



Growing Romania's entrepreneurship scene into a start-up ecosystem

Developing a robust ecosystem that nurtures Romanian innovation and entrepreneurship is key to scaling up Romania's growing technology start-up scene, says a new expert report. Some of the key recommendations include: taking a systemic approach, creating a new Romanian entrepreneurship agency as an 'ecosystem catalyst', a better and more stable regulatory framework, access to smarter public support and private finance for entrepreneurs at all stages of development, and improving education for entrepreneurship.

The panel of experts underscored the need for smarter legislative and financial instruments and incentives to nurture Romania's innovators and entrepreneurs. They described the country's innovation and entrepreneurial ecosystem as having a lot of potential, but still at the "early stage" of development. The report highlights the need to improve the country's "dynamics of change" towards a more innovative digital economy.

The biggest barriers hindering development, according to the PSF report '*Start-ups, scale-ups and entrepreneurship in Romania*', are a "lack of trust, predictability and transparency", as well as access to finance for innovative enterprises and the limited capacity of higher education institutions to play a more active role in the entrepreneurial ecosystem. To boost innovation and entrepreneurship, the stakeholders need to communicate better amongst themselves and with the government policy-makers who need to improve their policy coordination.

"The report contains sound and actionable advice. Romania's entrepreneurial ecosystem fulfils the basic conditions to flourish, but needs more commitment and investment from all Romanian and international stakeholders to reach its full potential. This will motivate talented people to stay in Romania and will boost its entrepreneurial culture more effectively," said Wolfgang Burtscher, acting Director-General for Research & Innovation at the European Commission in a statement.

"The report comes with the first system analysis of Romania's entrepreneurial ecosystem and provides well-structured recommendations, focused on action. It is fit for purpose and fulfils the expectations we had at the time of requesting for PSF support. It is now up to us to start implementation in order to develop the Romanian entrepreneurship ecosystem to its full potential and impact. It is time to walk the talk." said Adrian Curaj, former Minister of Education, Science and Innovation, Romania.

Take-home messages

Romania should have an entrepreneurship ecosystem that empowers entrepreneurs and provides stability. More predictability – the legal, political and business framework – backed up by better market conditions and access to financial and non-financial support schemes are a corollary of this, giving venture capitalists, business angels and innovative entrepreneurs the impetus to start and scale up their businesses.

"We're proposing quite radical changes, so a catalyst will be needed," said the Chair of the expert panel, Paulo Andrez, founder of DNA Cascais Incubator Centre (Portugal) and president emeritus of the European Trade Association for Business Angels. *"For this, we recommend a dedicated Romanian entrepreneurship agency to be given responsibility for funding innovation and entrepreneurship, to provide the right incentives and help to create a vibrant entrepreneurship ecosystem."*

In order to tackle one of the main challenges in the entrepreneurial ecosystem, the experts called for a firmer legal framework with robust governance and institutions, and the creation of a real "one-stop-shop" for businesses, to help cut red tape and build trust in the system. Tax incentives, especially for early-stage investments and backed up by a proposed "business angel law", would go hand in hand with boosting access to more innovative bank finance, venture capital and co-investment initiatives for entrepreneurs, the report suggested. Improving access to international markets is also crucial. Programmes to promote entrepreneurship and talent from primary to tertiary education and beyond (incubators, accelerators) are also vital to nurturing the ecosystem.

Bridging the communication gap between the government and the entrepreneurial ecosystem

One of the key barriers is the lack of communication and coordination among the main state- and non-state players, confirmed the experts. This challenge needs a joined-up approach – covering policy, finance, markets, human capital, culture and support measures – but it is difficult to achieve without a reliable source of easily accessed data.

