



# Navigating Startup Policies: Insights from ESNA's Advisory Board

---

Strategies on advancing EU Startup ecosystem's competitiveness, financing, and bureaucratic efficiency

February 2024

[www.esnalliance.eu](http://www.esnalliance.eu)

# Foreword

We present this comprehensive report of ESNA's first Advisory Board meeting as part of our commitment to shape a thriving and dynamic startup ecosystem in Europe. The present report highlights the convergence of perspectives from our Advisory Board Members, who bring us expertise from fields as diverse as venture capital, academia, startups, former policymakers, and advocacy groups. During our first gathering, our Advisory Board Members let us in on their realities and provided a vital reflection of where they saw challenges and opportunities within the EU startup ecosystem. To us, they represent "the voice of the market."

This report encapsulates the depth and breadth of our discussions, covering areas from improving European startup competitiveness to lowering barriers around financing and stock options, and opportunities for streamlining bureaucracy. It takes the reader through the rich exchanges, in Lisbon, on the 15th of November 2023. It provides the main takeaways of our fast-paced dialogue – insights shared by our Advisory Board Members summarised through the lens of our eight Startup Nations Standards.

This report lays the groundwork for a concrete proposal, which, with the support of our Advisory Board Members, shall be published after the next European elections to impact European policymaking and startup support mechanisms.

We are grateful to our Advisory Board Members for their active participation, as their collective wisdom and experience are instrumental in driving ESNA's mission forward.

We will leverage this knowledge to enhance the competitiveness and sustainability of European startups, thereby contributing to the EU's broader economic and social prosperity.



**Arthur Jordão**  
Executive Director  
Europe Startup Nations Alliance

## TABLE OF CONTENTS

Foreword	2
Executive Summary	6
1. Setting the scene	7
2. Tools to Improve EU Startups Competitiveness	9
2.1 Supporting information	9
2.2 Main takeaways	12
3. Financing – Funding & Stock Options	16
3.1 Supporting information	16
3.2 Main takeaways	18
4. Streamlining Bureaucracy	22
4.1 Supporting information	22
4.2 Main takeaways	24
5. Conclusions	28
5.1 Highlights and call to action	28
5.2 Going forward	30
A. Annexes	31
A.1 Advisory Board Composition	31
A.2 Startup Nations Standards – descriptions	37
<i>SNS #1 Fast startup creation, smooth market entry</i>	37
<i>SNS #2 Attracting and retaining talent</i>	37
<i>SNS #3 Stock Options</i>	37
<i>SNS #4 Innovation in Regulation</i>	38
<i>SNS #5 Innovation in Procurement</i>	38
<i>SNS #6 Access to Finance</i>	39
<i>SNS #7 Social Inclusion, diversity and protecting democratic values</i>	39
<i>SNS #8 Digital First</i>	39
References	40
Acronyms	42



## FIGURES

Figure 1. Process of the preparatory work for the Advisory Board Meeting	8
Figure 2. Main tools to speed up business creation	9
Figure 3. List of European countries with Startup Visa	10
Figure 4. Highlights on some Regulatory Sandboxes in practice	11
Figure 5. Main tools to improve EU talent attractiveness (as % of total answers)	12
Figure 6. Main barriers that startups face in public procurement (as of % of total answers)	14
Figure 7. Different countries taxation throughout the ESOP journey	17
Figure 8. Some highlights on European practices to increase the VC and BA investments	18
Figure 9. Potential targets of SO schemes (as of % total answers)	19
Figure 10. Highlights on some projects related to Public Procurement	22
Figure 11. Some highlights on the Council recommendation on developing social economy	23
Figure 12. Targets of Europe's Digital Decade	24
Figure 13. Main services selected by Advisory Board Members to facilitate startup creation (as % of total answers)	25
Figure 14. Main obstacles for a seamless experience (as of % total answers)	26

## TABLES

Table 1. Key takeaways from the Advisory Board meeting	29
--	----





**Funded by  
the European Union**

Funded by the European Union. Views and opinions expressed in this document do not necessarily reflect the position of Europe Startup Nations Alliance (ESNA) or the European Union regarding each topic covered in this report. This document does not act as a position paper with unanimous agreement on the main conclusions extracted by the Advisory Board. Neither the European Union nor the granting authority can be held responsible for them.

# Executive Summary

The primary objective of this report is to document the initial collaborative endeavours undertaken by the ESNA Advisory Board and the ESNA team. It delves into the milestones leading to the creation of this report, key findings contributed by the Members and outlines the subsequent course of action.

The insights have been classified into three sections, aligning with the structure of the Advisory Board meeting agenda:

- 1) Tools to Improve EU Startups Competitiveness;
- 2) Financing – Funding & Stock Options (SO);
- 3) Streamlining Bureaucracy.

Each section includes contextual information about the topic – including the corresponding Startup Nations Standards (SNS) – and then trickles down into the results gleaned from the questionnaire and the conversations held during the Advisory Board Meeting.

**Tools to improve the competitiveness of EU startups** addressed the regulatory burden commonly experienced by European entrepreneurs, exploring potential solutions such as regulatory sandboxes. **Talent attraction and retention** were also examined, alongside academia and industry collaboration opportunities. **The financing segment** delved into diverse types of funding streams – namely stock options, pension funds, and direct public grants – analysing their potential benefits for the EU startup ecosystem. **Streamlining bureaucracy** is a comprehensive and well-known topic for startups. The discussions revolved around legislation, taxation, and public procurement.

This report serves as a repository of critical discussions held during the establishment of the Advisory Board. Its overarching purpose is firstly to be shared with Member States governmental representatives and ESNA members. Secondly, this will also serve to contribute for a concrete proposal to be made to the new European Commission college on the way to approach the startup area for the 2024-2029 period. Lastly, this document is intended for public dissemination, facilitating enhanced collaboration with relevant stakeholders.

# 1. Setting the scene

The cornerstone of ESNA's existence is the [Declaration of EU Startup Nations Standards of Excellence](#), which 26 European Member States and Iceland signed on the 19th of March, 2021. It outlines the following startup-friendly practices for adoption by the signatory countries, known as Startup Nations Standards (SNS):

- 1) Fast startup creation, smooth market entry – Focuses on streamlining the process of establishing startups, emphasising both online and offline avenues;
- 2) Attracting and retaining talent – Discusses the role of visa programs in drawing and retaining skilled personnel in the startup sector;
- 3) Stock Options – Reviews the existing frameworks governing SO and underscores the necessity for further improvements;
- 4) Innovation in Regulation – Advocates for legal provisions and policies that cater specifically to startups, promoting innovation and reducing administrative hurdles;
- 5) Innovation in Procurement – Encourages policies that facilitate technology transfer and allow startups to retain Intellectual Property (IP) rights;
- 6) Access to finance – Highlights the strategies to enhance investment accessibility for startups, including tax relief measures for early-stage funding;
- 7) Social inclusion, diversity, and protecting democratic values – Promotes social inclusivity and diversity in the startup sector, encouraging initiatives that address social issues and foster diverse teams;
- 8) Digital First – Stresses the importance of digitalisation in public services, enhancing the startup-friendly environment in Europe.

ESNA has the political mandate to monitor and support country implementation on the eight SNS, and additional information about each can be found in the Annex, A.2 Startup Nations Standards – descriptions. As ESNA advocates for startup-friendly policies in Europe, the Advisory Board serves as the voice of the market to guide the team on the relevant topics for the startup ecosystem, thereby elevating the European startup ecosystem through collective expertise. The Advisory Board is a crucial social body for ESNA, providing insights, knowledge, and strategic foresight to propel ESNA's mission.

To set collaboration in motion and ensure a comprehensive preparation of the Advisory Board Members, the ESNA team crafted a preparatory document on the SNS in September 2023, anticipating the engagement of all Advisory Board Members before the first in-person meeting scheduled in Lisbon on the 15th of November.

The initial section of the preparatory document outlined the methodology and forthcoming updates of the SNS Scoreboard, as well as ESNA's primary study monitoring the progress and development of each SNS in Europe. Additionally, each SNS is explored in detail by delving into key developments, highlights, and case studies across European Nations.

Moreover, the ESNA team created a dedicated questionnaire to collect individual perspectives on the SNS from all Advisory Board Members. They shared best practices, identified primary challenges, and suggested valuable suggestions. This exercise gathered insights from the Advisory Board to inform and guide discussions during the first meeting, as shown in Figure.1

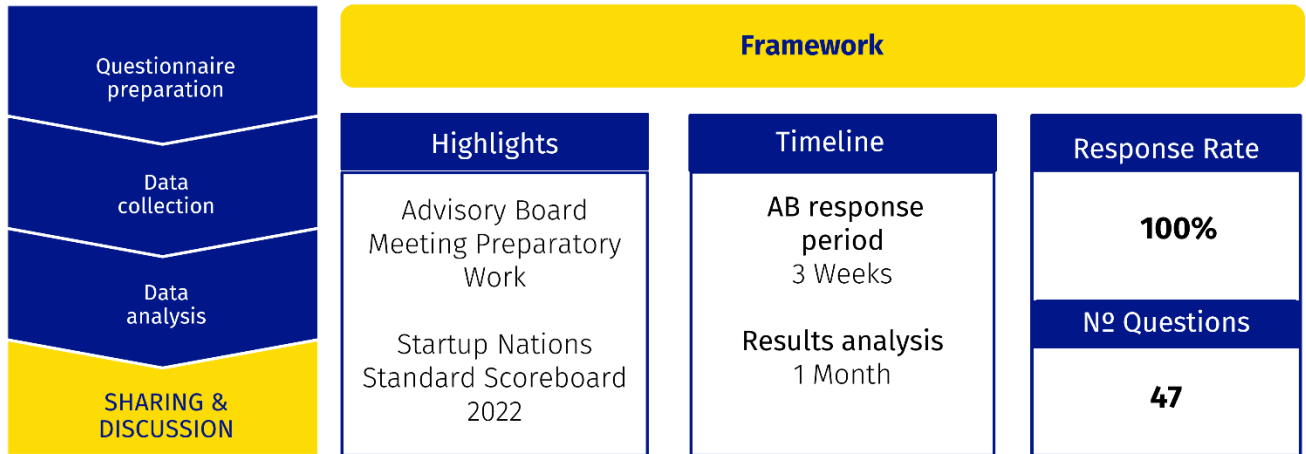


Figure 1. Process of the preparatory work for the Advisory Board meeting

The discussions during the first meeting revolved around three main overarching topics:

- Tools to Improve EU Startups Competitiveness;
- Financing – Funding & Stock Options;
- Streamlining Bureaucracy.

