



EU Startup Nations Standards

Report 2024



EU Startup Nations Standards – Report 2024

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Disclaimer

Views and opinions expressed in this document do not necessarily reflect the position of the European Union (EU) regarding each topic covered in this report. The European Union cannot be held responsible for them. The elaboration of this document was supported by the Recovery and Resilience Fund.



Foreword

The EU Startup Nations Standards (SNS) Report 2024 marks a significant step forward in the European Startup Nations Alliance - ESNA's mission. Featuring a more efficient survey and an improved methodology, it reflects the collective ambition of the EU SNS of Excellence Declaration, highlighting both Europe's achievements and the challenges to be addressed.

The eight Standards set forth on the "EU Startup Nations Standards of Excellence" ministerial declaration, act as benchmarks for the countries' progress, thereby abiding by one of ESNA's key priorities: ensuring reports comparability. They also serve as a set of best practices that support national governments in their policy-design processes, benefiting Europe's startup ecosystem. This year we observed a significant increase in overall implementation—from 55% to 61%—this year's report reflects not only improvements across numerous Standards but also the shared commitment of Member States to fostering innovation, competitiveness, and entrepreneurial excellence.

The contribution of our members and respective focal points are invaluable as we strive to contribute to the ultimate objective, which is to bring Europe to the forefront of the global startup ecosystem.

This report is not merely a measure of progress; it is a critical tool for policymakers navigating the challenges of a competitive and sovereign Europe.

Startups are a driving force behind innovation and economic growth, and their role is vital for Europe to maintain its strategic autonomy in key sectors while addressing global challenges such as digital transformation, climate change, and social inclusivity. By aligning national policies with the eight Startup Nations Standards, this initiative ensures that the EU remains a fertile ground for entrepreneurs and a beacon of global innovation.

The SNS Report 2024 also highlights the role of startups in enhancing Europe's competitiveness on the global stage. By embracing innovation-friendly policies, member countries not only attract top talent but also foster ecosystems where groundbreaking technologies and inclusive economic growth can thrive. Startups serve as catalysts for advancing Europe's technological sovereignty, helping the region address critical gaps.

For policymakers, this report offers a blueprint for actionable change, by spotlighting both achievements and areas needing attention. It empowers decision-makers with the insights needed to craft policies that promote resilience and sustainability.

As a final note, we wish to extend our deepest gratitude to our Focal Points and Members for their valuable collaboration and who made this report possible. Your efforts in shaping a vibrant startup ecosystem are essential for Europe's future. As we look ahead, let us continue to build on this momentum, leveraging the insights within these pages to create a Europe that is not only a hub for startups but a global leader in innovation and entrepreneurial excellence.



Arthur Jordão

Executive Director

Europe Startup Nations Alliance (ESNA)

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EXECUTIVE SUMMARY

The [EU Startup Standard Nations \(SNS\)](#) Report 2024 aims to provide an overview of the European startup ecosystem through the lenses of the eight SNS. This document is particularly targeted at policymakers, as it monitors the implementation of startup-friendly policies among ESNA's Signatory Members. The present report is the second iteration of this series, which enables comparability.

This report first describes the methodology used to carry out the analysis, the foundation for this report. This section consists of an overview of the implementation of the SNS, followed by a breakdown per Standard. Each section dedicated to one of the eight SNS dives into the results per country, substandard, and indicator.

Two aspects were significant in terms of methodology for this year's edition: accuracy and comparability. In order to address them both, the ESNA team strived to strike a balance between the initial methodology and some technical improvements. While it still combines desk research and a survey, external support was notably sought through a Steering Committee specifically set up for this year's report. Among the significant changes that occurred, the survey went from 73 initial questions to 46 questions and 43 sub-questions to make it easier to navigate. Initially covering 21 countries, the 2024 iteration of the report now covers 24. The methodological notes include details related to the approach, the data collection, the data analysis, the sources used, and the Steering Committee. The scores, ranging from 0 to 100, measure the implementation of the corresponding SNS or substandard.

The implementation of the eight Standards by all Signatory Countries is the key objective, hence it is worth noting that the level of implementation of the Standards is 61%, representing an increase of six percentage points (p.p.) compared to last year (55%). With the exception of Standards #4, #5 and #8, where there has been a slight decrease, this overall increase is due to the improved level of implementation of almost all the Standards (Standards #1, #2, #3, #6 and #7).

SNS #1 Fast Startup Creation, Smooth Market Entry achieves one of the highest scores at 70%. Key findings reveal that digital documents emitted by a foreign entity are accepted in 19 of the surveyed countries. As per business setup, it can be carried out within one day and for no more than €100 in four countries. Additionally, 11 of the participating countries offer remote support to startups in more than one language, emphasising efforts towards digitalisation and centralising information.

SNS #2 Attracting and Retaining Talent stands among the best-performing half with its 64% implementation level – an additional 12 p.p compared to last year. This year, Cyprus, Malta and Romania all achieve full implementation (100%). While visa applications are typically processed within one month in 11 of the surveyed countries, it may differ depending on the type of visa, as one may be easier to expedite than another in a given country. Going further on mobility, nine countries have a programme in place to encourage the return of EU tech nationals who emigrated outside of the continent.

SNS #3 Stock Options is made up of three substandards. Quite a few countries (Cyprus, Estonia, France, Portugal and Ukraine) reach a full implementation level, while ESNA's average increased slightly (from 57% to 62%). In keeping with the SNS' recommendations, most countries (19) offer the possibility to issue stock options (SO) with no voting rights, thereby enabling smoother decision-making processes for company management. While a good

number of states (17 countries) currently have a dedicated SO scheme in place, only 11 countries tax SO as capital gains. This implies that 13 of the countries either tax SO multiple times, or at the moment of grant or exercise only.

SNS #4 Innovation in Regulation covers a variety of topics relevant to this field. With an implementation level of 43%, it is the Standard with the lowest implementation level. The Think Small First principle substandard – which implies that SMEs/startups are involved in the early stages of legislation development – appears to be applied in 11 of the surveyed countries. However, only five of them demonstrated having exemptions or alternatives specifically for startups. These exemptions are typically set up to mitigate issues they face due to their limited resources, track-record or size. While regulatory sandboxes are a relevant tool that enables testing within a specific regulatory framework, they remain overall underutilised, with over half of the surveyed countries (15 countries) having some in place.

SNS #5 Innovation in Procurement and its average implementation level of 55% is broken down into four substandards. While this denotes efforts towards smoother procedures, only ten of the countries set up incentives for public buyers to procure from startups. Still, on the theme of procurement, about two thirds (16 countries) of these states claim not to have any legal or administrative impediments that could potentially disadvantage businesses such as startups or scaleups. This Standard also explores the issue of Intellectual Property Rights (IPR) retention, which is possible in ten countries for startups or scaleups when participating in a tender. The horizon appears brighter for technology transfer policies, however, as 16 of the countries reported having measures in place to facilitate research application and the creation of spinoffs.

With the highest implementation level, at 72%, **SNS #6 Access to Finance** relates to what is typically considered crucial at various stages of business development. Belgium, France, Lithuania, Portugal, Spain, Sweden and Ukraine reach a 100% score for this Standard. The surveyed countries make use of the tools fostering better access to finance for startups and scaleups, however at different levels. As such, 14 of them are currently implementing tax incentives for Business Angels (BA), thereby encouraging direct private investment. Similarly, there are also 14 countries uses part of their Recovery and Resilience Fund to enhance startups' access to VC. Additionally, 16 countries reported having adopted initiatives to diversify private capital for high-growth startup co-investment, which results in greater funds available to startups and scaleups. The most popular instrument appears to be the European Investment Bank (EIB) and promotional banks as a way to bridge the Venture Capital (VC) investment gap, with 21 of the analysed states making use of them.

SNS #7 Social inclusion, Diversity and protecting democratic Values remains one the Standards with the lowest implementation level, despite France, Lithuania and Luxembourg scoring 100%. Considering incentives for startups, many countries (21 countries) created national awards and/or policies to actively promote role models in the startup communities. However, fewer of them (15 countries) state that they directly engage with startups to tackle marginalisation and social inclusion. A minority of eight has set up specific schemes to incentivise hiring processes that would bolster diversity. Similarly, eight countries shared clear evidence of supporting startup founders from underprivileged backgrounds.

SNS #8 Digital First implies that services should be designed to be carried out digitally. This Standard scores as high as SNS #1, with Estonia and Malta (100%) leading the way. A large majority of the surveyed countries (20 countries) offer a variety of administrative services



online, demonstrating that efforts are put towards digitalisation. This is further emphasised by the number of states implementing digitalisation strategies (19 countries), while there is room for improvement when it comes to knowledge sharing between governments and startups, as it is implemented by nine surveyed countries.

Startup Nations Standards implementation progress

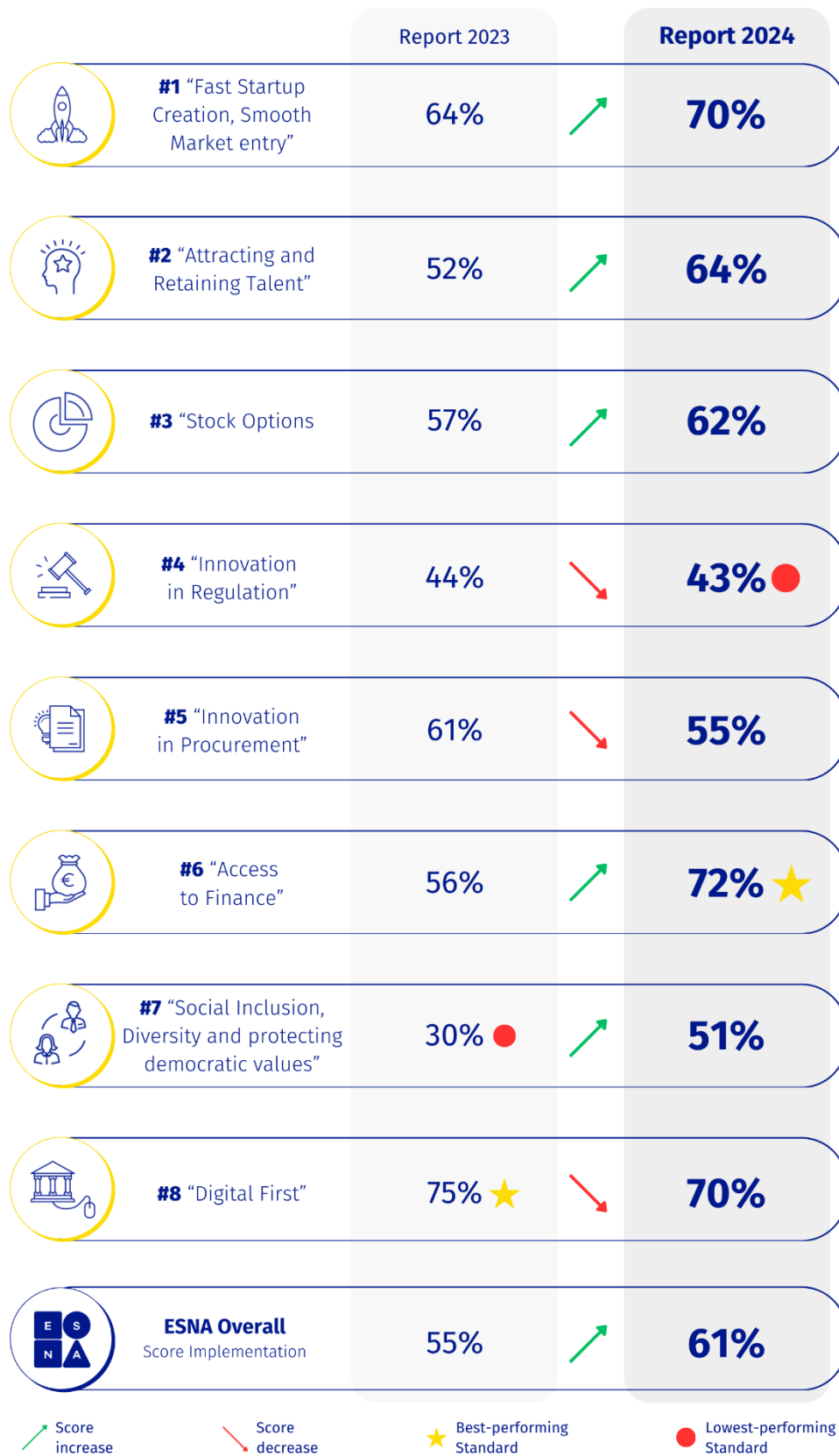


Figure 1. The eight Startup Nations Standard implementation level progress

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

Introduction

01.

01. Introduction

The EU Startup Nations Standard (SNS) Report 2024 marks the third release of the EU SNS Report, following the foundational EU SNS Report 2022 (Baseline) and its subsequent iteration with the EU SNS Report 2023. By monitoring the evolving framework of the EU startup ecosystem through the lenses of the eight Standards, the SNS Report serves as a key resource for stakeholders all around Europe, offering a comprehensive and clear overview of how participating countries in the ESNA Survey are progressing towards a strong startup ecosystem. As an EU-wide reference document - aligned with broader EU startup strategies envisioned for the block - it highlights significant steps towards the common goal of making Europe a global hub for innovation and entrepreneurship.

The EU SNS Report 2024 presents a detailed overview of the implementation status of the eight Standards stemming from the [EU Startup Nations Standard of Excellence Declaration](#) (EU SNS Declaration) endorsed by ESNA's 28 Signatory Countries. Each Standard, illustrated in [Figure 2](#) below, serves as an anchor for fostering more supportive and stronger environments, as well as guiding participating countries in adopting effective policies.

EU STARTUP NATIONS STANDARDS OF EXCELLENCE DECLARATION

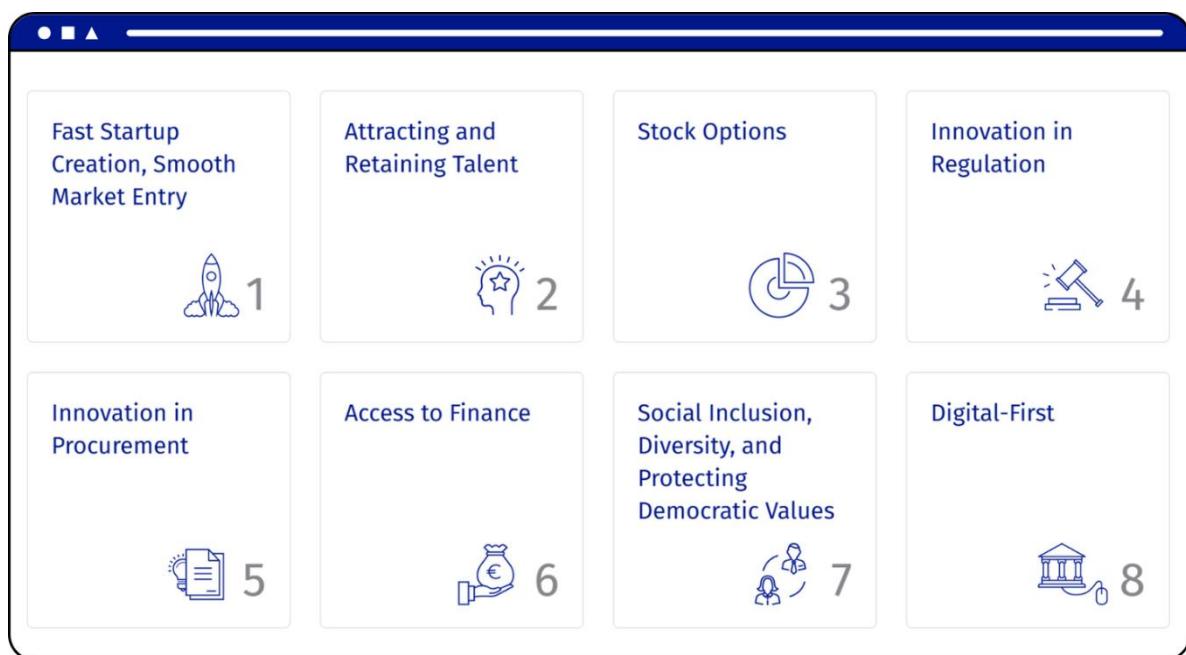


Figure 2. The eight SNS from the EU SNS Declaration

SOURCE: ESNA from EU Startup Nations Standard of Excellence Declaration

This report focuses on evaluating the implementation levels of each Standard as set forth by the EU SNS Declaration. The scores provided reflect specific measures and policies that align with its goals, offering an implementation-focused view. Such distinction underscores the SNS Report's purpose as a policy-tracking resource, rather than an indicator of the national ecosystems' performance.

Notwithstanding, the EU SNS Report aims not only to track the implementation of each SNS, but also to highlight its importance within the broader EU strategy for fostering dynamic and competitive startup ecosystems. Through these annual updates, the report provides a



transparent, data-driven basis for assessing progress and refining policies that strengthen the role of startup policies as key drivers for economic growth and innovation in Europe.

In essence, this third edition of the EU SNS Report reaffirms ESNA's commitment in fostering robust and competitive startup environments, and serves as a transparent, data-driven resource to inform and inspire startup-friendly policies throughout Europe.

Overview of the Standards and the Startup ecosystem

02.

02. Overview of the Standards and the Startup ecosystem

2.1 Implementation level by SNS

When considering the startup policy ecosystem across Europe in 2024 in regards to the eight SNS, it features an implementation level of 61%. Compared with last year's results, a positive trend is recorded with a six p.p increase from 2023 (55%). Despite promising results, there is still a significant disparity between the Standards, with some having lower levels of implementation that require attention. At the same time, the increase compared to the previous year is also not linear, as some Standards improved while others decreased their level of implementation.

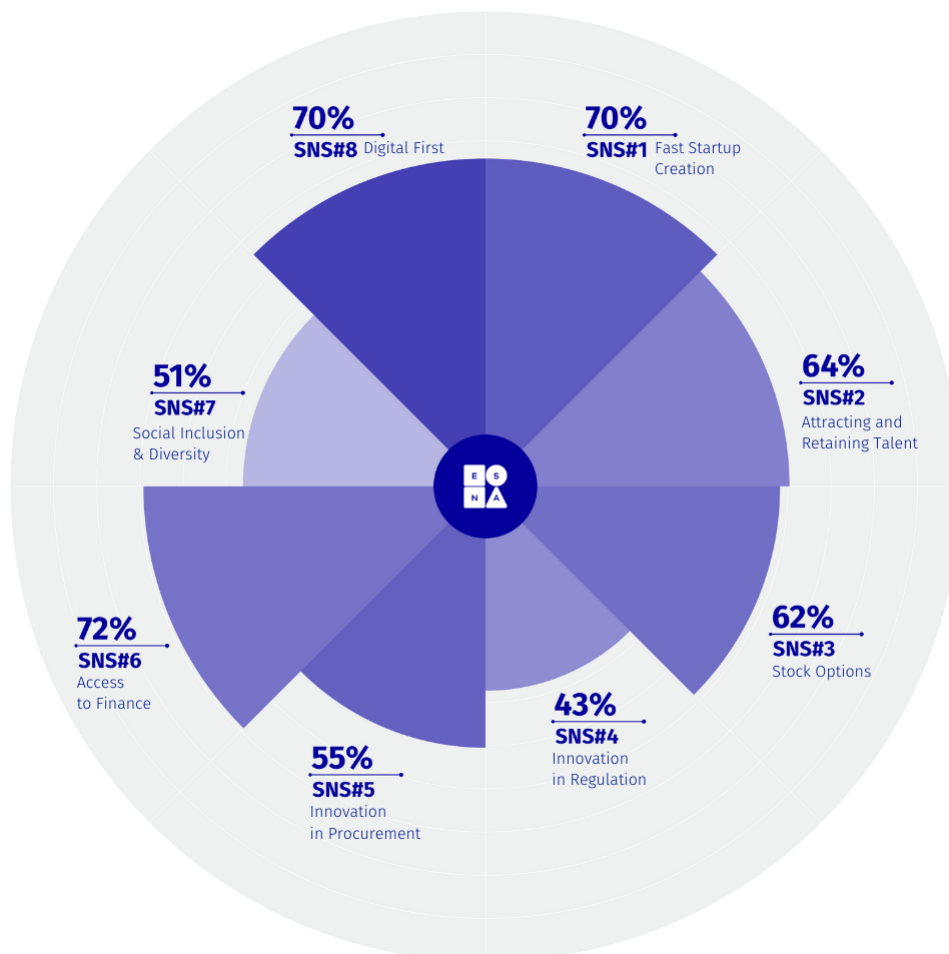


Figure 3. SNS implementation level

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Standard #6 Access to Finance is the best-performing Standard, standing out with its high level of implementation and substantial increase from last year. With its 72% score, Access to Finance reflects European countries' efforts to decrease the financial gap in the EU, through new and different funding instruments. These mechanisms span from direct investments through public grants, indirect investments through VC funds, and tax incentives to investors. This growth of 16 p.p since last year reveals how this is an unequivocal priority in Europe, and how new mechanisms have been designed and deployed through national efforts and with

the support of European organisations such as the European Investment Fund (EIF) and the EIB.

Standards #1 Fast Startup Creation and **#8 Digital First**, are the second and third best performing, both scoring 70%. Both follow last year's trend, where SNS #8 Digital First occupied first place with 75% implementation, and SNS #1 Fast Startup Creation the second place with 64%. However, only SNS #1 Fast Startup Creation has increased its level of implementation, while SNS #8 Digital First has decreased.

The good performance of these two Standards is interconnected. In order to be able to set up a company in a fast and streamlined way, it is essential that related processes are digitalised, as it is the only way to make the procedures more agile. Therefore, a high performance of one Standard implies the other one's high performance.

SNS #8 Digital First scores 70% this year (minus five p.p than 2023¹), reflecting a substantial level of public digitalisation in European countries, characterised by strong digital public services, implying the general application of the “Digital First” Principle. However, it is worth highlighting that the path to digitalisation is not entirely complete, with some efforts being necessary for knowledge sharing between innovative companies such as startups and governments.

Similarly, **SNS #1 Fast Startup Creation** scores 70% this year (plus six p.p than 2023) reflecting a Europe with streamlined processes to start a company. It demonstrates that there is an ongoing effort to simplify and digitalise processes across Europe, thereby making them speedy and affordable. Beyond the processes of establishing a company, there is a concern about providing useful information to entrepreneurs on topics such as national regulation and funding. Furthermore, support tools are becoming increasingly sophisticated, although there is still a general shortfall in direct support for founders through helpdesks.

Although these three are the Standards with the best implementation levels, some improvements in the implementation of other Standards may be noted - such as **SNS #2 Attracting and Retaining Talent**, growing to 64% with a 12 p.p increase, reflecting more programmes to attract talent and faster visa programmes. In addition, the 62% score achieved in **SNS #3 Stock Options**, demonstrates that there has been an evolution in SO frameworks across Europe with an increase of five p.p.

While acknowledging recent progress is essential, it is equally important to emphasise areas that present opportunities for improvement, such as **SNS #4 Innovation in Regulation**, and **SNS #7 Social Inclusion & Diversity**, achieving the lowest scores.

Lastly, **SNS #7 Social Inclusion & Diversity** is the second lowest performer with 51%. This outcome, although not as good as other Standards, marks an impressive increase from the 30% implementation level in 2023. More efforts should be put in place in developing programmes focusing on social inclusion, namely supporting startup creation for underprivileged founders. Aiming at more diversity in the startup ecosystem is fundamental for closing the gender gap and ensuring more inclusive economies.

SNS #4 Innovation in Regulation is the lowest-performing Standard in 2024, with an implementation level of 43%. Even though the decrease from 2023 is only one p.p - almost

¹ It should be noted that some of the changes may be justified by the improvements implemented in this year's methodology. For more information please refer to the Methodological Notes.

maintaining its implementation level - the lowest-performing Standard in 2023 (SNS #7 Social Inclusion) had a significant increase, thereby climbing the Standards' ranking.

Therefore, innovation in regulation is not up to par. Despite a positive effort to implement the Think Small First Principle in policy-making processes, there is a lack of support to startups through exemptions. Besides, regulatory sandboxes are a key instrument to innovation, where startups must play a role. However, this is not the case observed in the analysed countries.

Upon analysing the overall performance of ESNA Members in the different SNS, [Figure 4](#) illustrates some variations in the implementation level by country. The results indicate that 14 of the 24 countries considered surpass the overall average (61%), while the remaining ten are yet to reach it.

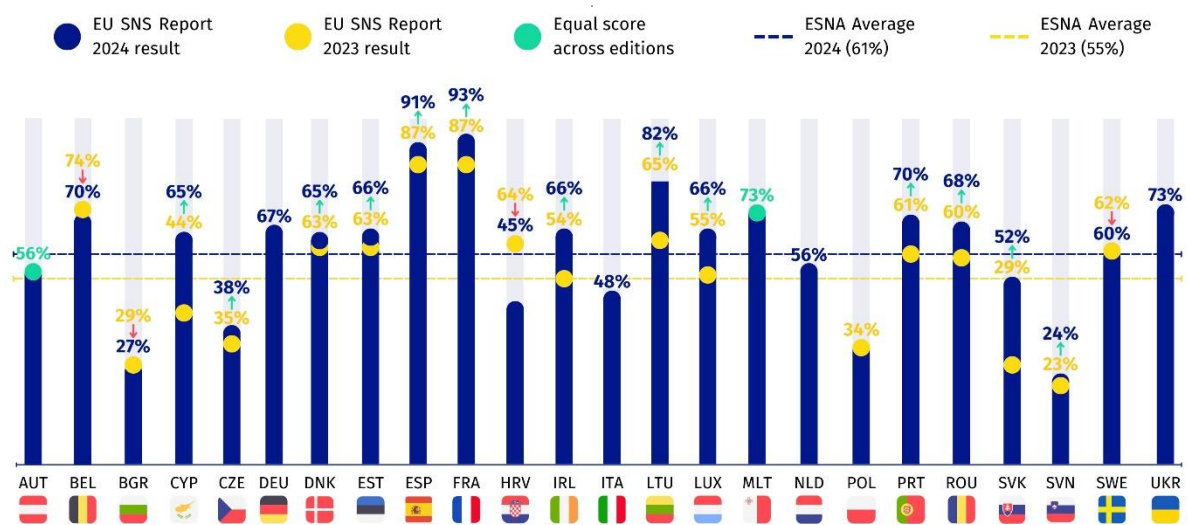


Figure 4. SNS implementation level in Europe (%) – overall score and progress

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

Overall, only four countries decreased their scores between editions and thirteen improved their implementation levels within the eight Standards general score, supporting the growing trend of the ESNA average from 55% to 61%.

Notably, the top-performing countries illustrated in the aforementioned [Figure 6](#), achieve the highest possible score in SNS #6 Access to Finance. Such direct correlation between these values denotes a noteworthy emphasis from these countries in creating more startup-friendly frameworks when it comes to access to finance for startups and scaleups. This showcases that the implementation of tools to foster financial mechanisms and access to greater opportunities is an essential factor to foster national ecosystems. Additionally, the vast majority of the 14 countries there are currently implementing tax incentives for Business Angels score above the overall average (61%).

The results reveal that although there is a positive trend as some countries increase their Standards implementation, the results still vary greatly, revealing disparities between countries. Despite these positive trends, some score declines also deserve special attention.

SNS adoption: Status

03.

03. SNS adoption: Status

3.1 SNS #1 “Fast startup creation, smooth market entry”

3.1.1 Overview

The first Standard presented in the EU SNS Declaration emphasises the importance of streamlined startup creation and a smooth market entry process for aspiring entrepreneurs and everyone who wishes to innovate or create.

One key element to cultivate a strong, healthy ecosystem in which innovation and knowledge-based developments can thrive is to have seamless administrative procedures in place to start and fuel promising ideas. This may involve easier paths to explore business opportunities to expand to other EU countries, setting up a business fully online and in a matter of a few hours, and having support available in different languages, among other aspects of a smooth and quick company setup process.

A fast and simple company creation, together with smooth market entry mechanisms, is one of the cornerstones to bringing more successful entrepreneurs into our European startup ecosystem. For this purpose, administrative procedures should not be a barrier to innovation: lengthy bureaucratic processes, high administrative fees, unclear procedures, and time spent looking for sparse information online are some elements that may slow down or even prevent the creation of new ventures.

As underscored in the previous edition of the SNS report, notable progress was made through investments in digital public services tools such as the Single Digital Gateway (SDG), Points of Single Contact (PSCs), electronic IDentification, Authentication and trust Services (eIDAS).

As the most recent feature from the SDG, complementary to other initiatives, the Once Only Technical System (OOTS) was released in December 2023 by the EC. It aims at facilitating cross-border operations by overcoming digital barriers and lack of interoperability across data sources. The OOTS is expected to improve SMEs and self-employed workers' journeys when scaling their businesses to other EU countries.

