Online Recommendations and Action Plan to Local Authorities and EU Regulators to Better Address Investors Entry Challenges and Facilitate Cross-border Deals

D2.1

Document Track Information

Project information	
Project acronym	HER FUND
Project title	A pan-European network of gender-conscious investors to support female-led companies for growth and sustainability
Starting date	1st March 2024
Duration	24 months
Call identifier	HORIZON-EIE-2022-SCALEUP-02-01
Grant Agreement No	101114167

Document information	
Work package Number	WP2
Work package Title	Co-design and co-development of programmes to facilitate the entry of investors to LCIEs
Task Number	2.2.
Task Title	Dedicated initiatives to attract and connect foreign investors to LCIEs
Deliverable Number	D2.1
Deliverable Title	Online recommendations and action plan to local authorities and EU regulators to better address investors' entry challenges and facilitate cross-border deals
Dissemination level	Public
Author(s)	Elena Nikolova, Diane Nevin, Anne-Charlotte Joubert
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Organisation name of the lead contractor for this deliverable	The Edge

Funded by the European Union

Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Innovation Council and SMEs Executive Agency (EISMEA). Neither the European Union nor EISMEA can be held responsible for them.

Revision Table

Version	Contributors	Date	Description
V0.1	Elena Nikolova	01/04/2025	First draft
V0.2	Anne-Charlotte Joubert (The Edge)	15/04/2025	Second draft
V0.3	Elena Nikolova (The Edge)	20/04/2025	Third draft
V0.4	Anne-Charlotte Joubert (The Edge)	25/04/2024	Forth draft
V.05	Diane Nevin (GRIT)	30/05/2025	Fifth draft
V.06	Elena Nikolova (The Edge)	30/05/2025	Final draft
V.1	Anne-Charlotte Joubert (The Edge)	31/05/2025	Final version

Disclosure Statement

Acknowledgement

HER FUND project has received funding from the European Framework for Research and Innovation Horizon Europe under the HORIZON-EIE-2022-SCALEUP-02-01 call, Grant Agreement 101114167.

List of Acronyms

Acronym	Full name
BA	Business Angels
BCIEs	Best connected innovative ecosystems
D	Deliverable
LCIEs	Less connected innovative ecosystems
VC	Venture capital
WP	Work package
EIF	European Investment Fund
EIC	European Innovation Council
R&D	Research & Development
EIF	The European Investment Fund

Contents

Executive Summary

This report for 'Online recommendations and action plan to local authorities and EU regulators to better address investors entry challenges and facilitate cross-border deals' *Deliverable* (D2.1) provides insights into the importance of international investment for economic growth and competitiveness globally. Moreover, understand the challenges occurred in cross-border consolidation.

The European Union (EU) has long aimed to create an integrated capital market to support economic growth, innovation, and financial stability. However, despite these efforts, the European investment ecosystem remains fragmented due to regulatory inconsistencies, tax barriers, and limited access to institutional capital. For startups and scaleups, cross-border financing is critical for growth. Accessing investors beyond domestic markets increases funding opportunities, fosters innovation, and enables business expansion across the continent.

Local authorities play a crucial role in either facilitating or hindering cross-border investments through regulatory frameworks, tax incentives, funding programs, and administrative procedures.

The objective of this report is to analyse the current EU landscape, review tax incentives, cross-border syndication and propose an action plan for local authorities & EU regulators.

Summary of Key Recommendations

- Harmonize regulations
- Streamline administrative procedures
- Enhance cross-border investment frameworks
- Implement investment-friendly policies, digital solutions, and tax incentives
- European institutions and local authorities must aim to unlock the full potential of cross-border financing for startups, scaleups, and investors