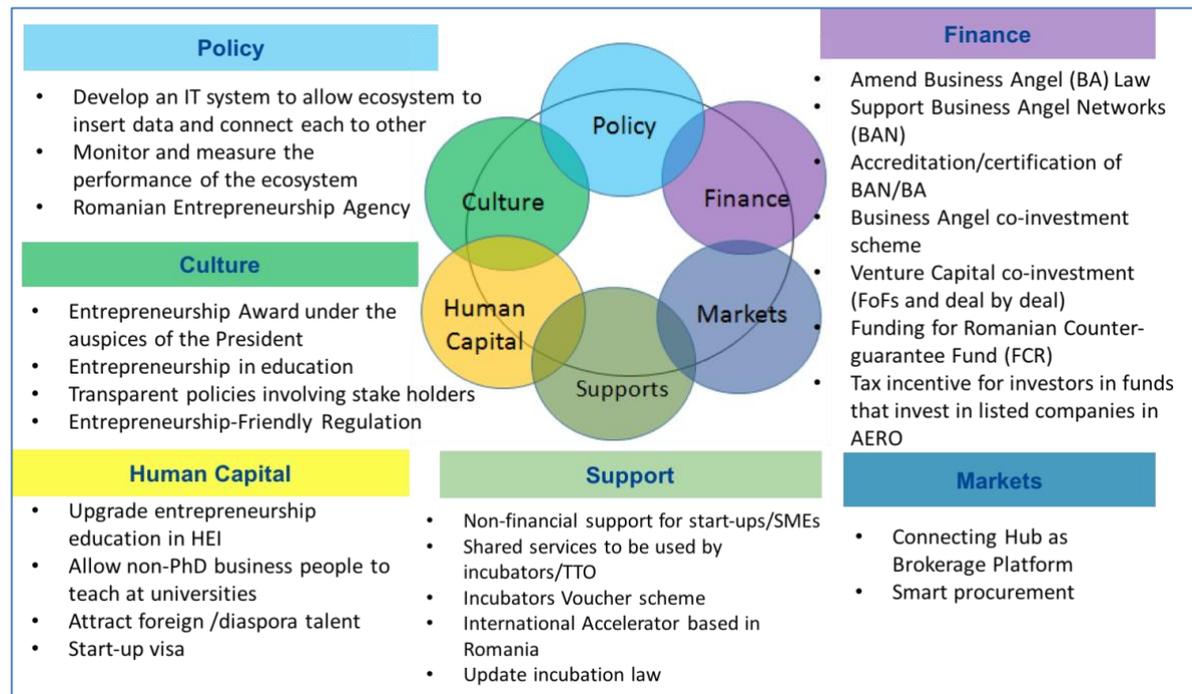
"Digitalisation and open data are key drivers of innovation today. We highly recommend that the Romanian government builds its entrepreneurial ecosystem based on e-government and support for digital start-ups, induces transparency by opening access to data it owns, and stimulates digital transformation at all levels of education," said PSF rapporteur Daria Tataj.

The experts started by looking at legislation and policy documents, at both national and international level, that were relevant for healthy entrepreneurship development. They completed this information with the inputs gathered during the two country visits.

The PSF expert group's recommendations received wide consensus from Romanian stakeholders and their implementation will depend solely on the will of the government to be implemented. Mr Andrez is optimistic that a relatively quick implementation of a number of their recommendations is possible because they require little or no extra money.

Romania has a great potential to become a relevant entrepreneurship destination in Europe. *"For this to happen, trust needs to be created between government and all stakeholders working every day to make Romania a more entrepreneurial country,"* concluded Andrez.

Snapshot: the key challenges and recommendations addressed to the Romanian government



The report is the result of the request of the Romanian government for Specific Support to Romania under the Horizon 2020 Policy Support Facility (PSF). The assessment exercise took place from July 2016 to December 2017. It included two fact-finding visits to Romania and consultations with over 50 stakeholders. The panel included experts from Finland, France, Poland and Portugal.

The Horizon 2020 Policy Support Facility provides expertise and operational support to Member States in designing, implementing and evaluating national research and innovation policies, including country Peer Reviews and Specific Support to policy reforms, as well as thematic Mutual Learning Exercises to improve policy-making practice through exchanges among several countries.

The team

The PSF Peer Review expert group was chaired by **Paulo Andrez** who founded DNA Cascais Incubator Centre (Portugal) and is president emeritus of the European Trade Association for Business Angels. Rapporteur **Daria Tataj** is an independent innovation consultant and founding member of the European Institute of Innovation and Technology's executive committee and board. National expert **Jean-Michel Dalle** is director of science-based incubator Agoranov and previously managed France's public innovation bank (now called BPI), while **Jari Romanainen** is an executive policy advisor for Tekes, Finland's innovation funding agency, and a Technopolis Group senior expert.

More information

Full final report of Romania's PSF Peer Review: <http://europa.eu/!Hc66yj>

About PSF: <http://europa.eu/!hf98Wx>