When covering this topic, the answers provided in the Scoreboard Survey 2024 and the Index of the Cross-border Services from eGovernment Benchmark 2024 demonstrate that an overall positive implementation was achieved on SNS #1 "Fast Startup Creation, Smooth Market Entry". As shown in [Figure 5](#). below, with an average ESNA score of 70%, this is the second-highest score achieved by a Standard in this year's edition. While no country reached a score of 100%, SNS #1 records an increase of six p.p in comparison with the EU SNS Report 2023, in which the ESNA average was 64% - making it the second-best scoring Standard in that year as well.

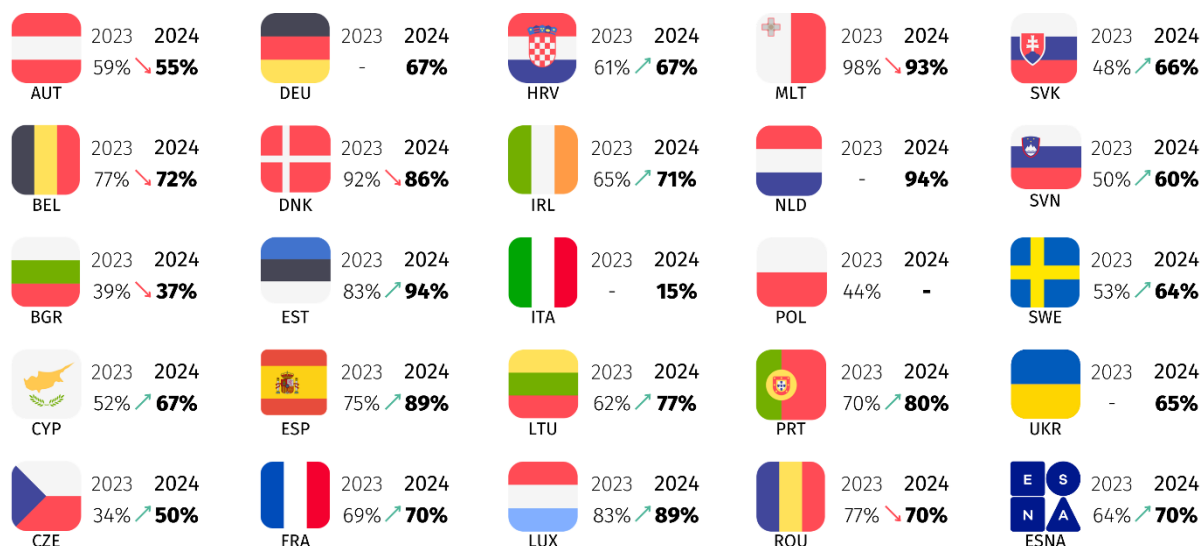


Figure 5. Countries' scores for level of achievement of SNS #1

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024) & eGovernment Benchmark 2024

Despite a visible increase in SNS #1's score, six countries that replied to the survey in the past and current edition (2023 & 2024), as displayed above, decreased their overall implementation level in this Standard. Such a decrease is explained by the introduction of new indicators paired with additional evidence and information requirements for each answer provided by the respondents. Some countries' scores also decreased due to higher costs related to business setup.

In order to provide a better understanding of this Standard and bring more depth to the analysis, a breakdown of the substandards that compose SNS #1 may be found in [Figure 6](#) below. The full description of this SNS #1 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 1.1 – Time & Cost

At the moment of starting a business, time spent setting up the company is an important factor, and the administrative burden may pose an obstacle. The cost associated with the creation of a company also holds significance, particularly in facilitating business creation. Early-stage companies entail subsequent investment costs, making a high fee for setting up a company a potential deterrent. Administrative costs should not be an impediment to business creation and entrepreneurship.

Substandard 1.2 - Startup Fast Lane

Administrative processes for setting up a business are typically complex. Consequently, it is recommended that countries support entrepreneurs extensively by establishing helpdesks to assist them. Additionally, providing comprehensive information on setting up a business, specific regulations, funding opportunities and facilitating market entry can significantly contribute to initiating successful ventures.

Substandard 1.3 – Cross-Border Services

The European ecosystem places a high value on freedom of movement and the possibility of establishing companies across borders, ultimately benefiting the countries in which the new companies are formed. It is therefore imperative to create favourable conditions for the establishment of companies by non-nationals.

Figure 6. SNS #1 substandards description

SOURCE: ESNA (2024)

In overview, the Substandard 1.2 – Startup Fast Lane increased a total of 11 p.p, going from an implementation level of 59% to 70%. Likewise, Substandard 1.3 – Cross-Border Services, increased its score by ten p.p, growing from 63% to 73% of implementation level. On the other hand, Substandard 1.1 – Time & Cost, showed a decrease of three p.p, going from 69% to 66% of implementation level. Regarding this Standard in specific, it should be noted that some of the changes may be justified by the improvements implemented in this year's methodology². For a deeper understanding of Standard #1 results variation, illustrated in the Figure 7 below, please refer to each substandard analysis.

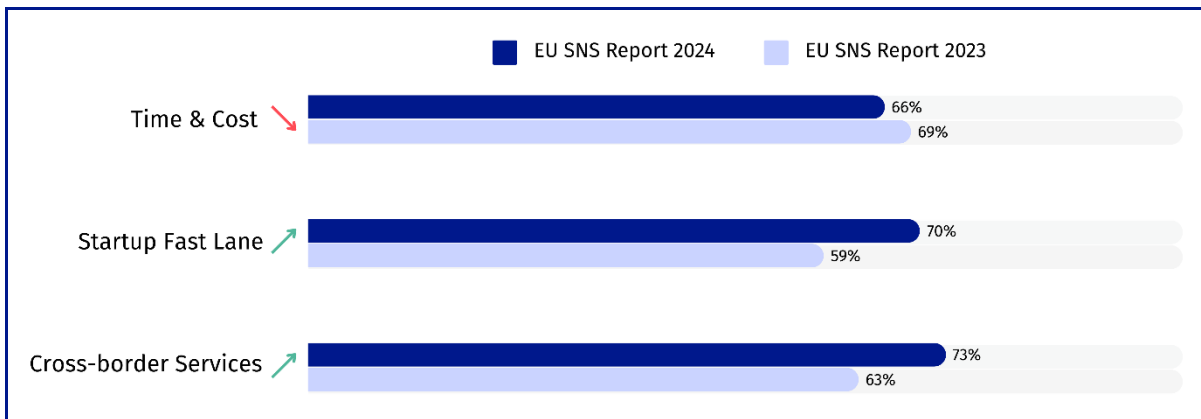


Figure 7. SNS #1 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #1 analysis, please refer to the main takeaways below.

² In particular due to the increase in the sample analysed. For more information please refer to the Methodological Notes.

MAIN TAKEAWAYS

1. In **17%** of the countries it is possible to **set up a company in 1 day**, both online and in the commercial registers, for **100 euros or less**.
2. **Remote support for startups and scaleups** both in the host country's language and in a foreign one is **available in 46% of the countries**.
3. In **79%** of the countries, **printed and digital documents from other EU countries are considered valid** to establish a business or create a subsidiary.

3.1.2 Substandards analysis

Substandard 1.1 – Time & Cost

Three indicators were considered to analyse the time and cost involved during the process of setting up a startup: "Number of days to establish a business online", "Number of days to establish a business in the commercial registers", and "Administrative costs to establish a startup". The first two indicators, recently introduced, reflect an improvement made in this year's survey, resulting from splitting the indicator used in the previous edition: "Number of days to start a business". With this improvement, it was possible to collect more data and elaborate an enhanced assessment of the modalities and time associated with setting up a new venture.

Substandard 1.1 - Time & Cost demonstrates an overall implementation level of 66%, with four out of 24 countries (17%) achieving 100% of implementation level: Malta, the Netherlands, Romania, and Spain. Based on the answers provided, in these countries, it is possible to setup a business both online and in the commercial registers in one day with a cost between €0 and €100. Such results demonstrate an ideal effectiveness in the processes related to the aforementioned indicators.

When assessing the **number of days to establish a business online**, there are eight out of 24 countries achieving a score of 100%. As indicated in the [Figure 8](#) below, entrepreneurs can create a startup in one day in Denmark, Estonia, Malta, the Netherlands, Poland, Romania, Spain, and Ukraine. On average, countries achieved a score of 60% on this indicator.

In the remaining countries, the time to establish a business online varies between one week - possible in 11 countries out of 24 - and two to four weeks, visible in four countries out of the 24 (17%); and more than four weeks, only visible in one country.

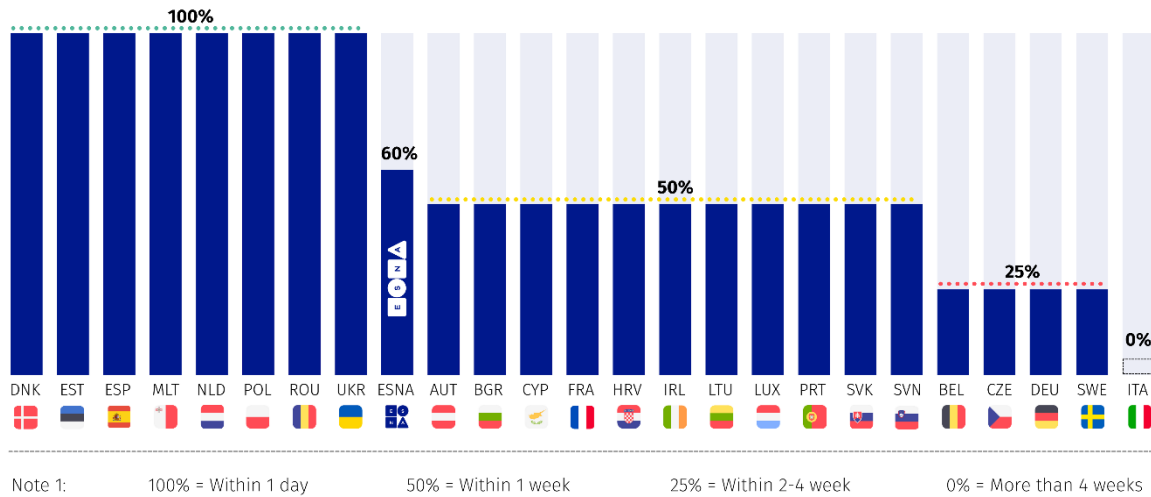


Figure 8. Number of days to establish a business online (Indicator 1.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

When evaluating the **number of days to establish a business in the commercial registers**, nine of the 23³ surveyed countries achieved the maximum score (100%). In Belgium, Estonia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, and Spain, it is possible to set up a business in the commercial registers in one day only.

In the majority of the countries, the required time to register a business in the commercial registers may go from one working week, as seen in 11 countries, to four working weeks or more, which is the case in three countries, as illustrated in the [Figure 9](#) below. The average score achieved by countries in this indicator was 66%.

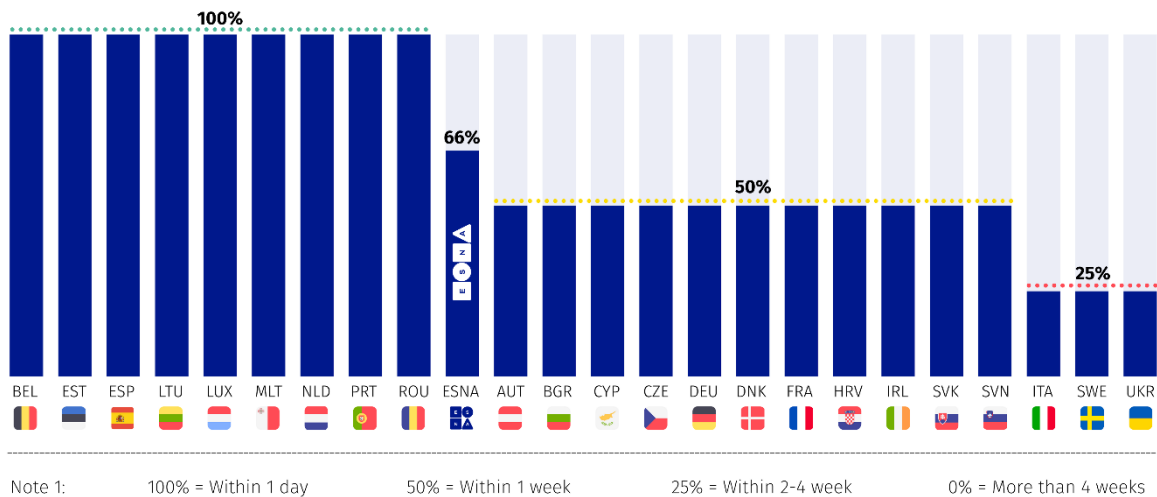


Figure 9. Number of days to establish a business in the commercial registers (Indicator 1.1.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

³ Poland was not included in the analysis due to lack of information provided.

Regarding the **administrative costs for establishing a startup**, the fees required to establish a legal entity are below €10 in three countries, and less than €100 in 12 out of the 24 surveyed countries. Therefore, considering their 100% implementation level, it is possible to establish a business with less than €100 euros in 12 countries, just over half of the 23⁴ countries covered: Bulgaria, Croatia, Denmark, France, Ireland, Lithuania, Malta, the Netherlands, Romania, Slovenia, Spain, and Ukraine, as shown in [Figure 10](#), below. On average, countries achieved a 72% score in this indicator.

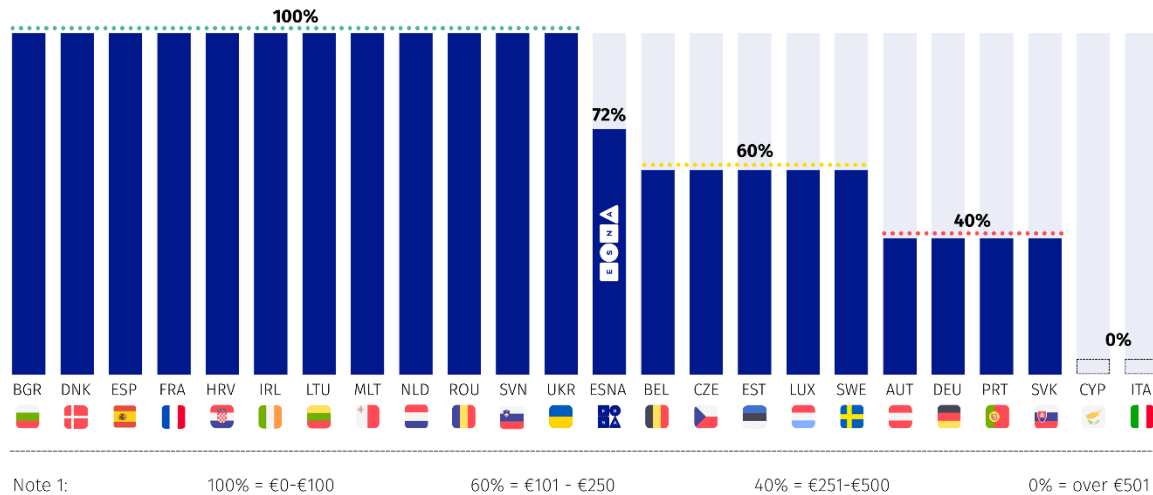


Figure 10. Administrative costs for establishing a startup (Indicator 1.1.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Furthermore, in five countries it is possible to set up a legal entity with fees ranging between €101 to €250, while in four other countries administrative services associated with business creation are set between €251 and €500. In the remaining countries, scoring 0% in this indicator, the fees go from €501 to €1000, and above €1000 in one case.

Substandard 1.2 – Startup Fast Lane

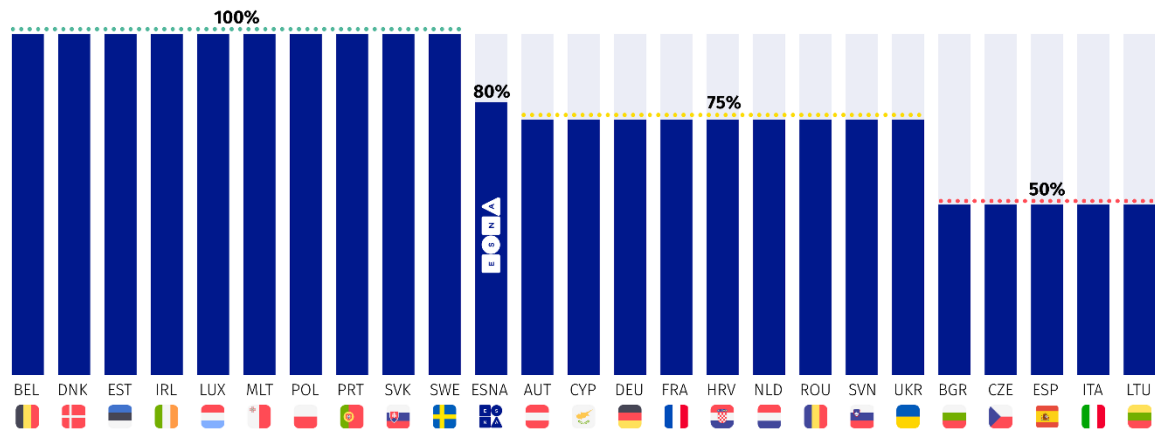
Three indicators were considered to evaluate the countries' performance in this Substandard: "Existence of an online service to set up a company", "Existence of fast lane & helpdesk available for entrepreneurs", and "Existence of a virtual helpdesk for regulatory issues for startups and scaleups".

Strongly contributing to the overall score of the Substandard, the Indicator 1.2.1 "**Existence of an online service to set up a company**" registered an overall score of 80%, with ten out of the 24 surveyed countries showing a full implementation level. This amounts to four more countries scoring 100% compared to the previous edition. As illustrated in [Figure 11](#) below, Belgium, Denmark, Estonia, Ireland, Luxembourg, Malta, Poland, Portugal, Slovakia, and Sweden report having robust online services for setting up a company, with an accessible business setup website, by providing the necessary evidence requested to that end.

⁴ Poland was not included in the analysis due to lack of information provided.

Due to some limitations identified in the evidence provided⁵, nine out of 24 countries (38%) scored 75% in this indicator. A positive improvement in relation to last year's results, in which seven out of 21 countries (33%) achieved a score of 75%.

Furthermore, in a minority of five countries, the process can only be partially completed online, as certain official documents and bureaucratic procedures are required to be sent to more than one administrative entity and/or a certain degree of actions from the applicant (e.g. submitting the same document more than once or collecting signatures for document approval).



Note 1: 100% = Answers "yes" with clear evidence 50% = Answers "yes" with no clear evidence 0% = Answers "no"

Note 2: Minus 25p.p if the platform is only available in the local language | Minus 25p.p if it is only possible to set up a company under specific conditions

Figure 11. Existence of an online service to set up a company (Indicator 1.2.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

In line with the SDG guidelines and the 'once-only' principle, seven out of the 24 countries demonstrated with clear evidence the existence of a single online location where aspiring entrepreneurs can resort to a comprehensive service with a market access helpdesk for national regulations and funding opportunities.

As a result, Croatia, Estonia, Luxembourg, Malta, Netherlands, Spain, and Sweden, achieved a 100% implementation level regarding the indicator **existence of fast lane & helpdesk available for entrepreneurs**. An increase when looking at the EU SNS Report 2023 results, in which three out of 21 countries scored 100% in this indicator.

Regarding the existence of a single location where aspiring entrepreneurs can find all the necessary information about national regulations and funding opportunities, ten out of the 24 countries reached an implementation level of 75%, revealing that this only exists partially as some information may be missing. The surveyed countries shared that regulation framework resources are mainly lacking in these platforms, as well as specific information on funding access.

⁵ For more information on the limitations considered and scoring criteria please check the Methodological Notes.

As illustrated in [Figure 12](#) below, only two countries scored 0% as there was no centralised online resource for aspiring entrepreneurs to access such information at the time the survey was carried out. Overall, the implementation attained by countries in this indicator was 71%.

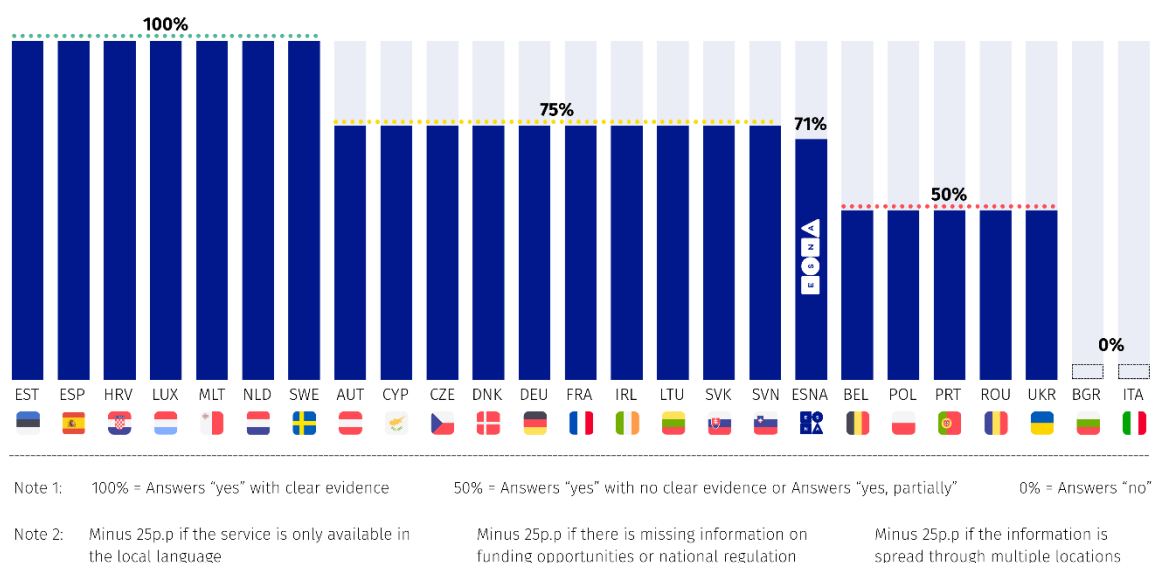


Figure 12. Existence of fast lane & helpdesk availability for entrepreneurs (Indicator 1.2.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

When creating a new business, applicants typically seek help and tracking tools during the setup process of a new company (European Commission, 2024). To this end, the **existence of a virtual helpdesk for regulatory issues for startups and scaleups** indicator evaluates the availability of a remote support available for startups and scaleups from other EU Member States which have encountered regulatory issues or impediments.

Such mechanisms, provided both in official language(s) and in English, are essential to ensure that this support is accessible to all. As illustrated in [Figure 13](#), 11 out of the 24 surveyed countries demonstrated with clear evidence having support both in English and in their official language(s) available, thus scoring 100%. That represents an increase in relation to the last year edition, in which eight out of the 21 participants provided evidence of operating a service that achieved 100% implementation.

On the other hand, seven out of the 24 surveyed countries admitted not having direct remote support for startups and scaleups from other EU countries that face regulatory issues, thus scoring 0%. Last year, there were eight countries with the same implementation level. Additionally, six countries - scoring 50% - reported having a remote support platform in place but did not provide the required evidence to support their statement, as illustrated below.

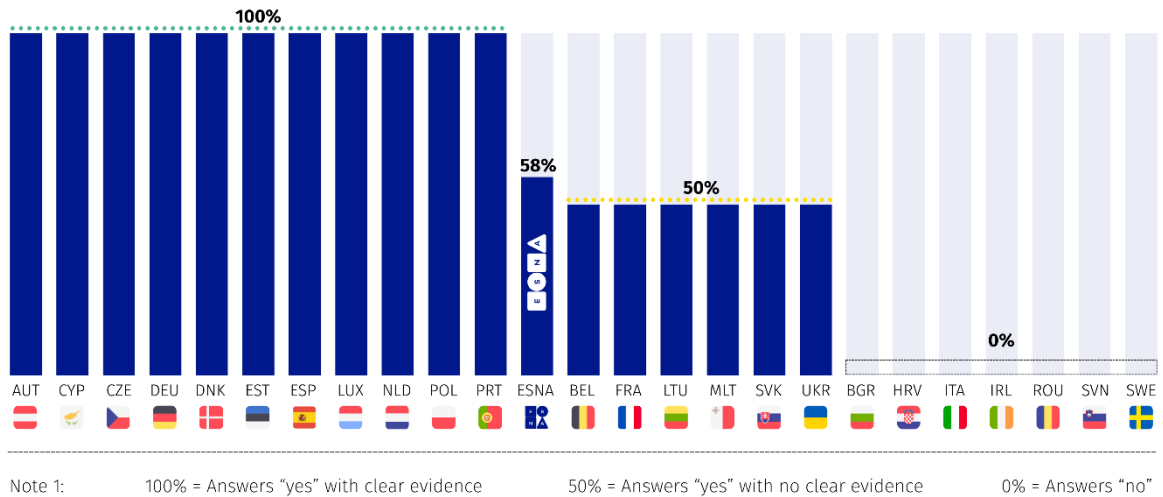


Figure 13. Existence of a virtual helpdesk for regulatory issues for startups and scaleups (Indicator 1.2.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

As underscored by the Draghi Report, "during their early stages, start-ups are very vulnerable and need enhanced support. Currently, support is extremely fragmented, as also witnessed by the emergence of so-called 'one-stop shops', which makes it impossible for start-ups to find the most suitable instruments". Following this concern, the Report advocates for a better alignment of EU instruments and an enhanced coordination of other tools across Member States in order to ensure a level playing field. Such features "should be facilitated by providing an EU-level platform bringing together all relevant information and developing an ecosystem of services for start-ups. Such a platform should help start-ups to analyse their situation and needs, and to find the most appropriate solutions".

With such measures in place, as mentioned in the Draghi Report and endorsed in the EU SNS Declaration, countries are able to strengthen their local ecosystems and ultimately contribute to the EU-wide startup context. A positive implementation of the advocated policies can be observed in the implementation level increase in Substandard 1.2 – Startup Fast Lane.

Substandard 1.3 – Cross-Border Services

Two indicators were considered to evaluate the countries' performance in cross-border services available for applicants when creating new ventures or conducting market operations within the EU. These are "Index of the cross-border services" and "Utilisation of legal documents from other EU countries for startup establishment or expansion within the single market".

When assessing the first indicator of this Substandard, **Index of cross-border services**⁶, (Digital Decade 2024: eGovernment Benchmark, 2024) no country achieved a full implementation level. The eGovernment Benchmark, which bases its scores on four key

⁶ Cross-border services correspond to the "extent to which citizens and entrepreneurs from other European countries can access online information and services in a usable and integrated way through electronic identification and eDocuments" (European Commission, 2024)

dimensions - User Centricity, Transparency, Key Enablers and Cross-Border Services -, reveals that Estonia, Luxembourg, and Malta are the countries with the highest performance in this Substandard, with a score of 92% in cross-border services.

As outlined by the eGovernment Benchmark report, the progress achieved in the EU’s digital transformation underscores a significant commitment by governments to improve digital service delivery for citizens and businesses. As a result of such efforts, the Cross-Border Services dimension addressed by the eGovernment Benchmark shows the greatest improvement, with an increase of seven p.p in its biennial average over four years. As illustrated in Figure 14 below, the majority of the countries displays a positive implementation level, with 14 of the surveyed States scoring above 65%.

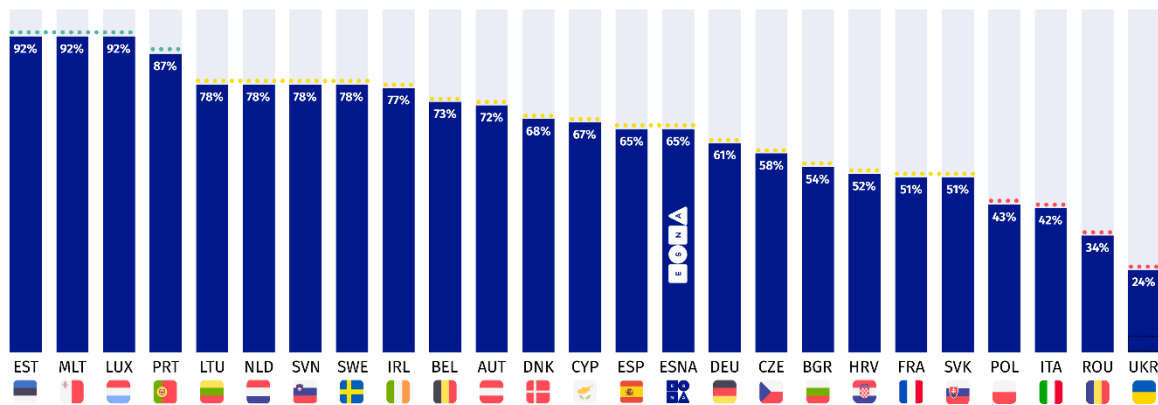


Figure 14. Index of the cross-border services (Indicator 1.3.1)

SOURCE: eGovernment Benchmark 2024

Beside some exceptions, the report outlines that the persistent gaps highlighted in previous eGovernment Benchmark reports are gradually narrowing. One of the critical gaps pointed out in the report is the difference between national and cross-border services. Currently, the availability level of services for national users is at 88%, whereas availability for cross-border users⁷ only reaches 56%. Furthermore, the report also identifies that significant disparities persist between the percentage of national (76%) and cross-border (37%) services offering eID capabilities. Although these gaps have slightly decreased over the past four years, numerous barriers continue to hinder international users in cross-border operations.

