

AN EU APPROACH TO STARTUPS AND SCALEUPS

Startups and scaleups are key to Europe's future economy and society, as highlighted by the Digital Decade Policy Programme¹ adopted in December 2022. Among the digital targets established, it highlighted the growth of innovative scaleups and the improvement of their access to finance with the objective to at least double the number of unicorns in the EU by 2030 and ensuring more than 90% of SMEs reach at least a basic level of digital intensity by the end of this decade. In 2021, 26 EU Member States signed the Europe Startup Nations Standards Declaration², committing to take action at a national level to meet 8 standards of the Declaration and ensure they offer growth-friendly conditions for startups. Furthermore, another outcome of the declaration was the establishment of the Europe Startup Nations Alliance³ (ESNA) to support Member States in achieving these goals. All of this demonstrates strong recognition of the importance of startups and scaleups in boosting EU's productivity, creating jobs and ensuring innovation enters the market to help improve people's lives. Supporting startups and scaleups is also an important way to achieve the targets of the EU Green Deal and the UN Sustainable Development Goals.

The European Union offers a significant opportunity to startups, with figures like a GDP per capita of 37,000 EUR and a consumer base of 450 million individuals⁴. Furthermore, its Member States are underpinned with sophisticated digital infrastructures and the highest percentage contribution of e-commerce to GDP. Additionally, the European Union commands the global innovation index, with five of its Member States securing a rank within the top 10⁵.

The new institutional mandate starting in 2024 offers a window of opportunity for the European Union to put forward a genuinely European, comprehensive and cohesive EU Startups and Scaleups Strategy to foster the EU single market. Start-ups and scaleups are crucial for the economy, competitiveness of the EU and contribute to the technological leadership of Europe. These highly innovative companies are key to providing solutions to global challenges. In this sense, the signatory parties strongly recommend the following:

- **Ensure the centralised coordination of the EU Startups and Scaleups Strategy within the Commission.** Acknowledging that startup-relevant measures are the responsibility of multiple Directorates General, the Strategy would cover initiatives targeting all stages of a startup's lifecycle, from creation

¹ [L_2022323EN.01000401.xml \(europa.eu\)](#)

² [Standards - ESNA \(esnalliance.eu\)](#) ; [24 EU Member States commit at Digital Day to take action to support growth of EU Startups | Shaping Europe's digital future \(europa.eu\)](#)

³ [Home - ESNA \(esnalliance.eu\)](#)

⁴ World Bank Database

⁵ [Global Innovation Index 2022: What is the future of innovation-driven growth? \(wipo.int\)](#)

and growth to exit strategies, building upon initiatives such as the EU Startup Nations Standards and the European Innovation Council.

- **Promote discussions to create an overall EU framework in support of EU startups and scaleups.** It should include common definitions, to enhance the EU's global competitiveness, and work towards the improvement of an internal, homogeneous and border-free market where startups can thrive and benefit from economies of scale.
- **Support the establishment and development of non-binding regulatory sandboxes across the EU, including the cross-border ones, to assist entrepreneurs in navigating digital legislation and fostering innovation.** Setting up of sandboxes for discovering innovation opportunities emanating from existing legislation and for helping compliance with it should be further promoted. This is an important opportunity for our startups to assess the upcoming tech regulation.
- **Implement ties with start-up ecosystems of other regions in the world.** In particular, in the context of the European Union – Latin American and Caribbean (LAC) Digital Alliance, it is now the time to promote collaboration across both regions and explore synergies, building on the Accelerators of the Alliance and making use of the Global Gateway funds.

Although women make up half of the EU's population, female-owned startups and scaleups are still rare, accounting for only 11% of founders in the EU⁶. The IMF estimates that closing the credit gap for women-owned and women-led SMEs would result in a 12 percent increase in annual incomes on average by 2030⁷. The signatory parties agree on the importance of the potential in the EU Tech Entrepreneur Strategy to address the gender gap, regarding:

- 1) Avoiding unconscious bias in access to finance and identifying and sharing good practice, by for example reviewing EU forms and application processes.
- 2) Exploring policy-options for introducing incentives to promote gender balance in startups and scaleups.