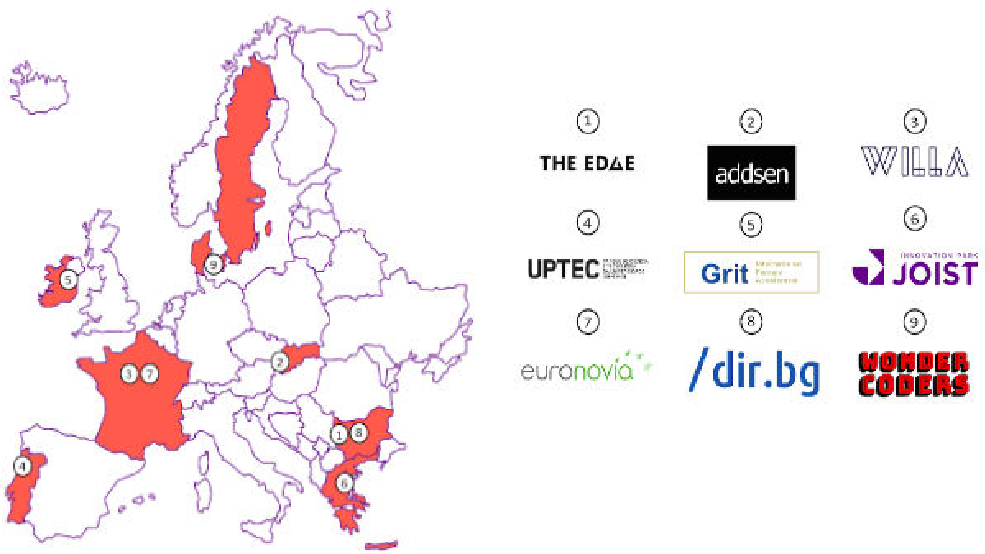
1. Introduction

1.1 Background of HER FUND

HER FUND is a pan-European network of gender-conscious investors to support female-led companies for growth and sustainability, and it aims to foster knowledge-sharing and synergies between innovation stakeholders, existing initiatives/projects to support the next generation of startups, with an emphasis on women-led companies and gender-conscious investors.

To achieve this goal, the consortium of the **HER FUND** project will invest efforts on identifying best practices across Europe, to help conducting capacity-building activities, and providing guidelines to female founders and investors. Additionally, the project aims to transform less connected territories into recognised and attractive innovation hubs, create bridges between EU innovation ecosystems to increase access to capital, raise the number of gender-conscious investors to support women-led companies, and boost women entrepreneurship, particularly in LCIEs, by offering them more funding opportunities.

The **HER FUND** consortium is constituted by 9 partners spread across 7 European countries:



These partners represent both best connected innovation ecosystems (BCIEs) and less connected innovation ecosystems (LCIEs), and each of them brings unique expertise in foreign investment, innovation ecosystems, startups, women entrepreneurship, and women-led companies.

1.2 Introduction to the Current Landscape

The European Union (EU) has long aimed to create an integrated capital market to support economic growth, innovation, and financial stability. Initiatives like the Capital Markets Union (CMU) and the newly adopted EU Startup and Scaleup Strategy (2025) reinforce this goal by addressing structural barriers that hinder startups from accessing cross-border investments, scaling operations, and competing globally. The 2025 Strategy emphasizes making Europe the best place in the world to launch and grow global technology-driven companies, especially in deep tech sectors like AI, quantum technologies, and cleantech. It sets out a vision to transform Europe into a startup and scaleup powerhouse, delivering on the political priority to boost competitiveness, productivity, and technological sovereignty.

Despite these initiatives, challenges persist. The European investment ecosystem remains fragmented due to regulatory inconsistencies, tax barriers, underdeveloped equity markets, and limited access to institutional capital. According to the Strategy, the EU financial system is still overly bank-centered, and cross-border VC activity is minimal. The Commission notes that while VC returns are improving, capital remains unevenly distributed across Member States.

For startups and scaleups, cross-border financing is critical for growth. Accessing investors beyond domestic markets increases funding opportunities, fosters innovation, and enables business expansion across the continent. Similarly, angel investors and VC funds require a streamlined, transparent, and efficient regulatory framework to operate seamlessly across borders.

1.2.1 Role of Local Authorities in the EU Member States

Local authorities play a crucial role in either facilitating or hindering cross-border investments through regulatory frameworks, tax incentives, funding programs, and administrative procedures. However, significant disparities exist between EU member states in their approach to investment facilitation:

Regulatory Divergence:

- Some countries, such as **Estonia** and **the Netherlands**, have established startup-friendly regulatory frameworks (e.g., Startup Visas, simplified licensing), whereas others impose strict compliance procedures that slow down cross-border investments.
- **Bulgaria** and **Slovakia** have introduced Innovative legal structures specifically to encourage startup creation and help startups raise equity from investors at home and abroad. In Slovakia in 2017, the simple joint-stock company (j.s.a.) was created as a leaner alternative to the traditional joint-stock company, with only €1 minimum capital and simplified governance. In Bulgaria in 2025 the newly created legal entity "Company with variable capital" was introduced with the goal to meet the dynamics within the startup life cycle. This kind of startup-centric corporate form is easily scalable to other member states – or even as an EU-wide framework – to harmonize how startups are founded and financed across borders.