During the meeting, the Advisory Board Members had the opportunity to share their opinions on the main highlights and challenges revolving around each topic. As an inaugural first step for the Advisory Board, the objective of the meeting was to collect the expertise of first-hand players on the eight standards through in-depth, open discussions.

## 2. Tools to Improve EU Startups Competitiveness

### 2.1 Supporting information

This topic is directly related to [SNS #1 Fast startup creation](#), [SNS #2 Attracting and retaining talent](#), [SNS #4 Innovation in regulation](#), and [SNS #5 Innovation in procurement](#).

**Standard 1 – Fast Startup Creation, Smooth Market Entry:** reviews the conditions for setting up a company

Fast startup creation is crucial to foster economic growth, spur innovation, and generate employment opportunities, ensuring Europe remains globally competitive in a rapidly evolving business landscape.

Europe has made notable progress in investing in digital public services through various tools, such as the Digital Single Gateway, which ensures simplified registration processes, Public-Private Partnerships (PPP), and supportive ecosystems (as described in Figure 2 below). However, more work is required to achieve this objective and gain a competitive advantage compared to other regions. The figure below lays out some of the main instruments that can be used to expedite company setup.

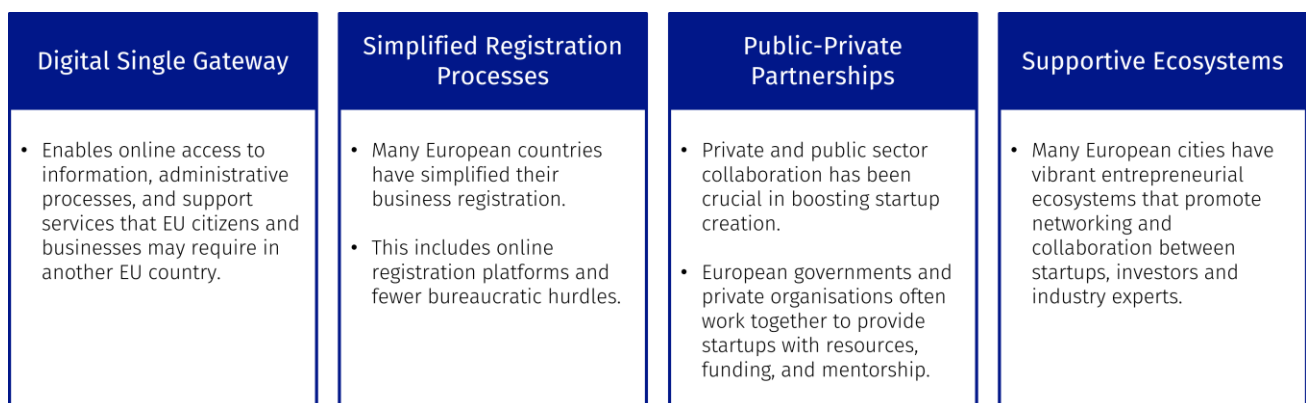


Figure 2. Main tools to speed up startup creation

Source: ESNA analysis (2023)

## Standard 2 – Attracting and Retaining Talents: advocates for fast visa processing and repatriation schemes for EU tech professionals

Attracting talents is a pivotal element for establishing and scaling up a startup, which is vital in driving innovation and developing cutting-edge technologies.

The consensus among Advisory Board Members is unequivocal: the significance of **startup visas** must be addressed. Exemplary models include Germany's Blue Card Programme, the Netherlands' Highly Skilled Migrant Programme and Startup Visa, France's French Tech Visa, and Spain's Startup Visa. In addition to entrepreneurs and innovators, two critical profiles were identified: students/academics and skilled workers. Migration barriers for these specific groups should also be mitigated to ensure a thriving European startup ecosystem.

Figure 3 below lists the Startup Visa options currently available in Europe.



Figure 3. List of European countries with Startup Visa

SOURCE: OECD (Organisation for Economic Co-operation and Development) – Talent Attractiveness (2023) and ESNA analysis (2023)

**Standard 4 – Innovation in Regulation: promotes the adoption of the Think Small First principle and examines the use of regulatory sandboxes.**

The **regulatory burden** European startups face can stifle innovation and growth by diverting the focus from developing and scaling their business. A minority of startups (12%) believe that policymakers understand the realities they're facing, and most (83%) claim that structures are designed for large and established businesses (Stripe, 2022). The 2022 European Tech Voices Study also reveals that 53% of participants identified the time spent on compliance processes as the greatest threat to their businesses. Alarmingly, one in three entrepreneurs contemplated launching their company elsewhere due to Europe's overwhelming regulatory and compliance burden.

A strategy to overcome these challenges involves the application of the **Think Small First** principle. This principle, outlined by the European Commission in the Small Business Act, aims to address the concerns of Small and Medium Enterprise (SMEs) and foster a business environment that facilitates SME growth by avoiding unnecessary red tape.

**Regulatory sandboxes**, the other element addressed by this SNS, are dedicated spaces where authorities collaborate with organisations to experiment with innovative products or services that challenge the limits of current legal provisions. This tool is a key for fostering innovation in regulation. Many countries have advanced in this area, notably in the FinTech and Artificial Intelligence (AI) sectors, as shown in Figure 4 below. The EU has invested significantly, particularly in AI, by standardising rules for sandboxes and establishing Test and Experiment Facilities (TEF).

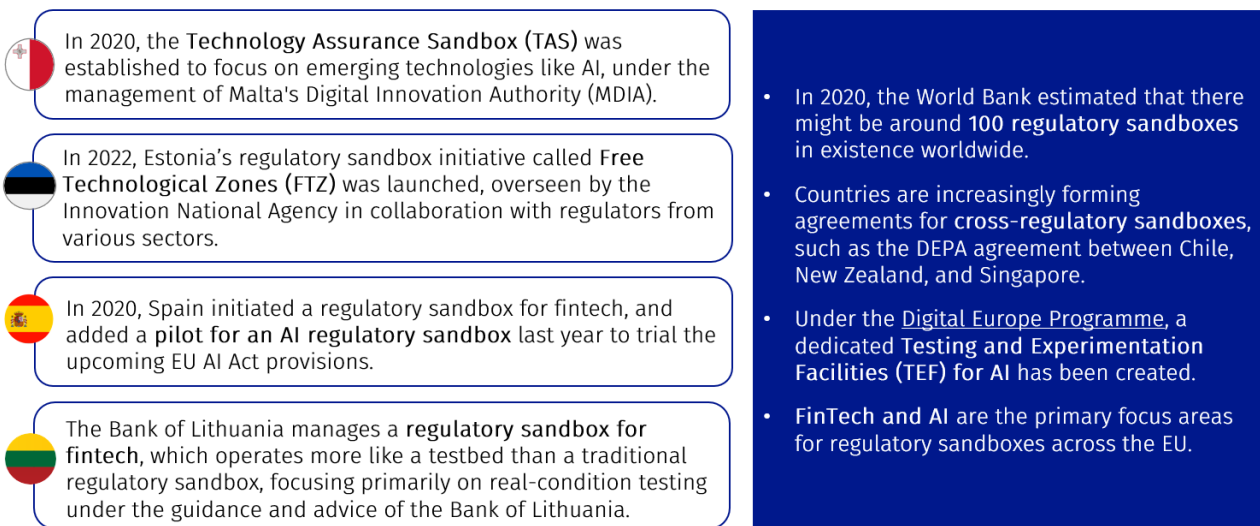


Figure 4. Highlights on some Regulatory Sandboxes in practice

SOURCES: Regulatory sandboxes in AI (OECD, 2023), European Commission (2023), ESNA analysis (2023)

The following questions were used as a foundation to spark off discussions between Advisory Board Members:

- What should a startup visa entail (that a blue card doesn't already cover)?
- Technology Transfer Office (TTO): How can Academia become a hotbed for innovation and breed better spinoffs?
- Some of you are concerned that regulatory sandboxes might be unfair to startups. How to make sure it isn't?

## 2.2 Main takeaways

Intra-EU mobility has been a fundamental element since the inception of the European Union. However, attracting third-country talents is critical to fostering an innovative and dynamic European startup ecosystem. Relocating to a different country encompasses more than just visa policies – still being a priority for 92% of the Members – and residence permits; favourable conditions also play an essential role when making such crucial decisions. The Members advocate for national governments prioritising **education and research excellence** (44%) and **innovation and entrepreneurship programs** (40%). These factors would significantly enhance interest in relocating to Europe if appropriately promoted. Financial grants and tax exemptions rank fourth at 32%, with quality of life closely following at 24%. Interestingly, language and integration support were not significant obstacles to attracting talent. Figure 5 below provides further details on the Advisory Board Members' opinion.



Figure 5. Main tools to improve EU talent attractiveness (as % of total answers)

SOURCE: ESNA Advisory Board Questionnaire 2023 – Question 4: When considering national efforts to attract and retain talent, what are the primary domains that should be focused on?



Before a non-EU talent decides to relocate, they must determine which European country is most suitable for them. This is where **intra-EU competition** begins. The Spanish Royal Decree-Law 687/2005 – nicknamed the "Beckham law" – provides a fixed reduced tax rate of 24% for foreign workers moving to the country. Lasting for six years, this scheme requires that the beneficiary has not been a Spanish resident in the past five years and for them to be employed by a Spanish entity. This applies to all workers but freelancers, and can serve as an example of incentive. Looking at the EU motto – United in Diversity – it is proposed to focus on each country's unique value proposition to attract third-country nationals. Another point emphasises the challenge founders face, as startups often consist of a founding team, while visas are typically individually granted. A streamlined visa process especially warranted if, for instance, a company receives EU VC funding, would be ideal – the EU would, in turn, fully benefit from its investment through taxes. A common grievance revolves around bureaucratic hurdles, including a lack of digitalisation and centralisation, limited information available in English, and a lack of transparency. Some prospective migrants abandon the process due to its arduous nature or because their partners/spouses struggle to secure local employment.

To pre-empt such unfortunate scenarios, attention must be directed towards **talent retention**. Students provide a compelling example, having resided in the country for years. While countries grant a 12-month visa for them to seek employment, this does not include the option to establish a startup – a missed opportunity. Highly skilled workers, tied to their employers, risk losing their residency status should they aspire to create their own companies.