The implementation of interoperability between different states fosters a seamless cross-border exchange, saving time and costs for citizens and businesses. Therefore, countries must ensure the **utilisation of legal documents from other EU countries for startup establishment or expansion within the single market**. Regarding this indicator, ESNA’s survey results reveal that 19 out of 24 participants achieved a full implementation level, demonstrating with clear evidence that both printed and digital documents may be submitted when establishing a startup or creating a subsidiary. A relevant improvement from last year’s edition, in which only ten out of 21 countries allowed the use of legal document from other EU countries as evidence.

⁷ Cross-border users are “citizens or entrepreneurs that seek information and services in a European country other than their own.” (*ibid*)

As illustrated in [Figure 15](#) below, only four countries do not provide such feature when conducting cross-border administrative procedures for startup creation or expansion within the single market. The average implementation level of this indicator is 81%.

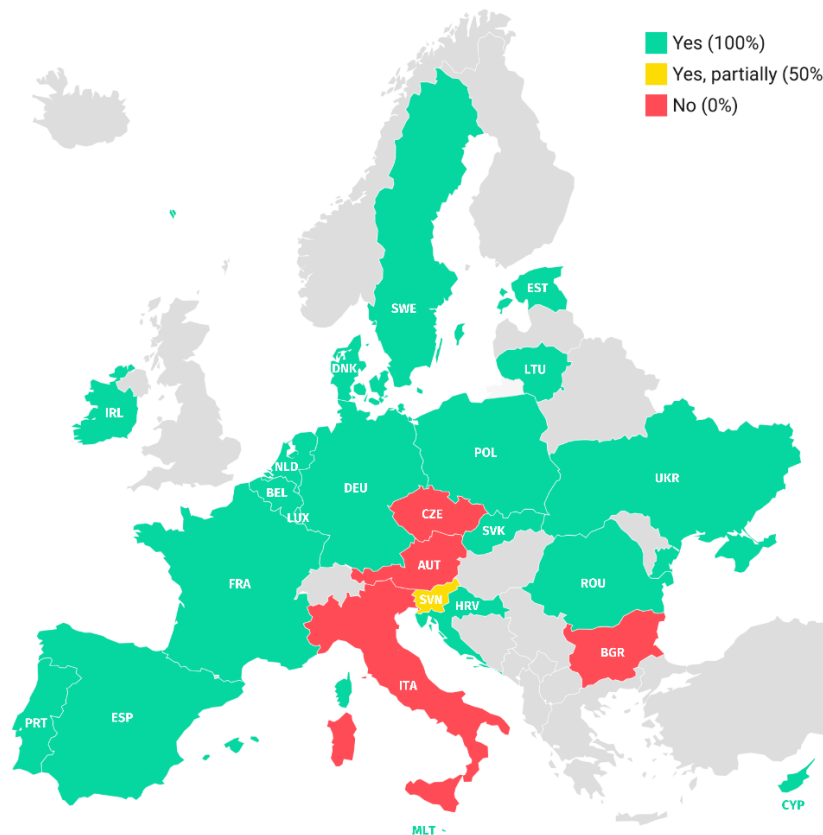


Figure 15. Utilisation of legal documents from other EU countries for startups within the single market (Indicator 1.3.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Beside the considerable challenges identified related to time, cost and administrative procedures associated with cross-border operations, startups face other challenges. Hiring abroad and facing bureaucracy in a foreign language may imply extra work for startups that wish to expand. Simplifying access to procedures such as employment regulations, legal frameworks and bureaucracy can feed into a seamless expansion and operations within the single market.

3.2 SNS #2 “Attracting and Retaining Talent”

3.2.1 Overview

Attracting and retaining talent is paramount for fostering favourable conditions for high-impact startups to set up a base in Europe, and eventually scale globally.

The highly technological nature of startups and the need for innovation is dependent on talented individuals and is therefore a fundamental condition for startups to thrive. Hence,

it is necessary for Europe to have a favourable environment for creating, attracting and retaining such talent within its borders.

Talents are essential in driving innovation, developing cutting-edge technologies, and ultimately for economic growth. Broadly defined as the stock of knowledge, skills and other personal characteristics that make people productive, it is a prerequisite for the effective operation of businesses and public services (OECD, 2023). Across Europe, there has been a concerted effort to attract international talent, especially tech talent.

More than a necessity, the availability of highly qualified personnel is already an issue for entrepreneurs and innovative companies. Studies find that the biggest challenge SMEs face is finding employees with the right skills (European Commission, 2023), even before common hurdles such as regulation, bureaucracy, and access to finance.

ESNA therefore promotes in this Standard the implementation of initiatives to foster such an environment by facilitating visa processes for highly qualified profiles in the technology sector, and for self-employed founders who want to set up their businesses in Europe, as well as programmes to attract talent back.

Providing the right conditions to attract and retain highly skilled tech professionals and entrepreneurs to set up their businesses in Europe is key, notably in ensuring their smooth relocation and development in Europe.

Based on the survey answers and the Talent Attractiveness Index, an overall score of 64% implementation level is observed, a significant increase of 12 p.p when compared with 2023 results - 52%. Cyprus, Malta, and Romania achieved a 100% level of implementation on this Standard among the 24 countries, as shown in [Figure 16](#) below.

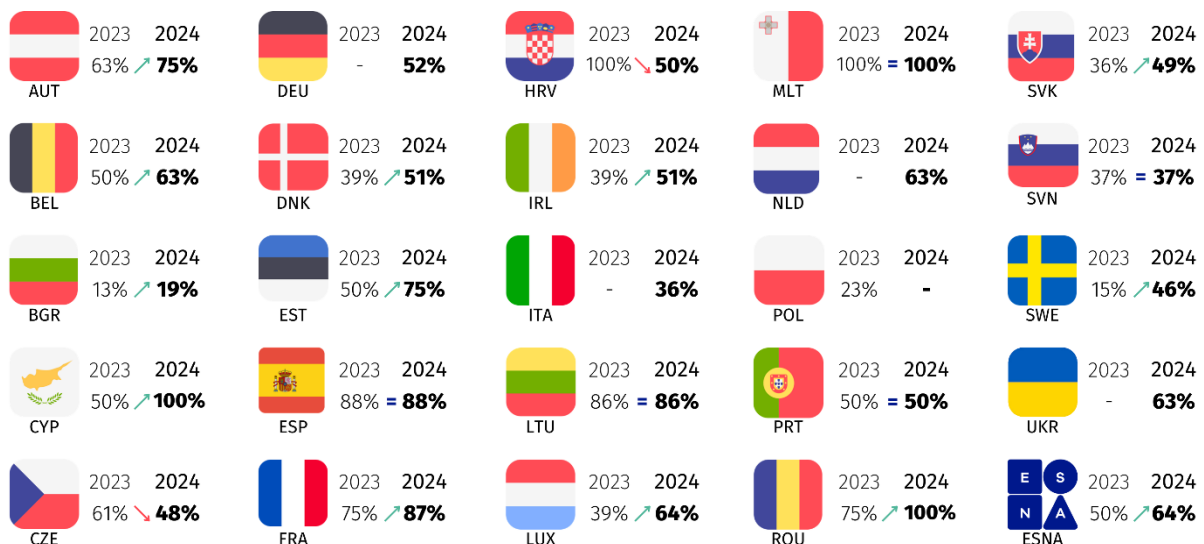


Figure 16. Countries' scores for level of achievement of SNS #2

SOURCE: Official data from Member Countries Focal Points (Survey 2023& 2024) & OECD Talent Attractiveness Index (2023)

With a steady increase in SNS #2, 12 countries that replied to the survey in the past and current edition (2023 & 2024), as displayed above, recorded a higher overall implementation level in this Standard this year.

To enhance the depth of the analysis, the SNS is divided into two substandards. More information about the substandards can be found below. The full description of the SNS #2 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 2.1 – Visa Applications

Visas play a crucial role in talent attraction, as they are usually a fundamental condition for relocating to another country. Visa acquisition processes are often perceived as time-consuming and burdensome, and thus represent a setback in the decision-making process to move abroad. The focus of this Substandard is to monitor measures aimed at streamlining these procedures.

Substandard 2.2 - Programmes for Talent

Attracting and retaining talent implies creating and developing programmes tailored for highly qualified individuals possessing a specific set of skills, namely in the tech sector. The Substandard also entails programmes designed to reattract talent back to their home regions.

Figure 17. SNS #2 substandards description

SOURCE: ESNA (2024)

The Substandard 2.1 – Visa Applications focuses on the time required to process visa applications, demonstrates an implementation level of 78%, and a positive trend, with an additional 18 p.p, compared with 2023 results, thereby impacting the SNS as the best-achieving Substandard. In contrast, Substandard 2.2 – Programmes for Talent displays a lower level of implementation at 49%, an increase of five p.p regarding last year (44%).

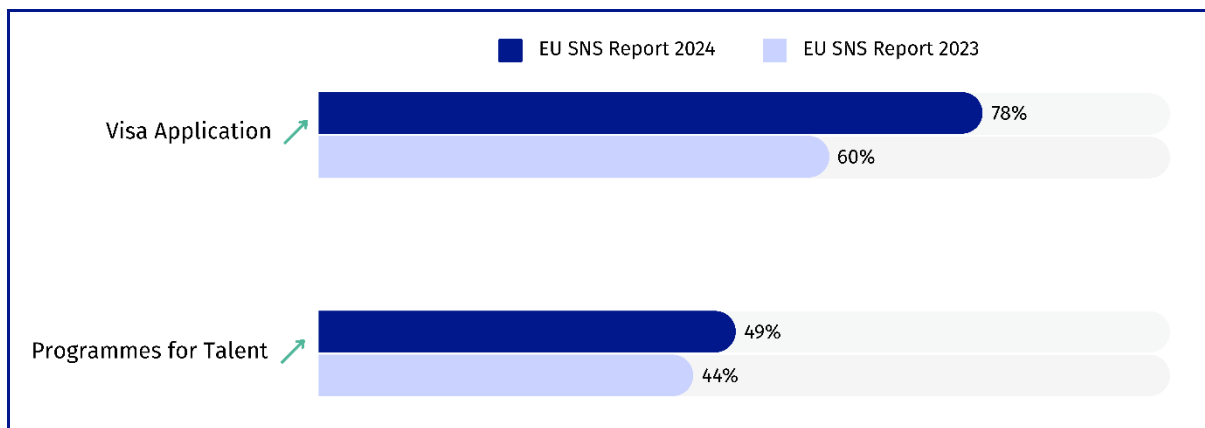


Figure 18. SNS #2 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #2 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

1. In **61%** of the countries, the **visa application process** for founders and experienced workers typically takes **only one month**.
2. **Nine** countries out of 24 demonstrated clear evidence of having implemented a programme to **incentivise returning EU tech talents**.

3.2.2 Substandards analysis

Substandard 2.1 – Visa Applications

Visas play an important role in attracting talent. Long processes are a deterrent, as are high refusal rates, as well as demanding and bureaucratic processes with low digitisation.

In order to analyse how long these processes take, the countries under analysis were asked about the time frame in which these processes are typically carried out for founders (“Time to complete visa applications for founders”) and experienced workers (“Time to complete visa applications for experienced workers”).

Considering that the benchmark included in the EU SNS Declaration is for the visa process to take less than a month, there was a 78% implementation level both for founders’ and experienced workers’ visas, as shown in [Figure 19](#).

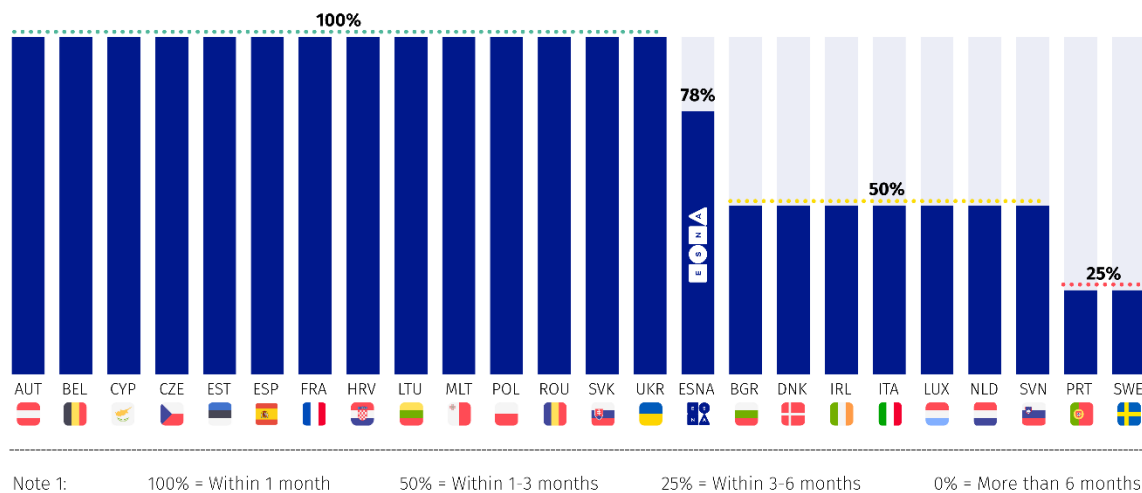


Figure 19. Time to complete visa applications from founders – time & implementation level in % (Indicator 2.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Although both indicators display the same level of implementation, there are inverse patterns in some countries. In countries such as Bulgaria, Czechia, Slovakia, and Ukraine, the founder visa is implemented more promptly, while in Denmark, Ireland, and Sweden, the

opposite occurs. Consequently, processes for founders and experienced workers were carried out in the timeframe of one month only in 14 countries out of 23⁸, as shown in [Figure 20](#).

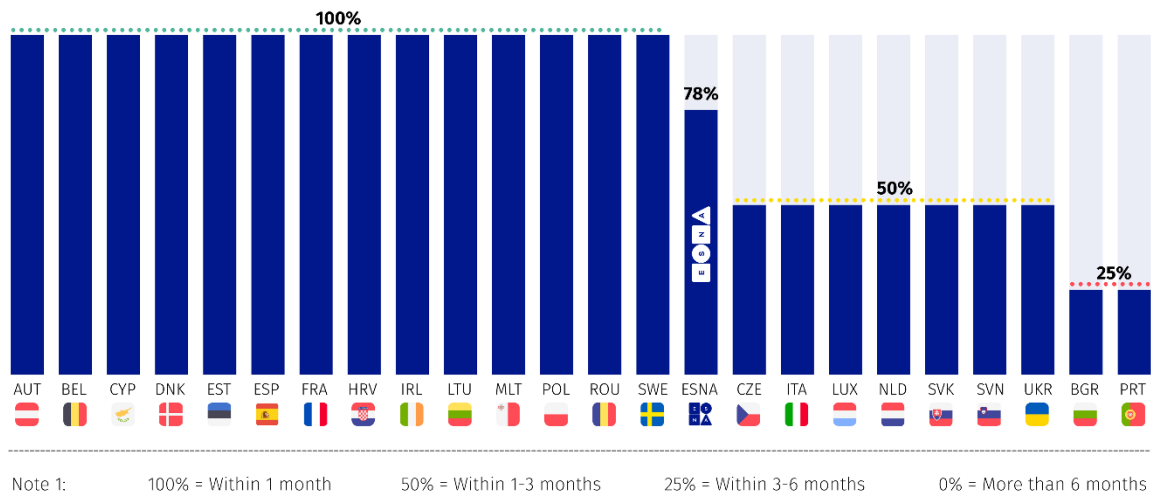


Figure 20. Time to complete visa applications for experienced workers (Indicator 2.1.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

A wave of startup visas has been launched in the past few years to attract entrepreneurs with innovative ideas, responsible for generating jobs, new solutions and revolutionary technologies.

The startup founder visa candidate is typically a migrant with an innovative idea but without the necessary funding to pursue the idea. Visas for entrepreneurs and self-employed workers often have requirements that are difficult for startup founders to meet, notably when it comes to business track record, job creation and minimum capital investment. They may also fall short of the requirements for formal education in selective skilled migration programmes (OECD).⁹

Substandard 2.2 – Programmes for Talent

Access to talent is one of the key conditions to make an ecosystem attractive. Being able to recruit talented and qualified individuals globally is key for entrepreneurs, as startups are often in need of highly skilled workers, particularly in the fields of science, technology, engineering, and mathematics (STEM). It is thus important to consider both access to local skilled workers, and the ability to recruit highly skilled migrants. That is why retention and re-attraction of talent is an essential pillar (OECD, 2023).

The visas covered in the previous subchapter are an important component in building an attractive ecosystem for talent, but there needs to be a complementary implementation of programmes aimed not only at bringing new talent in, but also at retaining and returning professionals.

⁸ Germany was not included in the analysis due to lack of information.

⁹ Please visit this page for further information, accessible [here](#)

ESNA therefore analysed the countries to identify whether they have any programmes and/or incentives in place to encourage the return of EU tech talent who emigrated to third countries. As a result, only nine countries out of 24 showed evidence of having implemented this type of programme, and another five countries reported having this type of programme in place, but not in a clear way. As a result, this indicator has an implementation level of 48%, increasing by 10 p.p since last year in 2023.

It is worth highlighting the countries such as Cyprus, France, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Romania, and Spain, which achieved 100% implementation level, as shown in [Figure 21](#) below.

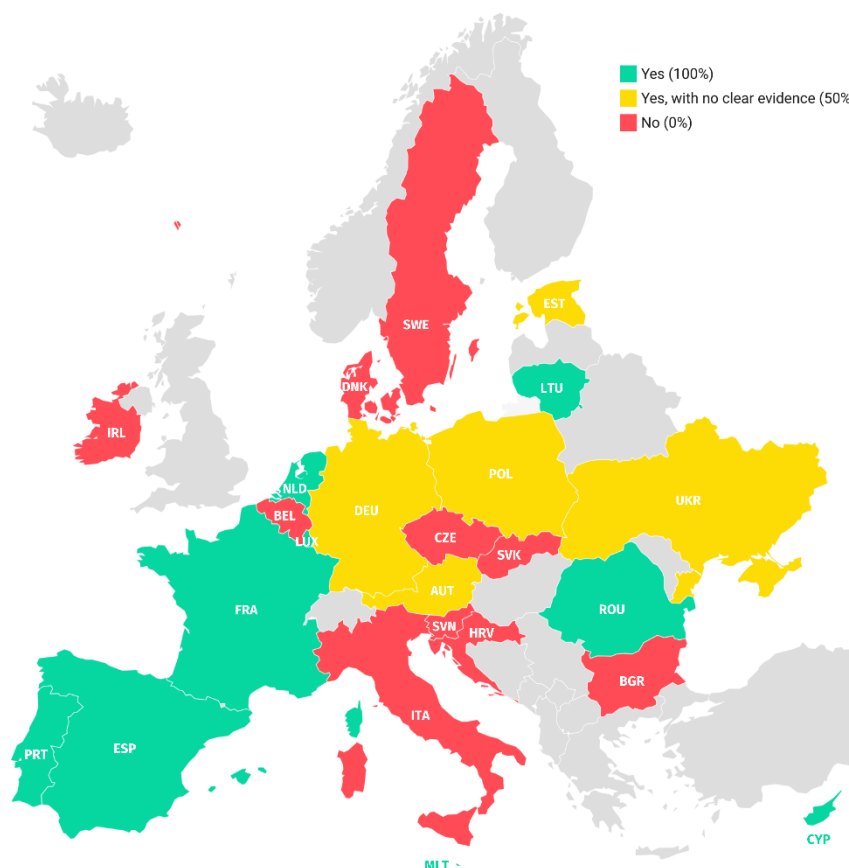


Figure 21. Existence of return of tech diaspora programmes (Indicator 2.2.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Lastly, regarding the **Index of talent attractiveness**¹⁰ (OECD, 2023), there is still some space for improvement for the countries, despite being at a comparable level. The country achieving the highest level is Sweden with 61%, followed by Luxembourg with 55%, next to Denmark and Ireland, both scoring 54%, as shown in [Figure 22](#) below¹¹. The ESNA average achieved by the surveyed countries is equal to last year's SNS Report.

¹⁰ The OECD Indicators of Talent Attractiveness (ITA) "capture(s) the strengths and weaknesses of OECD countries regarding their capacity to attract and retain different types of talented migrants". It covers the quality of opportunities, income and tax, future prospects, family environment, skills environment, inclusiveness, quality of life and healthcare (OECD, 2023_[4]).

¹¹ The index does not have available information regarding Bulgaria, Croatia, Cyprus, Malta, Romania and Ukraine.

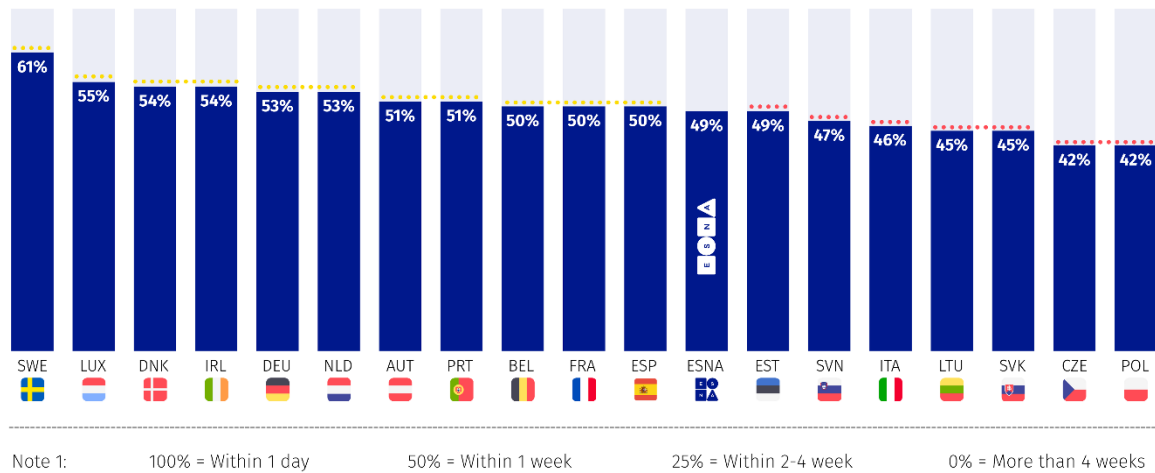


Figure 22. Index of talent attractiveness for entrepreneurs (Indicator 2.2.2)

SOURCE: OECD Talent Attractiveness Index (2023)

It is worth highlighting that the OECD report in question concludes that key factors, such as visa processing time and acceptance rates, impact the attractiveness of countries. It is also stated that entrepreneur visa programmes enhance countries’ attractiveness to high-skilled workers. The OECD considers Sweden to be the most attractive nation for entrepreneurs among the surveyed countries (OECD, 2023). Please note that the OECD and ESNA consider different factors to assess a country's score. The OECD assesses indicators such as employment protection, earnings of highly educated workers, price level, and English proficiency, among others that are not considered in ESNA’s methodology. Finally, Luxembourg is the country experiencing the largest progression in the ranking in the past four years, which is attributed to an overall more favourable economic and regulatory environment, coupled with a slight decrease in the corporate tax rate.

Lastly, it is worth mentioning that the OECD considers and highlights other dimensions that are important when moving abroad such as quality of opportunities (strictness of employment protection, product market regulation, trade openness), income and tax (earnings of highly educated workers, price level index, corporate tax), future prospects (acquisition of nationality, ease of status change from temporary to permanent), family environment (right for the spouse to join and to work), skills environment (English proficiency, patents volume), inclusiveness (gender equality indexes), and overall quality of life.

3.3 SNS #3 “Stock Options”

3.3.1 Overview

SO refer to a kind of equity compensation a company grants its employees and/or executives. It bears benefits for employees, founders, and the overall startup ecosystem. SO have emerged as an appealing mechanism for employee accountability and engagement, designed to motivate and reward workers for their performance while attracting talent.

Besides the benefits mentioned above, SO make startups more attractive to employees, allowing them to compete with the benefits of large companies and reward productivity. They

also have a multiplier effect, as former employees whose SO turned into valuable shares may use them as a foundation to start their businesses.

Each country in Europe has a unique legal framework and tax code, resulting in variations in SO depending on when taxation incurs – upon grant, exercise of rights, and/or sale of SO. Although the scheme entails many benefits, SO are not a practice shared by all European countries in Europe. Some European countries are yet to include the option to grant SO in their national legal frameworks.

Recognising SO as capital rather than income, as well as avoiding SO double taxation are significant challenges for European countries. Additionally, it is imperative to develop solutions that improve the accessibility and efficiency of processes, thereby facilitating greater adoption of this practice among startups in Europe. The fragmented SO tax systems across Member States creates hurdles for startups, along with varying reporting obligations and other requirements.

Nonetheless, SO taxation and their operationalisation have been at the centre of discussion, namely due to their attractiveness, complexity, and high taxation.

The level of achievement records an overall positive result of 62% in this SNS, a slight increase from last year (57%). However, a positive trend has been observed, with more countries implementing SO that benefit startups. Notably, five out of 24 countries have fully implemented the SNS (100%), including Cyprus, Estonia, France, Portugal, and Ukraine. [Figure 23](#) illustrates the current variations between countries.

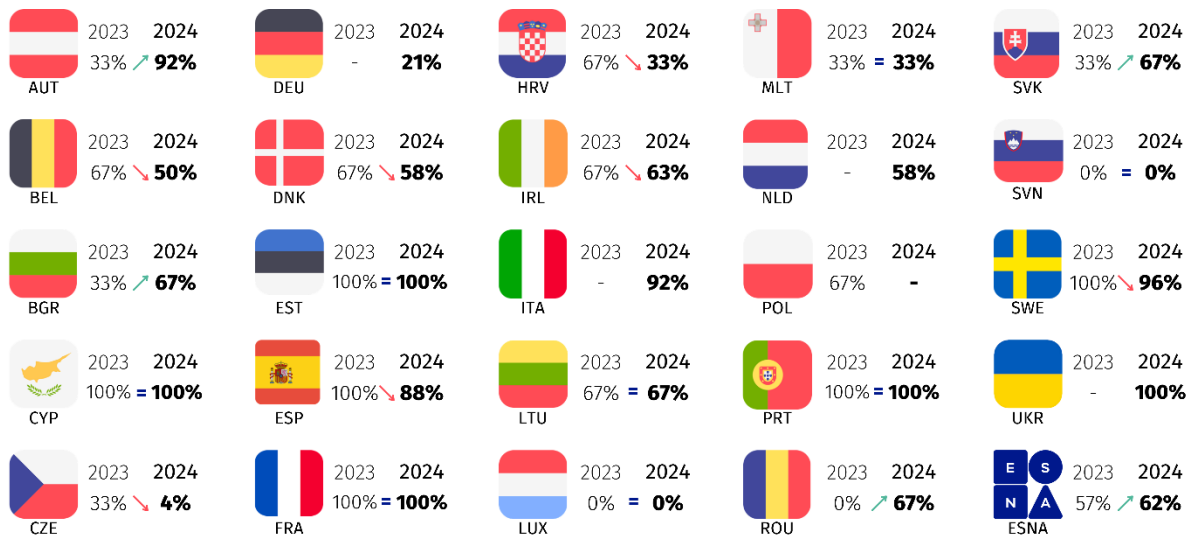


Figure 23. Countries' scores for level of achievement of SNS #3

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

SNS #3's overall score increased, however it is important to note that eight countries that replied to the survey in the past and current edition (2023 & 2024), as displayed above, maintain their overall implementation level in this Standard over the years.

To enhance the depth of the analysis, the SNS is divided into three substandards. More information about the substandards can be found below. The full description of this SNS #3 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 3.1 – Taxation

Taxation of SO may occur during three different moments: moment of grant, moment of exercise, and moment of sale. In order to establish a favourable system and encourage this practice in Europe, it is recommended to implement a tax framework which entails only one moment of taxation and treats SO as capital gains instead of income.

Substandard 3.2 - Non-Voting rights

Ownership of shares is usually tied to voting rights. However, with regards to employee SO, this custom may become an impediment. Having shares associated with voting rights can lead to entropies such as an excessive number of people involved in core decision-making processes, potentially interfering with the company's smooth management and governance. It is therefore advised to offer SO without voting rights to mitigate potential management problems in the company.

Substandard 3.3 - SO Scheme

This Substandard addresses the fundamental principle of the existence of a national scheme or legal regime that regulates and allows the issuance of SO.

Figure 24. SNS #3 substandards description

SOURCE: ESNA (2024)

Substandard 3.3 – SO Schemes, showcases the best implementation level of 71% and the most significant increase from 2023 (57%), therefore impacting the SNS as the best-achieving Substandard. Substandard 3.2– Non-voting rights scores 69%, a lower result when compared with last year, which can be justified by the introduction of a new indicator in this dimension. Lastly, Substandard 3.1 – Taxation keeps the lowest level of implementation at 46%, in spite of the increase when compared with 2023 (38%).