Tax Incentives:

- **France** and the **UK** offer tax relief programs for angel investors (e.g., Enterprise Investment Scheme (EIS) in the UK), while other countries lack similar cross-border investor incentives, making it more attractive to invest domestically rather than internationally.
- In March 2025, the **Irish** government commenced the Angel Investor Relief Scheme, a Capital Gains Tax (CGT) relief designed to incentivize investments in innovative start-up SMEs. These measures aim to make Ireland a more attractive location for business angel investors and support the growth of innovative enterprises.
- Tax and investment incentives: **Slovakia's** investment incentive scheme is open to international investors on an equal basis, which helps attract cross-border capital for high-value projects. "Slovak legislation provides for various investment incentives for both foreign and domestic investors," including corporate tax relief, cash grants, and job creation subsidies. While these incentives traditionally target larger Greenfield investments or R&D centers, tech startups and venture investors can also benefit in certain cases (e.g. R&D super-deduction for innovative firms). Moreover, Slovakia has a relatively competitive tax regime (21% corporate tax, with only 15% for small businesses) and no withholding tax on dividends paid to EU residents, which can make it tax-efficient for foreign VCs or corporate venture arms to invest in Slovak startups. Consistent application of EU single-market principles (free movement of capital, nondiscrimination of foreign investors in incentive programs) has been key to Slovakia's attractiveness. This underscores the importance of EU-level coordination on tax policy – for instance, removing tax obstacles to cross-border VC investments – so that investors face a seamless environment when funding startups across Europe.
- **Greece** has implemented several measures to encourage angel investments in startups: Income Tax Deduction: Angel investors can deduct 50% of their capital contributions to eligible startups from their taxable income.
- **Portugal** has recently restructured its tax incentive frameworks to attract international investors, entrepreneurs, and skilled professionals. The introduction of the Tax Incentive for Scientific Research and Innovation (IFICI), also known as TISRI, marks a significant shift in the country's approach to fostering innovation and investment. The IFICI/TISRI regime offers a 10-year tax benefit period, aiming to attract global talent and investors by providing flat 20% Tax Rate.
- **France** has a well-established ecosystem for angel investors, supported by various tax incentives aimed at encouraging investments in startups and small and medium-sized enterprises (SMEs). Under the "Madelin" law, individual investors can benefit from a) Income Tax Deductions: Investors may deduct a percentage of their investment in eligible SMEs from their income tax liability. b) Capital Gains Tax Exemptions: Profits realized from the sale of shares in qualifying SMEs may be exempt from capital gains tax, provided certain conditions are met. These incentives are designed to reduce the financial risk for investors and make early-stage investments more attractive.

2. Role of the EU Institutions in EU Member States

Government-backed venture funds with international reach

Slovakia uses public funds (often EU-supported) to co-invest alongside private and foreign investors in startups. For example, Slovak Investment Holding (SIH), a state-owned fund-of-funds, offers matching venture capital to innovative SMEs, but only if independent private co-investors contribute at least 30% of the round. This model leverages public money to de-risk investments for VCs or angel syndicates (who may be foreign), thus attracting cross-border capital. SIH's investment criteria also target companies with scalable products and international market potential, ensuring that public funding amplifies globally-oriented startups. Such public-private schemes echo EU programs like InvestEU and could be replicated elsewhere to spur cross-border venture flows.

2.1 Bulgaria Ecosystem

Tax Incentives and Investment Landscape in Bulgaria

Bulgaria is known for having one of the lowest corporate and personal income tax rates in the EU (a flat 10% tax on corporate and personal income). While this provides a favorable environment for businesses and investors, angel investing remains a relatively new and underdeveloped concept in the country. Currently, there are no specific tax incentives or relief schemes designed to stimulate angel investments in startups. Unlike other European countries that offer structured investment tax reliefs, Bulgaria lacks dedicated fiscal measures to encourage private investors—especially angel investors—to support early-stage companies.

Proposal for Legislative Changes and a Dedicated Angel Investment Incentive

To boost angel investing in Bulgaria, The Bulgarian Startup Association (BESCO) working closely with the leading angel network in Bulgaria Bulgarian Angels Club are proposing the introduction of a legislative framework and a financial incentive scheme that encourages private individuals to invest in startups.
The initiative aims to:

- **Introduce a dedicated Angel Investor Tax Relief Program** – providing a 50% reimbursement of the invested amount up to €25,000 per investor if the startup fails;
- **Allocate an approx. EUR 2 million budget** – supporting early-stage investments and encouraging more high-net-worth individuals and business professionals to participate in Bulgaria's startup ecosystem.
- **Simplify tax reporting and reimbursement procedures** – ensuring a transparent and easy-to-access mechanism for investors.
- **Tax Reducer** – A tax relief of 30% on the investment made.