More administratively, the **Think Small First** principle was quoted as the most critical regulation practice for startup-friendly processes. Collaborative policy design, which involves entrepreneurs in formulating and developing policies, is considered one of the most essential and relevant tools, as 82% of the Advisory Board Members indicated. As per data-driven policymaking, certain Members highlighted the potential risks associated with top-down approaches, emphasising the necessity to bolster bottom-up tools. The Advisory Board Members shared many ideas on how to innovate regulation production: regularly reviewing and interactively updating laws, collaborating with GovTech and LegalTech startups to develop solutions for public entities' challenges, implementing regulations that become more restrictive as a company's impact grows, fostering PPP, initiating pilot projects, or establishing government-promoted testbeds.

As regulatory constraints are frequently quoted as a strong argument against innovation, it is noteworthy that 72% of ESNA's Advisory Board Members express a positive opinion on these strategic instruments. Nevertheless, potential shortcomings of **regulatory sandboxes** must be considered, including concerns about conferring an "unfair" advantage and issues related to liability protection. Potential liabilities could be substantial, yet there is a notable lack of proactive measures to anticipate and mitigate these risks. Regulatory sandbox frameworks must be carefully crafted as regulation can be critical in specific areas such as AI. Even so, a potential paradoxical caveat could be related to overregulated sandboxes, working against their initial purpose. Furthermore, the associated costs of participating in regulatory sandboxes may be prohibitive for startups. Sustained dialogue with regulators is essential to understand why the innovation is needed.

Despite the development of pro-startup legislation, the persistence of existing unfavourable legislation poses a significant challenge, ultimately failing to address the overarching legislative concerns. A concerning juxtaposition arises when Europe is perceived to **regulate excessively**, potentially impeding investors' interest and redirecting investment flows towards more accommodating jurisdictions such as the United States (US). This formula encapsulates this dichotomy: "Europe Regulates, the US Innovates, and China Copies".

The most referred barriers by the Advisory Board members regarding procurement are the complexity of the processes (88%), difficulty in meeting the bidding requirements (56%), lack of experience/history (48%) and bureaucracy (24%), as shown in Figure 6. **LegalTech and GovTech** startups, alongside PPP for innovation, may play a pivotal role in bridging the gap between startups and governmental entities. Solutions proposed by the Members include streamlined procedures for startups, setting quotas for startup participation, improvement of payment conditions, easy access to information and local expertise, provision of bank guarantees, grants, loans, tax breaks, and all core platforms to be purchased solely from EU providers. This aligns well with the Digital Markets Act, which aims to make the markets in the digital sector fairer and more contestable.

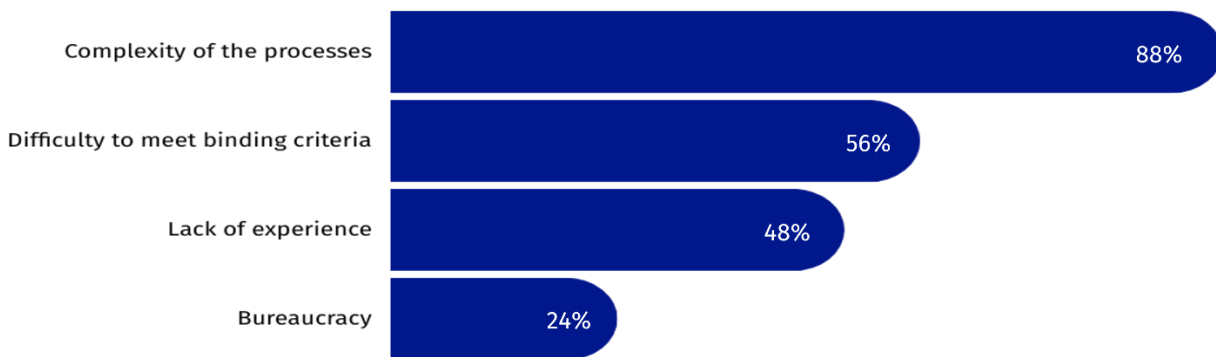


Figure 6. Main barriers that startups face in public procurement (as of % of total answers)

SOURCE: ESNA Advisory Board Questionnaire 2023 – Question 14: What are the main barriers that startups face when participating in public procurement processes? Please outline up to three most essential.

The main question that remains to be answered to cultivate a more accessible framework is whether startups must be incentivised or whether governments should be encouraged to enhance their participation in startups.

Given the complexity, startups may benefit from capacity-building programs focused on navigating public procurement. Additionally, complexity is directly linked to the extent of the startup involvement. Therefore, breaking big projects into smaller components could make them more accessible for companies with limited resources or infrastructure, such as startups. **Financial risk** constitutes a significant concern for startups engaging in public procurement. Some risk-sharing mechanisms may be a viable solution. The introduction of more transparency to mitigate corruption and streamline processes, facilitating greater ease of navigation, would be welcomed. Lastly, it is noteworthy that public administrations are seldom perceived as potential markets for startups.

Another obstacle is the lack of cooperation between Academia and Industry that has hindered the development of innovative technologies, which have the potential to drive economic growth and societal progress.

The Advisory Board pinpointed several bottlenecks, including lack of guidance, motivation, and grant budgets for researchers to commercialise their innovations and secure risk capital. Additionally, concerns were raised about too bureaucratic and non-market-oriented programmes, large consortia generating Intellectual Property (IP) ownership issues, and universities safeguarding and gatekeeping IP. The obstacles posed by licensing agreements, usually set up by TTO, are significant and therefore difficult to overcome. A substantial challenge is related to the academic processes, including limited interactions with the industry, and a prioritisation given to paper publications and patent application – which hinders innovation by preventing others from utilising the patented invention. Tools such as TTO can have a paramount influence. Recommendations to foster a more spinoff-friendly academic sphere include the early involvement of investors, grant conditions that incentivise the creation of startups, restricting TTO from acquiring excessive equity from founding teams, establishing a robust incentive system for researchers, and implementing mentorship and training initiatives.

Advisory Board Members recommend many solutions to solve these thorny issues. **Mapping innovation** developed within European universities, akin to the Innovation Radar, was suggested to assist investors in identifying opportunities. France and Germany's dedicated VC funds for student founders were highlighted as examples, and public grants were recommended to be streamlined to avoid bureaucratic hurdles. Access to equipment for deep tech endeavours was highlighted as pertinent, emphasising students' need for early access. The MIT (Massachusetts Institute of Technology) model, pairing bachelor's students with business professionals without IP, was presented as a potential solution to bridge the gap between academia and industry. As universities typically hold IP ownership but do not launch spinoffs, the importance of identifying postdoc/PhD willing to transition towards a spinoff was also stressed, acknowledging their potential role in commercialising research.

## 3. Financing – Funding & Stock Options

### 3.1 Supporting information

This topic relates to [SNS #3 Stock Options](#) and [SNS #6 Access to Finance](#).

**Standard 3 – Stock Options:** explores the European landscape in terms of taxation and accessibility

SO are a type of equity compensation extended by a company to its employees and/or executives, regarded as a **valuable benefit** to attract exceptional talents by providing a competitive remuneration. This mechanism incentivises performance by rewarding employees for their contributions to the company's success and holds substantial value for investors, acting as a form of compensation.

The intricacies of taxation pose a considerable challenge within the European startup framework, often categorising SO as income rather than capital and potentially subjecting them to double taxation at both the time of grant and sale. Certain countries, such as Germany, are undergoing changes where options would be taxed upon selling shares to smaller companies. The United Kingdom (UK) Employee Incentive Scheme (EMI) is an exemplary model with low strike prices and limited taxation. In light of these challenges, the EU Startup Nations Standards declaration identifies as an ideal practice the recognition of SO as **capital gains tax** at the point of cash receipt, as addressed by SNS #3. The complexity around SO is further compounded by legal and procedural considerations, which can vary significantly based on factors such as the type of option, exercise price, or vesting schedule. The figure below gives an overview of the taxation practices across various stages typically related to Stock Option ownership. Please note that some progresses may have been made by the time this report is published. For more recent insights please refer to the SNS Report 2023.

	+ MORE RESTRICTIVE		- LESS RESTRICTIVE	
Different taxation moments among countries	Belgium Ireland Portugal*	Austria Denmark Finland Germany Netherlands Norway Switzerland	Austria Czech Republic Denmark Estonia Finland France Germany Israel Italy	Lithuania* Norway Poland Portugal (Virtual SO) Spain Sweden UK US *Only if some conditions are met
	<b>Grant</b> SO's are taxed as soon as they are granted to the employee	<b>Exercise</b> SO's are taxed when employees exercise options and buy shares	<b>Sale</b> SO's are taxed when employees sell their shares	

Figure 7. Different countries taxation throughout the ESOP journey

SOURCE: Index Ventures (Rewarding Talent - A guide to stock options for European entrepreneurs), ESNA analysis (2023)

**Standard 6 – Access to Finance: examines public grants availability, as well as incentives for private investors**

Access to finance is a broad topic; the emphasis was therefore put on:

- **Pension funds** they have a transformative potential that remains to be fully explored in Europe, while it is a common practice in some countries, namely in the US.
- **Direct Public Grants** are a financial aid from public entities and/or Governments, to support startups.

Fostering access to finance by increasing Pension Funds investment in VC is a recent practice. Pension Funds have become significant investors in the US, playing a crucial role as key financial backers. It is a valuable tool for innovative companies such as startups, as their long-term investment strategies align with the growth needs of these enterprises. Furthermore, Pension Funds can contribute to bridging gaps by supporting various maturity stages, thereby fostering the development of local economies.

Europe's startup funding must catch up with other regions, notably in VC and Business Angels (BA) investments. Countries have used the National Recovery and Resilience Plans (RRP) to boost access to finance, and the new withholding tax framework is expected to overcome this disadvantage. The European Investment Bank Group endorsed the European Tech Champions Initiative mandate, aiming to direct crucial late-stage growth capital to promising European innovators. The figure below compiles some practices related to this field in Europe.



Figure 8. Some highlights on European practices to increase the VC and BA investments

SOURCE: The European Network of Competence Centres for Innovation Procurement, European Parliament, ESNA (2023)

The following questions were used as a foundation to spark off discussions between Advisory Board Members:

- What strategies would you suggest to improve the attractiveness of Employee Stock Option Plan (ESOP)? And who should be eligible (ownership and voting rights)?
- Considering ESOP, is adopting an EU-harmonised approach the silver bullet, or should it only focus at EU member state level?
- What would be a model where pension funds can responsibly participate in startup funding without jeopardising their core obligations? What would you suggest to improve the effectiveness of direct grants given by Governments to startups?