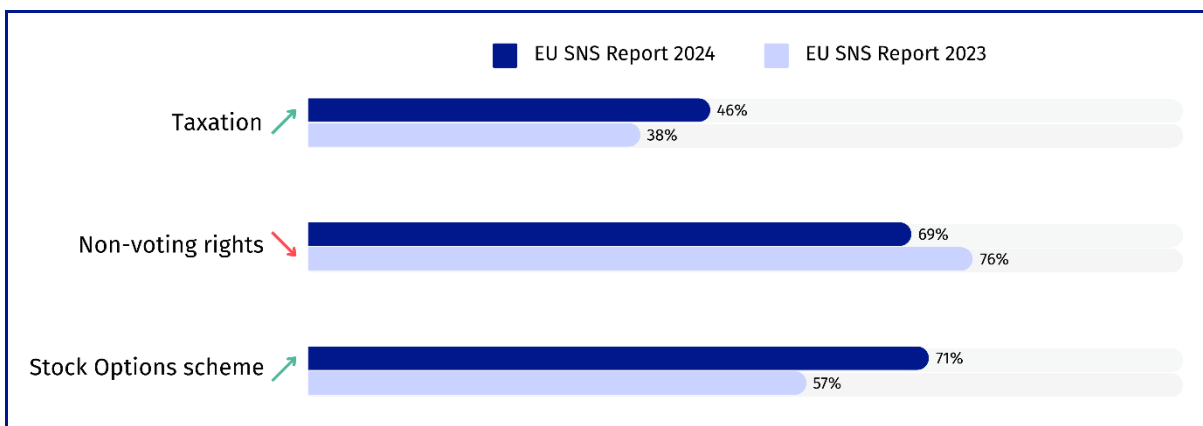


Figure 25. SNS #3 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #3 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

- 1. 46%** of countries **tax Stock Options as capital gains only.**
- 2. 19** countries out of 24 (79%) offer the possibility to issue SO with **no voting rights.**
- 3. 17** of the 24 surveyed states (71%) **have a dedicated SO** scheme in place.

3.3.2 Substandards analysis

Substandard 3.1 – Taxation

Taxation plays a highly relevant role in the attractiveness of these schemes as they are a type of compensation that should be beneficial and rewarding in relation to other types of benefits.

SO should be taxed as capital gains, therefore only at the moment of sale. When SO are taxed at the moment of grant, they are usually taxed as income with progressive rates in addition to salary contributions, while at the moment of exercise, it is challenging to evaluate the stock's value and may require a professional appraiser. Lastly, there are no gains in both case, which implies that it is not beneficial to the employee.

Comprising one indicator only, this Substandard's overall result coincides with the result obtained in the indicator that assesses the countries' taxation application on SO: "**Stock Options taxed only as capital gains**".

In the process of analysing whether the countries surveyed by ESNA have favourable tax frameworks, it was found that only 11 out of 24 countries are considering SO as capital gains, resulting in 46% level of implementation. The countries are Austria, Croatia, Cyprus, Estonia, France, Italy, Poland, Portugal, Spain, Sweden, and Ukraine, as illustrated in [Figure 26](#) below.

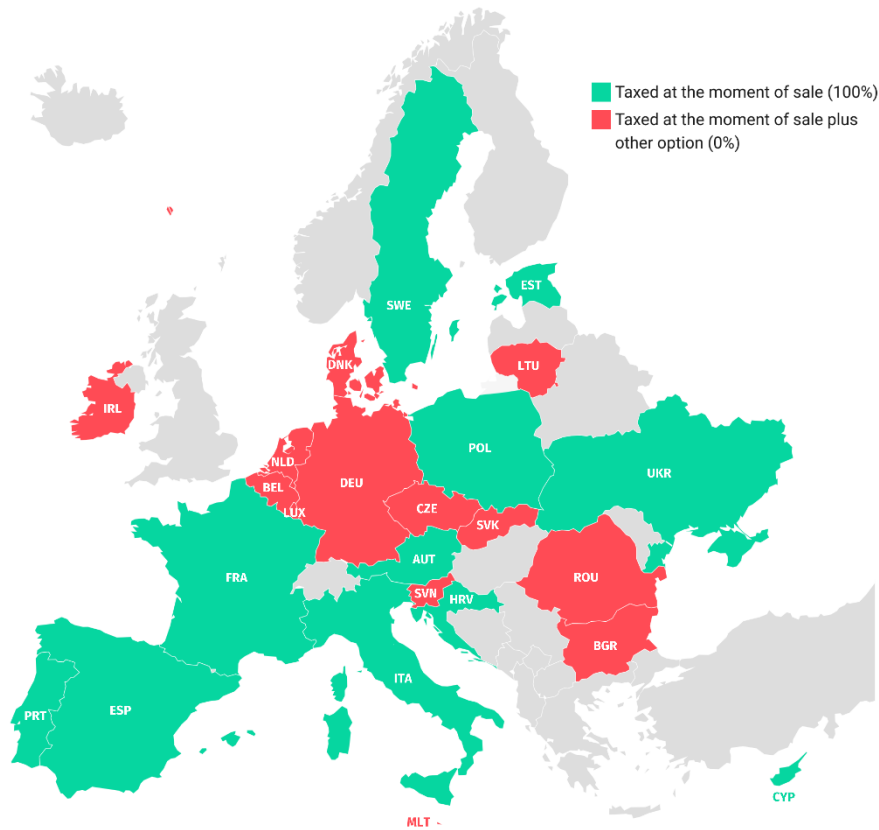


Figure 26. Stock Options taxed only as capital gains (Indicator 3.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Substandard 3.2 – Non-Voting Rights

The possibility of issuing SO with non-voting rights has an impact on companies' decision to make use of this specific scheme, as when stocks are distributed employees become minority shareholders. When having voting rights, companies are required to consult their shareholders on company-related decisions, which may create an entropy. Indeed, having more decision-makers involved can create obstacles to effective management and decision-making processes.

The Substandard entails two indicators that were considered to analyse the non-voting rights "Existence of stock options with non-voting rights for startups", and "Minority Shareholders & Bureaucracy".

In what regards the **existence of stock options with non-voting rights for startups**, a significant implementation level of 79% is worth noting, with 19 countries out of 24 having this framework in place within stock option schemes, as shown in [Figure 27](#) When compared with last year's results, there is a slight increase when compared with the 76% attained in the last SNS Report, which results from the addition of new countries.

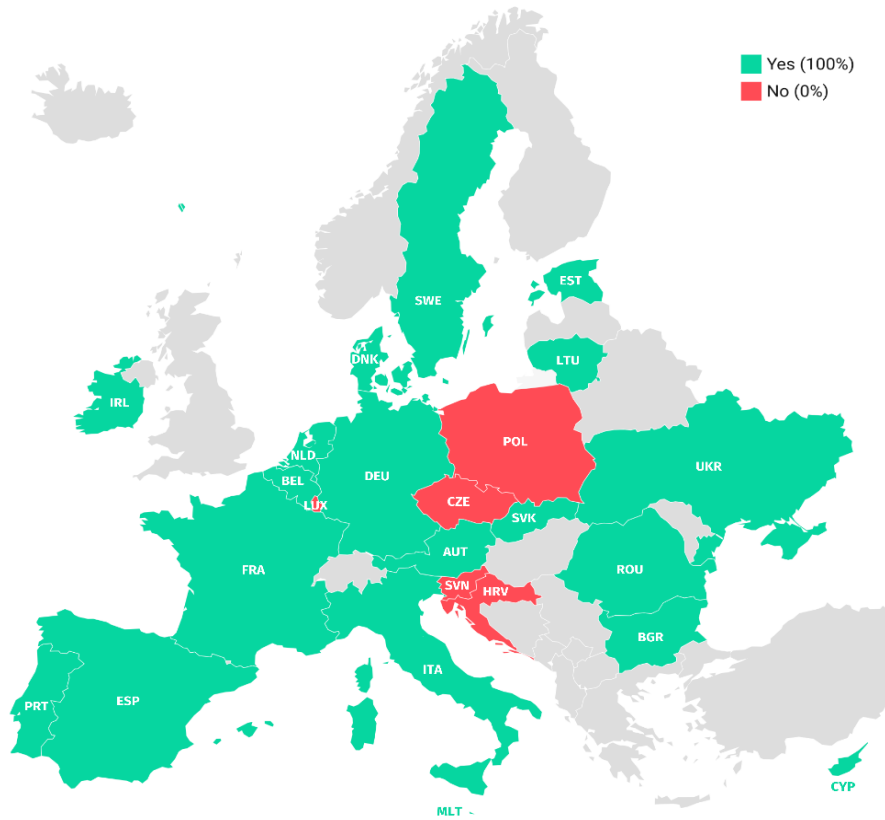


Figure 27. Existence of stock options with non-voting rights for startups (Indicator 3.2.1)
 SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

A new indicator was added to feed into the analysis this year: **Minority Shareholders & Bureaucracy**, by “Not Optional” (Figure 28). This indicator evaluates whether SO may involve minority shareholders, as well as the administrative burden and costs associated with creating and maintaining the plan, the results are shown below. According to the source, there was only data available to assess 15 countries (Not Optional, 2024).

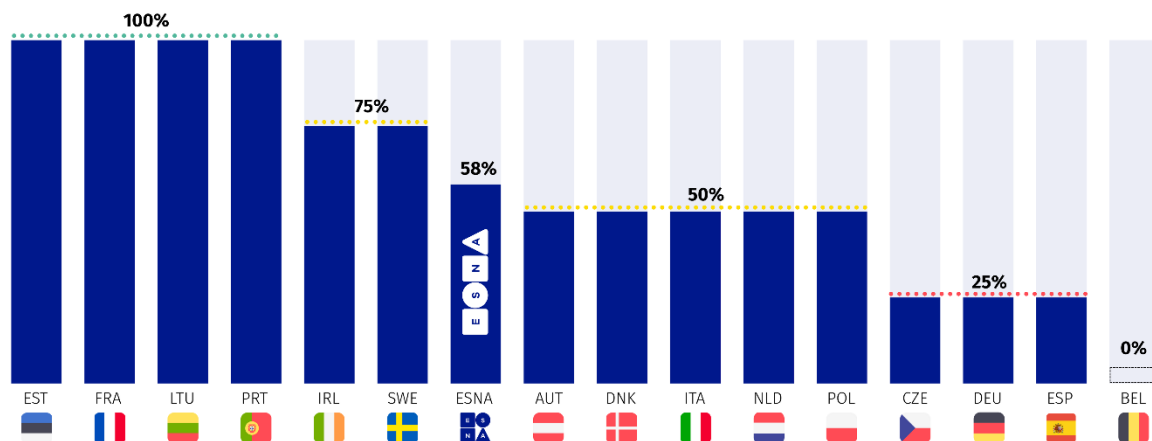


Figure 28. Minority Shareholders & Bureaucracy (Indicator 3.2.2)
 SOURCE: Not Optional “Latest Country Rankings”

Substandard 3.3 – SO Schemes

Lastly, SO schemes are assessed through one indicator: “Existence of a country-specific stock options scheme”. This indicator addresses the fundamental principle of the existence of a national scheme or legal regime that regulates and allows the issuance of SO.

Developing a dedicated legal framework for employee SO is fundamental to enabling startups to leverage this mechanism, sustaining national innovation ecosystems, and fostering entrepreneurial endeavours. As shown in [Figure 29](#), 17 of the 24 (71%) surveyed countries answered that they already provided tailored regimes for SO. It is worth highlighting that compared with last year (2023), some countries have adopted new and specific schemes such as Austria and Bulgaria.



Figure 29. Existence of a country-specific stock options scheme (Indicator 3.3.1)
SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

3.4 SNS #4 “Innovation in regulation”

3.4.1 Overview

Regulation and its related bureaucracy are often identified as an obstacle to innovation. The excessive weight of regulation and compliance can suffocate and even devastate small companies such as startups that are unable to match the demands for larger companies considering the time and human resources involved.

However, regulation constitutes an essential part of the policy frameworks that can support more competitive startups and scaleups in Europe, as their potential for success can be either enhanced or stifled by regulation. To unlock the innovative potential of startups, their active participation in decision-making processes, alongside the adoption of innovative regulatory initiatives empowered by cutting-edge instruments, is key.

The EU SNS Declaration urges European governments to apply the “Think Small First” principle (European Commission, 2009) derived from the Small Business Act (reviewed in 2011 and replaced by the SME envoys). It also encourages the exploration of favourable exemptions (European Commission, 2008) for startups, and mechanisms such as regulatory sandboxes for streamlined development of new products, services, and business models.

While regulation is fundamental for general safety and consumer protection, it must also actively promote innovation in controlled environments that facilitate progress. Startups play a key role in innovation ecosystems, as they can leverage their unique, innovative capabilities and technologies in these environments.

Regulation is crucial in enhancing the competitiveness of the European startup scene and fostering an innovative environment. Initiatives such as regulatory sandboxes, government-promoted test beds, and innovation hubs are currently used to address regulation's main bottlenecks.

This year's ‘Innovation in Regulation’ Standard has the lowest level of implementation, with a score of 43%, slightly lower than the previous year (44%)¹². This is a Standard that requires an in-depth analysis and due attention from policymakers, as the promotion of startup-friendly regulation is crucial for a strong and innovative ecosystem.

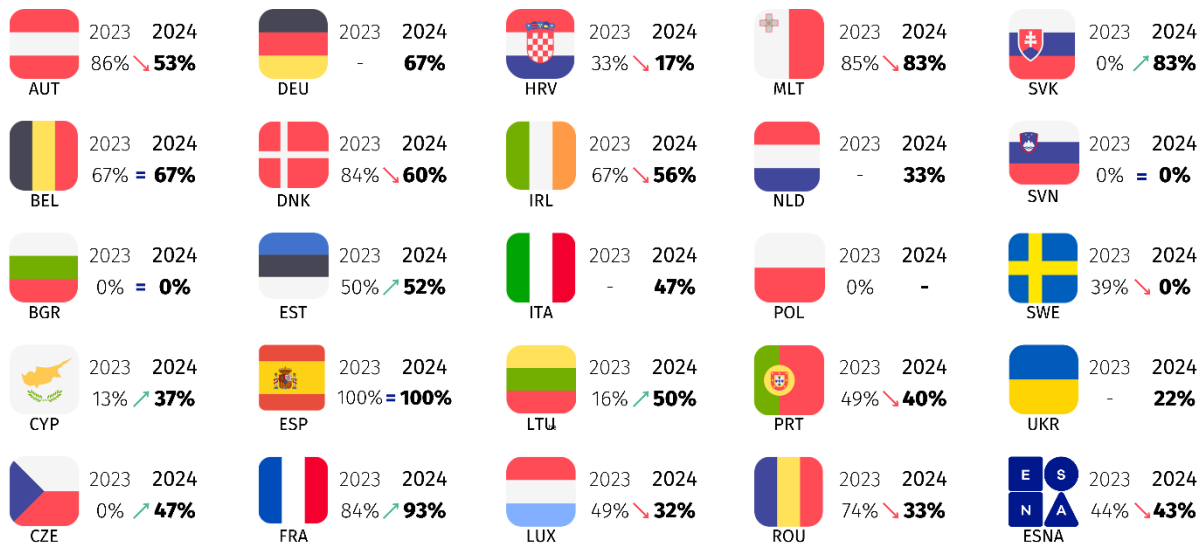


Figure 30. Countries' scores for level of achievement of SNS #4

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

¹² It should be noted that some of the changes may be justified by the improvements implemented in this year's methodology. For more information please refer to the Methodological Notes.

With a slight decrease between the past and current editions of the survey (2023 & 2024) for SNS #4, nine countries decreased their overall implementation level in this Standard, which is a direct result of the methodology enhancements.

To enhance the depth of the analysis, the SNS is divided into three substandards. More information about the substandards can be found below. The full description of this SNS #4 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 4.1 – “Think Small First”

The “Think Small First” principle advocates for considering startups and SMEs’ interests when framing policies, applying the idea that “one size does not fit all”. It also implies that measures impacting businesses should be created from an SME’s point of view (European Commission, 2009).

Substandard 4.2 – Compliance Exemption

Startups have unique identities and characteristics that sets them apart from other companies, such as their innovative nature and scale. These specificities may make it difficult to meet usual compliance standards. It is therefore recommended to develop exceptions and special regimes to address startups’ specific needs, enhancing their competitiveness.

Substandard 4.3 – Regulatory Sandboxes

Regulatory sandboxes are designated physical or digital spaces with special legal frameworks for testing innovative solutions. They are a convergence point for regulatory and technological innovation. Within this Substandard, regulatory sandboxes are acknowledged as a valuable innovative tool for which startups must be key players.

Figure 31. SNS #4 substandards description

SOURCE: ESNA (2024)

Substandard 4.1 – “Think Small First” principle showcases a positive implementation level of 60%, and despite the decrease from last year, still is the best-achieving Substandard. Nonetheless, Substandard 4.2 – Compliance Exemption and Substandard 4.3 – Regulatory Sandboxes indicate a lower level of implementation, at 29% (a decrease compared to 2023 – 33%), and 39% (an increase from 2023 – 31%), respectively¹³.

¹³ This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

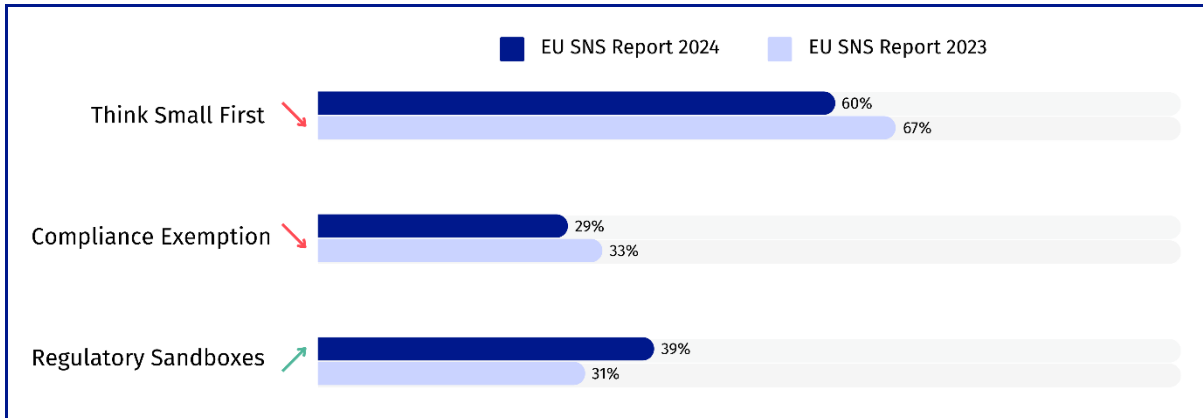


Figure 32. SNS #4 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #4 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

1. **11** out of 24 countries (46%) demonstrated with clear evidence of having the **Think Small First principle** in place.
2. **21%** of the surveyed countries clearly indicated that they offer **exemptions or alternatives for startups to achieve compliance**.
3. **15** out of 24 countries (63%) showed evidence of currently having regulatory sandboxes in place. Out of these countries, and based on the evidence provided, the **highest number of regulatory sandboxes** in place is currently **five**, while the **highest number of startups involved in sandboxes** in a given country is **100**.

3.4.2 Substandards analysis

Substandard 4.1 – “Think Small First”

It is necessary for policymakers to take startups and SMEs into account when regulating, as stated in the ‘Think Small First’ principle. According to the EC:

“The definition of the ‘Think Small First’ principle implies that policymakers give full consideration to SMEs at the early policy development stage. Ideally, rules impacting on business should be created from the SMEs point of view or in other words, SMEs should be considered by public authorities as being their ‘prime customers’ as far as business regulation is concerned. The principle relies on the fact that ‘one size does not fit all’ but a lighter touch approach can also be beneficial to larger businesses. Conversely, rules and procedures designed for large companies create disproportionate, if not unbearable burdens for SMEs as they lack economies of scale.” (European Commission, 2009).

In the belief that the "Think Small First" should be an established principle and practice in European countries, the analysis aims to understand if countries' policymakers are guided by a 'Think Small First' principle when formulating laws and regulations for startups, with the aim of minimising unnecessary bureaucracy and red tape.

Comprising one indicator only, this Substandard's overall result coincides with the result obtained in the indicator that assesses this specific practice: **"Think Small First" principle implementation level**". 11 out of 24 countries showed clear evidence of having the principle in place. The indicator shows a 60% level of implementation, a decrease from 2023 (67%)¹⁴.

However, it is worth highlighting Austria, Belgium, Czechia, Estonia, France, Ireland, Italy, Luxembourg, Malta, the Netherlands, Slovakia, and Spain consider startups and SMEs during the initial phases of policy development, as shown in [Figure 33](#) below. For this analysis, complete fulfilment of the "Think Small First" principle is considered to reach a 100% level of implementation.

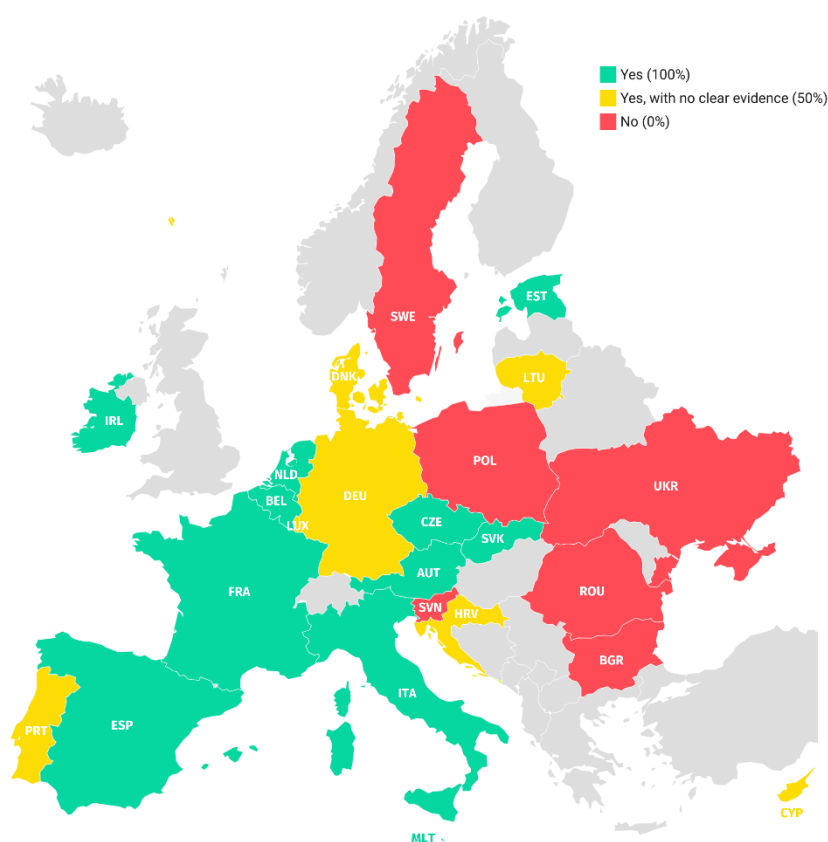


Figure 33. "Think Small First" principle implementation (Indicator 4.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Substandard 4.2 – Compliance Exemption

One indicator **"Existence of compliance exemptions/alternatives for compliance"** was considered to assess the implementation of this Substandard. Regarding adopting specific measures for startups to achieve compliance, it is observed that only five out of 24 countries

¹⁴ This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

showed clear evidence of addressing regulation compliance for startups to foster innovation, resulting in an overall 29% of implementation, a decrease compared with 2023.¹⁵ France, Malta, Romania, Slovakia, and Spain achieve a 100% implementation score for this Substandard, as shown in [Figure 34](#) below.

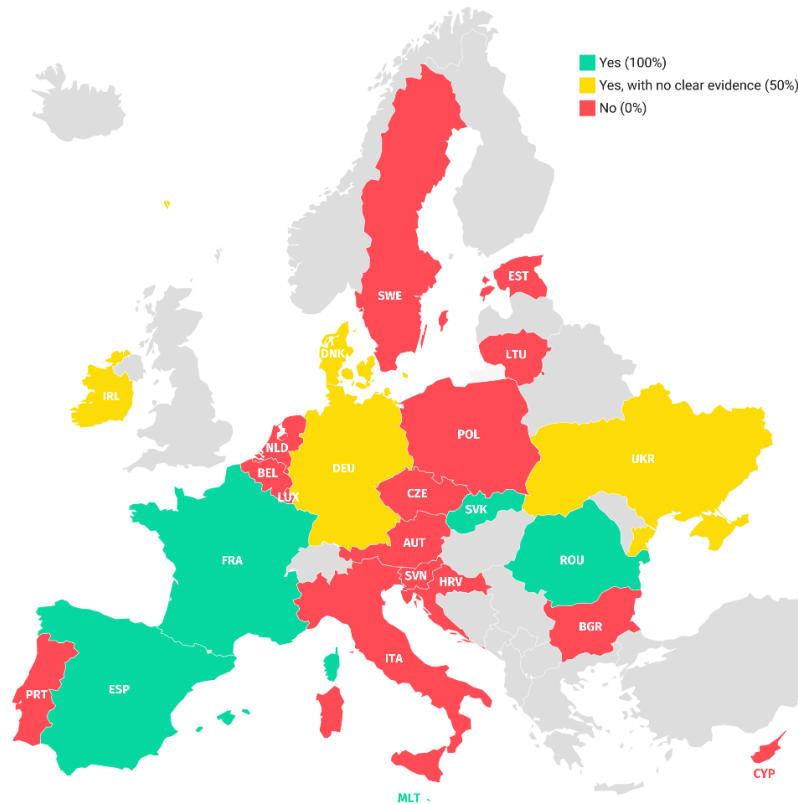


Figure 34. Existence of compliance exemptions/alternatives for startups (Indicator 4.2.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Substandard 4.3 – Regulatory Sandboxes

Regulatory sandboxes pose an opportunity for the regulators to gain a better understanding of innovation in multiple sectors, and for businesses to better grasp the regulatory and supervisory expectations against the backdrop of rapid technological advancement (ESMA, EBA, EIOPA, 2018). Ultimately, regulatory sandboxes **culminate in a dual innovation: technological innovation** by testing new solutions and **regulatory innovation** through the adaptation of regulations to new technologies based on objective examples, thereby addressing current needs.

Therefore, regulatory sandboxes bear benefits for innovators, regulators, and for consumers. In 2024, 15 out of 24 countries (63%) show evidence of currently **having regulatory sandboxes in place**, achieving a 100% implementation score, as shown in [Figure 35](#) - a slight increase in relation to last year's results.

¹⁵This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

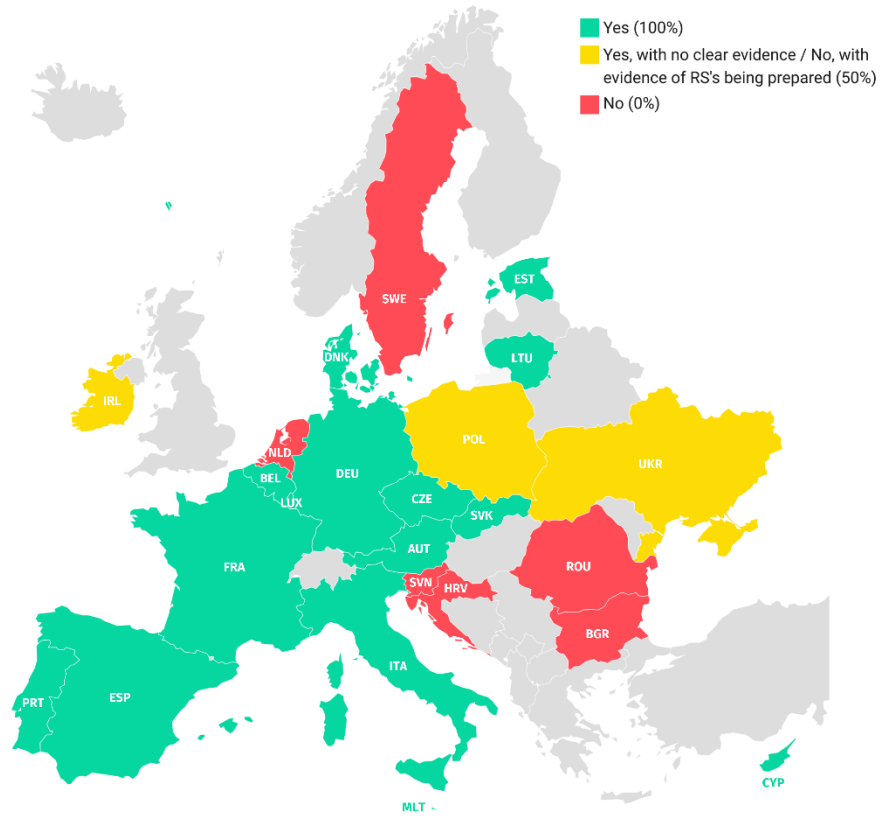


Figure 35. Existence of Regulatory Sandboxes (Indicator 4.3.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Lithuania and its five sandboxes stand out. Nevertheless, Austria, Denmark, Estonia, and France are also worth mentioning as each currently has three regulatory sandboxes in place, achieving a 60% score, as shown in Figure 36 below.

