

ACCELERATOR

Joint Recommendations to Concerned Public Authorities

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Table of Contents:

1. Introduction.....	3
2. Joint recommendations to concerned public authorities	4
3. Regional recommendations to concerned public authorities	8
3.1. Hungary	8
3.2. Centru Region, Romania.....	10
3.3. Slovenia	12
3.4. Republic of Bulgaria.....	13
3.5. Czech Republic.....	14
3.6. Styria, Austria	16
3.7. Serbia.....	20
3.8. Republic of Srpska/Bosnia and Herzegovina	23
4. List of ACCELERATOR project partners	26

1. Introduction

The joint recommendations to concerned public authorities include proposals on improving relevant policy framework concerning acceleration programmes and equity finance measures in general with relevance for the whole ACCELERATOR partnership and the Danube region.

In order to develop the joint and regional recommendations to concerned public authorities, several regional public stakeholder forums were organized during 2018 and 2019 in each project regions/countries on concerned policy issues, demand and supply for acceleration services and their integration in ESIF and non-ESIF measures. The table below shows data on dates, locations and topics of regional public stakeholder forums held in 8 project regions/countries.

COUNTRY	1 st FORUM	2 nd FORUM	3 rd FORUM	4 th FORUM
Hungary	22.11.2018. Szekesfehervar <i>"Current status and future prospects of regional acceleration programmes in Hungary"</i>	28.03.2019. Budapest <i>"Regulatory and policy framework for accelerator programmes in Hungary"</i>	21.05.2019. Budapest <i>"Integration of acceleration programmes in ESIF and non-ESIF programmes"</i>	
Romania	02.02.2019. Piatra Neamt <i>"The importance of Accelerator programs for cluster"</i>	27.02.2019. Bucharest <i>"Integrating Accelerator in public and private funding programs. Accelerator as framework program for start-up funding & development"</i>	19.03.2019. Targu Mures <i>"Importance of Accelerators in underdeveloped areas"</i>	21.03.2019. Alba Iulia <i>"Financing opportunities within the Regional Operational Programme"</i>
Slovenia	15.11.2019. Ljubljana <i>"Start-Ups and Technology Transfer in Innovation Ecosystems in SEE and the Alpine Region"</i>	28.2.2019. Maribor	21- 22.05. 2019. Maribor PODIM	
Bulgaria	04.04.2019. Vidin <i>"The business meets the institutions - how to create a better start-up environment"</i>	17.05.2019. Ruzhintsi <i>"How to improve education in order to encourage start-ups"</i>	03.06.2019. Montana <i>"A better support for the start-ups"</i>	
Czech Republic	26.04.2019. Liberec <i>"DIGITAL ENTREPRENEURSHIP, with subtopics: review of experience from DEXIC Accelerator, next plans with the programme, financing digital startups from business angels and public organizations, financing programmes for digital startups from the side of public authorities, further support of digital startups"</i>			
Austria	01.10. 2018. Kindberg <i>"Strategies for local communities to support entrepreneurs"</i>	23.11.2018. Kapfenberg <i>"Policy Recommendations and Networking for Start Ups in IT"</i>	08.02. 2019. Graz <i>"Support for Founders and Young start-ups"</i>	28.03.2019. Kapfenberg <i>"Policy Recommendations for Austria for Entrepreneurs"</i>
Serbia	12.12.2018 Novi Sad	09.05.2019. Novi Sad	06.06. 2019.	
Republic of Srpska/BIH	23.11.2018. Banja Luka <i>"Support for the development of acceleration programmes in the Republic of Srpska"</i>	25.01.2019. Banja Luka <i>"Offer and demand for services of acceleration programmes in the Republic of Srpska"</i>	15.02.2019. Banja Luka <i>"Challenges and opportunities for the development of venture capital market in the Republic of Srpska"</i>	

Based on the regional recommendations, the Republic Agency for the Development of Small and Medium Enterprises of Republic of Srpska/Bosnia and Herzegovina (RARS) prepared the joint recommendations to concerned public authorities in the Danube region with the support of other ACCELERATOR project partners.

2. Joint recommendations to concerned public authorities

The ACCELERATOR project partners recommend to public authorities concerned to consider the joint recommendations listed below and implement them in order to develop an improved innovation ecosystem for innovative start-ups in the project regions/countries and in the Danube Region as a whole. The joint recommendations are the following:

1. Reduce administrative and financial burdens for start-ups and SMEs

Administrative and financial burdens still present major difficulties for start-ups and SMEs in most of the project regions/countries. For that reason, public authorities should continue with reducing administrative and financial burdens to facilitate the foundation of new innovative businesses in the Danube Region. That means simplification of the company establishment regulations in the domains of administrative charges, length of procedure, possibility of e-registration etc. as well as reducing costs required to start a business (initial capital requirements, insurance costs, etc.). It is also important to improve second-chance opportunities for entrepreneurs, because regardless of professional incubation, acceleration or any type of nurturing of business ideas, failures of early-stage enterprises and ventures often occur due to a number of unforeseeable factors that cannot be attributed to founders or CEOs of start-ups. As such, the legislation could be improved to treat failures in a way that does not discourage entrepreneurs from taking on second chances with good ideas. Closely related to this, improvements in regulations are needed to facilitate easy and quick shutdown of businesses and enterprises so that precious resources can be concentrated on new ventures instead of lengthy closing procedures for companies with failed business.