2.2 Slovakia Ecosystem

2.2.1 Public–Private Co-Investment Funds and VC programs

- **Joint EU-Slovak venture funds:** In the past, under the JEREMIE initiative, Slovakia launched VC funds that blend EU structural funds with private money. Notably, Neulogy Ventures and Limerock Capital were capitalized with around €35M public funds in 2014 to invest in Slovak startups. Limerock's fund was explicitly designed as a co-investment vehicle alongside private syndicates, doubling its impact to ~€24M by co-investing with angel groups. This structure fostered syndication between local and international angels, building cross-border investor relationships. It also brought international best practices via experienced fund managers. Such public-private funds have helped develop Slovakia's startup ecosystem and are compatible with EU-level efforts (indeed funded by EU money), illustrating how structural funds can catalyze cross-border VC activity.
- **Venture to Future Fund (VFF):** More recently, Slovakia partnered with the European Investment Bank on a €40M fund to finance scale-ups. The VFF, launched in 2019, includes a €10M EIB commitment alongside Slovak national capital. This government-backed fund is intended to inject "fresh capital" into Slovak SMEs and was set up with SIH as the National Promotional Institution. By involving an international institution (EIB), VFF signals stability to foreign investors and connects Slovak startups to European capital markets. It's a model of public-private co-investment at the EU scale – one that could be expanded in other member states via the EIB or European Investment Fund to encourage cross-border venture investments.

2.2.2 Cross-border Angel and Early-stage Investor Networks

Facilitating cross-border syndication

Slovakia supports structures that link local angel investors with their foreign counterparts. One outcome of the JEREMIE program was the creation of funds (like Limerock) that formalize co-investment with angel syndicates – effectively encouraging domestic and international angels to invest together in Slovak startups. Beyond formal funds, Slovakia's startup support agencies have emphasized networking events and matchmaking to connect founders with foreign angels. For instance, the National Business Center (run by the Slovak Business Agency) hosted workshops and "meetings with investors and potential partners," and helped entrepreneurs with "finding your business angel" and participation in foreign startup fairs during its growth-stage programs. By exposing Slovak startups to international angel forums, these programs helped syndicate capital across borders.

Regional angel collaboration

Given Slovakia's small size, its angel community often syndicates deals with neighboring countries. There are private networks like Danube Angels, an Austria-based group that invests across Austria, Germany, Czechia and Slovakia, pooling investors from multiple countries into each deal. Similarly, many Czech and Slovak angels co-invest informally, reflecting the integrated nature of the CEE market. EU-level initiatives can build on these examples – for instance, the European Business Angels Network (EBAN) could further promote cross-border syndication vehicles, or governments could offer tax breaks for angel investments that apply even when investing in startups across EU borders.

Cross-border VC activity

Several venture funds in the region operate across Slovakia and neighboring markets, demonstrating an appetite for cross-border deals when frameworks are accommodating. For example, Prague-based KAYA VC explicitly targets Slovak startups in its €80M regional fund, and Slovak-founded firms like ZAKA Ventures have set up funds in other countries (e.g. Czechia) to invest back into Slovak companies. These practices are enabled by relatively harmonized EU regulations and the free flow of capital. EU policymakers looking to boost cross-border investment can take note – when legal barriers are low, investors naturally form regional funds and syndicates that channel capital to where it's needed (in this case, Slovak startups). Ensuring passportable fund structures and standardized regulations EU-wide (as the AIFM Directive does for venture funds) is key to supporting such activity.

2.2.3 Platforms and Infrastructure for Cross-Border Investment

Cross-border investment platforms

Slovakia is home to Crowdberry, one of the region's largest crowdinvesting platforms, which explicitly operates across borders. Crowdberry is a joint Czech–Slovak platform that enables private investors from anywhere to directly invest in Czech and Slovak companies online. In 2023, it became one of the first in Europe to attain a license under the new European Crowdfunding Service Provider regulation, via the National Bank of Slovakia. This EU passporting license allows Crowdberry to solicit investors EU-wide for local deals. The platform thus serves as infrastructure to matchmake startups and investors across EU markets, lowering geographical barriers for fundraising. The Slovak experience with Crowdberry suggests that implementing the EU crowdfunding regulation effectively (with support from national regulators) can create pan-European investment marketplaces for startups. EU policymakers can look to scale this by promoting awareness of the new EU crowdfunding passport and ensuring more platforms join the cross-border network.

