, and leader of the Orange Bond Initiative (the world's first portfolio of gender equality bonds)
- **DFAT's Gender Equity Branch** – leading the successful Investing in Women program and informing the Emerging Markets Impact Investment Fund to apply a gender-lens across all DFAT investments
- **First Nations Capital** – a national Indigenous-led organisation that builds investment readiness and designs the right capital solutions for Indigenous businesses to thrive
- **Global Impact Investment Network** – the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world
- **Impact Investment Australia** - growing the market for investments in Australia that deliver measurable social and environmental benefits alongside financial returns
- **Criterion Institute** – a non-profit think tank that works with social change-makers to demystify finance and broaden their perspective on how to engage with and shift financial systems
- **Callaghan Innovation** – New Zealand's innovation agency, providing Research and Development services, funding & training to help businesses grow faster

Our discussions with this range of experts – both in formal IRG meetings and in informal out-of-session consultations - highlighted common goals of changing the financial, structural and cultural systems impacting women entrepreneurs, and building inclusion into the baseline of funding initiatives. Where best practice was evident, the application of a gender-lens was holistic and systemic, rather than being limited to an individual investment structure.

GLOBAL BEST PRACTICE, HERE IN AUSTRALIA

Of particular interest to the IRG was the standard being set right here in Australia by the Gender Equity Branch within the Department of Foreign Affairs and Trade. The branch oversees all investments from within DFAT, and is responsible for setting targets across the agency on how to embed gender equity mandates in everything they do. Rather than an after-thought, gender-equity is the priority lens for all activities and investment within the agency. Under the mandate of the Gender Equity Branch, all new investments valued at \$3 million and above must have gender equality as a significant objective and 80 per cent of investments by the agency are required to demonstrate that they effectively address gender equality in implementation.¹⁴

This mandate has been delivered through a range of investment and funding vehicles over the course of the past seven years. The benchmark for global excellence has been set via the Investing in Women program, which has taken an ecosystem building lens when it comes to creating capital markets for investing in women. Beyond simply injecting funding for gender-lens investment, the \$102 million Investing in Women initiative (2016-2023) delivered a body of work in Southeast Asia to improve women's economic participation as both employees and entrepreneurs, and influence the enabling environment to promote women's economic empowerment. In particular, the initiative involved building a gender lens investing ecosystem – through market building and a 'fund of fund grant program'.

The market building efforts of the program enabled the awareness and capacity building of the capital allocators and fund managers globally through investor networks, its flagship 'Gender Lens Investing Fellowship Program', industry frameworks and research reports. Complementing this global market building efforts, the program's 'fund of fund' catalysed 11 equity and debt funds through several innovative blended finance structures such as feasibility grants, first-loss, side-car syndicates, and revolving facilities. These 11 fund managers invested in over 80 women's startups and SMEs leveraging over half a billion dollar of private sector capital for gender lens investing.

The fund of funds model is of particular interest to the IRG, as a demonstration of how government funding (in the first case, grant funding) has been used to mobilise private capital to invest in women-led enterprises. The allocation of funding from DFAT to a mix of investment vehicles including angel investors, venture capital funds, and non-banking financial institutions not only ensured greater flows of capital to women entrepreneurs across the spectrum of business models, but was also used as a lever for capacity building the gender-lens investment capabilities of those receiving DFAT funding to deploy. Taking a 'Capital plus' approach the funding was accompanied by Technical Assistance provided to fund managers, to conduct gender-lens gap analysis on their own systems and processes, and design activities to resolve those gaps. Further, several women's startups and SMEs incubation/acceleration program were structured and supported, with the key condition of follow-on investments post entrepreneurs' capacity building, which is often a missing piece in many similar initiatives globally. The provision of this assistance has led to: 1) Awareness of the 'business-case' for gender lens investing in the region and launch of several women's focused debt and equity focused funds (independent of DFAT's support); 2) Improvements in the diversity of leadership and investment teams, leading to strong improvements in their gender-lens investment practices; and 3) Economic growth and job creation through increases in active participation of women in the economy.¹⁵

The success of the first 7 years of the Investing in Women program has resulted in the announcement of a new five year phase of the program in the 2023 Federal Budget,¹⁶ focused on continuing to improve access to capital for women-led or owned businesses, and increasing women's workforce participation through influencing gender norms and exploring more affordable childcare options in the region. DFAT has also committed to developing a new International Gender Equality Strategy to help boost economic resilience and make the region more secure and inclusive.