2. Foster an entrepreneurial culture and raise entrepreneurial awareness, especially among young people

Although entrepreneurship is recognised as a key component for the future development of the entrepreneurial ecosystem in all countries of the ACCELERATOR project, there is still a need for improvement of the education system. The spread of entrepreneurial awareness, especially among young people, requires changing the education system (formal and non-formal education) and using modern teaching methods. At the same time, it is necessary to work on the promotion of entrepreneurial culture, bearing in mind the socio-historical heritage of some of the regions/countries and the absence of a significant entrepreneurial tradition.

3. Integrate acceleration programmes in the relevant strategic policy framework

Acceleration and similar programmes have an important role in further development of the start-up ecosystem in the Danube Region. For that reason, it is very important to raise the public authorities' awareness of the potential role that acceleration and acceleration-type programmes can play and to integrate development of this kind of support to start-ups in the relevant strategic policy framework in all project regions/countries and the Danube Region as a whole.

4. Support the development of alternative forms of financing for innovative start-ups and SMEs

Having in mind that acceleration programmes should involve financial support for start-ups in the form of seed capital investment, development of alternative financing models is also very important. The level of development of alternative forms of financing for innovative start-ups and SMEs varies across the Danube Region. While some regions have good availability of financial resources and well-established access to public and private investors' support, others have started adopting alternative equity finance models only recently. Generally, there is a need for further development of equity financing, and public authorities should continue with the adoption of the necessary legislation and intensify the development of alternative financing models (venture capital investments, business angel and seed investments, crowdfunding platforms, etc.) in order to develop the innovation ecosystem in the Danube Region.

5. Promote alternative forms of financing for innovative SMEs

The public authorities from all project regions/countries are encouraged to promote alternative forms of financing for innovative start-ups and SMEs (crowdfunding, equity combined acceleration means, quasi equity, vesting opportunities, etc.). Better promotion of alternative financing models will increase their use and raise entrepreneurs' awareness and knowledge of the availability of funds.

6. Consider supporting acceleration programmes from ESIF and non-ESIF programmes

The European Union provides a set of support to innovative start-ups and scale-ups through different programmes and there are significant opportunities for financing the establishment of acceleration programmes through the European structural and investment funds (ESIF) and non-ESIF sources. The experience from Hungary, where a national call for establishing accelerator programmes co-financed by the ERDF (EDIOP-2.1.5 Building innovation ecosystems – start-ups and spinoffs) has been launched, can be used as a good example for launching acceleration programmes in other ACCELERATOR project regions/countries and beyond.

7. Connect start-up grants with business support programmes such as acceleration programmes

In the present, most of the project regions/countries are supporting start-ups through grants which are allocated based on a business plan provided by the beneficiary. The previous years have shown that big part of these start-ups fail after the public financial support ends. Using pre-acceleration and acceleration programmes to prepare start-ups to get access to grants and to use it relevantly and efficiently could generate their increased survival rate.

8. Promote importance of engagement of local communities for supporting acceleration programmes

In most of the project countries, the majority of acceleration programmes are concentrated in capital cities, while start-ups in the rest of the country do not have such kind of support. Therefore, start-ups from other regions have to relocate for a certain period of time in order to use the support that acceleration programmes have in the capitals. For that reason, there is also a need for development of acceleration programmes in local communities, small cities and especially in rural areas. The acceleration pilot programmes developed through the ACCELERATOR project can be multiplied in local communities and thus help keep promising start-ups in their proximity. Therefore, local actors, particularly local governments, should find their fitting role in supporting acceleration programmes through financial or in-kind means.

9. Support digitalization of acceleration programmes

The Digital Innovation HUB (DIH) is recognised as a modern concept of accelerator that enables support to start-ups regardless of the geographical distance. Due to the size of the project region/countries and the existing infrastructure, digitalisation of the acceleration programme could be a solution for several gaps in the programme. By digitalising the content, the content consumption mentoring and other activities, the acceleration programmes can attract more start-ups from across the project region/countries and wider. More than that, through digitalisation, the acceleration programme becomes more flexible and accessible to digital nomads, people from isolated parts of the country, people with special conditions, etc.

10. Increase awareness and knowledge on various available supporting programmes for start-ups

Although there are many supporting programmes available to start-ups which are run by various actors in the Danube Region, they are not completely visible to the relevant target groups and offered as a complementary service package. However, it is not easy for start-ups to search through all these programmes to find what fits for them and what does not, to see what is compatible with each other, etc. Therefore, the best solution would be to have a single point

of information (online platforms), where they could obtain any relevant information related to various EU and other regional/national supporting programmes available to start-ups.

11. Encourage cooperation and networking with representatives of the quadruple helix stakeholders

All stakeholders in the quadruple helix model have a significant role in supporting the development of acceleration programmes. Therefore, cooperation and networking with all quadruple helix stakeholders should be encouraged in the future. This kind of cooperation and networking can also be strengthened with the development of the acceleration programme as an innovative and consolidated structure in which start-ups can be integrated, like clusters. In this case, accelerators can be included in cluster support programmes as well. The cluster is a modern form of an association and it represents a framework for cooperation between the economic sector, universities, research institutes, professional schools, local public administrations and governmental institutes and catalyst organisations.

