**Follow up to the European Parliament non-legislative resolution on increasing innovation, industrial and technological competitiveness through a favourable environment for start-ups and scale-ups**

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2. **Reference numbers:** 2023/2110 (INI) / A9-0383/2023 / P9\_TA(2023)0480
3. **Date of adoption of the resolution:** 14 December 2023
4. **Competent Parliamentary Committee:** Committee on the Internal Market and Consumer Protection (IMCO)
5. **Brief analysis/ assessment of the resolution and requests made in it:**

On definitions, the resolution calls for harmonized and broad definitions of start-ups and scale-ups, taking into account their differences from small and medium sized enterprises (SMEs), to prevent their exclusion due to restrictive definitions as well as for increased opportunities for support and access to European capital markets and private investors.

With regard to access to funding, the resolution stresses the challenges faced by European start-ups and scale ups in accessing financing and urges governments, financial institutions, and private investors to collaborate and develop strategies to cultivate a risk-tolerant investment culture. The resolution also calls for digital solutions to facilitate faster invoice payments, allowing institutional investors to invest a larger portion of their portfolios in venture capital and early-stage investments, and targeted public support in the form of grants, loans, and loan guarantees.

Regrading regulatory burdens, the resolution calls for the consistent application of the ‘think small first’ principle both in internal deliberations and across relevant legislative proposals. Moreover, it underlines the importance of limiting compliance costs for start-ups and scale-ups and calls on the Commission to expand support for SMEs, start-ups and scale-ups in navigating regulatory complexity. Finally, it urges the Commission to adopt a ‘start-up test’, along the same lines as the SME test in order to better assess the impact of legislation focusing on innovation, financing and competitiveness.

With regard to talent acquisition, the resolution highlights the importance of bridging the talent gap in the technology sector, promoting digital and industrial skills, and encouraging collaboration between academic institutions and industry. The resolution also stresses the need for awareness campaigns to promote jobs in digital and industrial environments, focusing on attracting more female talent.

On market access and competition, the resolution emphasizes the importance of creating a simple, clear, and predictable environment for innovative businesses to operate, promoting collaboration, and mitigating risks associated with international expansion. It calls for the Unitary Patent reform to provide uniform protection and urges the Commission and the Member States to develop comprehensive plans to use start-up and scale-up innovation for competitiveness and achieving climate targets.

Finally, the resolution calls on the Commission to consider how additional initiatives could be put forward to increase the competitiveness of European start-ups and scale-ups involved in net-zero technology value chains.

1. **Response to the requests and overview of the action taken, or intended to be taken, by the Commission:**

***Definitions***

On to the introduction of dedicated definitions from start-ups and scale-ups (**paragraph 1**), the Commission already uses more informal, but fully appropriate start-up[[1]](#footnote-2) and scale-up[[2]](#footnote-3) definitions that are fit for purpose in the specific contexts in which they are used. These take into account discussions in the context of Eurostat, the Organisation for Economic Co-operation and Development (OECD) and other fora, which demonstrate the statistical and legal challenges in determining a relevant and sound uniform definition, especially for start-ups **(paragraph 2)**. For example, a potential definition would have to ensure a watertight distinction between start-up in the spirit of the initiative and any newly started business. It should be noted that the Commission has various instruments at its disposal that are geared towards the specific interests of SMEs, start-ups and scale-ups **(paragraph 3)**. Regarding the efforts to attract private capital in start-ups and scale-ups, the Commission is fully aligned with the proposed idea of further improving it for start-ups and scale-ups and ensuring an effective coordination between Member States and the EU level. This is also reflected in the dedicated measures included in the recent SME relief package as well as in the SME strategy and in the Start-up and Scale-up Initiative **(paragraph 4)**. Also, it should be noted that various initiatives are already in place to address the start-up and scale-up gaps by attracting private capital, in coordination with Member States. As an example, the European Investment Bank Group and five EU Member States (Germany, France, Spain, Italy and Belgium) launched in February 2023 the European Tech Champions Initiative (ETCI[[3]](#footnote-4)), a fund of funds structure that will channel late-stage growth capital to promising European innovative companies.