The impact of this work within Investing in Women influenced the development of new investment vehicles by DFAT. For example, development financing mechanisms deployed by DFAT under their Emerging Markets Impact Investment Fund (EMIIF) provide a relevant model for how government can structure a sustainable investment vehicle, which can then catalyse fund managers with a gender-lens investment mandate (or other development mandates). This model incentivises private sector co-investment, and multiplies the impacts of government's contribution by growing the gender-lens investing (GLI) market and increasing the volume and impact of private capital flowing to women-led ventures. Critically, the EMIIF model includes sidecar funding for a Technical Assistance Facility which provides advice and capacity building for both the funds and the ventures they invest in, offering expert advice in a range of areas, such as how to find and expand into new markets, take advantage of digital technologies or invest with a gender lens. Early impact evaluations of EMIIF indicate this model has demonstrated the ability to drive market development and successfully deploying catalytic investment to grow a targeted investment ecosystem in Southeast Asia.¹⁷

With the rest of the world already looking to DFAT's work as a global standard in gender-lens investment and ecosystem/market building led by government, the opportunity for Australia to consider applying the same approach to our domestic investment thesis and activities is apparent. i.e. If Australia can apply an 80 per cent target for addressing gender inequality across all foreign aid investments, why not apply the same target for domestic funding? This is the kind of systemic change and policy leadership the IRG is eager to see government and industry pursue in partnership.

RECOMMENDATIONS

The opportunity for government to drive systemic change

This interim report highlights the urgent need for action and investment from the NSW government, to activate the critical economic growth opportunity that exists in backing women entrepreneurs.

To unlock this massive driver of economic growth and innovation, certainly requires a concerted, long-term, cross-sector effort to address and remove the complex barriers impacting on women entrepreneurs. However, there are clear opportunities for the NSW Government to set the standard, and play an integral role in driving systemic change for women-led startups in NSW. While government alone cannot solve all the challenges impacting women entrepreneurs, government can implement key levers of change, by taking a systems-approach to strategic intervention.

As an interim report, this paper does not offer solutions for the entirety of barriers presented, but instead focuses on a series of actions that would enable government specifically to have a direct impact on the gender gap in startups and technology. These actions include immediate opportunities that can be implemented and tested right away, as well as longer-term actions that can be explored and developed over the coming financial year/s, for implementation in partnership with industry and other levels of government, as part of future budget cycles.

Our recommendations are framed across three horizons:

HORIZON 1 – Setting the standard: Positioning government as an exemplar for gender-equity and inclusive innovation by establishing guiding principles within government, embedded by a framework that enables gender-lens investment across all mainstream government funding and programs targeting the innovation and startup economy. The principles and enabling framework should be supported by clear, measurable targets, and held accountable by the formal appointment of an Industry Reference Group modelled on the Women's Entrepreneurship IRG.

HORIZON 2 – Road-testing within: Implementing the above principles and framework across a range of key funding initiatives – including existing and new programs – to test, validate and iterate the application of the principles within mainstream government investment.

HORIZON 3 – Scaling the impact: Once the new approach has been demonstrated and validated within key programs, government will have the opportunity to scale its impact, both by expanding the vision and framework across all areas of government funding and investment, and by incentivising industry to adopt the same gender-equity lens within their investment thesis, operations and programming.

Through these recommendations, the IRG implores a commitment to long-term thinking – akin to the ancient Indigenous philosophy of Seventh Generation Thinking – in order to set a future vision that will drive sustainable, systemic change and deliver impact that will outlast us all.

HORIZON ONE – SETTING THE STANDARD

The IRG recommends government start within, to position government as an exemplar for gender-equity and inclusive innovation, and provide the settings for impact across all government activity.

Over the past decade, across Australia, government investments in supporting women entrepreneurs have been made in isolation of the broader investments in innovation, science, technology and industry growth across key economic portfolios. While successive governments nationwide have committed funding to specific programs to support women founders, the budgets for these programs have paled in comparison to the overall multi-billion-dollar government investments in research, innovation and commercialisation – where no changes have been introduced to ensure equity and inclusion was embedded into this broader pool of mainstream investment.

While targeted investments into specific programs to boost the level of funding and support available for women founders remain necessary to drive an immediate stimulation of activity in response to the pervasive under-representation of women in the ecosystem, this approach is not going to move the needle in the way required to deliver systemic change drive major economic stimulus. The bigger opportunity lies in applying a gender-lens to all innovation, startup and commercialisation programs and investments across the economic portfolios.

Given the precedent set by the DFAT model, where the Gender Equity Branch oversees a mandated 80 per cent target for gender equity outcomes across all of the agency's foreign aid investments, there is a clear opportunity for NSW to lead the way in applying this kind of mandate to domestic funding and programs. With the NSW Government already exploring gender responsive procurement and applying gender impact assessments to new funding proposals, there is strong alignment between this recommendation and the current direction of economic policy.

