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# ENABLING THE ENABLERS: BUILDING THE CAPABILITIES OF ROMANIAN STARTUP SUPPORT ORGANIZATIONS

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# Abbreviations and Acronyms

<b>CEE</b>	Central and Eastern Europe
<b>CEO</b>	Chief Executive Officers
<b>EC</b>	European Commission
<b>EU</b>	European Union
<b>FTE</b>	Full-time equivalent
<b>GDP</b>	Gross domestic product
<b>HR</b>	Human resources
<b>IP</b>	Intellectual property
<b>KPI</b>	Key performance indicator
<b>MCID</b>	Ministry of Research, Innovation and Digitalization (Ministerul Cercetării, Inovării și Digitalizării)
<b>MEET</b>	Ministry of Economy, Entrepreneurship and Tourism (Ministerul Economiei, Antreprenoriatului și Turismului)
<b>MIPE</b>	Ministry of European Investments and Projects (Ministerul Investițiilor și Proiectelor Europene)
<b>MSMEs</b>	Micro, Small and Medium-sized Enterprises
<b>MVP</b>	Minimum Viable Product
<b>NCP</b>	National contact point
<b>OKR</b>	Objectives and key results
<b>PR</b>	Public relations
<b>RDA</b>	Regional development agency
<b>RIS3</b>	Research and Innovation Strategy for Smart Specialization
<b>ROPEA</b>	Romanian Private Equity Association
<b>SECA</b>	Startup Enabler Capability Assessment
<b>SMEs</b>	Small and medium-sized enterprises
<b>STI</b>	Science, Technology and Innovation
<b>UK</b>	United Kingdom
<b>USP</b>	Unique selling proposition
<b>VC</b>	Venture capital

# Executive Summary

## Startups and Enablers in Romania

**Startups help drive innovation, growth, and job creation, but Romania is failing to realize their potential.** Startups are young small and medium enterprises (SMEs) undertaking innovative ventures with higher risk and higher potential for growth than most of their peers. Startups are vital in bringing innovations to life and exerting competitive pressure on other firms to innovate and improve their productivity. In most economies, young firms, especially firms under five years old, are disproportionately responsible for net new job creation (Criscuolo et al. 2014). However, entrepreneurship—starting or running new businesses—is low in Romania, and earlier work highlighted the significant potential for economic growth if it could be increased (World Bank 2022a; World Bank 2022b).

**Startups are fragile and need many resources to thrive.** Only around 40 percent of Romanian startups survive beyond five years, and they often fail due to poor business strategy or other avoidable mistakes. Many firms that survive this long still fail to thrive and scale, usually because they cannot access adequate resources—including physical capital, human capital, and knowledge—from the surrounding entrepreneurship ecosystem (the network of people and resources necessary to start, support, fund, and promote new businesses in a region). Some of these resources are distinct from those needed by other SMEs, so startups are best considered a special subset of SMEs with unique needs that require dedicated policies and interventions.

**Fortunately, increasing the rates at which startups form, survive, and thrive is possible.** There is good evidence that entrepreneurship can be stimulated and that it is possible to nurture fragile startups through their early stages, increasing their survival rate and growth. This may be encouraged by increasing the overall resources within the entrepreneurial ecosystem and changing the factors, such as social capital and regulations, affecting ease of access to such resources. The World Bank previously made several recommendations for how to do this in Romania (World Bank 2022b).

**Supportive ecosystems typically have enabling organizations that help increase resources, improve allocation, and stimulate demand.** ‘Startup enablers’ were defined in World Bank (2022a) as “non-government institutions supporting entrepreneurship and startups” (although that definition still allows for public-sector sponsorship and funding). They are diverse organizations that ease startups’ access to resources or provide them directly. Startup enablers include incubators (which provide startups with physical space and some growth-related services), accelerators (which provide selective, cohort-based, fixed-duration support), venture studios (which directly create multiple startups), business angel networks (groups of individuals who invest their personal money in startups), and venture capitalists (firms or individuals that invest in startups in exchange for equity), among other models. Other literature may refer to such organizations as startup support organizations and programs (SSOPs), entrepreneurship support organizations (ESOs), or intermediaries. Strong enablers can help entrepreneurs access resources and grow faster. Alternatively, in some cases, enablers may improve the reallocation of resources within the ecosystem by helping entrepreneurs and investors realize more quickly that a business is unviable and that its resources should be allocated to other ventures. Enablers are quite heterogeneous, differing widely in their activities, their business models, and the maturity of the startups or entrepreneurs they support.

**Startup enablers are relatively weak within Romania and should be strengthened to support entrepreneurship.** Compared with well-developed startup ecosystems such as the UK or Israel, and even with post-transition ecosystems in Central Europe, there are relatively few startup enablers in Romania—around 80 of the type most closely involved with startups. Moreover, those that exist are significantly under-resourced, often relying upon volunteers and

the personal resources of the founders. Many startup enablers are effectively startups themselves, with an average of five full-time employees and firm age under seven years. Their lack of resources constrains enablers' ability to support entrepreneurs. Building their capabilities would help Romania to produce more, better startups – and reduce the risk of startups relocating abroad.

**This report concerns startups and supporting organizations in Romania.** It contains an assessment and recommendations to improve functionality and effectiveness of intermediary institutions, as part of the World Bank's Advisory Services to the Romanian Ministry of Research, Innovation and Digitalization (MCID). Some of the findings and recommendations are also relevant to the Romanian Ministry of European Investments and Projects and the Ministry of Economy, Entrepreneurship and Tourism. Additionally, the report is intended to be of benefit to the ROStartup community, ahead of the operationalization of the ROStartup Ecosystem Hub.

## Business Models, Private and Public Funding

**Romanian enablers are mostly private, bootstrapped firms, which affects their activities and limits early-stage support in catching-up regions.** Compared to enablers in other countries, those in Romania have little involvement from public bodies or publicly funded universities. Instead, they have grown with minimal external support (which is known in the startup community as 'bootstrapping', or 'pulling oneself up by one's bootstraps'), using personal savings, income from service fees and hosting events, sometimes also with corporate sponsorship and occasional equity from startups. Although their private-sector orientation has benefits in terms of market responsiveness, private funding is often difficult to obtain, particularly from early-stage startups. As a result, many enablers struggle to scale and support entrepreneurs to the extent they wish. Additionally, private funding leads enablers to focus on geographic areas where they can be most cost-effective: this typically means regions with the greatest concentration of startups, such as Bucharest. Furthermore, many Romanian enablers scout for startups in overseas capitals rather than in more remote areas of Romania. This leaves much of catching-up Romania without local support (and reduces the opportunities for spillovers, discussed below). Furthermore, the missing links between enablers and universities or research institutes result in missed opportunities for mutual benefits—including support for university spinouts (companies developed from university research) and access to human and technical resources for other startups.

**The difficulty in developing sustainable business models and market failures in less-developed regions indicate that more public support is required.** It is very difficult for many enablers, especially those catering to the earliest-stage startups, to develop and scale sustainable businesses. This is true globally but arguably worse in Romania due to the underdeveloped ecosystem (which entails that enablers must undertake more functions) and low startup activity (which entails that enablers struggle to find private income streams). To scale their activities, enablers need to increase and diversify funding sources—including more public funding and corporate sponsorship—and focus their strategies. Inattention to the less-developed regions of Romania is a market failure that is unlikely to be resolved without public intervention.

**Spillovers and market failures justify public funding, yet public funding is scarce in Romania.** Public funding can help enablers remain viable and expand, including into geographic areas that are currently not served. The creation of positive spillovers justifies public funding. Spillovers (or externalities) are indirect impacts that funding some enablers has on the rest of the ecosystem. An example is greater ecosystem coordination and investment: according to studies in other countries, improving enablers increases investment across an ecosystem (not merely within the firms served by enablers) by as much as three-fold (Fehder and Hochberg 2014; Hochberg 2016; Bone et al. 2019). Moreover, even without spillovers,

public funding may be justified by the market failure evident in remote regions. However, few Romanian grant schemes exist for private enablers (World Bank 2022b). This is likely the result of inattention from policymakers, together with insufficient advocacy and evidence of the impact of enablers' activities.

**European public funding is underutilized due to both supply-side and demand-side issues.** Some limited European funds do exist. However, in comparison with other ecosystems, Romanian enablers underutilize these: on average, public funding from all sources was no more than 20 percent of the funding mix for programs (and less for investors), which is less than in the UK, for example. The uptake of European public funding is limited by a reluctance of many enablers to engage with the public sector, along with poor awareness of funding mechanisms, and insufficient signposting by the public sector.

## Other Ecosystem Issues

**Engagement between enablers and the public sector is very weak, leading to missed opportunities for improvement.** Many enablers feel that the public sector does not properly recognize the positive socio-economic impact of startups and that the government could improve public interventions to support entrepreneurship. However, for historical and cultural reasons, most enablers mistrust the public sector and feel that engagement is futile. World Bank (2022b) identified numerous ways in which the policy environment for entrepreneurs in Romania can be improved, and so this lack of dialogue is a missed opportunity to guide this process. While the Romanian Private Equity Association (ROPEA) represents the interests of investors, there has to date been no equivalent advocacy organization for non-investor enablers; this should change with the advent of the ROStartup Ecosystem Hub, and some of the recommendations of this report are directed towards that organization.

**Enablers focus on their short-term survival at the expense of long-term strategy, which hinders growth and potentially also more effective delivery of services.** Partly because of their financial constraints, many enablers are focused on the immediate future rather than longer-term issues such as staff development and succession planning. Founders themselves often remain heavily involved in operational issues and fundraising at the expense of future-facing strategy and planning. This creates continuity risks for enablers; it may also inhibit their ability to scale and develop their own capabilities. A shift toward more future-focused strategies and becoming more 'reflexive'—in terms of examining themselves as if they were one of the startups they were supporting—may thus be beneficial but is difficult for many individual organizations under their current constraints. Support from the ROStartup Ecosystem Hub, together with additional funding, should alleviate some of these constraints.

**There is an ecosystem-wide shortage of talent for enablers, exacerbated by Romania's brain drain.** This shortage includes expertise in program management, investment management and marketing. It hinders the growth of enablers and contributes to founders' inability to focus on strategy, since they are unable to delegate other functions. This is undoubtedly exacerbated by Romania's well-known 'brain drain' of young talent to abroad. Addressing this sector-wide shortage will require attracting new talent into the sector, leveraging diaspora, and training talent from within.

**Internationalization and global connectivity of enablers should be improved, including by using diaspora networks.** Enablers have weak links with internationally leading ecosystems such as Silicon Valley, New York and London. The lack of global connectivity reduces enablers' exposure to global best practices, limits their ability to support startups wishing to expand abroad, and restricts their links with global venture capital firms — which are often important in later-stage fundraising. This may be done in many ways, including through study trips. However, building connections between Romanian enablers and Romanian diaspora entrepreneurs or individuals otherwise involved with startup ecosystems abroad would be especially beneficial.

## The Startup Enabler Capability Assessment (SECA)

**This study piloted a novel World Bank method to test enablers' capabilities in a replicable way.** The report focuses on internal constraints and capabilities rather than external factors. However, since no pre-existing tool was found with which to measure enablers' capabilities, ahead of the preparation of this report, with World Bank resources the same team developed a novel assessment process which we call the Startup Enabler Capability Assessment (SECA). This World Bank tool consists of four phases: a classification and mapping phase; a stakeholder consultation phase; a broad data-collection survey; and a series of deep-dive structured interviews together with a scoring grid designed to allow for a comparison across time and geography. This assessment process is summarized in this report, while the full methodology is provided in a separate document: Startup Enabler Capability Assessment (SECA): A Toolkit for Understanding Startup Ecosystems through the Capabilities of Intermediaries (World Bank, forthcoming-b).

**The report recommends five actions to improve the capabilities of enablers.** They are: (i) increasing and diversifying funding available to enablers, especially from European sources; (ii) improving the overall talent within the startup ecosystem so that enablers are able to recruit and operate more effectively; (iii) increasing enablers' focus on strategy, positioning & planning, to enable longer-term growth, collaboration and sustainability; (iv) strengthening enablers' networks, especially internationally, in order to benefit them and the startups they serve; and (v) improving public sector engagement and advocacy, including through better evidence-building. The recommendations are mutually-reinforcing. However, increasing funding is the most urgent task and should unlock other enabler competencies. The report expands upon these recommendations for various stakeholders, including enablers themselves, the nascent Romanian Ecosystem Hub, and policymakers at European, national, and regional levels.



SECTION 1

# **INTRODUCTION**

# 1. Introduction

## About this report

Romania is failing to reap the benefits of entrepreneurial activity. To resolve this, the country needs to build a more supportive startup ecosystem, including ‘startup enabler’ organizations. This report focuses on the enablers that work most closely with startups and explains how they can be strengthened to support Romanian startups more effectively.

**Entrepreneurship is a driver of innovation, growth, and job creation.** Entrepreneurship—the process of starting and growing businesses—has many benefits. It is important in bringing to life many new products, processes, and services that would otherwise not exist, thus solving social problems (Audretsch et al. 2011). Additionally, young firms — especially firms under five years old — are disproportionately responsible for net new job creation in virtually every economy (Criscuolo et al. 2014). Innovative entrepreneurship, in particular, contributes to economic growth (Ordeñana et al. 2024) and is important in exerting competitive pressure on established firms (Changoluisa and Fritsch 2020), which in turn drives greater productivity and the widespread benefits that it brings (Blundell, Griffith, and van Reenen 1999; Ahn 2002; Disney, Haskel, and Heden 2003).

**However, Romania is failing to realize the benefits of entrepreneurship.** Whilst other countries have taken significant action to spur entrepreneurship, and as a result seen an increase in the volume and value of startups, Romania is not realizing its potential to create and scale new firms (Andrez et al. 2017; World Bank 2022a).<sup>26,27</sup> Entrepreneurship remains more necessity-driven in Romania than in other economies, with relatively few high-growth firms, and substantially fewer innovative firms (World Bank 2022b; OECD 2020; World Bank 2022a). The result is foregone economic growth, fewer high-quality jobs, and less innovative solutions to social problems.

**Addressing this requires focusing attention on startups, and acknowledging they have specialized needs.**<sup>1</sup> There is no universally agreed definition of a startup, but one that is commonly used is that offered by serial entrepreneur Steve Blank: “a startup is a temporary organization designed to search for a repeatable and scalable business model” (Blank 2010). Eric Ries offers an alternative, suggesting that, “a startup is a human institution designed to create a new product or service under conditions of extreme uncertainty” (Ries 2011). Previous World Bank (2022a) work proposed a working definition of a ‘startup’ simply as a firm under five years old, and a ‘tech startup’ as a young firm looking to scale up quickly by intensively using digital technologies or new business models. This report uses the term ‘startup’ throughout but is primarily concerned with ‘tech startups’. Key to most definitions is that startups are undertaking innovative new ventures that involve higher risk and higher potential for growth than most other Micro, Small and Medium-sized Enterprises (MSMEs). As such, they have needs—such as access to risk capital, innovation resources, and specialist talent—different from those of other small businesses. Thus, policy makers should afford them dedicated policy treatment rather than subsume them within the larger set of MSMEs. This is true everywhere, but especially important in Romania, where innovative, high-growth-potential firms are particularly lacking.

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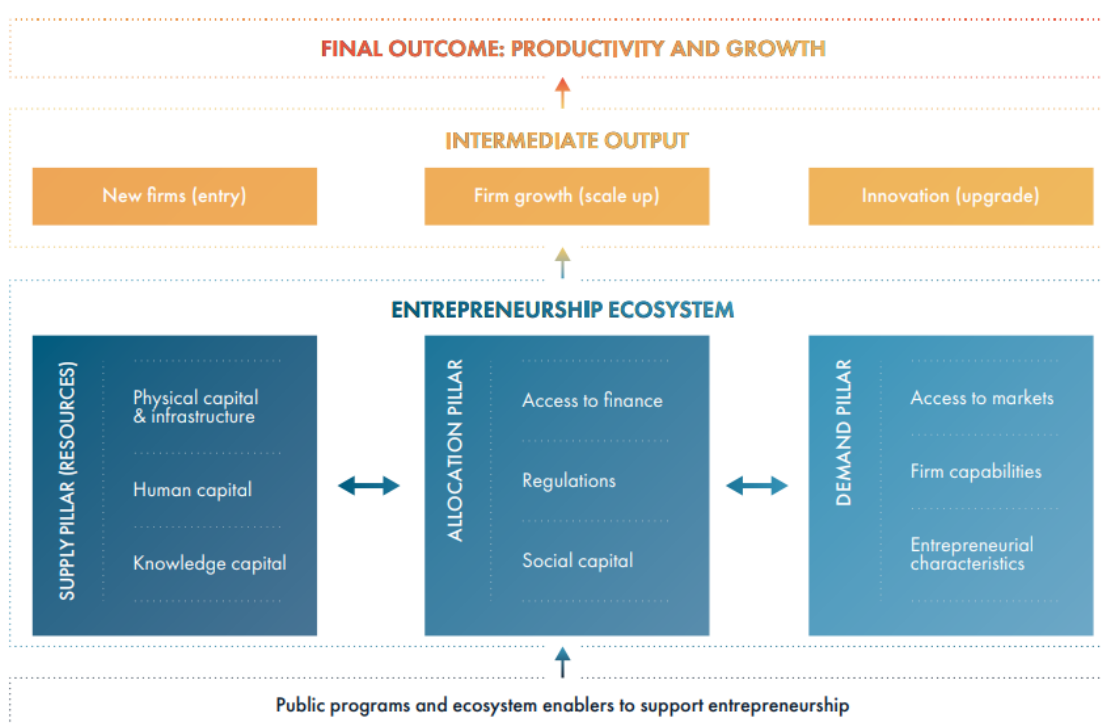
<sup>1</sup> This report focuses on startups, and for simplicity uses the term *entrepreneurs* to refer to startup founders.

## INTRODUCTION

**Startups are fragile, with the majority not surviving beyond their first five years—but many failures are avoidable.** Previous research found that the five-year survival rate of Romanian new firms dropped from around 60 percent in 2008 to around 40 percent in 2014 (Andrez et al. 2017); the survival rate for high-risk, technology-focused startups is typically even lower. Whilst the reasons for failure are often difficult to determine and may involve multiple causes, research suggests that many reasons for failure are similar across countries and include factors such as a lack of a proper business development strategy (Cantamessa et al. 2018), conflict amongst the founding team, mismanagement of key stakeholders, premature scaling, other poor business strategy (Eisenmann 2021), and poor product-market fit (Szathmári et al. 2024). Whilst it is inevitable that some new firms will fail—and some failure may even be desirable, to avoid misallocation of resources and raise net productivity—in many other cases, startup failure is avoidable with appropriate advice and support. Some of the reasons for startup failure can be considered in terms of wider market failures, including the difficulty of startups finding investors and other resources, the information asymmetry which often exists between founders and investors, the difficulty of conveying the value of innovative products, and the relatively high transaction costs associated with early-stage investment.

**Strengthening components of an ecosystem can boost startup rates and increase success.** Current academic theory favors a view in which startup founders draw upon resources—such as human and financial capital—from within a geographic area, to start and scale their business (Isenberg 2010; Autio and Thomas 2014; Acs et al. 2017, World Bank 2022c). This network of people and resources is often called an ‘entrepreneurship ecosystem’. This body of theory suggests that ‘stronger’ ecosystems—those with more resources and more connectivity—should produce several positive entrepreneurial outcomes, and empirical studies appear consistent with this, finding that stronger ecosystems can indeed generate greater entrepreneurial activity (Audretsch and Belitski 2017), increased startup survival (Vedula and Kim 2019), and other outcomes. However, as noted in World Bank (2022a), market failures can arise in many places within the ecosystem, which will inhibit economic growth unless addressed.

**Figure 1 Conceptual Framework for Entrepreneurship Ecosystem**



Source: World Bank 2022c.

## INTRODUCTION

**Supportive ecosystems typically have enabling organizations that help increase resources, improve allocation, and stimulate demand (see Figure 1).** Such enabling organizations<sup>2</sup> include pre-accelerators, accelerators, angel networks, and more (see Box 1 and Appendix 1). They work in diverse ways, but all seek to improve factors in the ecosystem pillars. Pre-accelerators typically seek to stimulate entrepreneurial characteristics. Accelerators often look to improve human capital or firm capabilities, build networks and social capital, and increase access to finance—or else may improve the ecosystem-wide allocation of resources by helping entrepreneurs conclude more quickly that proposed businesses are not viable. Angel networks principally improve access to finance but may also support access to markets, and so on. Looking from the market failure perspective, enablers can reduce search costs (for funding, capacity building etc.) and help resources be distributed more efficiently across an ecosystem (human and financial resources invested in startups with higher potential), improving market efficiency.

### Box 1 Types of Main Startup Ecosystem Enablers

**Accelerators** are startup support programs that are selective, cohort-based, and of fixed duration (usually ranging from months to years). Almost all such programs provide mentoring, peer-to-peer interaction, investment readiness training, and connections to investors. Some may take equity as payment for their services; others are privately or publicly sponsored.

**Boot Camps** are intensive short-term programs aimed at providing aspiring entrepreneurs and early-stage startups with accelerated learning, mentorship, and resources. Similar to pre-accelerators, and potentially considered a subset of them, but typically run only for days.

**Business Angel Networks** are groups of ‘business angel’ investors—individuals who invest their own personal money in startups while typically also providing contacts and business advice. Angel funding is sometimes treated as a subset of VC funding.

**Co-working Spaces** are flexible, shared office spaces usually available on short-term commercial contracts. They typically do not provide additional services such as technical support, mentoring, or business advice.

**Crowdfunding Platforms** are organizations which enable startups (and other fundraisers) to raise funds from many donors or investors, typically via a website. Compared with traditional investment firms, crowdfunding platforms have many more investors who each contribute much smaller sums.

**Incubators** are startup support organizations that provide physical space to startups, along with additional growth-related services, but are not cohort-based nor fixed-term (though there may be a residence limit—usually up to 3 years—and some admissions restrictions). Some may provide lab space and technical services. Almost all require payment from the startups or government grants.

**Investors** are support organizations based on business models that involve investing in startups. They include angel networks, venture capitalists, venture studios, and crowdfunding platforms.

**Pre-Accelerators** are short programs (usually weeks or months) intended for first-time entrepreneurs at a very early stage. They primarily focus on encouraging entrepreneurial understanding and persuading prospective founders to take the first steps. They support

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<sup>2</sup> Enablers may sometimes be referred to as ‘startup enablers,’ ‘ecosystem enablers,’ ‘startup support organizations,’ ‘entrepreneurship support organizations,’ or ‘intermediaries,’ although the last term should not be confused with ‘intermediary bodies,’ a term that we use in other reports specifically to refer to the public authorities that are responsible for the administration of public support programs.

## INTRODUCTION

entrepreneurs in shaping their business ideas and equipping them with elementary business acumen.

**Programs** are support organizations that provide programmatic assistance rather than investment. They include accelerators, pre-accelerators, incubators, and related organizations that are more programmatic and generally do not invest in startups.

**Venture Capitalists (VCs)** are firms or individuals that make financial investment in startups, usually in exchange for equity.

**Venture Studios** are organizations that directly create multiple startups, often based on a repeatable internal process. They are relatively uncommon.