12. Utilise transnational opportunities in designing and implementing acceleration programmes

The ACCELERATOR project has produced clear evidence that accelerator programmes with a strong transnational dimension offer a substantial quality improvement for the implementation of such programmes. The improvement includes the transnational network, international juries, and the possibility to exchange mentors, consultants, thematic experts or channelling start-ups to matching foreign accelerator programmes. Therefore, actors are encouraged to design and also to actively promote acceleration programmes with a strong transnational character.

In the ACCELERATOR project, the partners have set up a Transnational Innovation Network to facilitate the long-term cooperation of the Danube Region actors in designing and running acceleration programmes by channelling start-ups to best-fitting accelerator programmes and by exchanging knowledge and experts based on mutual benefits. Actors from the Danube Region and beyond are invited to join the Transnational Innovation Network set up in ACCELERATOR.

3. Regional recommendations to public authorities and stakeholders

Hungary



1. Simplify the company establishment regulations further

Setting up a company in Hungary is relatively easy compared to other Danube Region countries represented in ACCELERATOR. Even though, further simplification targeted to innovative SMEs and start-ups in Hungary is desirable in the domains of administrative charges, length of procedure, possibility of e-registration, etc.

2. Reduce the initial capital requirement for limited liability companies

Among the legal forms of enterprises in Hungary, limited liability companies are preferred by most entrepreneurs. According to the current regulation, the minimum capital requirement is HUF 3,000,000 (~ EUR 9,200) for setting up a limited liability company. We propose reduction of this initial capital requirement to HUF 1,500,000 (~ 4,600) to facilitate the foundation of new entities.

3. Improve second-chance opportunities for entrepreneurs

Even with professional incubation, acceleration or any type of nurturing of business ideas, failures of early-stage enterprises and ventures often occur due to a number of unforeseeable factors that cannot be attributed to founders or CEOs of start-ups. As such, the legislation could be improved to treat failures in a way that does not discourage entrepreneurs from taking on second chances with good ideas. Closely related to this, improvements in regulations are needed to facilitate easy and quick shutdown of businesses and enterprises so that precious resources can be concentrated on new ventures instead of lengthy closing procedures for companies with failed business.

4. Promote alternative forms of financing for innovative SMEs

The legislators and public actors are encouraged to promote alternative forms of financing for innovative SMEs including crowdfunding, equity combined acceleration means, quasi equity, vesting opportunities.

5. Consider launching accelerator calls from ESIF or other type of funds

In Hungary, a national call co-financed by the ERDF has been launched for establishing accelerator programmes (EDIOP-2.1.5 Building innovation ecosystems – start-ups and spinoffs). In the call, applicants were required to set up acceleration programmes and invite start-ups to develop their business. The first group of projects is nearing the end of their implementation, with valuable implementation experience. We encourage the public actors concerned in Hungary to evaluate the call and re-launch it after improvements. Furthermore, the Hungarian project partners of ACCELERATOR are glad to disseminate the experience from the call to the project partners of ACCELERATOR and beyond.

6. Promote local embeddedness of accelerator programmes

Local innovation ecosystems benefit a lot from keeping promising start-ups in their proximity. Therefore, local actors, particularly local governments, should find their fitting role in supporting accelerator programmes through financial or in-kind means.

7. Utilise transnational opportunities in designing and implementing accelerator programmes

The ACCELERATOR project has produced clear evidence that accelerator programmes with a strong transnational dimension offer substantial quality improvements of implementation with regards to international juries, exchange of mentors, thematic experts or channelling start-ups towards foreign accelerator programmes. Therefore, actors are encouraged to design and promote accelerator programmes with a strong transnational character.

8. Actors from the Danube Region and beyond are invited to join the Transnational Innovation Network set up in ACCELERATOR

In ACCELERATOR, the project partners have set up a Transnational Innovation Network to facilitate the long-term cooperation of the Danube Region actors for designing and running acceleration programmes by channelling start-ups to best-fitting accelerator programmes and by exchanging knowledge and experts based on mutual benefits. The Network is open and welcomes further partners to join.

Centru Region, Romania



1. The results of the project – the pilots – should not compete with other accelerators from the region/country, because it was **designed respecting national/regional development strategies**. This connection between the pilot and the objectives of the territory where it is implemented should be enhanced. The accelerator pilot programme should consolidate the implementation of those objectives. The most relevant strategy in this sense is the **Regional Smart Specialisation Strategy of the Centru Region, Romania**. Concerning the fact that the concept of RIS3 Entrepreneurial Discovery is an essential and organic part of specialisation in a sustainable way, the accelerator can enable the relevant start-ups to achieve the strategy's objectives. In this sense, specialisation of the pilot and integration of the specific programme in the framework of the strategy could provide a massive impact of the regional operational programme, which is directly related to the priority fields identified within the smart specialisation strategy.

2. **Connecting start-up grants with business support programmes such as ACCELERATOR.** In the present, Romania is supporting start-ups through grants which are allocated based on a business plan provided by the beneficiary. The previous years have shown that big part of these start-ups fail after the public financial support ends. Using pre-accelerator and accelerator programmes to prepare start-uppers to access the grant and to use it relevantly and efficiently could generate a better survival rate.