To enable this critical shift in the whole-of-government approach toward funding for startups and innovation, the IRG recommends the following first steps:

1. Set the Standard...

- Establish a set of inclusive gender-equity principles to guide government investment and grant programs targeting the startup/scaleup environment, ensuring a gender-lens is applied and mandated in the development and execution of any programs aimed at boosting startup initiation, accelerating development and growth.
- Specific consideration must be given to intersectional barriers and the interventions required to remove them, acknowledging that not all women are starting in the same position or facing the same set of conditions to overcome. To create inclusive gender-equity principles, such intersectionality and diversity of experience and circumstance must be accounted for in the governance, design and implementation of the principles and framework, with constant measurement and experimentation loops to allow for continuous improvement.
- Develop clear targets for gender equity in access and in allocation to be applied to major grant and investment programs, to ensure measurable outcomes will flow from these guiding principles, with transparent reporting by government as an exemplar to industry.
- Formalise the appointment of an Industry Reference Group – modelled on Women's Entrepreneurship IRG and DFAT's Gender Equity Branch – to ensure these standards are informed by, developed with, and overseen by experts in the field, acting as an advisory group to government with responsibility for oversight and input into the guiding principles, the enabling frameworks and their application as a mandate for government programs.
- Authorise and resource the group to provide a layer of inspection and accountability on both the implementation and execution of a gender-equity mandate to funding decisions, ensuring integrity and sustainability of impact, and offering recommendations to improve the overall experience of women founders interacting with government programs and policies as new insights arise.

2. Provide the roadmap...

- Commission a formal body of work to be undertaken by the formally appointed IRG, to build upon this interim report and develop a blueprint for creating an inclusive innovation economy.
- This should start with a discussion paper for ecosystem-wide consultation on the IRG's preliminary findings and recommendations, and be accompanied by a deep dive into international best practice across other jurisdictions in order to benchmark our current and future state against global trends.
- The outcome of this work should be a formal report on the state of women's entrepreneurship in the NSW innovation economy, offering a comprehensive roadmap for unlocking the economic growth that could be delivered by investing in women.

HORIZON TWO - ROAD-TESTING WITHIN

The IRG recommends government embed this new gender-equity framework and principles within a series of key programs, to establish and test the models (before scaling across government and incentivising industry to match).

The NSW Government has a range of mainstream existing programs targeting startups, which provide a clear pathway for applying a gender-equity mandate and implementing the guiding principles and framework. Furthermore, as the government explores opportunities to direct further capital to address market failures and stimulate economic development via the new economy, the gender-equity principles and framework should be applied, to direct market building activities and incentives toward a far more inclusive growth model, as we've seen driven by DFAT. As an ideal starting point, the NSW Government has the opportunity to demonstrate this approach by applying a gender-equity lens to the existing programs and policy as an immediate lever of change.

To begin with, the IRG recommend the NSW Government:

- Apply the gender-equity principles to the NSW Government's Grants Administration Guide, to embed the gender mandate within this key administrative instrument
- Apply the gender-equity principles to social impact investing and procurement, and ancillary support services designed to boost startup development.
- Select an existing source of capital available for early stage founders in NSW – such as the MVP ventures program - and develop a revised set of guidelines and criteria, to be applied in next annual funding round for the program, aimed at driving more inclusive funding outcomes and ecosystem development.
- Initial changes would be informed by the guidelines, but could include implementing a 50/50 gender equity target along the entire pipeline, applying to both the application pool and the allocation of funds, under for the MVP Ventures grants in NSW. Sub-targets within this should also be considered to ensure intersectional access to funds, across the diversity of women startup founders.
- To support these targets, the IRG recommend inspecting the current guidelines, criteria and application and assessment processes for specific barriers to access for women entrepreneurs.
- For example, where programs like this require applicants to demonstrate private match-funding to secure government funds, consideration must be given to the fact that women face much higher barriers to accessing private funding (as highlighted in this report) and therefore will be immediately structurally disadvantaged in the market, when it comes to meeting match-funding criteria.
- Testing program requirements and processes for these kinds of underlying biases and barriers will be critical to ensure women in all their diversity can equally benefit from and contribute to the government's larger investments in startups, innovation and the new economy.
- In addition to shifting guidelines and criteria based on such evaluations, consideration of further market development activities should be made to ensure women are aware of, ready for and able to access such grants. If they are not, further interventions and activities should be developed to remove barriers for women along the pipeline to and from funding.
- Where the government looks to support the broader ecosystem with funding for investors, accelerators or other market making and market development actors, a direct and clear mandate for gender-equity must be applied, measured and reported on.

IRG deliberations have centred on exploring what models of government finance are best suited to filling the gap in the current investment landscape. We have considered direct funding via equity investments, match funding, bonds, grants, blended capital, and market building approaches, and have identified models with the potential to drive lasting change across the investment landscape. Regardless of which model of finance government deploys or incentivises through funding mechanisms, it's clear government can have a broader, more sustainable impact if it takes a market building approach, rather than simply offering further direct funding to startups.

The development financing mechanisms deployed by DFAT under Investing in Women and EMIIF provide a relevant model for how government can direct investment into a range of funds, which can then deploy capital with a gender-lens investment mandate to a broader selection of ventures. The use of sidecar funding for a Technical Assistance Facility provides advice and capacity building for both the funds and the ventures they invest in, is an additional element worth considering to deliver successfully market development for gender-lens investment in Australia.