While there have been notable improvements, financing remains a challenge for entrepreneurs. Venture capital has grown to 49 billion EUR, but it lags behind the USA at 233 billion EUR and China at 58 billion EUR. In this regard, the EU accounts for 249 unicorns at the end of 2022, while the USA has 1,503, China for 348 and India for 108 of which more than half born over the last two years⁸.

To address our joint financing challenges, Member States signatories agree that the EU Startups and Scaleups Strategy should take into account the financing challenges. Strengthening the Capital Markets Union will be instrumental to maximize the contribution of private funding to EU startups and scaleups. Initiatives such as the European Tech Champions Initiative (ETCI) could be strengthened by various means, while other solutions could be discussed such as the possibility to

⁶ [EIB survey: Evidence for why it makes sense to support female entrepreneurs in Europe](#)

⁷ [Closing the Gender Finance Gap Through the Use of Blended Finance \(ifc.org\)](#)

⁸ [State of the Digital Decade \(europa.eu\)](#)

increase synergies and cross-border collaboration between national venture capital funds targeting scaleups in growth stages.

ESNA is an important forum in ensuring that Member States advance in implementing best practice policies for startups and scaleups under national competencies. Having in mind the Data Platform and the One-Stop-Shop Talent Service Desk that ESNA is developing, it is then important that ESNA becomes an EDIC.

In closing, the signatory parties commit to driving innovation, fostering collaboration, and catalyzing positive change in the startups and scaleups ecosystem. Together, the European Union and the Member States embark on a journey to shape the future of technology, creating opportunities, and ensuring a sustainable and thriving digital landscape. We firmly believe that start-ups, with their innovative and digital technologies, are crucial for the future competitiveness of the EU and are key in addressing global crises. The signatory parties agree to turning this vision into reality, forging a brighter and more interconnected tech-enabled world for all.

All EU Member States and European Economic Area countries are invited to join this declaration. Additional signatories may adhere at any time.

Mr. Martin Kocher
Federal Minister for Labour and Economy
Republic of Austria

Ms. Milena Ivanova Stoycheva
Minister of Innovation and Growth
Republic of Bulgaria

Mr. Bojan Batinić
Director of the Directorate for Internationalisation
Republic of Croatia

Mr. Philippos Hadjizacharias
Deputy Minister Of Research, Innovation and Digital Policy
Republic of Cyprus

Mr. Tiit Riisalo
Minister for Economic Affairs and Information Technology
Republic of Estonia

Mr. Jean-Nöel Barrot
Minister delegate for digital affairs
Ministry of Economics, Finance and Industrial and Digital Sovereignty
French Republic

Ms. Anna Christmann
Commissioner of the BMWK (Federal Ministry for Economic Affairs and Climate Action) for the Digital Economy and Start-ups
Federal Republic of Germany

Hellenic Republic

Mr. Szabolcs Szolnoki
Deputy State Secretary for Technology
Hungary

Mr. Dara Calleary TD
Minister of State for Trade Promotion, Digital and Company Regulation
Department of Enterprise, Trade and Employment
Ireland

Mr. Adolfo Urso
Minister of Enterprises and Made in Italy
Italian Republic

Mr. Raimonds Lapinš
Deputy State Secretary on Economic Issues
Republic of Latvia

Mr. Franz Fayot
Minister of the Economy
Grand Duchy of Luxembourg

Mr. Hon Silvio Schembri
Minister for the Economy, European Funds and
Lands

Republic of Malta

Mr. Micky Adriaansens
Minister of Economic Affairs and Climate

Kingdom of the Netherlands

Mr. Mário Campolargo
Secretary of State for Digitalisation and
Administrative Modernisation

Portuguese Republic

Mr. Radu-Ştefan Oprea
Minister of Economy, Entrepreneurship and
Tourism

Romania

Ms. Matevž Frangež
Secretary of State for entrepreneurship, tourism
and development funds

Republic of Slovenia

Ms. Carme Artigas Brugal
Secretary of State for Digitalization and AI
Ministry of Economy and Digitalisation

Kingdom of Spain