### 3.2 Main takeaways

Most Advisory Board Members believe that SO should not be an executive or founder's privilege. Instead, it is recommended that they be extended as an inclusive benefit available to all employees. Additional positions, such as external contractors, were also mentioned in sparse numbers, making them a universally accessible benefit for all involved in the company's operation. The figure below

presents the results of the Advisory Board questionnaire, where the Members were asked who should be entitled to SO.

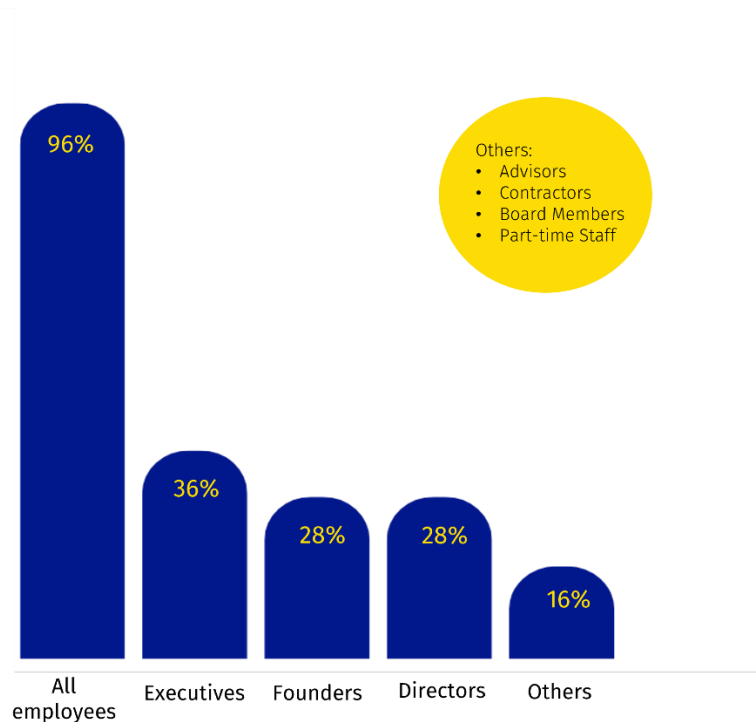


Figure 9. Potential targets of SO schemes (as of % total answers)

SOURCE: ESNA Advisory Board Questionnaire 2023 – Question 9.1: Who should be eligible for this benefit of SO scheme – all startups regardless of age and revenue stream?

A notable 66% of Advisory Board Members admitted facing SO-related obstacles. The Advisory Board advocates for a **digitised approach** to simplify existing processes using technology and establishing a unified European framework to alleviate fragmentation. A large majority of the Members consider that all employees should be entitled to SO. However, the decision-making process may become increasingly difficult as the company grows. Hence, this SNS recommends allowing startups to issue SO with **non-voting rights**, thereby alleviating the excessive burden associated with consulting large numbers of minority shareholders.

While Ireland ranks favourably according to Index Ventures, practical implementation is nuanced, with only a limited fifty companies utilising the national SO scheme. The **complexity** of navigating this system necessitates external legal assistance. Austria's model, currently in development, considers capital gains rather than income tax for ESOP, aiming to streamline share transfers and introduce options to restrict voting rights, albeit with certain limitations based on company age (10 years), employee count (up to 100), and minimum tenure requirements.

Legal jargon and paperwork impede companies from offering ESOP to their employees. Drawing inspiration from the widely used US startup instrument, the SAFE (Simple Agreement for Future



Equity) Note could serve as a model for open-source standard contracts, potentially facilitating the entire process for startups without extensive legal support.

While **legislative harmonisation** at the EU level is deemed ideal, it remains challenging due to national competencies. The focus should be directed toward establishing uniform criteria for companies eligible to issue SO across all Member States and standardising the timing of taxation. More specifically, a common framework including the following features would be particularly relevant: size and age of the company, vesting period, who is entitled to SO, threshold (or not) in market cap, and strike price definition. Another avenue worth exploring is introducing a feature facilitating seamless SO transfer from one EU country to another.

As per Pension Funds' investments, a mere estimated 0,02% (700 million euros) of the assets under management of EU pension funds goes to VC fund (João Trigo da Roza's presentation - ESNA Advisory Board Meeting). Approximately 27 Pension Funds, representing around three billion euros, are currently in operation, and a notable deficiency exists in European mid-stage capital, often referred to as the **scaleup gap** (Aernoudt, 2017). The early-stage investment's perceived risk/return ratio is inadequate for institutional investors. This risk could be altered by creating funds with two funding sources or classes of shares: traditional equity investors and quasi-equity investors (such as pension funds). Quasi-equity shares would be subject to a return cap, and an EU-backed guarantee could absorb losses in case of minimal returns.

Notable examples mentioned include ESCALAR (European Scaleup Action for Risk Capital) and SBIC (US Small Business Investment Companies Programme). It was observed that there needs to be **more investment culture within Europe**, as evidenced by the low uptake to private pensions schemes among the general population. Few countries are exploring European personal pension programmes. European Pension Funds tend to invest significantly in the US, with limited investments remaining in Europe. Reversing this trend would subsequently benefit all EU citizens with a thriving European tech ecosystem.

On the other hand, direct public grants represent valuable options for startups. These grants, being non-refundable, serve to assist in gaining market traction and addressing short-term operational needs. They are particularly accessible for ventures with higher risk profiles and can have a validating effect on investors. 88% of the Advisory Board believes that direct public grants effectively enhance a startup's financial capacity. It is, however, acknowledged that they are not the ideal solution. Identified bottlenecks include prolonged payment terms, cumbersome application processes, and highly rigid evaluation criteria such as experience or size requirements. While public grants enhance product development and business planning of startups, they often fall short in addressing networking, skills development, or **go-to-market capacity**. Prolonged reliance on grants can potentially turn them into a crutch. Therefore, complementary mechanisms must be created to avoid this. A shift to equity-based funding, as opposed to grant-based funding, can potentially discourage serial applicants from overly relying on public grants. The European Innovation Council funding schemes serve as a relevant example.

Additional recommendations from the Members included the implementation of fully digital processes and the establishment of a **funding innovation hub** providing startups with easy access to funding opportunities. A regulatory contact point specifically dedicated to startups seeking fundraising approvals and the integration of automated compliance checks to expedite processing





times were also mentioned. Furthermore, preferred incentives for private VC revolve around flexible regulation, tax incentives, and the availability of matching funds.

# 4.Streamlining Bureaucracy

## 4.1 Supporting information

This topic is directly related to [SNS #1 Fast startup creation](#), [SNS #5 Innovation in procurement](#), [SNS #7 Social inclusion, diversity and protecting democratic values](#), and [SNS #8 Digital first](#).

**Standard 5 – Innovation in Procurement: addresses IP ownership and collaboration between academia and industry collaboration**

Legal and regulatory **complex frameworks** are a horizontal obstacle – compliance with tax obligations cost SMEs 2.5% of their turnover (European Commission). When aggregating other fields causes additional burdens, it becomes evident that administrative compliance constitutes a significant share of the overall costs for companies operating in the EU.

One of the frameworks in which obstacles to startups’ participation arise is public procurement. Its complexity makes this market, which represents around 15% of the EU’s GDP (Gross Domestic Product) (OECD, 2020), almost inaccessible to startups. Many projects have been launched across the EU to enhance the participation of startups and SMEs in public procurement, including establishing expertise centres for innovation in some countries, as shown below.

**The New European Innovation Agenda:**

- The commission will support the **formation of an advisory service for innovation procurement specialists**. This service will act as an intermediary between public buyers and innovative suppliers.
- The Commission will also support **the creation of living labs and incubators**, for example, to connect innovators and public administrators and support innovative solutions to public needs.



**‘Procure2innovate’**

This project aims to **improve institutional support for public procurers of information and communication technologies (ICT)** and other sectors that implement innovation procurement. It will establish or expand **competence centres for innovation procurement** in 10 European Union countries: five are already established in Austria, Germany, the Netherlands, Spain and Sweden; while five new competence centres will be established in Estonia, Greece, Ireland, Italy and Portugal.

**EXAMPLES OF SOME EXPERTISE IN EUROPE**

-  PPPI Service Centre – National Competence Centre for Innovation Procurement 
-  KOINNO - German Competence Centre for Innovation Procurement 
-  PIANOo - National Expertise Centre on Public Procurement 
-  Spanish Competence Centre 

Figure 10. Highlights on some projects related to Public Procurement

SOURCE: The European Network of Competence Centres for Innovation Procurement, European Parliament, ESNA (2023)

## Standard 7 – Social Inclusion, Diversity and Protecting Democratic Values: assesses existing incentives towards inclusivity

"We need a more diverse concept of what entrepreneurship means" has been reiterated several times. In addressing this matter, the Advisory Board predominantly claimed that the existing initiatives should be encouraged but remain limited. They highlighted the virtuous cycle of having **underrepresented founders** and leaders, as minorities in leading roles will, in turn, support an inclusive workplace. The figure below includes some highlights on this matter:

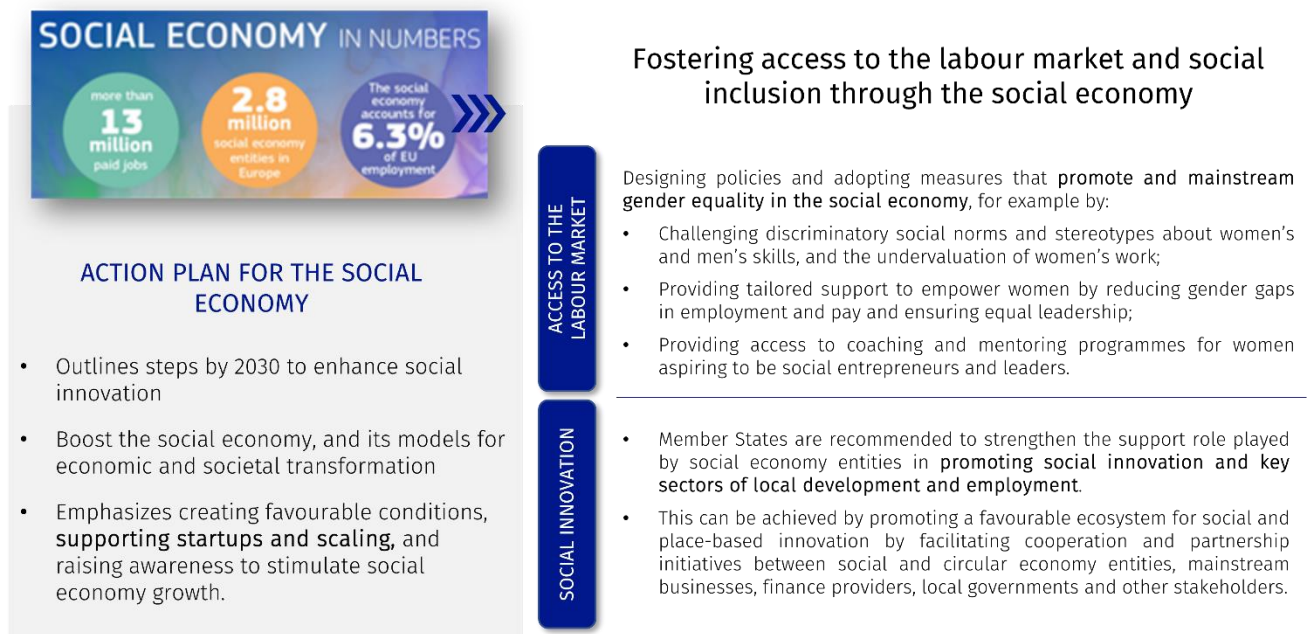


Figure 11. Some highlights of the European Council's recommendation on developing social economy

SOURCE: Council recommendation on developing social economy framework conditions (2023), ESNA analysis (2023)

## Standard 8 – Digital First: uncovers digitalisation initiatives

Digital First is a cross-cutting topic and is, therefore, directly related to most of the remaining seven Standards.