To drive similar outcomes across the investment landscape in NSW, the IRG recommends further exploration and testing of the following models for government investment in market development:

- Development of a fund-of-fund model that enables government funding to be leveraged to accelerate the reach and density of emerging funds that are leading the way on gender and diversity-lens investing, to prove the value of their investment thesis in this market.
- Through a fund of funds model, government funding can be used to catalyse further private funding, with the potential to engage not only VC and angel investors, but also institutional funders, corporate funders, family offices and high net worth individuals, foundations and impact investors.
- The fund of fund model also means government funding can be deployed to multiple investment vehicles – not just to the gender-lens investment leaders, but also to those not yet leading but willing to change to create more equitable funding experiences in the market - with conditions applied to assist in their transition.
- Work with the IRG to design a due diligence process and new forms of 'archetypes' to be tested by such fund partners, aimed at changing the experience of women founders accessing capital and designing a process that works in their favour.
- Set up or appoint (via RFP) a Technical Assistance Facility (TAF) to support the funds to develop and implement a best practice diversity-lens within their investment thesis, and develop mature approaches to internal DEI strategies.
- Set in place a measurement and reporting framework, leveraging global best practice in impact measurement for gender equity (i.e. GIIN, 2X Global, Investing in Women methodology) that enables the demonstration of value over time from the application of a gender-lens and associated new processes and capacity building services.

Where to start...

- The NSW Government has the opportunity to commence this approach by establishing a new investment vehicle, and directing it toward establishing a fund-of-funds to support gender-lens investment market building in NSW.
- Funding should be allocated with a direct mandate for the fund of funds to adopt a 'gender lens investing' approach that will support existing and new funds to deploy capital in ventures that are led by and/or positively impact women.
- A deep evaluation of the current gap in the investment market for women entrepreneurs should be done to quantify level of government and private sector investment required to achieve equitable funding access for women entrepreneurs within the next ten years.
- This should be done in consultation and partnership with the investment sector, to identify opportunities for funds to not only prepare for and engage with this investment from government, but to partner in its development and share the responsibility for shaping and supporting the market development process. The IRG would be a clear conduit for driving such engagement and the convening of investment leaders with policy makers.

HORIZON THREE – SCALING THE IMPACT

The IRG recommends the government take a whole-of-government approach to embedding levers of change within all funding programs, to incentivise and enable higher levels of DEI maturity across the ecosystem.

Driving diversity, equity and inclusion in the startup ecosystem is about more than boosting women's access to funding. Challenging cultural bias and inequality within the ecosystem requires deep social change, which is likely to take generations to achieve. However, Government can play a role in triggering action across the broader ecosystem, encouraging mainstream funds and ventures to invest in diversity and inclusion within their own businesses, as a precursor to accessing government funding or support. This presents a genuine opportunity to make a direct impact on the gender gap in startups and technology, by ensuring all programmes funded by government take a proactive approach to gender equality and broader diversity, whether they are specific programmes for women or not.

The IRG recommends the following whole-of-government policy adjustments to create levers of change:

- Where mainstream government funding is available to boost innovation, research commercialisation, startup development or the investment market, embed requirements for applicants to meet set standards on DEI within their own operations to demonstrate eligibility.
- Where eligibility is not met (for example, where an applicant has a complete lack of diversity across their business leadership, boards and shareholders), government should apply additional requirements for the applicants to improve DEI maturity, before being eligible for government funding.
- Rather than simply rejecting such applicants, government can and should offer programmatic, funded capacity building support to applicants (via a Technical Assistance Facility), to assist them in lifting the bar on DEI within their own businesses, and set payment milestones aligned to achieving those DEI improvements.
- Applying this same standard to all grant recipients (regardless of gender) as a lever of change to encourage and enable greater diversity and inclusion across the ecosystem as it grows.
- Consideration must be given to the ensuring such DEI services offer best practice in approaching diversity within an intersectional lens, and understanding the need for complex programmatic approaches within individual organisation to driving meaningful change (i.e. not limiting DEI maturity uplift to surface level improvements via one-off workshops or recruitment campaigns).
- Before introducing this approach, government – via the IRG – should run deep engagement with the broader ecosystem to build readiness and support for this model of systems change within a mainstream government grants program (a process that should be kickstarted in Horizon 1 via the discussion paper and industry consultations).

While this approach on the whole is recommended for Horizon 3, the NSW Government has the opportunity to first test and demonstrate this approach at Horizon 2, as follows:

- Applying such criteria within the MVP Ventures program, in the next round of funding (FY24/25).
- The new criteria must be supported by sidecar funding to establish a Technical Assistance Facility, to design and offer the DEI capacity building services to grant recipients required to improve their DEI maturity.

This approach provides a clear avenue for government to demonstrate that diversity, equity and inclusion is a non-negotiable for the future of the NSW startup and innovation ecosystem – and that government intends to play a capacity building role to incentivise such an inclusive innovation future for the state. By employing a blend of standard setting with capacity building, government can drive change across the system through a program of enablement rather than punitive action or regulation. This model encourages learning and growth, rather than simply turning people away if they are not fully formed in their DEI practices.