3. **Strengthening the communication and collaboration environment.** The participants agreed that this type of support programmes can complete their missions if the ecosystem has the capacity to channel innovation in the direction of the value chains. On the other hand, value chains have to be developed properly to absorb the surplus value – services and products of start-ups. The background of the Accelerator programme has to have an innovative and consolidated structure in which start-ups can be integrated, like clusters. Without involving clusters in accelerator programmes, the process will face several challenges. In this case, accelerators can be included in cluster support programmes as well. The cluster is a modern form of an association and it represents a framework for cooperation between the economic sector, universities, research institutes, professional schools, local public administrations and governmental institutes and catalyst organisations. These entities have a common point: to develop a specific economic field. The cluster is one of the most effective structures capable of managing complex issues such as social and economic development of a region, innovation,

new technologies, waste management, nature protection, human resource development, job creation and formation of national and international relations.

4. Accelerator Pilot Programme Scheme can be offered for **early-stage Digital Innovation HUBs** to be used as additional services in their ecosystems. (In 2019, 30 DIHs were selected from among 80 applications within the DIHelp programme. Of all beneficiaries, three are Romanian DIHs). The number of DIHs is increasing and Accelerator is a programme which can be addressed for different niches of start-ups and SMEs.

5. Multiplying Accelerator in Small Cities of Romania. The Pilot designed and developed by ASIMCOV fits the needs of small and early-stage start-up ecosystems. Even if these settlements do not have special infrastructure such as business incubators or coworking spaces, a pre-accelerator or accelerator programme can become an entrepreneurial hub of the city with the capacity to stimulate the engagement of the community.

6. Due to the size of the country and the existing infrastructure, **digitalisation of the accelerator** could be a solution for several gaps in the programme. By digitalising the content, the content consumption mentoring and other activities, the accelerator can attract more start-uppers from across the country and wider. More than that, by digitalisation, the programme becomes more flexible and accessible to digital nomads, people from isolated parts of the country, people with special conditions, etc.

7. Analysing Romania from the point of view of the economic potential and opportunities, **non-tech accelerators and pre-accelerators are advisable to be run.** The industries with a tradition gained attention in the frame of smart specialisation of the region, Romania being a country with unique natural resources and impressive cultural heritage. In this sense, accelerators capitalising trade-innovative products/ services are required.

8. Accelerator programmes should involve financial support in the form of seed money for instance, in order to meet the actual regional and national circumstances. Direct facilitation of supply (start-ups) and demand (gaps in the value chain defined by the market) should be obligatory within accelerators due to the fact that the Romanian market is not attractive enough yet for emerging products, so it is difficult to raise interest for a private investment fund only for the local market. In this sense, cities at the regional level should focus more on pre-accelerator programmes supporting early-stage start-ups to validate their products with the market. These accelerators have a strong education component and are meant to stimulate start-ups and other actors to become a community.

Slovenia



Access to finance for SMEs

- 1. Continue and intensify the support to venture capital investments;** provide instruments that will enable domestic and international venture capital (VC) funds to invest into companies in Slovenia and into local venture capital funds. Besides the capital, enable transfer of knowledge between local and foreign as well as regional funds and companies.
- 2. Establish a platform for early project testing and financing;** in order for even the simplest companies to start working, it is necessary to ensure some initial capital, which can be a big problem for many of them.
- 3. Support the development of angel and seed investments in Slovenia;** prepare instruments that will substantially increase the quantity and quality of investments in the earlier stages of companies' development. Support private investments in these stages with public money. Introduce tax relief for personal income tax in the amount of the business angel investment.
- 4. Establish an environment for crowdfunding platforms;** prepare the instruments and legal environment that will enable, facilitate and regulate activities for crowdfunding Slovenian companies. Introduce tax relief for personal income tax on these investments.
- 5. Learning platform/programme for obtaining 'EU' grants;** to provide funding to support SMEs in obtaining non-refundable development funds.
- 6. Actively promote and search for different possibilities for investors to exit SMEs;** help SMEs with their search for investors as well as help investors search for customers for their investments – so-called 'exit'. Help connect with strategic investors – potential customers. Help search for opportunities for micro-cap listing or alternative investment market.
- 7. Support other financing forms;** creating debt financing sources for SMEs.

Republic of Bulgaria



- 1. In the past, there was a long period of time in Bulgaria during which private entrepreneurship was not encouraged by the authorities, and therefore the entrepreneurial culture here is not as well-developed as in some of the Western countries.** The majority of the population prefers the security of some low-paid governmental job and are afraid to start their own business.
- 2. Education is a key instrument for the development of entrepreneurial awareness among young people.** They should learn since the early stages of school about the possibilities and benefits of entrepreneurship, as well as about its importance for the development of a healthy and stable economy.
- 3. Special attention should be paid to the modernisation of the equipment and the teaching materials in the professional schools.** The owners of companies in Bulgaria often complain that the main obstacle to their growth is the lack of university graduates and qualified professionals. This is true especially outside of the capital Sofia.
- 4. The start-up ecosystem in Sofia is relatively viable, represented by different accelerators, business angels and venture capital funds.** In a few other big cities, the start-uppers can also find some kind of support, but for the rest of the country it is practically impossible. The majority of the support organisations is concentrated in the capital, and even if they offer help to start-ups from other regions, start-uppers should relocate for a certain period of time. The future accelerator programmes should concentrate upon regions outside of Sofia, especially rural areas.
- 5. In various parts of Bulgaria, a process of active depopulation is observed.** It is important that through tax relief and other stimuli start-uppers are encouraged to start their business or relocate their companies outside of the capital Sofia. This can also attract new investors from abroad.
- 6. The majority of the start-ups have problems applying for the European Structural and Investment Funds.** And if they somehow manage to become a partner in a project, there is actually no institution in Bulgaria that can give them advice free of charge on how to prepare their paperwork to avoid serious problems later. Creation of such an institution will be of great help to start-ups.