**Stronger startup enablers can help startups succeed in various ways.** For instance, there is evidence from other ecosystems of positive impact by accelerators on funds raised (Crişan et al. 2021), time to investment (Hallen, Bingham, and Cohen 2014; Roberts et al. 2016), customer traction (Hallen, Bingham, and Cohen 2014), time to acquisition, employee growth (Gonzalez-Uribe and Leatherbee 2018), and other phenomena. Although some of these studies are of individual programs, the four largest quantitative studies of accelerators all find positive evidence of impact on startups (Chan, Patel, and Phan 2020; Avnimelech, Dushnitsky, and Fitza 2021; Kher, Yang, and Newbert 2023; Bokhari et al. 2021). Evidence for incubators is slightly more mixed, but studies show positive effects on startup growth (Colombo and Delmastro 2002), survival (Rothaermel and Thursby 2005), productivity, job creation (Stokan, Thompson, and Mahu 2015), and other factors. Angel investment and other venture capital can facilitate a number of positive outcomes for startups, including growth, performance, and survival (Kerr, Lerner, and Schoar 2011; Lerner et al. 2015).

**However, Romania's startup enablers have limited capabilities.** Previous World Bank analysis (World Bank 2022a; World Bank 2022b) undertook a preliminary mapping and analysis of enablers in Romania. That study, together with a parallel report from the grassroots ROStartUp initiative (ROStartUp 2021), identified that the existing enablers lacked capabilities and capacity. The World Bank therefore recommended that Romania strengthen its startup enablers to realize its entrepreneurial potential (World Bank 2022b, Recommendation 4), although it did not detail how this should be done and suggested that further research was required.<sup>3</sup>

**This report prioritizes building competencies to improve the capabilities of startup enablers and suggests actions to do so.** In this report, competencies refer to the specific skills, knowledge, behaviors, resources, and other attributes enablers need to maximize their capabilities. The report presents the results of more in-depth research involving Romanian enablers, analyzes the needs of enablers, and makes five priority recommendations for increasing their capabilities. It further suggests specific, detailed actions that the nascent Romanian Ecosystem Hub should undertake, together with policymakers at European, national, and regional levels, as well as enablers themselves. It therefore provides more detail to the World Bank's previous (2022b) Recommendation 4. In addition, it also suggests an agenda for the ROStartup Ecosystem Hub, thus supporting Recommendation 3 of the World Bank 2022b study, and underscores the importance of other actions, including the startup fund (Recommendation 5), greater involvement of universities in the startup ecosystem (Recommendation 6), links with diaspora (Recommendation 8), and increased exporting (Recommendation 9). Elements of this study may also be relevant to the wider modernization of the research and innovation (R&I) system within Romania, including efforts to establish deeper industry-academia linkages, improve technology transfer, and establish an R&I

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<sup>3</sup> See World Bank 2022b, p. 107.

## INTRODUCTION

Observatory. As such, it is intended directly to benefit the Romanian Ministry of Research, Innovation and Digitalization, with additional relevance to the Romanian Ministry of European Investments and Projects and the Ministry of Economy, Entrepreneurship and Tourism. Additionally, the report is intended to benefit the ROStartup community, in the design and operationalization of the ROStartup Ecosystem Hub.

**The report is an assessment of enablers' capabilities, not their impact.** As discussed below, enablers can impact the startups they support in many ways, such as increased survival, higher growth, and reduced time to exit. Robust evaluation of these impacts requires close examination of the startups that enablers serve using techniques such as regression discontinuity design (for an example, see Bone et al., 2019) or other methods to control for the selectivity of programs. Such evaluation is not the aim of this report. However, the report touches on the importance of evidence-building and enablers' capabilities to undertake impact assessments.

## About startup enablers

This study concentrates on the enablers that are most directly focused on startups. Even within this category there are many kinds of enablers, differing on several characteristics, including business models and the stage of startups served. These characteristics are linked—different startup phases require different business models. Moreover, enablers play distinct roles across different startup stages, with pre-accelerators focusing on encouraging entrepreneurship, accelerators enhancing founders' skills and refining business models for young startups, incubators providing resources for active startups, and investors primarily supplying financial capital and strategic guidance to aid startups in scaling.

**The landscape of startup enablers is diverse and rapidly changing.** There are many kinds of startup enablers, as described below. Enablers vary across multiple characteristics, including what they offer (their services), who they target (the stage of startups they address, as well as sectoral focus, for some), and how they make money or are sustained (their business models) (see, e.g. Dee et al 2015). Several models of enablers (for example, the original accelerator model – [Box 2](#)) originated in leading ecosystems like Silicon Valley, before being adapted and transplanted into other ecosystems. Part of their adaptation has included changing business models, driven by greater interest in startups from the public sector and large corporates, as well as and by the relative lack of venture capital outside the leading ecosystems, and the differing needs of different ecosystems. In addition, competition between private-sector enablers has led to differentiation—such as sectoral specialism—in many ecosystems. Moreover, they can be difficult to classify because of their rapid evolution and the existence of hybrid types. A major challenge of this study was encapsulating this wide and fluid range of organizational types within a single framework.

### Box 2 Case Study: Y Combinator (USA)

**Enabler type:** Accelerator (and, more recently, VC investor)

**Location:** Mountain View, California, USA

**Focus:** Early-stage tech startups across all industries, focusing on software, hardware, biotech, AI, fintech, and more.

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**Overview:** Paul Graham and three other computer scientists founded Y Combinator (YC) in 2005, partially funded by Graham’s successful sale of the e-commerce application Viaweb. YC is viewed as the original accelerator, having pioneered the model and inspired several others, and it remains one of the most prestigious and influential startup accelerators in the world. It admits four cohorts of founders per year in a highly selective process. Selected startups undergo an intensive 3-month program designed to help them refine their business models, scale, and attract investment. YC invests \$500,000 in every admitted company on standard terms. The program culminates in Demo Day, where startups pitch their ideas to multiple investors. YC has backed over 4,000 companies since its inception, including more than 300 that have reached valuations of \$150 million or more.

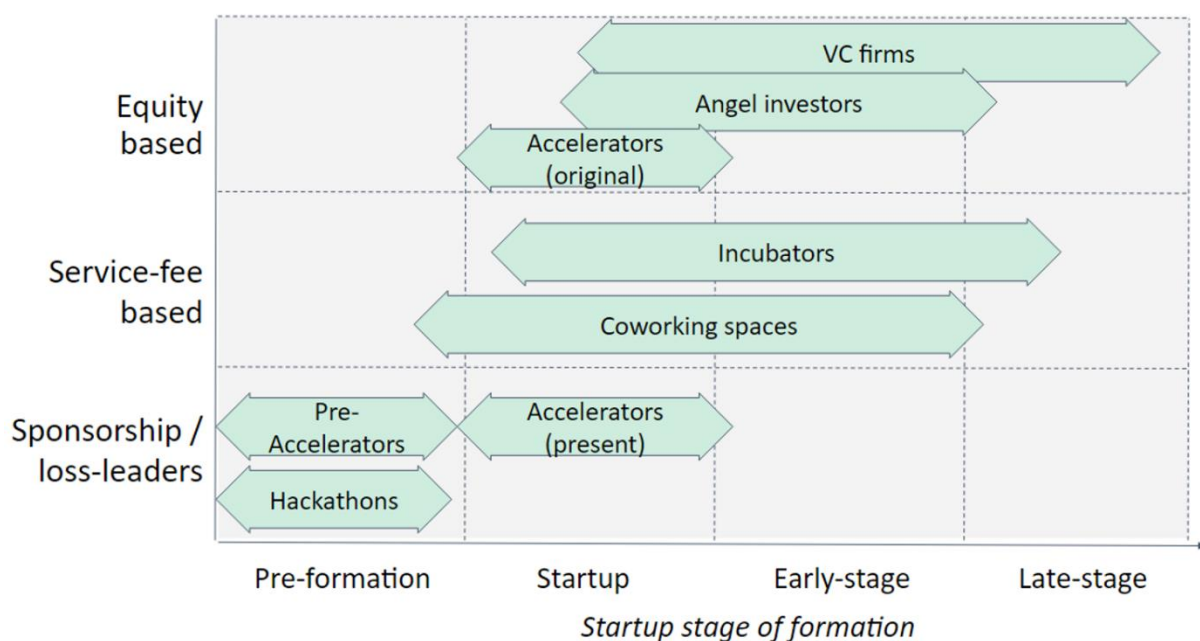
### Notable startups

- **Airbnb:** A leading global online marketplace for lodging, valued at over \$100 billion.
- **Dropbox:** A cloud storage company that went public in 2018, valued at over \$8 billion.
- **Stripe:** An online payment infrastructure provider, valued at over \$50 billion.
- **DoorDash:** A food delivery service that went public in 2020, valued at over \$70 billion.
- **Coinbase:** A cryptocurrency exchange that went public in 2021, valued at over \$85 billion at IPO.

Source: <https://www.ycombinator.com/>.

**Business models of enablers can vary substantially.** To help make sense of this diverse landscape, we can separate enablers by revenue source: some enablers may have service- or fee-based models (typical for coworking spaces and incubators). Others may have equity-based models (typical of the first generation of accelerators, such as Y Combinator). Yet others depend on grants or corporate sponsorship (or may be run by another entity at a loss, because they generate valuable deal-flow). Equity-based accelerators are increasingly rare because they struggle to compete both with older, more established ones and with a wide range of ‘zero-equity’ accelerators. Figure 2 illustrates differences in business model, together with another dimension of difference—the stage of the startups supported (Dee et al. 2015).

**Figure 2** How Startup Enablers Differ



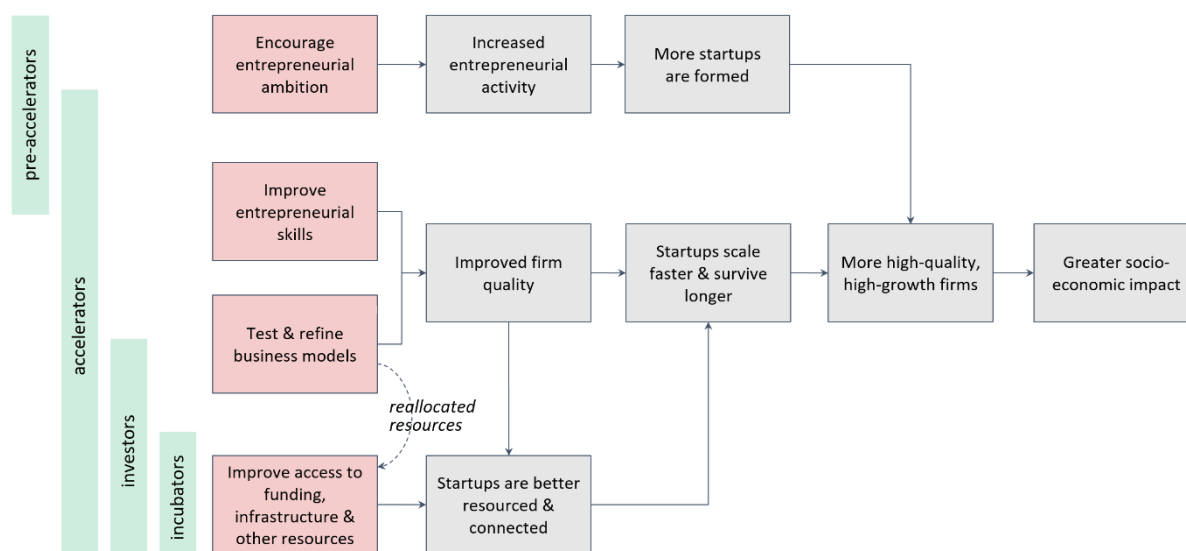
Source: Adapted from Dee et al. 2015.

Note: VC = venture capital.

**The viability of a given business model depends partly on the stage of startup served.** Early-stage programs typically face a relatively low ability-to-pay or willingness-to-pay from entrepreneurs, together with a relatively localized catchment area. Later-stage programs tend to have larger geographic catchment areas, but this also means they face competition from a wider area. As mentioned, some accelerators opt for narrow sector specialisms as a means of competitive differentiation—but this typically requires collaboration from relevant industrial partners and access to a wide pool of startups (since the narrower the focus, the wider the pool of startups must be to find enough). These factors can affect commercial viability.

**Enablers targeting different stages often perform distinct roles.** The simplified logic model in Figure 3 illustrates the roles of several types of enablers. The role of pre-accelerators (as well as boot camps and hackathons) is partly to attract individuals toward entrepreneurship, raise confidence, increase entrepreneurial intent, and persuade more entrepreneurs to start. As such, they usually focus on the pre-startup phase. In contrast, most accelerators focus on improving founders’ skills and building greater firm quality by testing and improving the business model of young startups and helping them become ready for venture capital (VC) investment. Incubators improve access to resources, such as accommodation and infrastructure, for active startups that are not yet ready to lease their own office or which require technical facilities that would be too expensive to buy. Investors (both angels and VCs) focus on improving access to financial capital, primarily supplying financial resources to help startups scale but also supplying strategic advice and related support. In reality, these distinctions are frequently not clear-cut: there is often a substantial overlap between the activities and aims of different enablers. For a more detailed analysis of how accelerators and incubators may affect startups, see Bone et al. (2019).

**Figure 3 Simplified Illustration of Different Pathways to Impact for Enablers**



Source: World Bank.

Note: an important function of accelerators is encouraging non-performing startups to fail faster, thus leading to more rapid resource recycling and reallocation to better firms.

**Earlier-stage enablers often act as a pipeline for later-stage ones.** For example, specialist industry-vertical accelerators need enough startups to be worth operating and so benefit from early-stage programs that increase the number of startups. Similarly, accelerators help to create the high-quality deal flow that VCs desire. Thus, interventions that benefit earlier-stage enablers are also likely to benefit later-stage ones, albeit indirectly. It is partly for this reason that this study examined accelerators, VCs, and other enablers concurrently.

**Successful ecosystems thus need a pipeline of startup support.** Startups at different stages should be able to access support appropriate for their stage of development, and this

## INTRODUCTION

support should ideally be connected or integrated. The overall mix of support should reflect the stage of development of the ecosystem as a whole and the number of firms at different stages of development. For example, where entrepreneurship rates are lower, there should be more emphasis on enterprise education and pre-accelerators to boost the rates of entrepreneurship (see [Box 3](#) for an example of a pre-accelerator).

**For the same reasons, specialist accelerators are typically more difficult to operate in less-developed ecosystems because of a lack of deal flow.** It may be appropriate and desirable for a long-term ecosystem strategy to aim to develop specialized, industry-vertical accelerators aligned with the regional Smart Specialization Strategy and the established industrial firms of the area. However, ecosystem strategies should first ensure adequate pre-accelerators and generalist accelerators.

### Box 3 Case Study: Founder Catalyst by Techstars

**Enabler type:** Pre-Accelerator

**Location:** Global (though individual cohorts are often restricted to a geographic region)

**Focus:** Often limited to a technology area or demographic, depending on sponsors' interests.

**Overview:** Techstars itself is an accelerator and early-stage venture capital investor founded by three entrepreneurs in 2006 in Boulder, Colorado. It provides capital and mentorship in return for equity (about 6%) in the accelerated companies. It runs a pre-accelerator program, Founder Catalyst, as a ten-week, part-time course for very early-stage entrepreneurs who may only have an idea. The course focuses on providing startup education, mentorship, and a supportive peer network among attendees. No equity or participation fee is taken for participation in the pre-accelerator; instead, the program is typically sponsored by a corporation or government. Techstars also runs three-day 'Startup Weekends' in different cities, which are even more condensed events intended to help founders build their networks, find potential collaborators, and quickly validate their early ideas.

Source: <https://www.techstars.com/>.



## SECTION 2

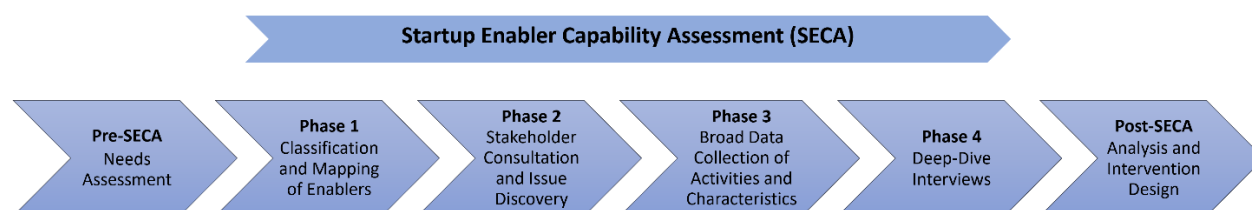
# **STARTUP ENABLER CAPABILITY ASSESSMENT (SECA) METHODOLOGY**

## 2. Startup Enabler Capability Assessment (SECA) methodology

Using a novel Startup Enabler Capability Assessment (SECA), we categorized enablers and identified 81 within Romania in our primary category of interest. We conducted 3 exploratory roundtables, a 49-question survey to which 48 (60%) of the enablers responded, and 30 detailed diagnostic interviews covering 44 enabler competencies related to 7 broad capabilities.

The Startup Enabler Capability Assessment (SECA) involved four primary research elements. The phases were (1) a classification and mapping phase, (2) a stakeholder consultation and discovery phase consisting of three exploratory roundtables, (3) a broad data collection phase consisting of a survey of 48 enablers, and (4) a deep dive phase consisting of 30 detailed diagnostic interviews. The stakeholder consultation and broad data collection occurred in early 2023, with the deep dive interviews in late 2023 and early 2024. The assessment was preceded by a wider ecosystem diagnostic and a grassroots ecosystem consultation that identified the need for an enabler capability assessment. It was followed by analysis and intervention design. The process flowchart in Figure 4 shows the overall sequence of the assessment.

Figure 4 Summary of Process



Source: World Bank.

### Pre-SECA: Needs assessment

In Romania, a wider ecosystem evaluation prior to SECA identified the need for an increased understanding of startup enablers. An entrepreneurship ecosystem diagnostic (World Bank 2022a) found that enablers were relatively few and lacked capabilities. A subsequent grassroots ecosystem consultation (ROStartup 2021) ranked building enabler capabilities as one of the top five needs within the ecosystem. These findings motivated further investigation of enablers' capabilities and helped ensure the enablers' participation in the subsequent capability assessment. For this reason, the study in Romania was primarily a supply-side assessment rather than a demand-side one. That is, it focused on services offered in the market rather than the demand for services. In other ecosystems, the decision to embark on SECA could be prompted by factors like the need to monitor and evaluate the impact of public subsidies or other interventions targeted at enablers. Such factors might require greater focus on demand-side issues.

## Phase 1: Classification and mapping

**Because enablers vary considerably, the first step was to classify the types of enablers.** We therefore began Phase 1 of SECA by classifying organizations into three categories, according to their ‘proximity’ to startups: ‘category 1’ consisted of organizations exclusively involved with startups; ‘category 2’ were organizations often but not exclusively working with startups; and ‘category 3’ consisted of organizations that were sometimes relevant to startups but were often focused on wider innovation activities or wider SME support (again, see Appendix 1 for definitions):

- Category 1: accelerators, business angels, coworking spaces, crowdfunding platforms, early-stage investors (VCs), incubators, pre-accelerators/boot camps, venture studios
- Category 2: innovation centers, makerspaces, regional development agencies (RDAs), sandboxes, science parks, technology transfer offices (TTOs), and universities
- Category 3: chambers of commerce, cluster associations, diaspora networks, digital innovation hubs (DIHs), entrepreneurship education programs, innovation agencies, SME business support programs, etc.

**This report concentrates on the needs and characteristics of category 1 enablers.** We undertook primary research via web searches and the project team’s personal networks to identify as many category 1 organizations within Romania as possible. This research identified 81 such enablers.<sup>4</sup> Our rationale for focusing on this group was that these enablers work most directly with startups and have no reason to exist without startups. Entrepreneurs in earlier work also mentioned these types of support organizations as being of greatest assistance. Later work may examine other enabler types.<sup>5</sup>

## Phase 2: Stakeholder consultation and discovery

**In Phase 2, we held roundtables to help identify major topics, frame our research questions, and assist in the design of the survey.** Having identified relevant enablers, we invited 28 to attend one of three roundtables (two in person, in Bucharest, and one online); 19 participated. Each roundtable lasted about half a day and was attended by World Bank facilitators and ecosystem actors including accelerators, co-working spaces, and VC firms. The discussion included enablers’ strategic goals for the startup ecosystem, their current activities, the activities that they wanted to undertake in the future, and the factors that they thought inhibited their growth.

## Phase 3: Broad data collection

**Following the roundtables, the team designed and ran an ecosystem-wide survey of enablers to ask about activities, perceived strengths and weaknesses, and other factors.** The competencies and capabilities discussed in the roundtables and the project team’s expertise informed the design of this survey. The survey design also drew on lessons learned from a similar study from the United Kingdom (UK) undertaken in 2022 (Haley et al. 2022) and adopted similar questions to allow some international comparisons to be drawn.

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<sup>4</sup> It was not possible to guarantee that every ‘category 1’ enabler was identified. However, in subsequent steps, the team asked other enablers about organizations that might have been missed. This helped fill gaps and provided confidence that our list of enablers was largely complete.

<sup>5</sup> See Bole et al (2024) for an overview of Technology Transfer Offices in Romania. A more detailed study (under the same project as the current study) analyzing the industry-research cooperation discusses also the technology transfer in Romania (World Bank, forthcoming-a).

This survey comprised 40 questions and generated responses from 48 unique organizations, representing 60% of the category 1 enablers identified in earlier steps.<sup>6</sup>

**We asked organizations to self-identify their types in the surveys, but in some cases, we reclassified them based on their activities.** For consistency, we compared the activities of organizations against our definitions and reclassified some organizations according to these definitions. Thus, for example, if a program called itself an accelerator but did not offer many services or peer interaction between startups, it might be reclassified as a coworking space or an incubator. This was necessary to allow consistent analysis. In addition, some organizations appeared to span multiple sub-categories or operated multiple sub-brands—for example, some accelerators also offered separate pre-accelerator courses. In our analysis, these were usually counted as if they were separate entities (but were only counted once in the total count of unique organizations mentioned above).

### Phase 4: Deep-dive interviews








**In Phase 4, we conducted structured interviews and scored specific competencies of enablers.** We used the roundtable outputs and the survey results to design deep-dive interviews consisting of questions for highly structured interviews and a scoring guide for quantifying the responses. The tool covered 44 competencies related to seven capabilities based on the most important themes from the roundtable discussions and survey responses (Figure 5); see Appendix 3 for more information. The interviews included 55 standardized questions in total: of these, 44 were scored; the remaining 11 questions were open-ended and not scored. Each interview took approximately 1.5 hours, and we interviewed 30 unique organizations in total: 11 that we considered *investors* (three angel networks, six VCs, one crowdfunding platform, and one venture studio) and 19 *programs* (4 accelerators, 3 incubators and 12 organizations which undertook a mixture of programmatic activities, such as running an accelerator plus a pre-acceleration program).<sup>7</sup> Investors are support organizations based on business models that involve investing in startups, whereas programs are more programmatic and generally do not invest in startups.

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<sup>6</sup> If sampling were fully random, this number of responses would provide 95% confidence that the margin of error in our quantitative, population-wide conclusions was under 10%. It is possible there was some voluntary response bias arising from respondents self-selecting into the survey; later phases of the project attempted to test for this by presenting conclusions back to different audiences of enablers.

<sup>7</sup> Multiple organizations were approached for interviews, with the research team aiming to ensure representation from all regions and different organizational types. However, organizations could choose for themselves whether to participate and thus, as with the survey, there may exist some participation bias or self-selection bias. This was unavoidable, although presenting the study findings to different audiences of stakeholders provided reason to believe that any such bias was not substantial.