LOOKING OVER THE HORIZON...

While the steps outlined in the three Horizons above provide a direction for the NSW government to start working toward significant improvements for women in the NSW ecosystem, the IRG believes there is an even greater opportunity for systemic change if NSW were to initiate a more national approach. As the biggest contributor to the national economy, the IRG recommends the NSW Government catalyse greater national impact through collective action on a national strategy for inclusive innovation and entrepreneurship.

While the Australian startup ecosystem has grown tremendously in the past decade, it remains a small player in the global innovation race. To maximise the success and growth of this ecosystem, with inclusion as the core underpinning principle, a national approach is required. The establishment of the IRG by the NSW Government came as a response to the realisation that there is no clear representative body for governments or industry to engage with on these critical issues for the new economy. While there are industry bodies and membership organisations set up to represent the tech sector more broadly (i.e. The Tech Council and Australian Computer Society) and the investment industry (i.e. Australian Investment Council), there is no collective voice or expert body for driving inclusive innovation and growing investment for women and under-represented groups. Individual organisations that support these cohorts through programming, funding or networks, do not have the capacity or in-house knowledge to offer policy, research and expert advisory services to inform the 'standard setters' such as government and industry on how and why to build a more inclusive ecosystem. Informal groups of industry leaders have been formed regularly over the years to drive collaboration on specific initiatives (such as the collective development in 2018 of a Model Code of Conduct for the Australian Startup Community,¹⁸ or the most recent collaboration across funds and investors to drive transparency in investment outcomes for women under the Equity Clear initiative¹⁹). However these groups are focused on specific and targeted outcomes for the ecosystem, not on shaping a national strategy or informing government policy and partnership.

This is a critical gap that the IRG has sought to fill within the guardrails of the specific Terms of Reference tasked by Investment NSW. The NSW Government's considered engagement with ecosystem leaders via the IRG presents a valuable model of best practice in how government and industry could partner to build a more inclusive innovation agenda, and the opportunity to establish a formal body to provide this kind of collective knowledge, leadership and advice on an ongoing basis. To scale this model, and permanently fill this void, members of the IRG are already exploring the potential of developing a formal independent body, highlighting the clear value identified in building a collective voice on inclusive entrepreneurship for the ecosystem, and the nation. Such a body would necessarily have the ability and remit to bring government and industry together, to develop and deliver a national strategy and generate collective impact. It would need to continuously inform policy and investment principles, partner on research and international efforts for systems change, offer advocacy and support for women entrepreneurs and advise the ecosystem on best practice for building equity and inclusion across the Australian innovation landscape.

Given the leadership of the NSW Government in establishing and engaging with the IRG, there is a great opportunity to showcase the outcomes of the IRG on the national and international stage, and encourage development of a national strategy, and a national body, through the following avenues:

- At a Ministerial and Departmental level, the NSW government can approach Federal and State counterparts to share learnings from the preliminary work of the IRG, and propose the Commissioning of a further report be a shared national initiative between industry and governments, with the goal of preparing a National Roadmap for Women's Entrepreneurship – rather than isolated state-based strategies.

By engaging with other jurisdictions, and supporting a collaborative national approach, the NSW Government can play a leading role in demonstrating that governments across the country are united in their ambitions and approach to harnessing the economic stimulus of investing in women, and building an inclusive innovation economy.

APPENDIX 1

Women's Entrepreneurship Industry Reference Group members – Bios

Nicola Hazell (Chair) - Nicola Hazell is a social innovator, board director and tech ecosystem leader committed to placing gender equality at the centre of the global innovation agenda. Through her company, The Sunshine Effect, Nicola partners with organisations and leaders of change, to drive inclusive innovation and achieve social impact at scale. With a 20-year career spanning technology, government, journalism and civil society, Nicola traverses the gap between practitioner and policymaker, and has ventured from the frontline of start-ups to the heart of big tech in an effort to drive change. As Global Inclusive Innovation lead at Amazon Web Services, she led development of a specialisation supporting organisational leaders to embed inclusion into the baseline of innovation. In the start-up environment, she has been a key contributor to building a more inclusive ecosystem, including as Founding Director of the award-winning SheStarts accelerator for women-led ventures. She remains a trusted advisor to a portfolio of women-led tech companies and holds various board and advisory positions across government and the non-profit sector. She is a Ministerial appointee to the Federal Government's Entrepreneurs Programme Committee, Non-Executive Director on the board of International Women's Forum Australia, and strategic advisor to Advance, the Global Australian Network. She has previously served on the OECD's Expert Advisory Group for Digital Transformation, the board of Australian non-profit The Parenthood, and the Advisory Board of the Sydney School for Entrepreneurship.