Regional startup networks and matchmaking

Slovak agencies actively participate in cross-border networks to help startups find partners and capital abroad. For example, the CEE Startup Network (launched by regions in Slovakia, Czechia, and Poland) connects startups in Žilina (SK), Moravia (CZ), and Silesia (PL) with foreign mentors, investors, and business support services across the border. This network's activities – such as joint pitch competitions, international mentorship programs, and startup "vouchers" for expansion – explicitly aim to turn the traditionally separate regional ecosystems into "one bigger startup scene" with an international impact. By pooling resources and contacts, they help startups scale beyond their home country and give investors access to a broader deal flow. Another initiative is the newly launched Twin City Innovation Hub between Bratislava and Vienna, which will establish a cross-border incubation program and link Slovak and Austrian startups with corporates and research institutions on both sides of the border. These efforts, supported by EU cross-border cooperation funds, show how regional platforms can facilitate deal sourcing and due diligence across EU markets. They are scalable models – the EU could encourage more cross-border startup hubs (especially in border regions) and support them through programs like Interreg or the EIC, thereby knitting together Europe's many local ecosystems into an integrated network.

Enterprise Europe Network (EEN)

Slovakia also leverages the EU's Enterprise Europe Network to connect startups with international opportunities. EEN's Slovak office regularly co-organizes matchmaking events at

European startup conferences (for instance, during ViennaUP and Web Summit) where Slovak startups pitch to foreign investors and partners. Through EEN, Slovak SMEs can find overseas business partners and venture financiers, benefiting from a database of opportunities accessible across all EU countries. This kind of EU-wide brokerage service complements national efforts by opening a wider pipeline of cross-border deals. Strengthening networks like EEN and integrating them with startup-specific platforms (e.g. the EU Startup Europe initiative) can further reduce the friction in finding investors across borders.

2.3 Greece Use Case

2.3.1 Angel Investment and Tax Policy Reform

Over the past decade, Greece has pursued a strategic reform agenda to position itself as a competitive environment for early-stage financing. The introduction of Law 4712/2020 — offering a 50% income tax deduction to individual angel investors backing startups registered with the national platform Elevate Greece—marked a pivotal moment in formalizing the country's support for equity-based innovation financing (Markatou, 2015; Pelagidis & Mitsopoulos, 2021). This tax incentive aligns with EU best practices and serves to de-risk early investments, which are inherently volatile in emerging ecosystems (Bilhau et al., 2017).

In parallel, Law 4864/2021 established new corporate forms (e.g., single-shareholder entities) and streamlined administrative procedures, making it easier for angel investors—especially foreign ones—to deploy capital without complex compliance burdens. These reforms reflect the growing emphasis on reducing institutional barriers and increasing policy alignment with innovation ecosystems in Europe (Campos-Blázquez et al., 2024).

2.3.2 Co-Investment and Public–Private Funds

Greece's most impactful initiative has arguably been EquiFund, launched in 2017 with a €448 million capital pool co-funded by the European Investment Fund (EIF), the Hellenic Republic and private partners. EquiFund has since deployed funds across eight VCs and over 120 startups, catalyzing Greece's venture capital market (Kapetaniou et al., 2018). Its design mandates private co-investment, ensuring a crowd-in effect from angel investors and small institutional backers.

The Hellenic Development Bank of Investments (HDBI) has built upon this with a broader set of instruments including innovation windows, matching funds, and risk-sharing mechanisms that are aligned with EU smart specialization strategies (Carayannis & Papadopoulos, 2011; Veloudis et al., 2025).

2.3.3 Integration with Cross-Border Angel and Innovation Networks

Greece is increasingly integrated into EU-wide angel networks. The Hellenic Business Angels Network (HeBAN) is an active member of EBAN and participates in initiatives like the Early Stage Investing Launchpad (ESIL), facilitating structured syndication with foreign investors and supporting diversity and female angel participation. Complementary efforts like the Hellenic–American Innovation Bridge have played a role in connecting Greek startups with diaspora capital and mentoring networks across the Atlantic (Carayannis & Papadopoulos, 2011).

2.3.4 Digital Infrastructure and Investment Facilitation

The Greek government's digital portal gov.gr has significantly reduced bureaucratic hurdles by enabling digital registration of legal entities, issuance of permits, and use of electronic signatures. These reforms set the stage for more seamless remote deal-making and are supported by plans to integrate smart contracts and digital IDs, inspired by digital governance pioneers like Estonia (Chrysomallidis & Tsakanikas, 2017; Elert et al., 2017).