Figure 5 Capabilities and Competencies Covered by the Startup Enabler Diagnostic Tool

 Financial capital	 Strategy	 Human capital	 Networks	 Advocacy & Political Capital	 Leadership & Governance	 Management & Organizational Process
Adequacy of financial resources for current offer	Setting of vision / mission / end-goals	Recruitment ability / adequacy of human resources	Extent of stakeholder networks	Awareness of policy & policymaking process	Depth of management / adequacy of deputies / succession planning	Process formalization and replication
Stability of resources	Translating mission to strategic goals	Talent management	Local connectedness	Sectoral collaboration	Leadership development (internal)	Experimentalism & risk-taking
Budgeting & cashflow management	Strategic coherence of activities	Staff retention	Global connectedness	Sectoral advocacy, communications, media skills, promotion	Governance	Organizational learning (internal)
Business planning (internal)	Alignment of strategy with startups' needs; evaluation / measuring customer satisfaction & gathering feedback	Ability to design staff incentives	Ecosystem building skills	Data-collection & evidence-building		Awareness & adoption of global best practices
Internal business development, marketing & partnership skills	M&E of progress towards goals / use of key performance indicators	General human resources (HR) skills (internal)	Pipeline management skills (input)			
Familiarity with European Union grant funding process	Alignment / shared understanding of strategy	Managerial quality	Pipeline management skills (output / leavers) (external)			
Familiarity with different funding sources (e.g., philanthropic foundations) and how to interact	Stakeholder involvement	Ability to manage staff progression & development	Startup community management & active curation			
	Foresight & emerging technology sectors		Alumni network management			
			Facilitation and hosting skills			
			Helping startups access external markets (attitude)			
			Helping startups access external markets (skills)			

Source: World Bank.

Note: The figure shows the 44 competencies that the Startup Enabler Capability Tool measures grouped by the seven capabilities under which they fall. The competencies shown in this figure relate to questions with a scoring range of 1–5. Additional characteristics linked to questions without a scoring system include the following: size of organization, profitability, and adequacy of financial resources for expanded offer/further development (under financial capital); and ecosystem-building skills (under networks).

**The deep dive interviews included a strict quantification protocol.** At least three members of the research team attended each interview. They each graded the 44 scored interview responses independently using a scoring guide created before the interviews; the open-ended questions were not scored. Using the scoring guide, the scorers ranked scored responses on a scale of 1 to 5, bounded by the worst case (ranked 1) and global best practice (ranked 5), with three estimated gradations in between. Where scores differed by only one point, the mode value (that is, the majority decision) was taken. If there was disagreement by more than one point, the team discussed the reason for the different interpretations until reaching consensus. Because this was the first use of SECA, strict calibration was impossible, particularly for the mid-range scores. Nevertheless, we considered the scoring guide useful in promoting greater objectivity, providing a structure to allow comparison of interviews, and allowing future replication to measure progress over time.

## Post-SECA: Analysis and intervention design

**We analyzed the survey and Diagnostic Tool responses to identify patterns.** In addition to the average (mean) score, we examined the variance in scores (that is, whether scores were typically grouped together or spread over a wide range) and variations by enabler size (for example, whether larger organizations typically scored higher or lower on certain questions). As discussed in section 3, the combination of mean and variance can suggest that different approaches may be needed to tackle a topic.

**Several comparisons were made with the landscape of enablers in the UK.** This choice of country was largely due to data availability, with a recent UK survey providing one of the most comprehensive summaries available for a well-developed startup ecosystem (Haley et al. 2022).

**The findings fed into recommendations for intervention design.** These recommendations are described in section 5.

### **Utility and replicability**

**The pilot deployment of the SECA tool in Romania demonstrated its use in effectively mapping and understanding the ecosystem of startup enablers, and its potential for replication elsewhere.** Piloting the SECA tool in Romania paves the way for its adoption in other countries, where it can provide comprehensive insights into the capabilities of the startup ecosystem enablers which are critical to nurturing new scalable businesses. Data from Romania can serve as a benchmark for other countries, which should also bring additional insights into the Romanian ecosystem. Additionally, the SECA process can be repeated over time, to measure how enablers develop.



SECTION 3

**FINDINGS**

## 3. Findings

**Overall, the findings were consistent across the four Startup Enabler Capability Assessment phases, with notable differences between investors and non-investors.**

The deep-dive interviews supported the findings from the survey and roundtables, providing more depth about causal characteristics. There was a notable difference in responses between *investors* (angel networks, VC firms, venture studios, and crowdfunding platforms) and *programs* (accelerators, pre-accelerators, incubators, and related organizations that are more programmatic and generally do not invest in startups). For that reason, in many places the report presents the responses of investors separately from those of programs.

### Overview of Romanian startup enablers

Romanian enablers struggle with deal flow, but this should not be seen as a sign of oversupply of enablers in Romania. Rather, enablers create their own demand by cultivating new startups, and the number of effective enablers in Romania is low. Most of the enablers in Romania focus on early-stage startups near Bucharest, but many of them scout for startups regionally and internationally in search of deal flow. Unfortunately, this arrangement leaves much of Romania without support. Most enablers are young and in search of sustainable business models, so there may be benefits to promoting the survival of existing organizations long enough to achieve learning effects. However, the existing enablers are under-resourced and overly dependent on private capital, meaning that it may be necessary to incorporate public funding into the ecosystem to increase the supply of enablers in underserved regions and to help enablers survive and learn.

### The number of enablers and pipeline of startups

**The research identified 81 unique enablers in Romania working closely with startups.**

This study initially identified 105 relevant enablers of Category 1. However, on closer inspection, several were different brands or initiatives of the same parent organization. Accounting for this, and classifying parent organizations by their primary activity, we estimated that there were 81 unique organizations in total, composed of 4 incubators, 17 pre-accelerators/accelerators, 6 angel investor groups, 18 VCs, 2 private equity firms, 1 venture studio, 1 crowdfunding platform, 22 coworking spaces, 4 makerspaces and 6 of other types. Appendix 2 provides a brief profile of 15 enablers that at the time of the writing this report were part of the ROStartup Ecosystem Hub. We suggest that one function of the upcoming ROStartup Ecosystem Hub, possibly in collaboration with the currently set up Research and Innovation (R&I) Observatory at the Ministry of Innovation, Research and Digitalization, might be to track the evolution of these numbers.

**On a per startup basis, it may appear that there is an oversupply of enablers in Romania.**

A 2022 study of the UK found over 400 incubators and 300 accelerators (Haley et al. 2022), and other data suggests the existence of over 100 VC firms and around 20 major angel investor networks in the UK (a total of 820 enablers), indicating roughly a ten-fold greater number of enablers than in Romania. Yet the UK has around 30 times greater startup activity than Romania (about 6,000 seed-stage startups in the past 5 years for the UK, compared with about 200 for Romania).<sup>8</sup> Comparable data for Israel suggests around 239 enablers and

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<sup>8</sup> Data from Dealroom for seed-funded startups, pre-Series A, 2019-2023. Note that, depending on how startups are defined and counted, and the period concerned, the numbers may be different for each ecosystem. The same parameters were used for this comparison.

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around 1700 seed-stage startups over the past 5 years, giving approximately the same ratio of enablers to startups as the UK.<sup>9</sup> Thus, on a simple per startup basis, one might argue that the supply of enablers in Romania is more than adequate – but see the comments below.<sup>10,11</sup>

**Additionally, existing enablers struggle to find quality deal flow within Romania, another sign of possible oversupply.** Deal flow is a term that venture capitalists, angel investors, investment bankers, and other finance professionals use to describe the rate or number of business proposals or investment offers. In the startup context, deal flow (often also referred to as pipeline) describes the number of new early-stage startups that are potential investment opportunities. Many enablers reported that there was a shortage of good-quality startups in Romania, which made their viability more difficult. (As one roundtable participant expressed: “The current startup pipeline is small, non-investable, with poor ideas and lacking innovation.”) This might again suggest an oversupply of enablers compared to startups. If new programs are created, there is a risk that this would heighten competition for existing startups even further.

**However, enablers can actively stimulate demand, not merely respond to it.** The relationship between startups and startup support is complex and bidirectional: startup support organizations (especially early-stage programs such as pre-accelerators) do not simply respond to demand but can actively *stimulate* demand. That is, they can actively encourage the formation of more startups. In some cases, doing so is their express purpose. Thus, in trying to expand entrepreneurship, it is appropriate—and indeed necessary—for supply to lead demand. A better comparison across countries may, therefore, be enablers per capita. Romania has less than one-third the population of the UK but only around one-tenth of the number of enablers<sup>12</sup> Hence, on this basis, the supply of enablers in Romania appears very low.

## Types of enablers and types of support

**The number of incubators is particularly low compared to other ecosystems, although it may not be problematic.** Since, in other ecosystems, incubators are often run with some university involvement, the low numbers of incubator may reflect the relative inactivity of the university sector. It may also be another sign of a relatively nascent ecosystem. In mature ecosystems, incubators typically preceded the arrival of accelerators, often by some decades. In ecosystems such as the UK, incubators are more prevalent than accelerators. However, the situation in Romania is the opposite: twice as many survey respondents self-identified as accelerators than as incubators. That said, this is not necessarily problematic, given the development and sector mix of Romanian startups. In other ecosystems, typical incubator users are often post-acceleration startups working on biotech and other deep tech,<sup>13</sup> and there are relatively few such startups in Romania. Moreover, accelerators have arguably replaced incubators for certain types of startups (especially digital and other non-deeptech). Nevertheless, we suggest that the ROStartup Ecosystem Hub monitor the need for such spaces, particularly those involving wet labs.<sup>14</sup>

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<sup>9</sup> Data from Startup Genome and Startup Nation Central.

<sup>10</sup> Data from Startup Genome, covering seed-stage startups formed from 2019 to 2023 and recorded in Crunchbase, Pitchbook, or Dealroom databases.

<sup>11</sup> One might also compare the gross domestic product (GDP), on which measure the United Kingdom (UK) is around 10 times higher than Romania, or GDP Purchasing Power Parity, on which the UK is around 5 times higher [Source: World Bank]

<sup>12</sup> As another comparison, Israel has more than six times the number of enablers per capita than does Romania.

<sup>13</sup> Deep tech startups focus on addressing significant scientific or engineering challenges through technology solutions requiring extensive research and development and substantial capital investment before reaching commercial viability.

<sup>14</sup> Wet labs are laboratory facilities equipped for handling liquids, chemicals, and biological materials. They are often required by biotech startups. However, because of the additional technical design requirements (such as air and gas handling), these facilities often need to be built from scratch rather than being retrofitted into other commercial spaces. The time to develop such spaces may thus be considerably longer than other startup accommodations such as coworking spaces.

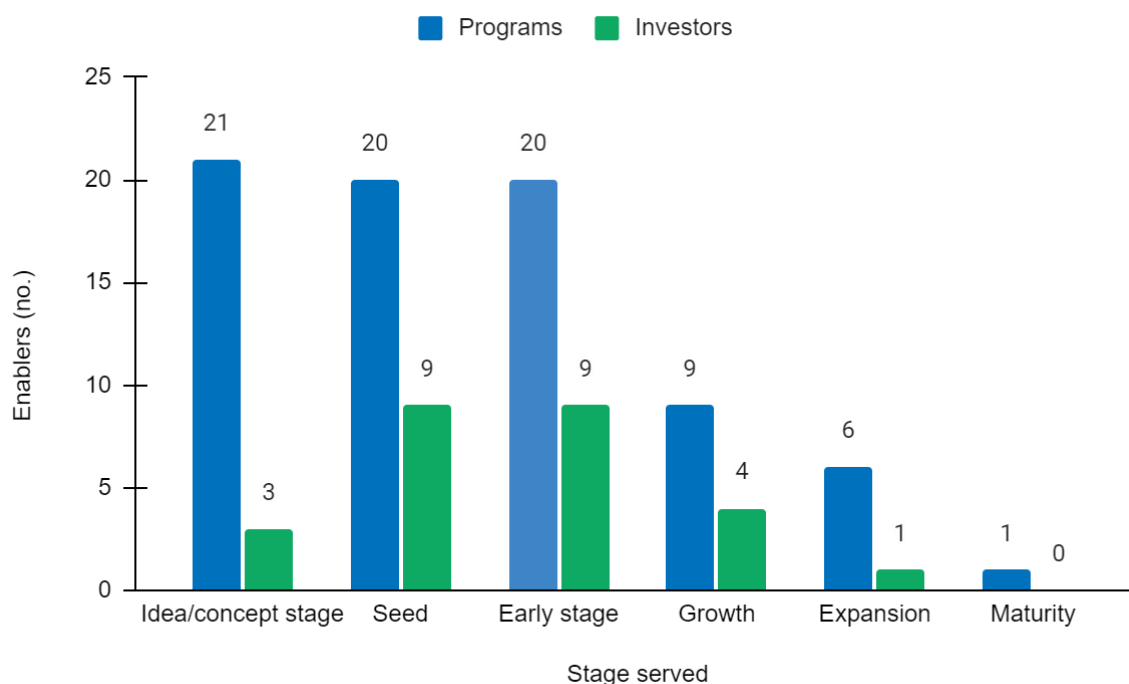
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**Moreover, the supply of effective enablers is low in Romania.** The capabilities of the enablers are more important than their numbers: how good enablers are is more critical to entrepreneurs than how many enablers there are. However, the capabilities of enablers in Romania appear to be significantly weaker than in other, more -developed countries, when judged in terms of distance from best practice, reducing the supply of effective enablers. This was notable in, for example, areas such as alumni management, evidence-building, and the ability to facilitate international connections.

**Several enablers undertake multiple roles, providing further evidence that enablers are scarce.** Several organizations reported operating multiple enabler types (for example, operating simultaneously as a pre-accelerator, incubator, and angel network). This is not uncommon in young ecosystems, where there is an absence of other, more specialized organizations. However, doing so pulls them in different directions and makes it more difficult for them to develop deep expertise as any one enabler type.

**Most enablers focus on early-stage startups, with little support for late-stage firms.** Most enablers focus on startups in the idea/concept, seed, or early stages, as shown in [Figure 6](#). The few that address the later stages are typically younger and, hence, may have moved into that space for competitive differentiation. The relative lack of support for later-stage startups contrasts with the UK, where around 60 percent of accelerators and incubators serve the growth stage (Haley et al. 2022), compared with only 30 percent of Romanian intermediaries. However, the focus of existing Romanian enablers on the earlier stages does not imply that the support for early-stage startups is excessive or even adequate. In our view, it is a natural consequence of the stage of ecosystem development in Romania. Given the low dealflow in Romania, there is a particular need for support at the earliest stages to help stimulate the rate of entrepreneurship. That said, Romania should address the later-stage gaps as the ecosystem matures. If they are not addressed, startups may struggle to scale effectively. Moreover, they may move outside of Romania, meaning the local ecosystem would not benefit from their experience and economic impact.

**Figure 6 Distribution of Enablers by Startup Stages Served (Number of Enablers)**



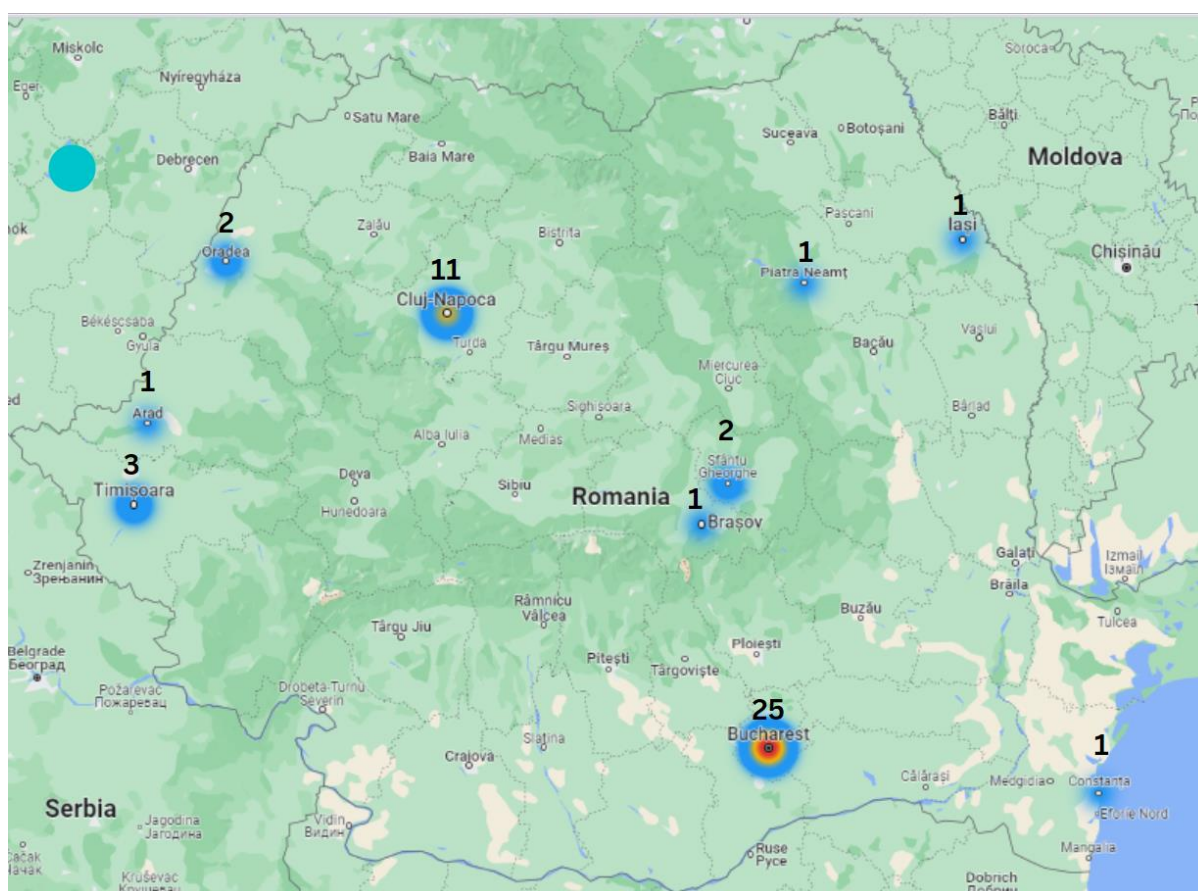
Source: World Bank.

Note: N=48. Respondents could serve multiple stages.

## The geographical distribution of enablers

The distribution of enablers centers on Bucharest, likely due to market forces and agglomeration effects. Just over half of the survey respondents (25 of 48) were in the Bucharest region, with Cluj-Napoca being the second densest region (11 of 48) (Figure 7). It is unsurprising that the majority of support is found in the capital, but the Bucharest metropolitan area contains around 12% of Romania's population, and Cluj-Napoca around 2%.<sup>15</sup> The GDP of the Bucharest-Ilfov region was around EUR 27,000 per capita in 2023, while the rest of Romania had a much lower average, with GDP per capita figures generally ranging from EUR 10,000 to 14,000 in other regions.<sup>16</sup> Thus, the distribution of support does not simply reflect population but is likely influenced by other factors, including the market's response to agglomeration effects<sup>17</sup> and the concentration of deal flow.

Figure 7 Distribution of Survey Respondents



Source: World Bank

**In other ecosystems, startup support tends to be relatively localized, especially at earlier stages.** Research shows that there are geographical localization effects<sup>18</sup> for much startup support, which tend to be more pronounced for startups in earlier stages. These include both supply-side and demand-side effects: for example, angel investors and other

<sup>15</sup> Source: Eurostat

<sup>16</sup> Source: Romanian National Statistics Institute <https://insse.ro/cms/ro>

<sup>17</sup> Agglomeration effects are the general economic benefits that result from firms and individuals being near each other, leading to shared resources, lower transportation costs, more innovation, a skilled labor pool, and increased productivity through a network of suppliers, customers, and partners.

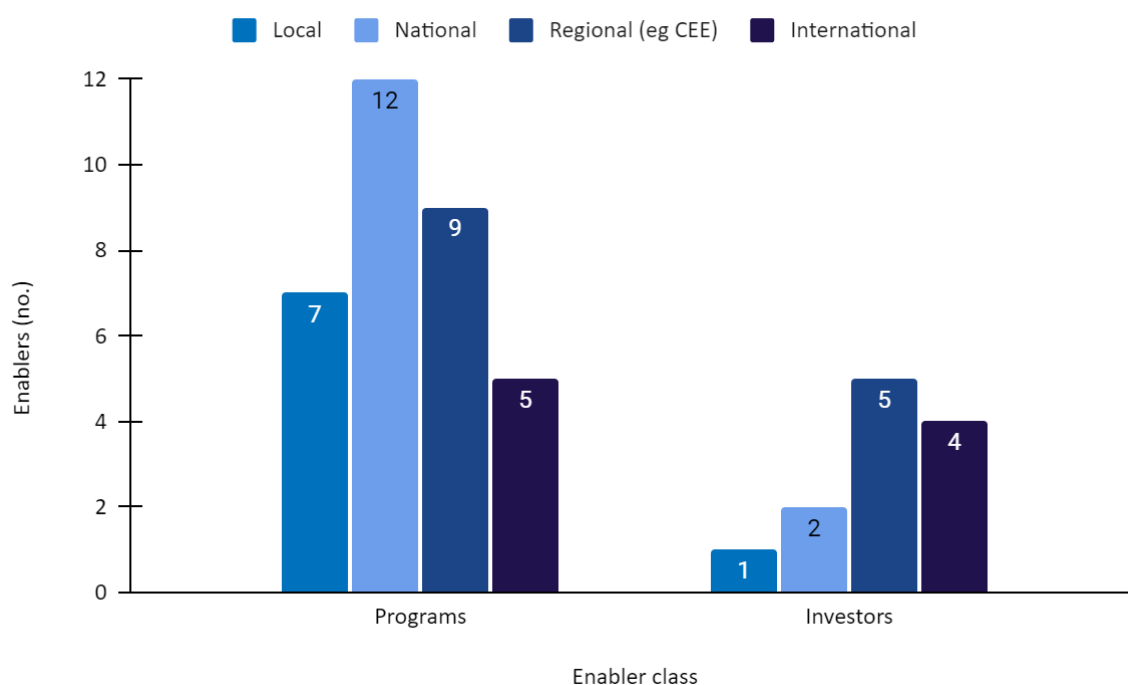
<sup>18</sup> Localization effects are the advantages that firms in the same industry gain by being near each other. These advantages can include access to a specialized labor market, a concentrated knowledge base, and shared supply chains, which can foster higher efficiency, innovation, and productivity within that industry.

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venture capitalists are known to prefer investing closer to home (Berchicci, Block, and Sandner 2011; Cowling, Brown, and Lee 2021; Achleitner et al. 2010) while data from the UK suggests that earlier-stage entrepreneurs will typically seek enablers in their immediate vicinity. By contrast, later-stage entrepreneurs are more prepared to travel to other regions, or even other countries, to take advantage of more specialist enablers (Haley et al. 2022).

**However, the lack of deal flow forces most Romanian enablers to scout for startups in a wider area, including abroad.** As a result of the low deal flow available locally, many enablers reported scouting abroad for startups. Around 47% of Romanian accelerators and 57% of Romanian incubators reported actively scouting for startups outside the country, compared with 38% and 24% respectively in the UK. **Figure 8** illustrates the ‘catchment area’ for Romanian enablers—that is, the maximum area across which they advertised or were willing to scout for startups. This shows, for example, that 4 of the coworking spaces targeted only local startups, while one advertised or looked for tenants nationally, and 4 even sought tenants from outside Romania.

**Figure 8 Enablers by Class and Catchment Area**



Source: World Bank.