Dr Amandeep Hansra - Dr Amandeep Hansra is a practising GP and an expert in digital health and innovation. Alongside her clinical work, she holds a number of roles across Australia's innovation ecosystem, including as an investor, board director, advisor and founder, spanning a range of firms, projects and ventures. Amandeep is Co-founder of Australian Medical Angels, one of the world's largest syndicates of angel investors in the medical space, holding the largest portfolio of digital health and medical device companies out of all the early stage investment groups in Australia with over 25 portfolio companies and a network of 900+ investors. She is also the founder of Creative Careers in Medicine, an organisation with 20,000 members, that supports doctors in navigating careers off the beaten path. Amandeep was most recently engaged by Main Sequence Ventures to bring her nearly two decades of clinical experience to her approach in selecting impactful companies for investment in the health sector. She is also the Program Director for the Australian Clinical Entrepreneur Program (AUSCEP), an initiative started by the NHS in the UK and now being piloted across NSW, Victoria and WA. The program has helped 120 clinicians commercialise their innovations and research and learn key entrepreneurial skills. Amandeep's current board and council member roles include the AMA NSW council, board director of ACHSI, board director of Molemap AU/NZ, and board director for Healthdirect Australia. She is the immediate past Chair of Coviu Global, a data61 company spun out of CSIRO and continues to act as a Digital Health Adviser for the Australian Digital Health Agency.

Adjunct Professor Sarah Pearson - Sarah Pearson has extensive global executive leadership experience spanning C-suite roles in the public and private sector, working for leading brands such as Cadbury & McKinsey, and she has represented Australia globally as Chief Scientist and Chief Innovation Officer at DFAT. Sarah has extensive experience building innovation ecosystems, both nationally and internationally. Her current portfolio of roles includes Director at RACQ and RFDS QLD, member of the ANU Council, Adjunct Professor at UQ, and she sits on Investment Committees and Boards responsible for ~\$1Bn of Venture Capital globally. Her passion is to leverage emerging tech & innovation to accelerate economic growth, disrupt disadvantage, address global challenges, and leave no one behind. For many years she worked with schools and through the media to encourage young women into studying science. She holds a PhD in Particle Physics from the University of Oxford, is the author of eight international patents, for cancer diagnosis and novel confectionery, and is a Fellow of the Australian Academy of Technology and Engineering.

Danielle Owen Whitford - Danielle Owen Whitford is a corporate executive turned entrepreneur who has spent her career leading change within organisations to create more inclusive, high-performing, healthy workplaces. As founder and CEO of emerging tech company, Pioneera, Danielle and her team of technology, psychology and organisational change professionals work with companies across Australia to prevent burnout, reduce stress and promote employee wellness. Pioneera's world-first solution uses artificial intelligence informed by evidence-based psychology, to identify signs of workforce stress and burnout and provide tech-assisted early intervention. Ahead of its time, Pioneera is now the only product in the market that can provide real-time mental health data to meet new safety regulations and ESG reporting requirements. Danielle developed this unique technology after spending decades in corporate leadership roles responsible for managing the impacts of organisational transformation on large groups of employees. She saw and experienced first-hand how poor employee well-being can lead to individual burnout and impact broader organisational performance and was motivated to create Pioneera.

Olympia Yarger - Olympia Yarger is the CEO and Founder of Goterra, a Canberra-based waste management infrastructure company. She is a founding director of the Insect Protein Association of Australia and has been a significant leader in the development of the industry globally. Her work was recognised when a new species of fly discovered by the CSIRO was named after her.

Kristal Kinsela - Kristal Kinsela is a proud and passionate Indigenous business leader and owner who is an expert at connecting people and moving them into action. Through determination, resilience and hard work, Kristal built her own professional career and then a multi-million-dollar consultancy business. Today, she channels her experience and energy into helping others succeed. A descendant of both the Jawoyn and Wiradjuri nations, Kristal brings her personal story and over 16 years of business expertise to every project. She has worked with well-known global businesses and every level of government to drive their supplier diversity efforts, helping them develop procurement plans, up-skill their teams and have a positive impact on their communities. Kristal authored the first book published in Australia on Indigenous business procurement, *Supplier Diversity How*, based on her proven approach. It is the ultimate guide on supplier diversity, outlining five simple steps to follow. Kristal's grounded approach and winning attitude make her the ideal partner and expert advisor for any organisation determined to achieve more.

Prachi Maheshwari - Prachi is a multidisciplinary professional with over 15 years of experience working in various industries across Asia Pacific. She served as Deputy Director for the Australian government's 'Investing in Women' program, managing a portfolio of industry networks and financial intermediaries to build a gender lens investing ecosystem in Southeast Asia and advance gender lens investing globally. Prior to that, she was AVP at Intellectap, leading private sector development where she consulted corporates, government agencies, and investors in several Asia and East Africa markets. Prachi also gained valuable experience in the technology sector with Nokia and Tata Consultancy Services in various strategy and operations roles. Her qualifications include an MBA degree with a focus on finance and strategy from the Asian Institute of Management in the Philippines and a bachelor's degree in Mechanical Engineering from India.