2.3.5 Sectoral and ESG-Focused Innovation

In sectors such as agritech, sustainable mobility, and cleantech, Greece is beginning to develop targeted innovation ecosystems with support from both EU structural funds and private co-investment mechanisms. Several pilot programs in regions like Thessaly involve collaborations between public investors, local incubators, and sustainability-oriented angel groups (Veloudis et al., 2025).

2.3.6 Limitations and Scaling Potential

While promising, Greece's ecosystem still faces structural challenges, including a narrow pool of institutional seed capital and weak exit infrastructure. However, the current co-investment models, tax incentives, and integration with EU platforms show strong potential for replication across LCIEs. If harmonized further with EU legal and financial standards, Greece could serve as a blueprint for startup financing in the Mediterranean and Southeast Europe.

3. Identification of Main Challenges

Investors and startups struggle with inconsistent national rules and administrative hurdles when operating across EU borders.

3.1 Regulatory Fragmentation

- The Alternative Investment Fund Managers Directive (AIFMD) and its varying implementations across EU member states create significant compliance costs.
- No unified private placement regime or startup-friendly legal structure EU-wide. The lack of harmonization in private placement regimes prevents early-stage investors and VC firms from easily funding startups across multiple jurisdictions.
- Digital contract and e-ID systems are fragmented and non-standardized.
- National regulators impose additional licensing requirements that limit the passporting of investment funds.
- It is difficult for smaller investment funds to raise capital from international investors.

Action Plan for Local Authorities & EU Regulators

Harmonize Investment Licensing	Simplify Cross-Border Investment Procedures	Implement Fast-Track Approvals for Investors & Startups:	Enhance Digital Integration:
Establish a single, EU-wide investment passport that eliminates additional national approvals for VCs and private equity funds.	Create standardized due diligence and compliance processes to streamline investment flows.	Develop one-stop-shop portals where investors and startups can access licenses and approvals quickly	Encourage digital contracts, e-identity solutions, and smart regulatory frameworks (e.g., Estonia's e-Residency program)

3.2 Venture Capital & Angel Investment

- Fragmented VC Ecosystem: Some countries have strong domestic VC networks, while others lack sufficient growth-stage funding mechanisms.
- Lack of Institutional Support for Angel Investing: National policies often favor large institutional investors over angel investors, making it harder for individual investors to engage in cross-border deals.
- Restrictions on investment crowdfunding and tokenization of assets hinder alternative funding sources that could help early-stage companies scale.
- Some member states impose additional capital requirements on foreign VC firms, discouraging them from investing in local startups.

Action Plan for Local Authorities & EU Regulators

Expand European Investment Fund (EIF) Co-Investment Programs	Encourage Cross-Border Angel Networks	Enable Crowdfunding & Tokenized Investment Vehicles:
Allocate more capital to co-investing alongside VC firms and angel investors in cross-border deals	Support EU-wide syndication platforms where angel investors can pool capital across borders	Advocate for regulatory frameworks that enable tokenized securities, crypto-based investments, and alternative funding mechanisms

3.3 Tax Barriers & Complexity

- **Inconsistent tax treatments:** of VC investments and angel funding create uncertainty for investors, leading to reduced capital flow.
- **Withholding taxes:** on cross-border dividends and capital gains are burdensome and act as a deterrent for investors looking to scale companies internationally.
- **Double Taxation & Withholding Taxes**: Investors face high tax burdens on dividends, interest, and capital gains when investing in startups across borders.
- **The lack of a unified European startup stock option scheme:** makes it difficult for scaleups to attract and retain talent, further complicating investment strategies.
- **Complex & Costly Tax Filing for Foreign Investors:** Cross-border investors face cumbersome tax reporting requirements across multiple jurisdictions.

Action Plan for Local Authorities & EU Regulators

Standardize Withholding Tax Procedures:	Create a Unified Startup Stock Option Tax Framework:	Simplify Tax Reporting for Foreign Investors:
Implement an EU-wide withholding tax exemption for VC and angel investments.	Allow startups to offer stock options with equal tax treatment across the EU to attract global talent	Enable automatic data-sharing agreements between tax authorities to ease investor compliance.