***Access to funding***

About access to finance **(paragraph 5)** the Commission acknowledges the challenges faced by European start-ups in scaling up across Europe. Under the Commission’s New European Innovation Agenda, several actions aim at tackling the funding gap for deep tech scale ups. In addition, the European Scale-Up Action for Risk Capital (ESCALAR[[4]](#footnote-5)) mechanism under InvestEU has been expanded with the aim of mobilising funding for high-growth scale-ups in the EU. In particular, the initiative aims at stimulating more involvement of risk-averse private investors into scale-up venture capital funds. The European Investment Fund (EIF) is expected to select the most appropriate candidates during 2024. The Commission also ensures that the competition policy framework allows for sufficient flexibility to support these companies, if need be.Moreover, the State aid for access to finance framework offers a differentiated set of rules, allowing Member States to offer tailored support to start-ups and scale-ups: for example, the State aid for start-ups under the General Block Exemption Regulation (BGER) can be directly provided by Member States to start-ups, without involvement of financial intermediaries and using financial instruments and grants.

The Commission is in complete alignment as regards the seriousness of the problem of late payments **(paragraph 6)**. It also agrees with the importance of transparency and digital solutions to speed up payments. However, the experience in the context of the existing late payment directive has shown that this is not enough. Therefore, in the context of the SME relief package the Commission has also proposed a revision of the directive, which will further reduce payment terms and strengthen sanction mechanisms for firms that do not respect the statuary payment terms. The Commission’s proposal for the revision introduces obligations for the Member States to provide training on financial literacy, credit management and digital payment solutions and facilitate access of SMEs to them. Institutional investors, such as pension funds and insurance companies play a crucial role in financing start-up and scale-up firms (**paragraph 7)**. Moreover, Member States can set-up risk finance schemes under the GBER to support early-stage SMEs beyond the start-up phase.

The Commission fully concurs that public support needs to be targeted and that a clear economic rationale, for example in the form of market failure, has to exist to justify its use **(paragraph 8).** Having said that, aid for start-ups under the GBER can be directly provided by the Member States, without involvement of financial intermediaries and using financial instruments and grants. Thus, because of the possibility to provide grants (or subordinated loans/quasi-equity), there is no necessity to rely on equity for company financing. Private co-investments are not required. The State aid rules take into account the characteristics of smaller and nascent firms. Typically, under State aid rules there are fewer constraints on aid to SMEs. Moreover, State aid rules also provide for specific, more permissive, rules for start-ups, which are a subset of SMEs (start-ups are small enterprises up to 5 years old). It should also be noted that the Commission’s new approach to the application of the referral mechanism (Article 22 of the Merger Regulation) may enable a greater extent of control over “killer acquisitions” by established players of nascent competitors with highly competitive potential, particularly benefiting SMEs and start-ups that compete with the merged entity or that are dependent on it for critical inputs or supplies.

The Commission recognises that barriers to EU businesses raising market-based financing still exist at various stages of the funding escalator **(paragraph 9)**. These barriers may limit in particular smaller companies from raising equity and debt financing. This is why, one of the key objectives of the 2020 Capital Markets Union (CMU) Action Plan is to facilitate access to the necessary funds for companies of all sizes, with a specific focus on SMEs, and to ensure that capital can freely flow across the borders. The actions proposed by the Commission under this mandate’s CMU Action Plan include the creation of the European Single Access Point to render smaller companies, in particular, more visible to cross-border investors, the revision of listing rules to facilitate both the access of companies to public equity financing and the exit for earlier-stage investors, and the revision of rules for the European long-term investment funds to better channel retail investments in smaller unlisted companies. The Commission welcomes the strong political ambition to implement these initiatives in a timely manner to ensure a variety of funding alternatives for companies, and in particular smaller companies, reducing the dependence on a single source or single provider of financing and narrowing the funding gap. In addition, cohesion policy instruments are available to Member States and regions to support SMEs, including start-ups and scale-ups. Member States and regions’ support for SMEs goes to a large extent to production expansion and modernisation but also Research and Innovation activities, incubators, business development and internationalisation, innovation cluster support and business networks for SMEs. All of them are specific for each Member State or region and important for creating a start-up and scale-up supporting ecosystem based on the local needs.