Note: The survey question was: “What is the coverage area of your startup support services?” with answer options being local, national, regional (e.g., Central and Eastern Europe (CEE)), and international. In retrospect, the question was slightly ambiguous because a few respondents interpreted this to mean the typical area over which they scouted rather than the maximum limits. Thus, the figure might underemphasize international scouting. Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

**This arrangement likely leaves much of Romania without support.** Many enablers—23 out of 45 survey respondents—reported that they scouted nationally (if not internationally). However, given the experience of other ecosystems, we consider it unlikely that this provides sufficient national coverage for early-stage startups in Romania. It is also unlikely that the enablers can address specific local needs. Especially given the relatively weak transport links between cities (Tuszyńska 2016), we do not consider it feasible that entrepreneurs in more remote regions will have access to these enablers, even if they are ‘national’ in principle.

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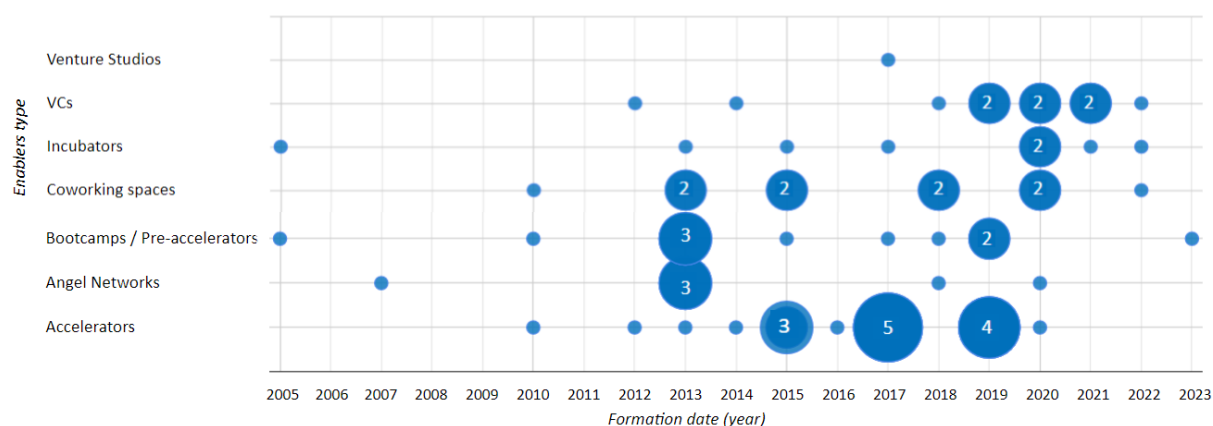
**The absence of support for early-stage entrepreneurs in many regions is likely a missed opportunity.** Many of those regions are precisely those that risk being ‘left behind’ and would benefit from additional employment and economic growth. This likely disproportionately impacts already disadvantaged groups (e.g., entrepreneurs from low-income backgrounds and female entrepreneurs). Unfortunately, these more remote regions appear to be less attractive to private-sector enablers (due to the low concentration of startups and lack of agglomeration effects mentioned above). Moreover, because enablers are privately run, there is no coherent national view of gaps.

**Hence, we again suggest that public funding and new models may be needed to encourage the expansion of enablers into more regions.** Involvement of the RDAs would also help tailor support to local needs, and regional universities could be used much more effectively to support the earliest-stage entrepreneurs. There may also be value in trialing ‘hub and spoke’ models, whereby a central hub connects with multiple secondary establishments in more remote regions and manages many of the core functions for these smaller establishments. Moreover, the ecosystem could benefit from greater use of virtual or hybrid models in which some or all services are delivered online. However, it remains unclear whether the full benefits of peer interaction can be adequately realized without personal contact and how this would be affected by the lower levels of digital skills in some regions.

### Enablers’ age and size

**Most enablers are effectively startups themselves.** The survey showed that most enablers are themselves effectively startups: they were typically small (5.2 full-time equivalents (FTEs) on average), young (7 years old on average, with fewer than 10% being older than a decade), and in search of a sustainable business model. This is, again, a function of a relatively nascent ecosystem, and not unexpected. [Figure 9](#) depicts the age of formation of the enablers that responded to the survey, with bubble size indicating the number of entities of a type that were formed in one year. Although numbers are low, the chart appears to show an acceleration of support from around 2013, with substantially more enablers being created in the years after this than in the years before. It also illustrates that angel networks were somewhat older on average, while VCs were typically younger. It also shows, interestingly, that most of the accelerators preceded the bulk of the VC firms (rather than being created to help stimulate deal flow for VCs, as is sometimes the case).

**Figure 9 Formation Date of Enablers by Type (Number of Enablers)**



Source: World Bank.

Note: Bubble sizes represent the number of enablers. Where enablers were of multiple types, they are reported under the multiple categories; VC = venture capital.

**There may be benefits to helping these relatively young organizations survive longer.** Academic research suggests that learning effects exist among accelerators, with older

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accelerators being more impactful than younger ones (Cánovas-Saiz, March-Chordà, and Yagüe-Perales 2020; Cánovas-Saiz, March-Chordà, and Yagüe-Perales 2021). Hence, all else being equal, there may be benefits in building the capabilities and ensuring the survival of existing enablers.

### Financial resources

**The existing enablers are under-resourced, which constrains their offer to startups and likely their own growth.** Financial constraints were one of the most reported concerns, in all three phases of the research. Organizational budgets in Romania were typically around one third the size of equivalent organizations in the UK, and while many costs (e.g., rent and staffing) are clearly lower in Romania, the relatively lower state of development of the ecosystem means that enablers must take on a larger role. As a result, many enablers reported being stretched very thin, and unable to offer services that they thought would benefit entrepreneurs. In addition, a lack of financial resources typically meant that founders were unable to recruit the staff necessary to free their own time for more strategic planning.

**Most enablers are privately run and make little use of public funds.** Echoing the findings of the previous World Bank (2022b) study, this report found that the vast majority of survey respondents and interviewees remained private organizations. The funding mix of Romanian enablers has relatively little public funding (20% for Romanian programs); this appears to be due both to a lack of instruments targeting enablers (as detailed in World Bank 2022a), and a lack of demand from enablers themselves. The private-sector nature of enablers is important to the sector's long-term sustainability. However, it is interesting to note the contrast with the UK and much of the rest of Europe, where universities or subsidized by public bodies run a substantial proportion of incubators (and, to a lesser extent, accelerators). Combined with universities' low levels of enterprise education observed previously (World Bank 2022a), and the low levels of university commercialization (Bole et al 2024), the lack of university involvement likely has particular impact on the early-stages of formation.

**The private-sector nature of most enablers makes the shortage of quality deal flow more pressing and creates a 'chicken and egg' problem.** Privately funded enablers want more startups (and better-quality ones) for their commercial models to be viable. However, generating greater numbers of better-quality startups requires stronger enablers. We suggest that one way to break this 'chicken and egg' problem is through public funding, especially funding targeted at early-stage entrepreneurs and aiming to increase total rates of entrepreneurship.

### Types of services provided by the enablers

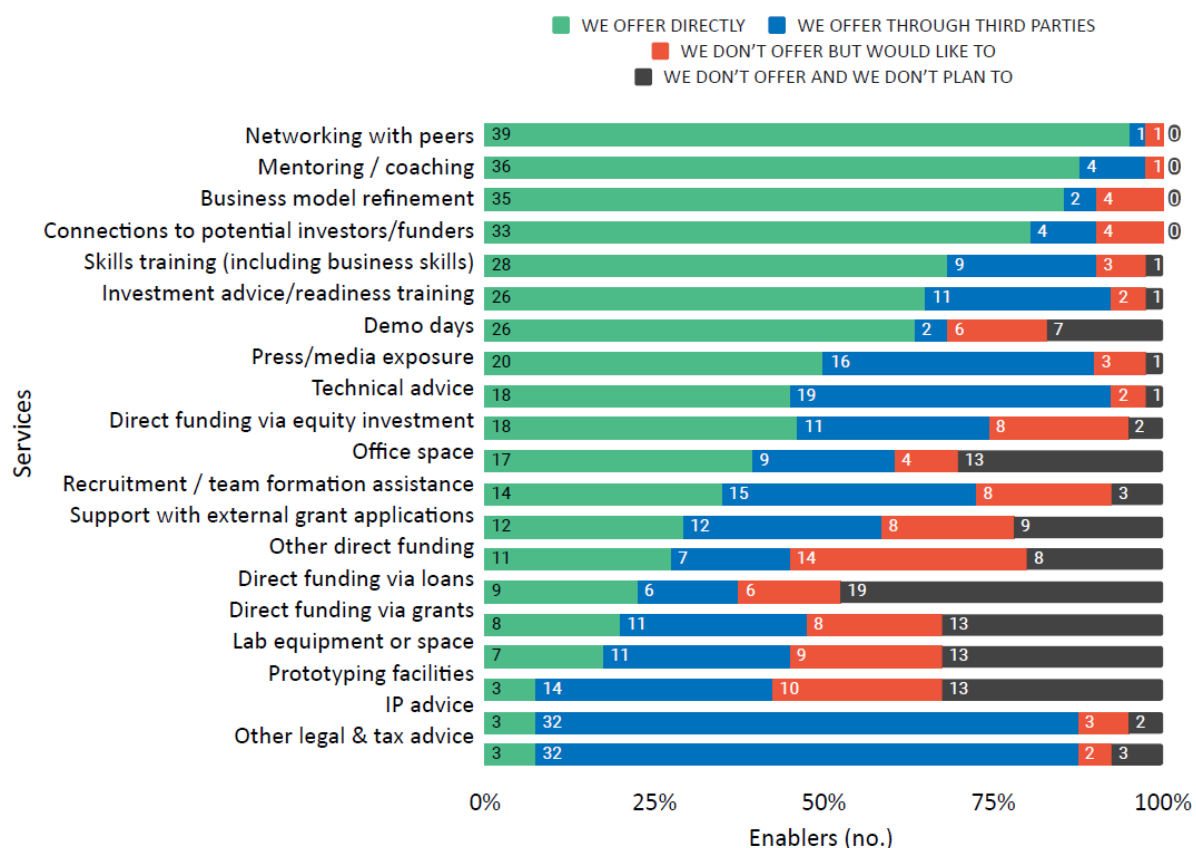
Enablers focus on network building, mentoring, and access to finance. These activities align with international comparators – as well as the enablers' expressed desire for a more connected, capable, and well-funded ecosystem. Nevertheless, there was substantial room to improve in every theme probed by the Startup Enabler Capability Assessment, especially impact measurement and alumni community building. Enablers typically blamed their limited resources for the fact that they have not been able to develop these capabilities, yet most enablers reported wanting to expand the number of startups that they served, an ambition that will require both a significant increase in financial (and probably human) resources and further efforts by the enablers to improve ecosystem connections.

**Enablers focus on network building, mentoring, and access to finance.** This report probed these services in depth, asking enablers to report in the survey what services they provided to startups and whether they provided them directly or outsourced to a third party.

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The results are shown in [Figure 10](#), which for a given service illustrates whether it was offered directly, outsourced to a third party, not yet offered (but with the aim of doing so in the future), or not offered at all. Common services such as ‘networking with peers’ (#1 most common service) and ‘connections to potential investors/funders’ (#4) speak to network building. ‘Mentoring/coaching’ (#2) and ‘investment advice/readiness training’ (#6) are related directly to mentoring. Finally, ‘connections to potential investors/funders’ and ‘investment advice/readiness training’ are also related to access to finance, along with some less common services, including ‘direct funding via equity investment’ (#10), ‘other direct funding’ (#14), ‘direct funding via loans’ (#15) and ‘direct funding via grants’ (#16).

**Figure 10 Main Activities and Services Reported by Enablers**



Source: World Bank analysis of survey data. Not all survey respondents answered every question.

Note: IP = intellectual property.

**Enablers’ existing activities align broadly with earlier work and international comparators.** Enablers’ current activities align with the previous World Bank (2022a) study, which found that the primary services provided by enablers were strengthening and building collaboration networks, management and business training, and access to finance. These activities also align with results from the UK (Haley et al 2022) and the authors’ experience of other international enablers. One exception is that there is less activity in intellectual property (IP) advice, which just 7% of Romanian enablers directly provide, compared to 35% of UK incubators & accelerators. This may be a result of the relative complexity of Romanian IP law, and relatively low levels of IP competence, as found in other studies (e.g. Bole et al 2024).

**Bundling diverse types of enablers together obscures differences in their activities but can give a sense of the support available in the ecosystem overall.** Accelerators, for instance, typically place a much greater emphasis on mentoring than incubators and VCs, whereas incubators usually have the provision of office space and lab space at their core. Nevertheless, [Figure 10](#) above helps indicate the type of support services available. The top priorities are also consistent with the desires expressed in the roundtables of having a more connected, capable, and well-funded ecosystem.

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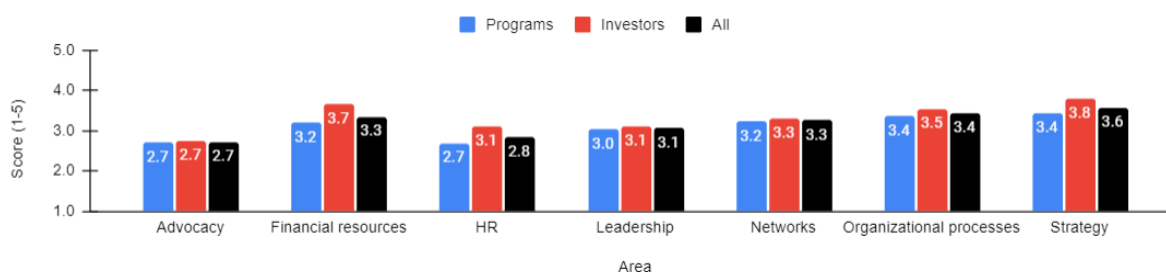
**Enablers have ambitions to serve more startups and offer more services, both of which will entail expanding their own resources.** Most enablers reported wanting to expand the number of startups they serve: in aggregate, respondents anticipated a three-fold increase in the number of startups they would serve in the year ahead, compared with their historical average. This shows highly notable ambition across the ecosystem of enablers. However, it makes it even more pressing to ask what competencies enablers need to support this increase in scale and how they can develop them. Given that enablers reported that their limited resources had prevented further capability development, we suggest that a significant increase in financial (and probably human) resources will be necessary if the enablers are to realize their ambitions.

**Additionally, expanding services will also mean improving connections with others.** Enablers reported that they would like to expand their services in several ways, such as supporting startups via funding and offering technical facilities such as prototyping. (See bars shown in orange in Figure 10 above.) These ambitions likely reflect enablers' perceptions of startups' needs and how well the existing ecosystem is meeting these needs. However, in our opinion, it is not clear whether these additional services are best delivered by developing the competencies of the existing enablers or whether they might alternatively be addressed through improved network building and signposting (for example, by building stronger links with VCs in order to improve funding or creating collaborative partnerships with universities in order to allow startups access to facilities there). Enablers can still make significant gains by improving ecosystem connections.

## Opportunities for capability development

**In every capability, there was an opportunity to improve relative to international best practices.** The Startup Enabler Capability Assessment analyzed seven capabilities—from advocacy and political capital to strategy (Figure 11). Of the seven capabilities that we examined, advocacy and political capital scored lowest, followed by human resources. Lower scores stand for greater distance between enablers' capabilities and international good practice.<sup>19</sup> However, we emphasize not only that these scores could not be rigorously calibrated but also that the scores relate only to internal capabilities—not external constraints, nor the seriousness of these constraints upon enablers. For example, although the average score for financial resources was slightly higher than the average score for leadership, we believe that the former is a more significant limiting factor for enablers and that (as discussed below) improving financial resources is likely to unlock other capabilities.

**Figure 11 Average Score per Capability (by Enabler Class)**



Source: World Bank.

Note: N=30. Appendix 3 provides a key to the labels. Scores ranged from 1 to 5. HR = human resources. Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

<sup>19</sup> A full description of how good practice was defined for each characteristic is provided in the separate methodology report: *Startup Enabler Capability Assessment (SECA)*:

*A Toolkit for Understanding Startup Ecosystems through the Capabilities of Intermediaries (World Bank, forthcoming-b)*

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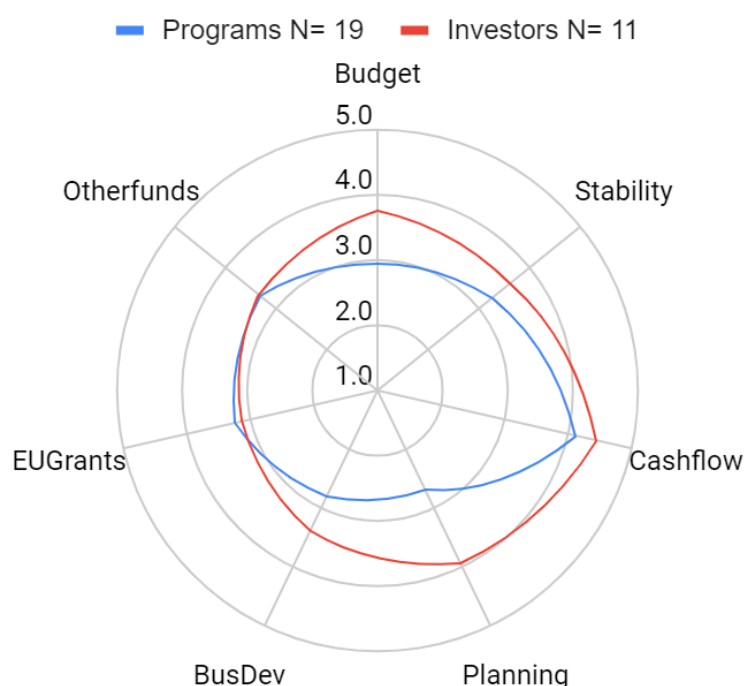
**Enablers were aware of some of their missing competencies and often attributed these gaps to their limited resources.** The survey specifically asked enablers about low or missing competencies. Low competencies included impact measurement (in which 32% of respondents reported ‘no expertise’ or ‘very little expertise’), alumni community building (27% reporting little or no expertise), developing a sustainable program portfolio (24%), and university collaboration (22%). The results of the Startup Enabler Capability Assessment confirmed that impact measurement and alumni community-building were indeed two of the least developed competencies of Romanian enablers. In the authors’ view, there are potentially significant benefits to be gained from improving these competencies. Enablers typically blamed their limited resources for their inability to develop these competencies.

### Financial resources

Financial resources are a commonly reported constraint among Romanian enablers—most are just breaking even, and many have pressing demands they cannot meet. Besides helping to meet these urgent needs, increasing financial resources could unlock other capabilities. Romanian enablers currently receive little public funding. However, it is likely necessary to subsidize the earliest-stage enablers, which struggle to develop sustainable business models, and enablers in less developed regions.

**The financial resources capability comprises seven competencies related to enablers’ ability to fund their activities sustainably.** (See [Figure 12](#).) Using the Startup Enabler Capability Assessment (SECA), we analyzed the financial resources capability across seven competencies: the adequacy of financial resources for the current offer (*budget*); the stability of these resources (*stability*), budgeting and cashflow management (*cashflow*); internal business planning (*planning*); internal business development, marketing, and partnership skills (*business development*, abbreviated *BusDev* in figures); familiarity with European Union grant funding process (*European Union grants*, abbreviated *EUGrants* in figures); and familiarity with different funding sources (such as philanthropic foundations) and how to interact with them (*other funds*, abbreviated *Otherfunds* in figures). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. [Figure 12](#) shows the performance of programs and investors on the seven competencies that make up the financial resources capability.

Figure 12 Financial Resources Competencies



Source: World Bank.

Note: BusDev = business development; EUGrants = European Union Grants; Otherfunds = other funds. Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

## Budget

**Romanian enablers require more budget to be effective and expand coverage.** The *budget* competency captures the adequacy of current resources for the current offering of the enabler. Interviewed enablers scored on average 3.3, which means that budget is a limiting factor in performance. (For example, an enabler cannot perform all its stated functions). The investors scored significantly higher than the programs. Most enablers reported wanting to undertake more activities but being unable to do so for financial reasons. Moreover, as discussed above, most are concentrated in regions of greater dealflow, and would likely need to be subsidized to expand into lower-concentration regions. Although several enablers offered some services online, most still had to pay rent for physical accommodation and staff costs. Hosting events and traveling to national and international events were important activities for many and helped build ecosystem connections, but they also carried a high cost.

**Among programs (non-investor organizations) in Romania, financial resources were the most reported constraints, and finances are low by international comparison.** The diagnostic interviews found that many programs operated on budgets that comparable institutions globally would consider extremely tight (and, in some cases, deeply inadequate). Programs reported a mean annual budget of €580k, although several received substantially less than this. For comparison, UK accelerators and incubators reported a mean annual budget of €1,500k (and this is likely a significant underestimate of true costs because many university accelerators and incubators reported that they did not have to pay rent to their parent institutions).<sup>20</sup>

<sup>20</sup> Source: unpublished data from UK Centre for Entrepreneurs, Incubation Nation study, 2022.

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**Business angels and venture capitalists also mentioned financial constraints.** Investors were typically less concerned with their operating budget than were programs, but several reported that they considered their fund sizes too small. Roundtable participants agreed there was a need for more venture capital and a stronger domestic VC sector, ideally from sustainable private sector sources. We also note that Recommendation 5 from the previous World Bank (2022a) study was to *Create a startup fund*. Venture capital is clearly a significant enabler of startups, and many ecosystems have successfully used public funds to help establish their local VC industry and ‘crowd in’ more private capital. However, this study did not explore this topic in depth, so we suggest that further, dedicated work is required on this issue.

**Most Romanian enablers reported just breaking even, often only because they had volunteer labor or refrained from spending on pressing demands.** Some programs reported being profitable, although these profits were typically reported as being slim and, in some cases, were made possible only by unpaid volunteers. (That is, the organization would not have been profitable if it paid all staff.) Investors did not judge profitability the same way and could not estimate this, as many had yet to achieve any exits. Several enablers operated as non-governmental organizations (NGOs) that were technically prohibited from making a profit. Where this was not the case, any profit was typically reinvested into the organization anyway. A number were loss-making, with some reporting that losses were exacerbated by the COVID-19 pandemic (which reduced income from rental and events, for example). That said, it is notable that most enablers pragmatically ‘cut their coat to suit their cloth.’ That is, they tailored their offerings to the sizes of their budgets or took salary cuts rather than operating at a deficit. However, when testing what enablers would do if presented with a small increase, it was clear that many had pressing demands that could not be afforded at present, for example, customer relationship management (CRM) systems or adequate salaries for staff. Financial viability is particularly difficult for early-stage programs (Box 4).

### Box 4 The Challenge of Financing Early-Stage Programs

**Data from other ecosystems suggests that it is difficult to make early-stage programs commercially viable.** Profitability is particularly difficult at the early stages when entrepreneurs are relatively unwilling—or unable—to pay. Hard data is scarce, although previous UK evidence suggested only around 8% of UK accelerators—and no pre-accelerators—were profitable.<sup>21</sup> A more recent study found that, overall, no more than 17.5% of the total funding mix for UK accelerators was from equity and private sources (Haley et al. 2022). Although equity-based models for accelerators exist inside Romania and elsewhere, they face stiff and increasing competition from international programs such as YCombinator—which is considered by many (for example, Miller and Bound 2011) to be the origin of the accelerator model, and which remains one of the most competitive programs globally, typically accepting 1.5–2 percent of applicants.<sup>22</sup> Competition is especially intense for the top-quality startups (which, as with VC portfolios, are precisely those most likely to generate the outsize returns that help subsidize the remainder of the portfolio). In the UK, equity-based models have now been almost wholly supplanted by corporate sponsorship and public funding (Haley et al. 2022). As a result, early-stage programs (such as boot camps, pre-accelerators, and many accelerators) are likely to have to resort to alternative funding, most likely corporate/industry sponsorship or public grants. Stronger business development skills and impact measurement would likely improve success in this business model, as discussed below under the heading “Advocacy and collaboration.”

