

Local Government Action Plan

To build a more inclusive govtech ecosystem

Local governments and their communities stand to gain tremendously from the action steps outlined below. Each strategy aims to help local governments be more inclusive with their procurement of, and support for, underrepresented entrepreneurs — particularly in the broad sector of government technology (or govtech). Local governments are charged with meeting the challenges of their diverse communities, and who better to meet those challenges than the entrepreneurs who come from them. Being more able to partner and work with govtech startups means better service provision and often much more affordable solutions meeting more specific needs of each government and each community.

Entrepreneurship means new, high-paying jobs in the local communities they come from. And underrepresented entrepreneurship means new ideas and creative approaches to both new and old problems. Local governments, by encouraging the growth of the government technology ecosystem stand to benefit the operations of their government, their diverse group of community entrepreneurs, and local governments across the country that may benefit from their local innovations and lessons learned.

This set of strategies and the examples came out of six lengthy group conversations among a Task Force assembled by CivStart. The conversations were informed by a preliminary report prepared by CivStart and background research and knowledge Task Force participants brought to each conversation. The conversations were organized by the different actors in the govtech entrepreneurial ecosystem: local governments, investors, accelerators, established companies, nonprofits, foundations and research institutions, and finally, startups themselves. We asked of each actor, what they could do to better grow and support more underrepresented entrepreneurs in the govtech ecosystem.

The Task Force membership included members from each of the actors we discussed, former and current local government officials, and others knowledgeable about the govtech community, with a focus on representation across gender, racial, and other demographics participating in the conversations.

In the spirit of innovation, this is just Version 1.0. We will continue to update it as we encounter new examples, see these strategies tested, and learn more about what works and what doesn't. If you have any ideas or questions or would like to contribute, please reach out to info@civstart.org.

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More Inclusive Procurement

State and local governments can make several changes to the ways that they conduct their procurement and sourcing of technology solutions to be more accessible to new businesses, and businesses led by underrepresented entrepreneurs. Another related barrier is that small and local businesses, and startups can have difficulty identifying who, exactly the right people to talk to inside of government are, not just for potential contracting and RFP/RFIs, but even the necessary steps of registration and business establishment. A final concern with procurement is that government staff and elected officials are the ultimate decision makers and the people in the prime positions to activate the needed ecosystems to support underrepresented govtech entrepreneurs, but often those same elected officials or staff are experts in their respective fields, not in evaluating technology solutions or the needs of their entrepreneurs. Here are some action steps for governments to deploy to become more inclusive in their purchasing:



Challenge-based procurement models help save governments time upfront by clearly articulating a challenge, rather than needing to specify a solution's details. As one Task Force member explained, "I want to understand how people are moving through my downtown" rather than "I want a sensor system to detect footsteps." Importantly, it allows a wider range of potential responses to the proposal, including new and innovative companies that may solve the challenge in surprising and unexpected ways. City Innovate's STIR program resulted in over 50% of contracts going to innovators from underrepresented communities. One thing to keep in mind is that challenge-based procurement can remove some of the comparability between solutions in a way that specific RFPs allow, but for many applications, the benefits of a broader pool of innovative approaches outweighs this downside. Misalignment of the intent for procurement, and the decision-making over funding streams can often be a barrier to challenge-based approaches, so it's important to have buy-in at a high-level and alignment across decision-makers early.

Example: [City Innovate's STIR program](#) has many successful examples | A more comprehensive model that incorporates resident values and concerns directly is offered by [Boston's Beta Block's](#)

Next Steps: Double-check with procurement offices that challenge-based procurement is statutorily permitted. Then reach out to [City Innovate](#) or [CivStart](#) to try out a challenge-based procurement model.



Proofs-of-concepts, especially those that are paid, and have ambitions to scale toward larger contracts, can be important first steps in the door for underrepresented entrepreneurs and new businesses who may not understand or have the resources to navigate the traditional RFP procurement process. RFIs can also help assess a market interest toward RFPs, but add a time-delay to get toward a solution. Of course, not every function is eligible for a trial solution, especially core government services, but there are many aspects of

government service-provision and internal operations where small pilots can result in big impact for governments. These may turn into contracts, but they can also be useful for businesses to learn and adapt their products to better meet government needs.

Example: [Washington, DC's Smart Cities Initiative](#) | City Innovate's list of [successful proof-of-concept projects](#) executed through their STIR program

Next Steps: Identify some broad areas (especially within services or technology) that can be good first trials of a proof-of-concept approach. Then issue a challenge publicly. Organizations like [CivStart](#) and [UrbanLeap](#) can help ensure that these programs run successfully and many of the most innovative startups see your challenge.