The Commission is aware that easy and unbureaucratic access to adequate EU financial support instruments is of utmost importance, especially in the current difficult business environment **(paragraph 10)**. In this regard, the Commission would like to recall the numerous programmes and initiatives already in place. “Access to EU Finance”[[5]](#footnote-6) allows businesses to get an overview of all financial instruments supported by structural funds, EU centrally managed programmes, European Investment Bank and EIF. In addition, anyone seeking advice on financing support programmes and application for support is invited to seek support locally through the Enterprise Europe Network[[6]](#footnote-7). Moreover, in the current programming period, the Commission is providing significant support to start-ups and scale-ups through InvestEU[[7]](#footnote-8), the Commission’s flagship investment programme[[8]](#footnote-9). To facilitate access, the Commission has bundled all financial instruments under one EU programme (compared to 13 programmes in the past). This resulted in a simplified governance and ensured a faster flow of funding. On top of that, with the Strategic Technologies for Europe Platform (STEP) initiative[[9]](#footnote-10) the Commission seeks to further facilitate access to EU funding for industry, including start-ups and scale-ups, involved in three critical sectors identified − digital technologies and deep-tech innovation, clean and resource efficient technologies, and biotechnologies. The STEP portal to be developed under this regulation will bring together information about the funding opportunities from the relevant programmes centrally managed by the Commission (e.g. the Innovation Fund or the Digital Europe Programme), as well as those under indirectly managed programmes such as InvestEU, and those stemming from the managing authorities under the cohesion policy funds and the Member States under the Recovery and Resilience Facility. About targeted funding to the cultural and creative sector (CCS**)** **(paragraph 11)** under InvestEU the EIF is offering a dedicated guarantee[[10]](#footnote-11). The EIF is also investing into equity funds that are focusing on investments into start-ups and scale-ups in the CCS sector[[11]](#footnote-12) and, in particular, through the MediaInvest action[[12]](#footnote-13). In addition, the Single Market Programme[[13]](#footnote-14) supports CCS entrepreneurs and start-ups through the Enterprise Europe Network in developing their businesses at any stage of their growth path. The Network offers tailored services and advice on, among others, access to finance. Also, in 2023, the European Institute of Innovation and Technology (EIT) has established the EIT Culture & Creativity Community. It aims to strengthen and transform Europe’s Cultural and Creative Sectors and Industries (CCSI) by connecting creatives and organizations into Europe’s largest innovation network in the field. It will focus its activities on training the sector’s future entrepreneurs, nurturing start-ups and scale-ups, supporting cutting-edge ventures in the sector, and delivering innovative solutions to the challenges facing the sectors.

The Commission fully endorses the idea of the importance of the link between spatial policies and start-up and scale-up policies **(paragraph 12)**. Due the significant regional differences in development in the EU, it is of utmost importance that investments are place-based and respond to the needs of the SMEs and citizens in the region in a tailor-made fashion. The policy objective ‘Smarter Europe’ of the 2021-2021 Cohesion Policy programming has as specific objective to reaping the benefits of digitalisation by investing in Information and Communication Technology (ICT) uptake in SMEs including start-ups and scale-ups, introducing new or upgraded services for e-government (EUR 6.74 billion allocated), as well as for e-inclusion, e-health, e-learning, and e-skilling. More specifically, the Commission is supporting the setting up and rolling out of a network of more than 200 Digital Innovation Hubs across Europe’s regions, which will help SMEs – especially start-ups and scale ups – to test the potential of, for example, big data and Artificial Intelligence (AI) for enhancing their business models.