<sup>21</sup> Source: Nesta data, unpublished.

<sup>22</sup> See <https://www.ycombinator.com/investors>

### ***Stability and predictability of funding***

**Funding in Romania is often opportunistic.** The *stability* competency captures how stable and predictable the funding is. On average, the enablers scored 3.4, meaning they have moderate confidence in the stability and predictability of funding. Because of the relative lack of funding and its unpredictability, many programs appeared to seize funding when opportunities arose. This occasionally decreased the coherence of programs when the funders' aims did not fully align with the programs' own strategies or each other. For example, one program manager reported being "pulled in different directions" by different funders; another reported working with overseas clients purely for the income stream, even though they felt that this sometimes distracted them from domestic activities.

**Predictability explains why investors scored higher than programs in most competencies relating to financial resources.** This is largely because investors were typically funded via management fees, usually calculated as a proportion of the funds under management, and hence fairly predictable.

### ***Budgeting and cash flow management***

**Enablers have good competencies in budgeting and cash flow management.** The *cashflow* competency refers to how frequently enablers create, review, and update a detailed budget and cash flow for their organization, involving key team members for insights. The enablers scored on average 4.2, indicating that the budget and the cash flow are reviewed at least every 6 months, with clear responsibilities.

### ***Internal business planning***

**Investors have a better ability to plan than programs.** The *planning* competency encompasses producing detailed business plans and financial projections for 1-3 years. Investors have a better ability to plan than programs, and their average is 1.2 points higher. As may be expected, financial planning for investors was a significant emphasis.

### ***Business development***

**Enablers' internal competency for fundraising was typically low.** The *business development* competency captures enablers' business development, sales, and partnership abilities. All enablers lack an experienced business development team that is successful at spotting opportunities and securing deals, with their average score being 3. Interviews suggested that the internal competency for fundraising by programs from corporations or industry was typically quite limited and heavily dependent upon the personal connections of the founder(s). It was also likely hindered because many programs struggled to articulate their unique selling proposition and differentiating features.

### ***EU grants and other public funding***

**Enablers are somewhat familiar with European Union grants but unsuccessful in obtaining them.** The *European Union grants* competency captures familiarity with European Union grant funding processes. Romanian enablers are moderately familiar with European Union grants (the average score on this competency is 3.2) but have not been successful at obtaining them. In part, this may be due to not applying for them.

**Spillovers justify the judicious use of public funding.** Research shows that there are substantial spillovers<sup>23</sup> from accelerators, at least—such as an approximate doubling of the

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<sup>23</sup> In this context, spillovers are benefits due to enablers' actions received by third parties other than the startups receiving enabling services. They are also known as positive externalities. For example, Bone et al. (2019) found that the launch of an accelerator

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number of distinct investors and the number of deals and roughly a tripling of the amount invested for nearby non-accelerated startups (Fehder and Hochberg 2014; Hochberg 2016; Bone et al. 2019; Cohen et al. 2019). These positive externalities provide a classic argument for public funding. However, it is important for funding schemes to be appropriately designed and for policy makers to be conscious of the potentially distortive effect of public funding—which could include damaging private programs, if public programs compete against private programmes for quality dealflow.

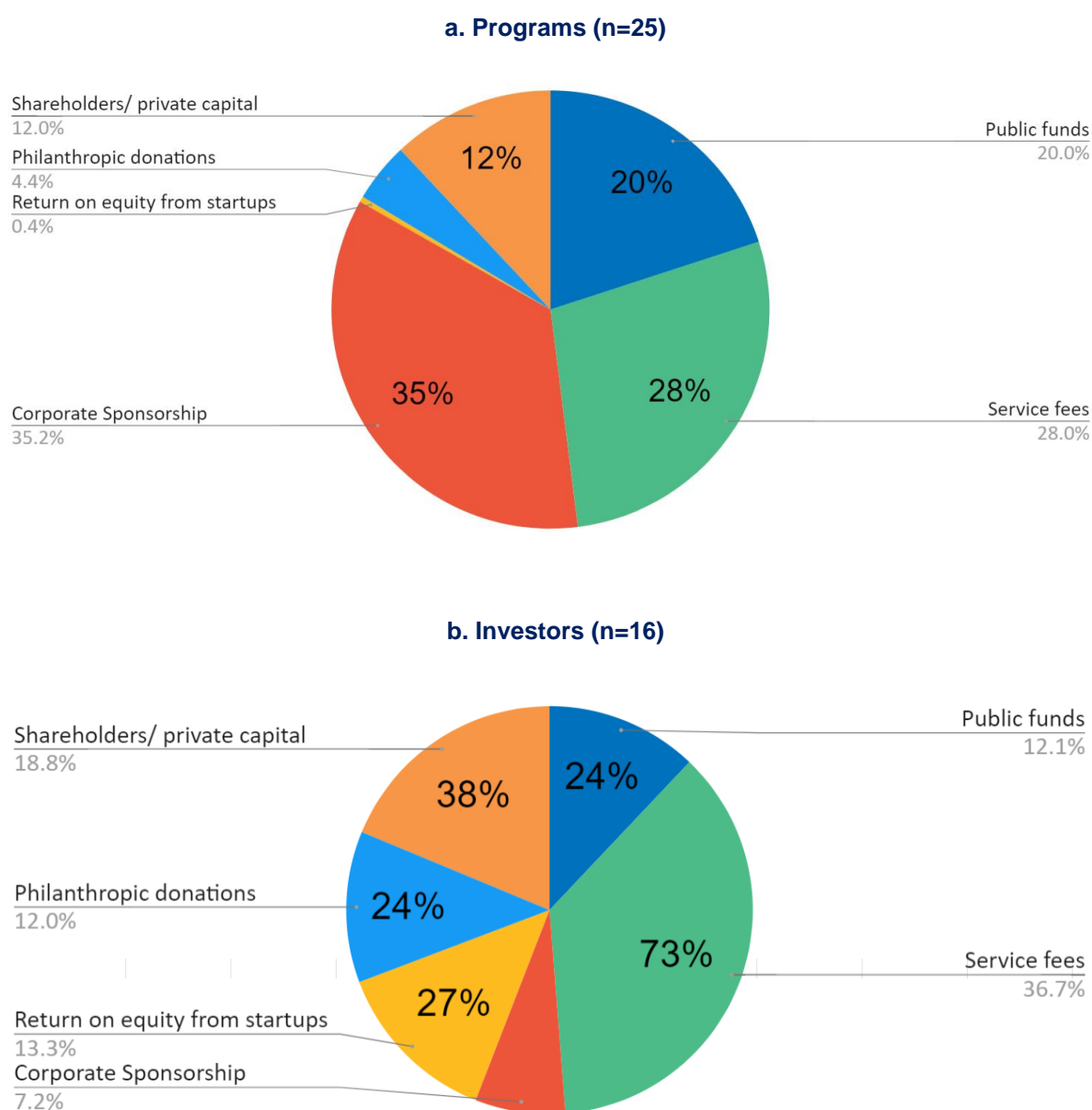
**Yet, it is striking that Romanian enablers make little use of public funds and are primarily privately funded.** Enablers were asked to estimate their current funding mix—for example, the proportion of their funding obtained from public grants, versus fees from startups, corporate sponsorship, or other sources (Figure 13). As expected, there was a significant difference between programs and investors. However, compared to the UK, public funding was notably less. Specifically, public funding from Romanian and European Union (EU) sources comprised around 20% of the typical funding mix for Romanian programs, whereas it comprises around 33% of the mix for UK accelerators and 51% for UK incubators (Haley et al. 2022). (Public funding in the UK context includes funds from the European Regional Development Fund (ERDF), national government, local government, and public universities.) This finding is notable. Financial sustainability for accelerators and incubators can be difficult, even in well-developed ecosystems that produce many startups and scaleups. In less-developed ecosystems, one might expect financial sustainability to be even more difficult, and hence for programs to require even greater support from public funding—but this is not what is seen in Romania.

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in the UK is associated with a significant increase in the number and value of investments made by VCs into non-accelerated firms. Such spillovers suggest that a certain amount of public funding for enablers may be justified because the enablers benefit startups that do not directly engage in or pay for the enabling activity.

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**Figure 13 Average Funding Mix of Enablers**



Source: World Bank.

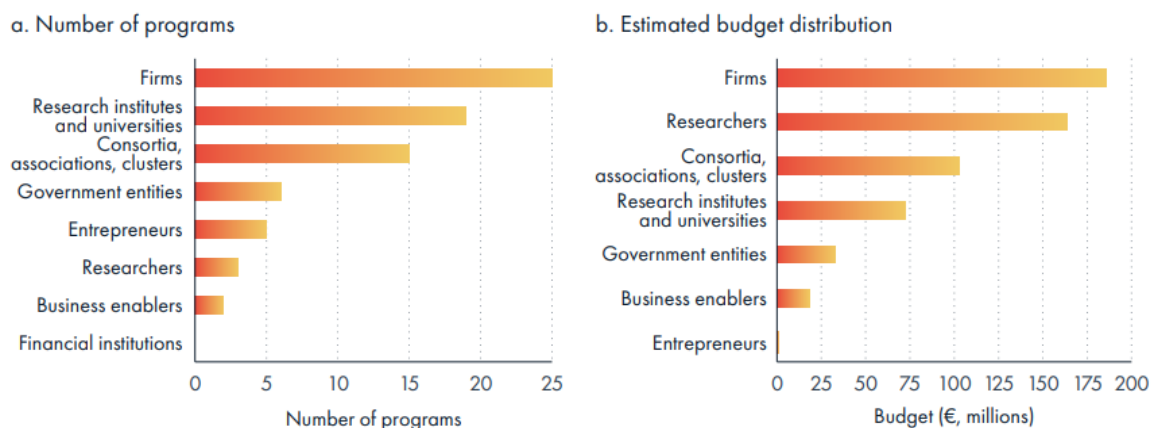
Note: The charts illustrate the mix of funding reported by respondents, who were each asked to report the approximate percentages of funding from different sources. They are not weighted by size of program (i.e., all programs are treated equally, regardless of their turnover).

**The low use of public funding among Romanian enablers is partly due to a limited supply.** The prior World Bank (2022a) study found that European and Romanian policy makers direct little public funding toward enablers. Specifically, we found that, compared with most other beneficiaries, such as government entities, research institutes and businesses, enablers were typically eligible for a much lower number of instruments—only two—and that the overall budget directed to them was also much smaller, around €20M (Figure 14) (World Bank 2022s, p. 83). (Note that these sums do not represent actual support received by startup enablers, but rather the total value of all instruments for which enablers could potentially apply.) The planned support to intermediaries has increased in the new programming period (2021-2027), with the Regional Operational Programs being the primary source of allocated funding to incubators, accelerators, and other early-stage business intermediary

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organizations; yet, the details of the programs are yet to be determined and coordination of support to intermediaries remains a challenge (World Bank 2023). The ROStartup Ecosystem Hub will have a key-role in coordinating support, aligning strategies and creating synergies among the ecosystem's organizations.

**Figure 14 STI Programs and Estimated Budget by Type of Beneficiary**



Source: World Bank 2022a.

**The low uptake of public funding among Romanian enablers is also partly due to mistrust.** Roundtable participants expressed a desire to fund programs from sustainable private sector sources rather than government grants. Interviews revealed a strong cultural reluctance to seek or accept grants from Romanian or European public funds, seemingly stemming from a deep mistrust of the public sector. (Some indicators suggested that they trusted regional public sources and European programs more than Romanian national ones.)

**However, several enablers indicated they would value support in identifying appropriate European programs, brokering consortia, and drafting proposals.** EU funding was widely seen as overly bureaucratic and constraining, with grants often requiring a rigid adherence to the initial project plan that may be difficult to deliver in the fast-moving startup sector. However, at the same time, there was an admitted lack of familiarity with EU grants. Many (but not all) reported wanting to know more about EU funding, including potential grants and further details about how to apply.

### **Other funding sources**

**Enablers also have a basic understanding of other funding sources but cannot identify concrete opportunities.** The *other funding* competency corresponds to enablers' familiarity with different funding sources (such as philanthropic foundations) and how to interact with them. Many are aware of philanthropic foundations, corporate grants, and competitions but have not fully explored these options.

**Industry sponsorship is one such potential funding source.** Corporate/industry sponsorship is, for programs in many other ecosystems, an alternative to public funding or self-sustaining commercial models. Over the past two decades, many large firms have turned to open innovation mechanisms (Box 5) as a means of supplementing—if not wholly replacing—their in-house research and development activities (see, for example, Chesbrough 2003). In other ecosystems, these open innovation mechanisms often include accelerators, which may either be wholly run and operated by the large firm, or else operated by another organization and sponsored by the larger firm. In Romania, one example of the former is Orange Fab. Several enablers reported seeking, and securing, corporate funding.

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### Box 5 Open Innovation

**Open innovation by large firms can help startups.** Open innovation refers to organizations sourcing ideas and solutions from external sources or passing their own ideas to other organizations (Chesbrough 2003). It contrasts with 'closed' models of innovation, in which organizations rely solely on their internal ideas and resources.

**In many other ecosystems, corporate- or industry-run open innovation programs can be a substantial benefit to startups.** Many large firms now engage with startups as an alternative to in-house R&D, including by running or sponsoring corporate accelerators. Indeed, most new accelerator programs in the UK have some form of corporate involvement (Haley et al. 2022).

**The motivations for large firms engaging with startups may vary.** They can include public relations (PR) and marketing to internal cultural change, to solving specific technical challenges, accessing talent and expanding their product offerings (Mocker, Bielli, and Haley 2015). In the authors' view, programs funded by corporate public relations, Marketing or corporate social responsibility (CSR) budgets are usually less impactful for startups than programs funded by corporate Innovation or R&D budgets.

**Unfortunately, industry open innovation is hindered in Romania by the low innovation activity and business expenditure on R&D.** Romanian firms only invest 0.28 percent of the gross domestic product (GDP) in R&D, one-fifth of the EU-27 average of 1.43 percent (OECD 2022).<sup>43</sup> Detailed discussion of this is outside the scope of this report. However, industry sponsorship of startup programs would help broader innovation and tech transfer across Romania and could potentially be encouraged through initiatives that promote greater corporate open innovation and startup-corporate collaboration, such as Innoteque, the London & Partners Open Innovation Fellowships,<sup>24</sup> or the Startup Europe Partnership.<sup>25</sup>

## Strategy

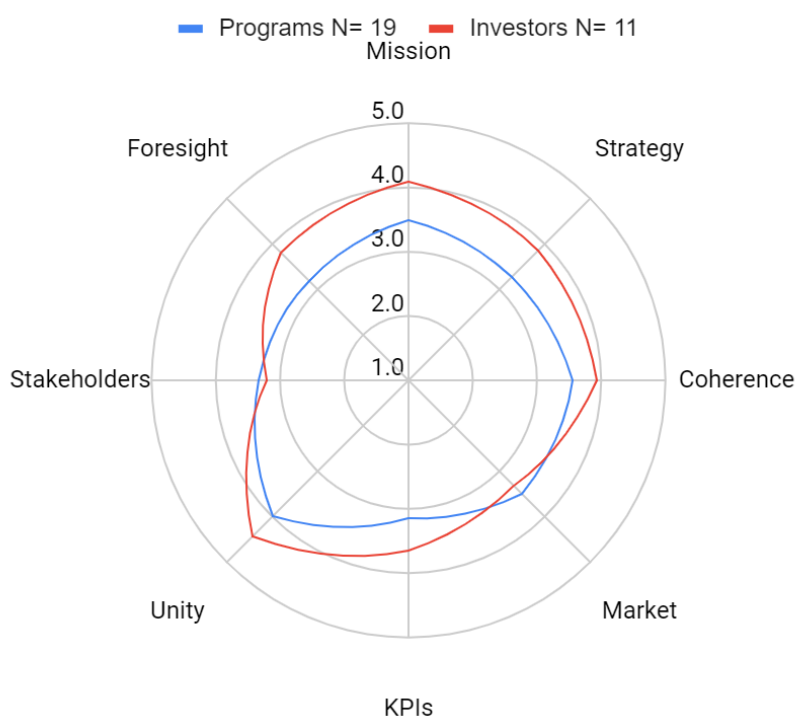
More funding will not solve all the issues with Romanian enablers. Programs in Romania often focused on the immediate future to the exclusion of longer-term strategy and planning, whereas investors had greater competence in strategy and long-term planning. This focus on the 'urgent now' among programs may affect their longer-term growth, although enablers have an opportunity to help themselves by taking advantage of their own expertise and services to develop better long-term thinking. Enablers were generally clear about their missions but unable to articulate their core competencies and competitive advantages clearly. Programs had a marginal advantage over investors in two key competencies: stakeholder management and market awareness.

**The strategy capability comprises eight competencies related to enablers' plans to achieve long-term goals and objectives.** The competencies are clarity of mission (*mission*), translating mission into strategic goals (*strategy*), strategic coherence of activities (*coherence*), alignment of activities with market needs (*market*), use of KPIs to track progress towards goals (*KPIs*), unity of vision amongst staff (*unity*), involvement of stakeholders (*stakeholders*), and awareness of technology trends (*foresight*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. Figure 15 shows the performance of programs and investors on the eight competencies that make up the strategy capability.

<sup>24</sup> <https://www.grow.london/innovation-fellowship>

<sup>25</sup> <https://startupeuropepartnership.eu/>

Figure 15 Strategy Competencies



Source: World Bank analysis.

Note: KPIs = key performance indicators. Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

### ***Mission, strategy, and coherence***

**Enablers are reasonably clear about their ultimate missions, but there is room to improve how this is translated into strategic goals.** The *mission, strategy, and coherence* competencies capture the degree to which enablers have a clear mission and vision; the degree to which they can translate this vision into specific strategic goals; and the strategic coherence of the actual activities they undertake. The enablers scored, on average, 3.7 for mission, 3.7 for coherence, and 3.5 for strategy, indicating some distance to global best practice.

**Loss-making enablers need strategic support in addition to funding, although some are more aware of it than others.** Some interviewees emphasized the need for greater strategic focus. However, others reported that, despite currently unsustainable business models, they would use increased funding to ‘do more of the same’ rather than invest in business development, marketing, or strategy. This suggests that other support (for example, in strategy and planning) should accompany funding to maximize long-term growth. Enablers may also need to invest first in internal capabilities before expanding their scope of services.

**Strategy is important in guiding enablers’ allocation of scarce resources and in planning for their long-term goals.** This is especially the case when operating under conditions of risk and uncertainty, as is prevalent whenever working with startups. Moreover, because almost all are significantly resource-constrained, deciding what *not* to do is also of great consequence (Porter 1996).

**However, many programs focus on their immediate future and short-term survival.** One consequence of the lack of resources (especially among programs) is that enablers often focus on the ‘urgent now’—that is, survival over the next few months. Many also reported that they were still finding their way in terms of their business model and activities. This was less

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the case for investors, who typically fared better than programs in competencies related to strategy and long-term planning, likely because investors had to take a multi-year view of fundraising and investment.

**As a result, there was a lack of focus on long-term strategy amongst Romanian programs.** This lack of strategy, though understandable, showed itself in multiple ways, including portfolios of activities that were not always fully coherent, ill-defined unique selling propositions (USPs), a disconnect between key performance indicators (KPIs) and strategy, changes in objectives and key results (OKRs) that did not necessarily reflect changes in strategy (thus potentially leading to a poor understanding of organizational impact), and a lack of attention to forward-looking managerial issues (including staff training, succession-planning, and middle-management development). This likely creates risks for the programs and may inhibit their growth.

**Roundtable participants agreed that it was desirable for the ecosystem as a whole to develop more long-term thinking.** Given that many of the enablers are in the business of encouraging other startups to focus on their long-term development, it is important for them to do the same. Enablers can help themselves develop better long-term thinking through communities of practice and collective workshops. Additionally, there are likely opportunities to improve long-term thinking through international visits to high-performing programs and external training.

**Additionally, organizations often could not articulate their core competencies and competitive advantages clearly.** In our opinion, this was likely because interviewees often had a limited and—given the speed of change of the ecosystem—outdated understanding of competitors' activities. However, the inability to clearly articulate one's competitive advantages likely negatively affects organizational strategies and the ability to partner with other organizations.

### ***Stakeholder management and market awareness***

**Enablers engage with stakeholders sporadically and use limited mechanisms to check their offers align with market needs.** The *stakeholders* competency captures how well enablers manage and engage with their key stakeholders. An average of 3.3 shows sporadic engagement with stakeholders and limited use of their input in adapting or directing strategy. The *market* competency indicates how enablers check whether their capabilities and services align with market needs. The average score is 3.4, showing that enablers do formal research or have feedback mechanisms to check their services against what startups want. However, these mechanisms are limited in scope or frequency and not standardized.

**Programs slightly outperformed investors in stakeholder management and market awareness.** Programs were typically a bit more aware of a range of stakeholders and had developed better strategies for engagement (although there was still scope for improvement, potentially via workshops that discuss case studies, peer sharing, and mapping exercises). Programs also had slightly better awareness than investors of entrepreneurs' needs and mechanisms to adjust their offers to these needs; this is a competency in which investors might benefit from more dialogue with accelerators and related programs.

### ***Key performance indicators***

**KPIs are not well aligned with critical activities and are of limited use in tracking progress or not well-used in adjusting strategy or making course corrections.** The *KPIs* competency measures whether organizations use key performance indicators (KPIs) or objectives and key results (OKRs) in determining their organization's progress toward its goals. An average score of 3.3 means that some indicators are usually tracked but not useful in systematically adjusting course to meet strategic goals.

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### *Unity*

**Teams within enablers generally understand and support their organizations' missions.**

The unity competency captures the extent to which the whole organization shares a common vision, mission, and sense of direction. The average score of 4.1 indicates that this is mostly true in Romania.

### *Foresight*

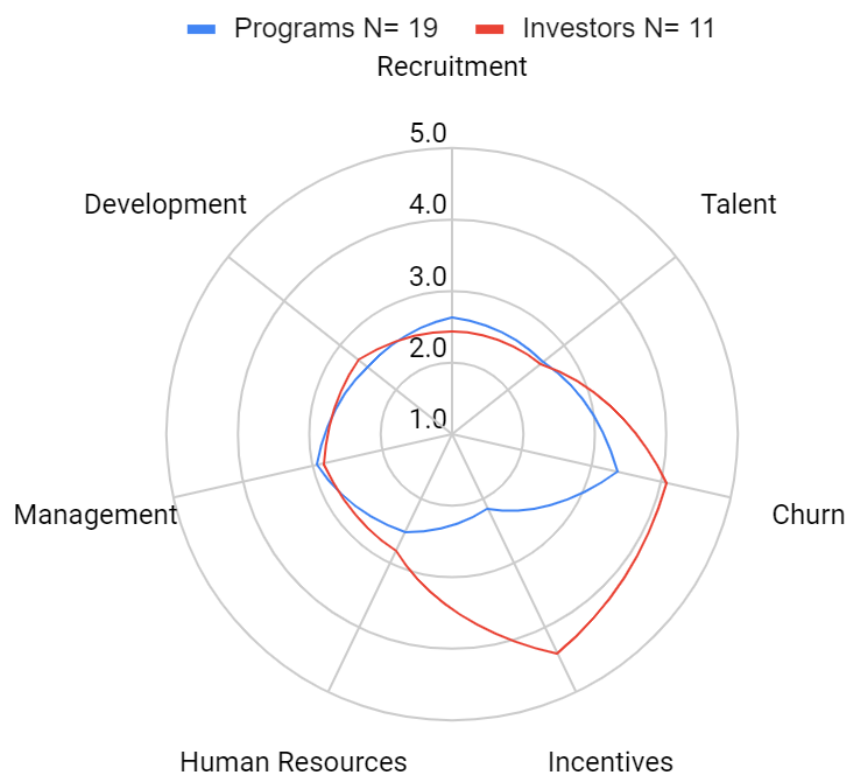
**Enablers in Romania make modest attempts to follow trends via media and events but exhibit little thought leadership.** The foresight competency looks at how enablers ensure their organization stays up to date about emerging technology sectors and potentially disruptive innovations. On average, the score was 3.4.