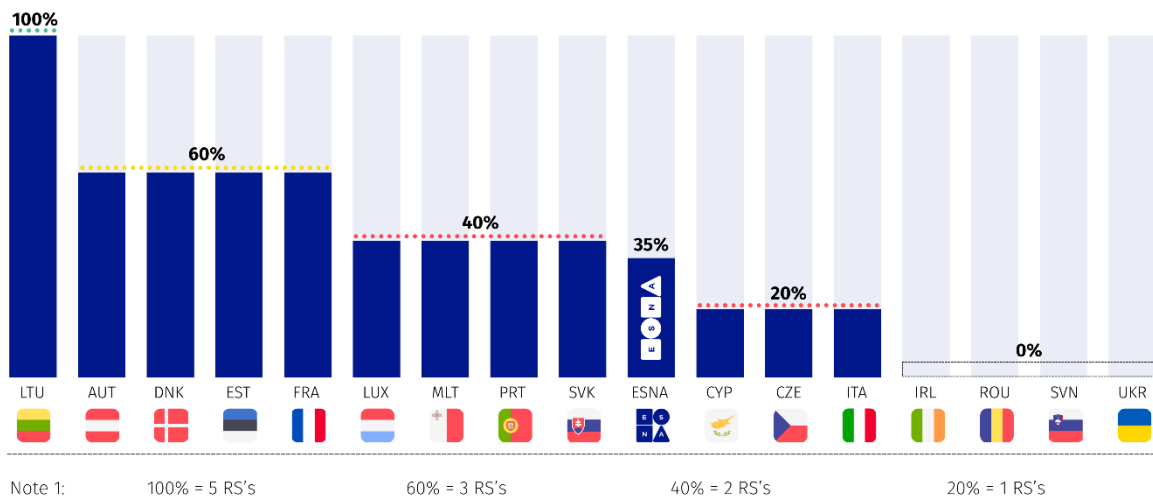


Figure 36. Number of established regulatory sandboxes - number & level of implementation in % (Indicator 4.3.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

According to the OECD, an effective and fruitful approach to reviewing regulation and fostering innovation involves a combination of a robust sandbox methodology and productive interactions between regulators and innovators.

Startups have a crucial role in the innovation path. Startups hold great innovation capital and offer disruptive solutions and their involvement is necessary. Regulatory sandboxes must consider startups and actively support their solutions' testing. Furthermore, startups must be engaged in testing consortia, ensuring co-creation and knowledge-sharing measures between companies and public agencies are in place.

The overall startup involvement remains fairly low, with the only exception being Spain with 100 startups engaged in regulatory sandboxes. The analysis reveals that the level of involvement of startups in regulatory sandboxes is 13% across the 24 countries analysed. Although it is a very low implementation level, it is still an increase from 2023 (8%).

Austria, Estonia, Luxembourg Malta, Slovakia, and Spain are the only countries involving startups in regulatory sandboxes, as shown in [Figure 37](#) below.

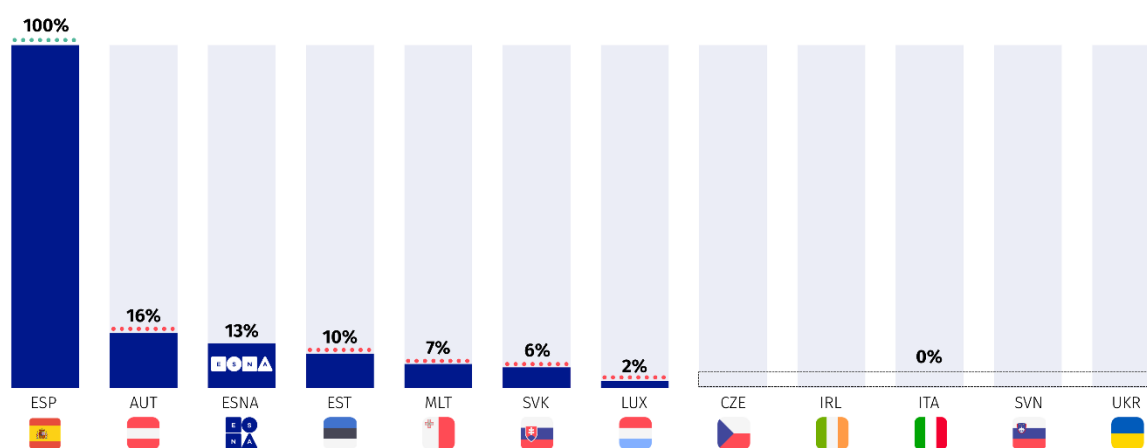


Figure 37. Number of startups involved in regulatory sandboxes consortia – number & level of implementation in % (Indicator 4.3.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

3.5 SNS #5 “Innovation in procurement”

3.5.1 Overview

Public sector organisations and institutions can play a significant role in fostering entrepreneurial and innovation values through procurement practices, supporting open-sources and tech transfer policies. As public buyers, the ‘how’, ‘where’ - and for startups, the ‘when’ -, they allocate their capital plays a substantial role in fostering a knowledge-based economy that favours innovation. In light of this, the EC has been promoting an innovative public procurement approach as a "leverage for start-ups and start-ups as leverage for a better world" (European Commission, 2023).

Innovation in Procurement serves as a powerful tool to foster innovative solutions, support the growth of new ideas, and create an ecosystem where small businesses can implement their ideas for the public good. **Each year, more than 250 thousand public authorities in**

the EU spend approximately 14% of Gross domestic product (GDP) on public procurement, which amounts to around €2 trillion yearly. This spending goes towards services, works, and supplies across various sectors such as energy, transport, waste management, social protection, health, and education (European Commission, n.d.).

In essence, public procurement plays a significant role in the EU. If empowered to access more deals and procurement chances, startups can play a bigger role in finding solutions and implementing their disruptive ideas. In order to promote such synergies, governments and policymakers can enhance procurement processes through the adoption of foundational policies, such as the strategic utilisation of technology and AI, reducing bureaucracy in procurement processes, seeking quality and affordable technologies, supporting open-source assets, and seeking startup-friendly IPR. Ultimately, **leading innovation through the public sector**. When executed with foresight, procurement has the potential to significantly bolster the future of not only businesses but also specific sectors.

Carefully considering procurement strategies is essential for both governmental entities and private ventures aiming to thrive in an increasingly competitive technological landscape. Following the Standards adopted by the Signatory Countries in the EU SNS Declaration, ESNA addresses such issues in the present SNS #5 "Innovation in Procurement", and the implementation level achieved by the countries participating in the survey.

Based on the responses gathered in the survey and the insights from WIPO, SNS #5 achieved an overall score of 55%. It is worth noting that the score denotes a decrease of six p.p, - in the previous edition (2023), the 21 surveyed countries obtained a score of 61% of implementation level¹⁶.

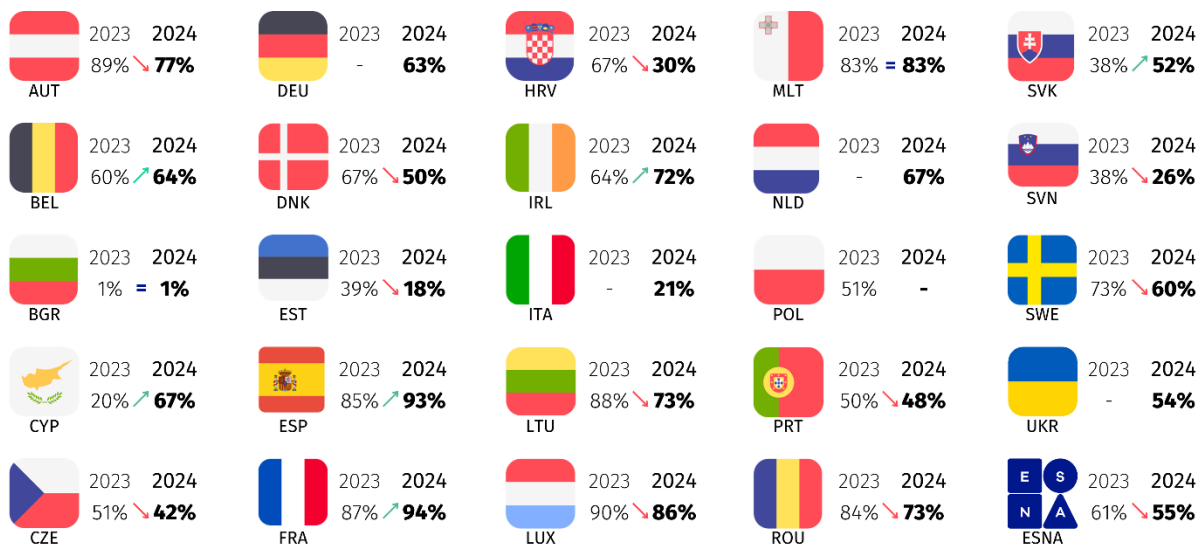


Figure 38. Countries' scores for level of achievement of SNS #5

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024) & WIPO Global Innovation Index (2024)

¹⁶ This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

While no country achieved a full implementation score in this year’s edition, it is relevant to point out the discrepancy in scores achieved by the countries in this SNS #5, as they span from 1% to 94% as illustrated in [Figure 38](#) above.

To enhance the understanding of this Standard and provide a more in-depth analysis, a breakdown of the substandards comprising SNS #5 is presented below. The full description of the SNS #5 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

<p>Substandard 5.1 – Public Procurement Opportunities</p> <p>To foster active participation of startups in the public procurement market, it is crucial to eliminate any disadvantage that startups might face, due to the intrinsic differences between startups and other companies.</p>
<p>Substandard 5.2 - Intellectual Property Rights</p> <p>Ownership of Intellectual Property Rights (IPR) is an important factor for startups and their growth. Rights transfer to a contracting company can act as a deterrent for startup participation, whose intensive efforts in developing innovative solutions must be safeguarded and preserved.</p>
<p>Substandard 5.3 - Open-Source Assets</p> <p>Promoting an open asset environment in Europe provides startups with access to technologies that would otherwise be challenging to obtain. In return, startups provide access to their own technology. This unlocks new avenues for innovation through access to reliable and affordable technologies. Opening access to technology serves as a driving force for development with a spillover effect.</p>
<p>Substandard 5.4 - Tech Transfer Policies</p> <p>Bridging knowledge and research with companies and commercialisation is critical to the development of innovative solutions, as well as the overall competitiveness of the ecosystem. Policies are therefore necessary to anticipate, facilitate, and actively promote the transfer of this knowledge to the markets, namely to startups.</p>

Figure 39. SNS #5 substandards description

SOURCE: ESNA (2024)

Considering the overall results per substandard, SNS #5’s total score was mainly impacted by a considerable decrease in [Substandard 5.1 – Public Procurement Opportunities’](#) score, as illustrated in [Figure 40](#) below. While three out of the four substandards of this SNS decreased, with [Substandard 5.2 – Intellectual Property Rights \(IPR\)](#), and [Substandard 5.3 – Open-Source Assets](#), the [Substandard 5.1](#) demonstrated the biggest decline: it reached a 61% score in this

year's edition, a 25 p.p. drop-off when compared with the 86% implementation level achieved in 2023 (this change may be related to methodology improvements¹⁷).

Along those lines, Substandard 5.2 – Intellectual Property Rights (IPR) decreased by two p.p, dropping from a 44% implementation level in 2023 to 42% in this year's edition. Similarly, Substandard 5.3 – Open-Source Assets fell three p.p, scoring 40%, down from the 43% registered in the previous SNS Report edition. In contrast , Substandard 5.4 – Tech transfer policies, was the only one showing some improvement. By raising its overall score by six p.p, from 71% to 77% in this SNS Report edition, it is the highest-scoring Substandard in SNS #5.

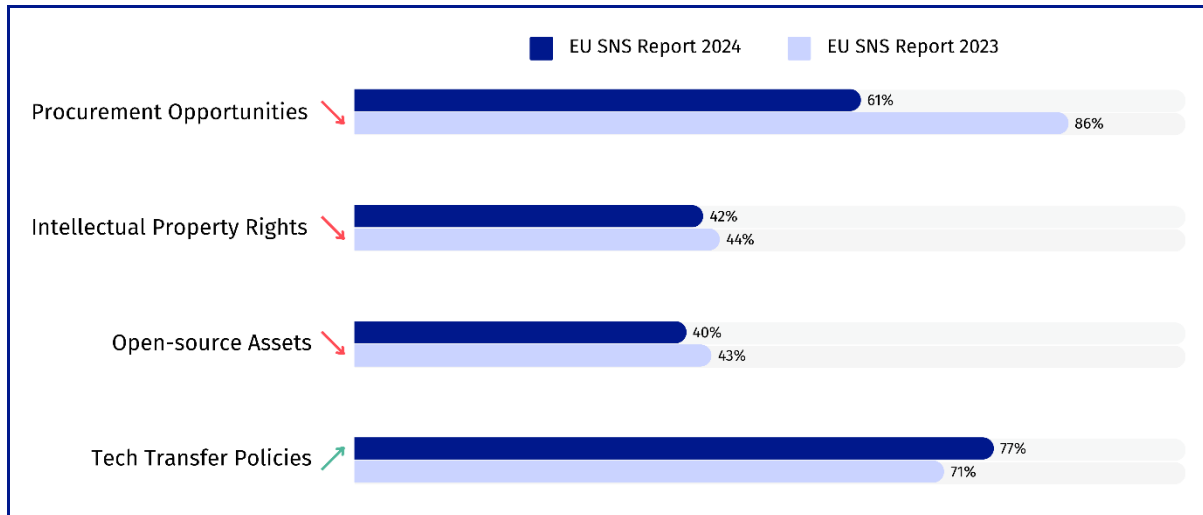


Figure 40. SNS #5 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #5 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

1. **67%** of the participants reported not having **legal or administrative impediments** that may disadvantage startups and scaleups in procurement tenders.
2. **43%** of the countries have **incentives for public buyers to procure from startups** in place.
3. The **retention of IPR ownership by the startup or scaleup** participating in an innovation procurement tender is only possible in **10 countries (42%)**.
4. **67%** of the countries have fully applied policies to facilitate a **smooth technology transfer from academia to startups and companies**.

¹⁷ This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

3.5.2 Substandard analysis

Substandard 5.1 – Public Procurement Opportunities

Two indicators were used to assess the first Substandard of SNS #5, one of which is a novelty for this year's edition. These indicators are "Existence of administrative impediments to startup participation" and "Existence of incentives for public buyers and procurement services to procure innovation from startups" (new).

Substandard 5.1 - Public Procurement Opportunities scored 61%, a decrease compared with last year. One of the factors behind such decrease can be the introduction of the Indicator 5.1.2 "Existence of incentives for public buyers to procure innovation from startups". The scores attained in this Indicator show that, while most countries do not have administrative barriers to startup participation, many lack more solid incentives.

Similarly to last year, the majority of the countries reported not having any **legal or administrative hurdles that may be an impediment to the participation of startups and scaleups** in procurement opportunities, reflecting a 67% level of implementation. In this edition, 16 out of the 24 surveyed countries - Austria, Belgium, Croatia, Cyprus, Czechia, Denmark, Estonia, France, Ireland, Lithuania, Luxembourg, Netherlands, Portugal, Romania, Slovakia, Spain - scored 100% as illustrated in [Figure 41](#).

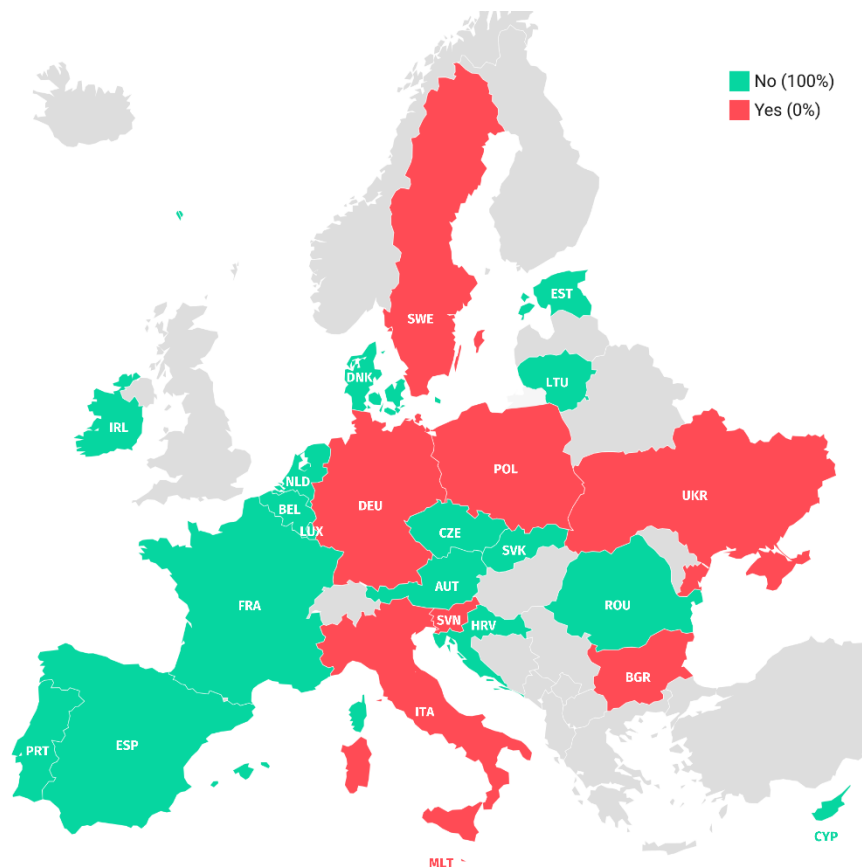


Figure 41. Existence of administrative impediments to startup participation (Indicator 5.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

The absence of such impediments on procurement opportunities are crucial to create a level playing field for large companies, SMEs, startups, and other models in the business landscape. This is most important for countries that aim to foster innovation, entrepreneurship, and lead the developments in fields such as health, tech, AI, and machine learning, as startups are known to bring breakthrough ideas from these sectors to the market.

According to the EC, the EU public procurement rules have already allowed for the public sector to design tenders that can fit not only large companies but also small ventures and innovative suppliers, including startups (European Commission, 2023).

As the EU SNS Declaration advocates, as well as other EU recommendations, it is crucial to lower the bureaucracy burden and red tape in order to reduce potential impediment factors for innovative deals to grow and access growing opportunities equally¹⁸.

To overcome some of the difficulties and impediments that startups face, governments are incentivised to adopt measures to create mechanisms for public buyers and the public sector in general to procure innovation from startups - a factor measured in this document through the Indicator 5.1.2 "**Existence of incentives for public buyers and procurement services to procure innovation from startups**", scoring 54%.

According to this year's survey, ten out of 23¹⁹ countries demonstrated with clear evidence to have **incentives for public buyers and procurement services to procure from startups in place**. Consequently, Austria, Belgium, Cyprus, France, Germany, Ireland, Luxembourg, Malta, Netherlands, and Spain achieve the highest possible score in this indicator, as illustrated in [Figure 42](#) below.

¹⁸ For more details on minimising unnecessary bureaucracy and red tape, please refer to SNS #4, [Substandard 4.1 – “Think Small First”](#).

¹⁹ Poland was not included in the analysis due to lack of information provided.

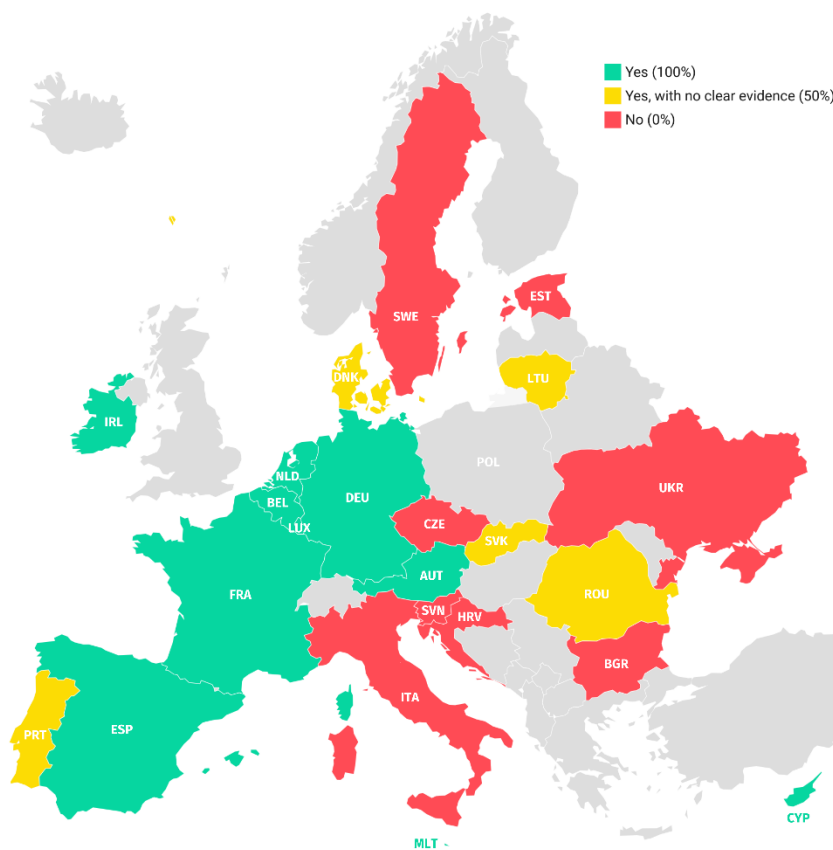


Figure 42. Existence of incentives for public buyers and procurement services to procure innovation from startups (Indicator 5.1.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

The use of digital tools contributes to the desired level playing field in procurement services, as it can reduce costs for parties involved, save time during the process, reduce bureaucracy and administrative burdens, democratise the access to opportunities as they are posted on a platform, and ultimately, boost innovation. Such improvements are deeply connected to the eGovernment tools and are some of the main drivers. However, although digital tools are crucial and directly influence public tenders in positive ways, there are more efforts policymakers and governments can make to continuously improve the landscape.

Furthermore, countries are strongly advised to implement new and innovative procurement tools and programmes in order to incentivise public administration services to procure innovation from startups, as advocated in the EU SNS Declaration.

Substandard 5.2 – Intellectual Property Rights (IPR)

Three indicators were used to assess the Substandard related to IPR, a vital consideration for startups and providers of innovative solutions during procurement processes. These indicators are "Possibility of IPR ownership for startups in innovation procurement", "Intellectual property receipt as percentage of total trade", retrieved from the Global Innovation Index (WIPO, 2023), and "Existence of exceptions for public sector IPR ownership based on overriding public interests".

Substandard 5.2 - Intellectual Property Rights experienced a setback, decreasing by two p.p, dropping from a 44% implementation level in 2023 to 42% in this year's edition²⁰. No country achieved a full implementation level, similarly to the previous edition, and the scores range from 2 to 86%. As the highest scoring countries in this Substandard, France, Ireland, and Malta registered 78%, 86% and 81% of implementation level respectively.

When addressing innovation, entrepreneurship, and breakthrough solutions through technology and emerging software, IPR carry an important role. They are not only important to protect both parties in procurement arrangements, but also have a **strategic role in guaranteeing the financial stability and long-term success of startups**, as having protection over a technique, a method or specific technologies brings value to recently created ventures.

When it comes to public entities, they must be encouraged to purchase from startups, however they should have some safeguards or specific conditions included in the tenders to avoid sensitive situations such as a future supplier lock-in²¹. To avoid this and other complications, and at the same time promote friendly IPR guidelines for innovation, IPR measures are a cornerstone of procurement processes.

To address this, ESNA inquired about the **possibility of the ownership of IPR being retained by the startup or scaleup participating in an innovation procurement tender**. It is observed that ten out of the 24 countries scored 100% in this indicator. Consequently, only Austria, Cyprus, Denmark, France, Germany, Ireland, Luxembourg, Netherlands, Slovakia, Spain, and Ukraine, allow startups and scaleups to retain IPR when taking part in procurement opportunities.

Furthermore, in this year's edition, three countries demonstrated not having this possibility at all, thus scoring 0%, and 11 other countries stated that is only partially possible to implement such option, as illustrated in [Figure 43](#) below. On average, countries scored 65% in this indicator.

²⁰ For more information please refer to the Methodological Notes.

²¹ The EC "[Interoperable Portal Europe](#)" defines lock-in as a difficulty to change suppliers. More specifically, ICT "lock-in means that when you need to amend a system, buy new hardware, or build a new component, then you don't have much option in the short term other than to use the current supplier. This can increase cost, decrease flexibility, and close the market to new and innovative companies".

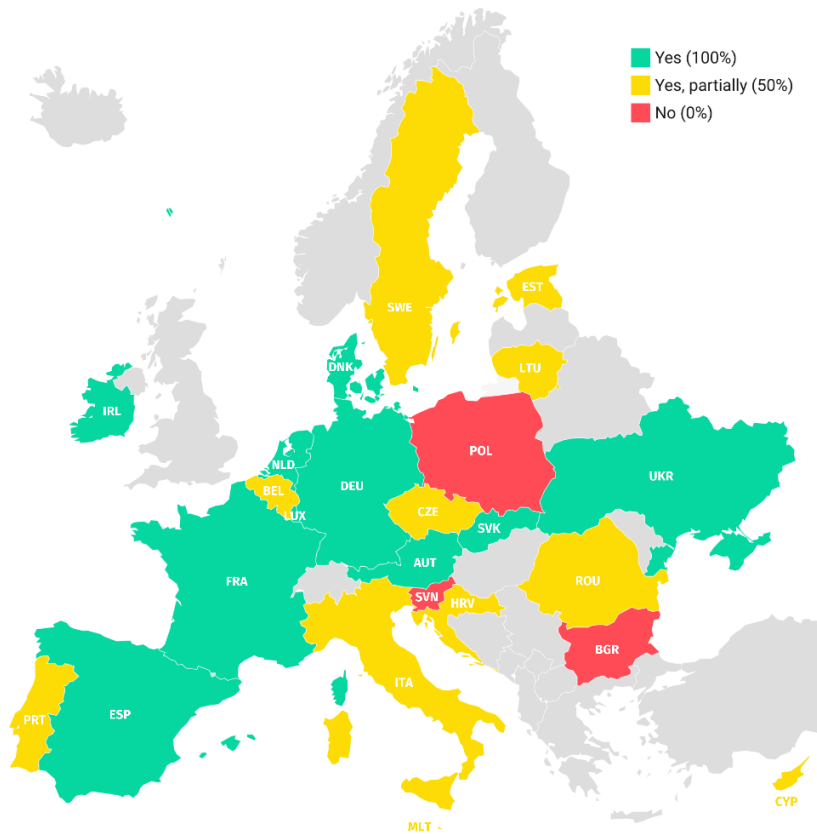


Figure 43. Possibility of ownership of IPR for startups in innovation procurement (Indicator 5.2.1)
 SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Currently, as the EU SNS Declaration advocates, the ownership of IPR can normally be retained by startups and scaleups participating in innovation procurement opportunities unless there is the risk of overriding public interests. That way, startups are able to explore the commercial potential of their own inventions/ideas.

However, considering the benefits that startups and scaleups could gain from IPR, the Draghi Report highlights that "only 9% of SMEs in the EU own formal IPR such as patents, trademarks and designs, compared to more than 55% of large companies". It also identifies that, paired with a lack of knowledge on the importance of protecting these rights, the low numbers are explained by complex and expensive IPR application processes, and the fragmentation of national systems.

The Draghi Report brings attention to an **insufficient commercialisation of research outputs in the EU**, since a considerable part of the knowledge produced through research in institutions remains underexplored commercially. During times in which technology development is thriving, leading countries in innovation also rely on IPR as a source of income by 'exporting' the right to use their breakthrough products, innovative solutions, or services. **Leading countries that sell the most IPR are normally seen as leaders in innovation**, as they create unique products or services that can be patented or trademarked.

To address the **intellectual property receipts as percentage of total trade**, ESNA studied the WIPO Index to evaluate this indicator's results, with an average set score of 26%. Based on this, the Netherlands was the only country achieving a 100% score in this indicator, followed

by Malta (94%) and Sweden (69%). The majority of the remaining countries - 17 out of 24 -, scored less than 50% as illustrated in [Figure 44](#) below.