Inclusive contractor practices and sub-contractor policies already exist in numerous state and local governments and can be a strong foundation to expand on. Governments can also relax or remove restrictive rules around hiring and contracting with formerly-incarcerated people, as these rules disproportionately impact Black and brown entrepreneurs.

Example: [Living Cities Culture, Collaboration, Capital Guide to Inclusive Procurement](#) | [Mobile, AL's Office of Supplier Diversity Support](#) | [City of Portland, OR Subcontractor Equity Program](#) | [City of Pittsburgh, PA](#) | [Anchorage, AK Office of Equal Opportunity](#) | [Jackson, MS Equal Business Opportunity Program](#)

Next Steps: Begin a plan to implement the best practices outlined in the examples. Organizations like the [Behavioral Insights Team](#) can help design these strategies. Procurement solutions like [GovLia](#) can simplify the search for minority-owned businesses.



An accessible "front door" for local businesses can help local governments ensure they are getting a wide range of responses to their RFI/RFPs, making these more competitive, fulfilling diverse contracting requirements more fully, and helping grow small and startup businesses who are providing innovative products and services to local governments and their residents. This should have resources for small businesses, as well as engaged, influential, and informed individuals who can facilitate these onramps and help answer questions.

Example: [Kansas City, MO](#) | [Cleveland, OH](#)

Next Steps: Internally, governments can assemble their resources into a single location. Solutions like [SourceLink](#) and [Qwally](#) can help governments create the simple technology workflows for this front-door.

Government Support and Resources

Local governments are in a prime position to put forward resources and support that catalyze the growth of a sustainable ecosystem of entrepreneurship. In many localities, entrepreneurs, investors, and others interested in improving their community through technology lack a central hub to meet, network, and share ideas. In many other cases, local governments are already doing various support activities for entrepreneurs, but it's important to know whether all communities are benefiting from these. Here are some action steps for governments to deploy to provide support and resources to underrepresented govtech entrepreneurs:



Focusing business training and support in underserved communities can make sure that local governments are getting the most out of their existing programs. Partnering with local community organizations, finding out the needs of entrepreneurs in these communities, and setting explicit targets for underrepresented participation in these programs can ensure that existing work is having real results. One example members of the Task Force shared was a local government encountering many women and minority entrepreneurs unprepared to fill out loan paperwork, which can lead to a catch-22 for local governments that require past performance metrics.

Example: [Blueprint East Hampton, MA](#) | [Centro Community Partners in Oakland, CA](#)

Next Steps: Start by evaluating existing programs' impact on underrepresented entrepreneurs, then reach out to community or national organizations like [KIVA](#) or [SourceLink](#) to help set new targets.



Creating an entrepreneurial hub is an important way that local government can leverage their central role in the govtech space to bring all parties together. This can take the form of technical exchanges and entrepreneurial showcases, educational events for entrepreneurs hosted by the local government or other ecosystem partners, simple networking events between government leaders, entrepreneurs, and investors, reverse-pitch opportunities and more.

Example: [BizCare in Kansas City, MO](#) | [Buffalo, NY's 43 North](#) | [Report on building supportive ecosystems for black-owned businesses](#) | [ChiBizHub](#) | [Colmena66 in Puerto Rico](#)

Next Steps: Bring together some of the key local actors already in the ecosystem (local Code for America brigade, entrepreneurial meetup, local investors, college or university business school, established startups, etc) and collectively brainstorm what is needed and who can provide it. Organizations like [Qwally](#) and [SourceLink](#) can help.



Facilitating access to capital is something local governments can accomplish in a number of ways. One possibility is to set up small business funds with regional local governments, local chambers of commerce, and other ecosystem partners. These can provide bridge funding during downturns and to support other priorities, like underrepresented entrepreneurs. State-guaranteed convertible debt allows a local government to take convertible interest in the success of a project, rather than typical startup funding models that take equity and dilute ownership for underrepresented entrepreneurs in their companies. It also reduces the risk to the local government. Especially during the hard times for businesses represented by the COVID pandemic, governments may consider experimenting with this new idea.