PUBLIC AUTHORITIES

1. Be a connecting actor between various supporting tools and programmes available to start-ups and entrepreneurs

There are some interesting programmes and available support tools and schemes run by various actors in the regional ecosystems, but they are not always fully visible to the relevant target groups and offered as a complementary service package. Although all relevant programmes/tools are aware of each other, the policy actor is not necessarily aware of all of them, and the coordination/facilitation assistance from the above specific actors is missing.

2. Engage local municipalities to support innovations and entrepreneurs from their cities

Engagement of municipalities in the regions to support entrepreneurship and start-ups is missing. The regional public authorities could play an important role to engage municipalities into the supporting system in order to have more public authorities co-working on providing the environment for start-ups.

3. Provide the possibility to pilot products/services to start-ups in their early stage

Early-stage start-ups need to pilot their prototypes and products/services to gather important feedback and references, especially in B2N and B2G segments. Be the pioneer who will help them to achieve this, as start-ups do not ask for paid pilots at this stage. This could be done either by the public authority itself or by any of the institutions co-financed by them. By this, regional authorities could support growth of start-ups from the region.

4. Help local start-ups with your co-investment into Angel Co-Investment Funds (ACIFs) where public authorities could join private investment of business angels with their additional in-kind or financial support

There are new proved tools for better access of early-stage start-ups to finance in the amounts between 3F financing and VC investments. These are called ACIFs and they offer co-investment of private business angels and public authorities in sums between EUR 25,000 and EUR 1,000,000. When private business angels or their groups invest into local start-ups, public authorities could join by providing further support to these start-ups in the form of in-kind contributions such as innovation vouchers, coworking spaces, mentoring, etc. or direct financial support. If direct financial contributions are not possible, in-kind support as described above could be used instead.

STAKEHOLDERS

- 5. Form a group of stakeholders with the aim of ensuring start-up support improvement that can successfully argue and lobby for improvements at relevant discussion groups and boards with the public authority**

Start-ups are usually not the primary target group of stakeholders which the public authority supports. Public authorities have multiple financial programmes and budget for supporting businesses. Reallocation of budgets is possible from year to year but also at the end of the periods. New programmes can emerge. But strong arguments and lobbying from a larger group of stakeholders is needed to achieve this goal of redefined/new programmes and higher budgets. Any changes have to be stated first in the strategic documents which are formed through public hearings and discussion groups, and this is the point at which your backed up suggestions should be presented.



1. Embedding all phases of entrepreneurship (founding, funding and financing issues) into political strategies and embracing them into the daily actions

The first step is and has to be that the topic of entrepreneurship in general is on the agenda of every political strategy. For example, this has been done in Styria, where one of the guiding principles of the *Styrian Strategy 2025* is: *„Entrepreneurship and independence of innovative companies. Besides direct promotional instruments for individual company development, it is also about the continuous improvement of framework conditions at the Styrian location – while pursuing the objectives of founding and taking over companies and simplifying the path to independence.“*

However, as Henry Ford put it: *„However beautiful the strategy might be, one has occasionally to look at the results.“* The results speak a different language. Over the past years, little has changed with regard to the numbers and also the success rate of founders and young entrepreneurs in Austria.

But apart from founders and start-ups, SMEs also play a very important role when it comes to economic development. The usage of SME potential studies has shown that increasing the operating size of SMEs is important for greater profitability and an improved employment situation. The productivity and export capabilities increase with a greater number of employees, especially for enterprises with 50 or more employees. However, the more SMEs grow, the more they are confronted with many different developmental impediments like high taxes, other fees and growing administrative burdens.¹

That means that a good SME policy supports particularly founders, start-ups and SMEs with respective legal, tax-related framework conditions at a regional, a national and at the EU level. But also, the engagement of the local side like municipalities has to be improved and extended in the future. Local actors, particularly local governments, should find their fitting role in supporting accelerator programmes through financial or in-kind means.

2. Simplification and Coordination

The analysis of the Austrian/Styrian landscape with regard to support for founders and entrepreneurs showed clearly that there are many funding and financing programmes, as well

¹ Styrian Strategy 2025.

as other support programmes (consultancy, coworking spaces, etc.) available that are run by various actors in the regional and national ecosystems. However, for founders who already face difficult times getting everything started it is not easy to search through all the programmes to find what fits for them and what does not, to see what is compatible with each other, etc.

Therefore, one single point of information would be best for them, where they would get any information they might need. Also, some programmes are parallel, difficult to understand, etc., so simplification is another issue. This simplification is also important for the setting-up process of a business as such. Although much has already been achieved in Austria during the past years, some fields of action still remain to be addressed (trade regulations, labour law restrictions ...). This has to be done at a national or even at the EU level.

3. Reduce financial strain for start-ups and SMEs

Among start-ups, but also among growing companies, money is always an issue. This concerns not only the setting-up process of a business, but – especially during the first years – also the running costs like the insurance costs for entrepreneurs themselves. Entrepreneurs face a flat rate for health insurance although they might not earn any money at the beginning. Also, they have a hard time if they cannot work for health reasons. This poses a big problem for founders and entrepreneurs with a disability, but also for those women who want or have children. Here, policy makers have to take action in order to ensure that these more vulnerable groups can also participate in the entrepreneurial scene.