3.4 Bureaucratic & Administrative Hurdles

- Investors and startups often face significant **delays in regulatory approvals for cross-border fundraising**.
- **National restrictions on fund marketing** make it difficult for smaller investment funds to raise capital from international investors.
- **Lack of a standardized digital identity** and contract execution framework slows down deal-making processes for startups and scaleups.
- **Information Asymmetry and Network Limitations**: Angel investors often rely on local networks and personal connections to source deals. The lack of cross-border networks and information-sharing platforms limits their ability to identify and assess investment opportunities in other EU countries.
- **Market Fragmentation**: The EU's capital markets are characterized by varying market infrastructures, practices, and levels of development. This fragmentation limits market liquidity and hampers the ability of companies, especially small and medium-sized enterprises (SMEs), to scale up and access diverse funding sources.

Action Plan for Local Authorities & EU Regulators

Develop a Unified Digital Investment Platform	Adopt Smart Contracts & Digital Identity Verification:	Reduce Bureaucratic Delays
Create an EU-wide platform for investors and startups to manage due diligence, legal compliance, and financial reporting efficiently	Encourage e-signatures, blockchain-based contracts, and digital ID verification to accelerate deal-making.	Establish strict response deadlines for regulatory agencies to ensure fast-tracked approvals.

4. Recommendations for Local Authorities and European Institutions

To enhance the investment landscape for startups and scaleups while facilitating cross-border deals, the following recommendations should be considered:

4.1 Regulatory Harmonization & Simplification

- Establish a **unified EU-wide regulatory framework** for venture capital and angel investing to replace fragmented national regulations.
- Implement a **fast-track approval system** for cross-border VC investments, allowing funds to operate seamlessly within all EU member states.
- Expand the **European Venture Capital (EuVECA) passport** to cover a wider range of investment structures, enabling more fund managers to invest across borders.

4.2 Tax Reforms to Encourage Cross-Border Investments

- Introduce an **EU-wide tax relief scheme** for angel investors and venture capitalists who fund startups in multiple EU countries.
- **Harmonize withholding tax regimes and eliminate double taxation** on cross-border startup investments.
- Establish a **common framework for stock option taxation**, reducing tax burdens on employees of high-growth startups.

4.3 Strengthening Capital Markets & Alternative Funding Avenues

- Promote the **creation of pan-European secondary markets** for startup equity to enhance liquidity and attract more investment.
- Expand initiatives like the European Investment Fund (EIF) to **offer co-investment programs** that de-risk angel and VC investments in early-stage startups.
- Foster the **development of tokenized securities and blockchain**-based investment platforms to enable seamless cross-border fundraising.

4.4 Facilitate Cross-Border Angel and VC Investments

- **Develop Cross-Border Investment Platforms**: Creating EU-wide platforms that connect startups with angel investors and VC funds can enhance information flow and investment opportunities.
- **Standardize Investment Processes**: Harmonizing legal documentation and due diligence processes can reduce complexities and costs associated with cross-border investments.
- **Support Cross-Border Syndication**: Encouraging syndication among angel investors and VC funds across different EU countries can diversify risk and increase investment capacity.

4.5 Enhancing Investor Access & Transparency

- Develop **unified digital platforms for startups and investors**, streamlining due diligence and investment processes (Her Fund project has designed an interactive, user-friendly, and intuitive one-stop-shop platform, this platform targets public authorities, decision-makers, investors, capital providers, and start-ups)
- **Improve data-sharing mechanisms** between national regulators to prevent redundant reporting requirements for fund managers.
- Encourage **cross-border banking integration** to simplify fund transfers and financing for scaling companies.

5. Analysis of Good Practices

Several initiatives within the EU provide effective models for addressing cross-border investment challenges:

- **The European Investment Fund (EIF):** Provides equity guarantees and co-investment schemes to support VC firms investing in startups across Europe.
- **The Startup Visa Programs** (France, Netherlands, Estonia): These programs facilitate the relocation of international entrepreneurs, helping attract foreign investment.

The French Tech Visa is a simplified, fast-track procedure for international tech talent to obtain a multi-year residence permit, known as the "Talent Passport." It caters to three categories:
1. Founders: International startup founders selected by partner incubators and accelerators.
2. Employees: Foreign employees recruited by French companies recognized as innovative.
3. Investors: International investors wishing to settle in France.