Example: [Buffalo, NY's 43 North](#) | [The One Buncombe Fund](#) brings together numerous regional local governments and other partners to form a centralized COVID-19 donation and relief center that provides bridge funding to small businesses during the COVID-19 crisis | [The Brookings Institute has identified](#) how a grant program to support Minority Entrepreneurs could help close the racial entrepreneurship gap | Products like [WeFunder](#) can help focus local investments in local entrepreneurs

Next Steps: The first place to start is identify what funding challenges the entrepreneurial community is facing. Work with local chambers of commerce, accelerators, and others to identify needs and build a plan.



Open data portals and APIs allow transparency, accountability, and community-based solutions to emerge. By moving the local government to open and accessible data, local community technologists and businesses can identify challenges and opportunities facing the local government and experiment with solutions that those inside the government might never have considered.

Example: Solutions built by [Code for America brigades](#) are frequently only possible due to open data; [NYC Open Data Portal](#); [The Census Opportunity Project](#)

Next Steps: Moving to open data with internal resources can be a worthwhile challenge. Solutions like [Stae](#) can help to make the transition dramatically easier.



Govtech-focused startup competitions can introduce new entrepreneurs to a field of business and community-impact that they would not have otherwise considered. Aspiring entrepreneurs at business-schools are rarely taught about the possibilities of government as a customer, and many may be inspired to look for opportunities in this field where they can start a business and give back to the community.

Example: [Urban Resilience Challenge](#)

Next Steps: Reach out to local startup competitions and business programs about providing an educational session with government leaders on the opportunities in this market. Local investors may be willing to cover the cost of prize money.

De-Risking Government Innovation

From the perspective of state and local government, the prospects of taking on risky, untested technologies from founders with little in the way of traditional recommendations and accolades can seem inadvisable at best. Entrepreneurs, nonprofits, investors (including venture capitalists (VCs) and angel networks), and others all have a role to play in addressing these concerns and creating inclusive govtech ecosystems. However, state and local governments are the key actors here. They play large and important roles in the lives of everyone, whether old or young, employer or employee, rural or urban resident. With the burden of stewarding the public trust (and treasury) in mind, cutting-edge improvements in healthcare, transportation, utilities, citizen-responsiveness, efficiency, management, privacy-protection, and other govtech innovation can be incredibly important.



Govtech education for government leaders can facilitate more informed purchasers of technology solutions, as well as informing these decision-makers about the needs of underrepresented entrepreneurs and the barriers they encounter. Finally, education on how to run proof-of-concept programs and implement challenge-based procurement models for technology solutions can help accelerate the adoption of these new, more entrepreneurial methods.

Example: [CityInnovate's STIR Labs](#)

Next Steps: Governments can reach out to organizations like [CityInnovate](#), [Urban-X](#), and [CivStart](#) for help in getting case studies from other local governments as well as educational resources and curriculum.



Funding partnerships can help cover any costs associated with proof-of-concept projects, innovation programs, and underrepresented entrepreneurial programs. There are many philanthropic foundations focused on impact, public service, and entrepreneurship. In addition, some impact-funds, and even the state and federal government, through the EDA may be opportunities to get matching funds for new economic development projects. Some of these may already have relationships with other ecosystem partners.

Example: [The Marathon Fund](#) | [NLC-Kauffman CIE Program](#) | [The New Economy Initiative](#) | [CDFI Model](#)

Next Steps: Research and identify grant opportunities, impact-investors, CDFI grants, and foundations who are interested in the kind of work you hope to do and reach out about opportunities.

Internal Government Innovation

Not all innovations come from startups. Some strategies identified by the Task Force involved ways that local governments can step up their own innovation efforts. These efforts can foster greater understanding and better procurement practices for technology products and services, as well as culture changes and staff retention for highly-motivated leaders.



An **internal innovation department or innovation teams** within departments can build processes, lead external innovation partnerships, facilitate cross-department internal challenge identification, and build expertise across government departments in technology and innovation.

Example: [FDA Innovation Lab](#) | [CIO Model](#) | [Harvard's Ash Center for Urban Innovation](#)

Next Steps: Read some of the resources above, reach out to nearby city colleagues, and follow the steps outlined in the excellent [Nesta Practice Guide](#).



Government staff exchanges between accelerators or other entrepreneurial ecosystem partners can be a complex program to successfully set up, but can have very strong rewards in terms of building understanding and relationships across local government and the entrepreneurial sector.

Example: [FedTech](#) (Could be done in a way more focused on inclusivity)

Next Steps: This is a challenging program, but one that could start small and short-term (even just a week-long exchange) before expanding it.