On top of that, many early-stage start-ups need to pilot their prototypes and products/services to gather experience and to get feedback and references. This piloting phase has to be supported by the public authority. There is one good example for that in Austria from the AMS, the Service for unemployed people. In that scheme, people get a kind of salary for some time to test their products/services and to properly set up their business. This scheme should be extended to other groups of entrepreneurs as well.

4. Offering alternative forms of financing for innovative SMEs

Legislators and public actors are encouraged to promote alternative forms of financing for innovative SMEs, including crowdfunding, equity combined acceleration means, quasi equity, vesting opportunities. There are some of these programmes already in place in Austria, from the AWS for Austria as well as the SFG for Styria, but these programmes should be enlarged and new instruments integrated.

5. Considering EU initiatives and funds

Often, start-ups and SMEs just think of regional and of national money or support for their business. However, apart from local players that have already been pointed out, the EU is also

an important driver of entrepreneurship and offers many valuable initiatives. Like in this ACCELERATOR project, there are other ongoing but also finished projects and initiatives that might be relevant and valuable for entrepreneurs. Therefore, it is important to raise awareness of the many European initiatives. However, simplification would also be a hot topic here in order to make things more transparent for entrepreneurs.

6. Using transnational networks and opportunities

In the Styrian Strategy 2025, internationalisation has also been identified as one of the key success issues for companies.²

The ACCELERATOR project has produced clear evidence that accelerator programmes with a strong transnational dimension offer a substantial quality improvement for the implementation of such programmes. The improvement includes the transnational network, international juries, the possibility to exchange mentors, consultants, thematic experts or channelling start-ups towards the matching foreign accelerator programmes. Therefore, actors are encouraged to design and also to actively promote accelerator programmes with a strong transnational character.

In the ACCELERATOR project, the partners have set up a Transnational Innovation Network to facilitate the long-term cooperation of the Danube Region actors in designing and running acceleration programmes by channelling start-ups towards the best-fitting accelerator programmes and by exchanging knowledge and experts based on mutual benefits. The Network is open and welcomes further partners to join.

7. Digitalisation of start-ups and SMEs as a key success factor

Most strategies these days, like the Austrian and also the Styrian Strategy 2025, stress the importance of digitalisation not only as a key factor for success but really as a key factor for survival for companies.³

Although there are many initiatives in Austria, many SMEs and founders still lack the awareness and also the knowledge of the importance of digitalisation for their company. For example, Austria has the Ministry for Digital and Economic Affairs at the federal level.⁴ In the Styrian Strategy, this issue is also identified as a key issue during the next years.⁵ Besides, the EU also offers support in digitalisation for companies.⁶

² Styrian Strategy 2025.

³ Styrian Strategy 2025.

⁴ <https://www.en.bmdw.gv.at/Seiten/default.aspx>, 6 May 2019.

⁵ Styrian Strategy 2025.

⁶ https://www.parlament.gv.at/PAKT/PR/JAHR_2018/PK0982/index.shtml, 6 May 2019.

That is why FH JOANNEUM emphasises founders/SMEs and IT. This is also highly compatible with the IT department within which the project team is positioned.

However, at a policy level, all the words have to be followed by actions in order to convince entrepreneurs of the importance of digitalisation, and support programmes for digitalisation at all levels from E-Commerce to security and privacy issues have to be addressed more clearly in the future.

8. Summary

It has been shown that much has already been achieved for founders, start-ups and SMEs on the one hand, but also that there is still much to do on the other hand.

The most important issue remains to be the implementation of the strategies at all levels, i.e. at a local, regional, national and European level. Especially with regard to simplification and coordination, internationalisation and digitalisation, there is a gap between what policy claims in its strategies and what companies do.

Apart from the big programmes concerning these already mentioned topics which are needed in order to promote these issues, the often promised tax relief and financial support in the day-to-day business and in case of health problems/retirement remain to be addressed as well. Since borders disappear at least between businesses in the EU, it is suggested that an EU initiative (regulation, directive or at least a guideline) would be advisable in that regard.



1. Recommendations and conclusions regarding the Policy framework analyses

- The areas in which certain interventions are needed in order to achieve development are political environment, regulatory environment and business environment;
- The total investments in R&D in Serbia are at a low level, around 0.4% of the GDP (5,900\$ for 2017) with plans to reach 1.5% in 2020, but still below EU28 with an average of 2.03% (GDP EU28 \$38,370 nominal in 2018);
- To have a chance to compete on the international market, the growth of the Serbian economy must be 5% or higher. Low- and middle-income economies are foreseen to grow close to 5% on average in 2018 and 2019;
- Analyses of the existing capacities which belong to the innovation infrastructure are in its function or can be put into its function;
- Development of the national framework for coordination of work of the innovation infrastructure, which will define the method of organisation, work and finance, modelled on good practice examples (AplusB – Austria);
- Adopting the laws on alternative investment funds (VC funds);
- R&D from universities and science institutes – adopting the Law on the Fund for Science, and forming the Fund for Science. Adopting the new Law on Science and Research Activities, which will change the model of financing of scientific research and allow economic operators to participate in financing of R&Ds;
- Implementation of the Smart Specialisation Strategy at the national and regional level – development of support programmes for innovations and start-ups (acceleration) in the areas which would be defined in the frame of the strategy for smart specialisation;
- Human capital and research (education, tertiary education, research and development) – increased investment in education is needed (investment in the educational infrastructure and increased earnings of the employees in this sector);
- Increasing the number of students at the engineering departments (increasing the capacity of the engineering faculties – increasing the spatial capacities, teaching staff and raising salaries of teaching staff to retain them). At this point, there are major

differences between the salaries in the private sector and the faculties ranging from 2x to 4x;