About the barriers that start-ups and scale-ups face in accessing finance **(paragraph 13)**, the Commission monitors developments in SMEs’ access to finance through the annual joint (European Commission/European Central Bank) Survey on the access to finance of enterprises, which also captures perceived limiting factors to obtaining financial support. Moreover, from an access to public funding standpoint, InvestEU allows simple access for start-ups/scale-ups, who can contact and apply to their local financial institution[[14]](#footnote-15) which then takes the financing decision. Thirdly, the 2020 CMU Action Plan includes several actions that, when implemented, will ensure better harmonisation of capital markets in the EU and will tackle some of the key remaining obstacles to market integration. Finally, the harmonisation of certain targeted areas of national insolvency rules, a more standardised EU-wide system for withholding tax relief procedures, harmonisation of certain aspects of company law are all measures that seek to reduce market fragmentation and remove barriers that deter cross-border investment.

The Commission does not object the idea that access to finance for European start-ups and scale-ups should be enhanced **above and beyond the already existing instruments** **(paragraph 14)**. Under its Capital Markets Union flagship[[15]](#footnote-16) the Commission launched a new pan-European passport for crowdfunding providers (ECSP), which is now in place, and an initiative to structure the feedback given by banks declining SME credit applications. Finally, the SME Envoys network[[16]](#footnote-17) is also used to encourage the sharing of best practices by Member States on various topics, including on how to attract early-stage investment.

The Commission acknowledges the importance of inspiring cross-sectoral projects and unconventional cooperations as an important feature of start-up and scale-up policies **(paragraph 16**). A key programme is the Marie Skłodowska-Curie Actions (MSCA) which also supports intersectoral cooperation and mobility in research and innovation. With over 2200 distinct SMEs, including start-up and scalers, participating in H2020 funded projects, and already over 1000 under the first two years of Horizon Europe (2021-2022 calls), the programme successfully attracts both academic and non-academic organisations, including SMEs, to collaborate on state-of-the-art, frontier research and training programmes, with a focus on innovation in all scientific fields.

***European Innovation Council***

The implementation of the action in connection with the European Innovation Council[[17]](#footnote-18) is well under way (**paragraph 17)**. In this regard, an important achieved milestone was the first EUR 1 billion of total investments in 159 deep-tech companies by the European Innovation Council (EIC)-Fund, that started its operations in October 2022. The EIC Fund has become the investor of choice for European deep tech companies, with its mix of new equity co-investments. The EIC will continue its efforts for increasing the participation and success rates of enlargement countries in EIC calls. In 2022-2023, the EIC organised 14 dedicated Info days in the enlargement region aimed at raising awareness and providing information to potential applicants. In response to a recommendation from the EIC board, the Commission is exploring opportunities to create dedicated pre-accelerator for the enlargement countries aimed at increasing their capacities to attract EIC Accelerator funding. The Commission has already acted on some of the EIC Board recommendations, notably to increase the share of evaluators coming from enlargement countries and promoting EIC opportunities to potential applicants in enlargement countries. The Commission will continue to strictly monitor the implementation of other recommendations.

***Public procurement***

With regard to development of efficient and transparent mechanisms to facilitate access to public procurement contracts for start-ups and scale-ups (**paragraph 21)**, the Commission has launched a number of initiatives specifically designed to connect the public procurement world with innovation ecosystems. As indicated in the new European innovation agenda, in 2024 the Commission will launch a call for projects to foster the connection of incubators and public procurement in which the challenges and needs of public bodies can be addressed and overcome with innovative solutions from start-ups and entrepreneurs. In 2023 the Commission published two brochures on startups and public procurement. One of them was addressed to public buyers and included tips to simplify the procedures to attract start-ups; the other one was addressed specifically to start-ups and included specific information for them [[18]](#footnote-19)[[19]](#footnote-20).