Kate Glazebrook (IRG role-share with Danielle Pinkus) - Kate Glazebrook is Operating Principal and Head of Impact at venture capital firm Blackbird, where she focuses on growing and championing the portfolio's positive impact on the world. She's also Co-founder, Director, and former CEO of Applied, an award-winning tech platform that redesigns the hiring process to remove bias and help teams find the best candidate for the role, regardless of their background. Prior to founding Applied, Kate was Principal Advisor and Head of Growth and Equality at the Behavioural Insights Team. Kate has also spent time working in the UK Treasury, the US Senate Finance Committee, UNESCO in South-East Asia, and the Australian Treasury. Kate holds a Master in Public Policy degree from the Harvard Kennedy School of Government, and a first class honours degree in Economic and Social Sciences from the University of Sydney. In 2019, Kate was awarded the Advance award for Science and Technology, and in 2021 was identified as one of the 100 top innovators in Australia. In addition to the Applied and Tracksuit boards, Kate sits on the Advisory Board for Tripple Ventures, and is a Venture Partner at Ada Ventures focusing on social impact and spent over 3 years as a trustee for the Blueprint for Better Business.

Noga Edelstein - Corporate lawyer turned entrepreneur and investor, Noga Edelstein has experienced every stage of the start-up lifecycle from inception and launch to funding and exit. She co-founded on-demand home services startup UrbanYou, which scaled rapidly Australia-wide to secure leadership of one of the largest technology-disrupted markets, consolidated the industry with three M&As, and successfully exited via trade sale. Now an early-stage investor, Noga is a Venture Partner at Black Nova VC and an Investor and advisor at Tractor Ventures. Her insight into the startup journey and ability to work hands-on with early-stage founders has seen her mentor 100s of startups at Australia's leading accelerators including Startmate and Founders Institute. She served 5 years on the Board of SBE Australia which supports women-led business and boasts a proven track record of 85% of alum going on to raise capital, and Noga continues to support SBE as a Lifetime Ambassador. Before founding UrbanYou, Noga worked at top-tier law firms in Sydney and London and was General Counsel at Yahoo!7.

Professor Danielle Logue - Professor Danielle Logue is Director of the UNSW Centre for Social Impact and Professor of Innovation & Impact at UNSW Business School. Danielle's research portfolio examines how enterprises and markets engage in processes of social innovation. Recent projects investigate new forms of organising, governing, and financing to address social and environmental problems including impact investing, civic crowdfunding platforms, social stock exchanges, social impact bonds, and social enterprises. Danielle has led major external research contracts including for the Department of Foreign Affairs and Trade, Department of Social Services, and the Wayside Chapel. She is currently Chief Investigator on an Australian Research Council Discovery Project examining impact investing markets and gender equality. Prior professional experience includes industry and innovation policy, business and international development for organisations such as the World Bank, and Australian Federal and State Departments of Industry. She completed a Doctorate of Philosophy and Master of Science at Saïd Business School, University of Oxford.

Steve King - Steve King is the Director of Business Impact for Atlassian Foundation, Program Lead at Pledge 1% in APAC, co-founder of the Jessica King Founder Fellowship, and startup advisor for the Remarkable Tech accelerator program. Steve and his late wife Jessica King were cofounders of a startup called abil.io, a transport and navigation app that enabled people with disability to move throughout the city. abil.io aimed to make the world accessible, to equalise independent access to life. Steve established the Jessica King Fellowship in memory of his wife, providing aspiring entrepreneurs with disability (EwD), or those intrigued by entrepreneurship, the opportunity to explore the world of startups.

Fiona Harrison - Fiona Harrison is a proud Wiradyuri woman of the Galari (Lachlan River) on the Central Tablelands of New South Wales. Fiona established her social enterprise, Chocolate on Purpose, ten years ago to help support Community and as a way of healing from her complex post-traumatic stress disorder. Chocolate on Purpose offers a fusion of the finest Belgian chocolate and the best of Australian native botanicals. Fiona uses Wiradyuri language in her chocolate descriptions and on social media to garner positive attention. Her business model aims to address the ethical issues of the industry by sourcing sustainably grown palm-oil free chocolate, contributing to the eradication of child forced labour and raising cacao farmers above the poverty line. Fiona was the recipient of 2021 Emerging Entrepreneur of the Year at the Women's Agenda Leadership Awards, and 2023 Finalist in the Telstra Best of Business Awards, for her role in building an Indigenous led supply chain to empower 'her mob'. Fiona wants her actions of social entrepreneurship to grow and create an even bigger impact. Within five years, she hopes to obtain co-funding to purchase land on Country to create a place of total immersion in the aromas, flavours, colours and ancient wisdom of Indigenous Australia – to facilitate experiential learning, healing and reconciliation. In ten years, she pictures this as a thriving Cultural centre. Fiona believes every successful First Nations business breaks down the stereotypes of Indigenous people a little more. It makes her very happy for her business to contribute to that.