Several measures at the European level have been implemented according to the digital first principle, and that concurs for this principle's implementation. The **Single Digital Gateway** (SDG) is designed to streamline processes and ensure greater access to information, allowing online access to it, administrative procedures, and assistance services for EU citizens and businesses when in another EU country. Despite its potential benefits, the SDG remains widely unknown and requires improvements in user experience. In contrast, the Advisory Members shared a more optimistic outlook from the EU Digital Identity Wallet. This secure digital ID (identification) is anticipated to enable citizens to prove their identity swiftly and securely as part of online citizenship procedures.

**Europe's Digital Decade** is a programme that sets up concrete digital targets and objectives for 2030, guiding the EU's digital transformation. One of the key main areas addresses the digitalisation

of public services, intending to offer 100% online key public services, full access to medical records online, and digital ID for all citizens. More details can be found in the figure below.

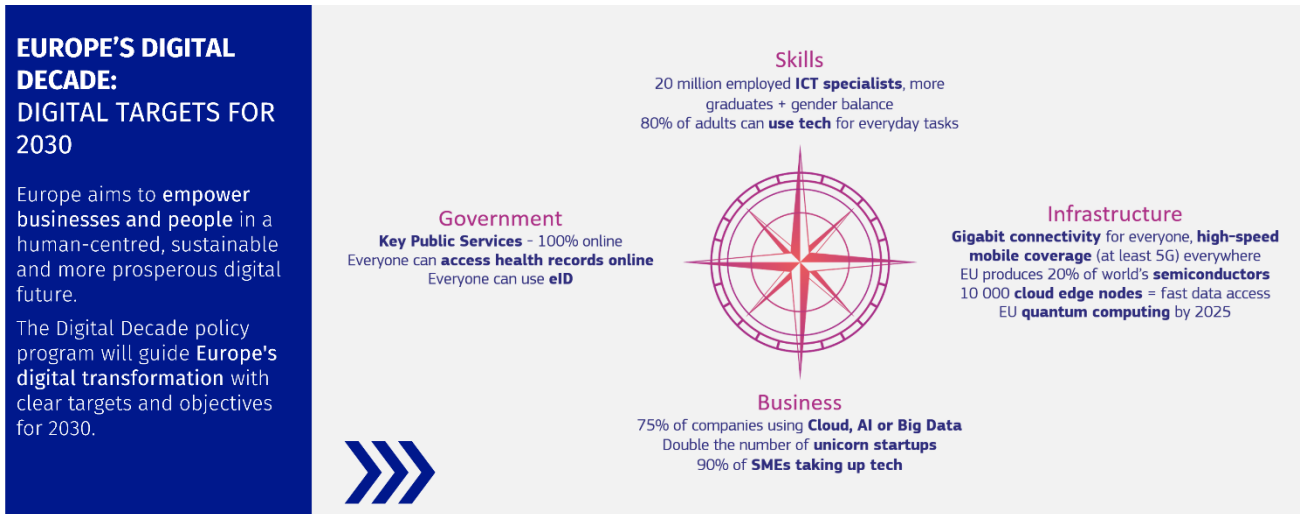


Figure 12. Targets of Europe's Digital Decade

SOURCE: European Commission (2023), ESNA analysis (2023)

The following questions were used as a foundation to spark discussions between Advisory Board Members.

- How would you describe a seamless experience creating and scaling a startup across Europe?
- Where do you see an opportunity to increase startup participation in the public procurement market? What can be done to encourage public-private partnerships for innovation that includes startups?
- Does simplifying bureaucracy improve diversity, or does diversity promote an additional layer of compliance and bureaucracy?

## 4.2 Main takeaways

The primary obstacle to setting up a startup for most of the Advisory Board (80%) revolves around navigating **complex legal and regulatory frameworks**, closely followed by challenges related to Value Added Taxes (VAT) and taxes. Most of the Members preferred reduced costs when establishing a company, aiming to enhance accessibility for all prospective founders. Furthermore, language and cultural barriers were major impediments to a smooth market entry. The intricacies associated with the diverse range of processes across the EU represent a significant impediment to the establishment of startups. In this vein, the main public services considered by the Advisory Board Members to facilitate the startup creation are related to these kinds of obstacles, as shown in Figure 13 below.

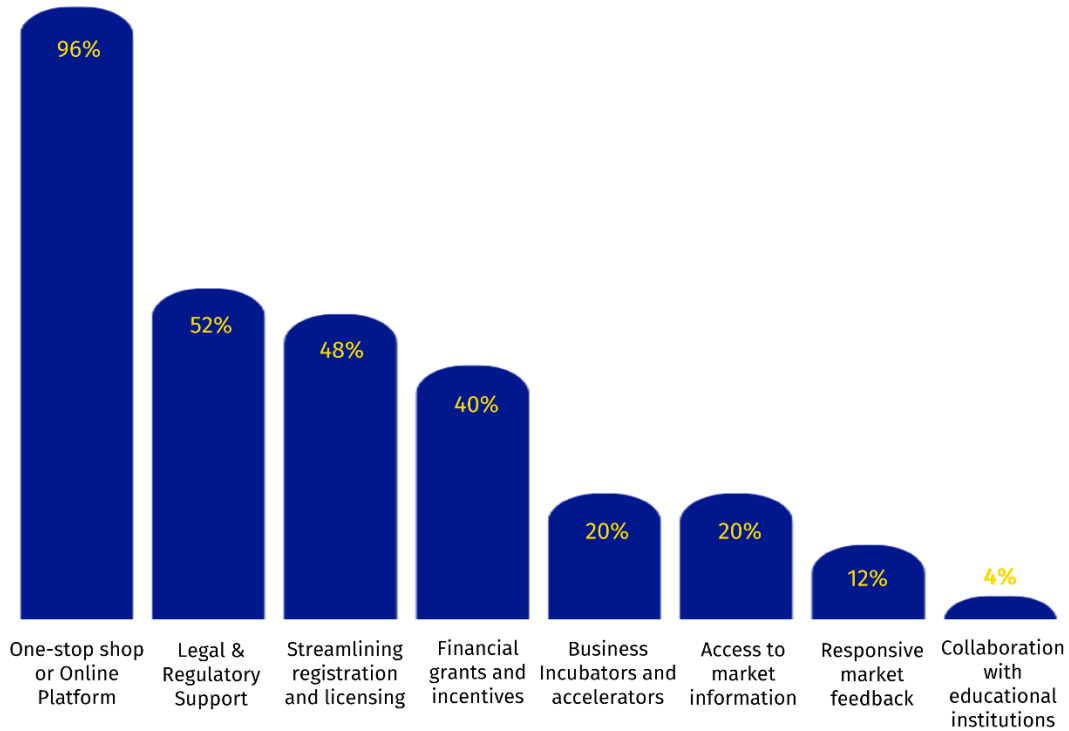


Figure 13. Main services selected by Advisory Board Members to facilitate startup creation (as % of total answers)

SOURCE: ESNA Advisory Board Questionnaire 2023 – Question 2: What type of public services should a country provide to facilitate the whole process of startup creation?

The Board Members overwhelmingly agree that establishing a centralised platform, exemplified by a **one-stop shop**, plays a pivotal role in facilitating and expediting these processes. This is in keeping with the SNS Declaration, which outlines some best practices that may help solve this issue. Introducing a startup fast-lane where startups can find all relevant information about national administrative requirements and funding opportunities in one place would be a valuable first step. Another suggestion in the Declaration was to set up a service line for startups and scaleups to support them with regulatory issues.

As they can be identified early, the emphasis should extend beyond startups to include **scaleups**. Scaling inherently involves transcending borders, which demands adherence to a complex web of digital regulations at various layers, from local to European. Some cultural nuances related to the approach to risk for scaleups are also worth mentioning.

Acknowledging the initial years as pivotal for a startup founder to focus on the core idea rather than building a full-fledged company demonstrates the need for simplified processes. Access to **standard contracts**, a common practice in the US, is seen as one of the solutions to streamline operations and reduce administrative burdens. Estonia's proactive approach was highlighted, as such documents are available on their website. Estonia's example was also praised in the initial questionnaire for its fast company setup options.

Regarding intra-EU mobility, only 29% of the Advisory Board Members believe **moving countries within the EU** was a seamless experience. The remaining 71% highlighted various obstacles associated with this transition, including the necessity for specific documents (such as social security and residency), complex and time-consuming processes to obtain these documents, variations in these processes across different countries, a lack of digitalisation, and differences in tax and regulations between the countries. This is illustrated in the Figure below.