The Commission is fully committed to the aim of administrative burden reduction **(paragraphs 22 and 27)**. This is reflected in the most recent measures included in the SME relief package, for example the commitment to systematically consider SME-friendly provisions in new legislation. Such provisions may include longer transition periods for SMEs, specific guidance for SMEs, a requirement for the Commission to pay particular attention to the impact of delegated and implementing acts on SMEs, or a review clause or sunset clause in secondary legislation. The specific angle of start-ups and scale-ups has been fully reflected in the already existing as well as the newly proposed ones. The Commission continues to work towards the 25% reduction in reporting obligations announced in March 2023, including through the systematic mapping of such burdens and the development of targeted rationalisation plans. Since March 2023, the Commission has proposed 41 initiatives, which will already provide relief to companies if adopted swiftly. The Commission’s 2024 Work Programme puts forward additional rationalisation proposals. Furthermore, the Commission launched a call for evidence to gather feedback on burdensome reporting requirements and is now in the process of analysing the input received. Under the regulatory fitness and performance programme (REFIT), every evaluation and revision of legislation entails systematic screening for burden reduction potential. The Fit for Future Platform contributes to this process. For all significant proposals, comprehensive impact assessments ensure that benefits outweigh costs. The Commission fully agrees with the importance of the “only once principle” **(paragraph 23)** and has proposed, as part of the SME relief package, concrete steps for implementing the single digital gateway which should serve as an EU-wide tool to improve the coordination and information exchanges between all relevant public regulatory bodies in the EU so as to ensure that the principle is put into action. Moreover, since January 2022, the Commission has introduced a ‘cost brake’, aiming to ensure that administrative costs in a given policy area are offset and that adjustment costs are compensated to the greatest possible extent. The first year of full implementation of the approach resulted in a substantial reduction in administrative costs with proposals that will provide net savings of EUR 7.3 billion.

At the same time, the Commission fully subscribes to a start-ups and scale-ups friendly regulatory environment and welcomes the support of the Parliament in this regard **(paragraph 24)**. As part of the SME relief package, the Commission has committed to work with the Member States to promote experimentation and innovation for start-ups through regulatory sandboxes. Since the review of the Small Business Act in 2011, the Commission has been working with Member States to reduce the start-up time for new enterprises. The 2016 Start-up and Scale-up Initiative included a range of actions to make it more attractive for entrepreneurs to set up a business and expand it in Europe. The Commission is also encouraging Member States to foster the creation of start-ups by implementing the principles and best practices outlined in the declaration on the EU Startup Nations Standard of Excellence[[20]](#footnote-21).

The Commission notes that the existing SME test **(paragraph 25)** already goes a long way to cover the interests of start-ups and scale-ups as the respective stakeholders are already routinely consulted as part of the relevant legislative processes. Therefore, any new tests are likely to come with disadvantages (for example, a prolonged legislative process). As for the call to re-evaluate the effect on start-ups of upcoming legislation focused on SMEs **(paragraph 26)**, the SMEs test is performed and reported systematically in all impact assessment reports, where proportionate to the relevance of an initiative for SMEs. In addition, the new competitiveness check introduced in March 2023 reports in an integrated manner in all impact assessments on the competitiveness impacts on business, including on SME competitiveness. The impacts on start-ups and innovation are included in these work-streams where relevant.