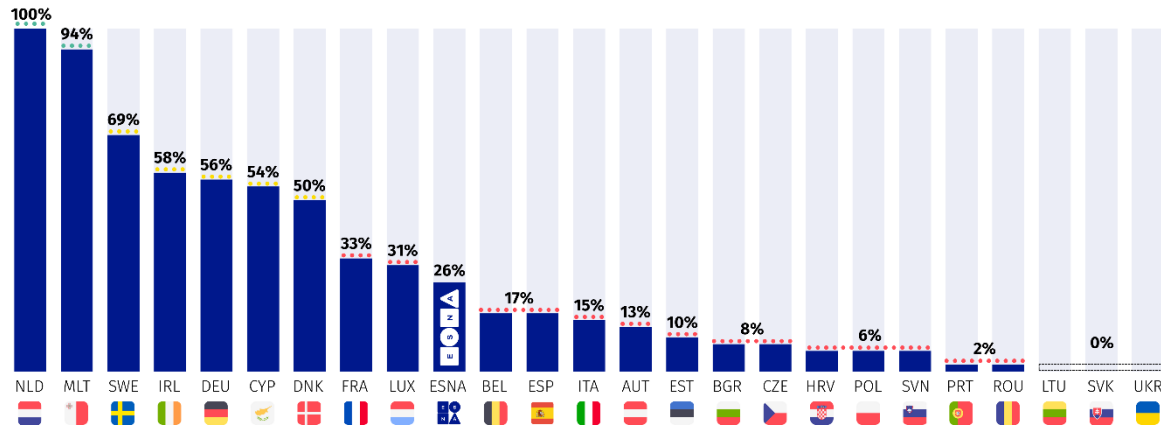


Figure 44. Intellectual property receipts as percentage of total trade (Indicator 5.2.2)

SOURCE: Global Innovation Index (WIPO, 2023)

Although countries are, in general terms, encouraged to allow startups and scaleups to retain IPR, there may be a few exceptions in which public authorities can or may need to adopt stricter IPR terms when procuring innovation. As previously mentioned, it is the case when certain intellectual property holds such a significant value that may end up overriding public interests. In that case, such exception is accepted as part of the EU SNS Declaration recommendations.

Considering the aforementioned criteria, seven out of the 20²² countries responded that in certain circumstance the IPR rights may be held by public authorities for **overlapping concerns with public interests**, as illustrated in [Figure 45](#) below. These countries are Belgium, Cyprus, France, Ireland, Malta, Spain, and Ukraine. On average, participating countries scored 35% on this indicator.

²² Austria, Bulgaria, Denmark, and Italy were not included in this analysis due to lack of information provided.

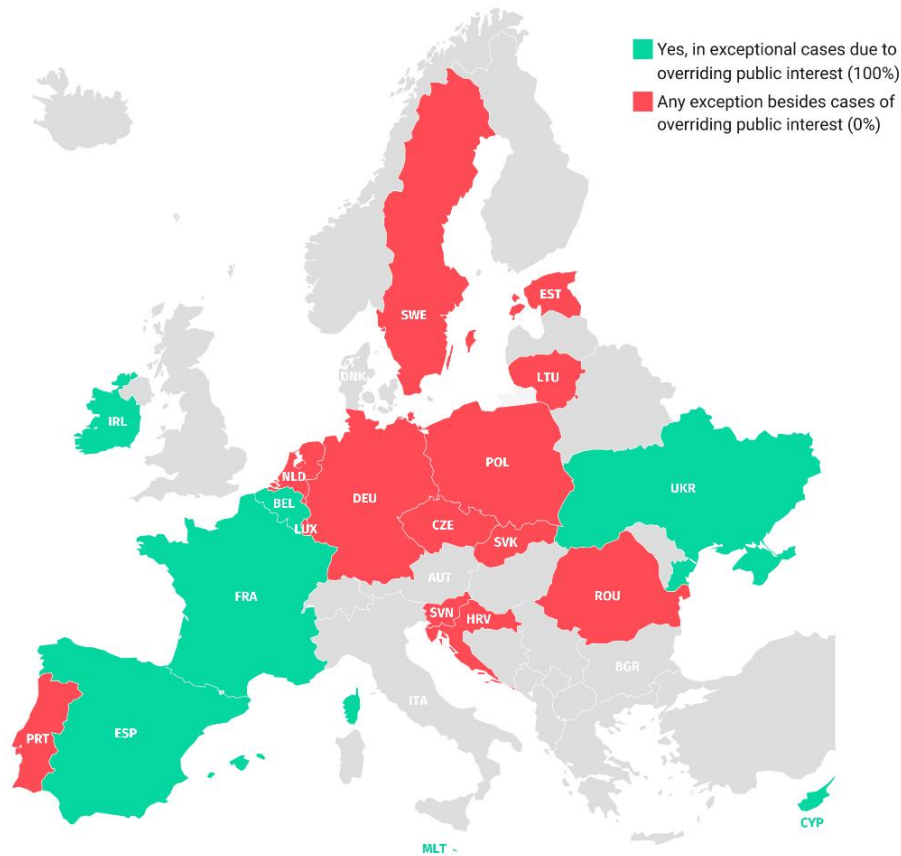


Figure 45. Existence of exceptions for public sector IPR ownership based on overriding public interests (Indicator 5.2.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

As the main reasons mentioned to justify the retention of IPR by national authorities following public interests’ concerns, countries indicate that such action is taken when a certain technology, practice, service, or product is subject to undermine security matters, public safety, public welfare, or **strategic areas for national development** such as health/medicine, and scientific research.

The results in this Indicator showcase a noteworthy increase regarding last year's score, in which only two out of 17²³ states proved to have the same exception in place (eight countries replied yes but only two provided the required evidence). Despite this growth, when compared to the previous edition **there are more countries in which national authorities are retaining IPR rights for reasons other than overriding public interests** – 13 out of 19 countries allow IPR rights to be retained by public buyers in procurement innovation opportunities (nine countries last year).

Some countries specified that national entities may hold IPR rights when: the respective project is completely funded by public funds; a designated project is developed to fit very specific needs of a national authority; arrangements can be made, in a negotiation case by

²³ Akin to this edition, some countries were not considered due to lack of information, such as Cyprus, Czechia, Estonia, and Slovakia

case, in which the public buyer must define in the procurement the arrangements applicable to IPR; if the public buyer intends to further develop the item or service in the future.

As a successful solution to avoid disadvantages for both parties in case the public buyer decides not to obtain IPR ownership, the public tender must be very specific on the terms of IPR in order to safeguard the public authority's interests and the product provider.

Ultimately, public buyers invest in the future of startups and scaleups akin to VC, but with the distinction that no shareholders are demanding a financial return on their investment. Instead, the **public buyer measures its return on investment through the societal benefits that the innovative solutions procured from startups can deliver** (European Commission, 2023).

Substandard 5.3 – Open-Source Assets

Furthermore, beyond the procurement realm, Open-Source initiatives, platforms, and practices are paramount to push the limits of technology forward such as AI-based software's and Large Language Models (LLMs). In order to assess the incentives conceded to startups to contribute to Open-Source assets and the number of ventures actively contributing, ESNA inquired the countries on such practices and mechanisms currently in place.

One indicator was considered to assess this Substandard covering the use of open-source assets under procurement initiatives: "Existence of startups actively supported and contributing with open-source assets", also included in last year's Report.

The Substandard 5.3 - Open-Source Assets, similarly to the previous two substandards analysed, decreased in its overall implementation level in relation to last year's results. With an implementation level of 40%, it's falling three p.p behind the 43% registered in the previous SNS Report edition²⁴. With this in mind, the majority of the surveyed countries do **not actively encourage startups to contribute to open-source assets**. Only nine out of the 24 surveyed countries showed evidence of having this incentive in place, while one of the countries scored 50% due to lack of evidence provided. As illustrated in [Figure 46](#) below, the remaining 14 countries responded negatively when asked if they have such incentives in place. On average, countries scored 40% for this indicator.

²⁴ For more information please refer to the Methodological Notes.

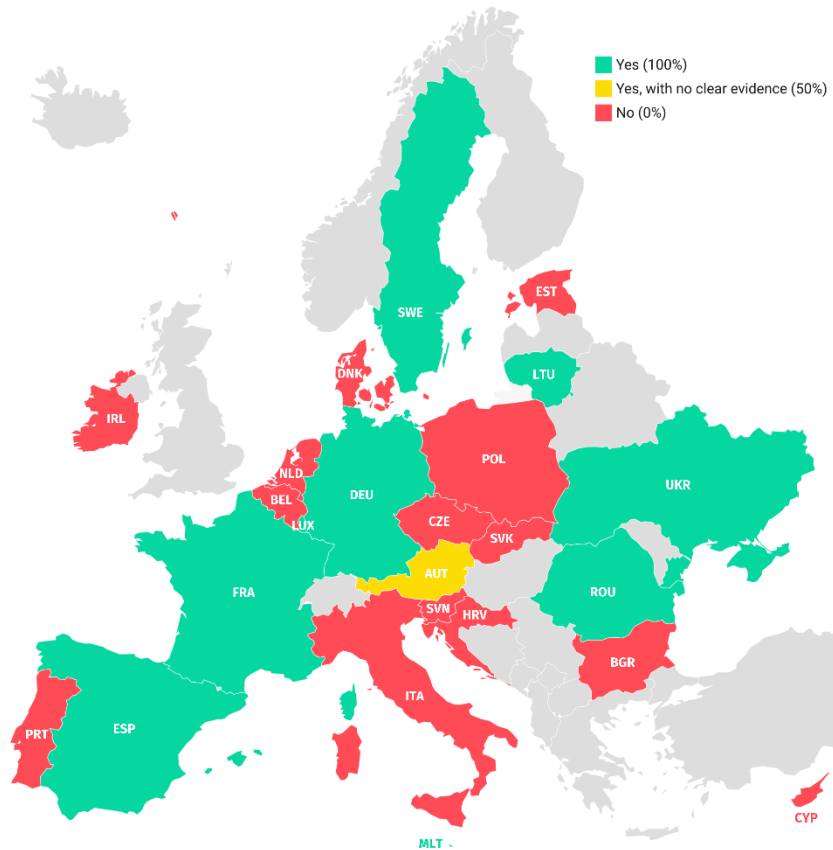


Figure 46. Existence of startups actively supported and contributing with open-source assets (Indicator 5.3.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

To measure to what extent countries are applying such incentives, ESNA collected data on specific mechanisms that serve as incentives for startups to contribute to open-source assets. The mechanisms in place include: **tax incentives and tax benefits** for startups contributing to open-source projects; collaboration programmes with public authorities aiming to develop open software for public use; **open-code initiatives** allowing for licensed use to accelerate digitalisation; **funding, grant, and/or subsidies** opportunities for startups that are engaged in innovative and collaborative projects such as active contributions to **open-source development**; availability of integrative platforms condensing data from different administrations of the government to be used in projects from the private sector and civil society that benefit society at large; **open-source platforms** providing access to machine learning models and tools that aim to promote open AI solutions and their economic and technological development benefits.

Open-source practices can bolster the ability of small innovators or self-employed entrepreneurs to have a greater participation in projects that would usually be out of their reach. These open software have the potential to significantly cut costs and time for small ventures, as they do not have to begin their innovation process from scratch. By using existing technologies or methods, individual entrepreneurs and innovators can easily **push the boundaries of science, technology, AI, and craft** even more game-changing solutions.

Substandard 5.4 – Tech transfer policies

Consisting of one indicator, "Existence of policies for smooth tech transfer", this Substandard was the only one from SNS #5 demonstrating an increase in its overall implementation level. Such positive improvement occurs because, when asked if **there were any policies to facilitate a smooth transfer of the technology developed in universities and research institutes to startups**, 21 out of the 24 surveyed countries - 88% of the participants - replied positively. However, due to the lack of evidence provided in a few cases, five countries scored 50%. Consequently, 16 out of 24 participants achieve the maximum implementation level.

Such result translates in an increase of six p.p for this Substandard, from 71% in 2023 to 77% in this SNS Report edition. This was also the highest-scoring Substandard in SNS #5. As illustrated in [Figure 47](#) below, the countries scoring 100% were Austria, Belgium, Cyprus, Czechia, France, Ireland, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. Additionally, five countries scored 50%, due to limited evidence, and the remaining countries replied negatively, thus scoring 0% in this Indicator and Substandard.

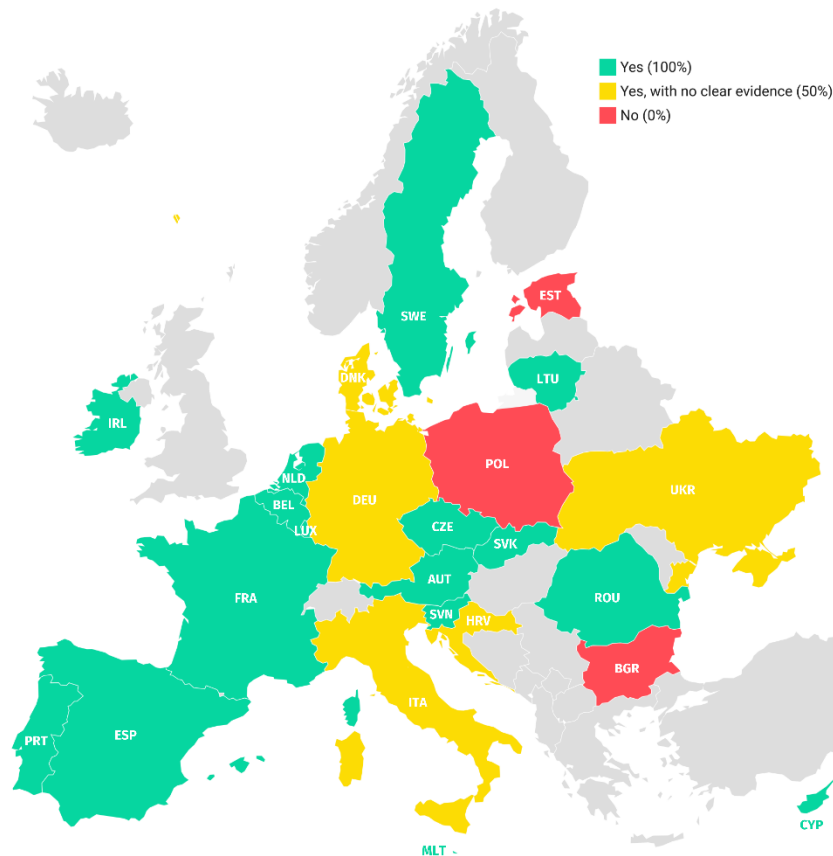


Figure 47. Tech transfer policies (Indicator 5.4.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Tech Transfer Offices (TTOs) are in place to streamline knowledge transfer from universities to companies, and improve the commercialisation of research. In these countries, there are targeted policies in place allowing for the creation of spin-offs in collaboration with startups, and the possibility of licensing innovations to be used by companies. The Draghi Report

underscores a generalised difficulty in the EU in attracting academic research to the markets, and advocates for the capacitation of TTOs in order to make them more proactive as bridge-makers between the market and the academia. Additionally, it recommends a stronger focus to remove legal obstacles for universities and researchers to register their inventions' IPR.

3.6 SNS #6 “Access to finance”

3.6.1 Overview

Providing a healthy investment environment in Europe is fundamental to the economic development of the European area, enabling the establishment and growth of highly innovative, value-added companies where startups have a prominent role. Standard #6 thus promotes public policies that stimulate the private investment ecosystem, such as VC funds, and create mechanisms that mitigate risk, allowing for a greater flow of capital.

Access to finance is vital for startups, as it is a transversal need at various stages of maturity. Establishing a robust investment ecosystem is essential to bring together companies and investors, both public and private. Financing options, from VC investments to direct public grants, may vary. Adequate funding allows startups to scale and pivot to adapt to market needs and to innovation cycles. Funding also tends to be linked with mentoring or networking opportunities, fostering a favourable landscape for entrepreneurship.

Given the influence and impact of funding, governments play a vital role in providing incentives and support. This support is particularly critical for companies that might not otherwise have the means to launch or grow due to the characteristics of investments in startups such as long timeframes, high development costs, and inherent risks related to innovation.

It is worth mentioning European efforts in creating a strong market Union, through the promotion of a **Capital Markets Union (CMU)** - by introducing a series of measures to diversify EU businesses' funding, strengthening cross-border capital flows and providing investors with better investment opportunities. However, it is important to mention that the access to capital in Europe still has room for improvement, especially when compared with other regions such as the United States.

Standard #6 achieves a 72% of implementation level, an increase of 16 p.p compared to last year, with seven countries achieving 100% level of implementation. These countries are Belgium, France, Lithuania, Portugal, Spain, Sweden, and Ukraine, as shown in [Figure 48](#).

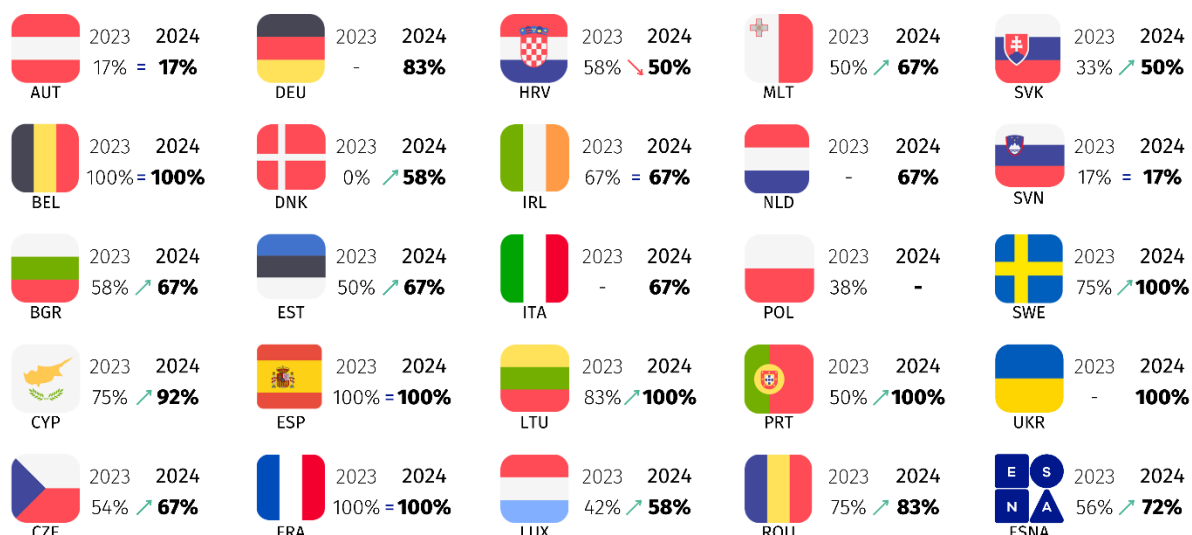


Figure 48. Countries' scores for level of achievement of SNS #6

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

With a significant increase in SNS #6, 12 countries that replied to the survey in the past and current edition (2023 & 2024) followed this trend and increased their overall implementation level in this Standard. This result reflects governments' dedication to foster a healthy investment ecosystem through direct and indirect investment in SMEs and startups. Therefore, most countries set up mechanisms and funding schemes to bridge the funding gap.

To enhance the depth of the analysis, the SNS is divided into three substandards. More information about the substandards can be found below. The full description of this SNS #6 can be found in [A1. EU Startup Nations Standards – Description](#).

Substandard 6.1 – Public Grants

Public grants play an important role in facilitating access to finance, notably by supporting companies in the early stages of maturity that may be less attractive to private investors, allowing innovation to jumpstart. Public funding serves a public role in financing innovations with the potential to transform society and the economy, which often entails a greater level of risk.

Substandard 6.2 - Indirect Access to Finance

Indirect access to finance is particularly important in this SNS. Its benefits and motivations align with those of public grants; however, the support is provided indirectly with the goal of increasing available capital and private investment. This is achieved by supporting the investors who, in turn, will subsequently invest in startups, fostering a dynamic flow of capital within the ecosystem.

Substandard 6.3 - Tax Relief Measures

Tax relief operates as an incentive for investment by reducing the tax burden on investors' capital gains, thereby increasing the attractiveness of investments, and drawing more capital into the ecosystem.

Figure 49. SNS #6 substandards description

SOURCE: ESNA (2024)

Substandard 6.1 – Public Grants showcases a positive implementation level of 70%, while Substandard 6.2 – Indirect Access to Finance achieves an 85% score, therefore impacting the SNS as the best-performing Substandard. Conversely, Substandard 6.3 – Tax Relief Measures, displays the lowest implementation level at 61%.

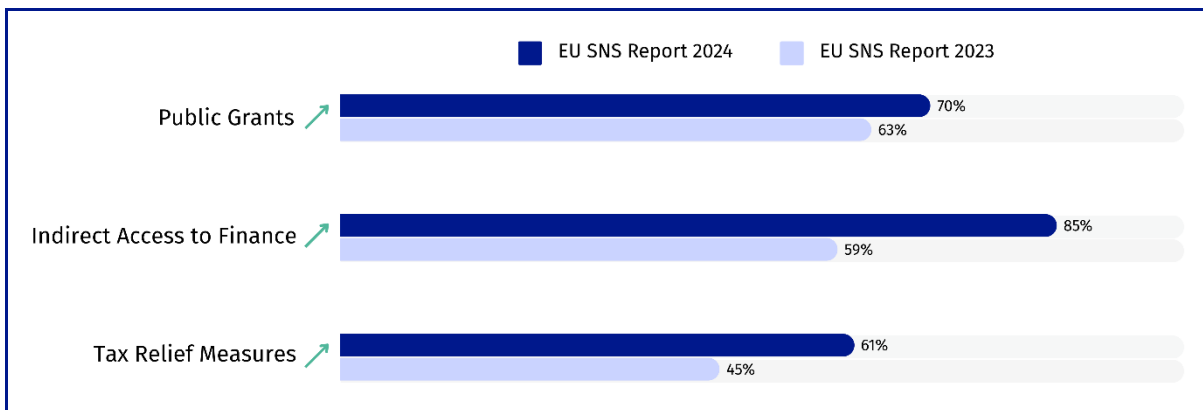


Figure 50. SNS #6 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

For a quick assessment of the key insights gathered on the SNS #6 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

1. **64%** of the countries displayed evidence of using part of their **RRF funding to enhance access to VC for startups.**
2. A majority (**91%**) of the surveyed countries use the **EIB and promotional banks to bridge the VC investment gap.**
3. **70%** of the nations have adopted initiatives to **diversify private capital for high-growth startup co-investment.**
4. **58%** of the countries show evidence of implementing **tax incentives for BA.**

3.6.2 Substandard analysis

Substandard 6.1 – Public Grants

Grants and other financial mechanisms can be used to support entrepreneurs who are seeking to develop and grow their innovative ideas. They are particularly well suited to support technologies that are further away from the commercialisation stage. Countries have different grant and direct funding schemes in places, of which it is important to emphasise the framework of the RFF, responsible for boosting direct investment by European governments in startups, following the economic recovery in the post-pandemic world.

This is exemplified by the 70% level of implementation for this Standard, with 14 out of 22²⁵ of the countries surveyed showing evidence of **using part of their RRF funding to enhance access to VC for startups**, demonstrating full implementation of the Substandard (100%), as shown in [Figure 51](#).

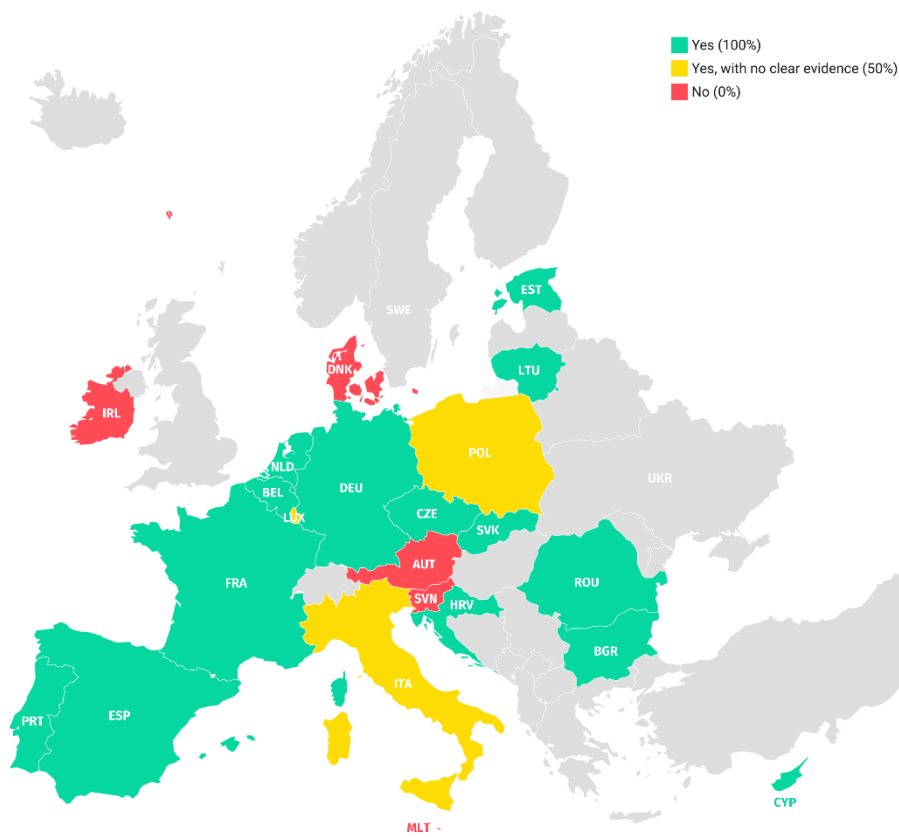


Figure 51. Existence of RRF support for Venture Capital for startups (Indicator 6.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

The RRF is being used in different ways such as to support VC, to boost financial instruments such as equity investments and loan guarantees, as well as through other direct startup incentives (e.g. grants and vouchers).

²⁵ Sweden and Ukraine excluded from this indicator

Substandard 6.2 – Indirect Access to Finance

Two indicators were considered to analyse the Indirect Access to Finance Substandard: “Utilisation of EIB and promotional banks for VC investment gap bridging” and “Adoption of initiatives to diversify private capital for high-growth startup co-investment”. This specific Substandard reflects a positive increase from 59% in 2023 to 85% in 2024.

Indirect access to finance plays a key role in promoting a healthy and dynamic investment ecosystem. This involves financing investment vehicles for the subsequent distribution of capital. Thus, indirect investment guarantees a greater amount of capital in circulation for investment in startups, thereby bridging the financial gap and lack of access to finance in Europe.

This practice is widespread in European countries, albeit on different scales. European countries also have the support of institutions such as the EIB and the EIF. Also noteworthy is the specialised nature of these funds. It is also worth highlighting the focus and specialisation of these funds on green technologies, which are strategic for European countries.

When analysing the utilisation of EIB programmes, Promotional Banks or other dedicated vehicles - leveraging private investments, and distributing funds to VC firms to address the existing investment gap - almost all countries declare having some measures in place, achieving 93% of implementation, compared to 74% in 2023. Notably, 21 out of the 23²⁶ surveyed countries showed evidence of **using the EIB and promotional banks for VC investment gap bridging**: as shown in [Figure 52](#) below.

²⁶ Poland was not included in the analysis due to lack of information provided.

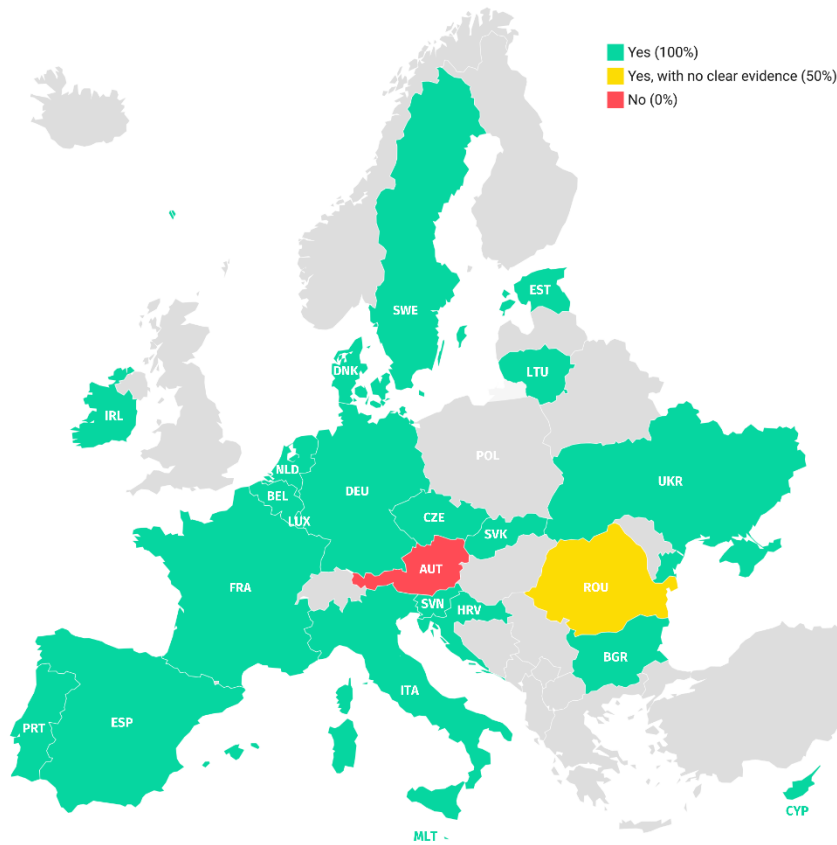


Figure 52. Utilisation of EIB and promotional banks for VC investment gap bridging (Indicator 6.2.1)
 SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

The EIB is present in all EU countries and funds tailor-made programmes and specific projects, namely in strategic sectors and with social impact (climate, technology, security and defence, bioeconomy, etc.). The EIB aims to act as a bridge between capital markets and the economy, being at the forefront of EU-wide financial instruments to build a true capital markets union to finance European tech champions, innovators, and unicorns²⁷. On the other hand, the EIF invests in VC and Private Equity Funds, directly in banks and guarantee institutions, along with other country-specific financial solutions.