## Human resources

There is a widespread talent shortage across the Romanian startup ecosystem that is exacerbated by a lack of financial resources (leaving enablers unable to pay competitive salaries), a shortage of qualified individuals in the job market (particularly candidates with startup expertise, investment experience, and sales and marketing skills), and the 'brain drain' of young talent out of Romania. Other factors include the fact that almost all organizations limit their searches primarily to their own networks, the fact that middle management and HR are absent from most organizations and thus unable to coordinate hiring processes, and (among programs) the fact that most organizations cannot offer equity or other long-term incentives to staff. Sharing recruitment notices more widely and improving staff training and development would help, as would allowing startup enablers to co-sponsor Visa applications to attract international talent.

**The human resources capability consists of competencies related to the enablers' ability to manage and develop their workforces effectively.** The competencies that make up the human resources capability are overall ease of recruitment (*recruitment*), talent attraction strategies (*talent*), *churn*, *incentives*, HR processes (*HR*), effective management (*management*), and staff development (*development*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. [Figure 16](#) shows the performance of programs and investors on the seven competencies that constitute the human resources capability.

Figure 16 Human Resources Competencies



Source: World Bank analysis.

Note: Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

### Overall ease of recruitment

**Talent is a key ingredient for any organization, including enablers, but Romania's 'brain drain' and lack of startup experience make attracting and retaining talent more difficult.** Skilled and capable staff are crucial for any organization's overall performance. Thus, attracting, training, and retaining staff are vital. However, finding talent in Romania is difficult due to the substantial 'brain drain' that has occurred in recent decades (OECD 2019) and the fact that relatively few individuals have first-hand experience with startups. The *recruitment* score captures how difficult it is to recruit appropriate talent. Enablers scored on average 2.6, indicating that talent is challenging to find.

**Lack of adequate talent is a common inhibitor in Romania.** Roundtable participants agreed that there was a need for the ecosystem to become 'more talented & professionalized'—that is, to develop ample talent, both technical and entrepreneurial, such that people are experienced, knowledgeable, and well-informed about global best practices. The diagnostic interviews reflected this desire—interviewees, especially investors, reported recruitment as very difficult. This was partially due to some enablers being unable to pay competitive salaries but partially also due to a shortage of qualified individuals in the job market. Several enablers reported posts going unfilled for 6 months or more. Interviewees reported shortages as particularly acute for program managers who understand startups, people with investment experience, and individuals with sales and marketing expertise. (Some investors also reported a desire to deepen their own knowledge of sound investment practices and corporate VC.)

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**Romania should both build greater sector-wide talent internally and import it.** The fact that almost all organizations struggle to find talent shows that this is a sector-wide issue. Romania could address it through a sectoral talent development and training strategy coordinated by the ROStartup Ecosystem Hub and ROPEA. For example, a learning academy could offer courses, especially to junior staff and volunteers within enablers, in subjects such as project management, program management, tech transfer, and 'moving from M&A to VC.' Additionally, the previous World Bank (2022b) study suggested that it would be helpful to develop a Startup Visa scheme and to allow startup enablers to co-sponsor applications to attract international talent; this scheme could potentially be open not only to entrepreneurs themselves but a wider range of ecosystem-building talent.

### *Talent attraction strategies*

**Almost all organizations recruited primarily via their own networks, suggesting opportunities to deepen the pools from which they draw.** When asked about how they identify and attract top talent to join their organization (*talent*), enablers scored on average 2.6, indicating that they use basic to moderately advanced talent identification approaches, relying on their networks. Enablers did not trust third-party recruitment firms to have the necessary startup experience. There would seem to be opportunities to use the ROStartup Ecosystem Hub and diaspora networks to share and advertise vacancies.

### *Incentives*

**Programs struggle to identify long-term incentives for staff.** Across all competencies examined by the Startup Enabler Capability Assessment, the greatest difference between investors and programs was in the use of incentives for staff retention. The *incentives* competency captures whether enablers have a long-term incentivization plan (such as stock options or carried interest) to reward and retain key employees. Although investors scored an average of 4.4 because they offer long-term incentives, programs scored an average of 2.1 because they offer some bonuses or performance-related pay but lack long-term incentives. Long-term incentive plans (such as carried interest plans or stock options in the holding company) were almost universal among investors. However, they were very rare in programs. Most programs could not offer equity and relied on the intrinsic motivation of staff. One exception was HowToWeb, which did offer equity in its parent company plus the opportunity to work toward partner status.

### *Churn*

**Churn was a concern for a few organizations.** The *churn* competency captures how difficult it is to retain staff. The enablers scored on average 3.5, indicating that while the turnover rate is a concern and affects their activities to some extent, it is manageable. The primary reason reported for churn was an inability to offer competitive salaries. (Many organizations reported having insufficient funds to pay their teams adequately—or at all—with often considerable reliance upon volunteers to support activities, both in terms of experienced mentors 'giving back' and less experienced individuals 'helping out.')

Some enablers also mentioned a lack of career paths in small organizations and a lack of 'fit' with startup culture. In addition to expanded financial resources, one way to mitigate this might be improved communication between enablers—such that individuals could potentially move more readily to another organization rather than being lost out of the startup ecosystem altogether. Perhaps related to incentives, investors reported staff churn to be a lesser concern.

### *Staff development*

**Staff training and development was typically not formalized or well-embedded in most organizations.** The development competency measures the intensity of staff training and development. The average score was 2.6, indicating that training is typically not budgeted and is delivered on an ad hoc basis rather than being strategically planned. One counterexample

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is Impact Hub, which maps its needs in advance and develops an internal training curriculum for staff. Greater training and development—potentially including overseas visits to well-developed ecosystems—may also reduce churn by incentivizing staff to stay. Although the lack of formalized training is understandable given the age and size of most organizations, enablers may need to address it as they scale.

### ***Middle management and formalized HR processes***

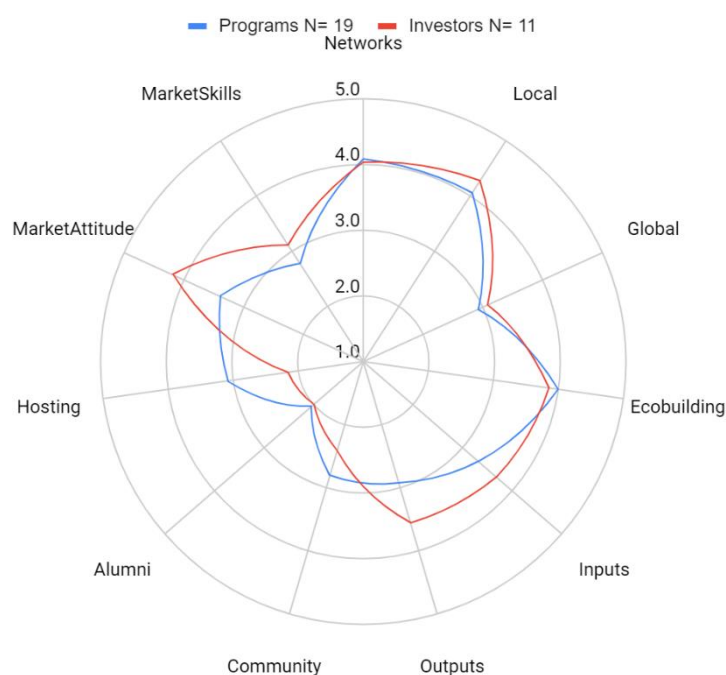
**Middle management and formalized HR are mostly absent.** The average enabler of staff in an enabler is still very small, with just over 5 full-time-equivalent roles. Consequently, enablers usually do not have middle management or formalized human resources (HR) processes. The *management* competency captures the extent to which managers can motivate staff and get the best from team members. The average of 2.9 indicates that managers—where present—are still developing their proficiency. Playing this role also affects leaders' ability to devote time to strategy, as discussed above. When asked if they have a human resources plan or a formalized HR process that specifies roles, responsibilities, remuneration structures, performance appraisals & and feedback, onboarding processes, team building, conflict resolution, and so on (the *HR* competency), the enablers scored on average 2.6 indicating they have a basic HR plan, but it lacks important elements. Although this may be appropriate for their current size, it will likely need to be addressed as organizations grow and mature.

## Networks

Networks are core to a startup ecosystem, but the quality of enablers' networks in Romania is questionable, and Romanian enablers are missing opportunities to build networks—such as with alumni and research institutions. Local networks in Romania are generally well-connected, but enablers in these networks are insufficiently aware of the capabilities of other organizations. International networks and diaspora contacts are also underutilized. Romania could strengthen them by subsidizing enabler-led study missions from Romania to key markets and identifying returning diaspora researchers with commercialization or industry experience and connecting them with startup enablers. Strengthening networks would expose Romanian enablers to more international good practices and provide paths to scale for their startups.

**Networks are vital to entrepreneurship and to enablers.** In the ecosystem view of entrepreneurship, startup success is largely dependent upon the ability of firms (and enablers) to pull together different external resources. Consequently, networks are essential. For this reason, this capability comprises 11 competencies related to enablers' advisory networks and their capabilities. The competencies are the overall extent of advisory networks (*networks*), local network density (*local*), global network density (*global*), time spent on ecosystem building (*ecobuilding*), the extent to which enablers had well-developed networks specifically for sourcing dealflow (*inputs*), whether they passed-on leaving startups to other support (*outputs*), community management (*community*), alumni management (*alumni*), whether they had hosting & facilitation skills (*hosting*), their approach to encouraging international expansion (*market attitude*), and their ability to support such international expansion (*market skills*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. [Figure 17](#) shows the performance of programs and investors on the 11 competencies that constitute the network capability.

Figure 17 Network Competencies



Source: World Bank analysis.

Note: Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

### Overall extent of advisory networks

**Professional networks in Romania were largely adequate in reach, though their quality was sometimes unclear.** The *networks* competency captures how easily enablers can find external advisors and experts. The average score of 4.1 indicates that finding external advisors and experts is relatively straightforward. All enablers made extensive use of external networks to find external professional advisors (such as mentors, patent attorneys, and accountants), either for themselves or for the startups they supported. Organizations reported that they needed to refresh their pool of advisors from time to time—meaning that they wanted to develop new relationships, bring new thinking, and not exhaust mentors. Most reported that they could find external advisors relatively easily, although there was a heavy reliance upon personal connections and goodwill (for example, mentors volunteering time), and quality was sometimes difficult to determine.

**Romanian enablers are dedicated to contributing to the local ecosystem's growth.** The *ecobuilding* competency captures the proportion of time that enablers devoted to ecosystem building. The average score of 4 indicates that enablers have a philosophy of benefit for the wider ecosystem, which bodes well for future network connectivity.

**Networking pipelines are nascent in Romania.** The *inputs* and *outputs* competencies capture the extent to which enablers see themselves as part of a pipeline, with connections that help secure dealflow at the start, and connect startups with follow-up support after they leave. The average score of 3.4 for inputs and is 3.2 for outputs. These scores indicate that Romanian enablers have a developing strategy for attracting dealflow and regularly introduce startups to follow-on organizations and investors, but these connections are often not customized.

**Romanian enablers had a common desire to strengthen network links with universities.** Several enablers desired better links with universities to gain exposure to talent (including

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possible volunteers and assistants), R&D and startups, and technology trends and expertise. Some were also interested in contributing to the entrepreneurial curriculum. (We also believe that better links between enablers and universities could assist in building better evidence of impact, by, for example, providing datasets to academic researchers for analysis.) Additionally, roundtable participants agreed that they wanted the ecosystem to be more innovative—that is, to have more startups based on deep tech or other innovative ideas, rather than ‘copy-cat’ models or incremental innovations; they agreed that this would likely entail more technology transfer and links with universities or research institutes. As mentioned above, university links may be particularly helpful in boosting the earliest stages of entrepreneurship and increasing the overall level of startups.

### **Local networks**

**Romanian enablers would gain from learning more about each other.** The *local* competency captures how well-known and well-connected enablers are locally. Local scores were relatively high (4), indicating reasonably strong local connections. Most enablers reported being well-known within the ecosystem and having links with many other enablers. Investors were marginally better connected than programs to startups within Romania—presumably because there are fewer investors than programs, and startups are incentivized to contact them. However, enablers underestimated the true capabilities of other stakeholders. As one colleague put it, ‘the ecosystem is not seeing itself.’ This is likely linked to the inability of enablers to articulate their differentiating features, as well as to the rate of change in the ecosystem (which means that many enablers have changed their activities substantially in recent years). There may thus be a role for the ROStartup Ecosystem Hub to help enablers learn more about each other.

### **Global networks**

**Globally connected startups may grow twice as fast, but global networks in Romania are generally weak.** Data from other organizations suggests that, globally, startups whose founders report good connections with leading ecosystems and which have a greater proportion of foreign customers are likely to scale further and faster than other startups. (Startup Genome 2023). Perhaps unsurprisingly, the global connectivity of Romanian enablers was considerably weaker than their local connectivity. The *global* competency captures how well-known and well-connected the enablers are internationally. Enablers have only modest international connections, scoring on average 3. Many enablers had strong networks in the CEE region, but links into globally leading ecosystems were typically weak, which affected the visibility of Romanian startups, the opportunities for startups to scale overseas, and enablers’ awareness of good practice. The roundtable discussions specifically highlighted a desire among participants to be more ‘globally connected,’ that is, to develop an ecosystem that is well-connected both internally and with international markets and leading ecosystems, allowing international recognition of, and investment into, Romanian startups.

**Most enablers encourage global scaling, but their ability to support international startups is limited.** The market attitude and market skills competencies measure enablers’ attitude and ability to support startups in scaling internationally. The average score of 2.9 indicates substantial room for improvement.

**Global connectivity could be boosted by several means, including study missions, dedicated international partnership managers, better gathering and sharing intelligence, and hosting international events in Romania.** We repeat the recommendation in the World Bank (2022b) study that there may be value in subsidizing enabler-led ‘study missions’ from Romania to key markets. Global connectivity could be boosted through exchanges, missions and study visits, dedicated international partnership managers, better gathering and sharing (for example, by the ROStartup Ecosystem Hub) of intelligence concerning opportunities for international collaboration, greater involvement with bilateral Chambers of Commerce, and hosting high-profile international startup events in Romania.

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Improving global connectivity would boost awareness of good practices and provide overseas networks to help Romanian startups scale internationally. Investors typically outperformed programs in their emphasis on the importance of scaling internationally.

**Diaspora networks were also typically underutilized in Romania.** Several interviewees spoke of their intention to use diaspora networks, particularly to gain intelligence on foreign markets and establish connections that could help their startups. However, these attempts were typically in their infancy and not coordinated with each other. A more structured approach to diaspora networks may thus be beneficial. An example could be Romanian embassies and consulates hosting networking receptions for Romanian entrepreneurs in foreign cities, which would also form links back to the Romanian ecosystem.

**Connecting returning diaspora researchers with enablers in Romania could have several benefits.** Investment 8 of the National Resilience & Recovery Plan provides incentives for diaspora researchers to return to Romanian research organizations. There may be value in identifying returning researchers with commercialization or industry experience and connecting them with startup enablers. This would serve three purposes: (i) assisting researchers' re-integration into Romania, (ii) gaining the benefit of their knowledge and connections into other ecosystems, and (iii) establishing connections between enablers and universities.

### *Hosting, alumni, and community management*

**Romanian enablers have unsophisticated skills in hosting events and building community.** The *hosting* competency captures the ability to design and facilitate effective events, conferences and workshops to achieve desired outcomes. The enablers scored on average 2.8, indicating basic, unsophisticated hosting and facilitation know-how, and hence opportunities to increase the value of such events. The *community* competency captures enablers' ability to build and manage community of startups and encourage meaningful interaction between them. The alumni score is similar but relates specifically to past participants. Although the enablers wish to have thriving communities, their average community score is 2.7 (and just 1 for alumni), indicating quite basic community-building skills. Programs were stronger than investors in hosting and facilitating discussions and in managing startup communities. These skills will be important in developing the new Ecosystem Hub and building greater connectivity across the startup ecosystem in general.

**Alumni networks can add significant value but were typically underutilized in Romania.** Enablers commonly cited their lack of capacity as a reason for devoting little time to alumni management. However, it may also have been that certain enablers saw little value in alumni management. Enablers in ecosystems outside Romania, though, often find that alumni networks add considerable value (for example, by alumni providing advice to the next generation of entrepreneurs, as well as to each other). Enablers could more widely use low-cost options such as social media groups. There may also be opportunities for the ROStartup Ecosystem Hub to run classes or peer-sharing groups on community-building.

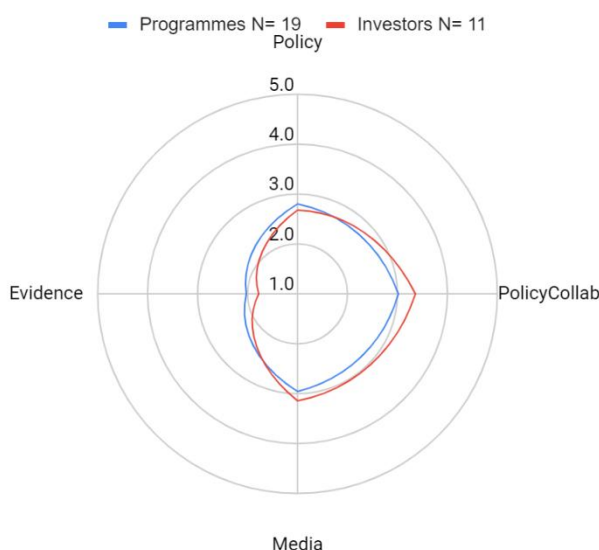
## **Advocacy and collaboration**

Public sector engagement was weak. Engagement was slightly stronger at the regional level, but there remain significant opportunities to improve this, including involving enablers in Smart Specialization strategies. Despite seeing opportunities to improve policy, and being willing to collaborate, non-investor enablers have rarely united to drive change; the ROStartup Ecosystem Hub should change this and act as a coherent voice for sectoral advocacy. Enablers should build better evidence of impact in order to help engagement.

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The advocacy capability comprises four competencies related to enablers' ability to influence public policy and opinion. The competencies that make up the advocacy capability are awareness and engagement with policymakers (*policy*), collaboration with potential competitors for policy change (*policycollab*), public relations and media skills (*media*), and data collection and evidence of impact (*evidence*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. Figure 18 shows the performance of programs and investors on the four competencies that constitute the advocacy capability.

Figure 18 Advocacy Competencies



Source: World Bank analysis.

Note: Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

**Public policy shapes the business environment of every organization, and Romania is especially in need of guidance.** Many aspects of public policy in Romania are suboptimal and may even be harmful to innovation and entrepreneurship. There are many bureaucratic silos and fractured responsibilities within the Romanian government. This makes engagement with policymakers difficult—but especially necessary. Additionally, wherever public funding is (or could be) involved, public funders should be persuaded that the public is obtaining value for money. Unfortunately, all aspects of policy advocacy and collaboration scored quite low for both programs and investors, suggesting that this is a capability in need of significant attention.

### **Engagement with the public sector**

**Enablers, especially investors, widely see the policy environment as unsupportive.** The *policy* competency looks at the overall extent of engagement with the public sector and awareness of how to engage in the policymaking process. The average score is 2.8, indicating that enablers have only occasional interaction with policymakers and a weak understanding of policymaking. This work focused on enablers' internal competencies rather than the external policy environment and thus did not specifically aim to probe policy perceptions. However, it was clear that enablers, especially investors, considered that the policy environment was unsupportive and that policymakers did not understand what enablers did or appreciate the value of the startups themselves. Most investors reported that they headquartered themselves outside Romania because of unsupportive regulation.

**Political instability has contributed to little engagement between enablers and the public sector in Romania.** Despite viewing the policy environment as unsupportive, there were relatively few attempts by enablers to change it. Although enablers typically expressed

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a willingness to collaborate with other enablers in developing a common voice, there was widespread reluctance on the side of enablers to engage with the public sector, with most (though not all) expressing either mistrust of government and/or a sense of pointlessness. National-level churn or rotation of ministers was frequently cited as a disincentive to engage. There was rarely any dedicated resource for advocacy or government relations, and a lack of understanding of the processes of engagement and policymaking. Investors were slightly better than programs in collaborating for policy change, which was typically undertaken by the ROPEA.

**There was slightly more engagement at the regional level than at the national level but little connection with regional Smart Specialization Strategies.** Enablers seem to trust the regional government more than the national government, and some RDAs have taken a clear lead in driving startup initiatives. Nevertheless, there was still a notable lack of understanding of the role of RDAs. There was also no acknowledgment of (or engagement with) regional smart specialization strategies or the potential role of enablers within them.

### *Collaboration on policy making*

**Romanian enablers only occasionally collaborate with each other on policy making.** The *policy collaboration* competency captures the extent to which enablers are willing and able to collaborate with potential competitors for mutually beneficial changes in regulation or market development. The average score of 3.1 indicates occasional collaboration.

### *Media and public relations*

**Enablers typically have a media engagement function, and it is active across a range of media, with some success.** The *media* competency captures enablers' PR/media skills and capabilities—that is, their ability to advertise and communicate what they do. The average score is 3.

### *The role of evidence*

**Evidence of impact can help engage policy makers but is widely lacking.** It seems evident that policy makers would better appreciate the role of enablers (and be inclined to support them with public funding) if there were evidence of their impact and effectiveness. Unfortunately, previous World Bank research found that less than a quarter of enablers undertook any form of impact measurement (World Bank 2022a). The new research probed the *quality* of impact evidence which programs had, and found that there was a widespread lack of robust evidence concerning the impact of organizations (i.e. data to show that an enabler had a positive impact on startups' growth or survival, which in turn created socioeconomic impact such as employment, innovative products and services, or tax revenue). The *evidence* competency captures enablers' ability to measure and robustly demonstrate their activities' impact. With an average score of 2, enablers usually capture some data that shows positive change but cannot prove robustly they caused the desired impact. Very few organizations used any form of control in their impact measurement, and many relied on anecdotal evidence. Programs were very marginally better than investors in tracking evidence for their impact, but this was still very weak.

### *The role of the ROStartup Ecosystem Hub*

**Advocacy and engagement with policymakers should thus be a critical role for the new Ecosystem Hub.** In the authors' opinion, the new Ecosystem Hub can and should play a role analogous to ROPEA for non-investor enablers. Sectoral advocacy should be a primary objective of the new Ecosystem Hub, which should aim to broker conversations at both the national and regional levels (potentially with civil servants so as to avoid the problems with the churn of political appointees). Partnership with Concordia, the Employers Confederation, or other public affairs organizations, may help ensure monitoring of relevant new legislation.

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Boosting the sectoral competency for advocacy would also allow enablers to play a more active role in promoting entrepreneurship to the public and persuading prospective entrepreneurs that this is a worthwhile endeavor.