***Talent acquisition***

The Commission agrees that a shortage of talents and skills, especially also related to AI and other digital technologies, becomes an ever-pressing problem for the competitiveness of EU business, and especially start-ups and scale-ups **(paragraph 28**). That is why ambitious targets have been set in the Digital Decade Policy Programme to reach 20 million ICT specialists and ensuring better access to women by 2030. It should be noted that in some skill domains there are already initiatives in place to build further action on. The MSCA (see above) have for nearly 28 years supported the training, mobility and career development of researchers across countries, disciplines and sectors in all scientific fields. To increase the number of graduates and professionals in ICT, the Commission is developing specialised educational programmes (Bachelor's, Master's, and doctoral programmes), as well as short-term training courses under the Digital Europe Programme, covering diverse key digital areas and critical technologies, including AI, data science, cybersecurity, Internet of Things (IoT), cloud computing, High-performance computing (HPC), quantum technologies, blockchain, microelectronics, robotics, eXtended Reality and more. Additionally, these programmes provide training opportunities in specific sectors such as healthcare, business, transport, agriculture, food chains, and energy systems. European start-ups and scale-ups can recruit or host researchers as part of doctoral programmes, postdoctoral fellowships and training programmes and collaborative research projects, like any other European organisations. As part of the New European Innovation Agenda, the EIT’s Deep Tech Talent initiative will skill one million specialists in deep tech, while initiatives like Girls Go Circular and the ESTEAM (Entrepreneurship, Science, Technology, Engineering, Arts and Mathematics) Festivals will equip at least forty thousand young women with digital and entrepreneurial skills in the circular economy. This initiative promotes women’s participation in science, technology, engineering, the arts and mathematics (STEAM) careers to advance gender equality. Moreover, the EIT’s Higher Education Institutions (HEI) initiative aims to increase the innovation and entrepreneurial capacity of higher education institutions in Europe and enhance their integration into innovation ecosystems. Further, one of the objectives of STEP is to address labour and skill shortages through lifelong learning, education, training projects, and apprenticeships on the three STEP critical sectors, including through the European Net Zero Industry Academies. Lastly, the EIT is driving the upskilling and reskilling of workers through the European batteries and solar skills academies under the Net Zero Industry Act (NZIA).

The Commission acknowledges the need to invest in skills for industry, in particular in light of digital transitions and the transition towards a net zero economy, including by focusing on STEM skills **(paragraph 29)**. With the Skills Agenda and the Digital Education Action Plan (DEAP), it has set concrete measures to support the development of digital skills and the adaptation of the education and training systems of Member States to the digital age. Centres of Vocational Excellence act as catalysts for local business investment, supporting recovery and green and digital transitions. Their activity contributes to promote European and regional innovation as well as smart specialisation strategies, development of vocational education and training, including at higher qualification levels in line with national context. Finally, they provide innovative services such as clusters and business incubators for start-ups and technology innovation for SMEs, as well as innovative reskilling solutions for workers at risk of redundancy.

The Commission fully shares the view that awareness raising, and guidance is needed to promote jobs in digital and industrial environments, in particular for attracting female talent **(paragraph 30)**. In large-scale partnerships under the Pact for Skills, stakeholders work together on issues around awareness raising and better activation of groups that are underrepresented in the specific sector. The Digital Skills and Jobs Coalition brings together stakeholders including Member States, social partners, companies, non-profit organisations and education providers to tackle the digital skills gap by raising awareness and encouraging organisations to take actions to support digital skills training. The Commission is also focusing on digital jobs in apprenticeships through the European Alliance for Apprenticeships (EAfA) and is promoting the attraction of more female talent, including through a dedicated community on social inclusion and gender equality established in 2023. An Erasmus+ call in 2024 is supporting projects developing ways to overcome the obstacles preventing girls and women from pursuing a vocational education and training (VET) career in the green/clean technology sector and to increase the participation of women in the sector, through campaigns, mentoring programmes, career guidance and role models among other activities. The EU pact for skills provides opportunities for up and reskilling that particularly benefit smaller actors such as start-ups and SMEs by pooling resources and creating partnership comprising the largest possible number of stakeholders in a given sector **(paragraph 31)**. Business creation and support to start-ups & scale-ups is at the core of the mission of the EIT, which − over the years – has supported more than 7800 ventures that have attracted EUR 7.3 billion in external investment, including 7 unicorns.