The private sector’s involvement is also essential to bridge the financing gap. Private financial institutions must contribute toward creating a conducive ecosystem. Their involvement complements public financial institutions, which can also help SMEs by facilitating their participation in capital markets and supporting financial innovation to foster the development of relevant digital financial solutions (OECD, 2024).

In this regard, it is worth highlighting the countries' efforts in promoting public-private partnership programmes and incentives for private investors to participate in co-investment schemes, such as the establishment of fund-of-funds to invest in startups and innovative projects.

When deep diving on initiatives to diversify capital available for co-investing, the indicator follows the trend of the respective Substandard with a substantial increase from 44% to 76%,

²⁷ For more details on the EIB's core strategic priorities, please visit this [page](#)

despite being slightly lower than "Utilisation of EIB and promotional banks for VC investment gap bridging". Additionally, 16 countries out of 23²⁸ showed evidence of having different initiatives in place, therefore achieving 100% level of implementation.

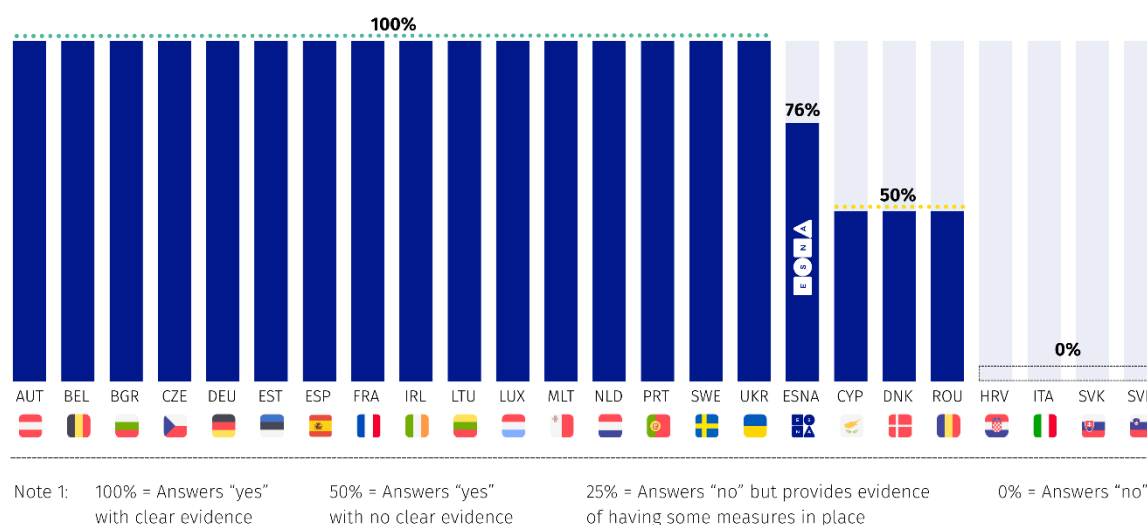


Figure 53. Adoption of initiatives to diversify private capital for high-growth startup co-investment (Indicator 6.2.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

With regards to indirect access to finance, there is a potential for new mechanisms to increase and diversify private capital, such as pension funds. Pension funds hold a great potential to foster private investment in startups, while managing the risk with different classes of shares.

Substandard 6.3 – Tax Relief Measures

Only one indicator "Existence of tax relief for BA" was considered to analyse the application of tax relief measures.

BAs play an important role in the economy. In many countries, they constitute the second-largest source of external funding in newly established ventures²⁹ (EC). Studies also found that BA investments are 93% targeted to the process of product innovation in early-stage phases. Furthermore, BAs have been requesting a set of tax incentives, mainly relating to no/fewer capital gains, front-end relief, and loss relief (INOVA+; Business Angels Europe (BAE); EBAN; Tiago Botelho; Zentrum für Europäische Wirtschaftsforschung, 2017).

In line with this idea, the Indicator "Existence of tax relief for BA" was considered to analyse the application of tax relief measures. The implementation rate for these tax relief measures, specifically incentives for BA, reveals an implementation score of 61%. 14 out of 24 countries (58%) show evidence of implementing this type of incentive.

Those countries are Belgium, Cyprus, Denmark, France, Ireland, Italy, Lithuania, Malta, Poland, Portugal, Romania, Spain, Sweden, and Ukraine as shown in Figure 54 below.

²⁸ Poland was not included in the analysis due to lack of information provided.

²⁹ [Business angels - European Commission](#)

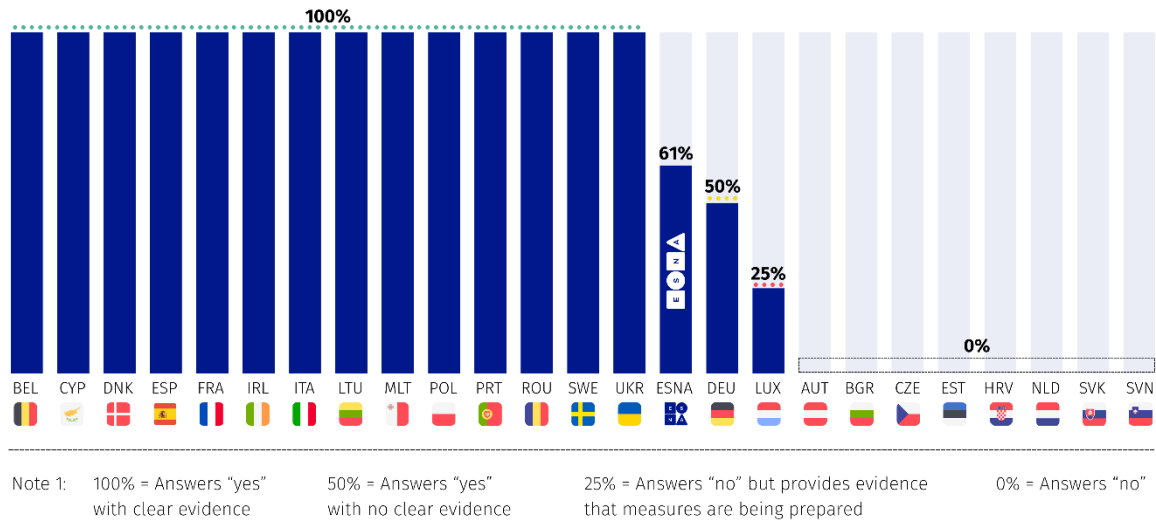


Figure 54. Existence of tax relief for Business Angels (Indicator 6.3.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Although some countries have not implemented tax exemptions, some countries such as Luxembourg display evidence of having some measures in place to stimulate investment by individual investors, therefore scoring 25%.

3.7 SNS #7 “Social Inclusion, diversity and protecting democratic values”

3.7.1 Overview

Guaranteeing that every potential founder, entrepreneur, and innovative mind has equal opportunities to put their ideas into concrete actions is paramount to an inclusive, diverse, and strong startup ecosystem. With the rise of digital transformation, ensuring digital rights and entrepreneurial inclusion is an important step towards technological development in the civil society.

In acknowledgement of such endeavour, both the EU SNS Declaration and the [European Declaration on Digital Rights and Principles](#) reflect the efforts towards the creation of a level playing field for everyone. Without fair access to technologies, the appropriate skillset, and an online space for all, startups and scaleups not only have a shorter range of people to hire but great breakthrough ideas might also be lost.

The transition to a digital society carries democratic challenges, but also a chance to improve and strengthen the way democracies function. By addressing diversity and equality concerns, it is possible to foster stronger ecosystems for everyone, regardless of gender, race, education, cultural level, socio-economic status, religion, sexual orientation, or disabilities.

In order to target such dynamic and complex conditions in each ecosystem, a complete guide from the International Labour Organisation (ILO) sets out an approach that identifies six key components that are critical to a mature entrepreneurship ecosystem: 1) Human capital; 2) Policy; 3) Appropriate finance; 4) Culture, 5) Support; and 6) Markets. In essence, the ILO's

(2024) approach towards an [Inclusive Entrepreneurship Ecosystems Development](#) intends to "promote the inclusion of marginalised groups into functioning ecosystems, (...) making business creation and entrepreneurship a viable path to decent work" for disadvantaged people.

Based on the answers gathered in the survey, which align with the recommendations outlined in the EU SNS Declaration, ESNA monitored social inclusion and diversity in national startup ecosystems. With a significant increase of 21 p.p, SNS #7 moved from being the lowest-scoring Standard in 2023 with 30%, to the second Standard with the lowest implementation level in 2024, with 51%. As illustrated in [Figure 55](#). below, France, Lithuania and Luxembourg achieve the highest score (100%).

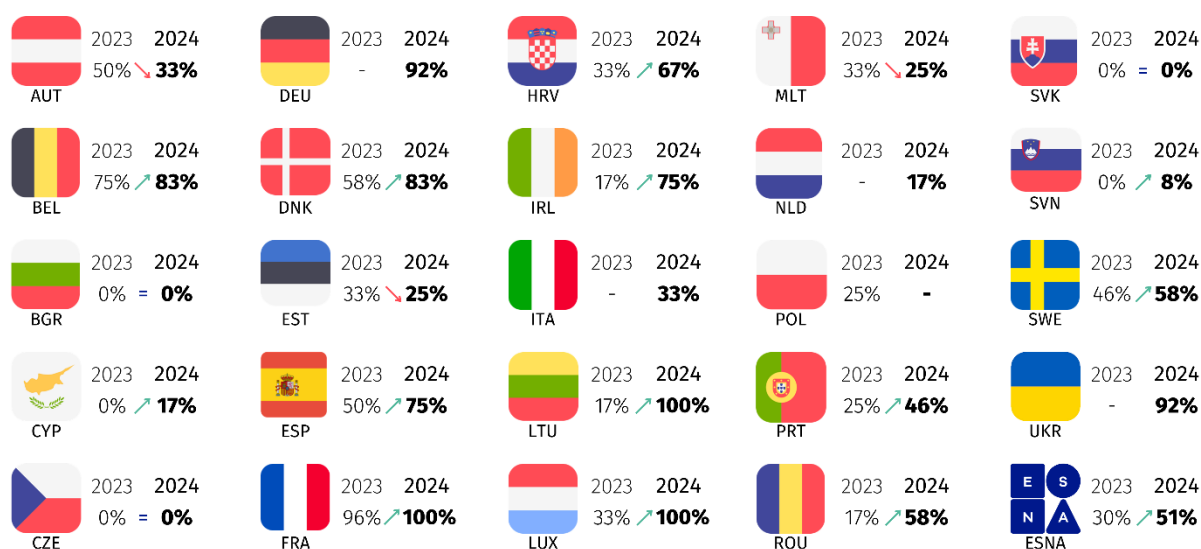


Figure 55. Countries' scores for level of achievement of SNS #7

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

Additionally, 13 out of the 20 countries that participated in both surveys (2023 & 2024), increased their overall score - this makes up for 65% of the participants.

To enhance the depth of the analysis, the SNS is divided into two substandards. More information about the substandards can be found below. The full description of the SNS #7 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 7.1 – Incentives for Startups

Establishing an inclusive ecosystem requires the implementation of appropriate incentives for startups to hire and include individuals from diverse backgrounds, avoid social exclusion linked to low income, limited education, location, culture, or disability. In addition to these incentives, the goal is to highlight and recognise successful examples of startups led by different and diverse profiles.

Substandard 7.2 – Incentives for Founders

Encouraging entrepreneurship among people from disadvantaged backgrounds is a priority. The objective is to actively encourage and promote the creation of companies by individuals from disadvantaged groups, ensuring the right balance and inclusion in Europe’s entrepreneurial ecosystem.

Figure 56. SNS #7 substandards description

SOURCE: ESNA (2024)

The positive increase in Standard #7’s overall implementation level is evident as both substandards’ scores increased. Substandard 7.1 – Incentives for Startups showcases an implementation level of 59%, an increase of ten p.p in regard to last year’s edition³⁰ in which this Substandard registered 49%. In the same light, Substandard 7.2 – Incentives for Founders, grew significantly, moving from ten to 43% of implementation level.

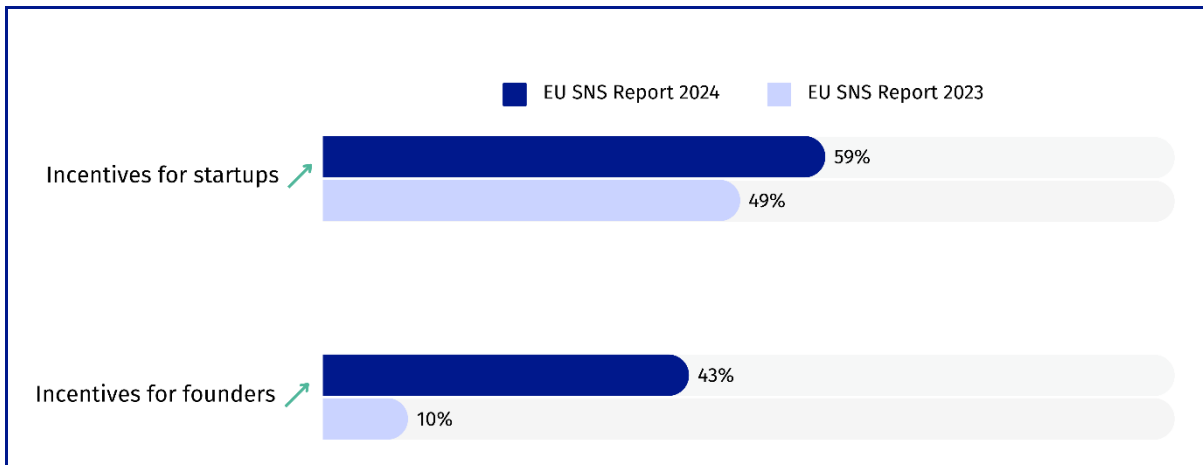


Figure 57. SNS #7 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #7 analysis, please refer to the main takeaways below.

³⁰ This may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

MAIN TAKEAWAYS

1. **A majority of 21** out of the 24 countries (88%) currently have national awards and policies in place to **actively promote role models in the startup community**.
2. **15 countries** out of 24 (63%) shared clear evidence of directly **engaging with startups to tackle marginalisation and social inclusion**.
3. **Eight countries** – which represents 33% of the sample – have programmes in place to **incentivise diversity hiring**.
4. **Eight** out of the 24 countries (33%) demonstrated that they **support founders from underprivileged backgrounds**.

3.7.2 Substandards analysis

Substandard 7.1 – Incentives for Startups

Three indicators were used to evaluate the overall implementation level under this Substandard, all used for calculations: "Existence of national awards and policies for startup role models", "Existence of social inclusion mobilisation initiatives", and "Existence of incentives for diversity hiring".

Overall, countries demonstrated to have more policies and incentives in place, resulting in a ten p.p growth of this Substandard, from 49% to 59%. While the numbers are encouraging, more effort is still needed to achieve the desired level of inclusion.

One way of tackling existing disparities is to utilise dedicated mentorship programmes, with targeted training, or by recognising excellence through the attribution of awards. Many participating countries in ESNA's survey shared that they had dedicated programmes to promote diversity. Among these, awards and diversity-friendly initiatives seek to ensure better recognition and a non-discriminatory setting.

In this realm, when countries were asked if they **actively promoted diverse role models in the startup community through awards, public recognition or mentorship programmes**, the majority of the participants (21 countries) responded positively (88%) but not all provided clear evidence. Consequently, 12 out of the 24 countries, half of the participants, score 100%: Belgium, Croatia, Denmark, Estonia, France, Ireland, Italy, Lithuania, Luxembourg, the Netherlands, Portugal, Spain, Sweden and Ukraine. The remaining countries that replied positively but did not provide enough evidence score 50%, as illustrated in [Figure 58](#) below.

This indicator's overall result demonstrates an increase in relation to the past edition³¹, in which 14 out of 21 countries scored 100%, showcasing a variety of awards and programmes. On average, in the present SNS Report the surveyed countries achieved a 69% implementation level.

³¹ This may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

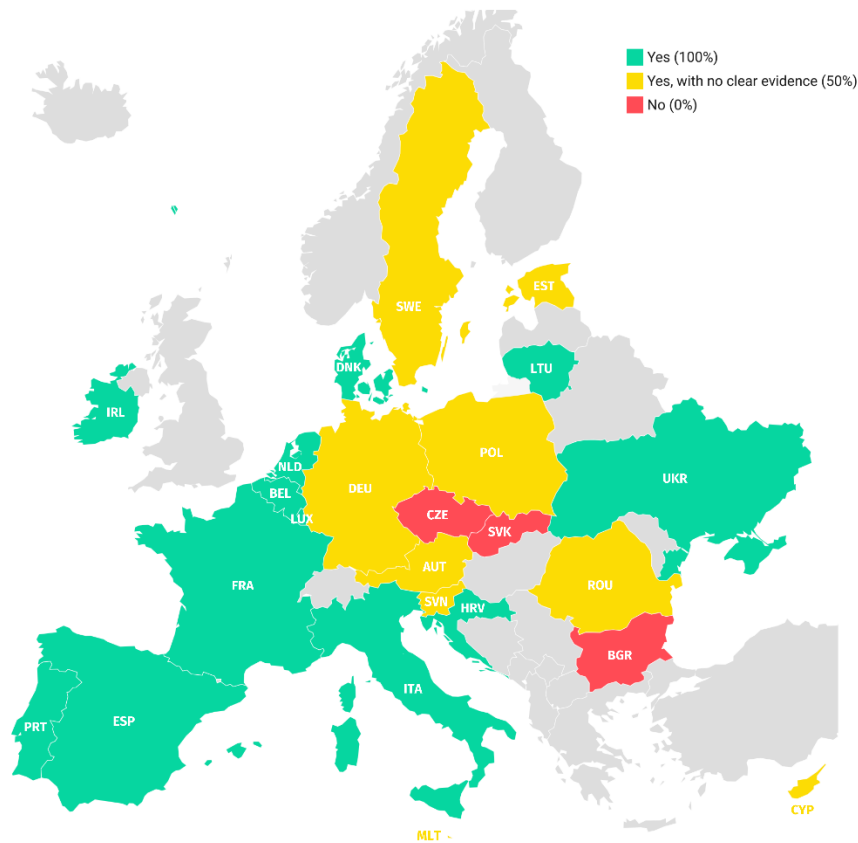


Figure 58. Existence of national awards and policies for startup role models (Indicator 7.1.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Under the efforts to tackle such issues, ESNA conducted an analysis to assess to what extent countries' authorities engage with startups to specifically address issues of marginalisation and social inclusion among underprivileged communities impacted by low income, limited education, geographic location, cultural background or disabilities. From the 24 answers received, 15 countries (63%) responded positively and showed clear evidence that they directly engage with startups to tackle the aforementioned issues. As illustrated below, Austria, Croatia, Estonia, France, Germany, Ireland, Italy, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Spain, and Ukraine scored 100%. The remaining countries responded negatively, therefore scoring 0%, as illustrated in [Figure 59](#) below. On average, the countries score 63% in this indicator.

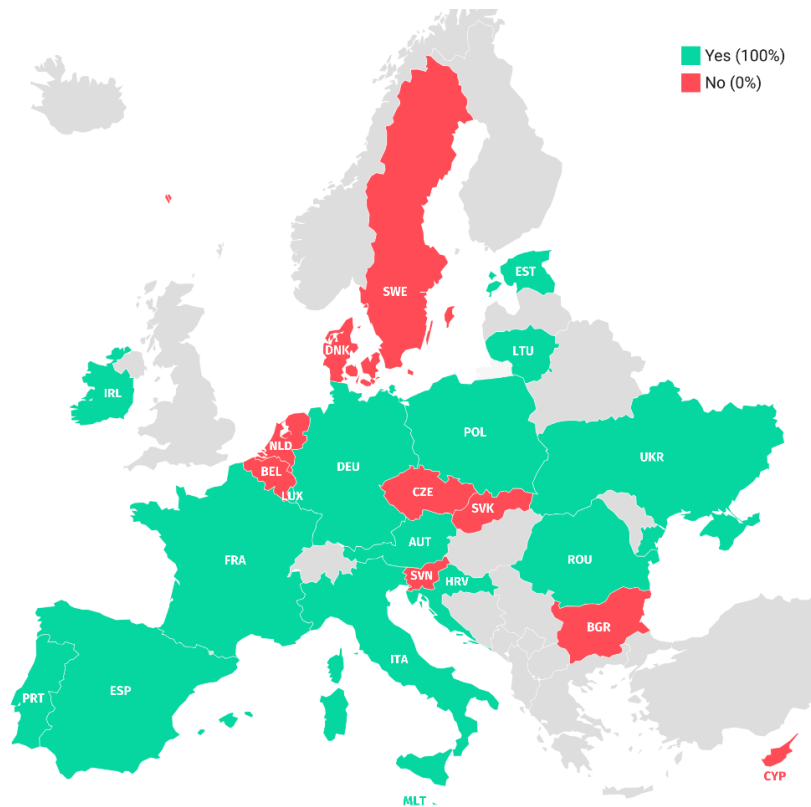


Figure 59. Existence of social inclusion mobilisation initiatives (Indicator 7.1.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

In the last indicator from Substandard 7.1 - Incentives for Startups, ESNA addressed the **existence of incentives for diversity hiring**, addressing workers from underprivileged backgrounds. Based on the answers provided in the survey, eight countries scored 100%: Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg, and Spain. Despite the low average implementation level, this indicator shows a slight increase of nine p.p, going from 38% in the past edition, to 47% in the current, as illustrated in Figure 60 below.

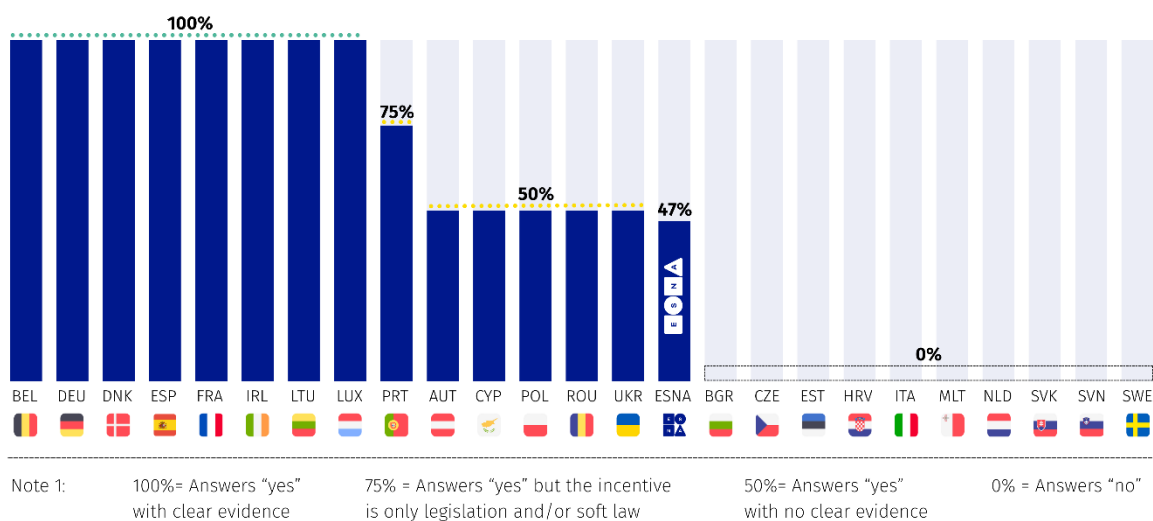


Figure 60. Existence of incentives for diversity hiring (Indicator 7.1.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Substandard 7.2 – Incentives for Founders

A single Indicator was considered to evaluate this Substandard’s performance: **"Support to founders from underprivileged backgrounds"**, which was used to assess incentives given to founders when creating a company. Following the information provided by the countries, this Substandard (and indicator) demonstrated a significant increase of 33 p.p., growing from 10% to 43%.

Such result demonstrates the countries’ efforts to provide more tools to underprivileged founders to start their ventures, and is reflected in a substantially higher number of countries scoring 100%. It went from only one country last year to eight out of the 23³² surveyed countries: Belgium, Denmark, France, Germany, Lithuania, Luxembourg, Sweden, and Ukraine scored 100%, as illustrated in [Figure 61](#) below.

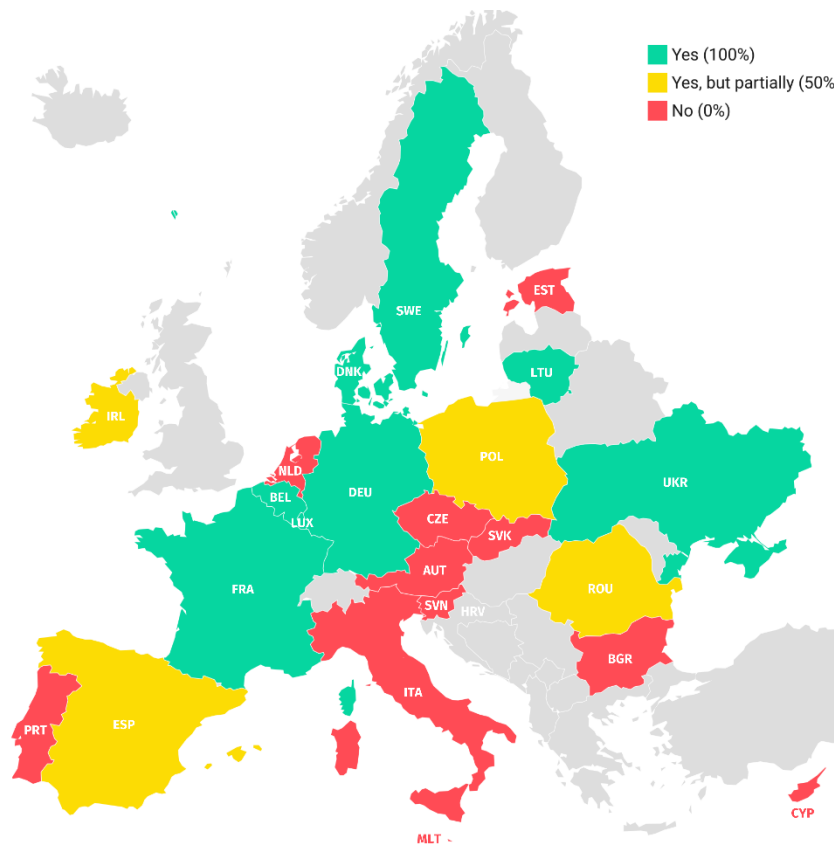


Figure 61. Support to founders from underprivileged backgrounds (Indicator 7.2.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

The global startup ecosystem has been increasingly adopting inclusive initiatives to support underprivileged groups in the entrepreneurial landscape. Governments, private organisations, and public-private partnerships are introducing tailored programmes to address these challenges faced by disadvantaged groups, including women, migrants, individuals with disabilities, and those from low economic backgrounds. These initiatives can include financial instruments such as loans and grants, alongside mentorship, training, and capacity-building programmes designed to upskill participants and enhance their potential. Innovation-focused schemes, regional development funds, and programmes targeting

³² Croatia was not included in the analysis due to lack of information provided.

specific demographic areas to create fair access to resources and opportunities are other examples.

In addition to financial and educational support, several ecosystems intend to tackle structural inclusion by aligning their initiatives with broader societal goals, such as poverty reduction, digital transformation, and gender equality. Incubators, accelerators, and other community-driven networks can play a pivotal role in empowering entrepreneurs through tailored guidance, technical support, and access to markets. Public policies also encourage collaboration between startups, research institutions, and investors to drive transformative projects with widespread social and economic impact. These strategies highlight a shared commitment to inclusive growth, leveraging entrepreneurial values to bridge gaps within the startup ecosystem.

3.8 SNS #8 “Digital First”

3.8.1 Overview

Technological developments have the potential to boost multiple sectors and fields of study, with effects that are transversal from the public to the private sectors. By providing innovative solutions and pushing forward outdated *modus operandi*, technology can completely reshape the relation between the civil society and public administration. Beyond that, it has the capacity to push forward the administration ecosystem and multiple fields that are, directly or indirectly, related to public administration, by creating a data-driven, cloud-based, and online public service.

The digital transformation of nations, guided by the Digital First Principle, is oriented towards modernising multiple sectors that embrace technology, such as AI models and blockchain, as a revolutionary motor for innovation, growth, enhancement of digital tools, and process simplification. Multiple governments have been adopting such principles, reflected in concrete actions as demonstrated by the constant investment in cutting-edge technology, infrastructure and cybersecurity centres for public data, or crucial components such as semiconductors. Consequently, countries are becoming more efficient, more data-driven, more interconnected, and better prepared to respond to subsequent needs.