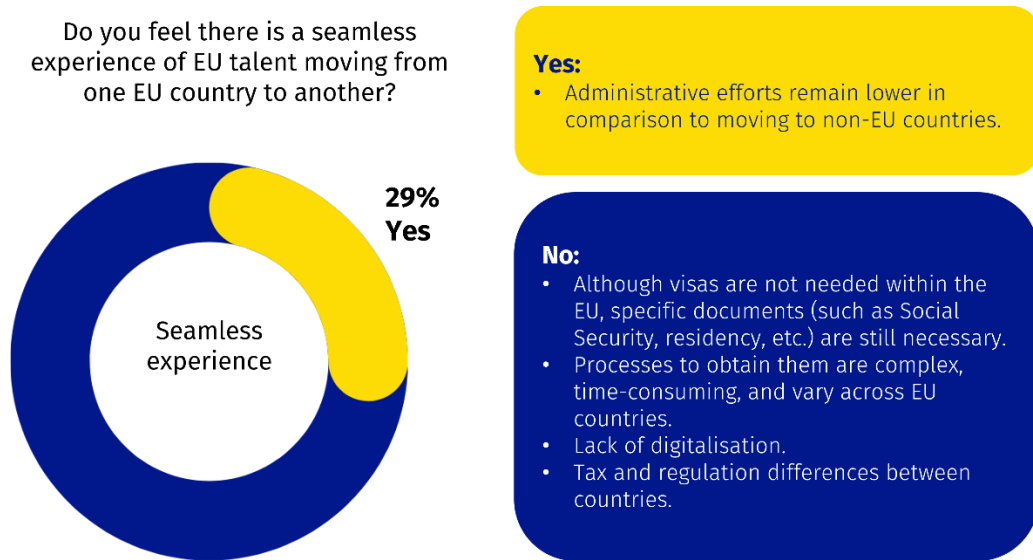


Figure 14. Main obstacles for a seamless experience (as of % total answers)

SOURCE: ESNA Advisory Board Questionnaire 2023 – Question 7: Do you feel there is a seamless experience for EU talents moving from one EU country to another?

Collaboration between countries that have already successfully implemented robust digital first strategies, with Estonia cited as an exemplary case, and those less advanced was deemed highly beneficial. Additionally, there was an emphasis on fostering **collaboration** within national institutions, where digital interactions and adopting a once-only principle (providing information or documents to public authorities only once) should be the default option. Culture emerged as a theme, with discussions highlighting resistance to change. The COVID-19 pandemic necessitated that public authorities adapt to a remote approach and provide services remotely, leading to an initial roadmap for accelerated digital adoption. This momentum is considered crucial to sustain in the future.

There was a consensus among the Advisory Board Members that increased interactions between startups and public entities would benefit both parties. If startups can offer **concrete digital ideas for public processes**, they have the potential to enhance transparency, which may sometimes be lacking in traditional public processes. However, it was noted that this approach has certain limitations, as it could be perceived as providing an unfair advantage for startups.

On a different note, the Members provided many suggestions to **facilitate social inclusion** in the European startup ecosystem. These recommendations revolved around several key pillars such as

awareness (highlighting success stories and role models), community-building (fostering networking and mentorship opportunities), education (ensuring equal access and incorporating entrepreneurship into school curricula), finance (implementing dedicated instruments and equality requirements for accessing public funding), and inclusivity (prioritising diversity in hiring practices, ensuring proper accessibility and integration).

Addressing the **gender gap** emerged as a prevalent theme, with proposed measures encompassing improvements in working conditions (such as flexible work arrangements, equal pay, and promotion opportunities, as well as pay transparency), comprehensive parental leave policies (including provisions for self-employed contractors and access to quality public childcare facilities), and initiatives to promote women in Science, Technology, Engineering, and Mathematics (STEM) fields through education, training, and internships.

The role of female partners in VC firms was emphasised when bridging the gender gap, particularly concerning funding opportunities. The prevailing sentiment was that **financial support**, as opposed to additional legislation, is perceived as a more effective solution. In investing in female founders, attention was also drawn to the newly introduced InvestEU female founders' initiative. There was a consensus that measures to foster social inclusion should not result in additional bureaucratic hurdles for startups.

Recognising that **education** forms the foundational pillar of a more inclusive ecosystem, it was acknowledged that this process demands dedicated time, effort, and financial resources. Education extends to founders, emphasising the importance of understanding the rationale behind promoting diversity.

Diversity is intersectional – should creating a startup become more accessible (with streamlined processes and lower costs), breaking through existing entry barriers for minorities should become attainable. The concept of **diversity debt** was also introduced, emphasising that potential future employees may perceive themselves as likely outcasts if they do not see adequate representation early on in the team. This highlights the significance of fostering diversity from the outset to mitigate any potential barriers or challenges related to inclusion.



# 5. Conclusions

## 5.1 Highlights and call to action

Representing various countries, professional backgrounds, and experiences, the 25 Advisory Board Members constitute a crucial body of ESNA's organisational structure. Through the preparatory questionnaire, face-to-face meetings, and follow-ups, they have demonstrated extensive knowledge and enthusiasm about the topics. Calls to action from the Advisory Board Members covered various issues throughout the SNS and ESNA's overarching role. This section comprises the aggregated feedback and recommendations from the Advisory Board, broken down into topics discussed during the meeting.

Among the **Tools to Improve Competitiveness**, a plea was made for simplifying the EU rulebook and promoting a greater legislative discipline in policy-making processes to prevent fragmentation. The **Better Regulation Agenda** (European Commission), aimed at ensuring evidence-based and transparent EU law-making processes, is another initiative to be further developed. Its purpose is to make EU laws simpler, more targeted, and easier to comply with by granting citizens and relevant stakeholders' greater involvement. The annual Commission Work Programme guides its work. The Think Small First principle remains particularly important, and startup/scaleup-friendly considerations must be incorporated.

ESNA was also encouraged to push for a **standardised IP transfer arrangement** that would be uniform across the EU. Such an initiative could facilitate investment in spinoffs by addressing IP ownership challenges, which are a regular occurrence and a significant obstacle to spinoffs' growth. A standardised approach would enhance inclusivity and likely ensure widespread adoption.

As **EU competitiveness** was at the heart of the discussions, the forthcoming report on the future of European competitiveness issued by the European Commission was highlighted. It was agreed that the SNS should be featured in this document and the vital role startups and scaleups play in maintaining and enhancing Europe's competitiveness. Within the political scope, a call was issued for a European Startup and Scaleup strategy, allocating more resources to the European Tech Champions Initiative and a dedicated Commissioner.

The **Capital Markets Union (CMU)** was highlighted in the Financing – Funding & Stock Options section. It is designed to establish a single market for capital by facilitating the flow of investments and savings across the EU, aiming to benefit consumers, investors, and companies, regardless of where they are located. Although the first Action Plan was adopted in 2015, progress has been slow. The European Commission adopted a new CMU plan in September 2020 that includes a series of measures crafted to deliver three main objectives: 1) support a green, inclusive, and resilient economic recovery, 2) make the EU an even safer place to save and invest long-term, and 3) integrate national capital markets into a genuine single market. As these themes are directly related to ESNA's values, advocating for the completion of the CMU is particularly relevant - especially with the following legislative mandate on the horizon.



**Startup tax credits** were also mentioned as a viable option, quoting the Earned Income Tax Credit (EITC) that is in place in the US as a comparable example. It consists in helping low to moderate-income workers and families get a tax break when filing their tax return in the form of a refund. On another note, accessibility extends to information, emphasising the importance of platforms aggregating relevant data such as grants or support programmes. It is recommended that these platforms adopt an open data approach and provide APIs or export options.

Among various projects, the ESNA team is presently preparing a new version of its Startup Nations Standards Report 2023, a document that studies the extent of each country’s progress regarding the eight Standards’ implementation. After going through the first version (ESNA, 2022), suggestions for the following report include details on how the SNS indicators are anticipated to impact the overall ecosystem, assessing, and considering the effectiveness of measures currently in place, and incorporating specifics on how a measure is implemented. This approach may, in turn, provide policymakers with a reference for best practices and offer startups insights into initiatives they may not be aware of.

Notable highlights from the meeting discussions can be found in the table below.

<h3>Tools to Improve EU competitiveness</h3> <ul style="list-style-type: none"> <li>Refining visa options</li> <li>Identifying each country’s value proposition</li> <li>Simplifying and digitalising processes</li> <li>More PPP options</li> <li>Wider use of regulatory sandboxes for startups</li> <li>Commercialisation-oriented grants</li> <li>Early access to industry &amp; business in universities</li> <li>Mechanisms to prevent excessive IPR retention by universities for publicly funded research</li> </ul>	<h3>Financing – Funding &amp; Stock Options</h3> <ul style="list-style-type: none"> <li>Incentives for Pension funds to invest in European startups</li> <li>No double taxation (upon sale only)</li> <li>Standardised processes and documents</li> <li>Transparent and accessible information</li> <li>SO transfer option within the EU</li> <li>Involving private investors in public indirect funding opportunities</li> <li>Implementation of a funding hub</li> </ul>	<h3>Streamlining Bureaucracy</h3> <ul style="list-style-type: none"> <li>Standard contract templates</li> <li>Intelligible, easily-applicable regulation</li> <li>Startup fast-lane &amp; regulatory support</li> <li>Flexible and inclusive workplaces</li> <li>Incorporating entrepreneurship into school curricula</li> <li>Improved access to dedicated funds for female and underprivileged founders, excluding additional bureaucracy</li> <li>Further development of Single Digital Gateway &amp; EU Digital Identity Wallet</li> <li>Cross-border collaboration striving for harmonisation</li> <li>Higher involvement of GovTech startups</li> </ul>
--	--	---

Table 1. Key takeaways from the Advisory Board meeting

## 5.2 Going forward

One of the main takeaways from these discussions is the need for greater harmonisation on a European scale, supporting both EU citizens and third-country nationals in cultivating an innovative ecosystem. This necessitates streamlined, digitalised processes facilitated by a centralised approach, exemplified by implementing one-stop-shops. The issue of funding as a catalyst for innovation has been a central focus. From more efficient, closer-to-market public grants to a greater involvement of pension funds in European investments, these approaches offer avenues to bolster Europe's competitiveness by strategically directing funding. Fostering an innovation-friendly Europe is also a topic that encompasses the issues discussed – whether it is by expanding the establishment of regulatory sandboxes or fostering collaboration between academia and the industry.

Throughout the forthcoming year, ESNA is committed to maintaining the initial momentum by incorporating feedback from its Members. In addition to continued engagement with relevant external stakeholders, the team will explore the possibility of creating working groups within the Advisory Board. This reference document does not only serve as a report on the first activities carried out with the Advisory Board to be disseminated with ESNA's influential circle. It also constitutes a robust foundation to prepare ESNA's contribution to the European startup agenda following the European elections.

Harnessing collective intelligence, the ESNA Advisory Board steers the Alliance towards the right direction, translating bright ideas into actionable strategies.