***Market access and competition***

The Commission fully supports the arguments in favour of a clear and secure business environment in a wider market **(paragraph 33)**. Committed to simplifying policies and fostering collaboration in the innovation ecosystem, the Commission provides various instruments to facilitate the internationalisation of European Business. An updated overview, published on 26 July 2023, highlights these efforts. In response to the recommendations of the European Court of Auditors in May 2022, the Commission is conducting a study to improve existing support for SME internationalisation, aligning with broader policies such as SME, Trade, Industrial, Regional and Development policies, for improved coherence and sustainability. Moreover, the Commission engages in regulatory dialogues with third countries (US, China, South Korea, Japan) to address potential barriers to trade. Regarding initiatives to increase the competitiveness of European start-ups and scale-ups involved in net-zero technology value chains **(paragraphs 35 and 36)**, the NZIA, promotes the role of start-ups and scale-ups (as well as SMEs) in promoting innovation in the field of net-zero technologies, particularly with a view to improving regulatory learning via Net-zero regulatory sandboxes. Once in force, one of the objectives of the NZIA will be to foster innovation via favourable regulatory frameworks to be created for developing, testing and validating innovative technologies. The NZIA will ensure that member States provide start-ups and SMEs with priority access to the Net-zero regulatory sandboxes, organize awareness activities and establish dedicated communication channels to guide their participation. Regulatory sandboxes aim at allowing innovative technologies and solutions to come to the market benefitting businesses and consumers, thus increasing the competitiveness of the EU’s net-zero technology landscape. They help to prove and build up a business model for innovative solutions from which start-ups benefit. They also have the objective of removing barriers, alleviating regulatory burden, reducing regulatory uncertainty, and supporting innovation in net-zero technologies.

***Access to data***

The Commission welcomes the suggestions regarding the provision of access to real-time public data insights **(paragraph 37)**. They are fully consistent with its own initiatives to create awareness among Member States for the important adequate access to data for innovative firms, not least in the context of ensuring the EU’s competitiveness in the emerging technologies, including AI. Moreover, the Commission highlights that under the umbrella of its single digital gateway initiative, actions are already planned to promote and facilitate the exchange of information between the different actors. The Commission attaches utmost importance to the implementation and enforcement of recent regulations in the digital area, including the Digital Services Act, the Digital Markets Act, the Data Governance Act, the Data Act and the Artificial Intelligence Act (**paragraph 38**). The last development in this context is the creation of the Artificial Intelligence Office on the basis of organisational changes taking effect on 16 June 2024.

***Innovation ecosystem and support structures***

In line with the 2016 Start-up and Scale-up initiative, the Enterprise Europe Network (EEN) introduced Scale-up Advisors in 2017. They were then dedicated a permanent role in EEN Consortia from 2022, because of a call criterion included in the 2021 Single Market Program (SMP) EEN Call for proposals. In this context, EEN Scale-Up Advisors have the ability to accompany SMEs to scale up and grow internationally, capitalising on the expertise built up in the EEN and using EEN services as well as linking them to other more relevant and often more specialized support.

The Commission fully agrees with the idea of creating fully inclusive start-up ecosystems in the EU **(paragraph 40)** and is keen on building on its already existing actions in this regard. In particular, under Action 17 of the SME relief package, the Commission has announced that it will further work with groups whose untapped entrepreneurial potential remains high, such as women, young people and persons with disabilities, through awareness, mentoring and coaching campaigns. The Commission also agrees with the importance of regional start-up ecosystems as well as with the idea of ensuring strong links between place-based innovation policies and EU-wide excellence-driven policies **(paragraph 42)**. The EIT Regional Innovation Scheme (RIS) helps countries and regions with modest innovation performance boost their ability to innovate. It sets up local hubs in the countries and regions concerned to promote closer interactions between local innovation actors and link local innovation ecosystems to the EIT’s pan-European innovation ecosystem. They also help integrate new partners from the local innovation ecosystem into EIT Community activities. By the end of 2025, there will be hubs in all EIT RIS (Regional Innovation Scheme)-eligible areas.