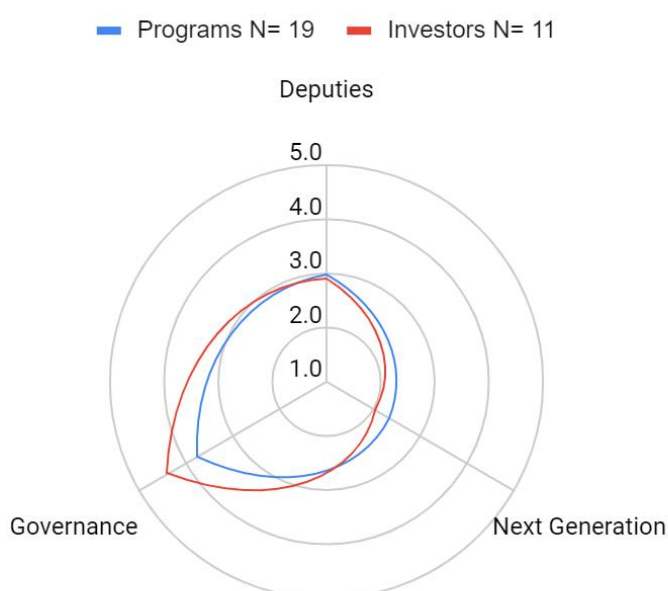
**In the authors' view, the ROStartup Ecosystem Hub should also help enablers build better evidence of their impact.** Activities to do this could range from encouraging collaboration between academics & program managers (so as to bring analytical skills together with those who have the data); sharing toolkits & recommended good practices; standardizing the data-gathering process across organizations; and various 'hacks' to build control groups.

## Leadership

Most organizations are managed by their founders, who typically remain heavily involved in operational issues; freeing time for long-term strategy development may improve growth. Lack of succession planning creates risks for business continuity. Increasing the use of external governance boards may help senior leaders.

**Organizational leadership matters for multiple reasons, including establishing a vision and culture and making effective decisions.** Without effective leadership, organizations may drift, miss opportunities, or fail to make critical decisions necessary for their long-term survival. The leadership capability consists of three competencies: depth of management and the availability of deputies (*deputies*), active development of the next generation of leaders (*next generation*), and formal governance structures (*governance*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. [Figure 19](#) shows the performance of programs and investors on the three competencies that constitute the leadership capability.

**Figure 19 Leadership Competencies**



Source: World Bank analysis.

Note: Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

### ***Depth of management and the availability of deputies***

**Senior leaders remain heavily involved in operations, which may affect growth.** The *deputies* competency captures the adequacy of deputies and succession planning, and hence the degree to which the organization is at risk from the illness or departure of the senior leaders. The average score is 3, indicating that the absence of the CEO would create some significant disruption but likely not cause immediate collapse of the organization. Mirroring what was also found by the World Bank research (World Bank 2022a; World Bank 2022b), this research found that most organizations were still managed by their founders, who were typically highly-motivated, well-educated, charismatic individuals. Such founder/Chief Executive Officers (CEOs) typically remained fairly heavily involved in operational issues. However, due to resource constraints, this usually resulted in their having less time available to focus on strategy and personal growth—and may be another contributing factor to the lack of focus on long-term strategy mentioned in the section above. This is likely a missed opportunity, which may hinder the scaling of some organizations. We suggest that, in order to scale and to ensure the sustainability of organizations, many founder/CEOs will need to make a mental transition, delegating more operational activity and focusing more on organizational strategy.

### ***Active development of the next generation of leaders***

**Lack of succession planning also creates risks for continuity.** Additionally, having founder/CEOs heavily involved in operational issues creates risks for business continuity, especially since very few reported having consciously considered succession planning, and there was typically little or no middle-management. The *nextGen* competency captures how effectively enablers are able to identify and nurture leadership potential within their team and organization. The average score is 2.2 indicating that, in general, enablers have no formal and consistent processes for leadership development. While the common presence of co-founders somewhat mitigated continuity risks,<sup>26</sup> it may hinder some organizations' longevity if there is no plan for founder retirement and/or burnout. Neither programs nor investors had very strong processes for succession planning nor internal training of upcoming leaders, so we suggest that more attention should be paid to developing the 'next generation' of leaders who will succeed the original founders. Short courses in leadership could be beneficial here, as might exchanges/secondments of up-coming staff into leading enablers abroad.

**Greater use of governance boards may help founders in this transition.** The *governance* competency captures the degree to which enablers have a formal governance structure, for example, a board of directors. The average score was 4.4 for investors and 3.7 for non-investors, indicating that enablers are preoccupied with a governance structure, but there is room for learning and improvement. Investors scored relatively highly on governance due to the formal requirements imposed by the financial regulator. Programs scored slightly lower and, while this was not a critically weak competency, there may be an opportunity to support senior leadership through greater use of formal governance boards and advisory boards in order to help organizations scale, assist with partnerships, and reduce succession risks. We therefore recommend that the ROStartup Ecosystem Hub provide advice concerning board structure, size, composition, roles, and so on (possibly in a similar manner to the UK's NCVO). Governance discussions with leading startup enablers outside Romania may also be helpful (notwithstanding some inevitable legal differences in organizational structures).

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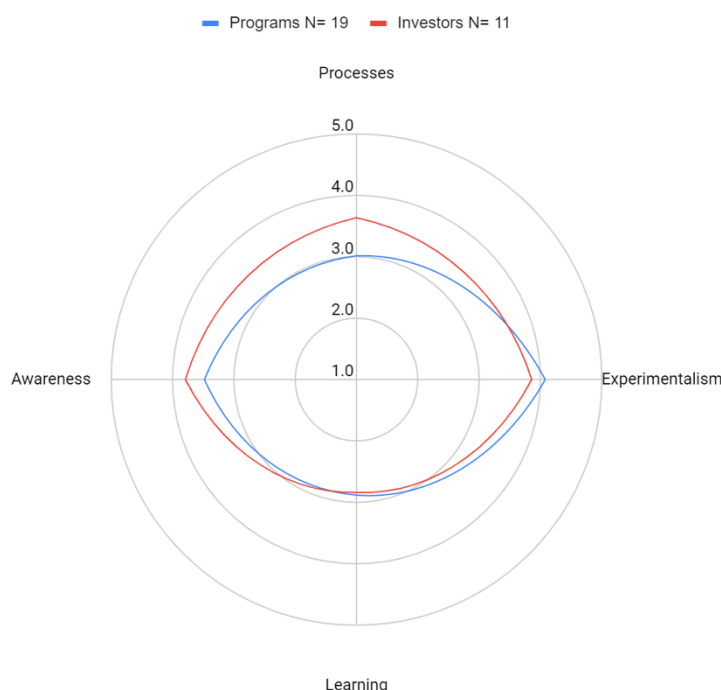
<sup>26</sup> Cofounders also brought other risks, since some founders were unclear what the legal situation would be if/when they decided to step away from their role and co founders remained; this could be addressed by the Ecosystem Hub providing advice on partnership dissolution.

## Organizational processes

Enablers tend towards ‘exploration’ mode rather than ‘exploitation.’ While there are few cultural constraints on exploration or organizational learning, there were very few formalized systems for exploiting the results or capturing the learning. Greater use of knowledge management systems and process formalization may increase their resilience, and also avoid future ‘knowledge bottlenecks’ that inhibit growth. However, excessive formalization also carries risks, especially in fast-moving startup environments.

**The organizational processes capability consists of four competencies related to an enabler’s ability to operate as an ‘ambidextrous organization.’** This is a term in management studies that refers to an organization’s ability to balance the innovative exploration of new ideas and processes with the efficient exploitation of existing opportunities (Duncan 1976; March 1991). In the case of accelerators, for example, it means that programs must be able to deliver content to entrepreneurs efficiently and repeatedly while also being open to changes in material, process, and structure. The four competencies that comprise the organizational processes capability are process formalization (*processes*), the ability to experiment (*experimentalism*), established mechanisms for organizational learning (*learning*), and mechanisms for becoming aware of international best practices in their sector (*awareness*). Appendix 3 provides the full taxonomy of capabilities and competencies used in the Startup Enabler Capability Assessment. [Figure 20](#) shows the performance of programs and investors on the four competencies that constitute the organizational processes capability.

**Figure 20 Organizational Process Competencies**



Source: World Bank.

Note: Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups, whereas programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic and generally do not invest in startups.

### ***Exploration (experimentalism) versus exploitation (formalization) and organizational learning***

**Most enablers reported few constraints on exploration.** The *experimentalism* competence refers to the ability of organizations to try new ways of working. With average scores near 4, most enablers have relatively few constraints on their ability to experiment, although founders and other stakeholders may impose limits on some. Both investors and non-investors reported few constraints on their ability to experiment and try new approaches.

**There were fewer opportunities for exploitation.** The *process formalization* competence refers to the degree to which day-to-day operations are recorded. Scores between 3 and 4 indicate that critical processes are likely to be documented but that there may still be a reliance upon staff memory for other processes or that documentation may not be easy to access. There was only a modest degree of process formalization or recorded processes, and operating procedures were therefore heavily dependent upon staff's memory. The use of formalized processes was slightly higher among investors, as might be expected, given legal requirements.

**Similarly, while there appeared to be few cultural constraints on organizational learning, there were very few formalized systems for capturing this learning.** The *learning* competency refers to the extent to which organizations have systematic mechanisms for capturing and managing knowledge and applying the lessons learned from past events. With average scores just below 3, basic knowledge management systems may exist but there is not a systematic internal learning process. Instead, 'organizational memory' was, in most cases, heavily dependent upon 'founders memories', sometimes supported by basic processes such as minutes of meetings and other shared documents. This creates some risk to organizations, in that they may suffer significant damage from the departure of key staff. Moreover, it creates a potential future bottleneck in firms' scaling.

**Some additional knowledge management and other process formalization may thus be useful.** Given the typical size of most enablers, it is understandable that there has been little attention to knowledge management and process formalization. However, as organizations grow, such formalization is usually necessary to ensure that staff work in the same way and that 'knowledge bottlenecks' can be overcome. Additionally, formalizing and recording processes can help ensure repeatability and provide some resilience in case of staff departures. We also suggest that there may be value in peer-sharing sessions relating to organizational learning and knowledge management systems. This could also include discussions of how to embed a learning culture and how to engage with younger staff who might learn differently. This could be part of a wider management training curriculum that the ROStartup Ecosystem Hub delivers. That said, over-formalization risks constraining an organization's flexibility and dampening its ability to experiment, which are important in innovative, fast-moving domains (as is typically the case when working with startups).

### ***Awareness of good practice***

**Awareness of international good practice was seen, fairly uniformly, as capable of improvement.** The *awareness* competency refers to the extent to which organizations are aware and have mechanisms to remain updated on global best practices relevant to their own activities. Scores between 3 and 4 indicate that there is reasonable awareness of good practices but that there may be limited mechanisms for keeping abreast of changing global developments. We suggest that this can be encouraged through more visits to leading enablers in overseas ecosystems, particularly in leading ecosystems such as Silicon Valley or London, and through greater participation in international events involving similar enablers. (Such visits were undertaken by many enablers, but most reported that a lack of funds prevented them from doing more. Travel grants to part-subsidize travel would seem an appropriate use of public funds.)



SECTION 4

**INTERPRETING THE  
VARIANCE IN  
COMPETENCIES**

## 4. Interpreting the variance in competencies

**Comparing scores for individual competencies suggests priorities for improvement but must be interpreted cautiously.** The lowest-scoring competencies—those where interviews were furthest away from best practice, on average—were alumni management and evidence of impact, followed by (in the case of programs) development of staff incentives. As discussed in section 2, strict calibration of these scores was impossible. However, they are indicative in suggesting priority competencies for development and those where there is a significant difference between programs and investors.

**However, as discussed above, scores relate to competencies, not the importance or severity of constraints.** For example, enablers scored low on their management of alumni networks, a competency in which significant improvements could be made—but the absence of action will not present an existential risk to organizations. Conversely, business development skills are slightly closer to best practice—but an improvement here may have outsized gains for organizations, given the current resource constraints and the fact that more funding may unlock other capabilities.

**Not all gaps in competencies can be addressed the same way.** Some gaps can likely be addressed simply by reminding enablers of the importance of a competency. Other gaps can potentially be addressed by encouraging peer-sharing between enablers. Yet other gaps will likely require external interventions.

**Where pockets of good practice exist, there may be opportunities to share with peers.** One way of identifying such opportunities is to look not only at the average scores on a competency but at the *variance* in scores—that is, the spread of scores between different interviewees. A high variance means that the scores were spread over a wide range of values with enablers with good practices and others far from the best practice; a low variance means that the scores were relatively similar.

**Investors and programs differ in the competencies that they need to develop.** The mean scores and variance for investors and programs are plotted in [Figure 21](#) and [Figure 22](#). [Figure 21](#) shows, for example, that investors had relatively high variability in management and business development competencies, consistently low scores in evidence-gathering, and consistently high scores in governance and staff incentives. In contrast, [Figure 22](#) illustrates that programs had relatively high variability in their approach to foreign markets ('market attitude') and their human resources competencies; consistently strong capabilities in cashflow management (most likely reflecting the unfortunate reality of operating highly financially-constrained organizations), and again, consistently low capabilities in evidence-gathering.

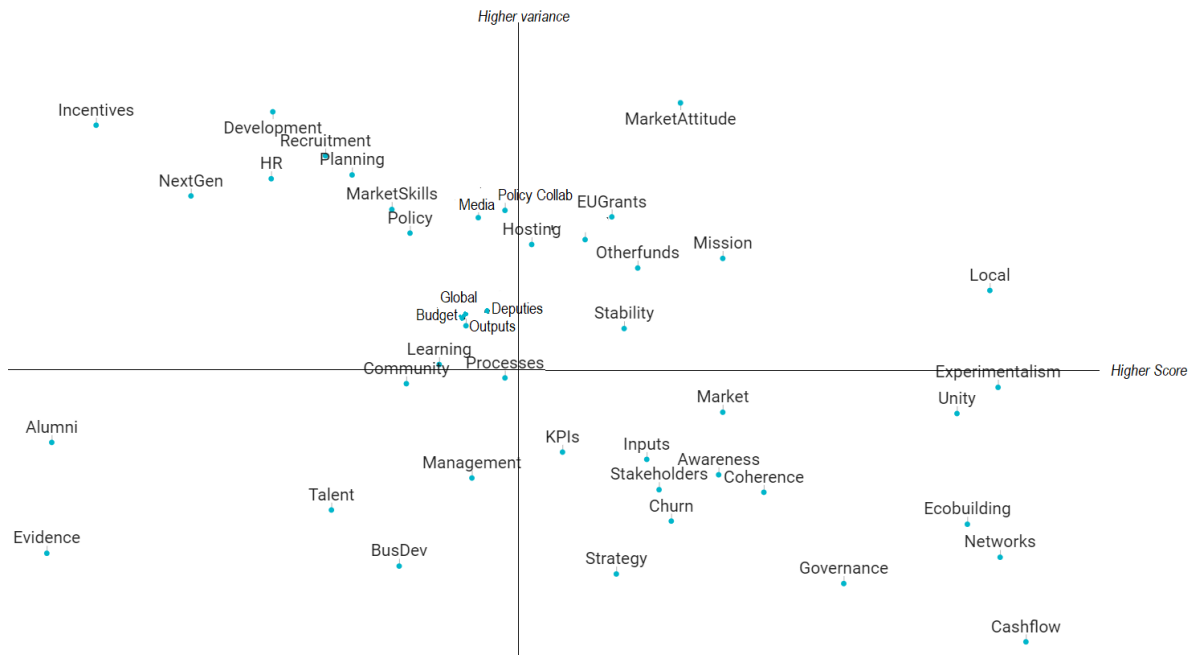
**Figure 21 Investor Competencies by Mean Score and Variance**



Source: World Bank.

Note: N=11. Appendix 3 provides a key to the labels. Investors (such as angel networks, crowdfunding platforms, VC firms, and venture studios) are support organizations based on business models that involve investing in startups. BusDev = business development; KPIs = key performance indicators; PolicyCollab = policy collaboration; HR = human resources.

**Figure 22 Program Competencies by Mean Score and Variance**



Source: World Bank.

Note: n=19. Appendix 3 provides a key to the labels. Programs (such as accelerators, incubators, pre-accelerators, and related organizations) are more programmatic than investors and generally do not invest in startups. BusDev

## INTERPRETING THE VARIANCE IN COMPETENCIES

= business development; KPIs = key performance indicators; PolicyCollab = policy collaboration; HR = human resources

**In these charts, competencies toward the top left, like Staff Development, may lend themselves toward peer sharing via communities of practice or similar mechanisms.** Data toward the top left (lower mean scores but higher variance) mean that the average score for that competence was quite far from good practice but that there were nevertheless some pockets of excellence; such topics may thus lend themselves towards peer-sharing via 'communities of practice' or similar methodologies. These competencies include *NextGen* (internal leadership development) for investors and *incentives* for programs, and *Development* (staff development programmes) for both.

**Where no good practice exists, as for Evidence-Building, external support may be needed.** The lower-left quadrants of [Figure 21](#) and [Figure 22](#) (that is, lower mean scores and lower variance) suggest that these competencies consistently show room for improvement and that this might be best addressed via external support rather than peer-sharing. These competencies include data collection and evidence building related to advocacy (for both investors and programs).

**Competencies with high scores and high variance suggest good practices are being adopted, but that there are still opportunities to spread them further.** These competencies fall in the upper-right quadrants of [Figure 21](#) and [Figure 22](#) and include *local* (for investors) and *cashflow* (for programs).

**Competencies with high scores and low variance are probably not of top concern.** These competencies fall in the bottom-right quadrants of [Figure 21](#) and [Figure 22](#). They include *cashflow* (for investors) and *governance* (for programs). Although they are probably not of top concern, there may still be benefits to organizations and to the ecosystem in improving them.



SECTION 5

**RECOMMENDATIONS**

# 5. Recommendations

## Overview of recommendations

The report recommends five key actions to improve the capabilities of enablers. They are (i) increasing and diversifying funding available to enablers, especially from European sources; (ii) improving the overall talent within the startup ecosystem so that enablers are able to recruit and operate more effectively; (iii) increasing enablers' focus on strategy, positioning & planning, to enable longer-term growth, collaboration and sustainability; (iv) strengthening enablers' networks, especially internationally, in order to benefit them and the startups they serve; and (v) improving public sector engagement and advocacy, including through better evidence-building. These recommendations are mutually reinforcing. However, increasing funding is the most urgent task and should unlock other enabler competencies. The report expands upon these recommendations for various stakeholders, including enablers themselves, the nascent ROStartup Ecosystem Hub, and policymakers at European, national, and regional levels.

**Funding is a key constraint, especially for early-stage programs, which limits their performance, coverage, and growth.** Difficulty in attracting sufficient private funding means enablers cannot fully deliver the services that entrepreneurs need, cannot attract appropriate talent, and are forced to concentrate on the immediate future at the expense of longer-term strategy and planning for growth. It also leads enablers to concentrate on developed areas at the expense of less-developed regions. Addressing this should, therefore, be a top priority.

**Market failures and spillovers justify public funding.** Programs have a commendable desire to develop sustainable, commercial models, which should not be discouraged: the end goal should indeed be to develop an ecosystem which is self-sustaining. However, because of the difficulty in developing sustainable business models for early-stage programs, public funding is needed. This is further justified by the market failures in remote regions, as well as by the existence of positive spillovers — that is, broader ecosystem-level benefits which are not captured by the enablers or by the startups they support.

**Given the relative lack of adoption of EU funding compared with elsewhere and constraints on Romanian public funds, the primary focus should be increasing access to European funding.** The ROStartup Ecosystem Hub and public bodies should assist enablers in accessing EU funds, for example, by identifying and publicizing relevant EU tenders, brokering consortia of enablers, and educating enablers about the application processes. Access to corporate funding and Romanian public funds should also be increased as secondary priorities.

**However, public funders should be conscious not to dampen competition or 'crowd out' private entities.** Public funding should support, rather than displace, private sector organizations: typically, this means offering grants to existing enablers (via a competitive process, if necessary) rather than creating new, publicly operated competitors. This is especially important given that many enablers struggled to find adequate deal-flow. Second, public funding should still try to encourage competition and innovation. The existence of learning effects, mentioned earlier, should not be an excuse to entrench incumbent organizations and provide them with an advantage over emerging enablers. This is especially important in a relatively fast-moving world of startup support, where models of acceleration and incubation continue to evolve. Thus, public funders must undertake a balancing act, recognizing that longer-established programs are likely to have built valuable networks and experience, but that newer programs may develop more efficient models and alternative approaches. For investors, we note that the World Bank has been involved in supporting the Ministry of Innovation and Research with the design of an early-stage Startup Co-investment

## RECOMMENDATIONS

Fund (not operationalized at the moment of writing), and this study reiterates the need for this fund.

Recommendation 1: Romania should increase and diversify the funding available to enablers to enable them to improve their capabilities and serve more entrepreneurs, including those in less-developed regions.

1.1: ROStartup Ecosystem Hub, MIPE, and other relevant public bodies should help enablers identify and access European funding.

1.2: ROStartup Ecosystem Hub and relevant public bodies should help enablers access greater corporate/industry sponsorship.

1.3: MIPE, MCID, MEET and RDAs should increase the Romanian public funding for programmatic enablers (potentially channeled through the ROStartup Ecosystem Hub); for investor-type enablers, these bodies should investigate the adequacy of available funds and progress the proposed early-stage Startup Co-investment Fund.

**Talent is another major constraint, which inhibits enablers' ability to expand and provide top-quality support.** Moreover, a shortage of talented staff within organizations causes founders or CEOs to remain overly focused on near-term operational issues and insufficiently focused on longer-term planning and strategy. This should be tackled by attracting new talent into the sector and making better use of current talent.

**New talent should be cultivated via specific training courses for skills in acute shortage, including program managers, investment managers, and marketing experts.** Such training could be targeted at adjacent 'non-startup' fields (for example, encouraging people currently working in private equity or other financial services to consider roles in venture capital). Additionally, forging stronger links with universities would help raise awareness of startup-related careers among students. The nascent ROStartup Ecosystem Hub would be well-placed to co-ordinate such training and ensure that it develops over time to remain relevant to the needs of enablers.

**Existing talent should be maximized by upskilling staff and retaining them within the ecosystem where possible.** Due to many enablers' size, they offer limited opportunities for promotion. However, sharing vacancies across the ecosystem would help ensure that individuals who wish to progress from their current role would be encouraged to consider roles within other enablers rather than leave the startup ecosystem altogether. In-role training should also be improved to help enablers maximize the value of existing staff. Again, the nascent Ecosystem Hub would be well-placed to lead these activities.

Recommendation 2: Romania should improve the overall talent within the startup ecosystem so that enablers can recruit and operate more effectively.

2.1: The ROStartup Ecosystem Hub should manage and maintain a sectoral talent development & training strategy, including entry pathways for 'non-startup' talent that currently exists outside the ecosystem (for example, in financial services).

2.2: Enablers and the ROStartup Ecosystem Hub should coordinate the advertising of vacancies to retain existing talent within the ecosystem.

2.3: The ROStartup Ecosystem Hub, with support from MCID (and potentially RDAs), should strengthen links between enablers and universities to improve access to young talent, and help increase overall entrepreneurial activity.

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**Enablers should increase their strategic positioning and planning to improve their long-term growth.** The ability of enablers to articulate a clearer unique selling proposition and value proposition will increase their attractiveness to potential collaborators, corporate sponsors, and startups alike. Improved longer-term strategy and planning will also increase enablers' ability to scale and reduce existential risks such as those that may arise from the loss of critical staff. This should be addressed after increasing funding because lack of funding exacerbates enablers' focus in the short-term.

**Some strategic gaps can be addressed by enablers learning from other enablers if this is appropriately structured and catalyzed.** Given that many enablers provide strategic advice to other startups, there may be significant benefit in building 'communities of practice' that help enablers to become more reflexive; such communities may ultimately become self-sustaining but should initially be catalyzed by the ROStartup Ecosystem Hub.