- Support to R&D activities which are implemented at the scientific institutes and faculties in order to make a better connection with the economy, and better utilisation of finances from the EU funds and projects;
- In the domain of infrastructure (ICTs, general infrastructure, ecological sustainability), support in the process of digital transformation of economic operators and local authorities is needed;
- There is a need for enhancement of the logistics infrastructure, which would enable faster and more economic flow of goods and people. Enhancement of the rail corridors and establishment of intermodal transport are also needed;
- Finalisation of further development of STP Belgrade and STP Novi Sad and the establishment of STPs in Niš and Kragujevac are expected;
- Market sophistication (credit, investment, trade, competition and market scale) – Introducing the measures for protection of minor shareholders, strengthening of the local stock market as the institution which will enable provision of capital;
- Introducing the measures for support to VC investments with the aim of promoting the development of this investment model;
- Business sophistication (knowledge workers, innovation linkages, knowledge absorption) – a high rate of migration and ‘brain drain’, the departure of a large number of young and highly educated people are the facts which need solution. In order to increase R&D investments, their tax reduction would be desirable;
- Serbia is ranked at 90th place based on ‘University/industry research collaboration’, according to the Global Innovation Index for 2018. Related to this, it is necessary to provide support measures and programmes for technology transfer from universities through the acceleration processes, with the aim of developing start-ups and entering the global market.
- Knowledge diffusion in Serbia, based on high-tech exports and ICT services export records growth;
- Creative outputs (intangible assets, creative goods and services, online creativity) – low competitiveness of the local economy, especially capital-intensive companies, affect the low level of industrial digitalisation.

2. Recommendations and conclusions regarding the supply-demand analysis

- The number of applications for the open public calls of the Innovation Fund shows that around 300 applications get collected per public call;
- Around 100 teams apply to the national competition for the best innovation in Serbia;
- The number of applications submitted to the local competitions (Belgrade, Niš, Novi Sad) and start-up support programmes ranges between 10 and 30;
- An increase in the growth and quality of teams applying for the above-mentioned programmes and competitions is noticeable from year to year;
- In the supply-demand analyses, good examples of sources of financing are given, as well as the initiatives which are working on supporting the establishment and strengthening of the high-tech start-up ecosystem in Serbia:
- Accelerators: Start Labs (inactive from 2018), ICT Hub Venture (invested in eight start-ups so far);
- Investors: The Enterprise Innovation Fund (ENIF), Blue Sea Capital, SEAF;
- Corporate: MTS start-up accelerator, Telenor Smart City Challenge Serbia 2016, Generator Societe Generale Bank, SBB Live your idea, Delta incubator, DM incubator;
- Competitions and programmes: National competition for the best innovation in Serbia, Start-up Weekends, Katana and Fractals by Biosens with a strong focus on IT in agriculture and food sectors, Seed star Novi Sad (2019), EU4Tech, EIT programmes (in partnership with the Serbian Chamber of Commerce): Climat KIC, InnoEnergy, EIT programmes (through other institutions) EIT Digital, EITFood.

Republic of Srpska/Bosnia and Herzegovina



- The regulatory and institutional framework built in the Republic of Srpska / Bosnia and Herzegovina in the past period is adequate to the current level of development of entrepreneurial ecosystems. Also, efforts are being made to make the overall business environment more favourable, and therefore, **there is a clear commitment of key actors to actively work on the implementation of support measures for entrepreneurs and start-ups in the forthcoming period.**
- In the context of capacity building to provide support to start-ups, **it is still important to work on strengthening local development agencies and expanding the network of service providers in the Republic of Srpska / Bosnia and Herzegovina so that services will not be concentrated in only one or two largest centres.** At the same time, it is necessary to work on the promotion of entrepreneurial culture, bearing in mind the socio-historical heritage of the Republic of Srpska / Bosnia and Herzegovina and the absence of a significant entrepreneurial tradition in this region.
- **Promotion of entrepreneurship, among other things, implies better awareness of the experiences from the region, networking and the possibility of participating in international support programmes.** In this case, the experience of the Republic Agency for the Development of Small and Medium Enterprises of the Republic of Srpska from the ACCELERATOR project, as well as the experience from other projects of the Danube Transnational Programme, is extremely valuable and needs to be used in order to encourage greater participation of domestic start-up companies in international support programmes and regional conferences and promotional events.
- The development of a unique system of support for start-ups also implies **the establishment of a concept for the implementation of acceleration programmes.** Therefore, a coordinated approach and strengthening of joint action should be undertaken in the following period in order to expand and involve other institutions and organisations, each in its field of activity, by creating an integrated system of support for start-up companies.
- Collaboration and networking through the acceleration programme is important for start-up companies in order to have access to modern technologies and to gain the necessary knowledge transfer in specific areas. In this case, **the establishment of specialised HUBs (for specific areas in the IT sector or in the field of creative industry), coworking spaces and technology parks in the Republic of Srpska / Bosnia and Herzegovina is considered to be**

particularly useful, especially if such centres are established at faculties and universities (this refers to technology parks).