As Europe tries to improve its startup ecosystem and explore all the potentialities of high-performance computing tools, it is crucial for governments to accompany such efforts. In this realm, countries are preparing their public platforms to implement the SDG principles, as well as the Once Only Principle, hence transforming most of the operations to being one click away for individuals and companies, including startups.

Such transformation requires efforts, and carries challenges such as continuous ICT (Information and Communications Technology) training for citizens and public workers, strong and secure infrastructure to hold the immense bytes of information generated. Security, transparency, and data protection concerns are also raised.

In order to evaluate the path towards a full digital transformation, ESNA follows the Standard #8 “Digital First” as part of its founding EU SNS Declaration. Based on the answers provided in the survey and the Digital Economy and Society Index (DESI) for the State of the Digital Decade Report (2024), the countries achieved an overall score of 70%. Estonia and Malta, the

same two countries as last year's edition, achieve 100% of implementation level, as illustrated in [Figure 62](#) below.

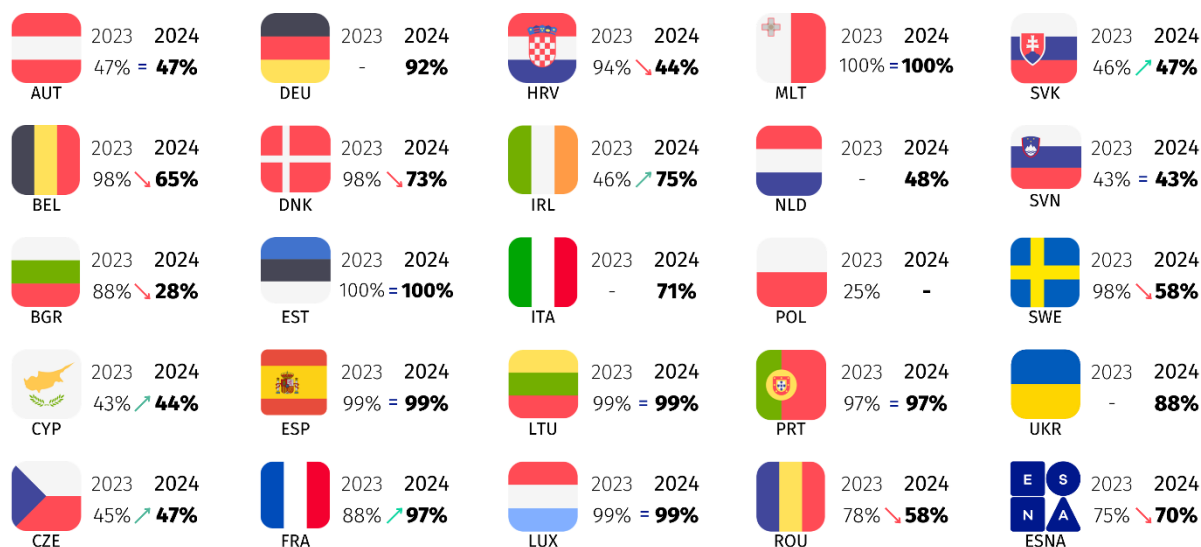


Figure 62. Countries' scores for level of achievement of SNS #8

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024) & DESI 2024 Dashboard for the Digital Decade

Such a result translates in a five p.p decrease in the overall implementation score, going from the best scoring Standard, 75% in 2023, to 70% currently³³.

To enhance the understanding of this Standard and deepen its analysis, a breakdown of the Substandards that compose the SNS #8 is provided below. The full description of the SNS #8 can be found in the Annexes, [A1. EU Startup Nations Standards – Description](#).

Substandard 8.1 – Digital First
The digitalisation of States and public services has a substantial impact on the daily activities of startups and on their interactions with public administrations. It is therefore important that the innovation ecosystem in which startups operate is as efficient and digital as possible.
Substandard 8.2 – Knowledge Sharing
Given the high level of innovation provided by startups, the implementation of communication channels between startups and public entities has the potential to accelerate the digitalisation process and to achieve greater efficiency in public services. Best practice exchanges should be promoted, benefiting both startups and public organisations.

Figure 63. SNS #8 substandards description

SOURCE: ESNA (2024)

³³For more information about the methodology improvements, please refer to the Methodological Notes.

The implementation level's decline in this SNS #8 does not necessarily translate into a regression in the digital transformation efforts conducted by governments, as demonstrated by the score achieved in Substandard 8.1 – “Digital First” Principle. As illustrated in Figure 64 below, Substandard 8.1 slightly improved regarding the score achieved in the previous SNS Report edition, increasing one p.p. The implementation level achieved in the Substandard 8.2 – Knowledge Sharing is where the difference lies: this Substandard dropped ten p.p, moving from the 62% recorded in 2023 to 52% in the present edition³⁴, as illustrated below.

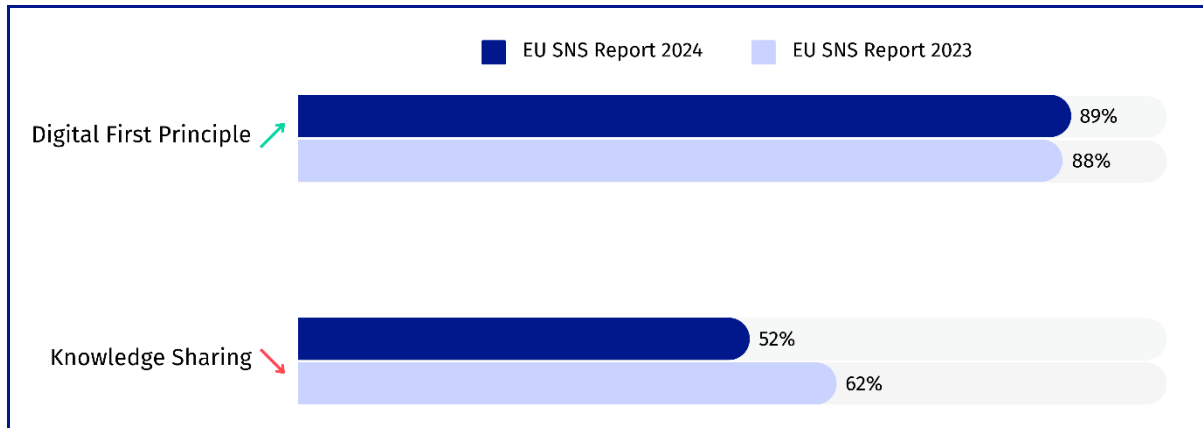


Figure 64. SNS #8 substandards progression

SOURCE: ESNA, based on official data from Member Countries (Survey 2023 & 2024)

For a quick assessment of the key insights gathered on the SNS #8 analysis, please refer to the main takeaways below.

MAIN TAKEAWAYS

1. The surveyed countries show a **high availability of public services online (96%)**, including allowing company creation, filing of taxes, and participation in public procurement opportunities to be done online.
2. With an overall score of 85%, the implementation of **digitalisation strategies is common practice among countries.**
3. The 10% decrease in the Knowledge Sharing Substandard, to 52%, raises **concerns about knowledge and best practices sharing related to digitalisation.**

3.8.2 Substandards analysis

Substandard 8.1 – “Digital First” Principle

Three indicators were considered to assess the implementation level of the Substandard related to the Digital First Principle: "Index of digital public services for businesses", retrieved

³⁴ This decline may be result of changes made in the scoring criteria. For more information about the methodology improvements, please refer to the Methodological Notes.

from the Digital Economy and Society Index (DESI) for the State of the Digital Decade Report 2024, "Digital public services availability by percentage of areas covered", and "Existence of national digitalisation strategy implementation", sourced from this year's survey.

Substandard 8.1 - Digital First Principle remains in the same position as last year's edition, at 88%. Although some of its indicators' scores may have fluctuated, the increase of national digitalisation strategies made up for it.

In a general view, the result indicates that governments keep embracing technology - not as a new feature, but as an ordinary element of public administration services. Not as quick as expected, as the State of the Digital Decade 2024 report unveils concerns with the general EU performance in the digital transformation path, urging for more actions to speed up the process. As examples, the report points a slower than expected development pace in startup ecosystems, data analytics by businesses, semiconductors, high-quality connectivity and on users' skillset (European Commission, 2024).

Another field mentioned, as it raises concerns, was the adoption of AI. In this realm, some countries have been investing in their own LLMs, as a way to protect their digital sovereignty and contribute to creating AI models "with design choices that reflect EU values" (Digital Decade 2024: eGovernment Benchmark). Both for citizens and public bodies, the goals are to make services more effective, reduce time spent on each process, decrease costs of each operation, simplify procedures by cutting unnecessary steps, and ultimately, leave more room to explore innovative ideas.

The Indicator 8.1.1 "Index of digital public services for businesses" measures the user-centricity of such services applied to the business operation's needs. Following this indicator prepared as part of the Digital Decade (2024), two countries achieved 100% implementation score (Ireland and Malta). Overall, this indicator registered a result of 85%, with the majority of the surveyed countries scoring above the 80 p.p, as illustrated in [Figure 65](#) below³⁵.

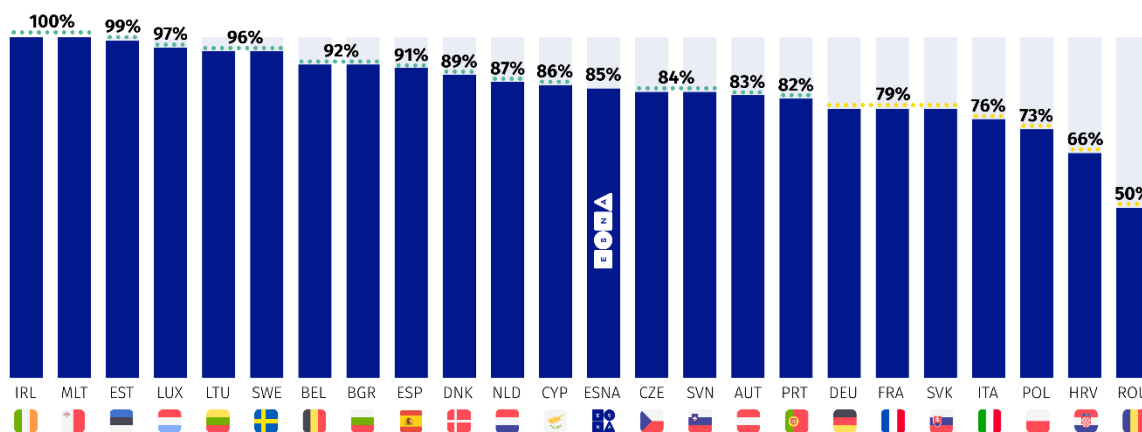


Figure 65. Index of digital public services for businesses (Indicator 8.1.1)

SOURCE: DESI 2024 dashboard for the Digital Decade

Public administration services and national authorities need to keep pushing to embrace digital technology and data age methods in order to change the current paradigm between users and state services - but such change must start at the beginning of the policymaking

³⁵ Ukraine was not included in the external indicator source.

process. Regarding these efforts from governments to adopt new technologies, the Digital Government Policy Framework (OECD, 2020), put it in a simple way: **countries need to be "digital by design"**. This means adopting tech tools from scratch, in every development, managerial and monitoring phase of internal governmental processes, and not only in later stages.

To evaluate to what extent countries have been adopting digital solutions in public services, ESNA questioned the participating countries about **digital public services available**.

This Indicator records an increase of ten p.p, going from 86% in the previous SNS Report edition to 96% this year. Such an increase is clearly reflected in the countries' results. 20 out of the 24 surveyed countries achieved 100% implementation level, which means that they have the following public services available online: company creation, filing of taxes, participation in public procurement opportunities, and consultation of official records. The remaining four countries scored 75%, demonstrating that they have three of the options outlined above in place, as illustrated in [Figure 66](#) below.

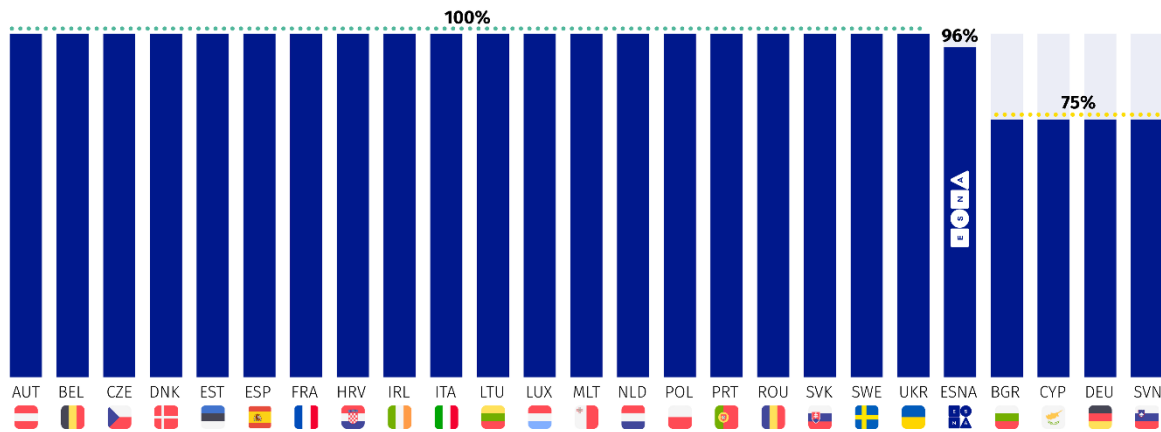


Figure 66. Digital public services availability by percentage of areas covered (Indicator 8.1.2)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

As illustrated in [Figure 67](#) below, the public services provided in the survey demonstrate high levels of adoption from the participant countries. This highlights the countries' commitment to the transition to digital services. Even though all countries said that company creation is digital by design, according to the answers analysed in Standard #1, Indicator 1.2.1, it is possible to know that company creation is a service offered not entirely online and often with some limitations.

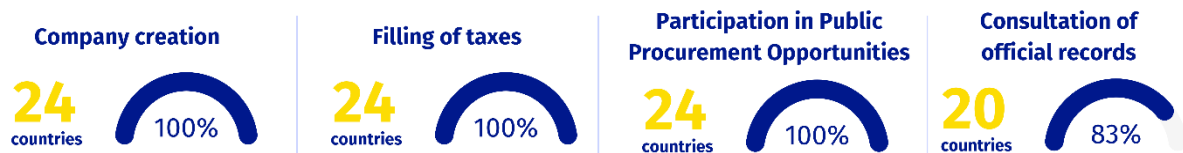


Figure 67. Areas covered by digital public services available

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Regarding the **existence of national digitalisation strategy implementation**, the participating countries achieve an overall score of 85%, an eight p.p decrease in relation to

the last edition. Additionally, 19 out of the 24 participants achieved 100% of the implementation level, proving with clear evidence they are currently implementing a global and cross-sector digitalisation strategy at a national level, as illustrated in [Figure 68](#) below. The remaining countries that replied affirmatively but provided unclear or limited evidence score 50%.

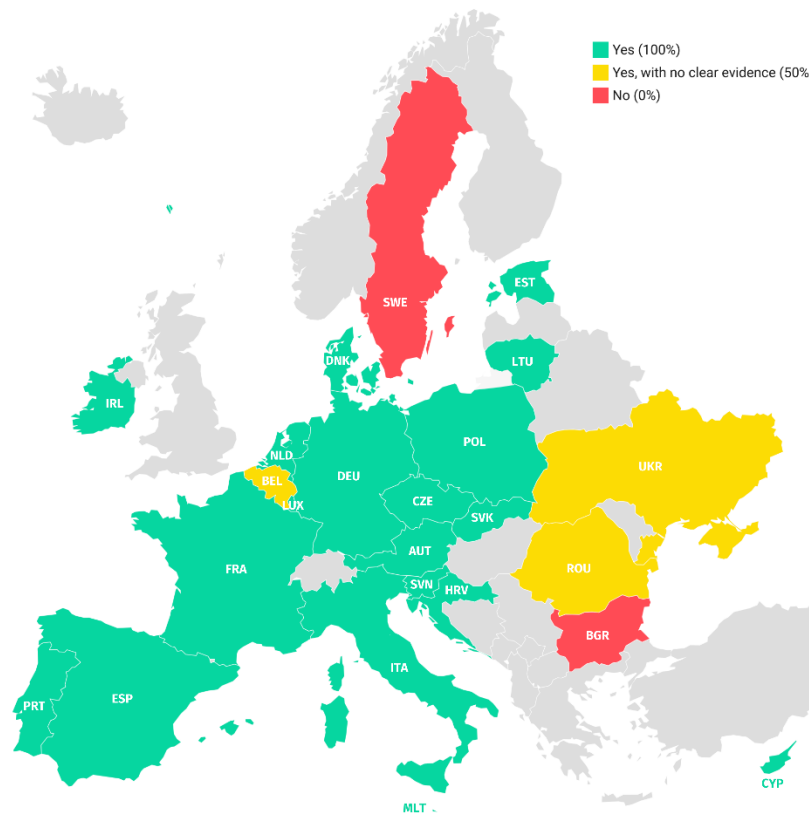


Figure 68. Existence of national digitalisation strategy implementation (Indicator 8.1.3)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

Substandard 8.2 – Knowledge Sharing

Comprising one indicator only, this Substandard’s overall result coincides with the result obtained in the indicator that assesses the countries’ knowledge-sharing practices: “Existence of proactive engagement for digital knowledge sharing and best practices”.

Considering the answers provided by the surveyed participants in 2024, a significant backdrop is striking when it comes to this Substandard’s (and indicator) overall performance. In the past SNS edition, countries achieved an overall level of 62%, ten p.p more than the 52% achieved in the present edition³⁶.

Only nine out of the 24 surveyed countries scored 100%, which represents a significant decline in comparison with last year’s result, in which 13 out of 21 countries achieved the maximum implementation level. As illustrated in [Figure 69](#) below, Estonia, France, Germany,

³⁶ For more information about the methodology improvements, please refer to the Methodological Notes.

Lithuania, Luxembourg, Malta, Portugal, Spain, and Ukraine have established practices in which startups and scaleups are proactively approached and engaged by state authorities to share knowledge and best practices regarding digitalisation. The remaining countries that scored 50% responded affirmatively as well but provided limited evidence. Countries that scored 0% responded negatively to the question.

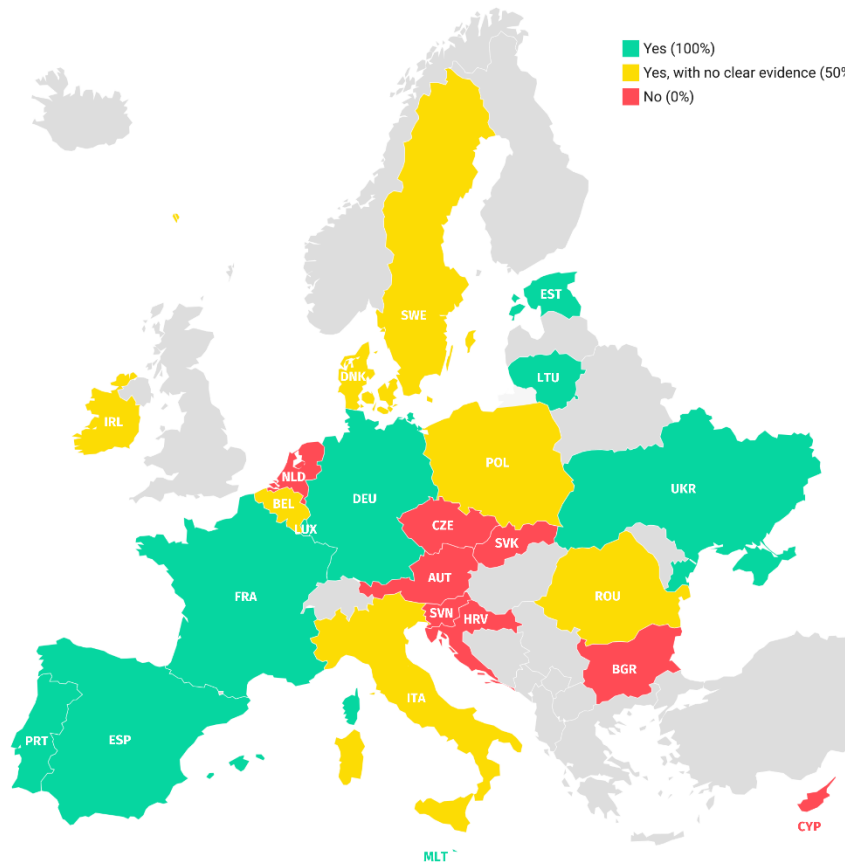


Figure 69. Existence of proactive engagement for digital knowledge sharing and best practices (Indicator 8.2.1)

SOURCE: ESNA, based on official data from Member Countries (Survey 2024)

For a successful digital transition, governments are encouraged to follow a concrete plan and actions towards digitalisation in multiple sectors, from its design to the final execution. In this realm, the involvement of the civil society and startups and scaleups is essential to foster coordination among all the actors. Innovative startups can play a crucial role in promoting digitalisation best practices among their peers and civil servants, thus pushing digital literacy forward and a public ecosystem in which technology is, gradually, a common language for all.

One of the major challenges in this process is to ensure that governments bring everyone along, making sure that a lack of tech skills or access to equipment is not a factor leading to staying behind.

Conclusions

05.

04. Conclusions

The 2024 edition of the SNS Report provides an analysis of ESNA Signatory Members' implementation of the eight Standards, as laid out in the EU SNS Declaration. As the SNS' average score takes a significant leap from 55% (2023) to 61% (2024), the document offers greater geographical coverage while applying a stronger methodology. While there is a lower disparity between the Standards' scores this year, some still persist.

A variety of financing instruments have been developed by the surveyed countries to boost investment in startups, thereby demonstrating that initiatives have been taken to promote access to finance. However, tax incentives for BAs for example are not yet that widespread. On another note, Europe keeps pushing its efforts towards digitalisation. Digital options are becoming the norm, whether it is for offering digital services or having digitalisation strategies in place. However, the business setup process is far from being accessible to all, both financially but also in terms of timing and support. Knowledge exchange opportunities between startups and administrations are fairly low when both parties could highly benefit from it: national administrations could streamline their processes, and startups would have the option to test their solutions.

Europe already boasts a great pool of talent however, further efforts are required in order to meet competitiveness goals. They revolve around two actions: attracting and retaining talent. Streamlined visa application processes for highly skilled professionals can make a significant difference, as it can be a decisive factor for founders or experienced workers, as well as their families. Few countries also have programmes in place to incentivise returning EU tech talents, when it is vital to ensure they feel welcome to innovate in their home continent. Regarding incentives, SO are probably one of the most beneficial ones for innovative companies that are just starting off. They are however an overall underutilised tool in Europe, as their framework is not yet optimised in quite a few countries. While a good portion of them has a dedicated scheme in place and allow for the issuance of SO with no voting rights, few tend to tax SO as capital gains only. Having the option to issue SO with no voting rights is particularly critical for growing companies to ensure a smooth management of the business, and it appears to be on the right track. However, the most significant hurdle remains taxation: some states tax SO more than once, making them a less attractive option for employees, resulting in a fairly low adoption of this fringe benefit.

This report highlights the need for more innovation in public procurement, as well as the necessity to consider startups' specificities in these processes. Indeed, few countries created incentives for public buyers to procure from startups, however a large majority are implementing tools to foster innovation procurement. There are limited possibilities for startups to retain IPR ownership when participating in these tenders, which can potentially discourage them from participating. While having made significant progress in the past year as per its dedicated Standard, social inclusion and diversity are not at the forefront of the startup ecosystem. While many countries have initiatives in place to promote role models, there is a limited number of incentives that foster diversity in the hiring process, but also when it comes to supporting founders from an underprivileged background. Promoting the inclusion of startups early on in law-making processes, the Think Small First principle is not yet widely applied. This principle paired with compliance exemptions for smaller businesses would make startups' day-to-day management much smoother, thereby boosting their efficiency. This Standard also covers regulatory sandboxes, which enable testing of innovative



solutions in specific regulatory frameworks. While there is a clear interest in these instruments, they are not widely implemented for the time being.

By the continuous monitoring of Europe's startup ecosystem through the lens of the eight SNS, this analysis demonstrates a variety of challenges but also shows that a number of good practices currently in place. Positive progress has been made in the past twelve months, taking Europe closer to being at the forefront of the global startup ecosystem.

Annexes



A. Annexes

A1. EU Startup Nations Standards – Description

SNS #1 “Fast Startup 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 the 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; and
 - ii) 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”



- SO 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 are 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 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 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 BA 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 underprivileged 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.

A2. Steering Committee – Members

Ramon Compañó – Senior Expert at European Commission



Obtained a PhD in Physics at the University of Aachen, then went on to pursue two Masters in Technology Administration and Finance. Thanks to his strong multidisciplinary background, he has been working for the European Commission for the past thirty years. From policy and science-focused positions, he took on a variety of challenges before taking up the role of Senior Expert at the Joint Research Centre of the European Commission, focusing on techno-economic aspects.

Bruno Damásio – Assistant Professor at NOVA Information Management School



Holding a PhD in Applied Mathematics, a Master's in Econometrics, and a Bachelor's in Economics from the University of Lisbon, his research focuses on econometrics, causal inference, policy evaluation, data science, and applied economics. His work is featured in journals such as Telecommunications Policy, Habitat International, Physica A, Statistics and Probability Letters, Applied Economics, PLoS ONE, among others. Bruno teaches at NOVA IMS, and advises organisations such as the OECD and, European Commission, Central Banks, Regulators, Court of Auditors and Ministries.

Vojtech Horna – VP Communications at Index Ventures Not Optional



Has spent the last decade advising startups and challenger brands on strategic communications. At Index Ventures, he provides marketing counsel to the firm's companies in Europe and the US. His international perspective stems from growing up in Prague, studying in California, and working in San Francisco and London. He has collaborated with agencies such as Edelman, Weber Shandwick, and Atomic PR. Recognized in PR Week's "30 Under 30," Vojtech is mutually inspired by the entrepreneurs he supports.

Valeria Perotti – Manager of the Business Enabling Environment Unit



Valeria Perotti is the Manager of the Business Ready unit at the World Bank. Before this role, she held several positions within the World Bank. As a Senior Economist with the Enterprise Surveys team, she led the implementation of the survey in 16 countries around the world. Earlier, Valeria managed a cross-country survey to develop methods for measuring financial capability. Before joining the World Bank in 2010, Valeria worked on the design and analysis of labour force surveys at ISFOL in Italy. She holds a PhD in Econometrics and Empirical Economics from Tor Vergata University in Rome.

Marina Petrucci – Country Manager (Portugal) at IPSOS-APEME



Currently works as Portugal Country Manager at Ipsos-APEME, bringing her leadership experience from previous roles at APODEMO and APEME. Marina Petrucci holds a Master of Business Administration in Marketing from the Warwick Business School. With a robust skillset that includes market research, business development, qualitative research, strategic communications and more, Marina Petrucci contributes valuable insights to the market research industry.

Acronyms

A

Artificial Intelligence (AI)
Austria (AUT)

B

Belgium (BEL)
Bulgaria (BGR)

C

Capital Markets Union (CMU)
Croatia (HRV)
Cyprus (CYP)
Czechia (CZE)

D

Denmark (DNK)
Digital Economy and Society Index (DESI)

E

electronic Identification, Authentication and Trust
Services (eIDEAS)
Employee Stock Ownership Plan (ESOP)
Estonia (EST)
Europe Startup Nations Alliance (ESNA)
European Economic Area (EEA)
European Investment Bank (EIB)
European Investment Fund (EIF)
European Patent Office (EPO)
European Union (EC)

F

Focal Point (FP)
France (FRA)

G

Germany (DEU)
Gross Domestic Product (GDP)

H

High Potential Start-Up (HPSU)

I

Information and Communication Technology (ICT)
Intellectual Property Rights (IPR)
International Labour Organisation (ILO)
Internet of Things (IoT)
Ireland (IRL)
Italy (ITA)

L

Large Language Models (LLM)
Lithuania (LTU)
Luxembourg (LUX)

M

Malta (MLT)

N

Netherlands (NLD)
Nova IMS (NOVA IMS)

O

Once Only Technical System (OOTS)
Organisation for Economic Co-operation and
Development (OECD)

P

Percentage points (p.p)
Poland (POL)
Portugal (PRT)

R

Recovery and Resilience Facility (RRF)
Romania (ROU)

S

Science, Technology, Engineering, and Mathematics
(STEM)
Single Digital Gateway (SDG)
Slovakia (SVK)
Slovenia (SVN)
Small and Medium Enterprise (SME)
Spain (ESP)



Startup Nations Standards (SNS)
Stock Options (SO)
Sweden (SWE)

T

Tech Transfer Office (TTO)
Total Time of Journey (TTJ)

U

Ukraine (UKR)
United States US)

V

Venture Capital (VC)

W

World Intellectual Property Organization (WIPO)

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