- **European Innovation Council (EIC):** Launched under Horizon Europe, the EIC supports high-risk, high-impact technologies, providing funding and services to startups and SMEs aiming to scale.
- **Cross-Border Investment Initiatives**: Projects like Connect2scale, ESIL, 4NGELS have explored motivations and challenges for cross-border angel investments, highlighting the importance of relationships with local investors, understanding local ecosystems, and knowledge about business cultures.
- **Unified EU Angel Investing Efforts:** Efforts to unify angel investing across the EU, such as promoting cross-border investments through angel networks, have enabled easier communication, sharing of knowledge, capital, and experience to support the growth of startups across Europe.
- **Cascade Funding:** A mechanism distributing public funding to assist startups and SMEs in adopting digital innovations, simplifying administrative procedures and fostering growth.
- **Develop a pan-EU "Gender-Lens" Investment Benchmark or Toolkit**

HER Fund can take a leading role in designing a standardized framework for evaluating, supporting, and reporting on gender-lens investing across the EU. This toolkit would help both public and private investors assess the gender impact of their portfolios, identify opportunities to support women-led and gender-diverse startups, and integrate gender equity metrics into their investment strategies. The toolkit could include model policies, due diligence checklists, impact indicators (e.g. percentage of women in leadership, inclusive hiring practices), and case studies. By promoting this benchmark across EU institutions, VC networks, and angel groups, HERFund can help shift more capital toward inclusive innovation and set a new standard for responsible investment in Europe. The newly created HER FUND platform https://herfund.eu/ as part of the project activities can be the first step in aggregating information from different stakeholders across Europe and drafting more and better proposals and recommendations for local authorities and EU institutions.

- **Fintech Sandboxes:** These regulatory environments help startups test innovative financial products across borders without immediate regulatory burdens.

In Slovakia for example, Regulatory sandbox with cross-border access: The National Bank of Slovakia (NBS) operates a fintech regulatory sandbox that not only helps innovative startups navigate financial regulations, but also cooperates with other EU regulators for cross-border testing. If a fintech startup in Slovakia wants to offer services in multiple EU countries, the NBS sandbox will coordinate with those countries' authorities to facilitate "cross-border testing" of the innovation. Applicants can use a single EU-level form to initiate the process, after which NBS works with counterparts to jointly supervise the test. This proactive stance allows startups (including foreign ones) to pilot new fintech solutions in Slovakia as a gateway to the EU market, benefiting from a controlled environment that spans borders. It is closely aligned with the European Forum for Innovation Facilitators' approach to sandbox cooperation, and is a best-practice model for how national regulators can reduce barriers for cross-border fintech and insurance startups.

EU policymakers could encourage all member states to adopt similar sandbox interoperability, creating an effective pan-European sandbox network.

- **European Long-Term Investment Funds (ELTIFs):** Provide a model for structuring long-term investment vehicles tailored for startup growth.

These initiatives collectively aim to enhance the European startup ecosystem, addressing challenges such as funding gaps and regulatory barriers to support companies in scaling their operations across Europe. These examples demonstrate the importance of structured, harmonized frameworks in promoting investment and supporting startups as they scale internationally.

6. Conclusion and Recommendations

The EU must take decisive action to harmonize regulations, streamline administrative procedures, and enhance cross-border investment frameworks. By implementing investment-friendly policies, digital solutions, and tax incentives, European institutions and local authorities can unlock the full potential of cross-border financing for startups, scaleups, and investors.

Recommendations for Key Next Steps for Local Authorities & EU Regulators

Harmonize investment regulations and simplify cross-border investment processes.	Expand co-investment & secondary markets to enhance startup funding.	Implement tax incentives & stock option reforms to attract global investors.	Develop digital tools & standard documentation to accelerate deal-making

By fostering a seamless cross-border investment ecosystem, Europe can drive innovation, economic growth, and long-term global competitiveness

How might the HER FUND contribute?

- Advocate for a harmonized EU-wide investment passport for venture capital (VC) and angel investors, reducing administrative burdens and enhancing market access for sub-threshold funds.
- Work with policymakers to create standardized tax incentives for angel investors and VC firms investing in early-stage startups across borders, fostering investment mobility
- Establish a cross-border co-investment platform that connects angel investors, VCs, and startups, facilitating knowledge-sharing, deal syndication, and reducing entry barriers.
- Pan-European Startup Investment Hub: Create a digital matchmaking platform that links international investors with startups, providing access to market intelligence, due diligence data, and growth tracking tools.
- Unified Investment Due Diligence Framework: Develop standardized documentation & reporting structures for investors to streamline deal processes, reduce costs, and improve transparency in investment decision-making.
- Women-Led & Underrepresented Startup Support: Expand gender-smart investment strategies, ensuring that female founders and diverse-led startups receive fair access to cross-border funding opportunities.

By implementing these strategies, HERFund will enhance capital flow across European markets, break down investment barriers, and support high-growth startups in securing funding from a broad range of international investors.

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