# A. Annexes

## A.1 Advisory Board Composition

### André de Aragão Azevedo

Former Secretary of State for Digital Transition – XXII Government of Portugal, currently Digital Development Partnerships Director – Microsoft Corporation

André de Aragão Azevedo worked in Macau as a lawyer during its transition to Chinese administration. He later advised the Portuguese Parliament on Constitutional Affairs before joining Microsoft Portugal as the Public Sector Executive and National Technology Officer. As Secretary of State for Digital Transition in Portugal (2019-2022), he led digital initiatives and the Digital Component of the Portuguese Presidency of the European Council.

### Nicolas Brien

Entrepreneur, Investor and Advisor

Nicolas Brien has chaired the European Startup Network and held board positions in various companies and foundations across Europe and Asia. He restructured EuraTechnologies, a major European startup incubator, and led France Digitale from 2016 to 2021. His background includes working at Kantar and advising Minister Najat Vallaud-Belkacem. In 2022, he was named "European Leader of the Year" by the Foundation Friends of Europe.

### Veroniek Collewaert

Professor of Entrepreneurship at Vlerick Business School and KU Leuven

Veroniek Collewaert earned her PhD from Ghent University. She was a visiting scholar at Stanford Graduate School of Business and founded the Centre for Excellence in Scaleups at Vlerick in 2014. Her research focuses on funding and growth challenges in young companies. She has served on the boards of Belgian scaleups and is a Board of BAN Vlaanderen member. In 2023, she co-founded the European Scaleup Institute.

### Sam Eshrati

COO & Chief Engagement Officer at TechBBQ

Sam Eshrati is a leading figure at TechBBQ, Scandinavia's largest tech and startup event, which connects startups, investors, and industry leaders, focusing on innovation, networking, and global tech trends. He is committed to actively fostering collaboration and mentorship, highlighting his passion for nurturing talent and underserved entrepreneurs.

## Martina Fitzgerald

CEO of Scale Ireland

Martina Fitzgerald engages with founders, investors, and the government, representing over 2,200 startups in Ireland. Fitzgerald completed a leadership program at Harvard Business School and was a visiting fellow at Columbia University. She serves as a non-executive director of the Irish association of international humanitarian organisations and is a former political correspondent, authoring the best-selling book, “Madam Politician”.

## Carolin Geier

Co-founder and Chief of Staff Mintbase

Carolin Geier co-founded Mintbase, a NFT infrastructure tool that provides the best possible way for users to create and sell products and services in the new virtual economy. Before Mintbase, Carolin worked for members of the German parliament where she researched various aspects of blockchain technology.

## Sabrina Gülck

Board Member Junger Wirtschaftsbeirat Bayern, Founder and Managing Director Undiced

Sabrina Gülck is an entrepreneur focusing on early-stage companies and a background in tech startups and Big Four management consulting. She serves on the board of the Young Bavarian Economic Advisory Council and is a fellow of the EU-supported program 'The Break', connecting 1,000 female entrepreneurs across Europe.

## Ricardo Greenfield

Management Board Member at EurA AG

Ricardo Greenfield also serves as CEO of EurA Brussels & Portugal, focusing on deep tech startups and scale-ups. He is involved in programs such as the European Innovation Council Business Acceleration Services, Venture Building Programs Start for Future Cooperative and projects like Dealflow and Eu4Algae. He holds a master's degree and a PhD in engineering systems and entrepreneurship.

## Vit Horky

Founder Czech Founders, Founder & General Partner Czech Founders VC

Vit Horky established Brand Embassy, a B2B technology startup, which grew internationally, served Fortune 500 clients across 30+ countries, and raised over \$6M in venture capital before being acquired by NICE in 2019. He also founded the digital advertising agency Inspiro, leading it until its acquisition by Publicis Groupe. He holds board positions in several non-profits focused on impact innovation, youth entrepreneurship, and education.

## Steven Jacobs

Venture Partner & Chief Product Officer Lakestar, Board Member constellr, Board Advisor ClearSpace

With over a decade of experience in product management, design, and development in Silicon Valley, he has worked with companies like Apple, HP, Facebook, and Google, and has successfully founded and exited his own startup. Currently leading Lakestar's Deep Tech investing team, he contributes to product strategy and supports portfolio companies. He holds a Master from Stanford University, and a dual Bachelor from UC Berkeley.

## Omar Kandil

Public Policy Stripe

Omar Kandil's background includes roles as a startup mentor and government advisor. At Stripe, he played a key role in developing the European Tech Voices report, analysing growth barriers and enablers for Europe's top startups and scaleups. He collaborates with industry associations, policymakers, and regulators to represent business insights from Stripe and promote the startup and digital policy agenda in the region.

## Liina Laas

Head of Expansion CEE at Deel, Founding Partner at The Better Fund

Award winning-speaker, educator and consultant, Liina has been in the startup field for nearly a decade. Liina leads the decacorn Deel's expansion into CEE and is the founding partner at The Better Fund.

## Sacha Michaud

Cofounder of Glovo

An English entrepreneur with over 20 years in the online sector, he founded LatinRed, a major Spanish internet service provider, which was sold to StarMedia. His entrepreneurial journey includes founding Inlander (sold in 2000), Binaria, a digital communication agency, and Transword, an online translation company. After leading Betfair for nine years, he partnered with Oscar Pierre in 2014 to create Glovo.

## Thaleia Misailidou

Angel Investor Alma Angels, Co-Founder Tech Finance Network

An Angel investor passionate about supporting ambitious founders, Thaleia Misailidou has a seven-year tenure as a seed-stage investor at Marathon VC. Her background includes roles as an Investment Banking Analyst in Munich and with Merrill Lynch's M&A Industrials team. Her academic background is Mechanical Engineering from NTUA and Financial Engineering from Imperial College London.

## Inés Moreno-Alonso

### EU Director Allied for Startups

Inés Moreno-Alonso is dedicated to influencing policies and initiatives that encourage growth and support for startups, working closely with policymakers, industry players, startup communities, and entrepreneurs. She plays a key role in promoting the Startup Nations Standard globally and is involved in global ecosystem initiatives. Inés has an MA in Political Strategy and Communication from the University of Kent and is based in Brussels.

## Nina Nikolich

### Co-founder Startup Macedonia, Officer SwissEP

Nina Nikolich is a Swiss Entrepreneurship Program (SwissEP) Officer and co-founder of Startup Macedonia, with extensive experience in developing and strengthening the startup and innovation ecosystem in the Balkan region. She was appointed as the 1st Startup Ecosystem Lead at Fund for Innovations and Technology Development. She is a founding member of and in the Secretariat of the Western Balkan Startup Alliance.

## Padraig Nolan

### COO ETPPA

As COO of ETPPA, a leading fintech association in Europe, Padraig Nolan is an expert in strategic advisory and government outreach. His work primarily focuses on early-stage policy formation in open banking, data protection, and instant payments. He previously advised C-suite executives and startup founders on regulations like GDPR and PSD2. He holds law and economics degrees and is a certified information privacy professional.

## Clark Parsons

### Managing Director Internet Economy Foundation

Clark Parsons started as a US journalist before moving to Germany with a Robert Bosch Foundation Fellowship. He worked with internet companies, managed media projects, and co-founded Vortel GmbH, a German voice-over-IP telephone company. He led the Berlin School of Creative Leadership and advises digital companies through iconomy GmbH.

## Thijs Povel

### Managing Partner Dealflow

Thijs Povel has 15 years of Venture Capital experience at funds like Holtzbrinck Digital, Corporate Venture arms and Family offices. He has held board seats at high growth startups as well as interim CFO/CEO roles. He invested in the Deeptech, Hardware, FinTech, SaaS and Academic sectors and supports the €10bn EIC Fund to help Europe's most promising startups find co-investors. He holds a degree in Physics from Imperial College London.

## Markus Raunig

### Chairman of Austrian Startups

Markus Raunig is the Chairman of Austria's leading think tank for innovative entrepreneurship. He co-authors Austria's largest startup study, acts as a board member of the European Startup Network and co-hosts the successful tech podcast Future Weekly. Selected as a member of the Startup Council by the Austrian government, he guest-lectures about startups & technological transformation.

## Annamaria Tartaglia

### CEO TheBrandSitter, Founder Angels4Women, W7 (G7) Advisor

Annamaria Tartaglia has extensive experience in marketing, startups, and fashion. She held leadership roles in iconic companies like Trussardi, Ferragamo, and Superga. Her current focus is on strategic development for high-end brands globally and on supporting female startups with Angels4Womn. She is the author of the book "Il Lusso... Magia & Marketing." She holds EMBA degrees in Leadership and Art and Cultural Heritage Management.

## João Trigo da Roza

### VP Business Angels Europe Managing Partner Toplever, President Supervisory Board Investors Portugal

Joao Trigo da Roza significantly impacted the Portuguese and European entrepreneurial landscapes. Former CEO of Portugal Telecom Multimedia.com and consultant with McKinsey and AT Kearney, he founded Toplever, a management consulting firm. He is co-founder of Investors Portugal and Vice-President of BAE. An active investor, especially in AI and the Green Economy, João has supported multiple startups through successful exits.

## Tatjana Zbasu Mikuž

### Managing Partner at South Central Ventures

Co-founder of Slovenia's first VC fund and South-Central Ventures, Tatjana Zbasu Mikuž invested over 40 tech startup and holds board positions in several of these. She's also a European Investment Council Expert and Jury Member. Previously, she worked in corporate finance at Deloitte Slovenia and held leadership positions at the Slovenian Ministry of Economy and the Faculty of Economics in Ljubljana. She has an MSc in Management.

## Simon Zajc

### Former State Secretary at Ministry of Economic Development and Technology

As a public official, Simon Zajc prioritized climate change mitigation, rehabilitation of brownfield areas, and waste management in Slovenia. He coordinated an inter-ministerial group on drinking water rights in Slovenia's Constitution. Previously, as a deputy in the National Assembly and Vice



President of its Agriculture, Forestry, and Food Committee, he focused on small family farms and the forest-wood chain development.

## Greta Zekiene

### Head of Intellectual Property Management at Kaunas University of Technology

Greta Zekiene specializes in IP and business development, managing IP commercialization and strategies. She mentors startups and spinoffs and leads IP modules at KTU. She actively participates in various IP organizations and working groups. She holds a WIPO certificate and represents TTO Lithuania and TTO Baltic network. She holds degrees in Political Science, Economics, and Intellectual Property Law and Management.