- **With regard to creating support measures for start-up companies and attracting funds from available external sources** (donor funds, etc.), **institutions need to take a more proactive approach** (which has not been the case so far) in order to attract as many funds from these sources as possible and adapt the support measures to the real needs of users. In addition to that, support for innovation and investment in research and development is one of the key segments of the strengthening of entrepreneurial ecosystems.
- **Further efforts should be made to make entrepreneurs and owners of the start-up companies in the Republic of Srpska / Bosnia and Herzegovina more willing to potentially fund.** The research has shown that a significant percentage of them are unprepared for new forms of financing, without the required specific knowledge and skills or without a clear vision of future action. Also, there is a negative stand towards investors and no willingness to share the ownership with them. Therefore, **in the coming period, more work is needed on developing entrepreneurial awareness and informing the owners of business ideas about the opportunities and advantages offered to them through financing in the venture capital market.**
- **Education has been identified as a key component for the future development of the entrepreneurial ecosystem. The spread of entrepreneurial awareness, especially among young people, requires changing the education system (formal and non-formal education) and using modern teaching methods.** Changes in the education system involve interventions from the earliest stages of education (pre-school and elementary school) to the university. In this context, for example, introduction of entrepreneurial sections in primary schools, positive experiences from previous projects in secondary schools (examples of companies, Youth Entrepreneurship, Junior Achievement) and other examples from BiH and the region can be a guide for future action. Mainly, the role of teachers is particularly important because the need to work on their additional training is noted in order to be able to implement the elements of entrepreneurial training during the teaching process in the best way possible.
- Regarding the development of the venture capital market, **it is necessary to take advantage of significant opportunities that are offered, primarily through growing regional presence of European and other investment funds.** That means that **the venture capital market in the Republic of Srpska / Bosnia and Herzegovina needs to be developed at the same time on the supply and demand side.**

- **Activities on strengthening the offer of venture capital are possible within the current institutional and legal framework.** This implies interventions that will stimulate more active venture capital action through the existing investment fund management companies within the framework of the Law on Investment Funds. Also, the possibility has been recognised that capital from the banking sector needs to be mobilised and placed into the function of developing the risk capital market, which has not been the case so far. Apart from creating new instruments for investing in start-up companies, the Republic of Srpska / Bosnia and Herzegovina should also work on attracting capital from the diaspora and promote investment opportunities by successful entrepreneurs and individuals with excess capital (through individual investments or through business angel networks).
- One of the possible options mentioned is the approach by which the republic authorities and institutions would even more directly participate in the development of the venture capital market in the Republic of Srpska / Bosnia and Herzegovina. It is an approach that **involves the establishment of a public or public-private venture capital fund that would invest in entrepreneurs and start-up companies with high growth potential from the Republic of Srpska / Bosnia and Herzegovina.** The fund would be managed by investment managers specialising in investing in entrepreneurial business ideas and projects. Within this approach, it was pointed out that the conditions for the operation of investment funds of venture capital with private offer need to be additionally adapted through amendments to the Law on Investment Funds (currently, the minimum amount of the fund is 10 million BAM and the lowest individual stake is 1 million BAM) and the announced drafting of a new law on the Investment Development Bank of the Republic of Srpska and funds.
- Finally, **to ensure that the financial support measures for entrepreneurs and start-ups have their full effects, it is necessary to provide a coordinated approach and systemic action of all key actors.** The experiences from the region speak in favour of an approach that has clearly defined the strategic focus and where the support system is bound (at the vertical and horizontal level) in the way that the clear roles of everyone in the system are made, from the institutional actors and decision-makers to the providers of specific services for entrepreneurs and start-up companies.

4. List of ACCELERATOR project partners

Role	Official Name in English	Acronym	Country
LP	Széchenyi Venture Capital Management Ltd	SZTA	Hungary
ERDF PP1	Central-Transdanubian Regional Innovation Agency Nonprofit Ltd	CTRIA	Hungary
ERDF PP2	Association of Small- and Medium Size Enterprises of Covasna County	ASIMCOV	Romania
ERDF PP3	Technology Park Ljubljana Ltd	TPLJ	Slovenia
ERDF PP4	Institute for Entrepreneurship Research	IRP	Slovenia
ERDF PP5	Technology Center Sofia Ltd	TCS	Bulgaria
ERDF PP6	DEX Innovation Centre	DEX IC	Czech Republic
ERDF PP8	FH Joanneum Gesellschaft M.B.H	FHJ	Austria
IPA PP1	Development Agency of Serbia	DAS	Serbia
IPA PP2	Republic Agency for the Development of Small and Medium Enterprises	RARS	Bosnia and Herzegovina
ASP1	Ministry of Finance Deputy State Secretariat Responsible for Implementing Economic Development Programmes	MoF	Hungary
ASP2	Steirische Wirtschafts forderungsgesellschaft GmbH	SFG	Austria
ASP3	Slovene Enterprise Fund	SEF	Slovenia
ASP5	Executive Agency for Higher Education, Research, Development and Innovation Funding	UEFISCDI	Romania