In addition, the Commission is stepping up its support to European start-ups and SMEs so they can develop trustworthy AI that respects EU values and rules. The new AI package dated January 2024, includes a broad range of measures to support these start-ups and innovation, along with a proposal to provide privileged access to supercomputers to AI start-ups and the broader innovation community.

1. Examples of informal definitions of start-ups and scale-ups can be found: 1) in the Start-up and Scale-up Initiative, which points out that startups combine high growth, innovation, technological developments and innovative business models, 2) in Art.22 of the in the GBER Regulation mentioning certain cases in which state aid for startups is deemed compatible with the internal market rules. Moreover, the Communication on “A New European Innovation Agenda” defines deep tech as innovation rooted in cutting-edge science, technology and engineering, which often combines advances in the physical, biological and digital spheres with the potential to deliver transformative solutions to global challenges. [↑](#footnote-ref-2)
2. Informal definitions of Scale ups can be found in the Commission Implementing Regulation 2020/1197 defining high growth enterprises as enterprises with at least 10 employees and an average annualised growth in the number of employees greater than 10% per annum, for a period of three years. Moreover, Eurostat collects indicators which refer to a turnover-based definition of high-growth enterprise, where growth it measured in terms of turnover, instead of number of employees. Finally, in case high growth enterprises are 4 or 5 years old, they can be defined as gazelles, according to the same regulation. [↑](#footnote-ref-3)
3. <https://www.eif.org/etci/index.htm> [↑](#footnote-ref-4)
4. <https://engage.eif.org/investeu/equity?overlay=ESCALAR> [↑](#footnote-ref-5)
5. [Access to EU Finance - Access to EU Finance - European Commission (europa.eu)](https://europa.eu/youreurope/business/finance-funding/getting-funding/access-finance/search/) [↑](#footnote-ref-6)
6. <https://een.ec.europa.eu/> [↑](#footnote-ref-7)
7. <https://investeu.europa.eu/index_en> [↑](#footnote-ref-8)
8. <https://www.eif.org/news_centre/audiovisual_library/case_studies/index.htm> [↑](#footnote-ref-9)
9. Regulation (EU) 2024/795 [↑](#footnote-ref-10)
10. . <https://www.eif.org/what_we_do/guarantees/cultural_creative_sectors_guarantee_facility/index.htm> [↑](#footnote-ref-11)
11. <https://engage.eif.org/investeu/equity?overlay=Digital-CCS-Sectors> [↑](#footnote-ref-12)
12. <https://digital-strategy.ec.europa.eu/en/policies/mediainvest> [↑](#footnote-ref-13)
13. <https://een.ec.europa.eu/about-enterprise-europe-network> [↑](#footnote-ref-14)
14. [www.access2finance.eu](http://www.access2finance.eu) [↑](#footnote-ref-15)
15. [Capital markets union - European Commission (europa.eu)](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/capital-markets-union_en) [↑](#footnote-ref-16)
16. [SME envoys network - European Commission (europa.eu)](https://single-market-economy.ec.europa.eu/smes/sme-strategy/sme-envoys-network_en) [↑](#footnote-ref-17)
17. [European Innovation Council - European Commission (europa.eu)](https://eic.ec.europa.eu/index_en) [↑](#footnote-ref-18)
18. [How do start-ups fit in? New brochure to guide public buyers | Public Buyers Community (europa.eu)](https://public-buyers-community.ec.europa.eu/news/how-do-start-ups-fit-new-brochure-guide-public-buyers) [↑](#footnote-ref-19)
19. [Scale up with the public sector - A new brochure to guide startups | Joinup (europa.eu)](https://joinup.ec.europa.eu/collection/govtechconnect/document/scale-public-sector-new-brochure-guide-startups) [↑](#footnote-ref-20)
20. [SNS-declaration.pdf (startupnationsstandard.eu)](https://startupnationsstandard.eu/files/SNS-declaration.pdf) [↑](#footnote-ref-21)