## A.2 Startup Nations Standards – descriptions

### SNS #1 Fast startups creation, smooth market entry

- An entrepreneur can establish a startup (legal entity) both online and offline in one day for a fee of no more than 100 EUR. In exceptional cases, to carry out appropriate checks, establishment should be possible within one week.
- Startup fast-lane (including Market Access Helpdesk):
  - Aspiring startups and entrepreneurs can find all relevant information about national administrative requirements and funding opportunities in one place on the Internet – linking also to efforts under the Single Digital Gateway in this context;
  - A Member State will provide a (virtual) Helpdesk for startups and scaleups from other EU Member States who, when trying to enter its market, have come across regulatory issues and/or impediments.
- Legal documents from other EU jurisdictions can be submitted as proof for the incorporation of a startup (or creation of a subsidiary of an existing startup expanding in the single market).

### SNS #2 Attracting and retaining talent

- Visa applications, as a general rule, are processed within a month for:
  - i) founders from third countries supported by a trusted partner in the Member State;
  - ii) and experienced staff from third countries, submitted by startups (which may also be pre-approved as a ‘trusted party’).
- Programmes and incentives are in place to encourage the return of EU tech talent who emigrated to third countries.

### SNS #3 Stock Options

- Stock options are recognised and subject to capital gains tax at the moment of cash receipt and not before;
- Allow startups to issue stock options with non-voting rights, to avoid the excessive burden of having to consult large numbers of minority shareholders.

#### SNS #4 Innovation in Regulation

- Legal provisions and policies are in place explicitly targeting startups that promote a rigorous application of the '[Think Small First](#)' principle in view of avoiding unnecessary administrative burden/red tape;
- Exemptions – or alternative ways of achieving compliance - are confirmed and in place for startups in areas such as, but not limited to, impact assessment;
- Experimentation and innovation for startups is promoted and enabled through regulatory sandboxes.
  - There is an agreed policy or programme (with rules and capacities, administrative support and guidance) and concrete examples for the use of regulatory sandboxes by sectors in which innovations can be tested in cooperation with supervisory authorities.

#### SNS #5 Innovation in Procurement

- There are no legal or administrative impediments that would put startups/scaleups at a disadvantage compared to other participants in innovation procurement opportunities. Public buyers and procurement services are officially encouraged to procure innovations from startups.
- Ownership of intellectual property rights (IPR) can normally be retained by the startup/scaleup participating in innovation procurement opportunities to enable further commercial exploitation (unless there are exceptional cases with overriding public interests that require the public sector to retain IPR ownership).
- Policies are in place to ensure technology developed at universities and research institutes can be transferred without obstacles leading to a new wave of venture-building activity (spinoffs / startups), opening up pathways to pursue – inter alia - innovation procurement opportunities.
- Startups are actively supported to contribute to and benefit from open-source assets stimulating permission-less innovation and access to trustworthy and affordable technologies.

### SNS #6 Access to Finance

- Direct access to finance: Member States use part of their Recovery and Resilience Facility (RRF) funding to enhance access to venture capital for startups through the European Investment Bank (EIB), Promotional Banks or
  - other dedicated vehicles, leveraging private investments, and distributing funds to established/professional VC firms to address the existing investment gap;
  - indirect access to finance: Member States introduce or improve policy initiatives that aim to increase the amount and diversity of private capital (for example from European Pension Funds) available for co-investing in high growth startups.
- Tax relief measures aimed towards Business Angels are in place to stimulate and support early-stage funding.

### SNS #7 Social Inclusion, diversity and protecting democratic values

- Promotion of role models (e.g. by giving awards that promote and recognise diversity in the startup community);
- Provision of targeted incentives for Startups to hire on diversity of ethnicity, gender, religion, age and sexual orientation;
- Provision of support to founders from under-privileged backgrounds to create companies;
- Mobilisation of startups to address marginalisation and social exclusion linked to low income, limited education, location, culture, or disability.

### SNS #8 Digital First

- All day-to-day interactions between startups and authorities (such as company creation, filing of taxes, participation in public procurement opportunities, electronic ID and digital signatures) are designed to be carried out in a digital first manner;
- Startups and scaleups are proactively approached and engaged for the sharing of knowledge and best practices regarding digitalisation.

## References

- Aernoudt, R. (2017). *The scale-up gap: and how to address it*. Retrieved from [https://www.researchgate.net/publication/318905430\\_Executive\\_Forum\\_the\\_scale-up\\_gap\\_and\\_how\\_to\\_address\\_it](https://www.researchgate.net/publication/318905430_Executive_Forum_the_scale-up_gap_and_how_to_address_it)
- Declaration on the EU Startup Nations Standard of Excellence. (2021). Retrieved from <https://www.portugal.gov.pt/download-ficheiros/ficheiro.aspx?v=%3D%3DBQAAAB%2BLCAAAAAAABAAzNDQxMwEAY9E%2BmQUAAAA%3D>
- Earned Income Tax Credit - EITC*. (n.d.). Retrieved from <https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit-eitc>
- ESNA. (2022). *Startup Nations Standard Report - Baseline version*.
- ESNA. (2023). *ESNA Advisory Board Questionnaire*.
- European Commission. (2015). *Action plan on building a Capital Markets Union*. Retrieved from [https://finance.ec.europa.eu/publications/action-plan-building-capital-markets-union\\_en](https://finance.ec.europa.eu/publications/action-plan-building-capital-markets-union_en)
- European Commission. (n.d.). *Better regulation*. Retrieved from [https://commission.europa.eu/law/law-making-process/planning-and-proposing-law/better-regulation\\_en#:~:text=The%20Better%20Regulation%20agenda%20ensures,where%20it%20matters%20the%20most](https://commission.europa.eu/law/law-making-process/planning-and-proposing-law/better-regulation_en#:~:text=The%20Better%20Regulation%20agenda%20ensures,where%20it%20matters%20the%20most).
- European Commission. (n.d.). *Championing Europe's SMEs*. Retrieved from [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_4409](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_4409)
- European Investment Fund. (2021). *Working Paper 2021/075: European Small Business Finance Outlook*. Retrieved from [https://esnapt-my.sharepoint.com/personal/esna\\_esnalliance\\_eu/Documents/ESNA/2.Action/6.Standards & Policy/04. OTHERS/Advisory Board Meeting\\_Nov2023/Final Deliverables/EIF Working Paper 2021/075: European Small Business Finance Outlook 2021](https://esnapt-my.sharepoint.com/personal/esna_esnalliance_eu/Documents/ESNA/2.Action/6.Standards%20&%20Policy/04.OTHERS/Advisory%20Board%20Meeting_Nov2023/Final%20Deliverables/EIF%20Working%20Paper%202021/075%20European%20Small%20Business%20Finance%20Outlook%202021)
- European Network of Competence Centres for Innovation Procurement*. (n.d.). Retrieved from <https://procure2innovate.eu/home/>
- Germany's Blue Card programme*. (n.d.). Retrieved from <https://www.make-it-in-germany.com/en/visa-residence/types/eu-blue-card>
- João Trigo da Roza's presentation - ESNA Advisory Board Meeting*. (2023).
- Netherlands' Highly skilled migrant visa*. (n.d.). Retrieved from <https://ind.nl/en/residence-permits/work/highly-skilled-migrant>
- OECD. (2020). *Size of public procurement*. Retrieved from <https://www.oecd-ilibrary.org/sites/18dc0c2d-en/index.html?itemId=/content/component/18dc0c2d-en>
- OECD. (2021). *Government at a Glance*. Retrieved from <https://www.oecd-ilibrary.org/sites/18dc0c2d-en/index.html?itemId=/content/component/18dc0c2d-en>
- OECD. (2023). *Regulatory Sandboxes in Artificial Intelligence*. Retrieved from <https://www.oecd-ilibrary.org/docserver/8f80a0e6->

en.pdf?expires=1702311327&id=id&accname=guest&checksum=373C77C4F8F363953449270AE63E0593

OECD. (2023). *Talent Attractiveness*. Retrieved from <https://www.oecd.org/migration/talent-attractiveness/>

(n.d.). *Rewarding Talent - A guide to stock options for European entrepreneurs*. Index Ventures. Retrieved from <https://www.indexventures.com/rewardingtalent/when-are-employees-taxed>

*Startup Estonia templates*. (n.d.). Retrieved from <https://startupestonia.ee/resources/model-documents/>

*State of the Union*. (n.d.). Retrieved from <https://ec.europa.eu/stories/soteu2023-commitment-to-europe/>

Stripe. (2022). *European Tech Voices*. Retrieved from [https://assets.ctfassets.net/fzn2n1nzbq965/as5AW9rw46xEysdTL9le8/19b71550059812fcbe2a78b2c2b438f7/Stripe-European\\_Tech\\_Voices.pdf](https://assets.ctfassets.net/fzn2n1nzbq965/as5AW9rw46xEysdTL9le8/19b71550059812fcbe2a78b2c2b438f7/Stripe-European_Tech_Voices.pdf)

*Tax and Employee Share Schemes: Enterprise Management Incentives*. (2023). Retrieved from [www.gov.uk](http://www.gov.uk)

*The fastest way to set up a company in Estonia*. (n.d.). Retrieved from [https://www.e-resident.gov.ee/blog/posts/whats-the-fastest-way-to-start-a-company-in-estonia/?gclid=Cj0KCQjwmvSoBhDOARIsAK6aV7javZWXfpHF4rpRZXC2DZ0W4su41cQ-GYtltl3knyRDKMifanFTRSIaAkqbEALw\\_wcB](https://www.e-resident.gov.ee/blog/posts/whats-the-fastest-way-to-start-a-company-in-estonia/?gclid=Cj0KCQjwmvSoBhDOARIsAK6aV7javZWXfpHF4rpRZXC2DZ0W4su41cQ-GYtltl3knyRDKMifanFTRSIaAkqbEALw_wcB)

# Acronyms

AI – Artificial Intelligence

BA – Business Angel

CMU – Capital Markets Union

EITC – Earned Income Tax Credit

EMI – Enterprise Management Incentives

ESNA – Europe Startup Nations Alliance

ESOP – Employee Stock Option Plans

EU – European Union

GDP – Gross Domestic Product

ID – Identity Document

IP – Intellectual Property

OECD – Organisation for Economic Co-operation and Development

PPP – Public-Private Partnership

RRP – Recovery and Resilience Plans

SME – Small and Medium Enterprise

SNS – Startup Nations Standard

SO – Stock Option

STEM – Science, Technology, Engineering, and Mathematics

TEF – Test and Experiment Facilities

TTO – Technology Transfer Office

UK – United Kingdom

US – United States

VC – Venture Capitalist