**Other gaps in strategy and planning require external support through international links or third-party consultants.** Some elements of strategy are relatively weak across the whole ecosystem. In such cases, the ecosystem will be less able to help itself, so weaknesses should be addressed by external training, visitors from leading global enablers, or study trips abroad.

Recommendation 3: Enablers should be supported to increase their focus on strategy, positioning, and planning to enable longer-term growth, collaboration, and sustainability.

3.1: The ROStartup Ecosystem Hub should establish communities of practice in which enablers are encouraged to share good practices relating to strategy and planning; enablers should actively participate in these communities.

3.2: With support from MCID, the ROStartup Ecosystem Hub should organize external strategic training for enablers in thematic areas with few pockets of good practice in Romania.

3.3: The ROStartup Ecosystem Hub, with support from MCID, should help enablers increase their exposure to international exemplars through outbound study visits and inbound guest speakers. *[Note that this overlaps with 4.1 below]*

**Networks are critical to the key role that enablers play in helping startups to access resources.** Without strong networks—that is, relatively robust connections with many different people and institutions—enablers cannot support startups effectively. Moreover, in the absence of adequate resources at the Romanian ecosystem level, one solution to ecosystem gaps is to improve the signposting of, and access to, third-party facilities. For example, improving the connections between Romanian startup enablers and Romanian research institutions (including universities) may be beneficial in improving access to prototyping facilities and talent.

**Global connections help enablers remain aware of global best practices and increase their ability to help later-stage startups raise funding or expand abroad.** The frontiers of global best practice are often established in the leading startup ecosystems such as Silicon Valley, New York and London; it is therefore important for enablers to gain exposure to these ecosystems. In addition, later-stage venture capital is relatively international in nature, and so links with international VC firms improves enablers' ability to support later-stage startups. Moreover, strong global networks allow enablers to support startups in scaling internationally, via local insights and expertise.

**Initiatives to leverage the Romanian diaspora could be particularly effective and turn a national weakness into a strength.** The 'brain drain' from Romania often inhibits the country's innovation and entrepreneurship. However, diaspora networks could be a significant

## RECOMMENDATIONS

asset for Romanian enablers and the startups they support if properly activated. For example, willing diaspora may be able to assist Romanian startups with advice, market intelligence, and local contacts to help them scale abroad. To do this, however, there must be an active effort to court and activate diaspora; this could be initiated by Romanian embassies and consulates hosting receptions for local entrepreneurs and ecosystem participants, for example.

Recommendation 4: Romania's enablers should have stronger networks, especially internationally, to benefit themselves and the startups they serve.

4.1: The ROStartup Ecosystem Hub, with support from MCID and the Ministry of Foreign Affairs, should increase enablers' overseas connections and links into key ecosystems (such as London and Silicon Valley). *[Note that this overlaps with 3.3 above]*

4.2: The ROStartup Ecosystem Hub, with support from MCID and the Ministry of Education, should strengthen domestic networks (including with universities) and improve the navigation of these to improve access and awareness of resources

4.3: MCID and the Ministry of Foreign Affairs, with support from The ROStartup Ecosystem Hub, should implement a series of diaspora networking events to build overseas networks that connect with enablers in Romania.

**Increased engagement between enablers and policy makers is needed to ensure that the role of enablers is understood and that interventions are appropriately designed.**

Improving dialogues between enablers and policymakers (at regional as well as national levels) will help policymakers understand the positive socio-economic impact of enablers and the startups they serve, and to design more appropriate interventions to support them. The nascent Ecosystem Hub should play a key role here – but to be effective the Hub must receive ongoing support and engagement from the public sector. ROPEA already represents the interests of investor-type enablers; the dialogue between policymakers and ROPEA should continue.

**Increased evidence of impact will enable more effective advocacy and enhance the value proposition to private-sector collaborators.**

If enablers can demonstrate their value more clearly, this will help both public sector funders and prospective private sector partners to make decisions about committing resources. It is possible for the quality of evidence to be improved through relatively small actions of the part of enablers. However, MCID and the ROStartup Ecosystem Hub can also play important roles in supporting this – for example, through setting standards, collating data and evidence, sponsoring studies, and connecting practitioners with professional researchers.

Recommendation 5: Increase sectoral advocacy and connections between enablers and policy makers, so that public interventions can be designed more effectively.

5.1: The ROStartup Ecosystem Hub, ROPEA, MCID, MIPE, MEET and RDAs should establish deep and regular contact to guide appropriate policy development; ROPEA and The ROStartup Ecosystem Hub should serve as a conduit for dialogue between government and the wider community of enablers.

5.2: The ROStartup Ecosystem Hub, with support from MCID and the new R&I Observatory, should build a better evidence base for the impact of enablers.

**Sequencing of recommendations matters.** As mentioned above, these recommendations are mutually reinforcing—making progress with some will support others. However, increasing

## RECOMMENDATIONS

funding for enablers is the most urgent task because it would permit an increase in resources that should free some time for founders and CEOs to engage in longer-term strategy, planning, and sharing of good practices. Without this, there is a risk that many will remain necessarily focused on the immediate short-term and unable to take advantage of other training, even if it is offered. Encouraging access to existing funds for which enablers may be eligible and widening access to other funds should thus be priorities.

**These recommendations should also be read alongside other World Bank reports.** Many of the other recent and forthcoming recommendations for Romania from the World Bank support the recommendations within this report. For example, recommendations made elsewhere concerning reform of the universities and research institutions, the promotion of stronger industry-research collaboration and the strengthening of the research and innovation ecosystem as a whole, are likely also to have a positive impact on startup formation and growth.

**In the sections below, we expand on these recommendations as they affect different entities.** We also attempt to prioritize them by our estimates of impact (effect on enablers and the startups they support) together with complexity (the likely difficulty of implementation, considering resource requirements and potential interaction with other instruments). Recommendations for National Government

The following are recommended actions:

Recommendation number	Prioritized recommendations for the Ministry of Research, Innovation and Digitalization (MCID), Ministry of the Economy, Entrepreneurship & Tourism (MEET) & the Ministry of European Investments and Projects (MIPE)	Impact	Complexity
1.1	Encourage access to European Union and national funding through advisory services (that better signpost relevant funds, guide applicants & reduce administrative burden), outreach campaigns.	H	L
3.2	Support intermediaries to improve their institutional capabilities related to strategy, sales and marketing, and M&E through grants, advisory services and workshops.	H	L
5.1	Engage with the ROStartup Ecosystem Hub on a regular basis, to understand the needs of enablers and the startups they support, and how policies & programs should be designed & adapted. (Establish a formal mechanism and responsibility)	M	L
4.3	Establish links between enablers & diaspora (e.g. through startup networking events at embassies & consulates), to increase the visibility of the ecosystem abroad, access expertise, increase market access, and facilitate internationalization of startups.	M-H	M-L

## RECOMMENDATIONS

4.3 & 5.2	Encourage collaboration between academics & program managers from intermediaries to support data generation and impact measurement- i.e.: small grants for collaborations which help impact measurement.	M-H	M-L
1.3	Improve access to funding by allocating Romanian public funds to private intermediaries and signposting these (these funds could potentially be passed through the ROStartup Ecosystem Hub)	H	M-H
5.1	Engage with ROPEA & Financial Services Authority to understand how to improve the environment for investors & ensure that funds do not feel the need to leave Romania.	M	M-H
1.3	Investigate the adequacy of funding available to investors, particularly for early stage startups (as recommended in ROStartup 2021). Progress the early-stage Startup Co-investment Fund.	H	H
2.3 & 4.2	Foster collaboration between intermediaries and universities & research institutions (e.g. through grants requiring collaboration, innovation vouchers, etc.), in order to increase access to talent & infrastructure, development of spinoffs, and increase entrepreneurial intent.	M	M
5.1	Facilitate interactions between intermediaries, The ROStartup Ecosystem Hub and the regional and national agencies involved in the Smart Specialization strategies, in order that enablers & regional development agencies (RDAs) have a clear understanding of how startups fit into Smart Specialization strategies (e.g. specialist accelerators, etc.)	M (slow)	M-H

## Recommendations for European Commission

Recommendation number	Prioritized recommendations for the European Commission	Impact	Complexity
1.1	Improve visibility & accessibility of grant schemes to Romanian beneficiaries (e.g. tailored guidelines for Romanian applicants, better National Contact Points).	H	L
1.1 & 5.1	Maintain close alignment, support and advocacy for the Romanian Ecosystem Hub (including funding through operational programmes like the Operational Program Smart Growth, Digitization and Financial Instruments (2021-2027))	H	L-M

## RECOMMENDATIONS

	(POCIDIF), along with long-term advisory support).		
1.1	Maintain focus on support for intermediaries in 'Widening Countries', <sup>27</sup> facilitating and supporting Romanian startup enablers' participation in accessing large projects and forming consortia.	H	M-H

## Recommendations for Regional Development Agencies

Recommendation number	Prioritized recommendations for Regional Development Agencies (RDAs)	Impact	Complexity
3.2	Support intermediaries to improve their institutional capabilities related to strategy, sales and marketing, and M&E, by increasing the range of grants and advisory services.	H	L
5.1	Engage with startup enablers to forge stronger links between startups and regional innovation strategies (The ROStartup Ecosystem Hub may be able to help facilitate these interactions).	H	M-L
5.1	Engage with startup enablers, as well as the ROStartup Ecosystem Hub, in order to receive input from intermediaries in the design of new entrepreneurship-related instruments (policies, grants, etc.).	H	M-L
1.3	Improve outreach to intermediaries in order to signpost regional funds and advisory services.	M	L
5.2	Encourage collaboration between academics & program managers from intermediaries to support data generation and impact measurement – e.g. via small grants.	M-H	M-L
2.3	Foster collaboration between intermediaries and universities & research institutions in order to increase entrepreneurial intent, increase access	M	M

<sup>27</sup> There are currently 15 countries designated as eligible for 'Widening actions': Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia. [https://rea.ec.europa.eu/horizon-europe-widening-who-should-apply\\_en](https://rea.ec.europa.eu/horizon-europe-widening-who-should-apply_en)

## RECOMMENDATIONS

	to talent & infrastructure, as well as access to spinouts – e.g. via grants or innovation vouchers.		
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## Recommendations for Ecosystem Hub

Recommendation number	Prioritized recommendations for Ecosystem Hub	Impact	Complexity
3.1	[Where pockets of good practice exist:] Develop 'communities of practice' to help enablers share good practices between themselves (e.g. alignment of enablers' strategy with startups' needs, M&E, objectives and key results (OKRs), stakeholder engagement, human resources (HR) strategies)	H	L
3.2	[Where there is little good practice:] Provide specific training courses on international good practices which are not yet adopted (e.g. use of governance & advisory boards, alumni management, community-building, theories of change, leadership training, succession planning, stakeholder management; foresight)	H	L
1.1	Support increased uptake of European Union (EU) & Romanian national funding by identifying & signposting enablers towards relevant opportunities, training enablers on proposal writing, and brokering consortia where appropriate.	H	M-L
3.3 & 4.1	Organize international visits by Romanian enablers to high-performing enablers overseas, in order to gain exposure to best practices, forge stronger international links and raise the profile of the Romanian ecosystem [European Commission (EC) / ROStartup Ecosystem Hub]	H	M
1.1, 1.2, 1.3, 3.1, 3.2	Combine financial support with strategy advice, including business development capabilities [EC / regional development agencies (RDAs) / Ecosystem Hub]	H	M
2.1 & 2.2	Develop a sectoral talent & training strategy (including pathways into the ecosystem for	H	M

## RECOMMENDATIONS

	individuals without startup experience, in-role training course, and sharing of vacancies), in order to increase the talent available within the ecosystem.		
5.2	Build better high-level evidence of impact of enablers, in order to advocate effectively for enablers as a whole. This should be supplemented by specific impact measurement studies, common standards for evidence-gathering, connecting academic researchers with practitioners, as well as training for enablers in how to track their impact more effectively.	H	M
2.3 (also 4.2 & 5.2)	Strengthen links with universities, with a focus on accessing talent, fostering connections with startups/spinouts, engaging with entrepreneurship researchers, and increasing entrepreneurial intent.	M-H	L
4.2	Increase connectivity of the ecosystem, and improve the visibility of enablers, through strategic events [Note: these should be developed in collaboration with existing enablers, and care taken not to compete with existing events]	M-H	M
1.3	Provide grants to enablers to increase their capabilities (for example, in recruiting new staff, training existing staff, and tools). [Note: this should be coupled with strategic advice and questions about long-term impact]	H	H
1.2	Drive greater corporate/industry sponsorship of enablers through initiatives which promote greater corporate open-innovation & startup-corporate collaboration	M	M
5.1	Advocate for the communal needs of the enablers and ensure that policymakers understand the importance of startups. (Practically, this is likely to entail fostering relationships with relevant civil servants at EU, National and Regional levels, as well as Chambers of Commerce, etc.).	M	M
5.2 (also 4.2)	Provide ongoing research and intelligence about Romanian enablers, including an online public	M	M

## RECOMMENDATIONS

	directory of enablers, and regular surveys to check for changing needs and performance.		
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## Recommendations for Enablers

Recommendation number	Prioritized recommendations for Enablers	Impact	Complexity
3.1	Join and contribute in 'communities of practice' (i.e.: strategy, M&E, sales & marketing, objectives and key results (OKRs), stakeholder engagement, human resources (HR) strategies, governance), and training courses ( i.e.: Theory of Change, business planning and financial projections, program management, project management, impact measurement, community building, leadership training, risk assessment and partnership dissolution)	H	L
1.1	Gain familiarity with European Union & Romanian grant funding processes (e.g. training on proposal writing etc.)	H	L
2.1, 2.2	Hire greater talent, and internally develop via in-role training, especially in business development, marketing & partnerships.	H	M-L
2.3, 4.2	Strengthen University Links, in order to access talent, foster connections with spinouts, engage with entrepreneurship researchers, and increase entrepreneurial intent.	M-H	L
3.3, 4.1	Increase international connections via study missions & international events, in order to gain exposure to international best practices & improve visibility	M-H	M-L
5.1	Contribute to policy calls and consultations, such as those run by the ROStartup Ecosystem Hub or by regional development agencies (RDAs), in order to build a coherent voice of the sector to policymakers	M-H	M-L
4.2, 5.1	Explore collaboration mechanisms with potential competitors (for mutually-beneficial changes in regulation or market-development)	M	L
[3]	Make wider use of formal governance and advisory boards, in order to build resilience, networks and strategic coherence	M	L

## RECOMMENDATIONS

[4]	Establish alumni networks that can create value for startups and programs	M	M-L
3.1	Improve facilitation skills in order to deliver more effective & relevant events	M	M-L
[3]	Build stronger knowledge management systems for capturing and retaining lessons, and formalizing processes	M	M-L
[2]	Create professional development and growth paths within organizations (including training budget, career development plans etc.) in order to reduce churn and maintain talent in ecosystem.	M	M
5.2	Build better evidence of impact, in order to persuade funders and advocate more effectively	M	M
3.3, 4.1	Increase capabilities & partnerships to support startups in accessing external markets (e.g., links with diaspora networks, exporting advice)	M-H	H
[3]	Build greater depth of management, to allow increased delegation by leadership (thus building resilience and increasing time for strategy)	M	M-H

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# Appendix 1. Definitions of Enablers

**Accelerators** are startup support programs that are selective, cohort-based, and of fixed duration (usually ranging from months to years). Almost all such programs provide mentoring, peer-to-peer interaction, investment readiness training, and connections to investors. Some may take equity as payment for their services; others are privately or publicly sponsored.

**Boot Camps** are intensive short-term programs aimed at providing aspiring entrepreneurs and early-stage startups with accelerated learning, mentorship, and resources. Similar to pre-accelerators, and potentially considered a subset of them, but typically run only for days.

**Business Angel Networks** are groups of 'business angel' investors—individuals who invest their own personal money in startups while typically also providing contacts and business advice. Angel funding is sometimes treated as a subset of VC funding.

**Cluster Managers** are people or organizations which manage a geographically defined (and often sectorally-specific) technology network.

**Co-working Spaces** are flexible, shared office spaces usually available on short-term commercial contracts. They typically do not provide additional services such as technical support, mentoring, or business advice.

**Crowdfunding Platforms** are organizations which enable startups (and other fundraisers) to raise funds from many donors or investors, typically via a website. Compared with traditional investment firms, crowdfunding platforms have many more investors who each contribute much smaller sums.

**Incubators** are startup support organizations that provide physical space to startups, along with additional growth-related services, but are not cohort-based nor fixed-term (though there may be a residence limit—usually up to 3 years—and some admissions restrictions). Some may provide lab space and technical services. Almost all require payment from the startups or government grants.

**Investors** are support organizations based on business models that involve investing in startups. They include angel networks, venture capitalists, venture studios, and crowdfunding platforms.

**Pre-Accelerators** are short programs (usually weeks or months) intended for first-time entrepreneurs at a very early stage. They primarily focus on encouraging entrepreneurial understanding and persuading prospective founders to take the first steps. They support entrepreneurs in shaping their business ideas and equipping them with elementary business acumen.

**Programs** are support organizations that provide programmatic assistance rather than investment. They include accelerators, pre-accelerators, incubators, and related organizations that are more programmatic and generally do not invest in startups.

**Venture Capitalists (VCs)** are firms or individuals that make financial investment in startups, usually in exchange for equity.

**Venture Studios** are organizations that directly create multiple startups, often based on a repeatable internal process. They are relatively uncommon.

## Startup development stages:

**Idea/Concept Stage:** This is the earliest stage of a startup, where the idea or concept is being developed and validated, and the business model is being formulated.

## APPENDIX 1

**Seed Stage:** Startups in this stage have progressed beyond the idea/concept stage and have secured some initial funding to develop the product or service.

**Early Stage:** Startups in this stage have a developed product or service and are focusing on customer acquisition, market validation, and initial revenue generation.

**Growth Stage:** Startups in this stage have achieved a significant level of traction in terms of customer acquisition, revenue growth, and market penetration.

**Maturity Stage:** Startups in this stage have achieved stability in their operations, established a strong market presence, and are focused on sustained growth and profitability.

**Expansion Stage:** Startups in this stage are focused on expanding their operations, scaling their business model, and entering new markets.

## Appendix 2. Examples of Romanian Enablers

The following table describes types and key activities of 15 enablers that formed in 2024 the new ROStartup Hub and represent a sample of the enablers in Romania. This list is not exhaustive, nor is it intended to be a recommendation, but merely an illustration of the organizational types.

Organization Name	Start Year	Type	Key Activities
<a href="#">Activize</a>	2013	Startup Ecosystem Consultancy/ Program	Consultancy, acceleration programs, startup scouting, ecosystem building
<a href="#">ADR Nord-Est / Rubik Hub</a>	2017	Regional Development Agency/ Accelerator	Incubation, mentoring, ecosystem building, educational programs, networking
<a href="#">ADR Nord-Vest</a>	1998	Category 2- Regional Development Agency	Regional development programs, innovation support, entrepreneurship education, EU funding programs
<a href="#">Cluj Startups</a>	2012	Startup Community/ Program	Community-building, networking events, startup mentoring, workshops
<a href="#">Freshblood</a>	2018	HealthTech Network/ Program	Mentorship, health tech innovation events, startup growth support
<a href="#">Growceanu</a>	2019	Business Angel Network	Startup funding, mentoring, networking, investment readiness programs
<a href="#">How To Web</a>	2010	Category 2 - Conference / Innovation Platform	Annual tech conference, startup competitions, investor networking, workshops
<a href="#">Iceberg</a>	2015	Consultancy/ Program	Digital transformation consultancy, startup acceleration, ecosystem support
<a href="#">Impact Hub Bucharest</a>	2012	Coworking Space/ Accelerator	Coworking, acceleration programs, mentorship, investment support, networking events
<a href="#">Innovation Labs</a>	2013	Accelerator	Pre-acceleration, hackathons, mentoring, networking, Demo Day pitching events
<a href="#">Make IT in Oradea</a>	2020	Incubator Accelerator/ Coworking Space	Startup incubation, mentorship, funding, networking, workshops
<a href="#">Spherik Accelerator</a>	2013	Accelerator	Acceleration programs, mentoring, investor networking, scaling support
<a href="#">TechAngels Romania</a>	2013	Business Angel Network	Early-stage investments, mentoring, pitching events, networking
<a href="#">Timișoara Startups</a>	2013	Category 2 - Startup Community	Community events, startup pitching, networking, mentoring
<a href="#">Transilvania IT Cluster</a>	2013	Category 2 - IT Cluster	Innovation promotion, R&D collaboration, startup scaling, public-private partnerships

# Appendix 3. Competencies Measured by the Startup Enabler Capability Assessment

The table below shows the list of competencies, grouped into seven capabilities, measured in by the Startup Enabler Capability Assessment. The short name is the keyword used in charts in chapters 3 and 4.

**Table 1 Competencies Measured by the Startup Enabler Capability Assessment**

Competency		
Capability	Short name	Brief description
1. Strategy	Mission	Setting of vision / mission / end-goals
	Strategy	Translating mission to strategic goals
	Coherence	Strategic coherence of activities
	Market	Alignment of strategy with startups' needs; evaluation / measuring customer satisfaction & gathering feedback
	KPIs	M&E of progress towards goals / use of Key Performance Indicators
	Unity	Alignment / shared understanding of strategy
	Stakeholders	Stakeholder involvement
	Foresight	Foresight & emerging tech sectors
2. Financial resources	Budget	Adequacy of financial resources for current offer
	Stability	Stability or predictability of financial resources
	Cashflow	Budgeting and cashflow management
	Planning	Internal business planning
	BusDev	Internal business development, marketing, and partnership skills
	EUGrants	Familiarity with European Union grant funding process
	Otherfunds	Familiarity with different funding sources (e.g. philanthropic foundations) and application processes
3. Resources (human)	Recruitment	Ease of recruiting required staff
	Talent	Talent attraction strategy
	Churn	Staff retention rate
	Incentives	Use of long-term incentives to retain staff
	HR	Established human resource processes
	Management	Managerial quality

## APPENDIX 3

	Development	Staff progression & development
4. Resources (networks)	Networks	Ability to access external advisors
	Local	Measure of local connectedness
	Global	Measure of global connectedness
	Ecobuilding	Time spent on wider ecosystem-building
	Inputs	Pipeline management skills (input / deal-flow)
	Outputs	Pipeline management skills (output / leavers)
	Community	Startup community management & active curation
	Alumni	Alumni network management & active curation
	Hosting	Facilitation and hosting skills
	MarketAttitude	Attitude towards external markets
	MarketSkills	Ability to help startups access external markets
5. Advocacy	Policy	Awareness of policy & policymaking process
	PolicyCollab	Sectoral collaboration to drive policy change
	Media	Communications, media skills, self-promotion
	Evidence	Data-collection & evidence-building
6. Leadership	Deputies	Depth of management / adequacy of deputies / succession planning
	NextGen	Leadership development (internal)
	Governance	Use of formalized governance structures
7. Organizational processes	Processes	Process formalization and replication
	Experimentalism	Experimentalism & risk-taking
	Learning	Organizational learning & knowledge management
	Awareness	Awareness & adoption of global best practices

*Note:* KPIs = key performance indicators; M&E = monitoring and evaluation.

It may be worth noting that, although innovation is a critical differentiator between startups and other MSMEs, the innovation potential of enablers themselves was not specifically assessed as a capability area. Rather, we judged that the ability of enablers to *respond* to startups' innovation, through Experimentalism, Foresight and Market alignment was more important; these competences are distributed in the areas shown above.



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