Usman Iftikhar - Usman Iftikhar is the co-founder and CEO of Catalysr, an award-winning startup incubator in Australia, which empowers migrant and refugee entrepreneurs (aka migrapreneurs) to launch their own startups. Since 2016, Catalysr has supported 750+ migrapreneurs to learn about and launch their own businesses. Catalysr's work has been recognised in the joint UNCTAD, UNHCR and IOM policy guide on entrepreneurship for migrants and refugees, which was co-launched by Usman Iftikhar at the UNCTAD World Investment Forum 2018 in Geneva, Switzerland. Usman is also a co-chair of the Program Design and Delivery working group at the Global Refugee Entrepreneurship Network, run by Centre for Entrepreneurs (CFE) UK. Usman is also currently a venture partner at Backbone Partners, which is an early-stage VC fund for immigrant entrepreneurs in Australia. Usman is a 2020 Stanford GSB alumnus, a 2019 Obama Leader, an EHF Fellow, WEF Global Shaper, 2019 Westpac Social Change Fellow, 2018 AMP Tomorrow Maker, Singularity University's GSP 2017 Fellow, and a Young Social Pioneer alumnus at FYA. In 2018, Usman was named the 2018 Commonwealth Young Person of the Year by HRH Prince Harry among 1.4 billion young people living in the 53 Commonwealth nations. In 2019, he was named as one of the top 50 on Kochie's Business Builders Power list with Google, on Smart Company's 30 under 30 list, and also won the Western Sydney Leadership Award for Entrepreneurial Achievement. In 2020, Usman was declared a winner in the 'Entrepreneurship' category, for the 40 under 40 Most Influential Asian-Australian Leadership Awards. In 2021, Usman was also given the prestigious Western Sydney Champion award by the Committee for Sydney.

Danielle Pinkus (IRG role-share with Kate Glazebrook) - Danielle Pinkus is the Head of Community at ANZ Venture Capital fund, Blackbird. Her work at Blackbird encompasses three core pillars; talent (helping our portfolio hire great people), ecosystem (supporting more people to found or join startups) and founder experience (supercharging the portfolio with everything from resources to events and connections). At Blackbird, Danielle was involved in creating the Startmate Women's Fellowship - an initiative to increase women's employment in technology. She started her career in journalism, working at women's lifestyle magazine titles and was an early employee at Future Women, an organisation committed to making gender equality a reality at work.

APPENDIX 2

WOMEN'S ENTREPRENEURSHIP IRG GUIDING PRINCIPLES - OUR COMPASS

Guiding principles underpinning our work together...

- Lead with humility & curiosity - We approach this work with an open mind, a thirst for continuous learning, a curiosity for what we might discover, and a determination to create best practice through this process of knowledge sharing and experimentation. We recognise our own unconscious biases and seek to address them in our work together.
- Don't fix women, fix the system - We approach our work with the goal to empower women, to unlock their potential. To do so, we focus on fixing the system and removing the barriers that impact women-led businesses. Women are not the problem; the system is what needs to be fixed.
- Inclusion-first - When looking at problems and ideating on solutions, we take an inclusion-first approach, ensuring we consider intersectionality as a starting point, so solutions do not serve to further entrench inequality or exclusion of under-represented groups in our community.
- Remove barriers, don't reinforce them - We will meet people where they are, and explore cohorts that don't identify with the dominant definition of 'startup founder' or 'entrepreneur', recognising that those who require support to grow innovative businesses don't always operate within the defined 'startup ecosystem', where this language and culture can be a barrier to entry. We will challenge classifications and broad definitions commonly used in the investment and startup environment, to pursue a focus on skills, capabilities and outcomes – rather than pattern matching for 'startup founder characteristics' - among founders and investors.
- Do no additional harm - Intentionality, consideration and empathy are critical in such human-centred work, to ensure we do no additional harm or re-traumatise individuals through the experience of being connected to this work and the potential solutions that may result from it.
- Collective leadership - The potential of this work and the outcomes it seeks to achieve will not be realised through individual leadership, but from a collective of people coming together to learn, to build and to create lasting change in the world.
- Share to scale - No one group or government can 'fix' the lack of diversity, inclusion and equity in tech and entrepreneurship. As we develop and test new solutions, we have a key commitment to sharing the learnings and fostering collaboration, so we can scale our impact with others.
- Think long-term - While we aim to identify actions that can be taken today, we commit to long-term thinking, to drive sustainable systemic change and deliver impact that will outlast us all.
- No substitute for substance - We're not here for the headlines, we're here to deliver results. And the only true way to know the work is making an impact is to be data-driven in our recommendations and invest in continuous measurement and review.
- Respect and integrity are non-negotiable - We hold integrity and respect above all else when working with each other, and with any other contributors we engage with. If these principles are compromised, we must call it out and take action. We encourage respectful, healthy debate; lean into the discomfort and avoid an echo chamber of ideas.

APPENDIX 3

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